

KEY FINANCIAL DATA

For the Year ended 31st March 2025 (Audited)

In Rupees Million	From 01/04/2024 To 31/03/2025	From 01/04/2023 To 31/03/2024
Interest income	1,133	2,576
Interest expenses	(834)	(2,781)
Net interest income	300	(205)
Gains/(losses) from trading activities	-	21
Other Income	170	123
Profit /(loss) from derecognition of financial assets	208	-
Opereating Expenses (excluding impairment)	(848)	(1,071)
Impairment	426	(644)
Profit/(Loss) Before Tax	255	(1,777)
Taxes *	(110)	-
Profit/(Loss) After Tax	145	(1,777)

* Including indirect taxes (Such as VAT on Financial Services, SSCL) and direct taxes (Corporate Income tax)

KEY FINANCIAL DATA

As at 31st March 2025 (Audited)

In Rupees Million	As at 31.03.2025	As at 31.03.2024
Assets		
Cash and Bank Balance	297	334
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	-	379
Government Securities	802	603
Due from Related Parties	94	4
Loans (excluding due from related parties)	4,643	7,838
Investments in Equity	0	0
Property, Plant and Equipment	104	106
Other Assets	2,043	2,027
Total Assets	7,982	11,291
Liabilities		
Due to Banks	92	23
Due to Related Parties	2	1
Deposits from Customers	4,273	7,482
Other Borrowings	4	558
Other Liabilities	677	438
Total Liabilities	5,048	8,502
Equity		
Stated Capital	9,930	9,930
Statutory Reserve Fund	268	260
Retained Earnings	(8,234)	(9,138)
Other Reserves	970	1,736
Total Equity	2,934	2,789
Net Assets Value Per Share	3.05	2.90

Note: Amounts stated are in net of impairment and depreciation.

SELECTED KEY PERFORMANCE INDICATORS

As at 31st March 2025 (Audited)

Item	As at 31.03.2025		As at 31.03.2024	
	Actual	Required	Actual	Required
Regulatory Capital Adequacy (%)				
Tier 1 Capital Adequacy Ratio	25.5%	8.5%	4.9%	8.5%
Total Capital Adequacy Ratio	25.5%	12.5%	4.9%	12.5%
Capital Funds to Deposit Liabilities Ratio	28.9%	10.0%	8.0%	10.0%
Quality of Loan Portfolio (%)				
Gross Non-Performing Loans Ratio	61.6%		61.0%	
Net Non-Performing Loans Ratio	19.9%		17.7%	
Net Non-Performing Loans to Core Capital Ratio	38.2%		103.4%	
Provision Coverage Ratio,	52.1%		45.7%	
Profitability (%)				
Net Interest Margin	4.2%		-1.5%	
Return on Assets	2.6%		-10.6%	
Return on Equity	8.9%		-70.7%	
Cost to Income Ratio	141.5%		-1749.2%	
Liquidity (%)				
Available Liquid Assets to Required Liquid Assets (Minimum 100%)	222.8%		97.7%	
Liquid Assets to External Funds	22.1%		9.5%	
Memorandum information				
Number of Branches	15		18	
External Credit Rating	Nil		Nil	
Regulatory penalties imposed last 6 months				
Amount (Rs. Mn)	-		-	
Regulatory Deposit Restrictions				
Cap on Total Deposits (Rs. Mn)	4,700		5,000	
Downsizing of Deposits (Rs. Mn)	-		-	
Freezing of Deposits	Yes *		Yes *	
Regulatory Borrowing Restrictions				
Cap on Total Borrowings (Rs. Mn)	**		1,200 **	
Downsizing of Borrowings - per month/ quarter/ year (Rs. Mn)	-		-	
Freezing of Borrowings	Yes **		-	
Regulatory Lending Restrictions				
Cap on Total Lending Portfolio (Rs. Mn)	***		9,000	
Downsizing of Lending Portfolio (Rs. Mn)	-		-	
Freezing of Lending Portfolio	-		-	
Any Other Regulatory Restrictions				
Amount (Rs. Mn)	-		-	

* CBSL froze 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

Certification:

We, the undersigned, being the Chief Executive Officer, Head of Finance and the Acting Compliance Officer of Softlogic Finance PLC certify jointly that:

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;
- (b) the information contained in these statements have been extracted from the audited financial statements of the Softlogic Finance PLC.

Dhanushka Fonseka (Sgd.) Chief Executive Officer Date: 07/08/2025	Deshantha de Alwis (Sgd.) Head of Finance Date: 07/08/2025	Natasha Sivaratnam (Sgd.) Acting Compliance Officer Date: 07/08/2025
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Board of Directors: A.K.Pathirage - (Chairman)

H.S. Samantha Dabare, H.K. Kaimal, R.J. Perera, C. Kalupahana, Viresh Binomal Nanayakkara, N.C.A. Abeysekara
Date of incorporation: 24/08/1999 Licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No: 42 of 2011



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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 2025, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 2025, 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.

Emphasis of Matter relating compliance with regulatory requirements

We draw attention to note 40.5 to the financial statements which describes the status of compliance with regulatory capital requirements of the Company as at the date of our audit opinion.Our opinion is not modified in respect of this matter.

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.

Key audit matter	How our audit addressed the key audit matter
Allowances for expected credit losses of loans and lease receivables measured at amortised cost Allowance for expected credit losses of loans and lease receivables measured at amortised as stated in notes 19 to 22 respectively is determined by management on the accounting policies described in note 3.1.9 to the financial statements. This was a key audit matter due to <ul style="list-style-type: none">The involvement of significant management judgements, assumptions and level of estimation uncertainty associated in estimating future cashflows to recover such loans and lease receivables; andThe 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 include forward-looking macroeconomic scenarios and their associated weightages. These are subject to inherently heightened levels of estimation uncertainty and subjectivity. Further information on the key estimates, assumptions and judgments is disclosed in note 3.1.9.	In addressing the adequacy of the Allowance for expected credit losses of loans and lease receivables ,our audit procedures included the following key procedures. <ul style="list-style-type: none">Assessed the alignment of the Company's allowances for expected credit losses computations and underlying methodology including responses to economic conditions with its accounting policies, on the best available information up to the date of our report.Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level 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 cross checking to relevant source documents and accounting records of the Company.Evaluated the reasonableness of credit quality assessments and related stage classifications.In addition to the above, following procedures were performed. For Loans and lease receivables assessed on an individual basis for impairment <ul style="list-style-type: none">Tested the arithmetical accuracy of the underlying individual impairment calculations. <ul style="list-style-type: none">Evaluated the reasonableness of key inputs used in the allowances for expected credit losses made with economic conditions. Such evaluations were carried out considering the value and timing of cash flow forecasts particularly relating to elevated risk industries and status of recovery actions of the collaterals. For Loans and lease receivables assessed on a collective basis for impairment <ul style="list-style-type: none">Tested the key inputs and the calculations used in the impairment of 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 to 22, and 3.1.9.
Information Technology (IT) systems related internal controls over financial reporting. Company's financial reporting process is significantly reliant on multiple IT systems and related internal controls. Further, key financial statement disclosures are prepared using data and reports generated by 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: <ul style="list-style-type: none">Obtained an understanding of the internal control environment of the relevant significant processes and test checked key controls relating to financial reporting and related disclosures.Involved our internal specialized resources and;Obtained and understanding IT Governance Structure of the Company.Identified, evaluated and tested the design and operating effectiveness of IT systems related internal controls over financial reporting, relating to user access and change management.Obtained a high-level understanding of the cybersecurity risks affecting the 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 2025 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 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 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:

- 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.

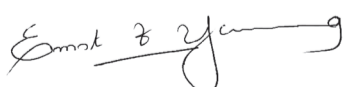
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken 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 2965.



07 August 2025

Colombo

Partners: D K Hulangamuwa FCA FCGA LLB (London), A P A Gunasekera FCA FCGA, Ms. Y A De Silva FCA, Ms. G G S Mananatha FCA, W K B S P Fernando FCA FCGA FCGA, B E Wijesuriya FCA FCGA, R N de Saram ACA FCGA, N M Sulaiman FCA FCGA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavilane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCGA FCCA MBA (US-JSL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp), M U M Mansoor ACA

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