

DIALOG FINANCE PLC

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2025**

Financial review for the six months ended 30 June 2025

Dialog Finance PLC (the “Company”) announced, Friday 01st August 2025, its financial results for the six months ended 30 June 2025.

The lending book of the Company recorded a healthy growth of 74.4% Year-on-Year (“YoY”) to record net loans and advances of Rs. 6.9 Bn as at 30 June 2025. The deposit base also improved significantly by 64.7% YoY, reaching Rs. 5.4 Bn as at 30 June 2025, supported by strong performance in both savings deposits and fixed deposits. Driven by the growth in lending book and increase in fee income from acquiring and issuing businesses, total operating income grew by 143.9% YoY to reach Rs. 961.4 Mn for the quarter ended 30 June 2025.

Supported by this strong income performance, the Company recorded a Profit before Tax of Rs. 74.2 Mn for the first six months of 2025, compared to a Loss before Tax of LKR 67.4 Mn recorded in June 2024. Deferred tax asset reversal of Rs. 51.5 Mn was recognised in YTD June 2025, attributed to the reduction in deferred tax assets arising from the utilisation of carried forward tax losses against taxable profits generated during the period under review. Accordingly, the Company recorded a net profit of Rs. 22.7 Mn for the six months ended 30 June 2025 relative to a net loss of Rs. 67.4 Mn recorded for the corresponding six months in the previous year.

During the period under review, the Company maintained capital and liquidity levels well above the statutory minimum requirements. The Tier I capital adequacy ratio (CAR) and total CAR recorded at 22.68% as at 30 June 2025, which was well above the CBSL's prescribed minimum thresholds of 8.50% for Tier 1 CAR and 12.50% for Total CAR.

Dialog Finance PLC provides a wide range of financial products tailored to meet the needs of diverse customer segments, including consumers, retailers & merchants, and SMEs. The Company is setting itself to be at the forefront of innovation in the finance industry in Sri Lanka and has a vision to propel the nation's finance technology to a level of advancement on par with the developed world. Dialog Finance PLC recognises the need to deliver convenient, accessible, and affordable financial tools to the unbanked and underbanked segments of society and continues steadfast with its unifying mission in introducing cutting edge technology to launch industry-leading financial products and services.

DIALOG FINANCE PLC

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

	30 June 2025 (Unaudited)	31 Dec 2024 (Audited)
ASSETS		
Cash and cash equivalents	730,143	252,167
Placements with banks and financial institutions	174,630	168,488
Securities purchased under repurchase agreements	355,993	509,924
Financial assets at fair value through profit or loss	3,493	257,224
Financial assets at amortised cost - loans and advances	6,889,468	5,171,335
Financial assets at fair value through other comprehensive income	2,358	2,358
Financial investments at amortised cost	385,320	387,959
Other assets (Note 4)	279,928	249,528
Current tax receivable	6,255	6,255
Right-of-use assets	28,574	36,308
Property, plant and equipment	53,389	53,518
Intangible assets	284,405	197,337
Deferred tax assets	41,170	92,698
Total assets	9,235,126	7,385,099
LIABILITIES		
Financial liabilities at amortised cost - due to customers	5,368,882	4,044,853
Financial liabilities at amortised cost - due to banks	654,380	100,296
Lease liabilities	31,267	40,286
Retirement benefit obligations	17,164	11,759
Other liabilities	537,807	584,962
Total liabilities	6,609,500	4,782,156
EQUITY		
Stated capital	2,934,582	2,934,582
Statutory reserve fund	16,688	16,688
Fair value through other comprehensive income reserve	3,301	3,301
Accumulated losses	(328,945)	(351,628)
Total equity	2,625,626	2,602,943
Total equity and liabilities	9,235,126	7,385,099
Net assets per share (Rs.)	22.36	22.17
Commitments and contingencies	243,802	458,542

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

CERTIFICATION

We certify that the above Interim Financial Statements are in compliance with the requirements of the Companies Act No: 7 of 2007 and give true and fair view of the state of affairs of Dialog Finance PLC as at 30 June 2025 and its profit / (loss) for the period ended 30 June 2025.


Head of Corporate Finance
Date: 01/08/2025

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


Director/CEO
Date: 01/08/2025


Director
Date: 01/08/2025

DIALOG FINANCE PLC

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

	Six months ended 30 June			Three months ended 30 June		
	2025 (Unaudited)	2024 (Unaudited)	Change %	2025 (Unaudited)	2024 (Unaudited)	Change %
Interest income	737,562	461,028	60	392,610	224,060	75
Less: Interest expense	(174,305)	(138,694)	26	(94,351)	(62,443)	51
Net interest income	563,257	322,334	75	298,259	161,617	85
Fee and commission income	379,208	65,686	477	209,261	52,766	297
Net gain / (loss) from trading	268	(77)	(448)	285	(104)	(374)
Other operating income	18,669	6,271	198	6,450	3,384	91
Total operating income	961,402	394,214	144	514,255	217,663	136
Less: Impairment charges and other losses	(103,871)	(39,637)	162	(58,782)	(20,955)	181
Net operating income	857,531	354,577	142	455,473	196,708	132
Less: Operating expenses						
Personnel expenses	(230,356)	(147,919)	56	(118,693)	(85,639)	39
Depreciation and amortization	(34,746)	(30,013)	16	(17,390)	(15,277)	14
Other expenses	(455,992)	(229,415)	99	(237,059)	(121,286)	95
Operating Profit / (Loss) before taxes on financial services	136,437	(52,770)	(359)	82,331	(25,494)	(423)
Taxes on financial services	(62,227)	(14,637)	325	(34,786)	(9,311)	274
Profit / (Loss) before tax for the period	74,210	(67,407)	(210)	47,545	(34,805)	(237)
Income tax expense	(51,527)	-	-	(30,923)	-	-
Profit / (Loss) for the period	22,683	(67,407)	(134)	16,622	(34,805)	(148)
Other comprehensive income items that will not be reclassified to profit or loss:						
Changes in the fair value of equity investments at fair value through other comprehensive income:	-	-	-	-	-	-
Remeasurement of defined benefit obligations:	-	-	-	-	-	-
Deferred tax effect on other comprehensive income:	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period, net of tax	22,683	(67,407)	(134)	16,622	(34,805)	(148)
Profit / (Loss) per share (Rs.)	0.19	(0.57)		0.14	(0.30)	

DIALOG FINANCE PLC

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

	Stated capital	Retained earnings / accumulated losses	Statutory reserve fund	Fair value through other comprehensive income reserve	Total
Balance at 1 January 2025	2,934,582	(351,628)	16,688	3,301	2,602,943
Profit for the period	-	22,683	-	-	22,683
Other comprehensive income, net of tax	-	-	-	-	-
Transfer to statutory reserve fund	-	-	-	-	-
Total comprehensive income for the period	-	22,683	-	-	22,683
Balance at 30 June 2025	2,934,582	(328,945)	16,688	3,301	2,625,626
Balance at 1 January 2024	2,934,582	(309,659)	16,688	3,154	2,644,765
Loss for the period	-	(67,407)	-	-	(67,407)
Other comprehensive income, net of tax	-	-	-	-	-
Transfer to statutory reserve fund	-	-	-	-	-
Total comprehensive income for the period	-	(67,407)	-	-	(67,407)
Balance at 30 June 2024	2,934,582	(377,066)	16,688	3,154	2,577,358
Balance at 1 July 2024	2,934,582	(377,066)	16,688	3,154	2,577,358
Profit for the period	-	26,324	-	-	26,324
Other comprehensive income, net of tax	-	(886)	-	147	(739)
Transfer to statutory reserve fund	-	-	-	-	-
Total comprehensive income for the period	-	25,438	-	147	25,585
Balance at 31 December 2024	2,934,582	(351,628)	16,688	3,301	2,602,943

DIALOG FINANCE PLC

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit / (loss) before income tax	74,210	(67,407)
Adjustments for		
Interest expenses	174,305	138,694
Impairment charges and other losses	103,871	39,637
Provision for retirement benefits obligation	5,405	3,496
Depreciation and amortization	34,746	30,013
Interest on lease liability	1,860	1,129
Net losses / (gains) on financial assets at fair value through profit or loss	(268)	77
Cash generated from operations before changes in operating assets and liabilities	394,129	145,639
Decrease in loans and advances	(1,822,003)	(947,710)
Decrease in other assets	(24,498)	(107,492)
Increase in amounts due to customers	1,324,029	642,295
Increase / (decrease) in amounts due to banks	554,084	(502,117)
(Decrease) / increase in other liabilities	(67,053)	198,802
Cash generated from / (used in) operations	358,688	(570,583)
Interest paid	(174,305)	(138,694)
Retirement benefits paid	-	-
Net cash generated from / (used in) operating activities	184,383	(709,277)
Cash flows from investing activities		
Acquisition of property plant and equipment	(32,758)	(28,893)
Acquisition of intangible assets	(87,068)	7,137
Net investment in treasury bills	2,639	478,920
Net investment in securities purchased under repurchased agreement	153,931	(20,001)
Net investment in unit trust	253,998	763,156
Net placements with banks and financial institutions	(3,911)	(104,808)
Net cash flows from investing activities	286,831	1,095,511
Cash flows from financing activities		
Principle element of lease payment	9,019	8,073
Net cash (used in)/ from financing activities	9,019	8,073
Net increase in cash and cash equivalents	480,233	394,307
Cash and cash equivalents at the beginning of the period	311,570	88,003
Cash and cash equivalents at the end of the period	791,803	482,310
Analysis of cash and cash equivalents at the end of the period		
Cash and bank balances	730,245	425,493
Add: Placements with financial Institutions (less than 90 days)	61,558	56,817
	791,803	482,310
Less: Impairment provision	(142)	(167)
	791,661	482,143

DIALOG FINANCE PLC

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

For the six months ended 30 June	Consumer Segment		MSME Segment		Treasury/investments		Unallocated		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Interest Income	377,903	178,018	302,051	156,233	57,608	126,777	-	-	737,562	461,028
Interest Expenses	(61,517)	(42,011)	(60,578)	(38,292)	(52,210)	(58,391)	-	-	(174,305)	(138,694)
Net interest income	316,386	136,007	241,473	117,941	5,398	68,386	-	-	563,257	322,334
Net fees and commission income	241,635	76,951	137,573	(11,265)	-	-	-	-	379,208	65,686
Other income	16,632	3,950	2,305	1,884	-	360	-	-	18,937	6,194
Operating income by segment	574,653	216,908	381,351	108,560	5,398	68,746	-	-	961,402	394,214
Impairment (expense) / reversal	(73,756)	(13,040)	(30,291)	(26,806)	176	209	-	-	(103,871)	(39,637)
Net operating income	500,897	203,868	351,060	81,754	5,574	68,955	-	-	857,531	354,577
Operating expenses	(119,705)	(61,885)	(125,186)	(128,084)	-	-	(211,101)	(39,446)	(455,992)	(229,415)
Segment result	381,192	141,983	225,874	(46,330)	5,574	68,955	(211,101)	(39,446)	401,539	125,162
Personnel expenses									(230,356)	(147,919)
Depreciation and amortization									(34,746)	(30,013)
Profit / (loss) from operations									136,437	(52,770)
VAT on financial services									(62,227)	(14,637)
Income tax expense									(51,527)	-
Profit / (loss) for the period									22,683	(67,407)
Other information										
Balance at 30 June										
Segment assets	3,443,568	2,127,458	3,445,900	1,823,518	1,651,937	1,738,795	693,721	547,548	9,235,126	6,237,319
Total assets	3,443,568	2,127,458	3,445,900	1,823,518	1,651,937	1,738,795	693,721	547,548	9,235,126	6,237,319
Segment liabilities	3,328,303	1,941,666	3,281,197	1,718,295	-	-	-	-	6,609,500	3,659,961
Total liabilities	3,328,303	1,941,666	3,281,197	1,718,295	-	-	-	-	6,609,500	3,659,961

DIALOG FINANCE PLC

Notes to the condensed interim financial statements

(all amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

1 Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2025 of the Company have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34, 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2024.

There were no changes to the accounting policies since the publication of the audited financial statements for the year ended 31 December 2024.

2 Events after the reporting period

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

3 Contingent liabilities

There were no material contingent liabilities as at the reporting date which require adjustments to / or disclosures in the financial statements.

4 Other Assets

The Company has identified a case of external financial fraud in June 2024 and steps were taken to immediately recover a portion of funds. As at the reporting date, the gross outstanding amount to be recovered was LKR 41.4Mn and based on an assessment of recoverability, the Company has recognized a provision for loss of LKR 30.9Mn in the statement of profit or loss. Consequently, the net amount outstanding to be recovered as of the reporting date is LKR 10.5Mn, which is reported under "other assets" in the statement of financial position.

The Company has initiated legal action as per the advice of external legal counsel and currently working with law enforcement authorities to recover the remaining funds. In response to this incident, the Company has enhanced its transaction monitoring processes and has implemented measures to educate customers on safeguarding their accounts against unauthorized third-party access.

As of the reporting date, the investigation and recovery efforts are ongoing. The Company will continue to monitor the progress of these actions and will assess the recoverability of the outstanding receivables recognised at each reporting date.

5 Fair value of financial instruments

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

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

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

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

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

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

	Measurement criteria and the fair value					
	Level 1		Level 3		Total	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Financial assets						
Financial assets at fair value through profit or loss	3,493	358,557	-	-	3,493	358,557
Financial assets at fair value through other comprehensive income	-	-	2,358	2,185	2,358	2,185

DIALOG FINANCE PLC

Notes to the condensed interim financial statements (Continued)

6 Market price per share

For the six months ended 30 June

	2025 Rs.	2024 Rs.
- Highest	53.90	56.00
- Lowest	39.00	42.50
- Last traded	43.90	44.00

7 Twenty largest shareholders of the company

Name of Shareholders	No. of shares	% Holding
1 Dialog Axiata PLC	116,290,376	99.05%
2 Mr. P.S. Goonewardene JNR	127,913	0.11%
3 Mr. R. Gukenthiran	53,384	0.05%
4 Mr. A.P.Dhammika	30,000	0.03%
5 Dialog Finance PLC / D.M.H.B. Dasanayake	30,000	0.03%
6 Mr. C.R. Narangoda	28,000	0.02%
7 Mr. P. Poongunaseelan	26,531	0.02%
8 Mr. W.C. Madhushanka	22,795	0.02%
9 Mr. R.C.J. Goonewardene	22,073	0.02%
10 Senkadagala Finance PLC / G.B.R.P. Gunawardana	21,191	0.02%
11 Mr. R.J.K.I. Ranathunga	21,007	0.02%
12 People's Leasing & Finance PLC/ C.D.Kohombanwickramage	18,152	0.02%
13 Senkadagala Finance PLC / C.R. Narangoda	17,846	0.02%
14 Mr. M.A.T. Raaymakers	16,566	0.01%
15 Mr. M.K. Gunawardena/ M.K. Gunawardena (Joint)	16,190	0.01%
16 Mr. P.S.M. Fernando	16,000	0.01%
17 Citizens Development Business Finance PLC/ K.D.C. Somalatha and K. Nandasiri	15,980	0.01%
18 Mr. G.D.M. Ranasinghe/ Mrs. O.R.K. Ranasinghe (Joint)	14,029	0.01%
19 Mrs. S. Suwandarathne	13,346	0.01%
20 Mrs. C.H.M.S. Wanduragala	11,917	0.01%
	116,813,296	99.50%
Others	586,570	0.50%
Total	117,399,866	100.00%

8 Directors' shareholdings

None of the Directors and their close family members held any shares in the company as at 30 June 2025.

9 Public shareholdings

Information pertaining to public shareholding is as follows:

	30 June 2025	30 June 2024
Public holding percentage	0.95%	0.95%
Number of public shareholders	951	842
Float adjusted market capitalization (Rs.)	48,961,614	49,073,144

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

DIALOG FINANCE PLC

Notes to the condensed interim financial statements (Continued)

Selected performance indicators

Item	As at 30 June 2025	As at 30 June 2024
Regulatory capital adequacy		
Tier I capital base, Rs. '000	2,366,114	2,282,167
Total capital base, Rs. '000	2,366,114	2,351,001
Risk weighted assets, Rs. '000	10,431,206	6,286,499
Tier I capital adequacy ratio (As a % of risk weighted assets - Minimum requirement – 8.5%)	22.68%	36.30%
Total capital adequacy ratio (As a % of risk weighted assets - Minimum requirement – 12.5%)	22.68%	37.40%
Capital funds to deposit liabilities ratio (Minimum requirement, 10%)	43.59%	79.08%
Assets quality (quality of loan portfolio)		
Gross non-performing accommodations, Rs. '000	400,166	239,351
Gross non-performing accommodations ratio, %	5.49%	5.75%
Net-non-performing accommodations ratio, %	1.20%	1.95%
Profitability		
Net Interest margin, %	14.49%	11.28%
Return on assets (before taxes), %	3.28%	-2.23%
Return on equity (after taxes), %	3.56%	-5.19%
Regulatory liquidity (Rs. '000)		
Required minimum amount of liquid assets	704,539	380,802
Available amount of liquid assets	1,642,932	1,455,474
Required minimum amount of government securities	253,784	241,244
Available amount of government securities	741,992	791,507
Memorandum information		
Number of employees	153	139
Number of branches	1	2

Corporate Information

Name of the Company

Dialog Finance PLC

Legal Form and Stock Exchange Listing

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

Date of Incorporation

25 November 1981

Company Registration No.

PB 765 PQ

Board of Directors

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

Registered Office

No. 475, Union Place, Colombo 2

Principal Office

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Bankers

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

Auditors

Messrs. Deloitte partners
Chartered Accountants
100, Braybrooke Place,
Colombo 02, Sri Lanka.

Credit Rating

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

Taxpayer Identification Number (TIN)

104079687