softlogic Finance

ANNUAL REPORT 2025/2026

PATHWAY TO PROGRESS

PATHWAY TO PROGRESS

Every journey has a defining moment – a point where resilience transforms into momentum. For us, that moment is now.

From internal recalibrations to braving a volatile external environment, we didn't just weather the uncertainty - we learned from it, rebuilt through it, undertook transformative internal restructuring and emerged stronger, sharper and leaner.

What you are looking at today is resilience in action – a fully transformed entity that traded uncertainty for clarity and recovery for momentum.

Today, we are shifting gears.

We are consolidating our strengths, expanding our vision and stepping confidently onto a newly defined path to sustainable growth.

We have emerged agile, well-capitalized and primed to capture market opportunities to generate sustainable value to all our stakeholders.

To our shareholders, our customers, our partners, our team and our communities: your trust has made this transformation possible. As we accelerate up this **Pathway to Progress,** we invite you to move forward with us toward a future of sustained long term growth and shared value creation.

This is our **Pathway to Progress.** Welcome to our journey.

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Chairman's Message

CEO's Review

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Heritage, Wisdom & Innovation

Recognizing the strength of our roots whilst embracing innovation and market opportunities, we are committed to carrying our legacy forward and creating a future built on enduring values.

Sri Lankan Tusker - Gemunu
(Elephas maximus maximus)

Yala, Sri Lanka

Preserving What We Value
These images, captured by our employees, celebrate the vibrant biodiversity that our conservation initiatives work to protect. We are proud to showcase our team's shared passion for preserving the natural world.

Vision, Mission and Values

softlogic Finance

We believe in your belief
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உங்கள் நம்பிக்கையின் மீது எங்களுக்கு நம்பிக்கை உள்ளது

Vision

To be the preferred non-banking financial institution in Sri Lanka.

Mission

To strive to delight our customers through custom-made financial solutions, served through our professional and highly motivated team, committed to excellence. To create shareholder value through stability and above-average returns. To sustain our continued commitment to being a good corporate citizen, and make a positive contribution to the community and the environment.

Culture & Values

Performance

We are committed to a result-oriented culture. We place customers at the centre of our activities and we hold ourselves responsible to deliver what we promise in keeping with customer needs.

Innovation

We constantly challenge conventional ideas and develop new solutions to meet customer requirements.

Integrity

We act fairly and honestly. We believe in ethics and transparency in all our dealings.

Human Capital

We benefit from the diversity of our business and our people by working together to achieve success. We treat all our staff with respect and dignity, provide opportunities for their career enhancement and reward them for good performance.

Success

We always strive to be the best in our business and possess a will to win.

Corporate Responsibility

We care for the community and the environment taking the responsibility to protect them. We are a good corporate citizen and support worthy causes and CSR projects.

About Softlogic Finance PLC

Our Legacy

For over two decades, Softlogic Finance PLC has stood as a resilient force in the financial services sector. Guided by the unwavering support of the Softlogic Group, we have confidently navigated evolving industry dynamics, external volatility and mounting competition. Through every shift in the economic and industry landscape, we have steadfastly safeguarded our customers, maintained uncompromising service quality and delivered enduring value.

Our operating model is deeply rooted in trust, community empowerment and the cultivation of mutually beneficial, long-term relationships. By taking a measured and sustainable approach to growth, we have built a lasting legacy of reliability that serves as the foundation for our pathway to progress.

What We Stand For

We foster sustainable and inclusive growth across our entire stakeholder ecosystem, valuing long-term partnerships with our customers, employees, shareholders, business partners and service providers. A key driver of our mission is fostering financial inclusion; we actively engage with underserved, under-banked and non-banked communities, bringing tailored financial services and personalized customer service to these market segments.

We recognize that our employees are the lifeblood of our organization and we cultivate an environment where our team can thrive professionally, feel fully supported and reach their full potential.

Furthermore, we remain firmly grounded in ethical governance, a holistic approach to risk management and in our commitment to being a responsible corporate citizen. That is why sustainability is not an abstract concept to us; it is an integral component of our operating ethos and a catalyst for long-term value generation as we progressively evolve alongside our stakeholders.

What We Do

At Softlogic Finance, we do not merely engage in transactional interactions; we focus on nurturing lifelong partnerships, by taking the time to genuinely understand our customers. Whether it is providing personal financing, supporting the pursuit of entrepreneurship or facilitating personal wealth creation, through this time-tested approach, we provide personalized services and deliver tailormade financial solutions based on each customer's specific financial requirements and economic situation.

This allows us to empower our customers to take control of their financial future; helping them realize their dreams, elevate their lifestyles and improve their quality of life. In effect, we enable individuals and businesses to take complete ownership of their financial destiny.

Pathway to Progress: Our Future Outlook

The theme of our annual report, “Pathway to Progress”, symbolizes and embodies the journey we have undertaken towards long-term value creation, overcoming a host of internal and external challenges. The company underwent a pivotal restructuring process, emerging as a transformed entity, ready to confidently face evolving industry challenges and

About Softlogic Finance PLC

define for itself a path leading to sustainable growth. Today we represent a fully transformed, agile and highly capitalized entity with a very strong core capital ratio, primed to capture developing market opportunities.

Looking ahead, our strategic trajectory is focused on key operational pillars:

- **Strategic Lending and Portfolio Growth:** We are driving robust credit growth with a fundamental focus on building a high-quality credit portfolio centered on asset-backed, high-yield, small ticket-size lending. This growth is supported by refined and revamped credit appraisal and risk management procedures, as well as by reinforced and reengineered collections and recoveries processes.
- **Network and Accessibility:** Through a well-established branch network of 15 locations spreading across the island, we bring accessible, tailor-made and personalized financial services to both urban and rural Sri Lanka.
- **Operational Excellence:** We are progressively refining our operations to harness internal efficiencies, ensuring our service delivery aligns perfectly with our customer value proposition.
- **Digital Transformation:** We are actively embracing technology to deploy technology-enabled financial solutions. By driving digital infrastructure growth, we aim to ensure that customer interactions are seamless, accessibility is mutually rewarding and the overall experience remains unmatched.

As we write the next chapter of our story, we move forward with intent and resolve to create shared value and generate sustainable long-term growth for all our stakeholders.

Our Reporting Philosophy

Welcome to the tenth Integrated Annual Report of Softlogic Finance PLC for the financial year ended 31st March 2026.

Reporting Ecosystem

As a company that is committed to delivering responsible and transparent financial solutions to its customers, our objective is to present actionable and relevant information to all our stakeholders in order to empower them with the ability to make informed decisions about our company.

Our objective is to foster greater transparency in the reporting of both our financial and non-financial performance. This includes reporting on Environmental, Social and Governance (ESG) impacts as well.

Consequently, we have adopted the Integrated Reporting Framework and the Global Reporting Initiative (GRI) standards for this purpose.

Additionally, we are also cognizant of the responsibility we have to our diverse set of stakeholders. In this context, we have comprehensively discussed the corporate governance and integrated risk management processes that provide adequate checks, balances and safeguards with regard to the myriad interests of our stakeholders.

Fundamentally, the key driving factors behind the preparation of a report that paints a holistic portrait of the performance of our company are:

- Financial reporting as per the applicable laws and regulations.
- Reporting on Corporate Governance related disclosures as per the applicable laws and regulations.
- Voluntarily utilizing the Integrated Reporting (IR) Framework to disclose material information on the company's capitals.
- Voluntarily adopting and utilizing the GRI Standards to report on Environmental, Social and Governance (ESG) factors affecting our business operations.

Essentially, our focus is on providing a balanced and holistic view of the company's operations in the context of financial, social and environmental impacts as well as within the governance structure within which it operates.

Integrated Reporting Framework Principles Adopted

We have adopted the Integrated Reporting methodology propagated by the Integrated Reporting Council in order to effectively communicate our value creation story to our stakeholders in a multi-dimensional and cohesive manner.

Our focus is on delivering sustainable value creation to all our stakeholders that could withstand the vagaries of the industry that we operate in. This demands an intrinsic awareness and a penetrative insight into our value creation process, our responsibilities to our stakeholders and the economic, social and environmental impacts that our business produces. To this end, we have reported on the key inputs to our value creation process, which we have identified as our value drivers.

These have been presented as 06 input capitals in the form of:

Financial Capital	Intellectual Capital
Human Capital	Manufactured Capital
Social and Relationship Capital	Natural Capital

Moreover, we have consciously embraced the 7 underpinning principles of the International Integrated Reporting Framework in the preparation of this report. They are:

- Strategic focus and future orientation
- Connectivity of information
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

Further, we have laid out our value generating activities and the immediate outputs that result from our value creation process. Special emphasis has been directed towards the economic, social and environmental impacts that our business yields, considering it is our belief that the value we create should tangibly impact all these three spectrum.

Adoption of GRI Standards for ESG Reporting

Representing a pivotal moment in the evolution of our reporting journey, this is our first report prepared with reference to the Global Reporting Initiative (GRI) Standards. We have adopted the GRI Standards issued by the Global Reporting Initiative (GRI) with the intention of fostering increased transparency and accountability in our reporting.

With this operationalization of reporting pertaining to our non-financial performance, we aim to engage with our stakeholders more closely in order to enhance the value we create for them. We are confident that, through this transformative sustainability reporting exercise that we have undertaken, we are able to provide our stakeholders with a systematic and thorough outlook on

Our Reporting Philosophy

our non-financial performance and the impact that our value creation process has on ESG factors and the broader society in general.

With reference to the level of disclosure we have adopted as a first step this year, we are reporting our sustainability disclosures at the **"with reference to"** level, in the context of reporting under the GRI Standards and the levels of disclosure available under its reporting umbrella.

At this juncture, as this is our first report utilizing the GRI Standards, we have not obtained external assurance with regard to the disclosures that we have made. In the future, as we further streamline our sustainability reporting mechanisms and the relevant internal processes and further develop our ESG related data collection mechanisms, we plan to obtain external assurance for our GRI related disclosures.

We have provided a complete GRI Content Index in the Supplementary Information section of this report with references to the disclosures made.

Reporting Frameworks and Standards Adopted

For the purposes of **Financial Reporting,** we have adopted the following:

- Sri Lanka Financial Reporting Standards (SLFRS) and the Sri Lanka Accounting Standards (LKAS) issued by the Institute of Chartered Accountants of Sri Lanka.
- Companies Act No. 07 of 2007 as amended.
- Finance Business Act No. 42 of 2011.

For the purposes of **Corporate Governance related Reporting,** we have adopted the following:

- Companies Act No. 07 of 2007.
- Finance Companies (Corporate Governance) Direction No. 05 of 2021 issued by the Central Bank of Sri Lanka.
- Listing Rules of the Colombo Stock Exchange.
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.
- Securities and Exchange Commission (SEC) Act No. 19 of 2021.

For the purposes of **Sustainability and Integrated Reporting,** we have adopted the following:

- The Integrated Reporting Framework issued by the International Integrated Reporting Council.
- Global Reporting Initiative (GRI) Standards – "With Reference to" disclosure level.

Improvements made to Reporting

With the intention of enhancing the quality, relevance and usability of information provided to our stakeholders, the following initiatives were undertaken to better narrate our value creation story.

- Utilization of enhanced graphical data presentation formats like dashboards to present financial and non-financial information.
- Restructuring the way the Notes to the Financial Statements were presented. A new presentation style and format were adopted to present the Notes to the Financial Statements and the accompanying accounting policies in an integrated context, thereby enhancing the readability and the understanding of the information presented.
- The Stakeholder Engagement Process was re-examined and mapped in order to update the status of stakeholder interactions and better present the information.
- The Materiality determination process and the Material topics were re-analyzed and updates were made to the Material topics to enhance their relevance.
- The connectivity between the capital management reports, the company's stakeholders and the material topics were streamlined to foster seamless cohesion.
- The strategic focus of the capital management process and the value creation process was improved to better project the company's current position and future direction.
- Additional reporting on non-financial performance was undertaken using graphical representation to improve the understanding of the company's operations in a holistic manner.
- Additional analysis backed by graphical representations of factors relating to Board composition and the interests of Directors was undertaken to provide our stakeholders with insights to our approach to stewardship.

Reporting Scope and Boundary GRI 2-2

This report pertains to the business operations of Softlogic Finance PLC during the 2025/26 financial year and it consists of information related to the financial and non-financial performance of Softlogic Finance PLC. This also encompasses the business operations of the 15 branches of Softlogic Finance PLC and they form part and parcel of the reporting scope of this report. With regard to the reporting of financial performance, the audited financial statements of Softlogic Finance PLC is included in this reporting scope.

The reporting scope is designed to meet the regulatory information requirements and stakeholder expectations. This report aims to provide the stakeholders with a transparent view into the company's strategic direction, financial and operational performance, corporate governance, risk management and sustainability initiatives.

Reporting Period GRI 2-3

This report covers the period of 01st April 2025 to 31st March 2026. The company follows an annual reporting cycle.

Moreover, where applicable, with regard to financial and non-financial information, the company has provided in this report, comparative information and a comparative analysis of the performance of the 2025/26 financial year against the previous financial year.

Additionally, as and when deemed appropriate, the company has presented a brief overview of its future outlook, future strategic direction and future expectations.

Forward Looking Statements

This integrated annual report contains forward-looking statements intended to provide perspective on the company's future orientation and strategic direction. Forward-looking statements are inherently subject to risks and uncertainties, both internal and external as well as external market volatility and macroeconomic uncertainty, that may cause actual results, performance or financial milestones to differ materially from those expressed or implied. Therefore, such disruptions or deviations to plans are beyond the company's control.

Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The company assumes no obligation to publicly update or revise any forward-looking statements following the publication of this report. The company does not accept any liability for losses or any negative impact resulting from unforeseen macroeconomic shifts or operational disruptions.

Additional Disclosures Pertaining to the GRI Standards

Organizational Profile GRI 2-1

The name of the company is Softlogic Finance PLC.

Softlogic Finance PLC is a public limited liability company incorporated and domiciled in Sri Lanka under the Companies Act No. 17 of 1982. The Company was reregistered with the Registrar General of Companies as per the requirements of the Companies Act No.07 of 2007.

It is a Licensed Finance Company under the Finance Business Act No.42 of 2011 and amendments thereto and a Registered Finance Leasing Establishment in terms of the Finance Leasing Act No. 56 of 2000.

Its shares were listed in the Colombo Stock Exchange on 22nd January 2009.

The registered office (head office) of the Company is located at JFI Tower 3, Zone B&C - 6th Floor, No. 75, Piyadasa Sirisena Mawatha, Colombo 10, Sri Lanka.

Softlogic Finance PLC operates solely in Sri Lanka.

Accessing this Report and Feedback GRI 2-3

This report is available for download in the Colombo Stock Exchange website. It is also available for download in the company's website, which is www.softlogicfinance.lk.

The QR Code provided in the annual report can be scanned to access the relevant webpage in the company's website to download this report.

Feedback on this report can be sent to:

Mr. Janaka Fernando
Chief Manager – Finance
Softlogic Finance PLC
JFI Tower 3, Zone B&C - 6th Floor,
No. 75, Piyadasa Sirisena Mawatha,
Colombo 10, Sri Lanka.
Email: janakaf@softlogicfinance.lk

Restatement of Information GRI 2-4

No requirement has arisen to effect any restatement of any financial information from the previous year's annual report.

External Assurance GRI 2-5

The company did not obtain any external assurance for its sustainability reporting under the GRI Standards as this is the first year it is adopting these GRI Standards.

External Assurance for the Financial Statements and its accompanying notes has been obtained from Messrs. Ernst and Young and their independent opinion is stated in the Independent Auditor's Report in pages 255 to 258.

Our Reporting Philosophy

Business Activities of the Organization

GRI 2-6

Softlogic Finance PLC operates in the non-bank financial services sector as a licensed finance company as well as a registered finance leasing establishment.

The principal activities of the company are granting finance lease facilities, vehicle loans, gold loans, other credit facilities, factoring, acceptance of fixed deposits and the operation of savings accounts.

The company maintains a range of business relationships with external parties to facilitate its business operations.

There have been no significant changes to the company's primary business activities or to its business relationships compared to the last financial year.

Our Journey

2009–2013

- The Ordinary Shares of the Company were listed on the Dirisavi Board of the Colombo Stock Exchange on 22nd January 2009
- Softlogic Holdings PLC acquired Capital Reach Leasing PLC in August 2010
- Softlogic Finance PLC launched Personal Loan and Gold Loan Products
- Softlogic Finance PLC successfully obtained a USD 10 Million Loan from FMO; being only the 3rd Finance Company at the time to secure a foreign loan
- Softlogic Finance concluded the first ever medium-term Cross Currency Swap for US$4.8 Million with foreign counterpart TCX

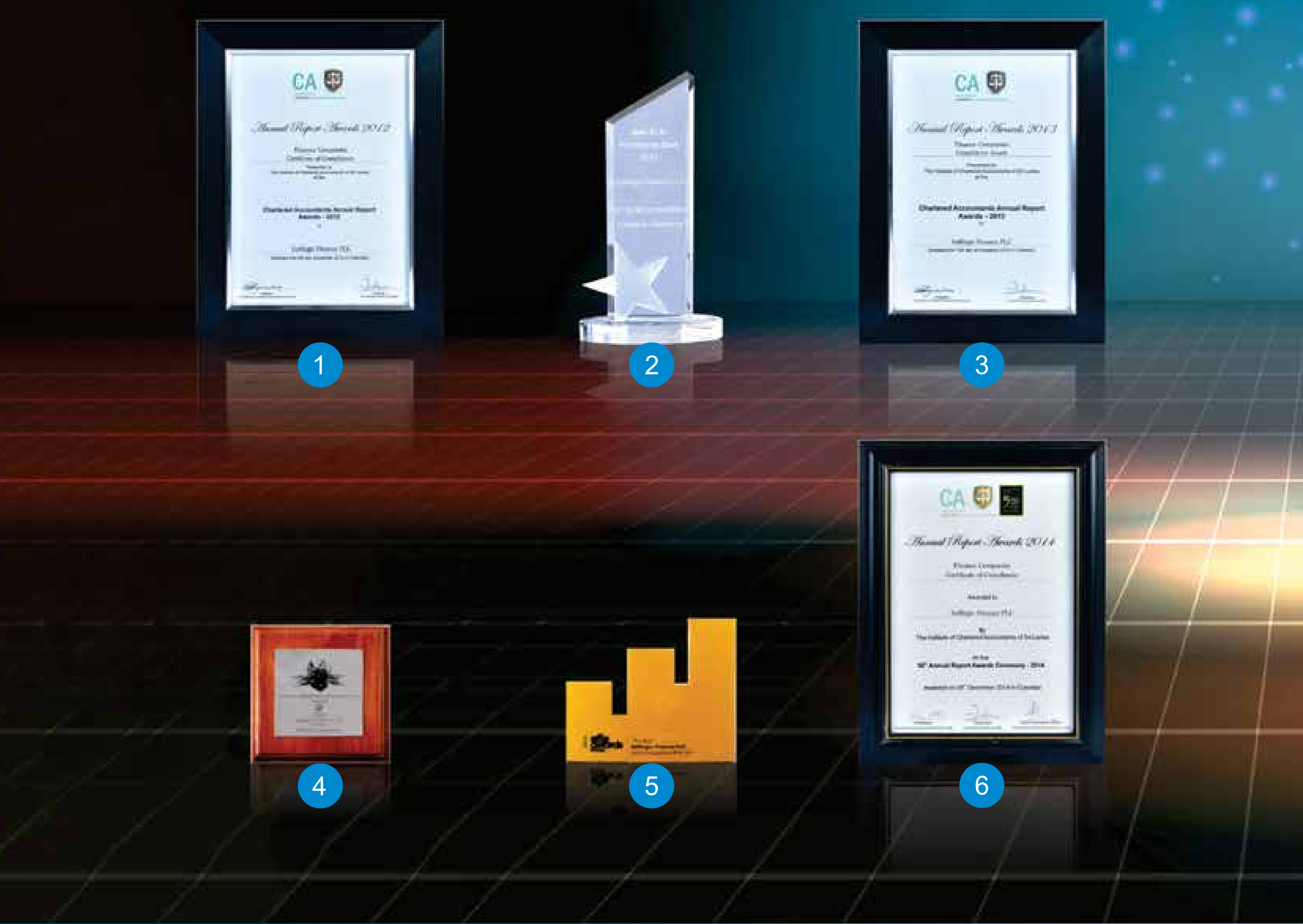
2014–2019

- Softlogic Finance PLC issued a Rs. 1.4 Billion Listed, Secured Debenture, being the first ever AAA rated debenture issuance in the country
- Softlogic Finance PLC introduced its SME loan product
- Softlogic Finance PLC launched its Education Loan Product
- Softlogic Finance PLC re-launched its full range of leasing products and also introduced the "Atha Hitha" Small Business Loan product
- Capital infusion carried out via a Rights issue on December 2019 amounting to Rs. 602.5 Million

2020-2026

- Enabling of direct bank payments (Inward & Outward) via Lanka Pay portal in January 2020
- Company successfully strengthened its capital position via multiple Rights Issues:
  - December 2020 – Rs. 1.9 Billion
  - August 2021 - Rs. 2.2 Billion
  - December 2022 - Rs. 851.5 Million
  - March 2024 - Rs. 2.3 Billion
- Enabling of Online Payments via IPG and customer portfolio inquiry facility through the Corporate website in August 2021
- Successfully onboarded the KTMS Anti-Money Laundering (AML) system in February 2023, significantly strengthening financial crime defenses, optimizing real-time transaction monitoring and ensuring complete compliance with global regulatory standards
- On June 2024, the Head Office was relocated to JFI Tower 3, Colombo 10
- Transfer of beneficial ownership of an identified loan portfolio through the execution of a Participation Agreement with a Special Purpose Vehicle (SPV) with a total amount of Rs. 1.8 Billion executed in 5 tranches.
- Introduction of Gold loan business to the Nawala branch in July 2025
- The Corporate Branch was relocated to the Head office premises in September 2025
- Company's Gold Loan portfolio surpassed the Rs. 3 Billion mark in February 2026

Awards and Accolades



1. Finance Companies Certificate of Compliance – Chartered Accountants Annual Report Awards 2012 by CA Sri Lanka
2. Best ALM Practitioner Bank 2013 - 6th ALM Competition Cologne, Germany
3. Finance Companies Compliance Award - Chartered Accountants Annual Report Awards 2013 by CA Sri Lanka
4. Merit Award for Business Excellence in the Non-Banking and Financial Services category - National Business Excellence Awards 2014 by NCCSL
5. Effie Award in the Finance category for its TV campaign showcasing customer convenience and service excellence - SLIM Effie Awards 2014
6. Finance Companies Certificate of Compliance - 50th Annual Report Awards Ceremony 2014 by CA Sri Lanka

7. Finance Companies Compliance Award - 51st Annual Report Awards Ceremony 2015 by CA Sri Lanka
8. Finance Companies & Leasing Companies Compliance Awards - 52nd Annual Report Awards Ceremony 2016 by CA Sri Lanka
9. Finance Companies & Leasing Companies Compliance Awards - 53rd Annual Report Awards Ceremony 2017 by CA Sri Lanka
10. Merit Award Winner for the Clean Zone Waste Management Project - JASTECA Awards 2018
11. Finance Companies & Leasing Companies Compliance Awards - 54th Annual Report Awards Ceremony 2018 by CA Sri Lanka
12. Finance Companies & Leasing Companies Compliance Awards - 55th Annual Report Awards Ceremony 2019 by CA Sri Lanka

Annual Highlights

The CEO's Welcome Ceremony

With the appointment of its new CEO effective 01st June 2025, the Company entered its next phase of growth, focused on driving sustainable business expansion, fostering innovation, and delivering long-term stakeholder value.



Company Awards Ceremony

By recognizing and celebrating our employees' outstanding contributions, we reinforced our culture of appreciation, collaboration, and excellence that continues to drive the Company's sustainable growth.



"IGNITE" - Annual Company Get-Together

The Annual Get-Together brought employees from across the organization together to celebrate collective achievements and foster team unity, reinforcing the Company's commitment to employee appreciation.

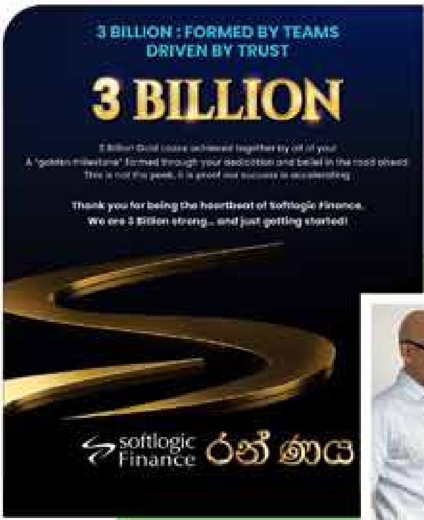

Women's Day Celebrations

In celebration of International Women's Day 2026 under the theme #GiveToGain, the Company hosted an engaging program dedicated to well-being and personal growth, reaffirming its commitment to an inclusive and empowering workplace.



Employee Vision Screening Drive

In partnership with Vision Care, the Company hosted an on-site Eye Testing Clinic to support employee health through convenient access to vision screening and encouraging better eye health.



Gold Loan Portfolio Rs. 3 Billion Achievement

Driven by employee dedication and customer trust, the Company achieved a landmark Rs. 3 Billion Gold Loan Portfolio, reinforcing its market strength and commitment to sustainable, customer-centric growth.

New Year Celebrations - 01st January 2026

The Company welcomed the New Year across its head office and branch network, bringing employees together to honour Sri Lanka's rich cultural traditions and celebrate collective new beginnings.

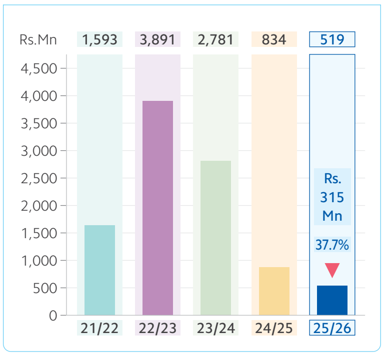
Company Wildlife Rehabilitation CSR Project

Reinforcing its commitment to environmental sustainability and corporate social responsibility, the Company invested over Rs. 100,000 in a Wildlife Rehabilitation Project to support wildlife conservation and biodiversity protection for future generations.

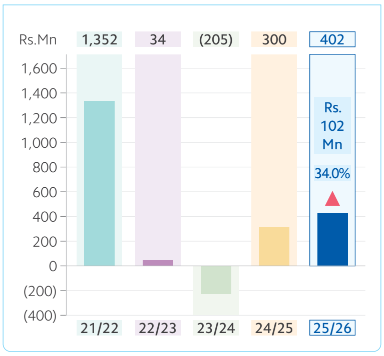
Financial Highlights

	2025/26	2024/25	Change
Financial Performance (Rs. Million)			
Gross Income	1,225	1,510	(18.89%)
Interest Income	921	1,133	(18.76%)
Interest Expenses	(519)	(834)	(37.74%)
Net Interest Income	402	300	34.06%
Other Income	304	377	(19.30%)
Total Operating Income	706	677	4.32%
Total Operating Expenses	(925)	(848)	9.16%
Impairment (Charges) / Reversal	361	426	(15.37%)
Profit Before Tax on Financial Services & Income Tax	141	255	(44.64%)
Net Profit After Tax	150	145	3.67%
Financial Position as at 31st March (Rs. Million)			
Total Assets	7,339	7,982	(8.06%)
Lease & Hire Purchase Rental Receivables	739	1,486	(50.26%)
Gold Loan Receivables	3,212	1,831	75.49%
Customer Deposits	3,738	4,273	(12.52%)
Total Borrowed Funds	45	96	(53.16%)
Total Shareholders' Funds	3,080	2,934	4.98%
Investor Information			
Net Assets Value Per Share (Rs.)	3.20	3.05	4.98%
Earnings Per Share - Basic / Diluted (Rs.)	0.16	0.15	3.67%
Earnings Yield (%)	252.1%	279.2%	(9.71%)
Financial Ratios & Indicators			
Net Interest Margin (%)	7.2%	4.2%	71.71%
Return on Assets (ROA) - after tax (%)	2.0%	1.5%	30.41%
Return on Equity (ROE) - after tax (%)	5.0%	5.1%	(1.36%)
Non-Interest Expenses to Gross Income (%)	75.5%	63.4%	19.13%
Gross NPA Ratio (%)	37.6%	61.6%	(39.04%)
Net NPA Ratio (%)	13.2%	19.9%	(33.98%)
Loans to Customer Deposits Ratio (%)	133.0%	110.8%	20.03%
Debt to Equity Ratio (Times)	1.38	1.72	(19.64%)
Statutory Ratios & Indicators			
Core Capital Ratio (Tier I) (%) (Minimum 8.5%)	61.0%	25.5%	139.40%
Total Risk Weighted Capital Ratio (Tier II) (%) (Minimum 12.5%)	61.0%	25.5%	139.40%
Liquid Assets to External Funds (%)	21.2%	22.1%	(4.27%)
Total Available Liquid Assets (Rs. Million)	802	967	(17.11%)
Required Minimum amount of Liquid Assets (Rs. Million)	379	434	(12.59%)
Capital Funds to Deposits Liabilities Ratio (%) (Minimum 10%)	64.1%	28.9%	121.94%

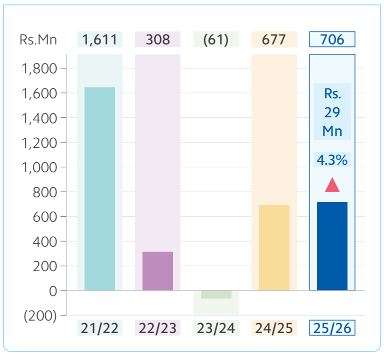
Interest Expenses



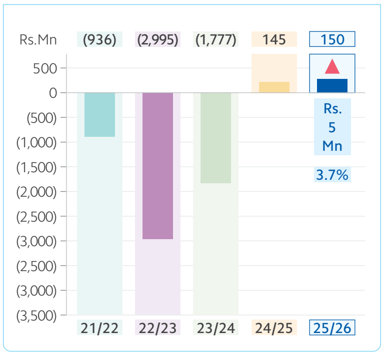
Net Interest Income



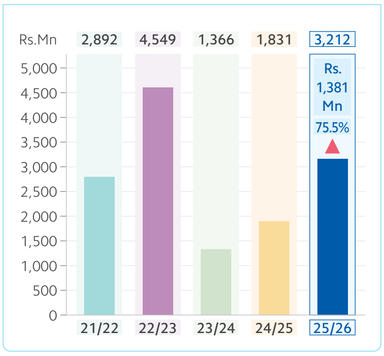
Total Operating Income



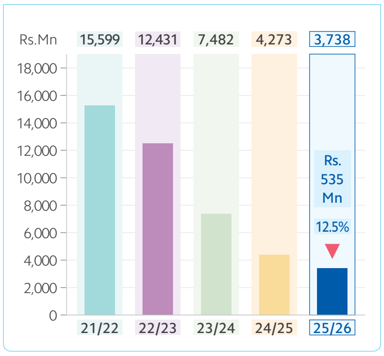
Profit After Tax



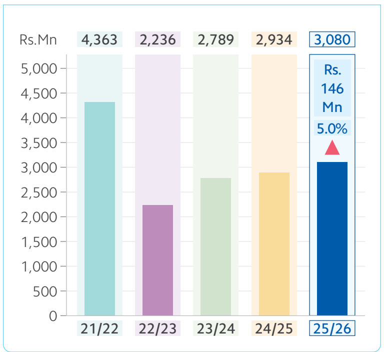
Gold Loan Portfolio



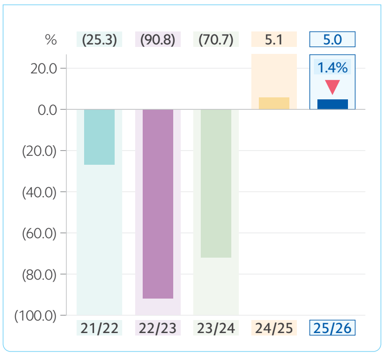
Total Customer Deposits Portfolio



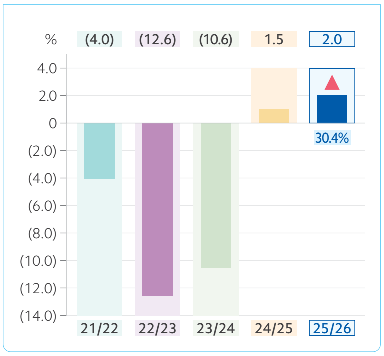
Total Shareholders' Funds



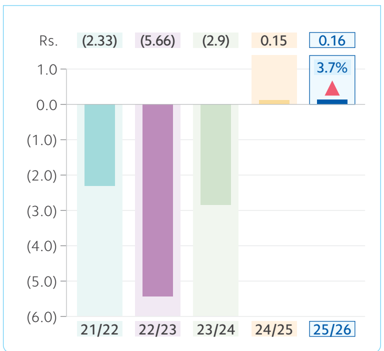
Return on Equity



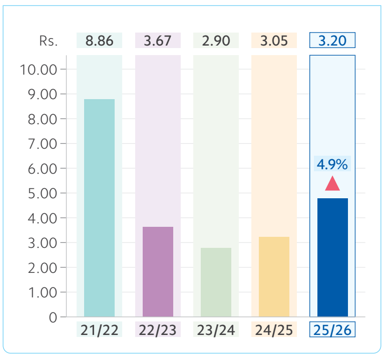
Return on Assets - After Tax



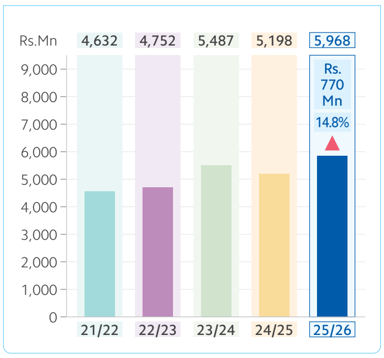
Earnings / (Loss) Per Share



Net Assets Per Share



Market Capitalization

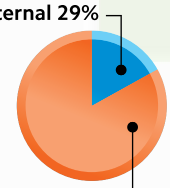


Non-Financial Highlights

Human Capital

253
Total workforce (Nos)
136 117

6,543
Training hours
75%



128
New Recruitments (Nos)

28
No. of Promotions (Nos)

Manufactured Capital

15
Total Branches Nationwide
Presence across 11 districts and 7 provinces

LKR **14** **Million invested**

- **Branch Re-branding**
- **Branch and Head Office Renovation**
- **Branch Maintenance**
- **Re-location of Corporate Branch**

Social and Relationship Capital

47,790
Customers
Corporate 1,898
Individual 45,892
30,433 15,459

2.4 Mn
Total Facebook Reach

1.3 Mn
Total Instagram Reach

100K
Investment in
Wildlife Rehabilitation

Intellectual Capital

11K+ **Total Facebook Subscribers**

1.5 Mn+ **YouTube Views**

5K+ **LinkedIn Subscribers**

Credit Rating
B (Developing Outlook)
Lanka Rating Agency

Press Release

Report

Natural Capital

100%
LED Lighting installation
achieved in 2025/26

17%
Reduction in Energy Cost

13%
Reduction in water Cost

PATHWAY TO PROGRESS

CHAIRMAN'S MESSAGE

With a clear strategic direction, a strong capital base and the commitment of our people, we look to the future with confidence and purpose.

Ashok Pathirage
Chairman

Chairman's Message

From Recovery to Renewal

It gives me great pleasure to present the Annual Report of Softlogic Finance PLC for the financial year ended 31st March 2026.

The year under review represents a defining milestone in the Company's journey. It marks the completion of a comprehensive transformation that has restored our financial strength, reinforced our regulatory standing and positioned the Company to pursue its next phase of growth with confidence. Having successfully navigated a period of significant structural challenges, Softlogic Finance enters its next chapter as a stronger, more resilient and strategically focused Company, well positioned to capitalize on the opportunities presented by Sri Lanka's recovering economy.

This transformation extends well beyond improved financial performance. It reflects a fundamental repositioning of the Company, supported by stronger governance, a healthier balance sheet and a renewed sense of purpose as we enter our next phase of development.

An important development during the year was the appointment of Mr. Dhanushka Fonseka as Chief Executive Officer with effect from 1st June 2025. His leadership has brought renewed momentum to the organization, with a clear focus on disciplined growth, customer centricity, operational excellence and innovation, positioning the Company confidently for its next phase of development.

The Evolving Economic Landscape

Sri Lanka's economic recovery gathered further momentum throughout 2025 and into the first quarter of 2026, supported by continued progress under the IMF-supported reform programme, improving macroeconomic stability and prudent monetary policy. Stronger economic activity, lower inflationary pressures and a more stable financial environment contributed to improving business confidence and reinforced the country's transition from economic stabilization towards sustainable growth.

A stable exchange rate, sustained worker remittances, growing tourism earnings and comfortable levels of official foreign reserves further strengthened economic resilience. At the same time, the accommodative interest rate environment encouraged a gradual recovery in private sector credit, creating favourable conditions for lending institutions.

For the Non-Bank Financial Institution sector, the gradual relaxation of vehicle import restrictions marked a significant turning point, revitalizing demand for vehicle financing while supporting broader growth across asset backed lending segments, including leasing and gold backed financing.

While external uncertainties arising from geopolitical tensions, evolving global trade dynamics and commodity price volatility continued to warrant careful monitoring, the overall operating environment became increasingly supportive for well capitalized financial institutions with disciplined risk management and prudent growth strategies.

Completing Our Transformation

Over the past several years, our strategic priorities were necessarily centred on stabilization, strengthening our balance sheet and restoring stakeholder confidence. During the year under review, those priorities evolved into a broader transformation agenda aimed at positioning the Company for its next phase of growth.

A significant milestone in this journey was the successful transfer of a designated portion of our distressed loan portfolio to a Special Purpose Vehicle (SPV), following approval from the Central Bank of Sri Lanka. This strategic initiative substantially improved asset quality, strengthened our balance sheet and enabled the Company to rebuild its lending portfolio on a sounder footing.

Equally significant was the successful restoration of our regulatory capital position through a carefully structured capital enhancement initiative supported by our immediate parent company, Softlogic Capital PLC. As a result, the Central Bank of Sri Lanka lifted all regulatory restrictions imposed on the Company in September 2025, enabling us to fully recommence our core business activities, including deposit mobilization and lending operations.

During the year, the Company also completed a reduction of stated capital following the necessary approvals from shareholders and the Central Bank of Sri Lanka. This represented the final step in restoring greater clarity and strength to the Company's capital structure, completing an important phase of our financial transformation.

Taken together, these initiatives have reshaped the Company's financial position and restored the flexibility required to pursue our strategic priorities with confidence.

Performance Reflecting Progress

The financial performance for the year should be viewed in the context of the significant transformation undertaken by the Company. While much of the year was devoted to restoring our financial and regulatory position, the lifting of regulatory restrictions in September 2025 enabled us to progressively resume normal business operations. The results achieved during the year therefore represent the early outcomes of that transition and provide encouraging evidence that the Company is steadily rebuilding its business.

The Company recorded a Profit After Tax of Rs. 150 Million, notwithstanding that its core business activities resumed only during the second half of the financial year. The recommencement of lending operations contributed to a 34% increase in Net Interest Income to Rs. 402 Million, supported by improved margins and the continued expansion of our Gold Loan portfolio, which grew 76% to Rs. 3.2 Billion.

One of the clearest indicators of the Company's progress was the marked improvement in asset quality. The Gross Non-Performing Loan ratio reduced from 61.6% to 37.6% reflecting the impact of the distressed asset transfer and strengthened recovery efforts.

Our capital position also remained strong, with both the Tier I Core Capital Ratio and the Total Capital Adequacy Ratio standing at 61.0%, significantly above regulatory requirements. This provides the financial strength and flexibility to support future expansion while maintaining resilience through changing market conditions.

These results should not be viewed simply as an improvement in financial performance. They demonstrate that the actions taken over recent years to restore financial strength and rebuild the business are beginning to deliver measurable outcomes. The Company has now moved beyond rebuilding its financial position and is well placed to focus on disciplined execution and sustainable growth.

Governance, Discipline and Resilience

While restoring financial strength has been an important achievement, sustaining that progress depends equally on strong governance, disciplined risk management and an organization capable of adapting to a rapidly evolving business environment.

Throughout the year, the Board remained focused on strengthening governance, reinforcing internal controls and embedding a disciplined approach to risk management across the organization. Particular emphasis was placed on maintaining sound credit underwriting standards, prudent liquidity management and effective oversight of operational, technology and regulatory risks as the Company progressively resumed normal business operations.

We also continued to advance initiatives aimed at improving operational efficiency and strengthening customer engagement through greater digital enablement. While our digital transformation remains an ongoing journey, the investments being made today will enhance decision-making, improve service delivery and support a more agile and responsive organization.

Together, these initiatives strengthen the Company's ability to execute its strategy with discipline, adapt to changing market conditions and continue building a resilient business for the future.

Our Strategic Priorities

Having completed an important phase of our transformation, our focus now turns to executing our strategy with discipline and consistency. As we enter this new chapter, our priorities remain centered on disciplined execution, sustainable financial performance and reinforcing the trust placed in us by our stakeholders.

Our strategic focus will remain on building a high quality lending portfolio centered on secured lending, particularly within vehicle leasing and gold-backed financing, while maintaining the disciplined credit standards that will continue to define our approach to lending. At the same time, we will continue strengthening our funding base by deepening relationships with both retail and institutional depositors, ensuring that future business growth is supported by a stable and diversified funding profile.

Technology will continue to be an important enabler of our strategy, supporting operational efficiency, customer engagement and better decision making across the organization. Throughout this journey, strong governance, prudent capital management and disciplined risk oversight will continue to guide every strategic decision we make.

As a licensed finance company, we recognize the important role we play in supporting individuals, entrepreneurs and businesses through responsible access to finance. By doing so, we contribute not only to financial inclusion, but also to the broader economic recovery and development of the country.

Looking Ahead with Confidence

Our priorities for the years ahead are clear. We will remain focused on growing the business responsibly, strengthening our market position and delivering consistent financial performance, while maintaining the disciplined approach to governance, risk management and capital management that has guided our transformation.

Chairman's Message

While the operating environment will continue to evolve, we are confident that Softlogic Finance is well positioned to respond to new opportunities and challenges. With a clear strategic direction, a strong capital base and the commitment of our people, we look to the future with confidence and purpose.

Appreciation

On behalf of the Board of Directors, I extend my sincere appreciation to our customers for the trust and confidence they continue to place in Softlogic Finance PLC.

I also thank our shareholders for their continued support throughout our transformation journey. Their confidence has enabled us to undertake the strategic initiatives necessary to reposition the Company for long-term success.

My sincere appreciation is extended to the Governor, the Director and officials of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka, together with all other regulatory authorities, for their continued guidance and constructive engagement throughout the year.

I wish to acknowledge my fellow Board members for their steadfast leadership, sound judgement and unwavering commitment in guiding the Company through this important phase of its evolution.

Finally, I express my heartfelt gratitude to our Chief Executive Officer, the management team and every member of our staff. Their resilience, professionalism and dedication have been instrumental in transforming challenges into opportunities and laying the foundation for the Company's future success.

Together, we look ahead with confidence and optimism as we continue building a stronger, more resilient and more sustainable Softlogic Finance PLC.

(Sgd)
Ashok Pathirage
Chairman

Softlogic Finance PLC

PATHWAY TO PROGRESS

CHIEF EXECUTIVE OFFICER'S REVIEW

We have been able to stabilize our foundation, restore market confidence and set the stage for sustainable, high quality credit growth and long-term value creation.

Dhanushka Fonseka
Chief Executive Officer

Chief Executive Officer's Review

Dear Stakeholders

The 2025/26 financial year represents a transformative and pivotal year for Softlogic Finance PLC as we fostered operational stability, recalibrated our fundamentals and crafted a clear and definitive path for sustainable, long-term value creation.

We entered the financial year with a clear mandate: to continue the restructuring of our balance sheet, restore our regulatory core capital position and secure the lifting of regulatory restrictions. Through meticulous planning, disciplined execution and prudent governance, we successfully achieved these critical milestones. We were able to stabilize our foundation, restore market confidence and set the stage for sustainable, high-quality credit growth and long-term value creation. Having navigated these profound internal and external challenges, we emerged as a transformed entity, fully prepared and equipped to capitalize on emerging opportunities with clarity of purpose. At its core, this journey above all demonstrates resilience in action.

As Sri Lanka's broader macroeconomic environment gradually stabilized following an unprecedented period of economic crisis, we embraced this era of progressive recovery with confidence. Choosing to leverage our foundational strengths, we embarked on a journey of purposeful business transformation that now positions us to pursue sustainable, high-quality, asset-backed, high-yield credit growth and operational excellence in the years ahead.

Internal Recalibration for Long-Term Value Creation

Balance Sheet Restructuring and Portfolio Realignment

A primary strategic imperative during the year was the systematic addressing of legacy non-performing loans to establish a healthy balance sheet. Under the approval of the Central Bank of Sri Lanka (CBSL), the Company executed a successful transfer of a distressed loan portfolio to a Special Purpose Vehicle (SPV) for a cash consideration amounting to Rs. 700 Million. This followed the earlier strategic transfer of a delinquent loan portfolio to the SPV for a cash consideration of Rs. 1.1 Billion during the 2024/25 financial period.

These transactions formed an integral part of an Alternative Capital Augmentation Plan presented to the CBSL. Combined with aggressive recovery initiatives and prudent risk management, these actions significantly removed legacy burdens from our books, drastically improved our asset quality and enabled us to recalibrate our risk appetite toward high-quality, asset-backed portfolio growth.

Restoration of Core Capital and Lifting of Regulatory Restrictions

A defining milestone occurred on 19th September 2025, when the Central Bank of Sri Lanka officially lifted all regulatory restrictions previously placed on the Company. This followed our full compliance with the CBSL's regulatory minimum core capital requirements.

The restoration of our core capital position was achieved through a structured and meticulously executed capital enhancement initiative supported by our immediate parent, Softlogic Capital PLC. The removal of these restrictions marked a complete operational revival.

Consequently, Softlogic Finance PLC re-launched its entire portfolio of business activities. We resumed the acceptance of new customer deposits, reactivated leasing operations across our branch network and initiated aggressive business growth plans to reposition Softlogic Finance in the Non-Bank Financial Institutions (NBFI) sector.

Optimization of Stated Capital

With the approval of both the Central Bank of Sri Lanka (CBSL) and the shareholders, the Company undertook a reduction of its stated capital as an alternative measure to address the Serious Loss of Capital. Accordingly, the Company's stated capital as at 31st July 2026, amounting to Rs. 9.9 Billion, was reduced to Rs. 2.3 Billion through the offsetting of accumulated retained losses reflected in the balance sheet against the stated capital balance.

Crucially, this setting-off was executed without changing the total number of issued and fully paid shares and without altering the Company's net asset value. In effect, this structural balance sheet clean-up facilitated the establishment of a healthy equity structure. Consequently, this move has helped establish a financially transparent and unencumbered platform to enhance shareholder value, provide long-term capital stability, facilitate future dividend distribution and attract external funding.

The Macroeconomic Backdrop

The Sri Lankan macroeconomic landscape transitioned from initial stabilization to a resilient, broad-based recovery across 2025 and into the first quarter of 2026. Supported by policy continuity under the International Monetary Fund's Extended Fund Facility, an accommodative monetary policy stance, disciplined fiscal measures and expanding private sector credit growth, Real GDP grew by 5.0% in 2025 and accelerated to 5.1% in Q1 2026. Inflation remained comfortably anchored well below the CBSL's threshold of 5%, while foreign reserves were built up to healthy levels, thus contributing to overall exchange rate stability.

Easing inflationary pressures, improved market sentiment and stable foreign exchange dynamics collectively restored momentum across the economy. Resilient tourist arrivals, steady workers' remittances and a current account surplus supported the stability of the Sri Lankan Rupee during 2025.

Easing monetary policy led to lower market interest rates, which gradually reduced borrowing costs and stimulated private sector credit growth and consumer demand. Furthermore, the phased relaxation of import restrictions, particularly on motor vehicles, served as a catalyst for the NBFI sector, unlocking significant demand for asset-backed credit facilities such as leasing.

However, the operating terrain was not entirely free of headwinds. Household purchasing power remained under pressure due to elevated living costs, tax burdens and import tariffs. On the global front, macroeconomic volatility, geopolitical tensions and shifting trade policies introduced persistent risks. Recognizing both the opportunities presented by market stabilization and the potential challenges arising from volatile external conditions, we maintained a highly disciplined, risk-conscious approach to expanding our loan book.

Financial Review

Profitability and Earnings

The Company recorded a Gross Income of Rs. 1.2 Billion for the financial year ended 31st March 2026, reflecting a year-on-year contraction of 18.9%. This top-line contraction was primarily attributable to the operational and lending restrictions in force until September 2025, which limited income generation from new credit creation. However, it is noteworthy that interest income from our Gold Loan portfolio, which was not under regulatory restrictions, grew by an impressive 59.3% to reach Rs. 469 Million, up from Rs. 294 Million in the preceding year.

Interest Expenses fell by 37.7% year-on-year. This decline was driven by balance sheet restructuring initiatives undertaken during the restriction period and a lower interest rate environment. Consequently, lower funding costs, comparatively high interest margins attributable to gold loan disbursements and accelerated lending activity post-September 2025 enabled Net Interest Income to expand by 34.1% year-on-year to Rs. 402 Million.

While Total Other Income declined by 19.3%, underlying Fee and Commission Income grew by 23.9% year-on-year, propelled by increased gold loan disbursements and the post-restriction resumption of vehicle leasing activities. In effect, Total Operating Income for the year reached Rs. 706 Million, marking a 4.3% increase compared to the previous financial year. Impairment reversals for the year amounted to Rs. 361 Million, making a substantial contribution to our overall profitability. Operating Expenses increased by 9.2% as full-scale commercial operations resumed across all channels following the lifting of CBSL restrictions.

For the financial year 2025/26, Net Profit After Tax stood at Rs. 150 Million, reflecting a 3.7% increase compared to Rs. 145 Million recorded in 2024/25. Earnings Per Share improved marginally to Rs. 0.16 from Rs. 0.15, while Return on Assets (ROA) after tax rose to 2.0% from 1.5% in the previous year. Return on Equity (ROE) after tax stood at 5.0%, representing a nominal drop from its position of 5.1% last year.

Balance Sheet, Asset Quality and Capital Adequacy

Total Assets stood at Rs. 7.3 Billion as at 31st March 2026, an 8.1% drop year-on-year, reflecting the deliberate balance sheet reduction and portfolio transfers executed during the restructuring phase. Notably, within this asset mix, the Gold Loan Portfolio grew by 75.5% to reach Rs. 3.2 Billion. Net Asset Value Per Share increased to Rs. 3.20 from Rs. 3.05, while Total Equity rose by 5.0% to Rs. 3.1 Billion.

Asset quality metrics demonstrated tremendous structural improvement during the year. Driven by rigorous recovery strategies, non-performing loan reversals and the SPV portfolio transfers, the Gross Non-Performing Loan (NPL) Ratio improved to 37.6% as at 31st March 2026, from 61.6% as at 31st March 2025.

Significantly, the new asset-backed, low-ticket-size, high-yield credit facility portfolio that is being originated following the lifting of regulatory restrictions in September 2025 maintained a zero NPL status as at 31st March 2026, affirming the strength of our redesigned underwriting standards and enhanced credit risk management practices.

Following our successful balance sheet restructuring and capital augmentation initiatives, the Company's capital position has been fortified. As at 31st March 2026, both the Tier I Core Capital Ratio and the Total Capital Adequacy Ratio increased to 61.0%, well above the regulatory minimum thresholds and significantly higher than the 25.5% recorded as at 31st March 2025.

Driving Business & Operational Excellence

With full operational freedom restored, our business focus shifted toward scaling asset-backed lending solutions, driving internal efficiencies and promoting broader financial inclusion.

Strategic Lending & Financial Inclusion

During the year, we sharpened our focus on high-yield, small-ticket-size, secured lending categories, primarily gold loans and vehicle leasing. In this context, we have concentrated our market engagement around providing flexible, customer-centric, tailor-made leasing and gold loan products.

Additionally, by identifying key growth pockets across underserved, under-banked and non-banked consumer segments, we have been able to foster financial inclusion by extending formal financial services to communities outside the scope of traditional banking, fulfilling our broader mandate of driving economic empowerment and financial inclusion across Sri Lanka.

Operational Efficiency and Digital Transformation

To ensure long-term competitiveness and margin protection, we continued to reengineer internal operational structures and workflows into a leaner, more agile model. In addition to process optimization, we deployed enhanced risk control frameworks tailored to our updated credit appetite. Further, attention was paid to refining our collections, recoveries and legal functions to ensure that they are geared towards fostering an income-generating, high-quality loan book.

Moreover, a centralized data analytics function was instituted to provide actionable business intelligence across our business operations and enhance real-time decision-making. Investments were also directed towards strengthening IT security management, IT governance, data protection and cybersecurity management.

We have laid the foundation for enterprise-wide digital transformation, setting the groundwork for initiatives such as digital customer onboarding, automated internal workflows and interactive digital platforms to elevate accessibility and customer experience.

Chief Executive Officer's Review

Environment, Social and Governance (ESG) Integration

During the year, in line with our broader corporate responsibility, the Company engaged in and supported local wildlife conservation and rehabilitation, embedding sustainability practices and fostering environmental stewardship among our team and the local communities we serve. Moving forward, we remain dedicated to aligning our operational framework with Environmental, Social, and Governance (ESG) principles.

Human Capital Development & Customer Centricity

Our strategic repositioning is anchored by our human capital. During the year under review, substantial investments were made in training and development, with total internal and external training hours increasing by 75% year-on-year, exceeding 6,500 training hours. Additionally, we reinforced a meritocratic organizational culture through performance-linked reward systems and career advancements.

We maintain a diverse workforce recruited from across the country and remain committed to fostering an inclusive, safe and supportive working environment. Through structured internship and trainee programmes, we continue to offer young talent opportunities for professional development within a dynamic corporate environment.

At Softlogic Finance, we operate on the principle that internal culture directly impacts customer experience. Our service philosophy, which serves as the foundation for driving customer satisfaction, embodies employee engagement and empowerment at its core. In this manner, we ensure that customer-centricity is embedded across every touchpoint

Resilience Through Unprecedented Challenges

The year under review was also marked by the unprecedented challenges brought about by Cyclone Ditwah, which affected communities and businesses across the country. In the face of these difficult circumstances, Softlogic Finance steered commendably, demonstrating resilience, commitment and a strong sense of responsibility.

I would like to pause for a moment to recognize our employees who contributed from the frontlines, working tirelessly towards achieving our desired goals and targets despite the unprecedented challenges faced during this period. Their dedication, perseverance and unwavering commitment to the Company were instrumental in ensuring business continuity and maintaining the high standards of service expected by our stakeholders.

I would also like to extend my sincere gratitude to our valued customers, depositors, agents and business partners for continuing to place their trust and confidence in Softlogic Finance during these unprecedented times. Your continued loyalty is a source of strength and inspiration for us to strive for excellence and to go beyond boundaries.

I would also like to express my sincere appreciation to the Governor, Deputy Governor, Director of the Department of Supervision of Non-Bank Financial Institutions and all officers and staff of the Central Bank of Sri Lanka for their continued support, guidance and cooperation extended to Softlogic Finance throughout this transformative period. Their commitment to maintaining a sound and resilient financial sector has been invaluable to us as we navigated this journey of transformation.

Strategic Priorities for the Future

As we look toward the future, our strategic agenda remains focused on disciplined growth, operational efficiency and risk governance.

- **Asset-Backed Portfolio Expansion:** Accelerating asset-backed, high-yield, small-ticket-size lending in the leasing and gold loan ecosystems through tailor-made, flexible product structures, with particular attention paid to emerging market segments and under-banked communities.
- **Credit Quality and Recoveries:** Maintaining credit discipline, adhering to strict underwriting criteria for new originations and pursuing recoveries on legacy portfolios.
- **Funding Optimization and Liquidity Management:** Diversifying our funding mix, broadening our deposit customer base and optimizing liquidity deployment.
- **Driving Digital Transformation:** Advancing internal workflow automation, expanding digital customer touchpoints, introducing digital onboarding systems and automating customer interactions through digital platforms.
- **ESG Integration and CSR:** Extending our sustainability agenda through environmental conservation initiatives and embedding ESG considerations into our internal policies and lending frameworks.

Acknowledgements

The successful transformation achieved during this pivotal year was made possible by the collective dedication and support of our key stakeholders.

I extend my deepest appreciation to our Chairman, Mr. Ashok Pathirage, and the other members of the Board of Directors for their visionary leadership, strategic oversight and unwavering counsel throughout this transformative year.

I would also like to take this opportunity to express my gratitude to our shareholders for their trust and belief in the Company's strategic direction.

To our valued customers, thank you for your continued loyalty and confidence in our services.

Finally, I conclude by expressing my profound gratitude to the Softlogic Finance team whose commitment, resilience and tenacity were instrumental to our turnaround. As we step into a new chapter of growth, I am confident that our team will continue to drive the Company towards sustainable success.

(Sgd)
Dhanushka Fonseka
Chief Executive Officer

Softlogic Finance PLC

Geographical Footprint

GRI 2-6

15 Branches

- Anuradhapura
- Badulla
- City Office
- Galle
- Hatton
- Kadawatha
- Kandy
- Kotahena
- Kurunegala
- Matale
- Matara
- Nawala
- Negombo
- Weligama
- Mawanella

Branch Network

No	Branch	Address	Telephone Number	Fax Number	Email
Western Province					
1	Head office and Corporate	JFI Tower - III, Zone B & C, 6th Floor, No 75, Piyadasa Sirisena Mawatha, Colombo 10.	011-2359700	011-2359799	headoffice@softlogicfinance.lk
2	Kadawatha	No.139/7D, Kandy Road,Kadawatha	011-2923011	011-2923013	kadawatha@softlogicfinance.lk
3	Kotahena	No.244, George R De Silva Mawatha, Colombo 13	011-2462819	'011-2337040	kotahena@softlogicfinance.lk
4	Nawala	No: 305B, Nawala Road, Nawala	011-2807080	011-2807082	nawala@softlogicfinance.lk
5	Negombo	86 Josephs Street Negombo	031-2224714	031-2224716	negombo@softlogicfinance.lk
North Central Province					
6	Anuradhapura	No. 561/11, Maithreepala Senanayaka Mw, New Town, Anuradhapura	025-2226279	025-2234743	anuradhapura@ softlogicfinance.lk
North Western Province					
7	Kurunegala	No: 13, Rajapihilla Road, Kurunegala	037-2232875	037-2232565	kurunegala@softlogicfinance.lk
Uva Province					
8	Badulla	NO. 38, Anagarika Dharmapala Mawatha, Badulla.	055-2224205	055-2223905	badulla@softlogicfinance.lk
Southern Province					
9	Galle	No: 64, Colombo Road, Kaluwella, Galle	091-2248920	091-2248095	galle@softlogicfinance.lk
10	Matara	No: 08A KKK Building, Station Road Matara	041-2220195	041-2227257	matara@softlogicfinance.lk
11	Weligama	No: 2, Matara Road, Weligama	041-2252888	041-2260523	weligama@softlogicfinance.lk
Central Province					
12	Hatton	No: 115, Main Street, Hatton	051-2222108	051-2225739	hatton@softlogicfinance.lk
13	Kandy	No: 165, Kotugodella Street, Kandy	081-2224912	081-2224916	kandy@softlogicfinance.lk
14	Matale	No: 253, Main Street, Matale	066-2226461	066-2228863	matale@softlogicfinance.lk
Sabaragamuwa Province					
15	Mawanella	No: 131,132, Kandy Road, Mawanella	035-2247304	-	mawanella@softlogicfinance.lk

Identifying Opportunities

We remain focused on identifying new opportunities, embracing change, and creating sustainable value for our stakeholders. By combining innovation, strategic thinking, and a commitment to excellence, we continue to move forward with confidence and purpose, building a stronger foundation for long-term growth.

Asian Green Bee-eaters *(Merops orientalis)*

Yala, Sri Lanka

Preserving What We Value
These images, captured by our employees, celebrate the vibrant biodiversity that our conservation initiatives work to protect. We are proud to showcase our team's shared passion for preserving the natural world.

Operating Environment

Economic Review

Overview of the Macroeconomic Environment

The Sri Lankan economy exhibited remarkable resilience, consolidation and robust expansion throughout 2025 and into the first quarter of 2026. Building on the stabilization measures initiated under the Extended Fund Facility (EFF) program supported by the International Monetary Fund (IMF), the country transitioned from economic recovery to sustained real output based expansion. Macroeconomic performance in 2025 was defined by strong real GDP growth, single-digit price inflation following a period of transient deflation, disciplined fiscal management and robust credit expansion driven by private enterprise demand.

While structural reforms and accommodative monetary conditions bolstered domestic economic sentiment, the macro-financial environment navigated significant external and domestic headwinds. In late November 2025, Sri Lanka experienced severe climate-induced disruptions caused by Cyclone Ditwah, which impacted agricultural output and localized infrastructure. Furthermore, geopolitical tensions in the Middle East during early 2026 introduced elevated freight rates and oil market volatility. Despite these exogenous shocks, the macroeconomic fundamentals remained grounded on strong foreign exchange earnings, primary fiscal surpluses and a well-capitalized banking system.

GDP and Economic Growth

Real Gross Domestic Product (GDP) expanded by an impressive 5.0% in 2025, matching the robust performance recorded in 2024 and marking the second consecutive year of full economic expansion following the severe downturn of 2022–2023. Nominal GDP expanded to LKR 32,750.8 Billion (equivalent to approximately USD 108.8 Billion), supported by a moderate GDP deflator of 3.7%. Per capita GDP achieved a historical high of USD 5,003, rising significantly from USD 4,546 in 2024.

The growth momentum was broad-based across all four quarters of 2025, driven by a resurgence in private domestic consumption, gross fixed capital formation and a robust revival in industrial production. Preliminary macroeconomic indicators for the first quarter of 2026 indicate sustained real output growth, with real GDP expanding by an estimated 5.1% year-on-year, demonstrating that post-cyclone reconstruction activities, industrial resilience and steady services sector momentum continued to power economic activity.

Sectoral Performance: Agriculture, Industries and Services

Industries Subsector

The industrial sector served as the primary engine of economic expansion in 2025, growing by 7.8%. Growth within this industry sector was anchored by the manufacturing subsector, which expanded by 7.3%, benefiting from consistent input availability, stable electricity tariffs and robust domestic and export demand for textiles, apparel, food products and rubber goods. Construction activity rebounded sharply by 3.3%, driven by the resumption of delayed infrastructure projects, private real estate developments and lower borrowing costs, while mining and quarrying activities saw corresponding upticks.

Services Subsector

The services sector, which accounts for over 54% of GDP, posted a steady growth of 3.3% in 2025. Performance was spearheaded by financial services, expanding by 6.2%, supported by strong credit demand and improved asset quality. Transportation, accommodation and food services expanded by 9.2%, buoyed by a flourishing tourism industry that recorded over 2 Million tourist arrivals and generated approximately USD 3.2 Billion in foreign exchange revenues. Wholesale and retail trade, real estate and professional IT services also contributed positively to the service economy.

Agriculture Subsector

The agricultural sector grew moderately by 1.4% in 2025 (up from 0.6% in 2024). Expansion was supported by higher output in paddy cultivation (Maha and Yala seasons), livestock production and coconut yields, facilitated by adequate fertilizer availability and supportive government pricing policies. However, growth was constrained by localized crop losses in tea, rubber and fresh vegetables due to adverse weather patterns, culminating in heavy precipitation and physical disruption during Cyclone Ditwah in Q4 2025. Agricultural output stabilized in Q1 2026 as recovery efforts and replanting programs took effect.

Inflation Trends

Inflationary dynamics transitioned through distinct phases across 2025 and early 2026. During the first half of 2025, the economy experienced transitory deflationary pressure, driven by lower imported fuel prices, administrative energy tariff reductions and favorable base effects. As measured by the Colombo Consumer Price Index (CCPI), headline inflation stood at -1.7% at end-2024 and averaged -0.5% across 2025.

Headline inflation re-entered positive territory in August 2025 and gradually accelerated to end the year at 2.1% year-on-year (with National Consumer Price Index - NCPI inflation reaching 2.9%). Core inflation remained exceptionally well-anchored at 2.7% at end-2025. In the first quarter of 2026 and leading into Q2 2026, headline inflation experienced an upward adjustment due to temporary food supply disruptions from cyclone-related agricultural losses and higher global freight charges and oil price volatility. By May 2026, CCPI headline inflation stood at 7.3% (and 6.8% in June 2026), moving slightly above the Central Bank's medium-term target band of 5.0%, before beginning to stabilize as monetary measures took effect.

Market Interest Rates

The Central Bank of Sri Lanka (CBSL) maintained an accommodative monetary policy posture throughout 2025 to stimulate investment and economic activity. Policy rate cuts delivered in 2024 and early 2025 were successfully transmitted into the broader financial system, driving market interest rates to multi-year lows. Yields on short-term Treasury Bills stabilized below 9.0%, while prime lending rates (AWPR) and commercial bank deposit rates saw marked reductions, easing capital costs for corporate and retail borrowers.

However, in response to emerging inflationary pressures from supply chain shocks and rapid credit expansion, the CBSL adjusted its Policy Rate (Overnight Policy Rate - OPR) upward by 100 basis points to 8.75% in May 2026, keeping rates steady through mid-2026. Short-term benchmark yield curves adjusted accordingly during Q1/ Q2 2026, with 364-day Treasury Bill yields settling around 8.34%, 3-year Treasury Bond yields at 9.09% and 5-year paper at 9.70%, maintaining a yield environment conducive to fiscal sustainability and market equilibrium.

Private Sector Credit Growth

Credit extended to the private sector witnessed a dramatic surge in 2025, recording an impressive year-on-year expansion of 25.2% by end-2025 (representing real credit growth of 22.6%). Total net private sector credit increased by LKR 2.1 Trillion during the year, signaling strong corporate credit uptake, working capital expansion and consumer borrowing.

Credit growth was well-distributed across sectors: the services sector accounted for approximately 42% of total credit expansion, followed by industry (29%), personal loans and consumer credit (20%) and agriculture (8%). A key driver of credit uptake in early 2025 was the phased relaxation of vehicle import restrictions and durable goods demand. Broad money supply grew in tandem at 11.5% in 2025. Although credit growth moderated slightly in Q1 2026 in response to the monetary tightening in early 2026, private sector credit demand remained resilient, underpinning business investments and banking asset growth.

External Sector Performance

Sri Lanka's external sector retained its structural resilience in 2025, supported by robust earnings from tourism, steady inflow of personal remittances and net purchases of foreign exchange by the Central Bank. Gross Official Reserves reached USD 6.8 Billion by end-2025, up from USD 6.1 Billion at end-2024, underpinned by net CBSL forex market absorption of approximately USD 2.0 Billion.

In the merchandise trade account, export revenues grew steadily on account of garment exports and agricultural produce. However, overall import expenditure expanded at a faster pace due to high industrial intermediate demand and consumer imports following import liberalization measures. Consequently, the merchandise trade deficit widened to USD 4.7 Billion during the cumulative January to May 2026 period (compared to USD 2.7 Billion in the corresponding period of 2025). Workers' remittances remained robust, while Gross Official Reserves stood comfortably at USD 6.458 Billion as of mid-2026.

Exchange Rate Movements

Following two consecutive years of currency appreciation in 2023 and 2024, the Sri Lankan Rupee (LKR) experienced a gentle, controlled depreciation of 5.6% against the US Dollar during 2025, reflecting market-determined exchange rate dynamics, increased import demand and Central Bank forex accumulation.

Fiscal Performance

Fiscal consolidation under the IMF-EFF arrangement achieved milestone results in 2025. Total revenue and grants increased by 35.2% to LKR 5,449.4 Billion, equivalent to 16.6% of GDP. Revenue gains were driven by structural tax reforms, including optimized Value Added Tax (VAT) compliance, enhanced corporate income tax collections and revised excise duties.

The primary fiscal balance recorded a historic surplus of 5.4% of GDP in 2025, marking the third consecutive year of primary surpluses and significantly surpassing program targets. The overall budget deficit narrowed substantially to 2.3% of GDP. Capital expenditure was prioritized toward economic infrastructure and climate resilience, while expenditure allocations for the country’s social safety net system were expanded to safeguard vulnerable households. During Q1 2026, fiscal policy remained tightly aligned with medium-term debt sustainability targets, ensuring primary revenue objectives were consistently met.

Employment and Labor Market Trends

Labor market conditions improved significantly in tandem with macroeconomic recovery. The national unemployment rate declined to 4.4% by Q4 2025, down from 4.7% recorded in late 2024 and over 5.0% during the peak crisis period. Total employed persons reached approximately 8.55 Million out of a labor force participation rate of 49.4%.

Job creation was largely concentrated in manufacturing, construction, tourism and services subsectors. Real wages in the private sector registered positive

Operating Environment

growth in 2025 due to low single-digit inflation and salary adjustments across corporate sectors. Public sector compensation was also restructured under the 2025 budget framework.

Future Outlook for the Sri Lankan Economy

The medium-term outlook for the Sri Lankan economy remains highly positive, anchored on structural policy reforms, debt restructuring completions and market confidence. Real GDP growth for the full year 2026 is projected to stabilize, reflecting a normalization toward Sri Lanka's potential growth trajectory following the initial post-crisis recovery bounce.

Key economic drivers and considerations for the remainder of 2026 include:

- **Monetary Policy & Inflation Normalization:** Following the proactive 100 bps policy rate adjustment in mid-2026, inflation is expected to gradually trend back toward the Central Bank's target rate as supply-chain disruptions subside.
- **External Debt Restructuring & IMF Program:** Completion of commercial debt restructuring and foreign bond exchanges will potentially fully restore Sri Lanka's international creditworthiness, unlocking access to Foreign Direct Investment (FDI) and long-term capital markets.
- **Post-Cyclone Reconstruction:** Targeted public and private investment in climate-resilient infrastructure and agricultural recovery following Cyclone Ditwah have the potential to provide localized economic momentum.
- **Financial Sector Stability:** Financial institutions would be expected to benefit from expanding loan books, improved asset quality, lower Non-Performing Loan (NPL) ratios and robust capital adequacy buffers, positioning the sector to support broader private investment.

Downside risks to the outlook include global commodity price volatility arising from geopolitical developments and potential climate events. Overall, Sri Lanka enters the remainder of 2026 with significantly enhanced economic buffers, robust institutional frameworks and a solid macroeconomic foundation.

Industry Review

Overview of the Non-Bank Financial Institutions Sector

During 2025, Sri Lanka's Non-Bank Financial Institutions (NBFI) sector, primarily comprising Licensed Finance Companies (LFCs) and Specialized Leasing Companies (SLCs), operated within a significantly stabilized and supportive macroeconomic framework. Building on the economic recovery initiated in preceding years, sustained macroeconomic stabilization, accommodative monetary policy and lower market interest rates provided a conducive operational backdrop for the sector. Inflation remained within manageable single-digit levels, turning mildly positive following a brief period of deflation, while real GDP growth expanded robustly at an estimated 5.0%. The complete lifting of vehicle import restrictions, coupled with the gradual relaxation of capital flow management measures, acted as a key catalyst in reinvigorating credit demand, particularly across core NBFI business verticals such as vehicle financing, leasing and asset-backed lending.

Finance Companies Sector Performance

The finance companies sector experienced a strong operational turnaround in 2025, characterized by robust credit expansion and a renewal of asset growth. Accommodative policy stances maintained by the Central Bank of Sri Lanka (CBSL) fostered a low-interest-rate environment that stimulated private sector credit demand. LFCs successfully capitalized on renewed demand in the retail, SME and microfinance segments. The removal of import curbs on motor vehicles was particularly instrumental, providing a significant boost to leasing and hire purchase portfolios, traditionally the backbone of the NBFI asset structure. Total credit extended by finance companies expanded noticeably, helping the sector reclaim market share in credit intermediation.

Profitability of the Finance Companies Sector

The financial performance and profitability of the sector demonstrated substantial improvement throughout 2025. Earnings were propelled by healthy Net Interest Margins (NIMs) as cost of funds declined faster than yield on earning assets in the lower interest rate environment. Increased credit volumes, combined with lower loan-loss provisioning expenses stemming from improved asset quality, bolstered net interest income and overall profitability metrics. Both Return on Assets (ROA) and Return on Equity (ROE) across the sector reflected marked enhancements compared to prior periods, providing finance companies with organic capital generation capabilities.

Asset Quality of the Finance Companies Sector

Asset quality metrics across the finance companies sector showed notable enhancements during the year under review. Strengthened borrower debt-servicing capabilities, supported by broader domestic economic recovery, lower borrowing costs and improved business cash flows, led to a reduction in Non-Performing Loan (NPL) generation. The Gross NPL ratio of the sector followed a downward trajectory, accompanied by improved provision coverage ratios. While legacy non-performing advances continued to be resolved through proactive recovery strategies and restructurings, fresh slippages remained contained.

Capital and Liquidity of the Finance Companies Sector

The structural resilience of the NBFI sector was maintained through robust capital and liquidity buffers, which remained comfortably above statutory regulatory minimums throughout 2025. Enhanced profitability contributed to internal capital generation, strengthening Tier 1 and Total Capital Adequacy Ratios (CAR). Liquidity conditions remained buoyant, supported by sustained deposit inflows and improved access to institutional funding lines. Compliance with the statutory Liquid Asset Requirement (LAR) was maintained across the majority of institutions, reinforcing public confidence and institutional stability.

Technological Developments

Technological modernization formed a crucial operational pillar for non-bank financial institutions in 2025. In line with national payment digitalization initiatives championed by the CBSL, finance companies accelerated the adoption of digital onboarding solutions, electronic Know-Your-Customer (e-KYC) frameworks and mobile financial platforms. Automation of credit underwriting and loan origination processes significantly reduced turnaround times, enhancing operational efficiency and customer outreach. Concurrently, institutions heightened focus on cybersecurity resilience, cloud infrastructure adoption and technology risk management frameworks to mitigate emerging cyber threats and ensure operational continuity.

Regulatory and Policy Developments

The regulatory landscape in 2025 focused on reinforcing financial system stability, enhancing governance and strengthening crisis preparedness. The Central Bank pursued comprehensive supervisory initiatives, including enhanced macroprudential measures and upgraded risk-based supervisory frameworks. Mandatory recovery planning requirements were introduced to ensure institutions maintain robust resolution strategies. Furthermore, regulatory focus remained centered on sector consolidation, encouraging smaller or capital-deficient entities to merge or recapitalize to build a more resilient and sound non-bank financial sector.

Future Outlook

The outlook for Sri Lanka's NBFI sector remains positive, supported by sustained macroeconomic stability, accommodative monetary settings and structural economic reforms. Credit expansion is expected to maintain momentum, driven by vehicle financing, equipment leasing and SME credit growth. However, the sector must remain vigilant against potential downside risks, including volatile global commodity markets, geopolitical conflicts in the Middle East and climate-related domestic weather disruptions. Over the medium term, institutions that successfully leverage technology, maintain rigorous risk governance and adapt to evolving regulatory frameworks will be well-positioned to drive sustainable and inclusive growth.

Value Creation Model

Vision, Mission & Values | **Macroeconomic Environment**

VALUE DRIVING INPUTS

FINANCIAL CAPITAL
- Stated Capital: Rs. 2,327 Million
- Net Lending Portfolio: Rs. 4,973 Million
- Investments: Rs. 699 Million
- Customer Deposits: Rs. 3,738 Million
- Total Borrowings: Rs. 45 Million

HUMAN CAPITAL
- Skilled and motivated employees
- Experienced and versatile leadership
- Conducive work environment and culture
- HR practices driving human capital development
- No. of Employees: 253
- New Recruitments: 128
- Total Training Hours: 6,543 Hrs
- Investment in Training: Rs. 1.5 Million

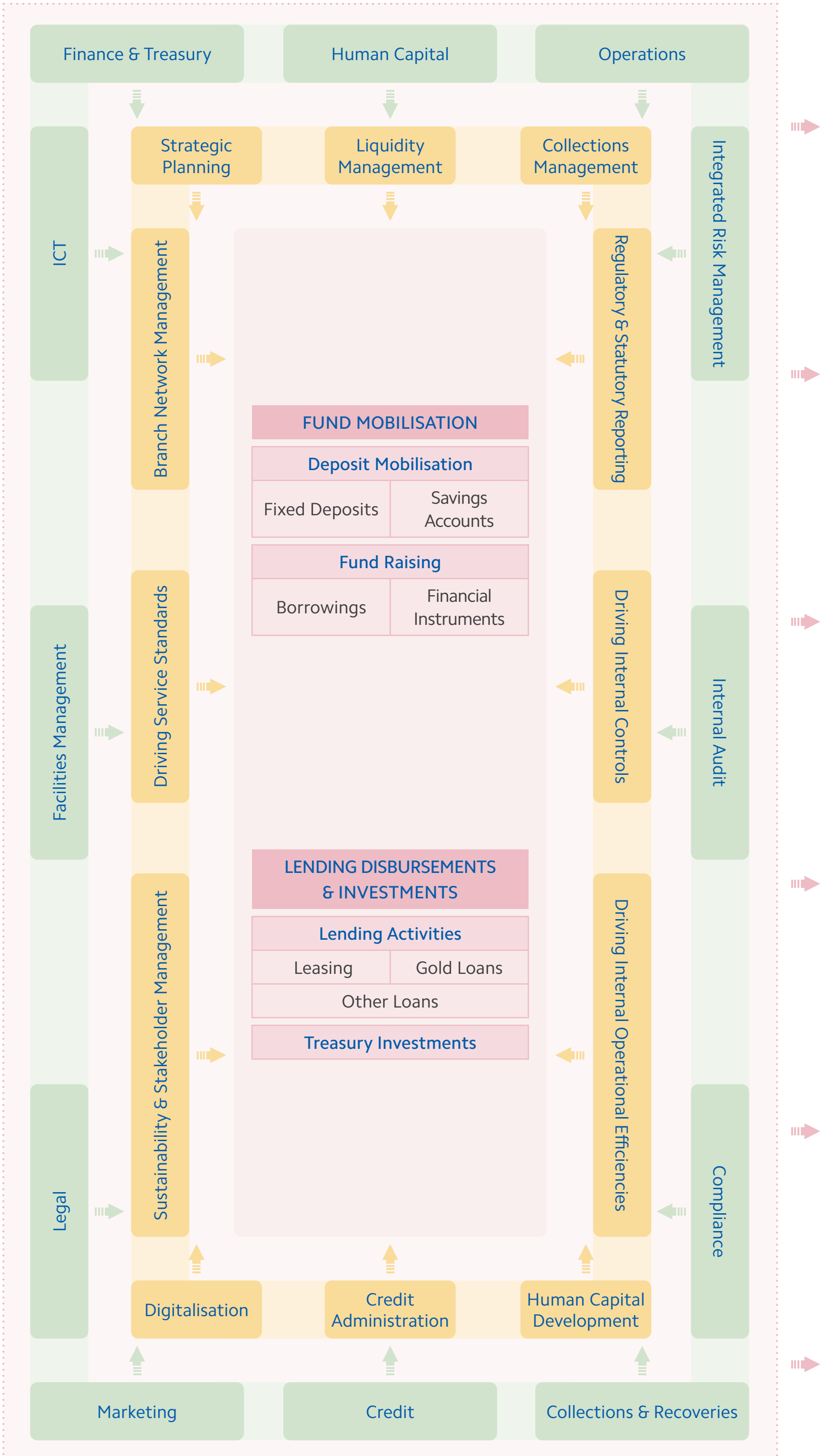
INTELLECTUAL CAPITAL
- Expertise of our workforce serving as a knowledge bank
- Investments in IT & IS development
- Usage of business intelligence tools
- Investments in IT security & cybersecurity
- Internal process excellence
- Ethical business practices
- Strength of our corporate brand

SOCIAL & RELATIONSHIP CAPITAL
- Total no. of customers: 47,790
- Service level management
- Distribution channel management
- Digital engagement with customers
- Strong relationships with investors, customers, financing partners, service providers, regulators, local communities and other stakeholders

MANUFACTURED CAPITAL
- Total no.of branches: 15
- Branches outside the western province: 10
- Effective branch infrastructure and branch network management
- Investments in IT infrastructure
- Investments in digitalization

NATURAL CAPITAL
- Management of Electricity Consumption through LED lighting & streamlining of AC usage
- Management of Water Consumption
- Rationalization of Paper Consumption
- Environmentally friendly practices for overall responsible resource usage

VALUE GENERATION PROCESS



Industry Statutory Regulations | **Corporate Governance**

Strategic Excellence and Stakeholder Management

Ethical & Transparent Business Practices and Internal Policies

VALUE DRIVEN OUTPUTS

Financial Capital
- Healthy balance sheet
- Sufficient liquidity levels
- Capital adequacy levels above regulatory requirements
- Total Equity increased to Rs. 3,080 Mn
- Profit After Tax increased to Rs. 150 Mn
- Return on Equity: 5.0%
- Return on Assets: 2.0%

Human Capital
- Motivated workforce
- Increased employee productivity
- Employee compliance with internal policies and processes
- Workforce possessing the relevant skills to drive operations

Intellectual Capital
- Credit rating: B [Developing] (Lanka Rating Agency)
- Enhanced Organisational know-how
- Development of best practices and process excellence
- Ability to face industry challenges
- Enhanced IT systems, applications and security
- Branch rebranding undertaken inline with corporate branding updates

Social & Relationship Capital
- Customer relationship management
- Operations executed as per set service standards
- Service providers managed as per set internal standards
- Compliance with regulatory requirements
- Increased focus on sustainability initiatives such as wildlife rehabilitation

Manufactured Capital
- Branch network rationalised as per the company's strategic direction
- Physical infrastructure requirements managed as per strategic and operational needs
- IT infrastructure enhanced as per strategic and operational needs

Natural Capital
- Optimised paper consumption through operational enhancements
- Water consumption reduced through internal initiatives
- Electricity consumption reduced through action like adopting LED lighting

OUTCOMES & IMPACTS ON STAKEHOLDERS

Shareholders
- Creating long term value for shareholders
- Generating returns to shareholders
- Earnings Per Share: Rs. 0.16
- Net Asset Value per Share: Rs. 3.20

Employees
- Rewarding career opportunities
- Competitive remuneration provided
- Total remuneration and benefits paid: Rs. 443 Mn
- No. of promotions: 28
- Pathways and opportunities for career progression
- Continuous training and development

Customers
- Driving ethical and transparent business practices
- Personalised and flexible service
- Interest paid to deposit holders: Rs. 519 Mn
- Customer convenience through online payments
- Providing competitive rates and accessible and flexible financial solutions

Business Partners
- Transparent business relationships based on trust
- Mutually beneficial business relationships
- Internal operational efficiencies fostering rewarding business engagements

Government & Regulators
- Contribution to state revenue through taxes paid: Rs. 101 Mn
- Regulatory compliance with applicable laws and regulations

Local Communities
- Contribution to economic development through our inclusive financial services
- Employment generation, including opportunities outside the Western Province
- Engaging in sustainability initiatives to foster bonds with local communities

Environment
- Environmentally friendly operating practices to reduce water and electricity consumption
- Rationalising paper consumption through effective management initiatives
- Driving sustainability initiatives like wildlife rehabilitation

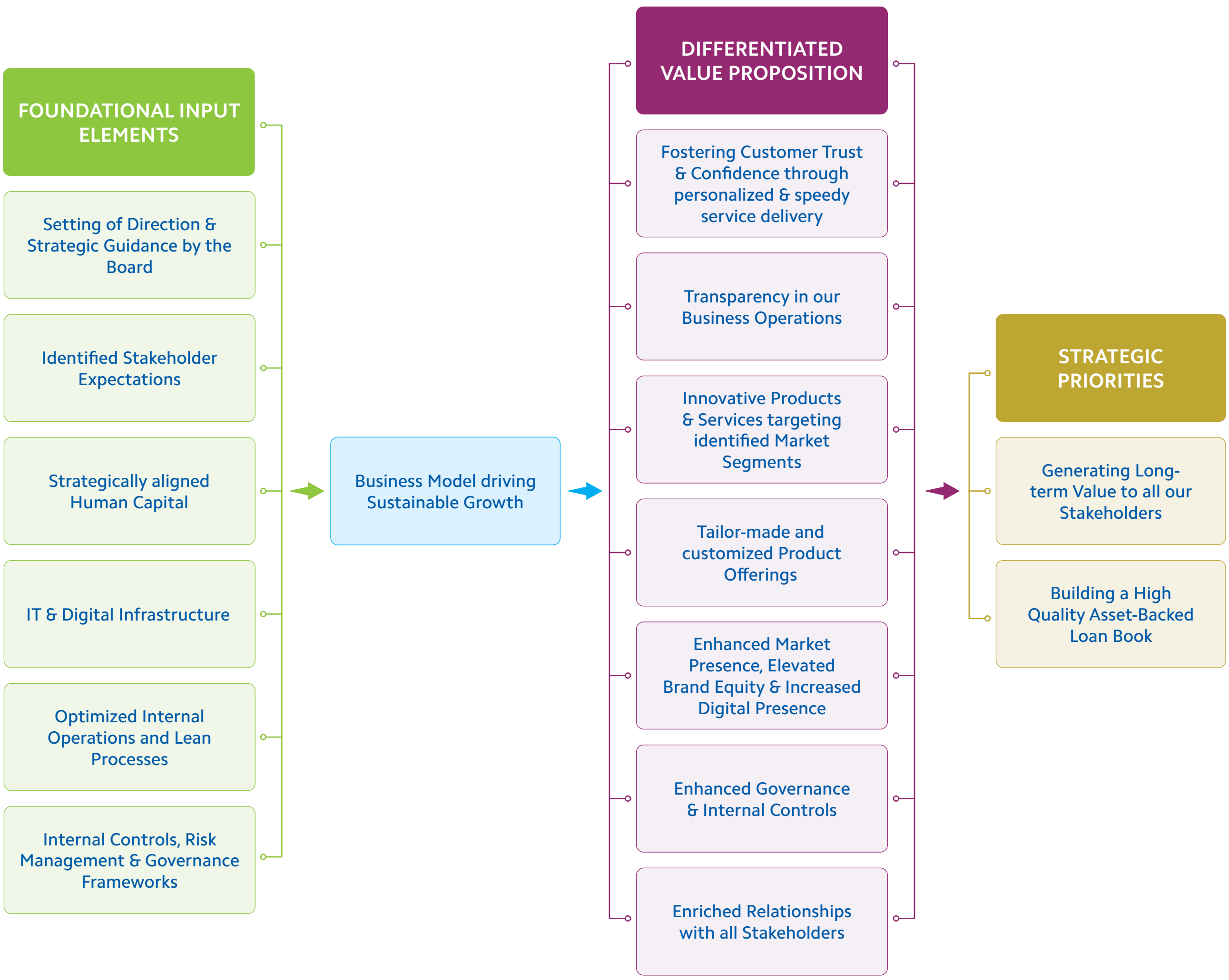
Risk Management

Internal Audit

Analysis of our Value Creation Strategy

Corporate Strategy and our Business Model

Our consistent and unwavering focus has always been directed towards generating long-term value to our stakeholders. We have refined our business model to withstand macroeconomic volatility, evolving industry dynamics and the everchanging competitor landscape. We have also ensured that we accommodate in our business model, our foundational strengths so that we can differentiate ourselves and set ourselves apart from other financial service providers. In this context, we are embracing within our strategic scope, the provision of tailor-made financial solutions that are customized to serve the requirements of individual customers as well as the specific demands of identified market segments. Moreover, we are directing our business model towards identifying and serving customer and market segments in underserved, under-banked and non-banked communities. Through this endeavor, we are fostering financial inclusion as well, by extending formal financial services to communities outside the scope of traditional banking.



We have strategically oriented our business model to focus on high quality, asset-backed, small ticket-size, high yield lending. In this context, our focus has been on secured lending categories like gold loans and leasing. Further, in order to drive highly quality, sustainable credit growth, we have focused on enhancing our credit risk management measures and further improving our recoveries processes and internal operations frameworks.

Additionally, instrumental to this drive, is our ambition to also be the preferred retail investments partner to our customers in order to mobilize retail deposits. Moreover, we are concentrating our attention on funding optimization and liquidity management, which involves diversifying our funding mix, broadening our deposit customer base and ensuring efficient liquidity deployment. In order to achieve these goals, we have rolled out in our business model, certain key domains that are indispensable to this effort.

Critical to this endeavor are the below mentioned key success factors:

- An engaged, innovative and productive human capital that is strategically aligned.
- Optimized internal operations and lean processes.
- Effective application and management of our monetary resources.
- Managing and optimizing the utilization of our branch network.
- Adopting the necessary IT and Digital Infrastructure.
- Partnering and maintaining relationships with strategic partners.
- Effective internal controls, risk management and governance frameworks.

The fluidity and adaptability of our business model has allowed us to seamlessly expand the scope of our value generation process to embrace and champion our strategic drives that are deployed from time to time to rally the growth of our product portfolios. Hence, under this business model, we have been able to successfully grow our gold loan portfolio and relaunch our leasing product, whilst delivering a bouquet of unique value propositions to our customers.

Our Value Creation Ecosystem

Our value creation process embodied in our business model is the result of strategic fine tuning over time in anticipation of and in response to changes in our operating environment. It has been equipped to ensure that our shareholders receive increasing returns over the medium and long term, whilst actively addressing and responding to concerns and demands of our broader stakeholder base. Regardless of whatever lofty financial goals we have set, our value creation process has been modelled in such way as to ensure that we always run an ethical business and adhere to the tenets of corporate governance and regulatory compliance.

The Value Drivers

In order to achieve our goal of creating value to all our stakeholders, we have carefully selected and engaged an identified set of input capitals as drivers of our value creation process. They are:

- Financial Capital
- Human Capital
- Intellectual Capital
- Social and Relationship Capital
- Manufactured Capital
- Natural Capital

The Value Generation Process

The onus on our value generation process is to manage and effectively utilize the input capitals in order to produce the desired outputs whilst ensuring that the economic, environmental and social impacts of our business are managed as planned. In order to generate the expected value from our loan book and our investments, our internal processes and support services have been strategically deployed and effectively geared to produce optimum returns to our value chain.

Our value creation process is a continuous, evolving process and these input capitals, the value generating activities, the immediate outputs and the impacts are all interdependent and incessantly influence each other. This is how we leverage our core competencies and the competitive advantage that we have in our business domains in order to maximize the value we create for our stakeholders. In the long term, adherence to the value creation processes in our business model helps us to manage the expectations of all our stakeholders and create win-win situations for all of them.

The Immediate Outputs

Our value generating process produces a number of immediate outputs that collectively contribute to the ultimate outcomes and impacts that our business produces. Our immediate value-enhanced outputs have been categorized under our 06 capitals identified earlier and laid out in our value creation model.

These immediate value driven outputs are essentially what we plan out for and expect as returns from the deployment of our capitals, our resources and our internal value generating processes.

Typical expected immediate outputs categorized under the capitals deployed are stated below:

Financial Capital:

- Achievement of budgets
- Capital adequacy levels above regulatory requirements
- The increase of the share price
- A healthy balance sheet
- Sufficient liquidity levels

Analysis of our Value Creation Strategy

Human Capital:

- A motivated workforce
- Increased employee productivity
- Employee compliance with internal policies and processes
- Workforce possessing the relevant skills to drive operations

Intellectual Capital:

- Enhanced organizational knowledge base
- Development of best practices and process excellence
- The company's ability to face industry challenges
- Enhanced IT systems, applications and security
- Enhanced brand equity and brand exposure

Social and Relationship Capital:

- Customer relationship management
- Operations executed as per predetermined service standards
- Service providers managed as per internal standards
- Compliance with regulatory requirements
- Focus on community engagement initiatives

Manufactured Capital:

- Branch network rationalized as per the company's strategic direction
- Physical infrastructure requirements managed as per strategic and operational needs
- IT infrastructure enhanced as per strategic and operational needs

Natural Capital:

- Responsible consumption of finite resources
- Management of energy consumption
- Responsible utilization of water resources
- Sustainable waste management

The Outcomes and Impacts

Our value generation process has a significant and sustained impact on a host of stakeholders with differing and sometimes conflicting interests. Management of these impacts is paramount for our long term survival and is achieved through the setting and execution of an inclusive corporate strategy. These impacts are primarily of medium to long term in nature and influence the overall outlook that all stakeholders have of the company. Further, these outcomes in turn serve as influencing factors, fashioning the Value Drivers (Inputs) in our value creation process in the future. For monitoring efficacy, we have identified these impacts broadly as follows:

Shareholders:

- Creating long term value for shareholders
- Generating returns to shareholders

Employees:

- Rewarding career opportunities
- Competitive remuneration provided
- Pathways and opportunities for career progression
- Continuous training and development

Customers:

- Driving ethical and transparent business practices
- Personalized and flexible service
- Customer convenience through online payments
- Providing competitive rates and accessible and flexible financial solutions

Business Partners:

- Transparent business relationships based on trust
- Mutual beneficial business relationships
- Internal operational efficiencies fostering rewarding business engagements

Government and Regulators:

- Contribution to state revenue through taxes paid
- Regulatory compliance with applicable laws and regulations

Local Communities:

- Contribution to economic development through our inclusive financial services
- Employment generation, including opportunities outside the Western Province
- Engaging in sustainability initiatives to foster bonds with local communities

Environment:

- Environmentally friendly operating practices to reduce water and energy consumption
- Rationalizing paper consumption through effective management initiatives
- Driving sustainability initiatives like wildlife rehabilitation

Materiality Analysis

Our Approach to the Materiality Assessment Process GRI 3-1

Sustainable enterprise value over the long term is driven by a dynamic interplay of factors stemming from our external macro environment, organizational strategy, internal operations, the company's scope and nature of operations and key stakeholder groups.

To systematically evaluate these factors and issues, the company approaches this exercise from a dual-perspective, where it takes into consideration the perspective of the company and its internal strategic priorities as well as the interests and concerns of our broader stakeholder ecosystem. This process is designed to pinpoint critical issues that presently shape or possess the potential to influence our operational stability and stakeholder relationships.

These factors and topics encompass issues capable of substantially altering our financial trajectory and our capacity to deliver enduring, sustainable value. Concurrently, they represent issues and factors that directly bear upon stakeholder expectations, thereby shaping how our stakeholders interact with the company. By conducting this multi-faceted evaluation, we reinforce a culture rooted in transparency and heightened accountability while laying the groundwork for resilient organizational growth.

Furthermore, these material topics extend beyond immediate internal performance and value distribution. They incorporate broader environmental developments, including shifting patterns across our industry and competitor landscape, macroeconomic fluctuations, rapid technological advancements and evolving client behaviors across our primary target markets. Ultimately, this exercise rigorously examines the materiality of these factors from their direct financial and operational impact on the company as well as their broader implications for our stakeholders.

Material Topics Analysis GRI 3-2

For the 2025/26 financial year, the company has applied the aforementioned rationale to identify the material topics detailed below.

Material Topic Number	Material Topic	Rationale for Materiality	Impact on the Company	Impact on Stakeholders	Applicable GRI Indicators
1.	**Financial Performance & Economic Value Generated**	• Direct impact on the financial health of the company. • Profitability impacted. • Balance Sheet health affected. • Shareholder & investor confidence affected.	• Liquidity management. • Operational sustainability & survival. • Determination of shareholder value. • Financial performance. • Public perception of the company. • Competitiveness of the company. • Regulatory oversight.	• Shareholder & Investor confidence. • Stability for the workforce. • Public perception of industry stability. • Regulatory confidence.	GRI 201
2.	**Compliance with Laws & Regulations**	• Mandatory compliance with applicable laws, regulations, directives and rules. • Overall stakeholder confidence. • Stakeholder trust in the company. • Ensures smooth & uninterrupted operations of the company.	• Possible interruptions to operations due to regulatory enforcement action. • Introduction of new laws & regulations. • The level of regulatory scrutiny & monitoring. • Introduction of targeted measures to maintain industry stability & liquidity.	• Stakeholder trust and confidence in the company & the sector in general. • Public perception of the company and the industry. • Regulatory oversight. • Impact on the industry and economic stability.	GRI 2-27

Materiality Analysis

Material Topic Number	Material Topic	Rationale for Materiality	Impact on the Company	Impact on Stakeholders	Applicable GRI Indicators
3.	Operational Excellence	• Customer satisfaction. • Smooth operational workflows. • Management of costs. • Increased employee productivity. • Better internal decision making. • Sustainable business growth.	• Customer loyalty. • Increased profitability. • Helps build a healthy balance sheet. • Better decision making capability. • Operational flexibility. • Ease of digital integration.	• Positive perception of the company amongst customers. • Increased shareholder confidence. • Regulatory confidence. • Competitiveness in the market.	GRI 2-23 GRI 2-24
4.	Tax Management	• Effective strategic planning. • Effective tax planning & administration. • Compliance with applicable laws, regulations & circulars. • Prudent management of company resources & activities. • Public perception of the company.	• Quality of strategic planning. • Profitability of the company. • Level of compliance with applicable laws. • Better deployment of company resources & effective management of company activities.	• Level of regulatory oversight. • Reputation of the company amongst the public. • Contribution to the national economy.	GRI 207
5.	Macroeconomic & Industry Changes	• Strategic planning processes in the company. • Types of products to be introduced to the market. • Shareholder & Investor perceptions of the industry. • Customer perception towards the industry. • Liquidity management in the company.	• Profitability levels of the company. • Pressures on liquidity management. • Impact on strategic planning. • Impact on how products are designed and the pricing adopted. • Risk management, especially credit, liquidity & regulatory risks.	• Pressure on customers regarding repayments. • Customers' ability to easily access financial services. • Shareholder & Investor actions as a reaction to such changes. • Public perception of the industry in general. • Effect on employment stability.	GRI 203
6.	Service Excellence & Customer Satisfaction	• Building trust & confidence amongst the customers & driving positive word of mouth. • Customer loyalty. • Company profitability. • Impact on the company's internal operations. • Impact on the company's workforce.	• Customer retention. • Cross-selling opportunities. • Positive word of mouth. • Driving revenue growth. • Complaints coming to the call center. • Serves as a platform for incremental development of internal operations. • Long-term profitability & balance sheet growth.	• Satisfied customers. • Motivated employees. • Less operational load & less stress on employees. • Positive impact on shareholders & investors. • Public perception of the industry in general. • Less complaints to the ombudsman.	GRI 418

Material Topic Number	Material Topic	Rationale for Materiality	Impact on the Company	Impact on Stakeholders	Applicable GRI Indicators
7.	Digital Transformation & Cybersecurity	• Enhanced customer experience. • Ability to gain a competitive advantage. • Effective management of operations and products. • Effective strategic planning. • Public perception in the context of current industry trends. • Compliance with applicable laws. • Protection of digitally held data. • Business continuity planning.	• Sustainable profitability and healthy balance sheet growth. • Better management decision making. • Effective & responsive internal operations. • Effective business continuity planning. • Driving regulatory compliance. • Realizing a competitive advantage with technology enabled products & customer experiences. • Fostering internal efficiencies.	• Customer satisfaction. • Customer loyalty & positive word of mouth. • Drives ease of access to financial services. • Regulatory oversight on compliance. • Positive perception of the public with regard to the company. • Motivated workforce with streamlined and digitally enabled internal workflows. • Maintenance of data integrity drives customer trust & customer privacy.	GRI 418 GRI 2-12 GRI 2-13 GRI 404-2 GRI 203-1
8.	Employee Welfare & Employee Wellbeing	• Employee productivity. • Employee turnover. • Customer complaints. • Breakdown of internal operations. • Operational cost increases. • Legal implications.	• Implications on profitability. • Increases in operational costs. • Impact on the smooth flow of operations. • Impact on the expected levels of productivity. • Affects the overall company culture. • Legal implications if applicable laws not followed. • Company reputation affected.	• High employee turnover. • Dissatisfied employees. • Customer satisfaction negatively affected. • Regulatory oversight into any breaches of laws.	GRI 401 GRI 406
9.	Risk Management	• Prior planning to withstand & recover from internal issues & external shocks. • Customer satisfaction. • Smooth operation of internal workflows with minimal disruption. • Managing balance sheet health. • Company long-term profitability. • Managing company liquidity. • Compliance with regulatory obligations.	• Impact on strategic planning. • Operational breakdowns. • Liquidity issues. • Credit quality issues with the loan book. • Recovery issues of loans disbursed. • Impact on company profitability. • Poor quality balance sheet.	• Dissatisfied customers. • Demotivated employees. • Regulatory implications. • Poor public perception of the company. • Impact on shareholder & investor confidence.	GRI 201 GRI 2-27

Materiality Analysis

Material Topic Number	Material Topic	Rationale for Materiality	Impact on the Company	Impact on Stakeholders	Applicable GRI Indicators
10.	Business Continuity Planning	• Proper plans in place to withstand & recover from internal challenges or external shocks, with minimal disruption to operations. • Customer satisfaction. • Internal operations functioning smoothly with minimal disruption. • Company long-term profitability. • Legal implications on the company due to catastrophic operational failures. • Shareholder & investor confidence.	• Issues with internal operations. • Possible data loss. • Impact on company profitability. • Company infrastructure being affected. • Loss of market presence & market share due to operational breakdowns. • Possibility of the company having to face legal action.	• Demotivated employees. • Employee turnover. • Dissatisfied customers. • Challenges in retaining customers. • Regulatory implications. • Poor public perception of the company. • Impact on shareholder & investor confidence. • Issues with suppliers & service providers.	GRI 2-12 GRI 2-16 GRI 2-23 GRI 2-24 GRI 403-2 GRI 403-5
11.	Product Responsibility	• Regulatory compliance. • Customer confidence & trust in the company. • Transparency in the context of product information as well as terms & conditions applicable. • Customer satisfaction levels. • Public perception of how the company conducts business.	• Impact on company profitability. • Difficulty in competing in the industry in the long-term without addressing this factor. • Impacting the company's ability to run an ethical business. • Company's brand value & brand equity. • Exposure to possible legal complications.	• Customers being dissatisfied. • Difficulty in retaining customers. • Negative word of mouth. • Public perception of the company. • Regulatory implications. • Impact on shareholder & investor confidence.	GRI 417
12.	Employee Training & Development	• Impacts the competitiveness of the business. • Long-term company profitability. • Employee satisfaction. • Employee retention. • Smooth internal operations. • Satisfied and loyal customers. • Positive word of mouth about the company. • Ability to attract top talent. • Improves the company's resilience in facing internal issues & external shocks.	• Long-term profitability growth. • Stability in internal operations. • Ability to effectively compete with other players in the industry. • Ability to refine and reengineer internal operations and workflows effectively. • Fosters innovation within the company. • Ability to effectively adapt to industry changes & new regulatory frameworks.	• Motivated employees. • Satisfied customers. • Positive public perception about the company. • Lower employee turnover.	GRI 404

Material Topic Number	Material Topic	Rationale for Materiality	Impact on the Company	Impact on Stakeholders	Applicable GRI Indicators
13.	Energy Consumption Management	• Responsible use of electricity. • Reduction in operational costs. • Adopting innovative methods to drive efficient energy use. • Fostering a culture of sustainability in the company.	• Reduction in operational costs. • Growth in profitability. • Enhanced company reputation. • Awareness of sustainability & responsible energy use can contribute to long-term cost management as well.	• Reduced resource consumption contributing to resource conservation. • Lowering the carbon footprint. • Supporting industry and national sustainability initiatives.	GRI 302
14.	Water Consumption Management	• Responsible use of water resources. • Minimizing the wastage of water resources. • Reduction in operational costs. • Fostering a culture of sustainability in the company.	• Enhanced company reputation. • Reduction in operational costs. • Growth in profitability. • Responsible water resource use and reducing the wastage of water can lead to long-term innovative cost & resource management.	• Reducing water wastage • Reduced water use contributing to resource conservation. • Supporting industry and national sustainability initiatives.	GRI 303
15.	Waste Management	• Effective and safe waste disposal. • Compliance with applicable laws. • Responsible waste management drives operational efficiency. • Reduction in operational costs in terms of managing the consumption of resources like paper & printing materials.	• Reduction in operational costs. • Growth in profitability. • Enhanced company reputation. • Reduced consumption of resources like paper & printing materials driving responsible consumption & sustainability.	• Reducing the utilization of paper. • Safe waste disposal benefitting the community. • Supporting industry and national sustainability initiatives.	GRI 306
16.	Community Engagement	• Driving financial inclusion & enabling accessibility to financial services. • Introducing community to formal financial services. • Fostering community engagement through the implementation of initiatives benefitting the community at large. • Contributing to the development of entrepreneurship within the communities. • Providing employment to local community members.	• Long-term growth in company profitability. • Enhanced company reputation. • Enhanced company brand value and brand equity. • Ensuring long-term sustainability of the business.	• Employment generated to local community members. • Positive customer perception of the business. • Entrepreneurship being facilitated through the provision of financial services. • Positive perception of the business amongst the local community at large.	GRI 413

Materiality Analysis

Materiality Matrix

The matrix below illustrates our key material topics, plotted according to their significance to the company's operations and its strategy and their degree of impact on stakeholder decision making and their interests. These relative positions are inherently dynamic and not static. As the company operates within an agile macroeconomic and financial services industry landscape, it continuously tracks and reevaluates these material topics to ensure our long-term value creation model remains responsive to shifting external realities.

LEVEL OF IMPACT ON THE STAKEHOLDERS	Low	Medium	High
High			1. Financial Performance & Economic Value Generated 2. Compliance with Laws & Regulations 6. Service Excellence & Customer Satisfaction 7. Digital Transformation & Cybersecurity 8. Employee Welfare & Employee Wellbeing
Medium		11. Product Responsibility 12. Employee Training & Development 16. Community Engagement	3. Operational Excellence 4. Tax Management 5. Macroeconomic & Industry Changes 9. Risk Management 10. Business Continuity Planning
Low		13. Energy Consumption Management 14. Water Consumption Management 15. Waste Management	

LEVEL OF IMPACT ON THE COMPANY

Material Topic Number	Material Topics
1	Financial Performance & Economic Value Generated
2	Compliance with Laws & Regulations
3	Operational Excellence
4	Tax Management
5	Macroeconomic & Industry Changes
6	Service Excellence & Customer Satisfaction
7	Digital Transformation & Cybersecurity
8	Employee Welfare & Employee Wellbeing
9	Risk Management
10	Business Continuity Planning
11	Product Responsibility
12	Employee Training & Development
13	Energy Consumption Management
14	Water Consumption Management
15	Waste Management
16	Community Engagement

Stakeholder Identification and Engagement

The Need for Stakeholder Identification GRI 2-25 GRI 2-29 GRI 3-1

Our value creation process has been enriched and enhanced by the implementation of a practical stakeholder identification and engagement process. Such a process has indeed contributed to the espousal of an all-inclusive methodology that helps us to identify and take proactive actions to fulfill stakeholder demands. This process is continuous and primary oversight comes from the Corporate and Senior Management.

Stakeholders have diverse needs and they face different issues when engaging with us. The purpose of this process that we have adopted is to help us engage actively and responsibly with all our key stakeholders. Therefore, in order to ensure the sustainable growth of our company, it is crucial that we have increased awareness of the external impact that our company makes on all our stakeholders.

What is expected from this process is that we get an all-encompassing idea of all the actors that we deal with operationally and how they can impact our performance. The process that we have adopted ensures that we avoid taking a myopic and purely shareholder oriented view on value creation. The mechanisms in place help us monitor whether the expected outcomes of the stakeholder engagement process are met, whether we have taken any corrective actions and whether our actions have been sufficient. Overall, this helps us become a responsible corporate citizen.

Stakeholder Identification Mechanism

Our approach to stakeholder identification and filtration helps us identify our key stakeholders, assess the interest and power that they hold over our value creation process and decide upon the level of impact that they can have on our activities.

Those identified as key stakeholders through our identification and filtration system are regarded as those who need to be regularly engaged with and hence they would be the stakeholders that would get most of our attention. The rest of the stakeholders who were not identified as key stakeholders, are anyhow continuously and regularly monitored for any change in their characteristics that would warrant their inclusion as key stakeholders.

Stakeholder Identification & Engagement

The Stakeholder Identification, Engagement and Management Process

- Definition of the Business Scope
- Identification of Material External Environmental Factors

↓ Identification of Stakeholders
↓ Profiling of Identified Stakeholders
↓ Identifying Material Stakeholders Needs
↓ Prioritising Stakeholder Needs
↓ Mapping out the Stakeholder Engagement Process
↓ Engaging with and Managing Stakeholders
↓ Reviewing and Improving the Entire Process based on Stakeholder Responses

Two-tiered Identification and Filtration System

Step 1 - Initial Identification

1. Those who are directly affected by the operational activities and decisions made by Softlogic Finance PLC.
2. Those who can and are likely to directly affect our operational activities and influence our decision-making processes.

Step 2 - Identification of Key Stakeholders

1. The level of interest in the activities of and decisions made by Softlogic Finance PLC.
2. The ability of the stakeholder and their power level to impact the activities of and decisions made by Softlogic Finance PLC.
3. The extent to which our activities would impact the stakeholder.
4. The legal obligations that the stakeholder has towards us and that we have towards the stakeholder.

The Identified Key Stakeholders
Shareholders & Investors
Customers
Employees
Suppliers and Value Added Service Providers
Regulators
Society and the Environment

Methodology for Stakeholder Issue Identification

We have set in motion a two dimensional approach to assess the significance of stakeholder issues that arise and prioritize them accordingly. This is a continuous process and we are aware that the significance of different stakeholder issues could change over time.

A broad criteria is used in this identification process of key stakeholder issues:

- The significance to and the level of impact on the Company.
- The significance to and the prioritization by the stakeholder.

These two broad questions are asked when deciding upon the significance of stakeholder issues and the level of priority that the company should assign to them. In this light, the company regularly monitors and takes action on certain identified issues that qualify as per the laid out criteria. The issues that do not rank highly as per the said criteria are broadly monitored to identify any issues that could turn into significant issues later on that could affect our operations.

Our Stakeholder Engagement Strategy

Underpinning our commitment to sustainable business growth, stakeholder engagement serves as the cornerstone of our long-term value creation model. We recognize that the company's development and the advancement of the interests of our stakeholder groups are deeply intertwined. Thus, considering the fact that our stakeholders contribute directly to our organization's overall health, ultimately, our holistic performance is effectively measured by the value we return to them. Therefore, rather than treating stakeholder engagement as a sporadic or isolated event, we acknowledge it as a continuous, mutually advantageous process.

Considering our approach to this process, we systematically identify, profile, classify and prioritize our key stakeholders to pinpoint their specific material requirements, expectations and primary concerns. Afterwards, we evaluate the needs, expectations and concerns of these key stakeholders based on their overall importance and potential effect on our core operations. In this context, priorities are continuously recalibrated against evolving regulatory standards, broader market trends and shifting financial industry dynamics.

Further, to effectively satisfy identified stakeholder priorities, our overarching corporate strategy is directly aligned with their core expectations. We systematically incorporate these external perspectives into our internal governance and strategic planning mechanisms, ensuring our operations remain responsive to their interests.

Stakeholder Engagement Process

In order to effectively address and respond to stakeholder needs, concerns and expectations, we need to truly grasp the unique and differing characteristics of their interests and expectations. In order to do this, it is best to approach this exercise in a systematic manner so that the distinct areas of focus of each stakeholder as well as their potential impact on the business can be comprehensively understood and adequately responded to.

Stakeholder Identification and Engagement

Stakeholder Type	Areas of Stakeholder Focus	Stakeholder Impact	Company's Engagement Approach	Company's Engagement Strategy	Expected Outcomes
Shareholders & Investors	• Experienced and prudent corporate management • Accountability and Transparency in the execution of company activities • Sustainable returns to the shareholders • Increased share price	• Influencing the strategic direction of the company • Influencing the power and governance structures of the company • How the company is positioned in the industry and the market segments that it caters to • How the company is perceived by the public as a corporate entity	• Annual Financial Statements • Quarterly Financial Statements • Annual General Meeting • Extraordinary General Meetings as & when statutorily necessary • Media Releases • CSE Website • Company Website	• Prudent strategic planning • Driving long-term, sustainable growth • Innovative products and financial solutions • Driving customer service and customer centricity to foster loyalty • Transparent and on-time reporting of financial performance • Full regulatory compliance	From company perspective • Increased Shareholder confidence in the Board From stakeholder perspective • Increase in Share Price • Regulatory Compliance • Declaration of Dividends • Adoption & maintenance of best practices in corporate governance • Adoption of industry best practices
Customers	• Innovative financial products • Attractive interest rates • Tailor-made and customized financial solutions • Personalized and on-time service delivery • Transparent and ethical interactions • Full disclosures of product terms and conditions	• Influences the types of financial products introduced by the company • Influences the company's product positioning and market strategies • Influences the choices made relating to marketing communications channels. E.g. Social Media. • Influences the type of personalized service preferred • Ultimately has a significant impact on company profitability	• Personalized interactions • Customer complaint handling process • Call Centre • Branch Network • Customer Satisfaction Surveys • Market Surveys • Communication through multiple media platforms, especially social media	• Introduction of a call center • Customer complaint handling procedures • Tailor-made & customized financial products targeting different market segments • Introduction of digital infrastructure for customer interactions • Improved and personalized customer service and relationship management	From company perspective • Customer Loyalty • Enhanced Brand Value and Brand Penetration • Increased Customer Satisfaction • Increased Cross Selling From stakeholder perspective • Ethical business practices and full disclosure of product information • Competitive Interest Rates on Lending & Deposits • Innovative products and services

Stakeholder Type	Areas of Stakeholder Focus	Stakeholder Impact	Company's Engagement Approach	Company's Engagement Strategy	Expected Outcomes
Employees	• Job security • Job enrichment • Training & Development opportunities • Work environment • Work-life balance • Adherence to all statutory requirements by the employer • Employee well-being • Competitive remuneration schemes	• Affects the service levels offered to customers • Levels of employee turnover • Affects employee motivation • Influences overall employee engagement levels in company activities • Employee work related performance is affected	• One to one interactions based on our open-door policy • Confidential employee satisfaction survey • Individual annual performance appraisals • Performance based rewards and recognition • Training and development • Priority given for internal recruitment • Internal communication through company intranet and emails • Fostering a work-life balance	• Fostering a conducive work environment • Heightened focus on employee welfare and employee wellbeing matters • Providing training & development opportunities aligned with employees' job descriptions • Driving a culture of open-door communication • Merit -based and performance-based remuneration schemes • Full statutory compliance with applicable laws and regulations • Opportunities for job enrichment	**From company perspective** • Increase employee productivity • Compliance with internal processes • Professional conduct • Reduced turnover • Motivated workforce **From stakeholder perspective** • Objective rewards and recognition system • Opportunities for internal professional growth • Safe working environment • Easily accessible communication channels • Availability of training • Work-life balance • Work environment free of harassment
Suppliers and Value Added Service Providers	• Long-term, cleat-cut partnerships • Beneficial pecuniary terms aligning with the stakeholders' needs • Ease of communication with the company	• Quality of the service delivered • Non-renewal of contracts or withdrawal from contracts • Can cause supply disruptions affecting the company's service delivery • Imposition of unfavorable or comparatively harsh terms on the company	• Dedicated personnel to interact with different types of suppliers and service providers on a continuous basis • Prioritized engagement with local suppliers • Mutually beneficial, long term relationships being the focus during contractual negotiations	• Clear lines of direct communication • Relationship management • Adopting a collaborative decision making approach • Offering mutually beneficial, long-term contracts of service • Transparent processes to deal with suppliers & service providers	**From company perspective** • Favorable funding facilities • Seamless execution of outsourced services **From stakeholder perspective** • Strategic partnerships to obtain competitive advantages • Long term service contracts

Stakeholder Identification and Engagement

Stakeholder Type	Areas of Stakeholder Focus	Stakeholder Impact	Company's Engagement Approach	Company's Engagement Strategy	Expected Outcomes
Regulators	• Ensuring full compliance with applicable laws and regulations • Fostering & maintaining public confidence in the industry • Managing risks pertaining to industry stability	• Introduce new laws and regulations • Increased monitoring of industry institutions based on industry dynamics • Introduction of specific measures to maintain industry stability & liquidity	• Dedicated personnel for continuous, personalized interaction • Uncompromised level of priority for regulatory compliance • On-time statutory reporting • Ad-hoc information provided as and when requested • External consultants engaged as per requirements	• Driving full compliance with applicable laws & regulations • Fostering a culture of accountability & transparency internally • Strengthening the statutory reporting processes • Updating or introducing internal policies & procedures to implement new laws & regulations • Introducing or strengthening internal controls to identify any situations of deviations from applicable laws & take immediate corrective action	**From company perspective** • Compliance with regulatory requirements • Adoption of industry best practices to improve internal processes • Contributing to economic growth through taxation paid **From stakeholder perspective** • Development of the industry to maintain public confidence • Dissemination of industry best practices • Collection of state revenue
Society and the Environment	• Action taken by the company to engage with the community • Company's approach to running an ethical & transparent business • Company's initiatives to drive community development • Action taken by the company regarding environmental conservation • Company's initiatives & financial solutions to development entrepreneurship • Employment generation by the company • Wildlife conservation efforts by the company	• Level of community acceptance of the company • How the local communities perceive the company • Can influence the long-term reputation of the company	• Direct and continuous interaction • Corporate Management oversight of CSR activities • Underpinning related stakeholder engagements to asset-backed credit growth • Company website • Social Media interactions • Community engagement through wildlife rehabilitation	• Running an ethical & transparent business • Relationship management relating to customers • Actively participating in community development • Promoting financial inclusion & accessibility to finance • Conducting wildlife rehabilitation	**From company perspective** • Ensuring the long term sustainability of the business • Improving the customer perception of the business • Maintenance of ethical business practices • Platform to introduce sustainability focused products **From stakeholder perspective** • Contribution to community development and environmental conservation • Contribution to the development of entrepreneurship • Employment generation • Avoidance of any negative impacts on the environment and wildlife

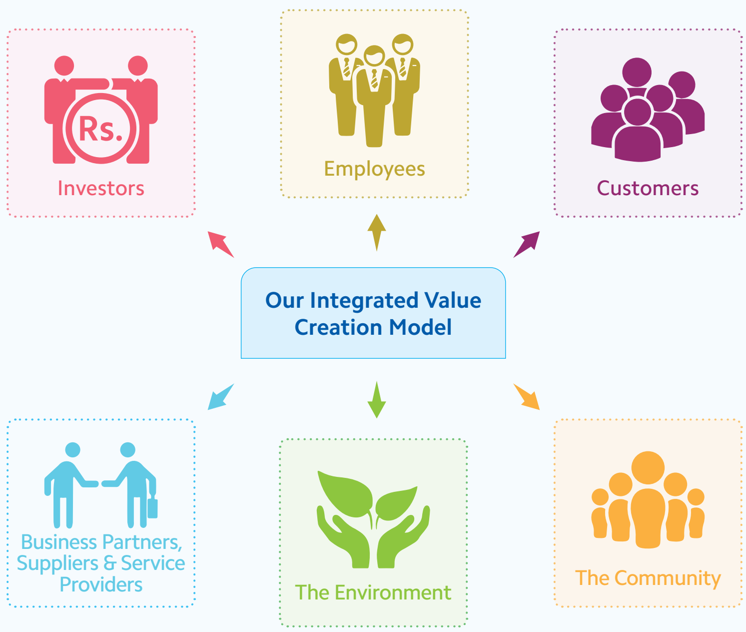
Our Approach to Sustainable Value Creation

Our Sustainability Philosophy GRI 3-3 GRI 2-22

Our corporate machinery has been designed and driven to give primacy to the interests of all our stakeholders in our pursuit to build a sustainable business that can withstand the vagaries of the industrial and economic environment that we operate in.

In this quest, the integrated value creation process that we have championed through our Value Creation Model has contributed significantly to ensuring that we are geared towards developing and sustaining a holistic growth drive that positively impacts all our stakeholders.

As a responsible corporate citizen, we have taken cognizance of and are actively engaged in addressing the needs of all our stakeholders and not simply the pecuniary needs of our shareholders, as we are acutely aware that we cannot exist and operate in isolation from society. It is in this context that we have recognized that it is imperative that we manage the impacts that we make on the society as well as on the environment. Hence, the company's approach to sustainable value creation is backed by a systematic process of constantly engaging with stakeholders, identifying their evolving needs and formulating mechanisms to address these needs. Thus, this emphasis on sustainable and balanced growth has ensured that we have shifted from purely focusing on short term profitability, to focusing on effectively addressing and satisfying the interests of all identified stakeholders.



Investors – Our decision making process and our short term and long term financial objectives have always been aligned with the aspirations of our investors so that they receive sustainable returns for their investments. We are committed to providing them with all relevant information in a timely manner so that they are well informed when making investment decisions.

Employees – Our actions have undoubtedly proven that we regard our employees as the lifeblood of our company. We focus on professionally developing them so that they would continue to add strategic value to our business. Further, as a part of our employee value proposition, we offer our employees a rewarding, safe and challenging work environment for them to professionally and personally excel in.

Customers – The expectations of our customers always take the forefront in our business operations. Our financial solutions have been designed with the demands of our customer segments in mind and more specifically, our asset-backed lending products are offered in a tailor-made and customized manner in order to cater to the evolving aspirations of our clientele and the market segments that they operate in. We are committed to continuously reengineering our processes to ensure that the customer service levels we offer are never compromised and digitally enhanced. In short, the entirety of our business operations is committed to fostering a service culture.

Business Partners, Suppliers & Service Providers – Our commitment to fostering and maintaining long term, mutually beneficial relationships with our suppliers and business partners has been instrumental in developing the overall value proposition that we offer our clientele. Our engagement

Our Approach to Sustainable Value Creation

mechanism with them is collaborative and we have committed ourselves to ethical and transparent business practices.

The Environment – All our business decisions and operational activities have been designed to ensure that we operate in an environmentally sustainable manner and invest in environmental and wildlife conservation initiatives. Additionally, we are committed to fostering energy efficiency within our operations, driving responsible water consumption and embedding sustainable waste management processes in our business.

The Community – We actively foster long term partnerships and engagements with the communities that we serve and actively immerse ourselves in community development initiatives so that we have an intimate and unbreakable bond with the communities around us.

Our Management Approach GRI 2-22 GRI 2-23 GRI 2-24

As a result of the consistent implementation and management of our value creation model, we have been able to adopt a holistic and all-encompassing approach to the management of the impacts of our business. Hence, as outcomes of our value creation process, we have identified three key domains that need to be managed by us for the medium and long term sustainability of our business. These have been categorized as the Economic, Social and Environmental impacts of our business. In effect, all sustainability initiatives undertaken by the company are carried out and managed under these Economic, Social and Environmental pillars, with specific attention paid to governance, accountability and transparency across our operations.

Our sustainability philosophy takes flight and is set in motion in a systematic manner where the process commences with the identification of our stakeholders and identifying their needs. Next we assess the materiality of these stakeholder needs and their impacts on our business model. Based on this thorough assessment, we formulate calculated mechanisms to satisfy such stakeholder needs.

The Sustainability Framework GRI 2-22 GRI 2-23 GRI 2-24

With respect to the importance of the management of the various impacts that our business has on our operating environment, we have adopted a practical approach to sustainable value creation. This framework essentially ensures that our sustainability strategy generates Economic, Social and Environmental value. The conceptualization, execution and monitoring of all value creation activities related to our sustainability strategy are carried out by our Corporate and Senior Management Team.

Our commitment to the sustainable development of our business is evidenced by the adoption of such a high level, overarching approach to identifying, assessing and formulating responses to our sustainability impacts. In essence, the execution of this process, which is very much part of our value creation model, ensures that we identify and serve the interests of our diverse set of stakeholders.

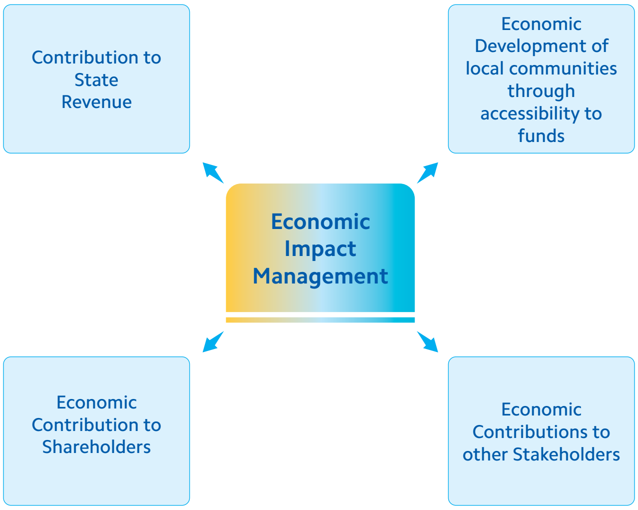
Economic Contribution

GRI 2-29

The monetized value we generate through our business model represents the foundation for our existence and in fact serves as the economic enabler that helps us to consistently and actively engage with our stakeholders. Further, our business model is designed in such a way that it enables us to share the economic value that we generate, amongst a host of stakeholders. A significant economic contribution to the country's economy is made through our business operations and as we grow in scale, our contributions in this regard will only continue to increase.

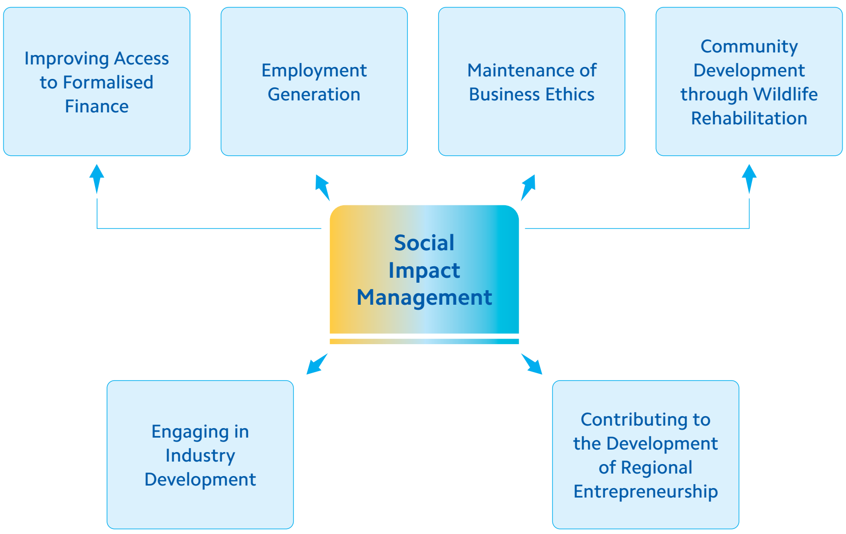
In this context, in general, substantial economic contributions are made every year towards government revenue, our shareholders, our clients, our suppliers and service providers, financing partners, the provision of employment and to the community at large.

Further, it is pertinent to note that our products also play a major role in the economic contribution that we make. Our deposit product provide our customers with attractive returns for their investments. Our asset-backed lending products like leasing and gold loans can be tailored and customized to serve the requirements of individual customers as well as the specific demands of identified market segments. Moreover, our business model has been directed towards identifying and serving customer and market segments in underserved, under-banked and non-banked communities. Through this endeavor, we are fostering financial inclusion as well, by extending formal financial services to communities outside the scope of traditional banking.



Social Contribution GRI 2-29

Intrinsically intertwined in our corporate ethos is our commitment to serving the communities that we engage with and taking active, consistent steps in uplifting their livelihoods and economic conditions. Thus, as we continue to consolidate our market presence through our network touch points, we are simultaneously positioning ourselves to better assist the local communities and help them become economically self-sufficient.



Improving access to finance

Our value creation model has been designed to consistently create sustainable value to all our stakeholders and not just our shareholders. Thus, the concept of improving accessibility to formalized sources of finance to small businesses and regional entrepreneurs has been well embedded in our value creation model. To bring this concept into fruition, we are identifying and serving customer and market segments in underserved, under-banked and non-banked communities. Through this endeavor, we are fostering financial inclusion and improving accessibility to finance, by extending formal financial services to communities outside the scope of traditional banking. We are utilizing our asset-backed lending products like leasing and gold loans to provide tailored and customized financial solutions to these market segments.

Employment generation and people development

The continuous expansion of our operational scope and market coverage means that we continue to create employment opportunities to the youth and pay special attention to the provision of employment to those from rural areas of the country. Especially when hiring personnel for our branch network, we prioritize the recruitment of talent from the respective regions in order to foster localized employment creation and encourage participation in the economic development of their respective communities. Further, we regularly give internship and trainee opportunities to young talent so that they can gain valuable experience in the corporate sector by working with us.

Our commitment to our people is not simply limited to employment provision. We are passionate about people development. We undertake the continuous training and development of our employees so that they continue to add value to our business and at the same time, develop themselves as accomplished professionals.

Our Approach to Sustainable Value Creation

Ethical Business Practices
We are unconditionally accountable to all our stakeholders, especially to our customers and shareholders, to maintain unquestionable standards of financial and operational integrity and unblemished business ethics in the execution of our business activities. Thus, in order to accomplish this, we have stringent processes in place to maintain flawless business ethics and operational practices. Driving compliance with all industry regulations allows us to subject our engagements to scrutiny and preserve integrity in all aspects of conducting business. Consequently, regulations and assessments meted out by the relevant authorities contribute to enhancing the value of our business. Transparency in our processes further enables us to serve customers with confidence and earn their unwavering trust in the availing of the financial services we offer.

Engagement in Industry Development
As a significant player in the Non-Bank Financial Institutions (NBFI) industry, we have an innate interest in developing and building people's confidence in the NBFI industry. Our continued contributions through industry associations are amongst our efforts that serve to improve community access to formalized finance, help formulate industry best practices and come up with solutions for industry challenges. Overall, our aim is to elevate public confidence in the NBFI industry so that they may transact with us without hesitation.

Engaging in Community Development through Wildlife Rehabilitation
Our commitment to sustained community engagement has always extended well beyond the daily financial transactions that we have with our clientele. We strive to actively involved ourselves in community outreach and strengthening our bonds with the local communities that we serve. To this end, we have recognized the importance of engaging in wildlife conservation and rehabilitation initiatives to spread awareness about the importance and significance of such initiatives amongst the local communities that we serve.

Reinforcing our commitment to wildlife conservation and rehabilitation and to our corporate social responsibility, we invested over Rs. 100,000 in a Wildlife Rehabilitation Project to support wildlife conservation and biodiversity protection.

Environmental Contribution GRI 2-29
Our Business Model has been appropriately geared to take into consideration the environmental impacts of our business and how best to proactively respond to such impacts in a manner that is sustainable in the long term. To this end, we have fostered employee engagement in sustainable practices by driving employee education and awareness in order to inculcate these sustainable practices and habits amongst our staff. In this context, we pay particular attention to energy consumption management, responsible use of water resources and sustainable waste management.

Energy Consumption Management
Our approach to energy management revolves around optimizing operational efficiencies so that we can reduce energy consumption and lower our carbon footprint. In this regard, in addition to managing consumption, we consider infrastructure upgrades, consistent monitoring of energy usage across all our locations and cultivating a culture of awareness in order to drive energy conscious habits across our workforce.

Water Utilization Management
Across the company, we regard our water resources as a finite and critical asset. We consistently advocate for responsible water utilization amongst our staff across our entire network in order to maintain overall usage at sustainable levels and minimize wastage. We consistently engage with our employees and actively monitor usage to effectively manage water utilization. To this end, we have propagated a culture of conservation across our business through the spreading of awareness so as to prevent misuse and wastage as well as embedding conservation into our daily operational routines.

Waste Management
Our approach to responsible waste management concentrates on decreasing overall material intake, particularly paper and printing materials as well as ensuring responsible waste disposal. We actively seek to embrace digital-first operational workflows to methodically and sustainably reduce the dependence on paper and printing materials. Further, the usage of materials and the disposal methods adopted are monitored across all our sites to maintain consistent standards of resource utilization efficiency, responsible disposal as well as sustainable sourcing. Moreover, through consistent internal communication, we encourage our staff members to choose digital alternatives over physical printouts whenever feasible.

Focus & Patience

With a clear long-term vision, we move forward with confidence, knowing that meaningful success is achieved through focus, consistency and patience.

Sri Lankan Leopard - Lucas *(Panthera pardus)*
(Lucas is generally known as the king of Yala. One of the most photographed leopards in Sri Lanka)

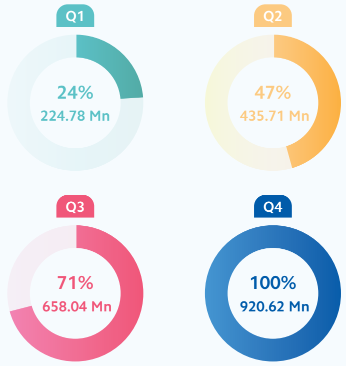
Yala, Sri Lanka

Preserving What We Value
These images, captured by our employees, celebrate the vibrant biodiversity that our conservation initiatives work to protect. We are proud to showcase our team's shared passion for preserving the natural world.

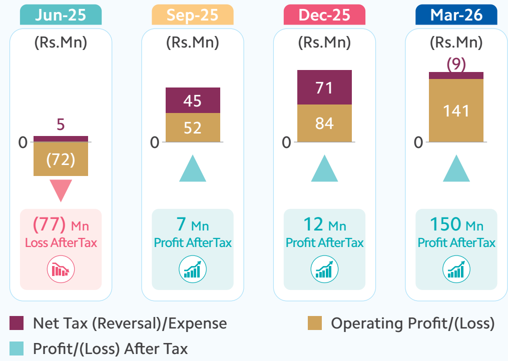
Financial Capital

Quarterly Financial Information Dashboard

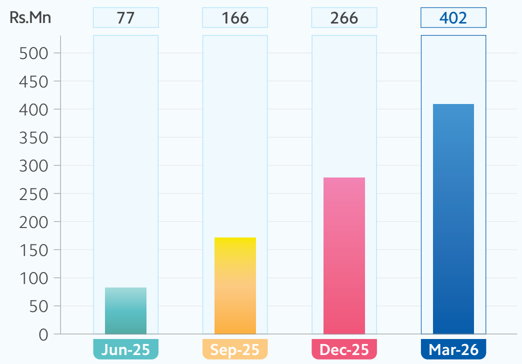
FC 1 Interest Income



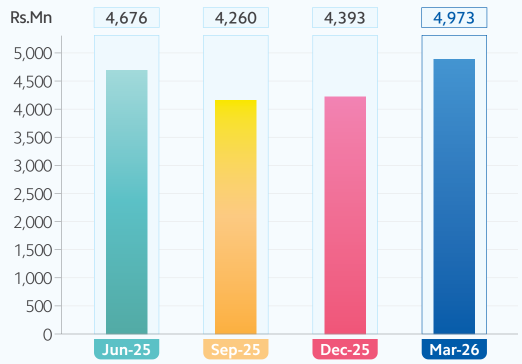
FC 2 Quarterly Profitability Analysis



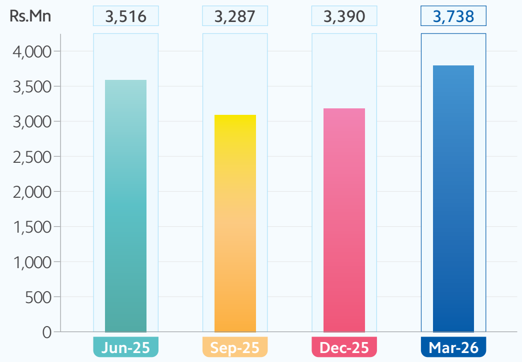
FC 3 Net Interest Income



FC 4 Loans and Receivables



FC 5 Due to Depositors



FC 6 Key Performance Indicators

Asset Quality (%)

	Jun-25	Sep-25	Dec-25	Mar-26
Gross NPL	60.2%	47.0%	45.8%	37.6%
Net NPL	17.3%	16.4%	16.1%	13.2%

Profitability (%)

	Jun-25	Sep-25	Dec-25	Mar-26
ROE	-10.7%	0.5%	0.6%	5.0%
ROA	-4.1%	0.2%	0.2%	2.0%

FC 7 Total Assets

Rs. 7,339 Mn

FC 8 Total Equity

Rs. 3,080 Mn

FC 9 Liquid Assets

Rs. 802 Mn

Management Approach

Financial capital serves as the foundational bedrock of the company's operational framework, playing a vital role in creating long-term, multi-dimensional value for all stakeholders. Managing this critical resource requires a careful, dynamic balancing act that encompasses driving business performance, executing key strategic initiatives and maintaining sound oversight amid ongoing macroeconomic shifts and industry volatility. Through this disciplined approach, this institution moves beyond mere financial performance to establish a resilient operational base, integrating Environmental, Social and Governance (ESG) principles directly into its core value proposition.

Guided by an overarching strategic plan, the company prioritizes responsible risk management alongside prudent capital allocation to secure long-term stability and value creation. As a strictly regulated financial institution, full compliance with regulatory directives forms the non-negotiable cornerstone of all operations. The organization maintains constant focus on optimizing liquidity, fostering high-quality balance sheet growth and sustaining profitability, all while strictly adhering to established risk appetites and strategic goals.

Accountability and transparency remain embedded across every business function, reinforced by robust governance structures, continuous performance evaluation, effective and timely reporting mechanisms and vigilant risk controls. By balancing cost optimization, disciplined capital deployment and stringent regulatory adherence, the company preserves its financial agility. This grounded and measured approach ensures that this company remains resilient against external market pressures while consistently meeting stakeholder expectations and delivering sustainable value.

Strategic Milestones during the year

Continued Balance Sheet Restructuring

A primary strategic imperative during the year was the systematic addressing of legacy non-performing loans to establish a healthy balance sheet. Under the approval of the Central Bank of Sri Lanka (CBSL), the company executed a successful transfer of a distressed loan portfolio to a Special Purpose Vehicle (SPV) for a cash consideration amounting to Rs. 700 Million. This followed the earlier strategic transfer of a delinquent loan portfolio to the SPV for a cash consideration of Rs. 1.1 Billion during the 2024/25 financial period.

These transactions formed an integral part of an Alternative Capital Augmentation Plan presented to the CBSL. Combined with aggressive recovery initiatives and prudent risk management, these actions significantly removed legacy burdens from our books, drastically improved our asset quality and enabled us to recalibrate our risk appetite toward high-quality, asset-backed portfolio growth.

Lifting of Regulatory Restrictions

A defining milestone occurred in September 2025, when the Central Bank of Sri Lanka officially lifted all regulatory restrictions previously placed on the company. This followed our full compliance with the CBSL's regulatory minimum core capital requirements.

The restoration of our core capital position was achieved through a structured and meticulously executed capital enhancement initiative supported by our immediate parent, Softlogic Capital PLC. The removal of these restrictions marked a complete operational revival.

Consequently, Softlogic Finance PLC re-launched its entire portfolio of business activities. We resumed the acceptance of new customer deposits, reactivated leasing operations across our branch network and initiated aggressive business growth plans to reposition Softlogic Finance in the Non-Bank Financial Institutions (NBFI) sector.

Optimization of the company's Equity Structure

To address historical retained losses of Rs. 7.6 Billion recorded in the balance sheet as at 31st July 2025, which had historically constrained our ability to distribute dividends, we executed a Reduction of Stated Capital pursuant to Section 59 of the Companies Act No. 07 of 2007.

This action was designed to eliminate the accumulated retained losses amounting to Rs. 7.6 Billion as at 31st July 2025. By setting off these accumulated retained losses against the Stated Capital, the company's Stated Capital was reduced from Rs. 9.9 Billion to Rs. 2.3 Billion. Crucially, this setting-off was executed without changing the total number of issued and fully paid shares and without altering the Net Asset Value of the company. Approved by both the CBSL and our shareholders, this structural balance sheet cleanup facilitated the establishment of a healthy equity structure. Consequently, this move enhances our financial flexibility and transparency, restores our capacity to distribute future dividends, enhances shareholder value and establishes a stable platform to attract external funding.

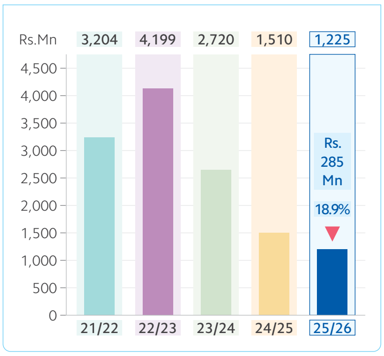
Financial Capital

Revenue and Profitability

Income Analysis

Gross Income

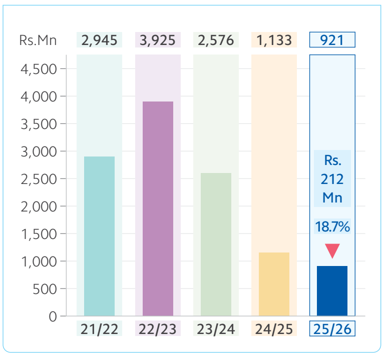
Gross Income



The company recorded a Gross Income of Rs. 1.2 Billion for the financial year ended 31st March 2026, reflecting a YOY contraction of 18.9%. In this context, Gross Income encompasses the totality of Interest Income, Fee & Commission Income as well as Other Operating Income. This top-line contraction was primarily attributable to the notable drop on an YOY basis of Interest Income resulting from the operational and lending regulatory restrictions that were in force until September 2025, which limited income generation from new credit creation.

Interest Income

Interest Income



Specifically in the context of Interest Income, it experienced an 18.7% YOY drop compared to last year. Hence, the Interest Income for 2025/26 stood at Rs. 921 Million, which is a contraction from last year's 1,133 Million. This income contraction was primarily due to the regulatory lending restrictions that were in effect until September 2025. This meant that new lease and loan disbursements were restricted until September 2025. Consequently, this had a negative impact on the company's Interest Income generation ability from its leasing and loan books due to a lack of new lease and loan originations.

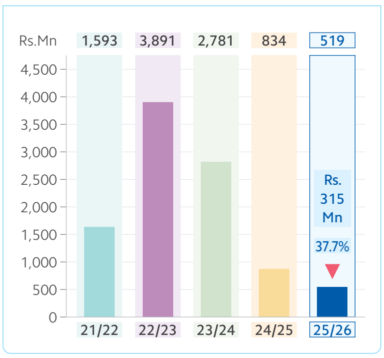
However, it is noteworthy that Interest Income from our Gold Loan portfolio, which was not under regulatory restrictions, grew by an impressive 59.3% to reach Rs. 469 Million, up from Rs. 294 Million in the preceding year. This was driven by significant growth in our Gold Loan portfolio and this is discussed in this section later. The table below illustrates the sources of Interest Income and shows the YOY growth in the Gold Loan Interest Income.

Product-wise Interest Income YOY results for the year:

Lending Product	2026 (Rs. Million)	2025 (Rs. Million)	Y-O-Y Change %
From Factoring Portfolio	5	32	(85%)
From Gold loan Portfolio	469	294	59%
From Loan Portfolio	213	173	23%
From Lease and hire purchase Portfolio	196	583	(66%)
From Other Investments	38	51	(26%)
Total Interest Income	**921**	**1,133**	**(19%)**

Interest Expense Analysis

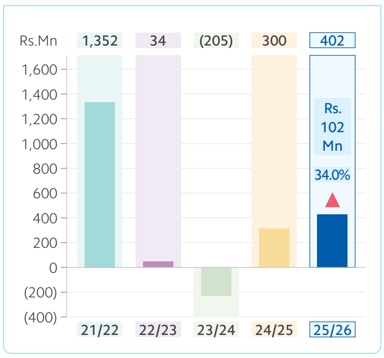
Interest Expenses



Interest Expenses fell by 37.7% YOY. This notable decline was driven by balance sheet restructuring initiatives undertaken during the restriction period when there were CBSL regulatory restrictions on lending (except for gold loans) as well as on deposits and fund mobilizations. That environment effectively meant that our funding portfolios were on the decline, thus effecting a cost contraction with it. Additionally, a lower interest rate environment continued to prevail post-September 2025, which was when the regulatory restrictions on the company were completely lifted. Thus, even with new deposit mobilizations recommencing after September 2025, the company was able to keep its overall funding costs in check.

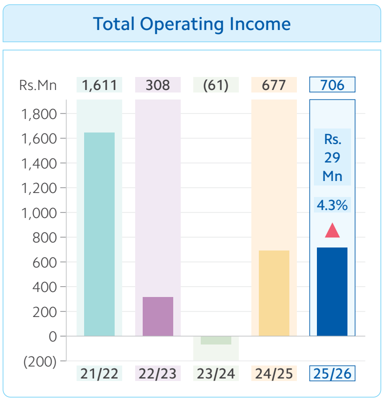
Net Interest Income Analysis

Net Interest Income



With regard to the company's Net Interest Income, lower funding costs, comparatively high interest margins attributable to gold loan disbursements and accelerated lending activity post-September 2025 enabled Net Interest Income to expand by 34% YOY to Rs. 402 Million. This is a testament to the resilience shown by the company as well as its adaptability to industry dynamics and the effects of regulatory oversight. Essentially, the company was able to strategize accordingly and shift its focus to a short-term asset-backed high margin lending product like gold loans to ensure its ability to consistently generate income and manage its operational health.

Total Operating Income

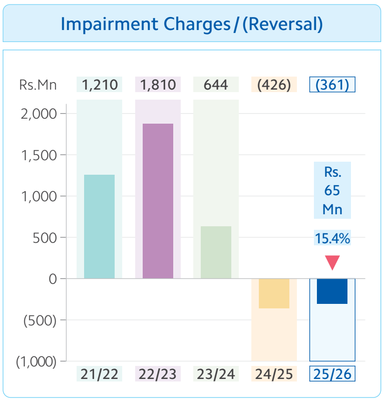


While Total Other Income consisting of Fee & Commission Income and Other Operating Income, declined by 19.3% to Rs. 304 Million from Rs. 377 Million last year, the underlying Fee and Commission Income grew by 23.9% YOY, propelled by increased gold loan disbursements and the post-restriction resumption of vehicle leasing activities.

Additionally, in the context of Other Operating Income, the YOY decline was primarily due to a comparative YOY drop in income recognized from the distressed asset transfer to the SPV in 2025/26 compared to 2024/25. To elaborate further, income recognized from the asset transfer to the SPV in 2024/25 was Rs. 207 Million for an asset transfer of Rs. 1.1 Billion while in 2025/26, the income recognized from the asset transfer to the SPV was Rs. 140 Million from a Rs. 700 Million asset transfer.

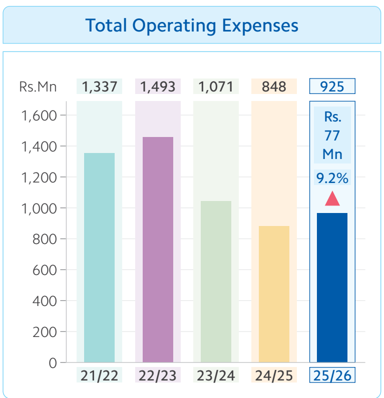
Consequently and collectively, in light of all these movements in Interest Income, Interest Expenses and Total Other Income, the Total Operating Income for the year reached Rs. 706 Million, marking a 4.3% increase compared to the previous financial year.

Net Impairment Reversals



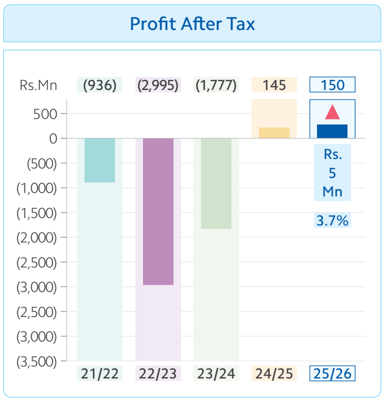
Net impairment reversals for the year amounted to Rs. 361 Million. While lower than the Rs. 426 Million recorded in the previous year, these reversals made a substantial contribution to our overall profitability. The company was able to consistently record back-to-back YOY net impairment reversals as a result of accelerated and effective recoveries. These are the results of reengineered and restructured recovery strategies and recovery processes. The company's focus is on maintaining this focus on recoveries and continue to foster prudent credit risk management and an effective credit appraisal and monitoring environment.

Total Operating Expenses



Operating Expenses increased by 9.2% as full-scale commercial operations resumed across all channels following the lifting of CBSL restrictions in September 2025. The company focused on exemplifying its corporate branding across its operating landscape. Additionally, resources were allocated for branch rebranding efforts as well as ensuring that our branch network had the necessary physical environment to effect personalized, customer-centric service delivery. Further, significant attention was dedicated towards marketing our fixed deposits, leasing and gold loan products to drive aggressive yet responsible growth. These calculated measures were undertaken in order to solidify our complete reentry to the market space that we operate in.

Profitability Analysis



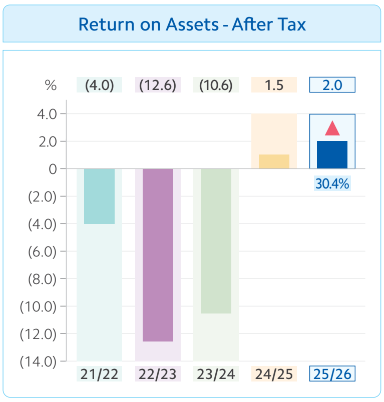
For the financial year 2025/26, Net Profit After Tax stood at Rs. 150 Million, reflecting a 3.7% increase compared to Rs. 145 Million recorded in 2024/25. It is to be noted that the company paid taxes on financial services, which include VAT on Financial Services and SSCL, for 2025/26 amounting to Rs. 101 Million. In the previous financial year, the company paid Rs. 110 Million as taxes on financial services. This demonstrates the company's contribution to the national economy amounting to over Rs. 100 Million in 2025/26 as well as in 2024/25.

Financial Capital

During the 2025/26 financial year, deferred tax assets were recognized and in effect, the company recorded an income tax reversal of Rs. 109.9 Million for the year.

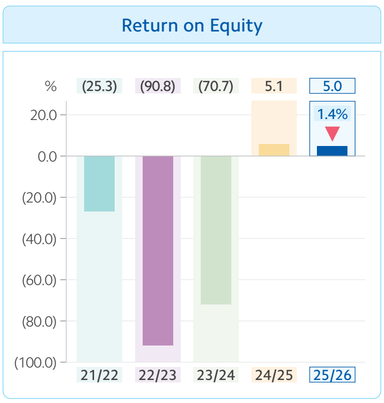
Collectively, key contributions to this Net Profit After Tax of Rs. 150 Million originated from increased Gold Loan Interest Income, lower Interest Expenses, increased Fee & Commission Income, contributions from Other Operating Income, Net Impairment Reversals as well as from the Income Tax Reversal.

Return on Assets (After Tax)



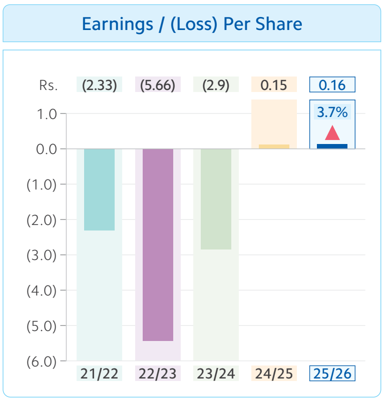
Return on Assets (ROA) after tax rose to 2.0% from 1.5% in the previous year as a result of the YOY increases in profitability after tax and the contraction of the assets base this year compared to the previous year.

Return on Equity



Return on Equity (ROE) after tax stood at 5.0%, representing a nominal drop from its position of 5.1% last year. The comparative increase in Total Equity this year compared to last year's position is to be taken into account in this context. Additionally, the company's profitability only grew marginally from Rs. 145 Million posted last year to this year's figure of Rs. 150 Million.

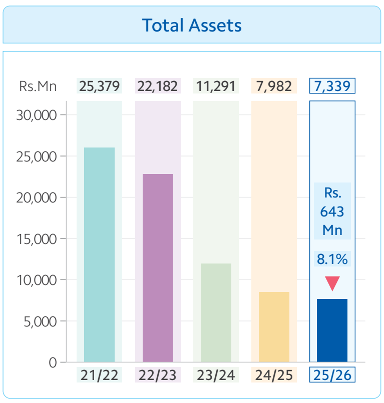
Earnings / (Loss) Per Share



Earnings Per Share improved marginally to Rs. 0.16 this year from Rs. 0.15 last year, primarily as a result of the marginal increase in profitability to Rs. 150 Million this year from last year's profitability number of Rs. 145 Million.

Balance Sheet Performance

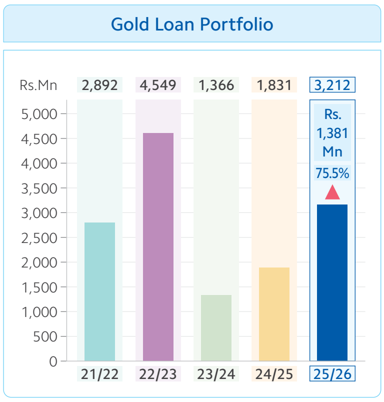
Total Assets



Total Assets stood at Rs. 7.3 Billion as at 31st March 2026, an 8.1% drop YOY, reflecting the deliberate balance sheet reduction and portfolio transfers executed during the restructuring phase. The distressed asset transfers to the Special Purpose Vehicle (SPV) that continued into the 2025/26 financial year contributed to this contraction. Further, with the regulatory restrictions on leasing and lending disbursements been in force until September 2025, the company was unable to grow its leasing and loan portfolios. However, with the lifting of all regulatory restrictions in September 2025, the company recommenced its full operations and focused on asset-back credit portfolio growth.

Lending Portfolio Analysis

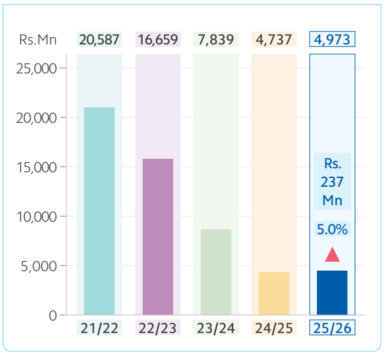
Gold Loan Portfolio



The Gold Loan Portfolio grew by 75.5% to reach Rs. 3.2 Billion. It is to be noted that Gold Loan disbursements were not under the CBSL restrictions. Therefore, the company was strategically able to adopt to its limited operational scope and focus on driving Gold Loan portfolio growth. This momentous growth of 75.5% of the Gold Loan portfolio contributed significantly to its substantial interest income growth as well, thus evolving into a significant contributor to the company's topline.

Total Loans and Advances Portfolio Position

Total Loans & Advances Portfolio



When considering the company's total Loans and Advances portfolio, we see a YOY growth of 5%. This has been primarily driven by Gold Loan portfolio growth, with contributions from leasing disbursements that recommenced after the lifting of regulatory restrictions. It is evident that the company's asset-backed Gold Loan portfolio was instrumental to this YOY total portfolio growth as well as significantly contributing to the company's interest income generation.

Total Loans and Advances Portfolio Quarterly Analysis

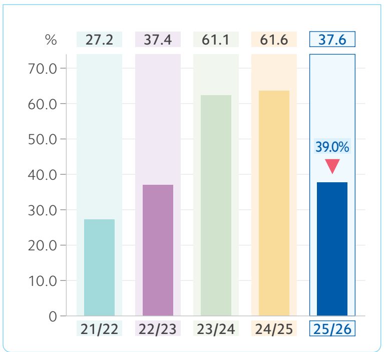
We have carried out a quarterly analysis of the movement of the position pertaining to the Total Loans and Advances Portfolio during the 2025/26 financial year. This analysis has been graphically represented in the Quarterly Financial Information Dashboard, diagram number FC 4. In this diagram, it is evident that the portfolio has started to grow post-September 2025 after the regulatory restrictions were lifted. Essentially, the 03rd quarter and the 04th quarter exhibit notable growth. This positive movement has been driven by the recommencement of leasing disbursements as well as the continued growth of the Gold Loans portfolio.

Lending Portfolio Mix

After the regulatory restrictions imposed by the CBSL were lifted in September 2025, the company set about building a healthy asset-backed leasing book. The company's asset-backed Gold Loan portfolio has shown significant growth and has exhibited its ability to be a major source of consistent income generation. With the intention of sustainably building and growing a high quality credit portfolio, the company is focusing on asset-backed, high margin, small ticket-size lending. This is backed by a restructured approach to credit appraisal and credit administration and is managed by prudent credit risk management that is focused on high quality measured portfolio growth. Significantly, with these internal transformations, the new asset-backed, small ticket-size, high-yield credit facility portfolio that is being originated following the lifting of regulatory restrictions in September 2025 maintained a zero NPL status as at 31st March 2026, affirming the strength of our redesigned underwriting standards and enhanced credit risk management practices.

Asset Quality

Gross NPA Ratio

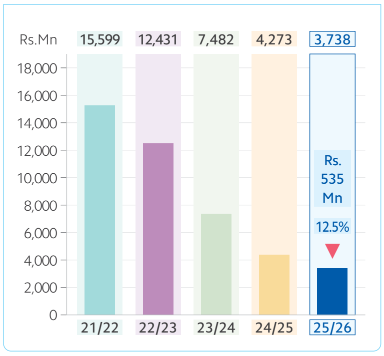


Asset quality metrics demonstrated tremendous structural improvement during the year. Driven by rigorous recovery strategies, non-performing loan reversals and the SPV portfolio transfers of distressed assets, the Gross Non-Performing Loan (NPL) Ratio improved to 37.6% as at 31st March 2026, from 61.6% as at 31st March 2025. Similarly, the Net NPL Ratio reduced to 13.2% from 19.9% in the prior period.

This positive momentum in NPL reversals demonstrates the company's commitment to driving effective recovery strategies and growing a high quality loan book.

Customer Deposits Analysis

Total Customer Deposits Portfolio



The company's Customer Deposits portfolio experienced a YOY drop of 12.5% to Rs. 3.7 Billion primarily as a result of the regulatory restrictions imposed by the CBSL. As a result of these restrictions, no deposit mobilizations took place and focus was instead on balance sheet restructuring and improving the health of the balance sheet.

After the regulatory restrictions were lifted in September 2025, the company strategically recommenced its deposit mobilization activities to support the funding needs of its lending activities.

Customer Deposits Quarterly Analysis

We have carried out a quarterly analysis of the movement of the position pertaining to the Customer Deposits Portfolio during the 2025/26 financial year. This analysis has been graphically represented in the Quarterly Financial Information Dashboard, diagram number FC 5. In this diagram, it is evident that the portfolio has started to grow post-September 2025 after the regulatory restrictions were lifted. Essentially, the 03rd quarter and the 04th quarter exhibit notable growth.

Financial Capital

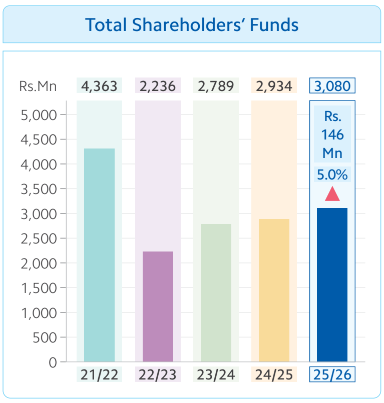
Liquidity

Through effective liquidity management, throughout the year, the company was able to maintain comfortable liquidity levels, well above the regulatory requirements. As of 31st March 2026, the company's total available liquid assets stood at Rs. 802 Million, with the regulatory requirement pertaining to the minimum amount of liquid assets as at 31st March 2026 being Rs. 379 Million. Further, the company's Liquid Assets to External Funds ratio stood at 21.2% as at 31st March 2026.

Capital Adequacy

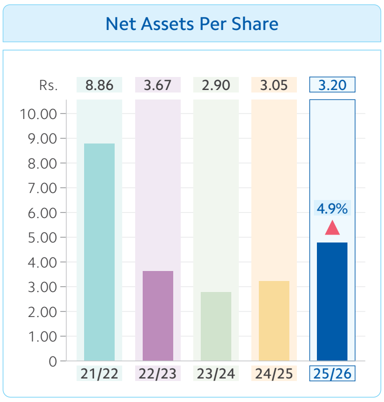
Following our successful balance sheet restructuring and capital augmentation initiatives, the company's capital position has been fortified. As at 31st March 2026, both the Tier I Core Capital Ratio and the Total Capital Adequacy Ratio increased to 61.0%, well above the regulatory minimum thresholds and significantly higher than the 25.5% recorded as at 31st March 2025. Thus, as a result of the strengthening of its capital structure and the realignment of its balance sheet, Softlogic Finance PLC stands as an exceptionally well capitalized institution.

Total Equity



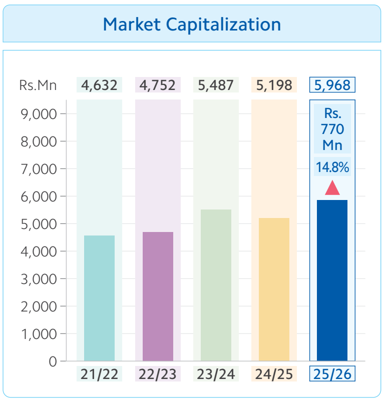
The company's Total Shareholders' Funds stood at Rs. 3,080 Million as at 31st March 2026, signifying a 5.0% increase compared to the previous year.

Net Assets Per Share



As at 31st March 2026, the company's Net Asset Value Per Share improved to Rs. 3.20 from Rs. 3.05 in the preceding year.

Market Capitalization

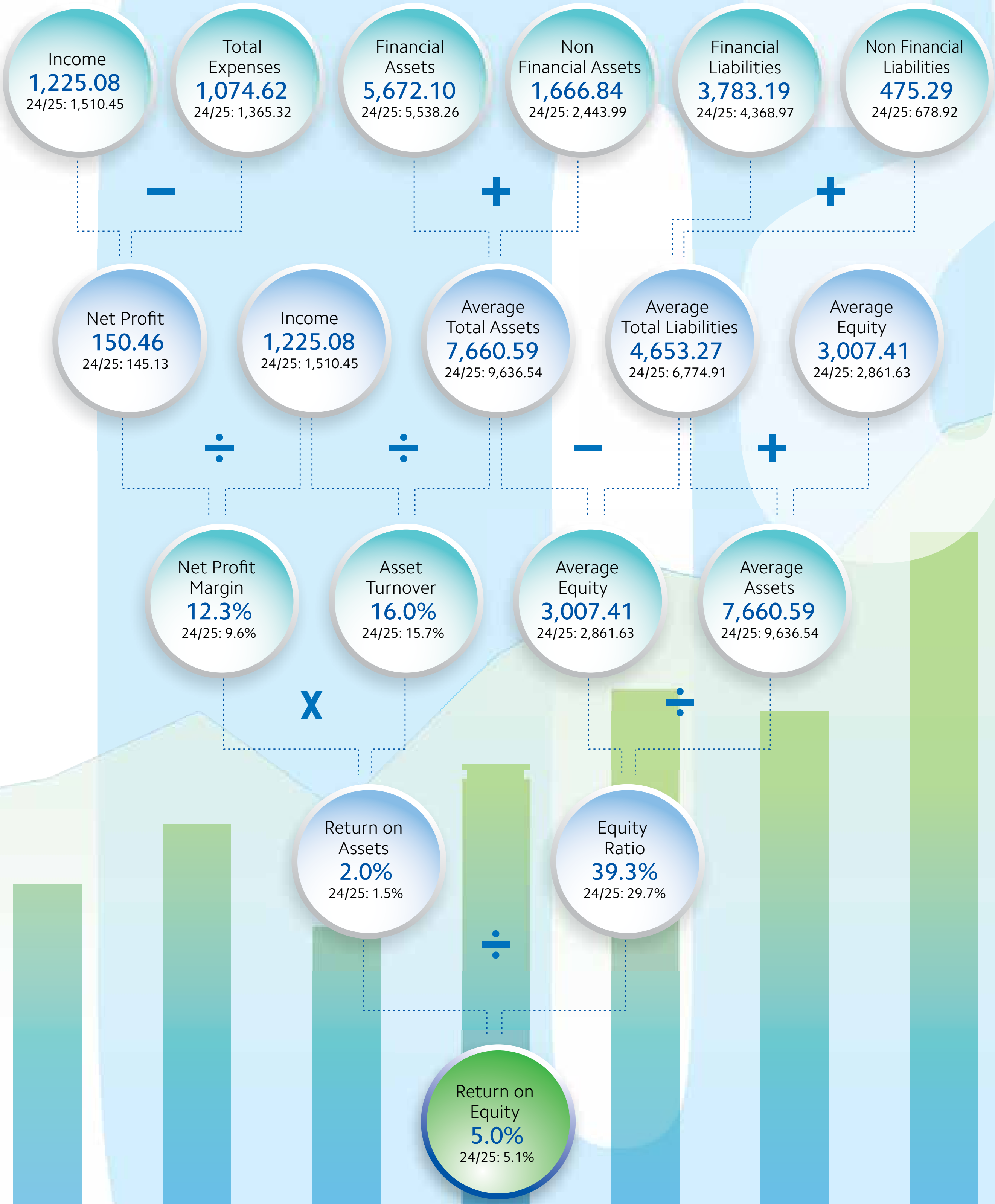


Reaffirming investor confidence, the market capitalization of Softlogic Finance PLC rose by 14.8% (an increase of Rs. 770 Million) to close at Rs. 5.97 Billion.

DuPont Analysis 2025/26

DuPont analysis breaks down Return on Equity (ROE) into three key components: profit margin, asset turnover, and financial leverage. By examining each of these factors, stakeholders can gain valuable insights into a Company's profitability, operational efficiency, and risk profile

Figures are in Rs. Million



Financial Capital

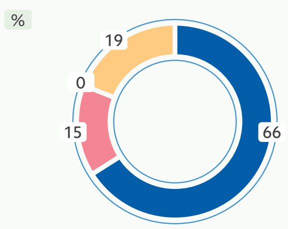
Value Added Statement

During the financial year 2025/26, Softlogic Finance remained committed to creating sustainable value for all stakeholders through a balanced approach to financial performance, operational resilience, and responsible business practices together with a new Management team. Despite evolving market conditions, the Company strengthened customer confidence, invested in the growth and wellbeing of its employees, fostered strategic partnerships, and maintained robust governance standards. Continued investments in digital innovation, inclusive financial solutions enhanced our competitive position while reinforcing our commitment as a trusted and responsible financial institution. Looking ahead, we remain focused on delivering long-term economic and social value, guided by our core values and a clear vision for sustainable growth and shared prosperity.

Year Ended 31 March	2025/26 Rs.	2024/25 Rs.
Income Earned by Providing Financial Services	1,225,077,110	1,510,453,928
Cost of Services	(917,418,401)	(1,214,044,310)
Value Added by Financial Services	**307,658,709**	**296,409,618**
Provision for Impairment Losses	360,599,046	426,068,012
	668,257,755	**722,477,630**

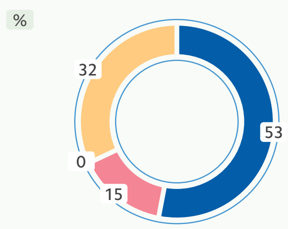
Year Ended 31 March	2025/26 Rs.	%	2024/25 Rs.	%
Distribution of Value Added				
To Employees				
- Salaries & Other Benefits	442,654,833	66%	378,863,506	53%
To Government				
- Taxes	100,669,835	15%	109,932,087	15%
To Providers of Capital				
- Dividend	-	0%	-	0%
To Business Expansion and Growth				
- as Depreciation	84,403,315	13%	88,549,614	12%
- as Retained Earnings	150,455,107	23%	145,132,424	20%
- as Deferred Taxation	(109,925,335)	-16%	-	0%
	668,257,755	**100%**	**722,477,630**	**100%**

Value Distribution 2025/26



To Employees - **66%** To Government - **15%**
To Providers of Capital - **0%**
To Business Expansion and Growth - **19%**

Value Distribution 2024/25



To Employees - **53%** To Government - **15%**
To Providers of Capital - **0%**
To Business Expansion and Growth - **32%**

Usage of the DuPont Analysis

The DuPont analysis that we have carried out here helps us comprehend the multitude of factors that drive a company's Return on Equity (ROE). Our ROE figure is not looked at as a single, isolated figure; rather we have dissected it into certain key components to determine whether factors such as profitability, asset efficiency or financial leverage have been ultimately behind the company's performance. In this context, we take into consideration 03 key elements and they are Net Profit Margin, Total Asset Turnover and Financial Leverage. Essentially, the Net Profit Margin measures profitability, the Total Assets Turnover indicates asset efficiency and the Financial Leverage provides a representation of the impact of leverage. Effectively, this technique helps provide a more holistic picture of the dynamics behind the financial performance of the company.

The aforementioned DuPont analysis carried out by us has been graphically represented in a structured manner so as to explain the various factors that ultimately contribute to the ROE. This representation would help the management, investors and analysts identify the underlying rationale for movements in the ROE and the key determinants behind it, whilst providing the opportunity to compare performance with previous periods or with other companies.

Usage of the Value Added Statement

The aforementioned Value Added Statement that we have prepared illustrates how much economic value this company has created during the year and how that value has been distributed among the various stakeholders of the company.

Effectively the "Value Added" component here represents the wealth created by the company through its normal business operations after the costs of goods and services acquired externally has been deducted.

Generally, the value generated by the business is distributed among the following:

- **Employees –** salaries, wages and other employee benefits.
- **Government –** income taxes and other government payments.
- **Providers of Capital –** interest and dividends.
- **Providers of finance/Debt holders –** finance costs or interest.
- **Shareholders –** dividends and retained profits attributable to shareholders.
- **The Company itself –** depreciation and retained earnings, depending on the presentation.
- **Community –** donations, CSR expenditure, etc., where such elements are separately disclosed.

In effect, this aforementioned Value Added Statement (VAS) provides a stakeholder-oriented view of the financial performance of the company. While the income statement provides information primarily related to profit attributable to shareholders, the VAS exhibits how the wealth generated by the business benefits a range of stakeholders.

Future Outlook

Strategic Asset Allocation & Revenue Growth

The company will drive income generation and business growth by strategically expanding its asset-backed credit portfolio, prioritizing high-margin, small-ticket leases and gold loans to form the core of its lending mix. Capital deployment will remain disciplined, pairing targeted portfolio growth with rigorous credit appraisals, responsible lending standards and proactive credit risk management to safeguard overall portfolio quality.

Funding Strategy & Liquidity

To support book growth and optimize funding costs, the company will focus on expanding its core retail deposit base. In parallel, funding sources will be diversified through secured bank facilities and securitizations to maintain a resilient and balanced balance sheet.

Asset Quality & Recoveries

Elevated priority will be placed on delinquent facilities management, aggressive recovery initiatives and securing impairment reversals to reinforce credit stability while maintaining a supportive environment for sustainable loan growth.

Operational Efficiency & Digital Transformation

The company will execute strict cost management and optimization through internal process reengineering and operational restructuring. Sustainable, long-term efficiency gains will be driven by digital transformation initiatives, including strategic investments in digital infrastructure to automate workflows, streamline back-office operations and digitize customer interactions.

Infrastructure & Human Capital

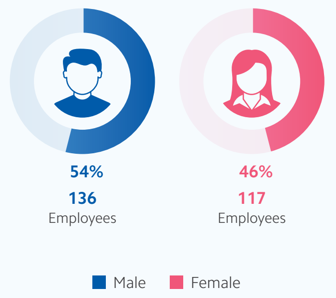
Investments will continue across the company's physical and human assets:

- Branch Network: Branch locations will continue to undergo rebranding and other required value additions will be made to them in order to elevate their customer-centric service delivery.
- Human Capital: Investments in training and development will continue to be made in order to upskill staff, ensuring sustained competitiveness and innovation across the organization.

Human Capital

HR Dashboard

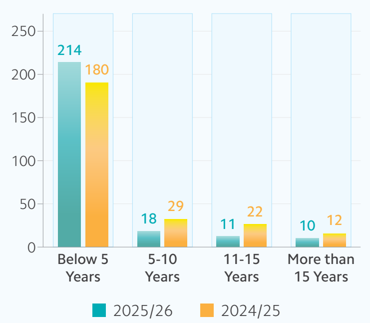
HC 1 Employee Composition by Gender



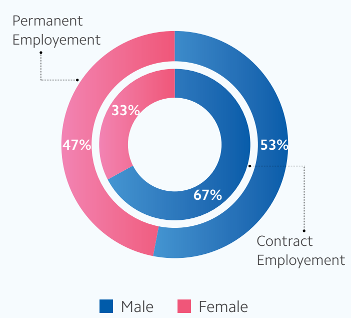
HC 2 Total Employees by Region and Gender

Province	2025/26 No. of Employees				2024/25 No. of Employees			
	No. of Locations	Male	Female	Total	No. of Locations	Male	Female	Total
North Central	1	4	2	6	1	5	5	10
North Western	1	7	3	10	1	9	3	12
Central	3	15	12	27	3	15	12	27
Uva	1	2	4	6	1	3	4	7
Southern	3	18	13	31	3	15	10	25
Sabaragamuwa	1	6	2	8	1	6	4	10
Western	6	84	81	165	6	80	72	152
Total Employees		136	117	253		133	110	243

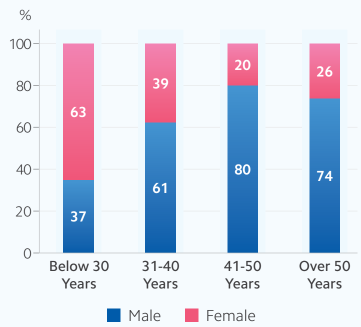
HC 3 Employee Service Period Analysis



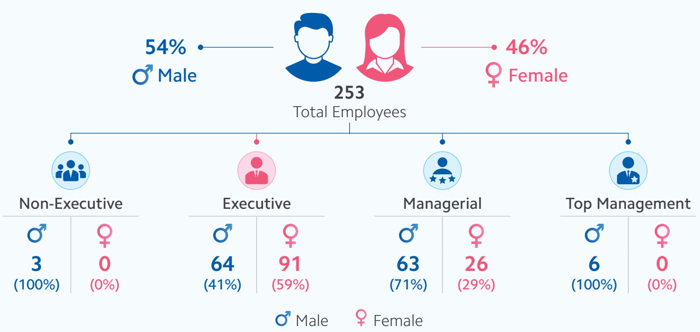
HC 4 Staff Profile by Gender & Contract Type



HC 5 Employee Composition by Gender and Age

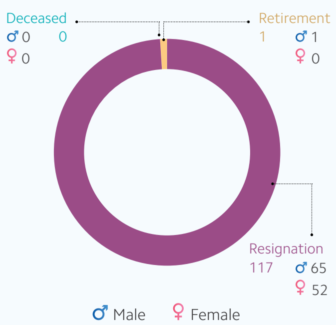


HC 6 Employee Distribution by Category and Gender for 2025/26

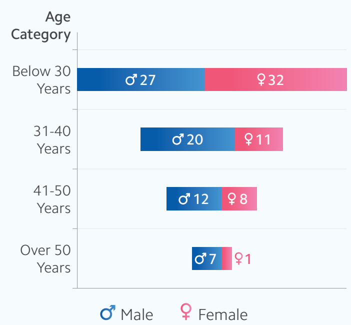


HC 7 Employee Turnover by Region and Gender

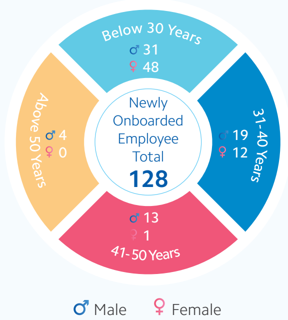
HC 8 Employee Turnover by Reason

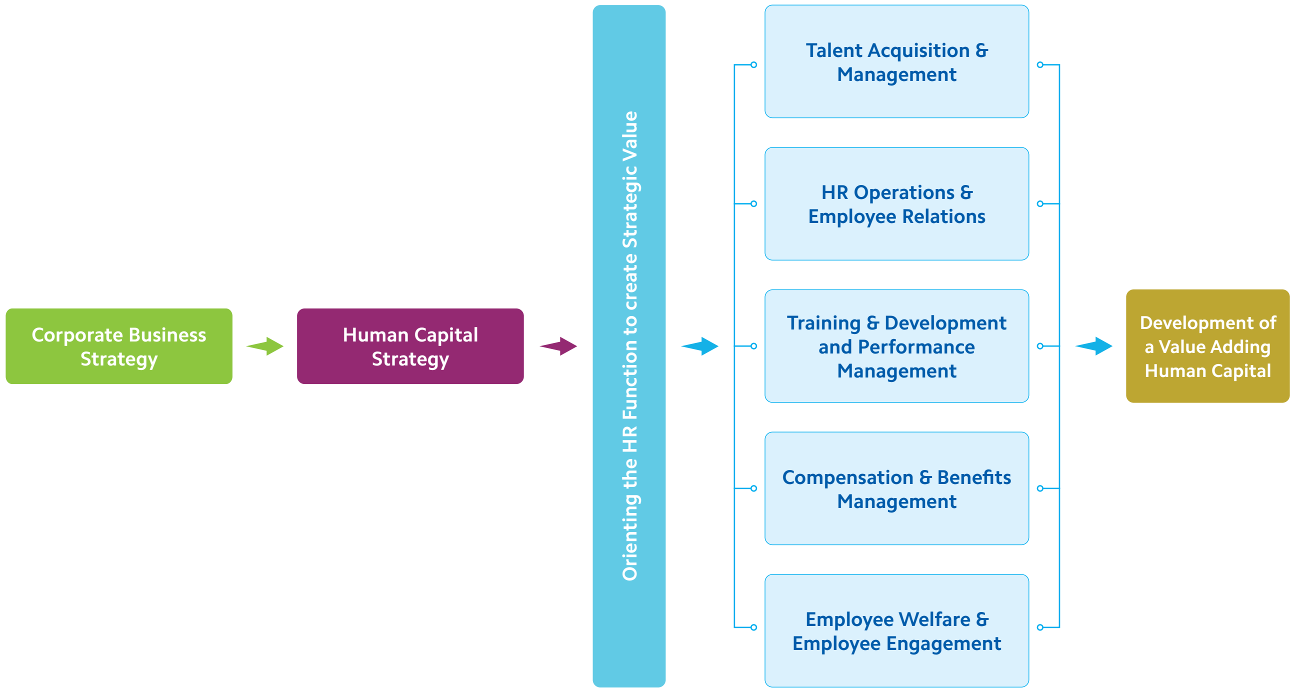


HC 9 Employee Turnover by Age Group and Gender



HC 10 Age Profile of Newly Onboarded Employees





Management Approach GRI 3-3

Our human capital has consistently been recognized as our greatest asset and we acknowledge that the continuous development of our talent is critical to the sustainable growth of our company. Driven by our core values, we go beyond traditional employee welfare management norms to ensure the adoption of best practices in Human Capital management, allowing our people to add sustained strategic value to our business.

Operating in a constantly changing environment, we rely on our employees to act as change agents who drive the continuous enhancement of our service culture. To achieve this, we have adopted a five-pronged approach to managing and developing our human capital:

- Talent Acquisition & Management
- Human Resource Operations & Employee Relations
- Training and Development & Performance Management
- Compensation & Benefits Management
- Employee Welfare & Employee Engagement

The Human Resources department serves as a centralized focal point that drives and administers all talent acquisition, retention, people development, performance management and employee welfare management activities. Additionally, the HR department assists departmental heads, regional managers and branch managers in the overall administration of human resources across their respective business units and branches.

To remain ahead of the competition, foster a service culture and maintain a conducive environment for product innovation, the HR department constantly reviews its policies regarding the five key strategic HR ingredients. This execution is carried out while strictly adhering to all applicable labor laws and regulations, consistently striving to exceed industry norms in employee welfare.

Employee Composition Analysis

GRI 3-3 GRI 2-7 GRI 2-8 GRI 405-1

Throughout our existence, we have experienced the strategic importance of creating a diverse workforce for the sustainability of our business. To this end, we are committed to creating and maintaining an inclusive work environment where all employees are treated with equality, equity, respect and dignity. Our HR policies clearly dictate that employees are treated strictly on performance merits, leaving no room for favorable treatment or discriminatory practices of any form. During the year under review, we recorded zero incidences of discrimination in our workplace.

Furthermore, we take active steps to maintain a good employee mix in terms of age, gender, skill sets, geographical locations and cultural backgrounds. This effort ensures an ideal talent mix that mirrors the diverse characteristics of and geographical distribution of our island-wide clientele, directly supporting our customer-centric commitment.

Human Capital

Key HR Indicators	2025/26	2024/25
Employee Head Count	253	243
New Recruitments	128	159
Promotions	28	8
No. of Training Programs	38	26
No. of Training Hours	6543	3715

The diagram marked HC 1 in the HR Dashboard graphically shows the Employee Composition by Gender, while the diagram marked HC 2 in the HR Dashboard shows the Total Employees by Region and Gender.

Workforce Distribution by Employee Role

	2025/26			2024/25		
Employee Role	Male	Female	Total	Male	Female	Total
Back Office	46	84	130	43	68	111
Front End	90	33	123	90	42	132
Total Workforce	136	117	253	133	110	243

Workforce Distribution by Employment Contract Type

	2025/26			2024/25		
Employment Type	Male	Female	Total	Male	Female	Total
Permanent	98	80	178	95	77	172
Probation	32	34	66	27	27	54
Contract	6	3	9	11	6	17
Total Workforce	136	117	253	133	110	243

Please refer to the diagrams from the HR Dashboard marked HC 4 for the Staff Profile by Gender & Contract Type, HC 5 for the Employee Composition by Gender and Age and HC 6 for the Employee Distribution by Category and Gender for 2025/26.

Employee Distribution by Age Group and Gender

	2025/26			2024/25		
Age Category	Male	Female	Total	Male	Female	Total
Below 30	45	76	121	40	62	102
31-40	42	27	69	42	26	68
41-50	35	9	44	34	15	49
Above 50	14	5	19	17	7	24
Total Workforce	136	117	253	133	110	243

Employee Composition by Gender

	2025/26	2024/25
Female	117	110
Male	136	133
Total Workforce	253	243

Employee Distribution based on Grade and Gender

	2025/26		2024/25	
	Gender		Gender	
Grade	Male	Female	Male	Female
Non - Executive	3	0	3	0
Executive	64	91	75	84
Managerial	63	26	52	25
Top Management	6	0	3	1
Total Workforce	136	117	133	110

Talent Acquisition and Talent Management GRI 3-3 GRI 2-23

Company's Approach to Recruitment

The recruitment policy and practices of Softlogic Finance PLC encompass the end-to-end talent acquisition process. This includes workforce planning, vacancy approvals, candidate sourcing, screening, shortlisting, interviewing, selection, background and reference verification, offer management and onboarding. The policy is designed to ensure a fair, transparent and merit-based recruitment process while promoting equal employment opportunities and compliance with regulatory requirements, internal controls and approval protocols. Clear roles, responsibilities, segregation of duties and governance mechanisms are incorporated to maintain consistency and integrity throughout the recruitment lifecycle.

The recruitment policy strategically aligns workforce planning with business objectives, branch networks and operational functions to facilitate the timely recruitment of qualified talent within approved manpower plans and budgets.
By promoting adherence to regulatory guidelines, sound governance and internal controls, the framework supports operational continuity, service excellence and sustainable organizational growth.

Nature of Employment & Work GRI 2-8

Softlogic Finance PLC offers employment opportunities under both permanent and fixed-term contract arrangements to meet operational needs while maintaining a stable workforce.

At the end of the financial year, the company did not directly engage any outsourced employees. However, specific support services, such as janitorial and security functions, were outsourced to specialized third-party service providers to maintain operational efficiency and service quality. Personnel deployed under these arrangements are employees of the respective service providers and are not considered employees of Softlogic Finance PLC.

Additionally, the company provided internship opportunities to university students across various departments based on business requirements. These programs offer practical industry exposure, enhance their employability skills and support future talent development.

Internal Recruitment

The company is committed to considering internal resources whenever the necessary skills and competencies are present within the existing staff. This process is well-structured and transparent. All internal vacancies, job descriptions and selection criteria are communicated through internal correspondence, encouraging eligible employees across the organization to apply. Selected internal candidates receive due training and guidance to assist them in fitting into their new roles and fulfilling their expanded duties.

Internal Recruitments by Employee Category

Employee Category	2025/26
Sales & Direct Sales Support	6
Recovery	4
Support Services	22
Total	32

External Recruitment GRI 401-1

Our external recruitment strategy focuses on attracting top industry talent. Recognizing that service quality directly dictates business success, we actively seek individuals with exceptional competencies to expand our business portfolio and maintain high customer satisfaction levels. While securing top talent, we prioritize local and regional candidates when filling branch vacancies, fostering a strong connection with the communities we serve.

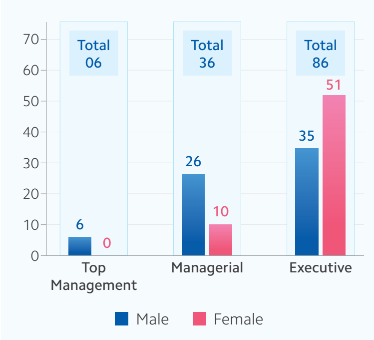
New Recruitments based on Employment Type

Contract Type	2025/26 No. of employees			2024/25 No. of employees		
	Male	Female	Total	Male	Female	Total
Permanent Basis	64	59	123	61	75	136
Contract Basis	3	2	5	16	7	23
Total New Recruitments	67	61	128	77	82	159

New Recruitments based on Designation - Comparison

Staff Grade	2025/26 No. of employees			2024/25 No. of employees		
	Male	Female	Total	Male	Female	Total
Non - Executive	0	0	0	0	0	0
Executive	35	51	86	65	72	137
Managerial	26	10	36	11	10	21
Top Management	6	0	6	1	0	1
Total New Recruitments	67	61	128	77	82	159

New Recruitments by Designation - 2025/26



External Recruitments by Employee Category

Employee Category	2025/26	2024/25
Sales & Direct Sales Support	50	77
Recovery	12	22
Support Services	66	60
Total	128	159

Age and Gender Profile of Newly Onboarded Employees

Age Category	2025/26			2024/25		
	Male	Female	Total	Male	Female	Total
Below 30	31	48	79	51	68	119
31-40	19	12	31	15	9	24
41-50	13	1	14	8	3	11
Above 50	4	0	4	3	2	5
Total New Recruits	67	61	128	77	82	159

Region and Gender Profile Of Newly Onboarded Employees

Province	2025/26 No. of Employees				2024/25 No. of Employees			
	No. of Locations	Male	Female	Total	No. of Locations	Male	Female	Total
North Central	1	1	3	4	1	1	4	5
North Western	1	5	2	7	1	7	2	9
Central	3	6	5	11	3	11	3	14
Uva	1	0	0	0	1	0	1	1
Southern	3	14	9	23	3	13	6	19
Sabaragamuwa	1	3	1	4	1	4	1	5
Western	6	38	41	79	6	41	65	106
Total Employees		67	61	128		77	82	159

Additionally, the diagram marked HC 10 in the HR Dashboard, graphically shows the Age Profile of Newly Onboarded Employees in 2025/26.

Human Capital

Employee Turnover GRI 401-1

The company recorded a significant improvement in employee retention during FY 2025/26, with the turnover ratio declining from 65.99% in the previous financial year to 47.18%. This improvement reflects the effectiveness of ongoing initiatives across employee engagement, talent development, performance management and employee well-being.

Employee Resignations by Age-Group and Gender

	2025/26			2024/25		
Age Category	Male	Female	Total	Male	Female	Total
Below 30	27	32	59	44	51	95
31-40	20	11	31	29	16	45
41-50	12	8	20	16	5	21
Above 50	7	1	8	5	1	6
Total Resignations	**66**	**52**	**118**	**94**	**73**	**167**

Employee Resignations by Region and Gender

	2025/26			2024/25		
	No. of employees			No. of employees		
Province	Male	Female	Total	Male	Female	Total
Western Province	36	31	67	51	58	109
Central Province	5	5	10	10	2	12
Southern Province	10	6	16	16	7	23
Northern Province	0	0	0	3	0	3
North Western Province	8	2	10	7	1	8
North Central Province	3	5	8	0	2	2
Uva Province	1	0	1	1	1	2
Sabaragamuwa Province	3	3	6	6	2	8
Total Resignations	**66**	**52**	**118**	**94**	**73**	**167**

Please refer to the diagrams from the HR Dashboard marked HC 9 for the Employee Turnover by Age-Group and Gender, HC 7 for the Employee Turnover by Region and Gender in 2025/26 and HC 8 for the Employee Turnover by Reason for 2025/26.

Talent Retention and Development GRI 401-2

Retaining top talent and addressing the career advancement ambitions of young professionals present complex challenges in today's competitive business environment. To address these dynamics, we have meticulously crafted a comprehensive HR strategy focusing on retention and long-term career growth within the company.

To effectively retain our best talent, we have implemented key initiatives including:

- Recognition and Rewards
- Competitive Compensation and Benefits
- Ongoing Training and Development
- Clear Career Development Path
- Transparent Performance Management
- Engaging Employee Initiatives

Through these focused programs, we create an environment where employees feel valued, supported and empowered, building a resilient workforce to drive long-term corporate success.

Please refer to the diagram marked HC 3 in the HR Dashboard for a comprehensive comparative analysis of the Service Period of Employees.

Human Resource Operations and Employee Relations

Compliance with applicable Laws & Regulations

During the financial year under review, the company maintained full compliance with all applicable labor laws, regulations and statutory requirements. No instances of non-compliance were reported and no fines, penalties or sanctions were incurred. Compliance is regularly monitored to maintain a fair, safe and legally compliant work environment for all personnel.

Freedom of Association & Collective Bargaining GRI 2-30

The organization recognizes and respects employees' legal rights relating to freedom of association and collective bargaining in accordance with Sri Lankan labor laws. Currently, there are no registered trade unions representing our employees. The organization actively encourages open communication, transparency and direct engagement between staff and management to address workplace concerns and maintain positive, harmonious employee relations.

Human Resource Policies and Procedures GRI 2-23

As of the end of the financial year, Softlogic Finance PLC had 14 Human Resources-related policies in place. These policies govern the full employee lifecycle, from recruitment through to separation and establish a comprehensive framework for people management, employee well-being, operational efficiency, regulatory compliance, business continuity and governance.

The 14 key areas covered by these policies include:

- Recruitment and onboarding
- Remuneration and employee benefits
- Training and development
- Promotions and career advancement
- Succession planning
- Staff movement and job rotation
- Leave management
- Employee conduct and disciplinary procedures
- Prevention of sexual harassment
- Workplace health and safety
- Technology usage and BYOD practices
- Travel and business expense management
- Dress code standards
- Employee separation and exit management.

Employee Wellbeing

Softlogic Finance PLC implemented targeted well-being initiatives during the year to promote work-life balance. In celebration of International Women's Day, a wellness session was organized for female employees, featuring interactive dance-based activities, physical and mental health guidance and work-life balance advice. Additionally, the HR Department collaborated with Vision Care to conduct a health camp offering free vision and hearing screenings, preventive healthcare awareness and special eye care discounts for employees.

These initiatives reflect the company's ongoing focus on fostering a supportive work environment that prioritizes employee wellness, engagement and work-life balance.

Occupational Health and Safety

GRI 3-3 GRI 403-2 GRI 403-3 GRI 403-5 GRI 403-6 GRI 403-9

The company operates under a formal Health and Safety Policy applicable to all Head Office and branch locations, ensuring a secure environment for employees, customers, contractors and visitors. The framework focuses on preventing accidents, injuries and illnesses through structured safety measures, awareness programs, emergency preparedness and regulatory compliance. During the year under review, zero work-related injuries were reported.

All employees receive health and safety awareness training, including induction training for new recruits and periodic refresher programs on fire safety, first aid and emergency response procedures. The company also conducts regular inspections, audits and monitoring activities to ensure the continued effectiveness of its health and safety arrangements and to foster a culture of shared responsibility for workplace safety.

Key health and safety measures include the maintenance of fire detection and alarm systems, periodic testing of firefighting equipment, appointment and training of Fire Wardens and First Aiders, availability of first aid facilities across business locations, clearly designated emergency exits and assembly points and the conduct of regular fire drills and emergency response activities.

Steps taken to ensure Employee Health and Safety

GRI 403-2 GRI 403-5 GRI 403-6

To maintain safety standards, the company implemented a wide range of operational measures:

- Maintaining fire detection, alarm, and firefighting systems, with regular inspections and testing conducted by qualified personnel.
- Appointing and providing annual training to designated Fire Wardens and First Aiders across departments and locations.
- Conducting periodic fire drills and emergency evacuation exercises to enhance employee preparedness and response capabilities.
- Providing readily accessible and regularly maintained first aid facilities at the Head Office and branch network.
- Ensuring emergency exits, evacuation routes, assembly points, and safety signage are clearly identified and maintained.
- Delivering mandatory health and safety induction training for new employees, together with periodic refresher programs on fire safety, first aid, and emergency response procedures.
- Conducting regular workplace inspections, safety audits, and monitoring activities to identify and mitigate potential hazards.
- Encouraging employees to promptly report hazards, incidents, near misses, or unsafe conditions to facilitate timely corrective action.

The organization fully complies with national health and safety regulations, conducting regular internal audits to address any operational gaps immediately.

Human Capital

Staff Training & Preparedness on Safety Regulations and Emergency Protocols GRI 403-5 GRI 403-6

Safety awareness is primarily delivered through employee induction programs, briefings during fire drills, health screening camps and group safety sessions. Periodic emergency drills familiarize employees with evacuation routes and communication protocols, with post-drill feedback used to refine emergency response plans. Safety infrastructure, including extinguishers, alarms, and signage, is routinely inspected and maintained. The organization also plans to introduce formal, periodic safety training programs in the future.

Insurance Cover & Wellness Initiatives for Employees GRI 403-6

As part of our employee welfare program, comprehensive health and accident insurance coverage is provided. The package encompasses:

- Outpatient Department (OPD) cover
- Surgical and hospitalization cover
- Critical illness cover
- Dental cover
- Spectacle cover
- Personal accident cover
- Employee death cover

Coverage scope and claim procedures are explained to new hires on their first-day induction. These insurance benefits are complemented by wellness activities, such as health camps, with plans to introduce structured periodic medical check-ups moving forward.

Employee Welfare and Employee Engagement

Employee Engagement Initiatives

During the financial year, the company conducted numerous engagement activities designed to foster team cohesion, motivation and overall workplace satisfaction:

Company Awards Ceremony: Organized the "IGNITE 2026" awards ceremony to celebrate high-performing employees across multiple categories, reinforcing our corporate values and recognizing excellence.

"Morning Mingle" Sessions: Held regular breakfast sessions across all branches and Head Office to enhance team bonding and internal communication.

Women's Day Celebrations: Hosted a comprehensive program for female employees that featured workshops on personal grooming, workplace cleanliness, motivation and self-care, accompanied by customized appreciation gifts.

Other Engagement Events: Organized Mother's Day Celebrations, a Secret Santa Program, Valentine's Day Celebrations and the Company Annual Get-Together.

Grievance Management GRI 2-25 GRI 2-26

The organization maintains a positive employee relations environment by addressing concerns in a timely, confidential and fair manner. Currently, grievances are primarily handled directly by the Senior Manager – Human Resources, who allocates daily time slots to resolve employee issues. Employees can voice concerns without fear of retaliation through direct discussions with the HR Senior Manager, Open Door communication channels with the management, immediate supervisors or through HR department consultations during designated grievance handling hours. The organization intends to establish a formal grievance management policy framework and introduce employee feedback forums, such as grievance committees, in the future.

Open Door Policy

An Open Door Policy is actively practiced, enabling personnel to directly approach immediate supervisors, the HR Department, Senior Management or the Chief Executive Officer (CEO) where necessary, when resolving workplace concerns.

Whistleblowing Policy GRI 2-26

The company's Whistle-Blowing Policy demonstrates a commitment to transparency, ethical conduct and fraud prevention. It provides confidential reporting channels with a zero-tolerance approach toward financial misconduct, fraud, corruption, regulatory violations and ethical breaches. The policy guarantees that employees can report suspicious activities promptly without fear of retaliation, ensuring objective investigations and protection of corporate reputation.

Non-Discrimination GRI 3-3 GRI 406-1

Softlogic Finance PLC provides equal employment opportunities, maintaining an environment free from bias, harassment and discrimination. All personnel decisions, including hiring, training, transfers and promotions, are based strictly on merit, competencies and performance, regardless of gender, age, ethnicity, religion or disability. Diversity, equity and inclusion principles are deeply embedded across all HR practices. Zero discrimination incidents were reported during the financial year.

Compensation and Benefits Management

Remuneration structures are formulated based on job profiles, prevailing market practices, and the local cost of living. The company's Remuneration Policy and compensation grid are aligned with market rates to ensure competitive recruitment offerings.

Rewards & Recognition

A performance-based culture ensures that salary revisions, bonuses, incentives and promotions are directly tied to documented employee performance. High achievers are recognized and rewarded with performance-based bonuses, salary increments and career advancement opportunities.

Competitive Compensation and Benefits

The company provides competitive monetary and non-monetary benefits aligned with industry standards to attract and retain top talent. Beyond baseline salaries, eligible personnel receive basic life cover, hospitalization benefits and outpatient benefits.

Statutory Benefits for Employees GRI 401-3

Softlogic Finance PLC strictly complies with all statutory employee obligations. Contributions to the Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF) are fully maintained, alongside provisions for Gratuity. Statutory leave entitlements, including maternity leave are administered in conformity with national legal requirements.

Training & Development and Performance Management

GRI 3-3 GRI 404-2

Approach to Training & Development

The company enforces an approved Training and Development Policy driven by continuous learning. Training needs are systematically identified through a Training Need Analysis (TNA) linked to annual performance evaluations, operational demands and regulatory updates. An annual training calendar is approved by the CEO, executing programs through internal resources, external providers, onboarding sessions and compliance workshops. The policy integrates knowledge sharing, participation monitoring and training evaluations with long-term succession planning.

In FY 2025/26, total expenditure on training, development and coaching was in the range of Rs. 1.5 Million, reflecting an increased investment compared to Rs. 1.4 Million spent in FY 2024/25.

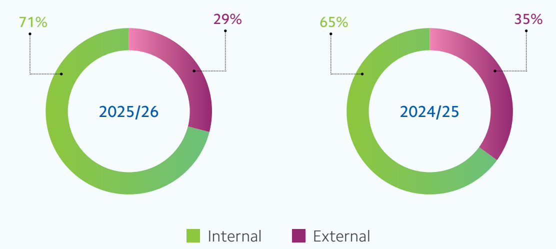
Types of Training & No. of Training Programs

	2025/26	2024/25
External	11	9
Internal	27	17
Total No. of Trainings	38	26

Employee Training and Development

	2025/26	2024/25
Total Training Hours Delivered	6543	3715
Total Gross Participant Count	835	495
Total Training Programs	38	26

Employee Training and Development Based on Type of Training



Types of Training Programs held GRI 404-2

Key types of training programs conducted during the period included:

Induction Program: Full-day HR Main Induction program for all new joiners.

Softlogic Group HR Workshops: Group-level learning and development initiatives.

Regulatory, Compliance, and Legal Training: Compliance Symposia, Anti-Money Laundering (AML) modules, Internal Audit awareness and legal documentation.

Product & Operational Training: Gold Loan operations, teller operations, lending processes and branch collections.

Technical & Specialized Skills: Special Purpose Vehicle (SPV) System awareness and participation in industry events like FinTech Summits.

Soft Skills & Professional Development: Interviewing skills workshops and call center training.

Training & Development for New Recruits GRI 404-2

Between 1st April 2025 and 31st March 2026, all new recruits underwent the full-day HR Main Induction Program at the Head Office. Facilitated by Heads of Departments, these recurring sessions provide operational overviews covering HR, Branch & Cash Operations, Fixed Deposits, Collections, Gold Loans, Compliance, Finance, IT, Risk Management, Legal, Information Security, Internal Audit and Branch Development.

Human Capital

This structured approach ensures that new recruits gain a clear understanding of organizational processes, regulatory expectations and the role of each department in achieving the company's overall objectives.

Furthermore, the company is an official registered training partner with both the Institute of Certified Management Accountants of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), enabling accounting trainees to complete their mandatory practical work experience.

Mentoring Programs

Mentoring and coaching are integral to overall staff development, particularly for new hires. New recruits are paired with senior officers or supervisors for structured On-the-Job Training (OJT), facilitating practical skill transfer, customer handling expertise and compliance adherence.

Performance Evaluations

Softlogic Finance PLC operates a performance management framework that cascades corporate targets down to individual Key Performance Indicators (KPIs) at the beginning of each financial year. Annual evaluations assess employees across both quantitative targets and qualitative behavioral attributes. The evaluation framework is weighted as follows:

- Competency Assessment: 20%
- KPI Assessment: 80%

The process involves employee self-appraisal, supervisor assessment, performance discussions and departmental reviews. Final ratings are standardized through a Senior Management moderation process to maintain equity. Outcomes directly inform salary increments, bonuses, promotions, succession planning and individual Training Need Analyses (TNA).

The framework also serves as an important tool for identifying employee strengths, development opportunities, leadership potential, and succession candidates, thereby supporting both individual growth and the long-term sustainability of the organization.

By linking performance outcomes to rewards and career progression, the company reinforces a performance-driven culture that recognizes individual contributions, motivates employees to achieve organizational objectives and supports the retention and development of high-performing talent.

Performance Evaluations & the Type of Employment

GRI 401-2

Eligibility for the annual performance evaluation is extended to all permanent cadre employees confirmed in service by the management-determined cutoff date, as well as contract employees who have completed at least one full year of continuous service. Fixed-term contract personnel who do not meet these criteria are excluded from the annual appraisal process.

Career Development & Promotions GRI 401-2

Performance appraisal outcomes serve as primary inputs for identifying high-potential talent. Employees who consistently exceed targets and demonstrate higher-level leadership competencies are given priority consideration for internal career advancement, salary increments, and bonus allocations.

Promotions by Employee Category

	2025/26		2024/25	
Category	Male	Female	Male	Female
Executive	6	9	1	1
Managerial	4	9	6	0
Total	10	18	7	1

Succession Planning

Succession planning is prioritized as a strategic imperative to ensure leadership continuity and sustainable growth. The initiative encompasses three main pillars:

Identification and Nurturing of Potential Future Leaders: Identifying high-potential internal candidates and supplying them with development and mentoring opportunities.

Development of Leadership Capabilities: Enrolling emerging leaders in internal and external leadership programs focused on strategic thinking, decision-making, communication and change management.

Transfer of Knowledge and Succession Readiness: Utilizing structured knowledge transfers, including job rotations, cross-functional projects and mentorship, to ensure potential successors transition smoothly into future leadership roles.

Future Outlook

To enhance human capital capabilities, the HR Department will focus on the following key strategic imperatives:

Strengthening Learning & Development: Refining the Training Needs Analysis (TNA) process using data-driven insights from appraisals and compliance audits. Expanding leadership, risk management, customer experience and digital banking training while introducing blended digital learning platforms.

Organization-Wide Outdoor / Outward Bound Training (OBT): Executing OBT programs for all staff to build teamwork, communication and problem-solving skills.

Succession Planning and Talent Development: Accelerating career development pathways for high-potential staff targeted for critical leadership roles.

Performance Management Enhancement: Continuous refinement of KPI alignment, feedback mechanisms and performance-linked rewards.

Employee Engagement and Well-being: Introducing enhanced workplace wellness, retention and engagement initiatives.

HR Process Digitalization: Streamlining HR records and operations to improve data accuracy, efficiency and reporting.

Strengthening HR Governance and Compliance: Updating HR policies continuously to remain aligned with evolving regulatory frameworks.

Systemized Cadre Management: Implementing a Human Resources Information System (HRIS) to establish a structured and systemized cadre management framework for optimal workforce planning, cadre control and resource allocation.

Through these initiatives, the Human Resources Department aims to strengthen its role as a strategic business partner, enhance workforce effectiveness, develop future talent and contribute to the company's long-term sustainability and achievement of its business objectives.

Human Capital

A Glimpse of the Employee Engagement & Welfare Activities carried out during the year

Company Awards Ceremony

Mother's Day Celebrations

Annual Company Get-Together Event

Employee Vision Screening Clinic

New Year Celebrations – 01st January 2026

Women's Day Celebrations

Intellectual Capital

Credit Rating Received

B (Developing Outlook)
Lanka Rating Agency

Expanded Digital Presence & Brand Exposure

Facebook	Linkedin	YouTube
Subscribers: 11k+	Subscribers: 05k+	1.5 Million+
in Facebook	in Linkedin	in YouTube views

Organizational Knowledge Base | Industry Expertise | Industry Networks | Accepted Industry Best Practices | Process Excellence | Brand Value & Reputation

↓

Intellectual Capital Creation

↓

Strategic Inputs to the Value Generation Process

Management Approach

Softlogic Finance PLC prioritizes the systematic expansion of its institutional expertise, operational protocols and technological architecture to drive organizational agility and technological advancement. Core operational focus centers on fortifying governance structures, refining risk mitigation frameworks, expanding personnel skill sets and scaling information technology capabilities. Targeted investments in digital architecture aim to optimize service delivery and maximize operational performance.

These initiatives ensure sustained competitiveness within the sector while maintaining a corporate framework centered on continuous refinement to serve stakeholder interests effectively.

The company systematically improves its operational prowess by embedding technical systems and digital frameworks directly into its core workflows. This structural integration establishes an agile operational framework designed to generate sustainable stakeholder value across target markets.

Enhancement of the Organizational Knowledge Base

We operate in a very competitive environment, rife with industry challenges. As a service sector organization and a pioneering financial services provider in the NBFI sector, our long term operational sustainability very much hinges on the development and the effective utilization of our organizational knowledge base.

In this context, we are armed with a team of industry experts in our corporate and senior management

Intellectual Capital

and they bring with them, a wealth of industry expertise and their respective industry networks into the fray. With their extensive industry exposure and expertise, this team of industry experts plays a significant role in fostering our internal knowledge and helps in providing our team with strategic guidance to face industry challenges. Further, these efforts are undertaken as the continuous updating of internal knowledge and effective sharing of it with our team are critical to the maintenance of the competitive advantages that we have gained across our product lines.

Frequent sharing of industry knowledge among our team members through internal workshops and training programs play a dual role. It serves as a platform for the dissemination of existing industry know-how and the refinement of our knowledge base through the sharing of market information that comes from the ground level.

Operational Excellence & Process Reengineering

Owing to the adoption of a service culture across our organization and the need to drive service excellence when catering to our targeted market segments, we have recognized the operationalization of best practices and the achievement of process excellence as sources of competitive advantage. This is why a conscious effort is been made to consistently drive the adoption of industry best practices and compliance with documented processes so that process excellence and the transparency of operational functions is commonplace. At all levels of management, there is commitment to the refinement of internal policies and procedures as our customer service levels significantly depend on them.

Even though we use accepted industry practices as the basis for our internal operations, time and again, we have demonstrated our commitment to going above and beyond industry standards and pushing for the achievement of process excellence across our operations.

By fostering a culture of operational excellence, we aim to have a set of seamlessly functioning workflows. As a part of this objective, the focus is also on ensuring timely responsiveness to internal and external queries. The company has implemented workflow-driven business systems and applications across various frontend and support functions to strengthen governance, improve operational efficiency and ensure compliance with internal policies and regulatory requirements. The company's technology platforms and enterprise IT systems enable and facilitate a range of process and task automation initiatives across its business and support functions to improve operational efficiency, strengthen internal controls, reduce manual intervention and enhance service delivery.

Moreover, the company continuously strives to drive process and workflow automation in order to refine the service delivery to our customers. We consistently focus on and work towards such workflow and task automation through the adoption of appropriate technology. Additionally, we aim to create an environment where we can actively reduce paper use and contribute positively to our sustainability goals as well.

Enhancement of our Brand Value

We strive to position our brand as symbolizing a total financial solutions provider. Personalized service, tailor-made and customized financial solutions and prompt solution delivery are instrumental to the brand perception that we project. We constantly strive to cement our position as a symbol of trust and confidence amongst our customers. As we continue to sustainably grow our business, the positioning of our brand, the perception we project and our brand equity would be deciding factors of the success of our value creation process.

Corporate Intranet Platform

The company's Corporate Intranet serves as a centralized knowledge-sharing and communication platform, providing employees across all branches and departments with convenient access to important organizational information.

The platform hosts departmental policies, procedures, operational manuals, guidelines, training materials and frequently used forms, ensuring that employees can easily access current and approved organizational documentation. By promoting information accessibility and standardization, the intranet contributes to improved compliance, operational consistency, employee productivity and knowledge management across the organization.

Data Analytics and Business Intelligence Ecosystem

Softlogic Finance has established a robust data analytics ecosystem to strengthen decision-making and business intelligence capabilities across the organization.

The framework leverages the data analytics software application in use and is supported by a scalable technology architecture consisting of a centralized data lake, cloud-based data synchronization mechanisms and automated data integration workflows. This infrastructure facilitates the collection, consolidation, validation and analysis of information from multiple business systems, ensuring accurate and near real-time availability of business data.

Corporate Website and Digital Presence

The company's corporate website serves as an important digital engagement platform, providing customers, investors, regulators and other stakeholders with convenient access to information regarding products, services, promotions, branch locations, investor relations, corporate disclosures and customer service channels.

The website supports the company's digital strategy by enhancing customer accessibility, strengthening brand visibility and improving stakeholder engagement. It also facilitates online inquiries, product information access and dissemination of regulatory and corporate information.

Digital Payment Channels and Customer Self-Service Platforms

To enhance customer convenience and support the company's digital transformation strategy, Softlogic Finance has established multiple digital payment channels and customer self-service platforms that provide secure, efficient and accessible financial services.

Digital Payment Channels

The company offers a range of digital payment options that enable customers to make loan repayments, settle financial obligations and access services through convenient and secure channels.

The Internet Payment Gateway (IPG), integrated into the company's corporate website, enables customers to make payments using credit and debit cards issued by authorized financial institutions. This facility provides secure and convenient online payment experience while supporting the company's digital service delivery initiatives.

Customers are also able to make direct fund transfers from any bank or financial institution connected to the Common Electronic Fund Transfer Switch (CEFTS) network through internet banking and mobile banking platforms. These transfers can be credited directly to the company's designated savings account, providing customers with flexible and convenient payment options.

In addition, customers may make payments to designated Softlogic Finance collection accounts maintained with partner banks, further expanding payment accessibility and convenience across the country.

The company has also partnered with FriMi, enabling customers to make payments through the popular digital wallet platform. As a registered merchant within the FriMi ecosystem, Softlogic Finance provides customers with an additional secure and cashless payment channel.

To improve accessibility for customers who prefer physical payment locations, Softlogic Finance offers repayment facilities through Cargills outlets, enabling customers to conveniently settle their rental and loan instalments through an extensive retail network.

Customer Self-Service and Digital Platforms

The company's Customer Self-Service Portal provides customers with secure, real-time access to their financial portfolio through seamless integration with the corporate website. The platform enables customers to conveniently view details of their existing lending facilities, fixed deposits and gold loan accounts without the need to visit a branch.

Digital Presence and Social Media Channels

Softlogic Finance maintains a strong digital presence through its corporate website and various social media platforms, enabling the company to effectively engage with customers, promote its products and services and strengthen brand awareness.

Softlogic Finance actively utilizes several social media platforms to connect with existing and prospective customers, communicate product offerings and share corporate updates. The company's official social media presence includes Facebook, Instagram, LinkedIn and YouTube.

Future Outlook

- Accelerate process and workflow automation to systematically streamline internal functions.
- Advance digital transformation by deploying modern infrastructure and digital services designed to enrich customer engagement, elevate service execution and reinforce internal operational standards.
- Upgrade the business intelligence ecosystem to strengthen strategic decision-making capacities and accelerate market-leading product innovation.
- Execute targeted brand enhancement initiatives to drive the long-term appreciation of corporate brand equity.

Manufactured Capital

Branches

15	10	11	7
Total Branches Islandwide	No. of Branches outside the Western Province	Districts Covered	Provinces Covered

Branches – Western Province

Corporate Branch | Kadawatha
Kotahena | Nawala | Negombo

Branches – North Central Province

Anuradhapura

Branches – North Western Province

Kurunegala

Branches – Uva Province

Badulla

Branches – Southern Province

Galle | Matara | Weligama

Branches – Central Province

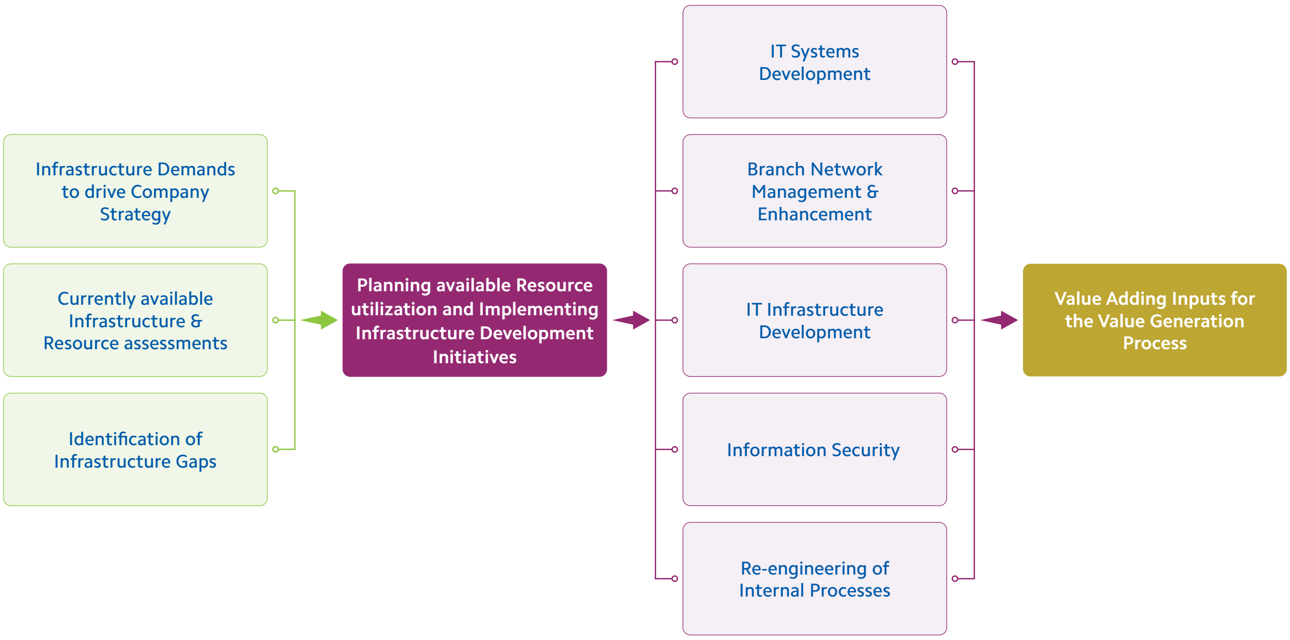
Hatton | Kandy | Matale

Branches – Sabaragamuwa Province

Mawanella

Branches Re-branded during the year

Badulla | Matale | Negombo | Mawanella



Management Approach GRI 3-3

Manufactured capital, encompassing both physical locations and digital architecture, forms a critical foundation for driving business performance and ensuring sustained growth. The strategic importance of physical assets alongside advanced technology services underpins operational efficiency and enhances customer engagement. By maintaining robust branch networks and modern IT systems, the institution reinforces its standing as a dependable financial services provider and delivers its core value proposition effectively.

Branch Network Management GRI 203-1

A strategically distributed network of 15 physical branches serves as a key channel for active customer interactions and consistent service delivery. High standards of facility upkeep and asset preservation are prioritized to maintain seamless daily operations. This ongoing focus on physical infrastructure ensures a reliable operational environment and a favorable in-person experience for clients.

Branch Rebranding GRI 203-1

Maintaining cohesive brand representation across all physical sites is vital for reinforcing market awareness and reflecting high-quality, tailored financial solutions. To align infrastructure with current corporate identity standards, dedicated rebranding initiatives were executed across four key branch locations. These updates incorporated refreshed corporate visual identities alongside specialized branding for core offerings, including leasing, gold loans and fixed deposit products, establishing a modernized presence in target markets.

IT Infrastructure Management

Our IT Systems and IT Infrastructure, which form the backbone of our operational strength, play a key role in driving our business strategy and ensuring long term sustainable value addition to our stakeholders. These IT systems in place help us to optimize the personalized financial products and customer experience that we deliver, further develop the quality of the support services in place for the management and the frontend staff and introduce new products.

It is in this context that we continue to invest in developing our IT systems and expand our IT infrastructure so that we are well positioned to proactively face industry developments, market movements and evolving customer preferences with ease.

During the financial year 2025/26, the organization continued to strengthen its technology infrastructure to support business operations, enhance service availability, improve system performance and ensure secure delivery of financial services. The IT infrastructure has been designed with a focus on reliability, scalability, security and business continuity while supporting the organization's digital transformation initiatives.

The technology environment consists of enterprise-grade computing infrastructure, data center facilities, network connectivity, cybersecurity solutions, business applications and disaster recovery capabilities to ensure uninterrupted services for customers, branches, and internal users.

Key IT Infrastructure and IT Systems in operation:

Core System

The company’s core banking system serves as the operational backbone of the company, enabling the efficient management of customer information, financial transactions, regulatory compliance, risk monitoring and management reporting. Through a centralized customer information repository, the system provides a single view of customer relationships across all business segments, facilitating enhanced customer service, operational efficiency, and informed decision-making. This platform supports the company’s principal financial products and services, including Savings Accounts, Fixed Deposits, Lending Facilities and Gold Loans.

Anti-Money Laundering (AML) System

The company's Anti-Money Laundering (AML) System plays a vital role in supporting its compliance, risk management and governance framework. The platform provides a comprehensive solution for customer screening and monitoring activities, enabling the company to comply with applicable Anti-Money Laundering (AML) regulations.

Recovery System

The company's Recovery System serves as a critical operational platform supporting the effective management and recovery of lending facilities. The system enables recovery teams to efficiently monitor overdue accounts, priorities collection activities and manage customer follow-up processes through a structured and systematic approach.

Identity and Access Management (IAM) Framework

The company has implemented a centralized Identity and Access Management (IAM) framework as the core identity management platform to strengthen information security, enhance user access governance and improve operational efficiency. The IAM framework provides centralized identity management, authentication and access control capabilities across the company's technology environment.

Stationery Management System

The company has developed an internally managed Stationery Management System to streamline and automate the procurement, approval, distribution and cost monitoring of stationery items across the organization.

Manufactured Capital

Centralized Inbound and Outbound Call Recording System

The company operates a centralized inbound and outbound call recording system to support customer service operations, regulatory compliance, quality assurance and operational risk management. The solution securely records and archives customer interactions across designated business units, providing a reliable audit trail for customer communications.

IT Helpdesk System

The IT Helpdesk System serves as a centralized platform for capturing, categorizing, tracking and resolving technology-related incidents and service requests across the organization.

Fixed Asset Management System

The company utilizes a comprehensive Fixed Asset Management System to manage and monitor assets throughout their lifecycle. The system supports asset registration, acquisition tracking, transfers, depreciation calculations, maintenance records, disposal processes and regulatory reporting requirements.

Board Pack System

The company utilizes a digital Board Pack solution to enhance the efficiency, security, and effectiveness of Board and Sub-Committee meeting management and information dissemination.

Hotline and Call Center

The Softlogic Finance Hotline and Call Centre functions as key customer service channels, enabling customers to obtain information, submit requests, seek assistance and resolve queries through dedicated customer service representatives. The centralized customer support function ensures timely responses and enhances overall customer satisfaction.

Network and Security Infrastructure

Upgrades to the company's network and security infrastructure were carried out with a comprehensive focus on strengthening resilience against rapidly evolving cybersecurity threats and ensuring compliance with international information security standards.

Future Outlook

The company remains committed to building a secure, scalable, resilient and digitally enabled technology environment and to this end, it will continue to drive the necessary strategic technology initiatives in a sustainable manner. The company will continue to evaluate and implement technology investments based on strategic alignment, operational value, cost efficiency, regulatory requirements and long-term benefits to customers and stakeholders.

IT Security Infrastructure

As a responsible financial institution committed to upholding stakeholder interests, we are responsible for ensuring that we have systems and controls in place to avoid, combat and manage IT security threats. This is because the failures of IT systems and cyberattacks have the ability to cause disruptions to our routine operational processes, damage our reputation and cause financial loss.

With direction and oversight from the company's IT Steering Committee, we have put in place an array of systems and controls to ensure that we can effectively face identified and anticipated IT security threats without any significant impact to routine operations. Additionally, the company also has in place a Business Continuity Plan (BCP) to ensure that operations can continue to run with minimal disruptions if any operational issues are to occur.

IT Security measures implemented

The company maintains a comprehensive set of IT security controls to protect its information assets, systems and customer information. These controls are implemented in accordance with the company's Information Security Policy, which is aligned with the regulatory requirements of the Central Bank of Sri Lanka (CBSL) and the principles of ISO/IEC 27001.

The company has implemented a host of measures to ensure IT security and a small snapshot of this is given below:

- Measures taken to strengthen authentication controls and enhance user access management.
- Identified mechanisms enforced across systems, supported by segregation of duties and dual-control processes to prevent unauthorized activities.
- Privileged user accounts and functions have been identified and are subject to enhanced security controls, monitoring and periodic review.
- Testing is conducted at defined intervals to identify and remediate security weaknesses.
- Secure web technologies and communication protocols are utilized to protect data transmission and system interactions.
- Comprehensive user access reviews and user matrix assessments are performed periodically to ensure access rights remain appropriate and aligned with business requirements.

The effectiveness of the controls in operation is monitored through regular security reviews, risk assessments, compliance assessments and internal and external audits to ensure the ongoing protection of the company's information assets and technology environment.

Awareness Programs and Training Sessions

The company conducts Information Security Awareness Programs at defined intervals to promote a strong security culture across the organization. These programs cover all employees and are delivered through multiple channels, including:

- Information Security awareness sessions as part of the employee induction program.
- Department-specific training programs tailored to address unique security risks and responsibilities.
- Organization-wide awareness training sessions conducted periodically for all staff members.
- Awareness campaigns through email communications and security-focused posters to reinforce key security practices and emerging threats.

In addition, a dedicated Information Security Awareness Program was conducted for the Board of Directors. The program covered the evolving cybersecurity threat landscape, key information security risks facing financial institutions, industry best practices, the Board's role in overseeing information security governance and regulatory expectations, including applicable requirements issued by the Central Bank of Sri Lanka (CBSL).

Information Security Policy in operation

The company operates a Board-approved Information Security Policy framework aligned with the regulatory requirements issued by the Central Bank of Sri Lanka and the internationally recognized ISO/IEC 27001 Information Security Management System standard. The policy establishes governance, risk management and control requirements to safeguard the confidentiality, integrity and availability of information assets. It covers key domains including information security governance, cyber risk management, access controls, data protection, third-party risk management, incident response, business continuity, employee awareness and regulatory compliance.

The policy encompasses organizational, people, physical and technological controls to ensure the confidentiality, integrity and availability of information, while supporting regulatory compliance and effective risk management. The effectiveness of the policy is regularly reviewed through risk assessments, security monitoring activities, audits and management oversight to ensure continued resilience against evolving cyber threats.

Future Outlook

The company plans to further strengthen its information security capabilities through continued investment in cybersecurity initiatives, technologies and resources. As part of its strategic roadmap, the company aims to achieve alignment with the ISO/IEC 27001:2022 Information Security Management System (ISMS) standard, reinforcing its commitment to internationally recognized information security best practices. Going forward, the company will continue to enhance its organizational, people, physical and technological security controls, while expanding its engagement with information security specialists and industry experts. These initiatives are intended to improve cyber resilience, address emerging threats, support regulatory compliance and safeguard the confidentiality, integrity and availability of information assets.

Social and Relationship Capital

Customers

47,790	1,898	45,892	30,433	15,459
Total No. of Customers	Corporate Customers	Individual Customers	Male Customers	Female Customers

Investment in Wildlife Rehabilitation

Rs. 100K

Marketing Campaign Reach

2.4 Million	1.3 Million
Facebook Reach	Instagram Reach

Management Approach GRI 3-3

Social and relationship capital serves as the foundation for our broader engagement strategies, reflecting the deep trust established with clients, partners, service providers and local communities. Our primary goal is to drive inclusive, sustainable growth while nurturing mutually beneficial partnerships. Relationships are continually enriched through support for local entrepreneurship, community development initiatives and strict adherence to transparent, ethical business operations.

Our Customer Capital

In line with our corporate values, our valued customers are placed at the center of all our activities and we constantly push ourselves to ensure that we deliver an outstanding and uncompromised customer experience. We are committed to adopting a customer centric approach to all our business activities, be it support service, product development or sales. The service culture that we have fostered within our organization means that all our personnel, whether back office or front office; our internal processes and our entire branch network are completely geared toward providing our valued clientele with a memorable customer experience.

We constantly strive to improve our service quality and service delivery by always giving priority to customer concerns and customer feedback. Based on the feedback we receive from our customers, we constantly reengineer our workflows and redesign our processes to streamline service delivery and bridge any gaps that exist.

Further, we serve our identified market segments by offering tailor-made and customized financial services that are aligned with the specific requirements that our customers in such market segments have. Thus our tailored financial services and our personalized customer service constitute two central components of the unique value proposition that we aim to deliver.

Our Value Proposition and Our Brand

Our primary emphasis centers on gradually building a high quality credit portfolio focused on asset-backed, high-yield, small-ticket facilities, with a particular focus on gold loans and leasing. We maintain a disciplined, risk-conscious growth trajectory anchored by rigorous credit governance and refined internal risk management mechanisms. To meet diverse market demands, we offer highly tailored financial products designed for specific client needs. Additionally, in order to foster sustainable finance activities, the company facilitates the delivery of and provides sustainable leasing solutions to our customers for the acquisition of electric motor vehicles such as electric four-wheeled motor vehicles, electric motor bicycles as well as electric three-wheelers. Our deposit-mobilization strategy mirrors this customized approach, providing flexible fixed deposit solutions across diverse client demographics. Consequently, adaptability and tailored design remain the core pillars of our customer value proposition.

Beyond product flexibility, our brand embodies integrity, dependability and financial accessibility, underpinned by a commitment to fair and transparent dealings. For customer outreach, we increasingly leverage digital and social media channels to broaden brand presence, gain market exposure and interact dynamically with potential clients.

Examples of our Marketing Initiatives

The company undertook and executed a whole host of marketing initiatives to promote its products as well as its corporate brand during the year. We use a variety of media channels for this purpose. Given below is a glimpse of the multi-channel marketing activities that we undertook during the year:

Our Most Viewed YouTube Videos

YouTube Advertisement for "ඔබේ විශ්වාසය ගැන අපිට විශ්වාසයි" "The Best Chef in සිනිමෝදර"

No of views : 696k

YouTube Advertisement for "ඔබ ගැන ඔබට තියෙන විශ්වාසය තමයි සිහින සැබෑ කරන්න මුල් වෙන්නේ"

No of views : 555k

YouTube Advertisement for "Why a man receiving flowers for women's day"

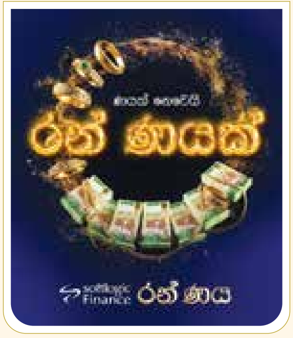
No of views : 106k

YouTube Advertisement for "ඒ විශ්වාසය සැමදා ස්ථාවරයි" #SoftlogicFinance #ස්ථාවර තැන්පතු | විශ්වාසයෙන් ස්ථාවරව"

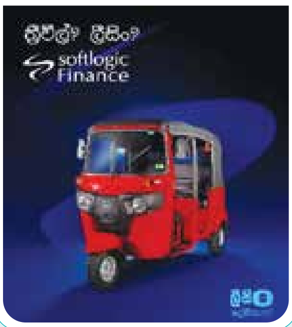
No of views : 75k

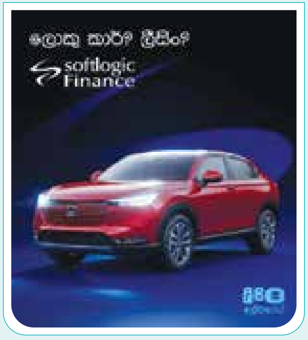
Advertising Material used for Fixed Deposit Promotions

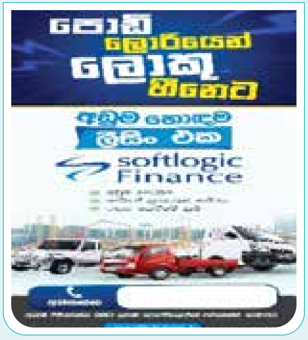
Advertising Material used for Gold Loan Promotions



Advertising Material used for Leasing Promotions







Social and Relationship Capital

Advertising Material used for the "Softlogic Reimagined" Campaign

Community Engagement GRI 203-1 GRI 413-1

Our commitment to sustained community engagement has always extended well beyond the daily financial transactions that we have with our clientele. We strive to actively involved ourselves in community outreach and strengthening our bonds with the local communities that we serve. To this end, we have recognized the importance of engaging in wildlife conservation and rehabilitation initiatives to spread awareness about the importance and significance of such initiatives amongst the local communities that we serve.

Reinforcing our commitment to wildlife conservation and rehabilitation and to our corporate social responsibility, we invested over Rs. 100,000 in a Wildlife Rehabilitation Project to support wildlife conservation and biodiversity protection.

Given below are some snapshots from our Wildlife Rehabilitation Project at the "Attidiya Wildlife Rehabilitation Centre":

Product Responsibility

We ensure that all our business transactions with our customers are carried out in an ethical and transparent manner and we ensure that we give primacy to educating the customer of the features of our products and the conditions that they entail. The personalized customer engagement process that we have adopted in dealing with our customers helps us to directly interact with the customer and explain to them all the relevant financial and legal implications that their financial transactions with us entail.

Fairness and Transparency in Customer Interactions

Throughout the personalized interactions that we undertake with our customers, we ensure that we are fully transparent and forthcoming with our customers with regard to product features and information, financial and legal conditions and the credit evaluations processes that we undertake when granting loans. All regulatory disclosures are made to the customers and we make it a point to educate our customers on regulatory requirements whenever the occasion arises.

We make objective and transparent assessments on the financial capabilities of our clients and advise them on how to manage their potential and current financial obligations with us. Our recoveries processes are designed to be fully transparent and our recoveries teams ensure that our customers are fully apprised with all relevant information in advance.

Anti-Competitive Practices

As a responsible corporate citizen, it is our policy to not engage in any sort of anti-competitive practices and we strictly enforce it. We strictly follow all regulatory pronouncements and continuously educate our staff and enforce the need to carry out our business transactions ethically. Our products have been designed to be in line with the applicable regulatory guidelines and all our pricing has been undertaken to be within the Central Bank policy rates. Our goal is sustainable business growth and our policy is to achieve it ethically.

Anti-Corruption

We have implemented a Code of Ethics across our organization in order to ensure that our employees do not engage in corrupt, illegal or unethical practices that could harm our customers or our company. Our employees are regularly educated and trained in this regard and the internal control and risk management mechanisms that we have in place are geared to prevent and detect any such activities. Further, in order to take action if such improper practices materialize or if we receive any complaints, we have in place, a well-structured investigation and disciplinary mechanism. Moreover, the company has a whistle-blower mechanism in place with a whistleblower policy for employees to confidentially report on any such incidences. Additionally, the company also has in place, an anti-bribery and anti-corruption policy.

Customer Privacy GRI 418-1

Protecting client confidentiality and data integrity is an operational priority. Personal details are never disclosed to third parties unless mandated by law. We maintain robust IT security protocols that are continuously evaluated to prevent unauthorized breaches. Operations fully comply with Central Bank customer protection directives as well as our internal operational policies.

Customer Protection GRI 416-1 GRI 416-2

Full compliance with health and safety mandates was maintained across the branch network when providing our services during the period, resulting in zero regulatory penalties or fines. Internal procedures remain aligned with statutory customer protection mandates to uphold client safety and protection.

Product Portfolio Compliance

We constantly review and take action with regard to ensuring that our products and associated support services are in compliance with statutory requirements. Regular training is provided to our staff to ensure that they are well versed in the regulatory aspects of the products that they deal with so that accurate information is passed on to the customers. Our internal control systems and the risk management mechanism in place constantly work towards ensuring the there are no breaches of any regulatory requirements in the context of our products and operations.

Product Information and Labelling GRI 417-1 GRI 417-2 GRI 417-3

All advertising materials, promotional media, product information and service labels strictly follow Central Bank guidelines and local financial sector standards. Marketing communications regarding our products and services are crafted to ensure complete clarity, cohesion, accessibility and precision, yielding zero instances of labeling non-compliance.

Customer Complaint Handling

In line with Central Bank customer protection guidelines, we operate a structured grievance redressal mechanism that handles customer complaints. Clients can submit inquiries, express concerns and lodge complaints through a dedicated hotline and call center facility. Structured operational workflows and assigned personnel manage the formal processing and resolution of all logged matters.

Membership Associations GRI 2-28

The company is a member of the Finance Houses Association of Sri Lanka, the Leasing Association of Sri Lanka as well as the Employers' Federation of Ceylon.

Future Outlook

- **Community Alignment:** Expand local outreach initiatives to deepen community ties and social impact.
- **Operational Optimization:** Refine internal workflows and policies to reinforce a customer-centric operating model.
- **Service Excellence:** Upgrade relationship management practices through ongoing adoption of industry-leading standards.
- **Portfolio Expansion:** Roll out innovative product offerings tailored to emerging customer needs across key market segments.
- **Brand Enhancement:** Deploy creative, high-impact marketing strategies to advance brand equity while delivering on core value promises.

Natural Capital

LED Lighting Installation	Reduction in Energy Costs	Reduction in Water Costs
100% Coverage in FY 2025/26	17% YOY	13% YOY

Our Management Approach GRI 3-3

Softlogic Finance PLC treats natural capital as an essential pillar of long-term operational resilience. By embedding environmental sustainability into our core operating model, we actively safeguard finite resources, including energy, water, air as well as protecting local biodiversity. Our governance framework aligns internal policies with regulatory mandates and global standards, ensuring that the conservation of the environmental ecosystem remain tied to value creation. Through systematic oversight, operational innovation and active stakeholder participation, we continue to mature our sustainability culture and fulfill our mandate as an ethical corporate citizen.

Managing Resource Consumption

Because operational impacts directly affect the environment, resource stewardship is regarded as a material factor for the company. We target three primary areas of resource intake and output; they are energy use, water consumption and waste generation. Our overarching intent is to continuously refine how we consume vital resources. We achieve this by aligning internal operations with broader industry and national sustainability goals, enhancing oversight and keeping our workforce engaged through ongoing educational and awareness initiatives.

Essentially, our primary objectives in this context, revolve around curbing energy use, regulating water usage, eliminating operational waste, enhancing governance and maintaining institutional transparency.

Energy Management GRI 302-1 GRI 302-3 GRI 302-4

Our strategic goal for energy management centers on optimizing operational efficiency to lower consumption and curb our broader carbon footprint.

- **Infrastructure Upgrades:** During the 2025/26 financial year, the company completed a full transition to LED lighting systems across its head office and entire branch network.
- **Cost & Consumption Impact:** This transition, coupled with regular equipment maintenance, was a major driver behind a 17% year-on-year reduction in energy costs.
- **Centralized Monitoring:** We maintain branch-wide monitoring to keep tabs on energy consumption and identify inefficiencies early.
- **Cultivating a Culture of Awareness:** Consistent internal communication drives reinforce energy-conscious habits across all employee tiers.

Water Utilization Management GRI 303-1 GRI 303-2 GRI 303-5

Water is treated as a finite critical asset. The company's responsible water utilization and management strategy combines infrastructure maintenance with operational guidelines aimed at minimizing overall usage and waste.

- **Financial & Resource Savings:** Active monitoring and consistent employee engagement in our objectives yielded a 13% year-on-year decline in water utility expenses for the 2025/26 period.
- **Culture of Conservation:** Staff education remains our most effective lever for preventing misuse and wastage as well as embedding conservation into daily operational routines.

Waste Management

Guided by our commitment to sustainability and environmental stewardship, our approach to responsible waste management concentrates on decreasing overall material intake, particularly paper and printing materials as well as ensuring responsible waste disposal.

- **Digital Alternatives:** The company leverages digital workflows and electronic statements (e-statements) to systematically cut down on paper dependencies and printing materials.

- **Operational Monitoring:** Material usage and disposal methods are monitored across all sites to maintain consistent standards of resource utilization efficiency, responsible disposal and sustainable sourcing.
- **Behavioral Change:** Regular internal communications encourage team members to choose digital alternatives over physical printouts whenever feasible.

Future Outlook

To advance our natural capital agenda and support a greener national economy, the company has outlined several forward-looking strategic priorities:

- **Enhanced Data & Reporting:** Operationalize formalized sustainability reporting to track energy, water, waste, recycling and overall carbon emissions with greater precision, scope and consistency.
- **Monitoring Infrastructure:** Set up and integrate tracking tools and mechanisms for real-time visibility into utility and resource metrics.
- **Targeted Campaigns:** Launch targeted initiatives to drive down energy and water usage, while expanding recycling, waste segregation and responsible waste disposal.
- **Paperless Workflows:** Execute additional projects to rationalize paper usage across customer touchpoints and back-office functions.
- **Governance & Culture:** Continually refine internal policies as needed, keeping staff education and stakeholder engagement at the heart of our environmental strategy.

Integrated Risk Management

MANAGING RISKS AND OPPORTUNITIES FOR SUSTAINABLE GROWTH

Macroeconomic Ecosystem

Global Risk Landscape

The global risk environment in 2025/26 remained highly dynamic, shaped by macroeconomic uncertainty, geopolitical tensions and structural transitions across energy, technology and climate domains.

Global growth was expected to moderate, with downside risks arising from geopolitical conflicts, particularly in energy-producing regions. Increased volatility in oil and gas markets posed a significant risk to import-dependent economies, especially in Asia, where energy imports create a material impact on GDP. This exposed countries to inflationary pressures, balance of payment stresses and fiscal vulnerabilities.

Inflation, while easing from post-pandemic highs, was expected to remain sensitive to shocks in supply chain, including energy disruptions and climate-related events. Central banks globally continued to balance inflation control, resulting in relatively tight financial conditions and elevated interest rate risks.

In addition, global financial markets remained vulnerable to currency volatility and tightening liquidity conditions, particularly in emerging markets.

Climate change continued to be a systemic risk driver, with increased frequency of extreme weather events disrupting supply chains, infrastructure and agriculture. This was compounded by transition risks associated with decarbonization efforts, regulatory changes and evolving investor expectations around ESG compliance.

Cybersecurity threats and digital transformation risks also remained high, as financial institutions faced increasing exposure to cyberattacks, data breaches and technology-related disruptions.

Sri Lankan Risk Landscape

Sri Lanka's risk environment in 2025/26 reflected a transition from post-crisis stabilization to gradual recovery, although with significant structural and external vulnerabilities. As per the International Monetary Fund, Sri Lanka recorded a strong recovery with approximately 5% GDP growth in 2025, supported by consumption, remittances, and ongoing reforms under the IMF programme. However, growth is expected to moderate to around 3.1%–3.6% in 2026, reflecting domestic constraints.

The country remained vulnerable to external shocks due to its reliance on imports, particularly fuel and essential commodities. Rising global energy prices and supply disruptions widened the current account deficit and exerted pressure on foreign exchange reserves. Although reserves have improved to close in on USD 7 Billion by early 2026, maintaining adequate buffers remained essential in the face of global uncertainty.

Inflation remained in the range of around 2% in 2025, following significant stabilization efforts. However, it was expected to trend upward in 2026 due to increased demand and higher energy costs, potentially exceeding the Central Bank's target levels. Further, Sri Lanka is highly exposed to climate related risks, including floods, droughts and cyclones. The impact of recent extreme weather events has highlighted vulnerabilities in agriculture, infrastructure and tourism, with significant economic and fiscal implications.

The risk environment for 2025/26 was characterized by a delicate balance between recovery and vulnerability. While global uncertainties, particularly energy shocks, geopolitical tensions and climate risks continued to pose external threats, Sri Lanka's domestic landscape reflected gradual stabilization supported by reforms. However, the economy remained sensitive to external shocks, fiscal pressures and structural weaknesses.

Risk Management Approach at Softlogic Finance

Due to a complex, volatile and uncertain business environment, FY 2025/26 turned out to be a period with challenges in terms of the company's risk management strategy.

In the context of our daily operations, the company took on a wide variety of risks. These risks arose from products and services we offer and the business activities that the company engaged in. An effective risk management strategy forms a fundamental part of the key functions of the company.

Understanding the above requirement, we have implemented an Integrated Risk Management Framework which clearly defines our governance structure, policies, procedures and processes that are in place to manage risks that impact our financial standing. This framework continues to serve the company in foreseeing the potential risks, thereby enabling the taking of appropriate measures to mitigate risks in the current volatile macroeconomic conditions. At Softlogic Finance PLC, we recognise that responsible and calculated risk taking is an indispensable element of our strategy towards the achievement of the company's long-term goals.

Our success and the sustainability as a financial institution depends on our ability to manage multiple risk factors arising out of the complex and competitive market across multiple locations, product categories, functional departments, customer segments and asset classes. In doing this, we take an integrated approach to risk management. We believe that a sound risk culture where every employee is fully aware of his or her responsibility regarding risk management, promotes prudent risk taking and paves the way for risks to be detected, assessed, reported and addressed in a timely manner.

The Board assumes overall responsibility for the management of risk and for reviewing the effectiveness of internal control processes. Risk Appetite is translated and cascaded to different business activities both quantitatively and qualitatively. We thus aim to deliver superior value to all our stakeholders while achieving an appropriate trade-off between risk and returns. Our approach to risk management is designed to provide reasonable but not absolute assurance that our assets are safeguarded, the risks facing the business are being addressed and all information to be disclosed is reported to the senior management and the Board as appropriate.

Our risk measures seek to balance regulatory requirements and shareholder expectations for risk adjusted returns. We are committed to carefully managing our capital, liquidity and funding levels to support business growth, maintain our customer confidence and to create sustainable value for our shareholders.

Key Risk Management Initiatives During 2025/26

- Initiated the Loan Review Mechanism to ensure the quality and adherence with the controls of the new lending portfolio.
- Established the Risk and Control Self-Assessment Committee (RCSA).
- Initiated the process of monitoring departmental Key Risk Indicators (KRI).
- Strengthened the departmental risk monitoring and reporting process through risk registers.
- Updated the Risk Appetite Statement and Risk Management and Internal Control Policy.
- Initiated Risk Reviews at branches.
- Conducted continuous training and awareness on effective Risk Management.
- Enabled the Board Integrated Risk Management Committee (BIRMC) to evaluate the effectiveness of Management committees.
- In order to strengthen information security governance, an Information Security Officer (ISO) was appointed.
- An Information Security Committee (ISC) was established to oversee information security initiatives and monitor cyber risk exposures across the organization.
- Implemented an Information Security Policy together with related policies, standards and procedures.
- Initiatives undertaken to enhance cyber resilience and strengthen control effectiveness.
- A Cyber Security Strategy was defined, with the achievement of ISO/IEC 27001:2022 alignment as its end goal.

Risk Governance Structure

A key component of the company's Integrated Risk Management Framework is the functional structure for the governance and stewardship of risk across the company. Accordingly, the overall responsibility for risk governance lies with the company's Board of Directors. The Board approves the company's risk strategy and risk appetite boundaries for all key risk categories based on the recommendation by the Board Integrated Risk Management Committee (BIRMC). As the ultimate authority responsible for risk management, the Board determines guidelines for the management and control of the company's key risks and for ensuring appropriate risk policies and limits are established for all important risk areas. Based on the business model and the strategic objectives of the company, the Board has approved risk policies for key risk areas. These risk policies are subject to review by the Board Integrated Risk Management Committee (BIRMC) and approval by the Board of Directors.

The Board of Directors has the ultimate responsibility for overseeing the management of risks within the organization. In fulfilling this role, the Board is supported by several Board sub-committees, which function under its delegated authority to ensure effective risk governance and oversight across the company.

An overview of the roles and responsibilities assigned to the Board Integrated Risk Management Committee is as follows:

Board Integrated Risk Management Committee (BIRMC)

Roles and Responsibilities:
Committee functions as an oversight body monitoring the full spectrum of risks faced by the company, including credit, liquidity, capital, operational, market, strategic, IT and information security, legal/regulatory, human resources, ESG and reputational risks. It ensures that these risks are effectively identified, assessed and managed in line with the company's overall risk management framework.

The other Board appointed sub-committees are as follows:

Other Board Sub-committees:

- Board Audit Committee (BAC)
- Related Party Transactions Review Committee (RPTRC)
- Board Human Resources & Remuneration Committee (BHRRC)
- Board Nomination & Governance Committee (BNGC)
- Board Credit & Recoveries Committee (BCRC)
- Board IT Security & Steering Committee (BITSSC)

Integrated Risk Management

To strengthen its risk governance structure, the company has also established Management-level Committees. The Management-level Committees, comprising of members of the senior management representing key business functions, facilitate the effective implementation of Board-approved policies and support the integration of sound risk management practices into day-to-day operations, in line with the company's strategic direction and regulatory requirements.

Functioning under authority delegated by the Board and in accordance with their respective Terms of References, these committees provide oversight over designated risk areas, while reviewing regular reports on internal controls, portfolio quality, policy compliance and adherence to approved risk limits, thereby strengthening the overall risk governance framework.

An overview of the roles and responsibilities vested in the Internal Risk Management Committee is as follows:

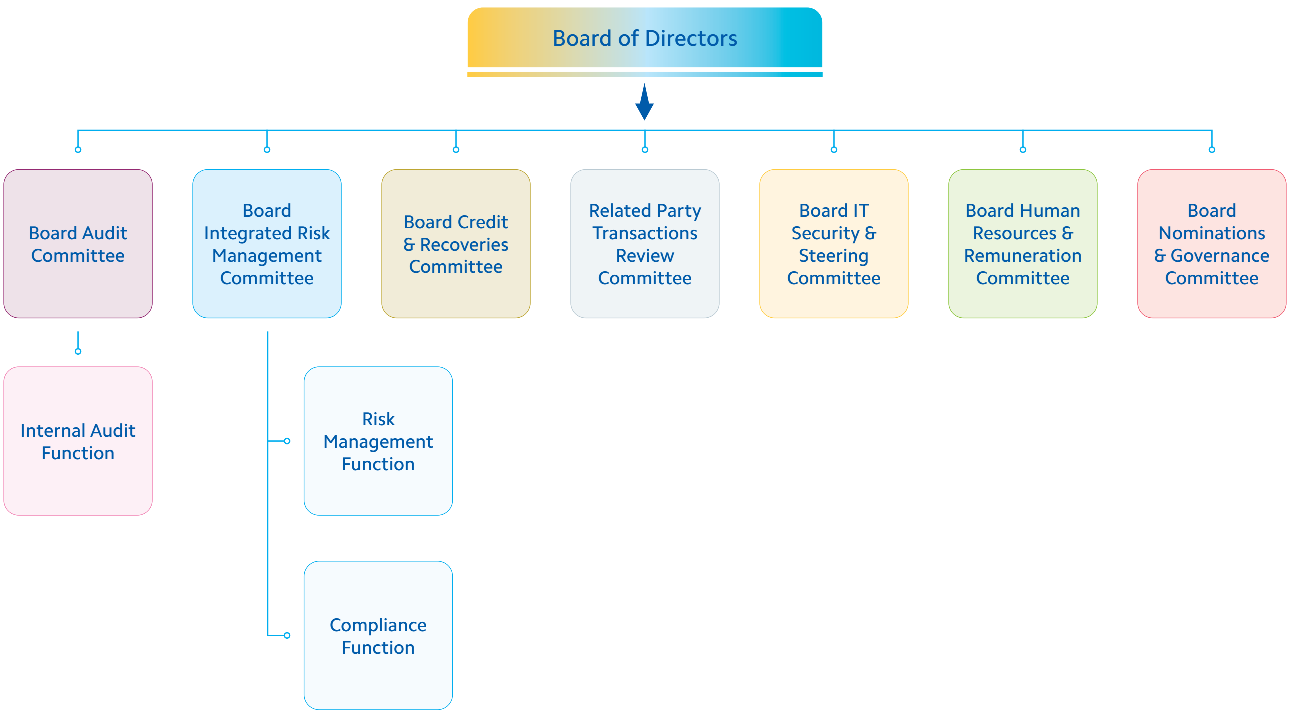
Internal Risk Management Committee

Roles and Responsibilities:
Committee undertakes a comprehensive analysis across all major risk categories including credit, market, liquidity, operational, strategic, regulatory, compliance, and information security while monitoring risk limits. Additionally, it considers other risk related issues raised by individual departments to ensure a holistic approach to risk oversight.

The other internal committees are as follows:

- Assets and Liabilities Management Committee (ALCO)
- Impairment Review Committee
- Gold Loan Auction Committee
- Yard Vehicle Auction Committee
- Credit and Recovery Management Committee
- Information Technology Management Committee
- Information Security Committee
- Internal Credit Committee

Risk Management Framework



Further, the day-to-day stewardship of risk is cascaded down to the operational level via the three-lines-of-defense mechanism that reflects the company's belief that "managing risk is everyone's responsibility".

First Line of Defense	Second Line of Defense	Third Line of Defense
• Ownership for the day-to-day management of risk. • Ensure that risks accepted are within the company's risk appetite and risk management policies.	• Direction for Risk Management and Compliance, facilitating high level of risk awareness throughout the company. • Independent monitoring of the effective implementation of the Risk Management Framework.	• Providing independent and objective assurance on the Risk Management processes and practices in place.
Business Heads / Functional Heads	Risk Management function / Compliance function	Internal Audit function / External Audit

All business heads and branch managers are deemed the first-line-of-defense and are held accountable for identifying and managing risks and operating within the approved risk policies. The second-line-of defense comprises the Risk Management function and the Compliance function. The Risk Management team monitors all key risks in line with Board approved appetite boundaries and plays a key role in assisting the BIRMC and the Board in its routine risk review process. The company's internal audit teams and the external auditors act as the third-line-of-defense in providing independent assurance regarding the overall effectiveness of the company's risk management framework in meeting its stated objectives.

Risk Culture

We promote a risk conscious culture throughout the company, which provides the guiding principles regarding the expected behaviors of our staff. Accordingly, we encourage the following key behaviors among our staff:

- Everyone is accountable for their decisions and encouraged to use their judgement to make those decisions with the best interests of the company in mind.
- Be proactive and transparent in managing and disclosing all types of risks faced by the company.
- Always encourage and provide support to improve processes, controls and documentation.
- Risk is considered in all activities, from strategic planning to day-to-day operations, in every part of the company.
- Staff are encouraged to feel comfortable talking openly and honestly about risk using a common risk vocabulary that promotes shared understanding.
- Encourage staff to understand and enthusiastically articulate, the value that effective risk management brings to the company.

Risk Management Process

A comprehensive Risk Management Process has been developed and is continuously reviewed by the Board Integrated Risk Management Committee (BIRMC) together with the Management.

Risks arising from internal and external factors that may impact the achievement of the company's objectives are systematically identified across all business activities and functions.

Identified risks are assessed based on their likelihood and potential impact to determine the significance of exposure and prioritize risk response measures.

Risks, controls and mitigation actions are continously monitored and periodically reviewed to ensure the effectiveness and responsiveness to emerging risk conditions.

Appropriate mitigation strategies and control measures are implemented to manage risks within the company's defined risk appetite and tolerance levels.

Integrated Risk Management

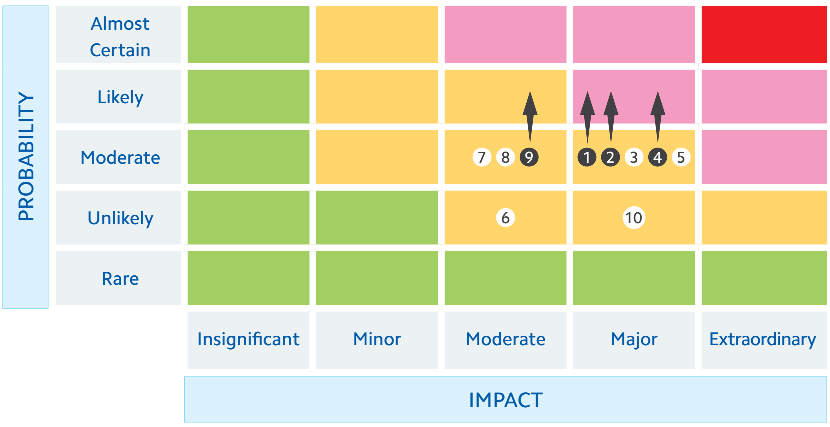
By promoting a risk conscious culture, the management encourages staff at all levels to be mindful of all types of risks they face including the emerging risks. When new risks are identified, they are assessed for the likelihood of occurrence and the severity of impact. Risk tolerance levels are set, based on the risk appetite of the company and generally accepted industry norms.

Control measures are formulated to ensure that the identified risks are within the tolerable levels. Exposures, which exceed the tolerable limits are identified; mitigatory action for such risks are decided and implemented. Collective dialogue amongst different department heads at the Integrated Risk Management Committee meetings, ensures comprehensive assessment of potential risks and their impact. Risk assessment reports describing key risk areas such as credit risk, deposit risk, liquidity risk, market risk, operational risk, compliance risk and IT risk implications and mitigatory actions are submitted to the "Board", subsequent to the BIRMC meeting. The Board of Directors review such reports and make suggestions for further strengthening of the Risk Management process.

The company's overall risk issues including Credit, Deposit, Market, Liquidity, Operational, Compliance and IT risks are monitored by the Risk Management Department in cooperation with the Heads of the Business Units and the Functional Heads.

Managing Material Risks at Softlogic Finance PLC

Given below is a snapshot of the company's material risks along with the position of each risk in the heat map considering their severity of impact and probability of occurrence



Note: The Arrows show the anticipated movement of a particular risk during FY 2026/27

Status of Material Risks during the 2025/26 Financial Year:

No	Risk Type	Probability	Impact
1	Credit Risk	Moderate	Major
2	Liquidity Risk	Moderate	Major
3	Capital Risk	Moderate	Major
4	Market Risk	Moderate	Major
5	Operational Risk	Moderate	Major
6	Strategic Risk	Unlikely	Moderate
7	Technology Risk and Information Security Risk	Moderate	Moderate
8	Human Resources Risk	Moderate	Moderate
9	Environmental, Social and Governance (ESG) Risk	Moderate	Moderate
10	Reputational Risk	Unlikely	Major

Summary of Key Risks for the FY 2025/26

Risk Category	Description	Mitigation Actions	Related Internal Policies
Credit Risk	Asset quality deterioration and increased credit defaults driven by borrower stress, concentration in a few sectors and adverse macroeconomic conditions.	• Independent credit evaluation • Delegated approval authorities • Structured recovery processes • Periodic reviews of exposure trends • Product concentration limits	• Credit Policy • Credit Risk Management Framework • Credit Risk Management Policy
Liquidity Risk	Funding and liquidity stress arising from deposit withdrawals, asset and liability mismatches, or constrained access to funding.	• Liquidity risk management framework overseen through the Assets and Liabilities Management Committee (ALCO) • Monitoring statutory and internal liquidity ratios • Managing maturity mismatches across defined time buckets	• Liquidity Risk Management Policy • Stress Testing Policy • Investment Policy • Asset and Liability Management Policy
Capital Risk	Capital adequacy pressure resulting from credit losses, negative balance sheet growth or inability to maintain regulatory capital buffers.	• Monitoring of the Tier 1 Capital Ratio and Total Capital Ratio against the regulatory minimum requirements • Tracking the movements in the capital base	• Stress Testing Policy
Market Risk	Interest rate volatility and adverse market movements affecting earnings, investment values and funding costs.	• Management of maturity mismatches • Monitoring of fluctuations in commodity and collateral values on financial performance • Monitoring Loan-to-Value (LTV) ratios of gold loans • Gold prices and USD movement monitoring on a weekly basis	• Stress Testing Policy
Operational Risk	Process failures fraud and business disruptions arising from internal control weaknesses, human error or external events.	• Maintenance of risk registers • Incident reporting • Root cause analysis • Internal controls • Segregation of duties • Business continuity and disaster recovery arrangements	• Operational Risk Management Policy • Stress Testing Policy
Strategic Risk	Failure to respond effectively to changing market, regulatory and competitive conditions, affecting long term growth and sustainability	• Comprehensive annual strategic planning & budgeting process • Timely performance tracking • Regular performance evaluation against KPIs • Regular monitoring of the external environment • Regular monitoring by the management and the Board • Timely corrective action	• Board approved Strategic Plan including the Budget • Risk Management Policy • Liquidity Risk Management Policy

Integrated Risk Management

Risk Category	Description	Mitigation Actions	Related Internal Policies
Technology Risk and Information Security Risk	Cybersecurity threats and technology disruptions, including cyberattacks, data breaches and critical system outages.	• Implemented an Information Security Policy • Defined Cyber Security Strategy • Periodic information security risk assessments • Secure software development practices • Data protection through encryption • Effective business continuity and disaster recovery plans • Awareness and training programs	• Backup and Restore Policy • Information Security Policy • Data classification policy • Vendor risk management policy • IS Cyber security strategy
Human Resources Risk	Talent retention and capability risk, including loss of key personnel, skill gaps and weak succession pipelines.	• Disciplined employment practices • Compliance with applicable labor laws and regulations • Adherence to equal employment opportunity, diversity and ethical standards • Zero tolerance for risks that could compromise integrity or regulatory compliance	• Succession plan for key positions. • Training and Development Policy.
ESG Risk	Climate, sustainability and governance related risks impacting portfolio quality, compliance, stakeholder expectations and long-term resilience.	• Board and Management oversight • Dedicated ESG governance structures • Integration of ESG considerations into credit evaluation and portfolio monitoring • Application of environmental and social screening and exclusion criteria for high-risk activities • Monitors ESG-related exposures • Staff awareness and stakeholder engagement programs	• Environmental, Social and Governance Sustainability policy
Reputational Risk	Loss of stakeholder confidence arising from regulatory breaches, service failures, misconduct or adverse publicity.	• Robust governance framework. • Comprehensive policies, procedures, systems, and control mechanisms	• Branch operations manual • Gold loan procedure manual • Fixed deposits procedure manual

Analysis of Material Risks

Credit Risk

Credit risk focuses on the potential loss the company would have to bear, if its borrowers fail to meet their obligations towards the company. This is one of the most significant risks the company focuses on. The company focuses on two components of credit risk.

1. Default risk: The risk that a borrower or counterparty fails to meet its contractual repayment obligations, typically repayment of principal, interest or both resulting in a financial loss to the lender.

2. Credit Concentration risk: The risk of loss arising from excessive exposure to a single borrower, group of connected borrowers, sector, geographic region, product type or other correlated exposures, such that adverse developments affecting that concentration could materially impact the company.

Mitigation of Default Risk

Softlogic Finance PLC follows a proactive approach in managing the default risk. It is managed through a comprehensive credit risk management framework encompassing prudent origination, independent credit evaluation, delegated approval authorities and ongoing portfolio monitoring. Credit exposures are assessed through established underwriting criteria, including repayment capacity analysis (such as Debt Service Coverage Ratio thresholds), CRIB assessments, internal risk grading, collateral valuation, loan-to-value limits and due diligence processes supported by field inspections and independent verification. Credit sanctioning is governed through clearly defined delegation of authority limits, supported by management and Board-level credit committees, while risk-based pricing and security requirements provide additional safeguards against potential losses.

The Company further mitigates default risk through continuous portfolio monitoring, borrower classification, early warning mechanisms, structured recovery processes and provisioning in line with regulatory and accounting requirements. Periodic reviews of large exposures, restructuring controls, asset quality monitoring and dedicated recoveries oversight support the timely identification and management of deterioration in credit quality, thereby strengthening the resilience of the overall lending portfolio.

Mitigation of Credit Concentration Risk

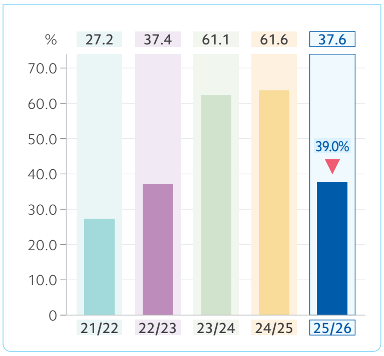
Credit concentration risk is managed through a structured framework of exposure limits, portfolio diversification measures and regular monitoring mechanisms designed to prevent excessive concentration across borrowers, groups, sectors and asset classes. The company maintains prudential limits on single borrower and group exposures, monitors aggregate accommodation limits and applies sectoral exposure thresholds to promote diversification across economic sectors. Concentration risks are further mitigated through product-level exposure controls, loan-to-value limits and oversight through delegated approval authorities and Board Credit and Recoveries Committee review.

The company regularly monitors portfolio concentrations and reports sectoral and large exposure positions to the management and to the Board to ensure alignment with the approved risk appetite and regulatory requirements. Periodic reviews of exposure trends, concentration limits and portfolio composition support proactive identification of emerging vulnerabilities, while ongoing oversight strengthens portfolio quality and reduces susceptibility to correlated credit losses.

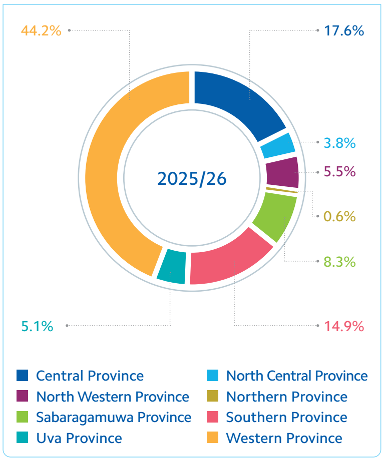
Monitoring of Credit Risk

Graphically laid out below, are certain identified indicators used to regularly monitor credit risk.

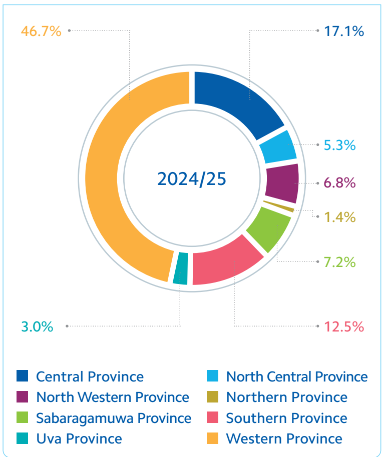
Gross NPA Ratio



Province-Wise Concentration - 2025/26

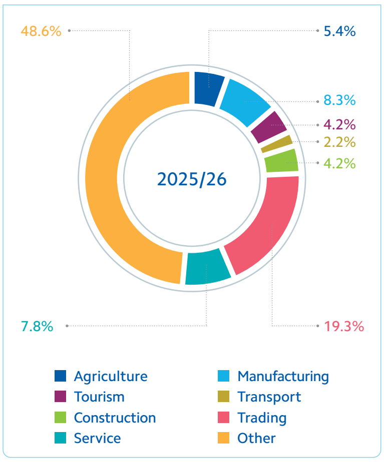


Province-Wise Concentration - 2024/25

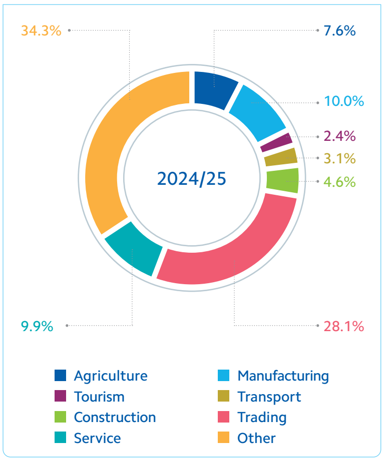


Integrated Risk Management

Industry-Wise Concentration - 2025/26



Industry-Wise Concentration - 2024/25



Liquidity Risk

Liquidity risk is the loss resulting from the inability to meet payment obligations in full and on time when they become due. At Softlogic Finance, we understand that the effective liquidity management is critical to the safety, stability and sustainability of the company, as it ensures the company's ability to meet its financial obligations as and when they fall due, including depositor withdrawals, funding commitments and operational cash flow requirements.

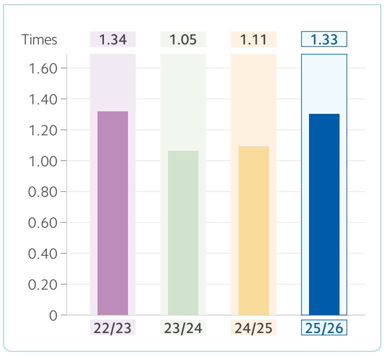
Mitigation of Liquidity Risk

Liquidity risk is managed through a robust framework designed to ensure the company maintains sufficient funding and liquid assets to meet its financial obligations as they fall due, while supporting sustainable business growth. The company's liquidity risk management framework is overseen through the Assets and Liabilities Management Committee (ALCO), which provides regular oversight of liquidity positions, funding strategies and compliance with approved limits and regulatory requirements. Key risk mitigation measures include maintaining adequate liquid asset buffers, monitoring statutory and internal liquidity ratios, managing maturity mismatches across defined time buckets through asset and liability gap analysis and aligning the tenor and pricing of deposits to support balanced funding structures. The company also mitigates liquidity risk through monitoring deposit renewal ratios, maintaining diversification in funding sources, limiting concentration exposures to large depositors and monitoring loan-to-deposit levels to support funding stability. Liquidity risk metrics and tolerance limits are monitored against the approved risk appetite framework by the Risk Management Department, with exposures outside the tolerance limits escalated through management and Board-level risk governance structures for timely corrective action. These measures, together with ongoing treasury management and periodic review of liquidity assumptions, support the company's resilience against funding pressures and unexpected market or cash flow disruptions.

Monitoring of Liquidity Risk

Stated below are certain identified indicators and their status, used to monitor the liquidity position.

Loans to Deposits Ratio



	2025/26	2024/25	2023/24	2022/23
Available liquid assets to required liquid assets	211.6%	222.8%	97.7%	132.2%
Liquid assets to external funds	21.2%	22.1%	10.1%	12.8%

Capital Risk

Effective capital risk management is critical to the financial strength, stability and long-term sustainability of a finance company, as it ensures the company maintains an adequate capital base to absorb unexpected losses, support business growth and meet regulatory capital requirements. Sound capital management strengthens the company's resilience against credit, market and operational risks, while safeguarding depositor and stakeholder confidence.

Mitigation of Capital Risk

The company mitigates capital risk through a structured monitoring framework aligned with the capital adequacy requirements of the Central Bank of Sri Lanka (CBSL). This includes quarterly monitoring of the Tier 1 Capital Ratio and Total Capital Ratio against the regulatory minimum requirements to ensure ongoing compliance. In addition, the core capital position is continuously assessed against CBSL standards to maintain sufficient high-quality capital buffers. Movements in the capital base are tracked to identify emerging trends or pressure points that may impact capital strength. Furthermore, the company actively monitors for any significant or severe erosion of capital to enable early intervention and timely corrective actions. Collectively, these practices support the maintenance of a stable capital position and strengthen the company's resilience against capital adequacy risks.

Mentioned below is the status of a few capital adequacy monitoring indicators.

	Required	2025/26	2024/25	2023/24	2022/23
Tier 1 Capital Adequacy Ratio	8.50%	61.0%	25.5%	4.9%	-1.1%
Total Capital Adequacy Ratio	12.50%	61.0%	25.5%	4.9%	0.6%
Capital Funds to Deposits Liabilities Ratio	10.00%	64.1%	28.9%	8.0%	2.5%

Market Risk

Market risk management is critical in a finance company as it helps safeguard the institution against potential losses arising from fluctuations in market variables such as interest rates, foreign exchange rates, equity prices and commodity prices. In a volatile economic environment, these movements can significantly impact the company's profitability, asset values and overall financial stability. Effective market risk management enables the company to identify, measure and monitor exposure to these risks and implement appropriate controls to limit adverse impacts.

Mitigation of Market Risk

Interest Rate Risk

Interest rate risk at Softlogic Finance is managed through a proactive framework focused on identifying and mitigating the impact of adverse market rate movements on earnings and net worth. The company assesses exposure to interest rate fluctuations by measuring the sensitivity of its business forecasts and Net Interest Income (NII), enabling informed decision-making and timely risk mitigation. Management of maturity mismatches is aligned closely with the company's liquidity position, recognizing liquidity considerations as a key driver in interest rate and repricing decisions. In addition, the interest rate risk profile is evaluated in line with strategic business plans to ensure risk exposures remain consistent with the company's overall objectives and risk appetite. This approach supports effective monitoring and management of interest rate risk while balancing profitability, liquidity and long-term strategic goals.

Commodity Price Risk

Commodity price risk at Softlogic Finance is managed through continuous monitoring and prudent controls to mitigate the potential impact of fluctuations in commodity and collateral values on financial performance. The company closely monitors movements in gold prices on a weekly basis, with observations reported to senior management, while appropriate Loan-to-Value (LTV) ratios are established and enforced through ALCO oversight to manage exposure. Periodic competitor analysis is also conducted, particularly when advance price revisions are required, to support informed decision-making. In addition to gold, the company monitors movements in vehicle prices and land values, using these insights to review and adjust LTV-related decisions where necessary. This structured approach helps ensure that commodity-related exposures are proactively managed while safeguarding asset quality and supporting sound lending decisions.

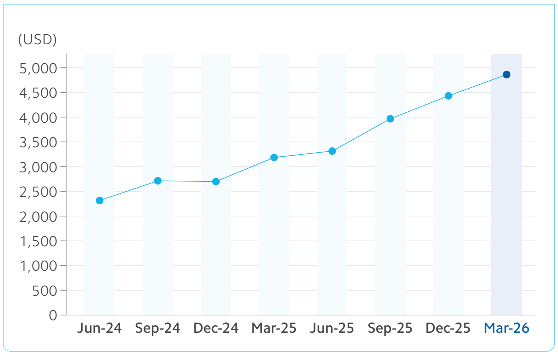
Foreign Exchange Risk

Foreign exchange risk is managed through a monitoring-based approach, recognizing that the company has no direct exposure to foreign currency transactions. Although direct foreign exchange risk is limited, exchange rate movements are closely monitored by the Risk Management and Treasury Divisions as key macroeconomic indicators that may indirectly impact the business. Exchange rate fluctuations are reviewed on a weekly basis and observations are reported to senior management to support timely awareness and decision-making. In addition, investments held for liquidity purposes are maintained in primary lending currencies, which helps minimize potential currency-related mismatches. This approach ensures prudent oversight of indirect foreign exchange risk exposures within the broader market risk management framework.

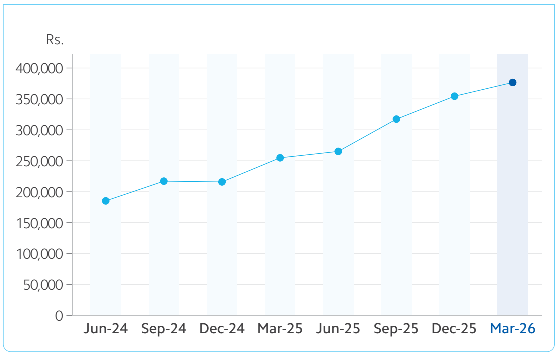
Integrated Risk Management

Monitoring of Market Risk

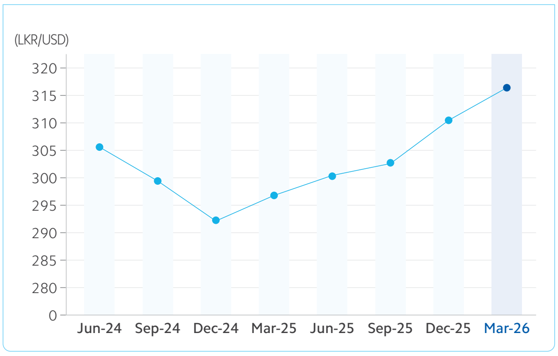
Gold Rate - 24KT (USD)



Local Rate - 24KT (Rs.)



Exchange rate (LKR/USD)



Operational Risk

Operational risk management is crucial as it helps the company prevent losses arising from failures in internal processes, systems, people or external events. Effective operational risk management enables the company to identify potential vulnerabilities early, implement strong internal controls and ensure continuous monitoring of key processes.

Mitigation of Operational Risk

The company manages operational risk through a comprehensive framework focused on the identification, assessment, monitoring and mitigation of risks arising from people, processes, systems and external events. Operational risk is managed through a strong governance structure with oversight by the Board, Board committees, senior management and process owners, supported by clearly defined roles and responsibilities across the three lines of defense. Key risk management practices include maintenance of risk registers, operational risk and control self-assessments, incident reporting and root cause analysis, internal control and segregation of duties frameworks, business continuity and disaster recovery arrangements and regular monitoring and reporting of operational risk exposures. The company also applies risk impact assessments, capital allocation for operational risk and continuous review of controls, supported by a strong risk culture and regulatory compliance focus. Collectively, these measures strengthen operational resilience, reduce the likelihood and impact of losses and support the safe and sound operation of the company.

Strategic Risk

Strategic risk management is important in a finance company as it helps identify, assess and manage risks that may arise from adverse business decisions, ineffective strategies or changes in the external environment that could hinder the achievement of organizational objectives. In a highly dynamic and regulated financial sector, factors such as economic shifts, competitive pressures, technological disruptions, regulatory changes and changing customer expectations can significantly impact the company's long-term sustainability and growth.

Mitigation of Strategic Risk

To mitigate strategic risks, the company employs a comprehensive annual strategic planning and budgeting process that carefully balances ground realities, Board-level expectations and both internal and regulatory constraints. This process additionally incorporates multi-scenario analysis to identify and evaluate potential risks that could arise in such scenarios. To ensure continuous alignment with strategic objectives, execution of the strategic plan is managed through timely performance tracking, variance analysis and regular performance evaluations against Key Performance Indicators (KPIs). Furthermore, the Board, the senior management and dedicated internal management committees continuously monitor internal performance, industry developments and shifts in the operating landscape. This regular multi-level oversight facilitates the swift implementation of timely corrective actions and proactive responses, ensuring the company remains resilient, agile and on track.

Technology and Information Security Risk

Technology and Information Security Risk management is critical for the company as it supports the integrity, confidentiality and availability of financial data, customer data, employee data and systems. With increasing reliance on digital platforms, core banking systems, mobile applications and cloud-based infrastructure, companies are more exposed to cyber threats, data breaches, system failures and unauthorized access. At Softlogic Finance PLC, we understand that effective management of these risks ensures the protection of sensitive information, maintains operational continuity and safeguards the company's reputation and regulatory compliance.

Mitigation of Technology and Information Security Risk

The company recognizes information security and cyber risk as significant components of its overall operational and enterprise risk profile, given the increasing reliance on information systems and digital channels. To strengthen information security governance, an Information Security Officer (ISO) has been appointed and an Information Security Committee (ISC) has been established to oversee information security initiatives and monitor cyber risk exposures across the organization. The ISC provides structured updates to the Board of Directors through the Board IT Steering and Security Committee (BITSSC) and the Board Integrated Risk Management Committee (BIRMC), ensuring appropriate Board level oversight.

During the year, the company implemented an Information Security Policy together with related policies, standards and procedures, establishing a structured framework for the protection of information assets. In line with the Central Bank of Sri Lanka (CBSL) Directions on IT and Cyber Security, initiatives are being undertaken to enhance cyber resilience and strengthen control effectiveness. A Cyber Security Strategy has been defined, with the achievement of ISO/IEC 27001:2022 alignment as its end goal and information security controls and management processes are being progressively designed and implemented in accordance with the principles and control requirements of the standard.

Information security and cyber risks are identified, assessed and monitored through periodic information security risk assessments and the corresponding risk treatment plans are developed, implemented and reviewed as part of the company's overall risk management practices. Controls have been established across organizational, people, physical and technological domains to safeguard the confidentiality, integrity and availability of information assets. In addition, information security awareness and training programs are conducted at defined intervals to reinforce employee responsibilities, promote adherence to policies and enhance awareness of emerging cyber threats.

Technology risk at the company is managed through a comprehensive and layered approach that focuses on strengthening system security and resilience. This includes implementing robust access controls and identity management, adopting secure software development practices and ensuring strong data protection through encryption. The company also promotes regular security awareness and training programs, while maintaining effective business continuity and disaster recovery plans to safeguard operations.

Human Resources Risk

HR risk management is important for the company as human resources are central to the effective functioning and long-term sustainability of the company. Effective HR risk management helps ensure the company attracts, develops and retains competent talent while fostering a strong risk culture and ethical conduct. It also supports business continuity through workforce planning, strengthens internal controls through proper segregation of duties and accountability and reduces exposure to people-related risks that may impact strategic and operational objectives.

Mitigation of Human Resources Risk

The company manages human capital risk by maintaining a highly motivated, diverse, talented and empowered workforce aligned with the achievement of corporate objectives. Human resource risk is mitigated through disciplined employment practices, compliance with applicable labor laws and regulations and adherence to equal employment opportunity, diversity and ethical standards, reflecting the company's zero tolerance for risks that could compromise integrity or regulatory compliance. The company also focuses on sustaining a strong leadership pipeline through succession planning and leadership development initiatives. Consistent with its moderate human capital risk appetite, the company proactively manages risks relating to workforce quantity and quality, training, retention, compensation, performance management and career development, while considering internal and external factors such as industry trends, innovation and changing market conditions. Collectively, these measures support workforce resilience, strengthen governance and help manage human capital risk effectively.

Integrated Risk Management

Environmental, Social and Governance (ESG) Risk

ESG risk management is important for the company as it helps identify, assess and manage environmental, social and governance risks that could affect the company's financial performance, reputation, regulatory compliance and long-term sustainability. Environmental risks, including climate-related impacts, social risks such as customer protection and labor practices and governance risks relating to ethics, transparency and oversight can all influence the company's operations and risk profile. At Softlogic Finance PLC, we believe that the effective ESG risk management enables the company to integrate sustainability considerations into decision-making, strengthen resilience to emerging risks, meet evolving stakeholder and regulatory expectations, and support responsible lending and investment practices. It also helps protect reputation, enhance stakeholder confidence and identify opportunities associated with sustainable growth.

Mitigation of ESG Risk

The company manages ESG risk through an integrated framework that embeds environmental, social and governance considerations into governance processes, lending decisions, operational practices and risk management activities. ESG risk is mitigated through Board and Management oversight, dedicated ESG governance structures, integration of ESG considerations into credit evaluation and portfolio monitoring and the application of environmental and social screening and exclusion criteria for high-risk activities. The company also promotes sustainable finance initiatives, monitors ESG-related exposures, conducts periodic reviews and reporting and implements staff awareness and stakeholder engagement programs to strengthen ESG practices. In addition, operational controls relating to environmental stewardship, ethical conduct, social responsibility and regulatory compliance further support the management of ESG risk. Collectively, these measures enhance resilience to emerging ESG-related risks, support sustainable business practices and contribute to the company's long-term stability and value creation.

Reputational Risk

Reputational risk management is important in a finance company as reputation is a critical asset that directly influences customer confidence, investor trust, regulatory relationships and overall business sustainability. Effective reputational risk management helps identify and manage risks that may harm the company's image, supports strong governance and ethical conduct and promotes transparency, compliance and responsible business practices.

Mitigation of Reputational Risk

The company maintains a low appetite for reputation risk, recognizing that the company's reputation is fundamental to sustaining the credibility required to achieve its strategic objectives. Accordingly, the company is committed to acting with integrity and upholding the highest ethical standards in all its operations. The company has established a robust governance framework, supported by comprehensive policies, procedures, systems and control mechanisms designed to minimize both the likelihood and impact of reputation risk. Softlogic Finance PLC also acknowledges that deviating from a low appetite stance on reputation risk could lead to inappropriate behaviors, potentially resulting in systemic risk and severe or catastrophic consequences for the organization.

Risk Outlook for FY 2026/27

Our risk management framework will continue to be enhanced and strengthened in line with evolving regulatory requirements and industry best practices, with a clear focus on improving the company's overall risk management capabilities to support the achievement of its strategic objectives in the year ahead.

A snapshot of the risk management function's outlook for the 2026/27 financial year is given below.

- Increase the company's vigilance on macroeconomic activity as part of a more proactive approach to limiting the exposure to risk elevated industries and sectors.
- As a capital management effort, the focus will be on capital-raising exercises.
- As digitalization has been recognized as a key strategic area for growth, the focus on cyber/information security will feature prominently in the company's future initiatives.
- Focus on having optimum liquidity levels to ensure that the company has the appropriate diversification and tenure of funding and liquidity.
- Continue with the initiated strategies to manage and maintain the NPL ratio at an acceptable level.
- To strengthen the cashflow predictions / liquidity stress testing to be better prepared for unforeseen risks.
- Enhance the IT governance framework with the implementation of the IT risk management framework.
- Continue to align business strategy and risk management strategy to proactively identify risks and to minimize the negative impact on the company.
- Enhance the efforts on providing awareness and creating a culture of Risk Management in the company.
- Strengthen the loan review mechanism (LRM) by aligning with enhanced company controls and processes.
- Conducting a Business Process Reengineering (BPR) activity for the company.

Skill & Discipline

Driven by our unparalleled expertise and unwavering discipline, we stay ahead of evolving market trends and consumer expectations; laying a strong foundation for sustained growth.

***Crested Hawk-Eagle** (Nisaetus cirrhatus)*

Yala, Sri Lanka

Preserving What We Value
These images, captured by our employees, celebrate the vibrant biodiversity that our conservation initiatives work to protect. We are proud to showcase our team's shared passion for preserving the natural world.

Board of Directors

Mr. Ashok Pathirage
Chairman / Non-Independent Non-Executive Director

Skills and Experience

Mr. Ashok Kariyawasam Pathirage is one of Sri Lanka's leading entrepreneurs and corporate leaders, with over three decades of experience in building and leading diversified businesses across retail, healthcare, information technology, financial services, leisure, and automobiles.

As the Founder and Chairman/Managing Director of the Softlogic Group, he has transformed the Group into one of Sri Lanka's leading conglomerates, comprising over 50 companies and employing more than 11,000 people.

Under his strategic leadership, the Group has established market-leading positions across its three core verticals namely Retail, Healthcare Services and Financial Services including the development of one of the country's largest retail networks, the expansion of Asiri Health into Sri Lanka's largest private healthcare network, and the growth of Softlogic Life Insurance into one of the nation's leading life insurers and in three non-core verticals namely IT, Leisure and Automobile.

His extensive expertise in corporate strategy, business transformation, governance, investment, and organizational leadership has earned him widespread recognition as a visionary business leader.

Current Appointments

Mr. Pathirage currently serves as the Chairman/Managing Director of Softlogic Holdings PLC and leadership across several companies within the Softlogic Group. He is Chairman/Managing Director of Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC.

He also is Chairman of Softlogic Capital PLC, Softlogic Life Insurance PLC, Softlogic Life Insurance Lanka Limited and ODEL PLC, and serves on the Boards of several other Group companies.

Previous Appointments

Mr. Pathirage previously served as Chairman of SriLankan Airlines Limited and SriLankan Catering Limited, leading the national carrier and its catering subsidiary through a period of significant operational and strategic transformation.

Throughout his career, he has played a pivotal role in driving the growth and diversification of the Softlogic Group, successfully expanding its presence across multiple industries while fostering innovation, operational excellence, and sustainable value creation for stakeholders.

Mr. Sisira Dabare

Deputy Chairman, Senior Independent Non-Executive Director

Skills and Experience

Mr. Sisira Dabare is a seasoned banking professional with over 33 years of experience in the Sri Lankan banking sector, having served at Sampath Bank PLC until his retirement in 2021 as the Group Chief Compliance Officer (GCCO) of the Sampath Bank Group. An Associate Member of the Institute of Bankers of Sri Lanka since 1997, he possesses extensive expertise in commercial banking, regulatory compliance, retail and SME lending, credit recovery, and risk management. During his distinguished career, he held key leadership positions including Branch Manager, Regional Manager, Chief Manager, Head of Recoveries, and Group Chief Compliance Officer, overseeing island-wide banking operations and contributing significantly to the Bank's governance, compliance, and operational excellence.

Current Appointments

Mr. Dabare currently serves as the Deputy Chairman and Senior Independent Non-Executive Director of Softlogic Finance PLC. He was appointed to the Board on 12 September 2022. He is also the Chairman of the Board Integrated Risk Management Committee and the Board Credit and Recoveries Committee, while serving as a member of the Board Human Resources and Remuneration Committee, Board Audit Committee and Board Nomination and Governance Committee.

Previous Appointments

Prior to joining the Board of Softlogic Finance PLC, Mr. Dabare spent his entire professional career at Sampath Bank PLC, where he held a series of progressively senior leadership positions over more than three decades. His career culminated in his appointment as Group Chief Compliance Officer, following his tenure as Head of Recoveries and his extensive experience as Branch Manager, Regional Manager, and Chief Manager. Throughout his career, he played a pivotal role in strengthening retail and SME banking operations, regulatory compliance, credit recovery, and governance across the Bank's island-wide branch network.

Mr. Haresh Kaimal

Non-Independent, Non-Executive Director

Retired w.e.f. 01st August 2026

Skills and Experience

Mr. Haresh Kumar Kaimal is a co-founder of the Softlogic Group and a highly experienced business leader with over three decades of expertise in information technology, digital transformation, business process optimization, and corporate leadership. Since the inception of the Softlogic Group in 1991, he has played a pivotal role in the Group's growth and technological evolution, leading enterprise-wide IT strategy and digital initiatives across its diversified businesses. Under his leadership, the Group has successfully implemented several large-scale technology platforms, including Oracle E-Business Suite, Oracle Retail applications, and industry-specific front-end solutions, significantly enhancing operational efficiency, business integration, and digital capabilities. His extensive experience in technology leadership and corporate management has been instrumental in supporting the Group's continued growth and innovation.

Current Appointments

Mr. Kaimal currently oversees the Group-wide Information Technology function of the Softlogic Group, providing strategic leadership for IT infrastructure, digital transformation, and technology innovation across its diversified business sectors. He serves as a Director of Softlogic Holdings PLC, Softlogic Information Technologies (Pvt) Ltd, Softlogic Australia (Pty) Ltd, Softlogic BPO Services (Pvt) Ltd, Softlogic Retail Holdings (Pvt) Ltd, Softlogic Restaurants (Pvt) Ltd, Softlogic City Hotels (Pvt) Ltd, Softlogic Supermarkets (Pvt) Ltd, Softlogic Corporate Services (Pvt) Ltd, Softlogic Brands (Pvt) Ltd, ODEL Properties One (Pvt) Ltd, Saber Travel Network Lanka (Pvt) Ltd, S R One (Pvt) Ltd and Softlogic Life Insurance Lanka Limited. He also serves as a Non-Executive Director of Softlogic Capital PLC, Softlogic Life Insurance PLC, ODEL PLC, Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC.

Previous Appointments

As a co-founder of the Softlogic Group, Mr. Kaimal has served on its Board of Directors since the Company's inception in 1991 and has been instrumental in shaping the Group's strategic growth and technological advancement. Throughout his career, he has led numerous enterprise-wide technology initiatives, driving the implementation of integrated business systems and digital transformation programmes across the Group. His long-standing leadership has contributed significantly to strengthening operational excellence, innovation, and sustainable business growth across the Softlogic Group's diverse portfolio of businesses.

Board of Directors

Mr. Ranjan Perera
Non-Independent, Non-Executive Director

Skills and Experience
Mr. Ranjan Perera is a co-founder of the Softlogic Group and a highly accomplished business leader with over three decades of experience in retail, consumer electronics, telecommunications, pharmaceuticals, FMCG distribution, and business management. Since the inception of the Softlogic Group, he has played a pivotal role in the Group's growth and diversification, leading several strategic business sectors and driving operational excellence across its retail and distribution businesses. He possesses extensive expertise in business development, sales and marketing, supply chain management, retail operations, and corporate leadership, and has been instrumental in strengthening the Group's presence across multiple industries.

Current Appointments
Mr. Perera currently serves as an Executive Director of Softlogic Holdings PLC and holds several leadership positions across the Softlogic Group. He serves as Chief Executive Officer – Mobile Phone Operations, Chief Executive Officer – Retail Sector, Managing Director of Softlogic Pharmaceuticals (Pvt) Ltd., Managing Director – FMCG Channel, and heads the Hire Purchase Division of the Retail Sector. He also oversees the Bata Operations through Footwear Retailer (Pvt) Ltd. In addition, he serves as a Non-Executive Director of Softlogic Finance PLC and Softlogic Capital PLC, and as a Director of Future Automobiles (Pvt) Ltd., Softlogic Automobiles (Pvt) Ltd., Softlogic Communications (Pvt) Ltd., Softlogic Communication Services (Pvt) Ltd., Softlogic Information Technologies (Pvt) Ltd., Softlogic Mobile Distribution (Pvt) Ltd., Softlogic Properties (Pvt) Ltd., Dai-Nishi Securities (Pvt) Ltd., Softlogic Brands (Pvt) Ltd., Softlogic International (Pvt) Ltd., Softlogic Retail (Pvt) Ltd., Softlogic Stockbrokers (Pvt) Ltd., Softlogic Solar (Pvt) Ltd., Softlogic Retail Holdings (Pvt) Ltd., ODEL Properties (Pvt) Ltd. and ODEL Restaurants (Pvt) Ltd.

Previous Appointments
As a co-founder of the Softlogic Group, Mr. Perera has served on the Board since the Company's inception and has played a key role in its evolution into one of Sri Lanka's leading diversified conglomerates. Throughout his career, he has successfully led the Group's retail, mobile communications, pharmaceutical, FMCG, and consumer businesses, contributing significantly to their expansion and market leadership. His extensive experience in strategic management, operational excellence, and business development has been instrumental in driving the sustained growth and success of the Softlogic Group.

Mr. Chandrasiri Kalupahana
Independent, Non-Executive, Director

Skills and Experience
Mr. Chandrasiri Kalupahana brings over 35 years of distinguished corporate experience spanning auditing, banking, finance, telecommunications, and corporate governance. He commenced his professional career at KPMG Sri Lanka and has since held senior management positions across both the public and private sectors in Sri Lanka, Saudi Arabia, Tanzania, and Angola. A Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), he also holds memberships in several other professional bodies and has served as a Governing Council Member and Chairman of the Business School of CA Sri Lanka for four years. His extensive international exposure, including professional engagements across the United States, United Kingdom, South Africa, Rwanda, Kenya, Australia, Philippines, Portugal, Spain, Singapore, Malaysia and India, together with continuous professional development, has further strengthened his expertise in finance, governance, risk management, auditing, telecommunications, and business leadership.

Current Appointments
Since November 2024, Mr. Kalupahana has served as an Independent Non-Executive Director of Sri Lanka Telecom PLC and E-Channelling PLC. He currently chairs the SLT Group Audit Committee and the E-Channelling Audit Committee and Related Party Transactions Review Committee, while also serving on the SLT Related Party Transactions Review Committee and Remuneration Committee, as well as the E-Channelling Remuneration Committee and Nomination and Governance Committee. In addition, he serves as an Executive Council Member and Vice President of the Organization of Professional Associations of Sri Lanka (OPA), the apex body representing 52 professional associations across 34 disciplines with a membership exceeding 60,000 professionals.

Previous Appointments
Mr. Kalupahana has held numerous senior executive and board-level positions throughout his career. He previously served as an Independent Non-Executive Director of Lanka Hospitals Corporation PLC and Lanka Hospitals Diagnostics (Pvt) Ltd., where he chaired the Audit Committees and Related Party Transactions Review Committees. His executive experience includes serving as Group Chief Officer of Sri Lanka Telecom PLC, overseeing Internal Audit, Revenue Assurance, and Fraud Management, as well as Chief Financial Officer of the Regional Development Bank, Assistant General Manager of Pan Asia Bank, and several senior leadership positions, including Senior Deputy General Manager and Chief Internal Auditor, within licensed finance companies. He has also served as Chief Executive Officer of regulated entities in Sri Lanka, Tanzania, and Angola and gained valuable professional experience in Saudi Arabia.

Mr. Viresh Nanayakkara

Independent, Non-Executive Director

Skills and Experience

Mr. Viresh Nanayakkara is an Attorney-at-Law with over a decade of professional experience in criminal law, litigation, and legal advisory. He possesses extensive expertise in criminal prosecutions, constitutional and administrative law, regulatory interpretation, and writ jurisdiction, having represented clients before the superior courts of Sri Lanka. He holds a Master of Laws (L.L.M.) from the University of Colombo and a Certificate in Shipping Law and Practice jointly awarded by the Institute for the Development of Commercial Law and Practice (ICLP) and the Ceylon Chamber of Commerce. His career reflects a strong commitment to legal excellence, professional integrity, and the effective administration of justice, supported by extensive experience in advocacy, legal research, and dispute resolution.

Current Appointments

Mr. Nanayakkara currently engages in private legal practice as an Attorney-at-Law, specializing in criminal law and writ matters before the Supreme Court and the Court of Appeal of Sri Lanka. He is also associated with SOLVT Legal Consultants and serves as an Executive Director of Collins Trading (Pvt) Ltd. and VTS Management (Pvt) Ltd., contributing his expertise in legal, governance, and corporate advisory matters across diverse business sectors.

Previous Appointments

Prior to commencing private practice, Mr. Nanayakkara served for seven years at the Attorney General's Department as a prosecutor in the Criminal Division. During this period, he represented the State in a broad range of criminal proceedings, appearing before courts at various levels and handling complex criminal prosecutions. His tenure at the Attorney General's Department provided him with extensive experience in criminal litigation, legal drafting, courtroom advocacy, and the interpretation and application of the law, forming the foundation of his distinguished legal career.

Mr. Naresh Abeyesekera

Non-Independent, Non-Executive Director

Skills and Experience

Mr. Naresh Abeyesekera is an entrepreneur, seasoned financial strategist, and transformation leader with over two decades of international experience spanning consulting, transaction structuring, private equity, debt advisory, finance transformation, corporate governance, and capital markets. He has held senior leadership positions across Europe, the Middle East, and Asia, with extensive expertise in financial strategy, digital transformation, regulatory reform, and organizational leadership. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, a Chartered Management Accountant (United Kingdom), and holds a Master of Business Administration from the prestigious Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura. His diverse experience across global financial institutions, regulatory bodies, and advisory firms has established him as a respected leader in finance, governance, and business transformation.

Current Appointments

Mr. Abeyesekera currently serves as the Chief Executive Officer of SECQUORO, leading an international advisory platform specializing in corporate finance, strategic advisory, transaction advisory, and business transformation across the Middle East, Europe, and Asia. He also serves as an Independent Non-Executive Director of Softlogic Finance PLC and Softlogic Capital PLC, and as a Director of Softlogic Asset Management (Pvt) Ltd., contributing his expertise in corporate governance, financial strategy, and strategic oversight.

Previous Appointments

Mr. Abeyesekera previously served as Chief Financial Officer of the London Stock Exchange Group's Market Services & Technology Division, a FTSE 100 global financial markets business, where he was a member of the global leadership team and led several finance transformation initiatives. He also served as Acting Chairman and Chairman of the Audit Committee of the Bank of Ceylon, where he played a pivotal role in shaping Sri Lanka's domestic debt restructuring framework during a critical period of economic reform, contributing to the Bank's record financial performance. In addition, he was appointed as a Commissioner of the Securities and Exchange Commission of Sri Lanka in 2020, where he chaired the SEC–CSE Digitalization Task Force and spearheaded major capital market reforms, including the introduction of the e-KYC framework and the conceptualization of the award-winning Colombo Stock Exchange Mobile App, significantly advancing the digital transformation of Sri Lanka's capital markets.

Leadership & Strategic Stewardship Dashboard

Board Composition

Mr. Ashok Pathirage
Chairman / Non-Independent
Non-Executive Director

Age: 62 years
Appointed: 01st August 2024

Skills & Experience:
Founder of the Softlogic Group with over three decades of experience in leading diversified businesses across retail, healthcare, information technology, financial services, leisure and automotive sectors. Founder of the Softlogic Group with expertise in corporate strategy, governance, investment and business transformation.

Committee Memberships:

Mr. Sisira Dabare
Deputy Chairman,
Senior Independent
Non-Executive Director

Age: 60 years
Appointed: 12th September 2022

Skills & Experience:
More than 33 years of banking experience with expertise in commercial banking, regulatory compliance, retail & SME banking, governance, credit recovery and risk management.

Committee Memberships:

Mr. Haresh Kaimal *
Non-Independent,
Non-Executive Director

Age: 61 years
Appointed: 01st August 2017

Skills & Experience:
Co-founder of the Softlogic Group with over three decades of experience in information technology, digital transformation, enterprise systems and corporate leadership.

Committee Memberships:

Mr. Ranjan Perera
Non-Executive,
Non-Independent Director

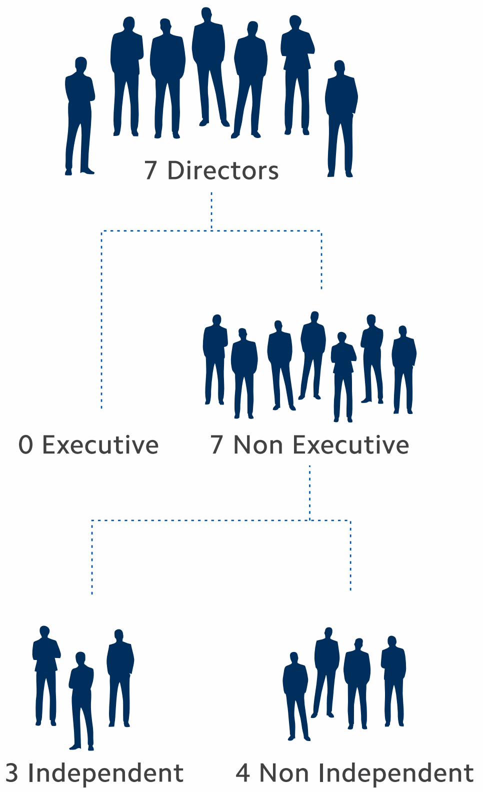
Age: 65 years
Appointed: 02nd June 2023

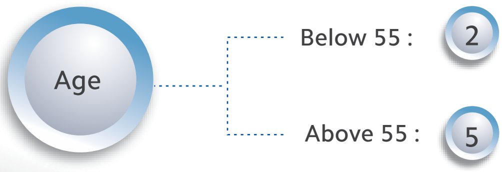
Skills & Experience:
Co-founder of the Softlogic Group with extensive experience in retail, FMCG, telecommunications, pharmaceuticals and business leadership.

Committee Memberships:

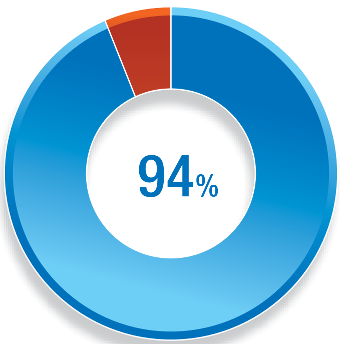
* Retired w.e.f. 01st August 2026

Power Balance Section





Board Meeting Attendance



Basis of computation:
(Sum of total actual meeting attendances of all directors /
Sum of total eligible meeting attendances of all directors) * 100

Mr. Chandrasiri Kalupahana
Independent,
Non-Executive, Director

Age: 67 years
Appointed: 24th October 2023

Skills & Experience:
Over 35 years of international experience in auditing, banking, finance, telecommunications and corporate governance.

Committee Memberships:
● ● ● ●

Mr. Viresh Nanayakkara
Independent,
Non-Executive Director

Age: 36 years
Appointed: 02nd May 2024

Skills & Experience:
Attorney-at-Law with expertise in criminal law, litigation, legal advisory and corporate governance.

Committee Memberships:
● ● ● ●

Mr. Naresh Abeyesekera
Non-Independent,
Non-Executive Director

Age: 49 years
Appointed: 23rd October 2024

Skills & Experience:
International finance professional with over two decades of experience in corporate finance, capital markets, governance and strategic leadership.

Committee Memberships:
● ● ● ● ●

- BAC – Board Audit Committee
- BIRMC – Board Integrated Risk Management Committee
- RPTRC – Related Party Transactions Review Committee
- BHRRC – Board HR & Remuneration Committee
- BNGC – Board Nomination & Governance Committee
- BCRC – Board Credit & Recoveries Committee
- BITSSC – Board IT Security & Steering Committee

Board Skills

Corporate Strategy	●	●	●	●	●	●	○
Corporate Governance and Audit	●	●	●	●	●	○	○
Accounting and Finance	●	●	●	●	○	○	○
Banking & Financial Services	●	●	●	●	○	○	○
Risk Management	●	●	●	●	●	○	○
IT & Telecommunications	●	●	●	○	○	○	○
Investment & Capital Markets	●	●	●	○	○	○	○
Executive Leadership / Entrepreneurship	●	●	●	●	●	○	○
Corporate & Commercial Law	●	●	●	○	○	○	○
International Experience	●	●	●	○	○	○	○
General Management	●	●	●	●	●	●	●
Sales and Marketing	●	●	○	○	○	○	○

Corporate & Senior Management Team

Mr. Dhanushka Fonseka
Chief Executive Officer (Appointed w.e.f. 01st June 2025)

Mr. Dhanushka Fonseka is an accomplished financial services professional with more than two decades of senior management experience across lending, business development, strategic marketing, and operational leadership in Sri Lanka's non-banking financial sector. Throughout his career, he has demonstrated a strong ability to lead high-performing teams, strengthen institutional performance, and deliver sustainable business growth in increasingly competitive market environments.

Prior to joining Softlogic Finance PLC, Mr. Fonseka held several senior leadership positions at Mercantile Investments and Finance PLC, including Director (Non-Board) and later Chief Operating Officer (COO). In these roles, he played a critical part in enhancing business performance, strengthening operational frameworks, expanding market presence, and improving customer engagement strategies while supporting the organization's long-term strategic direction.

In addition to his extensive financial sector experience, he has served on the boards of Fairview Hotels Ltd and Mercantile Fortunes Insurance Brokers Ltd, contributing his expertise in governance, business development, and strategic planning. He has also actively contributed to industry development through his involvement with the Finance Houses Association, where he served as Vice President during the 2022–2023 term.

Mr. Fonseka possesses extensive expertise in strategic management, credit and risk evaluation, regulatory engagement, digital transformation, and financial inclusion initiatives. His international exposure to the financial services sector in South Australia during 2024–2025 further enriched his understanding of global financial practices and emerging industry trends.

Academically, he is a Fellow of the Chartered Institute of Marketing (UK), holds an MBA from the University of Wales, and completed an MSc in Digital Marketing from Asia e University. Mr. Fonseka is widely regarded as a progressive and results-driven leader with a strong commitment to innovation, professionalism, and long-term value creation within the financial services industry.

Dharshana Senarath
Chief Operating Officer

Indunil Jayawardana
General Manager - Credit

Pubudu Dayaratne
Deputy General Manager - Branch Development

Wasantha Patikiri
Assistant General Manager - Legal

Eranda Vithana
Assistant General Manger - Recoveries

Kishani Thennakoon
Head of Central Operations

Shamila Wickramathilake
Head of Risk Management

Natasha Sivaratnam
Compliance Officer

Umesh Athukorala
Chief Manager - Finance

Janaka Fernando
Chief Manager - Finance

Damith Udana
Chief Manager - Information Technology

Hemantha Silva
Chief Manager - Collections

Dushan Hettiarachchi
Chief Manager - Sales (Gold)

Dimuthu Epasinghe
Senior Manager - Process & Admin

Bawani Costa
Senior Manager - Human Resources

Binaramali Abeysiriwardhana
Information Security Officer

Sudath Kiwlegedara
Senior Manager - Gold Loan

Dulashi Meepagala
Senior Manager - Operations

Rishna Rajudeen
Senior Manager - Legal

Chamika Lenora
Senior Manager - Legal

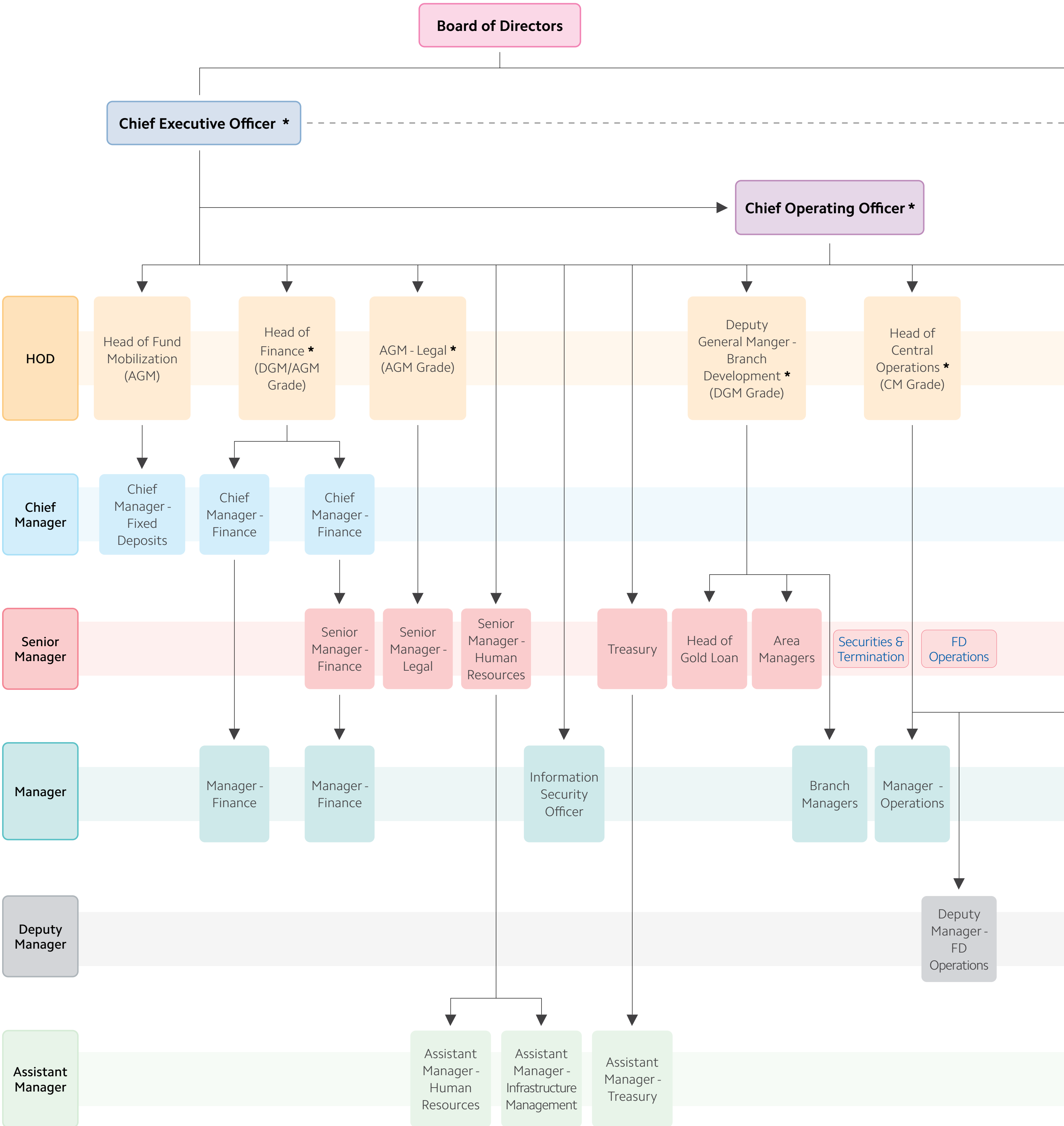
Buddhika Wimalachandra
Senior Manager - Recoveries

Sanjeewa Gunasekara
Senior Manager - Finance

Rohitha Bandara
Area Manager

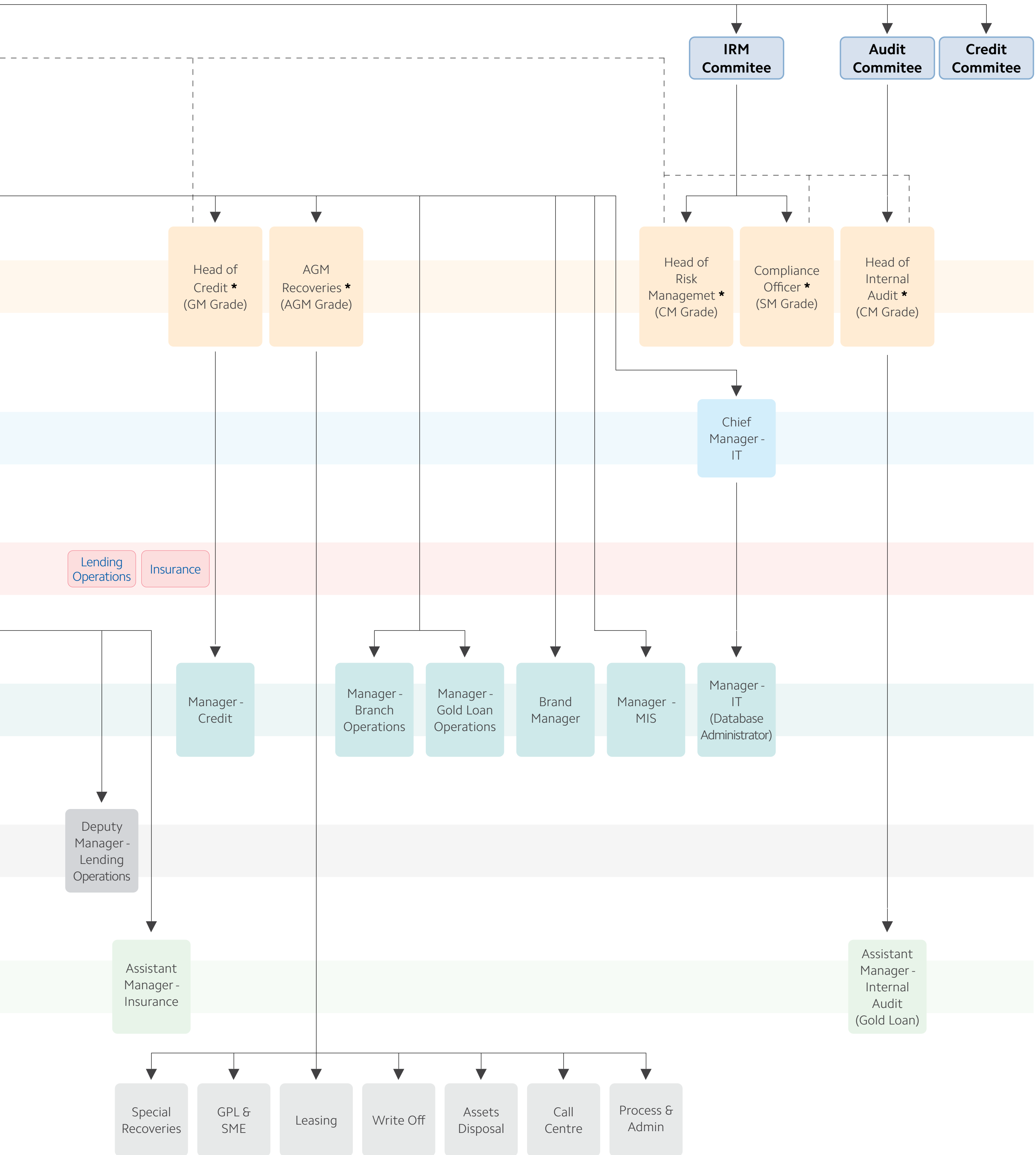
Chavana Prabash
Area Manager

Organizational Structure



Administratively Reporting - - - - - - - -
Functionaly Reporting ———

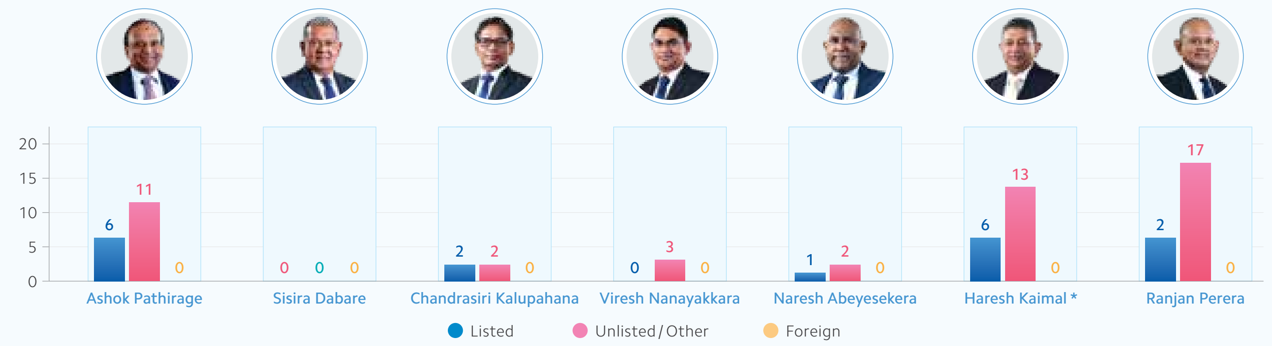
* Key Responsible Person (KRP)
This Organizational Structure is Applicable for the FY 2025/26


IRM Commitee
Audit Commitee
Credit Commitee
Head of Credit * (GM Grade)
AGM Recoveries * (AGM Grade)
Head of Risk Managemet * (CM Grade)
Compliance Officer * (SM Grade)
Head of Internal Audit * (CM Grade)
Chief Manager - IT
Lending Operations
Insurance
Manager - Credit
Manager - Branch Operations
Manager - Gold Loan Operations
Brand Manager
Manager - MIS
Manager - IT (Database Administrator)
Deputy Manager - Lending Operations
Assistant Manager - Insurance
Assistant Manager - Internal Audit (Gold Loan)
Special Recoveries
GPL & SME
Leasing
Write Off
Assets Disposal
Call Centre
Process & Admin

Directors' Interests in Contracts with the Company

Directors' interests in contracts as per Sections 168(e) and 192 of the Companies Act No. 07 of 2007, are recorded in the Interests Register. Related entities are identified under CSE Listing Rule 9.10.4(e), with detailed LKAS 24 disclosures in Note 43 (page 334).

SUMMARY OF DIRECTORSHIP



C - Chairman MD - Managing Director DC - Deputy Chairman D - Director O - Other Designations * Retired w.e.f. 01st August 2026

No.	Position	Company	
Ashok Pathirage			
1	C/MD	Softlogic Holdings PLC	Listed
2	C/MD	Asiri Surgical Hospital PLC	Listed
3	C	Odel PLC	Listed
4	C/MD	Asiri Hospital Holdings PLC	Listed
5	C	Softlogic Capital PLC	Listed
6	C/MD	Central Hospital Ltd	Unlisted/Other
7	C/MD	Ceysand Resorts Ltd	Unlisted/Other
8	C/MD	Softlogic Retail (Pvt) Ltd	Unlisted/Other
9	C	Softlogic Supermarkets (Pvt) Ltd	Unlisted/Other
10	C	Softlogic Properties (Pvt) Ltd	Unlisted/Other
11	D	Footwear Retailer Ltd	Unlisted/Other
12	D	Odel Properties One (Pvt) Ltd	Unlisted/Other
13	D	Asiri A O I Cancer Centre (Pvt) Ltd	Unlisted/Other
14	D	Softlogic Retail Holdings (Pvt) Ltd	Unlisted/Other
15	D	Asiri Port City Hospital (Pvt) Ltd	Unlisted/Other
16	C	Softlogic Life Insurance PLC	Listed
17	D	Softlogic Life Insurance Lanka Ltd	Unlisted/Other
Sisira Dabare			
		No applicable Companies	
Chandrasiri Kalupahana			
1	O	The Organization of Professional Association of Sri Lanka	Unlisted/Other
2	D	Sri Lanka Telecom PLC	Listed
3	D	E-Channelling PLC	Listed
4	O	The Institute of Charted Accountants of Sri Lanka	Unlisted/Other
Viresh Nanayakkara			
1	D	Collins Trading (Pvt) Ltd	Unlisted/Other
2	D	VTS Management (Pvt) Ltd	Unlisted/Other
3	O	SOLVT Legal Consultants	Unlisted/Other
Naresh Abeyesekera			
1	D	Softlogic Capital PLC	Listed
2	D	Softlogic Asset Management (Pvt) Ltd	Unlisted/Other
3	O	SECQUORO	Unlisted/Other

No.	Position	Company	
Haresh Kaimal *			
1	D	Softlogic Holdings PLC	Listed
2	D	Softlogic Information Technologies (Pvt) Ltd	Unlisted/Other
3	D	Softlogic Australia (Pty) Ltd	Unlisted/Other
4	D	Softlogic BPO Services (Pvt) Ltd	Unlisted/Other
5	D	Softlogic Life Insurance PLC	Listed
6	D	Softlogic Retail Holding (Pvt) Ltd	Unlisted/Other
7	D	Softlogic Restaurants (Pvt) Ltd	Unlisted/Other
8	D	Softlogic City Hotels (Pvt) Ltd	Unlisted/Other
9	D	Softlogic Supermarkets (Pvt) Ltd	Unlisted/Other
10	D	Softlogic Corporate Services (Pvt) Ltd	Unlisted/Other
11	D	Odel PLC	Listed
12	D	Softlogic Brands (Pvt) Ltd	Unlisted/Other
13	D	Odel Properties One (Pvt) Ltd	Unlisted/Other
14	D	Saber Travel Network Lanka (Pvt) Ltd	Unlisted/Other
15	D	Asiri Hospital Holdings PLC	Listed
16	D	Softlogic Capital PLC	Listed
17	D	Asiri Surgical Hospital PLC	Listed
18	D	S R One (Pvt) Ltd	Unlisted/Other
19	D	Softlogic Life Insurance Lanka Ltd	Unlisted/Other
Ranjan Perera			
1	D	Softlogic Capital PLC	Listed
2	D	Softlogic Holdings PLC	Listed
3	D	Future Automobiles (Pvt) Ltd	Unlisted/Other
4	D	Softlogic Automobiles (Pvt) Ltd	Unlisted/Other
5	D	Softlogic Communication (Pvt) Ltd	Unlisted/Other
6	D	Softlogic Communication Services (Pvt) Ltd	Unlisted/Other
7	D	Softlogic Information Technologies (Pvt) Ltd	Unlisted/Other
8	D	Softlogic Mobile Distribution (Pvt) Ltd	Unlisted/Other
9	D	Softlogic Properties (Pvt) Ltd	Unlisted/Other
10	D	Dai-Nishi Securities (Pvt) Ltd	Unlisted/Other
11	D	Softlogic Brands (Pvt) Ltd	Unlisted/Other
12	D	Softlogic International (Pvt) Ltd	Unlisted/Other
13	D	Softlogic Retail (Pvt) Ltd	Unlisted/Other
14	D	Softlogic Stockbrokers (Pvt) Ltd	Unlisted/Other
15	D	Softlogic Solar (Pvt) Ltd	Unlisted/Other
16	D	Softlogic Pharmaceuticals (Pvt) Ltd	Unlisted/Other
17	D	Softlogic Retail Holdings (Pvt) Ltd	Unlisted/Other
18	D	Odel Properties (Pvt) Ltd	Unlisted/Other
19	D	Odel Resturants (Pvt) Ltd	Unlisted/Other

Corporate Governance Philosophy

Governance Framework

The creation of sustainable organizational value has been recognized as our primary, overarching objective. In this context, we are of the firm view that accountability, transparency and ethical, socially conscious corporate conduct serve as the catalysts for the fostering of such organizational value. The corporate governance framework that is in place serves as the cornerstone to operationalize the internal control and risk management mechanisms in the organization. The necessary checks and balances in place have been designed specifically to monitor and assess the performance execution and delivery of the value creation activities that we undertake.

The overall responsibility and oversight on sound corporate governance rests with the Board. The regulatory framework under which the Company operates provides the scope for the definition of this governance mandate. The governance framework that is in place highlights the policies, processes and the Board appointed committees in place to give effect to this mandate.

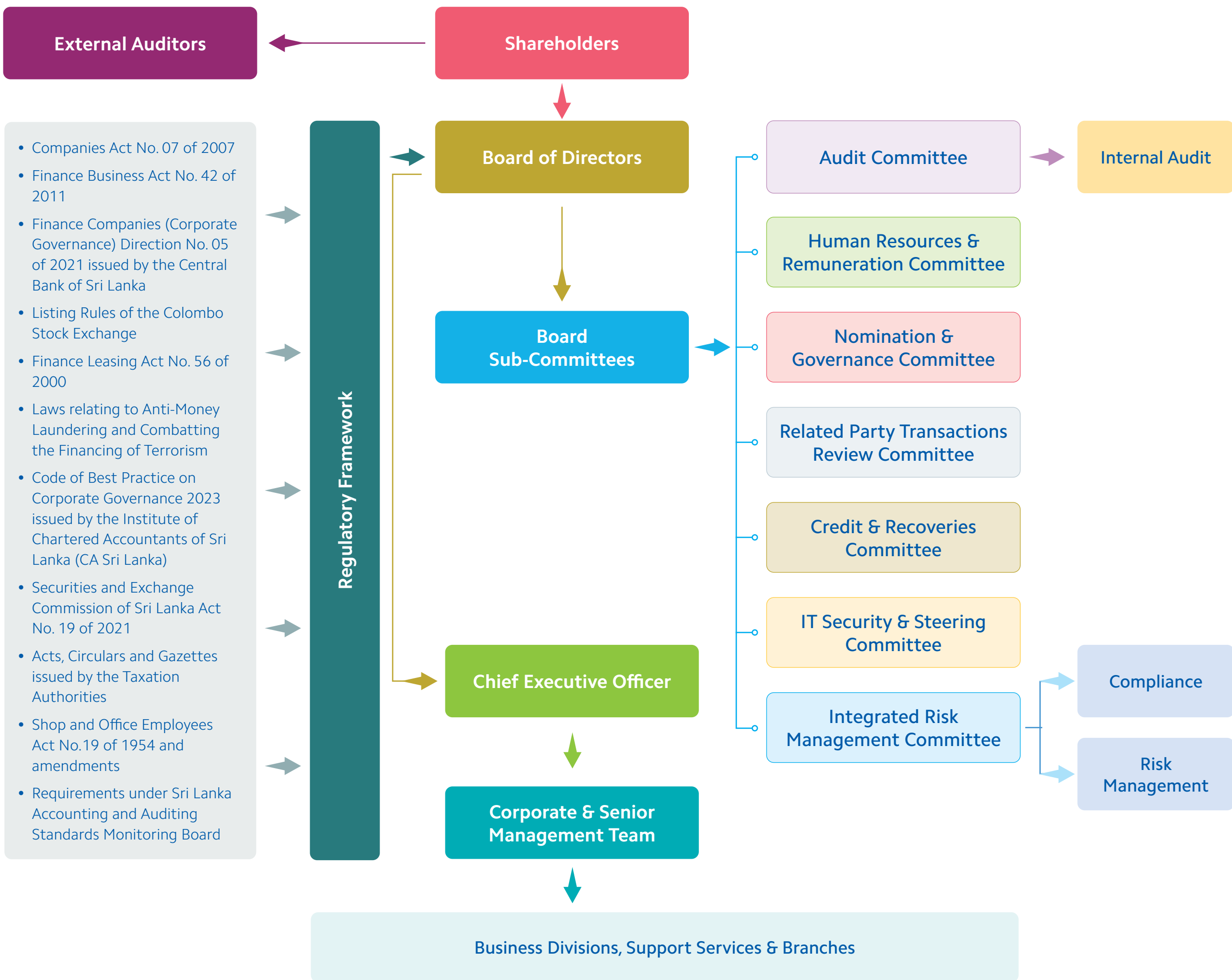
Governance Philosophy and Best Practices

The Board sets the tone and tenor in the enforcement of governance and the setting of the company's strategic direction. More specifically, it is responsible for ensuring that the company operates within the applicable regulatory framework and that it is provided with the requisite strategic direction to create value and achieve its corporate objectives. Thus, playing this dual role involves driving performance delivery, whilst ensuring effective risk management, responsible resource utilization and overall transparency and accountability towards its stakeholders.

Corporate Governance as a philosophy is embedded in the manner in which the company operates. Our policies, procedures and internal controls in place bear witness to the fact that we advocate responsibility, transparency and accountability right throughout the organization, at all levels. These policies and procedures are not only in place to deliver operational excellence but also to ensure conformance with all applicable laws and regulations.

Our quest for instilling a culture of accountability and transparency does not stop there. At every juncture, we strive to go beyond mere compliance with regulations and adopt industry best practices in our value creation activities.

Corporate Governance Framework GRI 2-9



Corporate Governance Philosophy

Board of Directors GRI 2-10

The highest decision making body of the company is responsible for providing guidance and ensuring that the adequate systems and procedures are in place to achieve the corporate objectives, within an environment where regulatory compliance and good governance are adhered to. Its primary objective is to ensure that the shareholders are rewarded with sustainable and superior returns, whilst maintaining transparency in business and acting responsibly. In order to ensure that its obligations are fulfilled, the Board has set up 07 board appointed committees. These committees ensure that performance delivery of our value creation process is monitored and internal control mechanisms are effective.

As of 31st March 2026, the Board contains 07 Directors, all of whom are Non-Executive Directors.

The Directors' Statement on Internal Controls is given in page 244 to 245. and the Statement of Directors' Responsibilities is given in page 243.

The table at the end of this section in page 119 provides the following details in relation to each of the 07 directors:

Names of the Directors
The Status of each Director – Independent Non-Executive / Non-Independent Non-Executive
Sub-Committee Memberships
Attendance at Board Meetings
Attendance at Sub-Committee Meetings

Board Structure and Composition GRI 2-9

Softlogic Finance PLC operates under the stewardship of a seven-member Board, consisting entirely of non-executive directors. The composition includes four non-independent non-executive directors and three independent non-executive directors, maintaining full compliance with the Board balance and appointment mandates set forth in the Finance Companies (Corporate Governance) Direction No. 05 of 2021 issued by the Central Bank of Sri Lanka (CBSL). To preserve objective governance, the roles of Chairman and Chief Executive Officer (CEO) are strictly separated and held by different individuals. The Chairman serves as a non-independent non-executive director and to further reinforce independent oversight and board balance, a Senior Independent Non-Executive Director has been formally designated.

Skills and Diversity GRI 2-17

The Board integrates a broad range of professional competencies, including expertise in accounting, finance, banking, financial services, legal affairs, risk management, corporate strategy and executive leadership. Director tenures span from recent appointments to established tenures, balancing fresh strategic perspectives with institutional continuity. A comprehensive review of the Board's skill distribution, power balance and age demographics is detailed within the Leadership & Strategic Stewardship Dashboard section of this report. This collective experience supports effective oversight within the dynamic financial services environment.

Board Appraisal GRI 2-18

Annual self-appraisals are conducted by the Board to assess its structural alignment, performance and strategic execution. The CEO's performance is reviewed against the strategic plan, focusing on operational and financial achievements. The Board remains committed to refining these evaluation and appraisal mechanisms over time to support ongoing oversight.

Board Sub-Committees

To support granular oversight, the Board delegates specific duties to sub-committees operating under formal Board-approved Terms of Reference (TORs) that align with the CBSL Direction No. 05 of 2021. Defined delegation lines, supported by policies and TOR frameworks, establish clear decision-making parameters and accountability. While the Board establishes overall strategic direction, operational execution is led by the CEO and senior management. Sub-committees perform dedicated, specific oversight and report regularly to the main Board.

The Board appointed Sub-Committees are as follows:

Board Integrated Risk Management Committee (BIRMC)
Board Audit Committee (BAC)
Related Party Transactions Review Committee (RPTRC)
Board Human Resources & Remuneration Committee (BHRRC)
Board Nomination & Governance Committee (BNGC)
Board Credit & Recoveries Committee (BCRC)
Board IT Security & Steering Committee (BITSSC)

Board Oversight

The Board exercises continuous oversight through scheduled monthly meetings, special sessions and dedicated sub-committees. It monitors progress against operational targets, financial objectives and stakeholder expectations. The CEO's performance undergoes annual review based on predetermined financial and operational metrics.

During the 2025/26 financial year, the Board convened 14 times, achieving an aggregate attendance rate of 94%. Individual attendance details are compiled in the table at the conclusion of this section. Board papers are distributed in advance of meetings to allow for thorough review. The CEO, senior management and functional heads regularly provide operational context, complemented by specialized inputs from sub-committees.

Internal Audit Function

The internal audit function of the company is an independent body in place that directly reports to the Board Audit Committee. Its overall mandate is to provide objective risk based monitoring and assessments of the risk management and internal control mechanisms in place.

The internal audit department carries out continuous testing and evaluation of the effectiveness and adherence to the procedures, internal controls and risk management mechanisms in place. Further, it proposes actionable improvements to the internal control, risk management and governance structure of the company as a whole, in the context of applicable regulations.

External Audit Function

External auditors are appointed annually and maintain independence in compliance with CBSL and Colombo Stock Exchange (CSE) guidelines. The Board Audit Committee convenes as needed to oversee audit matters, maintaining strict monitoring of non-audit engagements to protect objectivity. The external audit primarily validates the accuracy of the annual financial statements, supporting financial reporting reliability. Messrs. Ernst & Young served as the external auditors for the 2025/26 financial year.

Compliance Management

The compliance management function of the company plays an integral role in the operationalization of the internal control mechanisms in place. Broadly, this function is responsible for ensuring that all business operations and internal policies and procedures adhere to the applicable laws and regulations. This involves the adoption of new regulations and driving change into the existing processes so that they are in compliance with the applicable regulations. This extends to constant monitoring and reporting on all regulated activities across the company.

Regulatory Framework

As a licensed finance company supervised by the Central Bank of Sri Lanka, Softlogic Finance PLC operates within a structured regulatory environment. Primary regulatory frameworks governing operations include:

- The Companies Act No. 07 of 2007
- The Finance Business Act No. 42 of 2011
- The Finance Business Act Direction No. 05 of 2021 on Corporate Governance
- The Listing Rules of the Colombo Stock Exchange.
- Regulations issued by the Securities and Exchange Commission of Sri Lanka
- The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995

Voluntary Standards and Best Practices

Beyond statutory mandates, the company voluntarily adheres to recognized codes and reporting frameworks. These include the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka. Furthermore, transparency in sustainability metrics and multi-capital reporting is guided by the Global Reporting Initiative (GRI) Standards and the International Integrated Reporting Council (IIRC) Integrated Reporting Framework. Collectively, these frameworks form part of our Reporting Philosophy, addressing the diverse yet material expectations of our stakeholders.

Internal Control Mechanisms

Internal governance structures rely on established operational frameworks and formal policies. Key foundational documents include:

- Articles of Association
- Terms of Reference (TORs) for Board Sub-Committees
- Code of Conduct for employees and Key Responsible Persons (KRPs)
- Operational, governance, risk and compliance policies
- Whistleblowing, anti-corruption, related party transaction and ESG sustainability policies

The company's Articles of Association serve as the primary legal document that lays out the foundation for our operational existence. With regard to Board Sub-Committees, they are supported by sub-committee TORs defining delegated duties and their respective scopes of operation. Operational frameworks cover risk management, internal controls and compliance, including a code of conduct for employees including the corporate and senior management. Dedicated policies govern related party transactions, whistleblowing channels and ESG integration. These internal mechanisms undergo periodic reviews to maintain alignment with regulatory updates.

Instilling a Culture of Transparency and Accountability GRI 2-23 GRI 2-24 GRI 205-2 GRI 3-3

Company Culture and our Governance Philosophy

The organization's operational principles encompass performance, innovation, integrity, human capital, success, and corporate responsibility. These elements define internal standards regarding accountability, fairness, and ethical conduct. The core values serve to guide organizational decision-making and maintain stakeholder trust.

Corporate Governance Philosophy

Whistleblower Policy GRI 2-26

A dedicated Whistleblower Policy provides confidential channels for reporting potential non-compliance, financial impropriety or violations of the Code of Conduct. The framework incorporates protections against retaliation, mechanisms for feedback and internal processes to ensure objective review and escalation of raised concerns.

Policy against Bribery and Corruption GRI 205-2 GRI 3-3

Softlogic Finance PLC enforces a zero-tolerance approach toward bribery and corruption, in alignment with legal standards. The Anti-Bribery and Anti-Corruption Policy sets baseline behavioral standards for all personnel to support ethical and legal compliance across the organization.

Governance and Enterprise Risk Management

Governance protocols and risk management framework operate concurrently to safeguard institutional stability. The risk governance architecture follows a Three Lines of Defense model:

- **First Line:** Business units, functional heads, and branch managers carry direct responsibility for managing operational risks within established parameters.
- **Second Line:** The Risk Management and Compliance functions monitor exposure against Board-approved risk appetites, assisting the Board Integrated Risk Management Committee (BIRMC).
- **Third Line:** Internal and external audit functions provide independent verification of risk framework efficacy.

The BIRMC and the Board Audit Committee (BAC) oversee the execution of this model and the underlying policy structures.

Our Approach to Environmental, Social and Governance (ESG) Matters GRI 2-9 GRI 2-12 GRI 2-13 GRI 2-14

The ability of our governance frameworks and processes to support ESG risk management is important for the company as it helps identify, assess and manage environmental, social and governance risks that could affect the company's financial performance, reputation, regulatory compliance and long-term sustainability. Environmental risks, including climate-related impacts, social risks such as customer protection and labor practices and governance risks relating to ethics, transparency and oversight can all influence the company's operations and risk profile. At Softlogic Finance PLC, we believe that the effective ESG risk management enables the company to integrate sustainability considerations into decision-making, strengthen resilience to emerging risks, meet evolving stakeholder and regulatory expectations and support responsible lending and investment practices. It also helps protect reputation, enhance stakeholder confidence and identify opportunities associated with sustainable growth.

Utilizing its Environmental, Social and Governance Sustainability Policy, the company manages ESG risk through an integrated framework that embeds environmental, social and governance considerations into governance processes, lending decisions, operational practices and risk management activities. With the Board holding ultimate responsibility, ESG risk management and its governance related aspects are managed primarily through management oversight. Additionally, operational controls relating to environmental stewardship, ethical conduct, social responsibility and regulatory compliance as well as staff awareness and stakeholder engagement programs, further support the management of ESG risk. Collectively, these measures enhance resilience to emerging ESG-related risks, support sustainable business practices and contribute to the company's long-term stability and value creation.

Cybersecurity and IT related Governance

In the context of governance relating to technology and information security risk management, the company recognizes information security and cyber risk as significant components of its overall operational and enterprise risk profile, given the increasing reliance on information systems and digital channels. To strengthen information security governance, an Information Security Officer (ISO) has been appointed and an Information Security Committee (ISC) has been established to oversee information security initiatives and monitor cyber risk exposures across the organization. The ISC provides structured updates to the Board of Directors through the Board IT Steering and Security Committee (BITSSC) and the Board Integrated Risk Management Committee (BIRMC), ensuring appropriate Board level oversight.

During the year, the company implemented an Information Security Policy together with related policies, standards and procedures, establishing a structured framework for the protection of information assets. In line with the Central Bank of Sri Lanka (CBSL) Directions on IT and Cyber Security, initiatives are being undertaken to enhance cyber resilience and strengthen control effectiveness. A Cyber Security Strategy has been defined, with the achievement of ISO/IEC 27001:2022 alignment as its end goal and information security controls and management processes are being progressively designed and implemented in accordance with the principles and control requirements of the standard.

Stakeholder Management

Shareholder engagement relies on established reporting mechanisms and formal disclosure practices. Key reporting channels include:

- The Annual General Meeting (AGM).
- Disclosures released via the Colombo Stock Exchange (CSE).
- Notifications on the corporate website.
- Interim and audited financial statements published via the CSE.
- The Annual Report published on the CSE website and the company website.

The AGM acts as the primary interactive forum for shareholders, with sub-committee chairpersons available to address inquiries. Key agenda items, including the adoption of financial statements, are tabled as separate resolutions, with formal proceedings documented. Interim and audited financial statements, material developments and annual reports are disseminated via the CSE portal in line with disclosure requirements. The company's Communications Policy guides equitable access to material information. Additional stakeholder groups, including customers, employees, suppliers, regulators and the wider communities are engaged through tailored mechanisms and appropriate channels.

Approach to Remuneration Management

The remuneration framework aims to attract and retain the right personnel while supporting internal equity, market alignment and long-term strategic goals. Structures are designed to reward performance and maintain compliance with applicable regulatory requirements.

The Board Human Resources and Remuneration Committee (BHRRC), comprises of 01 Non-Independent Non-Executive Director and 02 Independent Non-Executive Directors. It assists the Board of Directors in providing oversight and strategic direction on the company's human resources and remuneration matters. The Committee makes recommendations to the Board on remuneration pertaining to the CEO, Key Responsible Persons (KRPs) and the senior management.

Outlook for the Future

The company will work towards full alignment with the applicable corporate governance disclosure requirements and strengthen its compliance with the applicable directives and rules. The company will continue to adopt best practices in corporate governance operationalization and reporting to enhance our accountability and transparency. Further, the company intends to continuously align its operations with evolving corporate governance standards, CSE Listing Rules, and regulatory directives.

Future focus areas include:

- Ongoing updates to internal policies and control systems
- Greater operational integration of ESG governance frameworks
- Updates to cybersecurity policies to support ongoing technological adoption
- Refinements to Board policies and procedures and stakeholder engagement practices

Softlogic Finance PLC remains focused on maintaining robust governance practices to fulfill regulatory mandates and preserve long-term institutional value.

Directors' Meetings – Attendance Table

	Board Meetings	Board Audit Committee	Board Integrated Risk Management Committee	Related Party Transactions Review Committee	Board HR & Remuneration Committee	Board Nomination & Governance Committee	Board Credit & Recoveries Committee	Board IT Security & Steering Committee
Independent Non-Executive Directors								
Mr. Sisira Dabare	14/14	16/16	4/4	-	8/8	3/3	12/12	-
Mr. Chandrasiri Kalupahana	14/14	16/16	-	4/4	-	3/3	-	4/4
Mr. Viresh Nanayakkara	14/14	16/16	-	3/4	8/8	-	12/12	-
Non-Independent Non-Executive Directors								
Mr. Ashok Pathirage	14/14	-	-	-	-	-	-	-
Mr. Ranjan Perera	11/14	-	-	-	-	-	10/12	-
Mr. Haresh Kaimal *	14/14	-	4/4	4/4	-	3/3	-	4/4
Mr. Naresh Abeyesekera	11/14	10/16	4/4	-	8/8	-	11/12	2/4
Total Meetings Attendance	**94%**	**91%**	**100%**	**92%**	**100%**	**100%**	**94%**	**83%**

* Retired w.e.f. 01st August 2026

Corporate Governance Disclosures

Disclosures mandated by the Companies Act No. 07 of 2007

Applicable Section	Disclosure Requirements	Disclosure Reference Page
168 (1)(a)	The nature of the business of the company and any change thereof during the accounting period	Page 247
168 (1)(b)	Signed financial statements of the company for the accounting period completed	Page 259 to 344
168 (1)(c)	Auditor's report on the financial statements of the company	Page 255 to 258
168 (1)(d)	Applicable accounting policies and any changes therein made during the accounting period	Page 265 to 274
168 (1)(e)	Particulars of entries in the interests register made during the accounting period	Page 249
168 (1)(f)	Remuneration and other benefits of directors during the accounting period	Page 335
168 (1)(g)	Total amount of donations made by the company during the accounting period	Page 247
168 (1)(h)	Names of the persons holding office as directors of the company as at the end of the accounting period and the names of any persons who ceased to hold office as directors of the company during the accounting period	Page 248
168 (1)(i)	Amounts paid/ payable to the external auditor as audit fees and fees paid/ payable for other services provided by the external auditor during the accounting period	Page 252
168 (1)(j)	Any relationship (other than being the auditor) that the auditor has with or any interests which the auditor has in the company	Page 252
168 (1)(k)	Acknowledgement of the contents of the Annual Report and signed on behalf of the board by two directors of the company and the secretary of the company	Page 252

Disclosures mandated by Section 7.6 of the Listing Rules of the Colombo Stock Exchange

Stated below are the disclosures as per Section 7.6 of the Listing Rules with regard to content on the Annual Report

Section Reference	Disclosure Requirement	Status of Compliance	Disclosure Details
7.6 (i)	Names of persons who during the financial year were directors of the Entity.	Compliant	This is stated in page 248
7.6 (ii)	Principal activities of the Entity and its subsidiaries during the year and any changes therein.	Compliant	This is stated in the Annual Report of the Board of Directors in page 247 and also in pages 249 to 252
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Compliant	This is stated in the Investor Information section in pages 349 to 350
7.6 (iv)	The Public Holding percentage a) In respect of a Local Entity which has its LKR denominated Shares listed on the Exchange, such Entity shall disclose the float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement, in respect of voting ordinary shares. The public holding percentage (%) in respect of non-voting ordinary Shares (where applicable). Provided however, this Rule shall not be applicable to Entities whose Securities are listed on the Empower Board in the Alternate Market Segment.	Compliant	This is stated in the Investor Information section in page 348
	b) In respect of a Local Entity which has its Foreign Currency denominated Shares listed on the Exchange, such Entity shall disclose the public holding percentage (%) and the number of public shareholders.		Not Applicable.
7.6 (v)	A statement of each director's holding and Chief Executive Officer's holding in each class of shares of the Entity denominated in LKR and Foreign Currency (as applicable).	Compliant	This is stated in the Annual Report of the Board of Directors in page 249 & 351
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	Compliant	This is stated in the Integrated Risk Management section from page 90 to 102 and in the Integrated Risk Management Committee Report in page 236 to 238
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Compliant	Details relating to employees and employee relations are stated in the Human Capital section from page 66 to 76. There were no material issues relating to industrial relations of the Entity.

Corporate Governance Disclosures

Section Reference	Disclosure Requirement	Status of Compliance	Disclosure Details
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Compliant	This is stated in Note No: 25 in page 301 to 307
7.6 (ix)	Number of shares representing the Entity's stated capital.	Compliant	This is stated in Note No: 33 in page 314
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in the prescribed categories.	Compliant	This is stated in the Investor Information section in page 348
7.6 (xi)	The following ratios and market price information: **Equity:** 1.Dividend per share 2. Dividend payout ratio 3. Net asset value per share 4. Market value per share - highest and lowest values recorded during the financial year - Value as at the end of financial year	Compliant	This is stated in the Investor Information section in page 351 Additionally, these are also stated in the Financial Highlights section in page 16
	Debt (only if listed): 1. Interest rate of comparable government security 2. Debt/equity ratio 3. Interest cover 4. Quick asset ratio 5. Debt Service Coverage Ratio (where applicable) 6. Market prices & yield during the year (ex interest) - Highest Price - Lowest price - Last traded price (as at dd/mm/yy) 7. Any changes in credit rating (for the Entity or any other instrument issued by the Entity), if applicable.	Compliant	Any relevant details are stated in the Investor Information section in page 351 Rating of B (Developing Outlook) has been issued by Lanka Rating Agency in 2025.
7.6 (xii)	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value.	Compliant	The company did not hold any freehold land or buildings during the period under review.
7.6 (xiii)	Details of funds raised by the entity either through a public issue, rights issue or a private placement during the year.	Compliant	The company did not raise any funds either through a public issue, rights issue or a private placement during the year.
7.6 (xiv)	Information with regard to employee share option or employee share purchase schemes.	Not Applicable	The company does not have any employee share option or employee share purchase scheme.
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules.	Compliant	This is stated from page 165 to 191

Section Reference	Disclosure Requirement	Status of Compliance	Disclosure Details
7.6 (xvi)	Related Party transactions exceeding 10% of the Equity or 5% of the Total Assets of the Entity as per Audited Financial Statements, whichever is lower. Details of investments in a Related Party and/or amounts due from a Related Party to be set out separately. The details shall include, as a minimum: i. The date of the transaction; ii. The name of the Related Party; iii. The relationship between the Entity and the Related Party; iv. The amount of the transaction and terms of the transaction; v. The rationale for entering into the transaction.	Compliant	The relevant transactions have been disclosed in page 248 of the Annual Report of the Board of Directors and Note No. 43 of the Notes to the Financial Statements in Page 334 to 341

Corporate Governance Disclosures

Disclosures as per Finance Companies (Corporate Governance) Direction No. 05 of 2021 issued by the Central Bank of Sri Lanka.

Section	Direction Requirements	Compliance Status	Degree of Compliance
1. Board's Overall Responsibilities			
1.1	The Board shall assume overall responsibility and accountability for the operations of the Finance Company (FC), by setting up the strategic direction, governance framework, establishing corporate culture and ensuring compliance with regulatory requirements. The Board shall carry out the functions listed in Direction 1.2 to 1.7 below, but not limited to, in effectively discharging its responsibilities.	Complied	The board of directors holds ultimate responsibility for the organization's governance and direction, protect shareholder interest and ensures strategic mission and long- term visibility. They ensure the company's success by setting the strategic directions, establishing a robust governance framework, fostering a strong corporate culture, and ensuring compliance with regulatory requirements.
1.2 Business strategy and Governance Framework			
1.2 (a)	Approving and overseeing the implementation of the FC's, the overall business strategy with measurable goals for at least next three years and update annually in view of the developments in the business environment.	Complied	The Board approved and oversees the implementation of the company's business strategy, which includes measurable goals for the five FYs from 2026/27 to 2030/31. This strategy is reviewed and updated annually to account for any developments in the business environment.
1.2 (b)	Approving and implementing FC's governance framework commensurate with the FCs size, complexity, business strategy and regulatory requirements.	Complied	The board-approved charter and Code of Corporate Governance constitute the fundamental framework of the organization's leadership, ethics and accountability. The company has developed a comprehensive corporate governance framework in line with regulatory specified guidelines.
1.2 (c)	Assessing the effectiveness of its governance framework periodically.	Partially Complied	The Company has developed a comprehensive corporate governance framework in line with regulatory specified guidelines. Heretofore, material non compliances have not been recorded.
1.2 (d)	Appointing the Chairperson and the chief executive officer (CEO) and define the roles and responsibilities.	Complied	The Board has approved the functions and responsibilities of the Chief Executive Officer (CEO) and Chairman, in compliance with sections 6.4 and 6.5 of the Finance Business Act Direction 05 of 2021. The positions of Chairman and CEO are held by two different individuals. The functions of each role are clearly documented, defined, and separated by the Board, preventing the concentration of decision-making power in a single individual. There is a distinct division of responsibilities between overseeing the business of the Board and managing the day-to-day operations of the Company, ensuring a balance of power and authority. The Chairman is responsible for leading the Board and ensuring its effectiveness, while the CEO is primarily responsible for conducting the Company's business operations with the support of Corporate Management. The roles of the Chairman and CEO are clearly distinct from each other.

Section	Direction Requirements	Compliance Status	Degree of Compliance
1.3 Corporate Culture and Values			
1.3 (a)	Ensuring that there is a sound corporate culture within the FC which reinforces ethical, prudent and professional behavior.	Complied	The Board ensures a strong, positive culture driven by communication, integrity, and collaboration, promoting ethical, prudent, and professional behavior throughout the organization. This is achieved through various initiatives, policies, and practices designed to foster a strong ethical framework and encourage a positive work environment.
1.3 (b)	Playing a lead role in establishing the FC's corporate culture and values, including developing a code of conduct and managing conflicts of interest.	Complied	The Board plays a leading role in establishing the company's corporate culture and values. This includes developing a comprehensive code of conduct that outlines expected behaviors and ethical standards for all employees. Additionally, the Board is responsible for managing conflicts of interest to ensure transparency, integrity, and accountability throughout the organization.
1.3 (c)	Promoting sustainable finance through appropriate environmental, social and governance considerations in the FC's business strategies.	Complied	Softlogic Finance PLC demonstrates a strong commitment to sustainability, ethical practices, and responsible governance. The company integrates Environmental, Social, and Governance (ESG) principles into its strategy, aligning with the UN Sustainable Development Goals (SDGs). • **Governance:** o Oversight by the ESG Committee and Board of Directors. o Strict compliance with laws, ethical standards, and fair competition. • **Corporate Social Responsibility (CSR):** o Focus on transparency, stakeholder engagement, and ethical business conduct. o Initiatives to support SMEs, strengthen supply chains, and promote environmental awareness. o Commitment to equality, diversity, and fair labour practices. o Community engagement through branch networks and open dialogue. • **Environmental & Social Responsibility:** o Collaboration with customers to address sustainability, public health, and safety concerns. o Identification and mitigation of risks such as pollution, biodiversity loss, and unsafe labour practices.

Corporate Governance Disclosures

Section	Direction Requirements	Compliance Status	Degree of Compliance
1.3 (c)		Complied	• **Exclusion Policy:** o Financing is strictly excluded for activities causing water, air, or noise pollution, biodiversity loss, child labour, forced labour, unsafe working environments, or displacement of communities. • **Sustainable Finance Activities:** o Alignment with the Central Bank of Sri Lanka's Green Finance Taxonomy. o Priority sectors include agriculture, manufacturing, energy, water management, construction, transportation, tourism, ICT, and insurance for climate resilience. o ESG risks incorporated into credit risk models, stress testing, and monitoring. • **Staff Role & Commitment:** o Frontline staff responsible for assessing environmental and social risks in lending. o Training programs on ESG and sustainable finance principles. o Continuous monitoring of borrowers' ESG performance. • **Formulation of ESG Committee:** o Chaired by the CEO, with members from Compliance, Risk, HR, Finance, and Operations. o Responsibilities include identifying projects, tracking progress, training staff, and reporting to senior management. Softlogic Finance PLC positions sustainability as a core value, embedding ESG into decision-making, financing, and operations. By excluding harmful practices, promoting responsible finance, and supporting green projects, the company aims to deliver long-term value to stakeholders while contributing to a greener, fairer, and more inclusive economy.
1.3 (d)	Approving the policy of communication with all stakeholders, including depositors, shareholders, borrowers and other creditors, in the view of projecting a balanced view of the FC's performance, position and prospects in public and regulators.	Complied	The Board-approved communication policy for all stakeholders, including depositors, shareholders, borrowers, and other creditors, is in place. This policy ensures that company aligns its communication in line with values and transparent approach in communicating its performance, position, and prospects to the public and regulatory authorities.

Section	Direction Requirements	Compliance Status	Degree of Compliance
1.4 Risk Appetite, Risk Management and Internal Controls			
1.4 (a)	Establishing and reviewing the Risk Appetite Statement (RAS) in line with FC's business strategy and governance framework.	Complied	The Board-approved Risk Appetite Statement (RAS) is in place, aligning with the company's business strategy and governance framework. RAS was reviewed and approved by BOD in March 2026.
1.4 (b)	Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently.	Complied	At the BIRMC meeting, comprehensive discussions on risk indicators and monitoring are conducted, focusing on Credit Risk, Market Risk, Operational Risks, and Residual Risks. Subsequently, suitable mitigating actions are proposed and endorsed. Comprehensive KRI's are assigned to each business unit and the KRI's are being monitored monthly by the Risk Management Department.
1.4 (c)	Adopting and reviewing the adequacy and the effectiveness of the company's internal control systems and management information systems periodically.	Complied	The Board Audit Committee plays a pivotal role in aiding the Board by evaluating the sufficiency and reliability of the internal control framework, and reporting mechanisms. The Board routinely looks into the reliability and accuracy of Financial/ Non-financial information which are used by the Board and its sub-committees. Updated processes have been implemented in order to improve the existing Board procedures. However, this process will be strengthened to maintain effectiveness, reliability and accuracy of financial / non-financial information of the company.
1.4 (d)	Approving and overseeing business continuity and disaster recovery plan for the company to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances.	Complied	A robust Business Continuity and Disaster Recovery Plan (BCP), duly approved by the Board, has been implemented and testing periodically as per guidelines.
1.5 Board Commitment and Competency			
1.5 (a)	All members of the Board shall devote sufficient time on dealing with the matters relating to affairs of the FC.	Complied	Each member of the Board exhibits a steadfast dedication to fulfilling their duties by allocating ample time to address all matters concerning the affairs of the company.
1.5 (b)	All members of the Board shall possess necessary qualifications, adequate skills, knowledge, and experience.	Complied	Every member of the Board boasts extensive experience, qualifications, proficient skills and in-depth knowledge pertinent to their respective fields.

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Section	Direction Requirements	Compliance Status	Degree of Compliance
1.5 (c)	The Board shall regularly review and agree the training and development needs of all the members.	Partially Complied	The board of directors acknowledge the imperative of ongoing training and actively engage in professional development endeavors, recognizing its significance in effectively executing their responsibilities as directors. While the Board actively participated in professional development this year, we recognize the need for formal tracking. We are implementing a comprehensive, ongoing training program with robust record-keeping to ensure continuous skill growth for all members.
1.5 (d)	The Board shall adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its Boards as a whole and that of its committees and maintain records of such assessments.	Complied	A structured process is established for conducting annual self-assessments by each Director, as well as assessments of the Board as a collective entity and its committees. The Company Secretary is responsible for maintaining records of these assessments. The Board carries out a self-assessment of each director on individual performance of its Board as a whole during the FY 2025/26.
1.5 (e)	The Board shall resolve to obtain external independent professional advice to the Board to discharge duties to the FC.	Complied	The Board has adopted a resolution to procure external independent professional advice as needed to effectively discharge its duties towards the company.
1.6 Oversight of Senior Management			
1.6 (a)	Identifying and designating senior management, who are in a position to significantly influence policy, direct activities and exercise control over business operations and risk management.	Complied	The Board has established a rigorous process for identifying and appointing senior management individuals who occupy pivotal positions of influence and responsibility within the organization. This guarantees that individuals capable of shaping policies, directing activities, and overseeing business operations and risk management are duly recognized and assigned.
1.6 (b)	Defining the areas of authority and key responsibilities for the senior management.	Complied	The Board approves job descriptions for Key Responsible Personnel (KRPs), encompassing their functions and responsibilities. Additionally, the Delegation of Authority (DOA) limits assigned to them delineate the areas and extent of their authority.

Section	Direction Requirements	Compliance Status	Degree of Compliance
1.6 (c)	Ensuring the senior management possess the necessary qualifications, skills, experience and knowledge to achieve the company's strategic objectives.	Complied	The Company determines the expected set of skills and competencies through the recruitment process. Candidates undergo evaluation and verification during the interview process in accordance with the recruitment policy. Experience and qualifications information is verified through affidavits and declarations submitted to the CBSL. Additionally, physical documents and confirmations are obtained from candidates during the onboarding process. Training has been assigned for senior management members for the FY 2026/27 training calendar.
1.6 (d)	Ensuring there is an appropriate oversight of the affairs of the FC by senior management.	Complied	The Board ensures diligent oversight of the company's affairs by the senior management team. Senior management assumes a pivotal role in monitoring and controlling diverse facets of the company's operations, encompassing financial performance, risk management, regulatory compliance, and strategic implementation. They are expected to report to subcommittees, representing their respective areas of responsibility within the company. Any significant matters are escalated to the Board of Directors for consideration
1.6 (e)	Ensuring the FC has an appropriate succession plan for senior management.	Complied	The board approved succession plan, established on August 29, 2024, is in place. This plan was initially developed with a limited scope, focusing on limited senior management positions, due to resource constraints and capabilities at the time, arising from the series of reforms and restructuring undertaken by the Company during the year. The new Succession plan is in the process of being reviewed and to be approved by the Board.
1.6 (f)	Meeting regularly with the senior management to review policies, establish lines of communication and monitor progress towards strategic objectives.	Complied	The CEO regularly attends Board Meetings to review policies and assess progress towards corporate objectives. The attendance of other KRPs at Board meetings is by invitation only.

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Section	Direction Requirements	Compliance Status	Degree of Compliance
1.7 Adherence to the Existing Legal Framework			
1.7 (a)	Ensuring that the FC does not act in a manner that is detrimental to the interests of, and obligations to, depositors, shareholders and other stakeholders.	Complied	The Company adheres to a Board-approved Governance Framework which involves compliance with all relevant clauses, regulations and standards. Operations are conducted within the confines of this Governance Framework to mitigate risk, ensure operational legitimacy and maintain reputation.
1.7 (b)	Adherence to the regulatory environment and ensuring compliance with relevant laws, regulations, directions and ethical standards.	Complied	The Board ensures strict compliance with the directives, regulations, rules, and circulars issued by the Central Bank of Sri Lanka. Adhering to external laws, industry standards, and internal policies to ensure ethical operations, avoid legal penalties, and maintain reputation.
1.7 (c)	Acting with due care and prudence, and with integrity and be aware of potential civil and criminal liabilities that may arise from their failure to discharge the duties diligently.	Complied	The Board exercises its duties with utmost care, prudence and integrity, cognizant of the potential civil and criminal liabilities that may result from any failure to diligently fulfill these responsibilities. Board members uphold their fiduciary duty towards the company and its stakeholders by making well-informed decisions grounded in a comprehensive understanding of the company's operations, risks, and legal obligations. The board ensures monthly monitoring of new regulatory guidelines and ensuring implementation of same.
2. Governance Framework			
2.1	Board shall develop and implement a governance framework in with these directions and including but not limited to the following; a. role and responsibilities of the Board b. matters reserved for the Board c. delegation of authority d. composition of the Board e. the Board's independence f. the nomination, election and appointment of directors and appointment of senior management g. the management of conflicts of interests h. access to information and independent advice i. capacity building of Board members j. the Board's performance evaluation k. role and responsibilities of the chairman and the chief executive officer l. role of company secretary m. Board sub committees and their role n. limits on related party transactions	Complied	A well-structured corporate governance framework has been established at Softlogic Finance PLC in accordance with regulatory directives, further ensuring accountability, transparency, risk management and compliance with regulations and ultimately driving long term success and building stakeholder trust.

Section	Direction Requirements	Compliance Status	Degree of Compliance
3. Composition of the Board			
3.1	The Board's composition shall ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the FC.	Complied	Each member of the Board boasts extensive experience, qualifications, proficient skills, and in-depth knowledge pertinent to their respective fields.
3.2	The number of directors on the Board shall not be less than 07 and not more than 13.	Complied	The Board consists of 7 members since 23rd October 2024.
3.3	The total period of service of a director other than a director who holds the position of CEO/executive director shall not exceed nine years, subject to direction 3.4.	Complied	All Directors serving in the year 2025/26 have a tenure of less than nine years.
3.4	Non-executive directors, who directly or indirectly holds more than 10% of the voting rights or who appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights by producing sufficient evidence are eligible to hold office exceeding 9 years of service with prior approval of Director, Department of Supervision of Non-Bank Financial Institutions subject to provisions contained in direction 4.2 and 4.3. Provided, however number of non- executive directors eligible to exceed 9 years are limited to one-fourth (1/4) of the total number of directors of the Board.	Complied	In 2025/26, no such circumstance transpired. All non-executive directors have not exceeded the 9-year period.
3.5 Executive Directors			
3.5 (a)	Only an employee of a FC shall be nominated, elected and appointed, as an executive director of the FC, provided that the number of executive directors shall not exceed one-third (1/3) of the total number of directors of the Board.	Complied	In 2025/26, no executive director was nominated, elected, or appointed.
3.5 (b)	A shareholder who directly or indirectly holds more than 10% of the voting rights of the FC, shall not be appointed as an executive director or as senior management. Provided however, existing executive directors with a contract of employment and functional reporting line and existing senior management are allowed to continue as an executive director/senior management until the retirement age of the company and may reappoint as a non-executive director subject to provisions contained in direction 4.2 and 4.3. Existing executive directors without a contract of employment and functional reporting line need to step down from the position of executive director from the effective date of this direction and may reappoint as a non-executive director subject to provisions contained in direction 4.2 and 4.3.	Complied	In 2025/26, no such circumstance transpired.

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Section	Direction Requirements	Compliance Status	Degree of Compliance
3.5 (c)	In the event of presence of the executive directors, CEO shall be one of the executive directors and may be designated as the managing director of the FC.	Complied	In 2025/26, no such circumstances transpired.
3.5 (d)	All Executive directors shall have a functional reporting line in the organization structure of the FC.	Complied	
3.5 (e)	The executive directors are required to report to the Board through CEO.	Complied	
3.5 (f)	Executive directors shall refrain from holding executive directorships or senior management positions in any other entity.	Complied	
3.6 Non-Executive Directors			
3.6 (a)	Non-Executive Directors (NED) shall possess credible track records, have necessary skills, competency and experience to bring independent judgment to bear on issues of strategy, performance, resources and standards of business conduct.	Complied	The Non-Executive Directors of the Company bring substantial experience and expertise to the table, aligning closely with the requirements of their respective fields.
3.6 (b)	A non-executive director cannot be appointed or function as the CEO/Executive Director of the FC.	Complied	None of the NED hold positions as CEO or Executive Directors within the Company.
3.7 Independent Directors (Effective from 01/07/2024)			
3.7 (a)	The number of independent directors of the Board shall be at least three or one third of the total numbers of directors, whichever is higher.	Complied	The Board comprised of three independent directors w.e.f. 02nd May 2024. As of the reporting date, the proportion of independent directors exceeded one-third of the total Board composition.
3.7 (b)	Independent directors appointed shall be of highest caliber, with professional qualifications, proven track record and sufficient experience.	Complied	All Independent NED of the Company are esteemed for their professional qualifications, exemplary track records, and extensive experience within their respective fields.
3.7 (c)	A NED shall not be considered independent if such: i. Director has a direct or indirect shareholding exceeding 5% of the voting rights of the FC or exceeding 10% of the voting rights of any other FC. ii. Director or a relative has or had during the period of one year immediately preceding the appointment as director, material business transaction with the FC, as described in direction 12.1(c) hereof, aggregate value outstanding of which at any particular time exceeds 10% of the stated capital of the FC as shown in its last audited statement of financial position.	Complied	The company conforms to the stated section

Section	Direction Requirements	Compliance Status	Degree of Compliance
3.7 (c)	iii. Director has been employed by the FC or its affiliates or is or has been a director of any of its affiliates during the one year, immediately preceding the appointment as director. iv. Director has been an advisor or consultant or principal consultant/advisor in the case of a firm providing consultancy to the FC or its affiliates during the one year preceding the appointment as director. Company or its affiliates during the one year preceding the appointment as director. v. Director has a relative, who is a director or senior management of the FC or has been a director or senior management of the FC during the one year, immediately preceding the appointment as director or holds shares exceeding 10% of the voting rights of the FC or company or exceeding 20% of the voting rights of another FC. vi. Director represents a shareholder, debtor, creditor or such other similar stakeholder of the FC. vii. Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a company, in which any of the other directors of the FC, is employed or is a director. In which any of the other directors of the FC is employed or a director. viii. Director is an employee or a director or has direct or indirect shareholding of 10% or more of the voting rights in a company FC, which has a transaction with the FC as defined in direction 12.1(c), company as defined in direction 12.1(c), or in which any of the other directors of the FC company has a transaction as defined in direction 12.1(c), aggregate value outstanding of which at any particular time exceeds 10% of the stated capital as shown in its last audited statement of financial position of the FC.	Complied	The company conforms to the stated section
3.7 (d)	The nomination committee and Board should determine whether there is any circumstance or relationship, which is not listed at direction 3.7, which might impact a director's independence, or the perception of the independence.	Complied	The Committee adheres to the aforementioned section.

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Section	Direction Requirements	Compliance Status	Degree of Compliance
3.7 (e)	An independent director shall immediately disclose to the board any change in circumstance that may affect the status as an independent director. In such a case, the Board shall review such director's designation as an independent director and notify the director Department of Supervision of Non-Bank Financial Institution in writing of its decision to affirm or change the designation.	Complied	The Committee adheres to the aforementioned section.
3.8 Alternate Directors			
3.8 (a)	Representation through an alternate director is allowed only, i) With prior approval of the Director, Department of Supervision of Non-Bank Financial Institutions under Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) or as amended; and ii) If the current director is unable to perform the duties as a director due to prolonged illness or unable to attend more than three consecutive meetings due to being abroad.	Complied	
3.8 (b)	The existing directors of the FC cannot be appointed as an alternate director to another existing director of the FC.	Complied	In 2025/26, no such circumstances transpired.
3.8 (c)	A person appointed as an alternate director to one of the directors cannot extend the role as an alternate director to another director in the same Board.	Complied	
3.8 (d)	An alternate director cannot be appointed to represent an executive director.	Complied	
3.8 (e)	In the event an alternate director is appointed to represent an independent director, the person so appointed shall also meet the criteria that apply to the independent director.	Complied	

Section	Direction Requirements	Compliance Status	Degree of Compliance
3.9 Cooling off Periods			
3.9 (a)	There shall be a cooling off period of six months prior to an appointment of any person as a director, CEO of the FC, who was previously employed as a CEO or director, of another FC. Any variation thereto in exceptional circumstances where expertise of such persons requires to reconstitute a Board of a company which needs restructuring, shall be made with prior approval of the Monetary Board.	Complied	The company conforms to the stated section and adheres to the cooling-off periods required prior to an appointment.
3.9 (b)	A director, who fulfills the criteria to become an independent director, shall only be considered for such appointment after a cooling off period of one year if such director has been previously considered as non-independent under the provisions of this Direction.	Complied	No such appointment was made in 2025/26.
3.10 Common Directorships			
	Director or a senior management of a FC shall not be appointed, elected or nominated as a director of another FC except where such FC is a parent company, subsidiary company or an associate company or has a joint arrangement with the first mentioned FC subject to conditions stipulated in Direction 3.5(f).	Complied	The company conforms to the stated section. No such appointment was made in 2025/26.
3.11	The Board shall determine the appropriate limits for directorships that can be held by directors. However, a director of a company shall not hold office as a director or any other equivalent position (shall include alternate directors) in more than 20 companies/ societies/bodies, including subsidiaries and associates of the FC.	Complied	None of the directors hold office as a director in more than 20 companies.
4. Assessment of Fitness and Propriety Criteria			
4.1	No person shall be nominated, elected or appointed as a director of the company or continue as a director of such company unless that person is a fit and proper person to hold office as a director of such company in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction or as amended.	Complied	The company conforms to the stated section.
4.2	A person over the age of 70 years shall not serve as a director of a FC.	Complied	None of the directors of the company are over the age of 70.

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Section	Direction Requirements	Compliance Status	Degree of Compliance
4.3	Notwithstanding provisions contained in 4.2 above, a director who is already holding office at the effective date of this direction and who attains the age of 70 years on or before 31st March 2025, is permitted to continue in office as a director, exceeding 70 years of age up to maximum of 75 years of age subject to the following,	Complied	In 2025/26, no such appointments were made.
4.3 (a)	a) Assessment by the Director/Department of Supervision of Non-Bank Financial Institutions on the fitness and propriety based on the criteria specified in the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.		
4.3 (b)	b) Prior approval of the Monetary Board based on the assessment of the Director/ Department of Supervision of Non-Bank Financial Institutions in 4.3(a).		
4.3 (c)	c) The maximum number of directors exceeding 70 years of age is limited to one-fifth (1⁄5) of the total number of directors.		
4.3 (d)	d) The director concerned shall have completed a minimum period of 3 continuous years in office, as at the date of the first approval.		
5. Appointment and Resignation of Directors and Senior Management			
5.1	The appointments, resignations or removals shall be made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	Complied	The company adheres to the Finance Business Act regarding the appointment and resignation of directors and senior management.
6. The Chairperson and The Chief Executive Officer			
6.1	There shall be a clear division of responsibilities between the Chairperson and CEO and responsibilities of each person shall be set out in writing.	Complied	The roles of Chairman and Chief Executive Director are distinct and held by different individuals, ensuring a clear separation of responsibilities within the Company's governance structure.
6.2	The chairperson shall be an independent director, subject to 6.3 below.	Complied	The Chairman, Mr. Ashok Pathirage, serves as a non-independent director. His appointment was made on 01st August 2024 with the approval of the Central Bank.
6.3	In case where the chairperson is not independent, the Board shall appoint one of the independent directors as a senior director, with suitably documented terms of reference to ensure a greater independent element. Senior director will serve as the intermediary for other directors and shareholders. Non-executive directors including senior director shall assess the chairperson's performance at least annually.	Partially Complied	Mr. H.S.S Dabare has been serving as a Senior Independent Director since September 2024. Board approved Terms of Reference (TOR) for the SID will be formally introduced. NED including the Senior Independent Director will assess the chairperson's performance at least annually.

Section	Direction Requirements	Compliance Status	Degree of Compliance
6.4 Responsibilities of the Chairperson			
6.4	The responsibilities of the chairperson shall at least include the following: a. provide leadership to the Board. b. maintain and ensure a balance of power between executive and NED. c. secure effective participation of both executive and NED. d. ensure that the Board works effectively and discharges its responsibilities. e. ensure that all key issues are discussed by the Board in a timely manner. f. Implement decisions/directions of the regulator. g. Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the company secretary. h. Not engage in activities involving direct supervision of senior management or any other day to day operational activities. i. Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board. j. Annual assessment on the Performance and the contribution during the past 12 months of the Board and the CEO.	Complied	The Board has approved the key responsibilities and duties of the Chairman. A self-evaluation process ensures these requirements are met in a timely manner. The Company Secretary, as delegated by the Chairman, prepares the agenda in consultation with the Chairman. Additionally, a Board-approved communication policy is in place to facilitate effective communication with all stakeholders, including depositors, creditors, shareholders, and borrowers. The Chairman of the Board conducts the annual assessment of the performance and contributions of both the Board of Directors and the CEO for the FY 2025/26. Company Secretaries are in the process of collating assessment forms relevant to the FY 2025/26.

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Section	Direction Requirements	Compliance Status	Degree of Compliance
6.5 Responsibilities of the CEO			
	The CEO shall function as the apex executive-in-charge of the day-to-day- management of the FCs operations and business. The responsibilities of the CEO shall at least include:	Complied	The CEO is entrusted with the pivotal role of spearheading the day-to-day management of the company's operations, ensuring efficient execution of strategic initiatives and fostering sustainable growth. With a comprehensive understanding of the organization's objectives and market dynamics, the CEO provides leadership and direction to various departments, driving performance excellence and upholding the company's values and principles. Additionally, the CEO plays a key role in representing the company to external stakeholders, maintaining transparent communication, and fostering positive relationships to enhance the company's reputation and standing in the industry. The CEO's responsibilities are included in the Board-approved charter.
6.5 (a)	a. implementing business and risk strategies in order to achieve the FCs strategic objectives.		
6.5 (b)	b. establishing a management structure that promotes accountability, and transparency throughout the FCs operations, and preserves the effectiveness and independence of control functions.		
6.5 (c)	c. promoting, together with the Board, a sound corporate culture within the FC which reinforces ethical, prudent and professional behavior.		
6.5 (d)	d. Ensuring implementation of proper compliance culture and being accountable for accurate submission of information to the regulator.		
6.5 (e)	e. Strengthening the regulatory and supervisory compliance framework.		
6.5 (f)	f. Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.		
6.5 (g)	g. CEO must devote the whole of the professional time to the service of the FC and shall not carry on any other business, except as a non-executive director of another company, subject to Direction 3.10.		
7. Meetings of the Board			
7.1	The Board shall meet at least twelve times a financial year at approximately monthly intervals. Obtaining the Board's consent through the circulation of papers shall be avoided as far as possible.	Complied	The Board met 14 times during the last financial year. A Board-approved procedure is in place to obtain consent through the circulation of written or electronic resolutions/papers, except in urgent circumstances.
7.2	The Board shall ensure that arrangements are in place to enable matters and proposals by all directors of the Board to be represented in the agenda for scheduled Board Meetings.	Complied	The Company adheres to the aforementioned section. A Board-approved procedure is in place.
7.3	A notice of at least 3 days shall be given for a scheduled Board Meeting. For all other Board meetings, a reasonable notice shall be given.	Complied	A minimum of seven days' notice is provided to the Board of Directors prior to scheduling a meeting.

Section	Direction Requirements	Compliance Status	Degree of Compliance
7.4	A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions.	Complied	The directors allocate sufficient time to prepare for board meetings, and they are notified at least seven days in advance, along with the relevant documents. The views of the Board of Directors on issues under consideration are ascertained and documented in the minutes of the meetings.
7.5	A meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present, unless at least one fourth of the number of directors that constitute the quorum at such meeting are independent directors.	Complied	In 2025/26, no such incidents occurred.
7.6	The chairperson shall hold meetings with the NED only, without the executive directors being present, as necessary and at least twice a year.	Complied	The Board does not comprise of any executive directors requiring for this compliance.
7.7	A director shall abstain from voting on any Board resolution in relation to a matter in which such director or relative or a concern in which he has substantial interest, is interested, and he shall not be counted in the quorum for the relevant agenda item in the Board meeting.	Complied	According to the Company's Article 26, directors are required to declare the nature of their interests. Any disclosed interests are presented to the Board, and directors with specific interests in matters before the Board abstain from participating and voting.
7.8	A director who has not attended at least two-thirds (2/3) of the meetings in the period of 12 months immediately preceding or has not attended three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance, subject to applicable directions for alternate directors.	Complied	The Board of Directors has fully complied with the requirements and each director is well-informed and aware of their attendance obligations. Furthermore, the Company Secretary monitors attendance. In 2025/26, no such instances occurred.
7.9 Scheduled Board Meetings and Ad Hoc Board Meetings			
	For the scheduled meetings, participation in person is encouraged and for ad hoc meetings where director cannot attend on a short notice, participation through electronic means is acceptable.	Complied	Participation through electronic media is facilitated for ad hoc meetings in situations where a director is unable to attend on short notice. Such participation is documented in the minutes of the meeting, ensuring transparency and accountability in decision-making processes.

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Section	Direction Requirements	Compliance Status	Degree of Compliance
8. Company Secretary			
8.1 (a)	The Board shall appoint a company secretary considered to be a senior management whose primary responsibilities shall be to handle the secretarial services to the Board and of shareholder meetings, and to carry out other functions specified in the statutes and other regulations.	Complied	The Company obtained approval from the Central Bank to appoint a qualified Company Secretary on a secondment basis from within the Softlogic Group. Accordingly, the Board appointed a qualified secretary from Softlogic Corporate Services (Pvt) Limited and with that officer's resignation in the new financial year, a replacement was recruited.
8.1 (b)	The Board shall appoint its company secretary, subject to transitional provision stated in 19.2 below, a person who possesses such qualifications as may be prescribed for a secretary of a company under section 222 of the Companies Act, No. 07 of 2007, on being appointed the company secretary, such person shall become an employee of company and shall not become an employee of any other institution.	Complied	Accordingly, the Board appointed a qualified secretary from Softlogic Corporate Services (Pvt) Limited and with that officer's resignation in the new financial year, a replacement was recruited.
8.2	All directors shall have access to advice and services of the company secretary with a view to ensuring that Board procedures and all applicable laws, directions, rules and regulations are followed.	Complied	A procedure has been established to facilitate all Directors' access to the advice and services provided by the Company Secretary. This ensures that all Board procedures, as well as applicable laws, rules, directions, and regulations, are meticulously followed.
8.3	The company secretary shall be responsible for preparing the agenda in the event chairperson has delegated carrying out such function.	Complied	The Company Secretary assumes responsibility for preparing the agenda in consultation with the Chairman.
8.4	The company secretary shall maintain minutes of the Board meetings with all submissions to the Board and/or voice recordings/video recordings for a minimum period of 6 years.	Complied	The Company Secretary diligently maintains detailed minutes of Board Meetings. Upon request, any Director is granted access to inspect the minutes. Furthermore, minutes of the Board meetings, inclusive of all submissions to the Board, are retained for a minimum period of 6 years.
8.5	The company secretary is responsible for maintaining minutes in an orderly manner and shall follow the proper procedure laid down in the Articles of Association of the FC.	Complied	The Company Secretary diligently maintains detailed minutes of Board Meetings.

Section	Direction Requirements	Compliance Status	Degree of Compliance
8.6	Minutes of Board meetings shall be recorded in sufficient detail so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties. The minutes of a Board meeting shall clearly include the following: a. a summary of data and information used by the Board in its deliberations. b. the matters considered by the Board. c. the fact-finding discussions and the issues of contention or dissent, including contribution of each individual director. d. the explanations and confirmations of relevant parties which indicate compliance with the Board's strategies and policies and adherence to relevant laws and regulations; directions. e. the Board's knowledge and understanding of the risks to which the FC is exposed and an overview of the risk management measures adopted; and f. the decisions and Board resolutions.	Complied	The minutes of Board meetings are meticulously recorded, ensuring sufficient detail and accuracy.
8.7	The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.	Complied	Minutes are readily available for inspection by Directors upon request.
9. Delegation of Functions by the Board			
9.1	The Board shall approve a Delegation of Authority (DA) and give clear directions to the senior management, as to the matters that shall be approved by the Board before decisions are made by senior management, on behalf of the FC.	Complied	The Board approved delegation authority limits are in place. The authorized amounts have been explicitly detailed and agreed upon with the committee in the Delegation of Authority (DA).
9.2	In the absence of any of the sub-committees mentioned in Direction 10 below, the Board shall ensure the functions stipulated under such committees shall be carried out by the Board itself.	Complied	Board sub-committees are in operation.
9.3	The Board may establish appropriate senior management level sub-committees with appropriate DA to assist in Board decisions.	Complied	Asset & Liability Committee (ALCO), Internal Credit Committee, Gold Auction Committee and Tender / Auction Committee are in operation. The appropriate DA limits, have been established in the board-approved DA document.

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Section	Direction Requirements	Compliance Status	Degree of Compliance
9.4	The Board shall not delegate any matters to a board sub-committee, executive directors or senior management, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.	Complied	The Board's capacity to fulfill its duties remains unaffected by its delegation of authority.
9.5	The Board shall review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the FC.	Complied	The delegation process is reviewed to ascertain its alignment with the Company's requirements.
10. Board Sub-Committees			
10.1 (a)	For the purpose of specifying the requirements for board committees, FCs are divided into two categories based on asset base as per the latest audited statements of financial position as FCs with asset base of more than Rs. 20 billion and FCs with asset base of less than Rs. 20 billion, subject to transitional provisions stated in direction 19.3. **FCs with asset base of less than Rs. 20 billion** Board Sub-Committees – Shall establish at least the BAC, BIRMC and Related Party Transactions (RPT) Review Committee. **Meetings –** Meetings shall be held at least quarterly for BAC and BIRMC. Other committees shall meet at least annually.	Complied	As of 31st March 2026, the asset base of the company stood below 20 billion and is recorded at Rs. 7.33 billion at the end of the financial year under review. The company has established the Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Nomination and Governance Committee (BNGC), Human Resource and Remuneration Committee (BHRRC), and Related Party Transactions Review Committee (RPTRC). During the FY 2025/26, The Board Audit Committee (BAC) convened sixteen (16) meetings. The Board Integrated Risk Management Committee (BIRMC) held four (4) meetings. The Related Party Transactions Review Committee (RPTRC) held four (4) meetings. The Board Nomination & Governance Committee (BNGC) held three (3) meetings. The Board HR & Remuneration Committee (BHRRC) held eight (8) meetings.
10.1 (b)	Each sub-committee shall have a written term of reference specifying clearly its authority and duties.	Complied	The Terms of Reference (TOR) for the Board Audit Committee, Related Party Transactions Review Committee, Nomination Committee, Human Resource and Remuneration Committee, and Board Integrated Risk Management Committee are in place.
10.1 (c)	The Board shall present a report on the performance of duties and functions of each board sub-committee, at the annual general meeting of the FC.	Complied	The function of each sub-committee is detailed in the report.

Section	Direction Requirements	Compliance Status	Degree of Compliance
10.1 (d)	Each sub-committee shall appoint a secretary to arrange its meetings, maintain minutes, voice or video recordings, maintenance of records and carry out such other secretarial functions under the supervision of the chairperson of the committee.	Complied	The Company Secretary functions as the Secretary to both the Board Nomination and Governance Committee and the Board Related Party Transactions Review Committee. The Company Secretary and the Head of Risk serve as Secretaries to the Board Audit Committee and the Board Integrated Risk Management Committee (BIRMC), respectively. In addition, the Company Secretary serves as the Secretary to the BHRRC.
10.1 (e)	Each board sub-committee shall consist of at least three Board members and shall only consist of members of the Board, who have the skills, knowledge and experience relevant to the responsibilities of the board sub-committees.	Complied	All Board subcommittees are composed of Board members who are experts in their respective areas of responsibility. The performance, duties, and functions of all subcommittees are meticulously managed and executed.
10.1 (f)	The Board may consider occasional rotation of members and of the chairperson of Board sub-committees, as to avoid undue concentration of power and promote new perspectives.	Complied	When necessary, the rotation of the Chairs and members of the Board's subcommittees will be considered.
10.2 Board Audit Committee (BAC)			
10.2 (a)	The chairperson of the committee shall be an independent director who possesses qualifications and experience in accountancy and/or audit.	Complied	The Board has appointed a non-executive independent director, possessing qualifications and experience in accountancy and/or audit as the Chairman of the Board Audit Committee. He is a Fellow Member of CA Sri Lanka and has served on the CA Sri Lanka Council for four years.
10.2 (b)	The Board members appointed to the BAC shall be non-executive directors and majority shall be independent directors with necessary qualifications and experience relevant to the scope of the BAC.	Complied	The Committee comprises four members, of whom three are independent NED. All directors meet the statutory qualifications and eligibility requirements.
10.2 (c)	The secretary to the BAC shall preferably be the Chief Internal Auditor (CIA).	Complied	The Company Secretary serves as the secretary to the Committee at Softlogic Finance PLC.

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Section	Direction Requirements	Compliance Status	Degree of Compliance
10.2 (d) External Audit Function			
10.2 (d) (i)	The BAC shall make recommendations on matters in connection with the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes, the service period, audit fee and any resignation or dismissal of the auditor.	Complied	The appointments, service periods and fees of the external auditor for audit services to be provided in compliance with the relevant statutes are determined and recommended by the BAC.
10.2 (d) (ii)	Engagement of an audit partner shall not exceed five years, and that the particular audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term. Further, company shall not use the service of the same external audit firm for not more than ten years consecutively.	Complied	The company complied with the stated section.
10.2 (d) (iii)	Audit partner of an FC shall not be a substantial shareholder, director, senior management or employee of any FC.	Complied	The company adheres to the stated section, ensuring that the audit partner is not a substantial shareholder, director, senior management member or employee of any company.
10.2 (d) (iv)	The committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.	Complied	The BAC seeks representation from the External Auditors regarding their independence and ensures that the audit is conducted in accordance with applicable standards and best practices.
10.2 (d) (v)	Audit partner shall not be assigned to any non-audit services with the FC during the same financial year in which the audit is being carried out. The BAC shall develop and implement a policy with the approval of the Board on the engagement of an external audit firm to provide non-audit services that are permitted under the relevant regulatory framework. In doing so, the BAC shall ensure that the provision of service by an external audit firm of non-audit services does not impair the external auditor's independence or objectivity.	Complied	The policy has been approved and is in place. The committee has approved the engagement of the external auditor to provide non audit services that are permitted under the relevant regulatory framework. Through the policy of provision of non-audit services, BAC ensures that the provision of service by an external audit firm of non-audit services does not impair the external auditor's independence or objectivity. The appointment of auditors and their fee proposal for these services have been thoroughly reviewed and approved by the BAC and the Board.
10.2 (d) (vi)	The BAC shall, before the audit commences, discuss and finalize with the external auditors the nature and scope of the audit, including: (i) an assessment of the FC's compliance with Directions issued under the Act and the management's internal controls over financial reporting; (ii) the preparation of statements in accordance with relevant accounting principles and reporting obligations; and (iii) the co-ordination between auditors where more than one auditor is involved.	Complied	The Board Audit Committee has deliberated on and finalized the nature and scope of the audit with the External Auditors, in accordance with Sri Lanka Auditing Standards.

Section	Direction Requirements	Compliance Status	Degree of Compliance
10.2 (d) (vii)	The BAC shall review the financial information of the company, in order to monitor the integrity of the financial statements of the company in its annual report, accounts and periodical reports prepared for disclosure, and the significant financial reporting judgments contained therein. In reviewing the company's annual report and accounts and periodical reports before submission to the Board, the committee shall focus particularly on: Major judgmental areas; (i) any changes in accounting policies and practices; (ii) significant adjustments arising from the audit; (iii) the going concern assumption; and (iv) the compliance with relevant accounting standards and other legal requirements.	Complied	Audit committee has reviewed the annual financials of the company in order to monitor the integrity of the financial statements giving special attention to major judgmental areas, changes in accounting policies, significant audit adjustments, going concern and the compliance requirements.
10.2 (d) (viii)	The BAC shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of key management personnel, if necessary.	Complied	The BAC held one closed-door meeting with the External Auditors on 23rd July 2025. Further, the FC planned to hold the next meeting in March 2026 but it was postponed to 29th April 2026 due to unavoidable circumstances.
10.2 (d) (ix)	The BAC shall review the external auditor's management letter and the management's response thereto within 3 months of submission of such, and report to the Board.	Complied	The BAC reviewed the External Auditor's Management Letter for the financial year ended 31st March 2025, along with the corresponding management responses, at its meeting held on 28th October 2025.
10.2 (e)	The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls.	Partially Complied	The BAC conducted a review of the effectiveness of the system of internal controls periodically during the financial year.
10.2 (f)	The BAC shall ensure that the KMPs are taking necessary corrective actions in a timely manner to address internal control weaknesses, non- compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies with respect to internal audit function of the company.	Complied	Through the continuous follow up of matters, the BAC ensures that the KMPs are taking necessary corrective actions in a timely manner to address internal control weaknesses, non- compliance with policies, laws and regulations, and other problems identified by auditors and supervisory bodies with respect to internal audit function.

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Section	Direction Requirements	Compliance Status	Degree of Compliance
10.2 (g) Internal Audit function:			
10.2 (g) (i)	The committee shall establish an independent internal audit function either in house or outsourced as stipulated in the Finance Business Act (Outsourcing of Business Operations) Direction or as amended that provides an objective assurance to the committee on the quality and effectiveness of the company's internal control, risk management, governance systems and processes.	Complied	There is an in-house Internal Audit Department within the company.
10.2 (g) (ii)	The internal audit function shall have a clear mandate, be accountable to the BAC, (be independent and shall have sufficient expertise and authority within the FC to carry out their assignments effectively and objectively) and be independent of the audited activities. It shall have sufficient expertise and authority within the company to carry out their assignments effectively and objectively.	Complied	There is a Board-approved Internal Audit Charter that delineates the purpose, authority, and responsibilities of the Internal Audit department, ensuring its independence. The Board Audit Committee has reviewed and endorsed the Annual Internal Audit Plan. Internal Audit Reports have been discussed, and appropriate actions have been taken to address findings.
10.2 (g) (iii)	The BAC shall take the following steps with regard to the internal audit function of the company:	Complied	
	i. Review the adequacy of the scope, functions and skills and resources of the internal audit department, and satisfy itself that the department has the necessary authority to carry out its work.		i. The BAC has reviewed and discussed the adequacy of the scope, functions, and resources of the Internal Audit Department.
	ii. Review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit.		ii. The BAC has reviewed and approved the Annual Internal Audit Program. Internal Audit Reports, along with management comments, have been discussed and appropriate actions have been taken to address any identified issues.
	iii. Assess the performance of the head and senior staff members of the internal audit department.		iii. The BAC assesses the performance of the Head and senior staff members of the internal audit department.
	iv. Ensure that the internal audit function is independent and activities are performed with impartiality, proficiency and due professional care.		iv. The audit functions report directly to the BAC, ensuring that audit work is performed with impartiality, proficiency, and due care.
	v. Ensure internal audit function carry out periodic review of compliance function and regulatory reporting to regulatory bodies.		v. The BAC reviews the annual compliance review conducted by the Internal Audit Function.
	vi. Examine the major findings of internal investigations and management's responses thereto.		vi. The BAC ensures this obligation is fulfilled and directs management to take appropriate actions against those found responsible following investigations.

Section	Direction Requirements	Compliance Status	Degree of Compliance
10.2 (h)	The BAC shall review the statutory examination reports of the Central Bank of Sri Lanka (CBSL) and ensure necessary corrective actions are taken in a timely manner and monitor the progress of implementing the time bound action plan quarterly.	Complied	The committee ensures that this obligation is fulfilled.
10.2 (i) Meetings of the Committee			
10.2 (i) (i)	The committee shall meet as specified in direction 10.1 above, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	Complied	This committee meets in accordance with the directions.
10.2 (i) (ii)	Other Board members, senior management or any other employee may attend meetings upon the invitation of the committee when discussing matters under their purview.	Complied	Participation of the board of directors and of key management members at board /committee meetings are compulsory, whilst other members may attend the meeting only by invitation.
10.2 (i) (iii)	BAC shall meet at least twice a year with the external auditors without any other directors/ senior management/employees being present.	Partially Complied	The BAC held one closed-door meeting with the External Auditors on 23rd July 2025. Further, the FC planned to hold the next meeting in March 2026 but it was postponed to 29th April 2026 due to unavoidable circumstances.
10.3 Board Integrated Risk Management Committee (BIRMC)			
10.3 (a)	The committee (BIRMC) shall be chaired by an independent director. The Board members appointed to BIRMC shall be non-executive directors with knowledge and experience in banking, finance, risk management issues and practices. The CEO and Chief Risk Officer (CRO) may attend the meetings upon invitation. The BIRMC shall work with senior management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.	Complied	The committee is chaired by an independent director, and all Board members are non-executive directors with expertise in banking, finance and risk management issues and practices. The Head of Risk Management attends the meeting as Secretary to the meeting. The CEO and the senior management attend meetings by invitation. The BIRMC collaborates closely with senior management and makes decisions on behalf of the Board within the assigned framework of authority and responsibility assigned to the committee.
10.3 (b)	The secretary to the committee may preferably be the CRO.	Complied	The secretary of the committee is the Chief Risk Officer (CRO)
10.3 (c)	The committee shall assess the impact of risks, including credit, market, liquidity, operational and strategic, compliance and technology to the company at least on once in two months basis through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board.	Complied	The Committee maintains an appropriate process to periodically assess the impact of all risks using identified risk indicators and management information. During the last financial year, the committee met on a quarterly basis. As per the Corporate governance direction No. 05 of 2021, under section 10, BIRMC meetings frequency for the FC's with asset base less than Rs. 20.0 billion, BIRMC meetings shall be held at least quarterly.

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Section	Direction Requirements	Compliance Status	Degree of Compliance
10.3 (d)	Developing company's risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that a company will accept, or avoid, in order to achieve its strategic business objectives. The RAS should include quantitative measures expressed relative to earnings, capital, liquidity, etc., and qualitative measures to address reputation and compliance risks as well as money laundering and unethical practices. The RAS should also define the boundaries and business considerations in accordance with which the company is expected to operate when pursuing business strategy and communicate the risk appetite linking it to daily operational decision making and establishing the means to raise risk issues and strategic concerns throughout the FC.	Complied	The Company has established a Risk Appetite Statement (RAS) that articulates the individual and aggregate levels and types of risk it will accept or avoid in order to achieve its strategic business objectives.
10.3 (e)	The BIRMC shall review the FC's risk policies including RAS, at least annually.	Complied	An annual review of risk policies and the RAS by the BIRMC is standard practice at SFPLC. SFPLC ensures it aligns its risk tolerance with strategic goals, governance frameworks and evolving the regulatory guidelines.
10.3 (f)	The BIRMC shall review the adequacy and effectiveness of senior management level committees (such as credit, market, liquidity investment, technology and operational) to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	Complied	It is established that the board-level committee does not execute daily risk management; instead, it acts as a governing body that supervises and evaluates the executives and sub-committees responsible for specific risk domains. Further the BIRMC ensures senior management-level committees have the proper infrastructure, policies, and expertise to execute their duties. Further, CRO tables a report on the management committee's performance quarterly at the BIRMC meeting for the review or BIRMC members.
10.3 (g)	The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans.	Complied	The Business Continuity Plan (BCP) is reviewed by the BIRMC, and updates on its status are provided during meetings. BCP and DR testing are done annually and the test results shared with the BIRMC members for their review. The BCP conducts risk assessments in the following areas: Natural Threats, Fire, IT Disruptions, Power Failure, Epidemic, Facility Threats, Personnel Threats, and Social Threats.
10.3 (h)	BIRMC shall annually assess the performance of the compliance officer and the CRO.	Not Complied	The BIRMC will formally review the CRO and Compliance Officer effectively to confirm if they fulfill their strategic and regulatory duties and same will be documented for future reference effective 2026/27.

Section	Direction Requirements	Compliance Status	Degree of Compliance
10.3 (i) Compliance Function			
10.3 (i) (i)	BIRMC shall establish an independent compliance function to assess the company's compliance with laws, regulations, directions, rules, regulatory guidelines and approved policies on the business operations.	Complied	The BIRMC established an independent control framework to ensure that the company complies with the required guideline.
10.3 (i) (ii)	For companies with an asset base of more than Rs. 20 billion, a dedicated compliance officer considered to be senior management with sufficient seniority, who is independent from day-to-day management shall carry out the compliance function and report to the BIRMC directly. The compliance officer shall not have management or financial responsibility related to any operational business lines or income-generating functions, and there shall not be 'dual hatting', i.e. the Chief Operating Officer, Chief Financial Officer, Chief Internal Auditor, Chief Risk Officer or any other Senior Management shall not serve as the Compliance Officer.	Complied	Although the Company's total assets remain below Rs. 20 billion, it operates with two independent departments dedicated to Risk and Compliance.
10.3 (i) (iii)	For companies with an asset base of less than Rs. 20 billion, an officer with adequate seniority considered to be senior management shall be appointed as compliance officer avoiding any conflict of interest.	Partially Complied	Following the resignation of the former Compliance Officer on 25th May 2025, the Company appointed a new Compliance Officer w.e.f. 25th August 2025 following the approval of the Central Bank.
10.3 (i) (iv)	The BIRMC shall ensure responsibilities of a compliance officer would broadly encompass the following. i. develop and implement policies and procedures designed to eliminate or minimize the risk of breach of regulatory requirements. ii. ensure compliance policies and procedures are clearly communicated to all levels of the company to enhance the compliance culture. iii. ensure that reviews are undertaken at appropriate frequencies to assess compliance with regulatory rules and internal compliance standards. iv. understand and apply all new legal and regulatory developments relevant to the business of FC. v. secure early involvement in the design and structuring of new products and systems, to ensure that they conform to regulatory requirements, internal compliance and ethical standards.	Complied	i. Board approved policies and procedures are in place. ii. A Board-approved Compliance policy is in place and accessible to all employees of the Company through the intranet. iii. Periodic reviews are conducted to assess the level of compliance with regulatory rules and internal compliance standards. iv. The compliance department ensures implementation of all new legal and regulatory developments applicable to its business. v. Process amendments, new processes, new designs and structuring of products and systems are referred through compliance unit to ensure they are in line with CBSL directions and guidelines.

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Section	Direction Requirements	Compliance Status	Degree of Compliance
10.3 (i) (iv)	vi. highlight serious or persistent compliance issues and where appropriate, work with the management to ensure that they are rectified within an acceptable time; and	Complied	vi. Periodic Compliance Audits are conducted, and corrective actions are taken to rectify any noted deviations.
	vii. maintain regular contact and good working relationship with regulators based upon clear and timely communication and a mutual understanding of the regulators' objectives with highest integrity.		vii. We maintain a positive working relationship with regulators, ensuring timely reporting and communications are upheld.
10.3 (j) Risk Management Function			
10.3 (j) (i)	BIRMC shall establish an independent risk management function responsible for managing risk-taking activities across the FC.	Complied	The Company has instituted an Independent Risk Management function.
10.3 (j) (ii)	For FC with asset base of more than Rs.20 billion, it is expected to have a separate risk management department and a dedicated CRO considered to be senior management shall carry out the risk management function and report to the BIRMC periodically.	Complied	A dedicated Risk Management Department has been established, headed by the Head of Risk, despite the Company's total asset base being below Rs. 20 billion as at 31st March 2026. The total assets of the Company were recorded at Rs. 7.3 billion as at the same date. Reports and observations from the Risk Management Department are submitted to the BIRMC.
10.3 (j) (iii)	The CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the FC's risk management function is robust and effective to support its strategic objectives and to fulfill broader responsibilities to various stakeholders.	Complied	The Company has established Risk Management policies, incorporating relevant RAS, which align with the Company's strategic objectives.
10.3 (j) (iv)	The BIRMC shall ensure that the CRO is responsible for developing and implementing a Board approved integrated risk management framework that covers: i. various potential risks and frauds ii. possible sources of such risks and frauds. iii. mechanism of identifying, assessing, monitoring and reporting of such risks and frauds; includes quantitative and qualitative analysis covering stress testing. iv. effective measures to control and mitigate risks at prudent levels; and v. relevant officers and committees responsible for such control and mitigation. The framework shall be reviewed and updated at least annually.	Complied	Risk Management controls are functioning in an integrated manner within the Company, as required by directives. A stress testing policy has been established, with testing results periodically presented at BIRMC meetings. The Risk Register has been initiated, and its findings are discussed at the Committee level. This process will continue to be strengthened in the future.

Section	Direction Requirements	Compliance Status	Degree of Compliance
10.3 (j) (v)	The chief risk officer shall also participate in key decision-making processes such as capital and liquidity planning, new product or service development, etc. and make recommendations on risk management.	Complied	The Head of Risk participates in the Company's strategic planning sessions and ALCO meetings.
10.3 (j) (vi)	The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis.	Complied	The Risk Register is submitted to the BIRMC on a quarterly basis.
10.3 (j) (vii)	The BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions.	Complied	The risk assessment reports are submitted to BIRMC quarterly covering Credit, Market, Capital, Liquidity, Deposits, Operations and IT risk. The BIRMC's quarterly summary is presented to the Board at the next scheduled meeting, usually held in the month immediately following the committee's review.
10.4 Nomination Committee			
10.4 (a)	The committee shall be constituted of non-executive directors and preferably the majority may be independent directors. An independent director shall chair the committee. The CEO may be present at the meetings by invitation of the committee.	Complied	The committee is comprised of three NED, of whom two are independent. The CEO is attending meetings by invitation.
10.4 (b)	Secretary to the nomination committee may preferably be the company secretary.	Complied	The Company Secretary serves as the Secretary to the committee.
10.4 (c)	The committee shall implement a formal and transparent procedure to select/appoint new directors and senior management. Senior management are to be appointed on the recommendation of CEO, excluding CIA, CRO and compliance officer.	Complied	A Board-approved policy for the selection, nomination, appointment, and election of directors is in place. The selection and appointment of Key Responsible Persons (KRPs) are carried out based on the recommendation of the Board Nomination Committee and in accordance with the Recruitment Policy.
10.4 (d)	The committee shall ensure that directors and senior management are fit and proper persons to perform their functions as per the Finance Business Act (Assessment of Fitness and propriety of Key Responsible Persons)	Complied	The Committee ensures that this process complies with the terms of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons). We have obtained the CBSL approval for the KRPs annually)
10.4 (e)	The selection process shall include reviewing whether the proposed directors (i) possess the knowledge, skills, experience, independence and objectivity to fulfill their responsibilities on the board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities.	Complied	The selection process is conducted to conform with the requirements.
10.4 (f)	The committee shall strive to ensure that the Board composition is not dominated by any individual or a small group of individuals in a manner that is detrimental to the interests of the stakeholders and the company as a whole.	Complied	The composition of the Board is not dominated by any individual or small group of individuals. The committee is composed of independent directors.

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Section	Direction Requirements	Compliance Status	Degree of Compliance
10.4 (g)	The committee shall set the criteria, such as qualifications, experience and key attributes required for eligibility, to be considered for appointment to the post of CEO and senior management.	Complied	The qualifications and experience of the CEO and senior management are documented in job descriptions (JDs) recommended by HRRC and approved by the NGC & Board.
10.4 (h)	Upon the appointment of a new director to the Board, the committee shall assign the responsibility to the company secretary to disclose to shareholders: (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committees; and (iv) whether such director can be considered as independent.	Complied	The Company adheres to the aforementioned section.
10.4 (i)	The committee shall consider and recommend (or not recommend) the re-election of current directors, taking into account the combined knowledge, performance towards strategic demands faced by the company and contribution made by the director concerned towards the discharge of the Board's overall responsibilities.	Complied	The Committee adheres to the aforementioned section.
10.4 (j)	The committee shall consider and recommend from time to time, the requirements of additional/new expertise and the succession arrangements for retiring directors and senior management.	Partially Complied	A Board-approved succession plan is in place, which has been reviewed and recommended by the Board Human Resources and Remuneration Committee in August 2024. The new Succussion plan was approved in June 2026 by the Board.
10.4 (k)	A member of the Nomination Committee shall not participate in decision making relating to own appointment/reappointment and the Chairperson of the Board should not chair the Committee when it is dealing with the appointment of the successor.	Complied	Members of the Board Nomination Committee are not involved in the decision-making process for their own appointment or reappointment.
10.5 Human Resource and Remuneration Committee:			
10.5 (a)	The committee shall be chaired by a non-executive director and the majority of the members shall consist of non-executive directors.	Complied	The committee is comprised of three NED and chaired by a non-executive, independent director.
10.5 (b)	The secretary to the human resource and remuneration committee may preferably be the company secretary.	Complied	The Company Secretary serves as the Secretary to the committee.
10.5 (c)	The committee shall determine the remuneration policy (salaries, allowances, and other financial payments) relating to executive directors and senior management of the FC and fees and allowances structure for non-executive directors.	Complied	The Remuneration Policy of the Company, including salaries, allowances, and other financial benefits related to Executive Directors and senior management, is determined by the BHRRC committee.

Section	Direction Requirements	Compliance Status	Degree of Compliance
10.5 (d)	There shall be a formal and transparent procedure in developing the remuneration policy.	Complied	The Remuneration Policy has been formulated and developed to ensure fair and equitable benefits, with transparent guidelines that align with market-related remuneration practices.
10.5 (e)	The committee shall recommend the remuneration policy for approval of the Board on paying salaries, allowances and other financial incentives for all employees of the FC. The policy shall be subject to periodic review by the Board, including when material changes are made.	Partially Complied	This remuneration policy is to be periodically reviewed in the future and the reviewed policy will be recommended by the BHRRC to the Board for their consideration and approval.
10.5 (f)	The remuneration structure shall be in line with the business strategy, objectives, values, long-term interests and cost structure of the FC. It shall also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentivize employees to take excessive risk or to act in self-interest.	Complied	The remuneration structure aligns with the business strategy, objectives, values, long-term interests and cost structure of the Company.
10.5 (g)	The committee shall review the performance of the senior management (excluding Chief Internal Auditor, Compliance Officer, Chief Risk Officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.	Not Complied	While strategic adjustments were made to our remuneration framework in recent periods to align with the organization's positioning, we remain committed to reviewing these benefits to attract and retain top talent moving forward.
10.5 (h)	The committee shall ensure that the senior management shall abstain from attending committee meetings, when matters relating to them are being discussed.	Complied	The Committee adheres to this section.
11. Internal Controls			
11.1	Company (FCs) shall adopt well-established internal control systems, which include the organizational structure, segregation of duties, clear management reporting lines and adequate operating procedures in order to mitigate operational risks.	Complied	The Board Audit Committee assists the Board in evaluating the adequacy and integrity of the Internal Controls System, the Management Information System, financial reporting processes, and the AML & CFT system of the Company. The Internal Audit Department supports this process by conducting audits to assess internal controls over financial reporting and management information systems.
11.2	A proper internal control system shall: (a) promote effective and efficient operation. (b) provide reliable financial information. (c) safeguard assets. (d) minimize the operating risk of loss from irregularities, fraud and errors. (e) ensure effective risk management systems. (f) ensure compliance with relevant laws, regulations and internal policies.	Complied	

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Section	Direction Requirements	Compliance Status	Degree of Compliance
11.3	All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	Complied	Employees were briefed on their responsibility for internal controls upon appointment.
12. Related Party Transactions			
12.1	Board shall establish a policy and procedures for related party transactions, which covers the following:	Complied	A Board approved RPT policy is already in place. However, a review of the policy has been undertaken and will be completed by June 2026.
12.1 (a)	FC shall establish a RPTRC and the Chairperson shall be an independent director and the members shall consist of non-executive directors.	Complied	The Board has established a Board RPTRC and is in compliance with the Direction. The committee meets once a quarter.
12.1 (b)	All RPT shall be prior reviewed and recommended by the RPTRC.	Complied	All RPT are reviewed and recommended by the RPTRC before proceeding.
12.1 (c)	The business transactions with a related party that are covered in this Direction shall be the following: i. Granting accommodation. ii. Creating liabilities to the company in the form of deposits, borrowings and any other payable. iii. Providing financial or non-financial services to the company or obtaining those services from the company. iv. Creating or maintaining reporting lines and information flows between the (FC) company and any related party which may lead to share proprietary, confidential or information not available in the public domain or otherwise sensitive information that may give benefits to such related party.	Complied	The Board has approved a RPT Policy, the policy ensures that transactions between a company and its related parties (directors, key management, subsidiaries, close family members) are conducted at arm's length, preventing conflicts of interest. All related party transactions have been disclosed in the financial statements. On a quarterly basis the RPTRC committee is presented with following statistics. • Deposits held by related parties/ directors/ KMPs during the quarter - This refers to funds or assets deposited by any of the above individuals or entities. • Transactions of deposits and CPs held by related parties/ directors/ KMPs for the quarter. - this refers to placement of deposits/ CPs by any of the related parties/ directors/ KMPs • Accommodations granted to related parties during the quarter. – refers to loan, credit facilities or any financial support provided to any of the RPTs. • Accommodation received by related parties during the quarter. – Refers to financial support obtain by related parties

Section	Direction Requirements	Compliance Status	Degree of Compliance
12. 2	The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the (FC) company with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction. In this regard, there shall be a named list of natural persons/ institutions identified as related parties, which is subject to periodic review as and when the need arises. a) Directors and senior management. b) Shareholders who directly or indirectly hold more than 10% of the voting rights of the company. c) Subsidiaries, associates, affiliates, holding company, ultimate parent company and any party (including their subsidiaries, associates and affiliates) that the company exert control over or vice versa. d) Directors and senior management of legal persons in paragraph (b) or (c). e) Relatives of a natural person described in paragraph (a), (b) or (d). f) Any concern in which any of the company's directors, senior management or a relative of any of the company's director or senior management or any of its shareholders who has a shareholding directly or indirectly more than 10% of the voting rights has a substantial interest.	Complied	The Board is fully aware of the requirement to identify RPT. A Board-approved RPT Policy is in place, which outlines categories of related parties and helps the company avoid any conflicts of interest that may arise from such transactions. The Board is fully aware of the requirement to identify RPT. Thus, a comprehensive policy defining what constitutes a related party and a conflict of interest and outline specific procedures for reporting and reviewing such transactions are in place. The categories of related parties mentioned in the board- approved RPT Policy are compliant with the categories specified in this section, which helps the company avoid any conflicts of interest that may arise from such transactions. RPT policy clearly defines the types of RPT transactions and the framework which the RPT committee can independently work on. The RPT Committee has identified a list of related natural persons and/or institutions, which is reviewed monthly. RPT details are monitored and reported through quarterly updates in the FINNET report. All RPT are reviewed and approved by the RPT Committee and are disclosed in the financial statements under related party disclosures.

Corporate Governance Disclosures

Section	Direction Requirements	Compliance Status	Degree of Compliance
12.3	The committee shall ensure that the company does not engage in business transactions with a related party in a manner that would grant such party "more favorable treatment" than that is accorded to other similar constituents of the company. For the purpose of this paragraph, "more favorable treatment" shall mean: a) Granting of "total accommodation" to a related party, exceeding a prudent percentage of the company's regulatory capital, as determined by the committee. b) Charging of a lower rate of interest or paying a rate of interest exceeding the rate paid for a comparable transaction with an unrelated comparable counterparty. c) Providing preferential treatment, such as favorable terms, that extends beyond the terms granted in the normal course of business with unrelated parties. d) Providing or obtaining services to or from a related party without a proper evaluation procedure. or e) Maintaining reporting lines and information flows between the company and any related party which may lead to share proprietary, confidential or otherwise sensitive information that may give benefits to such related party, except as required for the performance of legitimate duties and functions	Complied	The company ensures that RPT are not conducted in a manner that grants such related parties "more favorable treatment" than what is accorded to other constituents of the company engaging in similar transactions.

Section	Direction Requirements	Compliance Status	Degree of Compliance
13. Group Governance			
13.1	**Responsibilities of the company (FC) as a Holding Company**	Complied	The Company operates as an independent entity and does not operate as a Holding Company. It does not have any subsidiaries.
13.2	**Responsibilities as a Subsidiary** If the FC is a subsidiary of another financial institution subject to prudential regulation, FC shall discharge its own legal and governance responsibilities.	Complied	The Company operates as an independent entity and is not a subsidiary of any other financial institution. It takes full responsibility for fulfilling its own legal and regulatory obligations in accordance with the governing laws and guidelines.
14. Corporate Culture			
14.1	A company (FC) shall adopt a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, integrity of reporting, protection and proper use of company assets and fair treatment of customers.	Partially Complied	The company has established a Code of Conduct that encompasses a wide spectrum of ethical guidelines, ensuring adherence to the aforementioned section. Our commitment to ethical standards is formalized during onboarding, where every new staff member sign an acceptance letter confirming their compliance with our code of conduct.
14.2	The FC shall maintain records of breaches of code of conduct and address such breaches in a manner that upholds high standards of integrity.	Complied	The company is committed to maintaining a strong corporate culture by recording instances of Code of Conduct breaches. These breaches are addressed with the utmost integrity, involving thorough investigations and appropriate corrective actions.
14.3	A FC shall establish a Whistleblowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. Employees shall be able to raise concerns about illegal, unethical or questionable practices in a confidence manner and without the risk of reprisal. The BAC shall review the policy periodically.	Complied	A Board-approved Whistleblowing Policy is in place, encouraging all employees to raise concerns about potential or existing wrongdoing, including breaches of the company's Code of Ethics. The BAC and BIRMC has reviewed the policy in 2025/26.

Corporate Governance Disclosures

Section	Direction Requirements	Compliance Status	Degree of Compliance
15. Conflicts of Interest			
15.1 (a)	Relationships between the directors shall not exercise undue influence or coercion. A director shall abstain from voting on any Board resolution in relation to a matter in which such director or any of the relatives or a concern in which such director has substantial interest, is interested, and such director shall not be counted in the quorum for the relevant agenda item in the Board meeting.	Complied	The Board is well aware of the requirement to identify RPT and a strict review process of such RPT transactions exists. The RPT Committee and Board adopt the due process of assessing arm's length and fair and reasonableness judgment when approving such transaction.
15.1 (b)	The Board shall have a formal written policy and an objective compliance process for implementing the policy to address potential conflicts of interest with related parties. The policy for managing conflicts of interest shall, i. Identify circumstances which constitute or may give rise to conflicts of interests. ii. Express the responsibility of directors and senior management to avoid, to the extent possible, activities that could create conflicts of interest. iii. Define the process for directors and senior management to keep the Board informed on any change in circumstances that may give rise to a conflict of interest. iv. Implement a rigorous review and approval process for director and senior management to follow before they engage in certain activities that could create conflicts of interest. v. Identify those responsible for maintaining updated records on conflicts of interest with related parties, and vi. Articulate how any non-compliance with the policy to be addressed.	Complied	The RPT policy has a provision in this regard.

Section	Direction Requirements	Compliance Status	Degree of Compliance
16. Disclosures			
16.1	The Board shall ensure that: (a) annual audited financial statements and periodical financial statements are prepared and published in accordance with the formats prescribed by the regulatory and supervisory authorities and applicable accounting standards, and that (b) such statements are published in the newspapers in Sinhala, Tamil and English. The Board shall ensure that at least following disclosures are made in the Annual Report of the Finance Company.	Complied	The Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards (LKAS/SLFRS) and the formats prescribed by the Supervisory and Regulatory Authorities and that such statements are published in the newspapers in all three languages. Interim (unaudited) Financial Statements as well as Audited Financial Statements are submitted to the Colombo Stock Exchange (CSE) and the financials are made available on the website of CSE.

Section	Direction Requirements	Compliance Status	Degree of Compliance
i. Financial Statements	In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include, • A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures. • A statement of responsibility of the Board in preparation and presentation of financial statements.	Complied	Details pertaining to the compliance with applicable accounting standards and regulatory requirements have been reported in the Annual Report of the Board of Directors on the Affairs of the Company on page 247. Statement of Directors' Responsibilities is available on page 243.

Corporate Governance Disclosures

Section	Direction Requirements	Compliance Status	Degree of Compliance
ii. Chairperson, CEO and Board Related Disclosures	• Name, qualification and a brief profile. • Whether executive, non-executive and/ or independent director. • Details of the director who is serving as the senior director, if any. • The nature of expertise in relevant functional areas. • Relatives and/or any business transaction relationships with other directors of the company. • Names of other companies in which the director/CEO concerned serves as a director and whether in an executive or non-executive capacity. • Number/percentage of board meetings of the Finance Company attended during the year; and • Names of board committees in which the director serves as the Chairperson or a member.	Complied	Details of the Board of Directors are available in the Directors' Profiles section from page 104 to page 107. Additionally, Details of the Board of Directors are also available in the Annual Report of the Board of Directors on the Affairs of the Company on page 247. The CEO's profile is available in the Corporate and Senior Management Section on page 110. Refer the Notes to the Financial Statements, Note No. 43 pertaining to the Related Party Disclosures on page 334. The Directors' Profile section from page 104 to page 107 and the CEO's profile in the Corporate and Senior Management Section on page 110 to 111 contains these details. Additionally, the Directors' Interests in Contracts with the Company section on page 114 also contains these details. Refer page 119 for the Directors' Board and Committee Meetings Attendance Table. Refer page 247 of the Annual Report of the Board of Directors on the Affairs of the Company for these details.
iii. Appraisal of Board Performance	• An overview of how the performance evaluations of the Board and its committees have been conducted.	Complied	Refer pages 165 to 191 of the CA Sri Lanka Code of Best Practices on Corporate Governance Disclosures for these details.

Section	Direction Requirements	Compliance Status	Degree of Compliance
iv. Remuneration	• A statement on remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management, level and mix of remuneration (financial and non-financial, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation)	Complied	Refer pages 239 to 240 of the Human Resources & Remuneration Committee Report. Related Party Disclosures – KMP Related Disclosures – Note 43 of the Notes to the Financial Statements on page 334.
	• The aggregate values of remuneration paid by the Finance Company to its directors and senior management.	Complied	The aggregate values of Rs. 105,526,053.00 paid to the Senior Management and Rs. 17,445,575.05 paid to the Directors during the financial year respectively. Refer Table 1 & 2 for detail breakdown.

Table 01 - Aggregate Remuneration paid to Directors

Form of Remuneration	Amount (Rs.)
Basic Salary	13,440,000.00
Board and Sub-Committee Siting Fees	4,005,575.05
Total Remuneration Paid to Directors	**17,445,575.05**

Table 02 - Aggregate Remuneration paid to Senior Management

Form of Remuneration	Amount (Rs.)
Basic Salary	71,328,886.66
Fixed Allowances	22,714,333.34
Bonuses	783,500.00
Other Monetary Benefits (if any) *EPF/ETF	10,699,333.00
Total Remuneration Paid to Directors	**105,526,053.00**

Corporate Governance Disclosures

Section	Direction Requirements	Compliance Status	Degree of Compliance
v. Related Party Transactions	• The nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board. • Total net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the Finance Company's core capital. • The aggregate values of the transactions of the Finance Company with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the Finance Company.	Complied	Related party transactions carried out during the year are given on pages 334 to 341 of the Notes to the Financial Statements. Additionally, also refer page 247 of the Annual Report of the Board of Directors on the Affairs of the Company. Net accommodations outstanding of Rs.79,233,417 as at 31 March 2026 (Refer note no. 43.2 on pages 336 to 341), as a percentage of Core Capital is 2.79%. No transaction has been carried out with the Senior Management during year under review.
vi. Board Appointed Committees	• The details of the Chairperson and members of the board committees and attendance at such meetings	Complied	Refer pages 230 to 242 for the Board Sub-committees, their membership and meeting attendance details. The Annual Report of the Board of Directors on the Affairs of the Company page 247 contains the names of the Chairpersons and of the members of the Board sub-committees.
vii. Group Structure	• The group structure of the FC within which it operates. • The group governance framework.	Complied	Refer page 351 of the Investor Information Section – Group Structure. Refer page 115 – Governance Framework in the Corporate Governance Philosophy Section.

Section	Direction Requirements	Compliance Status	Degree of Compliance
viii. Director's Report	A report, which shall contain the following declarations by the Board; • The Finance Company has not engaged in any activity, which contravenes laws and regulations. • The directors have declared all related party transactions with the Finance Company and abstained from voting on matters in which they were materially interested. • The Finance Company has made all endeavors to ensure the fair treatment for all stakeholders, in particular the depositors. • The business is a going concern with supporting assumptions; and • The Board has conducted a review of internal controls covering material risks to the Finance Company and have obtained reasonable assurance of their effectiveness.	Complied Complied	Refer pages 247 to pages 252 of the Annual Report of the Board of Directors on the Affairs of the Company. Refer pages 244 to 245 for the Directors' Statement of Internal Controls. Refer page 234 of the Related Party Transactions Committee Report. Refer pages 146 to 150 for the Stakeholder Identification and Management Section. Refer pages 124 to 164 of the CBSL Corporate Governance Disclosures – Related Party Transactions, Corporate Culture & Conflicts of Interest related Disclosures. Refer page 267 of the Material Accounting Policies – Going Concern section. Refer pages 244 to 245 for the Directors' Statement of Internal Controls.
ix. Statement on Internal Control	• A report by the Board on the Finance Company's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. • The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published. • A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances. • A statement of the regulatory and supervisory concerns on lapses in the Finance Company's risk management, or non-compliance with the Act, and rules and directions.	Complied	Refer pages 244 to 245 for the Directors' Statement of Internal Controls. Refer page 246 for the Independent Assurance Report on the Directors' Statement on Internal Controls. Refer pages 244 to 245 for the Directors' Statement of Internal Controls. Refer pages 244 to 245 for the Directors' Statement of Internal Controls

Corporate Governance Disclosures

Section	Direction Requirements	Compliance Status	Degree of Compliance
x. Corporate Governance Report	• Shall disclose the manner and extent to which the company has complied with Corporate Governance Direction and the external auditor's assurance statement of the compliance with the Corporate Governance Direction.	Complied	The Corporate Governance Report is set out on pages 124 to 164 of the Annual Report of the Company. This refers to the CBSL Corporate Governance Disclosures.
xi. Code of Conduct	• Finance Company's code of business conduct and ethics for directors, senior management and employees. • The Chairperson shall certify that the company has no violations of any of the provisions of this code.	Complied	Refer pages 124 to 164 of the CBSL Corporate Governance Disclosures – Corporate Culture & Conflicts of Interest related Disclosures.
xii. Management Report	• Industry structure and developments • Opportunities and threats • Risks and concerns • Sustainable finance activities carried out by the company • Prospects for the future	Complied	Refer to the Operating Environment section on pages 30 to 33. Refer to the Management Discussion & Analysis section on pages 56 to 89. Refer to the Risk Management section on pages 90 to 102.
xiii. Communication with Shareholders	• The policy and methodology for communication with shareholders. • The contact person for such communication.	Complied	Refer pages 124 to 164 of the CBSL Corporate Governance Disclosures – Corporate Culture & Values with reference to the company's communication policy. Refer page 374 for the Corporate Information section for the details pertaining to the communication with shareholders. Additionally, the Company Secretary communicates with the shareholders through published notices issued to shareholders as well as through interim quarterly financial statements and the annual report.

Statement of The Extent of Compliance Under Section 9 of the Listing Rules of the CSE on Corporate Governance.

Rule No.	Applicable Requirement	Extent of Compliance
9.2	**Policies**	
9.2.1	Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website; (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk management and Internal controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistle-blowing (l) Policy on Anti-Bribery and Corruption	Complied with. The said policies have been prepared. All approved policies have been uploaded to the website.
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report.	No such waivers were granted during the year under review.
9.2.3	Listed Entities shall disclose in its Annual Report:	Complied with.
	(i) the list of policies that are in place in conformity to Rule 9.2.1 above, with reference to its website.	Listed policies and changes have been adopted. The company's website is www.softlogicfinance.lk
	(ii) details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above.	Any applicable changes have been disclosed accordingly.
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Will be provided upon the receipt of a written request.

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Rule No.	Applicable Requirement	Extent of Compliance
9.3	**Board Committees**	
9.3.1	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	The company has formed Board Committees in accordance with the listing rules. These committees are in operation.
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules.	The company adheres to the specified requirement with reference to its Board Committees.
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Complied with. Chairperson is not involved in Board Committees.
9.4	**Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders**	
9.4.1	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	The Company retains comprehensive records of all resolutions under consideration at the Annual General Meeting. These can be provided upon the receipt of the relevant written request.
9.4.2	Communication and relations with shareholders and investors (a) Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity. (b) Listed Entities shall disclose the contact person for such communication. (C) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Entity in the Annual Report and the website of the Entity. (d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange.	The Company has a Board-approved Communication Policy. Complied with.

Rule No.	Applicable Requirement	Extent of Compliance
9.5	**Policy on matters relating to the Board of Directors**	
9.5.1	Listed Entities shall establish and maintain a formal policy governing matter relating to the Board of Directors and such policy shall: (a) recognize the need for a balance of representation between Executive and Non-Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred to as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO. (b) where a Listed Entity decides to combine the role of the Chairperson and CEO, (i) set out the rational for combining such positions; and, (ii) require the Board Charter of the Listed Entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest. (iii)set out the measures implemented to safeguard the interests of the SID. (c) require diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors. (d) stipulate the maximum number of Directors with the rationale for the same (e) specify the frequency of Board meetings, having regard to the requirements under the Listing Rules. (f) provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance by the Listed Entity with obligations arising under such Rules. (g) specify the minimum number of meetings, in numbers and percentage, that a Director must attend, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position. (h) provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements. (i) specify the maximum number of directorships in Listed Entities that may be held by Directors. (j) recognize the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum.	The Company maintains several Board policies concerning matters pertaining to the Board of Directors. The roles of the Chairperson and the CEO are not combined. They are held by separate persons. Complied with.
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	Complied with.

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Rule No.	Applicable Requirement	Extent of Compliance
9.6	**Chairperson and CEO**	
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the position of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below.	The Chairperson is a Non-Executive Director, and the roles of Chairperson and CEO are held by separate individuals. Additionally, the company has also appointed a Senior Independent Director.
9.6.2	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules. Such Market Announcement shall include the rationale for appointment of an Executive Director as Chairperson and/or combining the positions of the Chairperson and CEO of the Listed Entity.	Not Applicable. The roles of Chairperson and CEO are held by different individuals. Additionally, the Chairperson is a Non-Executive Director.
9.6.3	**The Requirement for a SID**	
	(a) A Listed Entity shall appoint an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties. Such appointment shall be immediately disclosed with reasons for such appointment, by way of a Market Announcement. (b) The Independent Directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors to discuss matters and concerns relating to the Entity and the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members. (c) The SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the Chairperson's performance and on such other occasions as are deemed appropriate. (d) The SID shall be entitled to a casting vote at the meetings specified in Rules 9.6.3. (b) and (c) above. (e) The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID.	The company has appointed an Independent Director as the Senior Independent Director. However, the company's board composition and board relationships do not fall within the ambit of the instances stated in Section 9.6.3 (a) (i), (ii) and (iii). The Senior Independent Director's Report has been included in the Annual Report.

Rule No.	Applicable Requirement	Extent of Compliance
9.6.4	Where a Listed Entity has appointed a SID as required in terms of Rule 9.6.1 above, such Entity shall set out the rationale for such appointment in the Annual Report of the Entity.	The Chairperson is a Non-Executive Director and the roles of Chairperson and CEO are held by separate individuals. A Senior Independent Director has been appointed in compliance with Section 6.3 of the Finance Business Act Directions No. 05 of 2021, as the Chairperson in a Non-Independent Non-Executive Director.
9.7	**Fitness of Directors and CEOs**	
9.7.1	The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules. In evaluating fitness and propriety of the persons referred in these Rules, Listed Entities shall utilize the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 below.	Fit and proper requirements have been complied with assessments submitted to the regulator have been accepted.
9.7.2	Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.	Fit and proper requirements have been complied with and have been accepted by the shareholders.
9.7.3	Fit and Proper Assessment Criteria.	The Company has complied with the Listing Rules requirement.
9.7.3 (a)	Honesty, Integrity and Reputation A Director or the CEO of a Listed Entity shall not be considered 'fit and proper' if she or he; (i) has been convicted by a competent court of law in respect of a market offence for which he/she has been charged under the SEC Act or Securities Laws outside of Sri Lanka. (ii) in his/her individual capacity or as a part of any business that he/she has been involved in, who/which has had a license or registration that has been cancelled by the SEC or any other regulatory authority. (iii) has been convicted, within or outside Sri Lanka of an offence under any law involving fraud, misappropriation or dishonesty or the conviction of which involved a finding that he/she acted fraudulently or dishonestly. (iv) has been convicted for contravening any provision of any law within or outside Sri Lanka for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies. (v) has been disqualified from acting as a Director or CEO of a company or has been dismissed or requested to resign from any position or office by the SEC in terms of the SEC Act or rules and regulations issued thereunder or any other statutory regulatory body due to mismanagement of funds or an offence which involves the commission of financial fraud.	Fit and proper assessment of the CEO and the Directors appointed have been accepted by regulatory authority.

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Rule No.	Applicable Requirement	Extent of Compliance
9.7.3 (a)	(vi) has been disqualified from acting as a CEO/Key Management Person/Director of a company regulated by the CBSL and/or the Insurance Regulatory Commission of Sri Lanka (IRCSL) as applicable for failure to satisfy the fit and proper assessment criteria issued by the CBSL and/or IRCSL respectively. (vii) has been a Director or the CEO of any Listed Entity which has been delisted by the Exchange in the circumstances specified in Rule 14 of these Rules.	
9.7.3 (b)	Competence and Capability A Director or the CEO of an Entity shall not be considered as 'fit and proper' if she or he; (i) does not possess suitable academic or professional qualifications or necessary skills, competencies and experience which are determined by the Nominations and Governance Committee of the Listed Entity in terms of Rule 9.11.5 of these Rules which are required to efficiently contribute to the business operations of the Entity in his/her capacity as a Director/CEO (as applicable). (ii) has been declared by a court of competent jurisdiction in Sri Lanka or outside Sri Lanka, to be of unsound mind.	These requirements have been complied with, in reference to the appointments of the CEO and the Directors and the CEO and the Directors have complied with these requirements.
9.7.3 (c)	Financial Soundness A Director or the CEO of an Entity shall not be considered as a 'fit and proper person' by the Exchange, if she or he; (i) is an undischarged bankrupt or a person on whose behalf a receiver or manager or liquidator or an equivalent person has been appointed within or outside Sri Lanka. (ii) has been the subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Sri Lanka or outside Sri Lanka. (iii) has been in a position capable of exercising significant influence in a company that has: (a) been declared bankrupt within or outside of Sri Lanka; or (b) its assets sequestrated for the non-satisfaction of a judgement debt.	These requirements have been complied with, in reference to the appointments of the CEO and the Directors and the CEO and the Directors have complied with these requirements.
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	The Company has complied as per the Listing Rules requirements.

Rule No.	Applicable Requirement	Extent of Compliance
9.7.5	Disclosures in the Annual Report of Listed Entities	
	Listed Entities shall include the following disclosures/ reports in the Annual Report; (a) A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. (b) Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such non-compliance/s.	a) The Company adheres to the annual fit and proper declaration as defined in the Finance Business Act Direction No. 06 of 2021 regarding the assessment of fitness and propriety of key responsible persons. b) No such instances were recorded during the year under review.
9.8	Board Composition	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	The Board consists of 7 members since 23rd October 2024.
9.8.2	Minimum Number of Independent Directors: (a) The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher. (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	The company has complied with the minimum number of Independent Directors required during financial year and continues to comply with this requirement.
9.8.3	Criteria for determining independence: A Director shall not be considered independent if he/she: i. has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director. ii. currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly. iii. currently has/had during the preceding financial year a Close Family Member who is a Director and/or CEO in the Listed Entity. iv. has a Significant Shareholding in the Listed Entity. v. has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment.	The Company obtained a declaration as specified in appendix 9A to ensure their independence.

Corporate Governance Disclosures

Rule No.	Applicable Requirement	Extent of Compliance
9.8.3	vi. is employed in another company or business; a) in which a majority of the other directors of the Listed Entity are employed or are directors; or b) in which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or c) that has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection. vii. is a director of another company; a) in which a majority of the other directors of the Listed Entity are employed or are directors; or b) that has a Business Connection in the Listed Entity or a Significant Shareholding. viii. has a Material Business Relationship or a Significant Shareholding in another company or business; a) in which a majority of the other directors of the Listed Entity are employed or are directors; and/or b) which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or c) where the core line of business of such company is in direct conflict with the line of business of the Listed Entity. ix. is above the age of seventy (70) years.	The Company obtained a declaration as specified in appendix 9A to ensure their independence.
9.8.4	For the purposes of Rule 9.8.3; **"Acting in Concert"** shall have the same meaning as defined in the 'Takeovers and Mergers Code'. **"Business Connection"** shall mean a relationship resulting in transaction value/s equal to or more than thirty percent (30%) of the total annual turnover of that company or business. Provided however, where the Listed Entity is a Licensed Commercial Bank/Licensed Specialized Bank/Licensed Finance Company, it shall mean a relationship resulting in transaction value/s equal to or more than fifty percent (50%) of the total assets of that company or business. **"Close Family Member"** shall mean and include: a) the children below eighteen (18) years and spouse or domestic partner of a director/CEO of a Listed Entity b) children who are eighteen (18) years or above, parents, grandparents, brothers, sisters and grandchildren of a director/CEO of a Listed Entity who are financially dependent; and c) any person who is financially dependent on such director/CEO.	The Company obtained a declaration as specified in appendix 9A to ensure their independence.

Rule No.	Applicable Requirement	Extent of Compliance
9.8.4	**'Financially dependent'** shall mean any person who receives more than half of their support for the most recent fiscal year from a director/CEO of a Listed Entity and/or his or her spouse, or a representative. **"Listed Entity"** shall mean the Listed Entity to the Board of which the director is appointed, its parent and/or subsidiary company, and a subsidiary of the parent company. **"Material Business Relationship"** shall mean a relationship resulting in income/non- cash benefits equivalent to twenty percent (20%) of the director's annual income and any income/non-cash benefits received by such director which are applicable on a uniform basis to all Non-Executive Directors on the board shall not be considered in calculating the annual income. **"Significant Shareholding"** shall mean a shareholding carrying not less than ten percent (10%) of the voting rights of a company.	The Company obtained a declaration as specified in appendix 9A to ensure their independence.
9.8.5	The Board of Directors of Listed Entities shall require:	This has been complied with by obtaining the declarations.
	(a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein.	
	(b) Make an annual determination as to the "independence" or "non- independence" of each Independent Director based on the Directors` declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report.	The Directors who are Independent Non-Executive Directors, have been stated in the Annual Report.
	(c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof.	No such instances occurred during the year .
9.9	**Alternate Directors**	
	If a Listed Entity provides for the appointment of Alternate Directors, it shall be required to comply with the following requirements and such requirements shall also be incorporated into the Articles of Association of the Entity:	
	a) Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.	No Alternate Directors have been assigned to the Board.
	b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive of the Listed Entity.	

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Rule No.	Applicable Requirement	Extent of Compliance
9.9	c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence specified in these Rules and the Listed Entity shall satisfy the requirements relating to the minimum number of Independent Directors specified in these Rules. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made. d) The Listed Entity shall make an immediate Market Announcement regarding the appointment of an Alternate Director. Such Market Announcement shall include the following: i. The exceptional circumstances leading to such appointment; ii. The information on the capacity in which such Alternate Director is appointed, i.e., whether as an Executive, Non-Executive or Independent Director; iii. The time period for which he/she is appointed, which shall not exceed one (1) year from the date of appointment; and, iv. A Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	No Alternate Directors have been assigned to the Board.
9.10	**Disclosures relating to Directors**	
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	Maximum no. of directorships has been complied with. The maximum number of directorships is in line with the requirements imposed by the regulator, which is the CBSL.
9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	No such matters occurred during the year under review.
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the; i. Board of Directors, and ii. Board Committees referred to in Rule 9.3 above. The announcement shall, at a minimum, contain the details of changes including, appointments, resignations and the capacity of directorship with the effective date thereof.	No such matters as described in this requirement pertaining to the Board of Directors or the Board Committees referred to in Rule 9.3, occurred during the year.

Rule No.	Applicable Requirement	Extent of Compliance
9.10.4	Listed Entities shall also disclose the following in relation to the Directors in the Annual Report: (a) name, qualifications and brief profile; (b) the nature of his/her expertise in relevant functional areas; (c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity; (d) whether Executive, Non-Executive and/or independent Director; (e) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Listed Entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies; (f) number of Board meetings of the Listed Entity attended during the year; (g) names of Board Committees in which the Director serves as Chairperson or a member; (h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.; and, (i) The terms of reference and powers of the SID (where applicable).	These Directors' details are given in the pages 104 to 107.
9.11	**Nominations And Governance Committee**	
9.11.1	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	Board Nomination and Governance Committee is in operation.
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complied with
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied with

Corporate Governance Disclosures

Rule No.	Applicable Requirement	Extent of Compliance
9.11.4	**Composition**	
	(1) The members of the Nominations and Governance Committee shall;	Complied with
	(a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.	Complied with
	(b) Not comprise of Executive Directors of the Listed Entity.	Complied with
	(2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors.	Complied with
	(3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.	Complied with
9.11.5	The functions of the Nominations and Governance Committee shall include the following:	Complied with
	(i) Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Listed Entity. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.	Complied with
	(ii) Consider and recommend (or not recommend) the re-appointment/re-election of current Directors taking into account;	
	• The combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Listed Entity and the discharge of the Board's overall responsibilities; and,	The operational process is currently stabilized, formalizing these guidelines will be applied with the review of the policy.
	• The number of directorships held by the Director in other listed and unlisted companies and other principal commitments.	
	(iii) Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Listed Entity.	
	(iv) Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Entity and industry specific requirements.	
	(v) Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged.	
	(vi) Develop succession plan for Board of Directors and Key Management Personnel of the Listed Entity.	

Rule No.	Applicable Requirement	Extent of Compliance
9.11.5	(vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities. (viii) Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/ international best practices. (ix) Periodically review and update the corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice. (x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.	The operational process is currently stabilized, formalizing these guidelines will be applied with the review of the policy.
9.11.6	**Disclosures in Annual Report**	
	The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson. The said report shall include the following; a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members. b) the date of appointment to the Committee. c) whether a documented policy and processes are in place when nominating Directors. d) whether all directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years. e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance. f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors.	The Annual Report contains a report of the Nomination and Governance Committee.

Corporate Governance Disclosures

Rule No.	Applicable Requirement	Extent of Compliance
9.11.6	g) The following information regarding directors who are re-elected or being proposed for re-election during the year; • Board Committees served on (as a member or Chairperson), • Date of first appointment as a Director, • Date of last re-appointment as a Director, • Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and, • Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten percent (10%) of the shares of the Listed Entity. h) Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Entity as specified in Rule 9.11.5 above. i) Processes adopted by the Listed Entity to inform the Independent Directors of major issues relating to the Entity. j) Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement. k) Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement. l) A statement that the Directors of the Listed Entity meet the criteria for determining independence. m) A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Listed Entity's fail to comply with any provisions of such Rules, a statement explaining the reason for such non- compliance and the proposed remedial action taken for the rectification of such non-compliance.	The Annual Report contains a report of the Nomination and Governance Committee.
9.12	**Remuneration Committee**	
9.12.1	For the purposes of Rule 9.12, the term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received.	The company has established a Remuneration Committee and the Board approved Remuneration Policy.
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	

Rule No.	Applicable Requirement	Extent of Compliance
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	A Board approved human resources and remuneration policy is in place.
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	The board has approved the Terms of Reference (TOR) for the HR and Remuneration Committee and it is in place.
9.12.6	**Composition**	
	(1) The members of the Remuneration Committee shall;	
	(a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.	The Committee is comprised of three directors, out of which two are Independent Non-Executive Directors.
	(b) not comprise of Executive Directors of the Listed Entity.	Complied with. Committee does not contain any Executive Directors.
	(2) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	The Chairperson appointed is an Independent Director.
9.12.7	**Functions**	
	(1) The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. (2) The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	The Remuneration and Benefits Policy of the Company, the salaries, allowances and other financial benefits related to the Executive Directors and senior management are decided by the Board Human Resources and Remuneration Committee (BHRRC).
9.12.8	**Disclosure in Annual Report**	
	The Annual Report should set out the following: a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members; b) A statement regarding the remuneration policy; and, c) The aggregate remuneration of the Executive and Non-Executive Directors.	The report of Board Human Resources and Remuneration Committee is given in page 239. The company only has Non-Executive Directors. The aggregate remuneration of these Directors is given in page 161.

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Rule No.	Applicable Requirement	Extent of Compliance
9.13	Audit Committee	
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	The Company currently has two separate Committees in operation; a Board Audit Committee and a Board Integrated Risk Management Committee.
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	Board approved Terms of References is in place.
9.13.3	Composition	
	(1) The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.	This has been complied with. The committee comprised of 4 members of whom 3 are independent. Refer page 230 for the Board Audit Committee Report containing the member composition as well.
	(b) Not comprise of Executive Directors of the Listed Entity.	Complied with. No Executive Directors in this Committee.
	(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors.	Complied with.
	(3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	Audit Committee meets at least on a monthly basis
	(4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Complied. An Independent Director is the Committee Chairperson.
	(5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.	Complied with.
	(6) The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	Complied with. Refer the director details pages 104 to 107 for the Chairperson's profile and professional qualifications.

Rule No.	Applicable Requirement	Extent of Compliance
9.13.4	Functions	
	(1) The functions of the Audit Committee shall include the following: (i) Oversee the Entity's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.	The functions of the Board Audit Committee are detailed in 'Report of the Board Audit Committee' in page 230 to page 233.
	(ii) Review the quarterly results and year-end Financial Statements of the Entity prior to tabling for the approval of the Board of Directors of the Entity with special reference to: (a) changes in or implementation of major accounting policy changes; (b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; (c) compliance with accounting standards and other legal requirements; (d) any related party transaction and conflict of interest situation that may arise within the Listed Entity or group including any transaction, procedure or course of conduct that raises questions of management integrity; (e) any letter of resignation from the external auditors of the Listed Entity; and, (f) whether there is reason (supported by grounds) to believe that the Listed Entity's external auditor is not suitable for re-appointment.	Quarterly Financial Statements as well as year-end Financial Statements are discussed and recommended to the Board for approval by the Audit Committee. A detailed discussion focused on major judgmental areas, changes in accounting policies, significant audit judgements in the Financial Statements, going concern assumption and compliance with Accounting Standards and other legal requirements take place and required clarifications are obtained in respect to all areas before being recommended for Board's approval.
	(iii) To make recommendations to the Board pertaining to appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	
	(iv) Obtain and review assurance received from:	
	(a) the CEO and the CFO that the financial records have been properly maintained and the Financial Statements give a true and fair view of the Entity's operations and finances; and	
	(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Entity's risk management and internal control systems.	
	(v) Review the internal controls in place to prevent the leakage of material information to unauthorized persons.	Currently, this aspect is addressed by the Board Related Party Transactions Review Committee.

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Rule No.	Applicable Requirement	Extent of Compliance
9.13.4	(vi) Oversee the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.	Complied with. The Board Audit Committee and the Board Integrated Risk Management Committee execute their tasks relevant to respective Committees.
	(vii) Review and assess the company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans.	Complied with. The Board Audit Committee and the Board Integrated Risk Management Committee execute their tasks relevant to respective Committees.
	(viii) Review the risk policies adopted by the Entity on an annual basis.	Complied with. The Board Audit Committee and the Board Integrated Risk Management Committee execute their tasks relevant to respective Committees.
	(ix) Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements.	Complied with. The Board Audit Committee and the Board Integrated Risk Management Committee execute their tasks relevant to respective Committees.
	(x) Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors.	Complied with. The Board Audit Committee and the Board Integrated Risk Management Committee execute their tasks relevant to respective Committees.
	(xi) To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken.	The Board Audit Committee and the Board Integrated Risk Management Committee execute their tasks relevant to respective Committees. The Annual Report contains the Board Audit Committee report in pages 230 to 233 and the Board Integrated Risk Management Committee Report in pages 236 to 238.
	(xii) If a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor.	Not Applicable.
	(xiii) Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of a Listed Entity has not been satisfactorily resolved resulting in a breach of these Requirements, the Audit Committee shall promptly report such matter to the Exchange.	Not Applicable.
	(2) Where Listed Entities maintain two (02) separate Committees to carry out the Audit and Risk functions, the terms of reference of such Committees shall, at a minimum, include the respective functions stipulated in Rule 9.13.4 (1) above.	The company has a separate Audit Committee and a separate Integrated Risk Management Committee with separate terms of references.

Rule No.	Applicable Requirement	Extent of Compliance
9.13.5	Disclosures in Annual Report	
	(1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates.	The Reports of the Board Audit Committee (BAC) and the Board Integrated Risk Management Committee (BIRMC) are given on pages 230 to 233 and pages 236 to 238 respectively.
	(2) The Audit Committee Report shall contain the following disclosures:	
	(a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members. (or persons in the parent company's Committee in the case of a group company). (b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable). (c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances. (d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.	The Reports of the Board Audit Committee (BAC) and the Board Integrated Risk Management Committee (BIRMC) are given on pages 230 to 233 and pages 236 to 238 respectively.
	(e) whether the Listed Entity has a formal Audit Charter. (f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function. (g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity. (h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and (i) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties.	The Reports of the Board Audit Committee (BAC) and the Board Integrated Risk Management Committee (BIRMC) are given on pages 230 to 233 and pages 236 to 238 respectively.

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Rule No.	Applicable Requirement	Extent of Compliance
9.14	**Related Party Transactions Review Committee**	
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules.	The Company has established its own Board Related Party Transactions Review Committee (BRPTRC).
9.14.2	**Composition**	
	(1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	Complied with. BRPTRC comprises a total of three Non- Executive Directors, out of which two of them are Independent Directors. The Chairperson is an Independent Director.
9.14.3	**Functions**	
	1) Listed Entities shall have a Related Party Transactions Review Committee which shall be responsible for reviewing the Related Party Transactions as set out herein.	Complied with
	2) The objective of these Rules on Related Party Transactions is to ensure that the interests of shareholders as a whole are taken into account by a Listed Entity when entering into Related Party Transactions. These Rules further provide specific measures to prevent Directors, CEOs or Substantial Shareholders taking advantage of their positions.	Complied with
	3) When applying these Rules on Related Party Transactions, the objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality.	Complied with
9.14.4	**General Requirements**	
	1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	Complied with
	2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.	Complied with
	3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.	No such instances have occurred.

Rule No.	Applicable Requirement	Extent of Compliance
9.14.4	4) If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: (a) be present while the matter is being considered at the meeting; and, (b) vote on the matter.	No such situation have been evident.
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	
	1) Subject to the exemptions given in terms of Rule 9.14.10, the Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions. 2) In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 9.14.5 (1) above, such proposed material changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction. 3) The Related Party Transactions Review Committee shall be provided with all the facts and circumstances of the proposed Related Party Transaction by the senior management to facilitate the review of a Related Party Transaction. Such information shall include where applicable: (i) the Related Party's relationship to the Listed Entity and interest in the transaction; (ii) the material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction; (iii) the benefits of the proposed Related Party Transaction to the Listed Entity; (iv) the availability of other sources of comparable products or services; and (v) an assessment of whether the proposed Related Party Transaction is on terms that are comparable to the terms generally available to an unaffiliated third party under the same or similar circumstances, or to employees generally.	All rules in this direction are complied with.

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Rule No.	Applicable Requirement	Extent of Compliance
9.14.5	4) In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the Related Party Transactions Review Committee shall take into account the following, among other factors it deems appropriate: i) the facts and circumstances made available to it as set out above, ii) the views of the Chairperson of the Board of Directors and the Chairperson of the Nominations and Governance and/or Audit Committee of the impact of the proposed Related Party Transaction on a director's independence (if the related party is a director, a close family member of a director or an entity in which a director is a partner, shareholder or executive officer); and iii) whether the Related Party Transaction requires immediate market disclosure, as set out in these Rules. 5) No Director shall participate in any discussion of a proposed Related Party Transaction in which he or she is a Related Party, except that the Director, at the request of the Committee, may participate in discussions for the express purpose of providing information concerning the Related Party Transaction to the Committee. Where deemed necessary considering the issues of potential conflict, which were presented to the Committee, the Committee may recommend the creation of a special committee to review and approve the proposed Related Party Transaction. 6) If a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.	All rules in this direction are complied with.

Rule No.	Applicable Requirement	Extent of Compliance
9.14.6	**Shareholder Approval**	
	(1) Listed Entities shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transactions: (A) If a non-recurrent transaction; (i) Any Related Party Transaction of a value equal to, or more than: (a) one third (1/3) of the Total Assets of the Entity as per the latest Audited Financial Statements of the Entity; or (b) one third (1/3) of the Total Assets of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other non-recurrent transactions entered into with the same Related Party during the same financial year. (ii) If the Listed Entity acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Entity or its associates. (B) If a recurrent transaction; Any recurrent Related Party Transaction of a value equal to, or more than: i) one third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group Entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity; or ii) one third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group Entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same financial year; And; iii) the transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favorable to the Related Party than those generally available to the public. (2) In relation to Rules 9.14.6 (1) (A) (i) (b) and 9.14.6 (1) (B) (ii) above, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation. (3) If a transaction requires shareholder approval as set out in the Rules above, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.	No such occurrences have taken place during the year under review.

Corporate Governance Disclosures

Rule No.	Applicable Requirement	Extent of Compliance
9.14.7	**Disclosures**	
	(1) Immediate Disclosures A Listed Entity shall make an immediate Market Announcement to the Exchange; (a) of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements; or (b) of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Listed Entities shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year. The Market Announcement to the Exchange shall include: i) the date of the transaction or the period where applicable ii) the name of the relevant Related Party iii) the relationship between the Listed Entity and the Related Party iv) details of the transaction including the amount, relevant terms of the transaction and the basis on which the terms were arrived at v) the rationale for entering into the transaction vi) the following statement: "The Related Party Transactions Review Committee of the Entity is of the view that the transaction/s is/are on normal commercial terms, and is/are not prejudicial to the interests of the Entity and its minority shareholders and the Related Party Transaction Review Committee is/is not (delete as applicable) obtaining an opinion from an independent expert prior to forming its view on the transaction." vii) the aggregate value of the Related Party Transactions for the financial year with the particular Related Party whose transaction is the subject of the announcement and the aggregate value of all non-recurrent Related Party Transactions for the same financial year.	Such disclosures have been made to the market as and when required, as applicable in terms of these rules.

Rule No.	Applicable Requirement	Extent of Compliance
9.14.8	Disclosures in the Annual Report	
	(1) In the case of Non-recurrent Related Party Transactions: if the aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets of the Listed Entity, whichever is lower, as per the latest Audited Financial Statements, the information given in the tabular format of this Rule must be presented in the Annual Report.	Refer the Related Party Transactions Disclosures in pages 334 to 341 & refer note no. 38.5 in page 328.
	(2) In the case of Recurrent Related Party Transactions: if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group Entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report. The name of the Related Party and the corresponding aggregate value of the Related Party Transactions entered into with the same Related Party must be presented in the tabular format given in this Rule.	Refer the Related Party Transactions Disclosures in pages 334 to 341 & refer note no. 38.5 in page 328.
	(3) The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following: • The names of the Directors comprising the Committee; • A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/observations to the Board of Directors. • The policies and procedures adopted by the Committee for reviewing the Related Party Transactions.	The Related Party Transactions Review Committee Report is given in pages 334 to 341 & refer note no. 38.5 in page 328.
	(4) An affirmative declaration by the Board of Directors in the Annual Report that these Rules pertaining to Related Party Transactions have been complied with or if the Entity has not entered into any Related Party Transaction/s a negative statement to that effect.	Refer the Annual Report of the Board of Directors on the Affairs of the Company in pages 247 to 252.

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Rule No.	Applicable Requirement	Extent of Compliance
9.14.9	Acquisition and Disposal of Assets From / To Related Parties	
	(1) Except for transactions set out in Rule 9.14.10, Listed Entities shall ensure that neither the Listed Entity nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Entity without obtaining the approval of the shareholders of the Entity by way of a Special Resolution. An asset is substantial if its value or the value of the consideration relating to such asset exceeds 1/3 of the Total Assets of the Entity as per the latest Audited Financial Statements. (2) If a transaction requires shareholder approval as set out in Rule 9.14.9(1) above, such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction. (3) Rule 9.14.9(1) does not apply to: • a transaction between the Listed Entity and a wholly owned subsidiary. • a transaction between wholly owned subsidiaries of the Listed Entity. • a takeover offer made by the Listed Entity in accordance. • with Takeovers and Mergers Code 1995 (as amended). • any transaction entered into by the Listed Entity with a Bank as principal, on arm's length terms and in the ordinary course of its banking business. (4) The members of the Related Party Transactions Review Committee should obtain 'competent independent advice' from an independent professional expert with regard to the value of the substantial assets of the Related Party Transaction under consideration. A person who is in the same group of the Listed Entity or the relevant Related Party shall not be eligible to give such advice. (5) The competent independent advice obtained in terms of Rule 9.14.9 (4) above should be circulated with the notice of meeting to obtain the shareholder approval as set out in Rule 9.14.9 (1) above.	No such occurrences have taken place during the year under review.

Rule No.	Applicable Requirement	Extent of Compliance
9.14.9	(6) The competent independent advice required in terms of Rule 9.14.9 (4) shall include: (a) the key assumptions, conditions or restrictions that impact the estimate value; (b) the different valuation methodologies considered and employed in valuing the subject asset/s and justification for adopting one or more of them in the valuation; (c) the sources of information relied upon for the valuation; (d) the identity of individuals participating in the valuation assignment and their qualifications; (e) statement confirming the independence of the parties participating in the advice; (f) a statement as to whether the transaction is on usual commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Listed Entity and its shareholders as a whole.	No such occurrences have taken place during the year under review.
9.17	**Additional Disclosures**	
	The following declarations by the Board of Directors to be included in the Annual Report:	
	(i) They have declared all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested;	Refer the Annual Report of the Board of Directors on the Affairs of the company from pages 247 to 253 for the Directors' Interest Register as well as the Related Party Disclosures from pages 334 to page 341 for the Directors' Interests in Contracts or Proposed Contracts.
	(ii) they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so;	Refer the Directors' Statement on Internal Control over Financial Reporting given in pages 244 to page 245.
	(iii) they made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;	Refer the Statement of Directors' Responsibilities Statement in page 243 and the Annual Report of the Board of Directors on the Affairs of the company in pages 247 to 252.
	(iv) disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	Refer the Annual Report of the Board of Directors on the Affairs of the company in pages 247 to 252.

Corporate Governance Disclosures

Level of Compliance with the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Ref No :	Guiding Principle	Degree of Compliance
Section 1 : The Company		
A) Directors		
A.1. The Board:- Every public company should be headed by an effective Board, which should direct, lead and control the company		
A.1.1.	The Board should meet regularly, at least once every quarter in a financial year in order to effectively execute the board's responsibilities, while providing information to the board on a structured and regular basis; ideally monthly, or as agreed by the board. The regularity of board meetings and the structure and process of submitting information should be agreed to and documented by the board.	The board meets on a monthly basis and whenever required, additional board meetings have been held. Board has met 14 times during the financial year.
	Information to be reported on a regular (ideally monthly) basis to the board should include but not be limited to:	Detailed and sufficient management information is provided to the Board well in advance.
	• financial and operational results on pre agreed Key Performance Indicators	These details are provided to the Board.
	• financial performance compared to previous periods, budgets and targets	These details are provided to the Board.
	• impact of risk factors on financial and operating results and actions to mitigate such risks	Submitted to the Board on a quarterly basis by the BIRMC after the BIRMC assesses these details and factors during its quarterly meetings.
	• forecast for the next period	These details are provided to the Board.
	• compliance with laws and regulations and any non-compliances	Reported to the Board on a monthly basis.
	• internal control breaches or frauds during the period and related actions taken	Reported to the Board on a monthly basis.
	• financial and operational decisions taken by the Chief Executive Officer (CEO) within his delegated authority	These details are provided to the Board.
	• share trading of the company and Related Party Transactions by Key Management Personnel	Shared with the Related Party Transactions Review Committee.
	• sustainability/ Environmental, Social, and Governance (ESG) related risks and opportunities (if any) during the period	Shared with the Internal committees and the CEO and the Board is apprised with these details as and when required.
	• cybersecurity related risks, mitigative measures and a security breach report (if any) during the period, and	Shared with the IT Security & Sterring committee and the Board.
	• any other matters the board should be aware of	Submit through a Board committee to a Main Board
A.1.2.	The board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed. In performing its role, the board should be responsible for matters including:	The Board provides strategic leadership and guidance for the development of short, medium, and long-term strategies and strategic plans and monitors their implementation.
	• ensuring the formulation and implementation of a sound business strategy	The Board sets the strategy of the company and drives and constantly monitors the company's 5-year strategic action plan. The various Board committees also play an important role in monitoring the execution of company strategy.

Ref No :	Guiding Principle	Degree of Compliance
A.1.2.	• appointing the chair and the Senior Independent Director if relevant	In line with the applicable CBSL directions, the Company has appointed the Chairman and also a Senior Independent Director.
	• ensuring that the CEO and the management team possess the skills, experience and knowledge to implement the said strategy	The CEO and the senior management team possess the requisite skills and expertise in the industry and in business to drive the strategies in place.
	• ensuring the adoption of an effective CEO and KMP succession strategy	The Board has implemented a structured approach towards succession planning of the Senior Management team & has developed a succession plan.
	• approving budgets and major capital expenditure	As part of its 5-year planning cycle, the company prepares its budgets, inclusive of budgets related to capital expenditure and forwards them duly for Board approval.
	• determining the matters expressly reserved to the Board and those delegated to the management including limits of authority and financial delegation.	Matters expressly reserved to the Board has been stated in the company's Articles of Association and the Board has set and approved the relevant matters to be delegated to the internal management, inclusive of limits of authority and financial delegation.
	• ensuring effective systems to secure integrity of information, internal controls, cybersecurity, business continuity and risk management	The Board has in place a set of internal control and risk management policies and techniques to ensure business continuity and integrity. The internal audit, risk management and compliance departments additionally ensure that the requisite CBSL requirements in this regard are also implemented. The Audit Committee and the IRMC constantly monitors the effectiveness of the controls in place. ISE Committee regularly verifies administrative and technical controls to ensure cybersecurity effectiveness.
	• ensuring the availability of Information Communication Technology (ICT) roadmap in line with business strategy of the company and monitor the progress of implementation through the ICT dashboard.	ICT is duly considered when formulating company strategy and incorporated into the company's strategic plans. The monitoring of the progress of implementation is undertaken by the Board IT Security and Steering Committee.
	• ensuring compliance with laws, regulations and ethical standards	The company's compliance department ensures that the requisite laws, regulations and industry best practices are followed.
	• ensuring all stakeholder interests are considered in corporate decisions	Giving due consideration to various stakeholder interests is a part of the decision-making process of the company and how it engages with stakeholders is detailed in the Stakeholder Engagement section in the Annual Report.
	• recognising sustainable business development and ESG risk and opportunity in Corporate Strategy, decisions and activities and consider the need for adopting "integrated reporting".	In its decision-making process, the Board routinely considers the economic, social and environmental impacts that the business has. The organization is in the process of developing sustainable products and services in meeting the ESG framework. The "Our Approach to Sustainable Value Creation" section in the Annual Report discusses this in detail. Further the company has adopted the "integrated reporting" methodology in its reporting.

Corporate Governance Disclosures

Ref No :	Guiding Principle	Degree of Compliance
A.1.2.	• ensuring that the company's values and standards are set, with emphasis on adopting appropriate accounting policies & fostering compliance with financial regulations.	The company's Code of Business Ethics mandates the strict compliance to all laws and regulations. The company's accounting policies are reviewed annually and are in line with the applicable standards. The Independent Auditor's Report included in the Annual Report subscribes to this fact.
	• establishing a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks.	The company has established an extensive process of monitoring and evaluating the progress on strategy implementation, budgets, plans and related risks and the Board is apprised of this at every Board meeting.
	• ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company.	The company has a well-established process with appropriate checks and balances for its corporate reporting on a monthly, quarterly and annual basis.
	• fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.	The Board has expertise in diverse areas of business to more than adequately address any issue that could arise, given the nature of the industry that the company is in.
A.1.3.	The Board collectively and Directors individually must act in accordance with the laws of the country, as applicable to the business enterprises. There should be a procedure agreed by the Board of Directors wherein a director can require the company to obtain independent professional advice at the company's expense where it is considered necessary.	The Board has collectively and individually acted in accordance with all applicable laws and regulations and a procedure exists for the Directors to obtain independent advice.
A.1.4.	All Directors should have access to the advice and services of the Company Secretary, who is responsible to the board in ensuring that board procedures are followed, and that applicable rules and regulation are complied with. If the company secretary is employed by the company in another capacity as well, it cannot be conflicting with the role of company secretary. Any question of the removal of the Company Secretary should be a matter for the Board as a whole. The company should obtain appropriate insurance cover as recommended by the nominations committee for the board, directors, and Key Management Personnel.	All Directors have direct access to the Company Secretary and both the appointment and removal of the Company Secretary are decided by the Board. Minutes of Board Meetings are maintained by the Company Secretary. The minutes are approved at the subsequent Board meeting. Minutes are open for inspection by any Director.
A.1.5.	All Directors should bring independent judgment to bear, in discharging their duties and responsibilities on matters relating to the board including strategy, performance, resource allocation and risk management, compliance and standards of business conduct.	All Directors bring forth independent judgement when assessing matters before it and always act in the best interest of the company.
A.1.6.	Every Director should dedicate adequate time and effort to matters of the Board and the company, to ensure that the duties and responsibilities owed to the company are satisfactorily discharged. It must be recognised that directors have to dedicate sufficient time before a meeting to review board papers and call for additional information and clarification, and after a meeting to follow up on issues consequent to the meeting. This should be supplemented by a time allocation for familiarisation with business operations, risks and controls.	All Directors have given adequate time and effort to ensure that their obligations pertaining to the functioning of the company are satisfactorily executed. The company ensures that the Directors receive the Board papers and required information well in advance for effective review. Softlogic Finance PLC fully benefits from the continuous backing and dedicated commitment of our directors.

Ref No :	Guiding Principle	Degree of Compliance
A.1.7.	One third of directors can call for a resolution to be presented to the Board where they feel it is in the best interests of the company to do so.	The directors have always been able to present their independent judgement and act in the best interests of the company.
A.1.8.	Every Director should receive appropriate training when first appointed to the Board of a company, and subsequently as necessary. Training curricular should encompass both general aspect of directorship and matters specific to the industry/ company concerned. A director must recognise that there is a need for continuous training and an expansion of the knowledge and skills required to effectively perform duties as a director. The board should regularly review and agree on the training and development needs of the directors. In accepting an appointment as a director of a company, consideration should be given to the responsibilities of the role, ability to commit time, any existing or potential conflicts of interest and possessing required competencies of the role. Guidelines containing matters to be considered are given in schedule B.	Continuous self-development is decided upon by the Directors and executed. The Board is kept constantly updated on all industry and regulatory changes and their effects on company operations. Board of directors have given due consideration to the responsibilities of the role and possess the required competencies for the role.
A.2. Chairman and the CEO:- There are two key tasks at the top of every public company – Conducting of the business of the Board and facilitating executive responsibility for management of the company's business. There should be a clear division of responsibilities at the head of the company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.		
A.2.1.	A decision to combine the posts of Chairman and CEO in one person should be justified and highlighted in the Annual Report.	The posts of the Chairman and CEO are held by two separate individuals.
A.3. Chairman's Role: - The Chairman's role in preserving good Corporate Governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of the Board functions		
A.3.1.	The Chairman should conduct Board proceedings in a proper manner and ensure, inter- alia, that:	The Chairman ensures that there is effective participation and encourages and gives the opportunity for all members to be heard. A conducive atmosphere for healthy debate is created.
	• the agenda for board meetings is developed in consultation with the CEO, directors and the Company Secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance,	Agenda for board meetings is developed in consultation with the CEO, directors and the Company Secretary and detailed information on matters are provided.
	• sufficiently detailed information of matters included in the agenda is provided to directors in a timely manner,	The company ensures that the Directors receive the meeting minutes, the relevant documents and the required detailed information well in advance for effective review.
	• all directors are made aware of their duties and responsibilities and the board and committee structures through which it will operate in discharging its responsibilities,	all directors are made well aware of their duties and responsibilities.
	• the effective participation of both Executive and Non-Executive Directors is secured; all directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the company,	The Directors effectively participate and make contributions in the meeting. Directors are encouraged to seek information considered necessary to discuss matters on the agenda. Furthermore, all directors in the Board are Non-Executive Directors.

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Ref No :	Guiding Principle	Degree of Compliance
A.3.1.	• all directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusion of matters of corporate concern on the agenda,	Directors are encouraged to seek information considered necessary to discuss matters on the agenda.
	• a balance of power between Executive and Non-Executive Directors is maintained,	All Directors in the Board are Non-Executive Directors.
	• the views of directors on issues under consideration are ascertained and a record of such deliberations reflected in the minutes, and	All comments and views made by the directors are recorded on meeting minutes.
	• the board is in complete control of the company's affairs and alert to its obligations to all shareholders and other stakeholders.	The board takes full control over affairs of the organization in fulfilling stakeholder and shareholder accountability.
A.4. Financial Acumen :-		
A.4.1.	The Board should ensure the availability within it, of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	The Board has amongst its membership, adequate professionals with the necessary financial acumen to provide guidance on matters of finance to the Board.
A.5. Board Balance: - It is preferable for the board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the board's decision-taking.		
A.5.1.	The Board should include Non-Executive Directors of sufficient calibre and number for their views to carry significant weight in the Board's decisions. The Board should include at least three Non-Executive Directors or such number of Non-Executive Directors equivalent to one third of total number of Directors, whichever is higher. In the event the Chairman and CEO is the same person, or if the Chairman is not an Independent Director, Non-Executive Directors should comprise majority of the board. The total number of directors is to be calculated based on the number as at the conclusion of the immediately preceding annual general meeting. Further, any change occurring to this ratio should be rectified within 90 days from the date of the change.	Complied with. The Board contains 7 Non-Executive Directors as at 31st March 2026, who are highly experienced professionals in their respective fields. The Chairman of SF PLC is a Non-Independent Non-Executive Director and ensures strong Corporate Governance and operational efficiency. The duties of Chairman and CEO are managed by two highly qualified professionals. The company complies with this requirement.
A.5.2.	Where the constitution of the Board of Directors includes only three Non-Executive Directors, all three such Non-Executive Directors should be 'independent'. In all other instances three or two third of Non-Executive Directors appointed to the Board of Directors whichever is higher should be 'independent'. For companies with a small cap, the Board of Directors should include at least two Non- Executive Directors. Where the constitution of the Board of Directors includes only two Non- Executive Directors, both Non- Executive Directors should be independent. However, the provisions in A.5.1 relating to Chairman being not independent will also apply for small cap companies.	The comprises of seven Non- Executive Directors, ensuring independent oversight and strategic leadership. It maintains a balanced governance structure with three Independent Non-Executive Directors, alongside a Chairman (Non-Independent Non-Executive) and three directors who serve as Non-Independent Non-Executive Directors.

Ref No :	Guiding Principle	Degree of Compliance
A.5.3.	For a Director to be deemed independent such Director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.	The Independent Non-Executive Directors of the company fulfil these criteria and are in a position to exercise unfettered and independent judgement.
A.5.4.	Each Non-Executive Director should submit a signed and dated declaration annually of his independence or non-independence against the specified criteria set out in the specimen in Schedule C and confirm at the end of each quarter whether the declared status on independence continues.	The requisite declarations have been submitted. Declarations issued as per the requirements of the regulatory authority are submitted on an annual basis.
A.5.5.	The board should make a determination annually, unless a change has arisen subsequently, as to the independence or Non-Independence of each Non-Executive Director based on such a declaration made of decided criteria and other information available to the board. The board should determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The board should specify the criteria not met and the basis for its determination in the annual report, if it determines that a director is independent notwithstanding the existence of relationships or circumstances which indicate the contrary and should set out in the annual report the names of directors determined to be 'independent'. A director would not be independent if he/she: • has been employed by the company, subsidiary or parent of the company during the period of three years immediately preceding appointment; or • currently has or has had within last three years immediately preceding appointment as director, a material business relationship with the company, whether directly or indirectly; or • has or has had in the preceding financial year, a close family member who is a director or Chief Executive Officer or Key Management Personnel (and/or an equivalent position); or	The requisite determination of independence has been made by the Board based on the declarations submitted and as per the applicable regulatory criteria. The names of the Independent Non-Executive Directors are disclosed in the Annual Report. Directors have not been employed by the company, subsidiary or parent of the company during the period of three years immediately preceding appointment No close family members have been a director or Chief Executive Officer or Key Management Personnel. Other than the Chairman, no other director is a significant shareholder of the company. No director has served on the board of the company continuously for a period exceeding nine years or has reached an age limit stipulated in an applicable regulation. Remuneration is not based on individual and corporate performance. The Board ensures that all directors are completely free of compromising ties.

Corporate Governance Disclosures

Ref No :	Guiding Principle	Degree of Compliance
A.5.5.	• is a significant shareholder of the company or an officer of, or otherwise associated directly with, a significant shareholder of the company; or • has served on the board of the company continuously for a period exceeding nine years from the date of the first appointment; or • is employed in another company or business: o in which majority of the other directors of the company are employed or are directors; or o in which majority of the other directors of the company have a significant shareholding or material business relationship; or o that has a significant shareholding in the company or with which the company has a business connection; or • is a director of another company: o in which majority of the other directors of the company are employed or are directors; or o that has a business connection with the company or significant shareholding in the company; or • has a material business relationship or a significant shareholding in another company or business: o in which majority of the other directors of the company are employed or are directors; and/or o which has a business connection with the company or significant shareholding in the same; and /or o where the core line of business of the other company is in direct conflict with the line of business of the company; or • receives directors' remuneration which has a variable component for example remuneration based on individual or corporate performance, is entitled to share options, terminal benefits, and/or whose remuneration is in excess of market determined remuneration for an equivalent position. Market survey should be carried out at least once in every three years to validate it; or • has reached an age stipulated in an applicable regulation. The above list is not exhaustive and should be viewed as a guide rather than a set of rules on the basis of which independence can be conclusively determined. The determination that the director is independent notwithstanding the existence of relationships and circumstances which indicate the contrary should be only in respect of an Independent Director who has served on the board exceeding 9 years from the date of first appointment and providing he/she has no other material business relationships, significant shareholding, business connections, employment or family relationships.	

Ref No :	Guiding Principle	Degree of Compliance
A.5.6.	If an Alternate Director is appointed by a Non-Executive Director, such Alternate Director should not be an executive of the company. If an Alternate Director is appointed by an Independent Director, the person who is appointed also should meet the criteria of independence and the provision on minimum number of Independent Directors also should be satisfied. Alternate Directors shall provide declaration of independence as required for directors whom he/she alternate to. The name and brief profile of the Alternate Directors should be disclosed in the annual report.	No Alternative Directors were appointed during the year under review.
A.5.7.	In the event the Chairman and CEO is the same person, or the Chairman is not an Independent Director, or the Chairman is the immediately preceding CEO or the Chairman and CEO are close family members, the board should appoint one of the Independent Non-Executive Directors to be the "Senior Independent Director" (SID) and disclose this appointment in the annual report. The Senior Independent Director should provide guidance to the Chairman on matters of governance of the company, to enable this process he should meet at least twice each year with the Non-Executive Directors and at least once a year with the Executive Directors, to enable discussion and communication of governance related matters. The outcome of these discussions should be informed to the Chairman.	The Chairman and the CEO are separate persons. The Company does have a separate Senior Independent Director appointed as per the CBSL Finance Companies (Corporate Governance) Directions. As and when required, the Senior Independent Director provides guidance to the Chairman on matters of governance.
A.5.8.	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company. The Senior Independent Director should participate in all meetings with majority, significant, and minority shareholders and be made aware of their concerns by the Company Secretary. A report from the Senior Independent Director should be included in the annual report.	The Senior Independent Director is available for confidential discussions as necessary. The Senior Independent Director participates in all meetings. A report from the Senior Independent Director is included in the annual report.
A.5.9.	The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	The Board consists of only Non-Executive Directors.
A.5.10.	Where Directors have concerns about the matters of the company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board minutes.	The Directors always exercise independent, unfettered judgement when expressing their views during meetings and their concerns when matters cannot be unanimously resolved, are recorded in the Board minutes.

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Ref No :	Guiding Principle	Degree of Compliance
A.6. Supply of Information: - The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.		
A.6.1.	Management has an obligation to provide the Board with appropriate and timely information, but information volunteered by management may not be enough in all circumstances and directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meetings.	The management ensures that the Board is provided with Board papers well in advance of the meetings and the Chairman ensures that all Directors are adequately briefed in all arising issues.
A.6.2.	In order to facilitate effective conduct of meetings, the agenda and papers required for a board meeting should be provided to directors at least seven (7) days before the meeting, and the minutes of the meeting should ordinarily be provided to directors at least two weeks after the meeting date.	All necessary material for a Board meeting is normally provided to the Board, at least seven days before the meeting.
A.7. Appointments to the Board: Nomination Committee: - Board should establish a formal and transparent procedure for the appointment of new directors to the board.		
A.7.1.	A nomination committee comprising a minimum of three members should be established to make recommendations to the board on all new board appointments. Majority of the membership of the committee shall comprise maximum of 3 directors of be Non-Executive Directors and shall include at least two or one third (whichever is higher) of Independent Non-Executive Directors. The Chairman of the committee shall be an Independent Non-Executive Director appointed by the board. If the Chairman of the company is an Independent Non-Executive Director, he/she should chair the nomination committee. In situations where a Senior Independent Director has been appointed, he/she should chair the nomination committee.	The company has instituted a Nomination and Governance Committee tasked with providing recommendations to the Board regarding all prospective appointments to the Board. The company complies with the guidelines in this section.
A.7.2.	The nomination committee should annually assess board-composition against pre-defined criteria of skill and knowledge requirements to ascertain whether the combined knowledge and experience of the board matches the strategic demands facing the company. The committee should also consider diversity on the board including gender, age and any other factor relevant to the industry. The findings of such assessment should be taken into account when new board appointments are considered and when incumbent directors come up for re-election, including a process to determine that such proposed board appointees are fit and proper. Criteria guiding the fit and proper assessment are detailed in schedule D. Members of the nomination committee should not participate in decision making relating to their own appointment / reappointment and the Chairman of the board should not chair the committee when it is dealing with the appointment of his/her successor.	Annually, the nomination and governance committee evaluates its own effectiveness and expertise to ensure it remains strategically positioned to navigate upcoming market complexities.

Ref No :	Guiding Principle	Degree of Compliance
A.7.3.	The committee should ensure that there is a succession plan for the Chief Executive Officer and for all Key Management Personnel and determine the training and development requirements for those identified for succession.	A succession plan is in place effective Aug 2024 and reviewed annually.
A.7.4.	Upon the appointment of a new director to the board, the company should forthwith disclose to shareholders: • a brief resume of the director • the nature of his expertise in relevant functional areas • the names of companies in which the director holds directorships or memberships in board committees • whether such director can be considered independent. Even if a director is appointed as an Alternate Director, the disclosures stated above should be made.	All new appointments are immediately disclosed to the shareholders through the disclosures to the Colombo Stock Exchange.
A.7.5.	The Chairman and members of the nomination committee should be identified in the annual report. A separate section of the annual report should describe the work of the nomination committee including the process it has used in relation to board appointments.	Complied with in the annual report. The annual report contains a report of the Nomination and Governance Committee.
A.7.6.	Terms of reference for Nomination committees are set out in schedule E	Terms of reference for Nomination and Governance committee are set out in the report of the Nomination and Governance Committee included in the annual report.
A.8. Re-election: - All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.		
A.8.1.	Non-Executive Directors should be appointed for specified terms subject to re-election and their reappointment should not be automatic.	The Board makes appointments of Non-Executive Directors in line with the CBSL Finance Companies (Corporate Governance) Directions and all Directors are subject to re-election as per the Articles of Association.
A.8.2.	All Directors including the Chairman of the Board should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years The names of directors submitted for election or re-election should be accompanied by a resume minimally as set out in paragraph A.7.4 above, to enable shareholders to make an informed decision on their election.	In accordance with this principle, the articles of the association dedicate an established framework and timelines for the election and re-election of all directors. The annual report contains details profiles of all directors, including those up for election or re-election.
A.8.3.	Resignation - In the event of a resignation of a director prior to the completion of his appointed term, the director should provide a written communication to the board of his reasons for resignation.	If and when such a resignation arises, the relevant director takes steps to adequately apprise the board with the relevant information as to his resignation.

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Ref No :	Guiding Principle	Degree of Compliance
A.9. Appraisal of Board Performance: - Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.		
A.9.1.	The board should have in place a formal and rigorous process for annually reviewing the performance of the board and its committees and should address any matters that may arise from such review, in the discharge of its key responsibilities as set out in A.1.2.	The organization maintains a structured framework to assess and review board effectiveness.
A.9.2.	The board should undertake an annual self-evaluation of its own performance, that of its committees, Chairman, Non- Executive Directors and Executive Directors. The evaluation of the board and the Chairman should be carried out by each director individually. Evaluation of Non-Executive Directors should be carried out individually by the Executive Directors and the Chairman. Evaluation of executive directors should be carried out individually by the Chairman and Non-Executive Directors. The Board should consider periodic 360-degree appraisal of Executive Directors and other Key Management Personnel. The collective outcome should be compiled and made available to the nomination committee, which should consider the results of the evaluation and make recommendation to the board on initiatives and actions required to improve the balance of skills, experience, independence, industry and company knowledge training of directors, governance processes, strategy review and other factors relevant to its effectiveness.	The board undertakes a formal, rigorous annual evaluation of its own performance and that of its committees.
A.9.3.	The Board should have a process to review the participation, contribution and engagement of each director at the time of re-election.	The Board has appropriate processes in place to appraise the participation, contribution and engagement of directors.
A.9.4.	The Board should state how such performance evaluations have been conducted, in the Annual Report.	The Board has a system of performance evaluation that has been developed as per the CBSL Finance Companies (Corporate Governance) Directions.

Ref No :	Guiding Principle	Degree of Compliance
A.10. Disclosure of Information in respect of Directors: - Shareholders should be kept advised of relevant details in respect of Directors.		
A.10.1.	The annual report of the company should set out the following information in relation to each director: • name, qualifications and brief profile • the nature of his/her expertise in relevant functional areas • immediate family and/or material business relationships with other directors of the company • whether Executive, Non-Executive and/or Independent Director • names of listed companies in Sri Lanka in which the director concerned serves as a director, • names of other companies in which the director concerned serves as a director, provided that where he/she holds directorships in companies within a group of which the company is a part, their names need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies • number/percentage of board meetings of the company attended during the year • the total number of board seats held by each director indicating listed and unlisted companies and whether in an Executive or Non-Executive capacity • names of board committees in which the director serves as Chairman or a member • number/percentage of committee meetings attended during the year.	The Directors' profiles are stated in the Annual Report. Additionally refer the Directors' Interest in Contracts with the Company Section in the Annual Report. Refer the Annual Report of the Board of Directors included in this Annual Report. Refer the Directors' Meetings Attendance Table in this Annual Report. The sub-committee reports of the Board Sub-Committee, which contain their composition.
A.11. Appraisal of the CEO:- The Board should be required, at least annually, to assess the performance of the CEO.		
A.11.1	At the commencement of every fiscal year, the Board in consultation with the CEO, should set, in line with the short, medium, and long-term objectives of the company, reasonable financial and non-financial targets that should be met by the CEO during the year.	The Board has set out financial and non-financial targets and short, medium and long term objectives that need to be achieved by the CEO during the given financial year.
A.11.2.	The performance of the CEO should be evaluated by the Board at the end of each fiscal year to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.	This is an ongoing process and performance at the end of the financial year is assessed by comparing company performance with budgeted targets.

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Ref No :	Guiding Principle	Degree of Compliance
B. Directors' Remuneration		
B.1. Remuneration Procedure: - Companies should establish a formal and transparent procedure for developing policy on Executive remuneration and for fixing the remuneration packages of Individual Directors. To avoid potential conflicts of interest, no director should be involved in deciding his/her own remuneration.		The company has a remuneration policy in place.
B.2 Remuneration Committee - Level and makeup of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the directors needed to run the company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to corporate and individual performance ensuring the balance between short, medium and long-term perspectives of the performance outcomes.		The company's Board consists of only Non-Executive Directors and there is a remuneration policy in place to address matters pertaining to remuneration. There is also a Board Human Resources and Remuneration Committee.
B.2.1.	The Board of Directors should set up a remuneration committee to make recommendations to the board on the company's framework of remunerating the Chief Executive Officer, Executive and Non-Executive Directors, and guidelines for fair and transparent procedures for remunerating senior management, including post-employment benefits as well as terminal benefits.	A Human Resources and Remuneration Committee has been set up and its report is in the Annual Report.
B.2.2.	Remuneration committee should consist exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be independent. The Chairman should be an Independent Non-Executive Director and should be appointed by the board.	The Remuneration Committee consists entirely of Non-Executive Directors and two out of the three Non-Executive Directors are Independent. Further, the Chairman is an Independent Non-Executive Director.
B.2.3	The remuneration committee should consult the Chairman and/or Chief Executive about its proposals relating to the remuneration of Executive Directors & Senior Management and have access to professional advice from within and outside the company, in discharging their responsibilities.	In accordance with Terms of the Reference (TOR), the Remuneration Committee is authorized to access independent professional advice and may consult with the Chairman and/ or CEO as deemed appropriate.
B.2.4.	The remuneration committee should provide the packages needed to attract, retain and motivate Executive Directors and the Chief Executive of the quality required but should avoid paying more than is necessary for this purpose and ensure that the process for Senior Management compensation is structured in the similar manner.	In terms of the Remuneration Policy of the Company, the salaries, allowances and other financial benefits related to the directors and the CEO are decided by Board HR and Remuneration committee.
B.2.5	Executive Directors' remuneration should be designed to promote the short medium and long-term performance of the company.	The company's Board consists of only Non-Executive Directors.
B.2.6.	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance.	Industry standards and trends are taken into consideration by the Remuneration Committee when deciding upon levels of remuneration and links are made between remuneration levels and performance.

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B.2.7.	The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the company or group of which it is a part, especially when determining annual salary increases.	The Remuneration Committee takes into consideration the remuneration levels elsewhere in the group when determining remuneration levels and increments.
B.2.8.	The performance-related elements of remuneration of the Chief Executive and Executive Directors should be designed and tailored to align their interests with those of the company and main stakeholders and to give these directors appropriate incentives to perform at the highest levels. The performance-related elements should be transparent, stretching and rigorously applied. The committee should review at least annually the performance of the Chief Executive and Executive Directors against the set targets and goals, which have been approved by the board, and recommend the basis for revising remuneration, benefits and other payments of performance-based incentives. The committee should ensure that the guidelines for fair and transparent procedures recommended by them and approved by the board for evaluating Senior Managements' performance and revising their remuneration, benefits and other payments of performance-based incentives is followed.	The company's variable compensation structure is designed to directly align individual contributions with overall corporate success. The company's remuneration processes give appropriate consideration to the factors stated in this guideline.
B.2.9.	Executive share options should not be offered at a discount save as permitted by the Listing Rules of the CSE. Shares granted under share option schemes should not be exercisable in less than three years and the remuneration committee should consider requiring directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise.	No executive share options exist in this company.
B.2.10.	In designing schemes of performance-related remuneration, remuneration committees should follow the provisions set out in Schedule G. The schemes should include provisions that would enable the company to recover sums paid or withhold a portion of such performance related remuneration and specify the circumstances in which a company may not be entitled to do so.	The company remuneration policy reflects and takes cognizance of the provisions of schedule G of the code.
B.2.11	The remuneration committee should consider what compensation commitments (including pension contributions) their Chief Executive's and Executive Directors' contracts of service, if any, entail in the event of early termination. Remuneration committee should consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.	Appropriate consideration has been given to these elements when stablishing the compensation.

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B.2.12.	Where the initial contract does not explicitly provide for compensation commitments, Remuneration Committee should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.	The Remuneration Policy of the company has been designed to be in line with all applicable legal requirements.
B.2.13.	The board as a whole, or where required by the Articles of Association, the shareholders should determine the remuneration of Non-Executive Directors, including members of the remuneration committee. The board may delegate this responsibility to a subcommittee of the board, which might include the CEO.	The Board determines the remuneration of the Non-Executive Directors in accordance with the company's Articles of Association. To ensure governance and avoid conflicts of interest, Non-Executive Directors do not participate in determining their own compensation.
B.2.14.	Levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of their role, taking into consideration market practices which should be reviewed periodically. Remuneration for Non-Executive Directors should not normally include share options. If exceptionally options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the Non-Executive Director leaves the board. Holding share options could be relevant to the determination of a Non-Executive Director's independence. (as set out in provision A.5.5)	Non-Executive Director remuneration is determined in proportion to the time commitment, specific duties and overall responsibilities required for the role. Non-Executive Directors' compensation excludes share options and similar performance-based incentives.
B.2.15	The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year.	The members of the HR and Remuneration Committee and its Chairman are listed in the report of the HR and Remuneration Committee included in the Annual Report.
B.2.16	The terms of reference for remuneration committees are set out in Schedule H	The HR and Remuneration Committee contains a terms of reference and is set out in the HR and Remuneration Committee Report in the Annual Report.
B.3. Disclosure of remuneration: - The company's annual report should contain a statement of remuneration policy and details of remuneration of the board as a whole.		
B.3.1.	The annual report should set out the names of directors (or persons in the parent company's committee in the case of a group company) comprising the remuneration committee, scope, number of meetings held, a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	The names of the Directors comprising the Remuneration Committee have been set out in page 239 The remuneration policy has been set out in page 239 The report of the HR and Remuneration Committee is included in the Annual Report and contains the names of the directors in the committee, the numbers of meetings held, the attendance and the scope of the committee amongst other matters. The aggregate remuneration of the directors is stated in the CBSL (Finance Companies) Corporate Governance Disclosures – Section 16.
B.3.2	The annual report should also contain the number and aggregate remuneration of the Senior Management Personnel reporting directly to the Chief Executive Officer including that of the Chief Executive Officer, if he/she is not an Executive Director.	The aggregate remuneration of the Senior Management Personnel and the directors are set out in the CBSL (Finance Companies) Corporate Governance Disclosures – Section 16.

Ref No :	Guiding Principle	Degree of Compliance
C. Relations with shareholders		
C.1. Constructive use of the AGM & conduct of general meetings: - Boards should use the AGM to communicate with shareholders and should encourage their participation		
C.1.1.	Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.	The notice of the AGM and the Annual Report are dispatched to shareholders in compliance with the applicable regulations.
C.1.2.	Companies should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the adoption of the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The proxy form and any announcement of the results of a vote should make it clear that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.	In accordance with best practices, a separate resolution is proposed for each substantially separate issue to be considered at the annual general meeting, including the adoptions of the annual report and accounts.
C.1.3.	The Company should ensure that all valid proxy appointments received for general meetings are properly recorded and counted. For each resolution, where a vote has been taken on a show of hands, the company should ensure that the following information is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the company: • the number of shares in respect of which proxy appointments have been validly made • the number of votes for the resolution • the number of votes against the resolution • the number of shares in respect of which the vote was directed to be withheld. When, in the opinion of the board, a significant proportion of votes have been cast against a resolution at any general meeting, the board should take steps to understand the reasons behind the vote results and determine if any actions are required.	The company has a mechanism in place to count all proxy votes and indicate the level of proxies lodged on each resolution, the balance for and against and withheld for each resolution. The organization undertakes to ensure compliance. The board values constructive insight provided by the stockholders as a vital to maintaining robust Corporate Governance and intend to continue regular and proactive dialogs to ensure strategic directions taken remains aligned.
C.1.4.	The Chairman of the board should arrange for the Chairmen of the audit, remuneration, nomination and Related Party Transactions review committees and the Senior Independent Director where such appointment has been made, to be available to answer questions at the AGM if requested by the Chairman.	All committee Chairpersons are available during the AGM to address any questions that may a raised.
C.1.5.	Companies should circulate along with every Notice of General Meeting, a summary of the procedures governing voting at General Meetings.	A summary of the procedures governing the voting at the AGM are given in the Notice of the AGM itself and circulated to all shareholders.

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Ref No :	Guiding Principle	Degree of Compliance
C.2. Communication with Shareholders: - The Board should implement effective communication with Shareholders		
C.2.1.	There should be a channel to reach all shareholders of the Company in order to disseminate timely information	The channels the company uses to reach all shareholders are the AGM, the Annual Report, Quarterly Financial Statements, Disclosures to the Colombo Stock Exchange, notices in newspapers and the company website.
C.2.2.	The company should disclose the policy and methodology for communication with shareholders	The company's policy with regard to the communication with shareholders is as per applicable statutory requirements and adopted best practices. This involves the utilisation of a variety of effective and formal channels to ensure that accurate information is given in a timely manner.
C.2.3.	The company should disclose how they implement the above policy and methodology is implemented.	The implementation of this policy is done as through the utilisation of a variety of channels mentioned in C.2.1.
C.2.4.	The company should disclose the contact person for such communication	The contact person for shareholder communication is the Company Secretary.
C.2.5.	There should be a process to make all Directors aware of major issues and concerns of shareholders, and this process should be disclosed by the company.	All major shareholder issues and concerns are discussed at Board Meetings. During the period under review, there were no such concerns raised that required such discussion.
C.2.6.	The company should decide on the person to contact in relation to shareholders' matters. The relevant person with statutory responsibilities in relation to shareholders' matters is the Company Secretary or in his/her absence the contact person should be a designated member of the Board of Directors.	The contact person for shareholder communication is the Company Secretary.
C.2.7.	The process for responding to shareholder matters should be formulated by the Board and disclosed.	Appropriate responses and action, if any, are decided upon by the Board and then the Company Secretary communicates this to the shareholders in the most appropriate manner depending on the circumstances.

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C.3. Major & material transactions: - Further to complying with the requirements under the Companies Act, Securities and Exchange Commission law and Colombo Stock Exchange regulations; as applicable, directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/vary the company's net assets base or in the case of a company with subsidiaries, the consolidated group net asset base.		
C.3.1.	Prior to a company engaging in or committing to a 'major transaction' with a related party, involving the acquisition, sale or disposition of greater than one third of the value of the company's net assets or that of a subsidiary which has a material bearing on the net assets of the company or consolidated net assets of the company, or a transaction which has or is likely to have the effect of the company acquiring rights or interest or, incurring obligations or liabilities, of greater than one third of the value of the company's net assets or consolidated net assets of the company, the directors should disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by ordinary resolution at an extraordinary general meeting. It also applies to transactions or series of related transactions which trigger aforementioned conditions as well as, transactions or series of related transactions which have the purpose or effect of substantially altering the nature of the business carried on by the company.	All Related Party Transactions are identified and meticulously reviewed by the RPT committee and strictly executed in compliance with relevant regulatory requirements. Details of these transactions are disclosed in Note No. 43 of the Notes to the financial statements in the accordance with the LKAS 24. The processes followed by the company are in line with this guideline.
C 3.2	Limited liability companies should in addition comply with section 185 (1),(2),(3) and any other provisions of the companies Act 07 of 2007 and Articles of Association of the company.	This company is a publicly listed company.
C.3.3.	Public listed companies should in addition comply with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulation of the Securities Exchange Commission and by the Colombo Stock Exchange which are contained in the section 9.14 (Related Party Transaction) of the Listing Rule.	The company has complied with all such disclosure requirements.
D. Accountability and Audit		
D.1. Financial and Business Reporting (The Annual Report): - The board should present a balanced and understandable assessment of the company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects.		
D.1.1.	The Board should present an annual report including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained.	The annual report presented by the Board contains financial statements that are true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation have been clearly explained.
D.1.2.	The Board's responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements.	The company has prepared and published quarterly, interim and annual financial statements as per the applicable financial standards and within the statutorily prescribed time periods. The company has complied with all applicable statutory disclosures and financial reporting.

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Ref No :	Guiding Principle	Degree of Compliance
D.1.3.	The Board should, before it approves the Company's financial statements for a financial period, obtain from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.	The Board has made the necessary consultations with the Chief Executive Officer and Head of Finance with regard to the fact that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.
D.1.4.	The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that: • the company has not engaged in any activity, which contravenes laws and regulations • the directors have declared all material interests in contracts involving the company and refrained from voting on matters in which they were materially interested • the company has made all endeavours to ensure the equitable treatment of shareholders • the directors have complied with best practices of Corporate Governance • Property, plant and equipment are reflected at fair value, where it is different from fair value, and adequate disclosures are made • they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and • the business is a going concern, with supporting assumptions or qualifications as necessary. (The matters to which the board should give due consideration when adopting the going concern assumption are set out in Schedule J to this Code). The directors should explain in the annual report their responsibility for preparing the annual report and financial statements, and state that they consider the annual report and financial statements, taken as a whole, are fair, balanced, and understandable, and provides the information necessary for shareholders to assess the company's financial position, performance, ESG/ sustainability risk and opportunities, business model, and outlook and if it is unable to make any of these declarations, explain why it is unable to do so.	The Annual Report of the Board of Directors on the Affairs of the Company is included in the Annual Report. The Directors' Statement on Internal Controls is also included in the Annual Report. The Directors' Responsibilities Statement is also included in the Annual Report. The directors consider the annual report and the financial statements to be fair and understandable and in accordance with the applicable laws and regulations. The disclosures made by the company in this regard are in line with this guideline.

Ref No :	Guiding Principle	Degree of Compliance
D.1.5.	The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of Financial Statements, together with a statement by the Auditors about their reporting responsibilities. Further, the annual report should contain a report/statement on risk management and internal control. (Refer H for the contents of the statement on internal control).	The Annual Report of the Board of Directors on the Affairs of the Company is included in the Annual Report. The Independent External Auditors' Report is included in the Annual Report. The Directors' Statement on Internal Controls is included in the Annual Report. The Independent Assurance Report on the Directors' Statement on Internal Controls is included in the Annual Report. The Directors' Responsibilities Statement is included in the Annual Report.
D.1.6.	The annual report should contain a "management discussion & analysis", discussing, among other issues: • business model, • industry structure and developments, • opportunities and threats, • risk management, • internal control systems and their adequacy, • corporate and enterprise governance, • stakeholder relationships, • social and environmental governance activities carried out by the company, • financial performance, • investment in physical and intellectual capital, • human resource management carried out by the company, and • prospects for the future. The management discussion and analysis may be structured based on the integrated reporting framework issued by International Integrated Reporting Council and "A Preparer's Guide to Integrated Corporate Reporting", handbook on integrated corporate reporting and non-financial reporting guideline issued by CA Sri Lanka.	The "Our Approach to Value Creation" section and the "Management Discussion & Analysis" section included in the annual report address these matters.
D.1.7.	In the event the net assets of the company fall below 50% of the value of the company's shareholders' funds, the directors shall forthwith summon an extraordinary general meeting of the company to notify shareholders of the position and of remedial action being taken. The directors should report periodically to the shareholders progress on these remedial actions.	The company is in compliance with this requirement contained in this guideline.

Corporate Governance Disclosures

Ref No :	Guiding Principle	Degree of Compliance
D.1.8.	The Board should adequately and accurately disclose the Related Party Transactions in its Annual Report:	The Related Party Transactions are reported in Note No. 43 of the Notes to the financial statements in the accordance with the LKAS 24.
	• Each related party should submit signed and dated declaration quarterly mentioning whether they have Related Party Transactions with the company as defined in this Code.	Related party declarations will be taken in a quarterly manner.
	• It should be the responsibility of the Company Secretary to keep a record on Related Party Transactions and make necessary disclosures accordingly.	Company Secretary maintains all updated records.
	• There should be a process to capture related parties and Related Party Transactions. This process needs to be operationalized and Related Party Transactions should be properly documented.	Company Secretary maintains records on Related Party Transactions and make necessary disclosures accordingly.
	• A record/register either in hard or soft form on related party and Related Party Transaction should be maintained by the company. This record should ensure that the company captures information to comply with the respective related party disclosure requirements imposed by SEC/accounting standards/ auditing standards and similar regulations.	The Company Secretary is responsible for the comprehensive maintenance of the RPT register and supportive documentation ensuring full transparency and adherence to statutory reporting requirements. Related Party Transaction copies are maintained in both forms.
D.2. Risk Management and Internal Controls - The board should establish a policy for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the company's assets.		
D.2.1	The board should adopt a framework for risk management and the processes to identify, assess, monitor and manage risks with clear delegation of responsibilities to ensure its effectiveness in supporting achievement of the strategic, operational, and financial objectives of the company.	The company has in place a system of Board approved internal control and risk management mechanisms. Continuous monitoring is done in this regard by the internal audit and risk management departments. Refer to the Audit Committee report included in this annual report and the Integrated Risk Management Committee Report included in this annual report.
D.2.1.1.	The board should ensure that the company has carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.	Refer the Annual Report of the Board of Directors on the Affairs of the Company, The Statement of Directors Responsibilities, The Statement on Internal Controls and the Integrated Risk Management Committee Report in this annual report.
D.2.1.2	The board should describe the risk management framework, processes, responsibilities and explain in the annual report how they are being managed or mitigated.	Complied with The Risk Management framework and the Risk Management processes and responsibilities are stated in the Integrated Risk Management section of the Annual Report.
D.2.1.3	While the board as a whole is ultimately responsible for risk management, the board should establish a risk committee to oversee risk management. Alternatively, the entire board may take up this role or allocate certain aspects of risk to other committees established by the board and retain certain aspects specifically at board level.	The Board Integrated Risk Management Committee has been constituted and is functional.

Ref No :	Guiding Principle	Degree of Compliance
D.2.1.4	The company should consider regulatory requirements and sector/industry specific business risks in determining the need to have a separate risk committee. Companies may consider combining audit and risk functions under one committee.	The company has a separate Board Integrated Risk Management Committee and a separate Board Audit Committee.
D.2.1.5	When an independent risk committee established, the committee should comprise of at least three members, a majority of whom should be Non-Executive Directors and be chaired by an Independent Non-Executive Director.	Requirements in this guideline have been complied with.
D.2.1.6	The risk committee should have a written term of reference dealing clearly with its authority and duties. The terms of reference must address at a minimum how it will assist the board's oversight of risk management.	The Board Integrated Risk Management Committee has a Terms of Reference (TOR) in place and addresses the requirements of this guideline.
D.2.1.7	The annual report should contain a report of the risk committee, setting out its role and how it discharged its responsibilities.	The Board Integrated Risk Management Committee Report is included in this annual report.
D.2.1.8	Companies in regulated industries should consider applicable laws and regulations in determining the composition, scope, roles and responsibilities of the risk committee.	The factors stated in this guideline have been taken into account in the TOR of this BIRM committee.
D.2.2	The board should establish a process to ensure internal controls are designed, implemented and monitored, to provide reasonable assurance of the achievement of an entity's objectives on reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.	Complied with. Refer the Annual Report of the Board of Directors on the Affairs of the Company, The Statement of Directors Responsibilities and The Statement on Internal Controls in this annual report.
D 2.2.1	The board should ensure that an effective system of internal controls is established in respect of financial, operational and compliance system, processes, and practices and are monitored regularly. Further, at least annually the board should obtain a review of the effectiveness of the internal control systems and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.	Complied with. The Directors' Statement on Internal Controls is in this annual report. The Independent Assurance Report on the Directors' Statement on Internal Controls is included in this Annual Report.
D.2.2.2	Company should have an Internal Audit function	The company has a separate Internal Audit department that reports directly to the Audit Committee.
D.2.2.3	The board should require the audit committee to ensure carrying out reviews of the process and effectiveness of internal controls and report their recommendations to the board. Board should take responsibility for disclosures on internal controls in the annual report.	The Audit Committee carries out regular reviews of the processes and internal controls in place, through the Internal Audit department and reports to the Board of its assessments.
D.2.2.4	The Schedule L to this document contains guidance on the responsibilities of directors in maintaining a sound system of internal control and the contents of the statement of internal control.	Refer the Annual Report of the Board of Directors on the Affairs of the Company, The Statement of Directors Responsibilities and The Statement on Internal Controls in this annual report.

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Ref No :	Guiding Principle	Degree of Compliance
D.3. Audit Committee: - The board should establish formal and transparent arrangements for considering how they should select and apply accounting policies for financial reporting, determine the structure and content of corporate reporting, implement internal control and risk management, ensure compliance with laws and regulations and ensuring the independence of the company's auditors.		
D.3.1.	The board should establish an audit committee exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom at least two should be independent. If there are more Non-Executive Directors, the majority should be independent. The Committee should be chaired by an Independent Non-Executive Director, who is a member from a professional accounting body. The board should satisfy itself that at least one member of the audit committee has recent and relevant experience in financial reporting and control.	The committee consists of three Independent Non-Executive Directors. The Chairman of BAC as a member of the Institute of Chartered Accountants of Sri Lanka possesses the required qualifications and high level of recent relevant experience in financial reporting and control.
D.3.2.	The audit committee should have written terms of reference, dealing clearly with its authority and duties. The audit committee's written terms of reference must address:	Comprehensive overview of the audit committee's responsibilities are specified in the Terms of Reference (TOR) document.
	The committee's purpose – which, at minimum, must be to:	The audit committee meets all requirements as per guidelines.
	o assist board oversight of the: • preparation, presentation and adequacy of disclosures in the financial statements, in accordance with the Sri Lanka accounting standards; • compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements; • processes to ensure that the Company's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards; and • process to ensure compliance with non-financial (ESG/ Sustainability) laws and regulations which can have a bearing on the reported results of the company.	Audit committee ensures internal controls and risk management procedures are aligned with regulatory standards. Audit committee also ensures compliance with ESG and sustainability regulations safeguarding against financial and reputational impacts.
	o assessing the: • company's ability to continue as a going concern in the foreseeable future; • performance of the company's internal audit function; • process to identify, monitor, and manage significant business/financial risks; and • independence and performance of the company's external audit.	The audit committee is responsible for monitoring the entity's ability to maintain operations and fulfil obligations, mitigate significant business risks and financial vulnerabilities.

Ref No :	Guiding Principle	Degree of Compliance
D.3.2.	The duties and responsibilities of the audit committee should at a minimum include those set out below:	
	• Make recommendations to the board, pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	The audit committee has the authority to evaluate and make recommendations to the board regarding the appointment, reappointment, removal of the external auditors and to approve their remuneration and terms of engagement.
	• Develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.	The audit committee has developed and implemented a robust framework governing the provision of non-audit services by external auditors.
	• Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Sri Lankan professional and regulatory requirements.	Audit committee ensures strict adherence to relevant ethical guidance and statutory requirements to protect independence.
	• Discuss the audit plan, key audit issues, their resolution and management responses.	Continuously complied with.
	• Review the company's annual audited financial statements and quarterly financial statements with management and the auditor to ensure compliance with the Sri Lanka Accounting Standards and other relevant laws and regulations.	Complied with.
	• Ensure that the company adopts accounting policies and practices that are in compliance with Sri Lanka Accounting Standards and that any changes are reviewed.	Company is committed to maintain accounting policies in full compliance with Sri Lanka Accounting Standards.
	• Review significant financial reporting judgements.	Evaluates major judgemental areas and assumptions in financial reporting.
	• Assess the company's ability to continue as a going concern in the foreseeable future.	The committee assesses the entity's ability to continue as a going concern and concludes it has adequate resources to operate for the foreseeable future.
	• Ensure that regulatory compliance reports are obtained from management and reviewed.	The committee has obtained and reviewed regular compliance reports from the management.
	• Review the company's earnings press releases and financial information and earnings guidance provided to analysts and rating agencies.	Have measured the progress of long-term strategic initiatives and capital allocations.
	• Discuss policies and practices with respect to risk assessment and risk management.	Controls measures are in place to identify key risk indicators.
		The factors in this guideline is addressed.
	• Review the company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of Independent Directors, or by the board itself, to review the company's internal control and risk management systems.	Monitoring the systems designed to ensure identified control deficiencies are actively addressed. There is a separate IRM committee in place as well.

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Ref No :	Guiding Principle	Degree of Compliance
D.3.2.	• Ensure that a process of sound system of internal control is in place.	Conducting periodic, objective internal and external audits to test the operating effectiveness.
	• Ensure that a periodic review of the board's risk management, internal controls, business continuity planning and information security systems are carried out and appropriate remedial action recommended to the board.	The committee has executed and recommended actionable remedial measures to ensure operational resilience and regulatory compliance. This guideline is practically addressed.
	• Ensure that an effective internal audit function is in place and monitor and review the internal audit activities.	A fully fledged internal audit function is in place.
	• Meet separately and periodically with management, the auditors and internal auditors.	Have periodically connected with the external auditors to meet required standards as well as with the internal auditors and the management.
	• Ensure that there is a mechanism for the confidential receipt, retention and treatment of complaints alleging fraud, received from internal/external sources and pertaining to accounting, internal controls or other such matters.	The organization committed to the highest standards of integrity and accountability. To ensure compliance, an end-to-end complaint handling mechanism and whistle-blowing policy is in place.
	• Assure confidentiality to whistle-blowing employees.	SF PLC is committed to protecting the identity of whistle-blowers and a comprehensive policy is in place.
	• Set clear hiring policies for employees or former employees of the auditors.	A clear and precise hiring policy is in place.
	• Report regularly to the Board of Directors.	Complied with.
D.3.3.	A separate section of the annual report should describe the work of the committee in discharging its responsibilities. The report should include:	Refer the Board Audit Committee report in the Annual Report.
	• The names of directors (persons in the parent company's committee in the case of a group company) comprising the audit committee.	Included in the Board Audit Committee report.
	• The number of meetings held and attendance of each director.	Included in the Board Audit Committee report.
	• The scope of work and how its roles and responsibilities were discharged. • The significant issues that the committee considered in relation to the financial statements, and how these issues were addressed.	BAC is an independent core sub-committee body. The BAC supports the board by ensuring the integrity of financial reporting, maintaining internal controls, supervising the audit process and enforcing compliance with legal and regulatory standards.
	• An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length.	The actions of the BAC are in line with the requirements of these guidelines. Addressed in the Board Audit Committee report.
	• If the external auditor provides non-audit services, an explanation of how auditor objectivity and independence are safeguarded.	A policy guideline has been drafted to be applicable and complied. Refer to the Board Audit Committee report.
	• The committee should also determine the independence of the auditors and should disclose the basis of such determination in the annual report.	Refer to the Board Audit Committee report.
	The annual report should contain a report by the audit committee, setting out the manner of compliance by the company, in relation to the above, during the period to which the annual report relates.	Refer to the Board Audit Committee report.

Ref No :	Guiding Principle	Degree of Compliance
D.4 Risk Committee: - The board should establish a procedure for risk management including how they determine, risk culture, risk appetite, risk identification and classification, rating and management of risk.		
D.4.1	The board should establish a risk committee which should comprise of a minimum three members, a majority of whom should be Non-Executive Directors and be chaired by an Independent Non-Executive Director. The Chief Executive Officer and Chief Financial Officer should be required to attend all meetings of the risk committee. The Chief Information Officer and heads of strategic business units should be invited to attend as necessary.	BIRMC committee has been established with two members who are Non-Independent Non-Executive Directors and one director Independent Non-Executive Director. Committee meets every quarter. Refer the Board Integrated Risk Management Committee Report included in this annual report.
D.4.2	The risk committee should have written terms of reference dealing clearly with its authority and duties. The terms of reference must address at a minimum how it will assist the board's oversight of:	A Terms of Reference (TOR) is in place covering all regulatory guidelines.
	• defining, articulating and communicating the Risk culture of the entity, • determining the risk appetite of the entity, • ensuring that a risk management framework, processes, practices, Key Risk Indicators (KRI) and responsibilities are clearly defined and monitored, • reviewing the risk management outcomes, impacts, implications and mitigation actions on a regular basis, • receiving and reviewing reports from management on new and emerging risks, sources of risk and control and mitigation measures, • overseeing the entity's insurance programme and ensure that it is sufficient and robust, • ensuring that the entity has installed effective information system security measures and backup procedures, and these are tested periodically, • ensuring that there is a process to monitor ESG risks, • ensuring that the entity has a robust disaster recovery plan which is tested periodically, • providing regular reports to the Board of Directors, and	The BIRMC discharges its duties at regular meetings and submits risk assessment reports on a quarterly basis. Comprehensive disclosures on committee's activities including monitoring the effectiveness of management level committees to continuous assessing of various risk categories are been reported. These matters outlined by this guideline are addressed in the Board Integrated Risk Management Committee TOR and adequately made reference to, in the Committee Report included in this annual report.
	• reviewing at least annually, the risk management framework, processes and practices and responsibilities.	Annual review of the framework is been performed by the risk department.
	The risk within the specific scope of other committees such as audit committee, remuneration committee and nomination committee will be reported directly to the board by those committees.	Risk related reviews done by other Board sub-committees are escalated directly to the board.
D.4.3	The committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. The Chief Risk Officer shall be the Secretary of the committee. If the company does not have a designated Chief Risk Officer, Chief Executive Officer shall nominate a Senior Executive to serve as the Secretary to the committee.	Risk committee complies with the guidelines specified in the regulatory requirements and the Secretary of the committee is the Head of Risk.

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Ref No :	Guiding Principle	Degree of Compliance
D.4.4	The committee should have authority to seek external professional advice if required in connection with the performance of its duties.	The committee can seek out external advice if needed.
D.4.5	The annual report should contain a report of the risk committee, setting out its role and how it discharged its responsibilities.	Refer the Board Integrated Risk Management Committee Report included in this annual report.
D.5. Related Party Transactions Review Committee:- The Board should establish a procedure to ensure that the Company does not engage in transactions with "related parties" in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.		
D.5.1.	A related party and Related Party Transactions will be as defined in LKAS 24 and reproduced under section D.1.8 of this Code. Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.	Complied With The company has adopted these definitions as per LKAS 24 with regard to related parties and Related Party Transactions.
D.5.2.	The Board should establish a Related Party Transactions (RPT) Review Committee consisting exclusively of Non-Executive Directors with a minimum of three Non- Executive Directors of whom the majority should be independent. Executive Directors may attend by invitation. The Chairman should be an Independent Non-Executive Director appointed by the Board. RPT Review Committee shall meet at least once a calendar quarter.	The Related Party Transactions Review Committee consists of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The RPT Review Committee report contains additional information relating to this committee, its composition and its meeting attendance. The Chairman of the committee is an Independent Non-Executive Director. RPT Committee meets on a quarterly basis.

Ref No :	Guiding Principle	Degree of Compliance
D.5.3.	RPT review committee should have written terms of reference dealing clearly with its authority and duties which should be approved by the board of directors. The RPT review committee's written terms of reference must address: • A procedure for documenting related parties and related party transactions in accordance with the definitions in LKAS 24 and the CSE Llisting Rules. • A procedure to obtain a statement from each related party: - if such party is a person; details of their close family members and entities in which the aforementioned parties have control, joint control, significant influence or serve as a Key Management Personnel and, transactions if any, in accordance with the listing rules of Colombo Stock Exchange. - If such party is an entity as defined in LKAS 24 as a related party details of transactions and balances with such party/parties. If such party is an entity as defined in LKAS 24 as a related party details of transactions and balances with such party/parties. A declaration of related parties and Related Party Transactions should be obtained at least once in each quarter, and when there is a change in circumstances from each Key Management Personnel, and in respect of related parties which are entities, from their Chief Executive Officer. In any event prior to entering into any transaction between such related parties and the company, its parent or any of subsidiaries, sub-subsidiaries, fellow subsidiaries, associates, joint ventures and any other entities which are considered related parties as defined in LKAS 24, a specific disclosure should be made and reviewed by the RPT review committee and/or the Board of Directors as relevant, unless they are exempted Related Party Transactions as defined in CSE Listing Rules. Personnel of the company responsible for contracting, procurement, payments, and any other channel through which an inflow or outflow of resources can result, should have a list of all related parties and have a process in place to capture and report any Related Party Transaction within their area of responsibility. • A procedure to inform all related parties of what constitutes exempted Related Party Transactions. • A procedure to identify and for directors and other Key Management Personnel to report recurrent and non-recurrent transactions and to obtain board or shareholder approval by special or ordinary resolution as required by the CSE Listing Rules.	Complied with The company has a formal RPT Policy and a separate Board approved Terms of Reference in place. The RPT Committee reviews and evaluates transactions to ensure dealings are conducted on an arm's length basis preventing conflicts of interest and ensures compliance with regulatory disclosure standards. Further the RPT ensures fair commercial and no more favourable standards are offered to third parties. SF PLC adheres to given CSE Listing Rules and Corporate Governance regulations. The matters specified in this guideline have been addressed as appropriate and as applicable, in the PRT Review Committee TOR and adequately as applicable made reference to, in the committee report included in this report.

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Ref No :	Guiding Principle	Degree of Compliance
D.5.3.	• A policy and procedure to delegate dealing with recurrent Related Party Transactions (as defined in the CSE Listing Rules) to relevant management personnel. • A procedure for the RPT review committee to review and recommend to the board matters relating to such transactions. Any interested directors should not participate at the meeting at which the transaction relating to him/ her is discussed unless invited to seek clarification/ information. • A procedure and definition of disclosures required to be made by the company on an annual basis, those requiring immediate disclosure and those requiring shareholder approval. • A procedure to identify Related Party Transactions which require immediate disclosure as per the CSE Listing Rules and to ensure that required disclosures are made by the company to the CSE in accordance with the CSE Listing Rules.	
	• A procedure to identify Related Party Transactions which require shareholder approval by special resolution at an extra-ordinary general meeting. The Company Secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals and minutes.	The Company Secretary maintains RPT committee meeting minutes and required documentation extracts of all discussions and approval.
	• Review and recommend to the board the related party disclosures to be made in the annual report of the company.	The Related Party Disclosures are included in Note No. 43 in the Notes to the Financial Statements included in this Annual Report.
D.6. Code of Business Conduct and Ethics:- Companies must adopt a Code of Business Conduct and Ethics for directors, Key Management Personnel and all other employees including but not limited to dealing with shares of the company; compliance with Listing Rules; bribery and corruption; and confidentiality, encouraging that any illegal, fraudulent and unethical behaviour be promptly reported to those charged with governance. The company must disclose waivers of the code for directors, if any.		
D.6.1.	All companies must disclose whether they have a Code of Business Conduct and Ethics for directors and Key Management Personnel and if they have such a code, make an affirmative declaration in the annual report that all directors and Key Management Personnel have declared compliance with such code, and if unable to make that declaration, state why they are unable to do so. Each company may determine its own policies in the formulation of such a code, but all companies should address the following important topics in their respective codes: • conflict of interest, • bribery and corruption, • entertainment and gifts, • accurate accounting and record-keeping, • fair and transparent procurement practices, • corporate opportunities, • confidentiality,	The company has in place a Code of Business Conduct and Ethics.

Ref No :	Guiding Principle	Degree of Compliance
D.6.1.	• fair dealing, • protection and proper use of company assets • including information assets, • sexual harassment, discrimination and abuse, • compliance with laws, rules and regulations (including insider trading laws), and • encouraging the reporting of any illegal, fraudulent or unethical behaviour.	The company has in place a Code of Business Conduct and Ethics.
D.6.2.	The Company should have a process in placed to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	The company ensures that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.
D.6.3.	The Company should establish a policy, process for monitoring, and disclosure of shares purchased by any director, Key Management Personnel or any other employee involved in financial reporting.	The company ensures that it monitors and discloses as per the applicable statute or regulation, any purchase of shares by any Director or any Key Management Personnel.
D.6.4	The company should establish a procedure to deal with complaints received from whistle-blowers such as employees, customers, suppliers and any other parties in relation to non-compliance with company's code of business conduct and ethics	Company has established a procedure to deal with complaints received from whistle-blowers.
D.6.5	The company should conduct training on the Code of Business Conduct and Ethics as part of induction training of new employees and require confirmation of compliance at least on annual basis from all employees.	Ethics as part of the induction process is covered.
D. 6.6	The process for companywide dissemination of the policy, training arrangements, violations/non compliances (if any) with actions taken should be reported to the board on a regular basis. Any exemptions/ waivers from compliance with the code of business conduct and ethics with reasons and timelines should be approved by the board.	Training is provided to all staff centrally and at regional locations. The Training and Development Calendar annually has been submitted for board approval.
D.6.7.	The Chairman must affirm in the company's annual report that a Code of Conduct and Ethics has been introduced companywide and the procedure for disseminating, monitoring, and compliance with that code. Chairman must also disclose significant violation if any of the provisions of the Code of Business Conduct and Ethics. Disclosers should contain the types and numbers of violation and procedures followed in dealing with them.	Refer the Annual Report of the Board of Directors on the Affairs of the Company included in this Annual Report.
D.7. Corporate Governance Disclosures: - Directors should disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance.		
D.7.1.	The Directors should include in the Company's Annual Report, a Corporate Governance Report setting out the manner and extent to which the Company has complied with the principles and provisions of this Code.	This report demonstrates the way in which the company has adopted this Code.

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Ref No :	Guiding Principle	Degree of Compliance
Section II : Shareholders		
E. Institutional Investors		
E.1. Shareholder Voting: - Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.		
E.1.1.	A listed company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the board as a whole.	The Annual General Meeting serves as the forum for the shareholders to express their views. Further, they can raise any issues to the Board through the Company Secretary.
E.2.	**Evaluation of governance disclosures : -** When evaluating the company's governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	The Annual Report contains all the necessary governance disclosures applicable to this company. Institutional investors are at liberty to give due weight to the relevant resolutions when exercising their voting rights.
F. Other Investors		
F.1.	**Investing/divesting decision : -** Individual shareholders, investing directly in shares of the company should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	Individual investors are at liberty to carry out adequate analysis or seek independent advice with regard to their investing/ divesting decisions.
F.2.	**Shareholder voting : -** Individual shareholders should be encouraged to participate in General Meetings of the company and exercise their voting rights.	Individual shareholders are encouraged to participate in General Meetings and exercise their voting rights. The relevant notice of meeting is dispatched to all shareholders as per the statutory requirements.
Section III		
Other Matters		
G. Internet of Things and Cyber Security		
G.1.	The Board should have a process to identify how in the organization's business model that IT devices within and outside the organization can connect to the organization's network to send and receive information and the consequent cybersecurity risks that may affect the business. Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the company's network to send and receive data. Such access could be authorized or unauthorized.	Based on the business requirements of the company and the scope of application and extent of usage of its IT resources, the company will look into introducing an appropriate policy.

Ref No :	Guiding Principle	Degree of Compliance
G.2.	The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a cybersecurity risk management policy which should be approved by the Board. The policy should include a robust cybersecurity risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting process, scope and regularity of an Information Communication Technology (ICT) audit, and the need for cybersecurity insurance.	The company's current Head of IT oversees and handles the management of cybersecurity risk. Based on the business requirements of the company and the scope of application and extent of usage of its IT resources, the company will look into introducing an appropriate policy. During the period under review, the company had an Information Security Officer as well. To safeguard our data, operations and stakeholder trust the board has adopted cybersecurity risk management that aligns with industry standards.
G.3.	The board should allocate regular and adequate time on the board meeting agenda for discussions about cyber-risk management. The matters taken up for the discussion on the board meeting agenda may include: • Potential cybersecurity risks in the company's business model • CISO's security strategy and status of the current projects • Compliance with the cybersecurity risk management process and incident reports • Findings and recommendations from independent reviewers	Based on the cybersecurity risk management related requirements of the company's operations, the Board has allocated this subject matter to the Board IT Security and Steering Committee (ITSC).
G.4.	The Board should ensure the effectiveness of the cybersecurity risk management through independent periodic review and assurance. The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, company's business model and incident findings.	As per the business requirements of the company and the scope of application of its IT resources, the Board will consider the usage of independent periodic reviews and assurance with regard to its cybersecurity risk management. Presently, the Board IT Security and Steering Committee addresses these matters.
G.5.	The Board should disclose in the annual report, the process to identify and manage cybersecurity risks.	This is addressed in the Risk Management Section in the Annual Report.
H. Sustainability: ESG Risk and Opportunities		
H.1	The board should consider sustainability/ESG risk and opportunities in the company's business model, operations, short-term and medium-term planning and in its long-term strategy to ensure that the company remains resilient and able to deliver durable and sustainable value over the short, medium and long term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders.	In the "Our Approach to Value Creation", "Management Discussion & Analysis" and "Stewardship" sections in the annual report, the referred material is adequately covered.
H.1.1	The company should include the impact of sustainability/ESG risks and opportunities in its business plans, strategic plans and present to the board for consideration on a regular basis. This could be in the form of scenarios, probability of occurrence, likely impact, mitigative actions and monitoring and management.	Integrating ESG and sustainability into the core strategy ensuring long term resilience has been recognized as the company's way forward.

Corporate Governance Disclosures

Ref No :	Guiding Principle	Degree of Compliance
H.2	The board and Key Management Personnel should continuously engage with and consider the views of its stakeholders to better understand and manage the company's sustainability/ESG risk and opportunities, as stakeholder expectations are heightening across various sustainability/ESG issues relating to the protection of environment and other ESG issues. Many institutional investors consider these factors in their investment decision making.	The board members and the Key Management Personnel take into account the views of the company's stakeholders to better understand and manage the company's sustainability/ESG risk. This impactful area will continue to progressively receive increased attention and due focus.
H.2.1	The company should have a process to recognize significant stakeholders and material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence.	
H.3	The company should establish a governance framework and structure which includes conformance, performance and sustainability/ESG factors.	An approved governance framework is in place.
H.3.1	Sustainability factors should be addressed through a process of environmental governance and social governance	Social and environmental governance factors are in place.
H.3.1.1	Environmental governance of an organization should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health and environmental implications on business strategies, plans, decisions and operations. The company policy and practices on matters such as followings should be considered: • health and safety, • climate change, • pollution prevention, • effluent treatment, • sustainable resource use, • restoration of natural resources, • renewable energy, and • biodiversity.	Direct and indirect economic, social, health and environmental implications on business have been considered.
H.3.1.2	Social governance of an organization should include an integrated approach to engage separately with representative groups of the community, customers, employees, suppliers, outsourced providers and any other party that can influence or be influenced by the organization's business model in relation to aspects material to its sustainable growth. The organization should include an integrated approach to build a relationship with the community for sustainable development including a process for responsive community engagement, fair competition and business practices, thereby demonstrating Corporate Social Responsibility.	Our approach to social governance is built on continuous, targeted engagement with parties that are influenced by our operations. A three sixty-degree approach is our sustainable growth model.

Ref No :	Guiding Principle	Degree of Compliance
H.3.1.2	The organization should adopt an integrated approach to building a relationship with customers. This includes establishing a process for customer feedback through engagement, efficient service delivery, standards for product responsibility and product recall and other matters material and relevant to the organization's business model and customer experience. The labour practice related governance of an organization should encompass all policies and practices in relation to work performed by or on behalf of the organization in accordance with its business model and should also include policies and practices such as health and safety, equal opportunity, gender balance, career development and training, reward and recognition, conditions of work, work-life balance and industrial relations.	
H.4	The board should establish a governance structure to support sustainability/ESG factors including its ability to create value and manage risks in the short, medium and long term, recognizing, managing and measuring on all pertinent aspects of sustainability using financial and non-financial measures.	The company will look into formally accommodating these aspects in the company's existing governance structures or establish a separate formalized governance structure in the context of the company's operating scope, to address sustainability / ESG factors and manage any connected risks.
H.4.1	The company should recognize the key resources/capitals deployed in its business and stakeholders who can influence these resources/capitals and establish financial and non-financial measures for resource/capital management and related outputs and outcomes	This has been addressed in the "Management Discussion & Analysis" section of the Annual Report.
H.4.2	The company should have a process to ascertain, assess and manage sustainability/ESG factors which have an impact on the sustainability of the company.	Organization has stablished and documented the process.
H.4.3	The company should establish financial and non-financial measures in respect of all material matters relating to significant stakeholders including as determined in H.2.1 and environmental and social factors stated in H.3.1.1 and H.3.1.2.	The company keeps track of certain identified financial and non-financial indicators with regard to identified material matters relating to its significant stakeholders.
H.5	The company's annual report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported.	The "Our Approach to Value Creation" section and the "Management Discussion & Analysis" section address these factors.

Corporate Governance Disclosures

Ref No :	Guiding Principle	Degree of Compliance
H.5.1	Environmental, Social and Governance considerations can affect a company's ability to execute its business strategy and create value. While many of these factors are 'non-financial', their management and likely impact have financial consequences. Hence, they are important factors to be built into a company's business model, strategy, governance and risk management framework. Sustainability/ESG factors relevant to the company could impact the following: • Access to financial capital • Cost savings and productivity • Brand value and reputation • Employee recruitment • Employee retention • Access to markets • License to operate • Market capitalization	Environment, Social and Governance considerations directly affect our business strategy and create value. While many of these factors are non-financial their management is likely to impact/ carry direct financial consequences. As such these are fundamental elements that is built into our company's business model, strategy, governance structure and risk management framework to monitor and track.
H.5.2	Companies should provide information in relation to: • The relevance of environmental, Social and Governance factors to their business models and strategy. • How sustainability/ESG related issues may affect their business, e.g. through legislation, reputational damage, employee turnover, license to operate, legal action, stakeholder relationships, and how these impacts may affect business, strategy, and financial and operational performance. • How risks and opportunities pertaining to sustainability/ESG are recognized, managed, measured and reported.	The "Our Approach to Value Creation" section and the "Management Discussion & Analysis" section address these factors.
H.5.3	The disclosures should deal with how the company has complied with the mandatory and voluntary codes of corporate governance and how its leadership structure, organizational culture, code of conduct and business model supports sustainability of the company in the short, medium and long term.	The "Corporate Governance Disclosures" under the "Stewardship" section of the Annual Report addresses these matters.
H.5.4	Sustainability/ESG reporting is a board's responsibility, and it is designed to add value by providing a credible account of the company's economic, social and environmental impacts. Sustainability/ESG reporting and disclosure should be formalized as part of the Company's reporting process and take place on a regular basis. Such reporting should link sustainable/ESG issues more closely with strategy. Sustainability/ESG reporting may be built on a number of different guidelines, such as: • Integrated reporting framework • The global reporting initiative guidelines	Company recognises robust ESG performance and governance as a long-term source of value creation. As such, we have formalized our sustainability disclosures as an important component of the company's core reporting process. We make use of the Integrated Reporting framework and the Global Reporting Initiative guidelines in our reporting.

Ref No :	Guiding Principle	Degree of Compliance
I. Special Considerations for Listed Entities		
I. 1 Establishment and Maintenance of Policies - Listed entities shall establish and maintain policies relating to its governance and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the entity on its website.		
I.1.1	Policies relating to following areas are essential: a) Matters relating to the Board of Directors, b) Board Committees, c) Corporate Governance, Nominations and re-election, d) Remuneration, e) Internal Code of Business Conduct and Ethics for all directors and employees, including policies on trading in the entity's listed securities, f) Risk management and internal controls, g) Relations with shareholders and investors, h) Environmental, Social and Governance sustainability, i) Control and management of company assets and shareholder investments, j) Corporate disclosures, k) Whistle-blowing, l) Anti-bribery and corruption	All policies have been drafted approved and in practice as below: a) Policy on Matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance Nominations and re-election d) Policy on Remuneration e) Policy on Internal Code of Business Conduct and Ethics for all directors and employees including policies on trading in the entity's listed securities f) Policy on Risk management and internal controls g) Policy on Relations with shareholders and investors h) Policy on Environmental, Social and Governance sustainability i) Policy on Control and management of company assets and shareholder investments j) Policy on Corporate disclosures k) Policy on Whistle-blowing l) Policy on Anti-bribery and corruption
I.1.2	Any waivers from compliance with the internal code of business conduct and ethics or exemptions granted by the listed entity shall be fully disclosed in the annual report.	No waivers from compliance with the internal code of business conduct and ethics nor exemptions have been granted by the Company during the period under review.
I.1.3	Listed entities shall disclose in its annual report: (i) the list of policies that are in place with reference to its website, (ii) details pertaining to any changes to policies adopted by them.	All policies that are in practice have been uploaded in the corporate website. The company's corporate website is www.softlogicfinance.lk.
I.1.4	Listed entities shall make available all such policies to shareholders upon a written request being made for any such policy	Will be complied with on a written request made by shareholders.
I.2 Policy on Matters Relating to the Board of Directors: - Listed entities shall establish and maintain a formal policy governing matter relating to the Board of Directors.		
I.2.1	Policy governing matters relating to Board of Directors shall: (a) recognize the need for a balance of representation between Executive and Non-Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred to as the CEO), board balance and procedures for the appraisal of board performance and the appraisal of the CEO.	Formal board charter complying with corporate governance/ CSE rules is maintained ensuring the majority of the board are Non-Executive Directors. At present all directors are Non-Executive Directors.

Corporate Governance Disclosures

Ref No :	Guiding Principle	Degree of Compliance
I.2.1	(b) where a listed entity decides to combine the role of the Chairperson and CEO, (i) set out the rational for combining such positions; and, (ii) require the board charter of the listed entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest. (iii) set out the measures implemented to safeguard the interests of the SID.	The roles of the Chairperson and the CEO are held separately by 02 highly professional individuals.
	(c) require diversity in board composition for board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors.	The Board of Directors complies with standards set here with.
	(d) stipulate the maximum number of directors with the rationale for the same.	Minimum number of directors have been complied with.
	(e) specify the frequency of board meetings, having regard to the requirements under the Listing Rules.	The board meets minimum on a monthly basis.
	(f) provide mechanisms for ensuring that directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance by the listed entity with obligations arising under such rules.	A framework is in place to ensure directors are educated and well informed of the compliance status.
	(g) specify the minimum number of meetings, in numbers and percentage, that a director must attend, in order to ensure consistent attendance at board meetings and to avoid being deemed to vacate such position.	All directors comply with the guideline.
	(h) provide requirements relating to trading in securities of the listed entity and its listed group companies and disclosure of such requirements.	Directors and KRPs comply with the disclosures set.
	(i) specify the maximum number of directorships in listed entities that may be held by directors.	Seven individuals are appointed as Directors for SF PLC. The maximum number of directorships that may be held by each director is prescribed by the industry regulator, CBSL in the Finance Companies (Corporate Governance) Direction.
	(j) recognize the right to participate at meetings of the board and board committees by audio visual means and for such participation to be taken into account when deciding on the quorum.	The directors ensure the quorum is always maintained in board meetings. The option to participate through audio visual means is available and is recognized.
I.2.2	Listed entities shall confirm compliance with the requirements of the policy referred to above in the annual report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	No such non-compliances were reported during the financial year 2025/26.

Senior Independent Director's Report

Mr. Sisira Dabare

Senior Independent Director and Deputy Chairman

This report is presented in compliance with the requirement set out in Section 9.6.3 (e) of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange which came into effect on 01st October 2023. The requirement of appointing a "Senior Independent Director" (SID) to Softlogic Finance PLC is in accordance with Section 9.6.3 (a) ii of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Role and Responsibilities of Senior Independent Director

In terms of the role and responsibilities of the SID, the principal role of the SID is to support the Chairman in his role and duties, acting as an intermediator for the Non-Executive Directors and to facilitate the due exercise of the functions of the Chairman with the Non-Executive Directors as and when necessary. The role and the responsibilities vested on the SID of the Board is relevant in the current context of Corporate Governance regulations, standards, and best practices which are frequently reviewed and revised by regulators.

My role is to ensure requisite governance standards are complied with while providing necessary assistance to the Chairman of the Board through discussion and communication between Non-Executive and Independent Directors of the Company in addressing matters relevant to the Board as a whole to enhance the overall effectiveness of the Board.

Serving as the Senior Independent Director has been a privilege, as it has allowed me to ensure sharing collective opinions of Independent Directors with Chairman relating to key decisions and actions taken by the Board of Directors. I believe it is crucial for maintaining transparency of our governance processes.

(Sgd)

Sisira Dabare

Senior Independent Director and Deputy Chairman.

28th August 2026

Colombo

Board Audit Committee Report

Mr. Chandrasiri Kalupahana
Chairman
Board Audit Committee

The main objective of the Audit Committee is to assist the Board in fulfilling its oversight responsibility for the Company's financial reporting system, integrity of Financial Statements, compliance with legal and regulatory requirements, internal control mechanism, risk management process, internal audit function and review of independence and performance of the External Auditors with a view to safeguard the interest of the Shareholders and all other Stakeholders.

In fulfilling this role, the Audit Committee is empowered to examine the financial records of the Company, internal auditor reports, and other communications as necessary in order to ensure the Company adheres to accepted norms of ethical guidelines, rules and regulations.

Composition of the Audit Committee

The Board Audit Committee comprised of the following Non-Executive Directors of the Company during the financial year.

- **Mr. Chandrasiri Kalupahana** – Independent, Non-Executive Director (Appointed to the committee w.e.f. 24th October 2023 and Appointed as Chairman w.e.f. 03rd May 2024)
- **Mr. Sisira Dabare** – Independent, Non-Executive Director (Appointed to the committee w.e.f. 28th September 2022)
- **Mr. Viresh Nanayakkara** – Independent, Non-Executive Director (Appointed to the committee w.e.f. 03rd May 2024)
- **Mr. Naresh Abeyesekera** – Non-Independent, Non-Executive Director (Appointed to the committee w.e.f. 30th October 2024)

The composition meets the requirements stipulated in the Listing Rules of the Colombo Stock Exchange.

The Board is satisfied that current members of the Committee possess strong financial expertise and a diverse mix of skills in Finance, Audit, Legal, and Banking matters. The Chairman of the Committee Mr. Chandrasiri Kalupahana is a Fellow member of the Institute of Chartered Accountants of Sri Lanka.

The individual and collective finance knowledge and business acumen and the independence of the Committee are brought to bear on their deliberations and judgements on matters that come within the Committees purview.

The profiles of the members which detail their background and professional experience are on pages 104 to 107 of this Report.

The Company Secretary functions as the Secretary of the Audit Committee.

Terms of Reference of the Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its responsibilities of ensuring the integrity of financial reporting, the adequacy of the system of internal control and the assessment of the Company compliance with legal and regulatory requirements. The Terms of Reference was reviewed recently and approved by the Board in March 2026.

The Audit Committee Charter

The Audit Committee Charter is reviewed periodically and updated, where necessary, with the approval of the Board of Directors to ensure that it remains aligned with evolving regulatory requirements, governance practices, and the Committee's responsibilities.

The Charter clearly defines the composition, authority, roles, responsibilities, and functions of the Audit Committee. It incorporates the applicable regulatory requirements and governance principles, ensuring compliance with the Corporate Governance Rules of the Colombo Stock Exchange, the Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka, and the Finance Companies (Corporate Governance) Direction No. 5 of 2021 issued by the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011.

Role and Responsibilities of the Board Audit Committee

The Committee is empowered to oversee:

- The Committee review the preparation, presentation and adequacy of disclosures in the financial statements, in accordance with the Sri Lanka Accounting Standards.

- Overseeing the integrity of the Financial Statements.
- Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.
- Processes to ensure that the Company's internal controls and risk management procedures are adequate.
- Assessing the Company's ability to continue as a going concern in the foreseeable future.
- Make determination on the Independence and performance of the Company's External Auditors.
- The rationale and basis for the significant estimates and judgments underlying the financial statements.
- Reviewing the effectiveness and resource allocation of the Internal Audit function.
- Ensuring compliance with the requirements of the Listing Rules of the Colombo Stock Exchange.

The Board Audit Committee uses the Audit Committee Charter as a guide in taking appropriate measures in order to safeguard the interests of all stakeholders of the Company.

Financial Reporting

The Committee reviews the financial reporting system adopted by the Company in the presentation of its quarterly and Annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The Committee recommends the Financial Statements to the Board for its deliberations and approval prior to issuance to the Colombo Stock Exchange. The Committee in its evaluation of financial reporting system also recognize the adequacy of the content and quality of routine management information reports forwarded to its members.

The review include;

- Appropriateness and changes in Accounting Policies.
- Significant estimates and judgement made by the management.
- Compliance with relevant Accounting Standards and applicable regulatory requirements.
- Issues arising from the Internal Audit and Independent External Audit.
- The Company's ability to continue as a going concern.
- Statements and Reports to be included in the Annual Report.

The Committee has also obtained assurance from the Head of Finance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

The Committee has an established mechanism for the confidential receipt, retention and treatment of complaints (if any) alleging fraud or malpractice which may be received from internal/ external sources pertaining to accounting, internal controls or other such matters.

Risk Management and Internal Controls

The Audit Committee reviews the adequacy and effectiveness of the Company's risk management framework, internal control systems, business continuity arrangements, and information security controls, and where necessary, recommends appropriate improvements to the Board.

The Company's overall risk governance framework is further strengthened through the oversight of the Board Integrated Risk Management Committee (BIRMC), which is responsible for monitoring and overseeing the Company's enterprise-wide risk management practices.

Key risks that exceeded the Company's risk appetite are discussed in the risk management section presented from page 90 to 102.

The Committee is satisfied that an effective system of internal controls is in place to provide reasonable assurance on safeguarding the Company's assets and the reliability of the Financial Statements. The effectiveness of the Company's system of internal controls is evaluated through reports provided by the management, Internal Auditors and Independent External Auditors.

Compliance

The Board Audit Committee plays a key role in overseeing the Company's regulatory compliance framework and promoting a strong culture of governance, accountability, and ethical conduct. Through its oversight responsibilities, the Committee monitors compliance with applicable laws, regulations, and internal policies, while supporting the effective management of compliance-related risks and enhancing transparency across the organisation.

The Compliance Officer regularly reports to the Audit Committee on the Company's compliance with applicable legal and regulatory requirements, including any identified instances of non-compliance and the status of corrective actions. The Committee also receives updates on matters relating to the Whistleblowing Policy and the Code of Conduct, enabling it to oversee the effectiveness of the Company's ethical and compliance framework. The Committee is satisfied that laws and regulations are duly complied, and statutory payments have been made on a timely basis.

Board Audit Committee Report

External Audits

The Committee assists the Board of Directors in engaging External Auditors for Audit and Non-Audit services in compliance with the statutes. Committee determines the Independence of the Company's External Auditors are monitored in accordance with the following measures and in line with applicable guidelines, including the CSE Rules:

- Monitoring the duration of engagement of both the External Audit firm and the individual audit partner.
- Allowing the closed-door meetings between the Board Audit Committee and the External Auditors, without the presence of management.
- Independently reviewing and approving the audit fees.
- Establishing and monitoring the policy governing non audit services provided by the External Auditors.

Accordingly, the company's External Auditors for the financial year 2025/26 are Ernst & Young. This marks their tenth consecutive year of engagement since 04 July 2016 and new audit partner was assigned during the financial year under review.

The Audit Committee has prudently ensured the objectivity and independence of the External Auditors by reviewing compliance with the established policy on non-audit services, including an assessment of fees paid to the auditors and it's affiliates. No non-audit services were provided by the External Auditors during the financial year under review. The Committee has obtained written confirmation from Ernst & Young that they are independent in accordance with applicable professional and regulatory requirements.

The Committee discusses the audit plan, key audit issues and their resolutions, management response and proposed remuneration pertaining to the External Auditors. The new auditor will be appointed as per section 10.2 (d) (ii) of CBSL direction No 05 of 2021.

Internal Audits

During the year the Audit Committee reviewed the performance of the Internal Audit function, the findings of Internal Audits completed, corrective action taken by the management and their evaluation of the Company's internal control system.

The Committee reviewed the risk-based Audit Plan without the presence of the management as required by the Regulator, Central Bank of Sri Lanka and approved it. The Committee considered and were satisfied that the competencies, experience and level of resources within the Internal Audit team were adequate to achieve the proposed plan. It also assessed the resource requirement and independence of the department.

The Committee has discharged its responsibilities in compliance with the requirements of the Colombo Stock Exchange Listing Rules, the SEC Corporate Governance Code, and the Code of Best Practice on Corporate Governance issued by CA Sri Lanka.

Meetings

The Board Audit Committee met 16 times (excluding three Board Audit Committee meetings held relevant to the year with External Auditors without the presence of management) during the year 2025/26. Two closed door meeting held with EY External Auditors as required. The attendance of the members at Audit Committee meetings was as follows:

Name	Status	Designation	Meeting Attendance
Mr. Chandrasiri Kalupahana	Chairman	Independent, Non-Executive Director	16/16
Mr. Sisira Dabare	Member	Independent, Non-Executive Director	16/16
Mr. Viresh Nanayakkara	Member	Independent, Non-Executive Director	16/16
Mr. Naresh Abeyesekera	Member	Non-Independent, Non-Executive Director	10/16

Committee Composition Analysis

Non-Executive Directors' Representation	100%
Independent Non-Executive Directors' Representation	75%

Committee Attendance Analysis

Non-Executive Directors' Attendance	91%
Independent Non-Executive Director's Attendance	100%
Total Attendance	**91%**

On the invitation of the Committee, the Chief Executive Officer, the Head of Finance / Chief Manager – Finance, the Chief Internal Auditor, other officers and the External Auditors attends the meetings. Softlogic Corporate Services (Pvt) Ltd acts as Secretaries to the Audit Committee. The proceedings of the Audit Committee meetings are recorded in adequate detail and reported to the Board.

Committee Evaluation

An independent evaluation of the effectiveness of the Committee was carried out by the other members of the Board during the year.

Conclusion

The evaluation of reports and based on independent judgment, the BAC is satisfied with the financial reporting, internal control environment, compliance with statutory requirements, independence and effectiveness of External Auditors and performance of Internal Audits of the Company under review.

On behalf of the Audit Committee,

(Sgd.)
Chandrasiri Kalupahana
Chairman
Board Audit Committee

28^{th} August 2026
Colombo

Related Party Transactions Review Committee Report

Mr. Chandrasiri Kalupahana
Chairman
Related Party Transactions Review Committee

Introduction

The Related Party Transactions Review Committee was established by the Board of Directors of Softlogic Finance PLC in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

Composition of the Committee

The Related Party Transactions Review Committee consists of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director, the majority of whom are Independent Non-Executive Directors. Additional information on the Committee members may be sourced through the profile descriptions on pages 104 to 107 of the Annual Report.

During the year, the Committee met four (04) occasions. The attendance of the Committee members at these meetings are given in the below table. The Chief Executive Officer and Head of Finance attended the meetings by invitation.

Name	Status	Designation	Meeting Attendance
Mr. Chandrasiri Kalupahana	Chairman	Independent, Non-Executive Director	4/4
Mr. Haresh Kaimal (Retired w.e.f. 01st August 2026)	Member	Non – Independent, Non-Executive Director	4/4
Mr. Viresh Nanayakkara	Member	Independent, Non-Executive Director	3/4

Committee Composition Analysis

Non-Executive Directors' Representation	100%
Independent Non-Executive Directors' Representation	67%

Committee Attendance Analysis

Non-Executive Directors' Attendance	100%
Independent Non-Executive Director's Attendance	88%
Total Attendance	**92%**

The Related Party Transactions Review Committee comprised of the following Directors of the Company during the financial year.

- **Mr. Chandrasiri Kalupahana** – Independent, Non-Executive Director (Appointed to the committee and as a Chairman w.e.f. 03rd May 2024)
- **Mr. Haresh Kaimal** – Non-Independent, Non-Executive Director (Appointed to the committee w.e.f. 10th June 2020 and Retired w.e.f. 01st August 2026)
- **Mr. Viresh Nanayakkara** – Independent, Non-Executive Director (Appointed to the committee w.e.f. 03rd May 2024)

The composition meets the requirements stipulated in the Listing Rules of the Colombo Stock Exchange.

Softlogic Corporate Services (Pvt) Ltd serves as secretaries to the Related Party Transactions Review Committee.

Terms of Reference

The terms of reference of this Committee lays out its purpose, scope, authority and operating guidelines. These Terms of Reference comprehensively cover all the relevant aspects stated in the Listing Rules. The Board has approved the Terms of Reference of the Related Party Transactions Review Committee.

The Terms of Reference of this Committee are as follows:

- The broad purpose is to ensure that the interests of Shareholders as a whole are taken into consideration by the Company when entering into Related Party Transactions. Further, this Committee is mandated with providing safeguards to prevent Directors or substantial Shareholders from taking advantage of their positions.
- This Committee should review in advance, all proposed Related Party Transactions, with the exception of those that specifically fall within the ambit of the exceptions stated in Rule 9.14.5 of the Listing Rules. Any review should be done prior to that transaction, or if it is conditional on such review, prior to the completion of that transaction.
- Any Director who is a Related Party to a proposed Related Party Transaction is not to participate in any related discussion and not vote on that matter. Such a Director is to only participate, only to provide information regarding the Related Party Transaction to the Committee at the request of the Committee.

- The Committee is to decide whether the Related Party Transactions reviewed by them, require the approval of the Board or the Shareholders of the Company.
- During Committee meetings, the management is to update the Committee on any prospective material changes to any previously reviewed Related Party Transactions and seek Committee approval for such changes before those transactions are completed.
- This Committee can recommend the creation of a Special Committee to review and approve any Related Party Transaction, if the Committee deems it necessary due to potential conflicts. If it is deemed necessary, approval for a particular Related Party Transaction can be obtained from the Board itself and such approval is to be obtained before that transaction is entered into.
- Directors of the Committee should ensure that they have or have access to enough knowledge or expertise to asses all aspects of proposed Related Party Transactions and where necessary, they should obtain appropriate professional and expert advice from an appropriately qualified person.
- The Committee shall meet at least once a quarter.
- For ongoing Related Party Transactions, the Committee has a Board approved Related Party Policy in place, for the Senior Management to follow in continuing transactions with the Related Parties. In this regard, the Committee is to annually review and assess the continuous dealings with Related Parties to decide on compliance with the set guidelines and whether these continuing Related Party Transactions are appropriate.

Policies and Procedures

The members of the Board of Directors of the Company and the Senior Management have been identified as Key Management Personnel. In adherence to Section 9 of the Listing Rules, the Company maintains a comprehensive registry of Related Parties. Annual self-declarations from Key Management Personnel ensure complete visibility over connected entities. All transactions are strictly managed under a robust, Board-approved Related Party Policy.

Based on received self-declarations, the Company identifies potential Related Party Transactions under Section 9 of the Listing Rules and forwards them to the Committee for review.

Compliance with Related Party Transaction Rules

Transactions of Related Parties (as defined in LKAS 24- Related Parties Disclosure) with the Company are set out in Note 43 to the Financial Statements. There are no Related Party Transactions which exceed the threshold of 10% of the equity or 5% of the total assets, whichever is lower in relation to Non-Recurrent Related Party Transactions or 10% of the gross revenue in relation to recurrent Related Party Transactions. The Company had complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party.

Ensured all recurrent and Non-Recurrent Related Party Transactions remained strictly within the regulatory thresholds of the Colombo Stock Exchange Listing Rules. Implemented structured policies and procedures for the ongoing identification, review, and governance of Related Party Transactions.

The Committee ensure that all the transactions with Related Parties are in the best of interest of all stake holders, adequate transparency in process is maintained, and are in compliance with the Colombo Stock Exchange rule, and as per the relevant directions issued by the Central Bank of Sri Lanka as applicable to Licensed Finance Companies.

The Related Party Transactions of the Company for the Financial Year ended 31st March, 2026 have been reviewed by the Committee and the activities and comments of the Committee have been communicated to the Board of Directors of the Company. The Committee observed that the recurrent and Non-Recurrent transactions during the period ending 31st March 2026 did not require Shareholder approval or immediate market disclosure under the Listing Rules.

Declaration by the Board

The declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to Related Party Transactions is given on pages 328 to 330 & 334 to 341 of the Annual Report.

The Year Ahead

The Committee conducts regular reviews of all Related Party Transactions to ensure full compliance with established policy standards.

(Sgd)
Chandrasiri Kalupahana
Chairman
Related Party Transactions Review Committee

28th August 2026
Colombo

Board Integrated Risk Management Committee Report

Mr. Sisira Dabare

Chairman

Integrated Risk Management Committee

The Board Integrated Risk Management Committee (BIRMC) assists Softlogic Finance PLC's Board of Directors in executing its duties regarding the supervision of the company's risk management framework and operations. This involves scrutinizing significant risk exposures and the measures implemented to oversee and mitigate these risks across the various facets of the company's business activities. The Committee, chaired by an Independent Non-Executive Director, is established by the Board in accordance with the Finance Business Act Direction No. 5 of 2021 (Corporate Governance) mandated by the Monetary Board of the Central Bank of Sri Lanka.

During the period under review, four (04) Committee meetings were conducted. The Committee's composition & the attendance record of the members are detailed below:

Name	Status	Designation	Meeting Attendance
Mr. Sisira Dabare (Appointed to the committee w.e.f. 03rd May 2024)	Chairman	Independent, Non - Executive Director	4 / 4
Mr. Haresh Kaimal (Appointed to the committee w.e.f. 29th March 2023 and Retired w.e.f. 01st August 2026)	Member	Non - Independent, Non - Executive Director	4 / 4
Mr. Naresh Abeyesekera (Appointed to the committee w.e.f. 30th October 2024)	Member	Non - Independent, Non - Executive Director	4 / 4

Committee Composition Analysis

Non-Executive Directors' Representation	100%
Independent Non-Executive Directors' Representation	33%

Committee Attendance Analysis

Non-Executive Directors' Attendance	100%
Independent Non-Executive Director's Attendance	100%
Total Attendance	**100%**

The Head of Risk Management served as the Secretary to the Committee throughout the review period.

The Chief Executive Officer along with other Key Management Personnel overseeing Finance, Information Technology, Information Security, Credit, Liquidity, Legal, Operations, Human Resources, Compliance, and Internal Audit were invited to attend Committee meetings to provide assistance in the Committee's discussions.

Duties and responsibilities of the Committee

The BIRMC charter distinctly outlines the authority and delegations granted to the Committee, its composition, responsibilities, meeting frequency, quorum, reporting procedures and other relevant protocols.

The duties and responsibilities of the BIRMC, as mandated by the Board of Directors, include:

- Evaluate the implications of various risks, encompassing credit, market, liquidity, operational, strategic, compliance and technological risks on Softlogic Finance PLC utilizing suitable risk indicators and management data. Consequently, provide recommendations to the Board of Directors regarding risk strategies and risk appetite.
- Formulate a Risk Appetite Statement (RAS) for Softlogic Finance PLC outlining the specific types and levels of risks that Softlogic Finance PLC is willing to accept or avoid to accomplish its strategic business goals.
- Annually review Softlogic Finance PLC's risk policies, including the Risk Appetite Statement (RAS).
- Evaluate the adequacy and effectiveness of senior management-level committees (such as credit, liquidity, technology) in addressing specific risks and managing those risks within the quantitative and qualitative limits established by the Committee.
- Evaluate all facets of risk management, encompassing updated business continuity and disaster recovery plans.
- Establish an independent compliance function to evaluate Softlogic Finance PLC's adherence to laws, regulations, directives, rules, regulatory guidelines and approved policies governing business operations.

- Establish an independent risk management function responsible for managing risk-taking activities across Softlogic Finance PLC.

Committee activities during the financial year 2025/26

The Committee fulfilled its obligations in accordance with its charter. To facilitate this, the Committee regularly received risk-assessed reports on the Company's performance from the Risk Management Department. These reports, along with pertinent background information, were thoroughly reviewed. Where deemed necessary, appropriate risk mitigation measures were initiated to ensure that the Company's exposure to risk remained within its predetermined risk appetite limits and to facilitate compliance with regulatory requirements.

Throughout the year, the Committee conducted reviews of significant risks, encompassing strategic, operational, credit, market, information technology and other emerging risk categories. Below are the activities undertaken by the Committee:

- The primary focus was directed towards the deteriorating credit quality across various industries due to the weakened operating environment. The Committee meticulously assessed affected sectors and associated risk factors. Measures were taken to closely monitor and manage drivers within the Company's control, aimed at mitigating risks.
- During the year 2025/26, the Committee gave significant importance to the new loan portfolio and monitored the performance and credit quality of the same continuously. Similarly, gold loan portfolio was closely monitored considering the ongoing tensions in the macro environment. Committee gave importance to the lease and gold loans as they were considered the primary lending products for the Company during previous year.
- Closely monitored the liquidity position specially through stress testing and ensured the Company performed its operations within the risk appetite level.
- The Committee conducted a comprehensive review of the Company's business strategy in light of the macroeconomic changes occurring both domestically and globally. Steering the Management, the Committee emphasized the importance of strategies aimed at preserving asset quality and effectively managing portfolio credit risks to optimize the profitability through expense management and identifying growth segments within the business.
- The Committee closely scrutinized the Company's performance and conducted stress tests to assess the impact on performance and capital. Based on these evaluations, mitigatory measures were proposed to minimize adverse effects.
- Performed root cause analyses on operational losses to mitigate the likelihood of recurrence.
- Analysed the risks inherent in gold loans in order to proactively mitigate potential losses.
- Continuously monitored Non-Performing Assets (NPA) while offering informed recommendations.
- Monitored diverse risks using risk registers and disseminate pertinent information to relevant business units.
- Evaluated the adequacy of the Company's business continuity and disaster recovery plans in accordance with statutory requirements.
- Examined periodic reports from Management regarding the metrics employed to assess, supervise, and mitigate risks encompassing acceptable and suitable levels of risk exposure.
- Approved parameters and limits established by Management across various risk categories, ensuring alignment with relevant laws, regulations, and internal Company guidelines.
- Recommendations for enhancements to the Company's risk management framework and associated policies and procedures were made as deemed appropriate, taking into account anticipated changes in the economic and business environment.
- Regular reviews of compliance risk, particularly in the context of Anti Money Laundering (AML) concerns.

Reporting to the Board

The Minutes of the Committee meetings were presented at Board meetings, granting Board members access to the Committee's discussions. Risk assessments from each Integrated Risk Management Committee meeting were submitted to the Board within a suitable timeframe.

Outlook for the financial year 2026/27

The Company's risk management framework will continue to be strengthened and enhanced in line with evolving regulatory requirements and industry best practices. Emphasis will be placed on further enhancing the Company's risk management capabilities to effectively identify, assess, monitor and mitigate risks, while supporting the successful execution of its strategic objectives and ensuring sustainable value creation in the year ahead.

- Increase the company's vigilance on macroeconomic activity as part of a more proactive approach to limit the exposure to risk elevated industries and sectors.
- As a capital management effort, the focus will be on capital-raising exercises.

Board Integrated Risk Management Committee Report

- As digitalization has been recognized as a key strategic area for growth, the focus on cyber/information security will feature prominently in Softlogic Finance PLC's future initiatives.
- Focus on having optimum liquidity levels to ensure that Softlogic Finance PLC has the appropriate diversification and tenure of funding and liquidity.
- Continue with the initiated strategies to manage and maintain Non- Performing Loan (NPL) ratio at an acceptable level.
- To strengthen the cashflow predictions / liquidity stress testing to be better prepared for unforeseen risks.
- Enhance the IT governance framework with the implementation of the IT risk management framework.
- Continue to align business strategy and risk management strategy to proactively identify risks and to minimize the negative impact on Softlogic Finance PLC.

The evolving business environment underscores the importance of continually strengthening the Company's risk governance, risk assessment and risk management practices. A proactive approach to identifying emerging risks and implementing timely mitigation measures will remain essential to minimizing potential adverse impacts and enhancing organisational resilience.

The BIRMC will continue to oversee the risk profile and control environment of Softlogic Finance PLC, with a strong focus on key risk areas, particularly credit and liquidity risk. The Committee will also regularly evaluate both existing and emerging risks that may affect the Company, while fostering a robust risk governance framework supported by a clearly defined risk appetite aligned with Softlogic Finance PLC's strategic objectives.

Recognising the increasing complexity of the operating environment, the Committee remains committed to continuously enhancing the Company's risk management framework. Particular emphasis will be placed on addressing the challenges arising from rapid technological advancements, heightened exposure to macroeconomic uncertainties and increasing market volatility, all of which have the potential to affect business continuity and long-term sustainability.

(Sgd)
Sisira Dabare
Chairman
Board Integrated Risk Management Committee

28th August 2026
Colombo

Board Human Resources and Remuneration Committee Report

Mr. Viresh Nanayakkara
Chairman
Human Resources and Remuneration Committee

Purpose of the Committee

The Human Resources and Remuneration Committee assists the Board of Directors in providing oversight and strategic direction on the Company's human resources and remuneration matters. The Committee seeks to ensure that the Company's remuneration and people strategies are aligned with its business objectives, corporate values, regulatory requirements and long-term sustainability.

The Committee reviews and makes recommendations to the Board on the remuneration of all employees, the Chief Executive Officer and Senior Management, Human Resources and Remuneration policies and incentive arrangements, while overseeing key areas including organizational design and change, diversity and inclusion, leadership and professional development, talent management, performance management and succession planning. Through this oversight, the Committee aims to support the attraction, development, motivation and retention of competent and high-performing employees across the organization.

The Human Resource and Remuneration Committee is appointed by the Board of Directors of the Company. The members of the Remuneration Committee are :

- **Mr. Viresh Nanayakkara** – Independent Non-Executive Director (Chairman)
- **Mr. Sisira Dabare** – Independent Non-Executive Director
- **Mr. Naresh Abeyesekera** – Non-Independent Non-Executive Director

Committee Composition Analysis

Non-Executive Directors' Representation	100%
Independent Non-Executive Directors' Representation	67%

The Company Secretaries shall act as the Secretary to the HRRC. The Secretary shall provide assistance to the members of the Committee, including, but not limited to, assisting the Committee Chairman in planning the Committee's work, formulating meeting agendas, maintaining the Committee minutes, collating and distributing information required by the Committee, and providing technical support on the Listing Rules, as and when required.

- **Mr. Viresh Nanayakkara** – Appointed to the committee w.e.f. 03rd May 2024, Appointed as Chairman and committee reconstituted w.e.f. 19th December 2025
- **Mr. Sisira Dabare (Former Chairman)** – Appointed to the committee w.e.f. 22nd August 2023 and Reconstituted w.e.f. 19th December 2025
- **Mr. Naresh Abeysekera** – Appointed to the committee w.e.f. 30th October 2024 and Reconstituted w.e.f. 19th December 2025

Board Human Resources and Remuneration Committee Report

Meetings

During the year under review, eight (08) Committee meetings were held. The attendance of the meetings is given below.

Name	Status	Designation	Meeting Attendance
Mr. Viresh Nanayakkara	Chairman	Independent, Non-Executive Director	8/8
Mr. Sisira Dabare	Member	Independent, Non-Executive Director	8/8
Mr. Naresh Abeyesekera	Member	Non-Independent, Non-Executive Director	8/8

Committee Attendance Analysis

Non-Executive Directors' Attendance	100%
Independent Non-Executive Director's Attendance	100%
Total Attendance	**100%**

Terms of Reference

a) The Committee operates within Board-approved terms of reference and assists the Board of Directors in ensuring that remuneration arrangements in the Company align with the Remuneration Policy.

b) The Committee is empowered by its terms of reference to review the structure, size, and composition of the Company and make recommendations to the Board with regard to any changes that need to be introduced.

c) Terms of reference of the Committee preclude its members from participating in decisions relating to his/her own appointment

Authority of the Committee

The Committee has the authority to discuss issues under its purview and report back to the Board with recommendations, enabling the Board to take a final decision on the matter. The Committee is authorized by the Board to seek appropriate professional advice inside and outside the Company as and when it considers this necessary.

Remuneration Policy

The Remuneration Policy of Softlogic Finance determines the formulation of all remuneration based on the job profile, industry remuneration levels and practices, and the country's cost of living situation. The Remuneration Policy of the company is developed with a comprehensive compensation and benefit grid.

The grid has been developed in line with the industry rates in order to ensure competitive packages at the point of recruiting people to the company.

The Company's reward strategies and remuneration structure is designed to attract, motivate, and retain high-caliber people at all levels of the organization, in a highly competitive environment.

Accordingly, the salaries and other benefits are reviewed periodically, taking into account the performance of the individual, comparisons with peer group companies, institutional guidelines, and reports from the Chairman's specialist consultants. The skills and experience of the individual, and his/her level of responsibility, are also taken into account in deciding on the remuneration.

The Company's remuneration strategy

- Remuneration is commensurate with each employee's expertise and contribution and is aligned with the business's performance and long-term shareholder returns.
- Industry rates were considered with the aim of attracting, motivating, and retaining high-caliber people
- There is no discrimination against employees based on diversity or physical differences.
- Remuneration structures encourage a focus on achieving agreed deliverables and behaviours.
- Individual performance appraisals identify talent at all levels in the organization, enabling fair and competitive remuneration.

(Sgd)
Viresh Nanayakkara
Chairman
Board Human Resources and Remuneration Committee

28th August 2026
Colombo

Board Nomination and Governance Committee Report

Mr. Chandrasiri Kalupahana
Chairman
Nomination and Governance Committee

Purpose of the Committee

The Board Nomination and Governance Committee ("the Committee") is a sub-committee of the Board of Directors, established to ensure the effective composition, structure, and governance of the Board in line with regulatory requirements and best practices. The Committee is responsible for overseeing the nomination process for Board and Senior Management positions. The Committee operates in compliance with the Listing Rules of the Colombo Stock Exchange (CSE) and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Composition of the Committee and attendance

The Nomination and Governance Committee ("the Committee") appointed by Board of Directors consists of the following members whose profiles are given on pages 104 to 107. The Committee's attendance at meetings is provided below.

Name	Status	Designation	Meeting Attendance
Mr. Chandrasiri Kalupahana	Chairman	Independent, Non-Executive Director	3/3
Mr. Sisira Dabare	Member	Independent, Non-Executive Director	3/3
Mr. Haresh Kaimal (Retired w.e.f. 01st August 2026)	Member	Non-Independent, Non-Executive Director	3/3

Committee Composition Analysis

Non-Executive Directors' Representation	100%
Independent Non-Executive Directors' Representation	67%

Committee Attendance Analysis

Non-Executive Directors' Attendance	100%
Independent Non-Executive Director's Attendance	100%
Total Attendance	**100%**

The Nomination and Governance Committee comprised of the following Directors of the Company during the financial year.

- **Mr. Chandrasiri Kalupahana** – Independent, Non-Executive Director (Appointed to the committee w.e.f. 03rd May 2024)
- **Mr. Sisira Dabare** – Independent, Non-Executive Director (Appointed to the committee w.e.f. 22nd August 2023)
- **Mr. Haresh Kaimal** – Non-Independent, Non-Executive Director (Appointed to the committee w.e.f. 03rd May 2024 and Retired w.e.f. 01st August 2026)

The composition meets the requirements stipulated in the Listing Rules of the Colombo Stock Exchange.

Softlogic Corporate Services (Pvt) Ltd serves as secretaries to the Nomination and Governance Committee.

Terms of Reference of the Committee

The Nomination and Governance Committee was established to ensure the Board's oversight and control over the selection of Directors. The Committee has the authority to discuss the issues under its purview and report back to the Board of Directors with recommendations, enabling the Board to take a decision on the matter. The Committee focuses on the following objectives in discharging its responsibilities:

- Board succession planning
- Oversight of diversity policy (skills, experience)
- Evaluation of:
  - Board
  - Board Committees
  - Individual Directors
- Oversight of:
  - Corporate governance policies
  - Ethics and conduct frameworks
  - Review of the independence of Directors
- To implement a procedure to select Directors to the Board
- Provide advice and recommendations to the Board or the Chairman on any such appointment
- To ensure that the Directors are fit and proper persons to hold office
- To consider and recommend the re-election of current Directors as per the terms of Articles of Association, taking into account the performance and contribution made by them towards the overall discharge of the Board's responsibilities
- A member of the Committee opts out in decisions relating to his own appointment.

Board Nomination and Governance Committee Report

Board Nomination and Governance Committee Meetings

The Committee meets as and when required.

Professional Advice

The Committee has the authority to seek external professional advice on matters within its purview whenever required.

Conclusion

The Committee continues to work closely with the Board of Directors in relation to the structure, size and composition of the Board ensuring the diversity and balance of skills, knowledge and experience. The Committee is satisfied that the representation of skills, knowledge and experience on the Board is appropriate for the Company's current needs at Board level. The Committee assessed the independence of the Directors. It also reviewed and recommended to the Board the re-election of Directors in accordance with the Articles of Association and the recruitment of Key Management Personnel.

(Sgd.)
Chandrasiri Kalupahana
Chairman
Nomination and Governance Committee

28th August 2026
Colombo

Directors' Responsibility Statement

The responsibilities of the Directors, in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on pages 255 to 258.

The Companies Act No. 07 of 2007 stipulates that the Directors are responsible for preparing the Annual Report and the financial statements. Company law requires the Directors to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company at the end of the financial year, and of the statement of comprehensive income of the Company for the financial year, which comply with the requirements of the Companies Act.

The Directors consider that, in preparing the financial statements set out in pages 259 to 344 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and in compliance with the Sri Lanka Accounting Standards (SLFRSs / LKASs), Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and Finance Business Act No. 42 of 2011 and the Directions issued thereunder. The Directors confirm that they have justified in adopting the going concern basis in preparing the financial statements since adequate resources are available to continue operations in the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act No. 07 of 2007.

They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal control.

The Directors are required to prepare the financial statements and to provide the External Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their independent audit opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

Compliance Report

The Directors confirm that, to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the Company as at the date of the Statement of Financial Position have been paid or, where relevant provided for, in arriving at the financial results for the year under review.

By Order of the Board;

(Sgd)
Ashok Pathirage
Chairman

(Sgd)
Sisira Dabare
Director

09th July 2026
Colombo

Directors' Statement on Internal Control

Responsibility

The Board of Directors presents this Report on Internal Control In compliance with the Section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021 - Corporate Governance issued by the Central Bank of Sri Lanka, Principal D.1.5 of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and Rule 9.16 (ii) of the Corporate Governance Rules of the Colombo Stock Exchange.

The Board of Directors (the "Board") is overall responsible for ensuring the adequacy and effectiveness of Softlogic Finance PLC's (the "Company") system of internal controls over Financial Reporting. However, such a system of internal controls is designed to manage the Company's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives of the Company. Accordingly, the system of internal controls can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and subcommittees appointed by the Board, to maintain it's effectiveness.

The Board is of the view that the system of internal control over the financial reporting in place is adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

The management assists the Board in the implementation of the Board's policies and procedures pertaining to internal control over financial reporting by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Key features of the Process Adopted in Reviewing the Design and Operating Effectiveness of the Internal Control System Over Financial Reporting

The Board has adopted a comprehensive process in reviewing the design and operating effectiveness of the system of internal controls with regard to financial reporting including the following:

- Specialised Sub-Committees are established by the Board to assist ensuring the effectiveness of Company's daily operations and that the Company's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.

  Policies, charters, and procedures are in place covering functional areas of the Company, recommended by the Board appointed Committees, and are approved by the Board. All policies, charters and procedures are regularly reviewed and approved by the Board. Respective Board sub-committees follow up the regular reviews of policies, charters, and procedures through the Compliance Officer to ensure timely updates.
- The Internal Audit Department of the Company checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any noncompliance. Audits are carried out on branches and other Departments in accordance with the annual audit plan which has been reviewed and approved by the Board Audit Committee (BAC). In addition, Audits are carried out on information systems the frequency of which is determined by the level of risk assessed, to provide an independent and objective report. The findings of internal audits are submitted to the Board Audit Committee (BAC) for review at its monthly meetings. The BAC also reviews the status of follow-up on outstanding audit findings and the actions taken by management to address them.
- The Board Audit Committee (BAC) of the Company review internal control issues identified by the Internal Audit Department, regulatory authorities and management, and evaluate the adequacy and effectiveness of the internal control system over financial reporting. Board Audit Committee (BAC) also reviews the internal audit functions and independence of the internal audit resources and findings, with particular emphasis on the scope of audits and quality of internal audits. Further details of the activities undertaken by the Audit Committee of the Company are set out in the Audit Committee Report on page 230.
- Comments made by the External Auditors in connection with further improvements to the internal control system had been adequately addressed in a written response from the Management. The improvements pointed out by the External Auditors will be implemented during the ensuing year.
- The processes and procedures adopted by the Company are being further strengthened based on feedback received from External Auditors, Internal Audit Department, Regulators and the Board Audit Committee (BAC). The

Company will continue to further develop the processes such as financial statement closure process including disclosures with regard to financial risk management, related party identification and disclosure, impairment assessment process, management information system and the overall IT control environment including controls over changes and access to systems and data.

- Since the adoption of Sri Lanka Accounting Standards comprising SLFRSs and LKASs, continuous monitoring is in progress and steps are being taken for improvements where required.
- The Company continues to strengthen its Internal Control Over Financial Reporting (ICOFR) framework through a phased review and documentation process covering significant business processes. During the financial year, key operational processes were reviewed and documented, while the assessment and documentation of certain remaining processes are in progress as part of the Company's continuous improvement initiative. The Board is satisfied that this ongoing exercise is intended to further enhance the overall effectiveness of the internal control framework and does not detract from the adequacy of the existing internal controls over financial reporting.
- The Board has established the Board Integrated Risk Management Committee (BIRMC) to assist the Board to oversee the overall management of principal areas of risks of the Company
- The Board has constituted several operational Board subcommittees and delegated appropriate authority to them to facilitate the effective oversight and management of the Company's key business operations, while ensuring compliance with the established internal control framework.

Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka and Colombo Stock Exchange.

Review of the Statement By External Auditors

The External Auditor has reviewed the above Directors' Statement on Internal Control Over Financial Reporting for the year ended 31 March 2026 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the system of Internal Control over financial reporting of the Company.

The assurance report by the external auditors on the directors statement on Internal Control Over Financial Reporting is given on page 246 to this report.

Statement of Prudential Requirements, Regulations and Laws

The Board of Directors presents this report on compliance with prudential requirements, regulations and laws, in compliance with Section 16 (1) (ix) of Finance Business Act Direction No.05 of 2021 -Corporate Governance.

- The Board has implemented sufficient internal controls to ensure adherence to statutory and regulatory obligations and attending proactively for continuous improvements
- The Board confirms that there are no regulatory and supervisory concerns on lapses in the Company's risk management, or non-compliance with the prudential requirements, regulations, laws, and acts other than the regulatory and statutory concerns disclosed in the following sections of this Annual Report,

- Annual Report of the Board of Directors on the Affairs of the Company (pages 247 to 252)
- Capital Management (Note 38.5 on page 328)
- Serious Loss of Capital and Reduction of Stated Capital as Per Section 59 of the Companies Act No 07 of 2007 (Note 38.6 on page 330)
- Events After the Reporting Date (note 41 on page 334).

By order of the Board,

(Sgd)
Ashok Pathirage
Chairman

(Sgd)
Chandrasiri Kalupahana
Chairman
Board Audit Committee

09th July 2026
Colombo

Independent Assurance Report on the Directors' Statement on Internal Control

EY
Shape the future with confidence

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Chartered Accountants
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WDPL/DUM

INDEPENDENT ASSURANCE REPORT

TO THE BOARD OF DIRECTORS OF SOFTLOGIC FINANCE PLC

Report on the Statement on Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control

We were engaged by the Board of Directors of Softlogic Finance PLC ("The Company") to provide assurance on the Statement of Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control for the year ended 31 March 2026 ("The Statement") included in the annual report for the year ended 31 March 2026.

Management's responsibility

Management is responsible for the preparation and presentation of the statement in accordance with the paragraph 16 (1) (ix) of Finance Business Act Direction No 05 of 2021-Corporate Governance issued by the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Sri Lanka Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities and compliance with SLSAE 3051

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by or for directors and appropriately reflects the process the directors have adopted in reviewing the design and effectiveness of the internal control of the Company.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3051, Assurance Report for License Finance Company/Finance Leasing Company on Directors' Statement on Internal Control, issued by the institute of Charted Accountants of Sri Lanka.

This Standard required that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purpose of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed an audit or review of the financial information.

Summary of work performed

We conducted our engagement to assess whether the Statement is supported by the documentation prepared by or for directors; and appropriately reflected the process the directors have adopted in reviewing the system of internal control over financial reporting of the Company.

The procedures performed were limited primarily to inquiries of Company personnel and the existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

SLSAE 3051 does not require us to consider whether the Statement covers all risks and controls or to form an opinion on the effectiveness of the Company's risk and control procedures. SLSAE 3051 also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included in the annual report is inconsistent with our understanding of the process the Board of Directors has adopted in the review of the design and effectiveness of internal control over financial reporting of the Company.

Ernst & Young

09 July 2026
Colombo

Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Softlogic Finance PLC take pleasure in presenting to the members their report together with the Audited Financial Statements of the Company for the year ended 31st March 2026.

General

Softlogic Finance PLC is a public limited liability Company which was incorporated on 24th August 1999 under the Companies Act No. 17 of 1982 as "Vanik Leasing Limited".

On 14th July 2005 the name of the Company was changed to "Capital Reach Leasing Limited". The Company was reregistered under the Companies Act No. 07 of 2007 on 29th September 2008 under Registration No. PB 641 PQ.

The Ordinary Shares of the Company were listed on the Dirisavi Board of the Colombo Stock Exchange on 22nd January 2009.

The name of the Company was changed to Softlogic Finance PLC on 12th November 2010.

Softlogic Finance PLC is a licensed Finance Company in terms of the Finance Business Act No.42 of 2011 and a Registered Finance Leasing Establishment in terms of the Finance Leasing Act No. 56 of 2000.

Principal Activities of the Company and Review of Performance During the Year

The principal activities of the Company are granting lease facilities, vehicle loans, gold loans, other credit facilities, factoring, acceptance of deposits and the operation of savings accounts.

Review of Operations and Future Developments

A review of the business of the Company and its performance during the year with comments on the financial results, future strategies and prospects are contained in the Chairman's & CEO's Statements on pages 19 to 26.

This Report, together with the Financial Statements, reflects the state of affairs of the Company.

Financial Statements

The complete financial statements of the Company prepared in accordance with Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and Lanka Accounting Standards (LKAS) set by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007 inclusive of specific disclosures, duly signed by two Directors on behalf of the Board and the Auditors are given on pages 255 to 344.

Independent Auditor's Report

The Company's Auditors, Ernst & Young performed the audit of the Financial Statements for the year ended 31st March 2026 and the Auditors' Report issued thereon appears on Page 255 to 258 of the Annual Report.

Accounting Policies and Changes During the Year

Significant accounting policies adopted in preparation of the Financial Statements of the Company are given on Pages 265 to 344 and there have been no material changes. Figures pertaining to the previous periods have been re-stated where necessary to conform to the presentation for the year under review.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards.

Property, Plant and Equipment

The details and movement of property, plant and equipment during the year under review is set out in Note No 25 to the Financial Statements on pages 301 to 305.

During the financial year under review the corporate branch has been relocated to Head Office premises to JFI Tower 3, Zone B&C , 6th Floor, No. 75, Piyadasa Sirisena Mawatha, Colombo 10, effective 15th September 2025.

Investments

Details of quoted and unquoted investments made by the Company as of 31st March 2026 are given in Note No 24 to the Financial Statements on page 300 to 301.

Donations

The Company did not make any donations during the year under review.

Reserves

The Reserves of the Company with the movements during the year under review are given under the Statement of Changes in Equity on page 262.

Stated Capital

The stated capital of the Company as of 31st March 2026 was reduced to Rs. 2,326,718,963.64 represented by 962,573,191 ordinary shares. During the period under review, Company has reduced it's Stated Capital in accordance with the section 59 of the Companies Act No 07 of 2007. Detail analysis of the reduction of the Stated Capital is set out in Note No 38.6 to the Financial Statements on page 330.

Annual Report of the Board of Directors on the Affairs of the Company

Taxation

The income tax rate applicable on the profits earned was 30%, rate of VAT on financial services during the year was 18% and Social Security Levy was 2.5%. Accordingly, a more descriptive note on income tax and deferred tax of the Company is disclosed in Note No 12, 13 on pages 286 to 287 & 31 on page 311 to 312 to the Financial Statements.

Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of, and in respect of, the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the date of the Statement of Financial Position, have been paid or, where relevant, provided for.

Related Party Transactions

Transactions of the related parties (as defined in LKAS 24 – Related Parties Disclosure) with the Company are set out in Note No 43 to the Financial Statements. The Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.

There are no related party transactions which exceed the threshold of 10% of the equity or 5% of the total assets, whichever is lower in relation to non-recurrent related party transactions or 10% of the gross revenue in relation to recurrent related party transactions for the year under review except for the information disclosed in the Related Party Transaction Committee Report on page no 234. The Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.

Directorate

Following are the Directors held Office during the year under review and as at the date of these financial statements. (biographical details are set out on pages 104 to 107)

- **Mr. A.K. Pathirage**
  The Chairman, Non-Independent, Non-Executive Director (Appointed to the Board w.e.f. 01st August 2024)
- **Mr. H.S.S. Dabare**
  Deputy Chairman, Senior Independent, Non-Executive Director (Appointed to the Board w.e.f. 12th September 2022 & Appointed as Deputy Chairman w.e.f. 06th November 2025)
- **Mr. H.K. Kaimal**
  Non-Independent, Non-Executive Director (Appointed to the Board w.e.f. 01st August 2017 & Retired w.e.f. 01st August 2026)
- **Mr. R.J. Perera**
  Non-Independent, Non-Executive, Director (Appointed to the Board w.e.f. 02nd June 2023)
- **Mr. C. Kalupahana**
  Independent, Non-Executive Director (Appointed to the Board w.e.f. 24th October 2023)
- **Mr. V.B. Nanayakkara**
  Independent, Non-Executive Director (Appointed to the Board w.e.f. 02nd May 2024)
- **Mr. N.C.A. Abeyesekera**
  Non-Independent, Non-Executive Director (Appointed to the Board w.e.f. 23rd October 2024)

Re-election

To re-elect Mr. Sisira Dabare who retires by rotation in terms of Article 91 and 92 of the Article of Association, as a Director of the Company.

To re-elect Mr. Ranjan Perera who retires by rotation in terms of Article 91 and 92 of the Article of Association, as a Director of the Company.

Directors' Shareholding

The relevant interests of Directors who held Office during the year under review, and as at the reporting date of these financial statements, in the shares of the Company as of 31st March 2026 and 31st March 2025 are as follows:

Name	No. of Shares as at 31st March 2026	No. of Shares as at 31st March 2025
Mr. Ashok Pathirage	1,653,822	1,653,822
Mr. Sisira Dabare	Nil	Nil
Mr. Haresh Kaimal (Retired w.e.f. 01st August 2026)	Nil	Nil
Mr. Ranjan Perera	9,600	9,600
Mr. Chandrasiri Kalupahana	Nil	Nil
Mr. Viresh Nanayakkara	Nil	Nil
Mr. Naresh Abeyesekera	Nil	Nil

Mr. Naresh Abeyesekera is a Director of Softlogic Capital PLC and Mr. Ashok Pathirage, Mr. Haresh Kaimal and Mr. Ranjan Perera are Directors of Softlogic Capital PLC and Softlogic Holdings PLC, which holds 786,501,043 shares (81.71%) and 5,657,598 shares (0.59%) respectively in Softlogic Finance PLC as of 31st March 2026.

Directors' Remuneration

Directors' remuneration in respect of the Company for the financial year ended 31st March 2026 Is disclosed under the transactions with key managerial personnel in Note No 43.1 to the Financial Statements on page 335.

Interests Register

The Company maintains an Interest Register in terms of the Companies Act No. 07 of 2007 which is deemed to form part and parcel of this Annual Report and available for inspection upon request. All related party transactions which encompass the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interest Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

Shareholders' Information

The distribution of shareholders, information on the twenty (20) largest shareholders of the Company, percentage of shares held by the public, market values per share as per the requirements of the Listing Rules of the Colombo Stock Exchange are given on the page 348 to 351 under the Investor Information section.

Compliance

The Company has established a permanent and effective compliance function. A Compliance Officer appointed by the Board independently monitors adherence with all applicable laws, regulations and statutory requirements and reports to the Board and the Integrated Risk Management Committee. Monthly and quarterly compliance reports are submitted confirming compliance with laws and regulations as applicable to the Company.

The Compliance Officer also ensures that compliance reports are submitted to the Central Bank of Sri Lanka confirming Company's compliance with the directions, rules, determinations, notices and guidelines issued under the Finance Business Act No. 42 of 2011.

Internal Control

The Directors are responsible for the governance of the Company including the establishment and maintenance of the Company's system of internal control. Internal control systems are designed to cover financial, operational and compliance controls. The Internal Auditors are responsible to review and report on the efficacy of the internal control system and other regulations and the Company's accounting and operational policies, which are subject to further review by the Audit Committee as elaborated in the report of Audit Committee on page 230.

Risk Management

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee and the Integrated Risk Management Committee.

The Risk Management section on page 90 to 102 sets out the processes currently practiced by the Company to identify and manage the risks.

Contingent Liabilities

Except as disclosed in Note No.40 to the Financial Statements, there were no material contingent liabilities as at the date of the Financial Position of the Company.

Corporate Governance

Corporate Governance is the system of rules, practices and processes by which a Company is managed. Good Corporate Governance helps in driving the Company towards performance excellence while complying with external and internal regulations, guidelines and ethical standards. Sound internal controls and procedures play an integral part in maintaining high standards of transparency, disclosure, financial controls and accountability in good Corporate Governance.

Annual Report of the Board of Directors on the Affairs of the Company

The Company is committed to high standards of Corporate Governance, and we are constantly seeking ways of improving our Governance practices. We believe that the emphasis the Company consistently instills among all members of the Softlogic Finance team of the Company's Shared Values plays a critical role in this regard. The systems are designed and developed to influence the behavior of everyone assigned with the responsibility of managing the affairs of the Company ensuring that the interests of all stake holders are effectively served on a consistent basis.

The Company's Corporate Governance model has been built and enhanced based on the following requirements and guidelines, within the legal framework of the Companies Act No. 07 of 2007.

I. The Listing Rules of the CSE.

II. Finance Companies (Corporate Governance) Direction No.03 of 2008 issued by the Central Bank of Sri Lanka.

III. Finance Companies (Corporate Governance-Amendments) Direction No.04 of 2008 issued by the Central Bank of Sri Lanka.

IV. Finance Companies (Corporate Governance-Amendments) Direction No.06 of 2013 issued by the Central Bank of Sri Lanka.

V. Finance Companies (Corporate Governance-Amendments) Direction No.05 of 2020 issued by the Central Bank of Sri Lanka.

VI. Finance Business Act Direction (Corporate Governance) No. 05 of 2021 issued by the Central Bank of Sri Lanka.

VII. Finance Business Act Direction (Assessment of Fitness and Propriety of Key Responsible persons) No. 06 of 2021 issued by the Central Bank of Sri Lanka.

The Company's compliance with the voluntary Code of Best Practice in Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and Securities & Exchange Commission of Sri Lanka (SEC), is subordinate to the prevalent CBSL Directions and the applicable Listing Rules issued by the Colombo Stock Exchange.

The Board of Directors confirm that the Company is in compliance with Section 9 of the Listing Rules of the CSE on Corporate Governance and the Directions issued by the Monetary Board of the Central Bank of Sri Lanka save and except in respect of the matters referred to in the Annual Corporate Governance Report on pages 115 to 228.

An Audit Committee, Human Resource and Remuneration Committee, Related Party Transaction Review Committee, Credit & Recoveries Committee, IT Security & Steering Committee, Nomination and Governance Committee and Integrated Risk Management Committee function as Board Sub Committees with Directors who possess the requisite qualifications and experience. In addition to the Directors, certain key management personnel also serve on the Integrated Risk Management Committee & Credit & Recoveries Committee.

A Comprehensive Anti-Money Laundering Policy/Whistle Blower Policy/ Anti-Bribery and corruption policy etc are in place to ensure best practices are embraced by the Company in conducting its operations. The Company at all times endeavors to ensure fair treatment to all stakeholders, in particular the depositors. Further, the Board adopted frameworks with the involvement of internal management committees for risk management and the process to identify, assess, monitor, and manage risks with clear delegation of responsibilities to ensure their effectiveness in supporting the achievement of the strategic, operational, and financial objectives of the Company.

Codes of Conduct

The Board of Directors and employees follow Codes of Conduct and ethics and have adhered to the principles therein.

Substantial Shareholding

The list of the Company's top 20 shareholders, number of shares held by them and percentage of their respective holding and Public Holding percentage are given under the title Shareholder information on pages 348 to 351.

Information to Shareholders

The Board strives to be transparent and provide accurate information in a timely manner to shareholders in all published material.

Communication with Shareholders

A communication policy is in place to cater to the requirements of all stakeholders. Different methods are used to communicate with the shareholders. The Company Secretary serves as the communication link. Company has taken all measures which are reasonably possible to ensure fair treatment of all its stakeholders specially the Depositors of the Company.

Environmental Protection

To the best of its knowledge the Board, of the Company has complied with the relevant environmental laws and regulations. The Company has not engaged in any direct activity that is harmful or hazardous to the environment. On the contrary, the Company has undertaken several initiatives that contributed to the environmental protection positively.

Fitness and Propriety of Directors

The Directors hereby confirm that the Directors of the Company satisfy the Fit and Proper Assessment Criteria stipulated in Rule 9.7 of the Listing Rules of the Colombo Stock Exchange for the year.

The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.

The Company complied with all applicable laws and regulations in conducting its business and has not engaged in any activity contravening the relevant laws and regulations. Officers responsible for ensuring compliance with the provisions in various laws and regulations.

All endeavours have been made to ensure that shareholders in each category have been treated equitably in accordance with the original Terms of Issue.

The Board of Directors has conducted a review of internal controls covering financial, operational and compliance controls, risk management and has obtained a reasonable assurance of their effectiveness and proper adherence. Refer Director' Statement on Internal Controls on Page No. 244.

The composition of the Board sub-committees during the year under review and as at the date of these financial statements is as follows.

Audit Committee

- Mr. Chandrasiri Kalupahana (Chairman) – Appointed to the committee w.e.f. 24th October 2023 and Appointed as Chairman w.e.f. 03rd May 2024
- Mr. Sisira Dabare – Appointed to the committee w.e.f. 28th September 2022
- Mr. Viresh Nanayakkara – Appointed to the committee w.e.f. 03rd May 2024
- Mr. Naresh Abeysekera – Appointed to the committee w.e.f. 30th October 2024

Human Resource and Remuneration Committee

- Mr. Viresh Nanayakkara – Appointed to the committee w.e.f. 03rd May 2024, Appointed as Chairman and committee reconstituted w.e.f. 19th December 2025
- Mr. Sisira Dabare (Former Chairman) – Appointed to the committee w.e.f. 22nd August 2023 and Reconstituted w.e.f. 19th December 2025
- Mr. Naresh Abeysekera – Appointed to the committee w.e.f. 30th October 2024 and Reconstituted w.e.f. 19th December 2025

Nomination and Governance Committee

- Mr. Chandrasiri Kalupahana (Chairman) – Appointed to the committee w.e.f. 03rd May 2024
- Mr. Sisira Dabare – Appointed to the committee w.e.f. 22nd August 2023
- Mr. Haresh Kaimal – Appointed to the committee w.e.f. 03rd May 2024 and Retired w.e.f. 01st August 2026

Related Party Transaction Review Committee

- Mr. Chandrasiri Kalupahana (Chairman) – Appointed to the committee and as a Chairman w.e.f. 03rd May 2024
- Mr. Haresh Kaimal – Appointed to the committee w.e.f. 10th June 2020 and Retired w.e.f. 01st August 2026
- Mr. Viresh Nanayakkara – Appointed to the committee w.e.f. 03rd May 2024

Integrated Risk Management Committee

- Mr. Sisira Dabare (Chairman) – Appointed to the committee w.e.f. 03rd May 2024
- Mr. Haresh Kaimal – Appointed to the committee w.e.f. 29th March 2023 and Retired w.e.f 01st August 2026
- Mr. Naresh Abeysekera – Appointed to the committee w.e.f. 30th October 2024

Credit and Recovery Committee

- Mr. Sisira Dabare (Chairman) – Appointed to the committee w.e.f. 29th March 2023
- Mr. Ranjan Perera – Appointed to the committee w.e.f. 03rd May 2024
- Mr. Viresh Nanayakkara – Appointed to the committee w.e.f. 03rd May 2024
- Mr. Naresh Abeysekera – Appointed to the committee w.e.f. 30th October 2024

IT Security and Steering Committee

- Mr. Haresh Kaimal – (Chairman) – Retired w.e.f. 01st August 2026
- Mr. Chandrasiri Kalupahana – Appointed to the committee w.e.f. 03rd May 2024
- Mr. Naresh Abeysekera – Appointed to the committee w.e.f. 30th October 2024

Regulatory Compliance

The Central Bank maintained a vigilant watch over the financial well-being of the Company throughout the year, consistently addressing its capital inadequacies by providing ongoing feedback and guidance.

The Company successfully completed the initial tranche of the loan portfolio transfer to the SPV, S R One (Private) Limited, a fully owned subsidiary of Softlogic Capital PLC, in July 2024, amounting to LKR 100,093,222.95, which was finalized on 31st July 2024. This was followed by a second tranche of LKR 1,000,172,933.75, completed on 6th September 2024. Both transactions involved the transfer of beneficial ownership of the portfolio through the execution of a Participation Agreement with the SPV.

During the Financial year under review the Company successfully completed the remainder of the transfer of the

Annual Report of the Board of Directors on the Affairs of the Company

beneficial ownership of part of the Company's loan portfolio to the SPV, during the month of July 2025. The transfers were carried out in three separate segments, namely third, fourth and fifth (final) transfers for cash.

The Participation Agreements were signed on 03rd July 2025, 07th July 2025 and 15th July 2025, for the third, fourth and fifth (final) segments, respectively. The transfer of beneficial ownership of the portfolio related to these segments was completed on the same day as the agreements, with cash considerations of LKR 200,188,025.12, LKR 200,057,986.34 and LKR 300,140,426.97 respectively. The transactions were reported to the Colombo Stock Exchange (CSE) on 08th July 2025, 08th July 2025, and 16th July 2025, respectively.

The successful completion of the portfolio transfers to the remainder amount enabled the Company to enhance the capital adequacy ratios further for Tier 1 and Total Capital (Tier 2). For regulatory reporting and compliance purposes, the External Auditor performed an audit on the Profit and Changes in Equity, which was subsequently submitted to the CBSL Accordingly, the Central Bank of Sri Lanka, by its letter dated 19th September 2025, informed the Company that the Governing Board of the Central Bank of Sri Lanka had approved the immediate removal of all regulatory restrictions imposed on the Company.

Through the execution of the capital augmentation plan as described above, the Company has been able to satisfy the regulatory capital requirements including the Core Capital as at 31st March 2026.

Statutory Compliance

The Company's net assets fell below fifty percent of the stated capital as of 31st March 2023, representing 29% of stated capital, which is a serious loss of capital as per Section 220 of the Companies Act No. 07 of 2007. Accordingly, the Board of Directors disclosed a Report by the Board of Directors in terms of section 220 of the Companies ACT No. 07 of 2007, to the Colombo Stock Exchange via market announcement dated 26th June 2023, stating the remedial actions that would be taken by the Company to address the issues stated in the Report. The Board of Directors convened an EGM on 12th July 2023 to inform the shareholders of the nature and extent of losses incurred by the Company, the causes of such losses, and the remedial actions that would be taken by the Company.

The remedial actions undertaken by the Board of Directors to address the Company's serious loss of capital requirement are disclosed in Note 41.6 – Serious Loss of Capital & reduction of Status Capital as per section 59 of the Companies Act No 07 of 2007

Dividends

There was no Dividend declared during the period.

The Auditors

Messrs Ernst & Young, Chartered Accountants, served as the Auditors during the year under review and also provided non-audit compliance services. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Company.

For the year under review, a gross audit fee amounting to Rs. 5,734,000/- is payable together with the applicable taxes and the reimbursement expenses to the EY Auditors by the Company. This amount includes the annual Statutory audit fee, Internal Control Over Financial Reporting, Audit fee for the Corporate Governance and certification of profit and changes in equity for the five-month period ended 31st July 2025.

Messrs. Ernst & Young having served as the External Auditor of the Company for the maximum permitted tenure of 10 years, retires in compliance with the Finance Business Act (Corporate Governance) Direction No 5 of 2021 and a resolution for the appointment of the new External Auditor Messrs. BDO Partners and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held on Wednesday the 23rd September 2026 at10.00 a.m. at the Auditorium of Central Hospital Limited (4th Floor), No.114, Noris Canal Road, Colombo 10. The Notice of the Annual General Meeting is on page 375 of this Annual Report.

Going Concern

The Directors confirm that they have justified in adopting the going concern basis in preparing the financial statements since adequate resources are available to continue operations in the foreseeable future.

Acknowledgement of the Contents of the Report

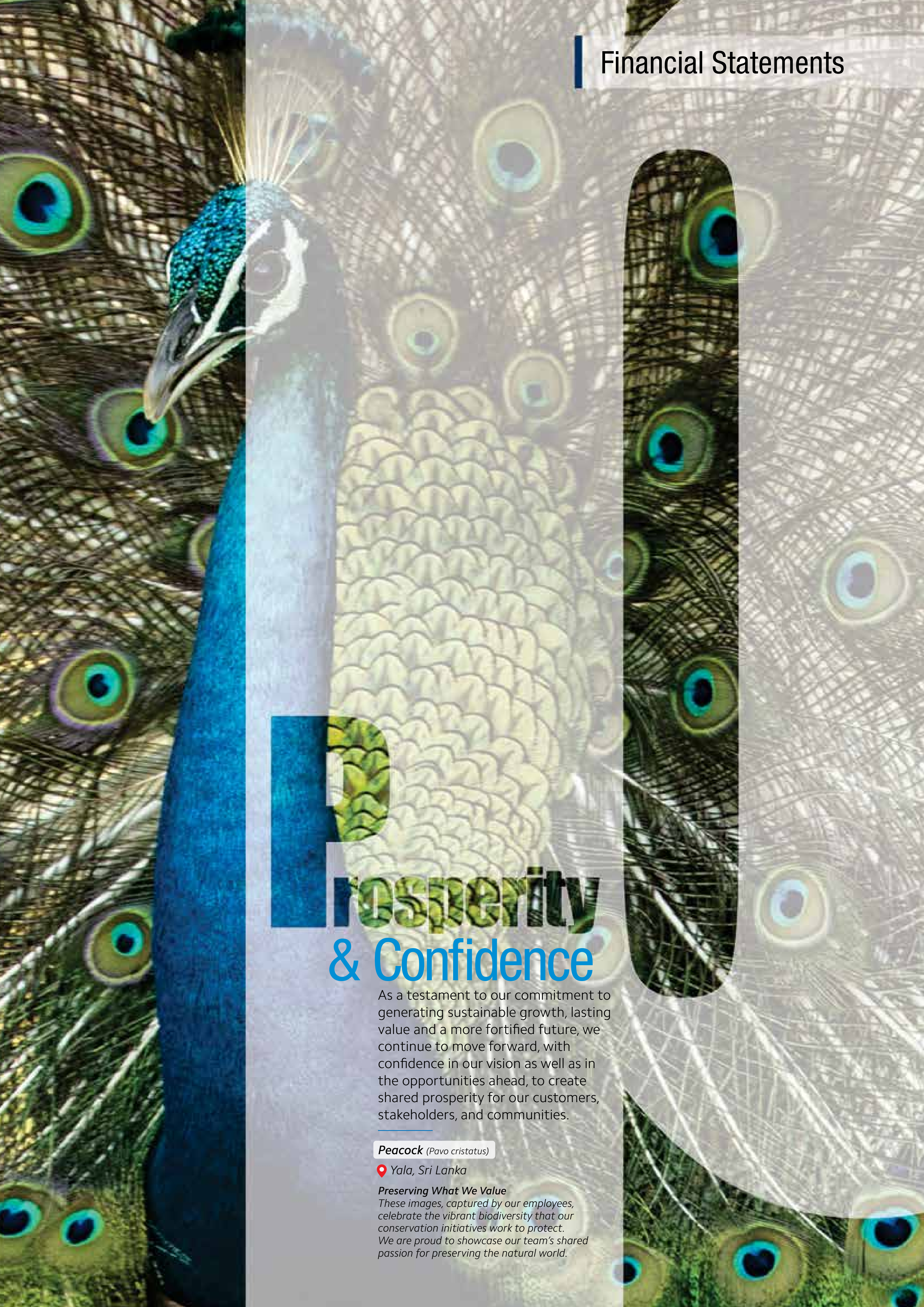
As required by Section 168(1)(k) of the Companies Act No. 07 of 2007, this report is signed on behalf of the Board of the Company by two Directors and the Secretaries of the Company. Signed for and on behalf of the Board of Directors by

(Sgd)
Ashok Pathirage
Chairman

(Sgd)
Sisira Dabare
Director

(Sgd)
Softlogic Corporate Services (Pvt) Ltd
Secretaries

28th August 2026
Colombo



Prosperity & Confidence

As a testament to our commitment to generating sustainable growth, lasting value and a more fortified future, we continue to move forward, with confidence in our vision as well as in the opportunities ahead, to create shared prosperity for our customers, stakeholders, and communities.

Peacock (Pavo cristatus)

Yala, Sri Lanka

Preserving What We Value
These images, captured by our employees, celebrate the vibrant biodiversity that our conservation initiatives work to protect. We are proud to showcase our team's shared passion for preserving the natural world.

Financial Calendar

FINANCIAL CALENDAR 2025/26

Publication of Audited Financial Statements for the year ended 31st March 2025	11th August 2025
17th Annual General Meeting held on	30th September 2025
Publication of half yearly Financial Statements (1st half of the year 2025/26) (Unaudited) as per the requirements of Central Bank of Sri Lanka in Sinhala, Tamil, & English Languages	15th November 2025
Publication of half yearly Financial Statements (2nd half of the year 2025/26) (Audited) as per the requirements of Central Bank of Sri Lanka in Sinhala, Tamil, & English Languages	10th July 2026

PUBLICATION OF INTERIM FINANCIAL STATEMENTS IN TERMS OF LISTING RULES 7.4 OF THE COLOMBO STOCK EXCHANGE

1st Quarter ended 30th June 2025	14th August 2025
2nd Quarter ended 30th September 2025	12th November 2025
3rd Quarter ended 31st December 2025	03rd February 2026
4th Quarter ended 31st March 2026	27th May 2026

PROPOSED FINANCIAL CALENDAR 2026/27

Publication of Audited Financial Statements for the year ended 31st March 2026	10th July 2026
18th Annual General Meeting to be held on	23rd September 2026
Publication of half yearly Financial Statements (1st half of year 2026/27) (Unaudited) as per the requirements of Central Bank of Sri Lanka in Sinhala, Tamil, & English Language	On or before 30th November 2026
Publication of half yearly Financial Statements (2nd half of year 2026/27) (Audited) as per the requirements of Central Bank of Sri Lanka in Sinhala, Tamil, & English Language	On or before 30th June 2027

PUBLICATION OF INTERIM FINANCIAL STATEMENTS IN TERMS OF LISTING RULES 7.4 OF THE COLOMBO STOCK EXCHANGE

1st Quarter ended 30th June 2026	On or before 15th August 2026
2nd Quarter ended 30th September 2026	On or before 15th November 2026
3rd Quarter ended 31st December 2026	On or before 15th February 2027
4th Quarter ended 31st March 2027	On or before 31st May 2027

Independent Auditor's Report

Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

WDPL/DUM/TW

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SOFTLOGIC FINANCE PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Softlogic Finance PLC (the Company), which comprise the statement of financial position as at 31 March 2026, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended 31 March 2026, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2026 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Allowances for Expected Credit Losses of loans and lease receivables Allowances for expected credit losses of loans and lease receivables measured at amortized cost as stated in Notes 19 and 22 respectively, is determined by management based on the accounting policies described in Note 3.2 to the financial statements. This was a key audit matter due to • the involvement of significant management judgements, assumptions and level of estimation uncertainty involved in assessing the future recoverability of loans and lease receivables; and • the materiality of the reported amount of Allowances for expected credit losses. Key areas of significant judgements, assumptions and estimates used by management in the assessment of the allowances for expected credit losses for loans and lease receivables included determining whether significant increase in credit risk has occurred, use of a broad range of forward-looking macroeconomic inputs and their associated weightages which are subject to inherently heightened levels of estimation uncertainty and subjectivity. Further information on the key estimates, assumptions and judgements is disclosed as in Note 2.12.	In addressing the allowances for expected credit losses of loans and lease receivables, our audit procedures included the following key procedures: • Assessed the alignment of the Company's allowances for expected credit losses computations with the underlying methodology and related accounting policies, based on the best available information up to the date of our report. • Assessing the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and the management. • Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by agreeing details to relevant source documents and accounting records of the Company. • Evaluated the reasonableness of qualitative and quantitative factors used in credit quality assessments and related stage classifications. • In addition to the above, the following procedures were performed: For loans and lease receivables assessed on an individual basis for impairment: • Evaluated the reasonableness of key inputs used in the allowances for expected credit losses made. Such evaluations were carried out considering the value and timing of cash flow forecasts particularly relating to elevated risk industries and status of recovery action of the collaterals. • Tested the arithmetical accuracy of the underlying individual impairment calculations. For loans and lease receivables assessed on a collective basis for impairment: • Tested the key inputs and the calculations used in the impairment for expected credit losses. • Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays. • Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario. • Assessed the adequacy of the related financial statement disclosures set out in notes 19-22 and 9.

Key audit matter	How our audit addressed the key audit matter
Information Technology (IT) systems related internal controls over financial reporting Company's financial reporting process is significantly reliant on IT systems and with automated processes and internal controls. Further, key financial statement disclosures are prepared using data and reports generated by the IT systems, that are compiled and formulated with the use of spreadsheets. Accordingly, IT systems related internal controls over financial reporting were considered a key audit matter.	Our audit procedures included the following key procedures: • Obtained an understanding of the internal control environment of the processes and tested relevant key controls relating to financial reporting and related disclosures. • Involved our internal specialized resources and; • Identified, evaluated and tested the design and operating effectiveness of IT systems related internal controls, including those related to user access and change management, and identified, evaluated and tested the design and operating effectiveness of IT system related internal controls over financial reporting, relating to user access and change management, and • Obtained a high-level understanding of the cybersecurity risks affecting the Finance Company and the actions taken to address these risks primarily through inquiry. • Tested source data of the reports used to generate disclosures for accuracy and completeness, including review of the general ledger reconciliations.

Other Information included in the Company's 2026 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2026 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Independent Auditor's Report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 8513.

Ernst & Young

09 July 2026

Colombo

Income Statement

For the year ended 31 March	Note	2026 Rs.	2025 Rs.
Gross Income	5	1,225,077,110	1,510,453,928
Interest income	5.1	920,623,086	1,133,204,770
Less: Interest expenses	5.2	(519,047,969)	(833,646,073)
Net interest income	6	**401,575,117**	**299,558,698**
Fee and commission income	7	68,758,076	55,490,221
Other operating income	8	235,695,949	321,758,937
Total operating income		**706,029,141**	**676,807,856**
Less: Impairment (Charges) / Reversals and Other Credit Losses on Financial Assets	9	360,599,046	426,068,012
Net operating income		**1,066,628,187**	**1,102,875,868**
Less: Operating expenses			
Personnel expenses	10	(442,654,833)	(378,863,506)
Other operating expenses	11	(482,773,747)	(468,947,851)
Operating profit before taxes on financial services		**141,199,607**	**255,064,510**
Less: Taxes on financial services	12	(100,669,835)	(109,932,087)
Profit before income tax		**40,529,772**	**145,132,424**
Less: Income tax expense	13	109,925,335	-
Profit for the year		**150,455,107**	**145,132,424**
Basic/Diluted earnings per share (Rs.)	14	0.16	0.15
Dividend per share (Rs.)	15	-	-

The Accounting policies and Notes to the Financial Statements from pages 265 to 344 form an integral part of these Financial Statements.

Statement of Comprehensive Income

For the year ended 31 March	Note	2026 Rs.	2025 Rs.
Profit for the year		150,455,107	145,132,424
Other comprehensive income / (expenses)			
Other comprehensive income to be reclassified to profit or loss:		-	-
Gain/(Loss) arising on remeasuring available for sale financial investments		-	-
Other comprehensive income that will not to be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit plan	32.3	(6,232,925)	472,528
Deferred tax effect on actuarial gain/(loss)		1,869,878	(141,758)
		(4,363,048)	**330,770**
Surplus from revaluation of property, plant & equipment		-	-
Deferred tax effect on revaluation surplus		-	-
		-	-
Other comprehensive income / (Expenses) for the year, net of tax		(4,363,048)	330,770
Total comprehensive income for the year		**146,092,059**	**145,463,193**

The Accounting policies and Notes to the Financial Statements from pages 265 to 344 form an integral part of these Financial Statements.

Statement of Financial Position

For the year ended 31 March	Note	2026 Rs.	2025 Rs.
Assets			
Cash and bank balances	17	224,724,345	297,129,594
Securities purchased under repurchase agreements	18	698,690,831	801,814,765
Financial Assets at Amortised Cost - Factoring receivables	19	5,885,058	14,553,693
Financial Assets at Amortised Cost - Gold loan receivables	20	3,212,398,698	1,830,574,174
Financial Assets at Amortised Cost - Loan receivables	21	1,016,212,569	1,405,799,320
Financial Assets at Amortised Cost - Lease and hire purchase receivables	22	738,914,088	1,485,514,985
Other assets	23	516,724,666	1,218,639,050
Equity Instruments at fair value through other comprehensive income	24	30,600	30,600
Property, plant & equipment	25	24,084,390	32,112,488
Intangible assets	25.5	59,836,562	71,786,205
Investment Property	26	-	103,237,000
Right of Use Assets	27	187,462,426	178,876,574
Deferred Tax	31	653,976,234	542,181,021
Total Assets		**7,338,940,467**	**7,982,249,471**
Liabilities			
Bank overdraft		44,771,207	92,003,501
Financial Liabilities at Amortised Cost - Due to other customers	28	3,738,423,692	4,273,387,713
Financial Liabilities at Amortised Cost - Other borrowed funds	29	-	3,577,581
Other payables	30	447,535,588	644,391,158
Retirement benefit obligations	32	27,755,712	34,527,309
Total Liabilities		**4,258,486,199**	**5,047,887,262**
Equity			
Stated capital	33	2,326,718,964	9,930,116,800
Statutory reserve fund	34	275,228,109	267,705,353
Non-Distributable Regulatory Loss Allowance Reserve	35	238,928,480	970,074,987
Retained earnings	36	239,578,716	(8,233,534,931)
Total Equity		**3,080,454,268**	**2,934,362,209**
Total Liabilities and Equity		**7,338,940,467**	**7,982,249,471**
Net asset value per share (Rs.)		3.20	3.05
Commitments and contingencies	40	85,068,828	53,260,393

We certify that these Financial Statements are presented in compliance with the requirements of the Companies Act No.7 of 2007.

(Sgd.)
R.J.K.I. Fernando
Chief Manager -Finance

(Sgd.)
D.R. Fonseka
Chief Executive Officer

The Board of Directors is responsible for these Financial Statements. Approved and signed for and on behalf of the Board by,

(Sgd.)
A.K Pathirage
Director

(Sgd.)
H.K. Kaimal
Director

The Accounting policies and Notes to the Financial Statements from pages 265 to 344 form an integral part of these Financial Statements.

09 July 2026
Colombo

Statement of Changes in Equity

	Note	Stated Capital Rs.	Statutory Reserve Fund Rs.	Non-Distributable Regulatory Loss Allowance Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2024		9,930,116,800	260,448,732	1,736,237,951	(9,137,904,468)	2,788,899,015
Profit for the year		-	-	-	145,132,424	145,132,424
Other comprehensive income, net of tax		-	-	-	330,770	330,770
Transfer to Non-Distributable Regulatory Loss Allowance Reserve	35	-	-	(766,162,965)	766,162,965	-
Transfer to Statutory Reserve Fund	34	-	7,256,621	-	(7,256,621)	-
Balance as at 31 March 2025		**9,930,116,800**	**267,705,353**	**970,074,987**	**(8,233,534,931)**	**2,934,362,209**
Balance as at 01 April 2025		9,930,116,800	267,705,353	970,074,987	(8,233,534,931)	2,934,362,209
Profit for the year		-	-	-	150,455,107	150,455,107
Other comprehensive income, net of tax		-	-	-	(4,363,048)	(4,363,048)
Reduction of Stated Capital As per section 59 of the Companies Act no 07 of 2007	38.6	(7,603,397,837)	-	-	7,603,397,837	-
Transfer to Non-Distributable Regulatory Loss Allowance Reserve	35	-	-	(731,146,507)	731,146,507	-
Transfer to Statutory Reserve Fund	34	-	7,522,755	-	(7,522,755)	-
Balance as at 31 March 2026		**2,326,718,964**	**275,228,109**	**238,928,480**	**239,578,716**	**3,080,454,268**

The Accounting policies and Notes to the Financial Statements from pages 265 to 344 form an integral part of these Financial Statements.

Statement of Cash Flows

Accounting Policy

The cash flow statement has been prepared by using the indirect method in accordance with the Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash Flows), whereby operating, investing and financial activities have been separately recognised. Cash and cash equivalents comprise of short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents include cash in hand, balances with banks, placements with banks (less than 03 months), net of unfavourable bank balances and securities purchased under repurchase agreement (less than three months).

For the year ended 31 March	Note	2026 Rs.	2025 Rs.
Cash Flows from / (Used in) Operating Activities			
Profit before taxation		40,529,772	145,132,424
Depreciation	11.1	12,760,628	13,857,450
Amortization	11.1	12,757,943	20,085,650
Profit on disposal of property, plant & equipment		(1,024,000)	(5,656,673)
Profit /(Loss) from Derecognition of Financial Assets		(140,141,986)	(207,629,087)
Impairment charge	9.1	(360,599,046)	(426,068,012)
(Gain)/loss from disposal of Investment Property		(6,564,000)	-
(Gain)/loss from disposal of Real estate		(22,084,691)	-
Provision for defined benefit plans	10	6,181,253	7,939,840
Amortisation expenses on right-of-use assets	11.1	58,884,745	54,606,514
Interest Expenses	5.2	519,047,969	833,646,073
		79,218,815	**290,781,755**
Cash Flows (Used in) / from Operations		**119,748,587**	**435,914,179**
Changes in; (Increase)/Decrease in Financial Assets at Amortized Cost - lease and hire purchase receivables		838,704,153	2,668,039,384
(Increase)/Decrease in Financial Assets at Amortized Cost - factoring receivables		(6,062,457)	(28,905,422)
(Increase)/Decrease in Financial Assets at Amortized Cost - gold loan receivables		(1,386,749,506)	(464,468,729)
(Increase)/Decrease in Financial Assets at Amortized Cost - loan receivables		819,188,255	1,649,971,167
(Increase)/Decrease in Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)		-	378,632,877
(Increase)/Decrease in Placements with banks, Other Financial companies, Repo investments		97,924,934	(198,319,967)
(Increase)/Decrease in right of use assets		(67,470,597)	(171,205,843)
(Increase)/Decrease in other assets		40,821,545	15,216,723
Increase/(Decrease) in Financial Liabilities at Amortised Cost - due to other customers		(534,964,021)	(3,208,329,837)
Increase/(Decrease) in other payables		(110,476,784)	325,056,682
		(309,084,479)	**965,687,034**
Cash generated from operating activities		**(189,335,892)**	**1,401,601,213**
Interest expense paid		(519,047,969)	(833,646,073)
Gratuity paid	32.1	(19,185,775)	(7,444,025)
Net Cash Generated (Used in)/ from Operating Activities		**(727,569,636)**	**560,511,115**

Statement of Cash Flows

For the year ended 31 March	Note	2026 Rs.	2025 Rs.
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets	25	(5,540,829)	(34,326,066)
Proceeds from the disposal of investment property	26	115,000,000	-
Proceeds from the disposal of Real estate		680,000,000	-
Proceeds from sale of property, plant and equipment		1,024,000	8,012,210
Net Cash Flows from/ (Used in) Investing Activities		**790,483,171**	**(26,313,856)**
Net cash outflow before financing activities		**62,913,535**	**534,197,259**
Cash Flows from/ (Used in) Financing Activities			
Repayments of bank loans and securitizations loans		-	(290,425,036)
Repayment commercial papers	29.1	(3,577,581)	(263,882,975)
Repayment of principal portion of lease liabilities	30.2	(84,508,911)	(86,079,025)
Net Cash Flows from/ (Used in) Financing Activities		**(88,086,492)**	**(640,387,036)**
Net increase/(decrease) in cash and cash equivalents		(25,172,957)	(106,189,777)
Cash & cash equivalents as at the beginning of the year		205,126,094	311,315,871
Cash and cash equivalents as at end of the year		179,953,138	205,126,094
Analysis of the cash and cash equivalents at the end of the year			
Cash and bank balances	17	**224,724,345**	**297,129,594**
Bank overdraft		**(44,771,207)**	**(92,003,501)**
		179,953,138	**205,126,094**

The Accounting policies and Notes to the Financial Statements from pages 265 to 344 form an integral part of these Financial Statements.

Notes to the Financial Statements

Accounting policies pertaining to specific financial statement items are included within the relevant notes. Additional significant accounting policies and notes are provided below.

1. REPORTING ENTITY

1.1 Corporate Information

Softlogic Finance PLC ("The Company"), is a public limited liability Company incorporated and domiciled in Sri Lanka under the Companies Act No. 17 of 1982. The Company was re-registered with the Registrar General of Companies as per the requirements of the Companies Act No.7 of 2007 and it is a Licensed Finance Company under the Finance Business Act No.42 of 2011 and amendments thereto and has listed in the Colombo Stock Exchange on 22 January 2009.

The registered office of the Company is located at JFI Tower 3, 6th floor, No. 75, Piyadasa Sirisena Mawatha, Colombo-10. The shares of the Company have a primary listing on the Colombo Stock Exchange. The staff strength of the Company as at 31st March 2026 was 253 (243 as at 31st March 2025).

1.2 Principal Activities and Nature of Operations

The Company provides a comprehensive range of financial services, including the acceptance of fixed deposits and maintenance of savings accounts, together with a broad spectrum of lending and financing solutions. These include finance leases, hire purchase and vehicle financing facilities, mortgage loans, gold-backed lending, debt factoring, revolving credit, and business and personal loans. The Company also offers other credit facilities, complemented by digital financial services and value-added offerings.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's immediate parent undertaking and controlling party is Softlogic Capital PLC (formerly known as Capital Holdings Ltd). In the opinion of the Board of Directors, the ultimate parent undertaking and controlling party is Softlogic Holdings PLC, a company incorporated in Sri Lanka.

2. BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of these annual financial statements are noted below.

2.1 Statement of Compliance

The Financial Statements of the Company, which comprise Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs & LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 7 of 2007. The presentation of these Financial Statements is also in compliance with the requirements of Finance Business Act No 42 of 2011, Listing Rules of the Colombo Stock Exchange and the CBSL guidelines.

These Financial Statements have been prepared on the accrual basis of accounting, except for the Statement of Cash Flows, which has been prepared using the cash flow basis as required by the applicable accounting standards. The Company has consistently applied accounting policies that comply with Sri Lanka Accounting Standards (SLFRSs/LKASs) and all relevant regulatory requirements governing the preparation and presentation of financial statements. Accordingly, no material departures from the requirements of these standards have been made in the preparation of these Financial Statements.

2.2 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of these Financial Statements as per Sri Lanka Accounting Standards (SLFRS/ LKAS) and the provisions of the Companies Act No.7 of 2007.

The Board of Directors acknowledges the responsibility in relation to the Financial Statements, as set out in the 'Directors' Responsibility for Financial Reporting, 'Annual Report of the Board of Directors' and in the statement appearing with the Statement of Financial Position of the Annual Report.

2.3 Approval of Financial Statements by Directors

The Financial Statements of the Company for the year ended 31 March 2026 were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 09th July 2026.

2.4 Basis of Measurement

The Financial Statements of the Company have been prepared on a historical cost basis, except for the following items in the Statement of Financial Position.

Notes to the Financial Statements

2. BASIS OF PREPARATION Contd.

Item	Basis of Measurement	Note No.	Page No.
Financial assets measured at fair value through other comprehensive income	Fair Value	24	300 - 301
Investment property	Fair Value	26	307
Retirement benefit obligations	Fair Value	32	312 - 314

2.5 Functional and Presentation Currency

The Financial Statements of the Company are presented in Sri Lankan Rupees (Rs.), which is the currency of the primary economic environment in which Softlogic Finance PLC operates. There was no change in the Company's presentation and functional currency during the year under review.

2.6 Presentation of Financial Statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the Financial Statements. An analysis on recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the Note 45.

2.7 Materiality and Aggregation

In compliance with Sri Lanka Accounting Standard - LKAS 01 (Presentation of Financial Statements), each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately, unless they are immaterial.

2.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. This is not generally the case with master netting agreements; therefore, the related assets and liabilities are presented gross in the Statement of Financial Position.

Income and expenses are presented on a net basis only when permitted under LKAS/ SLFRS, or for gains and losses arising from a group of similar transactions such as in the group's trading activity.

2.9 Rounding

The amounts in the Financial Statements have been rounded off to the nearest Rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 1 on "Presentation of Financial Statements".

2.10 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.11 Foreign currency transactions

All foreign currency transactions are translated into the functional currency, which is Sri Lankan Rupees (LKR), using the exchange rates prevailing at the dates, the transactions were affected. Monetary assets and liabilities denominated in foreign currencies are retranslated at the middle exchange rate of the functional currency ruling, at the date of the Statement of Financial Position. The resulting gains and losses are accounted for in the Statement of Profit or Loss.

Non-monetary assets and liabilities that are measured on a historical cost basis in foreign currency are translated using the exchange rates prevailing at that date. Non- monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Unrealised exchange gains and losses are recognised in "Other Operating Income" in the Statement of Profit or Loss.

2.12 Significant Accounting Judgments, Estimates and Assumptions

In applying the Company's accounting policies, Management is required to exercise judgment and make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, as well as the accompanying disclosures in the Financial Statements. These judgments, estimates and assumptions are based on historical experience, current conditions and other factors considered to be reasonable under the circumstances.

Management also makes assumptions regarding future events and other sources of estimation uncertainty at the reporting date. As a result, actual outcomes may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, and revisions are recognised prospectively in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, and those where assumptions and estimates are significant to the Financial Statements, are disclosed in the relevant notes. These areas may give rise to material adjustments to the carrying amounts of assets and liabilities in subsequent reporting periods.

The following table includes the items that involve significant accounting judgements, estimates and assumptions in the preparations of the Financial Statements of the Company.

Notes to the Financial Statements	Note	Pages
Impairment charges	09	277 - 283
Income tax expense	13	287
Financial assets measured at Amortized cost	19-22	291 - 299
Financial assets measured at fair value through other comprehensive income	24	300 - 301
Property, plant & equipment	25	301 - 306
Intangible assets	25.5	305 - 306
Investment property	26	307
Right of use assets	27	308
Financial assets at amortised cost - debt and other instruments	29	309 - 310
Retirement benefit obligations	32	312 - 314

2.13 Going Concern-basis of accounting

The Board of Directors has assessed the ability to continue as a going concern and is satisfied that the Company possesses adequate resources to continue its operations for the foreseeable future. In making this assessment, the Board has considered the Company's financial position, liquidity, capital adequacy, business plans and other relevant factors.

A detailed assessment has been carried out by the directors based on which corrective measures have been approved by the board as summarised below.

a. Divesting of a segment of the distressed portfolio currently held by the Company.

Further details relating to the transfer of beneficial ownership of a portion of the Company's loan portfolio are disclosed in Note 38.5. Following this transfer, the Central Bank of Sri Lanka, by its letter dated 19 September 2025, informed the Company that the Governing Board of the Central Bank of Sri Lanka had approved the immediate removal of all regulatory restrictions imposed on the Company. Accordingly, the Company resumed its normal course of business, including the acceptance of deposits and disbursement of loans, with effect from September 2025.

b. Rectification of Serious loss of Capital situation via Reduction of Stated Capital

During the financial year, the Company rectified its serious loss of capital position through the reduction of stated capital carried out in accordance with Section 59 of the Companies Act No. 07 of 2007, as further described in Note 38.6.

c. Operational Efficiency

The Company is initiating a strategic realignment of its business model, involving a redefinition of the product mix, emphasizing a finance lease and gold loan driven approach. Notably there will be a deliberate discontinuation of other loan products, with the exception of vehicle loans and loans against deposits. This intentional shift in the business model is designed to improve the risk weighted assets position, facilitating gradual improvements in the capital ratios, net interest margin, and assets quality.

Based on the above strategies, the Board of Directors of the Company have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the ability of the Company to continue as a going concern.

Therefore, the financial statements continue to be prepared on the going concern basis of accounting.

Notes to the Financial Statements

3. ACCOUNTING POLICIES

The Company has consistently applied its accounting policies to all periods presented in these Financial Statements. No standard, interpretation or amendment issued but not yet effective has been early adopted by the Company.

Material accounting policy information relevant to specific assets, liabilities, income and expense categories is disclosed within the respective notes to the Financial Statements. These policies have been applied consistently by the company, unless otherwise disclosed.

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3.1 Financial instruments

The Company applies the provisions of SLFRS 9 – Financial Instruments in determining the recognition, classification, measurement, reclassification and derecognition of financial instruments.

Date of recognition

The Company initially recognises loans and advances, deposits, subordinated liabilities and similar financial instruments on the date they are originated. All other financial instruments, including regular-way purchases and sales of financial assets, are recognised on the trade date, i.e. the date on which the Company becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the contractual cash flow characteristics and the business model under which they are managed.

A financial asset or financial liability is initially measured at fair value, plus or minus transaction costs that are directly attributable to its acquisition or issue, except for financial assets and financial liabilities measured at fair value through profit or loss (FVTPL) in accordance with SLFRS 9, and trade receivables that do not contain a significant financing component as defined in Sri Lanka Accounting Standard – SLFRS 15, Revenue from Contracts with Customers.

Transaction costs relating to financial instruments classified at FVTPL are recognised in the Income Statement as incurred.

Trade receivables that do not contain a significant financing component are measured at their transaction price at initial recognition, in accordance with SLFRS 15.

Where the fair value of a financial instrument at initial recognition differs from the transaction price, the Company recognises a "Day 1" gain or loss, as described below.

Day 1 profit or loss

When the transaction price differs from the fair value at initial recognition, and fair value is based on a valuation technique using only observable market inputs, the difference is recognised immediately in net gains/(losses) from trading.

Where valuation techniques use inputs that are not fully observable, the difference between the transaction price and fair value is deferred. It is recognised in profit or loss only when the inputs become observable, or when the instrument is derecognised.

Classification and subsequent measurement of financial assets and Liabilities

In accordance with SLFRS 9, the Company classifies its financial assets based on the business model for managing the assets and the contractual cash flow characteristics of the instruments. Accordingly, financial assets are measured at:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

Financial liabilities, other than loan commitments and financial guarantees, are classified as,

(i) Financial liabilities at Fair Value through Profit or Loss (FVTPL)

  a. Financial liabilities held for trading

  b. Financial liabilities designated at fair value through profit or loss

(ii) Financial liabilities at amortized cost, when they are held for trading and derivative instruments or the fair value designation is applied.

The subsequent measurement of financial liabilities depends on their classification.

i. Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial Liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Subsequent to initial recognition, financial liabilities at FVTPL are fair value, and changes therein recognized in Income Statement.

ii. Financial Liabilities at Amortized Cost

Financial Instruments issued by the Company that are not designated at fair value through profit or loss, are classified as financial liabilities at amortized cost under „bank overdraft" , „due to other customers" , debt issued and other borrowed funds" and „other payables" as appropriate, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial assets for a fixed number of own equity shares at amortized cost using EIR method.

After initial recognition, such financial liabilities are substantially measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are integral part of the EIR. The EIR amortization is included in „interest expenses" in the Income Statement. Gains and losses are recognized in the Income Statement when the liabilities are derecognized as well as through the EIR amortization process.

The subsequent measurement of financial assets/liabilities depends on their classification.

a) Business model assessment

The Company assesses the objective of a business model at a portfolio level rather than on an instrument-by-instrument basis, as this approach best reflects how the business is managed and how performance is reported to management.

In making this assessment, the Company considers all relevant evidence, including how the performance of the assets is evaluated and reported to key management personnel, the risks affecting the performance of the assets and how those risks are managed, and the frequency, volume and timing of sales in prior periods together with expectations about future sales activity.

Based on the assessment, financial assets are classified and measured at Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI), or Fair Value through Profit or Loss (FVTPL), as appropriate and in accordance with the requirements of SLFRS 9.

The business model assessment is based on reasonably expected scenarios, without considering worst-case or stress-case scenarios.

Where cash flows after initial recognition are realised in a manner different from original expectations, the Company does not restate the classification of remaining financial assets within that business model. However, such information is considered in assessing newly originated or newly purchased financial assets going forward.

Notes to the Financial Statements

3. ACCOUNTING POLICIES Contd.

3.1 Financial instruments Contd.

b) Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

As a second step in the classification process, the Company assesses whether the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (the "SPPI test").

For this purpose, principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the instrument (for example, due to repayments of principal or amortisation of premium or discount).

Interest is defined as consideration for the time value of money, credit risk associated with the principal outstanding during a particular period, other basic lending risks and costs, and a profit margin.

Contractual terms that introduce exposure to risks or volatility in cash flows that are unrelated to a basic lending arrangement do not give rise to cash flows that are solely payments of principal and interest. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether contractual cash flows meet the SPPI criterion, the Company considers the contractual terms of the instrument, including.

- contingent events that may change the timing or amount of cash flows;
- leverage features
- prepayment and extension terms
- terms that limit the Company's claim to cash flows from specified assets and
- features that modify the time value of money element.

Reclassification of Financial Assets & liabilities

Financial assets are not reclassified subsequent to their initial recognition, except in rare circumstances where the Company changes its business model for managing those financial assets. Such changes may arise from events such as the acquisition, disposal, or termination of a business line.

In the event of a change in the business model, the Company reclassifies the affected financial assets prospectively from the reclassification date. Such changes are applied on a forward-looking basis, and comparative periods are not restated.

Financial liabilities are not reclassified, as reclassification is not permitted under SLFRS 9.

Derecognition of Financial Assets & Liabilities

a) Financial Assets

The Company derecognises a financial asset (or part thereof) when the contractual rights to the cash flows expire, or when the Company transfers its rights to receive the contractual cash flows and substantially all risks and rewards of ownership are transferred.

The Company has transferred the financial asset, if and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a „pass-through" arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the original asset), but assumes a contractual obligation to pay those cash flows to one or more entities (the eventual recipients), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

Derecognition is also applied when the Company neither transfers nor retains substantially all risks and rewards and does not retain control over the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Cumulative gains or losses recognised in OCI relating to equity investments designated at FVOCI are not reclassified to profit or loss on derecognition.

Any retained interest in transferred financial assets that qualifies for derecognition is recognised as a separate asset or liability.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Company's continuing involvement, in which case, the Company also recognizes as associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

b) Financial Liability

A financial liability is derecognised by the Company when the contractual obligation is discharged, cancelled, or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in income statement.

Modification of Financial Assets

Where the terms of a financial asset are modified, the Company assesses whether the cash flows of the modified asset are substantially different from those of the original financial asset.

If the cash flows are substantially different, the contractual rights to the cash flows from the original financial asset are deemed to have expired. In such cases, the original financial asset is derecognised and a new financial asset is recognised at fair value.

Where the cash flows of a modified financial asset measured at amortised cost are not substantially different, the modification does not result in derecognition. In such cases, the Company recalculates the gross carrying amount of the financial asset and recognises any resulting adjustment as a modification gain or loss in profit or loss.

If the modification arises as a result of the borrower's financial difficulties, the resulting gain or loss is presented together with impairment losses measured using the pre-modification effective interest rate. In all other cases, it is presented within interest income.

Financial Guarantees and Undrawn Loan Commitments

The Company issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognized in the Financial Statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and ECL Provision under SLFRS 9.

The premium received is recognised in the income statement in Net fees and commission income on a straight-line basis over the life of the guarantee.

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. From These contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments are disclosed in Note 40.

3.2 Fair Valuation of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in the absence of a principal market, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects the effect of non-performance risk.

Where available, fair value is determined using quoted market prices in active markets for identical assets or liabilities. An active market is one in which transactions occur with sufficient frequency and volume to provide ongoing pricing information.

Notes to the Financial Statements

3. ACCOUNTING POLICIES Contd.

3.2 Fair Valuation of Assets and Liabilities Contd.

In the absence of quoted prices in active markets, the Company applies appropriate valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The selected valuation techniques incorporate assumptions that market participants would use when pricing the asset or liability under current market conditions.

Fair value measurements are based on the assumption that market participants act in their economic best interests when pricing an asset or liability. For non-financial assets, fair value reflects the asset's highest and best use from the perspective of market participants.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period in which the change occurs.

Independent professionally qualified valuers are engaged, where appropriate, to determine the fair value of significant non-financial assets, including land and buildings. The valuation techniques and assumptions applied are reviewed periodically to ensure that fair values are determined in accordance with the requirements of SLFRS 13.

Fair Value Hierarchy

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in determining fair values. The hierarchy comprises the following levels.

Level 1

Fair value measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date. An active market is one in which transactions occur with sufficient frequency and volume to provide ongoing pricing information.

Level 2

Fair value measurements based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and valuation techniques where significant inputs are based on observable market data.

Level 3

Fair value measurements based on valuation techniques that incorporate significant inputs that are not observable in the market. These measurements require Management judgment and estimation and may include assumptions relating to discount rates, expected cash flows, market volatility, liquidity adjustments and other factors relevant to the valuation.

The Company applies valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Valuation methodologies commonly used include discounted cash flow models, net present value techniques and market-based valuation approaches.

Observable market inputs such as quoted equity prices, government security yields, benchmark interest rates and foreign exchange rates are used whenever available. The availability of observable inputs reduces the degree of estimation uncertainty associated with fair value measurements.

Valuation models may incorporate adjustments for factors such as bid-ask spreads, liquidity risk, credit risk and model limitations, where considered necessary. Any gains or losses arising on the initial recognition of financial instruments where fair value is determined using significant unobservable inputs are recognised in accordance with the relevant requirements of SLFRS 9 and SLFRS 13.

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period in which the transfer occurs.

Assets and Liabilities measured at fair value and Fair value hierarchy

An analysis of assets and liabilities measured at fair value as at the reporting date is provided under Note no. 38 according to the levels within the fair value hierarchy. The fair value measurements correspond to the carrying amounts recognised in the Statement of Financial Position.

3.3 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a. The Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

b. The Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Accounting policy on these assets are described under Note no.27 to the Financial Statements.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occur.

3.4 Borrowing Costs

The Company applies Sri Lanka Accounting Standard – LKAS 23 in accounting for borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets.

Qualifying assets are assets that require a substantial period of time to be brought to their intended use or sale. Borrowing costs not eligible for capitalisation are recognised in profit or loss as incurred.

3.5 Taxation

3.5.1 Current tax and deferred tax

Information on income tax expense and deferred tax assets and liabilities is disclosed in Note 13 & 31 to the Financial Statements.

3.5.2 Tax on Financial Services

Details relating to Value Added Tax (VAT) on financial services and Social Security Contribution Levy (SSCL) on financial services are provided in Note 12 to the Financial Statements.

3.5.3 Crop Insurance Levy

The Crop Insurance Levy (CIL), introduced under Section 14 of the Finance Act No. 12 of 2013 and payable to the National Insurance Trust Fund, is currently levied at 1% of profit after tax. The levy is recognised under other operating expenses in the Income Statement.

3.5.4 Withholding Tax (WHT) on Dividends

The prevailing WHT/AIT rate on dividends distributed by the Company to residents/ non- residents is 15%. Withholding Tax arises from the distribution of dividends by the Company and is recognised at the time the liability to pay the related dividend is recognised.

Dividend paid by the Company will be exempt in the hands of shareholders to the extent that such dividend payment is attributable to, or derived from dividend received by the Company from another resident company. The company has not paid/proposed any dividend during the financial year 2025/2026.

3.5.5 Withholding Tax (WHT) on Deposit interest payment

Pursuant to the Inland Revenue Act effective 1 April 2025, the Company is required to withhold 10% tax on interest payments made to eligible deposit holders. This withholding tax (WHT) is remitted to the Inland Revenue Department in compliance with the law. The interest expense shown in these financial statements is reported before deduction of WHT.

3.6 Events After the Reporting Date

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue.

No circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the financial statements,

3.7 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation

Notes to the Financial Statements

3. ACCOUNTING POLICIES Contd.

3.7 Impairment of Non-Financial Assets Contd.

model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement.

3.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with Sri Lanka Accounting Standard – LKAS 37 on 'provision, contingent liabilities and contingent assets.

The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, taking into account the related risks and uncertainties. Where the effect of time value of money is material, the provision is calculated as the present value of the expected future cash flows.

A provision for onerous contracts is recognised when the expected benefits from a contract are less than the unavoidable costs of fulfilling it. This provision is measured at the present value of the lower of the cost of terminating the contract and the net cost of continuing with it.

Before a provision is established, the company recognises any impairment loss on the assets associated with that contract. The expense relating to any provision is presented in the income statement net of any reimbursement.

4. SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT 31 MARCH 2026

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued several new accounting standards and amendments/improvements to existing standards, which will become effective for future accounting periods. Early adoption of these standards is permitted; however, the Company has not early adopted any new or amended standards in the preparation of these Financial Statements.

Sri Lanka Accounting Standard – SLFRS 18 "Presentation and Disclosure in Financial Statements

SLFRS 18 is a new accounting standard relating to the presentation and disclosure of Financial Statements and will become effective from January 01, 2027. This Standard will replace LKAS 1 "Presentation of Financial Statements".

Under SLFRS 18, entities are required to classify income and expenses into five categories in the Statement of Profit or Loss, namely operating, investing, financing, discontinued operations, and income tax. The Standard also introduces a mandatory operating profit subtotal. However, the adoption of SLFRS 18 is not expected to impact the Company's overall net profit.

The Standard further requires the disclosure of Management-defined Performance Measures (MPMs) in a separate note to the Financial Statements and provides enhanced guidance on the aggregation and disaggregation of information presented in the Financial Statements.

In addition, entities presenting operating cash flows using the indirect method will be required to use operating profit as the starting point in the Statement of Cash Flows.

The Company is currently assessing the impact of adopting SLFRS 18, particularly on the presentation of the Income Statement, Statement of Cash Flows, and the additional disclosures required in relation to Management-defined Performance Measures (MPMs). The Company is also evaluating the impact on the grouping and presentation of information in the Financial Statements, including items currently presented under 'other' categories.

Sri Lanka Accounting Standard – SLFRS 19 "Subsidiaries without Public Accountability"

SLFRS 19 is a new accounting standard effective from January 01, 2027, which allows eligible subsidiaries to apply the recognition, measurement, and presentation requirements of full SLFRS Standards while adopting reduced disclosure requirements in their Financial Statements.

The Company currently does not have any subsidiary companies. Accordingly, the adoption of SLFRS 19 is not expected to have any impact on the Company's Financial Statements.

5. GROSS INCOME

Accounting Policy

Gross income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recorded at the fair value of consideration received or receivable, after deducting any applicable taxes, trade discounts, and rebates.

For the year ended 31 March	2026 Rs.	2025 Rs.
Interest Income (Note 5.1)	920,623,086	1,133,204,770
Fee & Commission Income (Note 7)	68,758,076	55,490,221
Other Operating Income (Note 8)	235,695,949	321,758,937
	1,225,077,110	**1,510,453,928**

5.1 Interest Income

For the year ended 31 March	2026 Rs.	2025 Rs.
Interest income on lease receivables	195,098,376	582,690,113
Interest income on hire purchase receivables	1,376,970	16,675
Interest income on factoring receivables	4,926,276	32,325,606
Interest income on SME and other loan receivables	203,323,040	148,962,518
Interest income on personal loan receivables	9,179,114	23,551,259
Interest income on gold loan receivables	468,839,082	294,325,693
Interest income on government securities	37,880,227	51,332,906
Total interest income	**920,623,086**	**1,133,204,770**

5.2 Interest Expenses

For the year ended 31 March	2026 Rs.	2025 Rs.
Due to customers		
Interest expenses on time deposits	509,556,099	791,421,915
Interest expenses on savings deposits	2,516,693	2,995,432
Interest expenses on bank borrowings	6,940,975	11,512,971
Interest expenses on securitised borrowings	34,201	27,715,755
Total interest expenses	**519,047,969**	**833,646,073**
Net interest income	**401,575,117**	**299,558,698**

Notes to the Financial Statements

6. NET INTEREST INCOME

Accounting Policy

The Effective Interest Rate (EIR) method is used for recognising the interest income and interest expenses of Financial Assets and Financial Liabilities that are measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income under SLFRS 9 - Financial Instruments.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

> the gross carrying amount of the financial asset; or
> the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses. For financial assets that become credit-impaired after initial recognition, interest income is recognised by applying the effective interest rate to the amortised cost of the asset. Where the asset subsequently ceases to be credit impaired, interest income is recognised on the gross carrying amount.

The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Overdue interest on loans and advances is recognised on a cash basis.

For the year ended 31 March	2026 Rs.	2025 Rs.
Interest Income (Note 5.1)	920,623,086	1,133,204,770
Interest Expenses (Note 5.2)	(519,047,969)	(833,646,073)
	401,575,117	**299,558,698**

7. FEE AND COMMISSION INCOME

Accounting Policy

The Company recognises the fee and commission earned from the loans and receivables related services as per the requirements of SLFRS 9 - Financial Instruments. Fees and commission income and expense that are integral to the EIR of a financial asset or liability are capitalised and included in the measurement of the EIR. Other fees and commission income are recognised as the related services are performed.

For the year ended 31 March	2026 Rs.	2025 Rs.
Documentation and processing fees	68,758,076	55,490,221
	68,758,076	**55,490,221**

8. OTHER OPERATING INCOME

Accounting Policy

Income earned on other sources, which are not directly related to the normal operations of the Comapany is recognised as Other Operating Income on an accrual basis.

Dividend income received from financial assets measured at fair value through other comprehensive income is recognised when the Company's right to receive the payment is established.

Profit from the sale of real estates represent the difference between the sales proceeds and the net book value of Investment property that is disposed during the year and the properties recorded under Land & Building stock disposed during the year.

Gain/ (Loss) on disposal of property, plant and equipment represent the difference between the sales proceeds and the net book value of property, plant & equipment that are disposed during the year.

Recoveries of amounts previously written off as bad and doubtful debts are recognised when received.

Income from derecognition of financial assets and other income is recognised once the contract is derecognised due to closure.

All other income including income from Money Market instruments is recognised on an accrual basis.

For the year ended 31 March	2026 Rs.	2025 Rs.
Profit on disposal of property, plant and equipment	1,024,000	5,656,673
Profit from sale of real estates	28,648,691	-
Sundry Income	21,795,770	87,627,375
Recovery of bad debts written off	33,792,259	6,262,818
Income from hiring vehicles	676,667	(50,000)
Income on Money market investment / unit trust/ T bond	9,369,056	14,404,420
Dividend income	247,520	228,565
Profit /(Loss) from Derecognition of Financial Assets (Note 38.5)	140,141,986	207,629,087
	235,695,949	**321,758,937**

9. IMPAIRMENT (CHARGES) / REVERSALS AND OTHER CREDIT LOSSES ON FINANCIAL ASSETS

Accounting Policy

The Company recognises Expected Credit Losses (ECL) in accordance with SLFRS 9 on financial assets measured at amortised cost and debt instruments measured at FVOCI, as well as on certain off-balance-sheet exposures. These include cash and cash equivalents, placements with banks, loans and advances to customers, debt securities and loan commitments. No impairment allowance is recognised on equity investments.

Further, the Company also recognises an impairment loss when the carrying amount of a non-financial asset exceeds the estimated recoverable amount from that asset.

ECL represents an unbiased, probability-weighted estimate of credit losses and incorporates historical experience, current conditions, forward-looking macroeconomic information, and the time value of money.

Amounts recovered from debts previously written off / provisions made as bad or doubtful are recorded as a reduction of impairment charges or reversals.

Notes to the Financial Statements

9. IMPAIRMENT (CHARGES) / REVERSALS AND OTHER CREDIT LOSSES ON FINANCIAL ASSETS Contd.

Accounting Policy

Measurement of Expected Credit Losses

The Company assesses whether credit risk has increased significantly since initial recognition and classifies exposures into appropriate impairment stages.

The Company measures expected credit losses (ECL) on either an individual or collective basis.

Asset classes for which ECL is determined on an individual basis include credit-impaired facilities and exposures identified with significant increase in credit risk (SICR) that are assessed as impaired under individual assessment. Where a financial asset is assessed individually and determined to be credit-impaired, the impairment loss is measured as the difference between the asset's carrying amount and the present value of its estimated future cash flows.

The Company reviews its individually significant loans and advances at each financial reporting date to assess whether an impairment loss should be recorded in the income statement. In particular, management judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates were based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

If the asset is impaired, the amount of the loss is measured by discounting the expected future cash flows of a financial asset at its effective interest rate and comparing the resultant present value with the financial asset's current carrying amount. The impairment on individually significant accounts is reviewed more regularly when circumstances require. This normally encompasses reassessment of the enforceability of any collateral held and the timing and amount of actual and anticipated receipts. Individually assessed impairment is only released when there is reasonable and objective evidence of a reduction in the established loss estimate.

When ECLs are determined for individually significant financial assets, following factors are considered.

- Aggregate exposure to the customer including any undrawn exposures;
- The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flows to service debt obligations;
- The amount and timing of expected receipts and recoveries
- The complexity of determining the aggregate amount and ranking of all creditor claims and the extent to which legal and insurance uncertainties are evident;
- The realizable value of security (or other credit mitigants) and likelihood of successful repossession;
- The likely deduction of any costs involved in recovery of amounts outstanding;
- The likely dividend available on liquidation or bankruptcy

Financial assets for which no impairment provision is identified under individual assessment are subsequently assessed for ECL on a collective basis. Financial assets that are individually assessed but not identified as credit-impaired are subsequently included in groups of assets with similar credit risk characteristics and assessed collectively for impairment. Collective impairment assessments are performed to capture expected credit losses that may not be evident at the individual asset level.

The Company's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their independencies. The elements of the ECL models that are considered accounting judgements and estimates include.

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss (LTECL) basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECLs, models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on probability of default (PDs), Exposure at default (EADs) and loss given default (LGDs).
- Selection of forward - looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It is the Company's policy to regularly review its models in the context of actual loss experience and adjust whenever necessary.

Accounting Policy

For collective ECL measurement, financial assets are grouped based on shared credit risk characteristics.

Both Lifetime ECL and 12-Month ECL are assessed either on an individual or collective basis, depending on predefined exposure thresholds and risk assessment criteria.

12 months ECL is the portion of life time ECLs that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company assesses significant increases in credit risk at each reporting date by comparing the risk of default at the reporting date with the risk of default at initial recognition over the remaining expected life of the financial instrument.

In compliance with SLFRS 9, the Company recognizes impairment using a three-stage expected credit loss model, whereby the measurement of loss allowances is determined by the extent of changes in credit risk since initial recognition.

Stage 1: Financial instruments that are not credit-impaired at initial recognition are classified in Stage 1. For these instruments, ECL is measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months (12-month ECL). Stage 1 also include financial assets of which the credit risk has improved and hence reclassified from stage 2 and stage. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation of the original EIR.

Stage 2: Where a significant increase in credit risk (SICR) has occurred since initial recognition, the financial instrument is transferred to Stage 2, and a loss allowance is recognised based on lifetime expected credit losses (LTECL). Stage 2 also includes financial assets of which credit risk has improved and hence reclassified from stage 3. . The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: Financial assets that are credit-impaired are classified in Stage 3. For these assets, the Company recognises lifetime expected credit losses, with a probability of default of 100%.

Definition of Default and Cure

The Company consider a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether an individually significant customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.
Such events include:

- Internal rating of the borrower indicating default or near-default.
- The borrower requesting emergency funding.
- The borrower having past due liabilities to public creditors or employees.
- The borrower is deceased.
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral.
- A material decrease in the borrower's turnover or the loss of a major customer.
- A covenant breach not waived by the Company.
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/ protection.
- Debtor's listed debt or equity suspended at the primary exchange because of rumours or facts about the financial difficulties.

It is the Company's policy to consider a financial instrument as "cured" and therefore re-classified out of Stage 3 when none of the default criteria has been present. Once cured, the decision whether to classify an asset as Stage 2 or Stage 1 largely depends on the days past due, at the time of the cure and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Notes to the Financial Statements

9. IMPAIRMENT (CHARGES) / REVERSALS AND OTHER CREDIT LOSSES ON FINANCIAL ASSETS Contd.

Accounting Policy

The calculation of Expected Credit Loss (ECL)

The Company's ECL calculation methodology is based on the key risk parameters of Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The application of these parameters under the collective impairment assessment framework is described below.

- Probability of Default (PD -The likelihood that a borrower will default on its contractual obligations over a specified period. Days past due (DPD) is the primary factor in establishing the term structure of PD for exposures. DPD is measured by counting the number of days since the payment due date.
- Loss Given Default (LGD) -The proportion of the exposure expected to be lost in the event of default, after considering recoveries and collateral realisation.
- Exposure at Default (EAD) -The expected outstanding exposure at the time of default, taking into account repayments and expected utilisation of committed facilities.

Movements between the stages

Financial assets may be transferred between impairment stages (other than purchased or originated credit-impaired (POCI) assets) based on changes in credit risk since initial recognition.

Financial instruments are transferred out of Stage 2 when they no longer demonstrate a significant increase in credit risk compared to initial recognition, based on the assessments and in accordance with the Company's Policy on Upgrading of Credit Facilities.

Financial instruments are transferred out of Stage 3 when they no longer exhibit objective evidence of credit impairment in line with the Company's Policy on Upgrading of Credit Facilities.

Restructured and rescheduled facilities are upgraded gradually, subject to satisfactory repayment performance over a defined period, in accordance with the policy and applying a prudent approach.

Significant Increase in Credit Risk (SICR)

When assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative factors, based on historical experience, expert credit judgement, and forward-looking information.

The Company applies the rebuttable presumption under SLFRS 9 that credit risk has significantly increased when contractual payments are more than 30 days past due.

In addition, the Company performs individual assessments at each reporting date for loans and advances above a predefined threshold to determine whether a significant increase in credit risk has occurred prior to default.

Such indicators include, but are not limited to:

- Financial assets that are 30 days or more past due
- Significant increase in Probability of Default (PD) compared to initial recognition
- Downgrade in internal credit risk grading
- Adverse changes in forward-looking macroeconomic conditions affecting specific customers, groups of customers, portfolios, or instruments
- Modification of contractual terms resulting in concessions due to credit deterioration, including extensions, deferments, or covenant waivers
- Significant decline in collateral value and/or doubts over the realisability of collateral
- Adverse financial ratios compared with industry benchmarks
- Frequent restructuring of credit facilities
- Adverse changes in the borrower's financial performance or cash flows
- Breach of loan covenants or contractual terms
- Deterioration in management quality or business outlook

Accounting Policy

Credit facilities or exposures exhibiting one or more of the above indicators are classified as having experienced a significant increase in credit risk and are accordingly assessed under Stage 2 in ECL calculations.

The Company regularly monitors the effectiveness of SICR indicators to ensure that they appropriately identify significant increases in credit risk prior to default.

The Company considers loans and advances to other customers to be in default when one or more of the following conditions are met:

- The borrower is considered unlikely to settle its obligations to the company in full, without the Company having to take actions such as realising collateral (if any is held);
- The borrower is more than 90 days past due on its contractual payments or
- The borrower is deceased or insolvent.

Reversal of Impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the income statement.

Renegotiated Loans

The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan renegotiated when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Renegotiated loans may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of the terms. It is the Company's policy to monitor renegotiated loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 renegotiated asset until it collected or written off.

When the loan has been renegotiated or modified but not derecognized, the Company also reassesses whether there has been a significant increase in credit risk, as set out in Note 40. The Company also considers whether the assets should be classified as Stage 3.

If modifications are substantial, the loan is derecognised.

Loans and Advances to Customers

For collectively assessed portfolios, ECL is determined using internally developed models incorporating PD, LGD and EAD estimates, adjusted for forward-looking information. Credit-impaired facilities are assessed individually where appropriate, with impairment measured as the difference between the carrying amount and the present value of expected future cash flows.

Financial Investments

ECL is recognised on debt instruments measured at FVOCI and financial assets measured at amortised cost. PD estimates are derived from external credit rating and market information where available. LGD assumptions are determined in accordance with regulatory guidance and internal risk assessments.

Debt Factoring & Revolving Facilities

For Debt factoring & revolving credit facilities, ECL is generally measured on a 12-month basis, reflecting the Company's ability to review and amend credit limits periodically. EAD incorporates both utilised balances and expected future drawdowns using appropriate credit conversion factors.

Notes to the Financial Statements

9. IMPAIRMENT (CHARGES) / REVERSALS AND OTHER CREDIT LOSSES ON FINANCIAL ASSETS Contd.

Accounting Policy

Loan Commitments

ECL for undrawn loan commitments is based on expected future drawdowns and the resulting cash flow shortfalls

Forward-Looking Information

The Company incorporates forward-looking macroeconomic information in assessing significant increases in credit risk and measuring ECL. Key quantitative indicators include GDP growth, unemployment, interest rates, inflation and exchange rates, while qualitative factors include industry outlook, regulatory developments, government policies and collateral trends.

The Company applies scenario-based modelling using best-case, base-case and worst-case economic scenarios, with probability weightings determined through management judgement and periodic review.

Post-Model Adjustments (Management Overlay)

Management applies post-model adjustments where emerging risks or economic conditions are not fully captured by existing models. Such adjustments are based on detailed assessments of affected sectors, borrower groups and macroeconomic developments and are reviewed at each reporting date to ensure ECL provisions remain adequate and appropriate.

Collateral and Credit Enhancements

The Company uses collateral and other credit enhancements to mitigate credit risk exposure. Collateral may include cash, gold, real estate and other assets. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at inception and re-assessed on a regular basis.

Where available, the Company utilizes observable market data to determine the value of financial assets held as collateral. Financial assets for which market prices are not readily observable are valued using appropriate valuation techniques and models. Non-financial collateral, including real estate, is valued based on assessments provided by independent professional valuers and other qualified third-party specialists.

Collateral repossessed

The Company's accounting policy under SLFRS 9 remains same as it was under LKAS 39. The Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations will be transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset.

9.1 The table below shows the expected credit loss (ECL) charges for financial instruments for the year ended 31.03.2026 recorded in the income statement.

For the year ended 31 March	2026 Rs. Stage 1	2026 Rs. Stage 2	2026 Rs. Stage 3	2026 Rs. Total
Lease & Hire Purchase receivables	(2,301,388)	(4,337,498)	(85,464,370)	(92,103,256)
Gold Loans	2,287,624	1,235,893	1,401,466	4,924,983
Factoring	(215)	-	14,731,307	14,731,092
Loan receivables	16,518,154	(164,001)	(305,813,671)	(289,459,517)
Other Receivable	-	-	1,307,653	1,307,653
Write offs	-	-	-	-
	16,504,174	**(3,265,606)**	**(373,837,615)**	**(360,599,046)**

9.2 The table below shows the expected credit loss (ECL) charges for financial instruments for the year ended 31.03.2025 recorded in the income statement.

For the year ended 31 March	2025 Rs. Stage 1	2025 Rs. Stage 2	2025 Rs. Stage 3	2025 Rs. Total
Lease & Hire Purchase receivables	(3,233,114)	(21,848,018)	(129,933,611)	(155,014,743)
Gold Loans	(5,073)	(6,228)	(1,332)	(12,633)
Factoring	(86,978)	-	34,630,342	34,543,364
Loan receivables	(3,093,979)	(2,114,555)	(389,062,337)	(394,270,871)
Other Receivable	-	-	85,114,943	85,114,943
Write offs	-	-	3,571,928	3,571,928
	(6,419,144)	**(23,968,801)**	**(395,680,068)**	**(426,068,012)**

10. PERSONNEL EXPENSES

Accounting Policy

Personnel expenses represent costs incurred in relation to the employment of staff and include salaries, vehicle allowances, bonuses and festival allowances, Terminal benefit charges, staff retirement benefits, staff incentives, overtime, staff compensation, staff development costs and medical expenses. Fees paid to Non-Executive Directors for their services are also recognized as Directors' emoluments. The Company had no Executive Directors during the financial year 2025/2026. These expenses are recognised in the income statement on an accrual basis as the related employee services are rendered.

A provision for bonus is recognised when it is likely that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. The provision is measured at the best estimate of the expenditure required to settle the present obligation at the reporting date.

Defined Contribution Plans

A defined contribution plan is a post-employment benefit arrangement under which the Company makes fixed contributions to a separate fund and has no legal or constructive obligation to make additional contributions if the fund does not hold sufficient assets to meet all employee benefit obligations relating to current and prior service periods, in accordance with LKAS 19 – Employee Benefits.

Employees' Provident Fund and Employees' Trust Fund

The Company and employees contribute 12% and 8%, respectively, of each employee's salary to the EPF. The Company contributes 3% of each employee's salary to the ETF. Contributions are recognised as an expense when due, and any unpaid amounts are recorded as a liability.

Notes to the Financial Statements

10. PERSONNEL EXPENSES Contd.

Accounting Policy

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Staff gratuity is classified as a defined benefit plan under LKAS 19. The defined benefit obligation is calculated annually using the Projected Unit Credit method as specified by the Sri Lanka Accounting Standard LKAS 19 – "Employee Benefits" and valuation of the defined benefit obligation is carried out by a qualified actuary. Actuarial gains or losses are recognised in the Other Comprehensive Income in the period in which they arise.

The defined benefit obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost. Gratuity payments are being made by the Company according to the Payment of Gratuity Act No. 12 of 1983.

As per the Company's current policy, employees are entitled to a gratuity payment equal to ½ month's basic salary for each year of service.

For the year ended 31 March	2026 Rs.	2025 Rs.
Salaries and Bonus	343,712,858	297,702,654
Contribution to Defined Contribution Plan	39,087,520	32,797,894
Retirement Benefit Cost	6,181,253	7,939,840
Recovery incentives & staff development cost	22,172,400	1,471,371
Directors' Emoluments	18,371,577	11,925,010
Others	13,129,224	27,026,737
	442,654,833	**378,863,506**

11. OTHER OPERATING EXPENSES

Accounting Policy

Other operating expenses are recognised in the Income Statement in the period in which they are incurred, based on the principle of matching costs with the related revenue streams where a direct relationship can be established. Expenditures that do not meet the criteria for capitalisation are expensed as incurred.

All costs associated with the day-to-day operations of the business, including those incurred to maintain property, plant and equipment at their intended operating capacity and efficiency, are recognised as expenses in the Income Statement in determining the profit for the financial year.

For the year ended 31 March	2026 Rs.	2025 Rs.
Auditors' Remuneration	7,071,504	6,883,400
Professional & Legal Expenses	16,835,157	23,661,453
Deposit Insurance Premium	5,275,817	7,313,205
Secretarial Fee	6,412,966	6,393,307
Office Administration & Establishment Expenses	345,134,253	322,835,051
Depreciation & Amortization Expenses (Note 11.1)	84,403,315	88,549,614
Advertising expenses	13,277,563	7,858,200
Other Expenses	4,363,172	5,453,621
	482,773,747	**468,947,851**

Accounting Policy

Depreciation of Property, Plant & Equipment

Depreciation is recognised on a straight-line basis over the estimated useful lives of the respective assets, commencing from the date the assets are available for use. The straight-line method is considered to best reflect the pattern in which the future economic benefits embodied in the assets are expected to be consumed. The resulting depreciation charge is recorded in the Income Statement. No depreciation is charged in the month of disposal, and freehold land is not depreciated.

Depreciation rates are determined separately for each significant component of an asset where applicable.

The Company reviews the residual values, useful lives, and depreciation methods of property, plant and equipment at each reporting date and adjusts them prospectively where appropriate. These estimates and assumptions are based on management's judgment and are therefore subject to inherent uncertainty.

Depreciation ceases at the earlier of the date the asset is classified as held for sale or the date it is derecognised. Depreciation does not cease when assets become idle or are withdrawn from active use, unless they are fully depreciated. Freehold land is not depreciated, as it is considered to have an indefinite useful life.

The estimated useful lives applied in determining depreciation for the years ended 31 March 2026 and 2025 are set out below.

Asset Class	Period (Years)	2026	2025
Office Equipment	5	20.00 % p.a.	20.00 % p.a.
Furniture and fittings	6.67	15.00% p.a.	15.00% p.a.
Office Partitioning	6.67	15.00% p.a.	15.00% p.a.
Motor Vehicles	5	20.00% p.a.	20.00% p.a.

Amortization of Intangible Assets

Intangible assets are amortised on a straight-line basis over their estimated useful economic lives. The amortisation charge is calculated to allocate the cost of the intangible assets over their expected useful lives. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The estimated useful lives applied for the years ended 31 March 2026 is set out below.

Asset Class	Period (Years)	Amortisation Method
Computer software	5	Straight line method
Core Computer Software	10	Straight line method

Depreciation of Right of Use Assets

Depreciation is recognised on a straight-line basis over the lease term of the respective assets and is charged to the Statement of Profit or Loss over that period. Depreciation is charged over the shorter of the asset's estimated useful life and the lease term.

11.1 Depreciation & Amortization Expenses

For the year ended 31 March	2026 Rs.	2025 Rs.
Depreciation on property, plant and equipment	12,760,628	13,857,450
Amortization of intangible assets	12,757,943	20,085,650
Amortisation expenses on Right of Use Assets	58,884,745	54,606,514
	84,403,315	**88,549,614**

Notes to the Financial Statements

12. TAXES ON FINANCIAL SERVICES

Accounting Policy

Taxes on financial services comprise Value Added Tax (VAT) and the Social Security Contribution Levy (SSCL) levied on financial services.

12.1 Value Added Tax (VAT) on Financial Services

VAT on Financial Services is computed in accordance with the provisions of the Value Added Tax Act No. 14 of 2002 and subsequent amendments thereto. The base for the computation of VAT on Financial Services is the accounting profit before VAT on Financial Services, Social Security Contribution Levy (SSCL) on supply of financial services and Income Tax adjusted for economic depreciation and emoluments to employees including cash benefits, non-cash benefits and provisions relating to terminal benefits. VAT on Financial Services rates applied for the current financial year is 18% (2024/2025-18%)

12.2 Social Security Contribution Levy (SSCL) on Financial Services

The Company is liable to pay Social Security Contribution Levy (SSCL) on financial services in accordance with the Social Security Contribution Levy Act No. 25 of 2022, effective from 1 October 2022 and subsequent adjustments thereto. SSCL is charged at a rate of 2.5% on the value addition attributable to the supply of financial services.

For the purposes of SSCL, the value addition is determined using the attributable method set out under Chapter IIIA of the Value Added Tax Act No. 14 of 2002. The levy is payable on 100% of the value addition arising from financial services. In addition, non-financial services supplied by the Company are also subject to SSCL at the same rate of 2.5% on the applicable turnover as specified under the Act.

For the year ended 31 March	2026 Rs.	2025 Rs.
Value added tax on financial services	88,246,377	96,525,735
Social Security Contribution Levy	12,423,458	13,406,352
	100,669,835	**109,932,087**

13. INCOME TAX EXPENSE

Accounting Policy

As per Sri Lanka Accounting Standard –LKAS 12 (Income Taxes), tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the Income Statement, except to the extent it relates to items recognised directly in equity or other comprehensive income in which case it is recognised in equity or in other comprehensive income.

The determination of the total provision for current and deferred taxes involves significant judgment. At the time of preparing these Financial Statements, uncertainties may exist regarding the interpretation and application of tax laws. The Company recognizes assets and liabilities for current and deferred taxes based on management's best estimates of whether additional taxes will be payable. Any differences between the final tax outcomes and the amounts initially recorded will be recognized in the period in which such determinations are made, impacting the reported income and deferred tax balances

Current Tax

Current tax represents the expected tax payable to, or recoverable from, the taxation authorities in respect of the current year, together with adjustments to tax liabilities or assets relating to prior years. The tax rates and tax laws used in determining the current tax charge are those enacted or substantively enacted at the reporting date. Accordingly, the provision for taxation is based on profit for the year, adjusted for tax purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, as amended, and at the rates specified in the relevant Notes to the Financial Statements.

Deferred Tax

Detailed disclosure of accounting policies and estimate of deferred tax is available in Note 31 to these Financial Statements.

13.1 The major components of income tax expense for the year ended 31st March are as follows.

For the year ended 31 March	2026 Rs.	2025 Rs.
Income statement		
Current tax expense	-	-
Income tax for the year	-	32,915,847
Under/ (Over) provision of current taxes in respect of previous years	-	32,915,847
Deferred tax expense		
Effect of changes in income tax rates	-	-
Deferred taxation charge/Reversal (refer note 31)	(109,925,335)	(32,915,847)
	(109,925,335)	**-**

13.2 A reconciliation of the Accounting Profit to Current Tax Expense is as follows.

For the year ended 31 March	2026 Rs.	2025 Rs.
Profit Before Income Tax	40,529,772	145,132,424
Less : Exempt Amounts, Final withholding payments & Other Sources	(10,572,201)	(5,885,238)
Add : Non deductible Expenses	(149,024,658)	(184,223,209)
Less : Tax Deductible Expenses	(138,750,063)	273,610,565
Add : Assessable Charges on disposal Assets	1,024,000	-
Less : Allowable Credits	-	-
Assessable Income	(256,793,149)	228,634,542
Less : Qualifying Payments	-	-
Less : C/F Lossess /claimed	(256,793,149)	(228,634,542)
Taxable Income	**-**	**-**

Current Income Tax Expense @ 30% FY 2025/26 (2024/25- 30%)

Notes to the Financial Statements

14. EARNINGS / (LOSS) PER ORDINARY SHARE - BASIC/DILUTED (Rs.)

Accounting Policy

The Company presents both basic and diluted earnings per share (EPS) for its ordinary shares in accordance with Sri Lanka Accounting Standard LKAS 33 (Earnings Per Share). Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is computed by dividing the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares

The diluted earnings per ordinary share is equal to the basic earnings per ordinary share, as the Company has no convertible securities or other potentially dilutive instruments outstanding at the reporting date.

For the year ended 31 March	2026 Rs.	2025 Rs.
Profit attributable to ordinary shareholders (Rs.)	150,455,107	145,132,424
Weighted average number of ordinary shares during the year (15.1)	962,573,191	962,573,191
Basic/Diluted earnings/(Loss) per ordinary share (Rs.)	0.16	0.15

14.1 Weighted Average Number of Ordinary Shares (basic)

	Outstanding No: of Shares		Weighted Average No: of Shares	
For the year ended 31 March	2026	2025	2026	2025
Number of shares in issue as at 01 April	962,573,191	962,573,191	962,573,191	962,573,191
Add: New shares from Rights Issue	-	-	-	-
Number of shares in issue/weighted average number of ordinary shares at 31st March	962,573,191	962,573,191	962,573,191	962,573,191

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements, which would require the restatement of EPS.

15. DIVIDEND PAID

Accounting Policy

Provision for dividend is recognised in the financial statement at the time the dividend is recommended and declared by the Board of Directors and approved by the shareholders. However, an interim cash dividend is recognised in the financial statement when the Board approves such dividend in accordance with Companies Act No. 07 of 2007.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date in accordance with the Sri Lanka Accounting Standard – LKAS 10 on 'Events after the reporting period'. The company has not declared any dividend for the financial year 2025/2026 up to the of authorization of these financial statements.

For the year ended 31 March	2026 Rs.	2025 Rs.
Number of Ordinary Shares	962,573,191	962,573,191
Dividends per Ordinary Share (Rs.)	-	-

16. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Accounting Policy

Financial Instruments are measured on an ongoing basis either at fair value or at amortised cost. The summary of Significant Accounting Policies describes how each category of financial instruments is measured and how income and expenses, including fair value gains and losses, are recognised. The following table provides a reconciliation between line items in the Statement of Financial Position and categories of financial instruments.

16.1 Analysis of Financial Instruments by Measurement Basis

As at 31 March 2026	**Financial Assets Recognized through Profit or Loss Rs.**	**Financial Assets Recognized through OCI Rs.**	**Amortised Cost Rs.**	**Total Rs.**
Financial Assets				
Cash and bank balances	-	-	224,724,345	224,724,345
Securities purchased under repurchase agreements	-	-	698,690,831	698,690,831
Financial Assets at Amortised Cost - Factoring receivables	-	-	5,885,058	5,885,058
Financial Assets at Amortised Cost - Gold loan receivables	-	-	3,212,398,698	3,212,398,698
Financial Assets at Amortised Cost - Loan Receivables	-	-	1,016,212,569	1,016,212,569
Lease & hire purchase receivables	-	-	738,914,088	738,914,088
Equity instruments at fair value through OCI	-	30,600	-	30,600
Other Assets	-	-	141,464,298	141,464,298
Total Financial Assets	**-**	**30,600**	**6,038,289,887**	**6,038,320,487**
Financial Liabilities				
Bank overdraft	-	-	44,771,207	44,771,207
Financial Liabilities at Amortised Cost - Due to other customers	-	-	3,738,423,692	3,738,423,692
Other payables	-	-	447,535,588	447,535,588
Total Financial Liabilities	**-**	**-**	**4,230,730,487**	**4,230,730,487**

Notes to the Financial Statements

16. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS Contd.

16.1 Analysis of Financial Instruments by Measurement Basis Contd.

As at 31 March 2025	Financial Assets Recognized through Profit or Loss Rs.	Financial Assets Recognized through OCI Rs.	Amortised Cost Rs.	Total Rs.
Financial Assets				
Cash and bank balances	-	-	297,129,594	297,129,594
Securities purchased under repurchase agreements	-	-	801,814,765	801,814,765
Financial Assets at Amortised Cost - Factoring receivables	-	-	14,553,693	14,553,693
Financial Assets at Amortised Cost - Gold loan receivables	-	-	1,830,574,174	1,830,574,174
Financial Assets at Amortised Cost - Loan Receivables	-	-	1,405,799,320	1,405,799,320
Lease & hire purchase receivables	-	-	1,485,514,985	1,485,514,985
Equity instruments at fair value through OCI	-	30,600	-	30,600
Other Assets	-	-	795,918,743	795,918,743
Total Financial Assets	**-**	**30,600**	**6,631,305,275**	**6,631,335,875**
	-			
Financial Liabilities				
Bank overdraft	-	-	92,003,501	92,003,501
Financial Liabilities at Amortised Cost - Due to other customers	-	-	4,273,387,713	4,273,387,713
Financial Liabilities at Amortised Cost - Other borrowed funds	-	-	3,577,581	3,577,581
Other payables	-	-	644,391,158	644,391,158
Total Financial Liabilities	**-**	**-**	**5,013,359,953**	**5,013,359,953**

17. CASH AND BANK BALANCES

Accounting Policy

Cash and cash equivalents comprise cash on hand, balances held with banks on demand, money at call and short notice, and other highly liquid financial assets with original maturities of three months or less from the date of acquisition. These assets are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are maintained for the purpose of meeting the Company's short-term cash commitments rather than for investment or other purposes. They are recognised initially at fair value and subsequently measured at amortised cost in the Statement of Financial Position, where applicable.

For the year ended 31 March	2026 Rs.	2025 Rs.
Cash in hand	53,434,736	48,821,510
Balances with local banks	171,289,609	248,308,084
	224,724,345	**297,129,594**

18. SECURITIES PURCHASED UNDER REPURCHASE AGREEMENTS

Accounting Policy

Securities purchased under repurchase agreements ("reverse repos") are transactions in which the Company purchases securities and simultaneously agrees to resell the same or similar securities at a predetermined price on a specified future date. These arrangements are accounted for as collateralised financing transactions rather than outright purchases of the underlying securities, as the risks and rewards of ownership remain substantially with the counterparty.

The consideration paid and accrued interest are recorded in the Statement of Financial Position reflecting the transaction's economic substance as a financing asset. Interest income is recognised in profit or loss over the life of the agreement using the effective interest rate method. Expected credit losses are assessed in accordance with the Company's impairment policy.

For the year ended 31 March	2026 Rs.	2025 Rs.
Securities purchased under repurchase agreements	698,690,831	801,814,765
	698,690,831	**801,814,765**

19. FINANCIAL ASSETS AT AMORTISED COST

Accounting Policy

Loans and advances to customers comprise loans and advances granted by the Company and finance lease receivables.

In accordance with SLFRS 9, these financial assets are measured at amortised cost when they are held within a business model whose objective is to collect contractual cash flows, and where the contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest on the outstanding principal amount.

Where the company acts as a lessor under finance lease arrangements that substantially transfer the risks and rewards incidental to ownership of the leased asset to the lessee, the related lease receivables are recognised within "Loans and Advances to Customers". Finance lease receivables are presented net of initial rentals received, unearned lease income and impairment allowances.

Subsequent to initial recognition, loans and advances to customers are measured at amortised cost using the Effective Interest Rate (EIR) method, less any impairment allowances recognised in accordance with the Company's expected credit loss model. The EIR incorporates all fees, transaction costs, premiums and discounts that are integral to the effective yield of the instrument. Interest income is recognised using the EIR method, while impairment losses are recognised in the Statement of Profit or Loss under "Impairment (Charges) / Reversals and Other Credit Losses on Financial Assets.

Write-off of Financial Assets at Amortised Cost

Financial Assets (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. If the amount to be written off is greater than the accumulated impairment, the difference is first treated as an addition to the impairment that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the Income Statement. Where financial assets are secured, this is generally after receipt of any proceeds from the realization of security.

Financial Assets At Amortised Cost - Factoring Receivables

For the year ended 31 March	2026 Rs.	2025 Rs.
Gross factoring receivable (Note 19.1 & 19.2)	152,029,117	117,710,994
Less : Allowance for expected credit losses/ individual impairment (Note 19.3)	(20,379,487)	(5,972,774)
Less : Allowance for expected credit losses/ collective impairment (Note 19.4)	(125,764,572)	(97,184,527)
	5,885,058	**14,553,693**

Notes to the Financial Statements

19. FINANCIAL ASSETS AT AMORTISED COST Contd.

19.1 Movement in gross Factoring receivables during the year (Under SLFRS 9)

As at 31 March 2026	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross carrying amount as at 1st April 2025	85,937	-	117,625,057	117,710,994
New assets originated or purchased	-	-	6,112,464	6,112,464
Assets derecognised or repaid (Excluding write offs)	(50,007)	-	-	(50,007)
Transfers/Movements	-	-	28,255,666	28,255,666
Gross carrying amount as at 31st March 2026	**35,931**	**-**	**151,993,187**	**152,029,117**

19.2 Movement in gross Factoring receivables during the year (Under SLFRS 9)

As at 31 March 2025	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross carrying amount as at 1st April 2024	13,014,940	-	75,790,631	88,805,571
New assets originated or purchased	-	-	41,834,426	41,834,426
Assets derecognised or repaid (Excluding write offs)	(7,448,859)	-	-	(7,448,859)
Transfers/Movements	(5,480,143)	-	-	(5,480,143)
Gross carrying amount as at 31st March 2025	**85,938**	**-**	**117,625,057**	**117,710,994**

19.3 Allowance for Expected Credit Losses/Impairment Provision

For the year ended 31 March	2026 Rs.	2025 Rs.
Subject to collective impairment		
Balance as at 01st April	5,972,774	2,058,304
Charge/ (Reversal) to income statement	9,584,438	3,914,470
Transfer/Movements	4,822,276	-
Balance as at 31st March	**20,379,487**	**5,972,774**

19.4 Allowance for Expected Credit Losses/Impairment Provision

For the year ended 31 March	2026 Rs.	2025 Rs.
Subject to Individual impairment		
Balance as at 01st April	97,184,527	66,555,632
Charge/ (Reversal) to income statement	5,146,654	30,628,895
Transfer/Movements	23,433,390	-
Balance as at 31st March	**125,764,572**	**97,184,527**

19.5 Movement in Allowance for Expected Credit Losses

As at 31 March 2026	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 01st April 2025	294	-	103,157,007	103,157,301
Charge/ (Reversal) to income statement (Note 9.1)	(215)	-	14,731,307	14,731,092
Transfer/Movements	-	-	28,255,666	28,255,666
Balance as at 31st March 2026	**79**	**-**	**146,143,980**	**146,144,059**

19.6 Movement in Allowance for Expected Credit Losses

As at 31 March 2025	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 01st April 2024	87,272	-	68,526,665	68,613,937
Charge/ (Reversal) to income statement (Note 9.2)	(86,978)	-	34,630,342	34,543,364
Balance as at 31st March 2025	**294**	**-**	**103,157,007**	**103,157,301**

19.7 Analysis of Factoring Receivables on Maximum Exposure to Credit Risk

As at 31 March 2026	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross factoring receivable	35,931	-	151,993,187	152,029,117
Allowance for expected credit losses(ECL)	(79)	-	(146,143,980)	(146,144,059)
	35,852	**-**	**5,849,206**	**5,885,058**

19.8 Analysis of Factoring Receivables on Maximum Exposure to Credit Risk

As at 31 March 2025	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross factoring receivable	85,937	-	117,625,057	117,710,994
Allowance for expected credit losses (ECL)	(294)	-	(103,157,007)	(103,157,301)
	85,644	**-**	**14,468,049**	**14,553,693**

20 FINANCIAL ASSETS AT AMORTISED COST - GOLD LOAN RECEIVABLES

For the year ended 31 March	2026 Rs.	2025 Rs.
Gold loan receivables	3,219,189,166	1,830,578,973
Less : Allowance for expected credit losses/ collective impairment(Note 20.3)	(6,790,468)	(4,799)
	3,212,398,698	**1,830,574,174**

20.1 Movement in gross Gold Loan receivables during the year (Under SLFRS 9)

As at 31 March 2026	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross carrying amount as at 1st April 2025	1,432,707,980	376,099,912	21,771,081	1,830,578,973
New assets originated or purchased	13,019,763,146	21,396,574	-	13,041,159,720
Assets derecognised or repaid (Excluding write offs)	(11,652,955,329)	-	(1,454,885)	(11,654,410,214)
Transfers/Movements	-	-	1,860,687	1,860,687
Transfer to Stage 1	(139,777)	139,777	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Gross carrying amount as at 31st March 2026	**2,799,376,020**	**397,636,263**	**22,176,883**	**3,219,189,166**

20.2 Movement in gross Gold Loan receivables during the year (Under SLFRS 9)

As at 31 March 2025	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross carrying amount as at 1st April 2024	881,925,583	452,378,789	31,805,872	1,366,110,244
New assets originated or purchased	1,432,351,347	374,403,561	6,950,378	1,813,705,286
Assets derecognised or repaid (Excluding write offs)	(880,400,120)	(452,029,564)	(16,358,118)	(1,348,787,802)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(1,099,366)	1,347,126	-	247,760
Transfer to Stage 3	(69,464)	-	(627,051)	(696,515)
Gross carrying amount as at 31st March 2025	**1,432,707,980**	**376,099,912**	**21,771,081**	**1,830,578,973**

Notes to the Financial Statements

20 FINANCIAL ASSETS AT AMORTISED COST - GOLD LOAN RECEIVABLES Contd.

20.3 Allowance for Expected Credit Losses/Impairment Provision

For the year ended 31 March	2026 Rs.	2025 Rs.
Subject to collective impairment		
Balance as at 01st April	4,799	17,432
Charge/ (Reversal) to income statement	4,924,983	(12,633)
Transfers/Movements	1,860,687	-
Balance as at 31st March	6,790,468	4,799

20.4 Movement in Allowance for Expected Credit Losses

As at 31 March 2026	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 01st April 2025	2,908	1,607	284	4,799
Charge/ (Reversal) to income statement (Note 9.1)	2,287,624	1,235,893	1,401,466	4,924,983
Transfers/Movements	-	-	1,860,687	1,860,687
Balance as at 31st March 2026	2,290,531	1,237,500	3,262,437	6,790,468

20.5 Movement in Allowance for Expected Credit Losses

As at 31 March 2025	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 01st April 2024	7,980	7,835	1,616	17,432
Charge/ (Reversal) to income statement (Note 9.2)	(5,073)	(6,228)	(1,332)	(12,633)
Balance as at 31st March 2025	2,908	1,607	284	4,799

20.6 Analysis of Gold Loan Receivables on Maximum Exposure to Credit Risk

As at 31 March 2026	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross Gold loan receivable subject to collective impairment	2,799,376,020	397,636,263	22,176,883	3,219,189,166
Allowance for expected credit losses (ECL)	(2,290,531)	(1,237,500)	(3,262,437)	(6,790,468)
	2,797,085,489	396,398,763	18,914,446	3,212,398,698

20.7 Analysis of Gold Loan Receivables on Maximum Exposure to Credit Risk

As at 31 March 2025	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross Gold loan receivable subject to collective impairment	1,432,707,980	376,099,912	21,771,081	1,830,578,973
Allowance for expected credit losses (ECL)	(2,908)	(1,607)	(284)	(4,799)
	1,432,705,072	376,098,305	21,770,797	1,830,574,174

21 FINANCIAL ASSETS AT AMORTISED COST - LOAN RECEIVABLES

For the year ended 31 March	2026 Rs.	2025 Rs.
Revolving loan receivables	116,640,226	795,249,065
Vehicle loan receivables	206,381,131	28,769,178
Personal/Business loan receivables	3,400,047,288	5,180,340,325
Gross loan receivables	3,723,068,645	6,004,358,569
Less :Derecognition of Financial Assets	(1,668,646,599)	(2,573,293,356)
Gross loan receivables after derecognition of Financial Assets	2,054,422,045	3,431,065,212
Less : Allowance for expected credit losses/ individual impairment (Note 21.3)	(910,383,635)	(1,294,870,240)
Less : Allowance for expected credit losses/ collective impairment (Note 21.4)	(127,825,841)	(730,395,652)
	1,016,212,569	**1,405,799,320**

21.1 Movement in gross Loan & Receivables during the year (Under SLFRS 9)

As at 31 March 2026	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross carrying amount as at 1st April 2025	286,877,609	5,129,623	3,139,057,980	3,431,065,212
New assets originated or purchased	185,906,730	-	-	185,906,730
Assets derecognised or repaid (Excluding write offs)	-	(3,889,698)	(1,829,323,461)	(1,833,213,159)
Transfers/Movements	-	-	270,663,263	270,663,263
Transfer to Stage 1	(1,740,749)	681,801	1,058,948	-
Transfer to Stage 2	197,993	(1,120,525)	922,532	-
Transfer to Stage 3	7,093,039	25,996	(7,119,035)	-
Amount written off	-	-	-	-
Gross carrying amount as at 31st March 2026	**478,334,623**	**827,197**	**1,575,260,226**	**2,054,422,046**

21.2 Movement in gross Loan & Receivables during the year (Under SLFRS 9)

As at 31 March 2025	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross carrying amount as at 1st April 2024	453,411,151	21,920,557	5,871,102,783	6,346,434,491
New assets originated or purchased	203,381,551	-	241,440,304	444,821,855
Assets derecognised or repaid (Excluding write offs)	(357,426,681)	(8,255,448)	(2,980,765,978)	(3,346,448,107)
Transfer to Stage 1	1,511,370	(3,226,628)	(5,133,389)	(6,848,647)
Transfer to Stage 2	(5,985,842)	2,839,592	-	(3,146,250)
Transfer to Stage 3	(8,013,941)	(8,148,449)	12,414,259	(3,748,131)
Gross carrying amount as at 31st March 2025	**286,877,609**	**5,129,623**	**3,139,057,980**	**3,431,065,212**

21.3 Allowance for Expected Credit Losses/Impairment

For the year ended 31 March	2026 Rs.	2025 Rs.
Individually impaired loans		
Balance as at 01st April	1,294,870,239	2,110,698,526
Charge/ (Reversal) to income statement	(250,519,820)	(152,940,382)
Transfers to SPV	(385,738,406)	(662,887,905)
Transfer/Movements	251,771,622	-
Balance as at 31st March	**910,383,635**	**1,294,870,239**

Notes to the Financial Statements

21 FINANCIAL ASSETS AT AMORTISED COST - LOAN RECEIVABLES Contd.

21.4 Allowance for Expected Credit Losses/Impairment

For the year ended 31 March	2026 Rs.	2025 Rs.
Loans subject to collective impairment		
Balance as at 01st April	730,395,652	1,781,865,436
Charge/ (Reversal) to income statement	(38,939,696)	(241,330,489)
Transfers to SPV	(582,521,755)	(810,139,295)
Transfer/Movements	18,891,641	-
Balance as at 31st March	**127,825,841**	**730,395,652**

21.5 Movement in Allowance for Expected Credit Losses

As at 31 March 2026	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 01st April 2025	779,199	217,177	2,024,269,515	2,025,265,891
Derecognition of financial assets	-	-	(968,260,161)	(968,260,161)
Charge/ (Reversal) to income statement (Note 9.1)	16,518,154	(164,001)	(305,813,671)	(289,459,517)
Transfer/Movements	29,849	24,595	270,608,819	270,663,263
Balance as at 31st March 2026	**17,327,202**	**77,772**	**1,020,804,502**	**1,038,209,476**

21.6 Movement in Allowance for Expected Credit Losses

As at 31 March 2025	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 01st April 2024	3,873,178	2,331,732	3,886,359,053	3,892,563,963
Derecognition of financial assets	-	-	(1,473,027,201)	(1,473,027,201)
Charge/ (Reversal) to income statement (Note 9.2)	(3,093,979)	(2,114,555)	(389,062,337)	(394,270,871)
Balance as at 31st March 2025	**779,199**	**217,177**	**2,024,269,515**	**2,025,265,891**

21.7 Analysis of Loan Receivables on Maximum Exposure to Credit Risk

As at 31 March 2026	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross loan receivables- subject to collective impairment	478,364,471	851,792	3,243,852,381	3,723,068,645
Less :Derecognition of Financial Assets	-	-	(1,668,646,599)	(1,668,646,599)
Allowance for expected credit losses(ECL)	(17,327,202)	(77,772)	(1,020,804,502)	(1,038,209,476)
	461,037,269	**774,021**	**554,401,280**	**1,016,212,569**

21.8 Analysis of Loan Receivables on Maximum Exposure to Credit Risk

As at 31 March 2025	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross loan receivables- subject to collective impairment	286,877,609	5,129,623	5,712,351,336	6,004,358,569
Less :Transfer/Movement	-	-	(2,573,293,356)	(2,573,293,356)
Allowance for expected credit losses(ECL)	(779,199)	(217,177)	(2,024,269,515)	(2,025,265,891)
	286,098,411	**4,912,446**	**1,114,788,465**	**1,405,799,321**

22. FINANCIAL ASSETS AT AMORTISED COST - LEASE & HIRE PURCHASE RECEIVABLES

For the year ended 31 March	**2026 Rs.**	**2025 Rs.**
At Amortized cost		
Total lease & hire purchase rentals receivable	1,238,048,497	2,058,895,826
Less: Unearned interest income	(96,421,358)	(215,713,677)
Gross lease & hire purchase receivable	1,141,627,140	1,843,182,148
Less: Allowance for expected credit losses/ collective impairment (Note 22.3 & 22.4)	(402,713,052)	(357,667,164)
Net lease receivable (Note 22.6 & 22.7)	**738,914,088**	**1,485,514,985**

22.1 Maturity Analysis of net Lease & Hire Purchase Receivable

As at 31 March 2026	**1 Year Rs.**	**1- 5 Year Rs.**	**Over 5 Years Rs.**	**Total Rs.**
Total lease rentals receivable (Net of VAT suspense and prepaid rentals)	906,228,165	331,820,332	-	1,238,048,497
Less: Unearned lease interest income	(20,443,184)	(75,978,173)	-	(96,421,358)
Gross lease receivable	**885,784,981**	**255,842,159**	**-**	**1,141,627,140**
Less: Allowance for expected credit losses				(402,713,051)
Net lease receivable				**738,914,088**

22.2 Maturity Analysis of net Lease & Hire Purchase Receivable

As at 31 March 2025	**1 Year Rs.**	**1- 5 Year Rs.**	**Over 5 Years Rs.**	**Total Rs.**
Total lease rentals receivable (Net of VAT suspense and prepaid rentals)	1,482,379,898	576,515,928	-	2,058,895,826
Less: Unearned lease interest income	(159,872,548)	(55,841,130)	-	(215,713,677)
Gross lease receivable	**1,322,507,350**	**520,674,798**	**-**	**1,843,182,148**
Less: Provision for collective impairment				(357,667,164)
Net lease receivable				**1,485,514,985**

22.3 Allowance for Expected Credit Losses/Impairment

For the year ended 31 March	**2026 Rs.**	**2025 Rs.**
Loans subject to collective impairment		
Collective Impairment		
Balance as at 01st April	149,752,777	208,364,444
Credit loss Expense/(Reversal) on Financial Assets	(60,489,220)	(58,611,668)
Transfers / Movements	85,507,644	-
Balance as at 31st March	**174,771,200**	**149,752,777**
Individual Impairment		
Balance as at 01st April	207,914,387	304,317,462
Charge/ (Reversal) to income statement	(31,614,036)	(96,403,075)
Write off during the year	-	-
Transfers / Movements	51,641,500	-
Balance as at 31st March	**227,941,851**	**207,914,387**

Notes to the Financial Statements

22. FINANCIAL ASSETS AT AMORTISED COST - LEASE & HIRE PURCHASE RECEIVABLES Contd.

22.4 Movement in Allowance for Expected Credit Losses

As at 31 March 2026	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 01st April 2025	3,692,543	4,564,838	349,409,782	357,667,164
Charge / (Reversal) to income statement (Note 9.1)	(2,301,388)	(4,337,498)	(85,464,370)	(92,103,256)
Transfers / Movements	6,226	6,249	137,136,668	137,149,144
Balance as at 31st March 2026	**1,397,381**	**233,590**	**401,082,080**	**402,713,052**

22.5 Movement in Allowance for Expected Credit Losses

As at 31 March 2025	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Balance as at 01st April 2024	6,925,657	26,412,857	479,343,393	512,681,907
Charge / (Reversal) to income statement (Note 9.2)	(3,233,114)	(21,848,018)	(129,933,611)	(155,014,744)
Transfers / Movements	-	-	-	-
Balance as at 31st March 2025	**3,692,543**	**4,564,838**	**349,409,782**	**357,667,164**

22.6 Analysis of Lease & Hire purchase Receivables on Maximum Exposure to Credit Risk

As at 31 March 2026	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross loan receivables- subject to collective impairment	335,272,785	22,772,094	783,582,260	1,141,627,140
Allowance for expected credit losses (ECL)	(1,397,381)	(233,590)	(401,082,080)	(402,713,052)
	333,875,404	**22,538,504**	**382,500,180**	**738,914,088**

22.7 Analysis of Lease & Hire purchase Receivables on Maximum Exposure to Credit Risk

As at 31 March 2025	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross loan receivables- subject to collective impairment	649,765,235	215,517,577	977,899,336	1,843,182,148
Allowance for expected credit losses (ECL)	(3,692,543)	(4,564,838)	(349,409,782)	(357,667,164)
	646,072,692	**210,952,739**	**628,489,554**	**1,485,514,985**

22.8 Movement in gross lease and hire purchase receivables during the year (Under SLFRS 9)

As at 31 March 2026	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross carrying amount as at 1st April 2025	649,765,235	215,517,577	977,899,336	1,843,182,148
New assets originated or purchased	301,221,776	-	-	301,221,776
Assets derecognized or repaid (Excluding write offs)	(651,810,598)	(173,846,516)	(314,268,814)	(1,139,925,929)
Transfer to Stage 1	(8,193,772)	8,114,063	79,710	(0)
Transfer to Stage 2	29,018,413	(32,619,338)	3,600,925	-
Transfer to Stage 3	15,265,505	5,600,059	(20,865,565)	-
Transfers / Movements	-	-	137,149,144	137,149,144
Gross carrying amount as at 31st March 2026	**335,266,559**	**22,765,844**	**783,594,736**	**1,141,627,140**

22.9 Movement in gross lease and hire purchase receivables during the year (Under SLFRS 9)

As at 31 March 2025	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Gross carrying amount as at 1st April 2024	1,542,249,015	1,158,242,763	1,810,729,754	4,511,221,532
Assets derecognized or repaid (Excluding write offs)	(933,926,909)	(690,128,460)	(867,832,142)	(2,491,887,511)
Transfer to Stage 1	183,771,884	(260,295,114)	(29,712,301)	(106,235,531)
Transfer to Stage 2	(126,743,797)	96,182,917	(7,167,606)	(37,728,486)
Transfer to Stage 3	(15,524,957)	(88,484,530)	71,881,631	(32,127,855)
Gross carrying amount as at 31st March 2025	**649,825,235**	**215,517,577**	**977,899,336**	**1,843,242,148**

23. OTHER ASSETS

Other assets primarily include financial assets, such as repossessed vehicles, real estate held for sale, amounts due from related parties, and other receivables net of provisions, as well as non-financial assets, including deposits and prepayments, inventories, and tax receivables, net of applicable provisions.

Accounting Policy

Other financial assets are initially recognized at fair value, net of transaction costs directly attributable to their acquisition. After initial recognition, these assets are measured at amortised cost using the Effective Interest Rate (EIR) method. Any difference between the proceeds (net of transaction costs) and the receivable amount, including interest income, is recognised in the Income Statement over the life of the asset using the EIR method, in accordance with Sri Lanka Financial Reporting Standard (SLFRS 9) Financial Instruments.

The Company assesses its financial assets for impairment at each reporting date using the Expected Credit Loss (ECL) model, as required under SLFRS 9.

Other non-financial assets include the inventories such as gold stock & Stationary stock, deposits, advances and prepayments, etc. These assets are non interest earning and recorded at the amounts that are expected to be received. Inventories are valued at cost or net realisable value whichever is lower. The cost of an inventory is the purchase price. Net realisable value is the estimated realisable value less estimated cost necessary to make the sale.

For the year ended 31 March	2026 Rs.	2025 Rs.
Financial Assets		
Repossessed vehicle stock	5,754,104	446,792,042
Real Estate stock	148,841,845	801,066,081
Amount due from Related Companies (Note 23.3)	1,064,222	100,909
Other receivables	5,618,281	9,664,488
Less: Provision for Financial Assets	(19,814,154)	(461,704,778)
	141,464,298	**795,918,743**
Non Financial Assets		
Deposits & Prepayments	111,402,887	84,327,138
Inventories	3,770,873	3,339,041
Income tax receivable	254,052,137	254,052,137
Taxes receivable	88,670,752	195,120,932
Less: Provision for Non - Financial Assets	(82,636,282)	(114,118,941)
	375,260,368	**422,720,307**
	516,724,666	**1,218,639,050**

Notes to the Financial Statements

23. OTHER ASSETS Contd.

23.1 Provision for Repossessed Stock

For the year ended 31 March	2026 Rs.	2025 Rs.
Balance as at 01st April	446,795,764	334,679,080
Charge/ (Reversal) to income statement	26,380,278	112,116,683
Write off during the year	(467,421,938)	-
Balance as at 31st March	5,754,103	446,795,764

23.2 Impairment for Real State Stock

For the year ended 31 March	2026 Rs.	2025 Rs.
Balance as at 01st April	14,909,014	21,571,775
Charge/ (Reversal) to income statement	(848,963)	(3,090,833)
Write off during the year	-	(3,571,928)
Balance as at 31st March	14,060,051	14,909,014

23.3 Amount due from Related Companies

For the year ended 31 March	2026 Rs.	2025 Rs.
Softlogic Retail (Pvt) Ltd	-	22,243
Softlogic Life PLC	275,398	78,667
SR One (Pvt) Ltd	788,824	-
	1,064,222	100,909

24. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Accounting Policy

Financial assets measured at FVOCI comprise debt instruments and equity instruments that meet the classification criteria specified under SLFRS 9 Financial Instruments.

Debt Instruments at FVOCI

Debt instruments are measured at FVOCI when they are held within a business model whose objective is achieved through both the collection of contractual cash flows and the sale of financial assets, and where the contractual cash flows represent solely payments of principal and interest on the outstanding principal amount.

Subsequent to initial recognition, these instruments are measured at fair value. Changes in fair value are recognised in Other Comprehensive Income (OCI), while interest income, foreign exchange gains or losses, and expected credit losses (ECL), including reversals, are recognised in the Income Statement. Upon derecognition, the cumulative gains or losses previously recognised in OCI are reclassified to the Income Statement.

Equity Instruments at FVOCI

The Company may irrevocably designate certain equity investments held for strategic purposes as FVOCI on initial recognition, provided they meet the definition of an equity instrument under LKAS 32 Financial Instruments: Presentation and are not held for trading.

Subsequent changes in fair value are recognised in OCI and are not subsequently reclassified to the Income Statement upon disposal. Instead, cumulative gains or losses recognised in OCI are transferred directly to retained earnings upon derecognition. Dividend income is recognised in the Income Statement when the Company's right to receive payment is established. These investments are not subject to impairment assessment under the expected credit loss model.

For the year ended 31 March	2026 Rs.	2025 Rs.
Equity instruments at fair value through OCI - Unquoted (Note 24.1)	30,600	30,600
	30,600	30,600

24.1 Financial Instruments -Un.Quoted

As at 31 March	2026		
	No of Shares	Cost Rs.	Market Value Rs.
Credit Information Bureau of Sri Lanka	100	30,600	30,600

As at 31 March	2025		
	No of Shares	Cost Rs.	Market Value Rs.
Credit Information Bureau of Sri Lanka	100	30,600	30,600

In financial year 2025/2026, the Company received dividends of Rs.247,520/- (Financial year 2024/2025 - Rs. 228,565/-) from these unquoted equity investments, and recorded as other operating income.

25. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

The Company accounts for property, plant and equipment in accordance with Sri Lanka Accounting Standard – LKAS 16, Property, Plant and Equipment.

Property, plant and equipment comprise tangible assets owned by the Company and held for use in the provision of services, rental to others, or administrative purposes, and are expected to be utilised over more than one reporting period

Basis of Recognition

Property, plant & equipment are recognised, if it is probable that future economic benefits associated with the asset will flow to the Company and the cost or the fair value of the asset can be reliably measured.

Right- of -use assets are presented separately in the Statement of Financial Position.

Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of an item of property, plant & equipment. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

a) Cost Model

The Company applies the Cost Model to all property, plant & equipment other than freehold land and buildings and record at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Notes to the Financial Statements

25. PROPERTY, PLANT AND EQUIPMENT Contd.

Accounting Policy

b) Revaluation Model

The Company adopts the revaluation model for the entire class of freehold land and buildings which are revalued every three years by independent professional valuers in accordance with Central Bank of Sri Lanka guidelines. As at the reporting date, the Company does not hold any freehold land or buildings. Accordingly, these assets are carried at their revalued amounts, being the fair value determined at the date of revaluation, less subsequent accumulated depreciation (where applicable) and accumulated impairment losses. Revaluations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date

Revaluation increases are recognized in equity (revaluation reserve) or to the extent of a previous decrease charged to profit or loss. Decreases are recognized in profit or loss unless offset by a revaluation surplus, in which case the decrease is recorded in other comprehensive income. Balances in the revaluation reserve are transferred to retained earnings upon disposal of the asset.

Subsequent Cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be reliably measured. The costs of the day-to-day servicing of property, plant and equipment are charged to the Income Statement as incurred. Costs incurred in using or redeploying an item is not included under carrying amount of an item.

Repairs and Maintenance

Repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Capital work in progress

Capital work-in-progress comprises expenditure directly attributable to the acquisition, construction, or development of assets that are not yet ready for their intended use. Such expenditure includes costs incurred on building projects, major plant and equipment, and system development initiatives.

Capital work-in-progress is carried at cost in the Statement of Financial Position and is not depreciated until the related asset is available for use. Upon completion and when the asset is ready for its intended use, the accumulated costs are transferred to the appropriate category of property, plant and equipment or intangible assets.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of the asset in accordance with LKAS 23 – 'Borrowing Costs'. A qualifying asset is one that requires a substantial period of time to be ready for its intended use. Capitalization of borrowing costs ceases when substantially all activities necessary to prepare the asset for its intended use are complete. There was no capitalised borrowing cost related to the acquisition of property, plant and equipment during the year.

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2025/2026.

Depreciation

The accounting policies, significant judgments, assumptions and estimates applied in determining the depreciation and amortisation of property, plant and equipment are disclosed in Note 25.

Accounting Policy

Impairment

Property, plant and equipment are reviewed for impairment at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such indicators may include physical damage, obsolescence, or other adverse changes affecting the use of the asset.

Where an indication of impairment exists, the recoverable amount of the asset is estimated and compared with its carrying amount. An impairment loss is recognised in the income statement to the extent that the carrying amount exceeds the recoverable amount.

During the current and preceding financial periods, no impairment losses were recognised on property, plant and equipment, as no indicators of impairment were identified.

De-recognition

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the income statement in the year the asset is derecognised.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

When the cost of replacing a component of an item of property, plant and equipment is capitalised, the carrying amount of the component that has been replaced is derecognised. Major inspection costs are also capitalised, and any remaining carrying amount of the previous inspection cost is derecognised at the time of such capitalisation.

Title Restriction on Property, Plant and Equipment

As at the reporting date, there were no restrictions on the title of the Company's property, plant, and equipment.

Property, Plant and Equipment Pledged as Security for Liabilities

There were no items of property, plant and equipment pledged as securities for liabilities as at the reporting date

Compensation from Third Parties for Items of Property, Plant and Equipment

As at the reporting date, no compensation was receivable from third parties for any property, plant, and equipment that was impaired, lost, or disposed of.

Temporary idle property, plant and equipment

There were no any temporary idle property, plant and equipment as at the reporting date.

Property, plant and equipment retired from active use

There were no property plant and equipment retired from active use as at the reporting date.

Fully depreciated property, plant and equipment

As at the reporting date, the Company holds fully depreciated assets with a carrying value of Rs. 1,855 Mn (2025: Rs. 516.32 Mn).

Notes to the Financial Statements

25. PROPERTY, PLANT AND EQUIPMENT Contd.

25.1 Cost / Valuation

As at 31 March 2026	Balance as at 31.03.2025 Rs.	Additions / Reclassifications Rs.	Revaluation surplus / Transfers Rs.	Disposals Rs.	Balance as at 31.03.2026 Rs.
Owned Assets					
Officer Partitioning	98,173,117	-	-	(1,516,236)	96,656,880.12
Furniture & Fittings	83,250,661	24,225	-	(249,000)	83,025,885.65
Office equipment	284,625,954	4,708,304	-	(903,776)	288,430,481.94
Motor vehicles	13,852,504	-	-	-	13,852,504.18
Sub Total	**479,902,235**	**4,732,529**	**-**	**(2,669,013)**	**481,965,751.67**
Total Assets	**479,902,235**	**4,732,529**	**-**	**(2,669,013)**	**481,965,751.67**

25.2 Accumulated Depreciation

	Balance as at 31.03.2025 Rs.	Charge for the year Rs.	Disposals /Transfers Rs.	Balance as at 31.03.2026 Rs.
Owned Assets				
Officer Partitioning	89,518,697	2,254,365	(1,516,236)	90,256,825.36
Furniture & Fittings	78,645,772	1,081,176	(249,000)	79,477,948.35
Office equipment	267,488,773	8,567,087	(903,776)	275,152,084.12
Motor vehicles	12,136,504	858,000	-	12,994,504.12
Total Cost/ Valuation	**447,789,747**	**12,760,628**	**(2,669,012)**	**457,881,361.95**
Total Depreciation	**447,789,747**	**12,760,628**	**(2,669,012)**	**457,881,361.95**

25.3 Net Book Values

For the year ended 31 March	2026 Rs.	2025 Rs.
Officer Partitioning	6,400,055	8,654,419
Furniture & Fittings	3,547,937	4,604,889
Office equipment	13,278,398	17,137,180
Motor vehicles	858,000	1,716,000
Total carrying amount of Owned Assets	**24,084,390**	**32,112,488**
Total carrying amount of Assets	**24,084,390**	**32,112,488**

25.4 During the financial year, the Company acquired property, plant & equipment to the aggregate value of Rs. 5.54 Mn (2024/2025 Rs.34.33 Mn).

25.5 Intangible Assets

Accounting Policy

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes. The Company's intangible assets include the value of computer software.

Basis of Recognition

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 on Intangible assets.

An intangible asset is initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses if any.

Computer software

Intangible assets comprise computer software acquired by the Company to be used in its operation. Computer software licences used by the company, which are not integral to the related hardware and can be separately identified, reliably measured, and are expected to generate future economic benefits, are recognised as intangible assets in the Statement of Financial Position. These assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Expenditure incurred on software is capitalised only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

Research and Development Costs

Research expenditure is recognised as an expense when incurred. Development expenditure incurred on individual projects is capitalised as an intangible asset when the Company can demonstrate.

- Technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Intention to complete the asset and ability to use or sell it;
- The likelihood that the asset will generate probable future economic benefits;
- Availability of adequate technical, financial and other resources to complete the development and to use or sell the asset;
- Ability to reliably measure the expenditure attributable to the asset during its development; and
- Ability to use the intangible asset once development is completed

Development costs that do not meet the above criteria are recognised as an expense when incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

As at the reporting date, the Company had no internally generated intangible assets arising from capitalised development costs.

Useful Economic life

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year–end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Notes to the Financial Statements

25. PROPERTY, PLANT AND EQUIPMENT Contd.

25.5 Intangible Assets Contd.

Accounting Policy

Amortization

The Company assesses intangible assets with indefinite useful lives and intangible assets that are not yet available for use for impairment at least annually, or more frequently if indicators of impairment exist. The impairment assessment is performed by comparing the carrying amount of the asset with its recoverable amount.

Intangible assets recognised during the current reporting period are tested for impairment before the end of the reporting period, irrespective of whether any indication of impairment exists. Any impairment loss identified is recognised immediately in the Statement of Profit or Loss.

The accounting policies, significant judgments, assumptions and estimates applied in determining the useful lives, amortisation methods and impairment assessments of intangible assets are disclosed in Note 11.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the profit or loss in the year the asset is derecognised.

Title Restriction on Intangible Assets

As at the reporting date, the Company's intangible assets are free from any title restrictions.

Intangible Assets Pledged as Security for Liabilities

There were no items of Intangible assets pledged as securities for liabilities as at the reporting date.

For the year ended 31 March	2026 Rs.	2025 Rs.
Cost as at 01 April	292,443,948	272,186,315
Additions, improvements & Transfers	808,300	20,257,633
Cost as at 31 March	**293,252,248**	**292,443,948**
Amortisation as at 01 April	220,657,743	200,572,093
Amortisation for the year	12,757,943	20,085,650
Accumulated amortisation as at 31 March	**233,415,686**	**220,657,743**
Net book value as at 31 March	**59,836,562**	**71,786,205**

26. INVESTMENT PROPERTY

Investment Properties are those which are held either to earn rental income or for capital appreciation or for both.

Accounting Policy

Basis of Recognition

An investment property is recognised, if it is probable that future economic benefits that are associated with the investment property will flow to the Company and cost of the investment property is reliably measured.

The Company assesses each property individually to determine whether it qualifies as an investment property. A property is classified as an investment property when it is held to earn rental income, for capital appreciation, or for both, and generates cash flows largely independently of the Company's other assets.

Where a property comprises, portions held for investment purposes and portions occupied for operational or administrative use, the portions are accounted for separately if they can be sold or leased independently. If the portions cannot be separately sold or leased, the property is classified as an investment property only when the owner-occupied portion is insignificant in relation to the property as a whole.

Measurement

Cost Model Investment properties are initially recognized at cost, which includes the purchase price and any directly attributable transaction costs. Subsequent to initial recognition, they are measured under the cost model and carried at cost less accumulated depreciation and any accumulated impairment losses, in accordance with LKAS 40 – Investment Property.

During the financial year under review, no direct operating expenses, including repairs and maintenance, were incurred in relation to the investment property. In addition, no depreciation or impairment losses were recognized for the period.

Derecognition

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Any gain or loss arising on derecognition is recognised in the Statement of Profit or Loss in the period in which the property is disposed of or retired from use.

For the year ended 31 March	2026 Rs.	2025 Rs.
Balance as at the Beginning of the Year	-	103,237,000
Balance as at the End of the Year	-	103,237,000

Investment property was disposed at a consideration of Rs. 115 million during the Financial year. Further there is no direct operating expenses, including repairs and maintenance, were incurred for the investment property during the financial year under review. Additionally, no depreciation or impairment charges were recognized for the period.

Notes to the Financial Statements

27. RIGHT OF USE ASSETS

Accounting Policy

Basis of Recognition

The Company applies Sri Lanka Accounting Standard – SLFRS 16, Leases, in accounting for all leasehold rights. Short-term leases, which are held for use in the provision of services, are recognised on a straight-line basis over the lease term and are not recognised as right-of-use assets or lease liabilities.

Basis of Measurement

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are initially measured at cost, which comprises the present value of lease payments, any initial direct costs incurred, lease payments made at or before the commencement date, and less any lease incentives received.

Subsequently, right-of-use assets are measured at cost less accumulated amortisation and any accumulated impairment losses, and are adjusted for any remeasurement of lease liabilities, where applicable. Right-of-use assets are amortised on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset.

Lease Liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The Company has applied the modified retrospective approach in accordance with SLFRS 16, Leases, in accounting for right-of-use assets and lease liabilities arising from operating leases.

Interest expense on lease liabilities and depreciation of right-of-use assets are recognised separately in the Statement of Profit or Loss, in accordance with SLFRS 16.

Lease liabilities are subsequently remeasured when there is a change in the lease term or a change in future lease payments arising from a change in an index or rate used to determine such payments. The Company generally recognises the amount of the remeasurement as an adjustment to the carrying amount of the related right-of-use asset.

Significant Accounting Judgments, Estimates and Assumptions

The Company applies judgment in determining whether lease arrangements give rise to the recognition of right-of-use assets in accordance with SLFRS 16, Leases.

In estimating the incremental borrowing rate used to measure lease liabilities, the Company considers the interest rate applicable to housing loans with similar terms, collateral, and economic conditions.

Lease liabilities arising from operating leases are measured at the present value of lease payments, discounted using the Company's weighted average incremental borrowing rate, being the rate at which the Company would be able to borrow funds for a similar term and with similar security to obtain an asset of similar value.

For the year ended 31 March	2026 Rs.	2025 Rs.
Cost as at 01 April	489,156,089	317,950,246
Additions, improvements & Transfers	67,470,597	171,205,843
Cost as at 31 March	**556,626,686**	**489,156,089**
Amortisation as at 01 April	310,279,515	255,673,001
Amortisation for the year	58,884,744	54,606,514
Accumulated amortisation as at 31 March	**369,164,260**	**310,279,515**
Net book value as at 31 March	187,462,426	178,876,574

28. FINANCIAL LIABILITIES AT AMORTISED COST - DUE TO OTHER CUSTOMERS

Accounting Policy

These include interest-bearing deposits such as savings deposits and term deposits payable on demand,

Subsequent to initial recognition, deposits are measured at amortised cost using the effective interest rate (EIR) method, except where the Company designates financial liabilities at fair value through profit or loss.

Interest payable on these deposits is recognised as "Interest expense" in the Statement of Profit or Loss

Deposit insurance scheme

In accordance with Direction No. 17 of 2023 (Banking Special Provision) issued by the Central Bank of Sri Lanka and subsequent amendments, all eligible deposit liabilities of the Company are insured under the Sri Lanka Deposit Insurance Scheme implemented by the Monetary Board. This scheme provides compensation of up to a maximum of Rs. 1,100,000/- per depositor.

Softlogic Finance PLC is required to pay an insurance premium calculated at the rate of 0.15% per annum payable monthly for all eligible deposits as at the end of the month.

During the current financial year, the Company has paid Rs. 5,275,817.16/- as the premium for the said insurance scheme (2024/25 : Rs. 7,313,205.10/-).

For the year ended 31 March	2026 Rs.	2025 Rs.
Fixed deposits	3,627,109,033	4,163,405,675
Saving deposits	111,314,659	109,982,038
	3,738,423,692	**4,273,387,713**

29. FINANCIAL LIABILITIES AT AMORTISED COST - OTHER BORROWED FUNDS

Accounting Policy

Borrowings comprise loans from financial institutions, securitisation arrangements, commercial papers, and other types of borrowings.

These borrowings are initially recorded at fair value, net of any directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the Effective Interest Rate (EIR) method.

The amortised cost is calculated by including any initial discount or premium that forms part of the EIR. Interest expense on these borrowings is recognised in the Statement of Profit or Loss over the relevant period.

As at the reporting date, the Company's borrowings from banks consist solely of a bank overdraft. There are no other outstanding borrowings, as amounts due to commercial paper holders and other lenders were fully settled during the year.

For the year ended 31 March	2026 Rs.	2025 Rs.
Commercial Papers	-	3,577,581
	-	**3,577,581**

The company has not had any default of principal, interest or other breaches with regard to any liability during 2025 & 2026.

Notes to the Financial Statements

29. FINANCIAL LIABILITIES AT AMORTISED COST - OTHER BORROWED FUNDS Contd.

29.1 Movement in other Borrowed Funds

	2025 Rs.	Grantings / Accrual Rs.	Repayments Rs.	2026 Rs.
Commercial Papers	3,550,000	-	3,550,000	-
Capital outstanding of debt issued and other borrowed funds	3,550,000	-	3,550,000	-
Interest Payable	27,581	-	27,581	-
Total Borrowings	**3,577,581**	-	-	-

30. OTHER PAYABLES

Accounting Policy

Other payables mainly comprise accrued expenses, related party payable, Deposit insurance premium payable, tax related payments and etc.

These liabilities are non-interest bearing and recorded at the amounts that are expected to be paid.

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

For the year ended 31 March	2026 Rs.	2025 Rs.
Non Financial Liabilities		
Accrued Expenses	36,100,032	40,451,780
Related Party Payables (Note 30.1)	2,080,390	1,974,178
Deposit Insurance Premium	466,606	534,044
Lease Liability (Note 30.2)	203,896,355	197,844,733
Tax Related Payables	103,502,252	195,471,808
Other Payables	101,489,952	208,114,615
	447,535,588	**644,391,158**

30.1 Related Party Payables

For the year ended 31 March	2026 Rs.	2025 Rs.
Softlogic Retail (Pvt) Ltd	467,481	-
Central Hospitals Ltd	22,400	-
Softlogic Supermarkets (Pvt) Ltd	11,140	-
Softlogic Holdings PLC	999,522	-
SR One (Pvt) Ltd	579,847	1,974,178
	2,080,390	**1,974,178**

30.2 Movement of Lease Liabilities During the Year is as Follows

For the year ended 31 March	2026 Rs.	2025 Rs.
Balance as at 01 April	197,844,733	75,979,132
Additions	57,846,779	167,429,321
Accretion of interest	32,713,753	40,515,306
Payments during the year	(84,508,911)	(86,079,025)
Balance as at 31 March	**203,896,355**	**197,844,733**

30.3 Gross Maturity Analysis of Lease Liabilities

For the year ended 31 March	2026 Rs.	2025 Rs.
Less than one year	83,248,152	75,465,949
One to five years	181,210,135	188,657,765
More than five years	-	-
Total lease liabilities as at 31 March	**264,458,287**	**264,123,715**

31. DEFERRED TAX ASSET/ (LIABILITIES)

Accounting Policy

Deferred tax is recognised using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credits and unused tax losses (if any), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carried forward unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent it is probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Accordingly, Deferred tax assets/liabilities have been computed at the revised income tax rate of 30%

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax law of the relevant jurisdiction.

For the year ended 31 March	2026 Rs.	2025 Rs.
Deferred tax assets	661,631,342	543,234,752
Deferred tax liabilities	(7,655,107)	(1,053,731)
Total net deferred tax	**653,976,234**	**542,181,021**

Notes to the Financial Statements

31. DEFERRED TAX ASSET/ (LIABILITIES) Contd.

	2026		2025	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Deferred tax assets on:				
Gratuity Provision As At 31st March	27,755,712	8,326,714	34,527,309	10,358,193
Disallowed Impairment provision	22,564,055	6,769,216	7,956,043	2,386,813
Unutilised Tax Losses	2,120,822,192	636,246,658	1,787,248,368	536,174,510
Right of use assets	16,433,929	4,930,179	(18,949,213)	(5,684,764)
	2,187,575,888	**656,272,766**	**1,810,782,507**	**543,234,752**
Deferred tax liabilities on:				
Accelerated depreciation for tax purpose - Own assets	7,655,107	2,296,532	3,512,436	1,053,731
Revaluation of land & building	-	-	-	-
Accelerated depreciation for tax purpose - Lease assets	-	-	-	-
	7,655,107	**2,296,532**	**3,512,436**	**1,053,731**
Net Deferred tax liabilities / assets	**2,179,920,780**	653,976,234	**1,807,270,071**	542,181,021

32. RETIREMENT BENEFIT OBLIGATIONS

Accounting Policy

All the employees of the company are eligible for gratuity under the Payment of Gratuity Act No. 12 of 1983, at the rate of one half of the Gross Salary applicable to the last month of the financial year in which the employment is terminated or resigned, for each year of completed service, for those who have served in excess of 5 years.

The Company measures its defined benefit obligation for gratuity using the present value of projected future benefit payments, discounted to reflect the time value of money, in respect of employee services rendered up to the reporting date. An actuarial valuation of the gratuity obligation is carried out annually by a qualified independent actuary.

An independent actuarial valuation of the Company's gratuity obligation was performed as at 31 March 2026 by Messrs. Actuarial & Management Consultants (Pvt) Limited. The valuation was carried out using the Projected Unit Credit Method in compliance with Sri Lanka Accounting Standard – LKAS 19 (Employee Benefits).

In determining the discount rate, management uses yields on Sri Lanka Government Bonds with durations consistent with the estimated term of the defined benefit obligation. Mortality assumptions are based on publicly available actuarial tables. Salary escalation rates incorporate both expected inflation and future salary growth expectations.

The liability recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as at the reporting date.

The expense recognised in profit or loss comprises the current service cost and the net interest cost on the defined benefit obligation.

Remeasurements comprising actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in Other Comprehensive Income (OCI) and are not reclassified to profit or loss in subsequent periods.

Funding Arrangements

The Gratuity liability is not externally funded.

32.1 Defined Benefit Obligation Reconciliation

For the year ended 31 March		2026 Rs.	2025 Rs.
Balance as at 01st April		34,527,309	34,504,021
Amount recognised in the income statement	32.2	6,181,253	7,939,840
Amounts recognised in other comprehensive income	32.3	6,232,925	(472,528)
Benefits paid by the plan		(19,185,775)	(7,444,025)
Balance as at 31st March		**27,755,712**	**34,527,309**

32.2 Amount Recognised in the Income Statement

For the year ended 31 March	2026 Rs.	2025 Rs.
Current service cost for the year	3,107,458	3,799,358
Interest on the defined benefit liability	3,073,795	4,140,483
	6,181,253	**7,939,840**

32.3 Amounts Recognised In Other Comprehensive Income (OCI)

For the year ended 31 March	2026 Rs.	2025 Rs.
Actuarial (gain)/loss due to changes in assumptions		
- Experience adjustment (Financial and Demographic)	4,766,009	(2,467,535)
- Financial Assumptions	1,466,916	1,953,157
- Demographic Assumptions	-	41,851
- Liability experience (gain) losses arising during the year	-	-
Total amount recognized in OCI	**6,232,925**	**(472,528)**

32.4 Assumptions

For the year ended 31 March	2026 Rs.	2025 Rs.
Discount rate *	9.00%	9.00%
Future salary increment rate *	10.00%	8.00%
Mortality	A 1967/70	A 1967/70
	Mortality Table	Mortality Table
Retirement age **	60	60
Expected average future working life of the active participants (in years)	2.0	2.0
The weighted average duration of the defined benefit obligation	2.5	2.0

* The same discount rate was used for the actuarial valuation as calculated during the previous year. Future salary increment rate was revised to increase in line with the change in market interest rates.

** The Retirement Benefit Plan of the Company was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

Notes to the Financial Statements

32. RETIREMENT BENEFIT OBLIGATIONS Contd.

32.5 Distribution of Present Value of Defined Benefit Obligation In Future Years

For the year ended 31 March	2026 Rs.	2025 Rs.
Within the next 12 months	9,713,345	12,970,695
between 01 to 02 years	9,440,144	13,484,143
between 03 to 05 years	5,731,884	5,513,603
between 06 to 10 years	2,733,413	2,423,335
beyond 10 years	136,927	135,532
Total	**27,755,712**	**34,527,309**

32.6 Sensitivity assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Income Statement and Gratuity liability is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

		2026		2025	
Variable	**Rate Change**	**Sensitivity Effect on gratuity liability-Increase/(Decrease) in the Liability**	**Sensitivity Effect on Comprehensive Income-(Charged)/ Reversal**	**Sensitivity Effect on gratuity liability-Increase/(Decrease) in the Liability**	**Sensitivity Effect on Comprehensive Income-(Charged)/ Reversal**
Discount rate	1.00%	(0.62 Million)	(0.62 Million)	(0.68 Million)	(0.68 Million)
Discount rate	-1.00%	0.66 Million	0.66 Million	0.71 Million	0.71 Million
Salary Increment rate	1.00%	0.77 Million	0.77 Million	0.81 Million	0.81 Million
Salary Increment rate	-1.00%	(0.75 Million)	(0.75 Million)	(0.79 Million)	(0.79 Million)

33. STATED CAPITAL

Accounting Policy

Stated capital represents the total consideration received by the Company for the issue of ordinary shares. Ordinary shares are recognised at the amount of consideration received, net of directly attributable share issue costs.

The holders of ordinary shares are entitled to receive a dividend as declared from time to time and are entitled to one vote per share at the Annual General Meeting of the Company.

Reduction of stated Capital

The reduction of stated capital has been undertaken during the year to absorb accumulated losses and strengthen the Company's capital structure. The process has been conducted in compliance with the sec 59 of the Companies Act No. 07 of 2007, the requirements of the Colombo Stock Exchange (CSE), and relevant regulatory approvals, thereby ensuring transparency and protecting the interests of shareholders. Accordingly, the Company effected a reduction of its stated capital amounting to Rs. 7,603,397,837 during the year, by offsetting the same against its accumulated losses.

	2026		2025	
	No. of shares	**Value Rs.**	**No. of shares**	**Value Rs.**
Issued and Fully Paid-Ordinary shares				
Ordinary shares as at 01st April	962,573,191	9,930,116,800	962,573,191	9,930,116,800
Reduction of Stated Capital (Note 38.6)	-	(7,603,397,837)	-	-
Ordinary shares as at 31st March	**962,573,191**	**2,326,718,964**	**962,573,191**	**9,930,116,800**

34. STATUTORY RESERVE FUND

Accounting Policy

The statutory reserve fund is maintained as required by Finance Companies (Capital Funds) Direction No.1 of 2003 as Finance Companies Act (amended) issued to Registered Finance Companies.

As per the said Direction, every Registered Finance Company shall maintain a reserve fund, out of the net profit for each year after provisions for taxation and bad and doubtful debts. Accordingly, 5% of the net profit for the year transferred to Reserve Fund as long as the capital funds are not less than 25% of total deposit liabilities.

For the year ended 31 March	2026 Rs.	2025 Rs.
Balance as at 01st April	267,705,353	260,448,732
Transfer during the year	7,522,755	7,256,621
Balance as at 31st March	**275,228,109**	**267,705,353**

35. NON-DISTRIBUTABLE REGULATORY LOSS ALLOWANCE RESERVE

Accounting Policy

In accordance with Section 7.1 of the Finance Business Act (Classification and Measurement of Credit Facilities) Direction No. 01 of 2020, a non-distributable regulatory loss allowance reserve must be established by appropriating retained earnings whenever the loss allowance for expected credit losses (impairment) is lower than the regulatory requirement. Accordingly, during the year, the Company transferred out of Rs. 73 million from the regulatory loss allowance reserve back to retained earnings.

For the year ended 31 March	2026 Rs.	2025 Rs.
Balance as at 01st April	970,074,987	1,736,237,951
Reversed / Transferred out during the year	(731,146,507)	(766,162,965)
Balance as at 31st March	**238,928,480**	**970,074,987**

Notes to the Financial Statements

36. RETAINED EARNINGS

Accounting Policy

Retained earnings represent the cumulative profits or losses of the Company, net of dividends paid. This balance is adjusted for transfers made from stated capital to offset accumulated losses in accordance with Section 59 of the Companies Act No. 7 of 2007, as well as reversals of non-distributable regulatory transfers to regulatory reserves and transfer to statutory reserve fund. The resulting balance is available for appropriation by the Board of Directors in compliance with the Finance Business Act No. 42 of 2011 and related Directions.

Retained earnings may be applied for business expansion, capital requirements, or other appropriations as approved by the Board, in compliance with the Finance Business Act and other applicable regulations.

For the year ended 31 March	**2026 Rs.**	**2025 Rs.**
Balance as at 01st April	(8,233,534,931)	(9,137,904,469)
Dividends Paid	-	-
Net change in other comprehensive income	(4,363,048)	330,770
Transferred to Regulatory Loss Allowance Reserve (Note 35)	731,146,507	766,162,965
Transferred from current years' profit	150,455,107	145,132,424
Reduction of Stated Capital As per section 59 of the Companies Act no 07 of 2007 (Note 38.6)	7,603,397,837	-
Transfer to Statutory Reserve Fund	(7,522,755)	(7,256,621)
Balance as at 31st March	**239,578,716**	**(8,233,534,931)**

37. FAIR VALUE OF ASSET AND LIABILITIES

The following describes the methodologies and assumptions used to determine fair value of those financial instruments which are already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (less than a year) it is assumed that the carrying amounts approximate their fair value.

Equity instruments at fair value through OCI

Equity instruments at fair value through OCI financial assets primarily consist of quoted equity securities. Unquoted equity securities are carried at cost since it is the most reasonable value available to represent the price of such securities.

Fixed Rate Financial Instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using market interest rates for debts with similar credit risk and maturity. For quoted debt issued, the fair values are determined based on quoted market prices.

Variable rate Financial Instruments

Variable rate is a fair measure which reflects market movements. Hence the carrying value represents the fair value of the variable rate instruments.

Set out below is the comparison, by class, of the carrying amounts of fair values of the Company’s financial instruments that are not carried at fair value and non financial assets carried at fair value in the financial statements.

37. FAIR VALUE OF ASSETS AND LIABILITIES

As at 31 March	2026 Fair value measurement using				
	Carrying value Rs.	Quoted prices in active markets (Level I) Rs.	Significant observable inputs (Level 2) Rs.	Significant unobservable inputs (Level 3) Rs.	Total Fair Value Rs.
FINANCIAL ASSETS					
Cash and bank balances	224,724,345	224,724,345	-	-	224,724,345
Securities purchased under repurchase agreements	698,690,831	-	698,690,831	-	698,690,831
Financial Assets at Amortised Cost - Factoring receivables	5,885,058	-	-	5,885,058	5,885,058
Financial Assets at Amortised Cost - Gold loan receivables	3,212,398,698	-	-	3,212,398,698	3,212,398,698
* Financial Assets at Amortised Cost - Factoring receivables	1,016,212,569	-	-	1,016,212,569	1,016,212,569
* Financial Assets at Amortised Cost - Gold loan receivables	738,914,088	-	-	738,914,088	738,914,088
Other Financial assets	141,464,298	-	-	141,464,298	141,464,298
Equity Instruments at fair value through other comprehensive income	30,600	-	30,600	-	30,600
TOTAL FINANCIAL ASSETS	**6,038,320,487**	**224,724,345**	**698,721,431**	**5,114,874,711**	**6,038,320,487**
FINANCIAL LIABILITIES					
Financial Liabilities at Amortised Cost - Due to other customers	3,738,423,692	-	-	3,738,423,692	3,738,423,692
Financial Liabilities at Amortised Cost - Other borrowed funds	44,771,207	-	44,771,207	-	44,771,207
TOTAL FINANCIAL LIABILITIES	**3,783,194,899**	**-**	**44,771,207**	**3,738,423,692**	**3,783,194,899**

There were no transfers between levels of fair value hierarchy during 2026 and 2025.

* The company has taken fair value of loans and Leases using weighted average (WA) interest rate which is total interest devided by total receivable and comparatives adjusted accordingly.

Notes to the Financial Statements

37. FAIR VALUE OF ASSETS AND LIABILITIES Contd.

As at 31 March	2025 Fair value measurement using				
	Carrying value Rs.	Quoted prices in active markets (Level I) Rs.	Significant observable inputs (Level 2) Rs.	Significant unobservable inputs (Level 3) Rs.	Total Fair Value Rs.
FINANCIAL ASSETS					
Cash and bank balances	297,129,594	297,129,594	-	-	297,129,594
Securities purchased under repurchase agreements	801,814,765	-	801,814,765	-	801,814,765
Financial Assets at Amortised Cost - Factoring receivables	14,553,693	-	-	14,553,693	14,553,693
Financial Assets at Amortised Cost - Gold loan receivables	1,830,574,174	-	-	1,830,574,174	1,830,574,174
* Financial Assets at Amortised Cost - Factoring receivables	1,405,799,320	-	-	3,373,782,650	3,373,782,650
* Financial Assets at Amortised Cost - Gold loan receivables	1,485,514,985	-	-	1,713,300,651	1,713,300,651
Other Financial assets	795,918,743	-	-	795,918,743	795,918,743
Equity Instruments at fair value through other comprehensive income	30,600	-	30,600	-	30,600
TOTAL FINANCIAL ASSETS	6,631,335,875	297,129,594	801,845,365	7,728,129,911	8,827,104,871
FINANCIAL LIABILITIES					
Financial Liabilities at Amortised Cost - Due to other customers	4,273,387,713	-	-	3,445,524,561	3,445,524,561
Financial Liabilities at Amortised Cost - Other borrowed funds	95,581,082	-	95,581,082	-	95,581,082
TOTAL FINANCIAL LIABILITIES	4,368,968,795	-	95,581,082	3,445,524,561	3,541,105,643

There were no transfers between levels of fair value hierarchy during 2026 and 2025.

* The company has taken fair value of loans and Leases using weighted average (WA) interest rate which is total interest devided by total receivable and comparatives adjusted accordingly.

38. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Company is exposed to the following risks from financial instruments.

01) Market Risk

02) Credit Risk

03) Liquidity Risk

04) Operational Risk

05) Currency Risk

Risk management framework

The Board of Directors possess overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has delegated this responsibility to two sub committees of the Board.

The Audit Committee is responsible for monitoring and reviewing risk management policies and procedures and reviewing the adequacy of risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. The Audit Committee presents vital matters to the Board whenever required and seeks for review and approval of the Board.

The Board has established the Integrated Risk Management Committee (BIRMC) which is responsible for developing and monitoring risk management policies and procedures in specified risk areas. With the cooperation of the management, the committees make decisions on behalf of the Board. Senior Management is responsible for implementing the risk management framework by identifying risks and managing those risks with appropriate risk mitigation strategies. Monthly & Quarterly risk review reports are submitted by the respective department heads who supervises each major category of risk.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. Company current Risk Management practices are listed below.

> Board approved Credit Risk Management policy is in place along with predefined set of risk limits. Any deviations from these risk limits are closely monitored and reported to Board Credit and Recoveries Committee (BCRC) with reasons for such deviations and the corrective actions to be taken.

> Authority limits for credit granting is delegated in accordance with the board approved Delegated Authority limits. Sample checks are carried out monthly to identify any deviations/violations of DA limits and such deviations/violations are reported to BCRC, if any, for corrective actions.

> Loan review mechanism is in place and reviews are carried out at regular intervals. The results and the recommendations are submitted to the BCRC quarterly.

> Early Warning Signal Mechanism has been implemented supporting to identify the problematic loans in advance. Results and the recommendations are submitted to the BCRC quarterly. Instances where the credit risk has increased significantly since initial recognition, the reasons for such increase and the corrective actions to be taken are submitted to the BCRC immediately.

> Detailed credit risk analysis and assessment is carried out on quarterly basis and the results are presented to the BIRMC.

> Stress tests are being carried out relating to credit risk as defined in the Stress Testing Policy. The results are submitted to the Board Integrated Risk Management Committee

Regular audits of business units and Company Credit processes are undertaken by Internal Audit.

Objectives and policies

Board Integrated Risk Management Committee (BIRMC) with the ultimate objective of to deliver superior shareholder value between risk and return. This Committee consists of three non executive directors and chaired by Independence non executive director & Head of Risk Management. Integrated risk management committee oversees market risk, operational risk and credit risk. ALCO committee monitors the market risk in broader aspects including the liquidity risk. Company is exposed to liquidity risk mainly due to interest rate fluctuations in the market. Credit committee involves in monitoring of credit risk by analyzing the credit risk using several measurement criteria like 20 largest exposures, 10 largest 1-3 months arrears, 20 largest non performing advances and sectorial exposure. For some of these measures Company has stipulated risk tolerance level and continually monitor the credit exposure in order to ensure superior credit quality.

The Company's principal financial liabilities comprised of borrowings, public deposits, other payables and bank overdrafts. The main purpose of these financial liabilities is to raise finances for the Company's operations. The Company has various financial assets such as lease & hire purchase rental receivables, Loan rental receivables, other investments, investments in government securities and bank & cash balances, which arise directly from its operations.

The board of directors reviews and agrees policies for managing each of these risks which are summarized below.

Notes to the Financial Statements

38. FINANCIAL RISK MANAGEMENT Contd.

38.1 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity price will affect the Company's profit, equity or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return.

	Carrying amount 2026 Rs.	Carrying amount 2025 Rs.
Financial assets subject to market risk		
Equity Instruments at fair value through other comprehensive income	30,600	30,600
	30,600	**30,600**

	Carrying amount 2026 Rs.	Carrying amount 2025 Rs.
Financial liabilities subject to market risk		
Financial Liabilities at Amortised Cost - Due to other customers	3,738,423,692	4,273,387,713
Financial Liabilities at Amortised Cost - Other borrowed funds	-	3,577,581
	3,738,423,692	**4,276,965,294**

Market risk - Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed rate loans and borrowings.

	31 March 2026 Rs.	31 March 2025 Rs.
Fixed interest rate instruments:		
Financial assets	8,934,604,899	10,597,645,449
Financial liabilities	3,783,194,899	4,368,941,214

Interest Rate Risk exposure on financials assets and Liabilities

The table below analyses the Company's interest rate risk exposure on financial assets and liabilities. The Company's assets and liabilities are included at carrying amount and categorized by the earlier of contractual reprising or maturity dates.

As at 31 March 2026	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Non-interest bearing Rs.	Total Rs.
Financial Assets						
Cash and cash equivalents	171,289,609	-	-	-	53,434,736	224,724,345
Equity Instruments at fair value through other comprehensive income	-	-	-	-	30,600	30,600
Securities purchased under repurchase agreements	698,690,831	-	-	-	-	698,690,831
Financial Assets at Amortised Cost - Lease and hire purchase receivables	386,671,663	218,439,701	107,609,074	26,193,650	-	738,914,088
Financial Assets at Amortised Cost - Loans and receivables	3,401,665,581	146,969,635	201,135,413	484,725,698	-	4,234,496,325
Other Financial Assets	-	141,464,298	-	-	-	141,464,298
	4,658,317,685	**506,873,633**	**308,744,487**	**510,919,348**	**53,465,336**	**6,038,320,487**
Financial Liabilities						
Financial Liabilities at Amortised Cost - Due to customers	1,158,694,776	834,771,502	1,693,050,556	51,906,858	-	3,738,423,692
Financial Liabilities at Amortised Cost - Other borrowed funds	44,771,207	-	-	-	-	44,771,207
	1,203,465,983	**834,771,502**	**1,693,050,556**	**51,906,858**	**-**	**3,783,194,899**
Interest Rate sensitivity gap	**3,454,851,701**	**(327,897,868)**	**(1,384,306,069)**	**459,012,490**	**53,465,336**	**2,255,125,589**

As at 31 March 2025	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Non-interest bearing Rs.	Total Rs.
Financial Assets						
Cash and cash equivalents	248,308,084	-	-	-	48,821,510	297,129,594
Equity Instruments at fair value through other comprehensive income	-	-	-	-	30,600	30,600
Securities purchased under repurchase agreements	801,814,765	-	-	-	-	801,814,765
Financial Assets at Amortised Cost - Lease and hire purchase receivables	242,335,747	722,504,439	518,830,233	1,844,565	-	1,485,514,985
Financial Assets at Amortised Cost - Loans and receivables	1,955,347,736	744,182,503	157,358,674	394,038,275	-	3,250,927,188
Other Financial Assets	-	795,918,743	-	-	-	795,918,743
	3,247,806,333	**2,262,605,685**	**676,188,907**	**395,882,840**	**48,852,110**	**6,631,335,875**
Financial Liabilities						
Financial Liabilities at Amortised Cost - Due to customers	1,490,992,735	889,540,123	1,743,440,312	149,414,544	-	4,273,387,713
Financial Liabilities at Amortised Cost - Other borrowed funds	95,581,082	-	-	-	-	95,581,082
	1,586,573,817	**889,540,123**	**1,743,440,312**	**149,414,544**	**-**	**4,368,968,795**
Interest Rate sensitivity gap	**1,661,232,515**	**1,373,065,562**	**(1,067,251,404)**	**246,468,296**	**48,852,110**	**2,262,367,080**

Notes to the Financial Statements

38. FINANCIAL RISK MANAGEMENT Contd.

38.2 Credit risk

Credit risk mainly comprises of default risk and concentration risk and this is one of the major risk element in the industry due to the nature of the business. Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and receivables to customers and investment debt securities. For risk management reporting purposes the Company considers and consolidates all elements of credit risk exposure such as individual obligator default risk and sector risk. For risk management purposes, credit risk arising on trading assets is managed independently and information thereon is disclosed below. The market risk in respect of changes in value in trading assets arising from changes in market credit spreads applied to debt securities and derivatives included in trading assets is managed as a component of market risk, further details are provided in market risk section.

Credit risk - Default risk

Default risks the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. It arises from lending, trade finance, treasury and other activities undertaken by the Company. The Company has in place standards, policies and procedures for the control and monitoring of all such risks.

Credit risk - Concentration risk

The Company seeks to manage its credit risks exposure through diversification of its lending, investing and financing activities to avoid undue concentrations of risks with individuals or groups of customers in specific businesses. It also obtains security when appropriate. The types of collateral obtained include cash, mortgages over properties and pledge over equity instruments.

Management of credit risk

The board of directors has delegated responsibility for the oversight of credit risk to its Credit Committee and Credit Risk Committee. Company Credit Risk monitoring Unit reporting to Risk Committee through the Chief Risk Officer who is responsible for management of the Company's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Larger facilities require approval by Heads of Credit, Board Credit Committee or the board of directors as appropriate.
- Reviewing and assessing credit risk. Heads of Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer. Refer Concentration of credit risk.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Heads of Credit who may require appropriate corrective action to be taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.
- Regular audits of business units and Company credit processes are undertaken by Internal Audit.

Significant increase in credit risk

The company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the company assesses whether there has been a significant increase in credit risk. Since initial recognition. The assessment should consider reasonable and supportable information that is relevant and available without undue cost or effort. There is a rebuttable presumption in the Standard that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. When an entity determines that there have been significant increases in credit risk before contractual payments are more than 30 days past due, the rebuttable presumption does not apply.

Assessment of Expected Credit Losses

Analysis of the total allowance for expected credit losses is as follows.

As at 31 March 2026	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Financial Assets at Amortized Cost - Factoring receivables	79	-	146,143,980	146,144,059
Financial Assets at Amortized Cost - Gold loan receivables	2,290,531	1,237,500	3,262,437	6,790,468
Financial Assets at Amortized Cost - Loan receivables	17,327,202	77,772	1,020,804,502	1,038,209,476
Financial Assets at Amortized Cost - Lease and hire purchase receivables	1,397,381	233,590	401,082,080	402,713,052
Other assets	-	-	19,814,154	19,814,154
Total impairment for expected credit losses	**21,015,193**	**1,548,862**	**1,591,107,154**	**1,613,671,209**

As at 31 March 2025	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Financial Assets at Amortized Cost - Factoring receivables	294	-	103,157,007	103,157,301
Financial Assets at Amortized Cost - Gold loan receivables	2,908	1,607	284	4,799
Financial Assets at Amortized Cost - Loan receivables	779,199	217,177	2,024,269,515	2,025,265,891
Financial Assets at Amortized Cost - Lease and hire purchase receivables	3,692,543	4,564,838	349,409,782	357,667,164
Other assets	-	-	461,704,778	461,704,778
Total impairment for expected credit losses	**4,474,943**	**4,783,622**	**2,938,541,366**	**2,947,799,931**

Movement of the total allowance for expected credit losses during the period.

For the year ended 31 March	2026 Rs.	2025 Rs.
Balance as at 01st April	2,947,799,931	4,830,128,093
Net charge to profit or loss (Note 9.1)	(360,599,045)	(426,068,013)
Transfer/Movements	437,928,760	-
Write-off during the year	(467,565,866)	(3,571,928)
Derecognition of Financial Assets	(968,260,161)	(1,473,027,201)
Other movements	24,367,589	20,338,980
Balance as at 31st March	**1,613,671,209**	**2,947,799,931**

The table below shows the maximum exposure to credit risk for the components of statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements.

As at	31 March 2026		31 March 2025	
	Maximum exposure to credit risk Rs.	Net exposure Rs.	Maximum exposure to credit risk Rs.	Net exposure Rs.
Cash and cash equivalents	224,724,345	171,289,609	297,129,594	248,308,084
Equity Instruments at fair value through other comprehensive income	30,600	30,600	30,600	30,600
Placements with banks & Securities purchased under repurchase agreements	698,690,831	-	801,814,765	-
Financial Assets at Amortised Cost - Lease and hire purchase receivables	1,141,627,140	-	1,843,182,148	-
Financial Assets at Amortised Cost - Loans and receivables	7,094,286,928	1,022,097,627	7,952,648,536	1,420,353,013
Other Financial Assets	141,464,298	6,682,503	795,918,743	9,765,398
Total Financial Assets	**9,300,824,142**	**1,200,100,340**	**11,690,724,387**	**1,678,457,095**

Notes to the Financial Statements

38. FINANCIAL RISK MANAGEMENT Contd.

38.2 Credit risk Contd.

Concentration of credit risk

The Company monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances as the reporting date is shown below.

Concentration by sector (Gross)	2026 Rs.	As a %	2025 Rs.	As a%
Agriculture	259,350,673	3.9%	494,607,691	6.8%
Manufacturing	410,181,363	6.2%	713,085,073	9.9%
Tourism	470,547,337	7.2%	163,071,548	2.3%
Transport	126,162,741	1.9%	188,104,462	2.6%
Construction	234,705,911	3.6%	337,360,227	4.7%
Trading	627,875,483	9.6%	1,918,218,549	26.6%
Services	434,764,848	6.6%	646,494,113	9.0%
Other	4,003,679,112	61.0%	2,761,595,666	38.2%
	6,567,267,469	**100.0%**	**7,222,537,328**	**100.0%**

The Provisional breakdown for factoring, gold loans, leases, hire purchases and loans as follows,

Concentration by sector (Gross)	2026 Rs.	As a %	2025 Rs.	As a%
Central Province	1,189,443,949	18.1%	1,211,692,412	16.8%
North Central Province	207,582,595	3.2%	367,569,799	5.1%
North Western Province	354,560,363	5.4%	426,147,988	5.9%
Northern Province	26,659,607	0.4%	85,659,184	1.2%
Sabaragamuwa Province	513,717,456	7.8%	584,351,712	8.1%
Southern Province	1,043,113,438	15.9%	934,930,116	12.9%
Uva Province	360,299,234	5.5%	283,146,240	3.9%
Western Province	2,871,890,828	43.7%	3,329,039,878	46.1%
Eastern Province	-	0.0%	-	0.0%
	6,567,267,469	**100.0%**	**7,222,537,328**	**100.0%**

38.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation and is to maintain a balance between continuity of funding and flexibility through the use of borrowings, public deposits and bank overdrafts.

The table below summarizes the maturity profiles of the Company's financial liabilities based on contractual undiscounted payments.

Analysis of financial assets and liabilities by remaining contractual maturities

As at 31 March 2026	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Total Rs.
Financial Assets					
Cash and cash equivalents	224,724,345	-	-	-	224,724,345
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	-	-	-	-	-
Securities purchased under repurchase agreements	810,227,266	-	-	-	810,227,266
Financial Assets at Amortized Cost - Lease and hire purchase receivables	810,387,982	258,108,282	139,628,768	29,923,509	1,238,048,541
Financial Assets at Amortized Cost - Loans and receivables	4,668,916,657	217,620,214	411,414,392	735,174,484	6,033,125,747
Other Financial Assets	-	141,464,298	-	-	141,464,298
Total financial assets	**6,514,256,250**	**617,192,794**	**551,043,160**	**765,097,993**	**8,447,590,197**
Financial Liabilities					
Financial Liabilities at Amortised Cost - Due to customers	1,344,750,152	890,710,223	3,147,149,506	82,678,411	5,465,288,291
Financial Liabilities at Amortised Cost - Other borrowed funds	45,121,207		-	-	45,121,207
Total financial liabilities	**1,389,871,359**	**890,710,223**	**3,147,149,506**	**82,678,411**	**5,510,409,499**

As at 31 March 2025	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Total Rs.
Financial Assets					
Cash and cash equivalents	297,129,594	-	-	-	297,129,594
Securities purchased under repurchase agreements	810,227,266	-	-	-	810,227,266
Financial Assets at Amortized Cost - Lease and hire purchase receivables	390,961,893	1,091,418,005	574,512,231	2,003,697	2,058,895,826
Financial Assets at Amortized Cost - Loans and receivables	2,515,402,170	2,412,210,809	309,693,722	695,794,101	5,933,100,802
Other Financial Assets	-	795,918,743	-	-	795,918,743
Total financial assets	**4,013,720,924**	**4,299,547,557**	**884,205,953**	**697,797,798**	**9,895,272,231**
Financial Liabilities					
Financial Liabilities at Amortised Cost - Due to customers	2,024,411,133	1,407,860,010	2,597,518,911	249,477,389	6,279,266,723
Financial Liabilities at Amortised Cost - Other borrowed funds	95,878,246	-	-	-	95,878,246
	2,120,289,379	**1,407,860,010**	**2,597,518,911**	**249,477,389**	**6,375,144,969**

Sensitivity of impairment provision on loans and advances to other customers

The company has estimated the impairment provision on loans and advances to other customers as at 31st March 2026, subject to various assumptions. The changes to such assumptions may lead to changes in the impairment provision recorded in the Statement of Financial Position.

Notes to the Financial Statements

38. FINANCIAL RISK MANAGEMENT Contd.

38.3 Liquidity risk Contd.

The following table demonstrates the sensitivity of the impairment provision of the company as at 31st March 2026 to a feasible change in PDs, LGDs and all other information. The loss rate is calculated as follows.

Loss rate = EAD x PD x LGD x DCF x EFA

EAD - Exposure at Default
PD - Probability of Default
LGD - Loss given Default
DCF - Discount factor
EFA - Economic Factor adjustment

Sensitivity on ECL	Sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on Income Statement
	Stage 1	Stage 2	Stage 3	Total	
Loss rate 1% increase across all age buckets	35,234,533	4,212,293	6,794,555	46,241,381	46,241,381
Loss rate 1% decrease across all age buckets	(6,181,380)	(1,446,112)	(6,884,438)	(14,511,929)	(14,511,929)

Sensitivity analysis of the expected credit loss model

The uncertainty on the current economic conditions introduced significant estimation uncertainty in relation to the measurement of the Company's allowance for expected credit losses. The rapidly evolving consequences of current economic conditions and government, business and consumer responses could result in significant adjustments to the allowance within the current and next financial years.

Given current economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Company should be considered as a best estimate within a range of possible estimates.

The table below illustrates the sensitivity of ECL of collectively assessed assets to key factors used in determining it:

ECL sensitivity - Weighting applied to forecast scenarios

	Total ECL (Rs)	Impact (Rs)
100% Best Case (Upside) scenario	964,061,516	(19,169,661)
100% Base Case scenario	983,231,177	(4,942,519)
100% Worst Case (Downside) scenario	988,897,380	5,666,203

	2026			2025		
As at 31 March	Base Case	Best Case	Worst Case	Base Case	Best Case	Worst Case
Assigned Probability Weightage when meassuring ECL	30%	10%	60%	30%	10%	60%

The key measure used by the Company for managing liquidity risk is the ratio of liquid assets to deposits from customers and other liabilities. For this purpose liquid assets are considered as including cash and cash equivalents and investment for which there is an active and liquid market. Details of the reported ratio of net liquid assets to the liabilities from customers at the reporting date and during the year were as follows:

For the year ended 31 March	2026 Rs.	2025 Rs.
As at 31 March		
Average for the year	14.76%	14.61%
Maximum for the year	21.44%	22.60%
Minimum for the year	5.56%	1.66%

Components of the Company's liquid assets used for the purpose of calculating the Statutory Liquid Asset Ratio as at 31st March is given below:

For the year ended 31 March	2026 Rs.	2025 Rs.
Cash in Hand & Bank Balances	224,724,345	297,129,594
Sri Lanka Government Treasury Bills and Treasury Bonds, maturing within one year, free from any lien or charge	698,690,831	801,814,765
Total Liquid Assets as at end of March	**923,415,176**	**1,098,944,360**

The table below sets out the availability of assets held by the Company on the basis of being encumbered or unencumbered.

As at 31 March	2025		2024	
	Encumbered * Rs.	Unencumbered Rs.	Encumbered * Rs.	Unencumbered Rs.
Cash and cash equivalents	-	224,724,345	-	297,129,594
Equity Instruments at fair value through other comprehensive income	-	30,600	-	30,600
Placements with banks & Securities purchased under repurchase agreements	-	698,690,831	-	801,814,765
Financial Assets at Amortised Cost - Lease and hire purchase receivables	66,612,766	672,301,322	134,734,566	1,350,780,419
Financial Assets at Amortised Cost - Loans and receivables	-	4,234,496,325	-	3,250,927,188
Other non financial assets	-	256,638,058	-	883,584,922
Intangible assets	-	59,836,562	-	71,786,205
Property, plant & equipment	-	24,084,390	-	32,112,488

* Encumbered - Pledged as collateral in borrowings

38.4 Operational risk

Operational risk is the risk of loss arising from fraud, systems failure, human error or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it should manage these risks through a control framework and by monitoring and responding to potential risks and management of operational risk in the following areas:

> requirements for appropriate segregation of duties, including the independent authorization of transactions
> requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified
> development of contingency plans
> training and professional development

Compliance with Company's standards is supported by a programmed of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the management of the Company and Audit Committee. Audit Committee instructs the management to take the corrective actions to overcome any deficiencies identified.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company, as at the reporting date, do not hold 'Financial instruments' denominated in currencies other than its functional / reporting currency, hence do not get exposed to currency risk arising from translation of such balances in to the functional / reporting currency, which is Sri Lankan Rupees.

Notes to the Financial Statements

38. FINANCIAL RISK MANAGEMENT Contd.

38.4 Operational risk Contd.

Impact to the Company due to Current Economic Condition

The Company has prepared financial statements for the year ended 31st March 2026 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31st March 2026, based on available information, the management has assessed the prevailing macroeconomic conditions and its impact on the company and the appropriateness of the use of the going concern basis.

The Company is expected to encounter macro-economic challenges such as the continuous devaluation of the rupee, import restrictions, rise in general inflation, down-grade of credit rates, depleting of foreign currency reserves, shortage of essential supplies, impact due to mismatch between lending and deposits rates, increase in policy rates and the resultant pressure on disposable income levels of general public

Accordingly, the Company is expected to encounter numerous challenges in the form of subdued demand for credit and greater credit risk due to the potential loss of income of the customer base.

Towards, mitigating this risk, the company has taken steps to focus on asset backed short term lending, applying strict credit guidelines to minimize credit risk, secured additional liquidity through a broad basing deposit mobilizing to manage possible liquidity issues. The company has adopted strict cost management methods.

Based on these proactive analysis and our operating model, financial strength of the company and the backing of the group, the management is confident that the company has no impact to its business continuity and expects to manage the above challenges effectively.

The determination of the allowance for expected credit losses is heavily dependent on the external macro environment and reliant on data and a number of estimates related to statistical models. The Company's expected credit losses for loans and receivables to customers are derived from the statistical models which are based on internally computed data comprising qualitative and quantitative factors including past due information and also incorporating forward looking information. The prevailing uncertain and volatile macroeconomic environment in the country meant that assumptions regarding the economic outlook are more uncertain which, combined with varying government responses, increases the level of judgment required by the Company in calculating the ECL.

The Company used a broad range of forward looking information as economic inputs in Company ECL model in calculating the ECL, such as:

> GDP Growth (%)
> Inflation (YoY Average)
> Interest Rate (PLR)
> Unemployment (% of Labor Force)

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the Financial Statements. To reflect this, Company used qualitative adjustments or overlays as temporary adjustments when such differences are significantly material.

38.5 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

Regulatory capital requirements and status of compliance

The Company has complied with the regulatory capital ratios for Tier 1 and Total Capital (Tier 2) as of 31 March 2026 including the core capital requirement of Rs. 2.5 billion as a result of the transactions described below

Details of transactions/events that enabled the company to reach the above stated compliance are as follows:

1. At the beginning of the FY 2024.25 : As at 1st April 2024, the Company had recorded a Tier I capital ratio of 4.92% and a Total Capital (Tier 2) ratio of 4.92%, both of which fell short of the regulatory minimum requirements of 8.5% and 12.5%, respectively. Additionally, the Company's core capital stood at LKR 1,053 million, which was below the regulatory minimum threshold of LKR

2,500 million. As of the end of previous year, the Company had existing imposed restrictions by the CBSL on its total deposits (with accrual interest payable), total lending portfolio (net of impairment) and borrowings through commercial papers (CPs) with limits set at Rs 5 Bn, Rs 7 Bn and Rs 1.2 Bn respectively .Additionally Company was subjected to restrictions on offering interest rates 100 basis points lower than the maximum interest rates payable on deposits by Licensed Finance Companies on deposit renewals and restriction on accepting new deposits.

2. Restrictions imposed : The CBSL, by its letter dated 05 July 2024, based on the Finance Business Act Guideline No. 1 of 2020 Prompt Corrective Action (PCA) Framework for Licensed Finance Companies, further increased the imposed restrictions on Total Deposits (with accrued interest payable), Total Lending Portfolio (net of impairment) up to Rs. 4.7 Bn and Rs. 5.0 Bn respectively by 31 July 2024 and cease borrowings through commercial papers by 05 July 2024 while all other restrictions imposed including on deposits remained unchanged. However, the Company was permitted to grant cash back loans, pawning advances, gold loans and other related claims secured by gold.

3.Remedial measures and actions taken by the Company : To address these issues, the Company submitted an alternative capital augmentation plan to the CBSL on May 30, 2024. This plan also looked at other restructuring initiatives in addition to compliance with regulatory capital requirements.

As part of this plan, the Company proposed the sale of a part of its loan portfolio to a Special Purpose Vehicle (SPV) for a cash consideration of LKR 1.8 billion approximately. The planned transaction was scheduled to take place on July 30, 2024. The Governing Board of the CBSL reviewed the proposed plan and conveyed its favorable consideration to the Company through its letter dated June 28, 2024.

S R One (Private) Limited, a fully owned subsidiary of Softlogic Capital PLC was designated as the Special Purpose Vehicle (SPV).

Prior to initiation of this process, the Company engaged legal counsel to advise on the structuring and arrangement of the Participation Agreement related to the divestment of the loan portfolio. Additionally, tax and accounting consultants were engaged to provide advisory support for the transaction. All relevant professional opinions were obtained in writing.

The Company successfully completed the initial tranche of the loan portfolio transfer to the SPV (i.e. S R One (Private) Limited) in July 2024, amounting to LKR 100,093,222.95, which was finalized on July 31, 2024. This was followed by a second tranche of LKR 1,000,172,933.75, completed on September 6, 2024. Both transactions involved the transfer of beneficial ownership of the loan portfolio through the execution of a Participation Agreement with the SPV. Two SPV transactions were completed during the FY 2024.25 in totalling to Rs. 1.1 billion.

The successful completion of the above portfolio transfers enabled the Company to meet the required capital adequacy ratios for Tier 1 and Total Capital (Tier 2). For regulatory reporting and compliance purposes, the External Auditor performed an audit on the Profit and Changes in Equity, which was subsequently submitted to the CBSL. With this submission, the CBSL removed the restrictions imposed on granting of loans and advances by their letter dated November 29, 2024, while all other restrictions imposed remained unchanged.

During the Financial year under review the Company successfully completed the remainder of the transfer of the beneficial ownership of part of the Company's loan portfolio to the SPV, during the month of July 2025. The transfers were carried out in three separate segments, namely third, fourth and fifth (final) transfers for cash.

The Participation Agreements were signed on July 03, 2025, July 07,2025, and July 15, 2025, for the third, fourth and fifth (final) segments, respectively. The transfer of beneficial ownership of the portfolio related to these segments was completed on the same day as the agreements, with cash considerations of LKR 200,188,025.12, LKR 200,057,986.34 and LKR 300,140,426.97 respectively. The transactions were reported to the Colombo Stock Exchange (CSE) on July 08, 2025, July 08,2025, and July 16, 2025, respectively.

The successful completion of the portfolio transfers to the remainder amount enabled the Company to enhance the capital adequacy ratios further for Tier 1 and Total Capital (Tier 2). For regulatory reporting and compliance purposes, the External Auditor performed an audit on the Profit and Changes in Equity, which was subsequently submitted to the CBSL Accordingly, the Central Bank of Sri Lanka, by its letter dated 19 September 2025, informed the Company that the Governing Board of the Central Bank of Sri Lanka had approved the immediate removal of all regulatory restrictions imposed on the Company.

Notes to the Financial Statements

38. FINANCIAL RISK MANAGEMENT Contd.

38.5 Capital Management Contd.

Impact to the Company due to Current Economic Condition Contd.

Through the execution of the capital augmentation plan as described above, the Company has been able to satisfy the regulatory capital requirements including the Core Capital as at 31st March 2026.

Status of Complaince after the above Transactions

Capital Requirements	As at 31st March 2026	As at 31st March 2025
Tier 1 Ratio - (Minimum Requirement - 8.5%)	60.95%	25.46%
Total Capital ratio (Tier 2) - (Minimum Requirement - 12.5%)	60.95%	25.46%
Core Capital Requirement (Minimum Requirement - LKR 2.5 Bn)	2.84 Bn	1.9 Bn

38.6 Serious Loss of Capital & reduction of Status Capital as per section 59 of the Companies Act No 07 of 2007

The Company's net assets fell below fifty percent of the stated capital as of 31 March 2023, representing 29% of stated capital, which is a serious loss of capital as per Section 220 of the Companies Act No. 07 of 2007.

Accordingly, the Board of Directors disclosed a "Report by the Board of Directors" in terms of section 220 of the Companies ACT No. 07 of 2007, to the Colombo Stock Exchange via market announcement dated June 26, 2023, stating the remedial actions that would be taken by the Company to address the issues stated in the Report. The Board of Directors convened an EGM on 12 July 2023 to inform the shareholders of the nature and extent of losses incurred by the Company, the causes of such losses, and the remedial actions that would be taken by the Company

In December 2025, the Board resolved to proceed with the reduction of stated capital, subject to obtaining approval from the Central Bank of Sri Lanka and the shareholders. Subsequently, approval from the Central Bank of Sri Lanka was received, and the proposed reduction of stated capital was announced to the Colombo Stock Exchange on 11 December 2025. Public notices, including newspaper and Gazette publications, were completed on 26 December 2025. The EGM was held on 25 February 2026, and the shareholders approved the proposal. As a result, the retained loss up to the month of July 2025 was setoff aginst the Stated Capital. Post stated capital after setting off the Retined loss reflects in the Statement of Financial Position and Statement of Changes in Equity. Therefore the serious loss of capital situation was successfully rectified.

39. UTILISATION OF FUNDS RAISED VIA CAPITAL MARKET

39.1 The company has raised funds via the capital market through a rights issue on 20 December 2019. The progress of uitlisation of the capital raised as per the objectives stated in the right issue circular is given below.

Objective number	Objective as per Circular	Amount allocated as per Circular in Rs.	Proposed date of utilisation as per Circular	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilised in Rs. (B)	% of utilisation against allocation (B/A)	Clarification if not fully utilised including if not utilized where are the funds invested
(a)	To Settle the utilized overdraft facilities of the company	474,880,432	Within 2 months from the completion of the Rights Issue	474,880,432	79%	474,880,432	100%	N/A
(b)	To expand the lending activities of the company	127,614,800	Within 2 months from the completion of the Rights Issue	127,614,800	21%	127,614,800	100%	N/A
		602,495,232		602,495,232	100%	602,495,232		

39.2 The company has raised funds further via the capital market through a rights issue on 15th December 2020. The progress of uitlisation of the capital raised as per the objectives stated in the right issue circular is given below.

Objective number	Objective as per Circular	Amount allocated as per Circular in Rs.	Proposed date of utilisation as per Circular	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilised in Rs. (B)	% of utilisation against allocation (B/A)	Clarification if not fully utilised including if not utilized where are the funds invested
(a)	To repay maturity liabilities	1,901,994,752	Within 6 months from the completion of the Rights issue	1,901,994,752	100%	1,901,994,752	100%	N/A
(b)	To increase the secured lending portfolio to the required regulatory levels (i) Leasing (ii) Other lending							N/A
		1,901,994,752		1,901,994,752	100%	1,901,994,752		

39.3 The company has raised funds further via the capital market through a rights issue on 26th August 2021. The progress of uitlisation of the capital raised as per the objectives stated in the right issue circular is given below. .

Objective number	Objective as per Circular	Amount allocated as per Circular in Rs.	Proposed date of utilisation as per Circular	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilised in Rs. (B)	% of utilisation against allocation (B/A)	Clarification if not fully utilised including if not utilized where are the funds invested
(a)	To improve the Capital adequacy ratio	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(b)	To repay maturity liabilities, utilize in the lending and other business operations.	2,239,667,740	Within 6 months from the completion of the Rights issue	2,239,667,740	100%	2,239,667,740	100%	N/A
(c)	To increase the secured lending portfolio to the required regulatory levels (i) Leasing (ii) Other lending							
		2,239,667,740		2,239,667,740	100%	2,239,667,740		

39.4 The company has raised funds further via the capital market through a rights issue on 08 December 2022. The progress of uitlisation of the capital raised as per the objectives stated in the right issue circular is given below.

Objective number	Objective as per Circular	Amount allocated as per Circular in Rs.	Proposed date of utilisation as per Circular	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilised in Rs. (B)	% of utilisation against allocation (B/A)	Clarification if not fully utilised including if not utilized where are the funds invested
(a)	To improve the Capital adequacy ratio	-	Immediate	-	0%	-	0%	N/A
(b)	To settle the working capital loan borrowed from Softlogic Capital PLC.	851,497,316	Immediate	851,497,316	100%	851,497,316	100%	N/A
		851,497,316		851,497,316	100%	851,497,316		

Notes to the Financial Statements

39. UTILISATION OF FUNDS RAISED VIA CAPITAL MARKET Contd.

39.5 The company has raised funds further via the capital market through a rights issue on 27 March 2024. The progress of uitlisation of the capital raised as per the objectives stated in the right issue circular is given below.

Objective number	Objective as per Circular	Amount allocated as per Circular in Rs.	Proposed date of utilisation as per Circular	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilised in Rs. (B)	% of utilisation against allocation (B/A)	Clarification if not fully utilised including if not utilized where are the funds invested
(a)	To improve the Capital adequacy ratio as per the Finance Business Act Direction No. 03 of 2018	-	Immediate	-	0%	-	0%	N/A
(b)	To address the serious loss of capital situation as per S220 of the Companies Act No. 07 of 2007	-	Immediate	-	0%	-	0%	N/A
(c)	To improve the Core Capital Requirement, as stipulated by the Finance Business Act Direction No.2 of 2017	-	Immediate	-	0%	-	0%	N/A
(d)	To settle Subordinated Debt of Rs. 900 Mn obtained from Softlogic Capital PLC	1,049,966,135	Immediate	1,049,966,135	45%	1,049,966,135	100%	N/A
(e)	To settle multiple short term loans of Rs. 920 Mn obtained from Softlogic Capital PLC	1,090,382,066	Immediate	1,090,382,066	47%	1,090,382,066	100%	N/A
(f)	To settle the Securitization loan & Commercial papers as per the maturities	191,843,560	Immediate	191,843,560	8%	191,843,560	100%	N/A
		2,332,191,761		2,332,191,761	100%	2,332,191,761		

40. COMMITMENTS AND CONTINGENCIES

Accounting Policy

Contingent liabilities are possible obligations whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events, or present obligations that are not recognised because it is not probable that an outflow of economic benefits will be required, or the amount of the obligation cannot be measured reliably, as defined in Sri Lanka Accounting Standard – LKAS 37, Provisions, Contingent Liabilities and Contingent Assets.
Accounting Policy In the normal course of business, the Company enters into various irrevocable commitments and contingent liabilities to meet the financing needs of customers.

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Although these exposures are not recognised in the Statement of Financial Position, they represent credit risk and form part of the Company's overall risk exposure.

The company has formal controls and policies for tax commiments. Once professional advice has been obtained and the amount of assessment penalties reasonably estimated, the Company makes adjustments to account for any adverse effects which the claims may have on its financial standing.

For the year ended 31 March	2026 Rs.	2025 Rs.
Commitments		
Commitment for unutilised facilities	85,068,828	53,260,393
	85,068,828	**53,260,393**

Analysis of commitment and contingencies by remaining contractual maturities

As at 31 March 2026	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Total Rs.
Commitments					
Commitment for unutilised facilities	85,068,828	-	-	-	85,068,828
	85,068,828	**-**	**-**	**-**	**85,068,828**

As at 31 March 2025	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Total Rs.
Commitments					
Commitment for unutilised facilities	53,260,393	-	-	-	53,260,393
	53,260,393	**-**	**-**	**-**	**53,260,393**

Notes to the Financial Statements

40. COMMITMENTS AND CONTINGENCIES Contd.

40.1 Litigation against the Company

Set out below are the unresolved legal claims against the Company as at March 31, 2026 for which, adjustments to the Financial Statements have not been made due to the uncertainty of its outcome.

Case filed against Softlogic Finance PLC at the District Court of Colombo under case No. DMR 3689 /21 by one of our customers, claiming that the Deed of Transfer executed over his property in favour of Softlogic Finance is invalid and claims damages of Rs.70 Mn. Subsequently settlement has been entered with the customer on 20th December 2024. This settlement has been duly recorded in court and the case has been laid by accordingly. Further customer has to be make the payment as per the settlement plan entered in the court.

41. EVENTS AFTER THE REPORTING DATE

Events after the reporting period are those events, favorable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue. No circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the financial statements.

42. TRANSFER OF FINANCIAL ASSETS (Lease and HP Receivable)

Under the securitization arrangement, the Company retains the contractual right to receive the cash from lease receivable, but assume a contractual obligation to pay the cash flows to investors of the trust certificates. Said securitization will lead to a transfer of lease receivables to investors. However, will not qualified for a derecognition. Risks of defaults of the lease receivable and the right to receive the cash flows from the lease receivables are vested with the Company.

Carrying Value of assets and associated liabilities	2026	2025
Financial Assets at Amortised Cost - Lease and hire purchase receivables	66,612,766	134,734,566

43. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

The Company carried out transactions in ordinary course of business on an arm's length basis with parties who are defined as Related Parties as per the Sri Lanka.

Accounting Standard - LKAS 24 'Related Party Disclosures'.

The pricing applicable to such transactions is based on the assessment of risk and pricing method of the company and is comparable with what is applied to transactions between the company/ group and its unrelated customers.

43.1 Transactions with Key Management Personnel (KMPs)

Key managerial personnel includes CBSL approved KRPs, CEO & Board of Directors of the Company and of it's Holding Company.

As at 31 March	2026 Rs.	2025 Rs.
Short-term employee benefits	123,046,805	76,318,407
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	123,046,805	**76,318,407**

43.1.1 Transaction, arrangements and agreements involving KMPs and their close members of the family (CMFS)

The following table provides the total amount of transactions which have been entered in to with key managerial personnel and their close family members.

Statement of financial position	Reported under	2026 Rs.	2025 Rs.
Assets			
Personal Loans	Financial Assets at Amortised Cost - Loan receivables	-	-
Lease	Financial Assets at Amortised Cost - Lease and hire purchase receivables	-	-
Liabilities			
Time Deposits	Financial Liabilities at Amortised Cost - Due to customers	3,036,044	2,019,677
Savings Deposits	Due to customers	5,118	69,918
Statement of comprehensive income			
Interest income on lease & loan receivables	Interest income	-	-
Interest expense on customer deposits	Interest expenses	209,885	193,676
Other transactions		-	-

Notes to the Financial Statements

43. RELATED PARTY DISCLOSURES Contd.

43.2 Transactions with Group Companies

The Company enters into transactions with group companies and the following tables shows the outstanding balances and corresponding transactions during the period ended March 31, 2026

These transactions are on the same terms and conditions as those entered into by other customers.

Company	Relationship	F/Y	(Receivables) /Payables	Loans, Advances & Investments/ SPV	Borrowings / Deposits	Income Earned
Softlogic Corporate Services (Pvt) Ltd	Affiliated Company	2025/26	-	-	-	-
	Affiliated Company	2024/25	-	-	-	-
Softlogic Holdings PLC	Ultimate Parent Company	2025/26	-	-	-	-
	Ultimate Parent Company	2024/25	-	-	-	-
Softlogic Retail (Pvt) Ltd	Affiliated Company	2025/26	(12,243)	-	596	-
	Affiliated Company	2024/25	(22,243)	-	311	-
Softlogic Brands (Pvt) Ltd	Affiliated Company	2025/26	-	-	365,378	
	Affiliated Company	2024/25	-	-	355,656	-
Softlogic Information Technologies (Pvt) Ltd	Affiliated Company	2025/26	-	-	-	-
	Affiliated Company	2024/25	-	-	-	-

Cost Incurred	Plant & Equip. Purchased / (sold)	Sale of equity shares under FVTOCI	Any Other Transactions	Nature and Terms of the Transaction	The Rationale for Entering into the Transaction
6,390,966	-	-	-	> Cost for secretarial services provided > ROC charges	Normal business activity of the company and arm's length transaction
6,393,307	-	-	-	> Cost for secretarial services provided > ROC charges	Normal business activity of the company and arm's length transaction
999,522	-	-	-	> Reimbursement of directors annual insurance liability premium	Normal business activity of the company and arm's length transaction
1,010,184	-	-	-	> Reimbursement of directors annual insurance liability premium	Normal business activity of the company and arm's length transaction
2,538,323	-	-	-	> Maintaining savings accounts at a Interest rate of 3% > Office equipment maintenance > AC services and maintenance agreement renewal	Normal business activity of the company and arm's length transaction
36,179	-	-	-	> Cost for staff mobile phone vouchers. > Maintaining savings accounts at a Interest rate of 5% > Office equipment maintenance > AC services and maintenance agreement renewal	Normal business activity of the company and arm's length transaction
10,802	-	-	-	> Maintaining savings accounts at a interest rate of 3%	Normal business activity of the company and arm's length transaction
10,507	-	-	-	> Maintaining savings accounts at a interest rate of 5%	Normal business activity of the company and arm's length transaction
468,224	-	-	-	> Equipment maintenance > Laptop & Backpack Purchase	Normal business activity of the company and arm's length transaction
419,768	-	-	-	> Equipment maintenance	Normal business activity of the company and arm's length transaction

Notes to the Financial Statements

43. RELATED PARTY DISCLOSURES Contd.

43.2 Transactions with Group Companies Contd.

Company	Relationship	F/Y	(Receivables) /Payables	Loans, Advances & Investments/ SPV	Borrowings / Deposits	Income Earned
Softlogic Life Insurance PLC	Affiliated Company	2025/26	(275,398)	-	-	-
	Affiliated Company	2024/25	(78,667)	-	-	
Softlogic BPO Services (Pvt) Ltd	Affiliated Company	2025/26	-	-	696	12,209
	Affiliated Company	2024/25	-	321,748	-	112,920
Softlogic Computers (Pvt) Ltd	Affiliated Company	2025/26	-	-	-	-
	Affiliated Company	2024/25	-	-	-	-
Softlogic Capital PLC	Parent Company	2025/26	-	-	-	-
	Parent Company	2024/25	-	-	-	-
Softlogic Asset Management Ltd	Affiliated Company	2025/26	-	-	-	-
	Affiliated Company	2024/25	-	-	-	-

Cost Incurred	Plant & Equip. Purchased / (sold)	Sale of equity shares under FVTOCI	Any Other Transactions	Nature and Terms of the Transaction	The Rationale for Entering into the Transaction
21,076,046	-	-	-	> Staff insurance premium for 2025/26	Normal business activity of the company and arm's length transaction
25,523,544	-	-		> Staff insurance premium for 2024/25	Normal business activity of the company and arm's length transaction
58,360,334	-	-	-	> Cost of hardware maintain services & its related services > Cost for staff discount cards. > Board pack maintenance	Normal business activity of the company and arm's length transaction
56,527,033	-	-	-	> Cost of hardware maintain services & its related services > Cost for staff discount cards. > Board pack maintenance > Loan granted at a rate of 15% p.a for a period of 60 months	Normal business activity of the company and arm's length transaction
-	-	-	-	-	-
41,300	-	-	-	> Computer Maintenance cost	Normal business activity of the company and arm's length transaction
-	-	-	-	-	-
5,488,433	-	-	-	> Annual maintenance charges for www.softlogicfinance.lk > Subordinated loan received at a rate of WAYR of 364 days T-Bill Rate + 4.25% for a period of 60 months & upfront fee > Term loan received at a rate of 29.96%	Normal business activity of the company and arm's length transaction
4,456,120	-	-	-	> Software License fee paid > Intercompany Gratuity Payment	Normal business activity of the company and arm's length transaction
-	-	-	-	-	-

Notes to the Financial Statements

43. RELATED PARTY DISCLOSURES Contd.

43.2 Transactions with Group Companies Contd.

Company	Relationship	F/Y	(Receivables) /Payables	Loans, Advances & Investments/ SPV	Borrowings / Deposits	Income Earned
Future Automobiles (Pvt) Ltd	Affiliated Company	2025/26	-	18,058,846	-	75,000
	Affiliated Company	2024/25	-	-	-	-
Asiri Surgical Hospital	Affiliated Company	2025/26	-	-	-	-
	Affiliated Company	2024/25	-	-	-	-
Softlogic Stock Brokers (Pvt) Ltd	Affiliated Company	2025/26	-	-	149	9,986,620
	Affiliated Company	2024/25	-	93,534,460	-	-
SR One (Pvt) Ltd	Affiliated Company	2025/26	(208,977)	700,386,438	2,206,951	-
	Affiliated Company	2024/25	1,974,178	1,100,266,157	-	-
Central Hospital Ltd	Affiliated Company	2025/26	22,400	61,174,571	500	16,187,814
	Affiliated Company	2024/25	-	-	-	-
Softlogic Supermarket (Pvt) Ltd	Affiliated Company	2025/26	11,140	-	-	-
	Affiliated Company	2024/25	-	-	-	-

	Cost Incurred	Plant & Equip. Purchased / (sold)	Sale of equity shares under FVTOCI	Any Other Transactions	Nature and Terms of the Transaction	The Rationale for Entering into the Transaction
	458,473	-	-	-	> Vehicle repair charges > Document charges income received from loan facility > Loan granted at a rate of 17% p.a for a period of 36 months	Normal business activity of the company and arm's length transaction
	112,502	-	-	-	> Vehicle repair service cost	Normal business activity of the company and arm's length transaction
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	> Maintaining a Saving Account	Normal business activity of the company and arm's length transaction
	1,750,000	-	-	-	> Loan granted at a rate of 21% p.a for a period of 12 months	Normal business activity of the company and arm's length transaction
	156,530	-	-	168,394,111	> Cost for Legal fees > Maintaining savings accounts at a interest rate of 3% > SPV collection for the period > SPV Portfolio Transfer consideration"	Normal business activity of the company and arm's length transaction
	1,870,836	-	-	-	> Cost for Legal fees > Maintaining savings accounts at a interest rate of 3% > SPV collection for the period > SPV Portfolio Transfer consideration	Normal business activity of the company and arm's length transaction
	59,080	-	-	-	> Cost for Legal fees > Maintaining savings accounts at a interest rate of 3% > Loan granter at 21% PA for 6 months > Cost incurred for AGM	Normal business activity of the company and arm's length transaction
	-	-	-	-	-	-
	-	-	-	-	> Cost incurred for HR Training Programme	Normal business activity of the company and arm's length transaction
	-	-	-	-	-	-

Notes to the Financial Statements

44. BUSINESS SEGMENT INFORMATION

Accounting Policy

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to each segment.

For management purposes, the Company has identified five operating segments based on products and services, as follows.

- Leasing and Hire purchase
- Vehicle Loans
- Gold Loans

	Leasing & Hire Purchases		Vehicle Loans	
	2026	2025	2026	2025
Interest income	196,475,346	582,706,788	9,347,363	7,681,576
Interest expenses	-	-	-	-
Net interest income	196,475,346	582,706,788	9,347,363	7,681,576
Fee and commission income	14,674,047	28,533,703	698,121	376,148
Net trading income/(loss)	-	-	-	-
Profit /(Loss) from Derecognition of Financial Assets	-	-	-	-
Other operating income	-	-	-	-
Total operating income	**211,149,394**	**611,240,491**	**10,045,484**	**8,057,724**
Impairment charges for loan and advances	92,103,256	155,014,744	541,307	6,650,862
Net operating income	303,252,650	766,255,235	10,586,791	14,708,586
Depreciation for property, plant and equipment	(1,284,791)	(2,578,903)	(358,846)	(5,755)
Amortisation of intangible assets	(1,284,521)	(3,737,986)	(358,771)	(8,341)
Personal cost	-	-	-	-
Other operating expenses	(97,585,397)	(275,335,505)	(4,642,649)	(3,629,631)
Segment profit before VAT on financial services	203,097,940	484,602,841	5,226,524	11,064,859
Tax on financial services & Income tax	-	-	-	-
Segment profit before tax	**203,097,940**	**484,602,841**	**5,226,524**	**11,064,859**
Income tax reversal/(expenses)	-	-	-	-
Profit for the year	**203,097,940**	**484,602,841**	**5,226,524**	**11,064,859**
Total assets	**738,914,088**	**1,485,514,985**	**206,381,131**	**3,314,893**
Total Liabilities	**428,761,544**	**939,423,429**	**119,754,507**	**2,096,302**

Accounting Policy Contd.

- Loans & Receivables
- Other

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses, which in certain respects, are measured differently from operating profits or losses in the Financial Statements. Income taxes are managed on collective basis and not allocated to operating segments.

Revenue from transactions with a single external customer or counterparty did not exceed 10% or more of the Company's total revenue in 2026 & 2025. The income, profit total assets and total liabilities of the Company's operating segments are presented below.

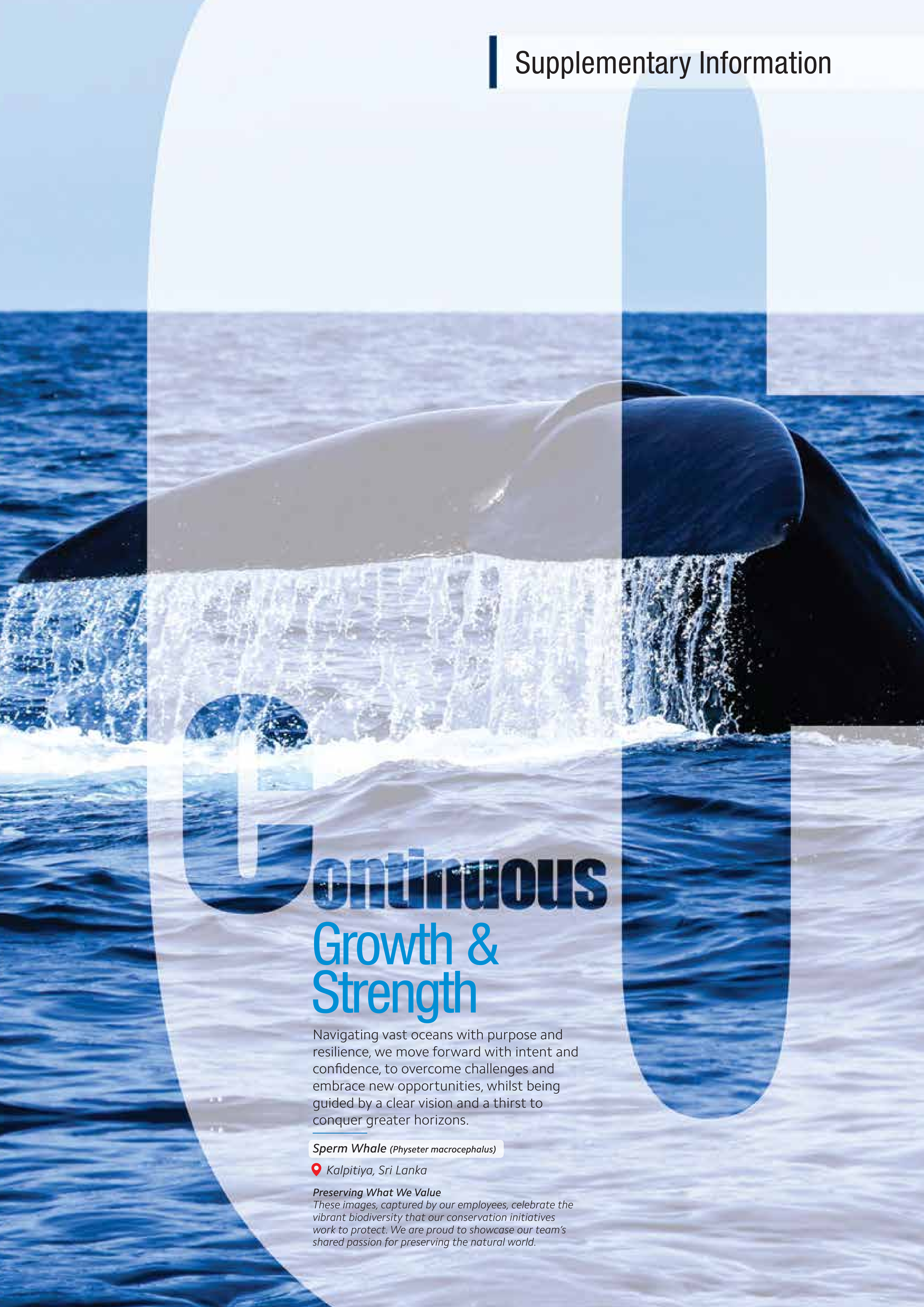
	Gold Loans		Loans and Receivables		Others		Total	
	2026	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
	468,839,082	294,325,693	208,081,067	197,157,808	37,880,227	51,332,906	920,623,086	1,133,204,770
	-	-	-	-	(519,047,969)	(833,646,073)	(519,047,969)	(833,646,073)
	468,839,082	294,325,693	208,081,067	197,157,808	(481,167,742)	(782,313,167)	401,575,117	299,558,698
	35,015,930	14,412,398	15,540,838	9,654,328	2,829,140	2,513,645	68,758,076	55,490,221
	-	-	-	-	247,520	228,565	247,520	228,565
	-	-	-	-	140,141,986	207,629,087	140,141,986	207,629,087
	-	-	-	-	95,306,443	113,901,285	95,306,443	113,901,285
	503,855,012	**308,738,091**	**223,621,905**	**206,812,136**	**(242,642,653)**	**(458,040,585)**	**706,029,141**	**676,807,856**
	(4,924,983)	12,633	248,511,876	244,050,794	24,367,589	20,338,980	360,599,046	426,068,012
	498,930,029	308,750,724	472,133,781	450,862,930	(218,275,064)	(437,701,605)	1,066,628,187	1,102,875,868
	(5,585,578)	(3,177,937)	(1,418,332)	(2,460,025)	(4,113,080)	(5,634,829)	(12,760,628)	(13,857,450)
	(5,584,403)	(4,606,254)	(1,418,034)	(3,565,678)	(4,112,214)	(8,167,391)	(12,757,943)	(20,085,650)
	-	-	-	-	(442,654,833)	(378,863,506)	(442,654,833)	(378,863,506)
	(232,863,048)	(139,072,197)	(103,349,728)	2,737,808	(18,814,355)	(19,705,228)	(457,255,177)	(435,004,752)
	254,897,001	161,894,335	365,947,688	447,575,035	(687,969,546)	(850,072,559)	141,199,607	255,064,512
	-	-	-	-	(100,669,835)	(109,932,087)	(100,669,835)	(109,932,087)
	254,897,001	161,894,335	365,947,688	447,575,035	(788,639,381)	(960,004,645)	40,529,772	145,132,424
	-	-	-	-	109,925,335	-	109,925,335	-
	254,897,001	**161,894,335**	**365,947,688**	**447,575,035**	**(678,714,046)**	**(960,004,645)**	**150,455,107**	**145,132,424**
	3,212,398,698	**1,830,574,174**	**815,716,496**	**1,417,038,120**	**2,365,530,054**	**3,245,807,298**	**7,338,940,467**	**7,982,249,471**
	1,864,023,231	**1,157,635,087**	**473,326,832**	**896,119,409**	**1,372,620,085**	**2,052,613,036**	**4,258,486,199**	**5,047,887,262**

Notes to the Financial Statements

45. CURRENT AND NON CURRENT ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled

As at 31 March	2026 Within 12 Months Rs.	2026 After 12 Months Rs.	2026 Total as at Rs.	2025 Within 12 Months Rs.	2025 After 12 Months Rs.	2025 Total as at Rs.
Assets						
Cash and cash equivalents	224,724,345	-	224,724,345	297,129,594	-	297,129,594
Equity Instruments at fair value through other comprehensive income	30,600	-	30,600	30,600	-	30,600
Securities purchased under repurchase agreements	698,690,831	-	698,690,831	801,814,765	-	801,814,765
Financial Assets at Amortised Cost - Lease and hire purchase receivables	605,111,364	133,802,724	738,914,088	964,840,187	520,674,798	1,485,514,985
Financial Assets at Amortised Cost - Loans and receivables	3,548,635,215	685,861,110	4,234,496,325	2,699,530,238	551,396,949	3,250,927,188
Other assets	-	516,724,666	516,724,666	-	1,218,639,050	1,218,639,050
Deferred tax asset	-	653,976,234	653,976,234	-	542,181,021	542,181,021
Intangible assets	-	59,836,562	59,836,562	-	71,786,205	71,786,205
Investment Property	-	-	-	-	103,237,000	103,237,000
Right of Use Assets	-	187,462,426	187,462,426	-	178,876,574	178,876,574
Property, plant & equipment	-	24,084,390	24,084,390	-	32,112,488	32,112,488
Total Assets	**5,077,192,356**	**2,261,748,111**	**7,338,940,467**	**4,763,345,385**	**3,218,904,086**	**7,982,249,471**
Liabilities						
Bank Overdrafts	44,771,207	-	44,771,207	92,003,501	-	92,003,501
Financial Liabilities at Amortised Cost - Due to customers	1,993,466,278	1,744,957,414	3,738,423,692	2,380,532,858	1,892,854,855	4,273,387,713
Financial Liabilities at Amortised Cost - Other borrowed funds	-	-	-	3,577,581	-	3,577,581
Other non financial liabilities	-	447,535,588	447,535,588	-	644,391,158	644,391,158
Retirement benefit obligations	-	27,755,712	27,755,712	-	34,527,309	34,527,309
Deferred tax liabilities	-	-	-	-	-	-
Total liabilities	**2,038,237,485**	**2,220,248,714**	**4,258,486,199**	**2,476,113,940**	**2,571,773,322**	**5,047,887,262**



Continuous Growth & Strength

Navigating vast oceans with purpose and resilience, we move forward with intent and confidence, to overcome challenges and embrace new opportunities, whilst being guided by a clear vision and a thirst to conquer greater horizons.

Sperm Whale (Physeter macrocephalus)

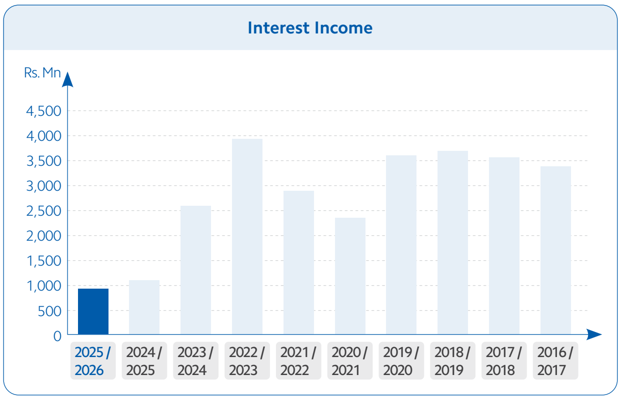
Kalpitiya, Sri Lanka

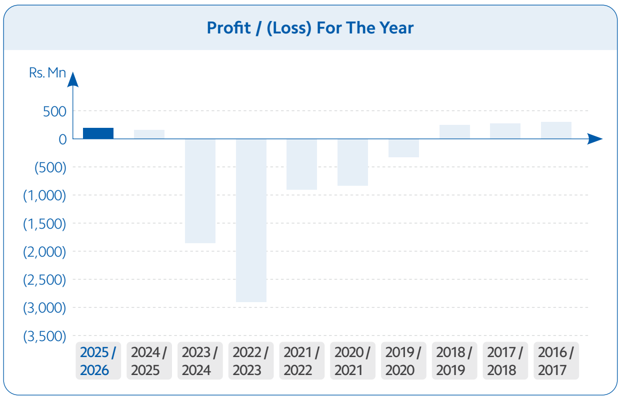
Preserving What We Value
These images, captured by our employees, celebrate the vibrant biodiversity that our conservation initiatives work to protect. We are proud to showcase our team's shared passion for preserving the natural world.

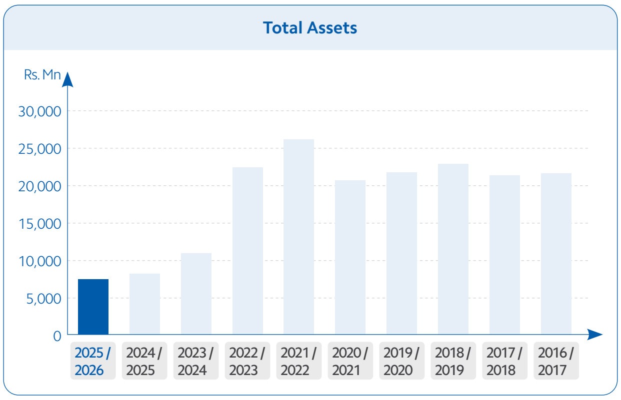
Ten Year Summary

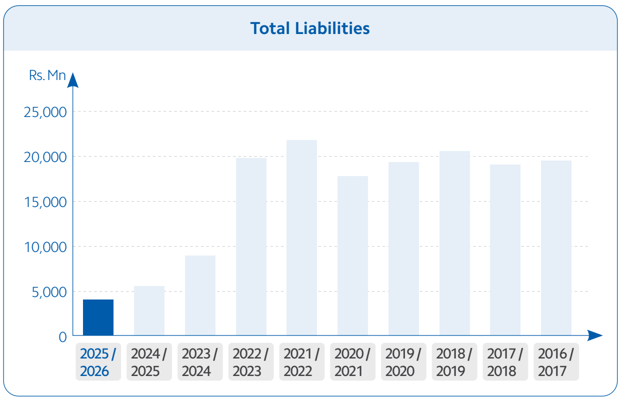
(Rs.'000)	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21
OPERATING RESULTS						
Interest Income	920,623	1,133,205	2,575,899	3,925,424	2,945,416	2,443,391
Interest Expense	(519,048)	(833,646)	(2,781,034)	(3,891,334)	(1,593,117)	(1,894,557)
Net Intrest Income	**401,575**	**299,559**	**(205,135)**	**34,090**	**1,352,298**	**548,835**
Other Income	304,454	377,249	143,887	273,744	258,862	143,887
Operating Income	**706,029**	**676,808**	**(61,248)**	**307,834**	**1,611,160**	**692,721**
Operating Expense	(925,429)	(847,811)	(1,071,339)	(1,493,263)	(1,336,645)	(1,213,098)
Operating Profit / (Loss)	**(219,399)**	**(171,004)**	**(1,132,586)**	**(1,185,429)**	**274,515**	**(520,377)**
Impairment (Charge) / Reversal	360,599	426,068	(644,151)	(1,809,775)	(1,210,261)	(491,732)
Taxes on Financial Services	(100,670)	(109,932)	-	-	-	-
Profit / (Loss) Before Taxation	**40,530**	**145,132**	**(1,776,737)**	**(2,995,203)**	**(935,746)**	**(1,012,108)**
Tax Expenses / (Reversal)	109,925	-	-	-	-	109,257
Profit / (Loss) for the Year	**150,455**	**145,132**	**(1,776,737)**	**(2,995,203)**	**(935,746)**	**(902,851)**
As at 31 March						
ASSETS						
Cash and Bank Balances	224,724	297,130	333,866	493,668	438,009	628,090
Financial & Equity Investments	698,691	801,815	982,158	2,207,179	1,457,491	1,544,581
Lease, Loans & Advances	4,973,410	4,736,442	7,838,695	16,659,250	20,586,710	16,532,493
PPE & Intangible Assets	83,921	103,899	105,871	510,047	609,276	629,248
Right of Use Assets	187,462	178,877	62,277	131,451	141,980	111,013
Other Assets	1,170,731	1,864,088	1,967,961	2,180,078	2,145,335	1,427,638
TOTAL ASSETS	**7,338,940**	**7,982,249**	**11,290,829**	**22,181,673**	**25,378,801**	**20,873,062**
LIABILITIES						
Public Deposits	3,738,424	4,273,388	7,481,718	12,430,947	15,599,353	14,598,144
Borrowings	44,771	95,581	580,436	6,951,440	4,844,446	2,639,022
Other Liabilities	475,291	678,918	439,776	563,239	571,582	608,007
TOTAL LIABILITIES	**4,258,486**	**5,047,887**	**8,501,930**	**19,945,626**	**21,015,380**	**17,845,172**
EQUITY						
Stated Capital	2,326,719	9,930,117	9,930,117	7,597,925	6,746,428	4,506,760
Reserves & Retained Earnings	753,735	(6,995,755)	(7,141,218)	(5,361,878)	(2,383,007)	(1,478,870)
TOTAL EQUITY	**3,080,454**	**2,934,362**	**2,788,899**	**2,236,047**	**4,363,421**	**3,027,890**
Movement in Interest Income (%)	-18.8%	-56.0%	-34.4%	33.3%	20.5%	-32.3%
Movement Interest Expenses (%)	-37.7%	-70.0%	-28.5%	144.3%	-15.9%	-24.7%
Movement in Operating Profit (%)	-28.3%	84.9%	4.5%	531.8%	152.8%	-445.5%
Movement in Profit After Tax (PAT) (%)	3.7%	108.2%	40.7%	-220.1%	-3.6%	-170.3%
Earnings / (loss) Per Share (Rs.)	0.16	0.15	(2.83)	(5.66)	(2.33)	(5.95)
Movement in Advances (%)	5.0%	-39.6%	-52.9%	-19.1%	24.5%	-1.1%
Movement in Deposits (%)	-12.5%	-42.9%	-39.8%	-20.3%	6.9%	-14.4%
Debt to Equity Ratio (times)	1.38	1.72	3.05	8.92	4.82	5.89
Net Assets Per Share (Rs.)	3.20	3.05	2.90	3.67	8.86	11.27
OTHER INFORMATION						
No. of Employees	253	243	251	430	494	463
Supporting Branch Network	15	15	18	30	33	34

2019/20	2018/19	2017/18	2016/17 Restated
3,607,234	3,674,450	3,523,556	3,431,752
(2,516,527)	(2,490,557)	(2,561,130)	(2,291,408)
1,090,707	**1,183,892**	**962,426**	**1,140,343**
209,742	344,443	622,837	746,956
1,300,450	**1,528,335**	**1,585,264**	**1,887,299**
(1,395,845)	(1,274,180)	(1,184,430)	(1,122,141)
(95,395)	**254,155**	**400,834**	**765,158**
(390,137)	(189,682)	(108,425)	(440,822)
(53,081)	(1,358)	(99,329)	(40,734)
(538,613)	**63,115**	**193,079**	**283,603**
204,654	140,854	25,686	(39,268)
(333,959)	**203,969**	**218,766**	**244,335**
389,597	709,895	945,104	754,813
2,551,733	1,971,432	2,110,743	1,962,016
16,712,383	18,018,225	17,377,793	17,989,809
675,587	571,205	600,609	468,884
176,873	-	-	-
1,240,418	1,133,845	645,968	530,460
21,746,592	**22,404,601**	**21,680,217**	**21,705,982**
17,063,396	17,115,400	16,391,947	16,048,474
2,179,026	3,342,706	2,916,905	3,671,392
463,181	189,798	90,914	144,575
19,705,603	**20,647,904**	**19,399,767**	**19,864,440**
2,604,765	2,002,270	2,002,270	1,692,615
(563,776)	(245,573)	278,180	148,927
2,040,989	**1,756,697**	**2,280,450**	**1,841,542**
-1.8%	4.3%	2.7%	-3.6%
1.0%	-2.8%	11.8%	14.4%
-137.5%	-36.6%	-47.6%	-12.0%
-263.7%	-6.8%	-10.5%	234.1%
(4.29)	3.00	3.70	4.14
-7.2%	3.7%	-3.4%	13.1%
-0.3%	4.4%	2.1%	14.2%
9.65	11.75	8.51	10.79
19.74	25.86	33.57	31.18
475	528	551	490
35	35	35	31









Investor Information

1. GENERAL

	As at 31/03/2026	As at 31/03/2025
Stated Capital (Rs.)	2,326,718,963.64	9,930,116,800.21
No of Shares	962,573,191	962,573,191

2. STOCK EXCHANGE LISTING

The ordinary shares of Softlogic Finance PLC were listed in the Colombo Stock Exchange of Sri Lanka.

3. SHARES HELD BY THE PUBLIC

	2025/26	2024/25
Shares held by the public (%)	15.90%	3.00%
The number of public shareholders	3,907	2,113
Float Adjusted Market Capitalization (Rs.)	948,904,652.00	155,832,899.04

In terms of Rule 7.13.1(b) of the Listing Rules of Colombo Stock Exchange, Softlogic Finance PLC is hereby announced that the Company is compliant with the Public Holding percentage as specified in Rule 7.13.1.(i) (b) of the Listing Rules.

4. DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH 2026

There were 3,913 Registered shareholders as at 31st March 2026 and 2,119 Registered shareholders as at 31st March 2025.

			No. of Shareholders		% of Shareholders		No. of Shares		% of Shares	
From		To	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
1	-	1,000	2,077	1,366	53.08%	64.46%	599,673	382,592	0.06%	0.04%
1,001	-	10,000	1,027	532	26.25%	25.11%	4,179,901	1,816,037	0.43%	0.19%
10,001	-	100,000	625	192	15.97%	9.06%	23,184,683	5,262,288	2.41%	0.55%
100,001	-	1,000,000	166	18	4.24%	0.85%	44,030,079	3,532,271	4.57%	0.37%
Over 1,000,000			18	11	0.46%	0.52%	890,578,855	951,580,003	92.52%	98.86%
Total			3,913	2,119	100.00%	100.00%	962,573,191	962,573,191	100.00%	100.00%

5. ANALYSIS REPORT OF SHAREHOLDERS AS AT 31ST MARCH 2026

	No. of Shareholders		% of Shareholders		No. of Shares		% of Shares	
Category	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
Individual	3,732	2,013	95.37%	95.00%	80,973,278	14,923,384	8.41%	1.55%
Institutional	181	106	4.63%	5.00%	881,599,913	947,649,807	91.59%	98.45%
Total	3,913	2,119	100.00%	100.00%	962,573,191	962,573,191	100.00%	100.00%
Resident	3,899	2,113	99.64%	99.72%	962,287,291	962,557,491	99.97%	99.998%
Non-resident	14	6	0.36%	0.28%	285,900	15,700	0.03%	0.002%
Total	3,913	2,119	100.00%	100.00%	962,573,191	962,573,191	100.00%	100.00%

6. TWENTY MAJOR SHAREHOLDERS AS AT 31ST MARCH 2026

No	Name	No. of Shares as at 31-03-2026	%
1	Softlogic Capital PLC & Pan Asia Banking Corporation PLC / Softlogic Capital PLC	786,501,043	81.71
2	Mr. Mohamed Hisham Jamaldeen & LOLC Finance PLC / M.H. Jamaldeen	53,500,000	5.56
3	Softlogic Life Insurance PLC- A/C No. 04 (Participating Fund)	15,688,030	1.63
4	Softlogic Holdings PLC	5,657,598	0.59
5	Vanik Incorporation Ltd	5,376,068	0.56
6	Mr. Subramaniam Vasudevan	5,000,000	0.52
7	Mr. Jeevith Chathuranga Senaratne	3,966,580	0.41
8	DFCC Bank PLC / Kanagasabapathy Mithulan	2,388,466	0.25
9	L B Finance PLC	2,090,000	0.22
10	Assetline Finance PLC / S.A. Simmons	2,000,066	0.21
11	PMF Finance PLC / M.A.I.D.A. Moragodaarachchi	1,690,902	0.18
12	Peoples Bank / Asoka Kariyawasam Pathirage	1,653,822	0.17
13	Mr. Tharaka Ravindrajith Galahitiyawa	1,447,223	0.15
14	Mrs. Laddusinha Badu Harsha Chandima Silva	1,300,000	0.14
15	Merchant Bank Of Sri Lanka & Finance PLC / R.A. Niranjana	1,243,399	0.13
16	Seylan Bank PLC / Anuja Chamila Jayasinghe	1,075,658	0.11
17	Mr Saidulla Musthaiab Marrikkar	1,000,000	0.10
18	Mr. Sambasivam Sothilingham	991,573	0.10
19	Mr. Udaya Siriwardena & Mrs. W.M.N. Chathurani	884,481	0.09
20	Assetline Finance PLC / M.I.U. De Silva	800,000	0.08
	Total of top 20 shareholders	**894,254,909**	**92.90**
	Others	68,318,282	7.10
	Total	**962,573,191**	**100.00**

Investor Information

7. TWENTY MAJOR SHAREHOLDERS AS AT 31ST MARCH 2025

No	Name	No. of Shares as at 31-03-2025	%
1	Softlogic Capital PLC & Pan Asia Banking Corporation PLC / Softlogic Capital PLC	910,701,778	94.61
2	Softlogic Life Insurance PLC - A/C No. 04 (Participating Fund)	15,688,030	1.63
3	Softlogic Holdings PLC	5,657,598	0.59
4	Vanik Incorporation Ltd	5,376,068	0.56
5	Mr. Nihal Samarasuriya	3,178,869	0.33
6	Mr. Kulappuarachchige Don Dammika Perera	3,154,253	0.33
7	N P Capital Ltd	3,000,000	0.31
8	L.B. Finance Limited	2,090,000	0.22
9	Peoples Bank / Asoka Kariyawasam Pathirage	1,653,822	0.17
10	Mr. Subramaniam Vasudevan	1,079,585	0.11
11	Merchant Bank of Sri Lanka & Finance PLC / B. Janegan	714,564	0.07
12	People S Leasing and Finance PLC / L.P. Hapangama	587,912	0.06
13	Hatton National Bank PLC / Arunasalam Sithampalam	285,783	0.03
14	Sampath Bank PLC / Mr. Abishek Sithampalam	159,782	0.02
15	Mrs. Wanniachchige Ayoma Nilmini Fonseka	151,706	0.02
16	Vianaar Homes (Pvt)Ltd	150,000	0.02
17	Dr. Warnakulasuriya Amila Chathuranga Fernando	150,000	0.02
18	Mr. Ubesingha Weerabaddana Arachchige Asanka Lakmal	149,625	0.02
19	Mr. Bodiya Baduge Channa Nimala Perera	142,271	0.01
20	Mr. Pulahinge Kasun Eranga Rodrigo	140,920	0.01
	Total of top 20 shareholders	**954,212,566**	**99.13**
	Others	8,360,625	0.87
	Total	**962,573,191**	**100.00**

8. SHARE TRADING INFORMATION

	Quarter Ended				Year Ended			
	CRL.N000				CRL.N000		CRL.R000	
	30.06.2025	30.09.2025	31.12.2025	31.03.2026	2025/26	2024/25	2025/26	2024/25
Highest (Rs.)	6.40	7.30	6.00	8.30	8.30	7.00	-	-
Lowest (Rs.)	5.00	5.30	4.80	5.00	4.80	4.90	-	-
Closing (Rs.)	6.00	5.50	5.60	6.20	6.20	5.40	-	-
Last Traded Price (Rs.)	5.90	5.50	5.60	6.20	6.20	5.50	-	-
Turnover (Rs.)	32,977,866.20	346,207,673.60	111,536,251.90	1,884,767,313.60	2,375,489,105.30	92,763,016.60	-	-
No. of Shares Traded	5,568,997	58,700,443	21,122,240	297,001,777	382,393,457	15,767,619	-	-
No. of Trades	1,577	5,580	2,904	16,602	26,663	3,479	-	-

9. RATIOS

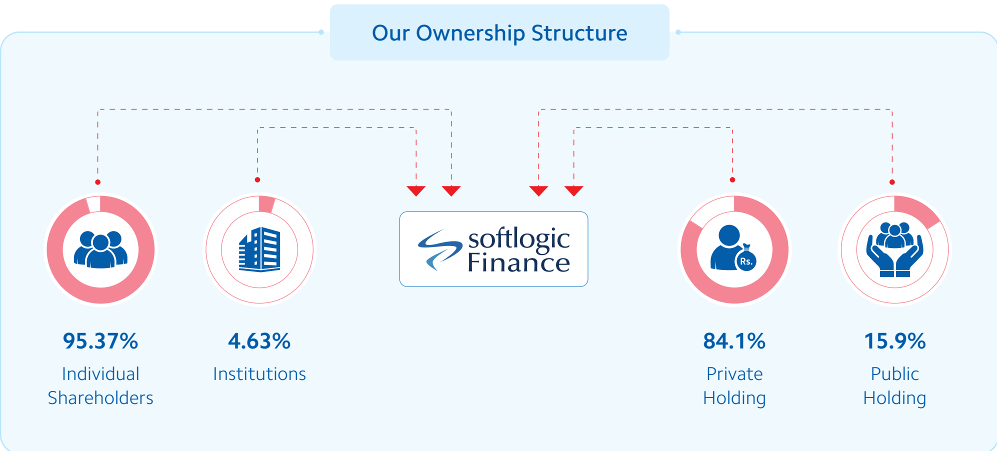
	2025/26	2024/25
Market Capitalization (Rs. Mn)	5,968	5,198
Dividend Per Share (Rs.)	-	-
Dividend Yield (%)	-	-
Price to Earnings (P/E) Ratio (Times)	39.7	35.8

10. INTEREST RATE OF COMPARABLE GOVERNMENT SECURITIES

	2025/26	2024/25
3 Year Treasury Bond	8.85%	11.79%
5 Year Treasury Bond	9.80%	10.72%

11. CEO'S SHAREHOLDING

The Chief Executive Officer of the Company, who held office during the year under review, did not hold any shares in the Company as of 31st March 2026 or 31st March 2025.



Horizontal and Vertical Analysis of Statement of Financial Position Over Five Years

Horizontal Analysis

	2025/26 Rs.	%	2024/25 Rs.	%	2023/24 Rs.	%	2022/23 Rs.	%	2021/22 Rs.	%
Assets										
Cash and bank balances	224,724,345	(24)	297,129,594	(11)	333,866,263	(32)	493,667,734	13	438,009,460	(30)
Financial assets measured at fair value through profit or loss (FVTPL)	-	-	-	(100)	378,632,877	20	316,466,799	-	-	(100)
Securities purchased under repurchase agreements	698,690,831	(13)	801,814,765	33	603,494,798	(68)	1,890,681,971	30	1,457,460,165	45
Financial assets at amortised cost - factoring receivables	5,885,058	(60)	14,553,693	(28)	20,191,635	(82)	112,275,125	(84)	710,253,049	26
Financial assets at amortised cost - Gold loan receivables	3,212,398,698	75	1,830,574,174	34	1,366,092,813	(70)	4,549,369,028	57	2,891,741,116	29
Financial assets at amortised cost - Loan receivables	1,016,212,569	(28)	1,405,799,320	(43)	2,453,870,529	(41)	4,181,144,329	(27)	5,721,832,163	(32)
Financial assets at amortised cost - Lease and hire purchase receivables	738,914,088	(50)	1,485,514,985	(63)	3,998,539,625	(49)	7,816,461,877	(31)	11,262,883,980	113
Other assets	516,724,665	(58)	1,218,639,050	(10)	1,355,458,490	(18)	1,648,170,954	3	1,605,723,051	63
Equity instruments at fair value through other comprehensive income	30,600	(0)	30,600	0	30,600	-	30,600	-	30,600	(100)
Property, plant & equipment	24,084,390	(25)	32,112,488	(6)	34,257,042	(92)	419,853,994	(14)	485,845,674	3
Intangible assets	59,836,562	(17)	71,786,205	0	71,614,222	(21)	90,193,197	(27)	123,430,339	(21)
Investment property	-	(100)	103,237,000	-	103,237,000	-	103,237,000	-	103,237,000	-
Right of use assets	187,462,426	5	178,876,574	187	62,277,245	(53)	131,450,719	(7)	141,979,786	28
Deferred tax	653,976,234	21	542,181,021	6	509,265,174	19	428,669,724	(2)	436,374,872	(2)
Total Assets	**7,338,940,467**	**(8)**	**7,982,249,471**	**(29)**	**11,290,828,313**	**(49)**	**22,181,673,051**	**(13)**	**25,378,801,255**	**22**
Liabilities										
Bank overdraft	44,771,207	(51)	92,003,501	308	22,550,392	(36)	35,260,310	(32)	51,911,762	13
Financial liabilities at amortised cost - Due to other customers	3,738,423,692	(13)	4,273,387,713	(43)	7,481,717,550	(40)	12,430,946,956	(20)	15,599,352,518	7
Financial liabilities at amortised cost - Other borrowed funds	-	(100)	3,577,581	(99)	557,885,592	(92)	6,916,179,291	44	4,792,533,847	85
Other payables	447,535,588	(31)	644,391,158	59	405,271,743	(22)	521,406,563	(1)	525,122,930	(5)
Retirement benefit obligations	27,755,712	(20)	34,527,309	0	34,504,021	(18)	41,832,849	(10)	46,459,268	(19)
Total Liabilities	**4,258,486,199**	**(16)**	**5,047,887,262**	**(41)**	**8,501,929,298**	**(57)**	**19,945,625,970**	**(5)**	**21,015,380,326**	**18**
Equity										
Stated capital	2,326,718,964	(77)	9,930,116,800	-	9,930,116,800	31	7,597,925,039	13	6,746,427,723	50
Statutory reserve fund	275,228,109	3	267,705,353	3	260,448,732	-	260,448,732	(0)	260,448,732	0
Revaluation reserve	-	-	-	-	-	(100)	172,788,382	8	160,142,882	16
Non-distributable regulatory loss allowance reserve	238,928,480	(75)	970,074,987	(44)	1,736,237,951	(1)	1,748,974,244	-	-	-
Retained earnings	239,578,716	(103)	(8,233,534,931)	(10)	(9,137,904,469)	21	(7,544,089,316)	169	(2,803,598,409)	50
Total Equity	**3,080,454,268**	**5**	**2,934,362,209**	**5**	**2,788,899,015**	**25**	**2,236,047,081**	**(49)**	**4,363,420,929**	**44**
Total Liabilities and Equity	**7,338,940,467**	**(8)**	**7,982,249,471**	**(29)**	**11,290,828,313**	**(49)**	**22,181,673,051**	**(13)**	**25,378,801,255**	**22**

Vertical Analysis

	2025/26 Rs.	%	2024/25 Rs.	%	2023/24 Rs.	%	2022/23 Rs.	%	2021/22 Rs.	%
Assets										
Cash and bank balances	224,724,345	3	297,129,594	4	333,866,263	3	493,667,734	2	438,009,460	2
Financial assets measured at fair value through profit or loss (FVTPL)	-	-	-	-	378,632,877	3	316,466,799	1	-	-
Securities purchased under repurchase agreements	698,690,831	10	801,814,765	10	603,494,798	5	1,890,681,971	9	1,457,460,165	6
Financial assets at amortised cost - factoring receivables	5,885,058	0	14,553,693	0	20,191,635	0	112,275,125	1	710,253,049	3
Financial assets at amortised cost - Gold loan receivables	3,212,398,698	44	1,830,574,174	23	1,366,092,813	12	4,549,369,028	21	2,891,741,116	11
Financial assets at amortised cost - Loan receivables	1,016,212,569	14	1,405,799,320	18	2,453,870,529	22	4,181,144,329	19	5,721,832,163	23
Financial assets at amortised cost - Lease and hire purchase receivables	738,914,088	10	1,485,514,985	19	3,998,539,625	35	7,816,461,877	35	11,262,883,980	44
Other assets	516,724,665	7	1,218,639,050	15	1,355,458,490	12	1,648,170,954	7	1,605,723,051	6
Equity instruments at fair value through other comprehensive income	30,600	0	30,600	0	30,600	0	30,600	0	30,600	0
Property, plant & equipment	24,084,390	0	32,112,488	0	34,257,042	0	419,853,994	2	485,845,674	2
Intangible assets	59,836,562	1	71,786,205	1	71,614,222	1	90,193,197	0	123,430,339	0
Investment property	-	-	103,237,000	1	103,237,000	1	103,237,000	0	103,237,000	0
Right of use assets	187,462,426	3	178,876,574	2	62,277,245	1	131,450,719	1	141,979,786	1
Deferred tax	653,976,234	9	542,181,021	7	509,265,174	5	428,669,724	2	436,374,872	2
Total Assets	**7,338,940,467**	**100**	**7,982,249,471**	**100**	**11,290,828,313**	**100**	**22,181,673,051**	**100**	**25,378,801,255**	**100**
Liabilities										
Bank overdraft	44,771,207	1	92,003,501	1	22,550,392	0	35,260,310	0	51,911,762	0
Financial liabilities at amortised cost - Due to other customers	3,738,423,692	51	4,273,387,713	54	7,481,717,550	66	12,430,946,956	56	15,599,352,518	61
Financial liabilities at amortised cost - Other borrowed funds	-	-	3,577,581	0	557,885,592	5	6,916,179,291	31	4,792,533,847	19
Other payables	447,535,588	6	644,391,158	8	405,271,743	4	521,406,563	2	525,122,930	2
Retirement benefit obligations	27,755,712	0	34,527,309	0	34,504,021	0	41,832,849	0	46,459,268	0
Total Liabilities	**4,258,486,199**	**58**	**5,047,887,262**	**63**	**8,501,929,298**	**75**	**19,945,625,970**	**90**	**21,015,380,326**	**83**
Equity										
Stated capital	2,326,718,964	32	9,930,116,800	124	9,930,116,800	88	7,597,925,039	34	6,746,427,723	27
Statutory reserve fund	275,228,109	4	267,705,353	3	260,448,732	2	260,448,732	1	260,448,732	1
Revaluation reserve	-	-	-	-	-	-	172,788,382	1	160,142,882	1
Non-distributable regulatory loss allowance reserve	238,928,480	3	970,074,987	12	1,736,237,951	15	1,748,974,244	8	-	-
Retained earnings	239,578,716	3	(8,233,534,931)	(103)	(9,137,904,469)	(81)	(7,544,089,316)	(34)	(2,803,598,409)	(11)
Total Equity	**3,080,454,268**	**42**	**2,934,362,209**	**37**	**2,788,899,015**	**25**	**2,236,047,081**	**10**	**4,363,420,929**	**17**
Total Liabilities and Equity	**7,338,940,467**	**100**	**7,982,249,471**	**100**	**11,290,828,313**	**100**	**22,181,673,051**	**100**	**25,378,801,255**	**100**

Horizontal and Vertical Analysis of Income Statement Over Five Years

Horizontal Analysis

	2025/26 Rs.	%	2024/25 Rs.	%	2023/24 Rs.	%	2022/23 Rs.	%	2021/22 Rs.	%
Interest income	920,623,086	(19)	1,133,204,770	(56)	2,575,898,810	(34)	3,925,424,279	33	2,945,415,506	21
Less: Interest expenses	(519,047,969)	(38)	(833,646,073)	(70)	(2,781,033,747)	(29)	(3,891,334,065)	144	(1,593,117,271)	(16)
Net Interest Income	**401,575,117**	**34**	**299,558,698**	**(246)**	**(205,134,937)**	**(702)**	**34,090,214**	**(97)**	**1,352,298,235**	**146**
Fee and commission income	68,758,076	24	55,490,221	(21)	70,258,794	(29)	99,060,164	(34)	149,649,072	91
Other operating income	235,695,949	(27)	321,758,937	337	73,628,601	(58)	174,683,598	60	109,212,883	67
Total Operating Income	**706,029,141**	**4**	**676,807,856**	**(1,205)**	**(61,247,542)**	**(120)**	**307,833,976**	**(81)**	**1,611,160,190**	**133**
Less: Credit loss expense on financial assets and other losses	360,599,046	(15)	426,068,012	(166)	(644,151,003)	(64)	(1,809,774,888)	50	(1,210,260,696)	146
Net Operating Income	**1,066,628,187**	**(3)**	**1,102,875,868**	**(256)**	**(705,398,546)**	**(53)**	**(1,501,940,912)**	**(475)**	**400,899,494**	**99**
Less: Operating Expenses										
Personal expenses	(442,654,833)	17	(378,863,506)	3	(366,686,672)	(30)	(523,128,866)	14	(460,384,590)	14
Other operating expenses	(482,773,747)	3	(468,947,851)	(33)	(704,652,014)	(27)	(970,133,657)	11	(876,260,476)	8
Operating profit / (Loss) before taxes on financial services	**141,199,607**	**(45)**	**255,064,510**	**(114)**	**(1,776,737,232)**	**(41)**	**(2,995,203,435)**	**220**	**(935,745,572)**	**(8)**
Less: Taxes on financial services	(100,669,835)	(8)	(109,932,087)	-	-	-	-	-	-	-
Profit / (Loss) before income tax	**40,529,772**	**(72)**	**145,132,424**	**(108)**	**(1,776,737,232)**	**(41)**	**(2,995,203,435)**	**220**	**(935,745,572)**	**(8)**
Less: Income tax (expense)/reversal	109,925,335	-	-	-	-	-	-	-	-	(100)
Profit / (Loss) for the Year	**150,455,107**	**4**	**145,132,424**	**(108)**	**(1,776,737,232)**	**(41)**	**(2,995,203,435)**	**220**	**(935,745,572)**	**4**

Vertical Analysis

	2025/26 Rs.	%	2024/25 Rs.	%	2023/24 Rs.	%	2022/23 Rs.	%	2021/22 Rs.	%
Interest income	920,623,086	100	1,133,204,770	100	2,575,898,810	100	3,925,424,279	100	2,945,415,506	100
Less: Interest expenses	(519,047,969)	(56)	(833,646,073)	(74)	(2,781,033,747)	(108)	(3,891,334,065)	(99)	(1,593,117,271)	(54)
Net Interest Income	**401,575,117**	**44**	**299,558,698**	**26**	**(205,134,937)**	**(8)**	**34,090,214**	**1**	**1,352,298,235**	**46**
Fee and commission income	68,758,076	7	55,490,221	5	70,258,794	3	99,060,164	3	149,649,072	5
Other operating income	235,695,949	26	321,758,937	28	73,628,601	3	174,683,598	4	109,212,883	4
Total Operating Income	**706,029,141**	**77**	**676,807,856**	**60**	**(61,247,542)**	**(2)**	**307,833,976**	**8**	**1,611,160,190**	**55**
Less: Credit loss expense on financial assets and other losses	360,599,046	39	426,068,012	38	(644,151,003)	(25)	(1,809,774,888)	(46)	(1,210,260,696)	(41)
Net Operating Income	**1,066,628,187**	**116**	**1,102,875,868**	**97**	**(705,398,546)**	**(27)**	**(1,501,940,912)**	**(38)**	**400,899,494**	**14**
Less: Operating Expenses										
Personal expenses	(442,654,833)	(48)	(378,863,506)	(33)	(366,686,672)	(14)	(523,128,866)	(13)	(460,384,590)	(16)
Other operating expenses	(482,773,747)	(52)	(468,947,851)	(41)	(704,652,014)	(27)	(970,133,657)	(25)	(876,260,476)	(30)
Operating profit / (Loss) before taxes on financial services	**141,199,607**	**15**	**255,064,510**	**23**	**(1,776,737,232)**	**(69)**	**(2,995,203,435)**	**(76)**	(935,745,572)	(32)
Less: Taxes on financial services	(100,669,835)	(11)	(109,932,087)	(10)	-	-	-	-	-	-
Profit / (Loss) before income tax	**40,529,772**	**4**	**145,132,424**	**13**	**(1,776,737,232)**	**(69)**	**(2,995,203,435)**	**(76)**	**(935,745,572)**	**(32)**
Less: Income tax (expense)/reversal	109,925,335	12	-	-	-	-	-	-	-	-
Profit / (Loss) for the Year	**150,455,107**	**16**	**145,132,424**	**13**	**(1,776,737,232)**	**(69)**	**(2,995,203,435)**	**(76)**	**(935,745,572)**	**(32)**

Key Financial Data

In Accordance with Section 29(2) of the Finance Business Act No. 42 Of 2011

KEY FINANCIAL DATA
For the Year ended 31st March 2026 (Audited)

In Rupees Million	From 01.04.2025 To 31.03.2026	From 01.04.2024 To 31.03.2025
Interest Income	921	1,133
Interest Expenses	(519)	(834)
Net Interest Income	**402**	**300**
Gains / (losses) from Trading Activities	-	-
Other Income	164	170
Profit / (loss) from Derecognition of Financial Assets	140	208
Operating Expenses (excluding impairment)	(925)	(848)
Impairment	361	426
Profit/(Loss) Before Tax	**141**	**255**
Taxes *	9	(110)
Profit/(Loss) After Tax	**150**	**145**

* Including indirect taxes (Such as VAT on Financial Services, SSCL) and direct taxes (Corporate Income tax and Deferred Taxation)

KEY FINANCIAL DATA
As at 31st March 2026 (Audited)

In Rupees Million	As at 31.03.2026	As at 31.03.2025
Assets		
Cash and Bank Balance	225	297
Government Securities	699	802
Due from Related Parties	76	94
Loans (excluding due from related parties)	4,899	4,643
Investments in Equity	0	0
Property, Plant and Equipment	84	104
Other Assets	1,357	2,043
Total Assets	**7,339**	**7,982**
Liabilities		
Due to Banks	45	92
Due to Related Parties	5	2
Deposits from Customers	3,736	4,273
Other Borrowings	-	4
Other Liabilities	473	677
Total Liabilities	**4,258**	**5,048**
Equity		
Stated Capital	2,327	9,930
Statutory Reserve Fund	275	268
Retained Earnings	240	(8,234)
Other Reserves	239	970
Total Equity	**3,080**	**2,934**
Net Assets Value Per Share	**3.20**	**3.05**

Note: Amounts stated are in net of impairment and depreciation.

Key Financial Data

In Accordance with Section 29(2) of the Finance Business Act No. 42 Of 2011

SELECTED KEY PERFORMANCE INDICATORS
As at 31st March 2026 (Audited)

Item	As at 31.03.2026		As at 31.03.2025	
	Actual	Required	Actual	Required
Regulatory Capital Adequacy (%)				
Tier 1 Capital Adequacy Ratio	61.0%	8.5%	25.5%	8.5%
Total Capital Adequacy Ratio	61.0%	12.5%	25.5%	12.5%
Capital Funds to Deposit Liabilities Ratio	64.1%	10.0%	28.9%	10.0%
Quality of Loan Portfolio (%)				
Gross Stage 3 Loans Ratio	38.6%		62.2%	
Net Stage 3 Loans Ratio	19.3%		37.6%	
Net Stage 3 Loans to Core Capital Ratio	33.8%		90.6%	
Stage 3 Impairment Coverage Ratio	62.0%		63.6%	
Total Impairment Coverage Ratio	24.3%		39.7%	
Profitability (%)				
Net Interest Margin	7.2%		4.2%	
Return on Assets	1.8%		2.6%	
Return on Equity	5.0%		5.1%	
Cost to Income Ratio	129.8%		141.5%	
Liquidity (%)				
Available Liquid Assets to Required Liquid Assets (Minimum 100%)	211.3%		222.8%	
Liquid Assets to External Funds	21.2%		22.1%	
Memorandum Information				
Number of Branches	15		15	
External Credit Rating (LRA)	B		NIL	
Regulatory Penalties Imposed Last 6 Months				
Amount (Rs. Mn)	-		-	
Regulatory Deposit Restrictions				
Cap on Total Deposits (Rs. Mn)	****		4,700	
Downsizing of Deposits - per month / quarter / year (Rs. Mn)	-		-	
Freezing of Deposits	-		Yes *	
Regulatory Borrowing Restrictions				
Cap on Total Borrowings (Rs. Mn)	****		**	
Downsizing of Borrowings - per month / quarter / year (Rs. Mn)	-		-	
Freezing of Borrowings	-		Yes **	
Regulatory Lending Restrictions				
Cap on Total Lending Portfolio (Rs. Mn)	-		***	
Downsizing of Lending Portfolio - per month / quarter / year (Rs. Mn)	-		-	
Restrictions on Granting New facilities and/or Extending the Terms of Existing Credit Facilities	-		-	
Any Other Regulatory Restrictions				
Amount (Rs. Mn)	-		-	

* CBSL freezed acceptance of new deposits w.e.f. 12.08.2022 & imposed a regulatory cap of offering interest rates 100 basis points lower than the maximum interest rates payable on deposits w.e.f. 27.06.2022

** CBSL imposed a borrowing cap through debt instruments w.e.f.10.04.2023. Further, CBSL ceased borrowings through Commercial papers w.e.f 05.07.2024

*** CBSL uplifted the restrictions imposed on granting of loans & advances w.e.f. 29.11.2024

**** Governing Board of the CBSL has granted approval and lifted the regulatory restrictions previously imposed on the Company w.e.f 19.09.2025

ප්‍රධාන මූල්‍ය දත්තයන්

2011 අංක 42 දරණ මූල්‍ය ව්‍යාපාර පනත යටතේ 29(2) වගන්තියට අනුකූලව

ප්‍රධාන මූල්‍ය දත්තයන්
2026 මාර්තු මස 31 දිනෙන් අවසන් වූ වර්ෂය සඳහා (විගණනය කළ)

රුපියල් මිලියන වලින්	2025.04.01 සිට 2026.03.31 දක්වා	2024.04.01 සිට 2025.03.31 දක්වා
පොලී ආදායම	921	1,133
පොලී වියදම	(519)	(834)
ශුද්ධ පොලී ආදායම	**402**	**300**
වෙළඳ කටයුතු වලින් ලද ලාභය / (අලාභය)	-	-
වෙනත් ආදායම්	164	170
මූල්‍ය වත්කම් ප්‍රතිහඳුනාගැනීම මත ලද ලාභය / (අලාභය)	140	208
මෙහෙයුම් වියදම් (හානිකරණ රහිත)	(925)	(848)
හානිකරණය	361	426
බදු පෙර ලාභය / (අලාභය)	**141**	**255**
බදු*	9	(110)
බදු පසු ලාභය / (අලාභය)	**150**	**145**

*වක්‍ර බදු (මූල්‍ය සේවා සඳහා වැට් බදු වැනි, සමාජ ආරක්ෂණ දායක බද්ද) සහ සෘජු බදු (ආයතනික ආදායම් බදු, විලම්භිත ආදායම් බදු)

ප්‍රධාන මූල්‍ය දත්තයන්
2026 මාර්තු මස 31 දිනට (විගණනය කළ)

රුපියල් මිලියන වලින්	31.03.2026 දිනට	31.03.2025 දිනට
වත්කම්		
මුදල් හා බැංකුවල ඇති තැන්පතු	225	297
රජයේ සුරැකුම්පත්	699	802
සම්බන්ධිත පාර්ශවයන්ගෙන් ලැබිය යුතු	76	94
ණය (සම්බන්ධිත පාර්ශවයන්ගෙන් ලැබිය යුතු ණය හැර)	4,899	4,643
හිමිකම් ප්‍රාග්ධන ආයෝජන	0	0
දේපල, පිරියත හා උපකරණ	84	104
වෙනත් වත්කම්	1,357	2,043
මුළු වත්කම්	**7,339**	**7,982**
වගකීම්		
බැංකුවලට ගෙවිය යුතු	45	92
සම්බන්ධිත පාර්ශවයන්ට ගෙවිය යුතු	5	2
ගනුදෙනුකරුවන්ගේ තැන්පතු	3,736	4,273
වෙනත් ණය ගැනීම්	-	4
වෙනත් බැරකම්	473	677
මුළු වගකීම්	**4,258**	**5,048**
හිමිකම්		
ප්‍රකාශිත ප්‍රාග්ධනය	2,327	9,930
ව්‍යවස්ථාපිත සංචිත අරමුදල	275	268
රඳවාගත් ඉපැයුම්	240	(8,234)
වෙනත් සංචිත	239	970
මුළු හිමිකම්	**3,080**	**2,934**
කොටසකට ශුද්ධ වත්කම්	**3.20**	**3.05**

සටහන : මෙම ප්‍රකාශයන්හි සඳහන් අගයන් හානිකරණයෙන් සහ ක්ෂය වීමෙන් පසු අගයන් වේ.

ප්‍රධාන මූල්‍ය දත්තයන් - 2011 අංක 42 දරණ මූල්‍ය ව්‍යාපාර පනත යටතේ 29(2) වගන්තියට අනුකූලව

ප්‍රධාන කාර්ය සාධන දර්ශක
2026 මාර්තු මස 31 දිනට (විගණනය කළ)

අයිතමය	31.03.2026 දිනට		31.03.2025 දිනට	
	තථ්‍ය	අවශ්‍ය	තථ්‍ය	අවශ්‍ය
නියාමන ප්‍රාග්ධන ප්‍රමාණාත්මකතාවය (%)				
1 වන ස්ථරයේ ප්‍රාග්ධන ප්‍රමාණාත්මකතා අනුපාතය	61.0%	8.5%	25.5%	8.5%
මුළු ප්‍රාග්ධන ප්‍රමාණාත්මකතා අනුපාතය	61.0%	12.5%	25.5%	12.5%
අරමුදල් ප්‍රාග්ධනයට තැන්පතු වගකීම් අනුපාතය	64.1%	10.0%	28.9%	10.0%
ණය කළඹේ ගුණාත්මකතාවය (%)				
3 වන අදියරේ දළ ණය අනුපාතය	38.6%		62.2%	
3 වන අදියරේ ශුද්ධ ණය අනුපාතය	19.3%		37.6%	
3 වන අදියරේ ශුද්ධ ණය වලට මූලික ප්‍රාග්ධන අනුපාතය	33.8%		90.6%	
3 වන අදියරේ හානිකරණය සඳහා වෙන්කිරීම් අනුපාතය	62.0%		63.6%	
මුළු හානිකරණ ආවරණ අනුපාතය	24.3%		39.7%	
ලාභදායිත්වය (%)				
ශුද්ධ පොලී ආන්තිකය	7.2%		4.2%	
වත්කම් මත ප්‍රතිලාභ	1.8%		2.6%	
හිමිකම් මත ප්‍රතිලාභ	5.0%		5.1%	
ආදායම් මත පිරිවැය අනුපාතය	129.8%		141.5%	
ද්‍රවශීලතාවය (%)				
පවතින ද්‍රවශීල වත්කම්වලට ද්‍රවශීල වත්කම් අවශ්‍යතා අනුපාතය (අවම 100%)	211.3%		222.8%	
ද්‍රවශීල වත්කම්වලට බාහිර අරමුදල් අනුපාතය	21.2%		22.1%	
නාමික තොරතුරු				
ශාඛා ගණන	15		15	
බාහිර ණය ශ්‍රේණිය (LRA)	B		නොමැත	
නියාමන අධිකාරියක් විසින් පසුගිය මාස 6 තුල පනවා ඇති දඩ				
ප්‍රමාණය (රුපියල් මිලියන)	-		-	
නියාමන තැන්පතු සීමා පැනවීම්				
මුළු තැන්පතු සඳහා උපරිම සීමාව (රුපියල් මිලියන)	****		4,700	
අඩු කළ යුතු තැන්පතු ප්‍රමාණය - මසකට/කාර්තුවකට/වසරකට (රුපියල් මිලියන)	-		-	
තැන්පතු අත්හිටුවීම්	-		ඔව් *	
නියාමන ණය ගැනීම් සීමා පැනවීම්				
ණය ගැනීම් සඳහා උපරිම සීමාව (රුපියල් මිලියන)	****		**	
ණය ප්‍රමාණය අඩු කිරීම - මසකට/කාර්තුවකට/වසරකට (රුපියල් මිලියන)	-		-	
ණය ගැනීම් අත්හිටුවීම්	-		ඔව් **	
නියාමන ණයදීම් සීමා පැනවීම්				
මුළු ණය කළඹ සඳහා උපරිම සීමාව (රුපියල් මිලියන)	-		***	
ණය කළඹ අඩු කිරීම - මසකට/කාර්තුවකට/වසරකට (රුපියල් මිලියන)	-		-	
නව ණය ප්‍රදානය සහ/හෝ පවත්නා ණය පහසුකම් වල කොන්දේසි දීර්ඝ කිරීම අත්හිටුවීම	-		-	
වෙනත් නියාමන සීමා කිරීම්				
ප්‍රමාණය (රුපියල් මිලියන)	-		-	

* ශ්‍රී ලංකා මහ බැංකුව (CBSL) විසින් 2022.08.12 වන දින සිට නව තැන්පතු පිළිගැනීම අත්හිටුවන ලද අතර, 2022.06.27 වන දින සිට තැන්පතු සඳහා ගෙවිය යුතු උපරිම පොලී අනුපාතවලට වඩා පදනම් ලකුණු 100 ක් අඩු පොලී අනුපාත පිරිනැමීමේ නියාමන සීමාවක් පැනවීය.

** ශ්‍රී ලංකා මහ බැංකුව (CBSL) විසින් 2023.04.10 වන දින සිට ණය උපකරණ හරහා ණය ගැනීමේ සීමාවක් පැනවීය. තවද, 2024.07.05 වන දින සිට වාණිජ පත්‍රිකා හරහා ණය ගැනීම් නතර කරන ලදී.

*** ශ්‍රී ලංකා මහ බැංකුව (CBSL) විසින් 2024.11.29 වන දින සිට ණය සහ අත්තිකාරම් ලබා දීම සඳහා පනවා තිබූ සීමාවන් ඉවත් කරන ලදී.

**** 2025.09.19 වන දින සිට බලපැවැත්වෙන පරිදි, සමාගමට කලින් පනවා තිබූ නියාමන සීමාවන් ඉවත් කිරීම සඳහා ශ්‍රී ලංකා මහ බැංකුවේ (CBSL) පාලක මණ්ඩලයේ අනුමැතිය ලබා දී ඇත.

முக்கிய நிதித் தரவு

2011ஆம் ஆண்டின் 42ஆம் இலக்க நிதித் தொழில் சட்டத்தின் 29(2)ஆம் பிரிவிற்கு அமைவாக

முக்கிய நிதித் தரவு
2026 மார்ச் 31 இல் முடிவடைந்த வருடத்திற்கானது (தணிக்கை செய்யப்பட்டது)

ரூபா மில்லியனில்	01.04.2025 முதல் 31.03.2026 வரை	01.04.2024 முதல் 31.03.2025 வரை
வட்டி வருமானம்	921	1,133
வட்டிச் செலவு	(519)	(834)
தேறிய வட்டி வருமானம்	**402**	**300**
வர்த்தகப்படுத்தல் நடவடிக்கைகளிலிருந்தான இலாபம்/(நட்டம்)	-	-
ஏனைய வருமானம்	164	170
நிதிச் சொத்துக்களின் அங்கீகாரத்தை நீக்குவதனால் ஏற்படும் இலாபம்/(நட்டம்)	140	208
தொழிற்பாட்டு செலவினங்கள் (பெறுமதி இழப்பு நீங்கலாக)	(925)	(848)
பெறுமதி இழப்பு	361	426
வரிக்குமுன்னரான இலாபம்/(நட்டம்)	**141**	**255**
வரிகள்*	9	(110)
வரிக்குப் பின்னரான இலாபம்/(நட்டம்)	**150**	**145**

* நேரடியற்ற வரிகள் (நிதிச்சேவை மீதான பெ.சே.வ போன்ற, சமூக பாதுகாப்பு பங்களிப்பு வரி) மற்றும் நேரடி வரிகள் (நிறுவன வருமான வரி, ஒத்திவைக்கப்பட்ட வரி) உள்ளடங்கலாக

முக்கிய நிதித் தரவு
2026 மார்ச் 31 திகதிக்கு உள்ளவாறு (தணிக்கை செய்யப்பட்டது)

ரூபா மில்லியனில்	31.03.2026 திகதிக்கு உள்ளவாறு	31.03.2025 திகதிக்கு உள்ளவாறு
சொத்துக்கள்		
காசு மற்றும் வங்கி மீதிகள்	225	297
அரச பிணையங்கள்	699	802
தொடர்பான தரப்பினரிடமிருந்து வர வேண்டியவை	76	94
கடன்கள் (தொடர்பான தரப்பினரிடமிருந்து வரவேண்டியவை நீங்கலாக)	4,899	4,643
பங்குரிமை மூலதனத்திலுள்ள முதலீடுகள்	0	0
ஆதனம் பொறி மற்றும் உபகரணங்கள்	84	104
ஏனைய சொத்துக்கள்	1,357	2,043
மொத்தச் சொத்துக்கள்	**7,339**	**7,982**
பொறுப்புக்கள்		
வங்கிகளுக்கு செலுத்தவேண்டியவை	45	92
தொடர்பான தரப்பினருக்கு செலுத்தவேண்டியவை	5	2
வாடிக்கையாளர்களிடமிருந்தான வைப்புக்கள்	3,736	4,273
ஏனைய கடன்பாடுகள்	-	4
ஏனைய பொறுப்புக்கள்	473	677
மொத்தப் பொறுப்புக்கள்	**4,258**	**5,048**
பங்குரிமை மூலதனம்		
கூறப்பட்ட மூலதனம்	2,327	9,930
நியதி ஒதுக்கு நிதியம்	275	268
நிறுத்திவைத்த வருவாய்கள்	240	(8,234)
ஏனைய ஒதுக்குகள்	239	970
மொத்த பங்குரிமை மூலதனம்	**3,080**	**2,934**
பங்கொன்றிற்கான தேறிய சொத்துப் பெறுமதி	**3.20**	**3.05**

குறிப்பு:கூறப்பட்ட தொகை பெறுமதி இழப்பு மற்றும் தேய்மானம் நீங்கலானவையாகும்.

முக்கிய நிதித் தரவு – 2011ஆம் ஆண்டின் 42ஆம் இலக்க நிதித் தொழில் சட்டத்தின் 29(2)ஆம் பிரிவிற்கு அமைவாக

தேர்ந்தெடுக்கப்பட்ட செயல்திறன் குறிகாட்டிகள்

2026 மார்ச் 31 திகதிக்கு உள்ளவாறு (தணிக்கை செய்யப்பட்டது)

விடயம்	31.03.2026 திகதிக்கு உள்ளவாறு		31.03.2025 திகதிக்கு உள்ளவாறு	
	உண்மை	தேவையானது	உண்மை	தேவையானது
ஒழுங்குமுறைப்படுத்தல் மூலதனப் போதுமை (%)				
அடுக்கு 1 மூலதன போதுமை விகிதம்	61.0%	8.5%	25.5%	8.5%
மொத்த மூலதன போதுமை விகிதம்	61.0%	12.5%	25.5%	12.5%
வைப்பு பொறுப்புக்களுக்கான மூலதன நிதிய விகிதம்	64.1%	10.0%	28.9%	10.0%
கடன் சொத்துப்பட்டியலின் தரம் (%)				
மொத்த நிலை 3 கடன் விகிதம்	38.6%		62.2%	
தேறிய நிலை 3 கடன் விகிதம்	19.3%		37.6%	
தேறிய நிலை 3 முக்கிய மூலதன விகிதத்தில் கடன்கள்	33.8%		90.6%	
நிலை 3 சேதநட்டக் காப்பீட்டு விகிதம்	62.0%		63.6%	
மொத்த சேதநட்டக் காப்பீட்டு விகிதம்	24.3%		39.7%	
இலாபத்தன்மை (%)				
தேறிய வட்டி இலாபம்	7.2%		4.2%	
சொத்துக்கள் மீதான வருவாய்	1.8%		2.6%	
பங்குரிமை மூலதனம் மீதான வருவாய்	5.0%		5.1%	
வருமானத்திற்கான செலவு விகிதம்	129.8%		141.5%	
திரவத்தன்மை (%)				
தேவையான திரவச் சொத்துகளுக்கான கிடைக்கத்தக்க திரவச் சொத்து (குறைந்தபட்சம் 100%)	211.3%		222.8%	
வெளிவாரி நிதியத்திற்கான திரவச் சொத்துக்கள்	21.2%		22.1%	
விஞ்ஞாபனத் தகவல்கள்				
கிளைகளின் எண்ணிக்கை	15		15	
வெளிவாரி கொடுகடன் தரமிடல் (LRA)	B		இல்லை	
கடந்த 6 மாதங்களில் விதிக்கப்பட்ட ஒழுங்குமுறைப்படுத்தல் தண்டங்கள் (ஏ)				
தொகை (ரூ.மில்லியனில்)	-		-	
ஒழுங்குமுறைப்படுத்தல் வைப்புக் கட்டுப்பாடுகள்				
மொத்த வைப்புக்கள் மீதான உச்ச எல்லை (ரூ.மில்லியன்)	****		4,700	
வைப்புக்களைக் குறைத்தல குறைத்தல் மாதம்/காலாண்டு/ஆண்டு ஒன்றிற்கு (ரூ.மில்லியன்)	-		-	
வைப்புக்களை முடக்குதல்	-		ஆம் *	
ஒழுங்குமுறைப்படுத்தல் கடன்பாடுகள் கட்டுப்பாடுகள்				
மொத்த கடன்பாடுகள் மீதான உச்ச எல்லை (ரூ.மில்லியன்)	****		**	
கடன்பாடுகள் சொத்துப்பட்டியல்கள் அளவைக் குறைத்தல் மாதம்/காலாண்டு/ஆண்டு ஒன்றிற்கு (ரூ.மில்)	-		-	
கடன்பாடுகளின் முடக்கம்	-		ஆம் **	
ஒழுங்குமுறைப்படுத்தல் கடன்வழங்கல் கட்டுப்பாடுகள்				
மொத்தக் கடன் வழங்கல் சொத்துப்பட்டியல் மீதான உச்சஎல்லை (ரூ.மில்லியன்)	-		***	
கடன் கோப்புமுறையைக் குறைத்தல் மாதம்/காலாண்டு/ஆண்டு ஒன்றிற்கு (ரூ.மில்லியன்)	-		-	
புதிய கொடுகடன் வசதிகளை வழங்குதல் அத்துடன்/அல்லது ஏற்கனவே உள்ள கொடுகடன் வசதிகளின் தவணைக் காலத்தை நீடித்தல் மீதான கட்டுப்பாடுகள்	-		-	
வேறு ஏதேனும் ஒழுங்குமுறைப்படுத்தல் கட்டுப்பாடுகள்				
தொகை (ரூ.மில்லியனில்)	-		-	

* இலங்கை மத்திய வங்கி (CBSL) 2022.08.12 முதல் புதிய வைப்புத்தொகைகளை ஏற்றுக்கொள்வதனை இடைநிறுத்தியுள்ளதுடன் 2022.06.27 முதல் வைப்புத்தொகைகளுக்கு செலுத்த வேண்டிய அதிகபட்ச வட்டி வீதங்களைப் பார்க்கிலும் 100 அடிப்படை புள்ளிகள் குறைவான வட்டி வீதங்களை வழங்கும் ஒழுங்குபடுத்தல் உச்சவரம்பை விதித்தது.

** இலங்கை மத்திய வங்கி (CBSL) 2023.04.10 முதல் கடன் பத்திரங்கள் மூலம் கடன் வாங்கும் உச்சவரம்பை விதித்தது. மேலும், 2024.07.05 முதல் வணிகப் பத்திரம் மூலம் கடன் வாங்குவதனை நிறுத்தியுள்ளது.

*** இலங்கை மத்திய வங்கி (CBSL) 2024.11.29 முதல் கடன்கள் மற்றும் முற்பணங்களை வழங்குவதற்காக விதிக்கப்பட்ட கட்டுப்பாடுகளை நீக்கியுள்ளது.

**** இலங்கை மத்திய வங்கி (CBSL) நிர்வாகக் குழு, அனுமதி வழங்கியதுடன், நிறுவனத்தின் மீது முன்னர் விதிக்கப்பட்ட ஒழுங்குமுறை கட்டுப்பாடுகளை 2025.09.19 முதல் நீக்கியுள்ளது.

GRI Content Index

Statement of use	:	Softlogic Finance PLC has reported with reference to the GRI Standards for the period 01st April 2025 to 31st March 2026
GRI 1 used	:	GRI 1 : Foundation 2021

GRI Standard / Other Source	Disclosure	Page Number	Omission			Remarks
			Disclosure(s) Omitted	Reason	Explanation	
General disclosures						
GRI 2 : General Disclosures 2021	2-1 Organizational details	9				
	2-2 Entities included in the organization's sustainability reporting	8				
	2-3 Reporting period, frequency and contact point	9				
	2-4 Restatements of information	9				
	2-5 External assurance	9				
	2-6 Activities, value chain and other business relationships	10, 27				
	2-7 Employees	67				
	2-8 Workers who are not employees	67, 68				
	2-9 Governance structure and composition	115, 116, 118				
	2-10 Nomination and selection of the highest governance body	116				
	2-11 Chair of the highest governance body	136				
	2-12 Role of the highest governance body in overseeing the management of impacts	41, 42, 118				
	2-13 Delegation of responsibility for managing impacts	41, 118				
	2-14 Role of the highest governance body in sustainability reporting	118				
	2-15 Conflicts of interest	158, 234 to 235				
	2-16 Communication of critical concerns	42, 126, 250				
	2-17 Collective knowledge of the highest governance body	116				
	2-18 Evaluation of the performance of the highest governance body	116				
	2-19 Remuneration policies	204, 239 to 240				
	2-20 Process to determine remuneration	204, 239 to 240				
	2-21 Annual total compensation ratio		GRI 2-21	Confidentiality	Not disclosed due to the confidential and sensitive nature of such information	
	2-22 Statement on sustainable development strategy	51, 52				

			Omission			
GRI Standard / Other Source	**Disclosure**	**Page Number**	**Disclosure(s) Omitted**	**Reason**	**Explanation**	**Remarks**
	2-23 Policy commitments	40, 42, 52, 68, 70, 117				
	2-24 Embedding policy commitments	40, 42, 52, 117				
	2-25 Processes to remediate negative impacts	46, 72				
	2-26 Mechanisms for seeking advice and raising concerns	72, 118				
	2-27 Compliance with laws and regulations	39, 41				No such non-compliances took place
	2-28 Membership associations	87				
	2-29 Approach to stakeholder engagement	46, 52, 53, 54				
	2-30 Collective bargaining agreements	70				
Material topics						
GRI 3 : Material Topics 2021	3-1 Process to determine material topics	39, 46				
	3-2 List of material topics	39				
Economic performance						
GRI 3 : Material Topics 2021	3-3 Management of material topics	64				
GRI 201 : Economic Performance 2016	201-1 Direct economic value generated and distributed	64				
	201-3 Defined benefit plan obligations and other retirement plans	283 to 284, 312				
Indirect economic impacts						
GRI 3 : Material Topics 2021	3-3 Management of material topics	81				
GRI 203 : Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	41, 81, 86				
Anti-corruption						
GRI 3 : Material Topics 2021	3-3 Management of material topics	117, 118				
GRI 205 : Anti corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	117, 118				
	205-3 Confirmed incidents of corruption and actions taken					No incidents of corruption took place.
Tax						
GRI 207 : Tax 2019	207-1 Approach to tax	40				
	207-3 Stakeholder engagement and management of concerns related to tax	40				

GRI Content Index

GRI Standard / Other Source	Disclosure	Page Number	Omission			Remarks
			Disclosure(s) Omitted	Reason	Explanation	
Energy						
GRI 3 : Material Topics 2021	3-3 Management of material topics	88				
GRI 302 : Energy 2016	302-1 Energy consumption within the organization	43, 88				
	302-3 Energy intensity	43, 88				
	302-4 Reduction of energy consumption	43, 88				
Water and effluents						
GRI 3 : Material Topics 2021	3-3 Management of material topics	88				
GRI 303 : Water and Effluents 2018	303-1 Interactions with water as a shared resource	43, 88				
	303-2 Management of water discharge-related impacts	43, 88				
	303-5 Water consumption	43, 88				
Waste						
GRI 306 : Waste 2020	306-3 Waste generated	43				
Employment						
GRI 3 : Material Topics 2021	3-3 Management of material topics	68				
GRI 401 : Employment 2016	401-1 New employee hires and employee turnover	41, 69, 70				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	70, 74				
	401-3 Parental leave	73				
Occupational health and safety						
GRI 3 : Material Topics 2021	3-3 Management of material topics	71				
GRI 403 : Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment and incident investigation	42, 71				
	403-3 Occupational health services	71				
	403-5 Worker training on occupational health and safety	42, 71, 72				
	403-6 Promotion of worker health	71, 72				
	403-9 Work-related injuries	71				No work-related injuries reported.
Training and education						
GRI 3 : Material Topics 2021	3-3 Management of material topics	73				
GRI 404 : Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	41, 42, 73				

GRI Standard / Other Source	Disclosure	Page Number	Omission: Disclosure(s) Omitted	Omission: Reason	Omission: Explanation	Remarks
Diversity and equal opportunity						
GRI 405 : Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	67				
Non-discrimination						
GRI 3 : Material Topics 2021	3-3 Management of material topics	72				
GRI 406 : Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	41, 72				No such incidents reported during the year.
Child labour						
GRI 408 : Child Labor 2016	408-1 Operations and suppliers at significant risk of incidents of child labor					Child labor is illegal. No such incidents took place within our operations.
Forced or compulsory labor						
GRI 409 : Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor					Forced labor is illegal. No such incidents took place within our operations.
Local communities						
GRI 413 : Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	43, 86				
Customer health and safety						
GRI 416 : Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	87				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	87				No such incidents of non-compliance reported.
Marketing and labeling						
GRI 417 : Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	42, 87				
	417-2 Incidents of non-compliance concerning product and service information and labeling	42, 87				No such incidents of non-compliance reported.
	417-3 Incidents of non-compliance concerning marketing communications	42, 87				No such incidents of non-compliance reported.
Customer privacy						
GRI 418 : Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	40, 41, 87				No such complaints. No such incidents reported.

Glossary of Terms

A

Accountability & transparency	:	Accountability means that organizations are responsible for the actions and decisions that they take in relation to procurement and for the resulting outcomes. Transparency involves relevant entities taking steps to enable appropriate scrutiny of their procurement activity.
Accounting Policies	:	The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.
Amortisation	:	The systematic allocation of the depreciable amount of an intangible asset over its useful life.
Anti-Money Laundering (AML)	:	AML refers to the set of laws, regulations, and procedures designed to prevent the process of disguising illegally obtained funds as legitimate income.
Average Weighted Deposit Rate (AWDR)	:	AWDR reflects the movements in interest rates pertaining to all outstanding interest-bearing rupee deposits held with LCBs.
Average Weighted Fixed Deposit Rate (AWFDR)	:	AWFDR is based on interest rates pertaining to all outstanding interest-bearing rupee time deposits held with LCBs.
Average Weighted Lending Rate (AWLR)	:	AWLR is based on interest rates of all outstanding rupee loans and advances extended by LCBs.

B

Borrowings	:	Obtaining money from a lender with an agreement to repay the borrowed amount later, often with additional charges of interest and fees.

C

Capital Adequacy Ratios	:	Indicates the ability of the financial institution to absorb losses without affecting depositors and creditors. This ratio is computed by dividing capital by risk weighted assets as specified by the Direction of Central Bank of Sri Lanka, and high ratio indicates a better loss absorption capacity.
Capital	:	Capital generally refers to assets, especially financial assets, that can be used to generate future income or value.
Cap	:	Maximum limit imposed by CBSL.
Capital Funds	:	Paid up capital, permanent free reserves and any other securities approved by CBSL.
Cash Generating Unit (CGU)	:	The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.
Collateral Requirements	:	Collateral is a borrower's pledge of specific property to a lender, to secure repayment of a loan.
Colombo Consumer Price Index (CCPI)	:	CCPI demonstrates the price movement of selected goods and services consumed by urban households of the Colombo district.
Core Capital Ratio	:	The ratio of Tier 1 capital (after deducting proposed dividend) to risk- weighted assets of the Bank.
Corporate Governance	:	The process by which Corporate Institutions are governed. It involves the way in which authority is exercised over the management and the direction of the company, the supervisions of executive roles and the responsibility and accountability towards owners and other parties.
Cost to Income Ratio	:	Represents operating expense, excluding impairment charges on loans and advances as a percentage of net revenue (net interest income and other income).
Credit Risk	:	The risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations.
Credit Scoring Models	:	Credit scoring model is a mathematical model used to estimate the probability of default, which is the probability that customers may trigger a credit event.

D

Debt to Equity Ratio	:	Net borrowings of a company divided by shareholders' funds.
Deferred Tax	:	Sum set aside in the financial statements for income taxation that would become payable / receivable in a financial year other than the current financial year.
De-recognition	:	Removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.
Depreciation	:	The systematic allocation of the depreciable amount of an asset over its useful life.
Dividend Per Share (DPS)	:	Value of the total dividend paid out and proposed to ordinary shareholders divided by the number of ordinary shares in issue; indicates the proportion of current year's dividend attributable to an ordinary share in issue.
Downsizing	:	Gradual reduction of the business operation imposed by CBSL.

E

Earnings / (Loss) Per Share (EPS)	:	Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue.
Expected Credit Losses (ECL)	:	A probability weighted estimate of credit losses over the expected life of the financial instrument.
Events after the reporting period	:	Events after the reporting period are those events, favourable and unfavourable, that occur between the end of reporting period and the date when the financial statements are authorised for issue.
Exposure	:	A claim, contingent claim or position which carries a risk of financial loss.
Exposure At Default (EAD)	:	Gross carrying amount of financial instruments subject to impairment calculation.

F

Factoring	:	Factoring is a financial transaction in which a company sells its accounts receivable in exchange for immediate funds/ working capital requirement.
Fair Value	:	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Fair Value through Profit or Loss	:	A financial asset or financial liability that is held for trading or upon initial recognition designated by the entity as fair value through profit or loss.
Financial Instrument	:	A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in other entity.
Freezing	:	An order of CBSL that is in place preventing LFC engaging in further transactions of the Company.

G

Going Concern	:	The financial statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future.
Gross Domestic Product (GDP)	:	GDP is the standard measure of estimating market value of the value added created through the production of goods and services in a country during a certain period.
Gross NPA Ratio	:	The Company's Gross Non-Performing Loans divided by Total Gross Portfolio.
Gross Official Reserves (GOR)	:	Gross Official Reserves mainly comprise of the holdings of foreign assets of the Central Bank (including gold holding), SDR holding, the country's reserve position with the International Monetary Fund and the holdings of foreign assets of the Government.

Glossary of Terms

I

Inflation	:	A constant rise in the general price level of goods and services in an economy over the year. There are two measures of inflation in general use. Those are Year-on-Year base Inflation and Moving average Inflation.
Intangible Asset	:	Non-monetary assets without physical substance.
Integrated Reporting	:	Concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value.
Interest Cover	:	Profit Before Tax on Financial Services & Income tax plus net finance cost divided by net finance cost, measuring an entity's debt service ability.
Internal Controls	:	Policies and procedures implemented by an organization to ensure their financial reports are reliable, operations are efficient, and activities are compliant with applicable laws and regulations.
Impairment	:	A substantial, unexpected decline in an asset's recoverable value that requires immediate recognition in financial statements.

K

Key Management Personnel (KMP)	:	KMP refers to individuals within an organization who have significant authority and responsibility for planning, directing, and controlling the entity's activities, both directly and indirectly.

L

Liquidity	:	Liquidity refers to the ability to convert an asset into cash without affecting its market price.
Liquid Assets	:	A liquid asset is an asset that can easily be converted into cash.
Liquidity Risk	:	Liquidity Risk refers to the risk that a company will not be able to meet its short-term financial obligations when due.
Loans to Customer Deposits Ratio	:	Total Net Loans & Advances divided by customer deposits.
Loss Given Default (LGD)	:	The share of an asset that is lost if a borrower defaults.

M

Market Capitalisation	:	Number of ordinary shares in issue multiplied by market value of a share and indicates total market value of all ordinary shares in issue.
Market Price Per Share	:	Market value of a company divided by the total number of outstanding shares.
Market Risk	:	This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices.
Materiality	:	The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of financial statement.

N

National Consumer Price Index (NCPI)	:	The NCPI demonstrates the price movement of selected goods and services consumed by households at national level.
Net Assets Value per Share	:	Shareholders' funds divided by the number of ordinary shares in issue.
Net Interest Income	:	The difference between the amounts a financial institution earns on assets such as loans and securities and what it incurs on liabilities such as deposits and borrowings.
Net Interest Margin	:	Indicates profitability of the core business operation of the financial institution. i.e. granting loans and advances and accepting deposits.
Net Non-Performing Loans Ratio	:	Net Non-Performing Loans divided by Total Portfolio Net of IIS & Provision.
Non- Performing Loans	:	Loans advances and hire purchase / lease finance of which interest or capital is in arrears for six months (180 days) or more.

O

Operational Risk	:	This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.
Other Comprehensive income (OCI)	:	Other Comprehensive Income refers to any revenues, expenses, and gains / (losses) that not have yet been realized.

P

Price to Earnings	:	Dividing the current market price of a common share by the earnings per common share (EPS)
Portfolio	:	A collection of financial assets, such as stocks, bonds, or other investments, held by an individual or an institution.
Probability of Default (PD)	:	An internal estimate for each borrower grade of likelihood that an obligor will default on an obligation.
Profit After Tax (PAT)	:	PAT is the net income a company earns after deducting all expenses, including taxes.
Prompt Corrective Action (PCA)	:	The PCA is an early intervention resolution by the RBI when a certain banking organization starts to turn financially weaker as per the identified indicators.

R

Real Effective Exchange Rate (REER)	:	The REER is computed by adjusting the Nominal Effective Exchange Rate (NEER) for inflation differentials with the countries whose currencies are included in the basket.
Related party Transactions	:	A transfer of resources, services or obligations between related parties, regardless of whether a price is charged or not.
Regulatory Loss Allowance Reserve (RLAR)	:	Reserve, that financial institutions are required to maintain to cover potential credit losses, particularly when their accounting loss allowances for expected credit losses fall short of regulatory requirements.
Remittances	:	Include telegraphic transfers, other interbank transfers, bank drafts, other payment instruments, payments received via other internationally accepted payment mechanisms or platforms and funds received from exchange companies/houses in foreign currency from abroad, other than currency notes.
Return on Assets (ROA)	:	Annualized profit before tax as a percentage of total assets (as at end of period)
Return on Assets (ROA) - after tax:	:	Annualized profit after tax as a percentage of total assets (as at end of period)

Glossary of Terms

R

Return on Equity (ROE)	:	Annualized profit after tax as a percentage of total capital (as at end of period)
Right Issue:	:	Issue of shares to the existing shareholders at an agreed price, generally lower than market price.
Risk Appetite Statement (RAS)	:	It is a formal document that outlines an organization's willingness to accept risk in pursuit of its strategic objectives.
Risk-Weighted Assets	:	Sum of on-balance sheet risk weighted assets and the total credit equivalent of risk weighted off-balance sheet assets.
Risk Weighted Capital	:	The minimum capital that company should keep as a reserve to reduce the risk of insolvency.

S

Shareholder Funds to Public Deposits Ratio	:	Total Shareholders' Funds divided by Customer Deposits plus Total Borrowed Funds.
Stage 3 Impairment Coverage Ratio	:	Indicates the level of loss allowance for stage 3 loans and advances.
Standing Deposit Facility Rate (SDFR)	:	The deposit interest rate at which the SDF is provided to PIs, which forms lower bound of the Standing Rate Corridor (SRC).
Standing Lending Facility Rate (SLFR)	:	The interest rate at which the SLF is provided to PIs, which forms the upper bound of the (SRC).
Solvency	:	The availability of cash over the long term to meet financial commitments as they fall due.

T

Tier I Capital	:	Represents permanent shareholder equity and reserves.
Total Capital	:	Represents Tier 1 and supplementary capital including instruments with characteristics of equity and debt, revaluation gains, impairment allowances.
Tier I Capital ratio	:	Tier I capital as a percentage of risk weighted assets.
Tier II Capital ratio	:	Total capital as a percentage of risk weighted assets.
Total Impairment Coverage Ratio	:	Indicates the level of total loss allowance for total loans and advances.

V

Value Added	:	Value of wealth created by providing financial and other related services after deducting the cost of providing such services.

W

Working Capital	:	Capital required to finance day-to-day operations, computed as the excess of current assets over current liabilities.
Write-Off	:	The removal of an uncollectible loan or receivable from the Statement of Financial Position when recovery is considered unlikely.

Y

Yield to Maturity	:	The discount rate at which the present value of future cash flows equals the security's current price.

List of Abbreviations

A

ADO	–	Asian Development Outlook
ADB	–	Asian Development Bank
AGM	–	Annual General Meeting
AI	–	Artificial Intelligence
AIT	–	Advance Income Tax
ALCO	–	Asset Liability Committee
AML	–	Anti-Money Laundering
ATM	–	Automated Teller Machine
AWCMR	–	Average Weighted Call Money Rate
AWDR	–	Average Weighted Deposit Rate
AWFDR	–	Average Weighted Fixed Deposit Rate
AWLR	–	Average Weighted Lending Rate
AWPLR	–	Average Weighted Prime Lending Rate

B

BAC	–	Board Audit Committee
BCP	–	Business Continuity Plan
BCRC	–	Board Credit and Recoveries Committee
BHRRC	–	Board Human Resources and Remuneration Committee
BIRMC	–	Board Integrated Risk Management Committee
Bn	–	Billion

C

CAR	–	Capital Adequacy Ratio
CA Sri Lanka	–	Chartered Accountants of Sri Lanka
CBOs	–	Community-Based Organizations
CBSL	–	Central Bank of Sri Lanka
CCPI	–	Colombo Consumer Price Index
CEB	–	Ceylon Electricity Board
CEO	–	Chief Executive Officer
CFO	–	Chief Finance Officer
CFT	–	Counter-Terrorism Financing
CG	–	Corporate Governance
CGU	–	Cash generating unit
CIA	–	Chief Internal Auditor
CIC	–	Currency In Circulation
CIL	–	Crop Insurance Levy
CISO	–	Chief Information Security Officer
COO	–	Chief Operating Officer
CPC	–	Ceylon Petroleum Corporation
CPs	–	Commercial Papers
CR	–	Change Request
CRIB	–	Credit Information Bureau of Sri Lanka
CRO	–	Chief Risk Officer
CSE	–	Colombo Stock Exchange
CSR	–	Corporate Social Responsibility

D

DA	–	Delegation Authority
DCF	–	Discount factor
DDO	–	Domestic Debt Optimization
DEI	–	Diversity, Equity, and Inclusion
DGM	–	Deputy General Manager
DRP	–	Disaster Recovery Plan

E

EADs	–	Exposure at default
ECL	–	Expected Credit Loss
EFA	–	Economic Factor adjustment
EFC	–	Employers’ Federation of Ceylon
EFF	–	Extended Fund Facility
EGM	–	Extraordinary General Meeting
EPS	–	Earnings / (Loss) Per Share
ESG	–	Environmental, Social, and Governance
ETF	–	Employee Trust Fund
EVP	–	Employee Value Proposition

F

FC	–	Finance Company
FHASL	–	Finance Houses Association of Sri Lanka
FMCG	–	Fast-Moving Consumer Goods
FVPL	–	Fair value through profit or loss
FVOCI	–	Fair value through other comprehensive income

List of Abbreviations

G

GCCO	–	Fair Value Through Profit or Loss
GDP	–	Gross Domestic Product
GNI	–	Gross National Income
GOR	–	Gross Official Reserves
GVA	–	Gross Value Added

H

HR	–	Human Resources

I

IBOR	–	Interbank Offered Rate
IBSL	–	Institute of Bankers of Sri Lanka
ICLP	–	Institute for Development of Commercial Law and Practice
ICM	–	Institute of Credit Management
ICT	–	Information and Communications Technology
IMF	–	International Monetary Fund
IIP	–	International Investment Position
IRMC	–	Integrated Risk Management Committee
IT	–	Information Technology

J

JDs	–	Job Descriptions

K

KMP	–	Key Managerial Personnel
KRI	–	Key Risk Indicators
KYC	–	Know Your Customer
KRP	–	Key Responsible Personnel

L

LAF	–	Liquidity Assistance Facility
LFCs	–	Licensed Finance Companies
LGDs	–	Loss Given Default
LKAS	–	Sri Lanka Accounting Standards
LKR	–	Sri Lankan Rupee
LMFCs	–	Licensed Microfinance Companies
LTECL	–	Lifetime Expected Credit Loss

M

MFIs	–	Microfinance institutions
MIS	–	Management Information System
Mn	–	Million

N

NBFIs	–	Non-Banking Financial Institutions
NCG	–	Net Credit to Government
NCPI	–	National Consumer Price Index
NDA	–	Net Domestic Assets
NFA	–	Net Foreign Assets
NED	–	Non-executive Directors
NFC	–	Non-Financial Corporations
NGOs	–	Non-Governmental Organization
NPA	–	Non-Performing Assets
NPL	–	Non-Performing Loans
NII	–	Net Interest Income
NIM	–	Net Interest Margin

O

OCI	–	Other Comprehensive Income
OMOs	–	Open Market Operations
OPA	–	Organization of Professional Associations

P

PAT	–	Profit / (Loss) After Tax
PBT	–	Profit / (Loss) Before Tax
PCA	–	Prompt Corrective Action
PDs	–	Probability of Default
PLC	–	Public Listed Company
POCI	–	Purchased or originated credit

R

RAS	–	Risk Appetite Statement
REER	–	Real Effective Exchange Rate
RLAR	–	Regulatory Loss Allowance Reserve
ROA	–	Return on Assets
ROC	–	Registrar of Companies
ROE	–	Return on Equity
RFR	–	Risk-free Interest Rate
RPA	–	Robotic Process Automation
RPO	–	Recovery Point Objective
RPTRC	–	Related Party Transactions Review Committee
Rs	–	Rupees
RTO	–	Recovery Time Objective

S

SCAP	–	Softlogic Capital PLC
SDFR	–	Standing Deposit Facility Rate
SDR	–	Special Drawing Rights
SEC	–	Securities & Exchange Commission
SFP	–	Softlogic Finance PLC
SID	–	Senior Independent Director
SLCs	–	Specialized Leasing Companies
SLFR	–	Standing Lending Facility Rate
SLFRS	–	Sri Lanka Financial Reporting Standards
SLT	–	Sri Lanka Telecom
SLSAE	–	Sri Lanka Standard on Assurance Engagements
SME	–	Small and Medium-sized Enterprise
SOBEs	–	Credit to State-Owned Business Enterprises
SSCL	–	Social Security Contribution Levy

T

T-Bill Rate	–	Treasury Bill Rate
TOR	–	Terms of Reference

U

US	–	United States
USD	–	United States Dollar

V

VAT	–	Value Added Tax

W

WA	–	Weighted Average
WAYR	–	Weighted Average Yield Ratio
WHO	–	World Health Organization

Corporate Information

Name of the Company
Softlogic Finance PLC

Holding Company
Softlogic Capital PLC

Legal Form
- Incorporated under the Companies Act No 17 of 1982
- Date of Incorporation 24th August 1999.
- Re-registered under the Companies Act No. 7 of 2007 on 29th September 2008.
- Registered under the Finance Business Act No. 42 of 2011.
- Registered under the Finance Leasing Act No. 56 of 2000.
- Approved Credit Agency under the Mortgage Act No. 06 of 1949 and Inland Trust Receipts Act No. 14 of 1990.
- Quoted in the Colombo Stock Exchange on 22nd January 2009.
- Registered under the Securities & Exchange Commission of Sri Lanka Act No. 36 of 1987 as a Margin Provider

Company Registration Number
PB641 PQ

Tax Payer Identification Number (TIN)
134008350

Accounting Year End
31st March

Registered Office & Principal Place of Business
JFI Tower 3, Zone B&C, 6th Floor,
No.75, Piyadasa Sirisena Mw, Colombo 10.
Tel : (+94)112-359600, (+94)112-359700
Facsimile : (+94)112-359799
E-mail : info@softlogicfinance.lk
Website : www.softlogicfinance.lk
Hotline : (+94)112-104204

Legal Advisors to the Company
M/s. Nithya Partners
97A, Galle Road, Colombo 03
Telephone : (+94) 11-4712625

Communication with Shareholders
Contact person : Ms. Lakmi Meedeniya
Telephone : (+94) 70 3328 157
E-mail : lakmi.meedeniya@softlogicfinance.lk
Time : Anytime between 10.00 a.m. and 4.00 p.m. on any working day.

Board of Directors
- Mr. A.K. Pathirage – Chairman, Non-Independent Non-Executive Director
- Mr. H.S.S. Dabare – Deputy Chairman, Senior Independent Non-Executive Director
- Mr. H. K. Kaimal – Non-Independent, Non-Executive Director (Retired w.e.f. 01st August 2026)
- Mr. R.J. Perera – Non-Independent, Non-Executive Director
- Mr. C. Kalupahana – Independent, Non-Executive, Director
- Mr. V.B. Nanayakkara – Independent, Non-Executive, Director
- Mr. N.C.A. Abeyesekera – Non-Independent, Non-Executive Director

Company Secretary
M/s. Softlogic Corporate Services (Pvt) Ltd
No. 14, De Fonseka Place, Colombo 05
Telephone : (+94) 11-5575123

External Auditors *
M/s. Ernst & Young
Chartered Accountants
Rotunda Towers, No.109, Galle Road,
P.O. Box 101, Colombo 03
Telephone : (+94) 11-2463500
Fax : (+94) 11-7687869

* Retires in compliance with the Finance Business Act (Corporate Governance) Direction No 5 of 2021

Proposed External Auditor (Subject to shareholder approval)
M/s. BDO Partners
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha,
Colombo 02.
Telephone : (+94) 11-2421878-79-70
Fax : (+94) 11-2336064
Mail : bdopartners@bdo.lk

Bankers
- Hatton National Bank PLC
- Commercial Bank of Ceylon PLC
- Seylan Bank PLC
- People's Bank
- Pan Asia Banking Corporation PLC
- Sampath Bank PLC
- Bank of Ceylon
- Nations Trust Bank PLC
- DFCC Bank PLC
- Union Bank of Colombo PLC
- National Savings Bank
- Cargills Bank Limited

SCAN ME

Availability of the Annual Report
Annual report of the Softlogic Finance PLC can be accessed via
- Softlogic Finance's corporate website https://softlogicfinance.lk/financial/
- The CSE website https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=CRL.N0000
- Scan the QR code provided here.

Notice of Meeting

SOFTLOGIC FINANCE PLC
Co. Reg. No. PB 641 PQ
JFI Tower 3, Zone B & C - 6th floor,
No. 75, Piyadasa Sirisena Mawatha,
Colombo 10, Sri Lanka.

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting of **SOFTLOGIC FINANCE PLC** will be held **on Wednesday, the 23rd September 2026 at 10.00 a.m** at Auditorium of Central Hospital Limited (4th Floor), No.114, Norris Canal Road, Colombo 10 for the following purposes:

(1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the year ended 31st March 2026 together with the Report of the Auditors thereon.

(2) To re-elect Mr. Hewage Sisira Samantha Dabare who retires by rotation in terms of Articles 91 and 92 of the Articles of Association, as a Director of the Company.

(3) To re-elect Mr. Ranjan Janaka Perera who retires by rotation in terms of Articles 91 and 92 of the Articles of Association, as a Director of the Company.

(4) To appoint Messrs. BDO Partners as Auditors of the Company in place of the outgoing Auditors, Messrs. Ernst & Young, and to hold office until the conclusion of the next Annual General Meeting of the Company and that authority be and is hereby given to the Directors of the Company to determine their remuneration.

(5) To authorise the Directors to determine and make donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.

By Order of the Board,
SOFTLOGIC FINANCE PLC

(Sgd.)
SOFTLOGIC CORPORATE SERVICES (PVT) LTD.
Company Secretaries

31st August 2026
Colombo

Notes

1. A Shareholder who is entitled to participate, speak and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her by electronic means as per the attached guidelines.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the Corporate Website of the Company and the Website of the Colombo Stock Exchange.

Notes

Notes

Notes

Form of Proxy

SOFTLOGIC FINANCE PLC
Co. Reg. No. PB 641 PQ
JFI Tower 3, Zone B & C - 6th floor,
No. 75, Piyadasa Sirisena Mawatha,
Colombo 10, Sri Lanka.

* I/We …….of

…… being *a

member/members of SOFTLOGIC FINANCE PLC, do hereby appoint ……………………………………………………………………..

…………………… (holder of N.I.C. No. …………………………………) of ……………………………………………………………………

……… or (whom failing)

Mr. A. K. Pathirage	whom failing him
Mr. R. J. Perera	whom failing him
Mr. H. S.S. Dabare	whom failing him
Mr. V. B. Nanayakkara	whom failing him
Mr. C. Kalupahana	whom failing him
Mr. N. C. A. Abeyesekera	whom failing him

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, the 23rd September 2026 at 10.00 a.m and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	For	Against
1.1 To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company for the year ended 31st March 2026 together with the Report of the Auditors thereon.		
1.2 To re-elect Mr. Hewage Sisira Samantha Dabare who retires by rotation in terms of Articles 91 and 92 of the Articles of Association, as a Director of the Company.		
1.3 To re-elect Mr. Ranjan Janaka Perera who retires by rotation in terms of Articles 91 and 92 of the Articles of Association, as a Director of the Company.		
1.4 To appoint Messrs. BDO Partners as Auditors of the Company in place of the outgoing Auditors, Messrs. Ernst & Young, and to hold office until the conclusion of the next Annual General Meeting of the Company and that authority be and is hereby given to the Directors of the Company to determine their remuneration.		
1.5 To authorise the Directors to determine and make donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.		

Signed this …………………… day of …………………… Two Thousand Twenty-Six.

…………………… ……………………
Signature/s Date

Note:

1) *Please delete the inappropriate words.
2) A proxy need not be a shareholder of the Company.
3) Instructions as to completion are noted on the reverse hereof.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The completed Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, Softlogic Corporate Services (Pvt) Ltd, No.14, De Fonseka Place, Colombo 05 marked "Softlogic Finance PLC – 18th Annual General Meeting" or email corporateservices@softlogic.lk not later than 48 hours before the time appointed for the Meeting.

   In forwarding the completed and duly signed Proxy to the Company, please follow the Guidelines and Attendance Registration Process for the Annual General Meeting attached to the Notice of Annual General Meeting.

3. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a Company or Corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or Corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable).

4. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Designed & Produced by :

SKILLS

SOFTLOGIC FINANCE PLC
JFI Tower 3, Zone B&C - 6th Floor,
No.75, Piyadasa Sirisena Mawatha,
Colombo 10, Sri Lanka.
Tel : +94-11- 2359600, +94-11-2359700
Facsimile : +94-11-2359799
E-mail : info@softlogicfinance.lk
Website : www.softlogicfinance.lk