



04th September 2026

Ms. Nilupa Perera,
Chief Regulatory Officer,
Colombo Stock Exchange,
World Trade Centre,
Echelon Square,
Colombo 01.

Dear Madam,

ODEL PLC

INDEPENDENT AUDITOR'S REPORT CONTAINING AN EMPHASIS OF MATTER ON GOING CONCERN

We wish to make the following disclosure in terms of Rule 7.5 (d) (ii) (A) (5).

1. The shares of ODEL PLC ("Company") have been transferred to the Watch List within five (5) market days from the release of the Audited Financial Statements for year 2023/2024, 2024/2025 and 2025/2026 ("Financial Statements") as it contains an emphasis of matter on going concern.
2. The remedial actions as per the Annexure to this Announcement are implemented to mitigate the prevailing negative working capital position of the Company in order to address the emphasis of matter on going concern contained in the External Auditors' Opinion.
3. The Company intends and shall make best endeavors to complete the proposed remedial actions within the stipulated timeline as disclosed in the Annexure to this Announcement.
4. The following additional statements are also made in terms of Rule 7.5 (d) (ii) (A) (5) d);
 - i) In the event of any deviation from the proposed remedial action, the extent of the deviation shall be communicated to the investors by way of a subsequent announcement to the Market via the Exchange within one (01) Market Day from the date of obtaining the approval of the Board of Directors of the Company for such deviation;
 - ii) In the event the matters giving rise to the emphasis of matter on going concern is not resolved within a period of fifteen (15) months from the date of transferring the Securities of the Entity to the Watch List, the trading of Securities of the Company shall be suspended. In the event the trading suspension continues for a period in excess of twelve (12) months, the securities of the Company shall be delisted by the Board of Directors of the CSE in terms of Section 14 of the Listing Rules;

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- iii) In the event the matters giving rise to the emphasis of matter on going concern is resolved and such fact is independently verified by an auditor during the period the securities of the Company are on the Watch List, it shall be announced to the Market via the CSE forthwith.

Yours faithfully

ODEL PLC



Ashok Pathirage

Chairman/ Managing Director

Annexure A

Remedial Action as outlined in the monthly market announcement	Whether the action plan was implemented during the month YES/NO	If the answer is YES, the details of the action taken If the answer is No, the reason for not implementing same	Whether there are any deviations of the action plan based on the previous market announcement	Total funds generated from/required for each remedial action (Rs.)	Source/ Mode of Capital Infusion to the Group (debt/equity by way of rights issues, private placements, issue of warrants etc.)	Progress and level of achievement of the action plan (i.e xx% of remedial action)	Timeline for completing the remaining portion of the action plan	Any agreements entered or executed	Impact on the financials, including key financial ratios (revenue, profits, total current/non-current assets and liabilities, borrowings, equity, net current liability position, earnings per share etc.)
01) Odel Properties One (Pvt) Ltd (fully owned subsidiary of Odel PLC) to raise Rs. 6.1 Bn funding to complete the construction of the ODEL Mall and the first phase of reassessing the design of the mall including an re-estimation of the cost is completed.	YES, In Progress	Management has revised the long-term financing strategy for the Odel Mall project following a significant reduction in the construction scope. The Odel Mall project which originally consisted of two zones (Zone 1 and 2) to be developed simultaneously is now revised in such manner where primary focus and funding will be utilized for completion of Zone 1 which will be for the conversion of the apartments to retail and commercial office premises. This results in the total project cost to be incurred being scaled down to Rs. 6.1 billion from the previously estimated Rs. 19.35 billion and a 100 perches block of land remaining for future development. The revised funding plan* is expected to be supported primarily through advances received from the pre-sale of	NO	Rs. 6.1 Bn	Advances receivable from the pre-sale of office space Rs. 6.1Bn	Discussions in progress	8 months	Yet to be finalized	Minimal increase in borrowings since funding relies mainly on pre-sales and equity. Reduction of debt improves the debt - to-equity ratio and lowers financial risks. Debt capital as % of total capital as at 31st March 2026 was 133%. After the forecasted equity infusion Debt capital as a % of total capital improves to 112%.

*Upon finalization of fund raising activities, relevant CSE announcement will be made

Annexure A

		commercial office space of approximately 74,000 sq.ft, comprising of 2 floors. Thereby minimizing reliance on debt financing and improving the project's financial viability. Construction of the Odel Mall has resumed and an official statement to that effect has been made to CSE vide disclosure dated 27th of July 2026.							
02) Converting existing intercompany borrowings of Rs. 3.2 Bn to equity capital	YES – Completed in August 2024.	All necessary actions have been taken as per the regulatory requirements.	NO	In addition to the conversion of intercompany borrowings amounting to Rs. 3.2 billion into equity capital, the Company successfully raised an additional Rs. 3,883,565 in fresh cash through the Rights Issue concluded in August 2024.	Rights Issue	100%	Completed	N/A	- Stated capital increased by Rs. 3.2Bn (loan conversion) + Rs. 3.88Mn (cash subscription). - Strengthened total equity base. - Improved Net Asset Value (NAV) per share (subject to dilution impact). - Total liabilities reduced by Rs. 3.2Bn. - Reduction mainly in non-current or related party borrowings. - Lower overall gearing and leverage levels.

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									- Significant improvement in working capital. - Reduction in net current liabilities. - Reduction in finance costs (if interest-bearing).
03) Adopting dynamic marketing strategies to increase domestic and international customer footfall, while launching enticing discount schemes, customer loyalty programs and promotional activities to boost future operating cash flows	YES	Marketing & Customer Acquisition Initiatives • Launched targeted seasonal discount campaigns (festive, year-end, holiday promotions). • Introduced limited-time flash sales and bundle offers to accelerate inventory turnover. • Strengthened digital marketing through social media advertising and influencer collaborations. • Implemented targeted SMS and email marketing campaigns to existing customer databases. • Enhanced in-store visual merchandising and window displays to attract walk-in customers. • Collaborated with tourism operators and hotels to attract international shoppers.	NO	Revenue increase of 25% for the financial year ended 31 st March 2026.	N/A	In progress	Continues	N/A	The Company has implemented dynamic marketing strategies aimed at enhancing both domestic and international customer footfall. These initiatives include the introduction of targeted discount schemes, strengthened customer loyalty programs, and a series of promotional campaigns designed to drive sales and improve operating cash flows. As a result of these strategic measures, Odel recorded a 24% increase in revenue and 45% decrease in the Loss for the year ended 31 st March 2026 compared to the previous FY. Further, the effectiveness of these initiatives is reflected in the Company's liquidity

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		Product & Merchandising Strategy • Expanded fast-moving and high-margin product categories. • Introduced new international and private-label brands to diversify product mix. • Optimized pricing strategy based on demand patterns and competitor benchmarking. • Improved stock replenishment cycles to reduce stock-outs of high-demand items. Footfall Enhancement Activities • Organized in-store events, brand activations, and experiential marketing campaigns. • Conducted mall-wide promotional events to increase overall visitor traffic. • Strengthened partnerships with key anchor tenants and brands to drive cross-traffic. • Enhanced store ambience and layout to improve customer shopping experience.							position, with cash generated from operating activities increasing significantly compared to the same period last year. These results demonstrate the positive impact of management’s revenue enhancement and cash flow optimization strategies, and the Company remains focused on sustaining this growth momentum going forward.
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		International Customer Targeting • Introduced tax refund awareness initiatives for tourists. • Enhanced multilingual promotional materials and signage. • Coordinated with travel agents and tour groups to promote Odel as a shopping destination.							
4) Re-negotiating the debt repayment plans with the lending institutions and restructuring the debt.	YES – In progress	• Conducted comprehensive review of outstanding debt and cash flow capacity. • Initiated discussions with lending institutions and presented updated financial performance and forecasts. • Negotiated extension of loan tenures and rescheduling of repayment terms. • Obtained grace periods on capital repayments where necessary. • Converted short-term facilities into medium/long-term structured loans. • Renegotiated interest rates and key covenant terms. • Executed revised loan agreements and updated repayment schedules.	NO	N/A	10% of the remaining bank facilities are under discussion for the restructuring	90%	3 months period will be required to complete the restructuring of the remaining 10%	Offer letters and loan agreements were signed for the already completed restructured loans	• Liquidity Position Improved – Reduction in short-term repayment pressure through extension and rescheduling of facilities. • Net Current Liability Position Strengthened – Reclassification of borrowings from current to non-current improved working capital ratios. • Stabilized Borrowing Profile – Extended maturities and structured repayment plans reduced refinancing risk. • Lower Finance Cost Pressure – Renegotiated terms support improved profitability and interest coverage. • For the YTD May 2026, group has

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									witnessed a 7% reduction in the loan interest cost compared to the same period in 2025.
5) Closing underperformin g stores to reduce fixed operating overheads and consolidating their inventory into performing stores, aiming to boost revenue, enhance cash flow, and strengthen the working capital position.	YES	26 underperforming outlets have been closed to reduce fixed operating costs, including rent, utilities, and staffing	NO	N/A	N/A	100%	Completed	N/A	• Reduced fixed costs by closing 26 underperforming stores, improving operating profit margins. • Optimized inventory at performing stores, enhancing turnover and cash flow. • Strengthened working capital and liquidity through lower overheads and efficient stock management. • Potential support to revenue and remaining stores with better product availability • Admin expenses increased by only 2% from 24/25 FY to 25/26 FY due to the savings generated from store closures.
6) Disposal of some of the identified strategic investment assets.	YES	During second quarter of 2025/26, Odel Lanka (Pvt) Ltd a fully owned subsidiary of Odel PLC, disposed the entries investment property for a net proceed of Rs 1,173,700,000.	NO	Rs. 1,173,700,000	N/A	100%	N/A	All necessary agreements were signed and completed	• Current assets increase (cash inflow from sale) • Return on assets (ROA): improves due to higher profits without a significant rise in total

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									assets – ROA as at 31 st March 2025 was -5% which has reduced to -3% as at 31 st March 2026 post the disposal of the land.
7) New developments	Yes	During the FY 2025/26 and in the Q1 of the FY 2026/27, company opened 3 new large-scale stores at 3 prominent locations in Colombo Developing a B2B arm – discussions are underway with large scale fashion retailers in Sri Lanka to sell global brands that Odel has local distribution rights	N/A N/A	N/A N/A	N/A N/A	Completed In progress	N/A Order fulfillment will be started in Q2 FY 26/27	N/A	New stores opened in strategic locations are bringing in incremental revenue with higher profitability. New revenue generation opportunity leveraging Odel’s strong relationships with Global brands.

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