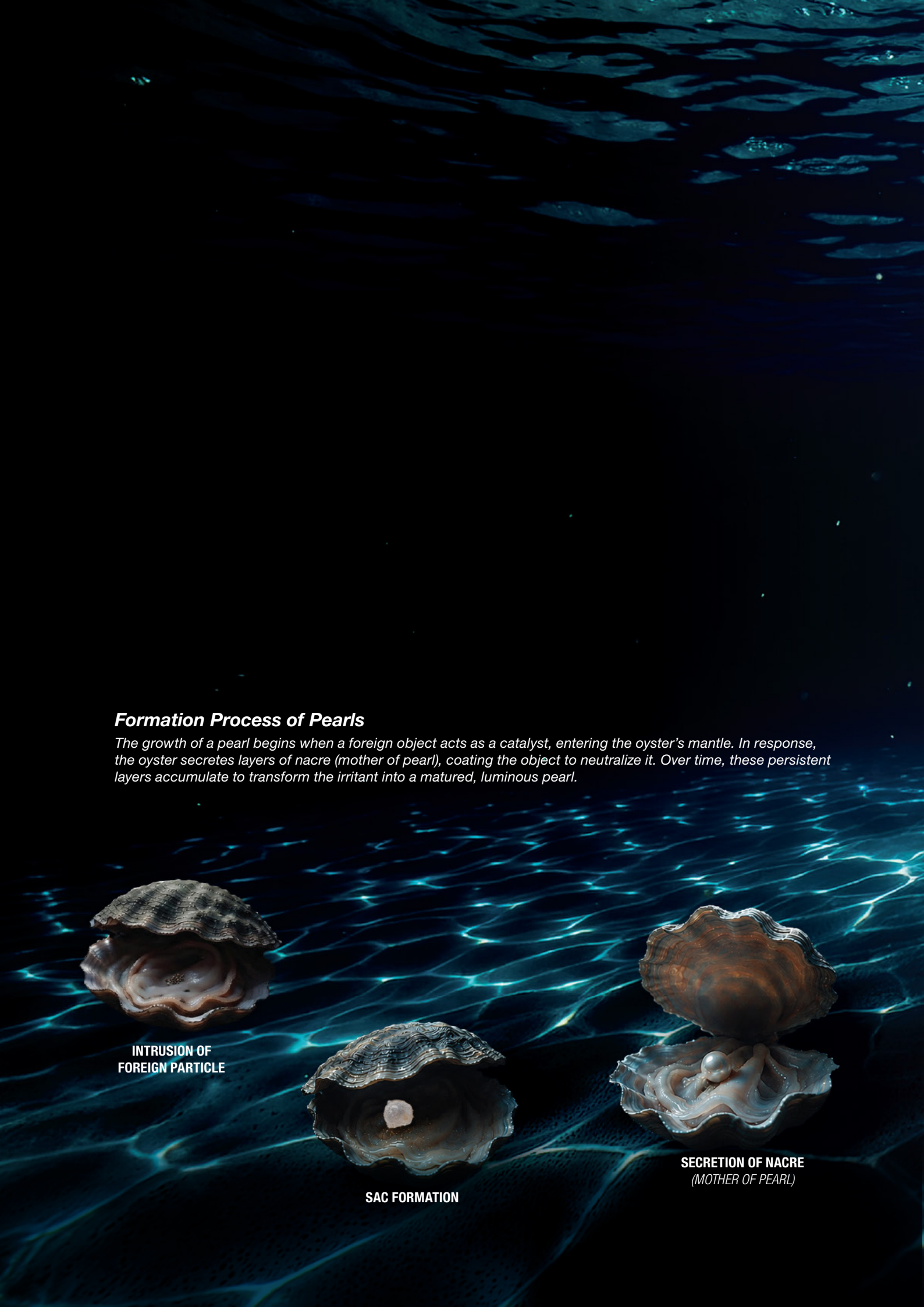


Nurturing Growth

SEJAYA MICRO CREDIT LTD.
Annual Report 2025

Formation Process of Pearls

The growth of a pearl begins when a foreign object acts as a catalyst, entering the oyster's mantle. In response, the oyster secretes layers of nacre (mother of pearl), coating the object to neutralize it. Over time, these persistent layers accumulate to transform the irritant into a matured, luminous pearl.

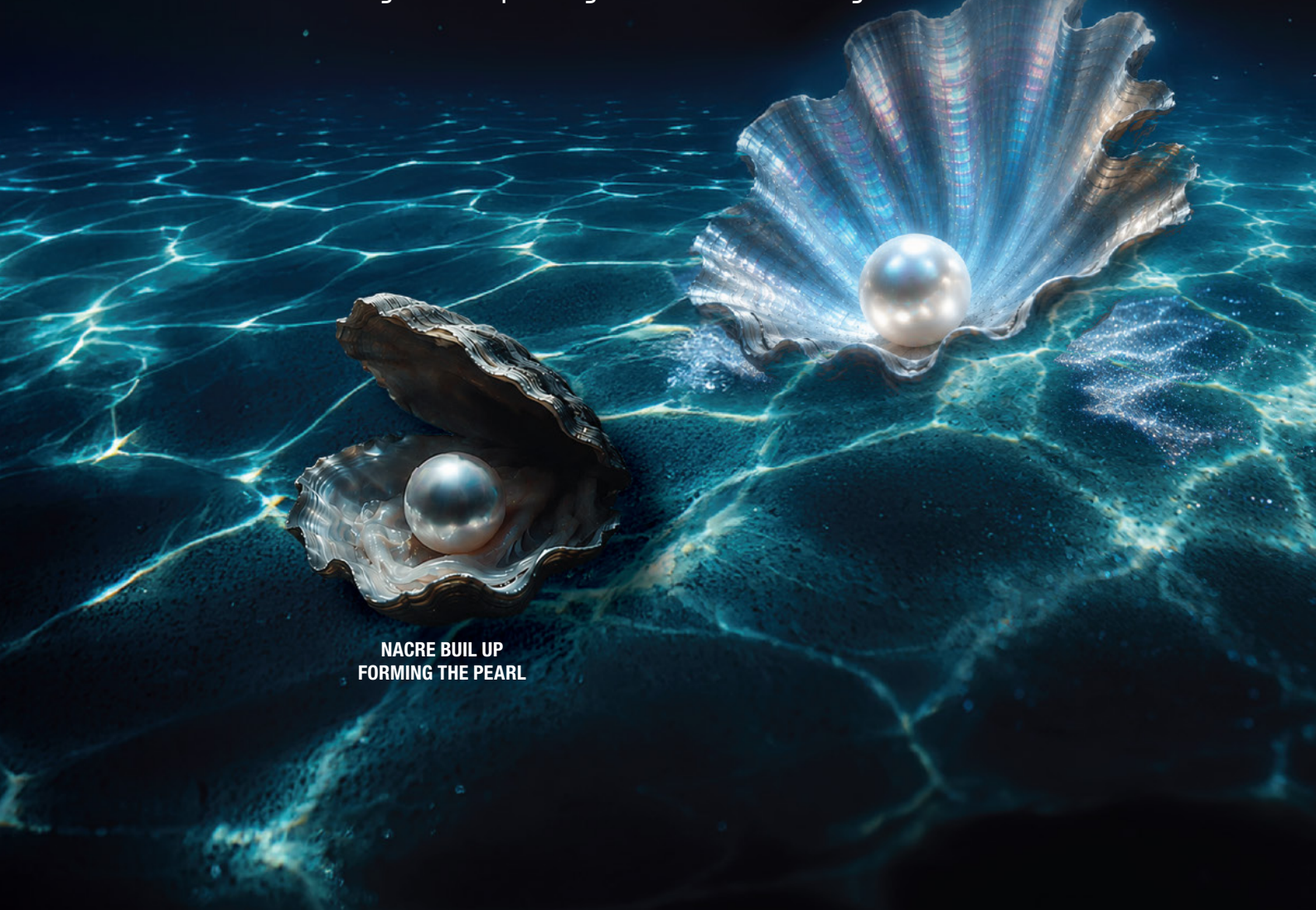


The most valuable treasures are never created in an instant. They are shaped through patience, strengthened by resilience, and refined over time until they become symbols of enduring worth.

Like a pearl formed beneath the ocean's surface, Sejaya Micro Credit has spent the past decade transforming purpose into lasting value. Every challenge became an opportunity to grow stronger, every milestone another layer of trust, and every life empowered another reflection of the Company's unwavering commitment to financial inclusion. What began as a vision has matured into one of Sri Lanka's most respected microfinance institutions, serving nearly 100,000 clients while strengthening governance, embracing digital transformation, expanding its footprint, and investing in people and communities alike.

Yet the true beauty of a pearl lies not only in what it has become, but in the promise it represents. As Sejaya enters its next chapter through new lending solutions, strategic partnerships, and broader avenues of financial empowerment, it continues to nurture opportunities that create lasting prosperity.

Because the greatest value is never found in rapid growth. It is found in growth that has been carefully nurtured, patiently refined, and trusted for generations to come.



NACRE BUIL UP
FORMING THE PEARL

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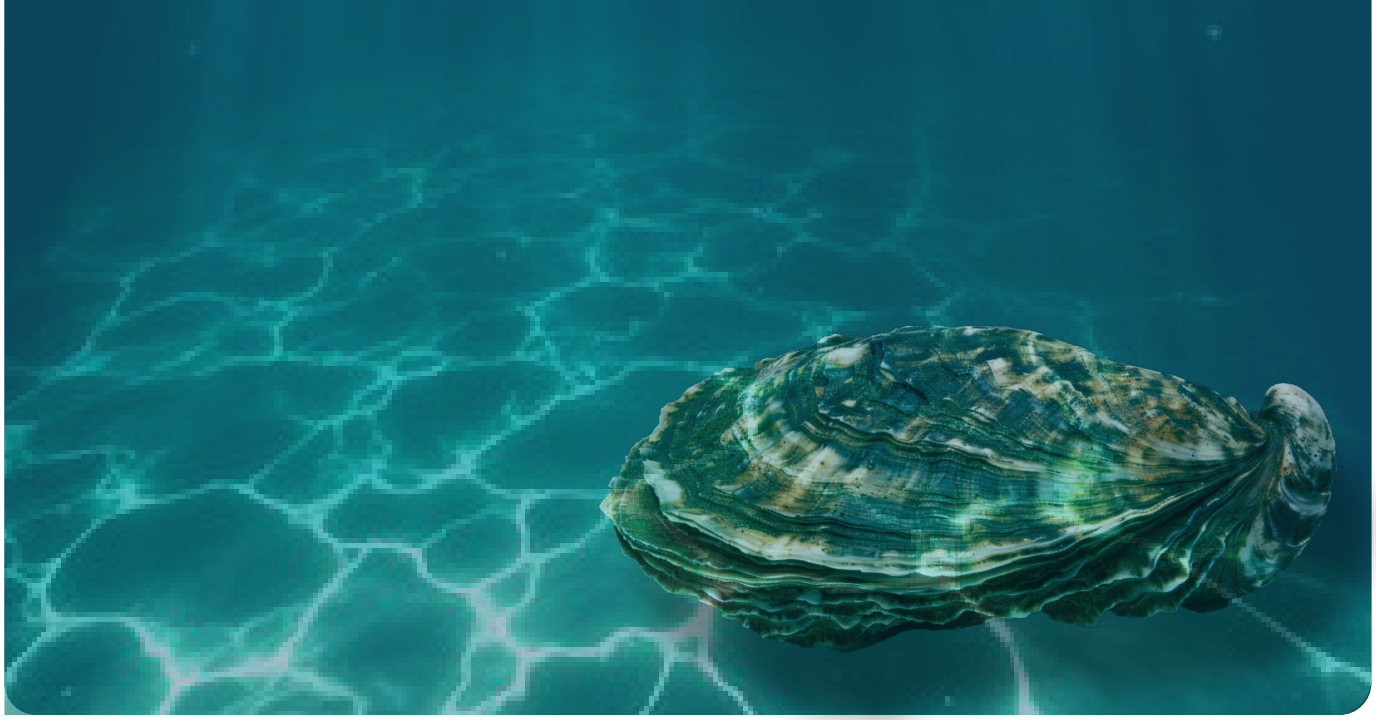
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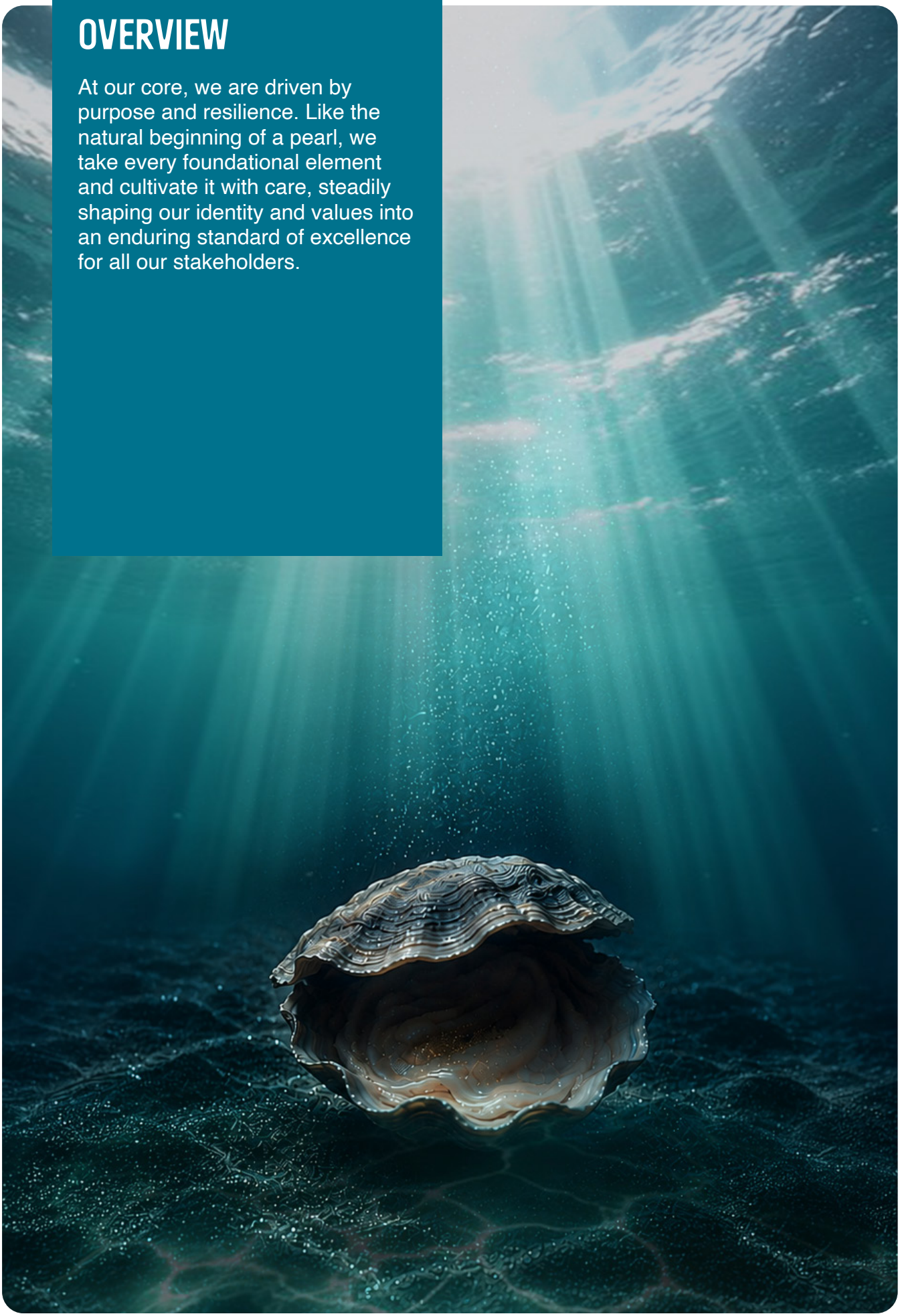
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OVERVIEW

At our core, we are driven by purpose and resilience. Like the natural beginning of a pearl, we take every foundational element and cultivate it with care, steadily shaping our identity and values into an enduring standard of excellence for all our stakeholders.



Vision, Mission & Core Values

VISION

To be the best microfinance service provider in terms of poverty reduction, job creation, and social upliftment.

MISSION

To provide inclusive financial services to the needy and underprivileged, uplift their economic status, empower and generate employment opportunities in a socially responsible manner.

CORE VALUES

- Transparency
- Honesty
- Respect to clients
- Responsiveness to client needs
- Employee satisfaction



About the Company

Established in November 2014 and formally incorporated in 2015 under the Companies Act No. 07 of 2007, Sejaya Micro Credit Limited (SMCL) is a licensed microfinance institution regulated in March 2020 by the Central Bank of Sri Lanka (CBSL) under the Microfinance Act No. 06 of 2016 and the relevant regulatory directives issued by the CBSL

The company has undergone external credit assessment and the records indicate that Sejaya has been assigned a credit rating of BBB- by the Lanka Rating Agency (LRA).

As a wholly owned subsidiary of Gojo & Company Inc., Japan, Sejaya combines international expertise with strong local market knowledge to deliver sustainable and inclusive financial solutions. Reflecting its name, which means “Win for All,” the Company is committed to creating shared value for customers, employees, shareholders and the wider community by expanding financial inclusion, supporting entrepreneurship and contributing to socio-economic development.

As at 28 May 2025, Sejaya was one of only four licensed microfinance companies operating under the supervision of the Central Bank of Sri Lanka. The Company serves more than 95,000 customers through an extensive network of 50 branches and outreach locations across all nine provinces and 24 districts, supported by a dedicated workforce of over 400 employees.

The Company’s product portfolio is designed to address the evolving financial needs of low-income households and micro-entrepreneurs. It offers a range of financial solutions, including group lending and individual term loans to support business expansion, agriculture, emergency funding requirements and seasonal cash flow needs. In addition, Sejaya continues to strengthen its digital capabilities through the Pasio mobile application, which provides quick access to short-term emergency financing, typically around LKR 10,000, with a particular focus on empowering young entrepreneurs between the ages of 18 and 35.

Beyond financing, Sejaya actively promotes financial inclusion and sustainable livelihoods through initiatives that foster entrepreneurship and digital adoption. The Pasio platform serves as a flagship initiative in this regard, extending financial access to underserved communities while encouraging youth-led enterprise development. The Company further enhances its impact by offering complementary value-added services, including peer learning networks, entrepreneurship training programmes and online marketplace support to strengthen business resilience and long-term success.

Sejaya’s development efforts are reinforced through strategic partnerships with international organisations such as JICA, UNFPA and Silatech (INGO), together with local non-governmental organisations. These collaborations enable the Company to broaden its social impact, enhance financial literacy and create greater economic opportunities for vulnerable communities across Sri Lanka.

Sejaya maintains transparency by publishing its annual reports and audited financial statements. The most recent available audits cover the financial year ending December 31, 2025.



Product Portfolio

Sejaya Micro Credit Limited offers a range of loan products tailored to meet the diverse needs of its clients.

JLG Capital Loan
4,469.3 Mn
For clients needing small capital to support income-generating activities.

JLG Agriculture Balloon Loan
54.2 Mn
Caters to short-term requirements of seasonal businesses.

Individual business Loan
69.5 Mn
For clients aiming to grow their existing micro businesses.

Employee Loan
0.5 Mn
Loan product for the employees in the factories and workshop (existing and new clients)

Emergency Loan (Divisahana)
29.6 Mn
For existing clients requiring funds for emergencies.

The Pasio mobile application: Enhances accessibility and convenience for clients to manage their loans and financial activities.

JLG – Capital Loan

A group-based microfinance loan designed to provide working capital for micro entrepreneurs to start, expand, or strengthen their businesses.

JLG- Agriculture Loan

A group-based loan tailored for farmers to finance cultivation, livestock, and other agricultural activities, supporting sustainable rural livelihoods.

Employee Loan

A group loan facility that enables salaried employees to meet personal financial needs through affordable and convenient financing.

Business Loan

An individual financing solution for established entrepreneurs and SMEs to support business expansion, asset purchases, and working capital requirements.

Divisahana Loan

A fast and convenient digital personal loan that provides instant financial assistance through a seamless digital application process.

House Improvement Loan

An individual housing finance solution that helps customers renovate, repair, extend, or improve their homes and living conditions.

PRODUCTS AND SERVICE STRATEGY

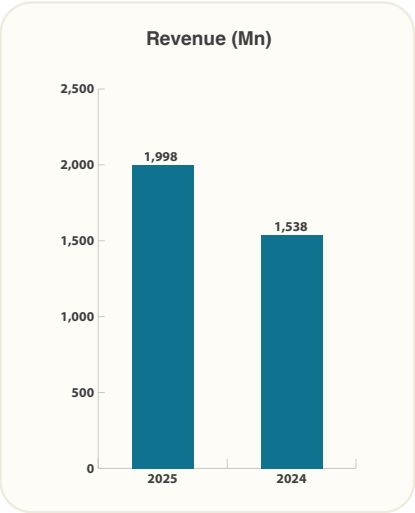
For An Impactful Finance Service Provider

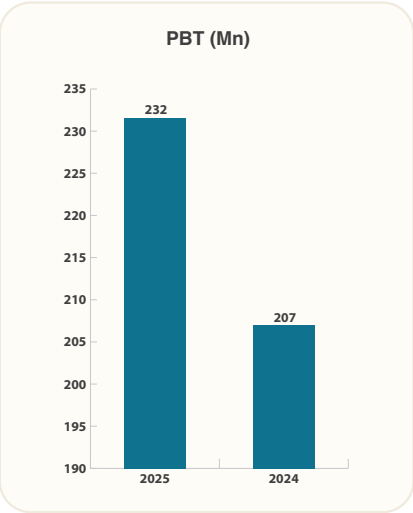


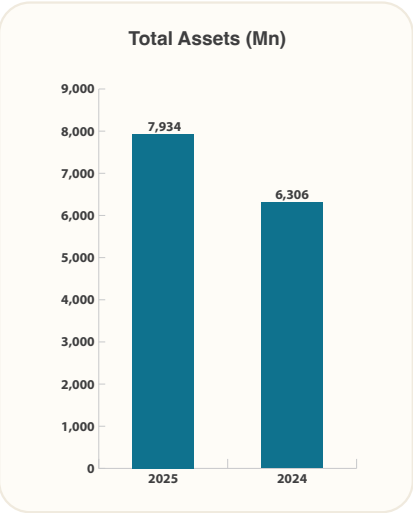
Financial Highlights

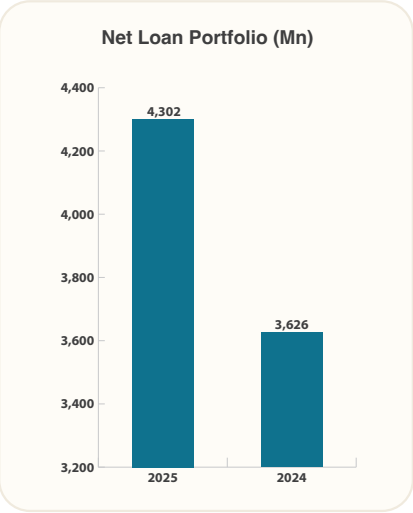
	2025	2024
Interest Income	**1,926,997,106**	1,246,229,419
Other Income	**70,693,456**	291,899,631
Interest Expense	**(554,273,347)**	(445,643,265)
Total Impairment Loss	**(58,262,145)**	(3,307,866)
Staff Costs	**(494,805,313)**	(367,030,311)
Administrative Expenses	**(473,449,901)**	(376,642,868)
Profit Before Tax	**231,616,919**	207,043,511
Profit After Tax	**50,494,537**	85,261,691
Loan Portfolio	**4,623,139,436**	3,904,024,918
Total Assets	**7,933,546,227**	6,306,110,816
Total Equity	**1,129,437,335**	1,087,265,840
Client Savings	**309,566,528**	14,785,244
EPS	**3.88**	6.56

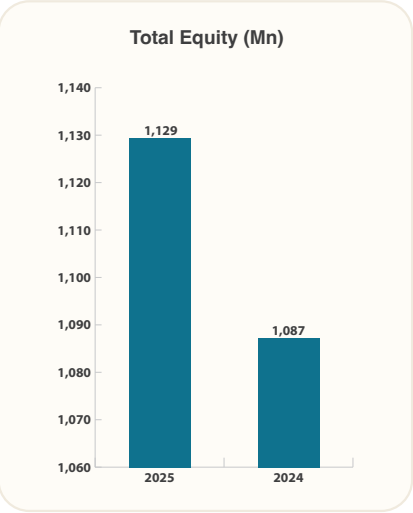
Client Savings operations commenced in FY 2024 and experienced substantial growth from FY 2025 onwards, reaching LKR 309.57Mn





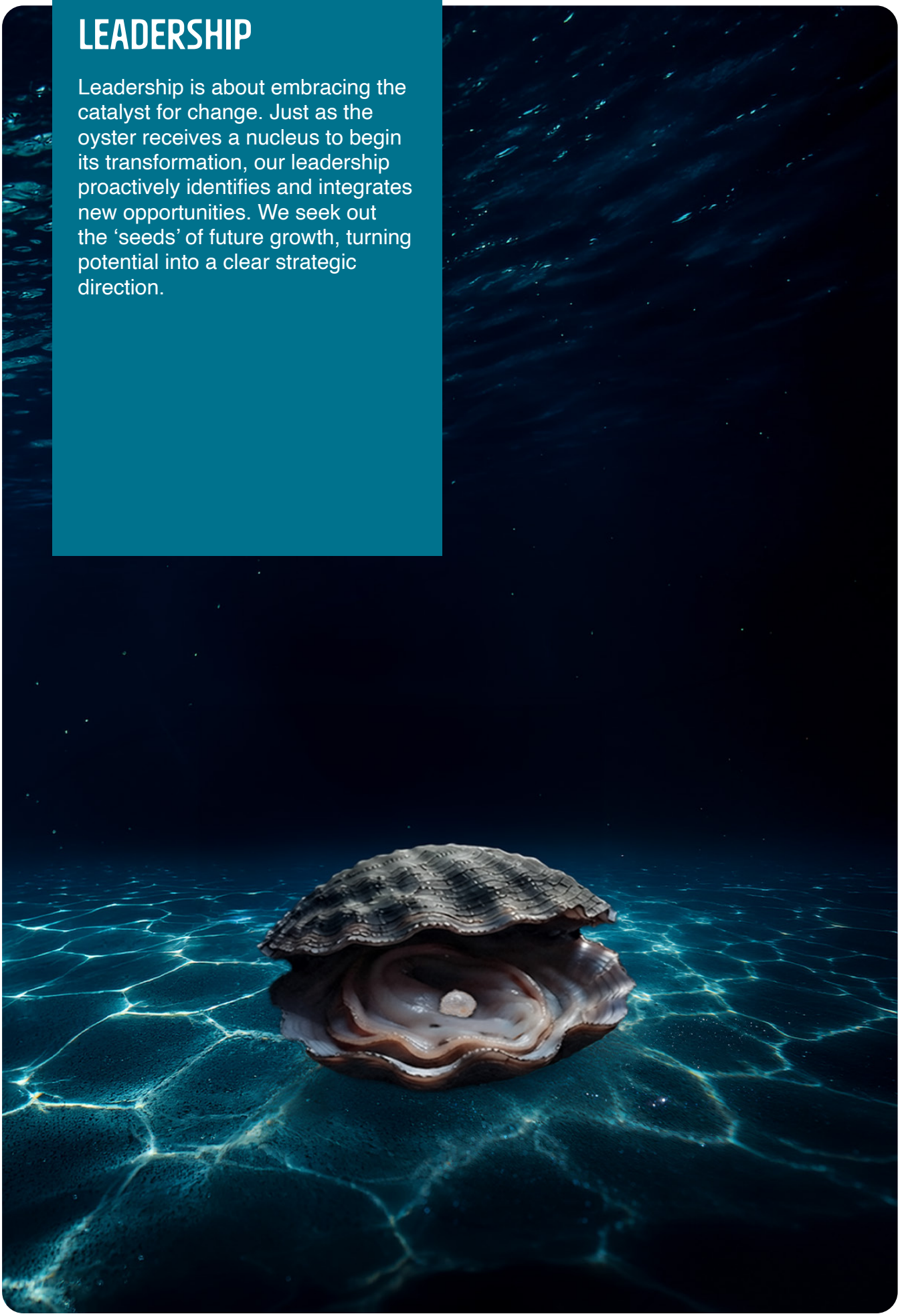






LEADERSHIP

Leadership is about embracing the catalyst for change. Just as the oyster receives a nucleus to begin its transformation, our leadership proactively identifies and integrates new opportunities. We seek out the ‘seeds’ of future growth, turning potential into a clear strategic direction.



Message from the Chairperson



"Sejaya's purpose remains closely aligned with that of our parent company, Gojo & Company. Together, we share a commitment to extending financial inclusion and creating a world where people can determine their own future"

It is my pleasure to present the Annual Report and Audited Financial Statements of Sejaya Micro Credit Limited for the year ended 31st December 2025.

2025 was a year of continued progress for Sejaya, achieved against a challenging and rapidly evolving economic environment. The global economy expanded by 3.4%, with growth supported by easing inflation, improving financial conditions, resilient labour markets and sustained household consumption. However, geopolitical tensions, supply chain disruptions and new trade restrictions continued to weigh on the global outlook. Asia remained the fastest-growing region, expanding by 5.0%, with India recording 7.6% growth and China 5.0%. Global growth is projected at 3.1% in 2026 and 3.2% in 2027, reflecting a continued uncertain external environment.

Sri Lanka's economic recovery strengthened during the year, with real GDP expanding by 5.0% for the second consecutive year. The recovery was broad-based, supported by macroeconomic stabilisation, lower interest rates, improving business confidence and continued economic reforms. Services grew by 5.5%, driven by tourism, trade, financial services and transportation, while industry expanded by 5.1% and agriculture by 3.2%. Despite the disruption caused by floods and landslides associated with Cyclone Ditwah in November 2025, the economy demonstrated resilience and continued its recovery.

Against this backdrop, Sejaya delivered a strong financial performance, supported by sustained growth in lending, disciplined balance sheet management and a continued focus on portfolio quality. Our balance sheet strengthened during the year, with total assets increasing by 26% to LKR 7.93 Bn, driven mainly by growth in productive, income-generating assets. This expansion was supported by bank funding, with borrowings increasing to LKR 4.88 Bn from LKR 2.47 Bn in the previous year. At the same time, Sejaya maintained a strong core capital ratio of 22.1% and prudent liquidity buffers, providing a sound foundation for continued growth and resilience.

The Company's operating performance also improved during the year. Operating profit before finance costs increased to LKR 416.89 Mn from LKR 345.50 Mn, while profit before tax rose to LKR 231.6 Mn from LKR 207.0 Mn.

Strengthening governance and institutional excellence remained a priority throughout the year. I am pleased to report the establishment of two dedicated functions that will further enhance Sejaya's governance framework and operational standards. The Legal and Compliance Department will strengthen adherence to the regulatory requirements and directives of the Central Bank of Sri Lanka, while reinforcing a culture of compliance across the organisation. The Risk and Quality Assurance Department will further strengthen enterprise risk management, service quality and the promotion of ethical and responsible microfinance practices.

At the heart of this progress are our people. I would like to express my sincere appreciation to the entire Sejaya team for their hard work, dedication and resilience throughout the year. Our growth and our ability to serve more clients would not have been possible without their commitment. As we continue to grow, we remain equally committed to creating a workplace where our people can learn, develop and thrive.

Sejaya's purpose remains closely aligned with that of our parent company, Gojo & Company. Together, we share a commitment to extending financial inclusion and creating a world where people can determine their own future. Looking ahead, I am confident that Sejaya has a strong foundation for sustainable growth. We will remain guided by our commitment to responsible finance, strong governance, customer trust and the wellbeing of our people as we continue to create positive outcomes for the individuals, families and communities we serve.

On behalf of the Board, I extend my sincere appreciation to our clients for their continued trust, to our employees for their dedication, to the management team for their leadership, and to the Central Bank of Sri Lanka, Gojo & Company and all our stakeholders for their continued support. I look forward to the continued journey of Sejaya and to the positive difference we can create together.



Takao Takahashi
Chairperson

Review of the Chief Executive Officer



It is my pleasure to present the Annual Report and Audited Financial Statements of Sejaya Micro Credit Limited for the financial year ended 31st December 2025. During the year, we remained focused on our mission to improve financial inclusion and empower underserved communities across Sri Lanka by providing responsible and accessible financial solutions.

The operating environment remained challenging in 2025 as rising living costs, exchange rate volatility and broader economic uncertainty continued to influence both borrower behaviour and business performance. Although rising prices of essential goods increased demand for credit, they also placed pressure on customers' repayment capacity. Against this backdrop, we remained focused on disciplined portfolio management, prudent risk oversight and operational efficiency.

In spite of emerging market challenges, we continued to expand our lending portfolio to achieve significant growth in gross income, reaching Rs 1.78 Bn This growth was driven primarily by interest income, which increased to Rs 1.93 Bn from Rs 1.25 Bn in 2024. I would like to highlight that this lending growth was achieved while continuing to reduce our Stage 3 exposures, demonstrating continuous improvement in portfolio quality. We concluded 2025 with an operating profit of Rs 388.8 Mn, while profit before tax increased to Rs 231.6 Mn. However, after adopting SLFRS 9 to comply with the regulatory framework, the company recorded a higher impairment provision for its loan portfolio than in 2024. Further, after recording a higher tax provision, it reported a profit after tax of LKR 50.5Mn for the year, resulting in a lower profit than in 2024.

The improvement in financial performance can be attributed primarily to our prudent financial management, ongoing digital transformation and the development of our human resources. We focused on reducing manual processes, enhancing productivity and maintaining disciplined cost management. We also diversified our funding base by accessing more competitive local and international funding sources, enabling us to better manage funding costs and strengthen long-term financial sustainability. In 2025, around 20% of loan disbursements were completed through digital channels, driven primarily by our DiviSahana and Top-Up Loan products, while the Pasio digital lending platform significantly improved turnaround times and enhanced customer acquisition. Meanwhile, ongoing training and development initiatives contributed towards greater employee productivity.

ENSURING GOOD GOVERNANCE

Governance and compliance systems were continually reviewed to maintain the highest standard of integrity in business operations. A key development was the establishment of a Risk and Quality Assurance Department, which has strengthened independent oversight across our operations, reinforced internal controls, strengthened fraud prevention measures and improved compliance. In addition, the credit risk management framework was strengthened through enhanced credit monitoring, disciplined recovery efforts and continuous refinement of the Expected Credit Loss (ECL) model in accordance with SLFRS 9. In response to market volatility, rigorous diligence was maintained in borrowing practices. The rapid digitisation of business processes also contributed towards improved oversight and better controls.

OUTLOOK AND PLANS

Sejaya's operating landscape will continue to evolve in 2026, with the implementation of the Microfinance and Credit Regulatory Authority Act, No. 9 of 2026, and possible regulatory interest rate caps. While these developments are expected to strengthen microfinance industry governance, they will also require greater investments in compliance, governance and customer protection while putting pressure on industry margins. However, I am pleased to report that at Sejaya, we have taken into account these potential changes when we developed our strategic plans and financial projections for the future. Therefore, I am confident Sejaya will remain resilient and sustain growth.

In 2026, we will focus on achieving full compliance with the new regulatory framework while enhancing governance through stronger Board oversight. We will also remain committed to reducing our Non-Performing Loan ratio and continue our digital transformation journey by expanding automation across customer onboarding, loan processing, collections and reporting. At the same time, we will continue to diversify our business by expanding lending to the Small and Growing Business sector and the Micro, Small and Medium Enterprise sectors, supporting entrepreneurship, business expansion and local economic development.

As we look to the future, we remain confident that our strong governance framework, disciplined execution, digital capabilities and dedicated team will enable Sejaya to deliver sustainable growth while creating lasting value for our customers, shareholders and all other stakeholders.

APPRECIATION

Concluding a successful year, I extend my sincere appreciation to our customers for the trust they place in us, our employees for their dedication and commitment, our Board of Directors for their guidance, our regulators and business partners for their continued support, and our shareholders for their confidence in our vision. Together, we will continue to expand financial inclusion and create opportunities that contribute to a more inclusive and resilient economy.



Rizanth Francis
Chief Executive Officer

Board of Directors



Takao Takahashi

Chairperson/ Non-Independent Non-Executive Director

MEMBERSHIP OF BOARD COMMITTEES

Chair of Social & Environmental Performance Management Committee (SEPMC)

ACADEMIC QUALIFICATIONS

- Master of Science in Foreign Service from Georgetown University
- Bachelor of Laws from Kyoto University

EXPERIENCE

- Chief People & Inclusion Officer at Gojo & Company, Inc.
- Investment Officer at International Finance Corporation (IFC)
- Bhutan Prime Minister's Fellow at the government of Bhutan
- Senior Associate at McKinsey & Company



Guerol Michael Sari

Non-Independent Non-Executive Director

MEMBERSHIP OF BOARD COMMITTEES

- Member of ARCC
- Member of SEPMC

ACADEMIC QUALIFICATIONS

- Degree of Communication Management at business school of Aschaffenburg
- Degree of "Mittlere Reife" at Realschule Elsenfeld

EXPERIENCE

- Chief Operating Officer at Gojo & Company Inc.
- Supervisory Board at Thitsawork, Maxima, Ananya, Prayas, Mifida, Sejaya
- COO at Noa Holiding & General Electric-GE Bank D&A



Sohil Manoj Shah

Non-Independent Non-Executive Director

MEMBERSHIP OF BOARD COMMITTEES

- Member of ARCC

ACADEMIC QUALIFICATIONS

- Master of Science from University of Michigan, Ann Arbor, USA
- Bachelor of Engineering from University of Mumbai, India

EXPERIENCE

- Deputy Chief Investment Officer at Gojo & Company, Inc.
- Founder and Investment Partner at UNLEASH Capital Partners
- Associate Vice President at Aavishkaar Intellecap Group
- Senior Analyst at Bank of America



Roshini Cheryl Fernando

Independent Non-Executive Director

MEMBERSHIP OF BOARD COMMITTEES

- Chair of Audit, Risk & Compliance Committee (ARCC)
- Member of SEPMC

ACADEMIC QUALIFICATIONS

- CFA Charterholder (1998 - 2023)
- Bachelor of Science (Economics), University of London, UK

EXPERIENCE

- CEO, Stromme Micro Credit
- Senior Advisor, SME and Microfinance, GIZ
- Vice President, Amba Research
- Manager, Business Advisory Services, Ernst & Young
- Manager, Investor Services, Waldock Mackenzie

Board of Directors



Satish Selvanathan

Independent Non-Executive Director

MEMBERSHIP OF BOARD COMMITTEES

- N/A

ACADEMIC QUALIFICATIONS

- CFA Charterholder
- MBA from Columbia Business School
- Master in Engineering, Economics & Management from Oxford University

EXPERIENCE

- Executive Chairman at Premium Vegetable Oils
- Executive Director at Goodhope Asia Holdings Ltd.
- Southeast Regional Chair, YPO
- Director at Creador Private Equity
- Consultant at The Boston Consulting Group

Members of the Corporate Management



1st Row from the Left:

Mr Sujeewa Weerasinghe
Chief Technology Officer

Ms Iresha Aluthge
Head of Human Resources & Administration

Mr Anthony Francis Rizanth
Chief Executive Officer

Mr Prasanna Chaaminda
Chief Financial Officer

2nd Row from the Left:

Mr Nuwan Rathnasinghe
Head of Retail Operations

Mr Chathuranga Jayasinghe
Deputy Chief Operating Officer

Mr Nimash Umendra
Chief Recovery Officer

Members of the Senior Management



From the Left:

Mr Ramachandran Dushianthan
Head of Large & Medium Scale Individual Lending

Mr Imith Udara
Head of Internal Audit

Mr Leonard Perera
Head of Risk & Quality Assurance

Ms Gaveesha de Silva
Head of Legal & Compliance

Mr Dayan Edirisinghe
Head of Social Impact & Capacity Development

Regional Managers



Mithra Erandika

Regional Manager - Western/Southern

No. of Branches	4
No. of Clients	9,858
Portfolio (Rs. Mn)	365.2
No. of Staff	37



Chamara Pradeep

Regional Manager - Western

No. of Branches	4
No. of Clients	9,982
Portfolio (Rs. Mn)	429.3
No. of Staff	39



Chathuranga Wijesinghe

Regional Manager - Western/Sabaragamuwa

No. of Branches	6
No. of Clients	11,131
Portfolio (Rs. Mn)	449.4
No. of Staff	43



Bawantha Karunathilaka

Regional Manager - Sabaragamuwa/Southern

No. of Branches	7
No. of Clients	10,330
Portfolio (Rs. Mn)	367.3
No. of Staff	49



Wasantha Sarath Kumara

Regional Manager - Uwa/Central 01

No. of Branches	8
No. of Clients	17,898
Portfolio (Rs. Mn)	762.9
No. of Staff	56



Dhanuka Chandima

Regional Manager - Uwa/Central 02

No. of Branches	7
No. of Clients	11,060
Portfolio (Rs. Mn)	458.6
No. of Staff	48

Regional Managers



Dhammika Bandara

Regional Manager - North Central

No. of Branches	3
No. of Clients	5,184
Portfolio (Rs. Mn)	232.4
No. of Staff	26



Veera Chandrakumar

Regional Manager - Eastern 01

No. of Branches	3
No. of Clients	7,867
Portfolio (Rs. Mn)	510.4
No. of Staff	27



Tharshan Manoraj

Regional Manager - Nothern

No. of Branches	6
No. of Clients	11,133
Portfolio (Rs. Mn)	615.5
No. of Staff	50



Rohan Menaka

Regional Manager - North Western

No. of Branches	3
No. of Clients	3,535
Portfolio (Rs. Mn)	131.3
No. of Staff	22



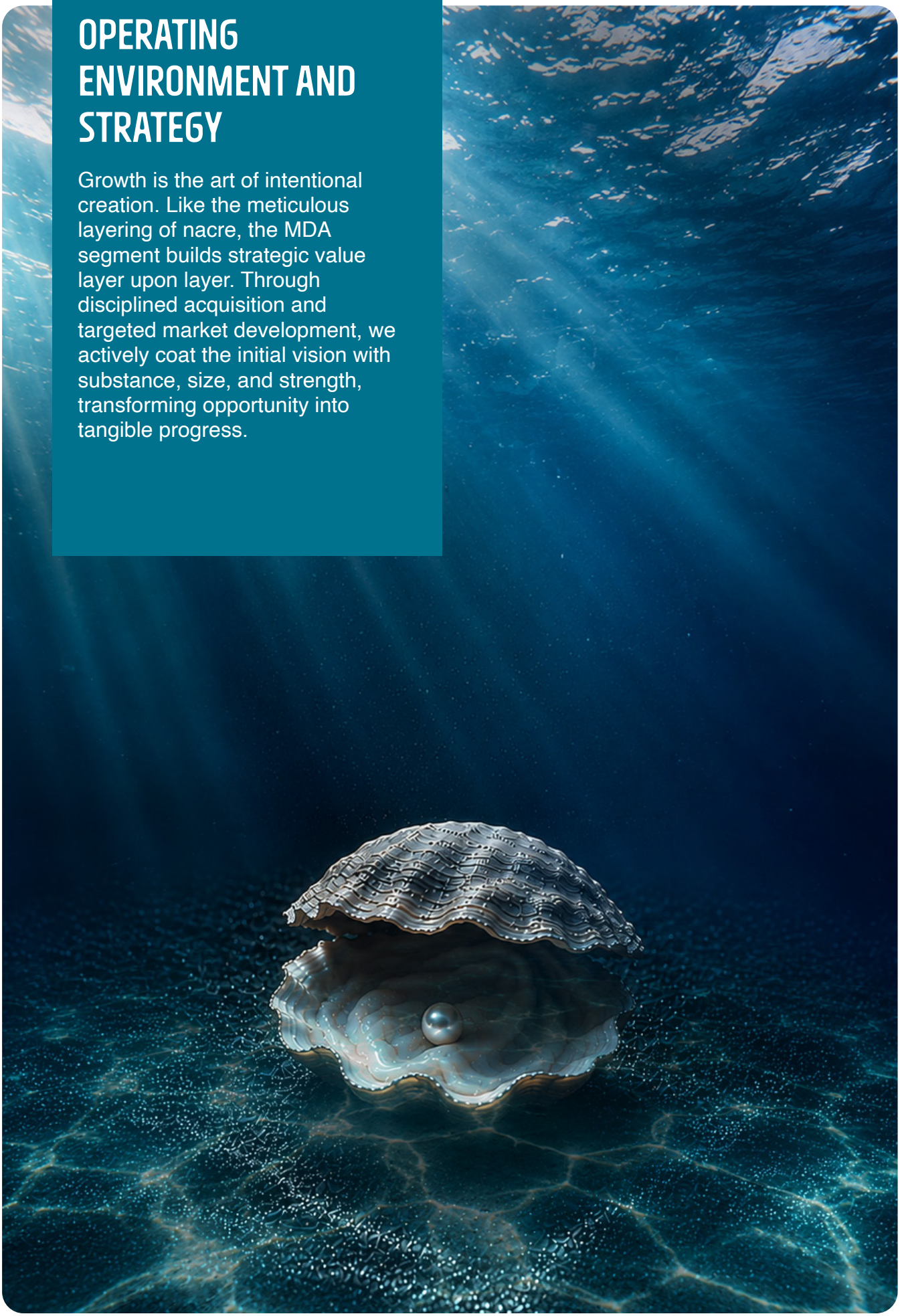
Kanapathipillai Ehalaivan

Regional Manager - Eastern 02

No. of Branches	3
No. of Clients	5,553
Portfolio (Rs. Mn)	357.2
No. of Staff	23

OPERATING ENVIRONMENT AND STRATEGY

Growth is the art of intentional creation. Like the meticulous layering of nacre, the MDA segment builds strategic value layer upon layer. Through disciplined acquisition and targeted market development, we actively coat the initial vision with substance, size, and strength, transforming opportunity into tangible progress.



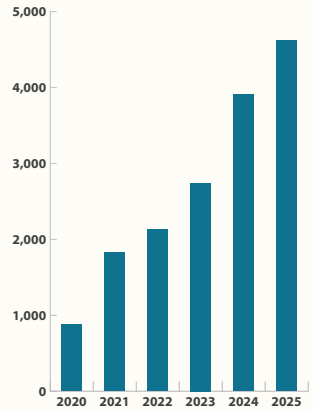
Financial Performance

Sejaya delivered sound financial performance in 2025, supported by sustained growth in its lending operations, disciplined balance sheet management and continued focus on portfolio quality. Growth in earning assets, coupled with prudent funding and risk management strategies, enabled the Company to strengthen profitability while maintaining sound capital and liquidity positions.

Sejaya also maintained a core capital ratio of 22.1%, providing sufficient capacity to support future business expansion. Prudent liquidity buffers were maintained throughout the year to ensure resilience under varying market conditions.

Gross income recorded a significant increase during the year, driven primarily by higher interest income generated from the continued expansion of the Company's core lending portfolio, particularly within the Joint Liability Group (JLG) segment. The loan portfolio expanded by approximately 19%, with gross loans receivable increasing to LKR 4.62 Bn, from LKR 3.90 Bn in the previous year. In addition, interest income from fixed deposit placements supplemented gross interest income.

Gross Loan Portfolio (Mn)

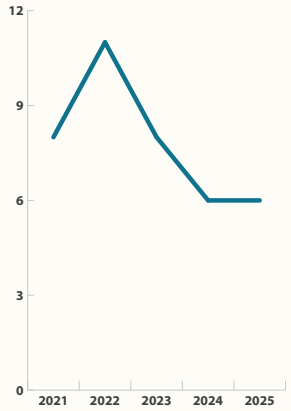


The Company's balance sheet also expanded during the year, with total assets increasing by 26% to LKR 7.93 Bn. This growth was driven predominantly by an increase in loans receivable and fixed deposits, in line with the Company's strategic focus on expanding inclusive lending. The net loans receivable increased to LKR 4.3 Bn from LKR 3.6 Bn in the previous year. Asset growth was enabled through bank funding, with borrowings increasing to LKR 4.88 Bn compared to LKR 2.47 Bn in the previous year.

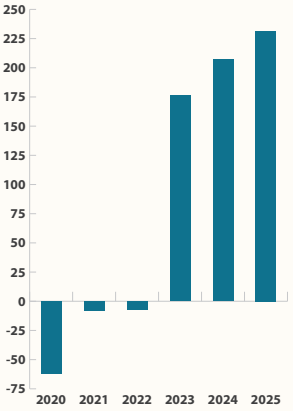
Maintaining portfolio quality remained a priority throughout the year and the credit risk management framework was strengthened through enhanced credit monitoring, disciplined recovery efforts and continuous refinement of the Expected Credit Loss (ECL) model in accordance with SLFRS 9. The framework incorporates forward-looking macroeconomic indicators and regular model calibration to ensure timely risk recognition and adequate provisioning. Total impairment provisions increased to LKR 272 Mn during the year, reflecting a prudent and conservative approach to credit risk management, while the reduction in Stage 3 exposures demonstrated improving recovery performance and strengthening portfolio health.

The operating profit before VAT on financial services increased to LKR 388.8 Mn, from LKR 339.1 Mn and the profit before tax increased to LKR 231.6 Mn, from LKR 207.0 Mn in the previous year, driven by higher operating income and improved operating efficiencies as the business expanded. Management also expanded its lender base, ensuring continued access to funding while maintaining adequate liquidity. At the same time, ongoing product innovation, including the introduction of client savings schemes, contributed to revenue diversification, deeper customer engagement and the long-term sustainability of the Company's business model.

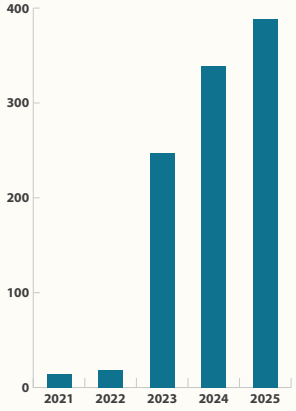
Impairment Provision as a % of Loan Portfolio



Profit Before Tax (Mn)



Operating profit before VAT on financial services (Mn)



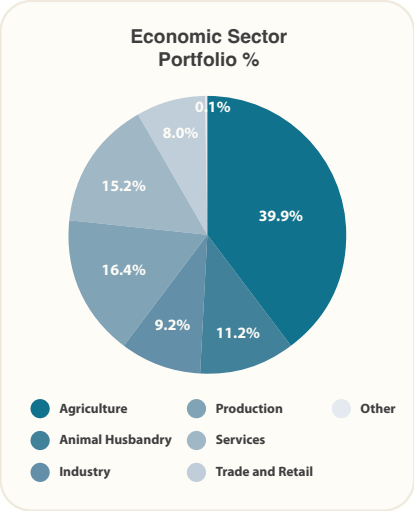
OPERATIONAL HIGHLIGHTS

The performance improvement in 2025 was driven by a combination of digital transformation, productivity improvements, and strategic human capital management deployed across Sejaya's network of 39 branches in 24 districts, spanning throughout Sri Lanka. Digital lending continued to increase during the year, with approximately 20% of total loan disbursements completed through digital channels, primarily via the 'DiviSahana' and digital top-up loan products.

Remaining true to its mission of promoting financial inclusion, Sejaya continued to focus on serving low-income households, micro-entrepreneurs, rural communities, and first-time borrowers. Regular Client Satisfaction and Client Impact Surveys, together with ongoing analysis of client income profiles and access to formal financial services, were conducted to assess the effectiveness of the Company's outreach to underserved and financially excluded populations.

Women continued to form the backbone of the Company's customer base, representing over 90% of the total borrower portfolio in 2025, while rural borrowers accounted for 84% of all borrowers. The agriculture sector remained the largest lending segment, representing 51% % of the total portfolio, reflecting Sejaya's continued contribution to supporting rural livelihoods and economic development.

Sectoral distribution of the portfolio in 2025



Economic Sector	Portfolio %
Agriculture	39.9
Animal Husbandry	11.2
Industry	9.2
Production	16.4
Services	15.2
Trade and Retail	8.0
Other	0.1
Total	100

The Company's Client Loyalty Programme remained a key initiative for encouraging responsible financial behaviour, strengthening portfolio quality, and enhancing long-term customer retention. The programme rewards customers for maintaining timely loan repayments and higher savings balances, while encouraging repeat borrowing, reducing customer attrition, improving Portfolio at Risk (PAR) performance, and strengthening the Sejaya brand in the competitive microfinance sector. The effectiveness of the Company's customer value proposition is reflected in the 62% of repeat customers witnessed during the year. The introduction of digital loans and digital top-up loans through the Pasio App, which is an app-based digital financial ecosystem developed by the Company's parent, Gojo & Company, has further strengthened customer retention.

During the year, out of the total loan disbursements, 38% were new clients acquired through the three primary channels of main branches, sub-branches, and the Pasio App digital platform. Among these, the sub-branch network was the largest contributor to new client growth, demonstrating its effectiveness in extending the Company's reach and accessibility within local communities.

Operational Highlights

Expansion of Branch Network

49
Branches
2024

55
Branches
2025

Growth in Human Capital

from **444** in 2024 to **499** in 2025

Increase in Client Base

The client base increased from
91,000 to **100,000**

Loan portfolio

Loan portfolio, which increased from
LKR 3.82 Bn to **LKR 4.62 Bn**
during the year.

Key Non-Financial Achievements and Operational Milestones

- Successfully strengthened the Company's position as a licensed microfinance institution by continuing to operate in line with the regulatory requirements of the Central Bank of Sri Lanka.
- Expanded the Client Compulsory Savings programme, encouraging disciplined savings behaviour among clients and supporting long-term financial resilience.
- Continued investment in digitalisation and technology infrastructure, including enhancements to software systems and operational platforms.
- Introduced and strengthened a diversified product portfolio catering to micro-enterprises, agriculture, housing improvement, employee financing, and digital lending segments.
- Enhanced enterprise-wide risk management and governance practices through the active oversight of the Risk Management Committee and the continued strengthening of operational controls.

Digital Finance Initiatives

The Company continued to increase the use of digital channels for loan disbursements in 2025, mainly through the 'DiviSahana' and digital top-up loan products. Additional lending products with digital disbursement capabilities will be introduced in 2026 to increase the proportion of digitally disbursed loans to 30% of total disbursements.

These initiatives are continually improving operational efficiencies by reducing reliance on cash-based collections, lowering field collection and cash handling costs, improving reconciliation through greater automation, and enhancing the overall customer experience. The Company is also progressing with process digitisation, automated reporting, and digital customer engagement initiatives to further streamline operations and improve productivity.

Further strengthening its digital financial footprint, Sejaya look forward to integrating with eZ Cash during the year 2026, enabling customers to make loan repayments through QR-based digital channels, while continuing to integrate the Pay & Go platform to further expand the digital payment ecosystem.

While expanding the integration of digital solutions, Sejaya recognises the risks associated with digitisation. In order to develop a secure digital environment, the Company will strengthen its cybersecurity and data protection framework in early 2026 through the implementation of Kaspersky Optimum with Endpoint Detection and Response (EDR) and Mobile Device Management (MDM), together with the Microsoft 365 Advanced Mail Security Suite. These solutions will enhance endpoint and mobile device protection, strengthen email security, and provide real-time cyber threat monitoring. Combined with robust access controls and ongoing security governance, these initiatives will safeguard customer information, reinforce the integrity of the Company's digital operations, and support the continued development of a secure, scalable, and cost-efficient digital lending platform.



Strategic Partnerships

Strategic partnerships continued to play a central role in enabling Sejaya's growth and operational effectiveness. The Company's parent, Gojo & Co., Inc., remains a key strategic partner, providing both funding support and operational guidance. Gojo's involvement extends beyond capital provision to include governance, strategic alignment, and technical expertise, contributing significantly to Sejaya's long-term development as a scalable and sustainable microfinance institution.

During the year ended 31st December 2025, the Company recognised an income of LKR 35 Mn from its participation in the Pasio digital finance platform. This income was primarily generated through service fees, commissions, and programme-related revenues arising from the delivery of digital financial services and entrepreneurial support tools to customers. The Pasio platform has enhanced customer engagement, improved loan access and repayment monitoring, and facilitated additional value-added services, thereby contributing both directly and indirectly to the Company's revenue growth and operational efficiency.

In addition to Gojo, Sejaya has expanded its network of global funding partners by securing facilities from Impact Investment Exchange (IIX), Developing World Markets (DWM), and Grameen Credit Agricole (GCA). Furthermore, the Company has strengthened its relationships with local banking institutions, including Hatton National Bank, DFCC Bank, and Commercial Bank. These combined partnerships provided substantial funding during the year, enabling Sejaya to expand its lending operations while maintaining strong liquidity and funding stability.

The introduction of insurance partnerships to provide loan protection cover has further enhanced the Company's risk management capabilities and borrower resilience.

Sejaya also continued to strengthen its technology capabilities through strategic partnerships with leading technology providers, including M2P Fintech, MintHRM and Bileeta. These partnerships support the Company's ongoing digital transformation by enhancing digital payment and financial technology capabilities, strengthening core business and financial management and reporting processes, and streamlining human resource management and employee-related services. Through these technology collaborations, Sejaya continues to improve operational efficiency, automation, service delivery, and scalability while building a stronger technology foundation to support its future growth.

Gojo & Company, Inc.

IIX

dwm

FONDATION GRAMEEN CRÉDIT AGRICOLE
Microfinance & Social Business

HNB
YOUR PARTNER IN PROGRESS

DFCC BANK
Keep Growing

COMMERCIAL BANK

M2P

bileeta

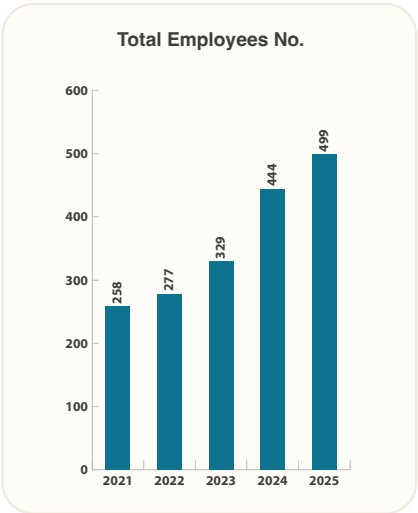
Human Resources Review

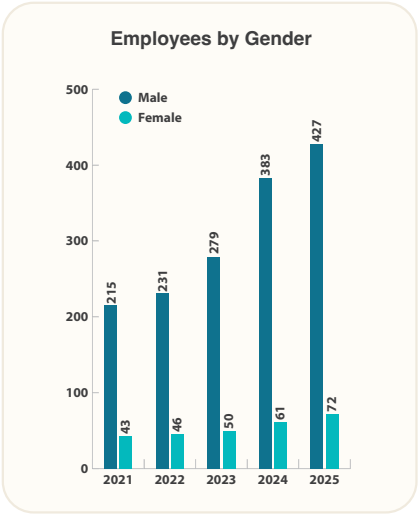


BUILDING A STRONGER, MORE CAPABLE AND ENGAGED WORKFORCE

At Sejaya Micro Credit Limited, our people remain central to the strength and sustainability of our business. During the year under review, the Company continued to invest in its workforce through targeted recruitment, capability development, employee benefits, performance recognition and initiatives designed to promote employee wellbeing.

The year 2025 marked another phase of workforce expansion, with the total employee population increasing to 499 employees, compared with 444 employees in the previous year. This represents a 12.4% year-on-year increase, reflecting the Company's continued business growth and the need to strengthen operational capacity across its branch network and support functions.





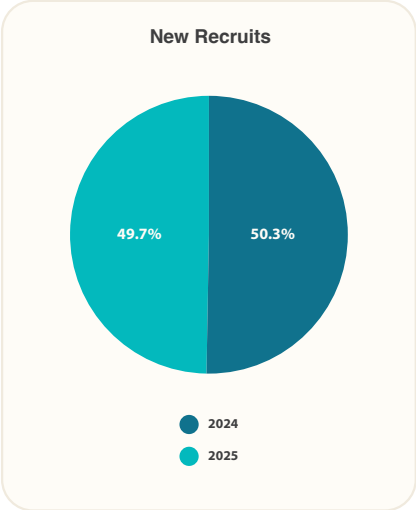
GROWING WITH THE BUSINESS

The majority of the workforce continues to be engaged in branch operations, with branch employees increasing from 389 to 430 during the year. This expansion was complemented by strengthening several key corporate and support functions, including Recovery, Credit Review, Risk & Quality, Human Resources, Training, IT & Projects and Internal Audit.

The workforce structure also evolved during the year, with the introduction or expansion of roles at several levels, including Senior Management, Senior Manager and Junior Executive grades.

STRATEGIC RECRUITMENT

Recruitment remained an important component of the Company's people strategy during 2025. A total of 260 new employees were recruited during the year, broadly in line with the 263 recruits recorded in 2024.



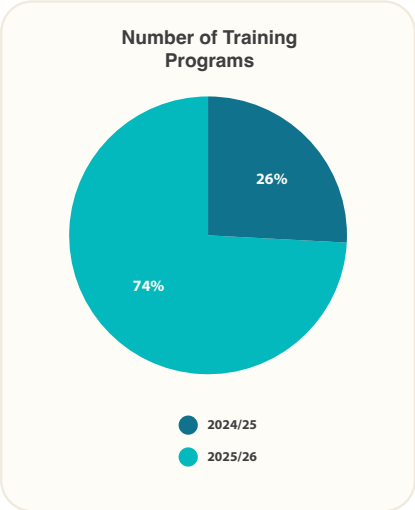
Recruitment was primarily focused on strengthening the Company's operational engine. The Operations Department accounted for 220 new recruits, demonstrating the Company's continued emphasis on expanding and supporting its field network. Recruitment was also undertaken across Recovery, Call Centre, Audit, IT, HR, Risk & Quality, Accounts and Legal functions.

The Company also introduced an Employee Referral Scheme, enabling employees to contribute to the identification of suitable talent while supporting faster recruitment and stronger cultural alignment.

The recruitment of 24 trainees, including 23 male and one female trainee, also demonstrates the Company's commitment to developing a pipeline of emerging talent.

DEVELOPING SKILLS AND CAPABILITIES

Employee development remained a key priority throughout the year. The Company significantly expanded its training agenda, with the number of training programmes increasing from 70 in 2024 to 196 in 2025.



The number of employees trained also increased substantially, from 3,855 to 6,278, representing a 62.9% increase. This expansion reflects a stronger emphasis on continuous learning and the development of skills required to support a growing organisation.

Training covered a combination of internal and external programmes, including Managers' Skill Development, Customer Service Excellence, Leadership Development and other technical training for staff. The Management Trainee programme continued to support the development of future talent through leadership and technical training.

Client training also increased considerably during the year, rising from 261 participants in 2024 to 1,035 in 2025.

Despite the significant expansion in training activity, investment in training amounted to Rs. 5.31 Mn, compared with Rs. 5.86 Mn in the previous year. This indicates a more efficient utilisation of training resources while substantially increasing programme coverage.

RECOGNISING PERFORMANCE AND POTENTIAL

Sejaya continued to promote a culture in which performance, commitment and contribution are recognised.

The Company's performance recognition initiatives included the Sejaya Awards Night, where field employees are recognised through performance-based awards and certificates, together with performance incentives. The Sejaya People's Awards recognise employees at Head Office for exceptional service and commitment.

Long-serving employees are also recognised through five- and ten-year service awards, comprising cash awards, certificates and badges presented at the Sejaya Awards Night.

During the year, the Company recorded a significant increase in employee promotions. The data indicates 140 male and 25 female employees were promoted in 2025, compared with 82 male and 11 female employees in the previous year.

ENHANCING EMPLOYEE WELL-BEING

Employee well-being remained an important element of Sejaya's HR agenda during the year. The Company continued to provide a range of benefits designed to address employees' healthcare, financial security and family needs.

These included Life Insurance, Medical Insurance and OPD benefits, alongside staff loan and short-term emergency loan facilities.

The Company's Death Donation Policy was enhanced during the year, extending eligibility to include in-laws and increasing the donation amount to Rs. 100,000. Additional family-oriented benefits included a Rs. 25,000 childbirth allowance and a Rs. 25,000 marriage allowance.

The introduction of Work-from-Home and Lieu Leave policies further supported employee flexibility and work-life balance. An accommodation allowance of Rs. 7,500 was also provided to employees required to travel long distances.

Other initiatives included a Mobile Ownership Policy, employee welfare schemes and an incentive structure designed to reward high-performing employees.

CREATING AN ENGAGING WORKPLACE

Beyond formal benefits and development programmes, Sejaya continued to create opportunities for employees to connect, participate and contribute outside their day-to-day responsibilities.

During the year, employee engagement initiatives included New Year celebrations, employee birthday celebrations, Dansal programmes, blood donation campaigns, region-wise cricket tournaments, Sports Day and outbound training and motivational activities.





Human Resources Review





These initiatives contribute to building stronger relationships across teams and regions while supporting a workplace culture that values collaboration, participation and employee well-being.

EMPLOYEE SATISFACTION AND WORKPLACE WELL-BEING

Employee experience remained an important consideration during the year. The Company recorded an employee satisfaction score of 82%, providing a positive indication of overall employee sentiment.

Sejaya also continued to maintain workplace health and safety measures, including access to clean drinking water and sanitary facilities, appropriate workplace lighting, ventilation and temperature control, clean and organised work environments, and induction and periodic safety training.

The Company's focus on stress management and work-life balance further supports its commitment to creating a healthy and sustainable working environment.

SUPPORTING A SUSTAINABLE PEOPLE STRATEGY

While the Company's workforce expanded significantly, the year also highlighted areas requiring continued attention. The Company's workforce target for the year was 537 employees, against an actual year-end workforce of 499, resulting in a shortfall of 38 employees, or approximately 7.1% of the target.

At the same time, the employee retention rate declined from 63.5% in 2024 to 54.0% in 2025. As Sejaya continues to grow, strengthening employee retention, career progression and engagement will therefore remain important priorities.

The Company will continue to focus on building a stronger talent pipeline, improving employee development opportunities, strengthening leadership capabilities and creating an employee experience that supports both individual growth and organisational performance.

LOOKING AHEAD

As Sejaya Micro Credit Limited moves forward, Human Resources will continue to play a strategic role in enabling sustainable business growth.

The priorities ahead will include strengthening talent acquisition and retention, expanding learning and development, building future leaders, enhancing employee engagement and wellbeing, and ensuring that the Company's people practices evolve alongside its growing business.

With a workforce that has nearly doubled over the past five years, Sejaya enters the next phase of its journey with a clear understanding that its greatest strength lies in the people who serve its customers, support its operations and contribute to its continued growth.

Challenges

Sri Lanka's macroeconomic environment continued to present challenges to the microfinance industry in 2025, influencing both customer behaviour and Sejaya's financial performance. Rising prices of fuel, food, and imported goods caused demand for microfinance to increase, as households sought financing to meet essential living expenses. However, the higher cost of living also placed pressure on borrowers' repayment capacity, increasing credit risk across the sector.

Exchange rate fluctuations and broader market uncertainty further affected consumer confidence and loan affordability, creating a more challenging operating environment. Against this backdrop, the Company continued to diversify its revenue streams, with documentation fees and customer registration fees making a significant contribution to profit before tax for the period ended 31st January 2026.

Looking ahead, the evolving regulatory landscape presents both challenges and opportunities. The potential introduction of interest rate ceilings by the Central Bank of Sri Lanka could reduce lending yields and place pressure on profitability across the microfinance sector. In addition, achieving full compliance with the provisions of the Microfinance and Credit Regulatory Authority (MCRA) Act, No. 9 of 2026, is expected to increase governance, reporting, compliance, and customer protection requirements, resulting in higher operational costs. While this strengthened regulatory framework is expected to improve industry standards and reduce the presence of unregulated market participants, the Company recognises that maintaining profitability will require continued emphasis on operational efficiency, disciplined cost management, and greater scale through digital transformation.

Sejaya is fully cognisant of the potential challenges of the future and has incorporated these developments into its strategic planning process by preparing business plans and budgets under multiple regulatory scenarios, including the potential implementation of interest rate caps. A key strategic priority for 2026 will be achieving full operational alignment with the MCRA Act, including strengthening governance, risk management, and transparency through the Audit, Risk, and Compliance Committee (ARCC), while continuing to enhance operational efficiency and digital capabilities.



Future Outlook

Sejaya's future expansion strategy will be driven primarily through digital channels rather than by expanding the branch network. The Company's continued automation of manual processes, including reconciliation, field collection support, customer onboarding, and reporting, is expected to reduce operating costs, improve productivity, and create a more scalable and cost-efficient operating model.

The Company will also continue to integrate with payment platforms such as eZ Cash and Pay & Go, enabling more convenient customer access to loan disbursement and repayment services. This will also expand financial inclusion in remote and underserved communities at a faster pace, eliminating the need for additional physical branches. The Pasio digital lending platform will play a central role in this strategy by providing instant, flexible financing for small-value credit needs, allowing Sejaya to serve customers irrespective of their proximity to a branch. Beyond digital lending, the platform will continue to evolve into a comprehensive digital financial ecosystem through enhanced customer engagement capabilities, greater process digitisation, and automated reporting.

As part of its portfolio diversification strategy, Sejaya will also establish a dedicated business segment to provide fast and flexible financing solutions to Small and Growing Businesses (SGBs) and Micro, Small and Medium Enterprises (MSMEs), with particular emphasis on supporting environmentally sustainable and renewable energy-related businesses.

STRATEGIC PRIORITIES FOR 2026 AND BEYOND

Sejaya's key strategic priorities for the coming years include:

Strengthening Regulatory Compliance and Governance: Achieving full operational alignment with the provisions of the Microfinance and Credit Regulatory Authority Act, No. 9 of 2026, while further enhancing governance, oversight, and transparency through the Audit, Risk and Compliance Committee (ARCC).

Enhancing Portfolio Quality: Implementing targeted portfolio management initiatives to reduce the gross Non-Performing Loan (NPL) ratio from the current 5.2% to a level that aligns with or outperforms the licensed microfinance sector average of 3.4%.

Expanding MSME and SGB Business Lending: Broadening the Company's lending portfolio by introducing higher-value individual financing solutions for SGBs and MSMEs. This strategic expansion will support the growth of existing high-performing clients, contribute to local economic development, and diversify the Company's portfolio beyond its traditional microfinance business.

Through these initiatives, the Company aims to strengthen its market position, expand financial inclusion, enhance operational resilience, and deliver sustainable long-term growth, while continuing to create value for customers and other stakeholders.

Partnership with wallet service provider: The immediate strategic objective is not to establish a standalone Sejaya wallet. Instead, Sejaya will focus on strengthening Pasio as a trusted, secure and accessible digital gateway through which customers can receive, manage and repay their financing.

This approach will enable Sejaya to leverage the capabilities, reach and regulatory infrastructure of established wallet service providers while maintaining the flexibility to integrate with multiple licensed partners. It will also support greater customer convenience, operational efficiency, financial inclusion and scalable digital growth.

Global Economic Performance

According to the International Monetary Fund (IMF), World Economic Outlook, April 2026 report, global real GDP expanded by 3.4% in 2025, which remained below historical averages recorded before the COVID-19 pandemic. Several key factors shaped global economic performance during the year. Declining inflation enabled many central banks to begin reducing policy interest rates following an extended period of monetary tightening, improving financial conditions and supporting domestic demand. At the same time, strong labour markets and rising real wages sustained household consumption across many advanced and emerging economies. However, these positive developments were partially offset by heightened geopolitical conflicts, persistent regional tensions, supply chain disruptions, and the implementation of new trade restrictions by several major economies.

Economic performance varied significantly across regions. Advanced economies experienced relatively modest growth while emerging market and developing economies remained the primary drivers of global growth. Asia continued to be the world's fastest-growing region, recording economic growth of 5.0% during 2025, substantially outperforming the global average. Emerging and developing Asia expanded by 5.5%. India remained one of the fastest-growing major economies in the world, with real GDP increasing by 7.6% during 2025. China's economy expanded by 5.0% in 2025, supported by policy stimulus, strong manufacturing output and resilient exports of high-technology products.

Global energy markets were comparatively stable during much of the year, following the significant volatility experienced in previous years. Improved global supply conditions, higher production from non-OPEC producers and relatively balanced demand contributed to lower average energy prices compared with 2024. According to the IMF, average crude oil prices declined during 2025, helping to moderate global inflation and reduce production costs across many industries. Nevertheless, geopolitical tensions in major oil-producing regions continued to create periodic price volatility and remained an important source of downside risk to the global economic outlook.

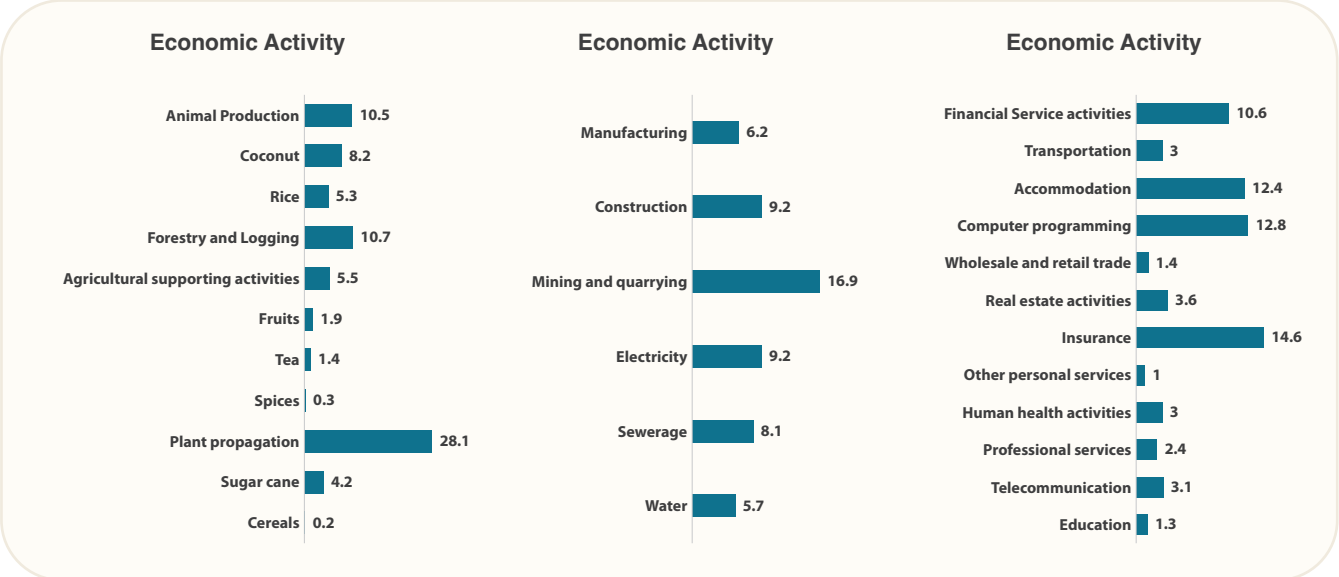
Global growth is projected at 3.1% in 2026 and 3.2% in 2027, below recent outcomes and well under pre-pandemic averages.

PERFORMANCE OF THE SRI LANKAN ECONOMY

According to the Central Bank of Sri Lanka's (CBSL) Annual Economic Review 2025, Sri Lanka's economic recovery strengthened in 2025, with real GDP expanding by 5.0%, matching the growth recorded in 2024 and marking the second consecutive year of positive growth. The recovery was broad-based, supported by macroeconomic stabilisation, lower interest rates, improving business confidence and continued economic reforms.

Despite the island-wide disruptions in November 2025, due to the floods and landslides from Cyclone Ditwah, the services sector grew by 5.5%, accelerating from 2.6% in 2024, driven by tourism, trade, financial services and transportation. The industrial sector expanded by 5.1%, following 11.0% growth in 2024, while the agriculture sector recorded growth of 3.2%, compared to 1.2% in the previous year, supported by improved agricultural production and favourable weather conditions.

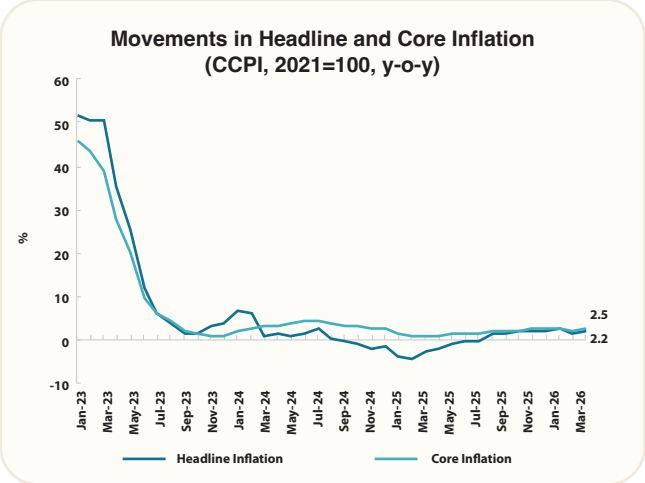
Growth in Economic Activities at Constant Prices in 2025 (a)



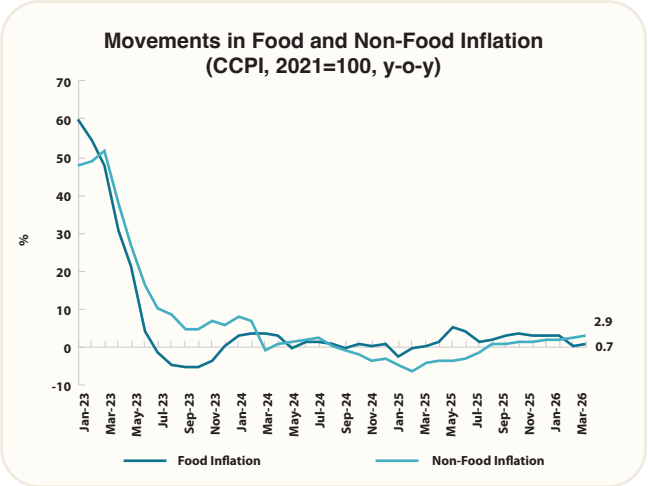
(a) Base year 2015
Source: Department of Census and Statistics

Global Economic Performance

Inflation remained well contained during 2025, but reverted to positive territory in August 2025 after 11 months of deflation, with annual average CCPI inflation increasing to 2.6% from 0.9% in 2024, while end-year inflation reached 3.8%, remaining below the Central Bank's target of 5%. The stable inflation environment enabled the Central Bank to maintain an accommodative monetary policy, with the Overnight Policy Rate at 7.75% at year-end compared to 8.00% in 2024.



Source: Department of Census and Statistics



Source: Department of Census and Statistics

Market lending rates also declined, supporting increased private sector borrowing and investment. However, interest rates applicable to micro and small-scale borrowers remained relatively downward rigid compared to other market lending rates, reflecting their inherent risk profile and structural characteristics of such lending. Nevertheless, the CBSL noted that interest rates, based on the new rupee loans and advances extended by Licensed Banks during a particular month to the MSME sector (Average Weighted New SME Lending Rate (AWNSR)), as well as on its outstanding stock (Average Weighted SME Lending Rate (AWSR)), declined by 0.47 and 0.95 pps, respectively, during the year.

Interest Rate	End 2024	End 2025	Change in pps
Interest Rates on Deposits			
Licensed Commercial Banks (e)			
Savings Deposits	0.25–9.00	0.25–9.00	–
1-Year Fixed Deposits (f)	2.50–18.39	2.50–12.00	–
AWDR	7.53	6.78	-0.75
AWFDR	9.27	8.41	-0.86
AWNDR	6.52	6.29	-0.23
AWNFDR	6.57	7.02	0.45
Other Financial Institutions (g)			
National Savings Bank			
Savings Deposits	3	3	–
1-Year Fixed Deposits	7	6.75	-0.25
Finance Companies (h)			
Savings Deposits	3.91–6.03	3.99–6.06	–
1-Year Fixed Deposits	9.23–11.00	8.68–10.36	–
Interest Rates on Lending			
Licensed Banks (i)			
AWSR	12.48	11.53	-0.95
AWNSR	11.59	11.12	-0.47
Licensed Commercial Banks (e)			
AWPR – Monthly	8.92	8.87	-0.05
AWLR	11.93	11.48	-0.45
AWNLR	10.77	10.69	-0.08
Licensed Specialised Banks (g)			
National Savings Bank	12.75–18.00	6.75–13.50	–
State Mortgage and Investment Bank (j)	9.00–20.00	9.00–18.50	–
Finance Companies (h)			
Finance Leasing	10.99–31.75	12.76–33.98	–

Source: CBSL Annual Economic Review 2025

Following two consecutive years of appreciation, the Sri Lankan rupee recorded a depreciation against the US dollar during 2025. The exchange rate, which stood at LKR 292.58 per US dollar by the end of December 2024, reached LKR 309.99 per US dollar by the end of December 2025. Accordingly, the rupee depreciated by 5.6% in 2025. Higher merchandise imports, primarily due to substantial vehicle imports following the full relaxation of vehicle import restrictions, exerted depreciation pressure on the exchange rate.

Sri Lanka's external sector remained resilient in 2025 despite a widening merchandise trade deficit following the relaxation of vehicle import restrictions. Merchandise exports increased to USD 13.3 Bn from USD 13.0 Bn in 2024, while imports rose more sharply to USD 22.2 Bn from USD 18.8 n, widening the trade deficit to USD 8.9 Bn (2024: USD 5.8 Bn). However, record workers' remittances of USD 8.2 Bn (2024: USD 6.6 Bn) and tourism earnings of USD 3.8 Bn (2024: USD 3.2 Bn) supported a third consecutive current account surplus, while gross official reserves increased to USD 7.3 Bn from USD 6.1 Bn at end-2024, strengthening Sri Lanka's external position.

Financial Sector and Capital Market

Sri Lanka's financial sector strengthened further in 2025, supported by sustained macroeconomic stability, easing interest rates and a recovery in credit demand. Credit to the private sector expanded by 18.0% in 2025, compared with 10.7% in 2024, reflecting improved business and consumer confidence. Meanwhile, broad money (M2b) growth accelerated to 13.9% from 11.4% a year earlier, underpinned by stronger deposit mobilisation and increased lending activity.

Sri Lanka's banking sector recorded a stronger financial performance in 2025, supported by robust credit growth, improved operating income and enhanced asset quality. Profit after tax increased by 13.7% to LKR 368.8 Bn from Rs. 324.2 Bn in 2024. Although profitability moderated slightly, with Return on Equity (ROE) easing to 16.6% (2024: 17.4%) and Return on Assets (ROA) before tax declining to 2.4% (2024: 2.6%), the sector remained well capitalised, maintaining a Total Capital Adequacy Ratio (CAR) of 17.9% (2024: 20.3%), comfortably above the regulatory minimum. These indicators reflect the continued resilience and stability of Sri Lanka's banking sector amid the ongoing economic recovery.

Reflecting the improved macroeconomic environment, the All Share Price Index (ASPI) increased to 21,133 points from 16,473 points in 2024, while the S&P SL20 Index rose to 6,252 points from 4,842 points, supported by stronger corporate earnings and renewed investor participation.

MICROFINANCE SECTOR IN SRI LANKA

During 2025, the Central Bank continued to advance financial inclusion initiatives under the National Financial Inclusion Strategy (NFIS) while initiating preparatory work for Phase II of the strategy. The Central Bank also continued to provide observations in drafting the Microfinance and Credit Regulatory Authority Act, No. 09 of 2026, aimed at developing a new regulatory framework for money lending and microfinance business of the country.

In 2025, Sri Lanka's Licensed Microfinance Companies (LMFCs) sector consisted of four companies and reported a y-o-y growth of 29.8% in its asset base, reaching LKR 19.2 Bn by the end of 2025. Micro loans, which accounted for 69.3% of total assets, indicated a growth of 22.8% and reached LKR 13.3 Bn by the end of 2025 compared to LKR. 10.8 Bn at the end of 2024. The total deposit base of the sector expanded from LKR 1.1 Bn at the end of 2024 to LKR 1.7 Bn at the end of 2025, recording a growth of 51.7% during 2025. The core capital level of the sector was at LKR 4.0 bn by the end of 2025, and all LMFCs were in compliance with the minimum prudential regulations on core capital.

GLOBAL MICROFINANCE SECTOR

According to Fortune Business Insights, the global microfinance market size was valued at USD 255.69 Bn in 2025 and is projected to grow from USD 281.55 Bn in 2026 to USD 646.56 Bn by 2034, exhibiting a CAGR of 11% during the forecast period. The Asia Pacific region dominated the global market with a share of 54.90% in 2025. The global financial inclusion gap, integration of digital technology, entrepreneurial activities, growth of SMEs, and economic and social empowerment are substantially driving market growth. Additionally, government policy support through enabling regulatory frameworks is further boosting the growth of the industry.

Microfinance is offered by Microfinance Institutions (MFIs), cooperative societies, non-bank financial companies (NBFCs), and commercial banks with dedicated microfinance divisions.

The global microfinance market encompasses services such as microcredit, micro-savings, micro-insurance, and digital payment solutions for low-income individuals, small-scale entrepreneurs, and financially or economically marginalised populations. The micro-credit segment dominated the market in 2024 with the highest share and emerged as the fastest-growing segment, followed by micro-savings, micro-insurance, and other ancillary financial services. The emergence of micro-credit is quickly growing due to the credit gap in underserved markets, where traditional banks struggle to provide adequate lending support to small-scale entrepreneurs and low-income households. Small business owners, agricultural workers, and informal sector participants require access to liquidity, especially for working capital, inventory purchases, equipment upgrades, and operational costs tied to seasonal or sustenance activities.

Global Economic Performance

Micro-savings promote small, periodic deposits which contribute to long-term financial resilience as a safety mechanism and help low-income individuals grow their savings gradually for use in future investments or emergencies.

Micro-insurance products are proving to be vital, as insurance serves to restrain borrowers' ability to slip further into poverty whenever unexpected crises arise.

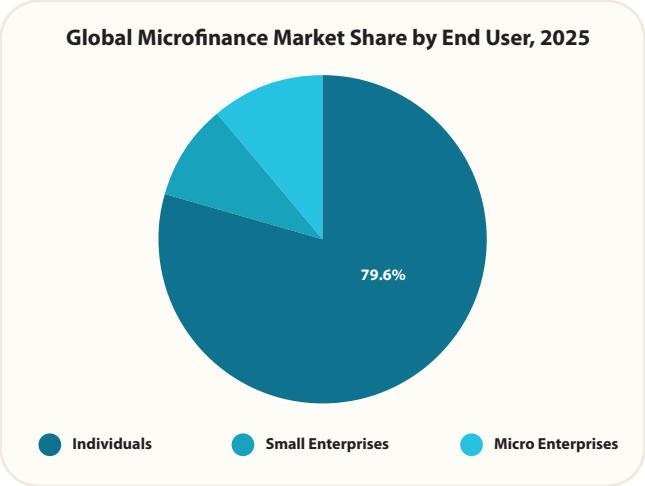
Digital transformation is a key driver of global microfinance market growth, improving the accessibility, efficiency, and scalability of financial services for low-income households. Mobile banking, fintech platforms, and digital payment systems have increased the capacity of microfinance institutions (MFIs) to reach populations without traditional geographic or infrastructure limitations, which is particularly notable in rural and unbanked populations. For instance, in 2024, according to the World Economic Forum, real-time payments in the Middle East reached about USD 675 Mn and are expected to reach USD 2.6 Bn by 2027. This growth is driven by governments allowing a young, tech-savvy population to achieve financial inclusion through MFIs that provide faster, more accessible, and cheaper services to underserved populations.

The rise of entrepreneurship in developing economies is a substantial driver of growth in the industry. People, mainly in the Asia Pacific and Middle East regions, are pursuing entrepreneurship out of economic necessity and a lack of formal employment opportunities. This surge in entrepreneurism is driving the market as banks often do not serve small entrepreneurs as they lack sufficient collateral, making microfinance a crucial alternative. Microfinance provides underserved people with opportunities to start and grow income-generating businesses, thereby improving their standard of living and contributing to economic growth. It also holds tremendous potential to empower women by giving them greater control over their finances.

However, high costs and default risks are increasing microfinance interest rates and hindering market growth. MFIs need to charge higher interest rates to be sustainable, which are often higher than what low-income borrowers can reasonably afford. Many potential borrowers who need loans to grow their businesses or handle emergencies find themselves trapped by high interest rates, preventing a significant portion of those who most need financial help from accessing credit.

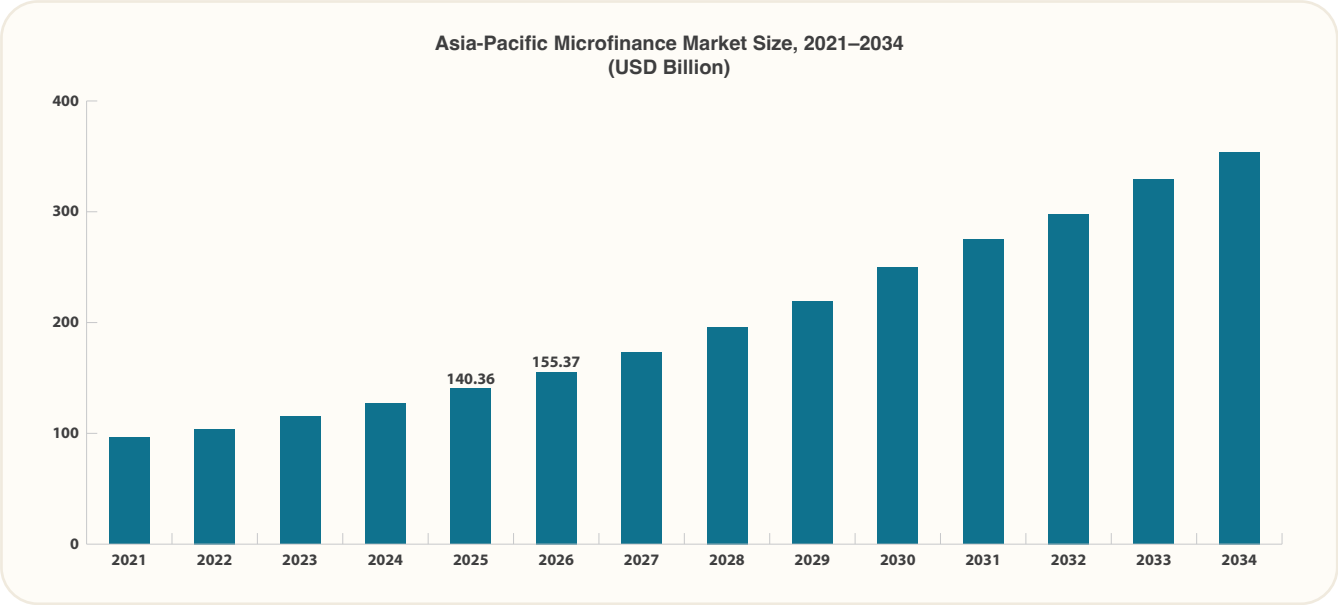
Increasing government support for financial inclusion is encouraging MFIs to move beyond traditional lending and offer a broader range of financial services. This shift is creating considerable opportunities for growth in the market. Regulatory frameworks that promote innovation have enabled MFIs to introduce insurance plans, savings accounts, pension schemes, and remittance services, effectively transforming them into full-service financial providers for underbanked communities. Additionally, government-backed guarantee schemes help reduce the lending risk for MFIs, empowering them to explore new market segments. These efforts are focused on serving groups previously excluded from financial services, such as women entrepreneurs and small-scale business owners. For instance, in April 2025, according to the SBI report, MSME lending surged dramatically due to Mudra Initiatives, growing from USD 13.57 Bn in FY14 to USD 31.85 Bn in FY24.

By end user, the microfinance market is segmented into individuals, small enterprises, and micro enterprises. The individual segment accounted for the largest microfinance market share at approximately 79.26% in 2025, driven by growing credit demand from low-income households and solo entrepreneurs. These individuals often need financing for household expenses, agricultural activities, and small-scale businesses. Small enterprises represent the fastest-growing segment during the forecast period. This growth is supported by growing entrepreneurial activity, increased government support for small businesses, and the availability of accessible digital lending platforms tailored to meet working capital needs.



Source: www.fortunebusinessinsights.com

By region, the market is divided into North America, Europe, Asia Pacific, Latin America, and the Middle East and Africa. The Asia Pacific microfinance market was valued at USD 140.36 Bn in 2025, capturing 54.90% of global revenue, and is estimated to reach USD 155.37 Bn in 2026. Asia Pacific dominates the market due to high demand for credit in underserved communities, rising entrepreneurial activities, and rapid adoption of digital lending platforms, with the market size valued at USD 140.36 Bn in 2025 and increasing to USD 155.37 Bn in 2026. The dominance is further supported by key factors such as the large rural population, rising demand for financial inclusion initiatives, increasing governmental support for microfinance programs, and the presence of the largest number of MFIs. Moreover, cultural acceptance of group lending and community-based financial services in the region fits well with traditional microfinance approaches. This fit has facilitated the widespread adoption of such practices and contributed to lower delinquency rates.



Source: www.fortunebusinessinsights.com

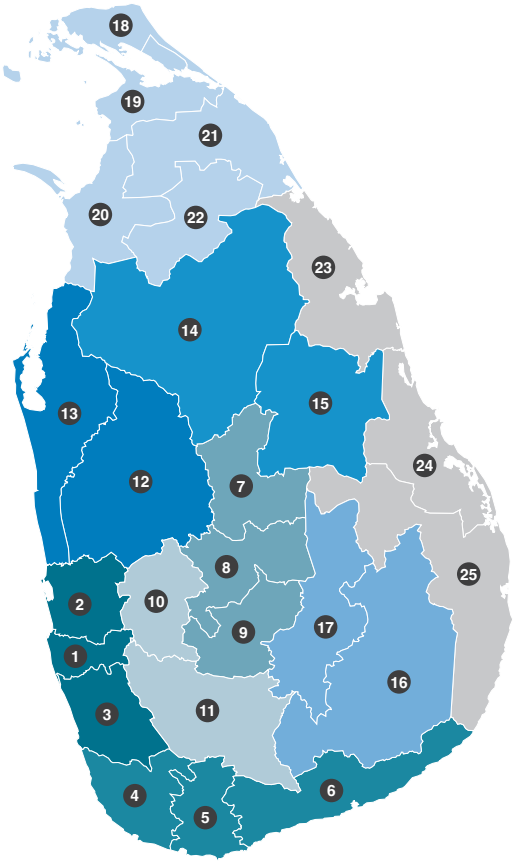
India is expected to capture a large share of the market due to its vast rural population, the surge in entrepreneurial activity, the larger number of MFIs, and governmental initiatives such as the Pradhan Mantri Mudra Yojana scheme, which has facilitated billions in lending to micro and small enterprises. The Japan market is projected to reach USD 5.74 Bn by 2026, the China market is projected to reach USD 26.79 Bn by 2026, and the India market is projected to reach USD 64.19 Bn by 2026.

Social Performance and Special Projects

Social Performance

Sejaya operates in 24 districts, number of branches 55 across Sri Lanka, excluding Polonnaruwa district. According to the branch network analysis, more than 40% of the company's branches are located in the eight poorest districts in the country Mullaitivu, Badulla, Nuwara Eliya, Kilinochchi, Jaffna, Ratnapura, Moneragala, and Kegalle. These branches collectively serve more than 46% of the company's total client base by providing the financial need. Of its 55 branches, eight are strategically located in these underserved areas. Furthermore, within each district, Sejaya primarily serves low-income populations, ensuring that its financial services reach communities with the greatest need.

Geographic Footprint



	District	No. of Branches
1	Colombo	4
2	Gampaha	3
3	Kalutara	2
4	Galle	2
5	Matara	2
6	Hambantota	1
7	Matale	1
8	Kandy	2
9	Nuwara Eliya	6
10	Kegalle	3
11	Ratnapura	4
12	Kurunegala	2
13	Puttalam	2

	District	No. of Branches
14	Anuradhapura	2
15	Polonnaruwa	0
16	Monaragala	2
17	Badulla	3
18	Jaffna	2
19	Kilinochchi	1
20	Mannar	1
21	Mullaitivu	1
22	Vavuniya	1
23	Trincomalee	2
24	Batticaloa	3
25	Ampara	3

Over 84% of the Company's client base consists of individuals living in rural communities and over 90% of Sejaya clients were women in 2025.

UNIVERSAL STANDARDS FOR SOCIAL AND ENVIRONMENTAL PERFORMANCE MANAGEMENT

Sejaya follows the Universal Standards for Social and Environmental Performance Management (USSEPM) to ensure the financial, social, and environmental sustainability of the Company. In line with these standards, the company establishes annual social goals, Key Performance Indicators (KPIs), and targets to monitor and enhance its performance. Social performance metrics are reported to the board bi-annually.

The Universal Standards for Social and Environmental Performance Management (USSEPM) are a comprehensive set of best practices created by the Social Performance Task Force (SPTF) and CERISE. They help financial service providers (FSPs) align their operations with responsible business practices and centre their strategies around client and environmental well-being. The standards organise management practices into seven core dimensions.

- Define and Monitor Social and Environmental Goals: Setting clear targets and tracking progress.
- Ensure Board, Management, and Employee Commitment: Aligning institutional leadership with the double-bottom-line mission.
- Design Client-Centric Products and Services: Conducting market research and pilot testing to ensure offerings meet actual needs.
- Treat Clients Responsibly: Adhering to client protection principles to prevent over-indebtedness and ensure fair, respectful treatment.
- Treat Employees Responsibly: Fostering a supportive, safe, and transparent working environment.
- Balance Financial and Social Performance: Ensuring sustainable growth and appropriate financial structures.
- Environmental Performance Management: Managing and mitigating the environmental impact of operations.

The social goals set for 2025 and the corresponding achievements are presented below.

Social Goals & Achievements 2025

Progress Against FY2025 Targets

1 Client Satisfaction And Retention

KPI	Calculation Frequency	Target For FY2025	Progress	Description
% Satisfied Clients	Annual	90%	94.7%	Client Satisfaction Survey (CSS) Consolidated Satisfaction Score
Net Promoter Index	Annually	57%	79,6%	Net Promoter Index Of CSS
Rural Client	Annual	80%	84%	Number Of Clients In Rural Areas

2 Employee Satisfaction

KPI	Calculation Frequency	Target For FY2025	Progress	Description
% Satisfied Employees	Annual	75%	82%	Satisfaction Level Of The Staff

3 SPM And Environmental Goals

KPI	Calculation Frequency	Target For FY2025	Progress	Description
SPI5 Audit Score	Annual	73	82	Total Score Of SPI5 Audit
Head Office	Annual	Start To Measure - HO GHG	39,697.8 Kg CO2 Eq	Head Office Only

4 Client Targeting

KPI	Calculation Frequency	Target For FY2025	Progress	Description
Active Savings Clients	Monthly	50,000	83,488	Clients Who Only Have Collateral-Based Savings (Cumulative Up To This Year)
Centre Leaders Training Programmes	Annually	1,000 Centre Leaders	1,050 Centre Leaders	Number Of Centre Leaders Trained

5 Product / Service Suitability For Clients

KPI	Calculation Frequency	Target For FY2025	Progress	Description
Financial / Digital Literacy Projects	Quarterly	9,000	6,716	Number Of Clients Joining The Pasio Community (Cumulative Up To This Year)

Social Performance and Special Projects

CLIENT PROTECTION

Sejaya is strongly committed to ensuring responsible and client-focused financial services and in order to ensure the highest level of integrity in its operations, the Company obtained Client Protection Principles (CPP) certification on 20th October 2023, with a silver rating and a score of 92.9. This certification is valid through 19 October 2026.

Further, Sejaya has instituted a Product Development Policy aligned with CPP to ensure products meet client needs and are delivered responsibly.



Preventing over-indebtedness

To prevent over-indebtedness, the Company conducts a proper loan assessment process and ensures monthly loan instalments do not exceed 40% of the client family's net income. Income and expenditure details are entered into the system to calculate repayment capacity accurately.

Measuring the socio-economic impact of lending programmes

In 2025, the Company adopted the SPI5 audit tool to assess and measure its social impact more comprehensively, in place of the previous SPI4 tool. In summary, SPI5 is a globally recognised, comprehensive assessment framework that enables organisations to evaluate, improve, and demonstrate their social and environmental performance. By aligning with the Universal Standards, organisations can strengthen governance, enhance client protection, improve operational effectiveness, and maximise their positive social and environmental impact while meeting the expectations of investors, regulators, and other stakeholders.

Regular client satisfaction, client impact, and client dropout surveys are also conducted, together with field visits and on-site observations, to assess client experiences, monitor outcomes, identify areas for improvement, and support evidence-based decision-making.

In addition, a Social and Environmental Assessment is conducted when disbursing loans over Rs 300,000.

Measuring the effectiveness of reducing financial exclusion

Sejaya uses two primary methods to track the effectiveness of its efforts at reducing financial exclusion.

Growth Tracking: The Company monitors its reach and scale by tracking increases in both the number of clients served and the total size of its loan portfolio.

Performance Surveys: Conduct annual client impact and satisfaction surveys to evaluate its social performance and the quality of services being delivered to clients.

SPI5 (SOCIAL PERFORMANCE INDICATORS 5) AUDIT

SPI5 is a globally recognised, comprehensive assessment framework that enables organisations to evaluate, improve, and demonstrate their social and environmental performance. By aligning with the Universal Standards, organisations can strengthen governance, enhance client protection, improve operational effectiveness, and maximise their positive social and environmental impact while meeting the expectations of investors, regulators, and other stakeholders.

The SPI5 framework evaluates seven dimensions:

- Define and Monitor Social Goals
  - Clear social mission and objectives.
  - Regular monitoring of social outcomes.
- Ensure Board, Management, and Employee Commitment
  - Governance structures support the social mission.
- Design Products and Services that Meet Clients' Needs
  - Products are appropriate, accessible, and beneficial.
- Treat Clients Responsibly
  - Client protection, transparency, privacy, and fair treatment.
- Treat Employees Responsibly
  - Fair HR practices, staff welfare, training, and grievance mechanisms.
- Balance Financial and Social Performance
  - Responsible growth and sustainable returns.
- Promote Environmental Sustainability
  - Environmental risk management and green initiatives.



Social Performance and Special Projects

Special Projects

Pasio Project

Sejaya continued the Pasio Project in 2025 to support entrepreneurial development through the promotion of digital literacy, expansion of online business opportunities, and provision of digital financial solutions. The project will also introduce digital loan products to meet urgent business financing needs while further strengthening client protection principles and ensuring responsible financial services. This project is funded by the Education All Above organisation based in Qatar, Gojo & Company in Japan and Sejaya Micro Credit Ltd.





Key achievements of the Pasio Project in 2025

- Disbursed 50,144 loans to youth entrepreneurs to facilitate business development and expansion.
- Disbursed over 9,000 digital loan facilities
- The Pasio Community (an online platform via WhatsApp) expanded to 8,000 clients.
- Installed 67,670 Pasio apps
- Created opportunities for two selected clients to export their products.

AWARENESS PROGRAMMES AND EVENTS

ලිය ශක්ති (Liya Shakthi) Power of Women

As a pre-event to International Women's Day 2025, Sejaya, in collaboration with the Japan International Cooperation Agency (JICA) Sri Lanka Office and the Ministry of Women and Child Affairs, supported to a Women Entrepreneurs' Open Market & Exhibition on 4–5 March 2025. The event provided a platform for women entrepreneurs to showcase their products, strengthen market access, and promote women's economic empowerment.









Disaster relief for victims of Cyclone Ditwah

Provided immediate humanitarian assistance to communities affected by Cyclone Ditwah in various parts of the country.







Sponsoring a white cane donation event

Provided sponsorship support to the Sri Lanka Society of Blind Women on International White Cane Day 2025 to donate 150 white canes to visually impaired women.





Colouring Dreams

Sejaya's 10th Anniversary Art Competition for the children of customers



Social Performance and Special Projects







Water tanks for two rural villages

Provided two water tanks to two village communities in Valaichchenai to store water provided by the local council. This improves access to safe drinking water and ensures a reliable water supply for community members.





New classroom for school children in an underserved community

Contributed funds to construct a new classroom at the Palampitiya Primary School in the Kegalle District, enhancing educational opportunities for children.





Youth Vocational Training



Sejaya contributed towards youth vocational training by organising interviews and an orientation program for the youth interested in participating in the Youth Link project. This is a project under the Skills for Sustainable Goals initiative of the Swiss Hotel Management Academy Pvt Ltd, conducted in collaboration with Baur & Co. (Pvt) Ltd. This vocational training initiative assists young people in developing the skills and opportunities needed to enter the hospitality industry. The project aims to connect youth with training, career guidance, and employment pathways to join the hospitality sector.



Centre Leader Program for women leaders

Sejaya conducted the Centre Leader Program in 2025 to further strengthen and empower grassroots leadership. This program brings together women leaders from rural communities who provide leadership at the village level and support the implementation of our operations. The program brings them together to enhance their knowledge and skills in leadership, gender-based violence prevention, women's health, women's rights, and other relevant topics. Both internal and external resource persons are engaged to deliver these training sessions, ensuring participants receive practical knowledge and diverse perspectives to effectively lead and serve their communities.











Social Performance and Special Projects

FUTURE PRIORITIES

Social performance priorities for 2026

Renewal of CPP: SMCL received the CPP certificate in 2023 and now SMCL is expected to renew it by ensuring client protection.

Centre Leader Program: SMCL plans to continue the Centre Leader Program in 2026 to further strengthen and empower grassroots leadership. This program brings together women leaders from rural communities who provide leadership at the village level and support the implementation of SMCL operations. Through a series of capacity-building sessions, the program aims to enhance their knowledge and skills in leadership, gender-based violence prevention, women's health, women's rights, and other relevant topics. Both internal and external resource persons are engaged to deliver these training sessions, ensuring participants receive practical knowledge and diverse perspectives to effectively lead and serve their communities.

Client training program on financial Literacy and livelihood development: SMCL plans to implement a comprehensive client training program aimed at improving financial literacy among rural women and empowering their communities. The program is designed to enhance household financial management, promote financial sustainability, and strengthen resilience against financial misconduct. In addition, SMCL plans to conduct livelihood development and entrepreneurship development training to help clients increase household income, diversify income sources, and improve their overall economic well-being.

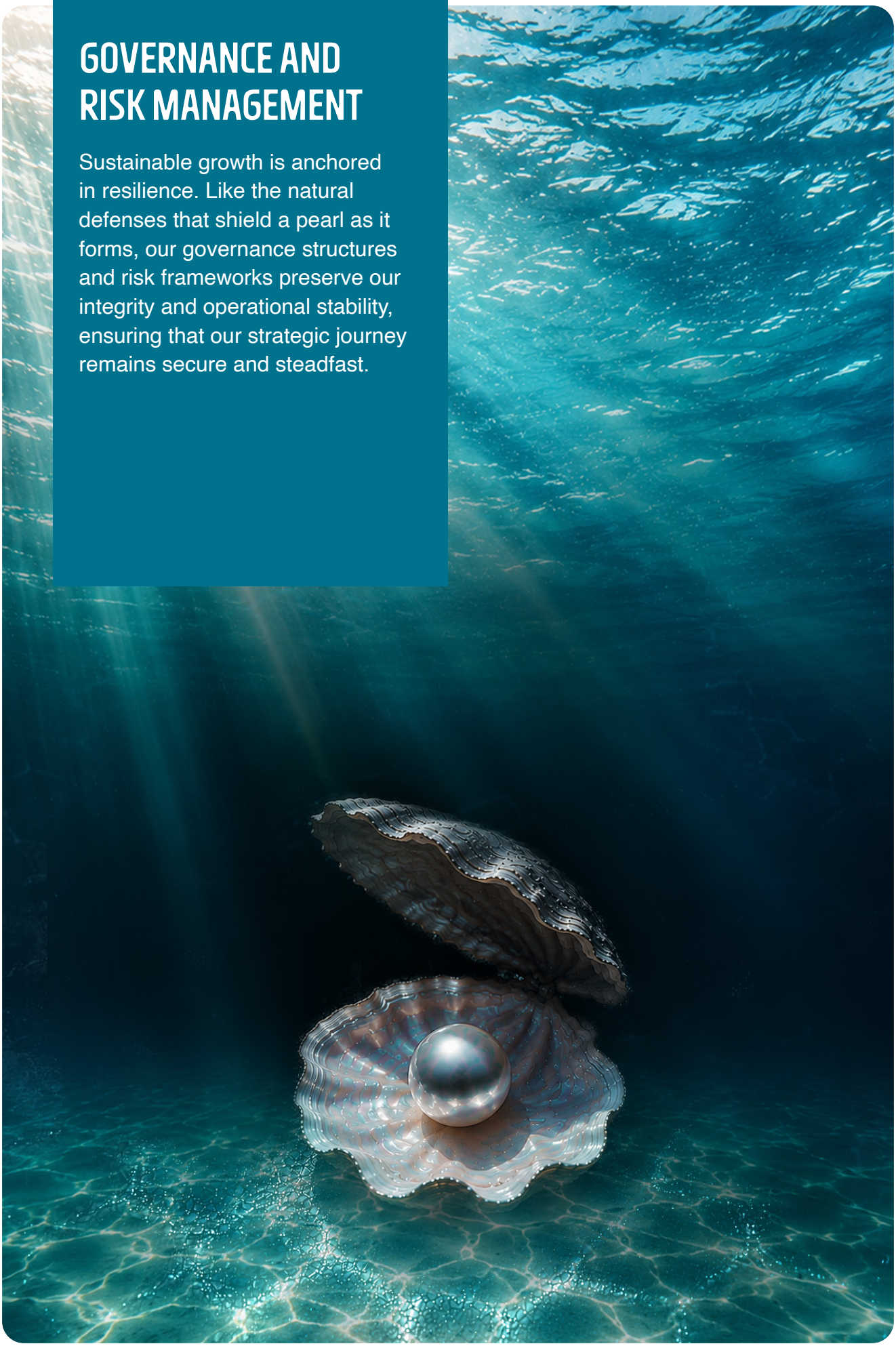
Social and Environmental Performance Management (SEPM) Offsite: SMCL plans to host the second Gojo Social Performance Management (SPM) Offsite in Sri Lanka, bringing together SPM leaders from Gojo Group companies operating across 13 countries. The event will provide a platform for participants to share experiences, exchange best practices, and strengthen collaboration in advancing social performance management across the Group.

Green products: The Company will commence measuring GHG emissions at the head office and will introduce a social and environmental policy. In 2024, a study was conducted to develop a proposal for green finance and the Company plans to introduce a green finance product in 2026.

In addition, Sejaya has implemented measures to strengthen compliance with Environmental Performance Management standards and to promote environmental sustainability across its operations.

GOVERNANCE AND RISK MANAGEMENT

Sustainable growth is anchored in resilience. Like the natural defenses that shield a pearl as it forms, our governance structures and risk frameworks preserve our integrity and operational stability, ensuring that our strategic journey remains secure and steadfast.



Corporate Governance

BUILDING TRUST THROUGH RESPONSIBLE GOVERNANCE

At Sejaya Micro Credit Limited ("Sejaya" or "the Company"), sound corporate governance is fundamental to the way we conduct our business. It provides the foundation for responsible decision-making, effective oversight, prudent risk-taking and sustainable growth.

As a licensed microfinance company, Sejaya operates in a highly regulated financial services environment. The Company is committed to maintaining high standards of accountability, transparency, integrity and regulatory discipline while creating sustainable value for its stakeholders.

Our governance framework establishes the structures, responsibilities and processes through which the Company is directed, controlled and monitored. It is designed to support the Board of Directors in fulfilling its stewardship responsibilities while enabling Management to execute the Company's strategy within an appropriate framework of risk management and internal controls.

Sejaya operates within the regulatory framework established by the Central Bank of Sri Lanka ("CBSL") pursuant to the Microfinance Act, No. 6 of 2016. Accordingly, effective governance is viewed not merely as a regulatory obligation, but as an integral component of the Company's long-term sustainability and responsible business conduct.

Our approach to governance recognises the importance of balancing business objectives with our responsibilities towards customers, shareholders, employees, regulators, business partners and the wider community.

OUR GOVERNANCE PHILOSOPHY

Sejaya's approach to corporate governance is guided by a commitment to:

Accountability – ensuring clear responsibilities and appropriate ownership of decisions and actions.

Integrity – promoting ethical conduct and responsible business practices across the organisation.

Transparency – supporting timely, accurate and meaningful reporting and communication.

Effective Oversight – maintaining appropriate Board and Committee oversight of strategy, performance, risk and controls.

Prudent Risk Management – pursuing business opportunities within an appropriate risk and control environment.

Regulatory Discipline – maintaining compliance with applicable laws, regulations, directions and internal policies.

Stakeholder Protection – recognising and protecting the interests of customers, shareholders and other stakeholders.

These principles guide the Company's governance arrangements and support the integration of responsible conduct into everyday decision-making.

GOVERNANCE FRAMEWORK

The Company's governance framework is designed to provide clear lines of authority, accountability and escalation across the organisation.

Governance Level	Role and Responsibility
Board of Directors	Provides strategic direction and overall stewardship of the Company.
Audit, Risk & Compliance Committee	Provides focused oversight of financial reporting, audit, risk, compliance and internal controls.
Chief Executive Officer & Senior Management	Implements Board-approved strategy and manages the Company's operations.
Business & Operational Functions	Manage day-to-day activities and risks within their areas of responsibility.
Risk Management & Legal and Compliance	Provide independent oversight, monitoring, guidance and challenge.
Internal Audit	Provides independent assurance on governance, risk management and internal controls.

This framework supports the effective flow of information throughout the organisation and ensures that significant matters are escalated to the appropriate level of Management, the relevant Board Committee or the Board.

BOARD LEADERSHIP AND OVERSIGHT

The Board of Directors is the principal governing body of Sejaya and is responsible for providing strategic direction, exercising effective oversight and promoting the long-term sustainability of the Company.

The Board establishes the overall governance framework within which the Company operates and oversees Management's implementation of the Company's strategy, business plans and objectives.

Key areas of Board oversight include:

- Strategic direction and business performance;
- Financial performance and sustainability;
- Risk management and internal controls;
- Regulatory compliance and corporate conduct;
- Significant operational and strategic developments;
- Customer and stakeholder interests; and
- Matters affecting the Company's reputation, resilience and regulatory standing.

The Board receives regular information from Management to support informed decision-making and effective oversight. Board meetings provide a structured forum for Directors to review business performance, assess the Company's risk profile, consider significant matters and provide strategic direction.

Directors are expected to exercise sound and objective judgement and to discharge their responsibilities with due care, diligence and integrity. The Company recognises the importance of maintaining an appropriate balance between executive management and independent oversight.

BOARD COMMITTEE OVERSIGHT

Audit, Risk & Compliance Committee

The Audit, Risk & Compliance Committee ("ARCC") plays a central role in supporting the Board's oversight responsibilities.

The Committee provides focused oversight of key areas including financial reporting, internal audit, risk management, regulatory compliance and the effectiveness of internal controls.

The ARCC considers, among other matters:

- Significant financial reporting matters;
- Internal and external audit observations;
- The Company's risk profile and key risk exposures;
- Regulatory compliance and significant regulatory developments;
- Material compliance issues and control weaknesses;
- Regulatory and audit observations; and
- The progress of agreed corrective actions.

The Committee provides an important forum for Management and independent control functions to report significant matters and enables appropriate challenge, discussion and follow-up.

Through its oversight activities, the ARCC supports the Board in obtaining assurance that the Company's key risks and compliance obligations are being appropriately identified, monitored and managed.

MANAGEMENT ACCOUNTABILITY

The Chief Executive Officer, supported by Senior Management, is responsible for translating the strategic direction established by the Board into effective operational execution.

Senior Management is responsible for implementing approved strategies, policies and business plans while ensuring that activities are conducted within approved authorities, procedures and risk parameters.

Management is also responsible for maintaining an effective control environment and ensuring the timely identification and escalation of material risks, compliance concerns and control weaknesses.

This distinction between Board oversight and Management execution supports clear accountability across the organisation.

RISK MANAGEMENT AND INTERNAL CONTROLS

Sejaya recognises that sustainable growth must be supported by effective risk management and robust internal controls.

The Company's operations expose it to a range of financial and non-financial risks, including:

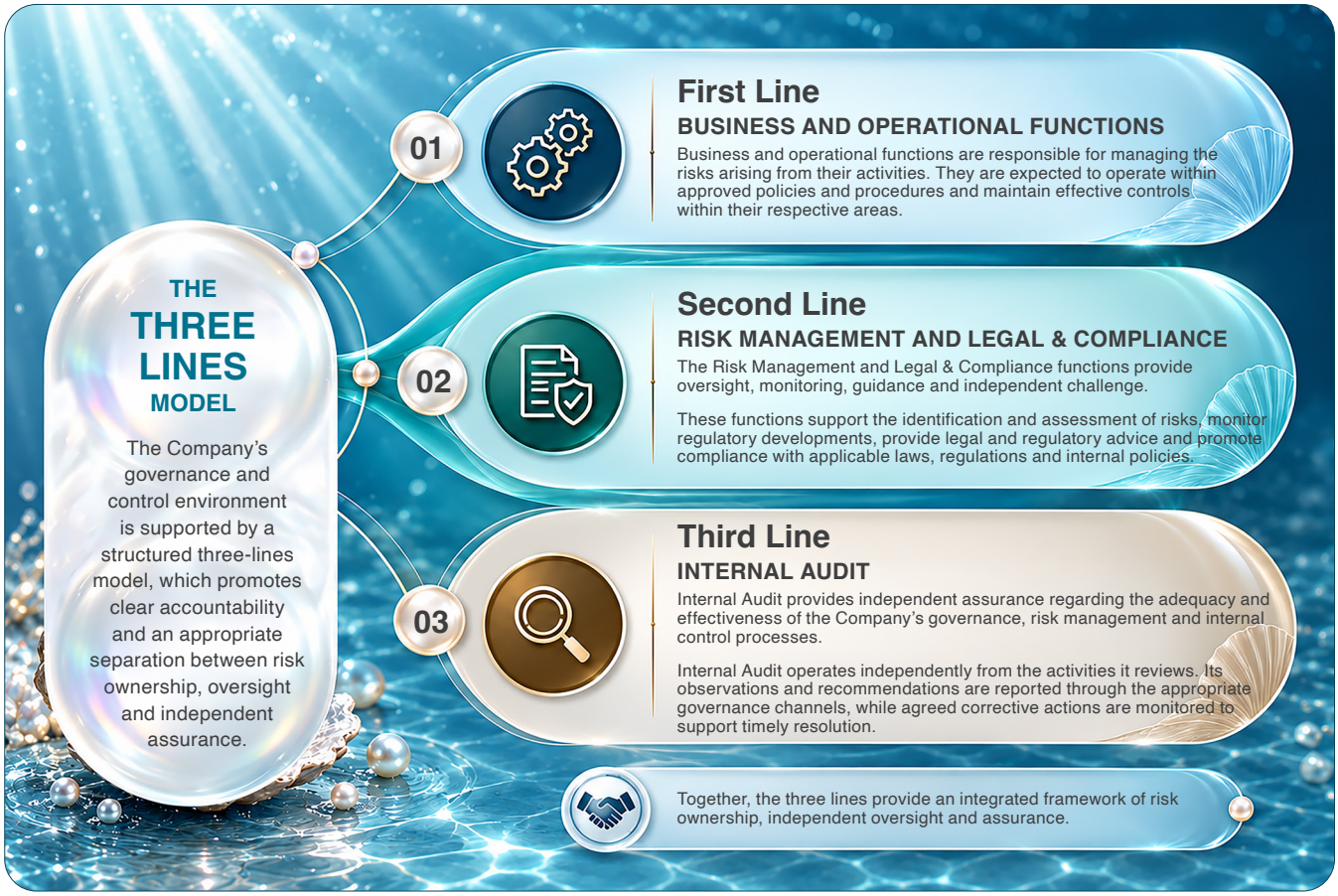
Credit Risk I Liquidity Risk I Operational Risk I Compliance Risk I Legal Risk I Information Security Risk I Reputational Risk I Strategic Risk

The Board, supported by the ARCC and Management, oversees the Company's approach to identifying, assessing, monitoring and mitigating material risks.

Risk considerations are integrated into business planning and decision-making processes to support prudent growth within the Company's approved risk appetite and applicable regulatory requirements.

The Company also recognises the importance of appropriate segregation of duties, clearly defined responsibilities and independent oversight. These elements contribute to a strong control environment and support the effective management of risks across the organisation.

Corporate Governance



REGULATORY RESPONSIBILITY

As a licensed microfinance company, Sejaya places significant emphasis on regulatory compliance.

The Company operates under the Microfinance Act, No. 6 of 2016 and is subject to the regulatory and supervisory framework established by CBSL.

Sejaya maintains processes to identify regulatory developments, assess their relevance and coordinate implementation across relevant departments.

Significant regulatory and compliance matters are escalated to Senior Management and, where appropriate, to the ARCC and the Board.

The Company's regulatory responsibilities extend across a number of areas relevant to its operations, including:

- Prudential and regulatory reporting;
- Credit risk management;
- AML/CFT requirements;
- Customer protection;
- Corporate governance;
- Fitness and propriety requirements;
- Data privacy and information security; and
- Other applicable legal and regulatory obligations.

During the year, continued emphasis was placed on strengthening the Company's regulatory compliance framework, enhancing monitoring mechanisms and supporting the timely resolution of regulatory and audit observations.

ETHICAL CONDUCT AND GOVERNANCE CULTURE

Effective governance extends beyond structures and policies. It depends on the conduct and culture that guide decisions throughout the organisation.

Sejaya is committed to conducting its business ethically, responsibly and in accordance with applicable laws, regulations and internal policies.

The Company seeks to promote a culture in which accountability and responsible conduct are embedded throughout the organisation. Employees are expected to understand and comply with their responsibilities, operate within approved authorities and uphold appropriate ethical standards.

Training, communication and monitoring activities are used to reinforce awareness and promote a strong culture of compliance.

The Board and Management recognise that governance culture requires continuous leadership and attention. Accordingly, the Company continues to promote responsible decision-making, timely escalation and constructive challenge throughout the organisation.

CONTINUOUS IMPROVEMENT

Corporate governance is an evolving discipline. The Company's governance arrangements must continue to develop in response to changes in the regulatory environment, business strategy, operating model and risk profile.

Sejaya therefore periodically reviews its governance framework, including Board and Committee responsibilities, reporting arrangements, policies, delegated authorities and control structures.

The Company remains committed to strengthening:

Board Oversight
Enhancing the quality of information, challenge and strategic oversight.

Management Accountability
Promoting clear ownership of responsibilities and timely escalation.

Risk Management
Embedding risk considerations into business planning and decision-making.

Internal Controls
Continuously improving processes and control mechanisms.

Regulatory Compliance
Maintaining strong regulatory discipline and responsiveness.

Governance Culture
Embedding integrity, accountability and responsible conduct across the organisation.

LOOKING AHEAD

Sejaya remains committed to maintaining a governance framework that is robust, responsive and appropriate to the Company's business and regulatory environment.

As the Company continues to develop, sound governance will remain central to our approach to growth. By combining effective Board oversight, accountable Management, prudent risk management and independent assurance, Sejaya seeks to create a strong foundation for sustainable performance.

Through this framework, we aim to protect the interests of our customers and stakeholders, maintain the confidence of our regulator and business partners, and support the responsible and sustainable growth of Sejaya Micro Credit Limited.

Compliance

EMBEDDING REGULATORY DISCIPLINE ACROSS SEJAYA

At Sejaya Micro Credit Limited ("Sejaya" or "the Company"), compliance is embedded into the way we conduct business, manage risk and serve our customers.

As a licensed microfinance company, Sejaya operates within a regulatory environment where adherence to applicable laws, regulations, directions and supervisory expectations is fundamental to maintaining trust and protecting the interests of customers and stakeholders.

Our compliance framework is designed to ensure that regulatory obligations are identified, understood, implemented, monitored and continuously strengthened.

Compliance is not regarded as the responsibility of a single function. It is a shared organisational responsibility, supported by clear accountability, specialist advice, monitoring and independent assurance.

OUR COMPLIANCE COMMITMENT



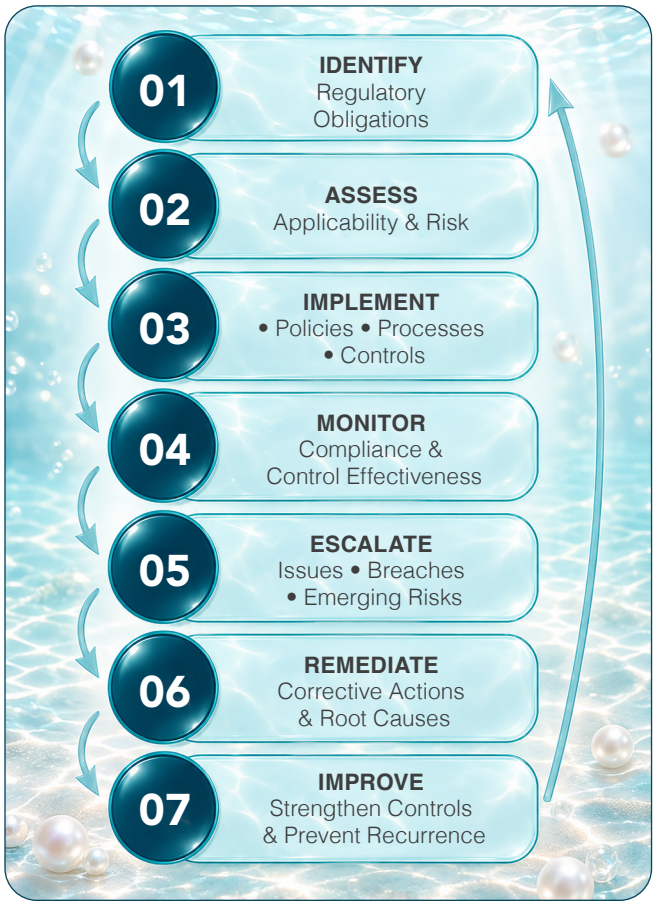
COMPLIANCE AT A GLANCE

Focus Area	Our Approach
Regulatory Compliance	Monitoring and implementing applicable laws, regulations and CBSL requirements
Compliance Risk	Identifying and assessing regulatory risks within the Company's risk framework
AML/CFT & Sanctions	Preventing the misuse of financial services for illicit activities
Regulatory Reporting	Supporting accurate, complete and timely regulatory submissions
Policy Governance	Maintaining policies aligned with regulatory requirements and business risks
Monitoring & Testing	Identifying gaps and monitoring adherence to key requirements
Issue Management	Tracking observations, corrective actions and remediation
Training & Awareness	Building employee understanding and accountability for compliance

OUR COMPLIANCE MODEL

Sejaya's compliance model is built around a continuous cycle rather than a one-time assessment.

THE COMPLIANCE LIFECYCLE



This approach enables the Company to move beyond reactive compliance and focus on the early identification of risks, sustainable remediation and continuous improvement.

REGULATORY LANDSCAPE

Sejaya's principal regulatory framework is established under the Microfinance Act, No. 6 of 2016, together with the regulatory framework administered by the Central Bank of Sri Lanka ("CBSL").

The Company also monitors other legal and regulatory requirements relevant to its operations, including those relating to anti-money laundering and countering the financing of terrorism ("AML/CFT"), customer protection, credit risk, data privacy, information security, employment, taxation and corporate matters.

Regulatory developments are monitored to assess their potential impact on the Company's products, processes, policies, systems and control environment.

OUR REGULATORY FOCUS

Regulatory Area	Compliance Focus
Microfinance Regulation	Licensing, governance and prudential requirements
CBSL Directions & Requirements	Regulatory implementation and supervisory compliance
Credit Risk	Sound credit governance and responsible lending practices
AML/CFT	Customer due diligence, monitoring and suspicious transaction controls
Sanctions	Screening and escalation of potential sanctions concerns
Customer Protection	Fair and responsible treatment of customers
Data Privacy	Protection and responsible handling of personal information
Information Security	Safeguarding information and supporting operational resilience
Regulatory Reporting	Accuracy, completeness and timeliness of submissions

RESPONSIBILITY FOR COMPLIANCE

Compliance at Sejaya follows a shared-responsibility model.

Business and operational functions are responsible for complying with requirements applicable to their activities and for maintaining appropriate controls within their areas.

The Legal and Compliance function provides specialist guidance, regulatory monitoring, coordination and oversight. Risk Management integrates compliance risk into the broader risk management framework, while Internal Audit provides independent assurance.

This model reinforces an important principle:

Compliance belongs to the business. Compliance provides guidance and challenge. Internal Audit provides independent assurance.

COMPLIANCE RESPONSIBILITIES

Function	Contribution to Compliance
Business & Operations	Own day-to-day compliance and controls
Legal & Compliance	Advise, monitor, coordinate and escalate
Risk Management	Assess and monitor compliance-related risks
Internal Audit	Independently assess governance and controls
Senior Management	Ensure implementation and timely remediation
Board / ARCC	Provide oversight of significant compliance matters

LEGAL & COMPLIANCE

The Legal and Compliance function serves as the Company's central point of coordination for legal and regulatory compliance.

Its responsibilities include monitoring regulatory developments, advising Management and business functions, supporting policy development, coordinating regulatory responses, monitoring compliance observations and promoting regulatory awareness.

The function also supports the Company's AML/CFT and sanctions compliance framework and facilitates the escalation of material compliance concerns through appropriate management and governance channels.

A key objective is to maintain a clear and consolidated view of regulatory obligations, implementation requirements, identified gaps and outstanding corrective actions.

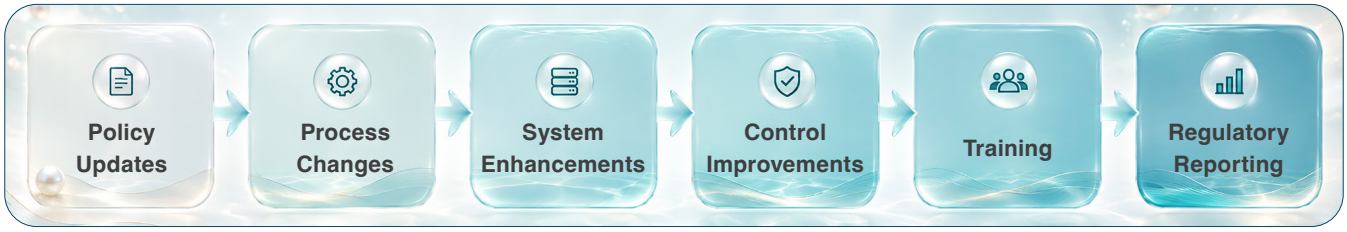
REGULATORY CHANGE MANAGEMENT

Regulatory requirements continue to evolve as the financial services environment develops.

Sejaya maintains a regulatory change management approach under which relevant developments are identified and assessed for their impact on the Company's activities.

Compliance

Where a new or amended requirement is applicable, the Company assesses the actions necessary for implementation. Depending on the nature of the requirement, these may include:



Relevant business and control functions are engaged to support implementation and ensure that regulatory requirements are translated into practical operational controls.

This approach helps Sejaya remain responsive to changes in the regulatory environment while maintaining alignment between regulatory expectations and business practices.

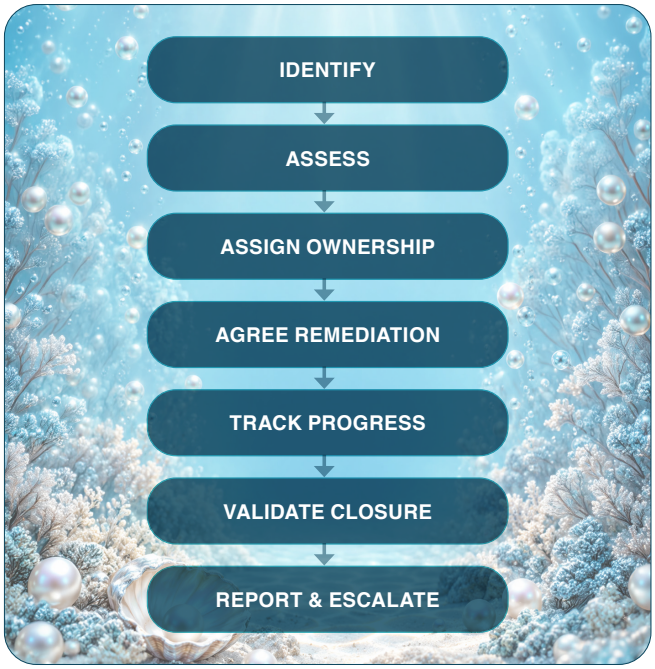
COMPLIANCE MONITORING & ISSUE MANAGEMENT

Compliance monitoring provides an important mechanism for identifying areas requiring attention before they develop into material regulatory or operational concerns.

Monitoring activities may include regulatory reviews, departmental confirmations, document and process reviews, policy assessments, regulatory submissions and follow-up of audit and supervisory observations.

Where a compliance gap or control weakness is identified, the matter is documented and assigned to an appropriate responsible function.

ISSUE MANAGEMENT FLOW



Significant or overdue matters are escalated through the appropriate Management and governance channels.

The Company's approach places emphasis on sustainable remediation. Corrective action is therefore considered not only in terms of resolving the immediate finding, but also in terms of understanding the underlying cause and strengthening the relevant process or control.

AML/CFT/CPF & SANCTIONS COMPLIANCE

Sejaya recognises the importance of protecting the integrity of its financial services and preventing their misuse for money laundering, terrorist financing or other illicit activities.

The Company's AML/CFT/CPF framework incorporates key controls including:

Control Area	Purpose
Customer Due Diligence	Understanding customers and assessing associated risks
Identification & Verification	Establishing and verifying customer identity
Ongoing Monitoring	Identifying unusual or potentially suspicious activity
Sanctions Screening	Identifying potential sanctions-related concerns
Suspicious Transaction Reporting	Escalating and reporting matters in accordance with applicable requirements
Record Keeping	Maintaining appropriate regulatory records
Employee Awareness	Building understanding of AML/CFT/CPF responsibilities

During the year, continued attention was given to strengthening the Company's AML/CFT/CPF framework through policy enhancement, employee training, monitoring and appropriate escalation mechanisms.

AML/CFT/CPF compliance remains an area requiring continuous vigilance, particularly as financial crime risks and regulatory expectations evolve.

POLICY & COMPLIANCE AWARENESS

Policies provide the foundation through which regulatory requirements are translated into clear responsibilities and operational controls.

Sejaya periodically reviews its policies to ensure that they remain appropriate in light of regulatory developments, changes in business activities, identified risks and audit or supervisory observations.

The Company also recognises that policies are effective only when employees understand and apply them.

Accordingly, training and awareness form an important part of the compliance framework. Compliance awareness initiatives are used to reinforce employees' understanding of regulatory obligations, internal policies, escalation requirements and their individual responsibilities.

FROM POLICY TO PRACTICE



This ensures that compliance requirements are translated into practical behaviours and controls across the organisation.

REGULATORY REPORTING

Accurate and timely regulatory reporting remains an important component of Sejaya's compliance responsibilities.

The Company maintains processes for the preparation, review and submission of regulatory returns and other information required by CBSL and relevant authorities.

Appropriate review and reconciliation controls are applied to support the accuracy and completeness of regulatory submissions.

Where discrepancies or data-quality issues are identified, the Company seeks to investigate the underlying cause and implement appropriate corrective measures.

The objective is to ensure that regulatory reporting remains a reliable representation of the Company's financial, operational and risk position.

CREDIT RISK COMPLIANCE

Responsible credit management is central to the Company's microfinance activities.

During the reporting period, Sejaya continued to strengthen its credit risk governance and align its practices with applicable regulatory expectations.

Particular attention was given to the implementation of requirements arising from CBSL Direction No. 1 of 2025 on Credit Risk Management, including the strengthening of governance and risk management arrangements applicable to credit activities.

The Company's compliance approach recognises that effective credit risk management requires appropriate governance, clearly defined responsibilities, sound processes, monitoring and timely escalation.

REGULATORY & ASSURANCE OBSERVATIONS

Sejaya maintains a structured approach to managing observations arising from regulatory reviews, internal audit and other assurance activities.

Each significant observation is considered in terms of:

What happened?
Why did it happen?
Who owns the remediation?
What action is required?
When will it be completed?
How will closure be validated?

Progress on significant matters is monitored through established Management and governance channels.

The Company remains committed to addressing observations in a timely and sustainable manner, with increasing emphasis on root-cause analysis, control strengthening and prevention of recurrence.

Compliance

BUILDING A COMPLIANCE CULTURE

A mature compliance environment is ultimately reflected in how decisions are made when no one is watching.

Sejaya therefore seeks to foster a culture where employees:



The Company believes that strong compliance is not achieved through controls alone. It requires ethical leadership, employee awareness, accountability and a willingness to continuously improve.

LOOKING AHEAD

As Sejaya continues to grow and the regulatory environment evolves, the Company remains focused on strengthening its compliance capabilities and embedding regulatory discipline throughout its operations.

Future efforts will continue to focus on:

- Strengthening regulatory monitoring and change management;
- Enhancing compliance monitoring and issue tracking;
- Continuing to develop AML/CFT and sanctions controls;
- Reinforcing credit risk compliance;
- Strengthening regulatory reporting controls;
- Enhancing employee compliance awareness and training; and
- Promoting sustainable remediation and continuous improvement.

OUR COMPLIANCE PROMISE

To understand our obligations.
To act with integrity.
To identify risks early.
To escalate concerns promptly.
To strengthen our controls continuously.
And to conduct our business in a manner that earns and preserves the trust of our customers, regulator and stakeholders.

For Sejaya, compliance is not simply about meeting requirements. It is about doing business responsibly, protecting trust and building a stronger institution for the future.

Risk Management

1. RISK MANAGEMENT OVERVIEW

Risk management is integral to Sejaya Micro Credit Limited's ("SMCL" or "the Company") strategy and day-to-day operations. As a Licensed Microfinance Company regulated by the Central Bank of Sri Lanka (CBSL), SMCL operates a risk-based framework that identifies, assesses, monitors, mitigates and reports credit, liquidity, operational, technology, regulatory, social and emerging risks, including climate and environmental risks, across a loan portfolio of over LKR 4.6 Bn serving more than 101,000 borrowers and geographically across all 24 districts.

The Board of Directors holds ultimate responsibility for the Company's risk appetite and risk management framework, delegated through the Board Risk Committee (BRC), the Risk, Assets & Liabilities Committee (RALCO), which is currently implemented by the Chief Financial Officer (CFO) and transitioning towards an independent Risk Management function headed by the Head of Risk & Quality Assurance (HORQ). During 2025, risk priorities centred on portfolio quality, delinquency management, liquidity resilience, technology controls, regulatory compliance and customer protection.

2. RISK GOVERNANCE STRUCTURE

SMCL's risk governance hierarchy establishes clear accountability from the Board to Branch level. Oversight cascades from the Board through the Board Risk Committee (BRC/ARCC) and RALCO, which process is currently managed by the CFO and transitioning towards a dedicated and independent Risk management function, including oversight in underwriting and field-level assurance provided by the Centralised Credit Risk/Underwriting Team (CRT/UW) and Field-level Risk & Quality Assurance Officers (RQOs), respectively.



Risk Management approach- Three Lines of Defence model

The framework operates on a Three Lines of Defence model: business and branch operations own and manage risk day-to-day; the independent Risk Management and Compliance function sets policy, limits and provides oversight and challenge; and Internal Audit, reporting to the ARCC, provides independent assurance over the design and effectiveness of controls.

Risk Management



3. RISK MANAGEMENT FRAMEWORK AND STRATEGY

SMCL's risk management framework follows a five-stage cycle, Risk Identification → Risk Assessment → Risk Mitigation → Risk Monitoring → Risk Reporting — underpinned by the Board-approved Risk Management Policy, Quarterly Risk Reporting and Risk Appetite Statement (RAS 2025), monitoring and supporting operational, liquidity, compliance, IT and business-continuity frameworks. Risk appetite is monitored monthly against RAS thresholds, with breaches escalated through the RALCO to the BRC and Board.

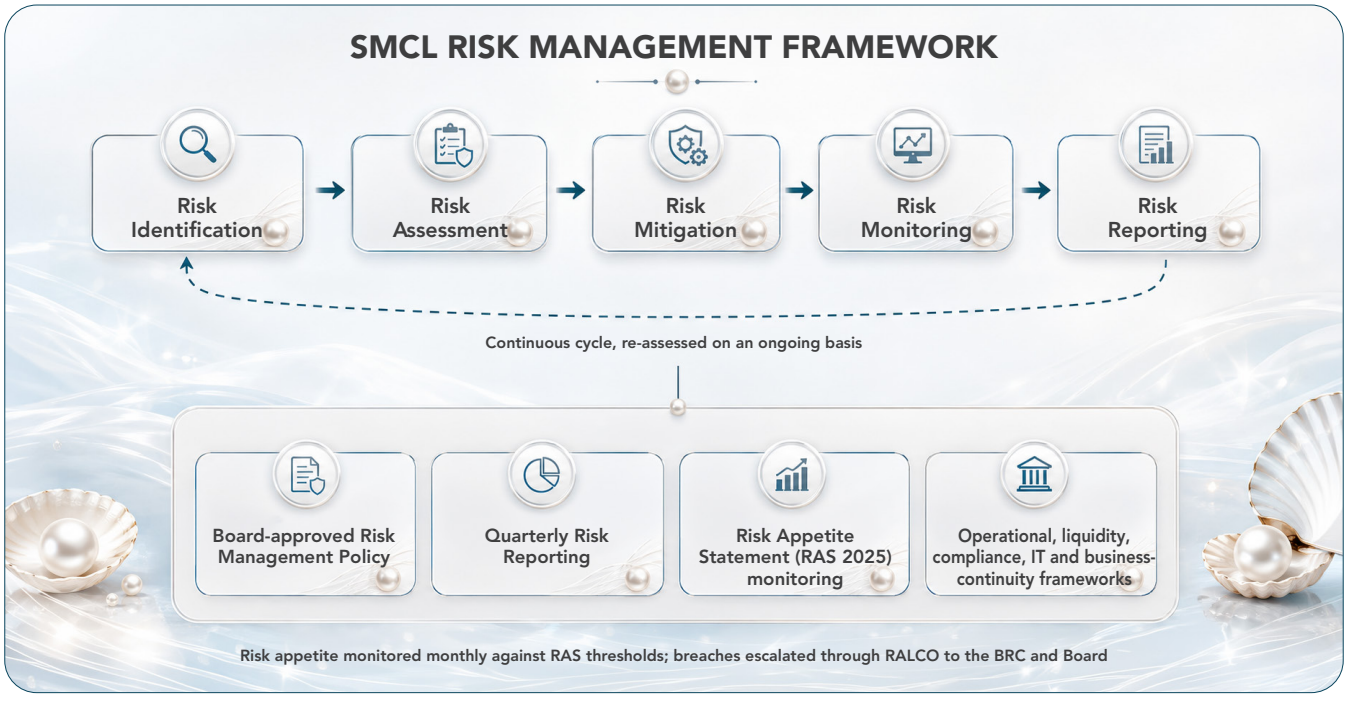


Figure: SMCL's five-stage risk management cycle, underpinned by the Board-approved Risk Management Policy, Quarterly Risk Reporting and the Risk Appetite Statement (RAS 2025)

4. PRINCIPAL RISKS OF SMCL

The Company has identified the following principal risks as Key Risk Indicators (KRIs) embedded into our Risk Appetite Statement (RAS), with thresholds, monitoring and Risk Reporting to drive the risk management strategy and framework aforementioned.

Risk (KRIs)	Principal Risk Exposure	Key Management Response/Mitigation and Control
Financial Risk		
Credit Risk	Loan default, delinquency, portfolio deterioration	Credit appraisal, underwriting controls, PAR monitoring, collection and recovery, ECL
Concentration Risk	Excessive exposure to product, geography, branch, segment or borrower group	Concentration limits and portfolio monitoring
Liquidity/Funding Risk	Inability to meet obligations or fund portfolio growth	Liquidity buffers, maturity monitoring, funding diversification and stress testing
Interest Rate Risk	Changes in funding costs and lending yields	ALCO monitoring, repricing and asset/liability gap management
Operational & Technology Risk		
Operational Risk	Process, people, systems and external-event failures	Internal controls, RCSA, branch monitoring, audit and incident reporting
Fraud Risk	Employee, customer or third-party fraud	Segregation of duties, maker-checker, surprise checks, investigations and whistleblowing
IT/Cyber Risk	System failure, cyberattack, data loss or unauthorised access	Access controls, audit trails, backups, DR and cyber controls
Business Continuity Risk	Disruption to critical operations	BCP, disaster recovery and crisis-management
Compliance & Conduct Risk		
Regulatory/Compliance Risk	Non-compliance with laws, directions and regulatory requirements	Compliance monitoring, regulatory tracker and Board reporting
AML/CFT/CPF Risk	ML, TF and PF exposure	CDD, sanctions screening, transaction monitoring and risk-based controls.
Conduct/Customer Risk	Unfair treatment, over-indebtedness or inappropriate lending	Responsible lending, customer protection and complaints management
Strategic & Reputational Risk		
Strategic Risk	Failure to achieve strategic objectives	Board oversight, strategy monitoring and risk-adjusted growth
Reputational Risk	Loss of stakeholder/customer confidence	Conduct standards, complaints handling and issue escalation
Environmental Risk		
Climate/Environmental Risk	Natural disasters affecting borrowers and portfolio quality	Geographic monitoring, contingency planning and portfolio stress testing

5. RISK MANAGEMENT OUTLOOK 2026

SMCL's risk outlook for 2026 is shaped by the global geopolitical tensions affecting the domestic macroeconomic environment, borrower income resilience, the evolving regulatory landscape and continued digital transformation. Risk monitoring under the RAS shows early-stage delinquency (PAR>1 and PAR>30) trending upward, reinforcing the need for disciplined underwriting, recovery action and portfolio diversification, alongside continued strength in capital adequacy, margins and cyber-incident prevention.

Emerging Risk Theme	2026 Focus	Lead Response
Credit & Portfolio Quality	PAR>30 and PAR>1 trending upward across early 2026; sustained focus on collections, recovery and underwriting discipline.	HORQ / CRT / CRC
Regulatory Change (MCRA Act No. 9 of 2026) and Compliance	Achieving full operational alignment with the new Microfinance and Credit Regulatory Authority Act, including governance and reporting. Compliance monitoring under supervision of CBSL and FIU regulatory regimes ongoing.	HOLC / ARCC / Board
Competitor pricing, rising operating costs and Interest Rate Ceiling Risk	Competitor pricing, rising Operating costs and potential regulatory interest-rate ceilings could compress lending yields, margins and profitability	RALCO / Finance

Risk Management

Emerging Risk Theme	2026 Focus	Lead Response
Technology & Data Resilience	Strengthening backup and system-recovery controls alongside continued zero-tolerance for cyber breaches.	CTO / IT
Workforce Retention	Field and total staff turnover above internal thresholds; reinforced retention and engagement strategies.	HR
Funding Concentration	Single-lender concentration trending toward the 40% appetite ceiling; continued lender diversification.	CFO / RALCO
Climate & Agricultural Exposure	Portfolio concentration in agriculture (~40% of GLP) remains exposed to Natural disasters, including weather-related income shocks.	CRC / Branch Network

6. RISK MANAGEMENT FUNCTION

Enterprise Risk Management (ERM), Credit Risk and Field Risk Teams

The Risk Management function currently under the CFO is transitioning towards a dedicated Risk Management function led by the Head of Risk & Quality Assurance (HORQ), who maintains independence from business origination and reports functionally to the BRC while retaining administrative reporting to the CEO. This structure ensures unbiased, enterprise-wide risk challenge across credit, operational, liquidity, technology and compliance risk.

- Centralised Credit Risk Team (CRT/UW): an independent second-line underwriting function performing final loan approval, pre- and post-disbursement client verification, CRIB assessment and collateral oversight, operating separately from business origination.
- Field Risk & Quality Assurance (RQO) Unit: provides branch-level portfolio quality reviews, fraud prevention, monitoring visits and early-warning escalation, complementing Regional and Branch Management oversight as the first line of defence.
- Enterprise Risk Management (ERM): coordinated through RALCO and the newly set-up Credit Risk Committee (CRC), integrating credit, liquidity, operational, technology, compliance and AML/CFT/CPF risk into a single risk appetite and reporting framework for the Board.

7. KEY PRIORITIES — REGULATORY AND EMERGING RISKS

- Regulatory transition: achieving full operational alignment with the Microfinance and Credit Regulatory Authority (MCRA) Act No. 9 of 2026 and CBSL Microfinance Act Directions No. 01 of 2025, including enhanced governance, reporting and customer-protection requirements.
- Portfolio quality: reducing the gross NPL ratio toward the licensed microfinance sector average through strengthened early-warning indicators, delinquency escalation and recovery discipline.
- Interest rate & Exchange rate and funding risk: managing the potential impact of single-lender concentration risk, CBSL interest-rate ceilings on margins, alongside continued diversification of foreign lender concentration, mitigating strategies for adverse Interest and exchange rate movements.
- Technology and Cyber resilience: strengthening system backup, access controls and incident response capability to support Pasio digital lending growth.
- Environmental & Climate risk: progressively integrating environmental, climate and weather-related shocks into portfolio stress testing given the rural level and agriculture-sector concentration.
- Human Resource & People risk: reinforcing staff retention and field-force engagement to protect portfolio quality and operational continuity.

8. RISK MANAGEMENT STATEMENT

The Board of Directors and Management of Sejaya Micro Credit Limited remain committed to a sound risk management framework that supports sustainable growth, financial resilience, responsible microfinance and long-term stakeholder value. The objective is not to eliminate risk, but to ensure that risks are identified early, understood, appropriately controlled and managed within the Company's Board-approved risk appetite.

The Board confirms that, based on the reviews conducted by Management, the Risk Management Committee structure and Internal Audit during the year, the Company's risk management framework operated effectively during 2025 and remains adequate for the scale, complexity and nature of its microfinance operations.

On behalf of the Board,



Ms. Roshini Fernando
Chairperson
Board Audit, Risk and Compliance Committee
Sejaya Micro Credit Limited

Attendance Details of the Board of Directors

SEJAYA MICRO CREDIT LIMITED

Board of Directors as of 31st December 2025

S/No	Name of Director	Designation
1	Mr. Takao Takahashi	Chairperson/ Non-Independent Non-Executive Director
2	Mr. Guerol Michael Sari	Non-Independent Non-Executive Director
3	Mr. Sohil Manoj Shah	Non-Independent Non-Executive Director
4	Ms. Roshini Cheryl Fernando	Independent Non-Executive Director
5	Mr. Satish Selvanathan	Independent Non-Executive Director

Board Meetings Held in FY2025 & Board Members' Attendance

S/No	Name of Director	Designation	27th Jan 2025	28th Apr 2025	28th Jul 2025	27th Oct 2025
1	Mr. Takao Takahashi	Chairperson/ Non-Independent Non-Executive Director	✗	✓	✓	✓
2	Mr. Guerol Michael Sari	Non-Independent Non-Executive Director	✓	✓	✓	✓
3	Mr. Sohil Manoj Shah	Non-Independent Non-Executive Director	✓	✓	✓	✓
4	Ms. Roshini Cheryl Fernando	Independent Non-Executive Director	✓	✓	✓	✗
5	Mr. Satish Selvanathan	Independent Non-Executive Director	✓	✓	✓	✓

Attendance Details of the Board Sub-Committees

SEJAYA MICRO CREDIT LIMITED

Audit & Risk Committee (ARC) Members as at 31 December 2025

S/No	Name of Director	Designation
1	Ms. Roshini Cheryl Fernando	Chairperson/ Independent Non-Executive Director
2	Mr. Guerol Michael Sari	Member of Committee/ Non-Independent Non-Executive Director
3	Mr. Sohil Manoj Shah	Member of Committee/ Non-Independent Non-Executive Director

Audit & Risk Committee Meetings Held in FY2025 & Sub-Committee Members' Attendance

S/No	Name of Director	Designation	15th Jan 2025	17th Apr 2025	14th Jul 2025	17th Oct 2025
1	Ms. Roshini Cheryl Fernando	Chairperson/ Independent Non-Executive Director	✓	✓	✓	✓
2	Mr. Guerol Michael Sari	Member of Committee/ Non-Independent Non-Executive Director	✓	✓	✓	✓
3	Mr. Sohil Manoj Shah	Member of Committee/ Non-Independent Non-Executive Director	✓	✓	✓	✓

Social Performance Management Committee (SPMC) Members as of 31st December 2025

S/No	Name of Director	Designation
1	Mr. Takao Takahashi	Chairperson/ Non-Independent Non-Executive Director
2	Mr. Guerol Michael Sari	Member of Committee/ Non-Independent Non-Executive Director
3	Ms. Roshini Cheryl Fernando	Member of Committee/ Independent Non-Executive Director

Social Performance Management Committee Meetings held in FY2025 & Sub-Committee Members' Attendance

S/No	Name of Director	Designation	27th Jan 2025	28th Jul 2025
1	Mr. Takao Takahashi	Chairperson/ Non-Independent Non-Executive Director	✗	✓
2	Mr. Guerol Michael Sari	Member of Committee/ Non-Independent Non-Executive Director	✓	✓
3	Ms. Roshini Cheryl Fernando	Member of Committee/ Independent Non-Executive Director	✓	✓

Report of the Board Audit, Risk and Compliance Committee

PURPOSE OF THE AUDIT COMMITTEE

The Audit Committee ("the Committee") is appointed by the Board of Directors of Sejaya Micro Credit Limited ("the Company") to assist the Board in fulfilling its oversight responsibilities relating to corporate reporting, financial reporting, risk management and internal control, external audit, internal audit, compliance, and ethical matters. The primary purpose of the Committee is to oversee the integrity of the Company's financial statements, the effectiveness of the risk management and internal control systems, the performance and independence of internal and external audit functions, and the framework for regulatory compliance and complaints handling.

REGULATORY AND GOVERNANCE FRAMEWORK

The Committee operates under a structured regulatory and governance framework designed to ensure independence, transparency, and accountability across all business operations. In terms of governance composition, the Committee comprises at least three Non-Executive Board members, of which at least one should be an independent director, with at least one member possessing specialised expertise in finance, accounting, or auditing, while the Chairperson is an Independent Non-Executive Director. The Committee meets at least four times a year, with additional meetings convened as necessary, and reports regularly to the Board of Directors.

AUDIT COMMITTEE RESPONSIBILITIES

The principal responsibilities of the Audit Committee encompass comprehensive oversight across core financial, operational, and assurance processes. The Committee evaluates key financial reporting matters, including critical accounting estimates, significant accounting policies, and financial statement disclosures, while maintaining direct communication with the external auditor. Additionally, the Committee is responsible for evaluating the adequacy and operating effectiveness of the Company's internal control and risk management frameworks. It approves the annual risk-based Internal Audit Plan, assesses the performance, independence, resources, and access of the Head of Internal Audit and the Internal Audit function, and monitors management's remediation progress on identified control deficiencies. The Committee's Charter also explicitly assigns responsibility for reviewing the Company's framework for identifying, analysing, and addressing customer complaints, fraud risks, anti-corruption policies and regulatory non-compliance.

FOCUS — INTERNAL ASSURANCE

During the financial year 2025, the Committee focused its assurance activities on providing risk-based coverage across the Company's significant operational, financial, credit, technology, and reputational risks. The internal assurance program achieved full coverage across all branches of the Company, evaluating compliance with the Credit Manual, borrower eligibility criteria, feasibility assessments, loan approval authority, contract execution, disbursement procedures, and collection mechanisms. Furthermore, cross-functional thematic audits were executed across key Head Office departments including Finance and IT.

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Committee continuously monitored the adequacy and effectiveness of the Company's internal control and risk management framework through independent reports received from management, Internal Audit, and external audit. Evaluation procedures focused on preventive, detective, and corrective controls, including segregation of duties, delegation of authority limits, core system access permissions, financial reconciliations, exception monitoring, and management review processes. The Committee evaluated the resilience of internal controls against evolving economic conditions and changes in the Company's risk profile. A central focus of this oversight was ensuring that identified control exceptions were assigned clear management action plans, responsible officers, and target completion dates. The Committee rigorously monitored overdue matters and recurring findings to ensure that remediation actions effectively resolved the root causes of control weaknesses within stipulated timeframes.

COMPLIANCE MONITORING MECHANISM

The Committee reviewed the effectiveness of internal mechanisms established to monitor compliance with statutory, legal, and regulatory obligations governing microfinance operations. Specific attention was directed toward Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) frameworks, evaluating customer due diligence (CDD), transaction monitoring, sanctions screening, and suspicious transaction reporting (STR) protocols. The Committee verified adherence to directions, circulars, and guidelines issued under the Microfinance Act No. 6 of 2016 and by the Central Bank of Sri Lanka. Where instances of regulatory non-compliance were identified, the Committee monitored management's root-cause investigations, reporting procedures, and implementation of corrective or disciplinary actions to maintain full regulatory alignment across all business units.

Report of the Board Audit, Risk and Compliance Committee

GOOD GOVERNANCE, WHISTLEBLOWING, AND ESCALATION MECHANISMS

The Committee recognises good governance, ethical conduct, and transparent communication as essential pillars of an effective control environment. The Company maintains a formal Whistleblower Policy and established reporting channels that enable employees and external stakeholders to report suspected wrongdoing, financial irregularities, corruption, or unethical behaviour in confidence.

All reported allegations and suspected fraud incidents are assigned directly to the Internal Audit Department to conduct independent, objective investigations. The Internal Audit team evaluates the evidence, determines the extent of any financial or operational impact, identifies control breakdowns, and reports its investigation findings directly to the Audit Committee.

In line with leading industry governance practices, the Company enforces clear escalation protocols and defined resolution timelines:

- **Escalation Channels:** Any identified fraud, operational irregularity, or material customer complaint must be immediately recorded and escalated through established reporting hierarchies to the Head of Internal Audit and the Audit Committee.
- **Remediation & Action:** Where investigations substantiate fraud, misconduct, or control failures, formal remediation measures are enforced immediately, including financial recovery, formal disciplinary proceedings, legal prosecution, regulatory notification, and systemic control enhancements.

The Committee systematically reviews summary logs of all material complaints, whistleblowing submissions, and fraud investigations to ensure timely resolution and integration of corrective measures into routine operational workflows.

TRAINING AND DEVELOPMENT

The Committee emphasised the continuous technical and professional development of the Internal Audit team and operational staff to maintain strong risk detection capabilities. During the year, internal audit personnel participated in continuous professional education programs focusing on advanced fraud risk indicators, red-flag detection, AML/CFT compliance monitoring, IT security and cybersecurity assessments, credit risk evaluation, and modern audit methodologies. The Department expanded its use of data analytics, computer-assisted audit techniques (CAATs), and continuous monitoring procedures to enhance audit coverage and focus audit resources on higher-risk operational areas.

EFFECTIVENESS EVALUATION

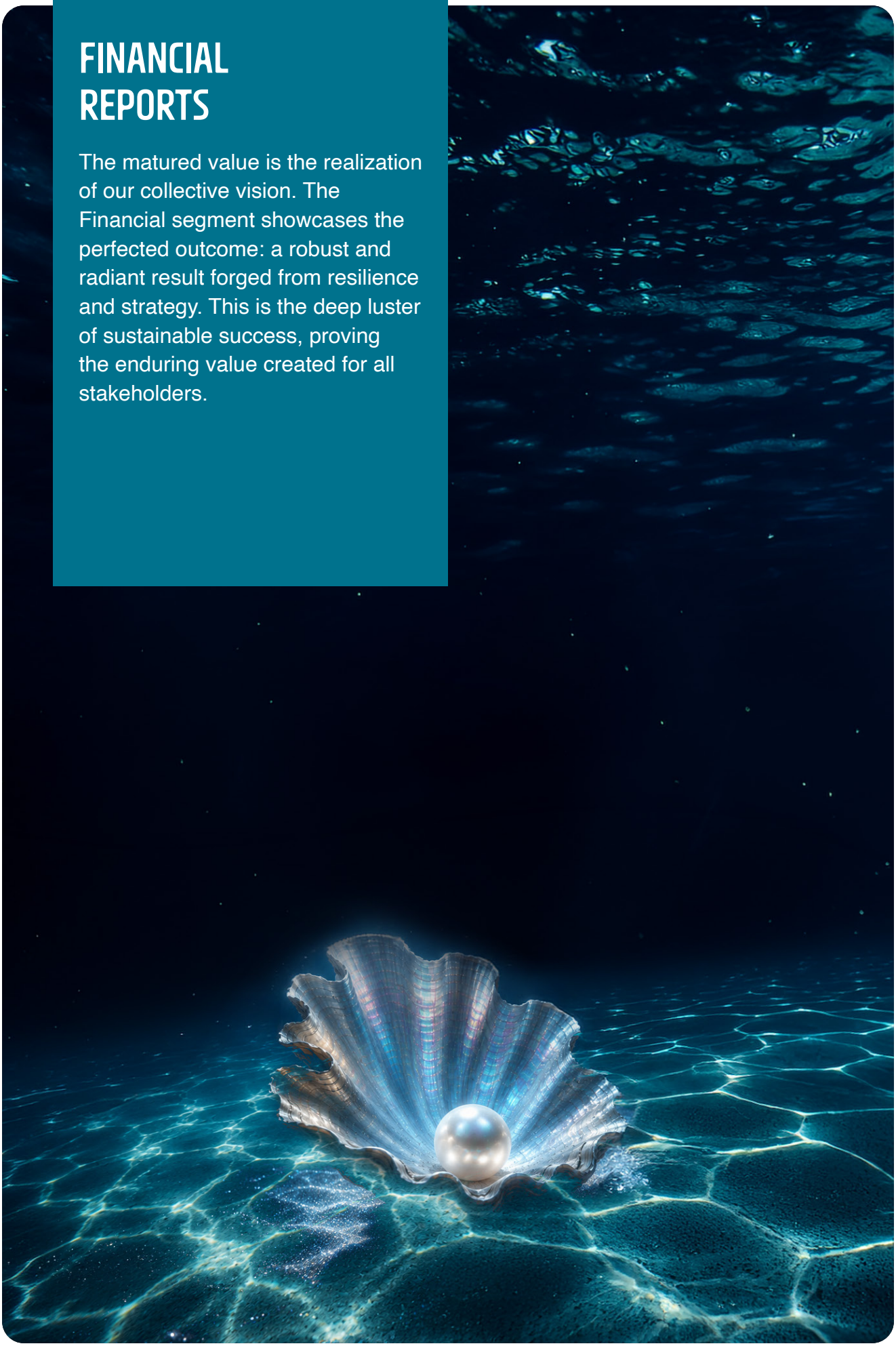
The Committee systematically evaluated the overall effectiveness of the internal control environment and the performance of the Internal Audit function during the year under review. This evaluation assessed the execution rate of the approved 2025 risk-based Internal Audit Plan, the depth of audit coverage across branch and Head Office operations, report quality, and the timeliness and completeness of management remediation actions. Based on the comprehensive oversight activities undertaken and the assurance reports received from management, Internal Audit, and external audit, the Committee concluded that the Company maintains an operational internal control and risk management framework capable of managing its key financial, operational, credit, regulatory, and governance risks, while remaining committed to continuous improvement.



Ms. Roshini Fernando
Chairperson
Board Audit, Risk and Compliance Committee
Sejaya Micro Credit Limited

FINANCIAL REPORTS

The matured value is the realization of our collective vision. The Financial segment showcases the perfected outcome: a robust and radiant result forged from resilience and strategy. This is the deep luster of sustainable success, proving the enduring value created for all stakeholders.



Independent Auditors' 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

PNS/VSS/J J

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SEJAYA MICRO CREDIT LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sejaya Micro Credit L imited ("the Company"), which comprise the statement of financial position as at 31 December 2025, and the 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 December 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 L anka (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.

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

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, 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 Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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high level of assurance, but is not a guarantee that an audit conducted in accordance with SL AuSs 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

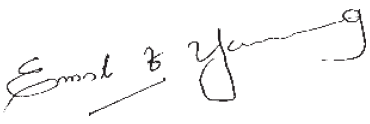
As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

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.



30 March 2026
Colombo

Statement of Comprehensive Income

Year ended 31 December 2025		2025	2024
	Note	LKR	LKR
Interest income	5.	**1,926,997,106**	1,246,229,419
Interest expense	6.	**(554,273,347)**	(445,643,265)
Net interest income		**1,372,723,759**	800,586,154
Other income	7.	**70,693,456**	291,899,631
Total operating income		**1,443,417,216**	1,092,485,785
Impairment for loans	8.	**(58,262,145)**	(3,307,866)
Net operating income		**1,385,155,071**	1,089,177,919
Staff costs		**(494,805,313)**	(367,030,311)
Administrative expenses		**(473,449,901)**	(376,642,868)
Profit from operation before finance cost		**416,899,858**	345,504,741
Finance charges	9.	**(28,121,739)**	(6,357,485)
Operating profit before VAT on financial services	10.	**388,778,119**	339,147,256
Taxes on financial services	11.	**(157,161,200)**	(132,103,745)
Operating profit after VAT on financial services		**231,616,919**	207,043,511
Income tax expenses	12.	**(181,122,381)**	(121,781,820)
Profit for the year		**50,494,537**	85,261,691
Other comprehensive income			
Other comprehensive income that will not be reclassified to the income statement			
Net actuarial Gain/(Losses) on defined benefit plans		**203,128**	(2,736,779)
Total comprehensive income for the year		**50,697,665**	82,524,912
Earnings Per Share - Basic		**3.88**	6.56

The accounting policies and notes on pages 72 to 102 form an integral part of the financial statements.

Statement of Financial Position

As at 31 December 2025		2025	2024
	Note	LKR	LKR
Assets			
Cash and cash equivalents	13.	**141,230,220**	78,443,726
SSR Reserve (Liquidity Reserve)	13.1	**-**	2,217,787
Financial Assets at Amortized cost - Investment in Fixed deposits	14.	**3,235,231,675**	2,393,247,251
Financial Assets at Amortized cost - Loans receivable	15.	**4,301,846,130**	3,625,517,916
Deposits advances and prepayments		**66,083,400**	59,910,900
Amounts due from related parties	16.	**1,553,829**	9,515,694
Deferred tax asset	25.	**34,347,708**	32,262,869
Intangible assets	17.	**10,741,086**	2,048,978
Property and equipment	18.	**59,068,706**	53,463,918
Right of use assets	19.1	**83,443,476**	49,481,777
Total assets		**7,933,546,227**	6,306,110,816
Equity and liabilities			
Liabilities			
Due to Banks	20.	**4,876,337,975**	2,470,878,896
Due to Customers	21.	**309,566,528**	14,785,244
Right of use obligation	19.2	**85,830,406**	48,542,214
Other payables	22.	**46,139,587**	54,795,917
Amount due to related parties	23.	**1,296,827,414**	2,454,723,888
Other liabilities	24.	**-**	25,270,295
Retirement benefit obligations	26.	**29,990,493**	17,906,927
Current tax liabilities	27.	**159,416,489**	131,941,595
Total liabilities		**6,804,108,892**	5,218,844,976
Equity			
Stated capital	28.	**920,214,296**	920,214,296
Retained earnings		**209,223,039**	167,051,544
Total equity		**1,129,437,335**	1,087,265,840
Total equity and liabilities		**7,933,546,227**	6,306,110,816

We certify that these Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.

Chief Executive Officer

Chief Financial Officer

The Board of Directors is responsible for these Financial Statements. Approved and Signed for and on behalf of the Board by,

Takao Takahashi

Director

Director

The accounting policies and notes on pages 72 to 102 form an integral part of the financial statements.

30 March 2026
Colombo

Statement of Changes in Equity

Year ended 31 December 2025	Stated capital	Retained earnings	Total
	LKR	LKR	LKR
Balance as at 31 December 2023	920,214,296	84,526,631	1,006,060,753
Profit for the year	-	85,261,691	85,261,691
Other comprehensive income for the year, net of income tax	-	(2,736,779)	(2,736,779)
Total comprehensive income for the year	-	82,524,912	85,261,691
Balance as at 31 December 2024	920,214,296	167,051,544	1,087,265,840
Profit for the year	**-**	**50,494,537**	**50,494,537**
Dividend distribution	**-**	**(8,526,170)**	**(8,526,170)**
Other comprehensive income for the year, net of income tax	**-**	**203,128**	**203,128**
Total comprehensive income for the year	**-**	**42,171,495**	**42,171,495**
Balance as at 31 December 2025	**920,214,296**	**209,223,039**	**1,129,437,335**

The accounting policies and notes on pages 72 to 102 form an integral part of the financial statements.

Statement of Cash Flows

Year ended 31 December 2025	Note	2025 LKR	2024 LKR
Cash flows from operating activities			
Profit before tax		**231,616,919**	207,043,511
Adjustment for:			
Depreciation on Property, plant and equipment	18.	**25,886,634**	25,018,252
Amortization on Right of Use Assets	19.1	**32,296,721**	22,536,655
Amortization on Intangible assets	17.	**1,891,831**	329,335
Lease interest income	9.	**(2,425,614)**	(413,626)
Loan interest expense	20.	**281,776,076**	257,434,164
Impairment on Financial Assets at Amortized cost - Loans receivable	15.	**(45,373,983)**	(1,778,910)
Impairment on Financial Assets at Amortized cost - Investment in Fixed deposits	14.	**60,783**	24,044
Provision for gratuity	26.	**14,116,519**	5,350,164
(Gain)/Loss from disposal of fixed assets	18.	**28,886**	10,428
Exchange gain/loss		**50,983,344**	-
Operating profit before working capital changes		**590,858,116**	515,554,017
Movement in working capital:			
(Increase)/Decrease in Financial Assets at Amortized cost - Loans receivable	15.	**(630,954,232)**	(1,136,681,976)
(Increase)/Decrease in Deposits, advances and prepayments		**(6,172,500)**	(30,401,091)
(Increase)/Decrease in Amount due from related parties	16.	**7,961,866**	(8,409,230)
Increase/(Decrease) in Other payables	22.	**(8,656,330)**	26,968,759
Increase/(Decrease) in Due to customers	21.	**294,781,284**	14,785,244
Increase/(Decrease) in Other liabilities	24.	**(25,270,295)**	7,819,230
Increase/(Decrease) in Amount due to related parties	23.	**(1,157,896,474)**	498,152,677
Cash flows used in operations		**(935,348,564)**	(112,212,371)
Tax paid	27.	**(155,732,326)**	(24,691,033)
Finance Cost Paid		**(23,527,297)**	(4,664,985)
Gratuity Paid	26.	**(1,829,825)**	(465,515)
Dividend paid		**(8,526,170)**	-
Net cash flows used in operating activities		**(1,124,964,182)**	(142,033,904)
Cash flows from investing activities			
Purchase of property and equipment	18.	**(31,625,379)**	(29,377,472)
Purchase of intangible assets	17.	**(10,583,939)**	(2,194,421)
(Investment in)/ Proceeds from withdrawal of Fixed deposits	14.	**(838,268,285)**	(526,688,000)
Interest income received from fixed deposits	14.	**3,776,921**	1,854,325
Fund transferred to SSR Reserve (Liquidity Reserve)	13.1	**2,217,787**	(2,217,787)
Sales proceed from disposal of Assets	18.	**179,330**	47,837
Net cash flows from/(used in) investing activities		**(874,303,565)**	(558,575,518)
Cash flows from financing activities			
Term loans obtained	20.	**6,968,742,846**	4,225,315,000
Repayment of loan capital	20.	**(4,616,707,188)**	(3,258,497,745)
Repayment of principal portion of lease liabilities	19.2	**(10,645,417)**	(17,514,165)
Term loan interest paid	20.	**(279,335,999)**	(258,583,150)
Net cash flows from financing activities		**2,062,054,242**	690,719,939
Net (decrease)/increase in cash and cash equivalents		**62,786,494**	(9,889,483)
Cash and cash equivalents at the beginning of the year		**78,443,726**	88,333,209
Cash and cash equivalents at the end of the year		**141,230,220**	78,443,726
Analysis of cash and cash equivalents			
Cash in hand and bank		**141,230,220**	78,443,726
Total cash and cash equivalents		**141,230,220**	78,443,726

The accounting policies and notes on pages 72 to 102 form an integral part of the financial statements.

Significant Accounting Policies

1. CORPORATE INFORMATION

1.1. General

Sejaya Micro Credit Limited ("Company") is a limited liability Company incorporated and domiciled in Sri Lanka on 26th February 2015. The registered office of the Company is located at No.374, High Level Road, Gangodawila, Nugegoda which is also the principal place of business. The Company commenced its commercial operation on 18th June 2015.

The Company obtained the Micro Finance License from Central Bank of Sri Lanka on 30th March 2020 under the Microfinance Act, No.06 of 2016 to carry on the Micro Finance business as a Licensed Microfinance Company (LMF) in Sri Lanka.

1.2. Principal Activities and Nature of Operations

The Company provides micro credit facility and credit plus professional services to low income and socioeconomically marginalized households of Sri Lanka to uplift their economic status and empower them socially.

1.3. Parent Entity

The Company's parent entity is GOJO & Co. Inc., which is incorporated in Japan.

1.4. Date of Authorization for Issue

The financial statements of Sejaya Micro Credit Ltd for the year ended 31 December 2025 were authorised for issue, in accordance with a resolution of the Board of Directors on 30/03/2026.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation

The Financial Statements have been prepared on a historical cost basis. The Financial Statements are presented in Sri Lankan Rupees except when otherwise indicated.

2.2. Statement of Compliance

The financial statements of the Company, as at 31 December and for the year ended, have been prepared and presented in accordance with Sri Lanka Financial Reporting Standards (SLFRS and LKAS), laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007, Microfinance Act, No.06 of 2016.

2.3. Going Concern

When preparing the financial statements, the directors have made an assessment of the ability of the company to continue as a going concern in the foreseeable future and is satisfied that it has the resources to continue in business and they do not foresee a need for cessation of trading, or liquidation, taking into account all available information. Therefore, the financial statements are prepared on a going concern basis.

2.4. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future. The following are the significant accounting polices applied by the company in preparing its financial statements;

3.1. Impairment Losses on Loans and Advances

The measurement of impairment losses under Sri Lanka Accounting Standard SLFRS 9 - Financial Instruments across all categories of financial assets requires judgement. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the Statement of Profit or Loss.

In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. Loans receivables that have been assessed individually and found to be not impaired and all individually insignificant loans and receivables are then assessed collectively, by categorising them into groups of assets with similar risk characteristics, to determine the expected credit loss on such loans and receivables.

The expected credit loss (ECL) calculation under SLFRS 9 requires management to make judgments and estimates with regard to the following,

- The Company's criteria for assessing if there has been a significant increase in credit risk and so impairment for financial assets should be measured on a lifetime ECL basis.
- Development of ECL models, including various formulas and the choice of inputs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The above assumptions and judgments are discussed in detail under Note 4.6.1.d to the Financial Statements.

The key assumptions used in the Company's calculation of ECL have been revised to reflect the changes in the macro-economic conditions during the year. Although the credit model inputs and assumptions, including forward-looking macroeconomic assumptions were revised in response to the current economic conditions, the fundamental credit model mechanics and methodology underpinning the Company's calculation of ECL have remained consistent with prior periods.

The economic scenarios and forward-looking macroeconomic assumptions underpinning the collective provision calculation are outlined in Note 4.6.1, while the impact on changing the weightages of different macro-economic scenarios during the year are given in Notes.

3.2. Impairment of Other Financial Assets

The Company reviews its debt securities classified as amortised cost at each reporting date. Objective evidence that a debt security held at amortised cost is impaired/having an increased credit risk includes, among other things, significant financial difficulty of the issuer, a breach of contract such as a default or delinquency in interest or principal payments etc. Management judgement has been involved in determining whether there is significant increase in credit risk of these instruments or these instruments are impaired as at the reporting date.

3.3. Financial Assets and Liabilities Classification

The Company's accounting policies provide scope for assets and liabilities to be classified, at inception into different accounting categories. The classification of financial instruments is given in Note 4.6.

3.4. Useful Lifetime of the Property, Plant and Equipment

The Company reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

3.5. Taxation

The Company is subject to income tax and judgment is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to the interpretation of the applicable tax laws, at the time of preparation of these Financial Statements.

The details of deferred tax computation is given in Note 25 to the Financial Statements.

3.6. Defined Benefit Plans

The cost of the defined benefit plans and the present value of their obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and possible

Significant Accounting Policies

future pension increases if any. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka government bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rate and expected future salary increase rates of the Company.

3.7. SLFRS 16 - Leases

The Company uses its judgment to determine whether an operating lease contract qualifies for recognition of right-of-use assets. It also uses judgement in the determination of the discount rate in the calculation of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. As the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the rate of interest that the Company would have to pay, to borrow an amount similar to the value of the lease asset, over a similar term and with similar security in similar economic environment. Further, the Company applies judgement in evaluating whether it is reasonably certain to renew or terminate the lease at the end of the lease term. That is, it considers all relevant factors that create an economic benefit for it to exercise, either the renewal or termination option.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. Recognition of Income and Expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following recognition criteria must also be met before revenue is recognized.

a). Interest income and Interest expense

For all financial instruments measured at amortized cost, interest income or expense is recorded using the Effective Interest Rate (EIR) Method. EIR is the rate exactly discounts estimated future cash payment or receipt through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial assets and financial liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial assets and liability is adjusted if the Company revises its estimates of payment and receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income' for the financial assets and 'Interest expense' for financial liabilities. Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

b). Others

Other Income is recognized on an accrual basis.

c). Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses. Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

4.2. Expenditure Recognition

Expenses are recognized in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to Statement of Comprehensive Income in arriving at the profit for the year.

4.3. Finance Charges

Finance charges comprise lease interest and loan processing fee. Lease interest shall be recognized as an expense in profit or loss over the lease term using the effective interest method. The interest expense will be calculated based on the carrying amount of the

lease liability. Loan processing fee is the fee charged by the banks from the company when obtaining loan. The fee shall be recognized as an expense in profit or loss when it incurred.

4.4. Property, Plant and Equipment

The Company applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for use in the provision of the services or for administration purpose and are expected to be used for more than one year.

Basis of recognition

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Company and cost of the asset can be reliably measured. Initially property plant and equipment are measured at cost.

Subsequent measurement

Items of property plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Fully depreciated items of property, plant, and equipment are not subject to fair valuation on the transition day to full SLFRSs, as management has determined that their impact on the financial statements is not material.

Subsequent costs

The cost of replacing a component of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of property, plant & equipment are recognised in the Statement of Profit or Loss as incurred.

Derecognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as revenue.

Depreciation

The Provision for depreciation is calculated on the cost of fixed assets in order to write off such amounts over the estimated useful lives by equal instalments as follows:

Computers and peripherals 4 Years	Furniture and fittings 5 Years
Motor vehicles	5-10 Years
Office equipment	4 Years
Name boards	4 Years
Office partitions	4 Years
Air conditioners	10 Years
Safe drawers	20 Years
Generators	20 Years
Other equipment	2 Years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised. The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

4.5. Intangible Assets

Acquired computer software and licenses are available as the Intangible assets of the company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as five years.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying

Significant Accounting Policies

amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

4.6. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

4.6.1. Financial Assets

a). Financial Assets - Initial Recognition and Subsequent Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b). Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments) Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes Loans receivables, Investment in fixed deposits and other financial assets.

c). Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a company of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired or;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either

  (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if and

to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an 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 that the Company could be required to repay.

d). Impairment of Financial Assets

Further disclosure relating to impairment of financials assets are also provided in the following note:

- Allowance for Impairment (Note 15.1)

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the credit losses expected to arise over the life of the asset (the lifetime Expected Credit Loss or (LTECL)], unless there has been no significant increase in credit risk since origination, in which case, the impairment is based on the 12 months' Expected Credit Loss (12mECL).

The measurement of expected credit losses for each stage and the assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

The mechanics of ECL calculations are outlined below, with key elements under collective impairment assessment, such as Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), explained as follows

Probability of Default (PD) - The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may occur at a specific time during the assessed period if the facility has not been previously derecognised and remains in the portfolio.

Loss Given Default (LGD) - The Loss Given Default (LGD) is an estimate of the loss arising in the event of a default at a given time. It is based on the difference between the contractual cash flows due and those the lender expects to receive, including from the realisation of any collateral. LGD is calculated on a discounted cash flow basis using EIR as the discounting factor and is usually expressed as a percentage of the EAD.

Exposure at Default (EAD) - The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and expected drawdowns on committed facilities. To calculate EAD for a Stage 1 loan, the Company assesses possible default events within 12 months. For all other loans, EAD is considered for default events over the lifetime of the financial instruments.

Forward-Looking Information - In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs. The inputs and models used for calculating ECLs may not always capture all characteristics of the market as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. When estimating ECLs, the Company considers three economic scenarios: base case, best case, and worst case.

In its ECL models, the Company relies on a broad range of forward-looking information, such as:

Quantitative factors: GDP growth, unemployment rate, rate of inflation, interest rate, and exchange rate.

Qualitative factors: Government policies, Status of the Industry Business and Regulatory Impact.

To ensure completeness and accuracy, the Company obtains the above data primarily from the Central Bank of Sri Lanka (CBSL). Other third party sources such as World Bank and International Monetary Fund etc. is also used when CBSL data is not available. Although the Company relaxed some of the forward-looking assumptions in response to the positive macro-economic outlook, it continued to maintain adequate impairment buffers to mitigate potential future credit risks.

Significant Accounting Policies

4.6.2. Financial liabilities

a). Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of due to banks and due to customers, net of directly attributable transaction costs.

The Company's financial liabilities include Due to banks and Due to customers.

b). Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities measured at amortized cost

After initial recognition, due to banks and due to customers are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

c). Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

4.7. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and cash at bank net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

The Company has not made an ECL Provision to the cash and cash equivalents as the cash at bank is money held at short notice; therefore significant expected credit loss provision is not applicable.

4.8. Retirement Benefit Obligations

The company has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. A defined benefit plans define an amount of pension benefit that an employee will receive on retirement, based on the years of service and compensation.

Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

All employees are eligible for Employees' Provident Fund and Employees' Trust Fund contributions in line with the prevalent statutes and regulations. The company contributes 12% and 3% of gross employee emoluments to EPF and ETF respectively.

Defined Benefit Plans - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The present value of the defined benefit obligation is determined by using an actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

4.9. Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event. Where 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.

4.10. 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.

4.10.1. Company as the 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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

4.10.2. Right-of-Use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of rightof-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Depreciation is over the shorter of the useful life of the asset and the lease term, if the ownership is not transferred.

The Company fair value the refundable deposits related to Right of Use assets and is included in the Right of Use Asset.

4.10.3. Lease liabilities

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 lease payments include fixed payments (including insubstance 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 the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses Incremental Borrowing Rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4.11. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for Income Tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

Significant Accounting Policies

Deferred Taxation

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all temporary differences, except:

- Where the deferred tax liability arises from an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.
- Deferred tax assets are recognized for all deductible differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:
- Where the deferred tax assets relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Comprehensive Income is recognised outside the Statement of Comprehensive Income. Deferred tax items are recognised in correlation to the underlying transaction either in the Statement of Comprehensive Income or Statement of Other Comprehensive Income.

4.12. Taxes on Financial Services

4.12.1. Value Added Tax (VAT)

VAT on financial services is calculated in accordance with Value Added Tax (VAT) Act No. 14 of 2002 and subsequent amendments thereto. The base for the computation of value added tax on financial services is the accounting profit before VAT and income tax adjusted for the economic depreciation and emoluments payable to employees including cash benefits, non-cash benefits & provisions relating to terminal benefits.

4.12.2. Social Security Contribution Levy (SSCL)

Social Security Contribution Levy shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No. 25 of 2022 any amendments thereto, at the rate of 2.5%, with effect from 1st October 2022. SSCL is payable on 100% of the value addition attributable to financial services.

The value addition attributable to financial services shall be computed for the payment of SSCL by applying the attributable method referred to in Chapter IIIA of the Value Added Tax Act No. 14 of 2002.

4.13. Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.14. 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 asset's or cashgenerating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

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 makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed 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 statement of comprehensive income.

4.15. New and Amended Standards and Interpretations

The following amendments and improvements are not expected to have a significant impact on the Company's financial statements.

- Amendments to LKAS 1: Non-Current liabilities with Covenants
- Amendments to LKAS 7 and SLFRS 7: Supplier Finance Arrangements
- Amendments to SLFRS 16: Lease Liability in a Sale and Leaseback
- Amendment to LKAS 21: Lack of Exchangeability
- Amendments to SLFRS 10 and LKAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

4.16. Standards Issued but not yet Effective

The new and amended standards that are issued, but not yet effective as at the reporting date of the Consolidated Financial Statements are disclosed below.

Sri Lanka Accounting Standard - SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more consistent and useful for the insurers.

Once effective, SLFRS 17 will replace SLFRS 4- "Insurance Contracts" that was issued in 2005.

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026.

Sri Lanka Accounting Standard - SLFRS 18 - Presentation and Disclosure in Financial Statements

SLFRS 18- "Presentation and Disclosure in Financial Statements", which replaces LKAS 1, is effective for annual periods beginning on or after 1 January 2027. The Standard introduces new requirements for the structure of the statement of profit or loss, including defined categories and mandatory subtotals, and enhanced disclosure requirements for management-defined performance measures. The Standard impacts presentation and disclosure only and does not affect recognition or measurement. The Group/Company is assessing the impact of adoption.

Notes to the Financial Statements

5. INTEREST INCOME

Year ended 31 December 2025	2025	2024
	LKR	LKR
Interest on Joint liability group loans (JLG)	**1,751,490,531**	1,078,521,589
Interest on Individual Micro loans	**33,872,295**	39,828,678
Interest on Investments	**141,634,280**	127,879,151
	1,926,997,106	1,246,229,419

6. INTEREST EXPENSE

Year ended 31 December 2025	2025	2024
	LKR	LKR
Term loan interest	**548,534,307**	445,587,357
Client savings interest	**5,739,040**	55,907
	554,273,347	445,643,265

7. OTHER INCOME

Year ended 31 December 2025	2025	2024
	LKR	LKR
Other income	**14,112,223**	5,933,582
Pasio Program Income	**35,275,769**	49,586,456
Registration fee	**-**	65,840,020
Documentation charges	**-**	118,741,533
Recoveries of write-off loans	**2,848,291**	968,508
Service charges	**-**	50,207,788
Finance income on refundable deposits	**2,425,614**	413,626
Gain/(Loss) from Customer Insurance	**14,734,579**	208,118
Gain/(Loss) from disposal of leased assets	**399,328**	-
Exchange Gain/Loss	**897,653**	-
	70,693,456	291,899,631

8. IMPAIRMENT FOR LOANS

Year ended 31 December 2025	2025	2024
	LKR	LKR
Impairment for loans receivable (Note 15.1)	**45,373,983**	1,778,910
Loans written-off during the year	**12,888,162**	1,528,956
	58,262,145	3,307,866

9. FINANCE CHARGES

Year ended 31 December 2025	2025	2024
	LKR	LKR
Lease interest	**10,645,417**	5,511,235
Loan processing fee	**12,881,880**	846,250
Gain/Loss on derecognition or modification of loans	**4,594,442**	-
	28,121,739	6,357,485

10. OPERATING PROFIT BEFORE VALUE ADDED TAX

Year ended 31 December 2025	2025	2024
	LKR	LKR
Profit from operations before value added tax is stated after charging all expenses including the following :		
Staff costs :		
Salaries	**310,411,066**	252,973,741
EPF	**37,060,861**	30,366,045
ETF	**9,283,804**	7,592,018
Depreciation	**25,886,634**	25,018,252
Amortization	**34,188,552**	22,865,990
Auditors remuneration	**1,866,621**	2,719,632
Professional fees	**7,052,017**	5,092,435

11. TAXES ON FINANCIAL SERVICES

Year ended 31 December 2025	2025	2024
	LKR	LKR
Value Added Tax on Financial Services		
The Company is liable for VAT on financial services at 18% on its Value Addition on financial services.		
VAT on financial services for the year	**137,995,200**	106,342,457
Under/(over) provision of prior year tax	**-**	9,651,075
Closing balance	**137,995,200**	115,993,532
Social Security Contribution Levy	**19,166,000**	14,769,786
Under/(over) provision of prior year tax	**-**	1,340,427
	19,166,000	16,110,213
	157,161,200	132,103,745

12. TAXATION

Year ended 31 December 2025	2025	2024
	LKR	LKR
Current tax (Note 12.1)	**170,407,220**	124,515,702
Under/(Over) provision of prior year tax	**12,800,000**	(4,639,275)
Deferred tax (reversal) /charges (Note 25)	**(2,084,839)**	1,905,393
	181,122,381	121,781,820

The Company is liable for income tax at 30% on its taxable income

Notes to the Financial Statements

12.1. Reconciliation between tax expenses and the accounting profit

Year ended 31 December 2025	2025	2024
	LKR	LKR
Profit before tax as per the tax computation	**231,616,919**	207,043,511
Aggregate disallowed items	**548,248,854**	377,757,133
Aggregate allowed items	**(211,841,706)**	(169,748,306)
Total statutory income	**568,024,067**	415,052,339
Taxable income	**568,024,067**	415,052,339
Tax @ 30%	**170,407,220**	124,515,702
	170,407,220	124,515,702

13. CASH AND CASH EQUIVALENTS

Year ended 31 December 2025	2025	2024
	LKR	LKR
Cash at bank	**137,875,937**	78,052,834
	137,875,937	78,052,834
Cash in hand	**3,354,283**	2,608,678
Cash and cash equivalents	**141,230,220**	80,661,513
Less: SSR reserve (Note 13.1)	**-**	(2,217,787)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	**141,230,220**	78,443,726

13.1. SSR Reserve (Liqidity Reserve)

Year ended 31 December 2025	2025	2024
	LKR	LKR
Balance at the beginning of the year	**-**	-
During the year reserved	**-**	2,217,787
Transferred from the reserve	**-**	-
Balance at the end of the year	**-**	2,217,787

13.2. On October 2024, the company launched a product called the 'client compulsory savings' account and 4% p.a. interest will be serviced to the savings balance. As per CBSL, 15.0% liquid cash of the total client savings value is to be maintained for client withdrawals as a separate reserve. However, the Central Bank of Sri Lanka (CBSL) has informed that this was revoked in August 2022 and accordingly not reflected in the financial statements.

14. FINANCIAL ASSETS AT AMORTIZED COST - INVESTMENTS IN FIXED DEPOSITS

Year ended 31 December 2025	2025	2024
	LKR	LKR
Hatton National Bank-Short term *	**3,163,908,285**	2,340,640,000
National Development Bank	**-**	5,000,000
Commercial Bank PLC	**20,000,000**	-
	3,183,908,285	2,345,640,000
Interest Receivable	**51,564,013**	47,787,091
	3,235,472,298	2,393,427,091
Less: Provision for Impairment	**(240,623)**	(179,840)
	3,235,231,675	2,393,247,251

14.1. Allowance for impairment losses

Year ended 31 December 2025	2025	2024
	LKR	LKR
Balance at the beginning of the year	**179,840**	155,796
Provision (Reversal) for the year	**64,497**	24,044
Balance at the end of the year	**244,337**	179,840

15. FINANCIAL ASSETS AT AMORTIZED COST - LOANS RECEIVABLE

Year ended 31 December 2025	2025	2024
	LKR	LKR
Joint Liability Group Loans (JLG)	**4,525,905,488**	3,776,010,552
Individual Micro loans	**97,233,948**	128,014,366
Gross Loan receivables	**4,623,139,436**	3,904,024,918
Less :Advance Payments	**(48,875,286)**	(51,462,964)
Less : Allowance for impairment losses (Note 15.1)	**(272,418,020)**	(227,044,037)
Net loan receivables	**4,301,846,130**	3,625,517,916

15.1. Allowance for impairment losses

Year ended 31 December 2025	2025	2024
	LKR	LKR
Balance at the beginning of the year	**227,044,037**	225,265,127
Provision/ (Reversal) for the year	**45,373,983**	1,778,910
Balance at the end of the year	**272,418,020**	227,044,037

15.2. Disclosure on Staging of Financial Asset at amortized cost - Loans receivables

Credit Exposure - Stage wise

2025	Stage 1	Stage 2	Stage 3
As at 31st December 2025	**4,182,143,825**	**38,280,485**	**81,421,821**
As at 31st December 2024	**3,501,805,254**	**22,008,590**	**101,704,072**

Provision for Impairment - Stage wise

	Stage 1	Stage 2	Stage 3
As at 31st December 2025	122,262,174	7,740,021	142,415,824
As at 31st December 2024	96,007,287	2,173,752	128,862,998

15.3. Gross Loans and Receivables

2025	Stage 1	Stage 2	Stage 3	Total
Joint Liability Group Loans (JLG)	**4,280,498,828**	**43,632,566**	**198,773,372**	**4,522,904,766**
Individual Micro loans	**72,782,457**	**2,387,940**	**25,064,273**	**100,234,670**
	4,353,281,285	**46,020,506**	**223,837,645**	**4,623,139,436**
Less: Impairment allowance				
Joint Liability Group Loans (JLG)	**115,206,602**	**6,884,465**	**123,832,846**	**245,923,913**
Individual Micro loans	**7,055,572**	**855,556**	**18,582,978**	**26,494,106**
	122,262,174	**7,740,021**	**142,415,824**	**272,418,019**
Less :Advance Payments	**(48,875,286)**			**(48,875,286)**
Net Loans and Receivables	**4,182,143,825**	**38,280,485**	**81,421,821**	**4,301,846,131**

Notes to the Financial Statements

2024	Stage 1	Stage 2	Stage 3	Total
Joint Liability Group Loans (JLG)	3,558,672,531	20,991,308	193,395,407	3,773,059,246
Individual Micro loans	90,602,975	3,191,034	37,171,663	130,965,672
	3,649,275,506	24,182,342	230,567,070	3,904,024,918
Less: Impairment allowance				
Joint Liability Group Loans (JLG)	92,283,110	1,658,273	103,840,713	197,782,096
Individual Micro loans	3,724,177	515,478	25,022,285	29,261,941
	96,007,287	2,173,752	128,862,998	227,044,037
Less :Advance Payments	(51,462,964)			(51,462,964)
Net Loans and Receivables	3,501,805,254	22,008,590	101,704,072	3,625,517,916

16. AMOUNTS DUE FROM RELATED PARTIES

Year ended 31 December 2025	2025	2024
	LKR	LKR
Gojo Lanka Holdings (Pvt) Ltd.	**1,553,829**	1,422,225
GOJO & Co. Inc.	**-**	8,093,470
	1,553,829	9,515,694

17. INTANGIBLE ASSETS

Year ended 31 December 2025	2025	2024
	LKR	LKR
Cost - Computer software		
Balance as at beginning of the year	**2,558,021**	363,600
Additions during the year	**10,583,939**	2,194,421
Disposal during the year		-
Balance as at 31st December	**13,141,960**	2,558,021
Amortization		
Balance as at beginning of the year	**509,043**	179,708
Amortization for the year	**1,891,831**	329,335
Disposal during the year	**-**	-
Balance as at 31st December	**2,400,874**	509,043
Net Book Value	**10,741,086**	2,048,978

18. PROPERTY AND EQUIPMENT

Year ended 31 December 2025	2025	2024
	LKR	LKR
Freehold Assets (Note 18.3)	**59,068,706**	52,695,562
Assets under Lease (Note18.7)	**-**	768,356
	59,068,706	53,463,918

18.1. Cost

Year ended 31 December 2025	Computers and peripherals	Furniture and fittings	Motor vehicles	Office equipment	Name boards	Office partitions	Air conditioners	Safe drawers	Generators	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 31.12.2023	36,868,661	17,248,922	20,737,530	2,965,115	8,314,980	28,522,658	3,244,610	966,591	1,802,930	120,671,996
Additions during the year	15,371,484	5,920,547	-	277,978	2,745,400	3,644,770	1,122,285	295,009	-	29,377,473
Disposals during the year	(401,430)	-	-	-	(82,000)	-	-	-	-	(483,430)
Balance as at 31.12.2024	51,838,715	23,169,469	20,737,530	3,243,093	10,978,380	32,167,428	4,366,895	1,261,600	1,802,930	149,566,039
Additions during the year	7,014,051	4,215,253	-	766,862	700,000	16,718,432	1,999,900	210,882	-	31,625,379
Disposals during the year	(1,562,292)	(511,729)	-	(1,179,009)	(289,635)	(3,766,625)	-	-	-	(7,309,290)
Balance as at 31.12.2025	**57,290,474**	**26,872,993**	**20,737,530**	**2,830,946**	**11,388,745**	**45,119,235**	**6,366,795**	**1,472,482**	**1,802,930**	**173,882,128**

18.2. Accumulated Depreciation

Year ended 31 December 2025	Computers and peripherals	Furniture and fittings	Motor vehicles	Office equipment	Name boards	Office partitions	Air conditioners	Safe drawers	Generators	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 31.12.2023	24,060,061	9,870,131	13,049,310	2,853,930	5,771,919	16,615,358	904,722	214,890	558,167	73,898,488
Charge for the year	9,121,939	3,166,305	2,073,753	111,212	1,694,178	6,657,829	426,571	55,220	90,147	23,397,154
Depreciation on disposals	(343,165)	-	-	-	(82,000)	-	-	-	-	(425,165)
Balance as at 31.12.2024	32,838,835	13,036,436	15,123,063	2,965,142	7,384,097	23,273,187	1,331,293	270,110	648,314	96,870,477
Charge for the year	8,760,787	3,771,630	2,064,489	278,018	1,689,630	8,019,692	496,755	70,543	90,641	25,242,184
Depreciation on disposals	(1,562,292)	(492,795)		(1,179,009)	(289,635)	(3,766,625)	-	-	-	(7,290,356)
Balance as at 31.12.2025	**40,037,330**	**16,315,271**	**17,187,552**	**2,064,152**	**8,784,092**	**27,526,254**	**1,828,048**	**340,653**	**738,955**	**114,822,305**

18.3. Net book value

Year ended 31 December 2025	Computers and peripherals	Furniture and fittings	Motor vehicles	Office equipment	Name boards	Office partitions	Air conditioners	Safe drawers	Generators	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
As at 31.12.2023	12,808,600	7,378,791	7,688,220	111,185	2,543,061	11,907,300	2,339,888	751,701	1,244,763	46,773,508
As at 31.12.2024	18,999,880	10,133,033	5,614,467	277,951	3,594,283	8,894,241	3,035,602	991,490	1,154,616	52,695,562
As at 31.12.2025	**17,253,144**	**10,557,722**	**3,549,978**	**766,794**	**2,604,653**	**17,592,982**	**4,538,747**	**1,131,829**	**1,063,975**	**59,059,823**

18.4. During the financial period, the Company acquired Property, Plant and equipment to the value of Rs.31,625,379/- (2024- Rs.29,377,472/-). Cash payments amounting to Rs.31,625,379 /- (2024 - Rs. 31,553,261/-) was paid during the year for purchases of property, plant and equipment

18.5. Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs.41,235,615/- (2024- Rs.27,246,906/-) which are still in use.

Notes to the Financial Statements

18.6. The useful lives of the assets is estimated as follows;

Year ended 31 December 2025	2025	2024
Computers and peripherals	**4 Years**	4 Years
Furniture and fittings	**5 Years**	5 Years
Motor vehicles	**5 Years**	5 Years
Office equipment	**4 Years**	4 Years
Name boards	**4 Years**	4 Years
Office partitions	**4 Years**	4 Years
Air conditioners	**10 Years**	10 Years
Safe drawers	**20 Years**	20 Years
Generators	**20 Years**	20 Years
Other equipment	**2 Years**	2 Years

18.7. Assets under lease

Cost

Year ended 31 December 2025	Motor Vehicles
	LKR
Balance as at 31.12.2024	8,105,489
Additions during the year	-
Disposals during the year	-
Balance as at 31.12.2025	8,105,489

Accumulated Depreciation

Year ended 31 December 2025	Motor Vehicles
	LKR
Balance as at 31.12.2024	7,337,133
Charge for the year	-
Depreciation on disposals	768,356
Balance as at 31.12.2025	-
	8,105,489

Net book value

Year ended 31 December 2025	Motor Vehicles
	LKR
As at 31.12.2024	768,356
As at 31.12.2025	-

19. LEASES

19.1. Right of Use Assets

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the IBR) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The movement of Right of Use Lease assets of the Company is as follows;

Year ended 31 December 2025	Building
	LKR
At Gross Value	
Balance As at 31.12.2024	111,419,354
Additions	60,704,555
Disposal	(31,663,698)
Balance As at 31.12.2025	140,460,211
Accumulated amortisation	
Balance As at 31.12.2024	61,937,576
Charge for the year	32,296,721
Disposal during the year	(37,217,563)
Balance As at 31.12.2025	57,016,734
Net book values	
Balance As at 31.12.2024	49,481,778
Balance As at 31.12.2025	83,443,477

19.2. Right of use obligation

Right of use obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The movement of Lease creditor for the period is as follows;

Year ended 31 December 2025	Building
	LKR
Balance As at 31.12.2024	48,542,214
Additions	65,168,896
Interest Expense Recognised in Profit or Loss	10,645,417
Disposal	(35,939,785)
Repayment of Liability	(2,586,336)
Balance As at 31.12.2025	85,830,406
Current	35,939,785
Non Current	49,890,621

Notes to the Financial Statements

20. DUE TO BANKS

Year ended 31 December 2025	2025	2024
	LKR	LKR
Term loan (Note 20.1)	**4,876,337,975**	2,470,878,896
Lease creditors (Note 20.2)	**-**	-
	4,876,337,975	2,470,878,896

20.1. Term loan

Year ended 31 December 2025	2025	2024
	LKR	LKR
Balance at the beginning of the year	**2,470,878,896**	1,498,258,078
Loan obtained during the year	**6,968,742,846**	4,225,315,000
	9,439,621,742	5,723,573,078
Repaid during the year	**(4,896,043,187)**	(3,258,497,745)
Exchange difference	**50,983,344**	-
	4,594,561,899	2,465,075,333
Term loan interest payable	**281,776,076**	5,803,563
Balance at the end of the year	**4,876,337,975**	2,470,878,896

Borrowed Funds from	As at 01.01.2025	Borrowings During the year	Repaid during the year	Exchange Difference	As at 31.12.2025
Hatton National Bank-Short term	**1,794,918,333**	3,925,000,000	(3,325,299,855)	-	**2,394,618,478**
DFCC	**-**	75,000,000.00	(28,125,000)	-	**46,875,000**
Commercial Bank	**670,157,000**	1,032,000,000	(1,244,678,006)	-	**457,478,994**
IIX Loan USD 4,000,000	**-**	1,206,316,607	(18,604,327)	42,118,968	**1,229,831,247**
GCAF USD 2,350,000	**-**	730,426,239	-	8,864,376.51	**739,290,615**
Total	**2,465,075,333**	6,968,742,846	(4,616,707,188)	50,983,344.24	**4,868,094,335**

Interest on Borrowed funds	As at 01.01.2025	Interest for the year	Repaid during the year	Exchange Difference	As at 31.12.2025
Hatton National Bank-Short term	**3,922,941.30**	215,743,279	(211,854,386)	-	**7,811,835**
DFCC	**-**	5,377,867	(5,216,943)	-	**160,924**
Commercial Bank	**1,880,622**	60,654,930	(62,264,670)	-	**270,882**
Total Interest Payable	**5,803,563**	281,776,076	(279,335,999)	-	**8,243,640**
Total	**2,470,878,896**				**4,876,337,975**

20.2. Lease creditors

Year ended 31 December 2025	2025	2024
	LKR	LKR
Balance at beginning of the year		548,620
	-	548,620
Lease obtain during the year	**-**	-
Payments made during the period	**-**	(548,620)
Balance at end of the year/month	**-**	-

21. DUE TO CUSTOMERS

Year ended 31 December 2025	2025	2024
	LKR	LKR
Client savings	**309,566,528**	14,785,244
	309,566,528	14,785,244

22. OTHER PAYABLES

Year ended 31 December 2025	2025	2024
	LKR	LKR
Accrued expenses	**46,940,374**	34,256,329
Miscellaneous other payable	**141,224**	1,487,527
VAT on financial services payable	**(827,130)**	16,728,640
Social Security Contribution Levy Payable	**(114,881)**	2,323,421
	46,139,587	54,795,917

23. AMOUNTS DUE TO RELATED PARTIES

Year ended 31 December 2025	2025	2024
	LKR	LKR
Gojo & Company Inc.- Term loan (Note 23.1)	**1,266,914,489**	2,454,175,530
Gojo & Company Inc.- Management fee payable	**29,912,925**	-
Gojo & Company Inc. - Others	**-**	548,358
	1,296,827,414	2,454,723,888

23.1. Gojo & Company Inc.- Term loan

Borrowed Funds from	As at 01.01.2025	Borrowings During the year	Repaid during the year	Exchange Difference	As at 31.12.2025
GOJO & Co. Inc. - USD	**2,340,640,000**	-	(1,012,053,000)	(119,626,000)	**1,208,961,000**
Total	**2,340,640,000**	-	(1,012,053,000)	(119,626,000)	**1,208,961,000**

Interest on Borrowed funds	As at 01.01.2025	Interest for the year	Repaid during the year	Exchange Difference	As at 31.12.2025
GOJO & Co. Inc. - USD	**113,535,530**	207,911,565	(268,577,685)	5,084,079	**57,953,489**
Total Interest Payable	**113,535,530**	207,911,565	(268,577,685)	5,084,079	**57,953,489**

24. OTHER LIABILITIES

Year ended 31 December 2025	2025	2024
	LKR	LKR
Deferred Service Charge	**0**	25,270,295
	0	25,270,295

Refer Note 7.1 for further details

Notes to the Financial Statements

24.1. Loan management fund

Year ended 31 December 2025	2025	2024
	LKR	LKR
Balance at the beginning of the year	**(0)**	1,877,882
Funds collected	**-**	278,522
Loans written-off	**-**	(2,156,404)
Payments during the year	**-**	-
Balance at the end of the year	**-**	(0)

A fee was collected upon disbursements to cover deaths & business failures. From 21 June 2023 onwards a loan protection cover was obtained from an Insurance company, covering new disbursements.

25. DEFERRED TAX ASSET

Year ended 31 December 2025	2025	2024
	LKR	LKR
Balance at the beginning of the year	**32,262,869**	34,168,263
Deferred tax reversal/ (charge) for the year (Note 25.1)	**2,084,838**	(1,905,394)
Balance at the end of the year	**34,347,707**	32,262,869
Transitional (Liability)/Asset at 1st January 2024	**-**	-
Adjusted balance	**-**	-

25.1. Deferred tax asset is arising from origination/(reversal of) the temporary differences of;

Year ended 31 December 2025	Taxable Loss	Property and equipment including intangible assets	Retirement benefit obligation	Provision for impairment	Right-of-use asset and lease liability	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01 January 2024	-	(2,741,810)	3,085,650	34,224,343	(399,919)	34,168,264
Charge to profit or loss	-	406,207	2,286,428	(4,716,079)	118,050	(1,905,394)
Balance as at 31 December 2024	-	(2,335,603)	5,372,078	29,508,264	(281,869)	32,262,870
Charge to profit of loss	-	(265,648)	3,625,070	(2,272,532)	997,948	2,084,838
Balance as at 31 December 2025	-	(2,601,251)	8,997,148	27,235,732	716,079	34,347,708

26. RETIREMENT BENEFIT OBLIGATIONS

Year ended 31 December 2025	2025	2024
	LKR	LKR
Balance at the beginning of the year	**17,906,927**	10,285,499
Amount Charged for the year (Note 26.1)	**14,116,519**	5,350,164
Payments made during the year	**(1,829,825)**	(465,515)
Actuarial (Gain)/Loss	**(203,128)**	2,736,779
Balance at the end of the year	**29,990,493**	17,906,927
Transitional Liability/(Asset) at 1st January 2024		
Adjusted balance	**29,990,493**	17,906,927

26.1. Expenses on Defined Benefit Plan

Year ended 31 December 2025	2025	2024
	LKR	LKR
Current Service Cost for the year	**12,146,757**	3,910,194
Interest cost for the year	**1,969,762**	1,439,970
	14,116,519	5,350,164

26.2. Following are the principal assumptions used;

Year ended 31 December 2025	2025	2024
Discount Rate	**11%**	11%
Salary Increment Rate	**10%**	13%
Staff Turnover	**0% - 50%**	0% - 26%
Retirement Age	**60 Years**	60 Years

26.3. Sensitivity of actuarial assumptions

2025	Effect on defined benefit obligation	
	Increase	Decrease
	LKR	LKR
Discount rate (Change by 1%)	**11,729,196**	12,602,319
Salary increment rate (Change by 1%)	**12,545,423**	11,775,507

2024	Effect on defined benefit obligation	
	Increase	Decrease
	LKR	LKR
Discount rate (Change by 1%)	**17,096,785**	18,798,520
Salary increment rate (Change by 1%)	**18,871,456**	17,015,806

26.4. Distribution of Employee Benefit Obligation over Future Working Lifetime

Year ended 31 December 2025	2025	2024
	LKR	LKR
Less than or equal 1 year	**1,041,855**	202,179
Over 1 year and less than or equal 5 years	**204,442**	15,844,938
Over 5 year and less than or equal 10 years	**1,441,809**	1,026,056
Over 10 years	**27,302,387**	833,753
	29,990,493	17,906,926

27. TAXATION

Year ended 31 December 2025	2025	2024
	LKR	LKR
Balance at the beginning of the year	**131,941,595**	36,756,202
Provision for the year	**170,407,220**	124,515,702
Under/(Over) provision of prior year tax	**12,800,000**	(4,639,275)
	315,148,815	156,632,628
Payments during the year		
- Income tax	**(154,941,596)**	(24,427,814)
WHT	**(790,730)**	(263,219)
	159,416,489	131,941,595

Notes to the Financial Statements

28. STATED CAPITAL

Year ended 31 December 2025	2025		2024	
	Number	LKR	Number	LKR
Fully Paid Ordinary Shares	**13,005,312**	**920,214,296**	13,005,312	920,214,296
	13,005,312	**920,214,296**	13,005,312	920,214,296

29. RELATED PARTY TRANSACTIONS

29.1. Transactions with key management personnel

According to LKAS 24 'Related Party Disclosure', Key Management Personnel, are those having authority and responsibility and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the board of Directors (including Executive and Non-executive Directors) have been classified as Key Management Personnel of the Company. Following transactions took place with the Key Management Personnel during the year.

Compensation paid to key management personnel are as follows:

Year ended 31 December 2025	2025	2024
	LKR	LKR
Directors remuneration	**1,200,000**	1,200,000

29.2. Transactions with other related parties

Related party	Relationship	Nature of transaction	Transaction value	Balance as at 31 December 25
			LKR	LKR
GOJO Lanka Holdings (Pvt) Ltd.	Affiliate	Settlements of expenses on behalf of Gojo Lanka Holdings (Pvt) Ltd.	131,604	**1,553,829**
GOJO & Co. Inc.	Ultimate parent	Term loan	1,478,870,565	**1,266,914,489**
		Management fee	62,206,808	**29,912,925**
		Pasio recivable	35,275,769	**13,087,468**

30. CAPITAL COMMITMENTS AND CONTINGENCIES

There were no significant capital commitments and contingencies as at reporting date.

31. DETAILS OF ASSETS PLEDGED FOR THE LOAN FACILITIES

Type of facility	Amount	Nature
	LKR	
Borrowings from HNB	3,125,000,000	the borrowings were obtained against deposits of USD 7.72 Mn.
Borrowings from HNB	800,000,000	the borrowings were obtained against portfolio of LKR 1650 Mn.
Borrowings from COM	1,032,000,000	the borrowings were obtained against deposits of USD 2.4 Mn.
Borrowings from DFCC	75,000,000	the borrowings were obtained against portfolio of LKR 300 Mn.

32. EVENTS AFTER THE END OF REPORTING PERIOD

There are no material events occurred after the reporting date that requires adjustments or disclosures in the financial statements.

33. RISK MANAGEMENT DISCLOSURES

33.1. Introduction

Risk is inherent in a microfinance business but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for managing the risk exposures relating to his / her functional areas.

The Company identifies the following key financial risks in its business operations.

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee (RMC), which is responsible for developing and monitoring Company's risk management policies.

The overall responsibility and oversight of the Risk Management framework of the company is vested with the Risk Management Committee. RMC is a decision making body consisting of the Company's senior management, including Chief Executive Officer (CEO). It is responsible for identifying, assessing, and mitigating risks related to the Company's operations, finance, and compliance in accordance with regulatory and corporate governance standards.

The committee will recommend risk management strategies and frameworks to the Board Risk and Audit Committee to ensure the adequacy and relevance of risk management policies in alignment with the Company's strategic objectives.

The RMC shall comprise the following members or as determined by the Board Risk and Audit Committee.

i). Chief Executive Officer (Chairman of the Committee)

ii). Chief Operating Officer

iii). Chief Financial Officer

iv). Head of Risk Management

v). Head of Compliance

vi). Head of Operations

vii). Risk and Compliance Manager (Secretary of the Committee)

33.2. CREDIT RISK

Credit risk is the risk of financial loss to the Company if a borrower or counterparty to a financial instrument, fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers. Credit risk constitutes the Company's largest risk exposure category. This can be broadly categorized into three types; default, concentration and settlement risk.

Default risk as the risk of the potential financial loss resulting from the failure of customer or counterparty to meet its debt or contractual obligations and arises principally from the Company's loans and advances to customers.

Concentration risk is the credit exposure being concentrated as a result of excessive build-up of exposure to a single counterparty, industry, product, geographical location or insufficient diversification.

Settlement risk is the risk of loss arising from trading/investment activities when there is a mutual undertaking to deliver on a progressive basis.

Notes to the Financial Statements

Company manages credit risk by focusing on following steps;

The company recommend corrective actions and risk mitigation measures based on ongoing risk assessments. The loan origination stage comprises preliminary screening and credit appraisal. The objective of this process is to assess the borrower's ability to meet its obligations in an objective manner. The Company has clearly defined guidelines for credit approvals where the limits have been set taking into consideration the factors such as maximum counterparty exposures, loan to value ratio and forced sale value. These steps enables the Company in assessing the default risk of the borrower.

A comprehensive set of credit risk indicators are monitored monthly to review credit concentrations, status of loan recoveries and compliance with regulatory and prudent exposure limits.

33.2.1. Assessment of Expected Credit Losses

a). Analysis of the total impairment for expected credit losses

As at 31 December 2025 - LKR	Note	Stage 1	Stage 2	Stage 3	Total
Financial Assets at Amortized cost - Loans receivable	15.	**122,262,174**	**7,740,021**	**142,415,824**	**272,418,019**
Financial Assets at Amortized cost - Investment in Fixed deposits	14.	**244,337**	**-**	**-**	**244,337**

As at 31 December 2024 - LKR	Note	Stage 1	Stage 2	Stage 3	Total
Financial Assets at Amortized cost - Loans receivable	15.	96,007,287	2,173,752	128,862,998	227,044,037
Financial Assets at Amortized cost - Investment in Fixed deposits	14.	179,840	-	-	179,840

b). Sensitivity of factors used to determine impairment provision for loan receivables

Management judgement is involved in the determination of impairment allowance for loan receivables. Key variables such as PD, LGD and EFA are affected by management judgment and changes in any such variables can result in different levels of impairment allowance. The following tables demonstrate the sensitivity of the impairment allowance of the Company to the changes in the above variables, as at 31st December 2025 and 31st December 2024.

Change Criteria	Change factor	Sensitivity effect on impairment allowance increase	
		2025	2024
Probability of Default (PD)	Increase by 10%	**12,664,203**	110987011.2
	Increase by 5%	**6,332,102**	55,493,506
	Decrease by 5%	**(6,332,102)**	(55,493,506)
	Decrease by 10%	**(12,664,203)**	(110,987,011)
Loss Given Default (LGD)	Increase by 10%	**25,059,147**	41,182,392
	Increase by 5%	**12,529,573**	20,591,196
	Decrease by 5%	**(12,529,573)**	(20,591,196)
	Decrease by 10%	**(25,059,147)**	(41,182,392)
Economic Factor Adjustment (EFA)	Increase worst case scenario probability by 10%	**12,664,203**	817,314
	Increase worst case scenario probability by 5%	**6,332,102**	408,657
	Decrease worst case scenario probability by 5%	**(6,332,102)**	(408,657)
	Decrease worst case scenario probability by 10%	**(12,664,203)**	(817,317)

33.2.2. Analysis of maximum exposure to credit risk and collateral

The following table shows the maximum exposure and net exposure (net of fair value of any collaterals held) to credit risk by class of financial asset, before netting off impairment for expected credit losses

As at 31 December 2025	2025		2024	
	Maximum Exposure to Credit Risk	Net Exposure	Maximum Exposure to Credit Risk	Net Exposure
Assets				
Cash and Cash Equivalent	**141,230,220**	**141,230,220**	78,443,726	78,443,726
Financial Assets at Amortized cost - Loans receivable	**4,623,139,436**	**4,623,139,436**	3,904,024,918	3,904,024,918
Financial Assets at Amortized cost - Investment in Fixed deposits	**3,235,472,298**	**3,235,472,298**	2,393,427,091	2,393,427,091

33.2.2.1. Collateral held and other credit enhancement

Company do not hold any collaterals against financial assets of the company.

33.3. LIQUIDITY RISK

In the context of a financial institution, liquidity risk arises primarily due to mismatches in the maturity profile of assets and liabilities. Liquidity risk for a financial institution can take two forms; market liquidity and funding liquidity risk.

Market liquidity risk is the inability to easily exit a position. Company's market liquidity risk is low if assets can be liquidated without moving the price too much.

Funding liquidity risk means the Company's inability to finance assets continuously at an acceptable borrowing rate. Funding liquidity risk generally arises when creditors either withdraw credit or change the terms on which it is granted in such a way they are no longer profitable. Funding liquidity risk would increase if the Company's credit quality is, or at least perceived to be, deteriorating, but also because financial conditions as a whole are deteriorating.

The Company's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles, including periods of financial stress. To achieve this objective the Company regularly monitors liquidity position and maintain an adequate buffer of liquid assets. Company also maintains access to diverse funding sources to meet unforeseen liquidity requirements. All statutory and prudent liquidity ratios are monitored against tolerance limits and stress testing is carried out regularly to assess the effectiveness of liquidity management. Further, the company has taken prudent measures to increase its liquidity buffers and maintained a strong excess liquidity position throughout the year under review. The Company is comfortable with its existing buffer of liquid assets.

33.3.1. *Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities*

The table below summarizes the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities.

The table does not reflect the expected cash flows indicated by its deposit retention history and loan recovery patterns.

Current Year

Year ended 31 December 2025	On Demand	Less than 03 Months	03-12 Months	01-05 Years	Over 05 Years	Total
Financial Assets						
Cash and Cash Equivalents	141,230,220	-	-	-	-	141,230,220
Financial Assets at Amortized cost - Loans receivable	-	1,471,035,285	2,689,527,107	462,577,044	-	4,623,139,437
Financial Assets at Amortized cost - Investment in Fixed deposits	-	-	3,235,231,675	-	-	3,235,231,675
Total Financial Assets	141,230,220	1,471,035,285	5,924,758,782	462,577,044	-	7,999,601,331
Financial Liabilities						
Due to Banks	-	-	4,876,337,975	-	-	4,876,337,975
Due to Customers	309,566,528	-	-	-	-	309,566,528
Other Payables	-	46,139,587	-	-	-	46,139,587
Right of use obligation	-	6,700,858	29,238,928	49,890,621	-	85,830,406
Total Financial Liabilities	309,566,528	52,840,445	4,905,576,903	49,890,621	-	5,317,874,496
Total Net Financial Assets/(Liabilities)	(168,336,308)	1,418,194,841	1,019,181,879	412,686,423	-	2,681,726,835

Comparative Year

Year ended 31 December 2024	On Demand	Less than 03 Months	03-12 Months	01-05 Years	Over 05 Years	Total
Financial Assets						
Cash and Cash Equivalents	78,443,726	-	-	-	-	78,443,726
Financial Assets at Amortized cost - Loans receivable	-	1,609,483,821	2,079,775,523	214,765,575	-	3,904,024,919
Financial Assets at Amortized cost - Investment in Fixed deposits	-	-	2,247,137,091	146,290,000	-	2,393,427,091
Total Financial Assets	78,443,726	1,609,483,821	4,326,912,614	361,055,575	-	6,375,895,736
Financial Liabilities						
Due to Banks	-	-	2,470,878,896	-	-	2,470,878,896
Due to Customers	14,785,244	-				14,785,244
Other Payables	-	58,497,635	-	-	-	58,497,635
Right of use obligation	-	6,700,858	20,102,573	21,738,784	-	48,542,215
Total Financial Liabilities	14,785,244.00	65,198,493	2,490,981,469	21,738,784	-	2,592,703,990
Total Net Financial Assets/(Liabilities)	63,658,482	1,544,285,328	1,835,931,145	339,316,791	-	3,783,191,746

Notes to the Financial Statements

33.4. MARKET RISK

Market risk refers to the possible losses to the Company that could arise from changes in market variables like interest rates, exchange rates, equity prices and credit spreads (not relating to changes in the obligor's/issuer's credit standing). Among them, interest rate risk has been identified as the most critical risk given Company's nature of business.

33.4.1. INTEREST RATE RISK

Interest rate risk is a key constitute of the market risk exposure of the Company due to adverse and unanticipated movements in future interest rate which arises from core business activities; disbursing of credit facilities, accepting deposits and issuing debt instruments. Due to the nature of operations of the Company, the impact of interest rate risk is mainly on the earnings of the Company rather than the market value of portfolios. Excessive movements in market interest rate could result in severe volatility to Company's net interest income and net interest margin. Company's exposure to interest rate risk is primarily associated with factors such as; Reprising risk arising from a fixed rate borrowing portfolio, where reprising frequency is different to that of the lending portfolio.

- Yield curve risk arising from unanticipated shifts of the market yield curve.
- Interest rate risk is managed principally through minimizing interest rate sensitive asset liability gaps. In order to ensure interest rate margin and spreads are maintained, the Company conducts periodic reviews and reprices its assets accordingly.

33.4.2. EXCHANGE RATE RISK

Exchange rate risk is the risk of loss as a result of unhedged exposure to volatility in the local (LKR) exchange rate with other major currencies. Company always intend to maintain in sequence with the Central Bank rate predictions to make the business more competitive

Company is exposed to transaction risk caused by currency volatility.

Transaction risk –This risk arises whenever the Company has contractual cash flows (receivables and payables) whose values are subject to unanticipated changes in exchange rates due to a contract being denominated in a foreign currency. This type of exposure is short-term to medium-term in nature.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD exhange rates, with all other variables held constant. The Company exposure to all the other currencies are not material. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Company	
	Change in exchange rate	**Change in Profit before tax**
Impact to the profit before tax for the year 2024/25	15%	(134,648)
	10%	(89,765)
	5%	(44,883)
	-5%	44,883
	-10%	89,765
	-15%	134,648
Impact to the profit before tax for the year 2023/24	15%	370,381
	10%	246,920
	5%	123,460
	-5%	(123,460)
	-10%	(246,920)
	-15%	(370,381)

The sensitivity of the exchange rate is presented in the range of negative 15% to positive 15%.

33.4.3. Interest Rate Risk Exposure On Financial Assets And Liabilities

The Company currently has fixed interest income and interest expense for below mentioned Financial assets and Financial liabilities. Therefore, the company will not be exposed to variability of interest rate as border maturities of assets and liabilities are in line.

Financial Assets

- Cash and Cash Equivalents
- Financial Assets at Amortized cost - Loans receivable
- Financial Assets at Amortized cost - Investment in Fixed deposits

Financial Liabilities

- Due to Banks
- Due to Customers
- Other Payables
- Right of use obligation

33.5. OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with Company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks. Operational risks arise from all of Company's operations.

Company's objectives is to manage operational risk in order to avoid/mitigate financial losses and damage to Company's reputation with overall cost effectivenes.

Operational Risk Management framework of Company has been defined under the Board approved Operational Risk Management Policy. Compliance with company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The result of Internal Audit reviews are discussed with the Board of Directors with summaries submitted the Audit Committee and senior management of the company.

33.5.1. Capital Management

The primary objective of Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintain healthy capital ratios in order to support its business and to maximize shareholders' value.

As a Licensed Microfinance Company (LMFC), the Company is required to adhere to the provisions of the Microfinance Act, No. 6 of 2016, and directions issued by the Central Bank of Sri Lanka (CBSL), including:

- Microfinance Act Direction No. 01 of 2016 on Minimum Core Capital Requirements.
- Microfinance Act Direction No. 02 of 2019 on Interest Rate Caps and Financial Stability.
- Microfinance Act Direction No. 06 of 2016 on Fitness and Propriety of Directors and Senior Management.
- Microfinance Act Direction No. 07 of 2016 on Accommodations (Loans and Advances)."

As of 31st December 2025, the Core Capital Ratio and Total Capital Ratio stood at 15% and 22.1% respectively, against the regulatory minimum for Licensed Microfinance Companies.

Notes to the Financial Statements

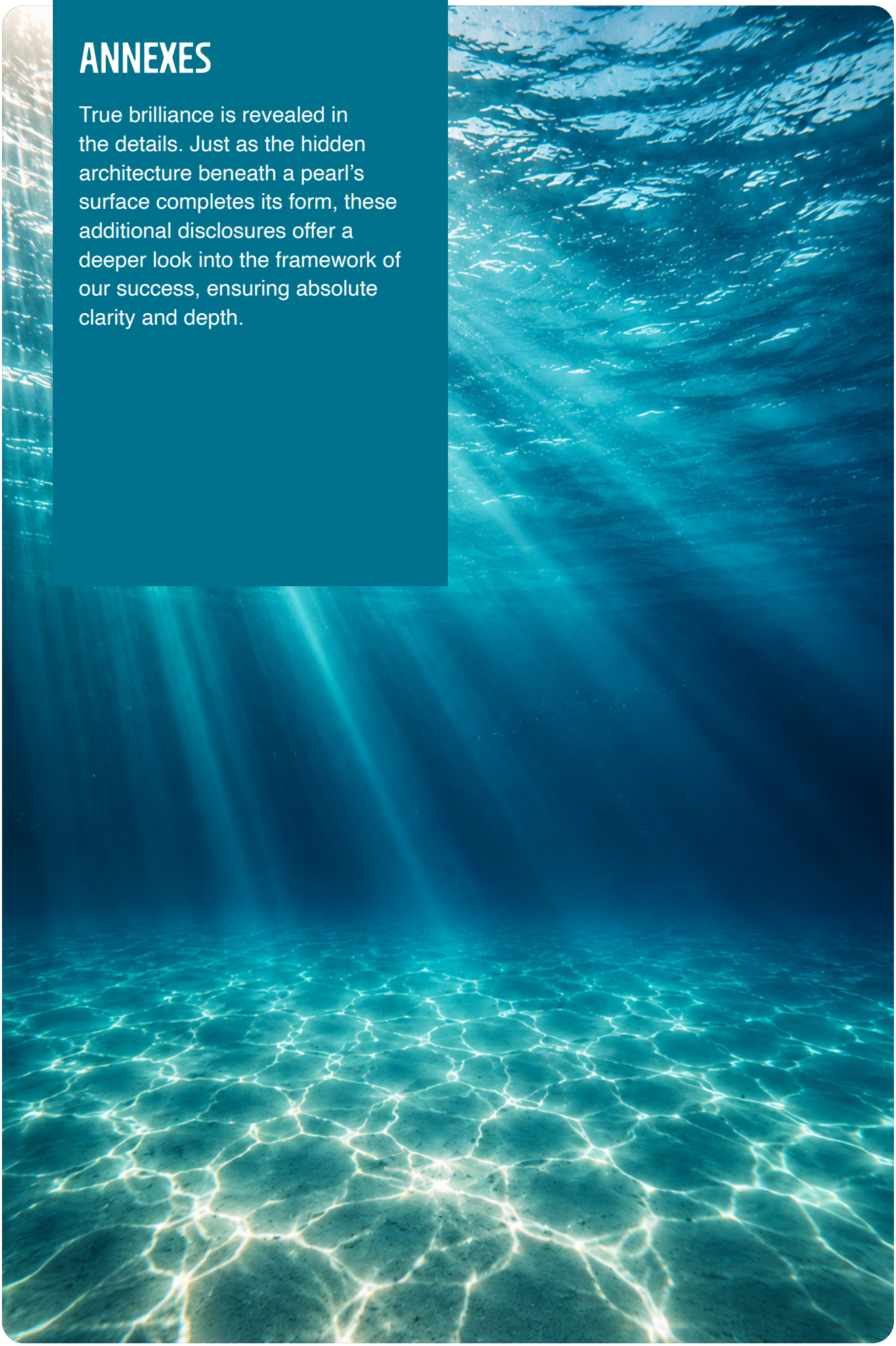
34. MATURITY ANALYSIS

Remaining contractual period to maturity, as at the date of Statement of Financial Position is tabulated below:

Year ended 31 December 2025	2025 LKR			2024 LKR		
Assets	**Within 12 Months**	**After 12 Months**	**Total**	**Within 12 Months**	**After 12 Months**	**Total**
Cash and cash equivalents	**141,230,220**	**-**	**141,230,220**	78,443,726	-	78,443,726
SSR Reserve (Liquidity Reserve)	**-**	**-**	**-**	2,217,787	-	2,217,787
Financial Assets at Amortized cost - Investment in Fixed deposits	**3,235,231,675**	**-**	**3,235,231,675**	2,247,137,091	146,110,160	2,393,247,251
Financial Assets at Amortized cost - Loans receivable	**3,839,269,086**	**462,577,044**	**4,301,846,130**	3,410,752,341	214,765,575	3,625,517,916
Deposits advances and prepayments	**54,496,801**	**11,586,599**	**66,083,400**	52,331,985	7,578,915	59,910,900
Amounts due from related parties	**1,553,829**	**-**	**1,553,829**	9,515,694		9,515,694
Deferred tax asset	**-**	**34,347,708**	**34,347,708**	-	32,262,869	32,262,869
Intangible assets	**-**	**10,741,086**	**10,741,086**	-	2,048,978	2,048,978
Property and equipment	**-**	**59,068,706**	**59,068,706**	-	53,463,918	53,463,918
Right of use assets	**32,296,721**	**51,146,755**	**83,443,476**	22,536,655	26,945,123	49,481,778
Total assets	**7,304,078,331**	**629,467,898**	**7,933,546,229**	5,822,935,279	483,175,538	6,306,110,816
Equity and liabilities						
Liabilities						
Due to Banks	**2,907,216,112**	**1,969,121,863**	**4,876,337,975**	2,470,878,896	-	2,470,878,896
Due to Customers	**309,566,528**	**-**	**309,566,528**	14,785,244	-	14,785,244
Right of use obligation	**35,939,785**	**49,890,621**	**85,830,406**	26,803,430	21,738,784	48,542,214
Other payables	**46,139,587**	**-**	**46,139,587**	54,795,917	-	54,795,917
Amount due to related parties	**-**	**1,296,827,414**	**1,296,827,414**	548,358	2,454,175,530	2,454,723,888
Other liabilities	**-**	**-**	**-**	25,270,295	-	25,270,295
Retirement benefit obligations	**-**	**29,990,493**	**29,990,493**	-	17,906,927	17,906,927
Current tax liabilities	**159,416,489**	**-**	**159,416,489**	131,941,595	-	131,941,595
Total liabilities	**3,458,278,501**	**3,345,830,391**	**6,804,108,892**	2,725,023,735	2,493,821,241	5,218,844,975
Maturity Gap	**3,845,799,830**	**(2,716,362,493)**	**1,129,437,337**	3,097,911,544	(2,010,645,703)	1,087,265,841
Cumulative Gap	**3,845,799,830**	**1,129,437,337**	**1,129,437,337**	3,097,911,544	1,087,265,841	1,087,265,841

ANNEXES

True brilliance is revealed in the details. Just as the hidden architecture beneath a pearl's surface completes its form, these additional disclosures offer a deeper look into the framework of our success, ensuring absolute clarity and depth.



Five-Year Summary

	2025	2024	2023	2022	2021
	(LKR'000)	(LKR'000)	(LKR'000)	(LKR'000)	(LKR'000)
OPERATING RESULTS					
Interest income	1,926,997	1,246,229	943,929	674,830	398,729
Net interest income	1,372,724	800,586	602,016	431,109	317,057
Net operating income	1,385,155	1,089,178	789,369	445,924	334,739
PBT	231,617	207,044	176,130	(7,101)	(7,931)
Taxses	181,122	121,782	46,332	18,711	3,827
PAT	50,495	85,262	129,798	(25,812)	(11,758)
CAPITAL EMPLOYED					
Assets employed					
Loan portfolio (Net)	4,301,846	3,625,518	2,487,057	1,875,655	1,684,612
Investment in fixed deposits	3,235,232	2,393,247	1,868,438	1,953,685	967,322
Other assets	396,468	287,346	243,197	267,474	220,073
Total	7,933,546	6,306,111	4,598,692	4,096,814	2,872,007
Liabilities incurred					
Due to banks	(4,876,338)	(2,470,879)	(1,505,759)	(1,521,936)	(1,140,767)
Other liabilities	(1,927,771)	(2,747,966)	(2,088,191)	(1,698,616)	(845,781)
Total	(6,804,109)	(5,218,845)	(3,593,951)	(3,220,551)	(1,986,548)
Net assets/Total equity	1,129,437	1,087,266	1,004,741	876,263	885,460
CASH FLOW STATEMENT					
Cash generated from operations	(1,124,964)	(142,034)	203,751	50,411	(768,721)
Cash from investments	(874,304)	(558,576)	75,363	(1,009,081)	(798,960)
Cash from financing	2,062,054	690,720	(278,932)	924,396	1,702,319
Increase in cash and cash equivalents	62,786	(9,889)	182	(34,274)	134,639
OPERATIONAL RATIOS					
Return on equity %	4.47%	7.84%	12.92%	-2.95%	-1.33%
Net interest income margin%	71.24%	64.24%	63.78%	63.88%	79.52%
PAT margin%	2.62%	6.84%	13.75%	-3.82%	-2.95%

Branch Network

No	Branch	Branch Address	Contact No
1	Ambalantota	No 192/6,A, D. S. Senanayaka Mawatha, Akkara Kal Goda, Ambalantota	760352363
2	Anuradhapura	No 191, Dahaiyagama Junction, Anuradhapura	775149976
3	Avissawella	209 C, Madola ,Avissawella	766870648
4	Baddegama	1st Floor, Dippitigodawatta, Near The Court, Galle Road, Baddegama	771705663
5	Balangoda	No 26, Ellarawa, Balangoda	774637132
6	Batticaloa	No 188, Trinco Road, Batticaloa	761810416
7	Bogawanthalawa	No 61/1, Siripura, Bogawanthalawa	76756 3120
8	Bulathkohupitiya	Opposite the Fuel Station, Avissawella Road, Bulathkohupitiya	764984662
9	Chavakachcheri	No 97, Jaffna Road, Chavakachcheri	775157828
10	Chilaw	No 235/4B, Jusewas Road, Puttalam Road, Chilaw	764735239
11	Chunnakam	No 18/20 ,Kumarasamy Pulavar Road, Chunnakam	775150782
12	Dehiaththakandiya	No 188D, Mahaweli Uyana, Dehiaththakandiya	762481582
13	Dickoya	No 323, Main Street, Dickoya.	741714364
14	Divulapitiya	Malwaththa, Balagalla, Divulapitiya	761834313
15	Galigamuwa	No 49/2/1, Avissawella Road, Bisowela, Galigamuwa Town	768705078
16	Ganemulla	No 275/B/5, Kadawatha Road, Ganemulla	770686693
17	Hanwella	No 613/1 B, High-Level Road, Pahathgama, Hanwella	768226004
18	Ingiriya	No 150/B, Rathnapura Road, Urugala, Ingiriya	769482208
19	Kalawana	Sena Building, Near the Police Station, Kalawana	772243304
20	Kaluwanchikudy	Main Street, Eruvil, Kaluwanchikudy	767435818
21	Karandeniya	No 239/1, 04 Mile Post, Karandeniya	743732034
22	Kekirawa	No 29/C, Yakalla Road, Kekirawa	769750741
23	Kesbewa	No 199/D/4, Bandaragama Road, Kesbewa	779858474
24	Kilinochchi	A9 Road, Karadipokku, Kilinochchi	761483628
25	Kothmale	New Town, Kothmale	764437683
26	Mahiyanganaya	No 13, Padiyathalawa Road, Mahiyanganaya	762481582
27	Mandarashi	No 05, U. C. Quarters, Glenlyon Bazaar, Mandarashi	767563120
28	Mannar	No 100/9, Hospital Road,Sinnakadai, Mannar	761321892
29	Mathugama	No 110, Aluthgama Road, Mathugama	741739546
30	Mawanella	1st Floor, No 257, New Colombo Kandy Road, Nayawala	767595603
31	Monaragala	No 274, Kachcheriya Juntion, Monaragala	762796134
32	Morawaka	No 132, Nilwala Building, Pansalgodella Waththa, Morawaka	763605423
33	Mullaitivu	Kumarapuram, Mulliyawalai, Mullaitivu	769140247
34	Narammala	No 132/B, Second Floor, Boudhdhaloka Mawatha, Kurunegala	761929768
35	Naula	No 125/04, Arangala, Naula	779990356
36	Nawalapitiya	St. Claire States, Ambagamuwa, Udabulathgama	740547619
37	Nikaweratiya	No 200D, Kurunegala Road, Nikaweratiya	741239558
38	Nuwara Eliya	No 29, Udupussellawa Road, Nuwara Eliya	766861098
39	Padukka	No 579/E/02, Colombo Road, Padukka	761375879
40	Pallebedda	N S Building, Main Street, Pallebedda	764907211

Branch Network

No	Branch	Branch Address	Contact No
41	Passara	No 12, Main Street, Passara.	761354158
42	Pasyala	No 175/1/3, Madhushi Piyasa, Kandy Road, Pasyala	761834313
43	Pelmadulla	No 132 A, Lellopitiya Junction, Pelmadulla	763597889
44	Puttalam	No 200D, Kurunegala Road, Puttalam	740870583
45	Ragala	No 34, Udupussallawa Road, Ragala, Halgranoya	764907213
46	Rikillagaskada	No 197/01 ,Dimbulkumbura Road, Rikillagaskada	767359201
47	Serunuwara	No 151/01, R.B.04, Sathosa Upstairs, Serunuwara	778281788
48	Thirukkovil	No 77A, Main Streel, Thirukkovil 02	778277974
49	Trincomalee	No 265, Courts Road, Trincomalee	778281788
50	Valaichchenai	Trinco-Batti Road, Karuwakeni, Valaichchenai	778268483
51	Vavuniya	No 115/1, Kandy Road, Vavuniya	764660347
52	Wattegama	No 73/C/3, Kandy Road, Wattegama	769755861
53	Weligama	Walawwatta, Akuressa Road, Denipitiya	763956753
54	Welimada	No 197, Badulla Road, Welimada	764907469
55	Wellawaya	Sanasa Udumahala, Wellawaya Road, Monaragala	762796134

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sejaya Micro Credit Limited will be held on 30th June 2026 at 11a.m. via virtual platform for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31st December 2025 together with the Report of the Auditors thereon.
2. To appoint Messrs. Deloitte, Chartered Accountants, as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed with by the Board of Directors and to audit the Financial Statements of the Company for the accounting period ending 31st December 2026.

By order of the Board

Corporate Services (Private) Limited
Secretaries
Sejaya Micro Credit Limited

8th June 2026
Colombo

Note:

1. A shareholder entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a shareholder to attend instead of him/her.
2. The Form of Proxy is attached herewith.
3. The completed Form of Proxy should be emailed to [insert the email address] not less than 48 hours before the meeting.

Notes

Corporate Information

NAME

Sejaya Micro Credit Limited

SHAREHOLDING

Gojo & Company, Inc.

LEGAL FORM

A Limited Liability Company
Incorporated under the Companies Act, No. 7 of 2007

DATE OF INCORPORATION

26th February 2015

REGISTRATION NUMBER

PB 5251

REGISTERED OFFICE & HEAD OFFICE

No. 374, High Level Road, Gangodawila,
Nugegoda.Sri Lanka

PRINCIPAL ACTIVITIES

Provision of microfinance business as
defined in the Microfinance Act

BOARD OF DIRECTORS

Mr. Takao Takahashi

Mr. Guerol Michael Sari

Mr. Sohil Manoj Shah

Ms. Roshini Cheryl Fernando

Mr. Satish Selvanathan

SECRETARIES

Corporate Services (Private) Limited
No. 216, de Saram Place, Colombo 10.
Sri Lanka

AUDITORS

Ernst & Young
Rotunda Towers, No. 109, Galle Road, Colombo 3.
Sri Lanka

BANKERS

Hatton National Bank PLC

Bank of Ceylon

People's Bank

Commercial Bank of Ceylon PLC

DFCC Bank PLC

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Annual Reports



SEJAYA
Micro Credit Ltd
LEAVE NO ONE BEHIND