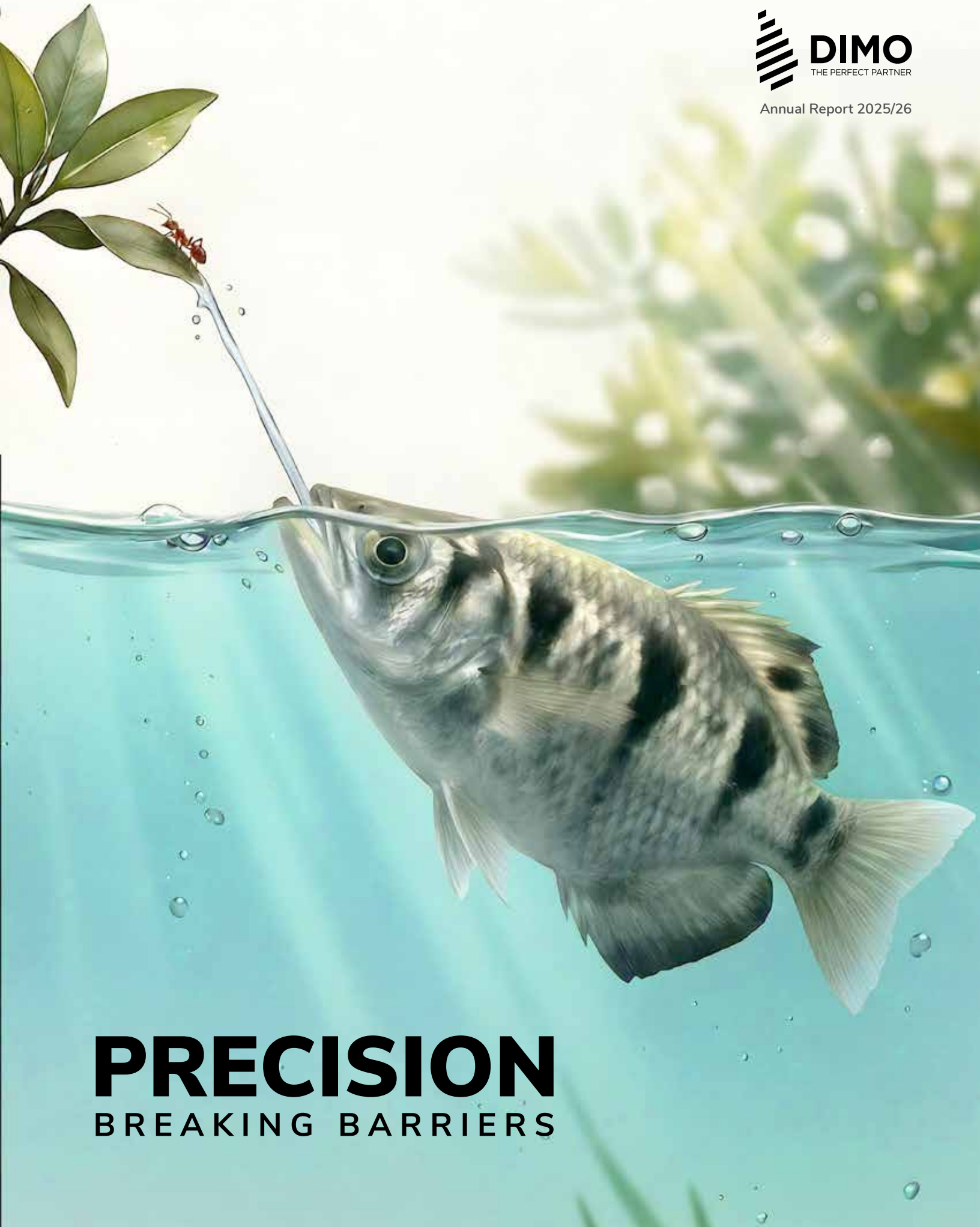
DIMO
THE PERFECT PARTNER

Annual Report 2025/26



# PRECISION
## BREAKING BARRIERS

⠠⠞⠓⠑ ⠠⠉⠕⠍⠍⠊⠎⠎⠊⠕⠝⠑⠗ ⠕⠋ ⠠⠏⠥⠃⠇⠊⠉ ⠠⠊⠝⠎⠞⠗⠥⠉⠞⠊⠕⠝ ⠁⠝⠙ ⠠⠞⠓⠑
⠠⠞⠗⠥⠎⠞⠑⠑⠎ ⠁⠗⠑ ⠠⠉⠕⠝⠎⠞⠊⠞⠥⠞⠑⠙ ⠞⠕ ⠁⠙⠍⠊⠝⠊⠎⠞⠑⠗ ⠁⠝⠙ ⠙⠊⠗⠑⠉⠞ ⠞⠓⠑
⠠⠉⠕⠍⠍⠊⠎⠎⠊⠕⠝⠑⠗ ⠕⠋ ⠠⠏⠥⠃⠇⠊⠉ ⠠⠊⠝⠎⠞⠗⠥⠉⠞⠊⠕⠝ ⠁⠝⠙ ⠞⠓⠑ ⠠⠞⠗⠥⠎⠞⠑⠑⠎
⠁⠗⠑ ⠠⠉⠕⠝⠎⠞⠊⠞⠥⠞⠑⠙ ⠞⠕ ⠁⠙⠍⠊⠝⠊⠎⠞⠑⠗ ⠁⠝⠙ ⠙⠊⠗⠑⠉⠞ ⠞⠓⠑ ⠠⠉⠕⠍⠍⠊⠎⠎⠊⠕⠝⠑⠗
⠕⠋ ⠠⠏⠥⠃⠇⠊⠉ ⠠⠊⠝⠎⠞⠗⠥⠉⠞⠊⠕⠝ ⠁⠝⠙ ⠞⠓⠑ ⠠⠞⠗⠥⠎⠞⠑⠑⠎ ⠁⠗⠑ ⠠⠉⠕⠝⠎⠞⠊⠞⠥⠞⠑⠙
⠞⠕ ⠁⠙⠍⠊⠝⠊⠎⠞⠑⠗ ⠁⠝⠙ ⠙⠊⠗⠑⠉⠞ ⠞⠓⠑ ⠠⠉⠕⠍⠍⠊⠎⠎⠊⠕⠝⠑⠗ ⠕⠋ ⠠⠏⠥⠃⠇⠊⠉
⠠⠊⠝⠎⠞⠗⠥⠉⠞⠊⠕⠝ ⠁⠝⠙ ⠞⠓⠑ ⠠⠞⠗⠥⠎⠞⠑⠑⠎ ⠁⠗⠑ ⠠⠉⠕⠝⠎⠞⠊⠞⠥⠞⠑⠙ ⠞⠕ ⠁⠙⠍⠊⠝⠊⠎⠞⠑⠗
⠁⠝⠙ ⠙⠊⠗⠑⠉⠞ ⠞⠓⠑ ⠠⠉⠕⠍⠍⠊⠎⠎⠊⠕⠝⠑⠗ ⠕⠋ ⠠⠏⠥⠃⠇⠊⠉ ⠠⠊⠝⠎⠞⠗⠥⠉⠞⠊⠕⠝ ⠁⠝⠙
⠞⠓⠑ ⠠⠞⠗⠥⠎⠞⠑⠑⠎ ⠁⠗⠑ ⠠⠉⠕⠝⠎⠞⠊⠞⠥⠞⠑⠙ ⠞⠕ ⠁⠙⠍⠊⠝⠊⠎⠞⠑⠗ ⠁⠝⠙ ⠙⠊⠗⠑⠉⠞
⠞⠓⠑ 

# PRECISION
## BREAKING BARRIERS

Dedicated Microsite for the Annual Report

https://www.dimolanka.com/2025-2026-dimo-annual-report/

At DIMO, precision is not assumed, it is achieved.

We operate in an environment where signals are often distorted, and where complexity can obscure what is truly worthwhile. In such a landscape, the ability to see clearly becomes our greatest strength.

This year, we focused on understanding before acting. By combining data, experience, and insight, we ensured that every decision was informed, and every move precise. We chose accuracy over speed, and direction over volume. Our approach allows us to respond to change with confidence, not by reacting in haste, but by interpreting it correctly and implementing plans for continued success. In doing so, we remain aligned, deliberate, and effective in execution.

When perception is precise, performance grows.
When performance grows, longevity is architected.

Video

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=1

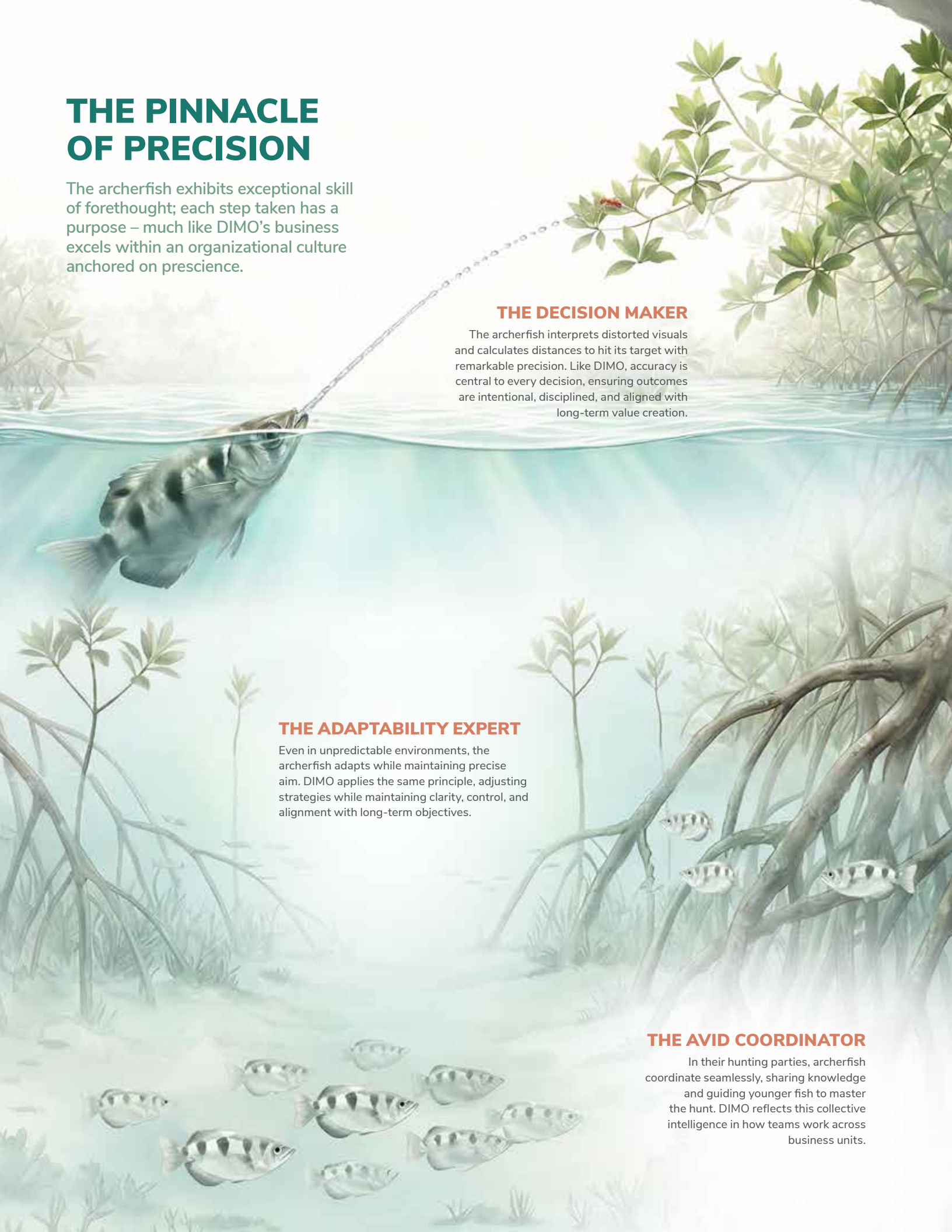
*The archerfish succeeds by correcting visual distortion and acting with precision. DIMO reflects this through insight-led decision-making, interpreting complex environments with clarity, and executing with accuracy to navigate change and deliver sustained outcomes.*



DIMO
THE PERFECT PARTNER

# THE PINNACLE OF PRECISION

The archerfish exhibits exceptional skill of forethought; each step taken has a purpose – much like DIMO's business excels within an organizational culture anchored on prescience.



## THE DECISION MAKER

The archerfish interprets distorted visuals and calculates distances to hit its target with remarkable precision. Like DIMO, accuracy is central to every decision, ensuring outcomes are intentional, disciplined, and aligned with long-term value creation.

## THE ADAPTABILITY EXPERT

Even in unpredictable environments, the archerfish adapts while maintaining precise aim. DIMO applies the same principle, adjusting strategies while maintaining clarity, control, and alignment with long-term objectives.

## THE AVID COORDINATOR

In their hunting parties, archerfish coordinate seamlessly, sharing knowledge and guiding younger fish to master the hunt. DIMO reflects this collective intelligence in how teams work across business units.

# CONTENTS


**4** Welcome to DIMO's 16th Integrated Annual Report

**8** The Innovations Behind DIMO's 2025/26 Interactive Annual Report

**15** Chairman's Message

**92** Business Reports

**48** Capital Reports

**194** Investor Relations

## 11 PRECISE IN PERFORMANCE

### Group Overview and Leadership

Purposeful structures, accountable and visionary leadership that stands for Trust and Responsibility, and perspectives on performance and future growth.

12 DIMO in a Nutshell
13 Group Structure
14 Year at a Glance
15 Chairman's Message
18 The Chief Executive's Perspective
25 Board of Directors
26 Group Management Committee

## 27 PRECISE IN PERCEPTION

### Management Commentary

Demonstrates how the Group's purpose-led strategy guides capital optimisation, resilience and value creation across short, medium and long-term horizons.

28 Value Creation Model
30 Our Purpose-Driven Strategy
44 Overview of the Operating Environment
48 Capital Reports
92 Business Reports

## 135 PRECISE IN PRACTICE

### Enterprise Governance

Outlines group's strong governance that safeguards integrity and strengthens accountability, and meaningful engagement that together enhances stakeholder trust and confidence.

136 Stakeholder Engagement
147 Corporate Governance
194 Investor Relations
200 Risk Management
209 Sustainability-Related Financial Disclosures (SLFRS S1 & S2)

## 233 PRECISE IN PERSEVERANCE

### Trust and Transparency

Validating our ESG commitments through transparent performance disclosures, supporting notes and independent assurance.

234 Consolidated Statement of Environmental, Social and Governance (ESG) Performance
235 Notes to the Consolidated Statement of ESG Performance

## 255 PRECISE IN PROGRESS

### Financial Statements

Presenting financial performance with transparency and accountability, reflecting our continued focus on value creation.

257 Annual Report of the Board of Directors
262 Directors' Interests in Contracts with the Company
264 Statement of Directors' Responsibility for Financial Statements
265 Board of Directors' Statement on Internal Controls
266 Statement of Responsibility of the Chairman, Group Managing Director/Chief Executive Officer and Chief Financial Officer
267 Independent Auditors' report
270 Section 1 – Financial Statements
276 Section 2 – Principal Business Activities
279 Section 3 – Basis of Accounting
286 Section 4 – Material Accounting Policies and Notes

## 349 PRECISE IN PERSPECTIVE

### Annexures

Valuing the details that strengthen transparency, context and the completeness of our reporting.

350 GRI Content Index
353 SASB Indicators
360 Independent Report Assurance
362 Ten Year Summary
363 Annexure 1
364 Corporate Information
366 Notice of Meeting
367 Form of Proxy

# WELCOME TO DIMO'S 16th INTEGRATED ANNUAL REPORT

This Integrated Report is DIMO's primary communication with shareholders and one of our key channels of engagement with all stakeholders. Prepared for the 12 month reporting period ended 31 March 2026, it presents a balanced, transparent and connected account of our performance, strategic progress and future outlook. The Report reflects how integrated thinking guides our approach to value creation, bringing together stakeholder relevance, materiality, strategy, capital deployment and outcomes in one coherent narrative. It is designed to enable readers to understand how DIMO's decisions and actions during the year support value creation over the short, medium and long term.

Dedicated Microsite for the Annual Report

https://www.dimolanka.com/2025-2026-dimo-annual-report/

AI Powered Interaction

https://www.dimolanka.com/2025-2026-dimo-annual-report/ai-assistant.php

## OUR APPROACH TO THE INTEGRATED ANNUAL REPORT

### Integrated Thinking: From Stakeholder Priorities to Value Creation

**Seeing beyond the surface**

We seek to understand stakeholder expectations and market signals clearly, so that the matters influencing value creation, risks and opportunities are identified with greater relevance.

**Focusing on what matters**

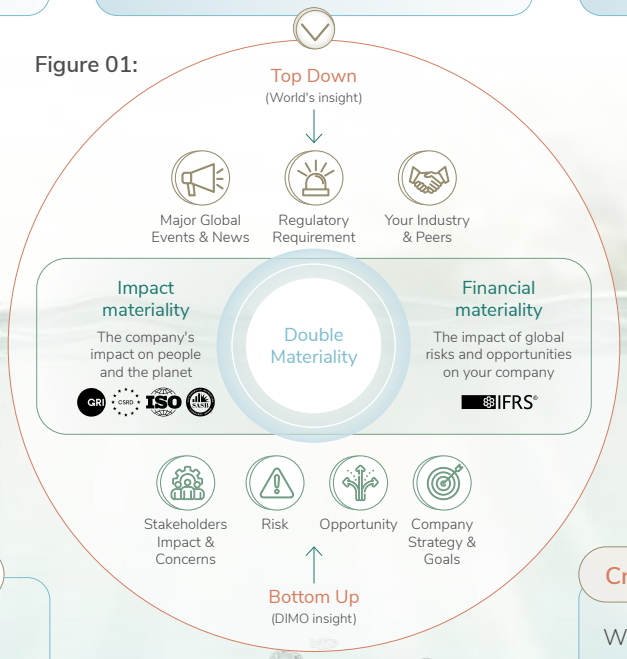
Through a double materiality approach, we identify and prioritise the matters that influence our enterprise value creation, while also considering how our activities impact stakeholders.

(Refer page 143 - Our Approach to Materiality)

**Aiming with purpose**

Guided by our Purpose, Brand Promise and Values, we shape our strategic direction to create, preserve and strengthen stakeholder value over the short, medium and long term.

Figure 01:




**Deploying capitals with precision**

We deploy our capitals with careful focus, ensuring that financial resources, capabilities, partnerships and natural resources are directed towards priorities that support sustainable value creation.

**Creating measurable value**

We connect strategy and capital deployment to measurable outcomes, enabling stakeholders to understand the value created through our actions and performance.

## Turning Integrated Thinking into Reporting

### Frame

Guided by the Board and Group Management Committee, we identify the information needed to explain DIMO's performance, strategy, material matters and value creation priorities.

### Develop

A cross functional team collaborates with business and segment heads to develop clear, balanced and relevant report content based on business plans, performance insights, stakeholder inputs and reporting requirements.

### Review and Authorize

Management and the Board review the Report, with independent assurance and final sign off strengthening the accuracy, balance and integrity of disclosures.

## Table 01: Supporting Informed Stakeholder Decisions

| Stakeholder | Decision Usefulness |
|---|---|
| Shareholders | Supports informed investments and ownership decisions |
| Customers | Builds confidence in responsible, reliable solutions |
| Employees | Strengthnes alignment with purpose and strategy |
| Business partners and channel partners | Reinforces trust and shared value creation |
| Community | Illustrates social and environmental responsibility |
| Government and regulatory bodies | Demonstrates governance, compliance and accountability |

## Improving Transparency through SLFRS S1 and S2

In FY 2025/26, DIMO transitioned from voluntary alignment to mandatory reporting under SLFRS S1 and S2, significantly advancing its sustainability-related financial disclosures. In accordance with these standards, the company has integrated and disclosed material information across the four core pillars; Governance, Strategy, Risks Management, Metrics & Targets.

For further details, refer to the SLFRS S1 and S2 Report on pages 211 to 232.

## Reporting improvements based on stakeholder feedback

As part of our commitment to improving the clarity, relevance and accessibility of the Integrated Report, we considered feedback gathered through internal and external surveys. The insights received helped us refine the content, structure and presentation of this year's Report, with greater emphasis on connectivity across strategy, risks, sustainability, capital deployment and value creation.

- Enhanced connectivity across the value creation process in each Business Report to bring out meaningful, live integrated reporting, linking business performance with sustainability considerations, material risks, capital allocation and value creation drivers.
- Introduce a new summary to strengthen the link between strategic pillars and the six capitals to clarify the strategic relevance of decisions made across each capital.
- Strengthened the connection between material topics, material risks and strategic responses within the Risk Management section.
- Improved the visibility of key outcome indicators to show how strategy and capital deployment create value for stakeholders.
- Strengthened report navigation through clearer references to detailed disclosures, including the SLFRS S1 and S2 Report, Risk Management, Business Reports and Capital Reports.
- Further improved the digital reporting experience through enhanced accessibility, navigation and user engagement features. Further details are provided on page 8.
- Reduced repetition and improved cross referencing

To improve clarity and avoid repetition, we have discussed materiality related information across the most relevant sections of this Report. The table below guides readers to where each area is covered in detail.

### Materiality assessment process

How we identify and prioritise material matters through double materiality.

Stakeholder Engagement, pages 136 to 146

### Material matters

The key matters that are most relevant to DIMO's value creation and stakeholder expectations.

Navigating What Matters, page41

### Material risks and responses

The key risks linked to material matters and the strategies adopted to manage them.

Risk Management, pages 206 to 208

# WELCOME TO DIMO'S 16th INTEGRATED ANNUAL REPORT

## OUR REPORTING LANDSCAPE

### Our Integrated Annual Report 2025/26

Our Integrated Report was produced in accordance with the International Integrated Reporting Framework (International <IR> Framework) 2021, of which the company is a business network member.

It provides a comprehensive, yet concise overview of how the group creates and protects value while minimising the risk of value erosion over the short, medium and long term. It primarily caters for the information needs of long-term investors, including our equity shareholders and prospective investors.

This report is also relevant to other stakeholders as it addresses material issues relating to value creation. It is supplemented by more detailed reporting in financial, risk management, sustainability, and environmental, social and governance (ESG) disclosures.

The Integrated Annual Report 2025/26 can be accessed on our website.



### Our Integrated Annual Report 2025/26

- The Companies Act No. 07 of 2007
- The Listing Rules of the Colombo Stock Exchange - (CSE)
- Sri Lanka Financial Reporting Standards
- Sri Lanka Accounting Standards (LKASS/ SLFRSS)

#### Integrated Reporting

- International Integrated Reporting Framework (International <IR> Framework) 2021, of which the Company is a Business Network Member
- Guidelines for the Presentation of Annual Reports & Handbook on Integrated Corporate Reporting Issued by CA Sri Lanka
- IFRS Foundation's International <IR> Framework

#### ESG Reporting

- GRI Standards issued by the Global Sustainability Standards Board (GSSB). (This report has been prepared in accordance with the GRI Standards: Comprehensive Option)
- The Industry Standards Published by The Sustainability Accounting Standards Board (SASB) Multiline & Specialty Retailers & Distributors | Agricultural Products | Engineering & Construction Services
- United Nations Sustainability Development Goals (SDGs)
- Ten Principles of the United Nations Global Compact (UNGC)
- The Greenhouse Gas Protocol Corporate Standards, verified with ISO 14064-1:2018
- Emission Reduction targets established in accordance with the guidelines of the Science Based Targets initiative (SBTi), aligned with the Paris Agreement (2015)
- Code of Best Practice on Corporate Governance Jointly Issued by the Institute of Chartered Accountant of Sri Lanka and Securities and Exchange Commission of Sri Lanka.
- Gender Parity Reporting Framework of CA Sri Lanka
- Compliance with SLFRS S1 & S2. Following the voluntary adoption of SLFRS S1 and S2 last year, the Group has this year transitioned to mandatory compliance, extending its reporting obligations accordingly

## Reporting Boundary & Scope

### Financial Reporting Boundary

- Aligns with our financial statements reporting boundary (defined by control and joint control) and includes
- Diesel & Motor Engineering PLC referred to as DIMO (Parent) Subsidiaries Joint Ventures

### Non-Financial Reporting Boundary

Includes material risks, opportunities, and outcomes attributes to or associated with DIMO Group's

- Purpose Driven Strategy (page 30)
- Value Creation Model (page 28)
- Sustainability Snapshot (page 39)
- Stakeholder Engagement (page 136)
- Operating Environment (page 44)
- Capital Reports (page 50)
- Business Reports (page 92)
- Risk Management (page 200)
- Sustainability-related Financial Disclosures (SLFRS S1 & S2) (page 211)
- Corporate Governance (page 147)
- Investor Relations (page 164)
- Consolidated Statement of ESG Performance Statement (page 234)

## Independent Assurances

### Financial Reporting

- Assurance from the independent auditors on the consolidated financial statements as per Sri Lanka Auditing standards (page 267)

### Integrated Reporting

- Assurance from the independent auditors on the integrated report as per Sri Lanka standards on Assurance engagements 3,000 (revised)

### Sustainability Reporting

Assurance from the independent auditors on the statement on;

- GRI Standards (page 252)
- Management statement of EESG performance (page 234)
- SASB disclosure as per Sri Lanka standard on Assurance Engagements 3000 (revised) (page 350)
- Sustainability-related Financial Disclosures: SLFRS S1 & S2 (page 209)

### Web Disclosures

- Independent Assurances have been obtained for both our financial and non-financial information from Messrs.
- KPMG on the Financial Statements
- EY on the Integrated Reporting practices, ESG Performance Statement indicators, and indicators from GRI Standards and relevant SASB Standards, Sustainability-related financial disclosures (SLFRS S1 & S2)

## Integrated Annual Report of Board of Directors

The Board of Directors of Diesel & Motor Engineering PLC, hereby present DIMO's 16th Integrated Annual Report to its Financial Capital Providers and other stakeholders. The Board, to the best of its knowledge, believes that the content in this report is prepared after carefully assessing all material matters that affect DIMO's ability to create value in short, medium and long term. The Board also agrees that the Integrated Annual Report has been presented in accordance with the International Integrated Reporting Council's Integrated Reporting Framework 2021.

The Board of Directors further acknowledges that reasonable care has been exercised in the preparation and presentation of this Integrated Report and Financial Statements while preserving its integrity.

Signed by the Board on 3rd June 2026

Ranjith Pandithage
Chairman

Gahanath Pandithage
Managing Director/
Group Chief Executive Officer

Dr. Harsha Cabral
Independent
Non-Executive Director

Suresh Gooneratne
Executive Director/
Chief Financial Officer

Manil Jayesinghe
Independent
Non-Executive Director

R.A Jayawardane
Independent
Non- Executive Director

Dilrukshi Kurukulasuriya
Executive Director

Mohan Pandithage
Non-Executive Director

Rajeev Pandithage
Executive Director

H.A.C.Perera
Independent
Non-Executive Director

Wijith Pushpawela
Executive Director

Chaminda Ranawana
Executive Director

Indrajit Wickramasinghe
Independent
Non-Executive Director

Natasha Boralessa
Independent
Non-Executive Director

Rumal Fernando
Independent
Non-Executive Director

# THE INNOVATIONS BEHIND DIMO'S 2025/26 INTERACTIVE ANNUAL REPORT

## DRIVING ENGAGEMENT THROUGH DIGITAL EVOLUTION




Innovations Behind the Interactive Microsite

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=4

### INTRODUCTION: REDEFINING STAKEHOLDER ENGAGEMENT IN CORPORATE REPORTING

In the contemporary corporate landscape, an annual report achieves its full strategic potential only when it transitions from a static compliance document into an active engine for robust stakeholder engagement. Recognizing this paradigm shift, Diesel & Motor Engineering PLC (DIMO) has revolutionized its corporate reporting methodology. For the 2025/26 financial year, the Annual Report is presented on a highly specialized, custom-engineered digital Microsite. This platform is comprehensively enhanced with cutting-edge technologies designed specifically to provide an interactive, seamless, and deeply immersive experience for all users.

The true measure of success for any corporate publication lies in its pull factor—whether users, shareholders, analysts, and partners genuinely want to access the report to discover, learn from, and actively experience the content. Elevating this stakeholder experience is DIMO's continuous priority. By offering diverse, flexible, and optional engagement methods tailored to individual user preferences, the 2025/26 Microsite prioritizes intuitive navigation, universal accessibility, and the strategic deployment of modern technology to effectively reach a broad, global spectrum of stakeholders.

### Technical Innovation & Gamified Interaction Shaping the Business

To move beyond the dry, traditional reading patterns associated with corporate disclosures, the Microsite introduces advanced interactive layers that transform data consumption into an active, engaging journey.

### Profile-Dependent Content Delivery

Recognizing that an institutional investor, a sustainability auditor, a prospective employee, and a retail shareholder all open an annual report with entirely different objectives, the Microsite eliminates the "one-size-fits-all" limitation. At the very outset of the user journey, an intuitive profile selector prompts visitors to identify their stakeholder group. The platform then dynamically reconfigures its hierarchy, tailoring and prioritizing content streams to mirror specific user needs and structural preferences. This ensures that high-priority data points are immediately accessible without forcing users to sift through hundreds of unrelated pages.

### Gamified Engagement & Narrative Integration

To foster genuine excitement, the platform integrates sophisticated, modern arcade-style gamification mechanics. Rather than presenting corporate milestones as passive text, the site invites stakeholders and tech-savvy users to test their knowledge recall speed regarding DIMO's strategic moves and financial disclosures through interactive challenges.

By playing through competitive stages and climbing a live, public leaderboard, participants can engage in friendly competition. Winners stand to be rewarded periodically, enhancing engagement and significantly increasing time spent interacting with core corporate messages.



Precision Quest Game

https://www.dimolanka.com/2025-2026-dimo-annual-report/precision-quest.php

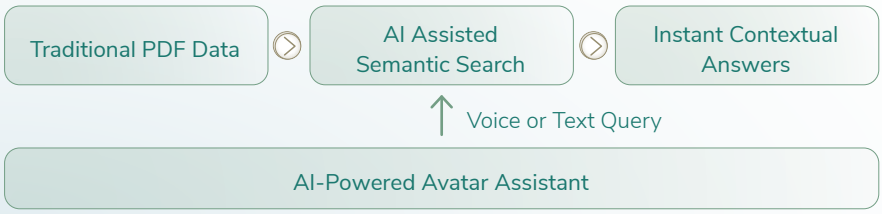
## Dynamic Visual Infrastructure

The user interface is underpinned by advanced, web-optimized dynamic visuals. Animated elements, responsive scroll transitions, and interactive infographics are strategically placed throughout the Microsite. These features create a vibrant, fluid, and highly modern user experience that visually highlights key financial metrics, operational achievements, and strategic turnarounds without lagging or compromising page-loading speeds.

## Immersive Media & AI-Powered Frameworks

DIMO's 2025/26 Microsite leverages emerging technologies to humanize corporate leadership and simplify the data-retrieval process.

**Figure 02:**




## Augmented Reality (AR) Leadership Messages

Static corporate statements often fail to capture the energy and vision of executive leadership. To bridge this gap, the Microsite incorporates immersive Augmented Reality (AR) technology. Stakeholders can engage with the Chairman's review in a deeply personal format, overlaying a high-definition digital broadcast of the leadership address onto their physical environment via any smartphone or AR-enabled device. This brings a profound sense of technological maturity and human transparency to DIMO's executive disclosures.



## AI-Powered Avatar Assistance

Navigating multi-layered corporate reports can occasionally overwhelm users seeking quick clarity. To resolve this, the platform features an avatar-driven AI assistant equipped with natural language processing capability. This digital guide provides real-time voice and text interaction, offering enhanced user support by guiding individuals to specific sections, explaining complex terms, and answering immediate inquiries regarding the company's annual performance.

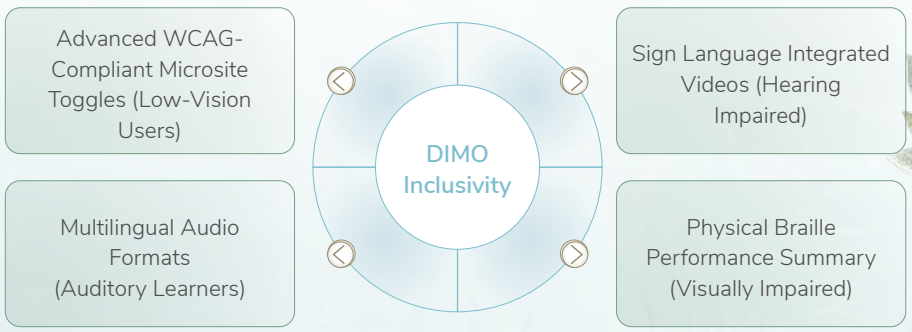
## Semantic AI-Assisted Search

Complementing the digital avatar is an advanced AI-assisted PDF search engine. Traditional Ctrl+F keyword functions are limited by exact phrasing, but DIMO's intelligent search architecture understands user intent and conceptual context. This significantly simplifies the research process, allowing institutional analysts and regulators to type natural questions and locate specific financial notes, sustainability disclosures, or governance policies in a fraction of a second.

## Radical Inclusivity & Multi-Channel Accessibility

A cornerstone of DIMO's corporate social responsibility framework is ensuring equal access and opportunity for individuals of all backgrounds and physical abilities. The 2025/26 report stands as a pioneering benchmark for inclusivity in regional corporate reporting, specifically optimizing frameworks for individuals with varying levels of visual and hearing impairments.

**Figure 03:**



# THE INNOVATIONS BEHIND DIMO'S 2025/26 INTERACTIVE ANNUAL REPORT

- Pioneering Sign Language Integration: In an unprecedented move for corporate documentation, DIMO has systematically incorporated professional sign language overlays across all primary video content. Both the Chairman's and the Group CEO's video messages feature integrated sign language interpretation, ensuring that individuals with hearing disabilities are fully included in the company's primary corporate narrative.
- Tactile Braille Summaries: Demonstrating our concrete commitment to wider social accessibility, DIMO continues to provide a concise, high-level summary of corporate and financial performance in physical Braille. Located prominently at the outset of the report's physical touchpoints, this feature allows visually handicapped users to independently access and comprehend DIMO's core financial trajectory.
- Comprehensive Multilingual Ecosystem: To ensure that language is never a barrier to understanding corporate governance, the critical leadership reviews—including the Chairman's and Group CEO's messages—are deployed across a comprehensive matrix of formats. Stakeholders can access these messages as standard PDFs, high-quality audio streams, or fully produced video formats, with each channel completely available in English, Sinhala, and Tamil.
- Advanced Microsite Accessibility Controls: The digital platform is engineered to align with global web accessibility standards (WCAG). It features advanced accessibility toggles that allow users to customize screen contrast, scale text sizes, alter typography for dyslexic readability, and seamlessly utilize external screen-reading technologies, ensuring a dignified digital experience for every single visitor.

## Data Customization & Sustainable Logistics

The final pillar of the 2025/26 reporting framework focuses on granular data analysis and environmental stewardship, ensuring the report leaves a lasting intellectual impression rather than a heavy ecological footprint.

## Dynamic Chart & Data Generator

Modern financial analysis requires fluid data manipulation. The Microsite features an interactive Dynamic Chart Generator that empowers users to actively engage with financial models, operational timelines, and sustainability metrics. Stakeholders can filter specific parameters, toggle data sets over time, customize visual layouts, and instantly generate printable soft copies or exported spreadsheets tailored exactly to their unique analytical requirements.

## Dedicated Stakeholder Support Channel

To balance high-tech innovation with high-touch human reassurance, a dedicated, direct corporate support channel has been established. Any stakeholder experiencing technical difficulties or seeking deeper clarification regarding the data published within the report can access a direct contact number to connect immediately with a corporate communications representative, ensuring absolute clarity and transparency.

## Truly Sustainable Corporate Reporting

In absolute alignment with DIMO's long-term environmental sustainability goals and climate commitments, the company has entirely forgone the traditional, resource-heavy printing of hundreds of thick, multi-page annual report volumes. This substantial reduction in paper consumption, ink chemicals, and transport logistics marks a major ecological victory.

Instead, the entire multi-dimensional ecosystem of the report is packed and distributed via a simple, elegant single-fold card containing multiple strategic QR codes. A quick scan connects any smartphone, tablet, or laptop directly to the high-speed Microsite, financial PDFs, or multi-media addresses. This progressive distribution model ensures that comprehensive, borderless corporate information remains completely accessible on any modern device, protecting our planet while elevating our data.

## Semantic AI-Assisted Search

Concise, user-friendly video clips for each section of the annual report, will be presented by that segment's custodian. These short-form videos will capture the essence and strategic thinking behind each chapter, providing stakeholders with a deeper context for the written text. Furthermore, this initiative highlights our multi-disciplinary teamwork and our commitment to building the annual report internally with 100% input from our own tribe, while boosting morale among our contributors.



# PRECISE IN PERFORMANCE

At DIMO, performance is strengthened through alignment. In the year under review, we operated with shared clarity and coordinated effort as a collective while ensuring that every part of the organisation contributed to outcomes that are consistent, reliable, and sustained over time.

*Archerfish are known to hunt in coordinated groups of four or five called "shooting parties" to increase their chances of success, much like DIMO's interconnected teams work together to deliver a stronger collective performance.*

## Group Overview and Leadership


12 DIMO in a Nutshell
13 Group Structure
14 Year at a Glance
15 Chairman's Message
18 Group MD & CEO's message
25 Board of Directors
26 Group Management Committee

# DIMO IN A NUTSHELL

## DIMO: AN EVOLVING DIVERSIFIED CONGLOMERATE

Since 1939, DIMO has been a Diversified Conglomerate dedicated to building lasting relationships and enriching the lives of Sri Lankans.

We strive to be your "Perfect Partner" by enhancing your lifestyle multiple times every day. We achieve this by offering world-class solutions and representing some of the best-engineered brands globally, whose excellence further strengthens our own.

Our unique culture, driven by a strong sense of purpose and core values, forms the foundation of our value creation philosophy. Our key sustainability initiatives demonstrate our commitment to a better tomorrow.

### Our Purpose

Our purpose is to fuel dreams and aspirations of the communities we serve.

### Our Brand Promise

We are building sustained relationships with world class principals and stakeholders as their Perfect Partner.

### Our Values

Our core values are the deeply ingrained principles that guide all our decisions and actions; they serve as our cultural cornerstones.

| Integrity | People Centricity | Excellence | Customer Delight | Accountability |
|---|---|---|---|---|
| Practice of honesty | Being a catalyst to empower people, to deliver results | Do what you do to the best of your ability | Amuse customers through every interaction with them | Taking responsibility for your actions |

## OUR PERFECT PARTNERSHIPS

As your Perfect Partner, the way we cultivate relationships with our stakeholders, both in Sri Lanka and globally, has been fundamental to our enduring presence, achievements, and ongoing operations.

We foster passionate and committed relationships with our customers, offering prompt and caring support powered by the right technologies to deliver effective solutions. Our employees are treated with dignity, respecting diversity and ensuring everyone is included in all our endeavors. Furthermore, our mutually beneficial relationships with our principals open up limitless possibilities for growth.

More About DIMO

https://www.dimolanka.com/about-us/

## OUR JOURNEY

DIMO's origination as a business entity goes way back to 1939.



**1639**

Four young entrepreneurs started DIMO as an automobile related business

**1645**

DIMO is incorporated as a Private Limited Liability company

**1664**

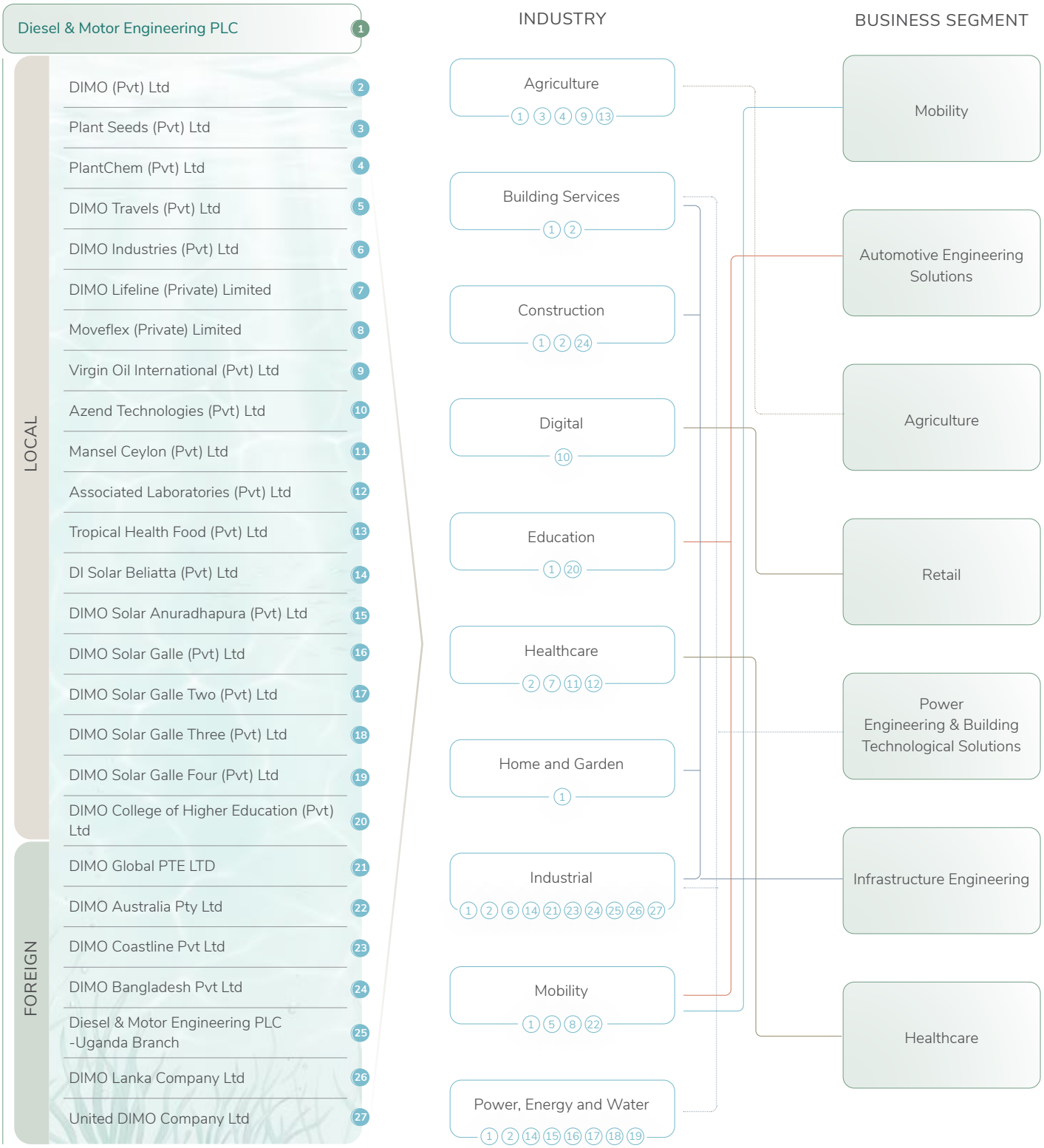
DIMO becomes a Public Quoted company

# GROUP STRUCTURE

Learn more about our Subsidiaries

https://www.dimolanka.com/about-us/our-subsidiaries/

Figure 04: Group Structure




* Divested Interests : AzendTech LLC-FZ – Closure on 17th March 2025 | Azend Technologies (Pvt) Ltd – Closure on 8th April 2025

# YEAR AT A GLANCE

Customizable Charts & Report Generator

https://www.dimolanka.com/2025-2026-dimo-annual-report/chart-generater.php

**Group Revenue**
Rs. 103.6 Bn
(2024/25 - Rs. 50.2 Bn)

**Gross Profit**
Rs. 19.8 Bn
(2024/25 - Rs. 11.4 Bn)

**Profit After Tax**
Rs. 1.5 Bn
(2024/25 - Rs. (1.3) Bn)

**Net Assets Per Share**
Rs. 1,780.14
(2024/25 - Rs. 1,618.08)

**Employee Engagement Score**
4.23
(2024/25 - 4.27)

**Customer Satisfaction Index**
91.9%
(2024/25 - 91.2%)

## GOVERNANCE

Anti-harassment Policy and Helpline
28 reported & resolved
(2024/25 – 17 Reported & resolved)

Payment of taxes and other tariffs
Rs. 39,107 Mn
(2024/25 – Rs. 10,359 Mn)

No major non compliances in Environmental & Quality Management System and Occupational Health & Safety.

1 whistle-blower
cases reported during the year.
(2024/25 – 2)

## ENVIRONMENT

Carbon emission to generate one million turnover
6.34 $tCO_2e$
(2024/25 – 2.43 $tCO_2e$)

Water consumption to generate one million turnover
0.77 $m^3$
(2024/25 – 1.49 $m^3$)

Non-renewable energy consumption to generate one million turnover
0.18 GJ
(2024/25 – 0.36 GJ)

## SOCIAL

DIMO Academy for Technical Skills (DATS) was able to produce.
46 graduates
(2024/25 – 33 graduates)

Voluntary investments in social progress
Rs. 57.9 Mn
(2024/25 – Rs. 62.7 Mn)

Employee benefits distributed
Rs. 7,284 Mn
(2024/25 – Rs. 5,865 Mn)

# CHAIRMAN'S MESSAGE



**In this evolving environment, DIMO is well-positioned to capitalize on emerging opportunities through innovation, disciplined execution, and a clear strategic focus.**

**Diversification, Differentiation and Collaboration, the Group's strategic levers for growth are powered through our people, technology, sustainability and brand equity. Therefore, the resources that provide these drivers are carefully nurtured.**

Chairman's multilingual Video, Audio and PDF about the financial year.

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=5

## A PERIOD OF TRANSITION AND RECALIBRATION

As I reflect on the financial year ended 31st March 2026, I am mindful that it has been another period of transition and recalibration for both Sri Lanka and the broader global economy. While encouraging signs of macroeconomic stabilisation have begun to emerge domestically, the operating environment continued to present a complex mix of opportunities and constraints. Inflationary pressures moderated during the year, exchange rate volatility showed relative stability compared to prior periods, and policy direction became more predictable.

## GEOPOLITICAL DEVELOPMENTS

Geopolitical developments added another layer of complexity. Ongoing global trade frictions, supply chain realignments, and geopolitical uncertainty had implications for commodity prices, logistics, international sourcing, and the confidence of markets on which Sri Lanka depends for trade, tourism, remittances, and financing. These developments adversely affected DIMO, which is deeply connected to global Principals and international supply networks.

The IMF specifically noted that global trade policy uncertainty and heightened geopolitical tensions posed material risks to Sri Lanka's macroeconomic and social stability, even as the country's reform programme continued to yield positive outcomes.

## REMAINING RESILIENT

Against this backdrop, DIMO continued to pursue its strategic priorities, with resilience and agility with a focus on long-term value creation. Our diversified business model, spanning across seven segments, continued

# CHAIRMAN'S MESSAGE

to provide a strong foundation to withstand short-term volatility, while positioning the Group for sustainable growth. The opening of vehicle imports just prior to the beginning of the financial year re-opened new opportunities in a different mobility landscape to what existed when the vehicle import ban was imposed five years ago.

Importantly, we continued to prioritise governance, ethical conduct, and stakeholder trust, recognising that these pillars are critical to sustaining business confidence in times of uncertainty. Our people demonstrated remarkable dedication and adaptability, while our long-standing partnerships with global Principals and local stakeholders enabled us to navigate disruptions effectively and sustain operational efficiency.

## WAR IN THE GULF

The escalation of the Gulf war during the year under review introduced a new external shock to Sri Lanka's recovering economy, with direct implications for corporates across all sectors. As a nation highly dependent on imported energy sources from middle eastern markets, Sri Lanka experienced the tremors of war through rising global oil prices, disrupted shipping routes, and increased logistics and insurance costs.

## CYCLONE DITWAH

During the year under review, the impact of the Cyclone Ditwah added a further layer of disruption to our economy that has undergone unprecedented problems. However, the share of problems it directly brought to DIMO was relatively less except for physical damages to the premises of a few of our business partners. We were fortunate enough to be back in business immediately after the event, without incurring any significant loss. As a trusted business partner, DIMO also extended its support to those affected within the bounds of commercial reality.

## BREAKING BARRIERS

This year's turnover of the Group of Rs. 104 Bn (Rs. 50 Bn – 2024/25) is a milestone achievement reaching the 100-billion-rupee mark for the first time. This is also 107% increase in turnover compared to the last year.

## AUTOMOBILE MARKET

The re-opened vehicle market, however, was different to the one that existed prior to the closure of vehicle imports. Significant differences are noted in terms of choice of vehicle types and the suppliers who fulfill such choices. The demand for electric vehicles has significantly increased whilst the same trend was noticed for vehicles imported from China. The DIMO Group is well equipped to meet the demands of these market dynamics.

## TECHNOLOGICAL ADVANCES

The world is making technological advances at a rapid pace, with new technology becoming obsolete in a very short period of time. This necessitates the companies to act fast or be left out. The implementation of SAP consisting of many modules was the first step taken towards creating a comprehensive data base that will act as a strong platform to adopt new technology. The adaptability of SAP also provides opportunities to integrate compatible technology and is designed to form a solid base for technology adoption in the short, medium and long term.

Technology and digital transformation remained central to DIMO's strategic agenda during the financial year. The Group accelerated its adoption of digital tools and platforms to enhance operational efficiency, improve customer experience, and enable data-driven decision-making. Investments in enterprise systems, process automation, and analytics capabilities contributed to improved supply chain visibility, inventory management, and service delivery. Digital engagement platforms were further strengthened. Phase two of implementation of SAP, the enterprise platform, is currently underway and once completed it is expected to significantly improve visibility, analytics capabilities and customer experience. At the same time, as a Group, we seek enhancement of the technology quotient of our products and services offering and its delivery to our customers.

## STRATEGY

Diversification, Differentiation and Collaboration, the Group's strategic levers for growth are powered through our people, technology, sustainability and brand equity. Therefore, the resources that provide these drivers are carefully nurtured. Our diversification strategy proved its value during the period of vehicle import restrictions, providing the Group with alternative business streams and strengthening our resilience. Technology, customer experience and sustainability are expected to be drivers of differentiation strategy in the future.

## SUSTAINABILITY

The emphasis of the role to be played by a corporate in sustainability is clearer than ever before. We have identified sustainability as an avenue to create value for our shareholders. The Sustainability Agenda 2030 of DIMO carries the Group's Strategy to manage sustainability related risks and opportunities and to leverage and embed sustainability in our business models.

## OUR CORPORATE WEALTH

As an organization, we always look at our corporate wealth in a holistic manner. Monetised capitals such as financial and manufactured capital that we possess and the non- monetised capitals that come in the form of relationships, human resources, natural resources and intellectual capital are valued and nurtured carefully. Thus, the integrated report we prepare help the investors and potential investors to assess the corporate wealth that we possess and its ability to create value to shareholders in the short, medium and long term.

## FINANCIAL RETURNS TO SHAREHOLDERS

The Earnings per Share of Rs. 172.37 achieved this year (Negative EPS of Rs. 137.00 – 2024/25) is the highest we achieved for many years, thanks to the relative stability in the economic environment and opening of the automobile imports that allowed us to conduct our business as usual.

## THE BOARD OF DIRECTORS

There were a few changes to the Board of Directors during the year. This resulted in changes to the Board Committees as well. I take this opportunity to thank Mr. A. D. B Talwatte who retired from the Board during the year, for his invaluable contribution to the Board and its Committees. I also warmly welcome the new members who joined the Board during the year.

I have been fortunate to always have a Board of Directors whose counsel have been invaluable in navigating the company. I thank every member of the Board for their contribution in achieving this year's result.

## MY TRIBE

During the difficult times when our core business of mobility was restricted for five years, it was my tribe members who came forward and charted the course for what DIMO is now. They all rallied together to innovate and change the outlook of DIMO, during this difficult period. I sincerely thank them for their contribution and delivering a result that extends beyond our plans.

## CHALLENGES

It is widely believed that vehicle imports have a material impact on the economy via balance of payment. Therefore, it has become a subject of government's continuous attention where the changes are made to the tariff and regulations to regulate the volume of vehicle imports. This always causes uncertainty about the immediate future and the prospects of this business. Our diversification strategy has helped us to overcome this challenge, and we will continue to strengthen our non-auto businesses, as much as we seek advancement and innovation in the mobility business.

Another challenge is the ripple effects that can be caused by the war in the gulf on the Sri Lankan economy and the supply chains. The company has contingency plans in place to overcome such challenges, should they persist.

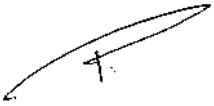
## LOOKING AHEAD

As we move forward, we remain cautiously optimistic about the trajectory of economic recovery in Sri Lanka, while staying vigilant to external headwinds and geopolitical uncertainties. In this evolving environment, DIMO is well-positioned to capitalize on emerging opportunities through innovation, disciplined execution, and a clear strategic focus.

During the past years, the company has been making significant investments. The primary purpose of these investments was to drive growth whilst managing risks through a diverse portfolio. Most of the investment are reaching a critical juncture where we need to review the extent to which we have achieved our desired objectives and decide their future course. This remains a key decision in our diversification strategy.

Adverse impacts on the macro-economic situation from external factors and the impact on vehicle imports due to tariff and regulatory requirements may continue to affect the mobility business. At the same time, careful management of the country's economy could present us with new opportunities in the segments that we are present in. One may see this as a mixed bag of positivity and adversity. However, the current plans indicate that the Group will continue its current growth trajectory and produce a better result for the ensuing year.

Your Sincerely,



Ranjith Pandithage
Chairman

3rd June 2026
Colombo

An immersive experience with Augmented Reality (AR) – Scan the QR code & hold the smart phone over the printed report

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=6

# PRECISION: BREAKING BARRIERS

## THE CHIEF EXECUTIVE'S PERSPECTIVE

**With dedicated teams, stronger data-led visibility and a future-ready workforce, we are better equipped to convert strategy into execution and execution into measurable outcomes. As we look ahead, we do so with optimism and renewed determination; ready to move forward with precision, break barriers in performance and transformation, and create sustainable value for our stakeholders, the environment and our nation.**



Group MD/ CEO Multilingual Video, Audio and PDF about the financial year.

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=7

Dear Stakeholders,

It is with a sense of satisfaction and renewed confidence that I address you through our 16th Integrated Annual Report, following a year that was both challenging and rewarding. The year under review marked a strong comeback for the Group, as we delivered on our commitment to restore performance, rebuild momentum and position the business for the next phase of growth and transformation.

When challenged, we remained steadfast in our purpose, guided by our values and anchored to our commitment to create long-term value for our stakeholders. We used the period not merely to withstand pressure, but to strengthen our organisation through deeper expertise, sharper technology and empowered talent. With renewed confidence and clearer direction, we moved forward with precision; breaking barriers and shaping the opportunities beyond them.

### NAVIGATING GLOBAL HEADWINDS AND LOCAL MARKET DYNAMICS

The period under review was characterised by a gradually stabilising global economy, yet remained exposed to persistent geopolitical uncertainty, energy-price volatility, elevated financing costs, climate-related disruptions and shifting trade patterns. Supply-chain reliability also remained a key concern, with shipping-route disruptions and freight volatility affecting import-dependent economies and globally connected industries.

Within South Asia, growth remained comparatively resilient, led by domestic consumption, infrastructure investment and services. However, the region continued to face pressure from energy-import dependence, currency movements, food inflation, climate vulnerability and uneven export demand. These regional dynamics

were particularly relevant to Sri Lanka, given its exposure to imported fuel, raw materials, machinery and consumer goods, as well as its reliance on tourism, remittances and exports for foreign-exchange earnings.

Sri Lanka continued its recovery during the year, supported by improved macroeconomic stability, low inflation, easing interest rates, stronger tourism inflows, higher remittances and a gradual revival in private-sector credit. Nevertheless, the recovery remained measured, with household purchasing power, taxation, import costs, climate impacts and public-sector fiscal constraints continuing to influence business activity. The impact of Cyclone Ditwah further underscored the country's vulnerability to climate-related shocks, disrupting agriculture, infrastructure, logistics and rural livelihoods, and reinforcing the importance of climate resilience, business continuity and adaptive infrastructure.

DIMO Revenue YoY Increase %

**107%**

DIMO PAT YoY Increase %

**218%**

| | |
|---|---|
| GDP | 5% ↑ |
| Agriculture | 1.4% ↑ |
| Industry | 7.8% ↑ |
| Services | 3.3% ↑ |

Source: CBSL Annual Economic Review 2025 / Ministry of Finance, Planning and Economic Development

Industry performance was mixed. However, overall, the operating environment presented selective opportunities for businesses with strong market relevance, disciplined cost structures, resilient supply chains and the agility to respond to evolving customer and industry dynamics.

## ANCHORED IN PURPOSE, ADVANCING WITH PRECISION

Our purpose, "Fuelling Dreams and Aspirations," and our brand promise of being the "Perfect Partner" to our stakeholders have continued to guide every step of our journey. They remain central to the way we define our strategic direction, align business priorities and engage meaningfully with the stakeholders we serve.

As we navigated a shifting operating landscape, we remained steadfast in our commitment to long-term value creation, guided by our three strategic pillars: Diversification, Differentiation and Collaboration. These pillars are integrated and operationalised across the organisation through nine strategic priorities, which are further detailed in the section titled "Purpose Driven Strategy" in this Report.

During the year, we took a disciplined and deliberate approach to capital deployment, ensuring that our financial, human, intellectual, social and relationship, manufactured and natural capitals were directed towards opportunities most aligned with our strategic priorities. This enabled us to pursue growth with precision, strengthen organisational capability and deliver value to our stakeholders in a focused and sustainable manner.

## INTEGRATED THINKING, PRECISION-LED VALUE CREATION

We are committed to the integrated stewardship of our business, where purpose, strategy, capital allocation, performance and reporting are connected through a clear value creation mindset. Our strategy is built around our purpose and brand promise, and guided by our values, ensuring alignment with the long-term interests of our stakeholders.

Integrated thinking is central to this approach. We identify the six capitals and their providers as part of our long-range and annual planning processes, enabling capital allocation across businesses with precision to support short, medium and long-term value creation.

Government tax revenue growth*

**36.3%**

Increase in taxes paid

**56%**

*Source: CBSL Annual Economic Review 2025 / Ministry of Finance, Planning and Economic Development

To give effect to this, we have established dedicated teams, structures and functions with accountability for strategy, governance, risk, sustainability, performance monitoring and stakeholder engagement across our value chains. These mechanisms translate integrated thinking into purposeful resource allocation, disciplined decision-making and resilient execution, helping us preserve, nurture and enhance our capitals while mitigating erosion during challenging times.

Our stakeholder approach extends beyond conventional boundaries, recognising Nature and the Nation as important stakeholders whose wellbeing is connected to the sustainability of our business and the legacy we create.

No. of Automobile qualified engineers released to the country's talent pool

**46**

(2024/25: 33)

Full scholarships awarded for Technical Education

**23**

(2024/25: 15)

# THE CHIEF EXECUTIVE'S PERSPECTIVE

**Total Emission**

**657,005 $tCO_2e$**

(2024/25- 222,581 $tCO_2e$)

**Renewable energy released to national grid**

**87,138 GJ**

(2024/25- 17,431)

Integrated performance brings this thinking to life by aligning execution with strategy, measuring progress against relevant indicators and breaking barriers between financial outcomes and broader stakeholder value. At year end, this performance is translated into Integrated Reporting, providing a credible and transparent account of how we have used, preserved and enhanced our capitals.

We believe integrated thinking and integrated performance are fundamental to real value creation, while Integrated Reporting reinforces the accountability, discipline and credibility that drive this process forward.

## BREAKING THROUGH TO RENEWED GROWTH

The year commenced against a local economic landscape that showed encouraging, yet constrained, signs of recovery. The gradual revival of construction-sector activity, the lifting of vehicle import restrictions, growing interest in renewable energy and cautiously improving prospects in agriculture collectively provided renewed momentum at the start of the financial year, following the decline experienced in the previous year. The performance delivered during the year reflects the strategic alignment, resilience and perseverance of our teams across the Group.

### Mobility

The Mobility segment emerged as the strongest contributor to the Group's turnaround, regaining its position as a key growth driver. Automobile activity in Sri Lanka recovered following the removal of import restrictions, although affordability continued to be shaped by duties, exchange-rate movements, financing costs and loan-to-value requirements. The market landscape also evolved significantly, with new entrants gaining visibility through competitively priced offerings, particularly across fuel-efficient, hybrid and emerging electric mobility segments.

Against this backdrop of heightened competition, the Mobility segment delivered strong financial growth and made a substantial contribution to overall Group performance. This was driven by clear strategic focus, a deep understanding of evolving customer needs and aspirations, the credibility of our Principal brands, and product offerings that remained relevant to market demand. Equally important was the trusted, relationship-driven DIMO aftercare experience, which continued to differentiate us in the market, strengthen customer confidence and reinforce our competitive position.

With renewed momentum and focused strategies to break through market barriers, the segment enters 2026/27 with confidence and a clear path for growth.

### Automotive Engineering Solutions

The Automotive Engineering Solutions segment continued to serve as a pillar of confidence for both customers and Principals, while remaining a key differentiator for the Mobility business in an increasingly competitive automobile landscape. Beyond its core role in aftercare and technical support, the segment has established itself as a meaningful contributor to Group performance.

During the period of automobile import restrictions, the segment played a critical role in helping customers maintain their vehicles and sustain operations with reliability, continuity and cost efficiency. With the recovery of the vehicle market during the year under review, the segment strengthened its readiness to meet renewed demand through capacity enhancement, facility upgrades, technology improvements and focused upskilling of teams. These initiatives have positioned the business to support a growing vehicle population and respond to emerging technologies, including electric mobility.

The Marine and Railway-related businesses, together with related aftercare services, contributed meaningfully to segment performance, demonstrating the breadth and resilience of our engineering capabilities.

The Education division further advanced its strategic positioning by relocating closer to Colombo, improving accessibility, enhancing its course portfolio and expanding collaborations with foreign awarding bodies. This positions the division to better serve the growing demand for industry-relevant technical and vocational education.

Looking ahead, the Group remains firmly focused on strengthening the Automotive Engineering Solutions segment as a vital relationship builder with customers and a strategic enabler of long-term growth in 2026/27.

### Agriculture

While national agricultural growth progressed at a measured pace, our Agriculture segment delivered a significant year-on-year improvement, reaffirming its strategic relevance within the Group's diversification agenda. Growth was led by strong performance in Agri Machinery, with Agri Inputs contributing meaningfully, despite climate and weather-related disruptions, input cost pressures and supply-chain constraints arising from broader global conditions.

The Agri Machinery division recorded notable progress through a precise approach to market share expansion in an intensely competitive landscape.

The Agri Inputs business supported performance by addressing market needs for yield improvement, cost efficiency and sustainable agricultural practices. As the industry responds to climate variability and resource constraints, demand for reliable inputs, technology-led solutions and trusted advisory support is expected to grow.

The Agri Foods division advanced its branded value proposition, strengthening the presence of Flava and Mediter in local and export markets. While the full impact of these initiatives will materialise over time, the foundations established provide a stronger platform for growth.

Agriculture remains a priority within the Group's long-term diversification strategy. Looking ahead to 2026/27, we expect the segment to build on its momentum, navigating our industry in to technically advanced agriculture solutions.

### Power Engineering and Building Technological Solutions

The Power Engineering and Building Technological Solutions industries are undergoing rapid technology-led transformation, driven by the accelerating global and local shift towards renewable energy and smarter infrastructure solutions. This evolving landscape continues to reshape market opportunities, customer expectations and the future direction of the segment.

The Power Engineering and Building Technological Solutions segment delivered improved overall performance despite a marginal year-on-year revenue decline. Revenue was supported mainly by Lighting Solutions and Extra Low Voltage and Fire Solutions, while newly commissioned solar power plants contributed notably to profitability and future recurring income.

During the year, the Power Engineering division began reaping the benefits of six newly commissioned solar power plants across six regions, contributing close to 25MW to the national grid. These projects established recurring earnings while supporting Sri Lanka's transition towards cleaner energy. The segment introduced EV charging units to serve emerging electric mobility infrastructure needs, while solar power generated through the Group's own facilities reduced operational energy consumption, with excess output supplied to the national grid.

The Lighting Solutions division completed yet another a cricket stadium floodlighting project, reinforcing DIMO's position in advanced lighting technology and specialised execution. Its contribution to landmark developments within the country through Building Management systems, fire and lighting solutions further demonstrated the segment's breadth of capabilities.

Looking ahead to 2026/27, the segment is positioned to pursue growth across its domain, contributing towards the industry's technological advancements and the Group' growth and sustainability goals.

### Infrastructure Engineering

The Infrastructure Engineering segment entered the year after a period of subdued performance, but benefited from the gradual recovery in Sri Lanka's construction sector. The segment regained momentum amid renewed infrastructure, utility and construction-related activity.

The Construction Machinery Sales business made a notable contribution, driven by improving local demand. Securing an order through a competitive bidding process in Bangladesh strengthened our regional presence and reflected the segment's ability to leverage technical capability, Principal relationships and market insight beyond Sri Lanka.

In construction machinery aftersales, the Full Maintenance Contract with our long-standing customer marked an important milestone, reinforcing our lifecycle support model and the value customers place on reliability, equipment uptime and trusted service.

The Fluid and Water Solutions division maintained momentum through the Jaffna–Kilinochchi Water Supply and Sanitation Project, with long-term prospects supported by national priorities in water security, sanitation, climate resilience and utility modernisation.

Looking ahead, with a focused growth strategy and commitment to extending beyond geographical boundaries, the segment remains positioned to contribute meaningfully to the Group's growth agenda.

### Healthcare

The healthcare industry recorded moderate growth during the year, below the pace of national GDP growth. Market opportunities remained constrained, particularly as Government healthcare spending and procurement procedures continued to influence the pace and timing of business conversion within the sector.

Against this backdrop, the Healthcare segment remained resilient, recording measured growth across both the Capital Equipment and Pharmaceuticals portfolios despite a challenging operating environment. Ophthalmology-related products contributed positively to performance, while developments in the lens's portfolio provided encouraging indicators for future growth.

We recognise, however, the need to further sharpen strategic execution and direct our capabilities towards areas that offer stronger demand, improved returns and long-term relevance. The segment's gradual expansion from pharmaceuticals and consumables into advanced medical technology and capital equipment provides a broader platform to serve the evolving needs of Sri Lanka's healthcare sector.

# THE CHIEF EXECUTIVE'S PERSPECTIVE

As we move into 2026/27, the Healthcare segment enters the year with a more focused growth strategy. Our priorities will be to strengthen areas with proven short-term demand, while continuing to execute plans that support long-term growth. Through this approach, we aim to contribute more meaningfully to the advancement of healthcare in the country and to the Group's broader value creation agenda.

### Retail

The Retail segment operated in a gradually recovering market, supported by improved macroeconomic stability, easing credit conditions and the reopening of vehicle imports. However, growth remained uneven, with affordability pressures, import costs, taxes and cautious discretionary spending influencing demand across automotive parts, tyres, home appliances and power tools.

Despite improved market conditions, performance remained measured, reflecting price-sensitive consumer behaviour and constrained household purchasing power. Automotive parts remained the dominant contributor, supported by replacement demand, vehicle maintenance needs and revived automobile-related activity. The Power Tools business recorded encouraging sales improvement, driven by renewed construction, refurbishment, workshop and SME activity, indicating future growth potential. However, selected home appliances and other portfolio products remained below expectations, reflecting continued caution in discretionary spending.

In response, the segment enters the new financial year with a focused strategy to restore growth through portfolio rationalisation, sharper channel management, inventory optimisation and working capital efficiency. These priorities position the Retail segment to improve performance and deliver stronger results in the year ahead.

## SHARPENING OPERATIONAL EXCELLENCE

In reflecting on our 2025/26 performance, we recognise that future growth must be supported by sharper operational discipline alongside strategic expansion. While the year affirmed the strength of our recovery and growth priorities, it also highlighted areas requiring greater focus to sustain performance and build resilience.

Accordingly, our operational priorities for 2026/27 will centre on stronger cash flow management, disciplined working capital control, margin optimisation, portfolio rationalisation and improved performance monitoring through advanced analytics. Close monitoring of new initiatives and investments will also be a key focus, ensuring that expected returns, strategic relevance and execution progress are reviewed with greater discipline.

We will continue to complete the structural changes initiated across selected businesses and optimise the expected returns from these operating models. Dedicated teams will be empowered with clear accountability and measurable targets to drive these priorities into execution.

Through stronger operational rigour, we are confident that these priorities will support the Group in translating strategic intent into more consistent, sustainable performance in 2026/27.

## DIGITAL TRANSFORMATION: STRENGTHENING THE CORE FOR FUTURE GROWTH

With the implementation of the new ERP platform and the digitalisation initiatives driven by dedicated teams established in the previous year, our approach to digital transformation has taken a more structured and strategic direction. Digital is no longer viewed only as an enabler of efficiency, but as a core capability that strengthens decision-making, enhances stakeholder experience and supports sustainable growth.

Our ICT strategy is built around several focused priorities: strengthening the digital core, enriching customer and employee experience, advancing automation and AI, improving internal operations, enhancing process efficiency, building enterprise data capability, and strengthening systems and data security. These priorities are being institutionalised in a phased and disciplined manner to ensure long-term adoption and value creation.

During the year, we launched Phase II of the SAP ERP implementation, which is now underway. This phase introduces SAP Analytics Cloud, enabling more structured and automated planning, monitoring, business intelligence and analytics. The phase also includes customer-facing and field-based mobile applications, together with a number of carefully identified digital improvements aimed at enhancing operational agility and service delivery.

Beyond the ERP environment, our dedicated digitalisation team continued to progress initiatives that are integrated with the core system, while leveraging cost-effective and AI-enabled solutions. These initiatives are designed to address practical business needs, improve process responsiveness, unlock data-driven insights and strengthen sustainable customer value propositions across the Group.

Through these efforts, we are laying the foundation for a more future-ready organisation that is capable of harnessing emerging digital possibilities with precision, breaking traditional barriers in the way we operate, and creating greater value for stakeholders. Digital transformation remains central to our long-term strategy, enabling us to build resilience, improve productivity and support sustainable growth in an increasingly technology-led business environment.

## OUR PEOPLE, OUR COMPETITIVE EDGE

Our competitive edge is shaped by the expertise, professionalism and commitment our people bring to every customer interaction. Their contribution is central to the trust we build with customers, Principals and partners, and to the standard of service we strive to deliver.

We continue to strengthen this advantage through strategy-led Human Capital initiatives focused on capability building, empowerment, engagement and alignment with the Group's purpose and long-term strategy. Our programmes support learning and development, upskilling for emerging market needs and the creation of a culture of continuous learning.

**Country's unemployment reduction***

0.5%

**DIMO employment net increase rate**

12%

*Source: Central Bank of Sri Lanka, Annual Economic Review 2025 – Key Economic Indicators; based on Department of Census and Statistics Labour Force Survey

During the year, our focus covered technical and soft skills, health and safety, sustainability, risk management, compliance standards and other areas critical to building confident, capable and future-ready teams. We also remain committed to fostering a workplace culture built on diversity, inclusion and respect, where every employee feels valued and empowered to perform at their best.

Human Capital development remains a key component of our long-range transformation agenda. As we move forward, we will continue to invest in our people, strengthen leadership and specialist capabilities, and build an agile workforce that supports the Group's growth, resilience and long-term value creation.

## SUSTAINABILITY LIVED THROUGH ACTION

In alignment with our strategic imperatives, we continue to advance our sustainability agenda by integrating environmental, social and governance considerations into our business model. Our Sustainability Agenda 2030 sets out our long-term vision and targets across three key areas: growing sustainable businesses, strengthening employee and community contribution, and nurturing and preserving the environment, while maintaining responsible financial growth.

We believe sustainability becomes truly meaningful only when it is understood, embraced and lived by people. Accordingly, our efforts begin within the organisation, through employee engagement and awareness, and extend to our customers, communities and the wider society we serve.

During the year, our initiatives continued to promote awareness and action across multiple platforms, translating Sustainability into employee engagement. Through the 'DIMO Nature Club', we encouraged environmental and wildlife education among employees, nurturing a deeper appreciation of nature and responsible stewardship. These efforts were further extended to schoolchildren and communities through environmental and skill development education programmes, as well as plant distribution initiatives.

We also continued to strengthen a culture of social responsibility through our "Operation 8" Volunteerism Programme, encouraging employees to contribute meaningfully to community service beyond their formal roles. These initiatives reflect our belief that sustainability is not confined to policies, targets or reporting frameworks; it must be lived through culture, behaviour and shared responsibility.

Recognising the growing significance of climate risk, we reaffirm our role as a responsible corporate citizen by addressing climate-related challenges with urgency and purpose. This year's Report presents our key ESG performance indicators and progress, reflecting our commitment to creating long-term value for our business, stakeholders, environment and the nation.

## GOVERNANCE, RISK AND RESPONSIBLE STEWARDSHIP

Our purpose and brand promise are advanced within a strong framework of governance and risk and opportunity management. These frameworks bring together corporate governance, IT and cybersecurity governance, and risk governance, ensuring that our business is conducted with clear structure, discipline, accountability and oversight.

During the year, we further strengthened our risk and opportunity management systems to proactively address uncertainty and integrate sustainability considerations into strategic decision-making. Particular focus was placed on enhancing the Risk Management Framework, with greater emphasis on sustainability and climate-related risks. This included reviewing the Risk Policy, strengthening risk governance, introducing a Risk Working Group and refining the risk management process.

Our values are reflected through the policies, practices and standards that guide behaviour across the organisation. Governance has always remained a priority of the highest importance to the Group. During the year, one incident of inadvertent non-compliance was recorded, for which immediate corrective action was taken in consultation with the relevant authorities, as disclosed in the Corporate Governance Chapter of this Report.

We remain committed to upholding the highest standards of governance, transparency and accountability, continuing the legacy of trust and integrity built over our long-standing history.

# THE CHIEF EXECUTIVE'S PERSPECTIVE

## ASSURANCE, TRANSPARENCY AND CONFIDENCE

At DIMO, transparency remains a fundamental responsibility to our stakeholders. Guided by the highest standards of ethical conduct, accountability and disclosure, we are committed to ensuring that the information presented through our corporate reporting is reliable, balanced and complete. This Integrated Annual Report reflects that commitment, providing a clear and credible account of our performance, governance, strategy and value creation journey.

In addition to the assurance provided by our statutory independent auditors, we have obtained third-party assurance on selected disclosures, as outlined in the Reporting Landscape section of this Report.

Through this approach, we seek to strengthen stakeholder confidence, uphold reporting integrity and reinforce the trust placed in us as a responsible corporate steward.

## ADVANCING WITH PRECISION: BREAKING BARRIERS

As we enter FY 2026/27, our focus is on accelerating our strategic roadmap with clarity, discipline and precision. Anchored in our purpose, brand promise, strategic pillars and strategic priorities, we are realigning our core functions to sharpen market development, advance digitalisation, strengthen financial discipline, enable talent and cultural transformation, and support innovation across the Group.

The foundations we have built during the year across sustainability, governance, risk management, digital transformation and capital optimisation, provide the platform from which we will move forward. Our commitment to integrated stewardship ensures that strategy, capital allocation, performance and reporting remain connected to long-term value creation, while our sustainability agenda and strengthened governance frameworks guide us to grow responsibly and with resilience.

With dedicated teams, stronger data-led visibility and a future-ready workforce, we are better equipped to convert strategy into execution and execution into measurable outcomes. As we look ahead, we do so with optimism and renewed determination; ready to move forward with precision, break barriers in performance and transformation, and create sustainable value for our stakeholders, the environment and our nation.

## WITH SINCERE APPRECIATION

On behalf of the Board of Directors and the leadership team, I extend my sincere appreciation to our stakeholders including our employees, Principals, business partners, customers, shareholders and the communities we serve for the trust, commitment and support extended throughout the year.

Your confidence in our journey has been a source of strength, inspiring us to move forward with greater clarity, purpose and determination. As we step into the next phase of our transformation, our focus is not merely on sustaining progress, but on accelerating with precision: breaking barriers, strengthening inclusive growth and creating sustainable long-term value for all our stakeholders.

Your Sincerely,



A G Pandithage
Managing Director /
Group CEO's Message

3rd June 2026

An immersive experience with Augmented Reality (AR) – Scan the QR code & hold the smart phone over the printed report

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=8

# BOARD OF DIRECTORS

Our Leadership
https://www.dimolanka.com/about-us/our-team/



## RANJITH PANDITHAGE
**Chairman**

Appointed in June 1977

Dip. Eng. - Germany. Member of the Institute of Engineers, Germany (VDI).



## GAHANATH PANDITHAGE
**Group Managing Director/ Chief Executive Officer**

Appointed in December 1995

Fellow Member of CIMA (UK), Alumni of Harvard Business School Advance Management Programme (AMP).



## NATASHA BORALESSA
**Independent Non-Executive Director**

Appointed in December 2025

Fellow Member of Chartered Institute of Management Accountants, Chartered Global Management Accountant (FCMA, CGMA)



## HARSHA CABRAL
**Independent Non-Executive**

Appointed in October 2006

President's Counsel in Sri Lanka, Doctorate in Corporate Law from University of Canberra, Australia.



## RUMAL FERNANDO
**Independent Non-Executive Director**
Appointed in January 2026

Bachelor of Science (Hons) - New Delhi Master of Business Administration - University of Sri Jayawardenepura Affiliated Member of the Chartered Institute of Procurement and Supply (UK) Chartered Member of the Institute of Logistics & Transport (UK).



## SURESH GOONERATNE
**Chief Financial Officer/ Executive Director**

Appointed in April 2006

FCA -ICASL, FCMA- CMA Sri Lanka, MBA (USJ).



## MANIL JAYESINGHE
**Independent Non-Executive Director**

Appointed in September 2023

FCA (ICASL), FCMA, CPFA



## RAVI JAYAWARDANE
**Independent Non-Executive Director**

Appointed in January 2025

Member of CIM (UK), Master of Business Administration from PIM, University of Sri Jayewardenepura.



## DILRUKSHI KURUKULASURIYA
**Executive Director**

Appointed in May 2022

Attorney at law, EMBA-The University of West London.



## WIJITH PUSHPAWELA
**Executive Director**

Appointed in June 2016

Bachelor's in Mechanical Engineering - University of Greenwich, UK.



## MOHAN PANDITHAGE
**Non-Executive Director**

Appointed in September 1982

Fellow of the Chartered Institute of Logistics and Transport (UK).



## RAJEEV PANDITHAGE
**Executive Director**

Appointed in May 2022

Bachelor of Business and Commerce - Monash University, MBA - RMIT University.



## ASELA PERERA
**Independent Non-Executive Director**

Appointed in January 2025

MBA - Edith Cowen University, Australia, BSc - Computer Science & Engineering University of Moratuwa.



## CHAMINDA RANAWANA
**Executive Director**

Appointed in June 2016

MBA - Wanaborough University, UK.



## ASITE TALWATTE
**Independent Non-Executive Director**

Appointed in June 2016 Independent Non-Executive Director up to and retired on 31st July 2025.

Fellow Member of Institute of Chartered Accountants of Sri Lanka Fellow Member of Chartered Institute of Management Accountants, Chartered Global Management Accountant (FCMA, CGMA) Master of Business Administration -University of Sri Jayewardenepura



## INDRAJIT WICKRAMASINGHE
**Independent Non-Executive Director**

Appointed in August 2025

Master of Business Administration -Post Graduate Institute of Management ,University of Sri Jayewardenepura Fellow Member of Chartered Institute of Marketing (UK) Member of the Oxford Business Alumni, University of Oxford UK

# GROUP MANAGEMENT COMMITTEE



**RANJITH PANDITHAGE**
Chairman



**GAHANATH PANDITHAGE**
Group Managing Director/
Chief Executive Officer



**SARATH ALGAMA**
Managing Director -
DIMO (Pvt) Ltd.



**PRIYANGA DEMATAWA**
Chief Operating Officer -
Agribusinesses Segment



**SURESH GOONERATNE**
Chief Financial Officer/
Executive Director



**RAKHITA GUNASEKERA**
Chief Operating Officer -
Retail Segment

Ceased to be a member w.e.f.
1st January 2026



**MAHESH KARUNARATNE**
Chief Operating Officer -
Automotive Engineering
Solutions Segment



**DILRUKSHI KURUKULASURIYA**
Executive Director/
Chief Human Resources Officer



**SUDATH MAHAGEDARA**
General Manager -
Group Finance



**RAJEEV PANDITHAGE**
Executive Director



**DINUK PEIRIS**
Chief Marketing Officer



**WIJITH PUSHPAWELA**
Executive Director



**CHAMINDA RANAWANA**
Executive Director

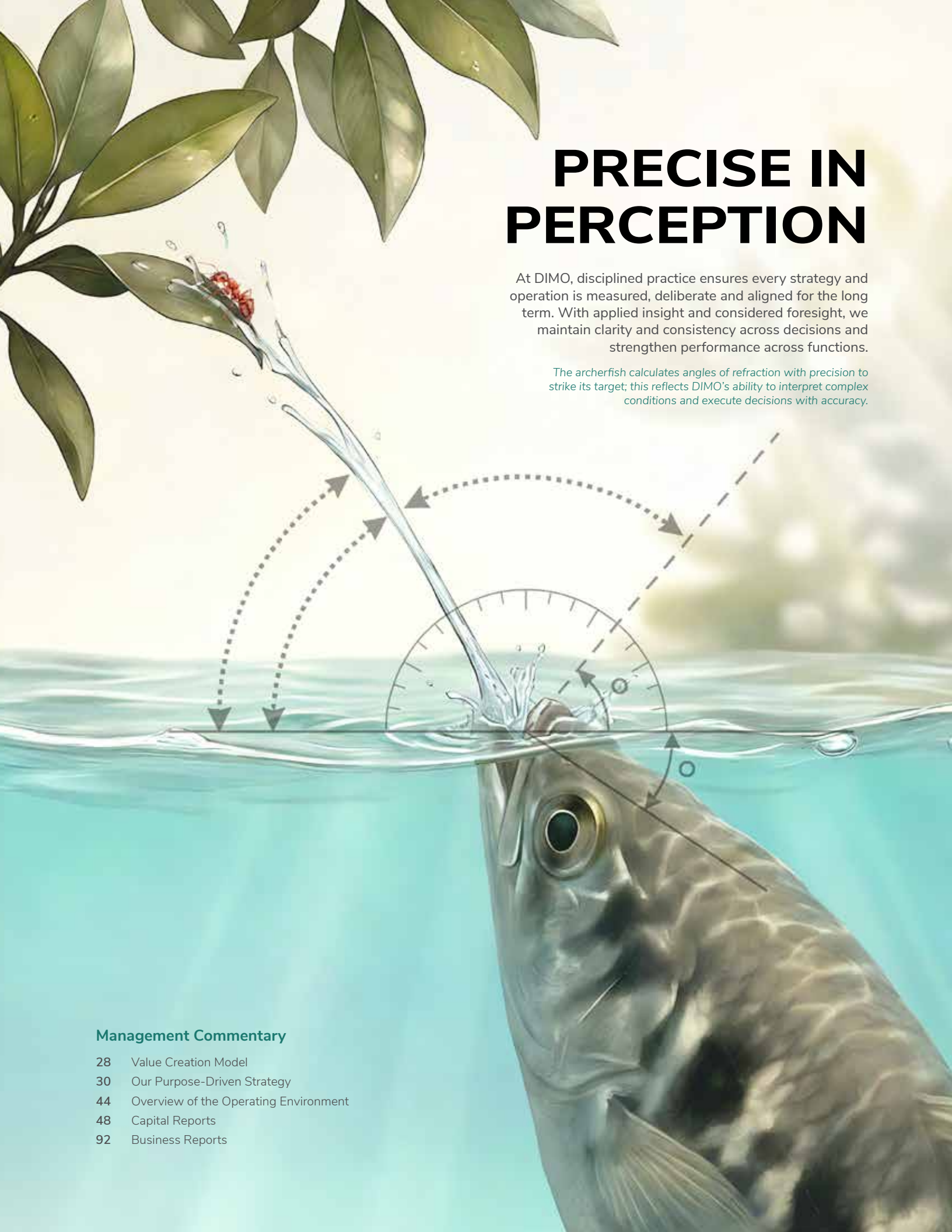


**MANGALA WICKRAMASINGHE**
Chief Information Officer

# PRECISE IN PERCEPTION

At DIMO, disciplined practice ensures every strategy and operation is measured, deliberate and aligned for the long term. With applied insight and considered foresight, we maintain clarity and consistency across decisions and strengthen performance across functions.

*The archerfish calculates angles of refraction with precision to strike its target; this reflects DIMO's ability to interpret complex conditions and execute decisions with accuracy.*



## Management Commentary


28 Value Creation Model
30 Our Purpose-Driven Strategy
44 Overview of the Operating Environment
48 Capital Reports
92 Business Reports

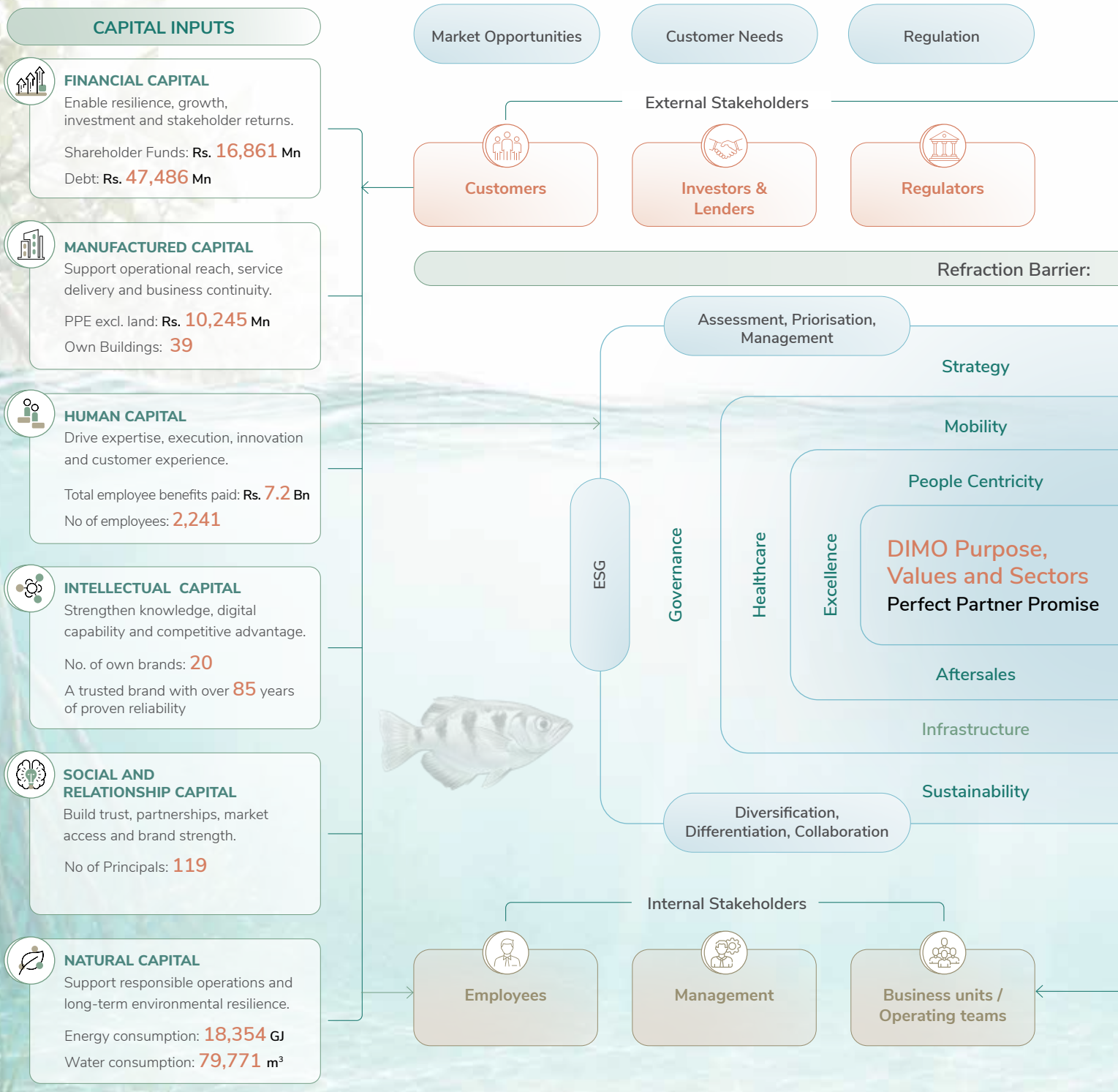
# CREATING VALUE THROUGH AN ADAPTIVE ECOSYSTEM

Value Creation Model Section & Animation

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=9

DIMO's value creation process is driven by focused strategy, disciplined execution and the precise optimization of capitals, entrusted by stakeholders. By identifying opportunities with clarity and directing resources towards areas with the greatest potential for impact, the Group seeks to break through barriers, move beyond market limitations and convert strategic intent into meaningful outcomes.

Figure 05:



Guided by its purpose, brand promise and values, this targeted approach enables DIMO to create sustainable value for stakeholders, while strengthening resilience, relevance and long term competitiveness.

Technology

Sustainability Expectations

Economic Conditions

Principals & Business Partners

Communities

Volatility, uncertainty and market distortion

Policies, Structures, Processes

Stakeholder Management

Power Engineering & Building Technological Solutions

Integrity

Accountability

Retail

Customer Delight

Agricultural

Risk Management

Engagement, Interest, Impact

## OUTCOMES

### Enterprise value

52% Market capitalisation YoY%

Rs. 172.37 EPS

### Customer satisfaction

91.9% CSI

### Supplier and principal partnerships

119 Number of active Principals

Rs. 61 Bn Total supplier payments

### Community impact and environmental responsibility

Rs. 66 Mn Community investment

657,005 $tCO_2e$ Emissions

### Employee development

19,288 Learning hours

Rs. 24 Mn Training investment

4.23 Engagement score

### National economic contribution

Rs. 39 Bn Taxes paid

640 No of Employment Opportunities created

| | |
|---|---|
| Engineering | Storage & Material Handling Solutions \| Car Parking Solutions \| Medical Infrastructure Solutions \| Power Engineering & Building Technological Solutions \| Fluid & Water Solutions \| Automotive Engineering Solutions |
| Trading | Vehicles for Transportation of Passengers and Goods \| Agri-machinery \| Spare Parts \| Lighting Products \| Home & Garden Products \| Fertilizer, Seeds & Agrochemicals \| Construction Machinery \| Chemical Solutions \| Pharmaceuticals & Other Healthcare Products |
| Manufacturing/ Value Adding | Food Products for Export & Local Market \| Fertilizer \| Seeds \| Vehicle Assembly \| Camper Trailers \| R&D Techno-parks |
| Services | Education in Engineering \| Engineering Designs \| Engineering Consultancy \| Vocational Training |

# PURPOSE DRIVEN STRATEGY

Strategy & Resource Allocation Section

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=10

Deeply grounded in purpose, our strategy is shaped by a clear belief that every business decision must contribute to meaningful value creation. It guides how we navigate complexity, respond to challenges and look beyond short-term volatility to identify where the Group can create the greatest impact across its diverse businesses. This approach enables DIMO to direct capital, capabilities and partnerships with focus and discipline towards the opportunities that matter most, strengthening agility, resilience and stakeholder value across the short, medium and long term.

Figure 06:



# PURPOSE

## Our purpose is to fuel dreams and aspirations of the communities we serve.

This purpose remains the anchor of DIMO's strategic direction. It guides the way we select growth paths, allocate resources, build partnerships, strengthen capabilities, and define the impact we seek to create through our businesses. It also frames our responsibility to create value in a way that is commercially resilient, socially meaningful, and environmentally responsible.



# BRAND PROMISE

## We are building sustained relationships with world-class principals and stakeholders as their Perfect Partner.

Our Brand Promise brings our purpose to life in a practical and meaningful way. It guides how we build trust, work together, and create value for stakeholders while also reminding us to act responsibly towards nature and reduce the impact of our operations as part of being the Perfect Partner.

# VALUES

## Integrity | People-Centricity | Excellence | Customer Delight | Accountability

These values are the foundation of execution. They influence corporate strategy, decision making, behaviour, partnership standards, stakeholder experience, and accountability across the Group. As DIMO advances its transformation, the values remain essential for aligning growth with trust, discipline, and long term value creation.

# PURPOSE DRIVEN STRATEGY

### TABLE 02: STRATEGIC PILLARS AND STRATEGIC AMBITIONS

| Strategic Pillar | Strategic Ambition |
|---|---|
| **Diversification:** Strengthens DIMO's ability to look beyond short term distortions and pursue growth with clear focus. It enables the Group build a more balanced portfolio across business domains, customer needs, and revenue streams, while staying open to change, future ready, and responsive as conditions evolve. | A resilient and futuristic product portfolio designed to create value for our stakeholders while withstanding market pressures and capitalizing on emerging opportunities. |
| **Differentiation:** Differentiation reflects DIMO's ability to compete with acuity, clarity, and distinct value, breaking barriers. It is advanced through superior customer experience, a stronger brand, sharper talent capabilities, and trusted relationships with global principals and stakeholders. | Continuous Organic growth, enhancing value creation and enriched experience for stakeholders, standing out as their unique preferred partner |
| **Collaboration:** Collaboration enables DIMO to align capabilities across the Group and beyond. It supports shared learning, digital integration, innovation, and coordinated responses to climate and operating challenges, allowing DIMO to act with greater agility and amplified force. | Be the Partner of Choice to all stakeholders, through enhanced partnerships to innovate and create enriching new value propositions |

## STRATEGIC ENABLERS

DIMO's strategic enablers provide the enterprise-wise capabilities required to turn intent into delivery. They make the strategic priorities executable, scalable, and measurable across business units and functions.

**Group HR Strategy:** DIMO's HR strategy focuses on attracting the right talent, building future-ready capabilities, and purposefully engaging employees to create sustainable value aligned with the Corporate Strategy.

**Group Marketing Strategy:** To strengthen DIMO's brand equity by consistently delivering our 'Perfect Partner' promise through meaningful stakeholder experiences and responsible communication, thereby building trust, enabling differentiation and supporting sustainable value creation and strategic growth.

**Group IT Strategy:** Leverage digital and technological advancements to transform stakeholder experience, enhance business processes, and create new revenue streams that drive sustainable growth.

**Group Sustainability Strategy:** Integrate ESG principles into strategy, decision making, products, processes, and reporting so that DIMO creates short, medium and long term value responsibly and credibly.

### Sustainability Agenda 2030

**Being a Resilient Business**

1. Sustainable entrepreneurship & innovative product design
2. Ethical business conduct
3. Sourcing & circularity

**Creating a Resilient Community**

4. Improving employee wellbeing
5. Meaningful employment through diversity
6. Creating opportunities & partnerships for a thriving community

**Conserving a Living Planet**

7. A conscious footprint to minimize impact
8. Restore & enhance



## TABLE 03: PRIORITY EXECUTION THROUGH FOCUS AND AGILITY

| Strategic Priority | Related Strategic Pillar | Why it matters | Short Term and Long Term Plans | Activities of 2025/26 | Material Risks |
|---|---|---|---|---|---|
| Diversify Business Domains 1 | Diversification | Broadening DIMO's portfolio, so the Group can look beyond surface level market distortion and identify value across a wider set of business domains.<br><br>It reflects a disciplined approach to growth, where DIMO does not rely on a single stream of opportunity but positions itself where underlying demand and long term potential are strongest. | **Short term**<br>Strengthening selected domains and improving portfolio balance.<br><br>**Long term**<br>Aims to build a more resilient portfolio that can adjust to shifting conditions and sustain value creation. | Relocated DATS to a larger facility in Peliyagoda and expanded technical education capacity.<br><br>Installed and commissioned approximately 25MW. ground mounted solar power under a Power Purchasing Agreement | • Volatile local & global economic circumstances<br>• Shift to generation, storage and consumption of new energy for mobility, households, corporate and government institutions |
| Expand Essential Presence | Diversification | Increasing DIMO's presence in essential goods and services while extending into the right geographies and market spaces.<br><br>It reflects the Group's ability to recognize where surviving demand lies and move closer to the sectors and communities where its relevance can extend over time. | **Short term**<br>Strengthening presence in priority sectors, locations, and customer segments<br><br>**Long term**<br>Build a broader and more dependable market base that supports continuity, scale, and stronger stakeholder relevance. | Expanded Swaraj tractor service support and spare parts access across key agricultural regions.<br><br>Initiated reach to retail channels locally and to foreign markets, with value added food products, to strengthen consumer reach and broaden market access locally and to set foot in the global market space. | • Geopolitical tensions & escalations, tariff-wars and sanctions<br>• Volatile local & global economic circumstances |
| Embrace Sustainable Practices 1 2 3 6 | Differentiation and Diversification | Making sustainability part of how DIMO's value chain operates, creating sustainable value to its stakeholders.<br><br>It reflects the Group's commitment to making decisions that strengthen resilience, efficiency, trust, and long term competitiveness. | **Short term**<br>Embedding sustainability priorities into operations, decisions, and reporting practices.<br><br>**Long term**<br>Improve resilience, use resources more efficiently, and build lasting advantage through Sustainability Agenda 2030. | Conducted Sustainability 'Pocket Meetings' with business teams to embed sustainability into everyday action.<br>Refer page 39 | • Extreme natural weather-related phenomena<br>• Shift to generation, storage and consumption of new energy for mobility, households, corporate and government institutions |

# PURPOSE DRIVEN STRATEGY

| Strategic Priority | Related Strategic Pillar | Why it matters | Short Term and Long Term Plans | Activities of 2025/26 | Material Risks |
|---|---|---|---|---|---|
| | | | | Digitized financial and operational processes to reduce paper use and printing dependency.<br><br>Production of Organic Processed Fruits and Food products for foreign markets | |
| Elevate Brand Experience: | Differentiation | Improving how customers and stakeholders experience DIMO so that the Group becomes more trusted, more distinctive, and preferred.<br><br>It reinforces the importance of delivering value consistently so that every interaction strengthens DIMO's position as the Perfect Partner. | **Short term**<br>Enriching customer experience, and brand consistency across all touchpoints.<br><br>**Long term**<br>Build stronger brand equity, deeper loyalty, and achieve a more clearly differentiated market positioning. | New TATA passenger vehicle showrooms were opened in Colombo, Kandy, and Batticaloa to expand customer access and strengthen DIMO's nation-wide retail presence.<br><br>Expansion of Engine Care facility with European machinery and diagnostic capability.<br><br>Installed a customer experience framework to ensure "One DIMO Standard" that will enhance customer experience | • Aggressive competition from local contractors, traders, and low-cost foreign suppliers |
| Empower Talent Growth: 4 5 | Differentiation | Building the people, leadership depth, and capabilities DIMO needs to perform well in a changing environment.<br><br>It reflects the Group's belief that lasting progress depends on people who are engaged, adaptable, and ready to grow with the business. | **Short term**<br>Attracting, developing and engaging talent while optimizing performance.<br><br>**Long term**<br>Build strong leadership pipelines, deeper specialist capabilities and more future ready talent. | Carried out the annually conducted 'Elevate' leadership development programme.<br><br>Invested in Learning and development in up-skilling teams on new technology (eg:- EV related) and other soft skill development.<br><br>Invested in engagement programmes and activities | • Attrition of experienced and technically competent personnel |

| Strategic Priority | Related Strategic Pillar | Why it matters | Short Term and Long Term Plans | Activities of 2025/26 | Material Risks |
|---|---|---|---|---|---|
| Deepen Key Partnerships: | Collaboration | Strengthening DIMO's relationships with world class principals and other strategic stakeholders to support growth, trust, and shared value.<br><br>It reflects a partnership approach where alignment and mutual benefit create stronger access to expertise, innovation, and long term opportunity. | **Short term**<br>Alignment, collaboration and commercial movement with key partners.<br><br>**Long term**<br>Accessing new markets, innovations and technologies leveraging the key partnerships. | Design, supply and installation of LED Flood Lights to SSC<br><br>Siemens and DIMO completed Sri Lanka's largest grid substation at Habarana, strengthening the national transmission network.<br><br>DIMO's 65 year partnership with TATA Motors was strengthened through the launch of 10 new commercial vehicles. | • Inability to raise long-term funds for strategic investments<br>• Geopolitical tensions & escalations, tariff wars and sanctions |
| Foster a Learning Culture: 4 5 | Collaboration | Creating a culture where knowledge, skills, and experience are continuously developed and shared across the Group.<br><br>It reflects DIMO's belief that learning plays a key role in strengthening agility, decision making and long term value creation. | **Short term**<br>Encourage learning, collaboration and capability to share across teams and cultures.<br><br>**Long term**<br>Building an organization where continuous learning improves adaptability, innovation and strategic execution. | Built AI and analytics capabilities across the Tribe to strengthen future ready decision making and collaboration.<br><br>Hosted quiz events for Tribe members to encourage learning and broaden knowledge exposure.<br><br>Conducted school training programmes with voluntary participation of DIMO teams, to extend knowledge sharing beyond DIMO, into the wider community. | • Attrition of experienced and technically competent personnel<br>• Data breaches, phishing scams or social engineering attacks |

# PURPOSE DRIVEN STRATEGY

| Strategic Priority | Related Strategic Pillar | Why it matters | Short Term and Long Term Plans | Activities of 2025/26 | Material Risks |
|---|---|---|---|---|---|
| Accelerate Digital Transformation: | Differentiation and Collaboration | Building a more connected, data-led, and digitally enabled businesses that improves speed, visibility, and governance across the Group.<br><br>It reflects DIMO's effort to make systems, information, and processes work together more effectively so the organization can move with greater confidence and efficiency. | **Short term**<br>Focus on integration, automation, analytics and digital customer experience.<br><br>**Long term**<br>Building more intelligent, scalable, resilient and future ready business infrastructure. | Improvement and enhancements through digitalization and ERP optimization in terms of financial controls and reporting, analytics, warehouse management and digital infrastructure.<br><br>Strengthened the digital transformation journey by formalising SAP business continuity arrangements and executing the first structured disaster recovery drill. | • Data breaches, phishing scams or social engineering attacks<br>• Aggressive competition from local contractors, traders, and low-cost foreign suppliers |
| Manage Climate Risk: 7 8 | Collaboration | Bringing climate related considerations into DIMO's strategy, risk management, and value chain decisions so the Group can protect value and respond responsibly.<br><br>It reflects the need to recognize environmental shifts early, respond in a measured way, and strengthen resilience over time. | **Short term**<br>Embedding climate considerations into risk management process and business operations.<br><br>**Long term**<br>Strengthen transition readiness, | Mangrove and forest restoration initiatives to protect natural habitats.<br><br>Identification of material climate risks and deployment of targeted strategic measures.<br><br>Development of a structured decarbonization plan to reduce the corporate carbon footprint. | • Extreme natural weather-related phenomena<br>• Shift to generation, storage and consumption of new energy for mobility, households, corporates and government institutions |

## TABLE 04: THE ENABLERS BEHIND FOCUSED EXECUTION

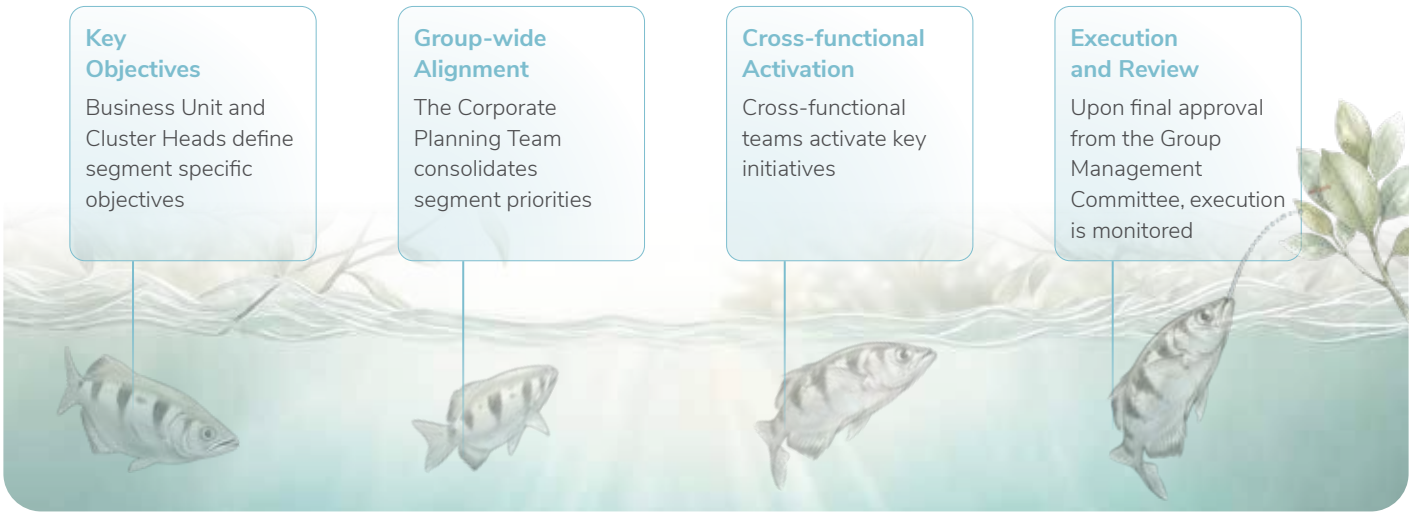
| Enabler | Objective | Opportunities | Future Outlook |
|---|---|---|---|
| Group HR Strategy | Strengthen people capability to drive performance and sustain organizational success through stronger organizational design, capability building, engagement, leadership development, and alignment of people priorities with business strategy. | Opportunity exists to strengthen employer brand, increase internal capability mobility, use digital people data for better decisions, and create a more agile workforce aligned to future growth domains. | The HR agenda continues to build a workforce that is adaptive, capable, engaged, and ready to support enterprise transformation, collaboration, and long-term value creation. |
| Group Marketing Strategy | Drive sustainable competitive advantage by embedding exceptional customer experience across DIMO's diversified businesses, strengthening brand relevance, and aligning customer insight, reputation, and value propositions to the Perfect Partner promise. | Opportunity exists to deepen loyalty, expand into new and niche markets, strengthen cross segment brand coherence, and use customer insight to shape higher relevance offerings. | The marketing agenda continues to evolve from communication support to strategic value creation by improving preference, trust, and advocacy across DIMO's portfolio. |
| Group IT Strategy | Leverage digital technologies to improve the quality, cost efficiency, delivery, security, and experience of products, services, and internal operations across the Group. | Opportunity exists to redesign workflows, improve real time visibility, automate routine activity, enhance customer and employee experience, and create better decision support through data and analytics. | The technology agenda continues to build a secure, connected, and insight driven enterprise that improves productivity, scalability, governance, and future readiness. |
| Group Sustainability Strategy | Embed ESG principles into strategy, business model, capital allocation, and decision making so that sustainability supports resilience, accountability, innovation, and long term stakeholder value creation. | Opportunity exists to improve brand equity, unlock responsible growth, increase the contribution of sustainable products and services, strengthen stakeholder trust, and reinforce DIMO's market leadership in responsible business practices. | The sustainability agenda continues to move from programme mode to enterprise mode, shaping how DIMO grows, competes, reports, and creates value through 2030 and beyond. |

# PURPOSE DRIVEN STRATEGY

## STRATEGY MOBILIZATION

The Acceleration Plan provides the execution discipline required to convert strategic intent into coordinated action. It aligns business level priorities with Group direction, clarifies ownership, supports timely decision making, and ensures that resources are channeled toward the initiatives that matter most.

For 2025/26, the plan continued to function as the operating bridge between strategic priorities, enablers, and measurable delivery. It supported both resilience and readiness by helping the Group move with focus in an environment that remains dynamic and opportunity rich.




## RESOURCE ALLOCATION

DIMO translates its purpose driven strategy into focused action by allocating the right capitals to the right business segments aligned with the level of dependency the relevant business has on each capital, hence the focus required on it to achieve it's strategic priorities. Guided by diversification, differentiation and collaboration, the Group directs resources based on market opportunity, strategic fit, capability needs and stakeholder value. This enables DIMO to deploy resources with precision, strengthen execution and create sustainable value while fuelling dreams and aspirations of the communities it serves.

| Business Segment | Capitals | | | | | | Main Strategic Focus |
|---|---|---|---|---|---|---|---|
| | Financial | Manufactured | Human | Intellectual | Social & Relationship | Natural | |
| Mobility | ● | ● | ● | ● | ● | ○ | Differentiation<br>Diversification |
| Automotive Engineering Solutions | ● | ● | ● | ● | ● | ○ | Differentiation |
| Agriculture | ● | ● | ● | ● | ● | ● | Diversification |
| Retail | ● | ○ | ● | ● | ● | ○ | Differentiation<br>Collaboration |
| Power Engineering & Building Technological Solutions | ● | ● | ● | ● | ● | ● | Diversification<br>Collaboration |
| Infrastructure Engineering | ● | ● | ● | ● | ● | ● | Differentiation<br>Collaboration |
| Healthcare | ● | ● | ● | ● | ● | ○ | Diversification<br>Collaboration |

● High dependency ● Moderate dependency ○ Low dependency

# PURPOSE DRIVEN STRATEGY

## CREATING VALUE THROUGH SUSTAINABILITY

DIMO's sustainability journey reflects a purposeful shift from responsibility to value creation, guided by the Sustainability Agenda 2030 and strengthened by disciplined execution. Through focused action across resilient business, living planet and resilient community priorities, the Group continues to align growth with decarbonisation, circularity, biodiversity restoration, inclusive leadership and community impact. This snapshot presents how DIMO is progressing beyond commitments to measurable outcomes that support long term stakeholder value and its role as a future focused Perfect Partner.

### REFLECTIONS



Video

"We look at risks and opportunities that are associated with sustainability that may or could impact our future cash flows or future ability to create value in the short, medium and long-term. Due to this, our perception of sustainability has evolved to be from something that we embrace due to corporate responsibility to a path that creates value to our shareholders."

**Suresh Gooneratne,**
Director/Chief Financial Officer

### FULFILLING & REIMAGINING OUR STRATEGIC MANDATE

We recognise that true leadership requires a dual focus; the disciplined execution of our Agenda up to 2030 and the bold vision of being the corporate leader in sustainability looking beyond. By executing our Sustainability Agenda 2030, we are honouring our commitments to all our stakeholders, ensuring operational excellence and delivering the tangible value that has defined our reputation for decades. This is the bedrock of our stability, a relentless drive to meet our targets and how we uphold very high standards in our solutions provided.

Refer page 168 sustainability agenda 2030 Governance Structure

### DIMO SUSTAINABILITY AGENDA 2030

#### BEING A RESILIENT BUSINESS

Sustainable Entrepreneurship & Innovative Product Design

Ethical Business Conduct

Sourcing & Circularity

**50% Achieve**
Revenue Generated through Sustainable Products & Services

#### CREATING A RESILIENT COMMUNITY

Improving Employee Wellbeing

Meaningful Employment through Diversity

Creating Opportunities & Partnerships for a Thriving Community

**40%**
Women in Decision Making Roles

Creating a Positive Impact on
**1 Million Individuals**

#### CONSERVING A LIVING PLANET

A Conscious Footprint to Minimize Impact

Restore & Enhance

**100%**
Use of Treated Water

**Zero** Landfill

**1:1** Restoration

**42%**
Reducing Carbon Emission Scope 1 & 2

**51.6%**
Per unit LKR Value added of Scope 3

Video

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=12

# PURPOSE DRIVEN STRATEGY

In an era of rapid environmental and technological shifts, fulfilment alone is not enough. We have reimagined our strategy, as we have journeyed over four years and it is well rooted. Now we have aligned the Sustainability Agenda 2030 with the global transition towards a circular, low carbon economy. This is not merely a refresh of our goals, but a fundamental reimagining of what DIMO represents as a corporate entity. We are expanding our definition of success to include not just financial milestones, but our contribution to national resilience, social equity and environmental restoration and rehabilitation.

This continuous cycle of realization in reinvention ensures that DIMO remains both grounded and visionary. We have identified emerging opportunities in green technology and sustainable infrastructure. We are not just adapting to the future, we ensure that as we fulfil business objectives, we are simultaneously building the capacity of our communities, including both in competency of the employees and wellbeing of our immediate communities around us.

## TABLE 05: OUR PERFORMANCE

| DIMO Sustainability Agenda 2030 | Being a Resilient Business | Conserving a Living Planet | | | | Creating a Resilient Community | |
|---|---|---|---|---|---|---|---|
| | Business | Emission | Water | Waste | Biodiversity | Employees | Community |
| Long Term 2030 | Achieve 50% revenue generated through Sustainable Products & Services | Reducing carbon emission from 2024/25* baseline (Scope 1 & 2 - 42%, Scope 3 - 51.6% of per unit LKR value added SBTi Targets) | 100% Reuse of treated water | Zero Landfill | 1:1 Restoration | 40% Women in decision making roles | Creating a positive impact in 1 million individuals |
| Short Term 2025/2026 | Achieve 32% revenue generated through Sustainable Products & Services | Reducing carbon emission from 2024/25* baseline (Scope 1 & 2 - 7%, Scope 3 - 8.6% of per unit LKR value added SBTi Targets) | 60% Reuse of treated water | Zero Landfill | 1:1 Restoration | 20% Women in decision making roles | Creating a positive impact in 30,000 individuals |
| Our Progress 2025/2026 | 47%* | Scope 1 - 17%** Scope 2 - (-16%) Scope 3 - 68% | 22.96% | Reused 50%*** Recycled 46% Energy Recovery 4% | 38.03 hectares | 19% | 58,887 |
| Our Progress 2024/2025 | 27% | -1,754% | 36% | Reused 62% Recycled 32% Energy Recovery 6% | 27.03 hectares | 15% | 34,734 |
| Our Progress 2023/2024 | 24% | 26% | 14% | Reused 41% Recycled 51% Energy Recovery 8.6% | 10.83 hectares | 14.5% | 8,752 |
| Our Progress 2022/2023 | 29% | 23.3% | 30% | Reused 57% Recycled 22% Energy Recovery 21% | 7.6 hectares | 12% | 5,276 |
| Our Progress 2021/2022 | 27% | 14.4% | 38% | Reused 43% Recycled 33% Energy Recovery 24% | 4.5 hectares | 10% | 2,330 |

*Revenue from sustainable products and services saw a year-on-year increase, largely underpinned by passenger vehicle sales contributing 36% to the total revenue generated through our sustainable portfolio.

**Emission baseline changed to 2024/25 - DIMO did a comprehensive carbon footprint. This year and going forward, the reduction is through SBTi for all 3 scopes.

*** Achieved Zero Waste to Landfill Certification from Control Union Inspections (Pvt) Ltd for four primary facilities (Head Office, DIMO 800, Weliweriya, and Siyambalape), successfully diverting 99.87% of operational waste away from landfills.

*Refer ESG Statement & Notes page 234

The ultimate measure of our success lies in our ambitious 2030 targets that bridges the gap between purpose and performance. DIMO is committed to a carbon neutral future (DIMO Decarbonisation Plan page 90 and a towards a zero waste to landfill (certificate of zero waste to landfill page 89).

Sustainability Glossary

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=13

# THE ADAPTIVE VALUE NETWORK

Our strategic operating context is no longer defined only by market share or through industrial outputs. It is very well defined by our ability to thrive within a complex, interconnected value ecosystem, highlighting our vision in becoming a resilient business case. As reflected in our material matters, while we are going beyond our operational impact - we execute a stronghold on innovation within our business model, value chain stability and incorporating sustainability; attracting and retaining talent is of paramount importance as well.

We recognise that true business resilience is inextricably linked to the wellbeing of the communities we serve and work with. By transitioning from a traditional operational model to a sustainable value architecture, we ensure that it will serve as catalysts for long-term prosperity than short-term gains. We started our journey with a lean management tool to not just map our value chain but also map it in a way that each business segment is part of the exercise of a truly valuable journey.

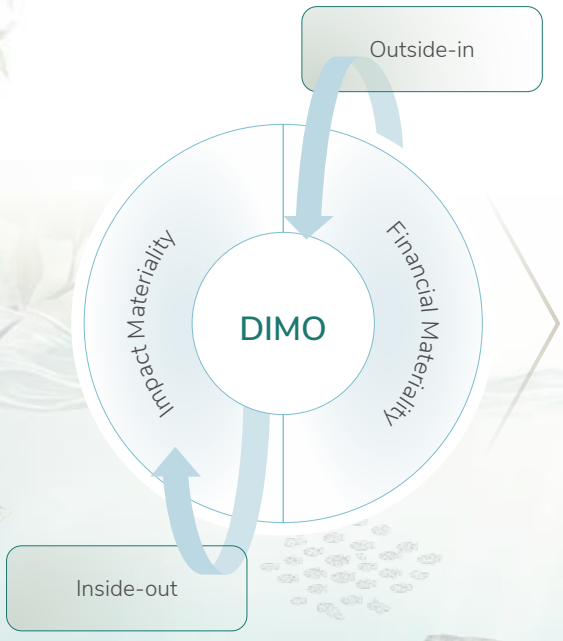
The modern landscape of business is undergoing a fundamental shift as we are driven by an evolving global regulation, there is a resource scarcity and a heightened demand for corporate transparency. DIMO views this shift not as a hurdle but as a strategic frontier. As we align our core competencies with our Sustainability Agenda 2030, we are proactively future proofing our portfolio. This involves integrating environmental stewardship and social equity directly into our decision-making processes. This will ensure that our 'operating context' remains a fertile ground for innovation and ethical growth.

Our commitment to sustainable value creation translates into a relentless focus on efficiency, decarbonisation and social empowerment across all our business segments. We understand that our licence to operate is granted by our stakeholders and it is important that we strive to harmonize our commercial objectives with the broader needs of the planet. By fostering a future-ready culture that prioritizes circularity and responsible resource management, DIMO is not just reacting to the world around us, we are actively architecting a legacy of enduring impact for generations to come.

## NAVIGATING WHAT MATTERS

DIMO's material matters are identified through a double materiality lens, recognising both the external risks and opportunities that shape enterprise value and the Group's impact on its stakeholders. These matters connect sustainability, strategy, risk and stakeholder expectations, helping DIMO focus on areas such as climate resilience, business model innovation, financial stability, talent, data security and value chain sustainability. By navigating what matters with clarity and precision, DIMO strengthens its ability to break through barriers, protect entrusted capitals and create sustainable value with confidence.

Figure 07:




### Material Matters

- Macro-Economic Resilience & Financial Stability
- Business Model Innovation, Digital Transformation & Market Competitiveness
- Data Security & Customer Privacy
- Climate Change Mitigation, Adaptation, Resilience & Energy Transition
- Talent Attraction, Development & Retention and OHS, Employee Wellbeing
- Waste, Water, Effluent & Pollution Management
- Stakeholder Engagement, Value Chain Sustainability & Resilience
- Community Health & Public Safety
- Energy Management
- Emission & Climate Change

### Material Risks

- Volatile local & global economic circumstances
- Data breaches, phishing scams or social engineering attacks
- Shift to generation, storage and consumption of new energy for mobility, households, corporates and government institutions.
- Extreme natural weather-related phenomena
- Geopolitical tensions & escalations, tariff-wars and sanctions
- Aggressive competition from local contractors, traders, and low-cost foreign suppliers.
- Inability to raise long-term funds for strategic investments
- Attrition of experienced and technically competent personnel

# PURPOSE DRIVEN STRATEGY

## THE ADAPTIVE VALUE NETWORK

Our material matter is anchored in the Sustainability Agenda 2030, reflecting a double materiality approach that balances financial resilience with social and environmental stewardship. Being a Resilient Business our focus is on ethical entrepreneurship and circularity with a critical strategic target in deriving 50% of group revenue in sustainable products and services through electric mobility and renewable by energy by 2030. This complements 'Creating a Resilient Community' that prioritises inclusive leadership, and aims at 40% of leadership roles being held by women, and empowering youth through vocational education. Conserving a Living Planet' addresses the urgency and necessity of climate action; through our decarbonisation plan with science-based targets, we have committed towards a rigorous target in reduction of all three scopes of emissions. The commitment towards a zero-landfill plan and a 1:1 restoration with a 100% reuse of wastewater ensures a vigorous plan for a conscious footprint. These are not check tick boxes, these are strategic value drivers that allow DIMO to navigate the post-recovery economic landscape of Sri Lanka (DIMO Impact Report - ESG page 234).

We view risk management (page 200 to 208) as an essential component of our sustainable value architecture. We have moved beyond traditional mitigation to a model of strategic resilience; identified potential disruptions like economic shifts, supply chain vulnerabilities or climate impacts. Our risk stewardship is grounded in transparent internal controls and ethical business conduct. By diversifying our business domains into essential sectors like agriculture and healthcare, we have structurally reduced our dependency on single revenue streams effectively.

### TABLE 06: DOUBLE MATERIALITY: GRI & SDG INTEGRATION

| Material Matter | Why Material Matters? | Link to SDGs | Link to GRI | Impact Materiality | Financial Materiality |
|---|---|---|---|---|---|
| Macro-Economic Resilience & Financial Stability | Sudden macroeconomic policies in Sri Lanka, such as stringent government vehicle import restrictions, local currency devaluations, and volatile foreign exchange fluctuations, directly impact. | 8 9 | GRI 201: Economic Performance<br>GRI 203: Indirect Economic Impacts<br>GRI 207: Tax | ●●○○ | ●●●● |
| Business Model Innovation, Digital Transformation & Market Competitiveness | Modern global brands demand that their local networks possess advanced digital infrastructure and highly innovative data ecosystems to execute predictive maintenance, manage secure IP data, and capture strict ESG metrics. | 8 9 17 | GRI 201: Economic Performance<br>GRI 205: Anti-Corruption | ●●●○ | ●●●● |
| Data Security & Customer Privacy | When a business relies heavily on interconnected clouds and data analytics to optimize inventory, process client orders, and track supply logistics, an unexpected cyber disruption is catastrophic. | 9 17 | GRI 418: Customer Privacy<br>GRI 417: Marketing & Labelling (Customer Information) | ●●●● | ●●●○ |
| Climate Change Mitigation, Adaptation, Resilience & Energy Transition | Global markets and local consumer preferences are rapidly pivoting away from high-carbon industries.<br>As a traditional leader in internal combustion engine vehicles and heavy machinery, the business faces severe transition risks if it remains anchored to fossil-fuel technologies. | 7 9 11 13 | GRI 305: Emissions<br>GRI 302: Energy | ●●○○ | ●●●● |

| Material Matter | Why Material Matters? | Link to SDGs | Link to GRI | Impact Materiality | Financial Materiality |
|---|---|---|---|---|---|
| Talent Attraction, Development & Retention and OHS, Employee Wellbeing | Relies on a specialized workforce.<br>Losing this tier of talent to overseas markets directly threatens operational capacity and relationships with global principals. | 3 4 5 8 | GRI 205: Anti-Corruption<br>GRI 401: Employment<br>GRI 403: Occupational Health & Safety<br>GRI 404: Training & Education<br>GRI 405: Diversity & Equal Opportunity GRI 406: Non-discrimination<br>GRI 402: Labour/Management<br>GRI 406: Non-discrimination | ●●○○ | ●●●○ |
| Waste, Water, Effluent & Pollution Management | Status as a responsible steward of Sri Lanka's natural capital. | 6 12 14 15 | GRI 303: Water and Effluents<br>GRI 306: Waste | ●●●● | ●●○○ |
| Stakeholder Engagement, Value Chain Sustainability & Resilience | Business model hinges on smooth, uninterrupted international trade and logistics. Global supply chain disruptions, geopolitical shifts, or import restrictions in Sri Lanka directly threaten its core revenue. | 8 12 16 17 | GRI 204: Procurement Practices<br>GRI 308: Supplier Environmental Assessment<br>GRI 301: Materials | ●●●○ | ●●●○ |
| Community Health & Public Safety | Defective machinery, substandard automotive parts, or poor maintenance frameworks pose direct, fatal risks to public road safety. | 3 11 | GRI 413: Local Communities<br>GRI 416: Customer Health & Safety<br>GRI 403: Occupational Health and Safety | ●●●○ | ●●○○ |
| Energy Management | Unmanaged energy consumption exposes massive cost spikes, directly eroding its operating margins.<br>Efficiency is synonymous with cost insulation. | 7 12 13 | GRI 302: Energy | ●●○○ | ●●○○ |
| Emission & Climate Change | Unmitigated carbon emissions contribute to macro-environmental degradation | 7 13 14 15 17 | GRI 305: Emissions<br>GRI 302: Energy<br>GRI 101: Biodiversity | ●●●○ | ●●○○ |

Key to SDGs



*The Impact Materiality and Financial Materality has been derived using the guidelines/framework presented on page 144.

# OUR OPERATING ENVIRONMENT

## THRIVING IN A SHIFTING LANDSCAPE

DIMO's operating environment continued to shift across macroeconomic, regulatory, technological, environmental and human capital dimensions, creating both barriers and new pathways for value creation. In a year marked by economic recovery, easing restrictions, evolving policy direction and rising demand for sustainable and digital solutions, the Group responded with focused strategy, disciplined adaptability and market relevant action. By looking beyond volatility to identify underlying opportunities, DIMO strengthened its ability to deploy resources with precision, support stakeholder aspirations and build confidence as a future focused, responsible corporate partner.

During the last financial year, the company operated amid continued global volatility alongside ongoing local economic transformation. As Sri Lanka's economy showed signs of stabilization following the crisis, the easing of restrictions including the removal of the vehicle import ban marked a significant shift in the operating landscape. At the same time, supply chain realignments, fluctuations in interest and exchange rates, and the accelerating demand for green technologies continued to influence our strategic priorities.

Throughout the year, DIMO actively responded to these evolving conditions adapting where necessary and, at times, leveraging challenges as catalysts for innovation and new opportunity creation. This section outlines how macroeconomic dynamics, regulatory changes, and technological advancements shaped our operating environment and the actions we took to move forward with resilience and purpose.

Figure 08:




### 1 MACROECONOMIC FORCES SHAPING THE BUSINESS

#### Global Economy

In 2025, the global economy continued to experience moderate but uneven growth, shaped by lingering effects of earlier inflationary cycles, geopolitical tensions, and shifting trade dynamics. While major economies showed signs of stabilization as inflation eased and monetary policies gradually softened, growth remained constrained by high debt levels, cautious consumer spending, and fragmented global supply chains. At the same time, investment in digital transformation and sustainable technologies gained momentum, creating new avenues for expansion.

Renewed geopolitical tensions following the onset of the current Middle East war could significantly affect global economic prospects, depending on the war's severity and duration, while heightening global uncertainty across multiple dimensions.

#### Sri Lanka Economic Recovery in 2025

In 2025, the economy of Sri Lanka continued to strengthen its recovery momentum, supported by sustained macroeconomic stability and the ongoing implementation of policy and structural reforms. Despite elevated global uncertainties particularly relating to trade dynamics and geopolitical developments as well as the impact of adverse weather conditions and natural disasters toward the latter part of the year, domestic economic activity demonstrated notable resilience. Enhanced macroeconomic stability and continued policy coherence supported stronger investor sentiment, fostering a more stable environment for growth while enhancing the economy's capacity to build resilience against future shocks.

#### GDP Growth and Inflation

Real GDP growth estimated at 5% (CBSL), marking a turnaround from the contractions experienced in prior years. Inflation returned to positive territory from August 2025, following a period of deflation, primarily reflecting the moderation of energy-related price declines alongside an increase in food prices.

#### Interest Rates

Easing monetary conditions, evidenced by lower interest rates, contributed to a significant increase in credit extended to the private sector. Accordingly, the overnight policy rate was reduced from 8.00% in December 2024 to 7.75% by December 2025.

#### Exchange Rate Dynamics & External Sector Growth

Under a flexible exchange rate regime, the Sri Lankan Rupee experienced a modest depreciation during the year, while foreign exchange reserves improved from USD 6 billion to approximately USD 7 billion (End 2025 – CBSL), aided by multilateral support, increased tourism inflows and workers' remittances.

### Impact to DIMO & Our Response

The recovery in GDP growth in Sri Lanka supported a gradual revival in economic activity, particularly across sectors such as construction, transportation, and agriculture. This improvement contributed to increased demand for DIMO's vehicles, agricultural equipment, and engineering solutions. In response, the Group strengthened its market presence, enhanced customer engagement, and aligned its product offerings to support the recovery in economic activity.

Easing inflation, following a period of elevated price levels, helped restore consumer purchasing power and business confidence, although cost pressures remained in certain areas. DIMO continued to focus on cost optimization, pricing discipline, and operational efficiencies to strengthen profitability while remaining competitive in the market.

Declining interest rates, reflecting more accommodative monetary conditions, improved access to credit and supported private sector expansion, enhancing affordability for high-value purchases such as vehicles and machinery. In response DIMO partnered with financial institutions to offer flexible financing solutions, enabling customers to invest with greater ease.

Exchange rate depreciation increased import costs, which were managed through prudent pricing, supplier engagement, and inventory planning. The removal of vehicle imports restrictions created renewed opportunities in the automotive sector, and DIMO responded by optimizing its portfolio and reinforcing its value proposition amid rising competition.

The Group also capitalized on growing demand for sustainable solutions by expanding its presence in renewable energy and green mobility. Overall, DIMO's agile and proactive approach enabled it to navigate macroeconomic challenges while positioning for continued growth.

**Table 07 – Key Economic Indicators (CBSL)**

| | 2025/26 | 2024/25 |
|---|---|---|
| GDP Growth | 5.0 | 5.4 |
| Inflation | 2.1 | (1.7) |
| Year-end exchange rate (Rs/ USD) | 315.19 | 296.31 |
| AWPR (%) | 9.86 | 8.43 |
| Fiscal deficit (% of GDP) | (2.3) | (6.8) |

## 2 NAVIGATING POLICY DYNAMICS WITHIN A SHIFTING OPERATING ENVIRONMENT

In today's complex business environment, regulatory frameworks play a decisive role in shaping corporate strategy, particularly for diversified conglomerates like DIMO. Operating across sectors such as automotive, agriculture, engineering solutions, and healthcare, DIMO must continuously adapt to evolving government policies, compliance requirements, and international standards. Rather than viewing regulation as a constraint, forward looking organizations increasingly treat it as a strategic compass which is guiding investment, innovation, and market positioning.

### Impact to DIMO & Our Response

For DIMO, policies related to import controls, taxation, and foreign exchange management directly affect its core businesses. During early 2025, lifting of vehicle import ban has expanded product availability and strengthened revenue streams of DIMO. Changes in tax structures influence pricing strategies and overall cost competitiveness. At the same time, foreign exchange regulations affect the company's ability to manage international transactions, source import supplies, and maintain stable margins.

Within the context of navigating policy dynamics, supportive government policies and incentives for renewable energy have enabled DIMO to expand its presence in the sector, opening new avenues for sustainable revenue generation while aligning with national energy priorities.

Environmental and sustainability regulations further reinforce the need for transformation. As expectations around climate responsibility intensify, DIMO's operating environment increasingly favours sustainable technologies and practices. By proactively embracing these shifts, the company strengthens its competitive positioning while contributing to national and global sustainability goals.

Governance and compliance frameworks also play a crucial role in shaping the operating environment. Strengthened standards enhance transparency and accountability, requiring organizations to elevate their internal processes. For DIMO, this fosters stronger stakeholder confidence and supports its ambitions for sustained growth and international collaboration.

The implications of the operating context are assessed against DIMO's strategic priorities, enabling the Group to align capital deployment, customer solutions, partnerships and operational controls toward areas with the highest relevance for value creation. This disciplined linkage converts external shifts into focused strategic action, supporting resilience, competitiveness and long term stakeholder value.

# OUR OPERATING ENVIRONMENT

## 3 EMERGING AND TRANSFORMATIVE TECHNOLOGY TRENDS

Technology acts as a catalyst for progress, driving innovation, enabling faster growth, and redefining industries. It equips businesses to adapt to changing market conditions, anticipate evolving customer needs, and seize new opportunities for transformation. In today's digital landscape, technology is no longer just a support function but a critical foundation for achieving long-term, sustainable success.

### Technological Advancements and Evolution

Advancements in technology continue to redefine how businesses operate, compete, and grow in an increasingly digital world. Rapid developments in areas such as automation, data analytics, artificial intelligence are transforming traditional business models into more agile, efficient, and customer-centric systems. These technologies enable organizations to streamline operations, enhance decision-making through real-time insights, and deliver more personalized and value-driven solutions.

### Cybersecurity Risks in a Digital Era

Digitalisation enhances efficiency and connectivity, but it also increases exposure to cyber threats. As businesses rely more on digital systems and data, they become more vulnerable to risks such as data breaches, ransomware, and system disruptions. This makes strong cybersecurity measures and continuous monitoring essential to protect operations and maintain trust.

### Impact on DIMO & Our Response

In the automotive and mobility sector, technology is used for advanced vehicle diagnostics and fleet management systems. These tools help monitor vehicle performance in real time, improve maintenance accuracy, and reduce downtime for customers. With the shift toward electric mobility, DIMO also engages in technologies related to EV systems and charging infrastructure.

In urban infrastructure, our automated car parking systems optimize space in high-density areas, addressing the critical need for efficient city planning.

In the renewable energy sector, DIMO leverages solar power technologies, energy storage systems, and smart energy management platforms. These solutions enable efficient generation, monitoring, and distribution of clean energy, aligning with sustainability goals.

Within agriculture, DIMO adopts precision farming technologies. This includes GPS-guided equipment, data-driven irrigation systems, and digital platforms that track crop health, soil conditions, and yield patterns. These technologies help farmers improve productivity while using resources more efficiently.

We respond to cybersecurity threats through a comprehensive approach that combines advanced security technologies, strong governance practices, and employee awareness. The company utilizes protective systems such as firewalls, continuous monitoring, and vulnerability assessments to safeguard its digital infrastructure, while enforcing strict access controls and data protection policies. At the same time, regular staff training helps reduce human-related risks like phishing, and robust backup and recovery mechanisms ensure business continuity in the event of an incident. Together, these measures enable DIMO to effectively prevent, detect, and respond to evolving cyber risks.

## 4 ADAPTING TO ENVIRONMENTAL CHANGE WITHIN OUR OPERATING LANDSCAPE

As environmental challenges intensify, building climate resilience has become a strategic priority for forward-looking organizations. For DIMO, navigating environmental change involves proactively adapting to climate-related risks while contributing to sustainable solutions. Rising temperatures, extreme weather events, and shifting regulatory expectations require businesses to reassess operations, supply chains, and long-term investments.

### Extreme Weather Events

Extreme weather events such as Cyclone Ditwah highlight the growing impact of climate change on operating environments and business continuity. Such events can disrupt supply chains, damage infrastructure, and affect customer operations. For companies like DIMO, these incidents underscore the importance of climate resilience and preparedness.

Rising temperature will impact on solar power generation positively in short-term by generating more power and it will negatively impact in the long-term because excessive heat damages the cells of the solar panels.

Global weather events can significantly disrupt business operations, often with immediate and costly consequences. As examples hurricanes in the United States have shut down manufacturing plants and retail operations for extended periods. Droughts in agricultural regions reduce crop yields, impacting food supply chains and increasing raw material costs for related industries.

### Impact on DIMO & Our Response

Climate change affects DIMO across multiple dimensions, given its diversified presence in automotive, engineering, agriculture, and renewable energy. Increasing temperatures, irregular rainfall, and extreme weather events can disrupt supply chains, delay project execution, and damage infrastructure. For example, floods or storms may affect logistics and service operations, while heat stress can reduce efficiency in equipment and energy systems. At the same time, climate related regulations and the global shift toward decarbonisation are reshaping customer demand, particularly toward cleaner mobility and renewable energy solutions.

In response, DIMO is actively strengthening its climate resilience by integrating sustainability into its core strategy. This is also evident in the Sustainability Agenda 2030 of DIMO. The company is expanding its renewable energy portfolio, including solar and energy efficient solutions, to support the transition to low-carbon systems. It also promotes sustainable practices in agriculture through precision technologies that optimize resource use and reduce environmental impact. Internally, DIMO focuses on risk management, business continuity planning, and adopting greener technologies across operations. These efforts allow the company not only to mitigate climate related risks but also to leverage the transition toward sustainability as a pathway for innovation and growth.

In 2025/26, 47% of DIMO's revenue was generated through sustainable products and services, reflecting the Group's continued focus on sustainable growth. During the year, DIMO also strengthened its environmental and community initiatives through eco-guiding training workshops conducted in partnership with the Wildlife Conservation Society Galle for field guides at the Sinharaja Forest Reserve, while continuing its long-term forest restoration and mangrove planting efforts in Kanneliya and Galle.

## 5 HUMAN CAPITAL AS A DRIVER OF ORGANISATIONAL ADAPTABILITY

Human capital strongly influences an organization's operating environment by shaping productivity, innovation, and overall performance. A skilled and well-trained workforce helps businesses adapt to change, improve efficiency, and respond effectively to market demands.

In 2025, Sri Lanka's human capital landscape showed both improvement and structural challenges. On the positive side, the labour force expanded by approximately 8.5 million people (CBSL), and employment levels gradually recovered as the economy stabilised after previous shocks. Further, the unemployment rate declined from 4.3% to 3.9% (CBSL) indicating better absorption of workers into the economy and a slow recovery in job creation. There was also increasing emphasis on digital and technical skills, with growing demand for IT, data, cybersecurity, and other technology related competencies as industries continued to digitise.

### Impact on DIMO & Our Response

In 2025, changes in Sri Lanka's human capital landscape such as growing demand for digital and technical skills, skill mismatches, and talent migration, directly influenced our operations. As industries became more technology driven, the need for highly skilled employees in areas like engineering, renewable energy, and digital solutions increased, while competition for qualified talent also intensified.

During the last financial year there is an increase of 12% in new recruits reflects strong organisational growth and rising business confidence. For DIMO this expansion in workforce demonstrates its ability to scale operations and respond effectively to increasing market demand across its diversified sectors. It also highlights the company's commitment to creating employment opportunities and attracting fresh talent, which strengthens its overall human capital base.

In addition, we foster an inclusive and supportive work environment by promoting workplace diversity, addressing stereotypes, enforcing strong anti-harassment policies, and encouraging transparent and open communication across all levels of the organization.

# DIRECTING CAPITALS TOWARDS STRATEGIC PRIORITIES

At DIMO, value creation is driven by the purpose led strategy that directs the capitals towards the opportunities that matter most, while strengthening those capitals to sustain resilience, relevance, and long term stakeholder value. Accordingly, through the strategy, capitals are built, nurtured and directed towards realizing strategic priorities. This approach helps DIMO to look beyond surface conditions, respond with focus, and create stronger outcomes with greater agility and impact.

Table 08:

| Strategic Priority | Related Strategic Pillar | Financial Capital | Manufactured Capital | Human Capital |
|---|---|---|---|---|
| Diversify Business | Diversification | Improve revenue resilience across targeted growth domains. | Optimize shared assets across multiple business domains. | Build versatile talent across DIMO's business portfolio in line with short, medium and long term growth plans. |
| Expand Essential Presence | Diversification | Strengthen recurring income enhancement from resilient essential markets. | Ensure Group's brick and mortar presence in capturing diversified market opportunities | Build capability to enable essential presence, in line with shifting market demands and expansion strategies. |
| Embrace Sustainable Practices | Diversification | Protect long term returns through responsible growth. | Improve operational efficiency through sustainable systems and assets. | Strengthen purpose, accountability, and responsible business behavior across organization. |
| Elevate Brand Experience: | Differentiation | Invest in building brand experience to reinforce loyalty and trust. | Direct and align all physical presence and equipment capabilities to differentiate DIMO's brand experience. | Strengthen commitment to brand experience across all layers of the organization. |
| Empower Talent Growth: | Differentiation | Invest in talent growth to sustain planned growth. | Stimulate talent effectiveness through timely investments as well as ensuring optimum returns from investment of assets through empowered talent. | Strengthen talent acquisition, capability building and engagement towards achieving short, medium and long term strategy. |
| Deepen Key Partnerships: | Differentiation | Secure mutually beneficial partnerships while ensuring sustainable returns. | Enhance service readiness for partner led solutions. | Build teams that enrich and foster key partnerships, as well as leverage key partnerships to channel global expertise. |
| Foster Learning Culture: | Collaboration | Improve execution quality and long term value creation. | Investment in state of the art facilities enabling a learning culture. | Build future ready capability and adaptability through cross learning and collaboration. |
| Accelerate Digital Transformation: | Collaboration | Invest on purposeful digital transformations to build a futuristic, efficient and well governed organization. | Prioritize digitally and technologically advanced facilities and machinery in line with market trends. | Develop digital capabilities across all layers to drive inclusive digital transformation to stay abreast with market demand. |
| Manage Climate Risk: | Collaboration | Protect value from climate disruption and transition in the short, medium and long term. | Guide climate aware assets, facility and project choices. | Build an organization with knowledge and awareness on climate risk and committed on mitigation of impact, in all its' strategies and actions. |

| Social and Relationship Capital | Intellectual Capital | Natural Capital |
|---|---|---|
| Broaden trusted relationships across diverse stakeholder groups to enable presence in diverse `business segments. | Strengthen DIMO's ability to transfer market insight, technical know-how, and business learning across targeted growth domains. | Enable portfolio diversification towards solutions and sectors that support more responsible resource use over time. |
| Deepen relevance to all stakeholders in diverse market domains. | Advance and cultivate intellectual capital to anticipate market shifts, strengthen capabilities, and establish an essential presence in growth driving domains. | Support expansion into essential domains through solutions that encourage efficient use of natural resources. |
| Build trust through credible and responsible business practices. | Build sustainability into brand identity, organizational knowledge, innovation, and decision frameworks that would drive purposeful diversification. | Reduce environmental burden through improved resource efficiency, lower emissions, and more responsible operating practices. |
| Deepens trust through brand equity anchored on consistent brand experience. | Strengthen customer insight, brand knowledge, technology, and service intelligence to deliver a differentiated DIMO experience. | Embed natural resource stewardship into the brand identity and experience across all stakeholders. |
| Develop talent to strengthen stakeholder trust and experience to ensure long term relationships. | Retain institutional knowledge and build future capabilities needed to nurture unique identity and deliver DIMO's strategic ambitions. | Promote responsible behavior and sustainability awareness through empowered and engaged talent. |
| Harness the strengths of key partnerships to augment relationships, as well as leverage on trusted relationships built, to strengthen strategic partnerships. | Uphold brand equity of key partnerships, harness channel partner expertise and innovation, to differentiate in line with strategic aspirations. | Enable access to more sustainable technologies, products, and practices through strong principal partnerships. |
| Encourage knowledge sharing across teams and businesses to elevate meaningful relationships with stakeholders. | Accelerate knowledge creation, retention, and transfer across teams and business domains enhancing intellectual capital. | Build organizational awareness on natural resources stewardship, through continuous learning and collaboration. |
| Make strategic use of digital transformation to elevate purposeful engagement and relationships with stakeholders. | Strengthen digitalization for futuristic business models and robust management practices across the Group. | Improve resource efficiency through smarter systems, reduced waste, and more digitally enabled operations. |
| Act as a climate aware organization to strengthen relationships with stakeholders as well as encourage and influence stakeholders towards climate aware behaviour leveraging relationships. | Strengthen DIMO's ability to transfer market insight, technical know-how, and business learning, to identify, mitigate and respond to climate risk across targeted growth domains. | Enable portfolio diversification towards solutions and sectors that support more responsible usage of natural resources over time. |

# FINANCIAL CAPITAL

## STRATEGY LED CONFIDENCE

OUR APPROACH

### BEING A RESILIENT BUSINESS

Sustainable Entrepreneurship & Innovative Product Design

Ethical Business Conduct

Sourcing & Circularity

**50% Achieve**

Revenue Generated through Sustainable Products & Services

Financial Capital remains central to DIMO's ability to pursue market opportunities with discipline, strengthen resilience and create sustainable value for stakeholders. During the year, the Group converted improved market conditions and focused strategic execution into stronger revenue and profitability. As DIMO progresses on its growth trajectory, focus is directed towards liquidity management, prudent funding and focused capital allocation as strategic priorities for growth and reinforcing stakeholder confidence.



Video

"It's very important that we take this sustainability agenda for the business pillar seriously because it's our livelihood that is going to be at stake. In all our sectors we've looked at the full value chain where we have assessed where we can have lesser impact on the environment and also on all our other stakeholders where we really increase our sustainability scope from 26% to 50% by 2030."

**Rajeev Pandithage**
Executive Director
Business Pillar Head – Sustainability Agenda 2030



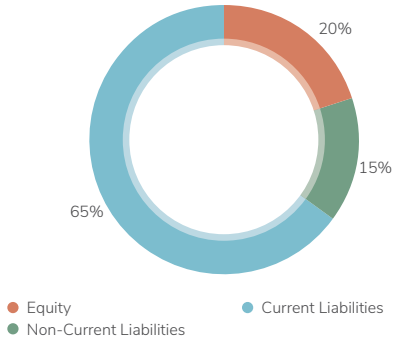
Financial Capital is a critical enabler of DIMO's ability to deliver sustainable value over the short, medium, and long term. It underpins our capacity to invest in growth, maintain operational stability, and respond to evolving market conditions. Managing this capital requires effective control over key material matters such as liquidity management, cost efficiency, capital structure optimization, and return on investment, while addressing risks such as interest rate volatility, foreign exchange rate fluctuations, and funding constraints.

Our financial strategy centres on maintaining a resilient capital base, ensuring prudent capital allocation, and delivering sustainable returns to stakeholders. This is supported by disciplined financial stewardship, robust governance practices, and continuous monitoring of key performance indicators (KPIs) such as profitability, liquidity ratios, gearing levels, and cash flow generation. Looking ahead, we remain focused on strengthening liquidity buffers, optimizing working capital, and enhancing financial flexibility to support future growth.

At DIMO, Financial Capital is more than just numbers, it is the foundation that enables us to innovate, grow, and create long-term stakeholder value. During the year, our disciplined approach to financial management, combined with efficient capital allocation and a focus on sustainable returns, supported the Group in navigating a complex macroeconomic environment while reinforcing overall resilience. A key priority was safeguarding our financial strength by securing adequate financial resources to ensure uninterrupted operations and healthy liquidity levels. These efforts have positioned the Group to manage uncertainties while continuing to pursue strategic opportunities.

This section provides an analysis of the key metrics of Financial Capital, encompassing both qualitative insights and quantitative performance indicators. A summary of the key financial highlights is presented below.

Figure 09:
Capital Structure




**Total Equity**
Rs. 16,861 Mn
(2024/25: Rs. 15,438 Mn)

**Total Liabilities**
Rs. 65,908 Mn
(2024/25: Rs. 41,265 Mn)

**Stated Capital**
Rs. 621 Mn
(2024/25: Rs. 621 Mn)

**General Reserves & Retained Earnings**
Rs. 8,686 Mn
(2024/25: Rs. 7,191 Mn)

**Short Term Borrowings**
Rs. 38,993 Mn
(2024/25: Rs. 24,549 Mn)

**Long Term Borrowings**
Rs. 8,494 Mn
(2024/25: Rs. 3,374 Mn)

**ROCE**
9%
(2024/25: 1%)

**Ended the year with a net cash position**
Rs. 3,650 Mn
(2024/25: Rs. 3,055 Mn)

**Asset Growth Rate**
46%
(2024/25: 43%)

**Paid as Cash Dividend during the Year**
Rs. 92 Mn
(2024/25: Rs. 46 Mn)

More financial ratios are presented on page 197.

# FINANCIAL CAPITAL

## KEY MATERIAL TOPICS

### Liquidity Management

The Group continued to maintain a focus on liquidity management to ensure financial stability and operational resilience amidst evolving market conditions. Through proactive cash flow forecasting, disciplined working capital management, and optimized treasury operations, the Group maintained healthy liquidity buffers throughout the year. Cash and cash equivalents stood at Rs. 3,650 million, while continuous monitoring of receivables, inventory, and short-term obligations enabled the Group to effectively meet its financial commitments and support business growth initiatives.

### Cost Efficiency

Cost efficiency remained a key priority for the Group, supported by stringent cost control measures, operational streamlining, and continuous productivity improvements across business segments. The implementation of process optimization initiatives, enhanced resource utilization, and prudent expenditure management contributed significantly to improving operational margins (Operating Expense to Gross Profit Ratio 25/26 – 76%, 24/25 – 98%). These efforts enabled the Group to mitigate the impact of inflationary pressures and external economic challenges while sustaining profitability and operational effectiveness.

### Optimizing Capital Structure

We focused on optimising our capital structure to strengthen financial sustainability and enhance agility. This involved maintaining an appropriate balance between debt and equity (Debt to Equity ratio 25/26 – 2.82:1, 24/25 – 1.81:1), actively managing financing costs, and ensuring prudent leverage levels to support growth while mitigating risks in a challenging macroeconomic environment.

### Return on Investment

The Group remained focused on enhancing shareholder value through improved profitability, disciplined capital allocation, and operational efficiencies. As a result of the strong recovery in earnings during the year, the Group recorded a notable improvement in Return on Equity (ROE) ( 25/26 – 10%, 24/25 – -8%)., reflecting the effective utilization of shareholders' funds to generate sustainable returns. The improvement in profitability, supported by cost optimization initiatives and strengthened operational performance, contributed positively towards enhancing overall investor confidence and long-term value creation.

## TABLE 09: FINANCIAL CAPITAL: RISK IDENTIFICATION AND MITIGATION

| Material Risk | Specific Exposure | Strategic Response |
|---|---|---|
| Volatile local & global economic circumstances | Fluctuations in interest rates | • Continuous monitoring of debtors and inventory to reduce reliance on working capital funding.<br>• Encouraging cash-based sales, with credit extended only where necessary.<br>• Maintaining an optimal mix of fixed and floating rate borrowings. |
| Inability to raise long-term funds for strategic investments | Sustaining a surplus liquidity position | • Strengthening cash collection processes and improving inventory turnover.<br>• Negotiating favourable credit terms with suppliers.<br>• Maintaining adequate cash buffers and committed credit lines. |
| Inability to raise long-term funds for strategic investments | Non-availability of funds for growth and expansion | • Securing long-term credit facilities aligned with investment horizons.<br>• Conducting feasibility and cash flow impact assessments prior to investment approvals. |

| Material Risk | Specific Exposure | Strategic Response |
|---|---|---|
| Volatile local & global economic circumstances | Foreign Exchange Volatility | • Close monitoring of exchange rate movements and exposure.<br>• Pricing adjustments and cost control measures to mitigate adverse impacts. |
| Inability to raise long-term funds for strategic investments | Credit risk | • Strengthening credit evaluation and approval processes.<br>• Continuous monitoring of receivables and aging.<br>• Implementing strict collection policies and follow-ups. |

## Group's Financial Results: Nurturing Financial Capital

With the gradual normalization of the operating environment and the easing of regulatory restrictions, the Group recorded a strong recovery across its key business segments during the year. The Group strengthened operational performance and enhanced profitability , supported by the automobile sales activities and the continued resilience of its diversified portfolio. This positive momentum reflects the underlying strength, adaptability, and long-term sustainability of the Group's business model, underpinned by robust operational capabilities and strategic agility.

## Revenue: Growth Across Strategic Segments

### Driving Return on Investment

During the year, the Group recorded a revenue of Rs. 103,634 million (2024/25: Rs. 50,175 million), generated through seven business segments. Revenue contribution by each business segment and revenue generated by each business segment are shown in Figure 10 & Figure 12 respectively.

To systematically evaluate our impact, we developed a proprietary scorecard to assess the sustainability of our offerings; products and services achieving a score of 75/100 or higher are classified as sustainable. Revenue from these qualifying categories reached Rs. 48,713 million, a figure significantly bolstered by the growth in the mobility segment. A detailed breakdown of this performance by business sector is illustrated in Figure 11 below.

- The Group achieved a robust overall revenue growth of 107% (from Rs. 50,175 million to Rs. 103,634 million), driven primarily by Mobility (2025/26 - Rs. 41,141 Million, 2024/25 – Rs. 3,483 Million) and Agriculture (2025/26 - Rs. 28,310 Million, 2024/25 – Rs. 17,197 Milliom). These high-growth segments highlight the success of recent strategic investments and evolving market demand.
- Power Engineering & Building Technological Solutions reported a revenue decline of 4% (41% increase in 2025), marking it as the only segment with negative revenue growth. This decline may be due to delays in project execution and funding challenges in the sector.

Figure 10:
Segmental Revenue Contribution

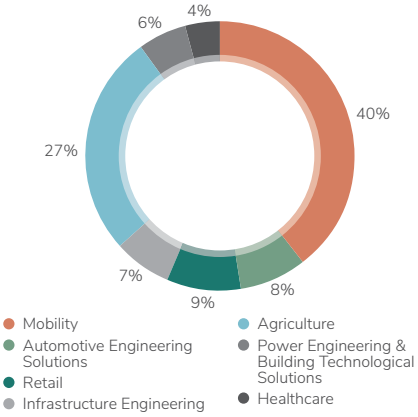



Figure 11:
Revenue from Sustainable Products & Services (Total: Rs. 48,713 Mn)

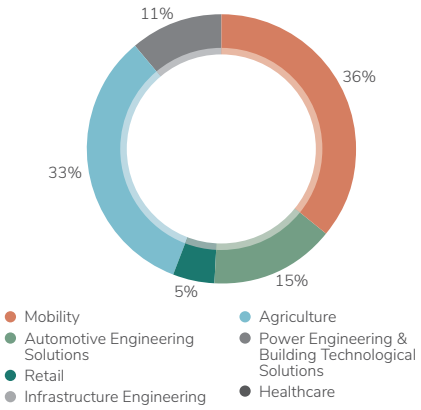
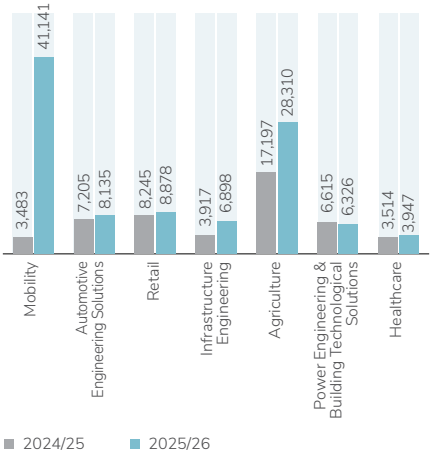



Figure 12:
Segment Revenue (Rs. million)



# FINANCIAL CAPITAL

- Automotive Engineering Solutions, Healthcare and Retail sectors historically mature segments posted moderate yet positive growth rates of 13%, 12% and 8% respectively (19%, 56% and 19% respectively in 2025). This reflected stability and resilience, particularly in sectors sensitive to consumer and rural market dynamics, while still contributing significantly to total revenue.

Table 10 summarizes the revenue growth, and Table 11 summarizes the asset growth across our key business segments, reflecting the diverse performance dynamics and capital allocation trends within the Group during the year under review.

**Table 10 – Revenue Growth of the Segments**

| Segment | Revenue Growth (2025/26) | Revenue Growth (2024/25) |
|---|---|---|
| Mobility | 1,081% | 18% |
| Automotive Engineering Solutions | 13% | 19% |
| Retail | 8% | 19% |
| Infrastructure Engineering | 76% | -10% |
| Agriculture | 65% | 5% |
| Power Engineering & Building Technological Solutions | -4% | 41% |
| Healthcare | 12% | 56% |

**Table 11 – Asset Growth of the Segments**

| Segment | Asset Growth (2025/26) | Asset Growth (2024/25) |
|---|---|---|
| Mobility | 987% | 74% |
| Automotive Engineering Solutions | 27% | 18% |
| Retail | 4% | 9% |
| Infrastructure Engineering | -11% | 34% |
| Agriculture | 76% | -12% |
| Power Engineering & Building Technological Solutions | 78% | 84% |
| Healthcare | -5% | 63% |

### Strategies identified for Revenue Growth

The Group's medium to long-term strategies to achieve growth in revenue and profits are presented in the Strategy and Resource Allocation section on pages 33 to 38.

## Gross Profit: Growth Through Core Strengths

### Driving Return on Investment

The Group recorded a Gross Profit of Rs. 19,827 million in 2025/26 compared to Rs. 11,394 million in the previous year, reflecting a significant increase driven by improved revenue performance, enhanced margins, and stronger contributions across key business segments. The Gross Profit Margin declined from 23% to 19% year-on-year, primarily attributable to a shift in the revenue mix. The increased contribution from the Mobility segment, which carries comparatively lower margins despite its significant share of turnover, resulted in the overall reduction of the Group's gross profit margin. Unlike the previous year, where pricing strategies partially offset the impact of exchange rate fluctuations, the current year saw reduced flexibility in passing cost escalations to the market. Amid these pressures, the Group maintained its strategic focus on safeguarding margin quality across its diversified portfolio.

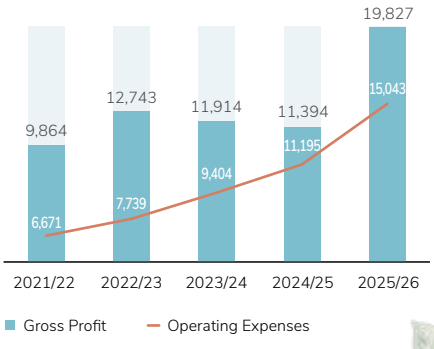
## Operating Expenses: Managing Costs for Progress

### Cost Efficiency

The Group incurred operating expenses amounting to Rs. 15,043 million in 2025/26 (2024/25: Rs. 11,195 million), representing approximately 76% of the total Gross Profit for the year. This increase reflects the continued investment in strategic initiatives and inflationary cost pressures impacting administrative and distribution functions.

Group's Gross Profit and Operating Expenses over the last five years are given in Figre 13.

**Figure 13:**
**Gross Profit vs Operating Expenses (Rs. million)**



Management remains focused on optimising resource allocation through a dedicated and centralised supply chain function, aimed at enhancing operational efficiencies and protecting gross profit margins. Concurrently, significant emphasis is placed on maintaining cost discipline through rigorous expense management, process optimisation, and targeted productivity enhancement initiatives. The Group is also accelerating its digital transformation agenda to strengthen its medium and long-term operational efficiency and achieve sustainable cost advantages, while continuing to reinforce its commitment to delivering enhanced value to stakeholders.

## Finance Expenses: Funding Strategic Growth

### Cost Efficiency

The Group's net finance expenses increased by 14% to Rs. 2,976 million (2024/25: Rs. 2,600 million) during the year, compared to the previous financial year.

One of the reasons for the increase in net finance expense was the 34% increase of interest expenses on short-term and long-term borrowings to Rs. 3,343 million (2024/25: Rs. 2,489 million). The interest cover of the Group stood at 1.59 times in comparison to 0.24 times in 2024/25.

The Group recorded a net foreign exchange gain of Rs. 433 million for the year ended 31st March 2026 (2024/25: Rs. 84 million loss), primarily due to the depreciation of the Sri Lankan Rupee against the US Dollar during the year. According to the selling rates published by the Central Bank of Sri Lanka, the USD was quoted at Rs. 300.48 at the beginning of the year and Rs. 319.31 at the end of the year.

Amid ongoing exchange rate volatility, the Group consistently reviewed and adjusted its pricing strategies, with the objective of limiting foreign exchange exposure and partially offsetting related losses through timely and targeted commercial actions.

## Taxation: Contributing through discipline and compliance

### Cost Efficiency

DIMO has consistently upheld its role as a responsible corporate citizen by ensuring the timely and compliant payment of all due taxes, thereby contributing to the nation's economic development. For the year under review, the Group recorded an income tax expense of Rs. 503 million (2024/25: Rs. 640 million reversal). The effective tax rate, inclusive of deferred tax effects, decreased to 25% in 2025/26 compared to 33% in the previous year. This variance stems primarily from the reported profit before tax of Rs. 2,047 million in 2025/26, versus a loss before tax of Rs. 1,948 million in 2024/25, which significantly influenced the effective tax computation.

The reconciliation between accounting profit and taxable income is available in Note 4.6.3 to the Financial Statements. A summarised computation of deferred tax is provided in Note 4.6.2 to the Financial Statements.

## Profitability: Restoring Sustainable Returns

### Return on Investment

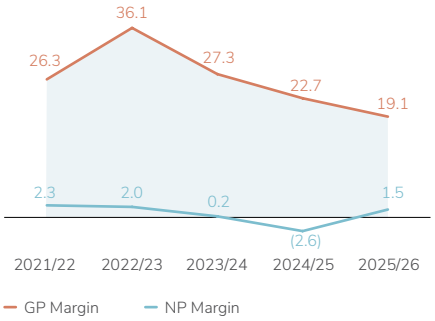
The profit before tax stood at Rs. 2,047 million (2024/25: Rs. 1,948 million loss) for the year under review, an increase of 205%. This improvement was primarily driven by the recovery in revenue across key business segments such as Mobility, supported by improved demand conditions and the easing of operational constraints that impacted the prior-year.

Furthermore, the Group benefited from the implementation of stringent cost control measures, enhanced process efficiencies, and targeted productivity improvement initiatives during the year. The stabilisation of exchange rates, together with proactive pricing adjustments, also contributed towards mitigating the foreign exchange losses experienced in the previous year. Collectively, these factors supported the Group's strong recovery in profitability.

The profit after tax increased by Rs. 218% to Rs.1,544 million from Rs. 1,308 million loss in the previous year.

The movement of the Group's Gross profit margin and Net profit margin over the last five years is depicted in Figure 14.

**Figure 14:**
**Gross Profit vs Net Profit (%)**

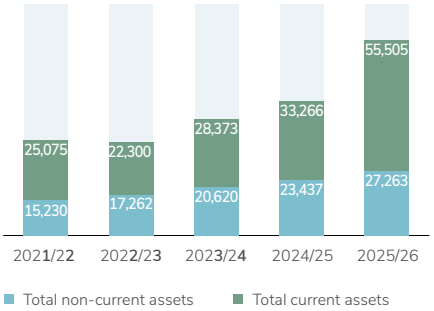



## Group's Financial Position: Strength Through Strategy

The Group was able to maintain a desirable financial position with a total asset base of Rs. 82,768 million and total liabilities amounting to Rs. 65,908 million as at 31st March 2026. (Rs. 56,703 million total assets and Rs. 41,265 total liabilities as at 31st March 2025)

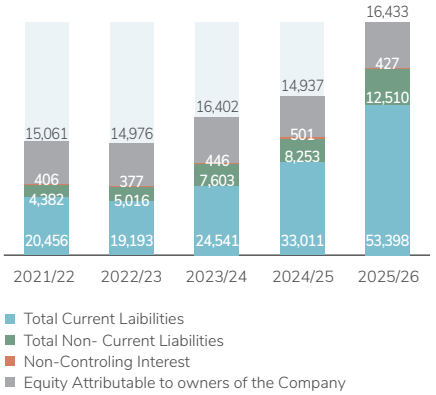
The summary of the Group's financial position is illustrated in Figure 15 and 16.

**Figure 15:**
**Total Assets (Rs. million)**



# FINANCIAL CAPITAL

Figure 16:
Total Liabilities and Equity (Rs. million)




Prudent and disciplined management of monetised assets including property, plant and equipment, inventory, receivables, cash and cash equivalents remains fundamental to enhancing profitability, strengthening liquidity, and sustaining long-term financial stability.

As depicted in Figure 15, the Group's Non-Current Assets increased by 16% to Rs. 27,263 million (as at 31st March 2025: Rs. 23,437 million) mainly due to the increase of property, plant and equipment.

The Group's total current assets increased by 67% to Rs. 55,505 million as at 31st March 2026 (2024/25: Rs. 33,266 million), primarily driven by higher balances in Inventory, Trade and Other Receivables, Other Current Assets, and Cash and Cash Equivalents. This contributed to a 46% year-on-year growth in total assets (2024/25: 16% increase).

The Board, together with the management team, continues to maintain close oversight of the Group's cash position and liquidity profile to ensure the timely availability of funds for both operational needs and strategic initiatives. Towards this end, the Group has established a dedicated treasury function responsible for securing appropriate funding facilities, optimising working capital, and ensuring the efficient allocation and deployment of financial resources across the Group. This disciplined approach supports financial resilience, enhances liquidity management, and enables the Group to effectively respond to evolving business and market conditions.

## Liquidity and Working Capital: Continued Strategic Focus

### Liquidity Management

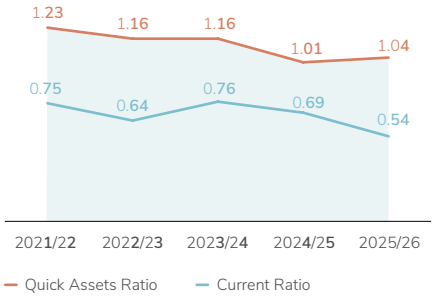
Effective liquidity management continues to remain a cornerstone of the Group's financial stability and long-term sustainability. The Group adopts a prudent and disciplined approach to liquidity risk management through the strategic alignment of debt maturities, receivables collection cycles, projected cash flows, and operational funding requirements. This approach enables the Group to maintain adequate financial flexibility while ensuring the uninterrupted continuation of business operations and strategic initiatives.

Capital investments, including acquisitions of Property, Plant and Equipment and other long-term strategic assets, are generally financed through dedicated medium to long-term funding arrangements, thereby minimising pressure on short-term working capital resources and maintaining a balanced funding structure.

To further strengthen financial resilience, the Group maintains a well-diversified funding base supported by strong relationships with financial institutions, significant undrawn committed banking facilities, and healthy cash reserves. These resources provide sufficient capacity to meet immediate funding obligations, manage unforeseen market disruptions, and support the Group's short to medium-term liquidity and growth requirements in a dynamic operating environment.

Maintaining a healthy current ratio and quick asset ratio continues to be a key focus in the Group's liquidity management strategy. As illustrated in Figure 17, the Group recorded a current ratio of 1.04 times and a quick ratio of 0.54 times as at 31st March 2026 (1.01 and 0.69 as at 31st March 2025), reflecting its commitment to preserving short-term financial stability.

Figure 17:
Liquidity Ratios




The Group's net current assets increased to Rs. 2,107 million as at 31st March 2026, compared to Rs. 254 million as at 31st March 2025. This increase was primarily driven by a 154% increase in inventories and 34% increase in trade and other receivables couples with a 19% rise in cash and cash equivalents and a 2% increase in other current assets. Further details on the Group's liquidity movements are available in the Consolidated Statement of Cash Flows on page 274.

The Group's average cash conversion cycle improved to 128 days during the financial year 2025/26, compared to 181 days in 2024/25, reflecting a significant enhancement in working capital efficiency. This improvement was primarily driven by focused to optimise inventory levels through effective stock management, alongside strengthened debtor collection and credit control processes. In parallel, the Group continues to actively engage with suppliers to negotiate more favourable credit terms and payment arrangements, further supporting effective liquidity management and enhancing overall cash flow efficiency.

The cash conversion cycle is primarily funded through short-term borrowings, ensuring uninterrupted operational flows. As at 31st March 2026, the Group maintained unutilised committed banking facilities of Rs. 28,621 million (31st March 2025: Rs. 11,822 million), providing a strong liquidity buffer to support short- to medium-term funding needs.

## Cash Flow: Lifeline for Growth

### Liquidity Management

The Group Treasury continues to play a critical role in safeguarding and optimising the Group's liquidity position through disciplined, proactive, and strategically aligned cash flow management practices. By continuously monitoring cash flows, funding requirements, banking facilities, and prevailing market conditions, the Treasury function ensures the prudent allocation and efficient utilisation of financial resources across the Group's operations. This structured and forward-looking approach enables the Group to maintain adequate liquidity levels to support operational requirements, strategic investments, and debt servicing obligations while preserving financial flexibility. In addition, continuous monitoring of financial markets and economic developments supports the identification and mitigation of potential financial risks, including liquidity pressures, interest rate fluctuations, and foreign exchange exposures. Through these initiatives, the Group Treasury contributes significantly towards maintaining financial stability and supporting sustainable business growth in an increasingly dynamic and challenging economic environment.

As at 31st March 2026, the Group's cash and cash equivalents amounted to Rs. 3,650 million, compared to Rs. 3,055 million recorded in the previous financial year. Cash and cash equivalents comprise cash in hand, balances held with banks, and highly liquid short-term investments with original maturities of three months or less, net of outstanding bank overdrafts. The Group continues to maintain an appropriate level of liquid resources to ensure operational continuity, meet short-term financial commitments, and support ongoing business activities effectively.

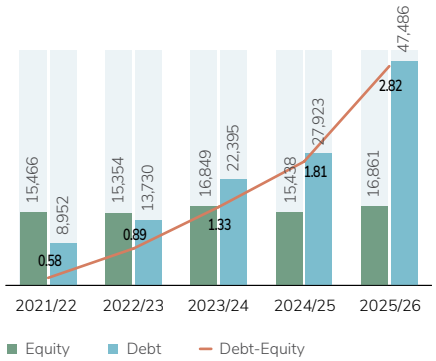
Net cash flow from operating activities recorded an outflow of Rs. 14,720 million for the year ended 31st March 2026, primarily due to the increase in Inventory and trade and other receivables. This compares to an outflow of Rs. 3,791 million in the previous financial year (2024/25)

Net cash flow from financing activities reflected an inflow of Rs. 19,029 million for the year ended 31st March 2026, primarily attributable to an increase in short-term borrowings. This compares to an inflow of Rs. 5,650 million in the previous financial year (2024/25)

## Capital Structure and Leverage: Foundation for Financial Agility

As at 31st March 2026, the Group's capital structure comprised equity of Rs. 16,861 million, long term debt of Rs. 8,494 million and short term debt of Rs. 38,993 million, resulting in a gearing ratio increase to 74%, up from 64% the previous year. (As at 31st March 2025: equity Rs. 15,438 million and debt Rs. 27,923 million). The higher gearing reflects the Group's strategic leverage to finance ongoing operations and investments. Despite the increased leverage, the Group remains committed to disciplined capital management, prioritising cost optimisation, financial flexibility, and sustainable long-term value creation. Figure 18 clearly depicts the year-on-year debt-equity movements of the organization.

Figure 18:
Debt Equity Movements (Rs. million)



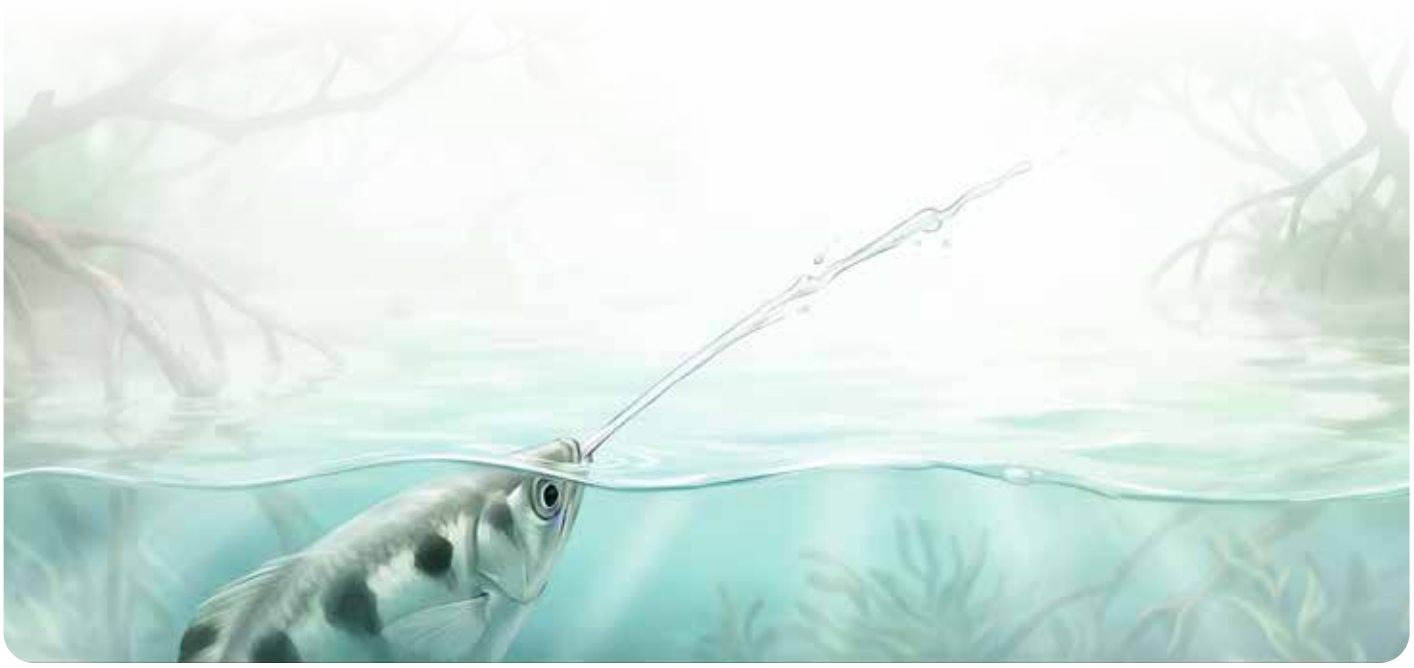

## Stock Market Performance: Market Confidence in Strategic Direction

The market performance of Diesel & Motor Engineering PLC's share demonstrated strong growth during the financial year ended 31st March 2026. The share price reached a high of Rs. 2,990.00 in October 2025 and traded within a range of Rs. 900.00 to Rs. 2,990.00 during the year. The closing price as at 31st March 2026 was Rs. 1,402.25, representing a substantial increase compared to Rs. 920.75 at the end of the previous financial year.

Shareholder value creation through financial capital is discussed on page 194 to 199 in the "Investor Relation" section of the Annual Report.

# MANUFACTURED CAPITAL

Manufactured Capital plays a vital role in DIMO's value creation process by enabling the Group to deploy its physical infrastructure, technology, machinery and operational assets with precision towards areas that support growth, reliability and stakeholder value. Through disciplined investments in facilities, capacity, service networks and sustainable infrastructure, DIMO strengthens its ability to move beyond operational and market barriers while responding to evolving customer and industry needs. This capital reinforces the Group's brand promise as the Perfect Partner by enhancing customer experience, supporting safer and more efficient workplaces, improving business performance and contributing to responsible community outcomes. In doing so, Manufactured Capital helps DIMO fuel dreams and aspirations while building a future ready operating platform that sustains trust short, medium and long-term value creation.



DIMO's Manufactured Capital continued to evolve during the year, reinforcing the Group's ability to deliver sustainable value through a resilient and future-ready operational ecosystem. Strategic investments in infrastructure, capacity expansion, technology integration, and renewable energy strengthened the Group's operational capabilities while supporting long-term business growth across diversified sectors.

The Group's extensive network of workshops, service facilities, warehouses, manufacturing plants, showrooms, and branch operations across the island remains a key enabler of operational excellence and customer accessibility. These facilities, supported by modern engineering technologies and advanced operational systems, continue to enhance productivity, service quality, and supply chain efficiency while strengthening DIMO's market presence and brand equity.

Figure 19:

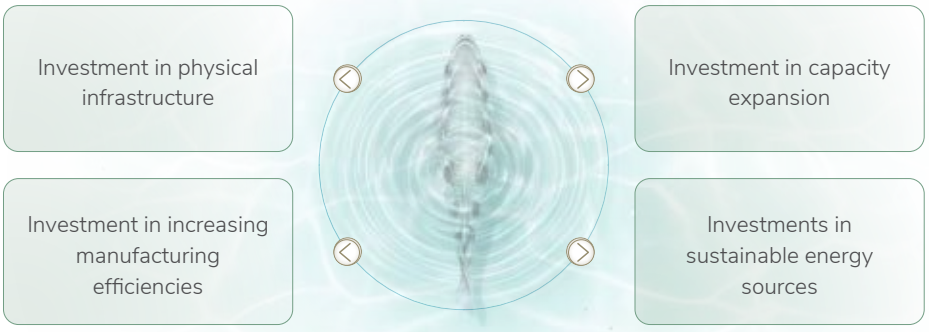


Figure 20:
CAPEX Additions - Segment Wise (LKR '000)

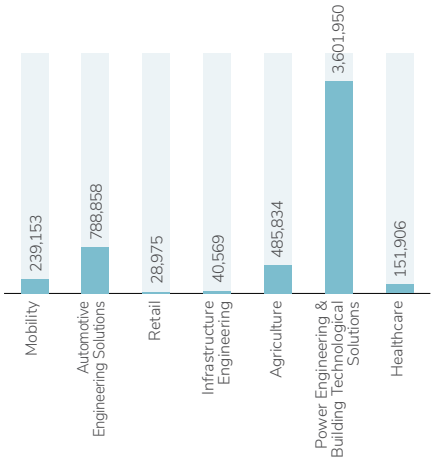
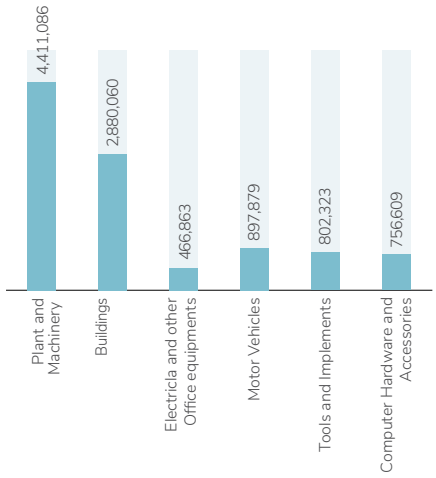



Figure 21:
PPE by Type (LKR'000)




## DRIVING GROWTH THROUGH OPERATIONAL EXCELLENCE

During the year, the Group adopted a focused approach towards optimizing and expanding its physical asset base by investing in infrastructure enhancements, manufacturing efficiencies, and capacity-building initiatives. Investments were directed towards modernizing facilities, improving operational workflows, and strengthening engineering capabilities to meet evolving customer expectations and market demands.

During the year DIMO continued to strengthen its operational capabilities through investments in advanced machinery, processing facilities, and operational technologies aimed at improving manufacturing efficiency, minimizing operational waste, and enhancing overall productivity. These investments supported the Group's focus on operational excellence, local value creation, and long-term business sustainability while contributing to diversified revenue streams..

In line with the Group's Sustainability Agenda 2030, DIMO also accelerated investments in renewable energy and environmentally responsible infrastructure. The expansion of solar power generation initiatives and sustainable operational practices demonstrates the Group's commitment to building a low-carbon and resource-efficient operational model while enhancing long-term resilience.

## INVESTMENTS IN PHYSICAL INFRASTRUCTURE

DIMO's investments in physical infrastructure reflect the Group's commitment to building a resilient and future ready operational ecosystem that supports sustainable value creation and long-term strategic growth.

During the financial year, DIMO invested approximately Rs. 400 million in infrastructure development initiatives aimed at strengthening operational capabilities, enhancing customer accessibility, and supporting long-term business growth. These investments focused on expanding and upgrading the Group's branch network, workshops, warehouses, and operational facilities across key business sectors.

The significant investment in Manufacturing capital during the year included capacity expansion in Electrical Panel Building, Mercedez Bens workshop bay expansion, expansion of DIMO Academy for Technical Skills (DATS) and opening of new TATA showrooms in Kurunegala, Galle and Altair tower. And also, DIMO invested in a fertilizer warehouse to streamline supply chain operations and reinforce its agricultural sector offerings.

### Investment in DIMO Academy for Technical Skills (DATS)

In 2025 we relocated our new DIMO Academy for Technical Skills (DATS) facility in Peliyagoda. This marks a transformative step in the company's ongoing commitment to enhancing vocational education and fostering globally competitive technical professionals in Sri Lanka. The cutting-edge facility features advanced laboratories equipped with modern diagnostic tools, mechatronic technologies, and control systems. High-tech workshops blend traditional practices with innovative approaches, such as electric and hybrid vehicle systems. Additionally, dynamic smart classrooms, simulation areas replicating industrial environments, and digital libraries create an immersive learning experience. Dedicated student resource centers further support academic and career development.



# MANUFACTURED CAPITAL

## INVESTMENTS IN CAPACITY EXPANSIONS

Investments in capacity expansion remained a strategic priority for the Group as DIMO continued to strengthen its manufacturing capabilities and operational scalability to support long-term value creation. During the financial year, DIMO invested Rs. 46 million in capacity expansion initiatives aimed at enhancing productivity and supporting future business growth.

During the year, DIMO completed the expansion of the Mercedes-Benz workshop bay facilities to further strengthen after-sales service capabilities and enhance operational efficiency. The expansion increased service capacity, improved workflow management, enabled the Group to deliver faster, more efficient, and customer-focused service experiences while maintaining the high standards associated with the luxury Mercedes-Benz brand.

DIMO transformed and expanded its Engine Care facility into a modern engineering complex designed to deliver both advanced technical expertise and enhanced customer convenience. Renowned for its longstanding capabilities in complex engine overhauling and precision machining, the facility has evolved from a traditionally expertise-driven workshop into a more integrated, customer-centric operation. The upgraded facility now offers improved efficiency, faster service delivery, and a more seamless customer experience, enabling DIMO to better meet evolving market expectations while maintaining its strong engineering excellence.

## INVESTMENTS IN INCREASING MANUFACTURING EFFICIENCIES

DIMO continued to invest in enhancing manufacturing efficiencies during the year through the adoption of advanced technologies, process improvements, and operational optimization initiatives.

During the year DIMO invested in a new fertilizer blending machine for our blending plant as part of ongoing efforts to strengthen manufacturing efficiency and operational capability within the agriculture sector. The investment enhanced blending accuracy, improved production efficiency, and increased the plant's capacity to deliver high-quality fertilizer solutions that meet evolving customer and market requirements.

Collectively, during the last financial year DIMO invested approximately Rs. 100 million in machinery and equipment upgrades to strengthen manufacturing efficiencies and operational performance across key business sectors. These investments enhanced technical capabilities, improved productivity and operational reliability, and further reinforced the Group's commitment to delivering high-quality engineering and manufacturing solutions.

## INVESTMENTS IN SUSTAINABLE ENERGY SOURCES

Investments in sustainable energy sources have become a key component of DIMO's long-term sustainability agenda aligned with 2030 goals. In support of this vision, the company is gradually integrating renewable energy solutions such as rooftop and ground mounted solar installations, battery energy systems, and energy-efficient technologies across its operations to reduce its carbon footprint and improve resource efficiency.

During the last financial year, five ground-mounted solar power plants (25MW) commenced operations in the Anuradhapura and Galle areas and were successfully connected to the national grid, reinforcing DIMO's commitment to its 2030 sustainability agenda. And 979KW of rooftop solar projects were also carried out in 2025. These renewable energy investments support the transition towards cleaner energy sources while contributing to national efforts in reducing carbon emissions and promoting long-term energy sustainability.

These initiatives collectively demonstrate DIMO's continued commitment to advancing sustainable business practices and supporting the transition towards a cleaner and more energy efficient future.

### TABLE 12: RISKS AND RESPONSES RELATED TO MANUFACTURED CAPITAL

| Material Risk | Specific Exposure | Impact to Business | Strategic Response |
|---|---|---|---|
| Inability to raise long-term funds for strategic investments | Aging machinery and equipment | Increased maintenance costs, reduced operational efficiency, and potential service disruptions | Continuous investments in modern machinery, equipment upgrades, and preventive maintenance programs |
| Inability to raise long term funds for strategic investments | Operational downtime and infrastructure failures | Disruptions to operations, delays in service delivery, and revenue losses | Routine maintenance schedules, operational monitoring systems, and backup contingency measures |
| Volatile local and global economic circumstances | Rising energy and utility costs | Higher operating expenses and pressure on profitability | Adoption of renewable energy solutions, including solar power plants, and implementation of energy efficiency initiatives |

| Material Risk | Specific Exposure | Impact to Business | Strategic Response |
|---|---|---|---|
| Shift to generation, storage and consumption of new energy for mobility, households, corporates and government institutions | Technology obsolescence | Reduced competitiveness and inability to meet changing industry requirements | Ongoing investments in advanced technologies, automation, and process improvement initiatives |
| Extreme natural weather related phenomena | Health, safety, and environmental risks | Workplace incidents, regulatory non-compliance, reputational damage, and financial penalties | Strengthening occupational health and safety practices, employee training, and compliance monitoring across operations |

## Future outlook – Manufactured capital development

DIMO is focused to continuously strengthen its manufactured capital, to leverage market opportunities, in line with its strategic priorities, through purposeful prioritization of investments, to enhance and enrich the experience and value creation towards its stakeholders.

In the short term, the focus will remain on upgrading critical machinery and workshop equipment, enhancing preventive maintenance systems, and improving operational efficiency through better utilization of existing infrastructure. These initiatives aim to ensure reliability, reduce downtime, and optimize cost performance across operations.

In the long term, DIMO plans to invest in advanced technologies, expanded service and production facilities, and greater automation to support future business growth and evolving customer requirements. In parallel, continued investment in energy-efficient systems and renewable energy solutions will further enhance sustainability and resilience. Collectively, these plans reflect the Group's commitment to building a modern, efficient, and future-ready manufactured capital base.



### Short Term Plans

- Upgrading machinery & equipment
- Better utilization of existing infrastructure

### Medium to Long Term Plans

- Invest in advanced technologies
- Expand service & production facilities
- Process automation
- Investments in renewable energy solutions

# HUMAN CAPITAL

## OUR APPROACH

### CREATING A RESILIENT COMMUNITY

Improving Employee Wellbeing

Meaningful Employment through Diversity

**40%**
Women in Decision Making Roles

Human Capital is a core input to DIMO's value creation process, enabling the Group to convert strategy, governance, stakeholder expectations and market opportunities into sustainable outcomes. Through the ACE model of Alignment, Capability building and Engagement, DIMO nurtures a skilled, ethical and future ready Tribe that strengthens execution across business segments and supports the effective use of all other capitals. By investing in talent, learning, leadership, wellbeing, diversity and employee voice, DIMO enhances its ability to go beyond barriers, deliver meaningful stakeholder value and remain a trusted Perfect Partner in fuelling dreams and aspirations.



Video

"Management accountability in driving the sustainability agenda is not an option. It is important that the management is committed to the cause. It is important that the leadership commits and include sustainability in our day-to-day activities and in our decision making. The HR agenda is very much aligned to the sustainability strategy. We drive employee wellness, employee transformation and diversity inclusion. Our objective is not just to create impact internally but a larger impact in the society".

**Dilrukshi Kurukulasuriya**
Executive Director/Chief Human Resources Officer
Employee Pillar Head – Sustainability Agenda 2030



Our tribe; our workforce is the most vital asset and the primary driver of making DIMO a truly great place to work. They aren't just an operating expense; they are our primary engine of value creation. By empowering highly motivated and skilled professionals, we can deliver innovative, technology-enabled solutions that provide genuine value to our clients. When motivations and personal goals of our workforce align with the organization's governance structure and ethical values, productivity naturally escalates.

DIMO tribe serves as the organizations' primary defense against operational and reputational threats. By cultivating an ethical culture and providing continuous training, the tribe ensures strict regulatory compliance, drastically minimizing legal and fraud risks. Experienced tribe members build resilience by adapting swiftly to disruptions, while proactive talent development mitigates key-man risk through structured succession planning, guaranteeing long-term business continuity.

By leveraging the unique, hands-on tacit knowledge of tribe members, DIMO delivers superior customer experiences and operational efficiencies that cannot be easily reverse-engineered allowing DIMO to establish unique market positioning and consistently attracting top-tier industry talent.

## STRATEGIC LEVERS FOR PRIORITIZATION, GROWTH, LONGEVITY AND DIGITAL ADVANCEMENT

Our workforce is the primary catalyst for achieving our long-term strategic ambitions. By fostering an inclusive, collaborative, and empowering environment grounded in shared corporate values, we inspire our "tribe" to unlock their potential, growth and deliver innovative solutions. This dedication to employee-led innovation is demonstrated through recent group-wide digital transformation initiatives.

Managed through a comprehensive lifecycle framework, our talent management focuses on recruiting premier professionals, nurturing continuous development, and preserving top performers. This approach is anchored in our employee value proposition, "ACE," which frames team members as core contributors across three vital spheres: Alignment, Capability building, and Engagement. Ultimately, our respectful and highly engaging workplace culture has firmly established us as one of the nation's most prestigious and sought-after employers in the private sector.

**Total Employees**

**2,241**

(2024/25: 1,994)

**Employee Engagement Score**

**4.23**

(2024/25: 4.27)

**Training Investment**

**Rs. 23.6 Mn**

(2024/25: Rs. 13 Mn)

**Female Representation**

**330**

(2024/25: 281)

Figure 22: Key Areas of Focus




### Alignment: Seamlessly Integrated into Our Culture

"Alignment" connects DIMO's workforce, culture, and systems to its long-term vision. It fosters a shared direction, enabling employees to see how their roles advance broader strategic goals. Core HR practices—from talent acquisition to diversity and inclusion—are designed to reinforce this mission, encouraging a purpose-driven culture. This alignment is vital during major changes like digital transformation. As new technologies alter workflows, keeping teams aligned, ensures seamless transitions and higher adaptability. By mitigating resistance and boosting engagement, alignment serves as a cultural anchor and a strategic driver, empowering employees to navigate a rapidly evolving business landscape confidently.

#### HR Governance

Our human resource policies are meticulously structured to meet both national and global benchmarks, encompassing every critical pillar of our people strategy. These guidelines serve to maintain our ethical standards and strengthen our core employee value proposition. Beyond strictly adhering to the country's labour regulations, DIMO has implemented the below internal policies to guarantee a workplace defined by safety, integrity and mutual respect.

# HUMAN CAPITAL

- HR Policy
- Code of Business Ethics
- Recruitment and Selection Policy
- Harassment, Bullying & Retaliation Policy
- Whistle blowing Policy
- Grievance Handling Policy
- Trainee Policy
- United Death Donation Policy

**Key HR Practices**

- Child Labour and Compulsory or Forced Work
- Safeguarding Employee Health and Safety
- Zero Tolerance on Corruption
- Respecting Non-Discrimination, Labour Rights, and Human Rights

### Talent Acquisition for DIMO Tribe

Our HR strategy demonstrates how we translate the collective passion and ingenuity of our people into exceptional stakeholder outcomes. By aligning our talent strategies with our overarching mission, we turn individual capabilities into high-impact performance. This process drives sustainable growth and cross-industry innovation, ensuring DIMO remains architected for longevity and digitally advanced in a rapidly evolving landscape.

As a highly diversified conglomerate, DIMO's talent acquisition strategy focuses on attracting specialized expertise to drive digital advancement and diversification. Our talent acquisition is a thorough process that goes beyond traditional recruitment. By leveraging the cohesiveness of the "DIMO Tribe" culture and a robust Recruitment Policy, DIMO secures leadership depth and internal mobility. This proactive approach ensures a steady pipeline of high-calibre talent, architected for the organization's long-term resilience.

Figure 23:
Business Segment Wise Recruitment

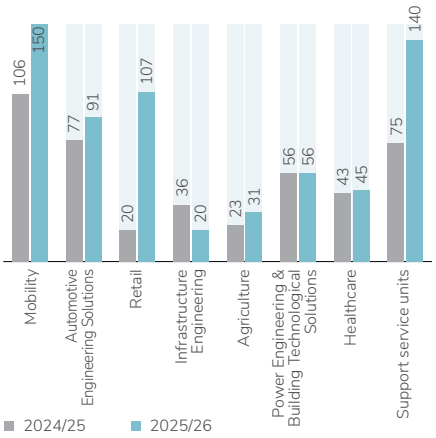



Figure 24:
Age Profile and Gender Composition of Newly Onboarded Employees

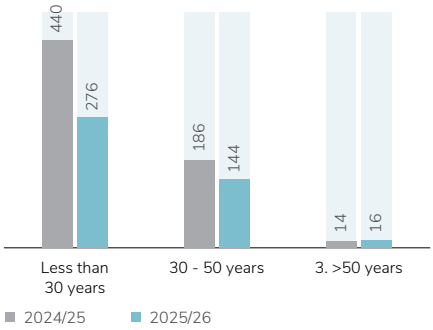
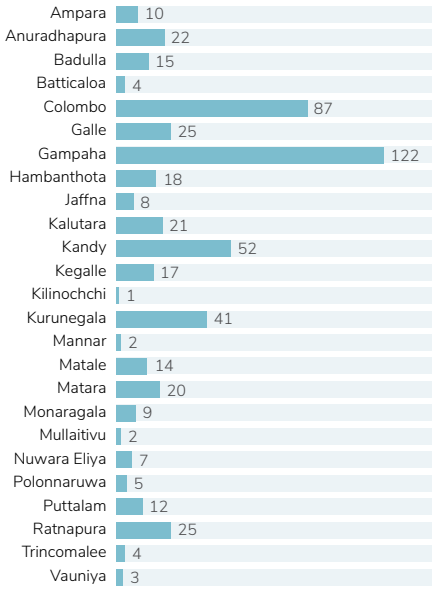


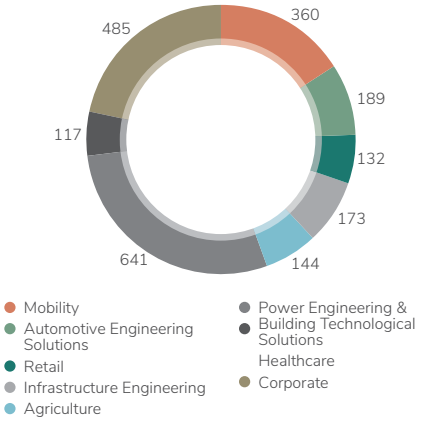

Figure 25:
District of newly onboarded employees




### Talent Movement

The DIMO tribe grew from 1,994 to 2,241 over the past year, a reflection of strategic growth within the Mobility and Automotive Engineering segments. DIMO manages talent by movement with a strategic focus on mitigating the operational risks of employee turnover and preserving institutional knowledge. This systemic codification ensures total operational continuity across its business segments. Furthermore, DIMO stabilizes talent mobility by upholding stringent social accountability standards, guaranteeing equitable compensation, fair practices and an inclusive workplace culture that actively drives high employee engagement, long-term retention, and widespread stakeholder trust.

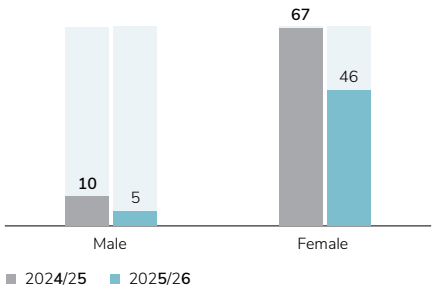
Figure 26:
Business Segment Wise Talent Movement




### 1.4 Personnel growth

DIMO HR strategy by design harmonize the individual aspirations of our tribe members with the strategic growth of the business. In line with this direction, both permanent and contract tribe members are empowered to pursue cross-functional career opportunities converting their life-long professional aspirations into reality.

Figure 27:
Number of internal transfers facilitated within the year



### Transparent remuneration and benefit framework

DIMO's remuneration and benefit framework is built on a foundation of transparency, meritocracy, and market alignment. Guided by a formal Remuneration Policy, DIMO utilizes external market research to establish competitive salary bands, ensuring fairness across its diversified portfolio. This "Employee First" approach links compensation to performance-based metrics that support strategic, economic and ESG goals. Beyond base pay and statutory EPF/ETF contributions, the "DIMO Tribe" benefits from comprehensive other financial and non-financial benefits which support the wellbeing and long-term development of the tribe members. By integrating digital performance management and diversity targets, DIMO ensures its framework not only rewards superior performance but also fosters a secure, inclusive and future-ready workforce.

Further, competitive remuneration, performance based bonuses and increments, paid leaves, fringe benefits - educations reimbursement and financial Assistance, financial peace of mind for life after work (EPF, ETF, Gratuity) and comprehensive medical covers (hospitalization, OPD etc.) are the key financial benefits offered by DIMO along with several non-financial benefits such as all-encompassing physical, emotional, and workplace wellness (Yoga, anti- harassment line, employee grievance handling), employee empowerment, parental leave, next-generation career progression and educational initiatives, job security and enrichment, flexibility & work-life balance and other engagement activities (festival celebrations, quizzes, women's day/ men's day celebrations).

**Total Paid Salary**

**Rs. 6,236 Mn**

(2024/25: Rs. 4,923 Mn)

**Gross Remuneration per Employee**

**Rs. 2.8 Mn**

(2024/25: Rs. 2.5 Mn)

**Gratuity Paid**

**Rs. 128 Mn**

(2024/25: Rs. 134 Mn)

**Total Paid for ETF and EPF**

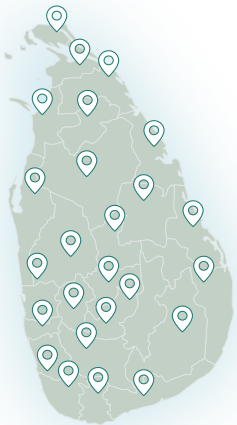
**Rs. 668 Mn**

(2024/25: Rs. 562 Mn)

### Diversity and inclusion

DIMO prioritize workforce diversity and are dedicated to cultivating an inclusive culture where equal opportunity is the benchmark. We recognize that a diverse workforce is a powerful catalyst for innovation and actively leverage this strength throughout the Group. Our commitment to a fair workplace includes a zero-tolerance policy regarding discrimination. We guarantee equitable treatment for every individual, irrespective of their race, religion, gender, region, disability, sexual orientation, or political affiliation. To uphold the safety and dignity of our team, we provide access to an independent, external anti-harassment helpline.

**Figure 28: Employee Composition by Distrcit**



| | |
|---|---|
| Ampara | 28 |
| Anuradhapura | 85 |
| Badulla | 58 |
| Batticaloa | 16 |
| Colombo | 441 |
| Galle | 81 |
| Gampaha | 611 |
| Hambanthota | 36 |
| Jaffna | 30 |
| Kalutara | 90 |
| Kandy | 160 |
| Kegalle | 58 |
| Kilinochchi | 2 |
| Kurunegala | 211 |
| Mannar | 2 |
| Matale | 47 |
| Matara | 63 |
| Monaragala | 17 |
| Mullaitivu | 3 |
| Nuwara Eliya | 38 |
| Polonnaruwa | 14 |
| Puttalam | 48 |
| Ratnapura | 82 |
| Trincomalee | 12 |
| Vauniya | 8 |

### Persons with Disabilities

DIMO partnered with Humanity and Inclusion (HI) with the aim of inclusion at the workplace, to enhance the diverse workforce with the company by encouraging more inclusive practices with the focus on women and persons with disabilities. The assessment was for 6-7 months, targeting access to decent work opportunities for women and person with disabilities (PWD). HI assisted to strengthen the inclusive recruitment.

**Steps of the Assessment**

1. Diagnosis
   - Online Survey for Employees
   - Focus Group Discussions
   - Participatory Accessibility Audit
2. Inclusion Improvement Plan
   - Through interactive sessions, identifying key areas for improvement in DIMO's for inclusivity
3. Training & Awareness
   - Trainings for Employees
   - Exposure Visit to India
4. Post Placement Support
   - Coaching & Mentoring

A Workshop was held for DIMO Management by HI team to understand the importance of PWD and connecting with networks for recruitment.

**Recruitment of Persons with Disabilities**

**03**

(2024/25: Zero)

# HUMAN CAPITAL

Table 13: Generation Matrix

Each demographic possesses a distinct baseline of readiness, shaped by how the generations at DIMO view technology, career stability, and workplace communication.

| Generation | Count of Generation | % | Core-future Ready | Critical Readiness Gap |
|---|---|---|---|---|
| Baby Boomers (>1946) | 27 | 1% | Institutional Wisdom: High tolerance for complexity; unmatched relationship-driven leadership and contextual judgment. | Tech Drift: Vulnerable to "digital off-boarding" friction; slower to shift from legacy systems to automated workflows. |
| Gen X (1965 - 1981) | 394 | 18% | Pragmatic Agility: Highly independent, results-oriented, and capable of bridging traditional business and digital execution. | The Middle Squeeze: High risk of burnout; caught between managing rigid top-down structures and fluid, flat teams. |
| Millennials (1981 - 1997) | 1,102 | 49% | Purpose-Driven Strategy: Highly collaborative; naturally view skills as "the operating system of work" rather than fixed job titles. | Cognitive Scaffolding Loss: Often struggle to mentor younger staff in fully distributed or hybrid-first environments. |
| Gen Z (>1997) | 718 | 32% | Digital Nativity: First generation to intuitively operate alongside AI counterparts; highly adaptable to rapid tech change. | Fluency Illusion: High confidence in tech can mask gaps in deep analytical synthesis, data ethics, and face-to-face conflict resolution. |
| Grand Total | 2,241 | 100% | | |

### Gender Pay Gap

As a signatory to the UN Women's Empowerment Principles (WEPs), DIMO maintains a strict policy of meritocracy and equal pay, meaning a male and a female employee in the exact same role with equivalent performance receive identical baseline remuneration.

**Interpretation:**

- 1:1 → Equal pay
- >1 → Males earn more
- <1 → Females earn more

Basic Salary Ratio (Male : Female)

$$\text{Ratio} = \frac{\text{Average Male Basic Salary}}{\text{Average Female Basic Salary}}$$

**Table 14: The ratio of basic salary & remuneration of male to female for each employee category**

| Category | Female | Male | Male (Round up figure) |
|---|---|---|---|
| Business Unit Manager/Branch Manager/ Service Manager | 1 | 0.9 | 1 |
| Executive | 1 | 0.9 | 1 |
| Manager/Assistant Manager/ Professionals | 1 | 1.0 | 1 |
| Non-Executive | 1 | 1.1 | 1 |
| Grand Total | 1 | 0.9 | 1 |

### Strategic Actions to Narrow the Gap

1. Shattering STEM Stereotypes via DATS

   Through DIMO Academy for Technical Skills (DATS), the company actively recruits and sponsors women into non-conventional roles such as auto-technicians, marine engineers and industrial automation specialists.

   (UNGC Report: Sri Lankan companies advancing gender equality in the workplace; https://unglobalcompact.org/compactjournal/sri-lankan-companies-advancing-gender-equality-workplace-story)

2. Fostering Retention & Culture

   Operates a dedicated internal Employee Resource Group (ERG), Anti-harassment Policy and a helpline focused on unconscious bias, equal opportunity and career tracking for women.

3. Accelerating Women in Leadership

   Actively spot and promote female leaders into operational and decision-making roles. The Sustainability Agenda 2030: Creating a Resilient Community KPI for employees is 40% women in Leadership Roles by 2030. Currently at 19%, is a vigorous target to accelerate the vision.

**Female and Male Workforce Representation -**

| Male | Female |
|---|---|
| 1,911 | 330 |

**Board Composition and Diversity**

| Male | Female |
|---|---|
| 12 | 3 |

**No. of Employees Who Took Maternity Leave** (All female employees are entitled for maternity leaves)

| (2025/26) | (2024/25) |
|---|---|
| 6 | 4 |

**No. of Resignations within 12 Months of Returning After Maternity Leave**

| (2025/26) | (2024/25) |
|---|---|
| 2 | 1 |

**No. of Female Employees in Decision Making Roles** (Above Assistant Manager)

| (2025/26) | (2024/25) |
|---|---|
| 64 | 64 |

### Gender inclusivity and empowering women

While our technical positions have traditionally been male dominated given the specific nature of our industry, we are committed to dismantling gender obstacles. We are achieving this by actively recruiting more women into mechatronics and expanding their presence within our leadership tiers.




Shashika Bowatta and Wathsala Gayathri - Senior Engineers, were honoured at the "Women in Construction" awards by the Chamber of Construction Industry Sri Lanka (CCI) – a recognition of their remarkable contributions to the engineering field.

### Strengthening the Capabilities: Building the Skills that Align with Our Vision

DIMO tribe represents a strategic convergence of multi-generational engineering excellence and future-ready digital fluency. Rooted in more than 85 years of automotive expertise, employees also possess specialized technical capabilities spanning power engineering, marine engineering, renewable energy, and precision healthcare technology. This foundation is currently being augmented by a "Digitally Advanced" framework, embedding AI and data analytics into core operations. Through the DIMO Academy for Technical Skills (DATS), our team is pivoting toward high-tech, sustainable engineering fields like electric vehicle maintenance and smart agriculture. This unique capability set, architected for longevity, ensures DIMO's experts deliver world-class, diversified solutions with the precision and agility required for the next decade.

### Performance Driven Culture

At DIMO, our performance management ecosystem is a vital catalyst for growth of our all employees, strategically aligning individual contributions with our long-term corporate objectives. This framework is built on a foundation of continuous feedback and measurable outcomes, encompassing a structured cycle of annual KPI alignment and goal setting, regular one-on-one sessions, and comprehensive mid-year and year-end evaluations. This entire performance management process is run on SAP Success Factors making it smooth, transparent and robust. To ensure that the DIMO tribe remains architected for longevity, we conduct annual capability assessments along with the year-end evaluations that proactively identify and bridge skill gaps. This integrated approach fosters a future-ready workforce, enhancing engagement and providing our people with the strategic guidance and resources required to consistently exceed their performance goals.

# HUMAN CAPITAL

## The Learning Journey

Over the past year, DIMO executed a range of formalized development initiatives designed to sharpen technical proficiency, strengthen leadership pipelines and elevate broader professional skill sets. By integrating participation in local and overseas training programs and industry forums with customized internal workshops tailored to specific competency gaps, DIMO maintains a versatile learning ecosystem. This dual-pronged strategy ensures that workforce capabilities are consistently upgraded to meet both the DIMO's long-term strategic goals and the personal growth aspirations of our employees.

**No. of Hours Spent on External and Internal Training**

**19,288**

(2024/25: 8,853)

**Average Training Hours Per Employee**

**21.03**

(2024/25: 15.92)

**Average Training Hours Gender Wise**

**20.44**

(2024/25: 16.06)

**23.04**

(2024/25: 15.32)

**Total Training Investment**

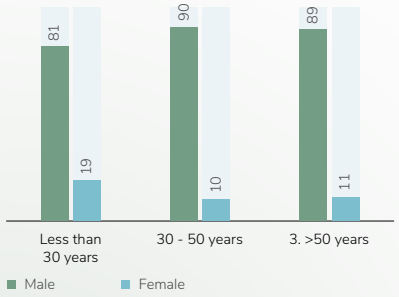
**Rs. 23.61 Mn**

(2024/25: Rs. 13 Mn)

## Retention Initiatives

Understanding the industry wide employee attrition, DIMO deployed a retention strategy focused on transforming the tribe members into a permanent, highly skilled talent pool. This transition from a fleeting model to a career-centric approach was supported by offering more career opportunities for the graduates of the DIMO academy of technical skills, formal orientation programs for new recruits, rewards and recognition, continuous product and skill development trainings resulting in significant decline in attrition and increased loyalty.

Figure 29:
Service Period Analysis (%)




**Employee Retention**

**80.30%**

(2024/25: 96.99%)

## Internships

DIMO's general internship, training and Management Trainee programs are designed to attract high-calibre graduates from diverse academic backgrounds, including technical, Marketing, HR, Finance, Law, and IT which help them transition from academic life to professional life. Internships offer undergraduates hands-on experience and soft-skill development across all corporate functions. These pathways ensure long-term organizational resilience by transforming talented novices into versatile professionals within DIMO's inclusive, award-winning workplace culture.

**No. of Interns**

**793**

(2024/25: 714)

**No. of interns onboarded to permanent cadre**

**126**

(2024/25: 84)

## Future Leader Cultivation

At DIMO, we recognize that exceptional leadership is a fundamental catalyst for organizational success and the primary architect of our corporate culture. Consequently, we place strategic emphasis on cultivating leadership talent through bespoke development initiatives and our structured Management Trainee programs. By investing in these capabilities, we ensure a robust pipeline of future-ready leaders who are equipped to drive sustainable growth and long-term resilience.

"Elevate"; DIMO's signature leadership program is aimed at executive to middle management which is being rolled out across the whole group annually for both male and female tribe members. This program is tailor made and delivered to match with specific requirements of business segments including coaching sessions, strategy driven stimulating activities and intensive assessments.

"Powerfully You" is a flagship women's empowerment and leadership development initiative at DIMO, specifically designed to cultivate a robust pipeline of female leaders within the DIMO Tribe. Launched as a strategic component of the Group's diversity and inclusion agenda, the program targets

women in junior and middle management to accelerate their career progression. The initiative is built on a "Leadership x Empowerment" framework and typically includes capacity building, mentorship and strategic goal alignment. By focusing on resilience and individuality, "Powerfully You" aims to transform high-potential female employees into versatile leaders who can effectively navigate the complexities of a diversified conglomerate while maintaining a healthy work-life balance.

Our 12-month management trainee program provides structured mentorship and cross-functional exposure, grooming "future-ready" leaders for managerial roles within the DIMO Tribe.

**No. of Employees Promoted**

218

(2024/25: 199)



## Engagement: Driving Active Participation

### Employee well-being

DIMO's wellbeing framework integrates physical safety with mental and preventive health under its "Employee First" philosophy. DIMO offers structured mental health support through counselling services and awareness initiatives such as "Mind Matter" mental health awareness session, ensuring psychological resilience across the DIMO Tribe. Preventive health is proactively managed via regular health screenings and wellness programs such as Corporate Calm Yoga program designed to mitigate long-term risks. These initiatives are bolstered by accredited Occupational Health and Safety (OHS) Management Systems which cover all DIMO employees (link: ISO 45001:2018) and inclusive medical insurance coverage. By prioritizing comprehensive care, DIMO not only maintains its "Great Place to Work" legacy but also secures the long-term vitality of its workforce, effectively architecting the organization for longevity.

### Voice of employees

DIMO amplifies the "Voice of Employees" through a structured ecosystem of transparency and active listening. The central Employees' Council serves as an open monthly forum where DIMO Tribe directly engages with top management, including the Chairman and CEO, sharing personal experiences and feedback with proceedings shared group-wide via the intranet. Sustained by independent third-party assessments, DIMO's 13-year "Great Place to Work Legend" status reflects high Trust Index scores. With a formal 10-day grievance response commitment, DIMO ensures employee insights directly shape its inclusive, award-winning culture.

Table 15:

| | 2025/26 | 2024/25 |
|---|---|---|
| Injuries | 2 | 11 |
| Occupational diseases | 0 | 1 |
| Lost working days | 33 | 72.5 |
| Work-related fatalities | 0 | 0 |

**HR Clinics Conducted**

14

(2024/25: 5)

**Employee Council Meetings**

(None of our employees are covered under collective bargaining

5

(2024/25: 9)

**Surveys Conducted**

3

(2024/25: 3)

**Employee Trust Index**

84%

(2024/25: 87%)

# HUMAN CAPITAL

Life at DIMO

## Growth & Engagement

All about employee experience. Growth goes beyond roles and responsibilities. It is built through shared experiences, meaningful engagement and moments that bring the DIMO Tribe together. Through year-round activities, celebrations, learning opportunities and team engagement, we continue to create a workplace where our people feel connected, valued and inspired to grow. This is how we bring our Employee Value Proposition, 'Making Work Enjoyable and Rewarding' to life, at DIMO.

**Programs Conducted**

9

(2024/25: 7)



Video

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=17

## Sustainability & Impact

Through sustainability focused initiatives, community engagement and environmental awareness activities – DIMO Tribe continues to contribute towards creating meaningful impact for society and the planet. Our Commitment is further brought to life through active employee volunteering, where our people dedicate their time and talent to uplift local communities.

Sustainability Awareness: To embed ESG principles into the daily habits of a highly diversified workforce, DIMO relies on behavioural frameworks like 'Pocket Meetings' and 'Sustainability & You' sessions, rather than passive memos.

Operations 8: Is a platform to empower every employee to volunteer 8 hours a year to community service. This implies any employee to volunteer on their own; mentor, teach, support, relief, planting.

DIMO Nature Club: The Club functions as the primary platform for employee-led environmental engagement. Operating entirely on corporate volunteerism, the club moves sustainability out of the boardroom and into the field. Currently having a membership of 795; field excursions, educational programs and community wellbeing are its key focuses.

**DIMO Nature Club Initiatives**

9

(2024/25: 10)





Video

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=19

## Sports & Wellness

A rewarding workplace is one that supports both performance and wellbeing. At DIMO, sports and wellness activities create opportunities for the DIMO Tribe to stay active, build team spirit and celebrate healthy competition beyond the workplace. From intra-company activities to inter-company activities, these moments strengthen bonds and energize our people.

**Sports Events**

5

(2024/25: 4)





Video

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=18

### Rewards and Recognition

DIMO's rewards and recognition framework is structured around performance-based incentive schemes, competitive monetary bonuses, long-service milestones and flagship honors like the "Employee of the Year" awards, which are further complemented by regular experience-sharing spotlights on the internal platforms. This comprehensive approach is meticulously aligned with DIMO's core Employee Value Proposition (EVP), "making work enjoyable and rewarding" and its foundational "Employee First" corporate policy. By linking strategic, performance-driven compensation and transparent bi-annual reviews directly to measurable business targets, the Group ensures that individual triumphs actively power the company's broader growth.

These robust evaluation and appreciation systems cultivate a vibrant, high-trust culture where tribe members feel deeply valued, fairly treated and psychologically secure. Celebrating occupational longevity fosters a strong sense of institutional family and shared destiny, while high-performance incentives fuel career motivation, personal development and healthy internal innovation. This tight alignment between individual effort and meaningful organizational praise significantly minimizes voluntary turnover, maximizes employee engagement scores and firmly cements DIMO's multi-decade standing as one of Sri Lanka's top-tier employers of choice and an exemplary Great Place to Work.

Table 16: Risks and Challenges

| Risks | Impact to the Business | Strategic Response |
|---|---|---|
| Loss of experienced employees due to overseas migration and aggressive recruitment by competitors. | Loss of institutional knowledge, disruption to project execution, reduced service quality, delays in delivery, and overdependence on a limited number of key individuals. | Improve succession planning, strengthen engagement and career progression, and align compensation and recognition for high value technical roles. |
| Technical skill gaps in specialized product-service solutions | Reduced ability to design, bid, execute, commission, and support advanced solutions, leading to lost opportunities and increased reliance on principals or external expertise. | Develop technical capability, close critical skill gaps, and strengthen training and subject-matter expertise. |





# HUMAN CAPITAL

## Future outlook and strategic priorities

DIMO's future plans for its human capital are strategically designed to cultivate an agile, highly inclusive, and future-ready workforce capable of driving the group's core pillars of corporate diversification, differentiation, and deep collaboration. To position itself as an innovative employer of choice, the conglomerate is prioritizing holistic talent transformation by empowering its people through targeted upskilling programs and an equitable distribution of knowledge and technical skills development across all ten business segments. A primary operational priority involves accelerating workplace digital transformation by embracing modern HR solutions and advanced enterprise resource systems to streamline talent analytics, optimize total productivity and foster seamless cross-functional collaboration.

Concurrently, DIMO is deeply committed to advancing diversity and workplace gender equity, actively striving to elevate the representation of female professionals in critical decision-making and leadership roles across all business segments. By nurturing a supportive workplace culture anchored to psychological safety, transparency and shared accountability, we aim to consistently enhance our high employee engagement score. Ultimately, these robust forward-looking investments ensure that DIMO's human resource strategy operates as an indispensable business enabler, successfully converting individual employee capability into a distinct strategic advantage that ensures long-term corporate resilience throughout.



### Short Term Plans

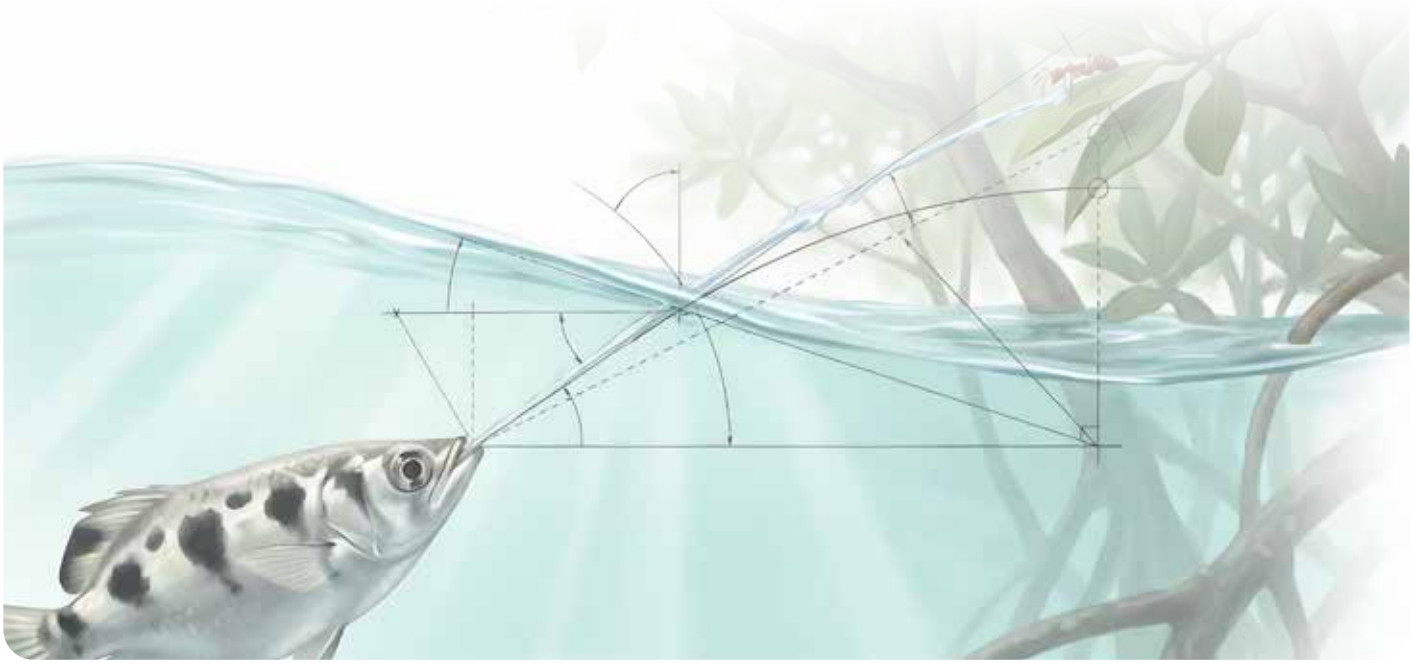
- Implement targeted upskilling programmes and distribute knowledge and technical skills development across all ten business segments.
- Accelerate workplace digital transformation through modern HR solutions and advanced enterprise resource systems to improve talent analytics, productivity and cross-functional collaboration.

### Medium to Long Term Plans

- Increase the representation of female professionals in decision making and leadership roles across all business segments.
- Build a supportive workplace culture focused on psychological safety, transparency and shared accountability to sustain high employee engagement.

# INTELLECTUAL CAPITAL

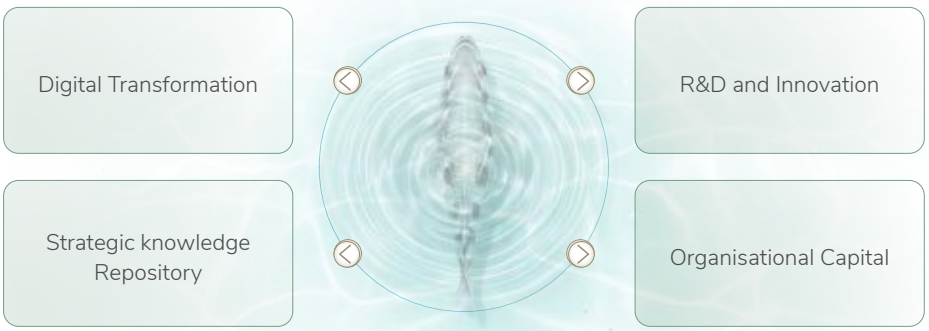
Intellectual Capital strengthens DIMO's value creation model by converting knowledge, systems, digital capabilities, innovation, brand equity and institutional expertise into scalable organisational value. Built on more than 85 years of industry experience, this capital enables the Group to respond to market opportunities with precision, differentiate across sectors and strengthen the effective use of other capitals. Through digital transformation, R&D, strategic knowledge management and robust organisational systems, DIMO continues to build future ready capabilities that support sustainable growth, stakeholder confidence and its role as a trusted Perfect Partner.



## BRAINS OVER BRICKS

DIMO's Intellectual Capital serves as the primary engine driving our corporate diversification and differentiation strategies, converting intangible assets into sustained competitive advantages. This capital comprises our rich repository of institutional expertise, Digital capabilities, advanced systems, Purposeful certifications, Brand equity, and the unique tacit knowledge accumulated over eighty-five years of industry leadership. By systematically anchoring this knowledge base across our diversified operational segments, DIMO seamlessly transforms individual human capability into structured, scalable organizational value.

Our Intellectual Capital is a vital value creator that enables us to efficiently navigate market volatility, capture high-growth cross-industry synergies and deliver premium, best-engineered solutions with a distinct competitive edge. Our robust intellectual framework ensures DIMO remains an agile, highly adaptive, and future-ready enterprise, consistently maximizing long-term, responsible value creation across the entire Sri Lankan landscape.



# INTELLECTUAL CAPITAL

### TABLE 17: COMPONENTS OF DIMO'S INTELLECTUAL CAPITAL

| Component | Key Attributes (85 Years of Expertise) | Contribution to Value Creation |
|---|---|---|
| Digital Capabilities | Continuous investment in digital tools, data analytics, and intelligent automation. | Enables future-proof agility and enhanced customer engagement. |
| R & D and Innovation Culture | Organizational mindset focused on creating new opportunities, continuous improvement and problem-solving. | Drives growth, supports product evolution and ensures institutional longevity. |
| Strategic Knowledge Repository | Deep historical intelligence on customers, products, and partners gathered over 8 decades. | Empowers data-driven decision-making and long-term foresight. |
| Organizational Capital | Accumulated institutional memory, intelligence and industry-specific insight. | Sharpens strategic decision-making and drives operational excellence. |

## Driving Value Through Digital Evolution

### ICT Strategic Framework

The Technology agenda moved decisively from building foundational digital infrastructure to deploying intelligence at scale. Guided by a Board-endorsed three-year ICT Strategic Framework spanning from 2026/27 to 2028/29, the Group's technology agenda is structured around five integrated pillars;

- A strong and scalable digital core
- Customer and employee experience
- Intelligent automation and AI
- Enterprise data and insights
- A zero-trust security infrastructure.

Collectively, these pillars reposition ICT as a primary driver of business value and competitive advantage across DIMO's diverse industry verticals.

Table 18:

| Digital Core | X-First (CX & EX) | Automation & AI | Enterprise Data | Zero-Trust Security |
|---|---|---|---|---|
| Unified SAP S/4HANA landscape as the Group's authoritative system. | Prioritizing unified Customer and Employee Experiences. | Embedding horizontal intelligence across all operations. | Transforming raw data into AI-ready intelligence. | Risk-based, resilient security architecture. |

**Operationalizing the Digital Core: SAP S/4HANA Optimization**

At the heart of DIMO's digital strategy is a fully integrated, industry-spanning enterprise systems landscape, one that eliminates process fragmentation, standardises operations across all business verticals, and provides a reliable, scalable platform for growth. SAP S/4HANA remains the Group's authoritative system of record across finance, supply chain, operations, and customer management, and 2025/26 saw significant investment in deepening, modernising, and hardening that foundation

**Digital Progress: The Year in Review**

Continuous improvement to newly implemented ERP SAP, delivered a substantive programme of system enhancements across financial controls, supply chain operations, warehouse management and infrastructure during the year, improving efficiencies, controls and information availability.

Figure 30:

| | |
|---|---|
| Financial Controls & Reporting Enhancements | Improvements including, Bank reconciliation automation, SAP driven Credit Management, system based Standard cost calculation and cost actualisation, ATP (Available time to promise) implementation for order confirmation and Pricing procedure improvements were delivered. |
| Warehouse & Inventory Operations | Put-away strategy in Extended warehouse management solutions, SAP based Put-away and picking logic, and Hand-held device implementation in warehouse were introduced to the operation during the year. |
| Infrastructure, Security & HR Systems | Formalised and Validated the BCP (Business Continuity Plan) and DR (Disaster Recovery) procedure and readiness, strengthened privileged access management and system access security across SAP landscape and implemented version upgrade on hSenid Payroll system. |

### Short-term plan on further development to the Digital core

Project Genesis: The Group is transitioning from Phase 01 to Phase 02, backed by investment as well as expertise and commitment of teams involved. This phase introduces SAP Analytics Cloud (SAC), Business Planning & Consolidation (BPC), Treasury Risk Management (TRM), Vistex — Sales incentives, rebates & trade promotions, Cash Management & Receivables Management and SAP Fiori, the modern tile-based user experience modules essential for architecting long-term financial resilience.

### X-First: Orchestrating Customer and Employee Experience

The X-First pillar focuses on transforming fragmented, disconnected systems into a unified digital journey that mirrors our brand's legacy of excellence. In the year of review, the Group invested in closing critical capability gaps in customer engagement and consolidating its enterprise collaboration infrastructure.

### X-First (CX & EX): The year in review

#### Enterprise Collaboration — Microsoft 365

The Group-wide migration to Microsoft SharePoint and Teams reached a major milestone in 2025/26, with 11 business groups successfully onboarded onto a unified platform. This consolidation eliminates siloed document repositories, standardises collaboration workflows and provides the governance and search infrastructure upon which Microsoft Copilot AI capabilities will be layered.

### Short Term Plan on X-First (CX & EX)

#### a. Automotive Customer Engagement Platform

A unified, system-connected front-end solution for the automotive business, bringing together the full customer lifecycle enabling consistency from first inquiry to long-term relationship management.

#### b. CRM Rollout — Retail, Projects & Smaller Business Units

SAP (C4C) module for Customer Experience is being rolled out as a tightly integrated CRM solution for retail and project-based verticals ensuring customer experience capability reaches every segment of the Group.

#### c. Enterprise Collaboration — Microsoft 365

The remaining segments for migration to Microsoft SharePoint and Teams, are included in the 2026/27 migration programme, extending the unified platform Group-wide.

### Automation & AI: Intelligence Embedded for Growth

**In progress**

Artificial Intelligence (AI) at DIMO is not a standalone programme. It is a horizontal capability deliberately embedded across the Group's enterprise systems, automation infrastructure, customer experience platforms, data environment and security operations. This approach ensures that AI is deployed where it creates immediate and measurable business value; governed, scaled and built on trusted foundations.

### The AI Foundation: Conditions for Responsible Scale

DIMO's AI strategy is explicit, that scale without governance creates risk, not value. The Group's AI foundation is therefore built on five non-negotiable conditions.

**Enterprise AI Governance Principals**

- **Trusted Data:** AI readiness is fundamentally dependent on clean, governed master data.
- **Approved Platforms:** Use of enterprise-sanctioned tools (SAP Joule, Microsoft Copilot) to prevent "Shadow AI."
- **Zero Trust Alignment:** All AI usage is governed by identity-based access controls.
- **Accountability:** Clear ownership and usage policies defined for every autonomous system.
- **Human Oversight:** Maintaining human intervention for consequential decisions in finance and compliance.

# INTELLECTUAL CAPITAL

### Applied AI — Current Deployment Across Strategic Pillars

Digital Core: SAP Joule, the AI assistant embedded within the SAP Cloud environment, is in initial pilots for AI-assisted operations, exception handling and business process intelligence, surfacing recommendations and automations directly within familiar SAP workflows.

Customer & Employee Experience: Microsoft Copilot is in early adoption across Microsoft 365, providing AI-powered drafting, summarisation, meeting intelligence and workflow assistance. Enterprise chatbots integrated with 3CX and WhatsApp are being deployed to modernise customer communication channels.

Automation: SAP BTP with UiPath RPA is in active implementation, covering AP invoice processing using intelligent Document Understanding — DIMO's first production deployment of AI-powered document automation. Microsoft Copilot agents are being established across SharePoint sites for both revenue and non-revenue segments.

Data & Analytics: LLM APIs, OpenAI integrations, and SAP Analytics Cloud (SAC) are being configured for natural language analytics, business forecasting, and prescriptive insights — enabling decision-makers to interrogate enterprise data conversationally.

Infrastructure & Security: Microsoft Defender and the Microsoft Sentinel AI-based SIEM provide AI-driven threat detection, anomaly identification, and automated security response is operational across the Group's enterprise environment.

### Agentic AI & Industry-Specific Intelligence

Beyond task-level automation, DIMO's AI strategy encompasses Agentic AI, autonomous agents capable of planning, reasoning and executing complex, multi-step business processes with limited human intervention, interacting with enterprise systems, third-party platforms and customers adaptively. Industry-specific AI models are being developed for DIMO's key verticals — automotive engineering, healthcare and agriculture, targeting predictive maintenance, product delivery optimisation and personalised customer experiences as initial use cases. The AI-Powered Complaint Management Tool, planned for 2026/27, marks DIMO's first production Agentic AI service in enterprise operations.

### Digital & Automation Projects — Group-Wide Programme

Across all verticals, DIMO has 32 digital and automation projects active in its portfolio, comprising of completed, ongoing and pipeline initiatives. Highlights from the 2025/26 delivery programme include points detailed under 1.1.1

The 2026/27 pipeline extends this programme into CAPEX workflow management, vehicle registration process automation, smart carpooling, gate pass digitisation, trade loyalty and retail loyalty platforms, WhatsApp-integrated chatbots and the 3CX–SAP–WhatsApp unified contact ecosystem.

### Enterprise Data & Insights: The "One-Number" Framework Short to Medium term plan

DIMO's data strategy is undergoing a structural transformation, moving from isolated, retrospective and manually consolidated reporting to an integrated, governed and AI-ready enterprise data platform. With 86 years of institutional knowledge now anchored in a governed digital core, the opportunity to convert data into competitive advantage has never been greater or more urgent.

### The One-Number Framework

The Group's “One-Number” initiative establishes a single, authoritative source of truth across all business segments and support functions. By replacing fragmented, individually maintained reports with a unified, governed data layer, the framework enables consistent and accurate real-time insights to inform both strategic and operational decision-making , reducing errors, compressing reporting cycles, and building confidence in enterprise data at every level of the organisation.

### Master Data Governance

Reliable analytics and responsible AI both share the same prerequisite: trusted master data. The Group is implementing a dedicated Master Data Governance (MDG) platform, targeted for December 2026, to automate master data creation, validation, duplicate detection, and lifecycle management, eliminating the manual process dependencies that currently present accuracy and scalability risks. Data governance processes are aligned with GDPR (General Data Protection Regulation) and Sri Lanka's Personal Data Protection Act No. 9 of 2022.

### Data Literacy & Analytics Culture

Technology infrastructure alone does not create a data-driven organisation. Hence, DIMO is investing in a structured Data and Insights Accountability & Literacy Programme to build analytical capability and data ownership mindset across all segments, ensuring that the Group's investment in SAP Analytics Cloud, BW/4HANA and AI-driven insights translates into improved decision quality at every level of the business.

### Zero-Trust Security & Resilient Infrastructure

**In progress**

Cybersecurity is a Board-level priority, managed through a Zero Trust architecture where access is continuously verified based on identity and context with structured reporting to the Board Audit Committee and regular updates to the Board of Directors. The Group's security framework, structured around Protect, Detect, Respond and Recover, and embedded within a Three Lines of Defence governance model, is underpinned by ISO/IEC 27001 certification across most business segments, with additional certifications in progress.

Brands Page

https://www.dimolanka.com/our-brands/

## Maximizing Value through Research, Development and Innovation

Sustained investment in research and development, alongside a pervasive culture of innovation across all business segments, acts as a primary catalyst for DIMO's long-term value creation and market differentiation. Our premier agricultural R&D hubs—the Techno Parks in Lenadora, Lindula and Nikeweratiya, function as critical centres for pioneering research, hands-on demonstration and climate resilience to modernize the country's agricultural sector. Through continuous product and process breakthroughs, DIMO remains at the forefront of delivering superior value to stakeholders while securing its future growth trajectory.

### Product Innovations

- Introduction of a range of new fruit juices, fruit powders, jams and curries under “Miditer” brand
- Introduction of a range of desiccated and coconut chips under “Miditer” brand
- Introduction of new cashew range under “Flava” brand
- Introduction of new fertilizer range for vegetable farming
- German Diploma in Mechatronics Engineering for Refrigeration Technology introduced by Education segment with guaranteed employment opportunities with HomeServe Group
- German Diploma in Warehouse Operations, Logistics and Transportation introduced by Education segment with guaranteed employment opportunities with Mosecker




### Process Innovations

- Implementation of 5S practises has been commenced in Tropical health food
- Revamping the processes of Mobility and Automotive Engineering segments for enhanced service level achievement



## Strategic Knowledge Repository

Leveraging a commercial legacy of more than 85 years, DIMO has amassed an extensive repository of historical business intelligence that guides strategic decision-making and enhances organizational agility. This deep understanding of market dynamics, consumer behaviour, and industry evolution forms a cornerstone of our intellectual capital. When integrated with our advanced digital capabilities, this data ecosystem allows the group to proactively predict trends, mitigate emerging risks and capitalize on new opportunities, thereby securing a durable competitive advantage and sustained value creation. Supporting this vision, the DIMO Digitalization roadmap focuses heavily on elevating data governance and analytics to unlock real-time, cross-functional insights, while simultaneously embedding stringent cybersecurity frameworks and data privacy standards to protect sensitive assets and maintain unwavering stakeholder trust.

## Organizational Capital

### A Brand Rooted in Distinction and Trust

Built on a legacy spanning more than eighty-five years, the DIMO brand stands as a premier benchmark of unyielding excellence, transparency, and ethical leadership. This deeply rooted heritage of integrity forms the core organizational edge, positioning DIMO as "The Perfect Partner" across diversified market sectors. By consistently aligning daily operations with robust governance, statutory compliance and best customer experience, the brand cultivates deeply seated mutual trust with global principals, local suppliers, and customers alike. DIMO brand is far more than a corporate identity; it is a resilient symbol of reliability that continuously drives responsible value creation and sustainable national progress.

In recent years, DIMO has initiated building product and service related own Brands as well; Di-Tec, DIMO Lumin, Miditer, Flava etc. Drawing from the corporate Brand identity and equity, these sub brands have drawn upon customer acceptance in their respective product domains.

# INTELLECTUAL CAPITAL

## Systems and processes inside DIMO

### Management Systems and Knowledge Integration

DIMO's robust management frameworks ensure the efficient execution of internal workflows while systematically safeguarding institutional knowledge. Crucially, these structured systems mitigate the operational risk of losing vital tacit knowledge during personnel transitions. By deploying SAP; a premier Tier 1 ERP solution, alongside targeted digitalization initiatives, the group has streamlined its operations, harmonized day-to-day processes with long-term strategic objectives and successfully converted individual expertise into accessible, explicit corporate assets. Today, all transactional workflows are unified within this digital ecosystem, directly driving performance management and data-backed decision-making. Validated by multiple industry accreditations, these integrated systems stand as a core pillar of our intellectual capital and value-creation engine.

ISO 9001:2015 Quality Management System

ISO 14001:2015 Environment Management System

ISO 45001:2018 Occupational Health and Safety Management System

ISO 22000:2018 Food Safety Management System (Virgin Oil international (Pvt) Ltd & Tropical Health Foods (Pvt) Ltd])

ISO 27001:2022 Information Security Management System

SMETA : Certified

### Workshop Management Systems

XENTRY Portal

Operating to impeccable global benchmarks, our Mercedes-Benz workshop utilizes the advanced "XENTRY" platform to seamlessly optimize both sales and after-sales workflows. This sophisticated system acts as a central operational hub accelerating technical issue resolution, providing a comprehensive product catalogue, monitoring critical service KPIs, and delivering continuous technical training. By embedding XENTRY across our service ecosystem, our team consistently delivers best-in-class automotive care, securing a distinct and durable competitive advantage in the luxury segment.

KOMTRAX

DIMO utilizes KOMTRAX; Komatsu's advanced wireless monitoring system, to remotely track and manage heavy machinery across Sri Lanka. This technology elevates our after-sales capabilities by delivering real-time insights into asset performance, geolocation and maintenance requirements. By translating these diagnostics into proactive service support and enhanced fleet security, DIMO optimizes machine utilization. Furthermore, we provide clients with regular performance reports and tailored recommendations, directly empowering them to maximize on-site productivity and equipment efficiency.

### Social Accountability Management System

DIMO remains firmly committed to maintaining the highest benchmarks of social accountability throughout its operations, guaranteeing fair and ethical treatment for employees, contractors, service providers, and all associated stakeholders. Our comprehensive ethical framework explicitly governs eight critical pillars: the absolute prohibition of child and forced labour, stringent workplace health and safety protocols, freedom of association, the elimination of discrimination, fair disciplinary practices, regulated working hours, and equitable compensation. By championing workplace dignity, a proactive zero-accident safety culture, and the right to collective bargaining, DIMO actively fosters a secure, inclusive and empowering corporate ecosystem.

### Certifications

Virgin Oil International (Pvt) Limited and Tropical Health Food (Pvt) Limited have obtained the following certifications, further strengthening our processes. All products manufactured by these companies comply with the product certifications required for export businesses.

- BRCG : Food safety
- HACCP : Food safety

### Expertise in Action

Drawing on a rich heritage in Sri Lanka, DIMO has accumulated specialized, industry-specific knowledge that sharpens its competitive advantage. Inextricably linked to the DIMO brand, this expertise forms a foundational pillar of our intellectual capital, significantly accelerating our value creation process while continuously reinforcing brand equity and stakeholder trust.

### Excellence Acknowledged

The DIMO brand is consistently celebrated across the industry for its unwavering dedication to premium quality, a track record of excellence fully detailed in the awards section of our website at https://www.dimolanka.com/about-us/awards/

Table 19: Risks and challenges

| Material Risk | Specific Exposure | Impact to the Business | Strategic Response |
|---|---|---|---|
| Data breaches, phishing scams or social engineering attacks | Cyber threats & data breaches | Growing digital integration and hybrid cloud adoption increase exposure to cyberattacks, ransomware, and data breaches — with potential impact on operations, financial integrity, and regulatory compliance. | ISO/IEC 27001 certified across most segments. Checkpoint NGFWs, Trellix EDR, Azure AD/MFA, and 1Password vault controls in place. Roadmap: SAP GRC, PAM, Microsoft Sentinel SIEM, and Zero Trust Architecture. |
| Attrition of experienced and technically competent personnel | Loss of experienced employees due to overseas migration and aggressive recruitment by competitors. | Loss of institutional knowledge, disruption to project execution, reduced service quality, delays in delivery, and overdependence on a limited number of key individuals. | Improve succession planning, strengthen engagement and career progression, and align compensation and recognition for high value technical roles. |

## Future outlook and strategic priorities

Nurturing and building on its strongly built intellectual capital is considered as a high priority. Building new brands purposefully in line with the strategic pillars and growth plans, continuous R&D for innovation are integrated into the business strategies. In terms of building on the Digital capabilities and the Strategic knowledge repository, structured steps are built in progressively along with its digital journey.

DIMO's digital journey has passed the foundational phase. The enterprise systems, data architecture, security controls and collaboration platforms are largely in place. The work ahead is about deepening integration, scaling intelligence, and converting the Group's technology investments into measurable business outcomes across every vertical.



**Short Term Plans**

- Implementation of a digital knowledge hub
- SAP version upgrade and Proaxia VSS DSW & mobile applications deployment
- MDG platform go-live — December 2026
- Complete Group-wide Microsoft 365 / Teams migration
- Deploy AI-Powered Complaint Management Tool
- 3CX–SAP–WhatsApp integration for unified contact management

**Medium to Long Term Plans**

- Scale Agentic AI across all industry verticals
- AI-driven prescriptive analytics across all business segments via SAP Analytics Cloud
- Full Zero Trust Network Access (ZTNA) architecture across the enterprise
- Automated Segregation of Duties via SAP GRC and full PAM deployment
- Industry-specific AI models for product delivery and predictive maintenance
- SAP DR site fully validated with automated failover and annual drill programme
- Enterprise data literacy embedded across all business segments
- Group e-commerce platform and unified loyalty programme at scale

# SOCIAL & RELATIONSHIP CAPITAL

OUR APPROACH

## CREATING A RESILIENT COMMUNITY

Creating Opportunities & Partnerships for a Thriving Community

Creating a Positive Impact on

**1** Million Individuals

Social and Relationship Capital strengthens DIMO's value creation model by converting trust, partnerships and stakeholder relationships into market access, customer loyalty, operational resilience and shared progress. Guided by its role as the Perfect Partner, DIMO nurtures enduring relationships with customers, principals, suppliers, regulators and communities through responsible conduct, service excellence, data protection, digital enablement and transparent engagement. These relationships support the effective use of other capitals, help the Group move beyond barriers with confidence, and create sustainable value for stakeholders and the wider ecosystems it serves.



Video

"Our organisation has served the community over 86 years by providing the best engineering brands. We surely believe that no business be resilient unless our ecosystems and the communities that we serve are resilient. We plan on achieving our 2030 target, not just to change an individual but to make an impact in the community".

**Ravinesh Senaratne,**
General Manager – Marketing
Community Pillar Head – Sustainability Agenda 2030



## FOSTERING PARTNERSHIPS THAT CREATE MUTUAL VALUE

Social & Relationship Capital at DIMO represents the strength, depth and durability of relationships that enable the Group to operate, grow and sustain value over the long term. These relationships extend across customers, global principals, suppliers, employees, communities, regulators and providers of financial capital.

As a diversified, engineering driven conglomerate operating in sectors where reliability, safety, technical integrity and long term performance are non negotiable, DIMO's ability to create value depends fundamentally on trust. Social & Relationship Capital therefore underpins the Group's licence to operate, its access to global technologies, and its reputation as the perfect partner of choice across multiple ecosystems.

| Key Components | | Our approach to value creation |
|---|---|---|
| Customers | Nurturing eighty years of trust | Consistently surpassing customer expectations by delivering a holistic value proposition, an innovative product portfolio and continuous, proactive engagement. |
| Suppliers | Strategic partners driving our supply chain resilience | Generating sustainable value across our diverse supplier network by embedding ethical procurement standards, accelerating shared commercial growth and investing in localized capability building. |
| Business partners | Synergistic alliances and collaborative insights that deeply fortify our long-term value creation | Deepening our socio-economic footprint through proactive communication, the delivery of prompt and reliable information, robust transparency and the harmonization of shared strategic goals. |
| Community | Sustaining livelihoods within our communities | Enriching the communities within our operational footprint through targeted, high-impact social initiatives. |

### Governance of Social & Relationship Capital

Social and relationship governance at DIMO is managed through a structured, multi-tiered framework overseen by the Group Management Committee and dedicated Sustainability Pillar Heads. This robust model ensures that high-level ethical policies are systematically translated into everyday operational practices across all seven diversified business segments. Key components of this governance system include rigorous multi-channel stakeholder engagement processes, strict consumer data privacy protocols, thorough compliance audits and materiality assessments which collectively manage relationships with customers, global principals, suppliers and local communities. This governance framework is strategically aligned with DIMO's core business pillars of Diversification, Differentiation, and Collaboration, positioning social and relationship capital as the foundational engine needed to unlock cross-industry synergies and establish secure commercial partnerships. By embedding deep integrity, mutual accountability and absolute transparency into its everyday workflows, the model establishes a highly agile "trust-led leadership" culture that significantly accelerates corporate decision-making and minimizes transaction friction. The primary benefits of this governance approach include a fortified international brand reputation, heightened investor and stakeholder confidence, and robust organizational resilience, allowing the Group to efficiently protect its world-class portfolio while driving sustainable, shared value creation across Sri Lanka.

**Total No. of Principals**

**119**

(2024/25: 116)

### Customers: Engineering Trust Across the Customer Journey

Customer relationships at DIMO are not transactional in nature. They are built on engineering assurance, lifecycle management and consistent delivery of outcomes, over decades. Across all business segments of the Group, DIMO engages with customers throughout the full customer journey, from solution design and technology selection to installation, operation, maintenance and eventual upgrades. This long term engagement model reinforces trust and positions DIMO as the perfect strategic partner to our customers.

#### 2.1 Customer capital governance

As a diversified conglomerate, customer experience governance, product/service integrity and data privacy are foundational pillars of our business. To safeguard these priorities, we operate under a rigorous governance framework and stringent compliance controls that guarantee both responsible product/service delivery and the absolute protection of customer information. DIMO has established thorough set of IT policies such as IT risk framework, access control policy, password policy, IT business

# SOCIAL & RELATIONSHIP CAPITAL

continuity plan, back-up and restoration processes, IT security incidents management and policies for configuring approved applications complying with the Personal Data Protection Act no. 9 of 2022 and ISO: 27001 – Information Security Management Systems, especially for premium vehicle sales and aftersales.

**Group's security framework**

- Protect
- Detect
- Respond
- Recover

**DIMO oneCX**

The DIMO oneCX transformation program is a group-wide customer experience initiative designed to unify and elevate service excellence across all seven diversified business sectors. At its core is the one DIMO standard, a benchmark ensuring consistent premium quality, transparent interactions and empathetic service at every touchpoint. Strategically aligned with DIMO's commitment to be "The Perfect Partner," this program transforms disjointed engagements into a cohesive, customer-centric journey. For customers, this data-driven optimization delivers rapid turnaround times, maximized asset performance, and a frictionless experience that inspires absolute trust, reinforces brand equity, and rewards long-term loyalty across Sri Lanka.

DIMO | oneCX One Team. One Experience.

## Providing responsible products & services

At DIMO, product and service responsibility is firmly anchored to strict ethical governance and a comprehensive, ISO 9001-certified Quality Management System. To systematically eliminate negative health and safety impacts, DIMO partners exclusively with top-tier global principals who enforce rigorous quality testing across engineering, medical tech, and mobility sectors, successfully maintaining a flawless zero-safety-breach record. This exceptional level of care extends directly to accuracy, where the conglomerate consistently exceeds basic statutory mandates by providing explicit user manuals, precise standardization codes and clear safety pictographs.

**New Customers Onboarded**

**10,772**

(2024/25: 4,853)




Furthermore, DIMO strictly adheres to transparent marketing ethics, ensuring that all advertising and public communications remain entirely honest, legally sound and deeply educational. For DIMO's customers, this uncompromising responsible framework translates directly into absolute peace of mind, drastically minimized operational risks and enhanced physical safety. End-users are fully empowered to make highly informed purchasing decisions, confident that the medical equipment, consumer vehicles, construction machinery or agricultural, water, power and energy solutions they invest in are premium, dependable and transparently represented. Ultimately, this structured commitment aggressively safeguards customer well-being, optimizes long-term asset performance, and secures an exceptionally high Customer Satisfaction Index, turning standard market transactions into deeply reliable, trust-based partnerships.

## Voice of Customers

Customer centricity is fundamental to our identity. By actively shifting from basic relationship tracking to an advanced customer experience blueprint, DIMO guarantees that end-users encounter seamless, high-value interactions across all diversified business segments. DIMO's rigorous tracking of Customer Experience (CX) metrics, such as its stellar 91.91% Customer Satisfaction Index (CSAT), 79.60 Net Promoter Score (NPS), and optimized complaint resolution turnaround times, profoundly impacts the day-to-day journey of our customers. For the customer, these rigorous performance metrics translate directly into accelerated service delivery, minimized operational asset downtime, and rapid, transparent problem-solving. Strong customer retention rates further reflect the deep-rooted trust clients place in the brand as "The Perfect Partner."

Ultimately, DIMO's data-driven focus ensures that buyer feedback is immediately converted into strategic operational refinements. This responsive framework grants clients immense peace of mind, maximizes long-term asset performance, and fosters a reliable, world-class service environment that consistently rewards their long-standing loyalty with the Group.

**Customer Satisfaction Index**

**91.91%**

(2024/25: 91.20%)

**Net Promoter Score**

**79.60**

(2024/25: 65.24)

**Complaints Resolution**

**No. of Complaints Received**

**1,609**

(2024/25: 1,092)

**No. of Complaints Resolved**

**1,598**

(2024/25: 1,075)

**Dedicated Hotlines for Business segments and brands**

**24**

**No. of digital assets**

| Indicator | 2025/26 |
|---|---|
| Industry specific applications | 5 |
| Workflow applications | 4 |
| Automations | 1 |
| Digital adoption | 11 |
| Enterprise systems | 1 |

**Social media presence - 2025/26**

| | | |
|---|---|---|
| 28 Facebook | 23 Instagram | 13 LinkedIn |
| 19 Tiktok | 22 Youtube | 11 Websites |

### Accessibility & Digital Inclusion

DIMO actively leverages modern digital solutions to eliminate traditional barriers and significantly enhance service accessibility for its diverse customer segments. For stakeholders with varying physical abilities, DIMO pioneers exceptional inclusive corporate communication by embedding advanced accessibility features into its digital channels; this includes an AI assistant providing voice support for the visually impaired and integrated sign language across video media for the hearing impaired. Beyond corporate disclosures, the company actively drives daily digital inclusion through targeted, responsive platforms across its seven diversified business sectors. Highly specialized digital tools like the DeX Automotive mobile app seamlessly streamline workshop bookings and safe online transactions, while ecommerce portals like dimoretail.lk ensure smooth, trouble free retail purchasing with rapid island wide shipping. Furthermore, specialized platforms directly link commercial drivers with shippers, democratizing supply chain accessibility and ensuring that DIMO's entire commercial ecosystem remains fully equitable, innovative, and open to all clients across Sri Lanka.




### Cultivating Customer Connections, Inspiring Lasting Loyalty

DIMO drives stakeholder collaboration across its seven business segments through structured loyalty and engagement initiatives tailored for end-users, dealers, and distributors. DIMO participated in various industry exhibitions, campaigns, conferences, product launches including the end customers and was the Platinum Sponsor at the Jaffna Trade Fair 2026. Also, the Group conducted several awareness sessions, field demonstrations and ensured continuous availability of essential products to the customers, especially during the adverse weather conditions. Further, DIMO offers wide range of interactive engagement activities such as expeditions with the Jeep Club Sri Lanka and Golf tournament, Mercedes-Benz Fashion Week, Mercedez Benz pageant with the Mercedes-Benz Club Sri Lanka.

For its B2B customers, DIMO hosts high-impact dealer get-togethers, target-driven performance rewards and exclusive fellowship events, such as the Agri Machinery awards and TGP awards, and awareness and operational maintenance sessions.

Refer Stakeholder Engagement report on page 136

# SOCIAL & RELATIONSHIP CAPITAL

Ultimately, these frameworks successfully convert standard channel transactions into lifelong, trusted customer alliances, firmly reinforcing DIMO's solid corporate standing as "The Perfect Partner" right across the entire island of Sri Lanka.

These programs profoundly impact partners and customers by providing tangible financial validation, specialized technical tools, and an enriched sense of shared community support. In return, DIMO earns immense strategic benefits: it builds an incredibly resilient distribution network, aggressively accelerates cross-industry sales targets, protects market share against parallel grey-market competition, and stabilizes long-term revenue streams.

## Suppliers: Allies in Shared Growth

For more than eight decades, DIMO has nurtured enduring alliances with some of the world's premier brands. These deep-rooted relationships with both principals and suppliers serve as a core competitive advantage, allowing us to deliver a uniquely differentiated value proposition to our customers. Every interaction within this network remains firmly anchored to our foundational principles of trust, transparency, and longevity. Ensuring tight alignment with our partners is vital to maintaining a consistent market offering and advancing our overarching strategic goals. This synergy, born from shared objectives and mutual understanding, is a cornerstone of our responsible and sustainable growth journey.

Today, DIMO's extensive and geographically diverse supply chain encompasses over 33,928 entities, ranging from small-scale vendors to major B2B enterprise partners. The exceptional strength and collaborative nature of these networks are instrumental in driving operational efficiency and securing a highly resilient supply chain across the entire organization.

**Strategic Principal Partnerships**

**119**

(2024/25: 116)

**% of Local Suppliers**

**86%**

(2024/25: 83%)

## Principals and Technology Partners: Partnerships Architected for Longevity

DIMO's long standing relationships with leading global principals are a defining element of its Social & Relationship Capital. Many of these partnerships span several decades, reflecting mutual trust, transparency, ethical alignment and consistent performance. Through these strategic partnerships, DIMO successfully adapts global innovations to meet the specific operating dynamics of the Sri Lankan market, uplifts local talent by facilitating structured knowledge transfers, technical training, and global certifications, upholds premier standards of international quality, safety, and regulatory compliance and drives collective progress by collaborating on digitalization, innovation, and sustainability agendas. These alliances have matured far beyond traditional distribution agreements.

Today, they center on long-term capability building, responsible technology stewardship and shared value creation, ensuring mutual resilience through economic cycles and rapid technological evolution. By aligning with global compliance regulations and maintaining transparent reporting channels, DIMO establishes itself as "The Perfect Partner," safeguarding the international brand equity of its principals.

DIMO provides a diverse platform that bridges elite global technologies with local markets. It fosters inclusive, cross-industry synergies that accommodate international entities of varying operational scales, ensuring equal-opportunity market representation. Further, proprietary technologies, technical blueprints, supplier information and commercial strategies are protected through advanced corporate cybersecurity frameworks. Utilizing identity-centric access controls, Azure AD, and SAP, DIMO enforces strict data segmentation to ensure that sensitive principal data remains entirely confidential.



### Suppliers and Service Partners: Strengthening a Responsible Ecosystem

Suppliers and service partners form an integral part of DIMO's extended value chain. Given the complexity and scale of the Group's operations, particularly in engineering and project driven businesses, supply chain resilience and ethical conduct are critical. DIMO's supplier engagement is guided by a commitment to fair and timely payment practices, compliance with quality, labour, safety and environmental standards, preference for capable local suppliers where feasible and continuous performance monitoring and capability development. This responsible procurement approach strengthens trust, mitigates operational risk, and supports inclusive economic participation, while ensuring that value creation extends beyond the boundaries of the organisation. Mutual accountability is formalized through the DIMO Supplier Code. This framework acts as a transparent governance mechanism, outlining explicit operational standards, delivery expectations, and compliance guidelines to foster a fair and highly predictable trading environment. Further, vendor commercial information, cost structures and banking credentials are securely compartmentalized. DIMO guards supplier business intelligence against unauthorized exposure by utilizing automated enterprise patch management and encrypted credential vaults.

**DIMO is a member in,**

- UN Global Compact Network Sri Lanka
- Biodiversity Sri Lanka
- Ceylon Motor Traders Association
- International Financial Reporting Standards Foundation
- German Chamber of Industry and Commerce (AHK)
- The Ceylon Chamber of Commerce
- European Chamber of Commerce of Sri Lanka
- Employer's Federation of Ceylon

### Capitalizing on Partnerships for Sustained Value Creation

DIMO's dedication to its supplier network is demonstrated through its long-standing partnerships. In the 2025/26 financial year, the group expanded its total supplier-related payments to Rs. 61,714 Bn, strategically directing 16.76% of this capital to local vendors. This targeted spending reflects our core promise to drive positive domestic economic growth. These strong alliances are particularly vital for securing manufacturing raw materials, allowing us to champion local value addition as a national priority. Furthermore, frameworks like the DIMO Supplier Code ensure high levels of operational alignment, mutual accountability, and shared progress across our entire value chain. This approach actively integrates small and medium local enterprises into the broader economy, ensuring inclusive wealth distribution.

### Regulators and Other Industry Associations

With a legacy spanning more than 85 years, DIMO is widely recognized for its unwavering integrity and strict legal compliance. We foster open, collaborative relationships with regulatory authorities and industry bodies, adhering to all legal mandates to safeguard business continuity and deepen mutual trust. Through our active involvement in key industry associations, we contribute our expertise to help shape the regulatory and policy landscape, directly driving national development. DIMO collaborates democratically across all regulatory tiers, standard-setting boards and industry bodies, ensuring its contributions reflect a balanced understanding of multi-stakeholder needs within the broader macroeconomic landscape. Further, statutory reporting and data sharing conform strictly to national legal frameworks. DIMO manages regulatory interactions with highly controlled disclosure protocols, utilizing evidence tracking mechanisms like AD to ensure the integrity and privacy of transmitted files.

### Communities

DIMO recognises that long term business success is inseparable from the wellbeing of the communities in which it operates. Social & Relationship Capital therefore extends beyond commercial stakeholders to include communities impacted by the Group's operations. Community engagement at DIMO is purposeful and aligned with national and societal priorities, focusing on technical and vocational education, health, safety and wellbeing initiatives, environmental stewardship and climate resilience, and knowledge sharing and capacity building. Community initiatives continue to move towards more structured, outcome oriented programmes, ensuring that social investments create meaningful and measurable impact, while reinforcing trust and legitimacy thereby ensuring that diverse community groups have equal, frictionless access to advancements, training programs and technological resources.

To realize this vision, DIMO executed several high-impact initiatives during the year under review. Full disclosures of these initiatives are detailed within our Sustainability Agenda 2030 (on page 39 - 40), which forms the bedrock of our social sustainability strategy. This alignment ensures that public promises are tied to measurable, transparent milestones. A selection of these key programs is featured below.

**Beneficiaries Reached**

24,153

(2024/25: 25,982)

**Investments for Sustainability Initiatives**

Rs. 66 Mn

(2024/25: Rs. 62 Mn)

# SOCIAL & RELATIONSHIP CAPITAL

### DIMO Lassana Hetak

Our flagship education program for children, school students, institutes and other that focuses on education with a difference: leadership, sustainability, STEM and gender education, Powertools, nature-related, and automotive technical and vocational trainings.

Video
https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=21

### DIMO Climate Smart Village

A Collaborative effort on making our communities more self-sufficient through DIMO solutions addressing climate.

Our initial initiative was with Wildlife Conservation Society-Galle (WCSG) and the Young Zoologists' Association of Sri Lanka (YZA) in training the community to be better field guides at Lankagama – Sinharaja.

Video
https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=22

### DIMO Nature Club

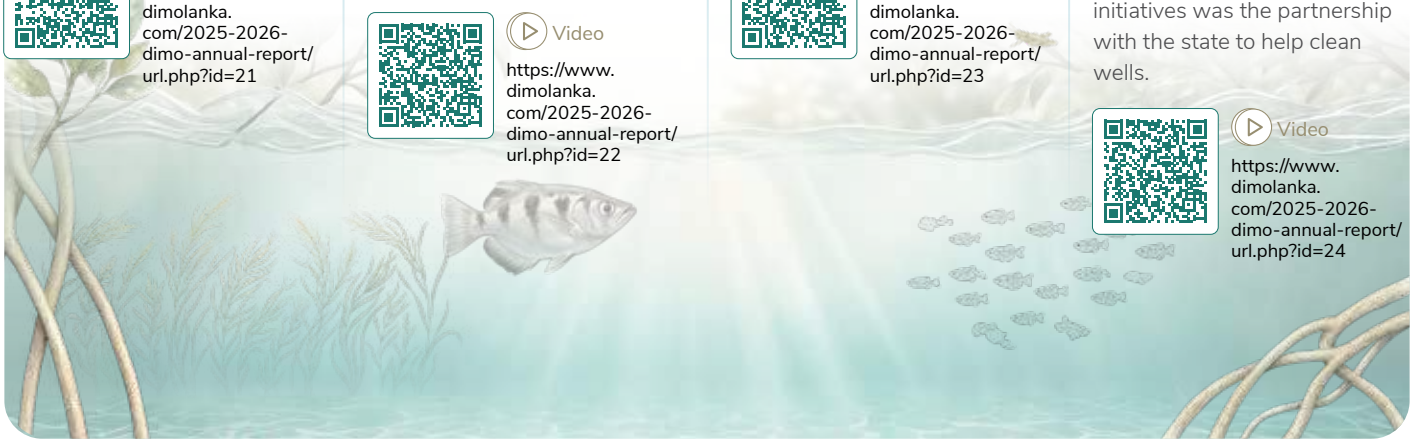
A platform for DIMO Employees to engage in conservation and community wellbeing. Every year in the calendar many initiatives focused on social wellbeing and the engagement of DIMO employees are conducted while we make an impact to the society overall.

Video
https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=23

### Emergency Relief & Other

Cyclone Ditwah caused unprecedented rainfall, widespread flooding, and severe landslides across Sri Lanka. Among the most critical secondary crises left in the wake of the storm was the contamination of vital community water sources. DIMO took initiatives to support employees and the immediate communities that needed the support. One of the key initiatives was the partnership with the state to help clean wells.

Video
https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=24



## Digital Enablement of Relationships

Digital advancement plays an increasingly important role in strengthening relationship quality while enabling scale. In 2025/26, DIMO continues to leverage digital tools to enhance customer engagement and service visibility, capture real time feedback and performance data, improve transparency, traceability and compliance and strengthen responsiveness across stakeholder touchpoints. Digital platforms act as enablers of trust, transparency, supporting consistency and accountability without replacing the human relationships that underpin DIMO's business model.

### Table 20: Risks and challenges

| Material Risk | Specific Exposure | Impact to the Business | Strategic Response |
|---|---|---|---|
| Geopolitical tensions & escalations, tariff-wars and sanctions | Import and supply chain disruptions | Delayed availability of products/ services to end-users | Diversification and proactive inventory planning |
| Aggressive competition from local contractors, traders, and low-cost foreign suppliers. | Loss of loyal customers | Reduced revenue and weakened brand loyalty | Strengthen value proposition through CX and digital tools, invest in experience-driven tech and human capital |
| Aggressive competition from local contractors, traders, and low-cost foreign suppliers. | Loss of key suppliers | Disruption in material and service flow, impacting customer delivery and operations | Maintain strong supplier relations, establish multiple sourcing options, especially for niche materials |

## Future outlook and strategic priorities

DIMO's strategic priorities for its social and relationship capital are tightly linked to its overarching Sustainability Agenda 2030, focusing on deepening ecosystem resilience and driving shared value. For customers, the Group will systematically scale its group-wide oneCX transformation program and unique one DIMO standard across all ten business segments, leveraging advanced digital inclusion features to ensure frictionless, accessible service delivery. Strategic relationships with leading global principals will mature far past traditional product distribution into deep capability building, joint digital innovation and collaborative technology stewardship to effectively withstand shifting market cycles. DIMO will amplify its societal footprint through purposeful social investments and active employee volunteerism via platforms like the DIMO Nature Club, generating enduring prosperity across Sri Lanka.



### Short Term Plans

- Launch the structured wave-by-wave rollout of the oneCX training programme across Mobility and Automotive Engineering divisions.
- Systematically embed TRAC in daily operations (Trust, Respect, Accountability, Collaboration), translating core values into explicit operational protocols at every counter, workshop, and office.
- Lay the critical organizational groundwork for a comprehensive cultural transformation that perfectly unifies internal operations with external customer expectations.
- Non-Franchise Products: Diversify the supply chain by establishing robust relationships with alternative suppliers across China & India (specifically targeting DITEC and Lumin).
- Commodity Products: Source dynamically from multiple locations to mitigate geopolitical or logistical risks and secure supply chain continuity.
- Project Business Segment: Aggressively capitalize on economies of scale through targeted bulk purchasing of foundational project materials, including PVC pipes, cables, and lighting project equipment.
- Creating a Positive Impact on 1 Million Individuals

### Medium to Long Term Plans

- Deeply embed the One DIMO Standard as an uncompromised customer promise across all physical and digital channels.
- Transition successfully from managed compliance to deeply rooted, observable behaviour change across all employee tiers where a customer-first approach becomes completely autonomous.
- Realize a holistic cultural transformation where customer-centricity and proactive community empowerment become entirely indistinguishable from DIMO's core brand identity.



# NATURAL CAPITAL

OUR APPROACH

## CONSERVING A LIVING PLANET

A Conscious Footprint to Minimize Impact

Restore & Enhance

**100%**
Use of Treated Water

**Zero** Landfill

**1:1** Restoration

**42%**
Reducing Carbon Emission Scope 1 & 2

**51.6%**
Per unit LKR Value added of Scope 3

Social and Relationship Capital strengthens DIMO's value creation model by converting trust, partnerships and stakeholder relationships into market access, customer loyalty, operational resilience and shared progress. Guided by its role as the Perfect Partner, DIMO nurtures enduring relationships with customers, principals, suppliers, regulators and communities through responsible conduct, service excellence, data protection, digital enablement and transparent engagement. These relationships support the effective use of other capitals, help the Group move beyond barriers with confidence, and create sustainable value for stakeholders and the wider ecosystems it serves.



Video

"We have been progressive on using reused water, going ahead with a Zero Waste to Landfill certificate and almost achieving our biodiversity targets. By doing a comprehensive carbon footprint last year, keeping that as the baseline, we have developed our Decarbonisation Plan for reducing our emissions through science-based targets".

**Mahesh Karunaratne,**
Chief Operating Officer
Automotive Engineering Solutions
Environment Pillar Head – Sustainability Agenda 2030



Manages DIMO's Natural Capital through a multi-layered approach, which is centered on our Sustainability Agenda 2030.

Conserving a Living Planet Pillar of the Agenda treats natural resources; such as water, soil and air, not as free externalities but as essential business assets. DIMO aims to decouple its financial growth from environmental impact by embedding eco-conscious practices into its daily operations. This involves a shift from the regular impact to a more nature-positive model. Our continuous efforts in measuring the impact, showcase our commitment in minimizing our footprint.

Impact – ESG Report page 234

DIMO as a diversified conglomerate, managing natural capital is directly linked to its Human Capital. DIMO operates on an 'Employee-First' philosophy - recognizing that 2030 targets cannot be achieved top-down, but by driven organically through active employee engagement. DIMO Nature Club serves as the primary driver for biodiversity and ecosystem restoration as it cut-across all tiers, while the management systems across all sites is the backbone for environment management.

Human Capital page 62 & ESG page 234

Table 21

DIMO's Natural Capital Matrix

| Key Natural Capital | Business Segment Affected | Tracked |
|---|---|---|
| Water | After-sales, vehicle washes, agri-processing | 0.77m³ consumed per million-rupee turnover |
| Energy | Logistics, engineering workshops, assemblies | 0.18 GJ consumed per million-rupee turnover |
| Land & Ecosystems | Agricultural inputs, seeds, fertiliser and tech | 151 Acres |
| Minerals & Metals | Vehicle sales, component modifications | Material circularity, component lifespan |

## Resource Circularity: Waste & Wastewater Management

We commission a rigorous Environmental Management System (EMS): ISO 14001 to oversee the impact to the environment from our operations. 100% Reuse of Treated Water and Zero Landfill the targets to be achieved by 2030.

We are on a journey embarked in achieving zero landfill. Our waste is managed through a strict hierarchy of reduce, reuse and recycle supported by DIMO's group-wide single-use plastic policy (https://www.dimolanka.com/sustainability/). Our waste is measured and collector details are maintained and managed through our EMS.

Water stewardship is prioritized by having a target for reusing treated water. The organisation operates effluent treatment plants (ETPs) in almost all locations within vehicle service workshops. This circular approach prevents hazardous effluents from entering local water tables and minimizes the extraction of freshwater for industrial processes. Our aim is to achieve 100% reuse of treated water by 2030; either for gardening, flushing or vehicle under-carriage washing.



STATEMENT OF VERIFICATION
ZERO WASTE TO LANDFILL STANDARD

Certificate Code: C 904629CU-ZWL-01.2026

Control Union Inspections (Pvt) Ltd. hereby verifies that
**Diesel & Motor Engineering PLC**
*No. 65, Jethawana Road, Colombo 14, Sri Lanka.*

has achieved the status of

**'Zero Waste to Landfill'**

by diverting 99.87% of its generated waste
from landfilling during the financial year 2025/2026.

**Inventory Information**

Reporting Standard/Methodology : Zero Waste to Landfill Standard (V.1.2)
Facilities Covered : DIMO Head Office, DIMO 800, DIMO Siyambalape, DIMO Weliweriya.
Process and operation : Vehicle servicing and maintenance, spare parts storage and distribution, assembly operations, logistics activities, and administrative support functions.
Applicable Diversion Activities : Reusing, Recycling and Waste to Energy
Reporting Period : 01.04.2025 - 31.03.2026

Date of Verification
13 May 2026
Place and Date of Issue:
Colombo 07, 29 May 2026

Declared by
On behalf of the Managing Director

Hisho Ravilojan
Reviewer
Control Union Inspections (Pvt) Ltd
2nd Floor, BAM Musee Tower,
52 Sir Marcus Fernando Mawatha,
Colombo 07, Sri Lanka

CONTROL UNION ENVIRONMENTAL SERVICES

**Water Consumption**

79,771 m³

(2024/25: 74,648 m³)

**Reused Water Consumption**

2,674 m³

(2024/25: 3,279 m³)

**Rainwater Harvested**

447.5 m³

(2024/25: 274 m³)

# NATURAL CAPITAL

## DIMO's Decarbonisation Plan & Our Energy Transition

In addressing climate change, DIMO's Pillar heavily focuses on reducing its carbon footprint. Committing and setting targets through science-based Target initiative (SBTi) our targets for 2030 after completing a comprehensive carbon footprint report. Our target this year segregates to all three scopes keeping the baseline of 2024/25.

This is managed through a dual strategy; internal operational efficiency and external product stewardship. Internally DIMO invests in renewable energy, particularly on solar. Expanding our rooftop solar across our facilities to reduce Scope 2 emissions. Externally DIMO is transforming its portfolio to offer green-tech solutions in power and energy.

Our green techs have evolved and in multiple sectors and has create a whole new portfolio in providing green solutions, like electric vehicles (EVs), energy-efficient building technologies/green building solutions, solar microgrids and many more national level projects catering to the demand in the energy sector.

DIMO's Decarbonisation Plan clearly defines our way forward attitude towards a low carbon economy, placing our targets that are committed towards SBTis (Link: DIMO Decarbonisation Plan).

**Renewable Energy Generation**

24,267 MWh

(2024/25: 4,841 MWh)

**In-house Power through Renewables**

71%

(2024/25: 68%)

**Solar Capacity at DIMO**

37,962 kW

(2024/25:6,538 kW)



GREENHOUSE GAS VERIFICATION OPINION

Sri Lanka Climate Fund (Pvt) Ltd

Ministry of Environment

Organization Level GHG statement developed by

**Diesel & Motor Engineering PLC**

**No: 65, Jetawana Road, Colombo 14, Sri Lanka**

complying with the requirements of ISO 14064-1:2018 has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No : SLCF/CFP/0057

Date of Issue : 22.05.2026

Period of Assessment : 01.04.2025 – 31.03.2026

Selected Boundary : Operationally controlled business operations of Diesel and Motor Engineering PLC

Direct GHG Emissions : 554 tonnes of $CO_2$ equivalent

Indirect GHG Emissions : 656.452 tonnes of $CO_2$ equivalent

**Total GHG Emissions : 657.005 tonnes of $CO_2$ equivalent**

**Scope 1** Direct GHG Emissions : 554 tonnes of $CO_2$ equivalent

**Scope 2** Electricity Indirect GHG Emissions : 1.196 tonnes of $CO_2$ equivalent

**Scope 3** Other Indirect GHG Emissions : 655.256 tonnes of $CO_2$ equivalent

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

**Validity period of the certificate**: 22.05.2026 – 30.06.2027

**Exclusions**: GHG emissions from charcoal production, onsite refrigerant leakages, & supplier transportation

*Materiality threshold is below 5%. The reported GHG emissions are rounded up to the nearest highest value.

**GHG emissions have been reported in accordance with GHG Protocol

Decarboniztion Road Map

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=26

## Our 1:1 Restoration

In sectors like agriculture and solar expansion, our natural capital extends to soil health and biodiversity. By providing precision agriculture tools, like soil testing and specialized fertilizers, helps farmers to minimize chemical runoff and preserve soil vitality. Through use of slow-releasing fertilizers and empowering our farmers on adding the right amount of fertilizer and teaching methodologies of sustainable agricultural practices, we have been able to manage to keep the health of soil in better conditions.

Expanding solar projects at a national scale means there is a destruction to the natural biodiversity. Our aim is to restore as much as possible as we are in a journey to expand our baseline to achieve our restoration targets.

Beyond business lines, conservation and biodiversity is a great interest. We engage in large scale ecosystem restoration projects, covering both wet zone and dry zone climatic zones in the island. Our efforts reach different types of ecoservices conserving both fauna and flora. These efforts are tracked using data-driven performances; monitored and facilitated by our project partners. We are dedicated to make sure that through business, we minimize footprint as little as possible.

**Turtle Conservation Project**
**Location: Panama**






143

**Nests Protected**

15,997

**Eggs Protected**

15,205

**Hatchlings Released**

2012 to 2026

Project Partner:

Wildlife Ocean & Resource Conservation (WORC)

## Mangrove Restoration Project
Location: Nugaduwa, Galle





**59**
Number of Fauna & Flora Species

**7.4**
Number of Hectares Restored

2024 to 2026

Project Partner:

Wildlife Conservation Society-Galle & MAS Holdings

## Life to Our Forests
Location: Opatha, Kanneliya





**168**
Number of Flora & Fauna Species

**12**
Number of Hectares Restored

**3 Years**
Fertilizer Partner

2017 to 2026

Project Partner:

Biodiversity Sri Lanka (BSL)

## Life to Our National Parks
Location: Lunugamvehera NP





**15**
Number of Hectares Restored

Bio-diversity Sri Lanka

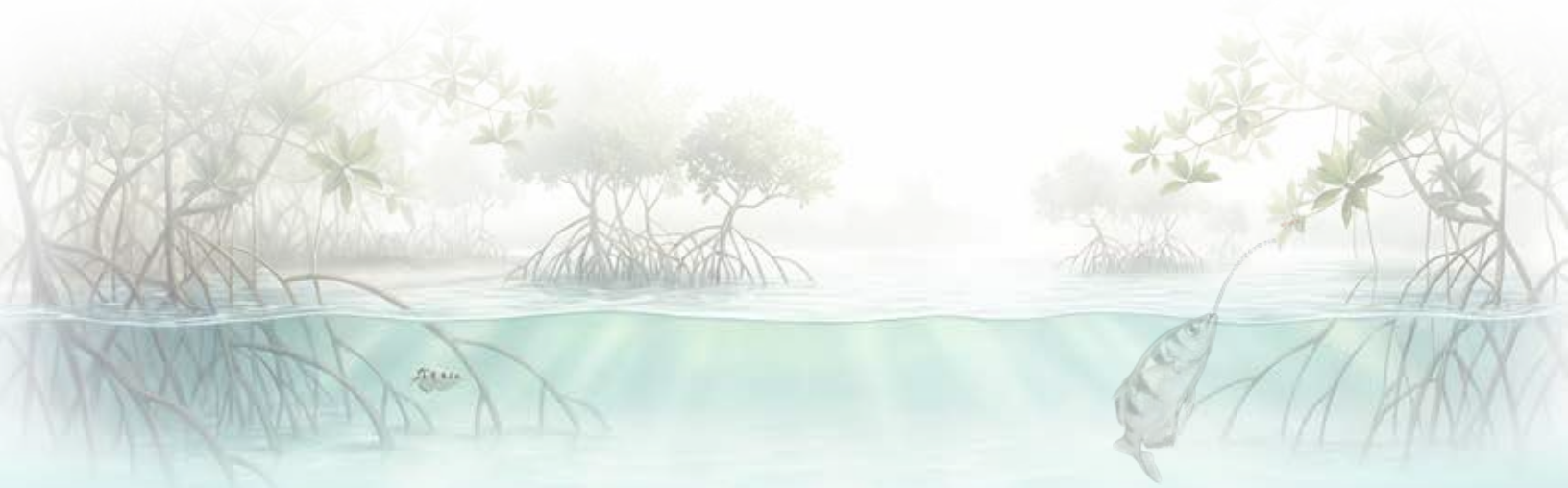
https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=27

2024 to 2026

Project Partner:

Biodiversity Sri Lanka (BSL) & Federation of Environmental Organisations (FEO)

# BUSINESS SEGMENTS OVERVIEW



**DIMO's diversed business segments keeps the wheel of value chain turning attracting capitals and generating demand in each respective domain while delivering customer experience and value creation to stakeholders in the short, medium and long term. This chapter demonstrates the integrated business performance of each segment of the Group.**

## Mobility

Mercedes-Benz | Jeep | TATA passenger cars | TATA commercial vehicles | Motor vehicle assembly | Transportation services

## Retail

Tyres | Automotive parts | Power tools | Lighting appliances | Auto care products | Lubricants | Home appliances | Construction solutions

## Automotive Engineering Solutions

Mercedes-Benz and Jeep premium aftercare | Mercedes-Benz & Jeep parts sales | DIMO Autolab | TATA vehicles aftercare | TATA parts sales counter | Engine care | Diesel lab | Marine engineering | Agri machinery aftercare | Education in Engineering



## Infrastructure Engineering

Fluid & water projects | Storage & material handling solutions | Automated car parking solutions | Construction machinery sales | Construction machinery rentals | Fleet Management | Engineering projects

## Agriculture

Fertilizer | Agro chemicals | Agri machinery | Paddy, fruit & vegetable seeds | Micro irrigation projects | Agriculture techno farm | Agri experience centre | Coconut charcoal production | Coconut milk | Coconut water | Coconut oil | Value added fruit based exports.

## Power Engineering & Building Technological Solutions

Medium voltage & low voltage projects | Renewable energy production | Rooftop solar panel installation projects | Type tested panel manufacturing

## Healthcare

Medical equipment sales | Medical equipment services | Consumables & devices | Pharmaceuticals

# BUSINESS REPORTS

## MOBILITY



**Revenue**
Rs. 41.1 Bn
(2024/25: Rs. 3.5 Bn)

**Carbon Footprint Intensity**
264,926 $tCO_2e$
(2024/25: 15,449 $tCO_2e$)

**Contribution to the Group**
40%
(2024/25: 7%)

**CSI**
92%
(2024/25: 92%)

**Employees**
147
(2024/25: 65)

At the heart of our Mobility business is a clear commitment: to deliver mobility solutions that enable progress with confidence, reliability and purpose.

We understand that mobility extends beyond transportation; it supports aspiration, creates opportunity and drives economic activity. This perspective shapes how we engage bringing customers closer to world-class technology, while setting benchmarks for quality and experience.

Accordingly, we work closely with our Principal brands and leverage deep product expertise to deliver a seamless, relationship-led ownership experience that extends across the full lifecycle.

By standing alongside our customers throughout their journey, we enable them to move forward with confidence, creating meaningful value through every mile travelled.

In the evolving automotive landscape of Sri Lanka, our strategic focus remains on further strengthening DIMO's market position by expanding into selected segments where we do not currently have a presence. At the same time, we remain committed to broadening our international footprint through distributorships in selected overseas markets, while deepening relationships with our existing principals. This strategic direction will enable us to drive growth beyond domestic boundaries, diversify our market presence, and enhance business resilience by mitigating the risks inherent in an import-driven operating model.

**Rajeev Pandithage**
Director

### Our stakeholders

- Individual customers
- Financial regulatory bodies
- Fleet owners
- Community
- Institutional customers
- Employees
- Principals
- Foreign missions
- Government

### PERFECT PARTNER FOR MOBILITY

As a pioneer in Sri Lanka's automotive industry, DIMO continues to enable mobility solutions with a strong focus on innovation and customer centricity. With over 85 years of trusted partnerships, DIMO has consistently strived to offer a range of world class products to it's customers as well as evolved its portfolio to align with future mobility trends, including electric mobility and digitally advanced solutions. Architected for longevity, DIMO remains committed to delivering sustainable, forward looking mobility while strengthening its position as a Perfect Partner to its customers.

Video
https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=28

# BUSINESS REPORTS

## MOBILITY

Table 22: Stakeholder Interactions and Engagement- Mobility

| Stakeholder Group | Interactions and engagement during 2025/26 |
|---|---|
| Customers | Participated in multiple industry exhibitions, campaigns and product launches engaging with a wide range of customers including;<br>**Passenger Vehicles**<br>• Mercedes-Benz Pageant 2025 and Mercedes-Benz Fashion Week Sri Lanka 2025<br>• Mercedes Trophy National Final Sri Lanka 2026<br>• The All-New Mercedes-Benz 2025 Range Showcasing at Symphony of Stars Mercedes Trophy 2026 Awards Night & Gala Dinner<br>• StarPrive Mercedes-Maybach Private Viewing<br>• Legends Unleashed - The official Jeep Wrangler & Gladiator Launch Expedition<br>• One Island, One Jeep - Jeep Club Expedition 2025<br>• Team Jeep as "Anuradhapura Gladiators" at Ceylon Golf League - 1st ever franchise Golf Tournament in the Country<br>• TATA Passenger Vehicle Launch at ITC Colombo<br>• TATA Passenger Vehicle Flagship Showroom at Altair, Colombo and regional showroom openings in Kurunegala, Galle, Kandy and Batticaloa<br>**Commercial Vehicles**<br>• Launch of new TATA ULTRA range and Prime Movers, Mercedes-Benz bus range and new Zhongtong bus models |
| Business and Channel Partners | Signed Memorandums of Understanding (MOUs) with leading leasing companies and financial institutions for financing solutions. |
| Community | Jeep Relief Program - Jeep Club along with DIMO visited the affected areas (Ditwah-floods) to deliver essential items in Thambuththegama |

DIMO's portfolio of Mobility



Passenger Cars



Commercial Vehicles

### INDUSTRY OVERVIEW

The Sri Lankan automotive industry recorded a strong rebound during the year under review, following the reopening of the market after a five year period of import restrictions. This release of pent-up demand drove a surge in vehicle imports and registrations across both passenger and commercial segments, although operational bottlenecks were observed in registration processes due to the unexpected volume.

Regulatory changes significantly influenced market dynamics in the industry following the reopening. The revision of duty structures, including higher excise duties and the introduction of engine capacity and kilowatt based taxation, reshaped the competitive landscape and supported the entry of new players, particularly in the electric and compact vehicle categories in the market. In parallel, the reopening of vehicle imports contributed to improved market activity and increased vehicle availability, while tighter Loan-to-Value (LTV) ratios ensured a measured expansion of credit in line with broader macroeconomic objectives.

Electric mobility gained further momentum during the year, driven by rising consumer interest, improving vehicle availability, and the continued development of charging infrastructure. This shift underscores the growing adoption of sustainable transportation solutions and positions the industry for long-term growth in line with global mobility trends.

The industry also witnessed a transition in its competitive structure, with traditional players giving way to new entrants offering modern, technologically advanced models at competitive price points. This evolution, coupled with ongoing digital advancement across sales and service channels, is reshaping market landscape, customer engagement and industry standards.

## HOW WE PERFORMED

The last financial year marked a significant turnaround from the previous year, with the Mobility cluster recording a YOY revenue growth of 1,081% compared to FY 2024/25.

### Passenger Cars

The Mercedes-Benz Passenger Vehicles segment delivered a strong performance during the year, driven by sustained demand across the luxury vehicle market. The segment's success was supported by sales of exclusive models, including the Mercedes-Maybach S-Class, Mercedes-Maybach GLS, and the iconic G-Class, reinforcing the enduring appeal of the Mercedes-Benz brand among discerning customers.

The newly introduced E-Class stood out as the hero model of the year. Known for its strong value retention and customer appeal in Sri Lanka, it outperformed others in its segment and remained a preferred choice among customers.

The TATA Passenger Vehicle segment showed steady growth, following the launch of the new ICE (Internal Combustion Engine) and EV (Electric Vehicle) range in March. During the year, seven new TATA branches were opened, expanding the network and improving customer reach.

During the year, the Wrangler and Gladiator models were launched in October, strengthening the Jeep portfolio. The Jeep Gladiator emerged as the best-performing model within the range.

The Jeep brand continued to cater to a niche customer segment, with purchasing decisions largely influenced by a strong and distinct Jeep community. This reflects the unique preferences and lifestyle-driven appeal associated with the brand.

### Commercial Vehicles

TATA Commercial Vehicles emerged as the standout performer within the Mobility segment during the year under review. DIMO strengthened its portfolio with the launch of the new TATA CV range, offering advanced features and enhanced competitiveness.

The segment recorded strong performance across both chassis and prime mover categories, enabling DIMO to maintain its market leadership position.

## DIMO PREMIER

The DIMO Premier - the pre-owned business continues to play a supporting role in driving new vehicle sales, acting as a key catalyst for customer conversions. The business accepts a wide range of vehicle models and brands, providing flexibility and convenience to customers.

During the COVID-19 period, when the vehicle market slowed significantly, the pre-owned segment operated as a standalone revenue driver and contributed meaningfully to sustaining operations. With market recovery, the business has returned to its traditional role of supporting and complementing new vehicle sales.



# BUSINESS REPORTS

## MOBILITY

### Developments and Highlights

- Achieved a strong YOY revenue growth of 1,081%
- Expanded portfolio with entry into the Chinese vehicle segment through Moveflex, securing distributorships for Zhongtong electric buses
- Celebrated 60 years of partnership with TATA Motors, reinforcing long-standing collaboration with global principals
- Set a global milestone with the Mercedes-Benz Pageant, bringing together 635 vehicles, the largest gathering of Mercedes-Benz vehicles worldwide
- The Prime Mover category recorded its highest-ever volumes to date, enabling DIMO to maintain its market leadership
- Successfully launched the new Mercedes-Benz model range, including the E-Class, GLE, GLS, S-Class, GLC, and G-Class
- Introduced TATA's latest passenger vehicle range, covering both ICE and electric vehicle offerings.

### STRATEGIC REVIEW

#### Our Strengths

Our strong partnerships with globally renowned principals, unparalleled After sales commitment and capabilities together with our established reputation within the Sri Lankan motor vehicle industry and long-standing customer relationships, continue to serve as a key foundation of our business strength.

#### Areas for Development

Strengthening agility and responsiveness to market conditions in order to effectively combat new market entry strategies and increasing competition within the sector



#### The Road Ahead

Exploring new opportunities within the mobility sector by expanding the product portfolio to cater to emerging customer segments following the easing of vehicle imports, while strengthening market presence and enhancing accessibility across a wider customer base.

#### Potential Business Impacts

Increasing competition from new market entrants, changes in taxation structures, rising fuel and operating costs, supply chain disruptions, and evolving customer expectations could continue to impact market dynamics and overall business performance within the mobility sector.

### FUTURE OUTLOOK

DIMO will continue to strengthen its product portfolio with the introduction of several new models across both EV and ICE segments, including the TATA Sierra, Harrier, and Safari. The TATA Safari is expected to stand out as the only seven-seater in its segment, enhancing its market appeal. Following the introduction of new models last year, the Company expects to scale up volumes during the coming year while also expanding its vehicle range across segments to cater to evolving customer needs.

In the commercial vehicle space, the introduction of the new Ultra range is expected to be a key growth driver. Positioned as a strong alternative to the Japanese reconditioned market, the range offers comparable comfort and features, while maintaining TATA's core advantage of low operating costs.

The business anticipates a gradual shift towards electric mobility, supported by improving vehicle range and technology. DIMO is well-positioned to cater to this transition, supported by a growing EV portfolio and the planned expansion of fast-charging infrastructure across key locations. New Mercedes-Benz electric models are also expected to further strengthen the offering.

In line with enhancing customer experience, DIMO is expanding its service and sales network to provide greater accessibility and a seamless, hassle-free experience to customers. The Company also will introduce introduce a Mercedes-Benz café concept in Colombo, creating a unique brand engagement platform.

## FIGURE 31: VALUE CHAIN




## FIGURE 32: VALUE CREATION DASHBOARD

| Capital | Capital allocation | | Value drivers | |
|---|---|---|---|---|
| Financial | Segment Assets (Rs. Bn)<br>2025/26 16<br>2024/25 2 | Share of Group Assets (%)<br>2025/26 26<br>2024/25 4 | Revenue (Rs. Bn)<br>2025/26 41<br>2024/25 3 | Segment Result (Rs. Mn)<br>2025/26 3,817<br>2024/25 181 |
| Manufactured | Segment CAPEX (Rs. Mn)<br>2025/26 230<br>2024/25 9 | Share of Group CAPEX (%)<br>2025/26 6<br>2024/25 1 | Customer Touch Points<br>2025/26 26<br>2024/25 21 | |
| Human | Investment in T&D (Rs. Mn)<br>2025/26 2<br>2024/25 1 | No. of Employees<br>2025/26 147<br>2024/25 65 | Employee Benefit (Rs. Mn)<br>2025/26 661<br>2024/25 183 | Revenue Per Employee (Rs. Mn)<br>2025/26 280<br>2024/25 54 |
| Social & Relationships | Value Driving Brands (No.)<br>2025/26 7<br>2024/25 5 | | Customer Satisfaction Index (%)<br>2025/26 92<br>2024/25 92 | |
| Intellectual | Accredited Certifications<br>2025/26 5<br>2024/25 4 | | IT Spending (Rs. Mn)<br>2025/26 7<br>2024/25 9 | |
| Natural | Water Intensity ($m^3$)<br>2025/26 32,166<br>2024/25 5,181 | Non-Renewable Energy Intensity (GJ)<br>2025/26 7,401<br>2024/25 1,266 | Carbon Footprint Intensity ($tCO_2e$)<br>2025/26 264,926<br>2024/25 15,449 | |

# BUSINESS REPORTS

## MOBILITY

### TABLE 23: RISK

| Key Risks | Impacts | Risk Category | Management Strategy | Response Measures |
|---|---|---|---|---|
| Volatile local & global economic circumstances compounded by rapid pace of change of government regulations | • Possibility of Vehicle import restrictions- full or partial<br>• Impact on price to customers<br>• Impact on Forex rates impacting cost<br>• Increase in input and supplychain cost<br>• Impact on Market demand<br>• Impact on working capital<br>• Impact on profitability |  | Mitigation | **Short Term**<br>• Scaling the operation in line with market demand (showrooms \| Team re-structure)<br>• Foreign-exchange exposure management through appropriate hedging instruments.<br>**Long-term**<br>• Diversify and rationalise product portfolio within mobility solutions |
| Aggressive lower cost offerings from peers in vehicle distribution and grey-import channel traders. | • Impact on Sales volumes and sales conversion cycle<br>• Impact on margins<br>• Impact on Market share |  | Mitigation | **Short Term**<br>• Establish distinctive value proposition to our specific Target market<br>• Re-emphasise on Brand equity and customer experience<br>**Long Term**<br>• Strenthen the portfolio with price applicability to different market strata |

*We have been Mercedes-Benz customers for a considerable period now. What makes us come to DIMO all the time is their authenticity and overall customer experience. They are the only authorized distributor for Mercedes-Benz in Sri Lanka, and they are honest and ethical in how they sell the Mercedes-Benz cars.*

*The customer experience that we get along with the trust and dependability, when we buy from DIMO is unparallel. Their staff, their modern showrooms and aftersales premises, their attention to detail and how they always strive to go the extra mile for customer satisfaction - is the genuine safety feeling that we need, when we are making an investment in a Mercedes.*

Roshan Silva
Managing Director
CL Synergy Holdings

## SUSTAINABILITY HIGHLIGHTS

### Supporting During Ditwah: Jeep Club

The Jeep Club of Sri Lanka (JCSL) in response to the devastating impact of Cyclone Ditwah, members of Jeep Club generously contributed towards raising essentials and donations.

The dedicated crew travelled to severely affected remote village in Vilachchiya, Nochchigama. The crew personally delivered essential supplies to over 200 families.

Mobility Sustainability

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=29

### Mobile Libraries Under Clean Sri Lanka

10 TATA Ace vehicles for the 'Arunu Dora Mobile Library Project', coordinated under the Clean Sri Lanka National Project took place on 7th February 2026 at the Presidential Secretariat, where the vehicles were presented to the Western Province Council.

Each vehicle was modified as a mobile library, featuring customized book racks and a dedicated counter for issuing and selling books. These libraries will serve schools and communities across urban, sub-urban and rural areas, enhancing access to reading.



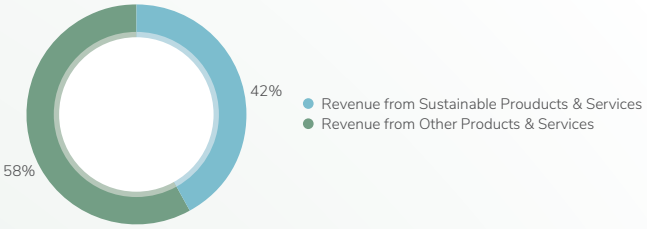
### Uplifting Young Lives Together

Due to adverse children affected by Ditwah, DIMO LOVOL Harvesters Team successfully implemented a program under the theme 'Heta Dina Dathata – LOVOL Thulin Athwelak', distributing essential school supply kits, school bags and shoes.

**Impact**

18

Figure 33:




### Alignment with Sustainable Development Goals (SDGs)

**Target 1.5**

Through Jeep Club, we were able to reduce exposure and vulnerability to climate-related extreme disasters.

**Target 4.a**

Building and partnering to upgrade education facilities that are child, inclusive and effective learning environments for all.

**Target 7.3**

Adopting & promoting EVs to improve efficient use of energy

**Target 13.3**

DIMO is actively engaged in greening our product portfolio, with active awareness on EVs to reduce emissions.

**Target 17.16**

Partnering up with global brands to allow Sri Lankans to have quality solutions.

### Figure 34: Alignment with Nationally Determined Contributions (NDC 3.0)

| | |
|---|---|
| NDC (Transport) 2 | With partnerships with globally renowned commercial vehicle brands, DIMO has been able to provide world-class luxury mobility solutions to enhance the country's public transportation. |
| NDC (Transport) 4 | DIMO is in the competitive EV market with renowned brands supporting the EV transition. |
| NDC (Transport) 6 | DIMO Locations are equipped with EV charging facilities to support EV customers island-wide. |

# AUTOMOTIVE ENGINEERING SOLUTIONS




**Revenue**
Rs. 8.1 Bn
(2024/25: Rs. 7.2 Bn)

**Carbon Footprint Intensity**
51,566 $tCO_2e$
(2024/25: 31,961 $tCO_2e$)

**Contribution to the Group**
8%
(2024/25: 14%)

**CSI**
88%
(2024/25: 88%)

**Employees**
638
(2024/25: 562)

At the heart of our Automotive Engineering Solutions business is a clear commitment: to keep every product we represent performing reliably and purposefully throughout its lifecycle.

We understand that our customers rely on these solutions not only as assets, but as enablers of mobility, productivity, livelihoods and business continuity. This perspective shapes how we engage with consistency, care and a strong sense of responsibility, building confidence at every stage of the journey.

Accordingly, we invest our capital, expertise, time and dedication in delivering an aftercare customer experience that extends well beyond the point of sale. Through close collaboration with our Principals, we strengthen capabilities and continuously elevate the quality of support we provide.

Our focus remains on building a future-ready automotive engineering solutions business driven by advanced technology, superior aftersales capabilities, and an unmatched customer experience across the island. Through continuous investments in innovation, digitalization, and service excellence, we are committed to delivering reliable and seamless mobility solutions that meet the evolving expectations of our customers while strengthening our position as a trusted partner in the industry.

**Mahesh Karunaratne**
Chief Operating Officer

## Our Stakeholders

- Individual customers
- Government
- Fleet owners
- Insurance companies
- Institutional customers
- Community
- Principals
- Employees

## PERFECT PARTNER FOR AUTOMOTIVE ENGINEERING SOLUTIONS

We are committed to delivering reliable and high-quality aftersales solutions through advanced facilities, specialised engineering expertise, and customer focused service. By consistently upholding the standards of the world-renowned brands we represent and building long-standing customer trust, we have strengthened our presence across wider automotive engineering solutions, further supporting the country's evolving mobility sector. Supported by skilled teams, islandwide accessibility, and 24-hour roadside assistance, we continue to enhance vehicle performance, safety, convenience, and the overall customer experience, positioning us as the perfect partner for automotive engineering solutions in Sri Lanka.

Video
https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=30

Table 24: Stakeholder Interactions and Engagement- Automotive Engineering Solutions

| Stakeholder Group | Interactions and engagement during 2025/26 |
|---|---|
| Customers | Conducted and participated in multiple service campaigns, fleet maintenance programs, customer meets etc. engaging with a wide range of customers.<br>Conducted a comprehensive After-sales campaign for TATA commercial vehicles at the DIMO Jaffna branch<br>Conducted and participated in multiple events to engage with Marine and General Engineering customers, including;<br>DIMO-MTU Technical Forum 2026<br>Maldives Marine Expo 2026<br>Boat and Marine Expo 2026 at Port City Colombo<br>Expanded emergency roadside assistance service during disruptions |
| Business and Channel Partners | Strengthened strategic partnerships with business and channel partners through technical training sessions, partner audits, joint marketing campaigns etc.<br>Successfully conducted Mercedes-Benz flying doctor service clinic<br>Maintained regular coordination with Principals to ensure parts availability during adverse market conditions |
| Community | Deployed vehicles and technical teams to support relief logistics, conducted free vehicle inspection camps for communities affected by cyclone Ditwah, and participated in various social sustainability initiatives. |

DIMO's portfolio of Automotive Engineering Solutions



Premium vehicle aftersales



Mainstream vehicle aftersales



General Engineering



Marine Operations



Education in Engineering



3PL Logistics and Supply Chain Management

## INDUSTRY OVERVIEW

Following several years of restricted vehicle imports, the market witnessed the reopening of new vehicle importation during the year under review. Industry trends indicated a notable shift towards vehicle brands from China, driven by competitive pricing, evolving product quality, and the introduction of technologically advanced models, reflecting broader global market trends.

Rising fuel prices continued to influence consumer preferences, accelerating the transition towards electric mobility solutions and increasing demand for more energy efficient transportation options.

These emerging trends have impacted the technology, expertise, facilities and processes in demand in the Automotive Engineering Solutions sphere.

## HOW WE PERFORMED

During the year under review, the segment recorded a strong recovery in performance, supported by the gradual revival of the automotive industry and the easing of vehicle import restrictions. The Automotive Engineering Cluster continued to maintain its market leadership position, particularly in the Mercedes-Benz and commercial vehicle aftersales segments. With the recommencement of vehicle imports and the arrival of new vehicle consignments, customer traffic and workshop throughput increased significantly, as customers continued to rely on authorised agents for quality service and genuine spare parts.

In line with the growth in automotive sales and the Company's commitment to enhancing customer experience, several investments were carried out during the year. These included the expansion of the aftersales branch network, improvements to the Engine Care facility, and further investments in Zhongtong service operations, strengthening service capabilities and improving customer accessibility across the network.

# BUSINESS REPORTS

## AUTOMOTIVE ENGINEERING SOLUTIONS

The segment also continued to diversify its operations by expanding into marine repairs and maintenance projects in both Sri Lanka and the Maldives, creating additional business opportunities while leveraging the Company's engineering expertise.

Additionally, DIMO invested in a new cold room facility in Peliyagoda to strengthen its cold chain capabilities and improve operational efficiency in supporting temperature-controlled solutions.

Following the reopening of the vehicle import market, the Company also streamlined certain operations, including rationalising and strategically scaling down the assembly and water pump businesses, in line with changing market conditions and business priorities.

**Developments and Highlights - Education in Engineering**

- Relocated the DIMO Academy to a new facility on the outskirts of Colombo, enhancing training standards and increasing student capacity.
- Strengthened international partnerships with organizations in Germany, Austria, and India to create overseas employment opportunities, trainee exchange programmes, and skilled technician placements.
- Introduced new programmes, including guaranteed employment pathway courses for Germany and mechatronics for refrigeration.
- Launched a customised Learning Management System (LMS) to enhance vocational training delivery and student learning experience.
- Partnered with Commercial Bank of Ceylon to provide student loan facilities, improving accessibility to vocational education.
- Conducted technical upskilling programmes for DATS students and government vocational training institutions in collaboration with international partners and development agencies.

**Developments and Highlights**

- Redesigned and expanded the Engine Care facility into a modern, customer-centric complex, enhancing both technical capabilities and service convenience.
- Strengthened Zhongtong service centre operations, further enhancing aftersales support capabilities.
- Expanded the Matara branch to strengthen support for TATA commercial vehicle operations and improve regional customer accessibility.
- Enhanced passenger vehicle service facilities, including the introduction of capabilities for electric vehicle (EV) repair and maintenance, in line with the growing shift towards electric mobility.
- Introduced additional work bays and specialised infrastructure investments for Mercedes-Benz operations to support EV repair and maintenance requirements while improving workshop capacity.
- Secured an opportunity under an Asian Development Bank funded railway improvement project for the supply of spare parts to support railway operations.

### STRATEGIC REVIEW

**Our Strengths**

State of the art technology, facilities and trained, upskilled talent pool inline with emerging technologies backed by our Principals who are world renowned industry global giants.

Island-wide presence supported by 24/7 Roadside Assistance (RSA) services, enabling the business to effectively serve customers across a wide geographical network.

**Areas for Development**

Continuously enhancing the overall customer experience while identifying further improved efficient, sustainableand cost-effective solutions to deliver greater value to customers, improving front-end and customer focused digital capabilities.

**The Road Ahead**

Strengthening the pipeline of skilled and technically trained talent through the DIMO Academy, while expanding service operations to support a wider range of Automobile and engineering brands and customer requirements.

**Potential Business Impacts**

Rising operational costs, supply chain disruptions, attraction in low cost options in challenging times , and evolving customer expectations could impact the efficiency and performance of operations.

## FUTURE OUTLOOK

As the mobility landscape continues to evolve from ICE (Internal Combustion Engine) to EV (Electrical Vehicle) technologies, the business aims to further strengthen its future-ready service capabilities to support the growing demand for electric mobility solutions. As part of this transition, plans are underway to establish a battery disposal and recycling facility to support environmentally responsible practices and contribute towards sustainable waste management initiatives.

In addition, the business is strategically expanding its service operations and fleet maintenance capabilities within the government sector, further strengthening its presence and enhancing long term growth opportunities in the mobility and automotive engineering space.

## FIGURE 35: VALUE CHAIN




## FIGURE 36: VALUE CREATION DASHBOARD

| Capital | Capital allocation | | Value drivers | |
|---|---|---|---|---|
| **Financial** | Segment Assets (Rs. Bn) | Share of Group Assets (%) | Revenue (Rs. Bn) | Segment Result (Rs. Mn) |
| | 2025/26 4 | 2025/26 7 | 2025/26 8 | 2025/26 1,747 |
| | 2024/25 3 | 2024/25 10 | 2024/25 7 | 2024/25 1,590 |
| **Manufactured** | Segment CAPEX (Rs. Mn) | Share of Group CAPEX (%) | Customer Touch Points | |
| | 2025/26 542 | 2025/26 14 | 2025/26 22 | |
| | 2024/25 247 | 2024/25 17 | 2024/25 22 | |
| **Human** | Investment in T&D (Rs. Mn) | No. of Employees | Employee Benefit (Rs. Mn) | Revenue Per Employee (Rs. Mn) |
| | 2025/26 3 | 2025/26 638 | 2025/26 1,543 | 2025/26 13 |
| | 2024/25 2 | 2024/25 562 | 2024/25 773 | 2024/25 13 |
| **Social & Relationships** | Value Driving Brands (No.) | | Customer Satisfaction Index (%) | |
| | 2025/26 6 | | 2025/26 88 | |
| | 2024/25 6 | | 2024/25 88 | |

# BUSINESS REPORTS

## AUTOMOTIVE ENGINEERING SOLUTIONS

| Capital | Capital allocation | | Value drivers |
|---|---|---|---|
| Intellectual | Accredited Certifications<br>2025/26 5<br>2024/25 4 | | IT Spending (Rs. Mn)<br>2025/26 56<br>2024/25 43 |
| Natural | Water Intensity ($m^3$)<br>2025/26 6,261<br>2024/25 10,719 | Non-Renewable Energy Intensity (GJ)<br>2025/26 1,441<br>2024/25 2,619 | Carbon Footprint Intensity ($tCO_2e$)<br>2025/26 51,566<br>2024/25 31,961 |

### TABLE 25: RISK

| Key Risks | Impacts | Risk Category | Management Strategy | Response Measures |
|---|---|---|---|---|
| Attrition of experienced technical and engineering talent | • Loss of tacit knowledge<br>• Loss of customer relationships affiliated with the staff<br>• Cost of replacement matching skill levels<br>• Impact on learning curve | | Mitigation<br>Adaptation | **Short Term**<br>• Align compensation, rewards and recognition with market demand<br>**Long-term**<br>• Strengthen talent pipeline through DIMO Academy<br>• Progressively align work arrangements in line with market trends |
| Volatile local & global economic circumstances compounded by extreme weather phenomina, epidemics and geo-political escalations disrupting supply chain for parts. | • Impact on maintenance decision deferment<br>• Impact on service level standards in Maintenace solution timing<br>• Impact on throughput and revenue<br>• Impact on working capital<br>• Impact on profitability | | Mitigation | **Short Term**<br>• Alternative customer solutions for supply chain strains<br>• Alternative Supplychain arrangements with the strength of relationships<br>• Demand Planning to build Climate and geo-political impact in Planning process<br>**Long Term**<br>• Alternative Sourcing arrangements for contingencies |

*"We are Sri Lanka's oldest authority managing law and order, and to deliver this to nation - our fleet relies heavily on TATA vehicles. For over six decades, spanning pre-war times to the present day, DIMO has been our leading transportation solutions partner.*

*Managing a nationwide fleet requires ultimate dependability, and DIMO consistently delivers through its extensive service facilities and 24-hour roadside assistance.*

*Their round-the-clock commitment ensures our vehicles remain operational and secure. DIMO's exceptional after-sales support provides the trust and reliability the Sri Lanka Police need to serve the nation effectively today and tomorrow."*

DIG Manjula Senarath,
Sri Lanka Police

## SUSTAINABILITY HIGHLIGHTS

### Empowering Future Technicians Through Practical Learning

DIMO's After-Sales team actively shares technical expertise, especially through the Mercedes-Benz Workshop, where university and vocational students gain valuable practical exposure each year.

**Impact**

**408**

### 'DIMO Lassana Hetak' Annual Book Donation Campaign

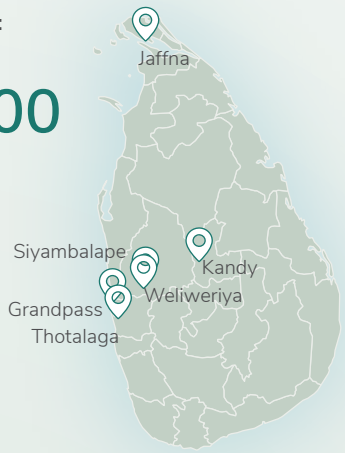
DIMO Lassana Hetak annual book donation campaign completed educational packs across our main after sale branches.

The project aims to distribute school bags and stationery focusing mainly our after-sale workshops to continue and support the children around DIMO vicinity for education.

Figure 37:

**Impact**

**1,200**

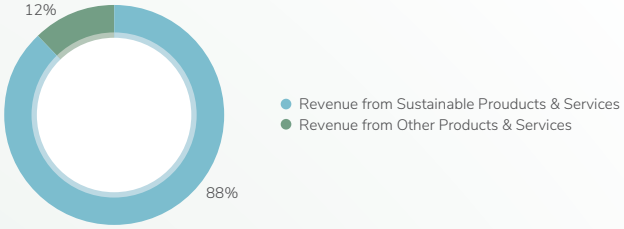



### DIMO Care Hub & 'Manudam Mehewaraka Seva Sathkaraya'

During Ditwah Cyclone, DIMO Care Hub and DIMO Agribusiness opened for the public to bring their vehicles and tractors that were affected for service. This was an initiative and action taken immediately and given entirely free.




Figure 38:




### Alignment with Sustainable Development Goals (SDGs)

**Target 4.3 & 4.4**

Empower students with hands-on skills, boosting female participation.

**Target 11.5**

Substantially decrease the direct economic losses relative to global gross domestic product caused by disasters in vulnerable situations through our DIMO Care Hub.

**Target 17.16**

Partnering for education and with global brands to allow Sri Lankans to have quality solutions.

### Figure 39: Alignment with Nationally Determined Contributions (NDC 3.0)

| | |
|---|---|
| NDC (Water) 4 | DIMO has been able to harvest 447.5 $m^3$ of rainwater, which was integrated into vehicle servicing purposes. |
| NDC (Water) 4 | DIMO actively participates and promotes water conservation with 2,674 $m^3$ of treated wastewater reused for vehicle undercarriage washing. |

# BUSINESS REPORTS

## AGRICULTURE



**Revenue**
Rs. 28 Bn
(2024/25: Rs. 17 Bn)

**Carbon Footprint Intensity**
176,301 $tCO_2e$
(2024/25: 76,287 $tCO_2e$)

**Contribution to the Group**
27%
(2024/25: 34%)

**CSI**
93%
(2024/25: 91%)

**Employees**
360
(2024/25: 331)

At the heart of our Agriculture business is a clear commitment: to strengthen agricultural productivity and resilience through progressive, future-ready solutions.

We understand that agriculture lies at the core of livelihoods, food security and national progress. This perspective shapes how we engage supporting farming communities with care, responsibility and a long-term vision for growth.

Accordingly, we bring together trusted technology, reliable inputs and strong partnerships to modernise agriculture and enhance its value across the ecosystem.

By enabling farmers and agribusinesses to grow with confidence and dignity, we contribute to a more sustainable, productive and prosperous agricultural sector.

Our aspiration is to strengthen national agriculture for this generation and the next by becoming a fully integrated agriculture solutions partner in Sri Lanka.

We aim to support farmers, consumers, corporates and communities through sustainable agriculture inputs, mechanisation, irrigation, digital technologies, value-added food products and market-oriented agri solutions. Through innovation, partnerships and responsible business practices, DIMO Agribusinesses will continue to contribute towards productivity improvement, food security, farmer empowerment and sustainable growth in Sri Lanka's agriculture sector.

**Priyanga Dematawa**
Chief Operating Officer - Agribusinesses

### Our Stakeholders

- Corporates
- Government
- Employees
- Farmers
- Principals
- Community

### PERFECT PARTNER FOR AGRICULTURE

By combining advanced Agri machinery, agricultural inputs, micro-irrigation solutions, and technology-driven innovations, DIMO Agribusinesses continues to support the modernisation and transformation of agriculture in Sri Lanka. Through continuous research, innovation, and sustainable farming solutions, the business enhances productivity, improves farmer profitability, and supports efficient resource utilisation across the agricultural value chain, strengthening its position as the perfect partner in the future of agriculture.

Video
https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=31

Table 26: Stakeholder Interactions and Engagement- Agriculture

| Stakeholder Group | Interactions and engagement during 2025/26 |
|---|---|
| Customers | Conducted multiple sessions and campaigns to engage with customers including;<br>• Farmer training sessions and field demonstrations on fertilizer application, fertigation, and efficient irrigation practices.<br>• Activities at the Dambulla Agri Experience Center<br>• DIMO Care Camp Mega service Campaign for all tractor brands<br>• MAHENDRA Pocket service campaigns, "SWARAJ Parapura" door to door service campaign and LOVOL Pre Service Campaign.<br>• DIMO's 1st ever Corporate Service Campaign, covering corporate and government institutions across the island that have purchased DIMO Agri Machinery.<br>Ensured the continuous availability of essential agricultural inputs while maintaining regular communication with customers during adverse weather conditions. |
| Business and Channel Partners | Maintained ongoing strategic engagement with international principals and suppliers (partner meetings, technical consultations, conferences etc.)<br>Successfully conducted the "DIMO Agri Machinery Prestige Awards 2025" for the second consecutive year, recognizing and rewarding dealers across multiple performance categories.<br>Signed Memorandums of Understanding (MOUs) with leading leasing companies and financial institutions for DIMO Agri Machinery financing solutions.<br>Maintained close coordination with suppliers, distributors, and operational partners to ensure supply continuity, technical support, and timely market responsiveness during adverse weather and market conditions. |
| Community | Engaged with farming communities through farmer training programmes and agricultural education programs<br>The DIMO Agri Machinery team, together with the LOVOL Harvester principal, supported school children affected by Ditwah by delivering essential school supplies directly to their homes. |

DIMO's portfolio of Agriculture



| | | | |
|---|---|---|---|
| Agri inputs (Fertilizer, Seeds & Agrochemicals) | Agri Machinery | Organic food products (local & Export) | R&D Techno parks & Agri advisory |

# BUSINESS REPORTS

## AGRICULTURE

### INDUSTRY OVERVIEW

Sri Lanka's agriculture sector showed moderate recovery during 2025, supported by improved macroeconomic conditions, enhanced access to financing, and continued demand for food security, mechanisation, and value-added agricultural products. Sector growth improved to 1.4% in 2025, compared to 0.6% in the previous year, while agriculture, forestry, and fishing continued to play an important role in the national economy, contributing approximately 7.1% to GDP.

Despite this improvement, the sector continued to face several structural and operational challenges, including climate variability, seasonal supply fluctuations, dependence on imported inputs, margin pressures, and weather-related production risks. Access to finance remained a key enabler of agricultural activity, with sector credit expanding by approximately Rs. 163 billion during the year, largely supporting short-term cultivation requirements such as seeds, fertiliser, labour, and other farming inputs.

### HOW WE PERFORMED

During 2025/26, DIMO Agribusinesses continued to strengthen its position as an integrated agriculture solutions provider, delivering steady growth across agri inputs, machinery, irrigation, value-added food products, and advisory services. Despite market pressures, climate-related challenges, and seasonal demand fluctuations, the segment maintained its focus on operational efficiency, farmer engagement, and technology-driven agricultural solutions. The Agri Machinery segment recorded a strong performance with notable growth in both market share and volumes across tractors and harvesters, while maintaining healthy margins across product categories. The successful securing of multiple tractor tenders further strengthened the business presence and supported continued growth momentum during the year.

**Developments and Highlights**

- Strengthened the product portfolio with new product registrations on crop protection and advanced seed varieties for Ridge Gourd, Tomato and Watermelon.
- Introduced "Nitrogen efficient Fertilizer" (Limus treated Urea, Hybrid urea) with effective Nitrogen utilization and having a positive environment impact.
- Expanded FLAVA branded and private label product offerings across modern trade and HORECA channels, including Virgin Coconut Oil and value added fruit products, in addition to the expanded export destinations.
- Enhanced agri machinery and mechanisation solutions through advanced tractors, combine harvesters, and related farming equipment
- Executed island wide "Tea estate irrigation projects with high performing fertilizer" to improve " per Acre Yield and quality of harvest.
- Moved out from generic fertilizer and have introduced slow-releasing "Nitro Range" fertilizer with efficient nutrient absorption capacity
- Won Market Excellence award for Lovol harvesters in Weichai Lovol Global Partners Conference held in Qingdao China
- Achieved 70% market share in all government tenders for tractors

### STRATEGIC REVIEW

**Our Strengths**

Established ourselves as one of the country's leading agricultural input providers.

**Areas for Development**

Enhancing storage and distribution capabilities through greater integration of technology and innovation.

**The Road Ahead**

Driving agricultural modernisation through active engagement and collaboration with the next generation of farmers and agri-entrepreneurs.

**Potential Business Impacts**

Changing climate conditions, rising global temperatures, and unpredictable weather patterns impacting agricultural productivity and the demand for fertiliser and agri-related equipment.

### FUTURE OUTLOOK

The agriculture sector is expected to continue playing a vital role in supporting Sri Lanka's food security, rural livelihoods, and export growth. However, future growth will depend on climate resilience, productivity improvement, access to quality inputs, mechanisation, irrigation efficiency and stronger market linkages.

DIMO Agribusinesses will continue to focus on smart agriculture solutions, value added food processing, farmer productivity enhancement, and agri tourism opportunities. The business will also explore opportunities in digital agriculture, precision farming, efficient irrigation systems and sustainable input solutions.

## FIGURE 40: VALUE CHAIN




## FIGURE 41: VALUE CREATION DASHBOARD

| Capital | Capital allocation | | Value drivers | |
|---|---|---|---|---|
| Financial | Segment Assets (Rs. Bn)<br>2025/26 16<br>2024/25 2 | Share of Group Assets (%)<br>2025/26 30<br>2024/25 31 | Revenue (Rs. Bn)<br>2025/26 28<br>2024/25 17 | Segment Result (Rs. Mn)<br>2025/26 1,326<br>2024/25 (314) |
| Manufactured | Segment CAPEX (Rs. Mn)<br>2025/26 160<br>2024/25 326 | Share of Group CAPEX (%)<br>2025/26 4<br>2024/25 22 | Revenue Increase YoY (%)<br>2025/26 65<br>2024/25 5 | |
| Human | Investment in T&D (Rs. Mn)<br>2025/26 2<br>2024/25 1 | No. of Employees<br>2025/26 360<br>2024/25 331 | Employee Benefit (Rs. Mn)<br>2025/26 883<br>2024/25 852 | Revenue Per Employee (Rs. Mn)<br>2025/26 79<br>2024/25 52 |
| Social & Relationships | Value Driving Brands (No.)<br>2025/26 17<br>2024/25 19 | | Customer Satisfaction Index (%)<br>2025/26 93<br>2024/25 91 | |
| Intellectual | Accredited Certifications<br>2025/26 5<br>2024/25 5 | | IT Spending (Rs. Mn)<br>2025/26 7<br>2024/25 7 | |
| Natural | Water Intensity ($m^3$)<br>2025/26 21,406<br>2024/25 25,585 | Non-Renewable Energy Intensity (GJ)<br>2025/26 4,925<br>2024/25 6,252 | Carbon Footprint Intensity ($tCO_2e$)<br>2025/26 176,301<br>2024/25 76,287 | |

# BUSINESS REPORTS

## AGRICULTURE

### TABLE 27: RISK

| Key Risks | Impacts | Risk Category | Management Strategy | Response Measures |
|---|---|---|---|---|
| Volatile local & global economic circumstances compounded by geo-political escalations, pace of change in government policies and volatile commodity prices, freight & insurance | • Impact on Forex rates<br>• Impact on input cost<br>• Impact on Margins<br>• Impact on Customer price<br>• Impact on Market demand and Market share | | Mitigation | **Short Term**<br>• Foreign-exchange exposure management through appropriate hedging instruments.<br>• Demand Planning to build Climate and geo-political impact in Planning process<br>**Long-term**<br>• Diversification of supplier base for fertilizer<br>• Diversification of product portfolio to reduce dependency on a single supplier or sourcing region. |
| Extreme weather related phenomina, change in rainfall patterns, increase in soil salinity and increase in water stressed regions. | • Volatility in customer order quantities and frequencies<br>• Volatility in sales patterns<br>• Impact on margins<br>• Impact on profitability | | Transference<br>Adaptation<br>Acceptance | **Short Term**<br>• BCP for continuous supply on top spends<br>• Insure susceptible infrastracture and stocks against natural disasters.<br>• Demand Planning to build Climate and geo-political impact in Planning process<br>**Long Term**<br>• Expansion of outgrower communities and capacity building with fertilizer solutions |

*As a generational paddy farmer from Kantale, owning a tractor was always my dream. In 2010, I leased my first Mahindra tractor. Thanks to its support, my business grew, allowing me to upgrade to a new Mahindra in 2020.*

*By 2023, I expanded further into a farming entrepreneur by purchasing a Lovol harvester. Demand skyrocketed, leading me to add a second harvester in 2024, followed by a third Lovol harvester and another Mahindra tractor in 2025.*

*Mahindra and Lovol stand out for their incredible fuel efficiency, readily available parts, and DIMO's exceptional local aftersales service team right here in Kantale. Thanks to DIMO, my business has truly thrived, and I trust them to support my future growth.*

H.M. Lalith Karunatilake
Farming Entrepreneur,
Kantale.

## SUSTAINABILITY HIGHLIGHTS

### Outgrower Network

A farmer network across Sri Lanka. The farmers are diversified in cultivating a variety of crops, including coconut, pineapple, mango, papaya, jackfruit, lime, passion fruit, king coconut, rambutan, lotus root, and soursop.

Each farmer or cultivation plot is supported by a dedicated DIMO field officer, ensuring consistent quality and integration into a managed agricultural ecosystem.

DIMO facilitates the acquisition of international certifications for its outgrower network, such as EU Organic, USDA/NOP, BIOSUISSE, JAS, and Fairtrade.

**Impact**

# 6,049

### Use of Modern Technology

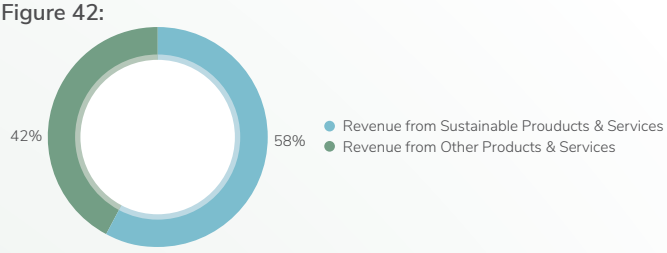
Promoting adoption of environmentally sustainable limus-treated urea among paddy and maize farmers. Limus-treated urea limits NH3 emissions by 95% and offers 5% yield increase.

DIMO provides next-generation agricultural solutions tailored for coconut and tea plantations, featuring advanced fertigation systems. These systems optimize water and nutrient delivery, significantly improving resource efficiency while minimizing soil erosion.

### Awareness on Efficient Fertilizer Usage

DIMO conducted a series of focus group discussions to educate farmers on sustainable fertilizer practices through our 'DIMO Kramayata Wawamu' initiative. In tandem with this educational outreach, DIMO introduced its next-generation, slow-release fertilizer range, engineered to reduce nutrient leaching and associated environmental emissions significantly.

Figure 42:




### Alignment with Sustainable Development Goals (SDGs)

**Target 2.3, 2.4 & 2.5**

Double agricultural productivity and income of small-scale food producers, ensure sustainable food production systems and resilient agricultural practices and maintain genetic diversity of seeds.

**Target 4.7**

Ensure all learners acquire the knowledge and skills needs to promote sustainable development.

**Target 8.2**

Provide technological solutions to boost economic productivity.

**Target 9.4**

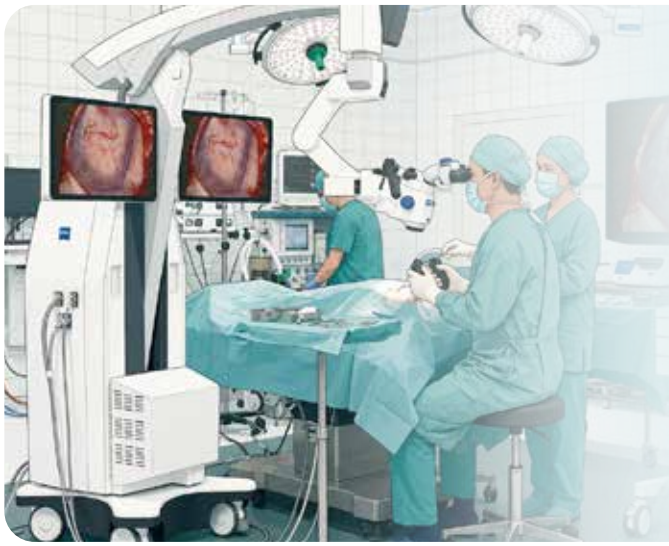
Supporting government agencies to make industries sustainable through global best practices.

### Alignment with Nationally Determined Contributions (NDC 3.0)

| | |
|---|---|
| NDC (Agriculture) 1 | Recognizing climate-induced impact as a critical factor in agriculture, DIMO actively incorporates climate-related risks into strategic decision-making through its comprehensive risk management framework. |
| NDC (Agriculture) 5 | Through advanced solutions, DIMO drives efficient resource management by optimizing fertilizer and water usage while embedding climate consciousness into every stage of execution. |
| NDC (Agriculture) 6 | DIMO's value-added food brands, Miditer and Flava, optimize agricultural output by minimizing post-harvest wastage and driving enhanced revenue margins. |

# BUSINESS REPORTS

## HEALTHCARE



**Revenue**

Rs. 3.9 Bn

(2024/25: Rs. 3.5 Bn)

**Carbon Footprint Intensity**

25,020 $tCO_2e$

(2024/25: 15,587 $tCO_2e$)

**Contribution to the Group**

4%

(2024/25: 7%)

**Employees**

132

(2024/25: 136)

At the heart of our Healthcare business is a clear commitment: to improve access to reliable, advanced and impactful healthcare solutions. We understand that a healthier nation underpins social and economic progress, and that the solutions we provide directly influence the quality of life of individuals and communities. This perspective shapes how we engage with responsibility, precision and a strong focus on outcomes. Accordingly, we leverage global partnerships and technical expertise to bring world-class healthcare technologies closer to those who need them most. By supporting healthcare professionals, patients and communities with meaningful solutions, we contribute to a healthier nation and a better quality of life for all.

At DIMO, we are proud to bring world class medical equipment covering all the disciplines in healthcare spear, Implants, pharmaceuticals, and healthcare technologies to the Sri Lankan community through our comprehensive 360 degree healthcare presence. Guided by strategic focus, industry expertise, and the collective strength of the Group, we continue to identify the right opportunities to create meaningful impact in the healthcare sector.

Our aspiration is to become the perfect partner for all Medical professionals while creating accessibility for high quality diagnostic & treatments for citizens of Sri Lanka.

**Wijith Pushpawela**
Director – DIMO Healthcare

### Our Stakeholders

- Private & government hospitals
- Ministry of Health
- Individuals
- End-users of our products
- Channel partners

### PERFECT PARTNER FOR HEALTHCARE

DIMO has been a pioneer in introducing the latest medical equipment and healthcare technologies to Sri Lanka, continuously bringing advanced global innovations in diagnostics, medical devices, pharmaceuticals, and capital equipment to support the evolving needs of the healthcare industry. Backed by one of the industry's most efficient and technically skilled service teams, together with strong after sales and technical capabilities, DIMO remains committed to enhancing healthcare delivery and supporting the nation's growing healthcare needs.

Video

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=32

Table 28: Stakeholder Interactions and Engagement - Healthcare

| Stakeholder Group | Interactions and engagement during 2025/26 |
|---|---|
| Customers | Partnered with Radiology Across Borders (RAB) to strengthen Radiology Education in Sri Lanka<br>Participated in multiple conferences including Annual Academic Sessions of the Sri Lanka College of Radiologists', Sri Lanka College of Ophthalmologists, and Sri Lanka College of Cardiology, meetings, and professional sessions to engage with healthcare professionals and key opinion leaders of the industry |
| Business and Channel Partners | Attended multiple global healthcare exhibitions, including Arab Health 2026 and MEDICA 2025, to engage with principals and explore new and emerging healthcare solutions.<br>Participated in multiple principal-led training programs including comprehensive product portfolio training by Siemens Healthineers and microsurgery (MCS) training conducted by ZEISS |

DIMO's portfolio of Healthcare



Capital Equipment



Pharmaceuticals



Medical Devices

## INDUSTRY OVERVIEW

During the period under review, Sri Lanka's healthcare sector underwent significant revamping, with procurement protocols and procedures being updated across the industry. Adapting to these changes, amidst prevailing geopolitical uncertainties, remained challenging for the sector throughout the year.

### Developments and Highlights

- Introduced FibroScan technology for advanced fatty liver detection, marking a new segment entry for the department, with the solution successfully supplied to several leading hospitals in Sri Lanka.
- Supplied advanced Electrophysiology Systems to private sector hospitals.
- Successfully equipped a leading private hospital with state-of-the-art ZEISS ophthalmology technologies, further expanding access to advanced eye-care diagnostics and treatment solutions in Sri Lanka.

## HOW WE PERFORMED

The Healthcare sector continued to strengthen its presence in Sri Lanka's healthcare industry during the period concerned through a diversified portfolio. The sector remained focused on delivering advanced technologies and reliable healthcare solutions to both public and private healthcare institutions across the country.

The Capital Equipment segment recorded steady performance during the year, driven by demand for technologically advanced healthcare solutions and the trust placed in DIMO's engineering expertise and aftersales service capabilities. The sector further

# BUSINESS REPORTS

## HEALTHCARE

strengthened its position in the ophthalmology segment through its partnership with ZEISS, securing a significant order from the Ophthalmology unit in one of the leading private hospitals and expanding its footprint in specialized eye care solutions.

The Pharmaceuticals segment recorded growth in turnover during the period concerned, supported by improved product availability and increased market acceptance. However, global supply chain disruptions, pricing regulations, and changes in government protocols and procedures continued to pose operational challenges during the year.

DIMO Healthcare continued to introduce the latest technologies to the medical fraternity during the period under review. The Company actively participated in numerous medical conferences, academic sessions, and training programmes across Sri Lanka, engaging with over 1,800 healthcare professionals throughout the year.

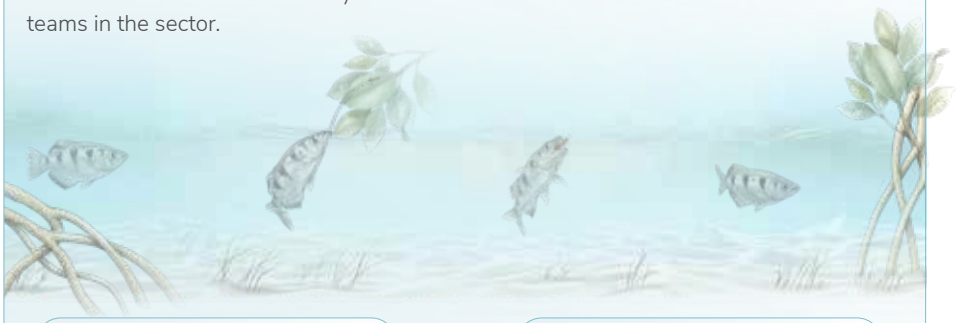
### STRATEGIC REVIEW

**Our Strengths**

Building strong partnerships with globally renowned principals while broadening our portfolio and strengthening specialised healthcare backed by industry leading aftersales service capabilities and one of the most efficient and technically skilled teams in the sector.

**Areas for Development**

Strengthening agility in responding to evolving government procurement procedures and regulatory requirements.



**The Road Ahead**

Introducing next generation healthcare technologies and digital healthcare solutions through global partnerships with leading principals.

Increasing focus on preventive healthcare, early diagnostics, and healthcare modernisation driving demand for technologically advanced medical solutions.

**Potential Business Impacts**

Navigating global supply chain disruptions and geopolitical uncertainties that continue to impact the availability and cost of healthcare solutions.

### FUTURE OUTLOOK

The outlook for the Capital Equipment and Pharmaceuticals sectors remains positive for the upcoming year, driven by anticipated ADB-funded healthcare projects and growing demand from the private healthcare sector. Increasing investments in healthcare infrastructure and the need for advanced medical technologies are expected to create further opportunities for growth across the sector.

The Medical Devices segment also continued to maintain a healthy pipeline of opportunities, with several projects expected to materialize during the upcoming financial period following lower procurement activity from the State Pharmaceuticals Corporation (SPC) during the year under review.

Going forward, DIMO Healthcare plans to further strengthen its market presence through the introduction of new and advanced technologies across the devices segment, while continuing to expand its portfolio of innovative healthcare solutions to meet the evolving needs of the healthcare industry in Sri Lanka.

## FIGURE 43: VALUE CHAIN




## FIGURE 44: VALUE CREATION DASHBOARD

| Capital | Capital allocation | | Value drivers | |
|---|---|---|---|---|
| Financial | Segment Assets (Rs. Bn)<br>2025/26 3.6<br>2024/25 3.8 | Share of Group Assets (%)<br>2025/26 6<br>2024/25 11 | Revenue (Rs. Bn)<br>2025/26 3.9<br>2024/25 3.5 | Segment Result (Rs. Mn)<br>2025/26 206<br>2024/25 428 |
| Manufactured | Segment CAPEX (Rs. Mn)<br>2025/26 48<br>2024/25 104 | Share of Group CAPEX (%)<br>2025/26 1<br>2024/25 7 | Revenue Increase YoY (%)<br>2025/26 12<br>2024/25 57 | |
| Human | Investment in T&D (Rs. Mn)<br>2025/26 2<br>2024/25 1 | No. of Employees<br>2025/26 132<br>2024/25 136 | Employee Benefit (Rs. Mn)<br>2025/26 597<br>2024/25 425 | Revenue Per Employee (Rs. Mn)<br>2025/26 30<br>2024/25 26 |
| Social & Relationships | Value Driving Brands (No.)<br>2025/26 28<br>2024/25 28 | | Local Supplier Payments (Rs. Mn)<br>2025/26 149<br>2024/25 247 | |
| Intellectual | Accredited Certifications<br>2025/26 4<br>2024/25 4 | | IT Spending (Rs. Mn)<br>2025/26 4<br>2024/25 6 | |
| Natural | Water Intensity ($m^3$)<br>2025/26 3,038<br>2024/25 5,228 | Non-Renewable Energy Intensity (GJ)<br>2025/26 699<br>2024/25 1,277 | Carbon Footprint Intensity ($tCO_2e$)<br>2025/26 25,020<br>2024/25 15,587 | |

# BUSINESS REPORTS

## HEALTHCARE

### TABLE 29: RISK

| Key Risks | Impacts | Risk Category | Management Strategy | Response Measures |
|---|---|---|---|---|
| Volatile local & global economic circumstances. | • Impact on Government spending on Capital equipment (High earner of he segment)<br>• Impact on Forex Rates<br>• Impact on input cost<br>• Impact on sales<br>• Impact on Profitability | | Mitigation | **Short Term**<br>• Foreign-exchange exposure management through appropriate hedging instruments.<br>**Long-term**<br>• Diversify within the Healthcare domain |

*Our partnership with DIMO Healthcare has been instrumental in advancing Lanka Hospitals' pursuit of clinical excellence. What distinguishes this relationship is not simply the calibre of technology introduced, but the depth of commitment brought to every engagement.*

*The installation of the ZEISS KINEVO 900 neurosurgical visualization system has empowered our surgical teams to perform complex neurological procedures with previously unattainable precision, delivering measurable improvements in patient outcomes. More recently, the Siemens Healthineers Symbia Evo Excel Gamma Camera installation has substantially elevated diagnostic capabilities, enabling earlier and more accurate diagnosis across a broad spectrum of complex conditions.*

*Equally significant is DIMO Healthcare's comprehensive after-sales support framework, ensuring uninterrupted operational continuity, which in a hospital environment is a clinical imperative.*

*In DIMO Healthcare, we have found a partner who shares our purpose with equal conviction.*

Dr. R. P. Sanjaya Ratnayake
Group Chief Executive Officer/ Group Director Medical Services
Lanka Hospitals Corporation PLC

### SUSTAINABILITY HIGHLIGHTS

**Alignment with Sustainable Development Goals (SDGs)**

**Target 3.8**
Achieve universal health coverage, including access to quality essential health-care services and access to safe, effective, quality and affordable medicines.

**Target 9.4**
Supporting government agencies to make industries sustainable through global best practices.

# POWER ENGINEERING & BUILDING TECHNOLOGICAL SOLUTIONS



**Revenue**

Rs. 6.3 Bn

(2024/25: Rs. 6.6 Bn)

**Carbon Footprint Intensity**

38,953 $tCO_2e$

(2024/25: 29,344 $tCO_2e$)

**Contribution to the Group**

6%

(2024/25: 13%)

**Employees**

189

(2024/25: 168)

At the heart of our Power Engineering and Building Technological Solutions business is a clear commitment: to deliver solutions that enable a more efficient, connected and sustainable future. We understand that energy systems and building infrastructure are critical to economic progress and environmental responsibility. This perspective shapes how we engage, focusing on innovation, efficiency and long-term impact in every solution we deliver. Accordingly, we leverage our expertise and partnerships to advance renewable energy and intelligent building technologies that meet evolving industry and national needs. By supporting energy transition and smarter infrastructure, we contribute to sustainable development while creating lasting value for businesses, communities and the country.

We aspire to be a driving force in the country's transition towards green energy by delivering world-class engineering solutions across renewable power generation and grid infrastructure development. Our focus will also extend to providing energy efficiency and building service solutions for commercial and industrial sectors, while continuing to strengthen our leadership in the Extra Low Voltage (ELV) domain.

**Wijith Pushpawela**
Director

## Our Stakeholders

- Private sector institution
- Construction companies
- Government
- Property developers
- Ceylon Electricity Board
- Consultants & Architects

## PERFECT PARTNER FOR POWER ENGINEERING AND BUILDING TECHNOLOGICAL SOLUTIONS

We cater to one of society's most essential requirements by delivering reliable, efficient, and sustainable energy solutions integrated with advanced building technologies. Our focus is on supporting the evolving energy landscape through renewable energy solutions, grid strengthening and smart building technologies that enhance operational efficiency and sustainability for our customers.

Backed by strong partnerships with globally recognised brands, long standing relationships with customers and government authorities and a proven track record in supporting national infrastructure development, we continue to drive progress through the expertise, innovation, and dedication of our teams, making us the perfect partner for integrated energy and building solutions.

Video

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=33

# BUSINESS REPORTS

## POWER ENGINEERING & BUILDING TECHNOLOGICAL SOLUTIONS

Table 30: Stakeholder Interactions and Engagement - Power Engineering & Building Technological Solutions

| Stakeholder Group | Interactions and engagement during 2025/26 |
|---|---|
| Customers | Participated in multiple industry exhibitions, including TECHNO 2025 and Architect 2026, reaching out to and engaging with a wide range of customers.<br><br>Conducted several awareness sessions on latest technologies and technical training sessions for key customers, including:<br>• Training on industry specific solutions for major B2B customers.<br>• Operational and maintenance training for Ceylon Electricity Board personnel. |
| Business and Channel Partners | Multiple recognitions received including;<br>• 'Best Overseas Solution Partner' for Building Fire Safety at the Siemens Partner Summit 2025<br><br>Participated in multiple onsite and online technical training and awareness programs, including:<br>• Technical training conducted by Siemens India<br>• Technical training on elevator systems conducted by TK Elevator (TKE) |

DIMO's portfolio of Power Engineering and Building Technologies



**Power Engineering** - Renewable Energy, Power Utility, Electrical Switch Board Manufacturing



**Building Services** - Lighiting, Elevators and Escalators, Extra Low Voltage (ELV)

### INDUSTRY OVERVIEW

Sri Lanka's Power and Energy sector, with an estimated market size exceeding USD 5 billion, continues to play a vital role in the country's economic growth and sustainability agenda. With electricity demand expected to grow steadily, the sector is witnessing increasing focus on renewable energy, energy efficiency, and grid modernization.

The Government's target of achieving 70% renewable energy by 2030, together with evolving grid regulations and higher technical standards, is reshaping the industry landscape. These developments are creating growing demand for reliable, technically capable, and sustainable energy and building services solutions providers.

### HOW WE PERFORMED

The Power Engineering, Energy, and Building Solutions sectors demonstrated gradual recovery during the financial year, supported by increasing demand for sustainable and energy-efficient solutions. Despite delays in infrastructure and power sector investments during the earlier part of the year, momentum improved towards the final quarter with renewed activity in both private and commercial sector projects. DIMO continued to strengthen its position in renewable energy, grid infrastructure, EV charging solutions, and intelligent building technologies through its integrated solutions platform, "DIMO Energy."

During the year, the business successfully executed several large-scale Building Management System (BMS) projects for reputed clients, enabling significant long-term energy savings through the intelligent control and optimisation of air conditioning and building operations. These initiatives further reinforced DIMO's role in supporting energy efficiency and sustainable infrastructure development through advanced engineering solutions

### Developments and Highlights

- Developed advanced software solutions for the monitoring and control of power plants.
- Expanded investments in EV charging infrastructure with installations at strategic locations including Port City and key highway entry points.
- Successfully connected 30 MW of ground-mounted solar power projects to the national grid, completing all projects within the timelines stipulated by the CEB
- Strengthened transformer supply capabilities through partnerships with Siemens Energy transformer factories in China and Budapest, securing over seven transformer orders during the year
- Secured a 20-year Power Purchase Agreement (PPA) for the 30 MW solar power projects, ensuring a stable and sustainable long-term revenue stream for the business
- Successfully delivered the complete ELV and ICT scope for Sri Lanka's largest landmark projects, including Building Management Systems (BMS), Access Control Systems (ACS), Fire Detection Systems, and LV Switchboards.
- Successfully delivered the complete ELV and ICT scope for a leading retail chain, including Fire Detection and Fire Protection Systems.
- Successfully delivered the state of the art floodlighting system for the Sinhalese Sports Club (SSC), enabling the venue to host international day-night cricket matches.
- Secured approximately Rs. 450 million worth of Auto Recloser tenders through a partnership with a Korean supplier.
- Delivered a medium-voltage power supply solution for a leading global beverage company.
- Manufactured a significant number of electrical panels under the licence and quality standards of Siemens.
- Strengthened our presence in grid infrastructure development by securing a significant number of supply orders from the Ceylon Electricity Board (CEB)

## STRATEGIC REVIEW

### Our Strengths

Providing customer focused, value added solutions by our team who possess deep industry knowledge and expertise, backed by unmatched aftersales service.

### Areas for Development

Retaining talent through fair and competitive compensation, while fostering long-term employee commitment.

### The Road Ahead

By establishing ourselves as a leading and recognised provider of clean energy solutions in the country.

### Potential Business Impacts

Extended delivery lead times arising from global supply chain disruptions, delays in funding for government power projects.

## FUTURE OUTLOOK

Looking ahead, the Power Engineering & Building Technological Solutions sector will continue to focus on strengthening its position as a diversified and technology-driven business supporting Sri Lanka's energy transition. The business aims to expand its presence across utility, medium voltage, Switch Board Manufacturing, renewable energy, Battery Energy Storage Systems (BESS), digitalisation, and EV charging infrastructure. A key priorities will be the expansion of Digitalization solutions & DIMO EV charging network and mobile application across major cities in the country, while further strengthening panel manufacturing operations and export market presence, particularly within the electrical switchboard segment. The sector will also continue to invest in renewable energy projects to increase renewable power generation capacity and develop long-term, recurring revenue streams through services, digital platforms, operations and maintenance, and integrated energy infrastructure solutions.

# BUSINESS REPORTS

## POWER ENGINEERING & BUILDING TECHNOLOGICAL SOLUTIONS

### FIGURE 45: VALUE CHAIN




### FIGURE 46: VALUE CREATION DASHBOARD

| Capital | Capital allocation | | Value drivers | |
|---|---|---|---|---|
| **Financial** | Segment Assets (Rs. Bn)<br>2025/26 11<br>2024/25 6 | Share of Group Assets (%)<br>2025/26 17<br>2024/25 17 | Revenue (Rs. Bn)<br>2025/26 6<br>2024/25 7 | Segment Result (Rs. Mn)<br>2025/26 1,427<br>2024/25 892 |
| **Manufactured** | Segment CAPEX (Rs. Mn)<br>2025/26 2,855<br>2024/25 747 | Share of Group CAPEX (%)<br>2025/26 74<br>2024/25 51 | Renewable Energy Exported (GJ)<br>2025/26 80,376<br>2024/25 6,045 | |
| **Human** | Investment in T&D (Rs. Mn)<br>2025/26 1.4<br>2024/25 1.8 | No. of Employees<br>2025/26 189<br>2024/25 168 | Employee Benefit (Rs. Mn)<br>2025/26 795<br>2024/25 822 | Revenue Per Employee (Rs. Mn)<br>2025/26 33<br>2024/25 39 |
| **Social & Relationships** | Value Driving Brands (No.)<br>2025/26 10<br>2024/25 10 | | Local Supplier Payments (Rs. Mn)<br>2025/26 1,745<br>2024/25 2,102 | |
| **Intellectual** | Accredited Certifications<br>2025/26 4<br>2024/25 4 | | IT Spending (Rs. Mn)<br>2025/26 11<br>2024/25 23 | |
| **Natural** | Water Intensity ($m^3$)<br>2025/26 4,750<br>2024/25 9,841 | Non-Renewable Energy Intensity (GJ)<br>2025/26 1,088<br>2024/25 2,405 | Carbon Footprint Intensity ($tCO_2e$)<br>2025/26 38,953<br>2024/25 29,344 | |

## TABLE 31: RISK

| Key Risks | Impacts | Risk Category | Management Strategy | Response Measures |
|---|---|---|---|---|
| Shift to generation, storage and consumption of renewable & emerging energy for mobility, households, corporates and gov. institutions | • Impact on revenue from Non-renewable energy realated business<br>• Impact on profitability | | Exploitation | **Short Term**<br>• Increasing offerings of renewable energy<br>**Long-term**<br>• Arrangements with consortium partners on new projects |
| Attrition of experienced and technically competent personnel | • Loss of tacit knowledge<br>• Disruption to project execution<br>• Cost of replacement matching skill levels<br>• Impact on learning curve | | Mitigation<br>Adaptation | **Short Term**<br>• Align compensation, rewards and recognition with market demand<br>• Strengthen engagement<br>**Long Term**<br>• Strengthen talent pipeline through succession planning and career progression<br>• Progressively align work arrangements in line with market trends |

*When it comes to project execution and timely delivery, DIMO stands out as one of the most trusted partners for utilities like ours, LECO. Whenever we seek to introduce an innovative or novel concept to the country, we are eager to collaborate with companies like DIMO due to their unwavering commitment to the successful implementation of such initiatives. Their track record speaks for itself.*

*DIMO approaches each project with confidence and a clear vision of the entire project life cycle, extending its support well beyond completion to ensure long-term value for the nation. Based on our experience, I highly recommend DIMO Energy as a reliable and dedicated partner for energy solutions in Sri Lanka.*

Mr Tharindu Silva
Senior Project Manager
Lanka Electric Company Private Limited

# BUSINESS REPORTS

## POWER ENGINEERING & BUILDING TECHNOLOGICAL SOLUTIONS

### SUSTAINABILITY HIGHLIGHTS

#### Making a Renewable Future

Expanding our renewable energy generation, DIMO is greening the grid with 23,786 MWh solar energy generation through both ground and rooftop mounted solar projects.

**Locations:**

Ground Mounted - Anuradhapura, Galle I, II, III, IV

Rooftop – Dambadeniya, Nikaweratiya, Kandy, Rathmalana

**Impact**

**23,786 MWh**
**Generation**

**30.8 MW**
**Ground Mounted (Capacity)**

**590 MW**
**Rooftop (Capacity)**

#### Community Contributions

Building a Community Centre for the community in Anuradhapura.

1,000+ coconut plants for the Pradeshiya Sabha & religious places in Galle for cultivation.



#### Alignment with Sustainable Development Goals (SDGs)

**Target 7.2 & 7.3**

Improving renewable energy mix while providing energy efficient solutions.

**Target 13.3**

DIMO continues to increase the renewable energy generation to tackle climate change.

#### Figure 47: Alignment with Nationally Determined Contributions (NDC 3.0)

| | |
|---|---|
| NDC (Energy) 1 | DIMO is actively expanding its rooftop and ground-mounted solar systems, contributing to the national grid. |
| NDC (Energy) 2 | In response to an expanding energy footprint, DIMO delivers high-tech infrastructure—such as Battery Energy Storage Systems (BESS)—to enhance industrial efficiency and strengthen the stability of the national grid. |

# INFRASTRUCTURE ENGINEERING



**Revenue**
Rs. 6.9 Bn
(2024/25: Rs. 3.9 Bn)

**Carbon Footprint Intensity**
43,959 $tCO_2e$
(2024/25: 17,377 $tCO_2e$)

**Contribution to the Group**
7%
(2024/25: 8%)

**CSI**
91%
(2024/25: 89%)

**Employees**
117
(2024/25: 99)

At the heart of our Infrastructure Engineering business is a clear commitment: to deliver solutions that enable lasting progress across the nation's infrastructure landscape.

We understand that every project we undertake plays a role in supporting industries, strengthening systems and improving the quality of life within the communities we serve. This perspective shapes how we engage with responsibility, foresight and a focus on long-term impact.

Accordingly, we draw on trusted global partnerships, deep technical expertise and strong customer relationships to deliver solutions that are reliable, future-ready and aligned with evolving national needs.

By enabling productivity, connectivity and sustainable development, we contribute to building resilient infrastructure that supports economic growth and shared progress.

Our aspiration is to be the leader across all sectors we operate in, including construction machinery, material handling, warehouse and storage solutions, and fluid and water technologies and to expand our operation to international markets. Through our globally recognized brands, strong industry partnerships, and customer centric approach, we strive to deliver world class solutions and exceptional customer service across both local and international markets. We remain committed to continuously identifying new opportunities, driving innovation, and creating long term value for our customers and stakeholders.

**Chaminda Ranawana**
Director Infrastucture Engineering

## Our Stakeholders

- Government institutions
- Contractors
- Corporate customers
- Water Supplies & Drainage Board of Sri Lanka
- Construction companies

## PERFECT PARTNER FOR INFRASTRUCTURE ENGINEERING

Well equipped with our expertise and trusted well-grounded collaborations with our Business Partners in the realm of construction machinery, material handling, warehouse & storage solutions, and fluid & water technologies, DIMO has established its presence and impact as the perfect partner in the domains of Infrastructure Engineering and Material Handling. We provide end to end engineering and operational solutions that drive and reshape the development and efficiency of infrastructure projects. With a strong purpose of fuelling the aspirations of our customers and Business Partners, and our focus on reliability, innovation, after sales excellence and overall customer experience, we work closely with our customers to deliver solutions that meet evolving industry requirements and project demands.

Video
https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=34

# BUSINESS REPORTS

## INFRASTRUCTURE ENGINEERING

Table 32: Stakeholder Interactions and Engagement - Infrastructure Engineering

| Stakeholder Group | Interactions and engagement during 2025/26 |
|---|---|
| Customers | Participated in multiple industry exhibitions, including Construct Exhibition 2025 and TECHNO 2025 engaging with a wide range of customers.<br>Conducted INSEE and CEB operator training programmes for customers with trainers from Komatsu, Japan.<br>Provided free inspection services for machinery affected by the cyclone Ditwah |
| Business and Channel Partners | Product Launch for new excavator models with participation from Komatsu principals from India |

DIMO's portfolio of Infrastructure Engineering



Construction Machinery



Storage, Material Handling



Warehouse Solutions & Car Parking Solutions



Fluid & Water related Solutions

### INDUSTRY OVERVIEW

During the year under review, the material handling equipment sector experienced subdued market activity, while the water-related solutions segment remained challenging due to the limited new projects initiated through public tenders. The infrastructure engineering and material handling sectors continued to operate in a highly competitive environment, with increased pressure on pricing and project acquisition.

In addition, the industry faced several external challenges, including geopolitical uncertainties, fluctuations in foreign exchange rates, and rising costs, all of which impacted market dynamics and overall business operations during the year.

### HOW WE PERFORMED

Despite the challenging operating environment during the year under review, the business recorded a positive performance, achieving a YOY revenue growth of 76% compared to the previous financial year. This growth was primarily driven by the successful completion and progress of several key projects, including the Jaffna–Kilinochchi water projects, the car parking system project in the Maldives, the commissioning and handover of material handling equipment, and the supply of machinery to a government agency in Bangladesh.

### Developments and Highlights

- Completed the largest single water project undertaken by by DIMO, supporting the provision of water to the entire Jaffna Peninsula.
- Secured the Ambatale Energy Saving Project, covering the full scope of electrical and mechanical system integration.
- Commissioned and handed over the automated car parking system project in the Maldives.
- Supplied Kalmar machinery, including two reach stackers and three container handlers, to private sector customers.
- Executed the design, manufacture, installation and commissioning of one of the tallest multi-tier long-span shelving systems developed for document archiving purposes.
- Undertook the full subcontract scope for the Kirula–Narahenpita sewage network development project, including the supply, installation, and integration of mechanical and electrical equipment together with the SCADA system.
- Completed the supply of machinery to a government agency in Bangladesh, further strengthening the Company's international project portfolio.

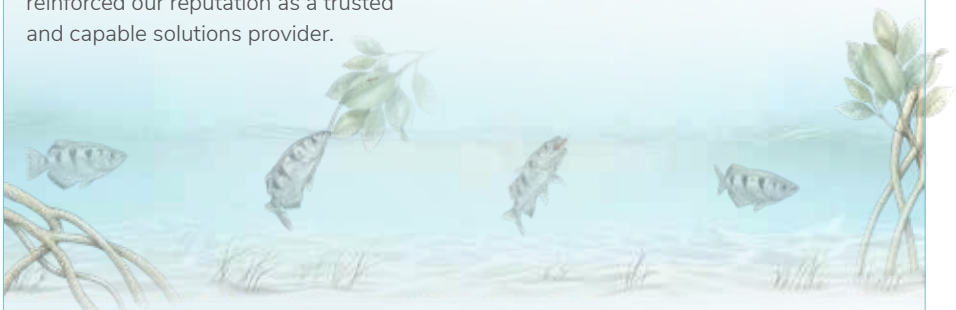
## STRATEGIC REVIEW

### Our Strengths

Strong partnerships with globally recognized principals, partners, and suppliers have significantly strengthened our presence within the industry. Coupled with a growing portfolio of successfully executed projects across diverse sectors, this has further reinforced our reputation as a trusted and capable solutions provider.

### Areas for Development

Further strengthening our adaptability to evolving market dynamics and customer requirements through advanced technologies and innovative solutions, while enhancing our competitiveness and readiness for large-scale project opportunities.



### The Road Ahead

Strengthening our regional presence by expanding into markets outside Sri Lanka, with strong economic potential and a stable business environment.

### Navigating External Challenges

Changes in government policies, taxation frameworks, and regulatory requirements may influence the operating environment and overall business stability within the industries we serve.

## FUTURE OUTLOOK

The outlook for the infrastructure engineering sector remains positive, supported by the anticipated rollout of several large-scale water and highway development projects in the coming years. These developments are expected to create new opportunities across the sectors in which the business operates.

We will further strengthen presence in regional markets, particularly in Bangladesh, by expanding our operations and enhancing service offerings. Our expertise, strong partnerships, and project execution capabilities, the business remain well positioned to support the growing infrastructure needs of both local and international markets.

# BUSINESS REPORTS

## INFRASTRUCTURE ENGINEERING

### FIGURE 48: VALUE CHAIN




### FIGURE 49: VALUE CREATION DASHBOARD

| Capital | Capital allocation | | Value drivers | |
|---|---|---|---|---|
| Financial | Segment Assets (Rs. Bn)<br>2025/26 3.9<br>2024/25 4.4 | Share of Group Assets (%)<br>2025/26 6<br>2024/25 13 | Revenue (Rs. Bn)<br>2025/26 6<br>2024/25 7 | Segment Result (Rs. Mn)<br>2025/26 1,197<br>2024/25 887 |
| Manufactured | Segment CAPEX (Rs. Mn)<br>2025/26 22<br>2024/25 19 | Share of Group CAPEX (%)<br>2025/26 1<br>2024/25 1 | Revenue Increase YoY (Rs. Mn)<br>2025/26 76<br>2024/25 (10) | |
| Human | Investment in T&D (Rs. Mn)<br>2025/26 1.4<br>2024/25 1.8 | No. of Employees<br>2025/26 117<br>2024/25 99 | Employee Benefit (Rs. Mn)<br>2025/26 502<br>2024/25 526 | Revenue Per Employee (Rs. Mn)<br>2025/26 59<br>2024/25 40 |
| Social & Relationships | Value Driving Brands (No.)<br>2025/26 19<br>2024/25 19 | | Customer Satisfaction Index (%)<br>2025/26 91<br>2024/25 89 | |
| Intellectual | Accredited Certifications<br>2025/26 4<br>2024/25 4 | | IT Spending (Rs. Mn)<br>2025/26 5<br>2024/25 11 | |
| Natural | Water Intensity ($m^3$)<br>2025/26 5,337<br>2024/25 5,828 | Non-Renewable Energy Intensity (GJ)<br>2025/26 1,228<br>2024/25 1,424 | Carbon Footprint Intensity ($tCO_2e$)<br>2025/26 43,959<br>2024/25 17,377 | |

## TABLE 33: RISK

| Key Risks | Impacts | Risk Category | Management Strategy | Response Measures |
|---|---|---|---|---|
| Volatile local & global economic circumstances | • Impact on Government spending on projects<br>• Impact on Forex Rates<br>• Impact on input cost<br>• Impact on revenue<br>• Impact on Profitability | | Mitigation | **Short Term**<br>• Foreign-exchange exposure management through appropriate hedging instruments.<br>**Long-term**<br>• Manuer focus and scalability among the business lines in line with the market changes. |
| Aggressive lower cost offerings from local contractors, traders, and low-cost foreign suppliers. | • Impact on revenue<br>• Impact on margins<br>• Impact on Market share | | Mitigation | **Short Term**<br>• Establish distinctive value proposition to our specific Target market<br>• Re-emphasise on Brand equity and customer experience<br>**Long Term**<br>• Strenthen the portfolio with price applicability to different market strata |

*The Jaffna and Kilinochchi Water Supply and Sanitation Project is a massive infrastructure initiative by the National Water Supply and Drainage Board (NWSDB) and the Asian Development Bank (ADB) to deliver safe drinking water to approximately 300,000 residents and provide sanitation facilities to 80,000 people across the Jaffna Peninsula.*

*We are pleased with the professionalism and level of expertise shown by DIMO worked under the main contractor CMEC for the contract of Design, Supplying & Installation of Mechanical, Electrical, Instrumentation, Control Components & SCADA System throughout the project , from design to implementation. Their technical capabilities, the competence of their engineers, and their attention to detail have reassured us that DIMO is able to deliver according to our expectations."*

Eng. (Mrs).S.Malathy
Actg. Project Director
Jaffna - Kilinochchi Water Supply & Sanitation Project
NWS&DB
Jaffna.

# BUSINESS REPORTS

## INFRASTRUCTURE ENGINEERING

### SUSTAINABILITY HIGHLIGHTS

#### Engineering Water. Enabling Life.

In Kilinochchi, a large-scale treatment plat has strengthened water access in a region where infrastructure expansion is critical. The facility boasts a capacity of 4,500 $m^3$ per day, significantly strengthening safe drinking water access and critical infrastructure in the Northern Province. The Kilinochchi facility represents one of the company's flagship infrastructure projects.

Infrastructure Projects

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=35

#### Komatsu Machines for National Earthquake Preparedness

DIMO Bangladesh successfully handed over 15 Komatsu machines to Bangladesh Science House in support of the government's earthquake disaster preparedness initiative.

The fleet comprises 6 Dozers, 6 Excavators and 3 Forklifts, reflecting Komatsu's standards of reliability, durability and superior performance.




#### Alignment with Sustainable Development Goals (SDGs)

**Target 6.1 & 6.4**

As one of a Sri Lanka's leading water solution providers, DIMO has collaborated with NWSDB to provide water to climate affected regions.

**Target 8.2**

Provide technological solutions to boost economic productivity.

**Target 9.4**

Supporting government agencies to make industries sustainable through global best practices.

**Target 11.9**

Resource efficiency, resilience to disasters and develop and implement holistic disaster risk management.

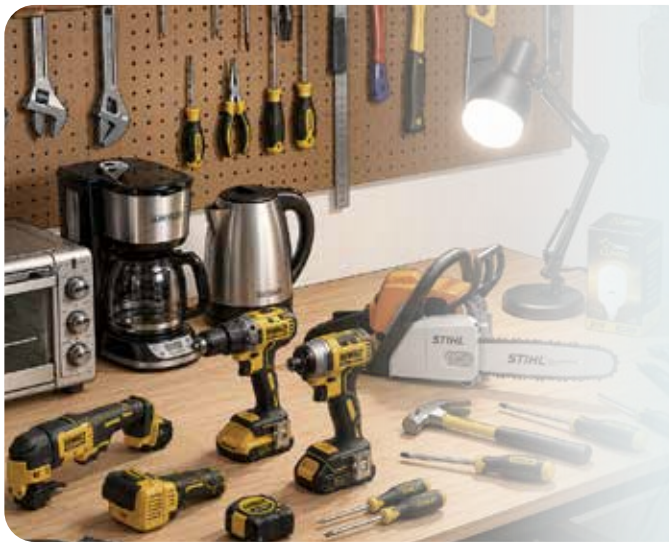
**Target 17.16**

Partnering with global brands to allow Sri Lankans to have quality solutions.

#### Alignment with Nationally Determined Contributions (NDC 3.0)

| | |
|---|---|
| NDC (Water) 4 | Carrying out drinking water projects in Northern and North-central provinces. |

# RETAIL



**Revenue**
Rs. 8.9 Bn
(2024/25: Rs. 8.2 Bn)

**Carbon Footprint Intensity**
56,279 $tCO_2e$
(2024/25: 36,576 $tCO_2e$)

**Contribution to the Group**
9%
(2024/25: 16%)

**CSI**
89%
(2024/25: 88%)

**Employees**
173
(2024/25: 197)

At the heart of our Retail business is a clear commitment: to make trusted, high-quality products accessible with consistency and care across every customer touchpoint.

We understand that our role extends beyond distribution; these products bring convenience to everyday life, support industries and enable progress for the communities we serve. This perspective shapes how we engage, building trust through reliability, service excellence and enduring relationships.

Accordingly, we work closely with our Principals, suppliers and channel partners to deliver value that is consistent, dependable and responsive to evolving customer needs. Through these partnerships, we continuously strengthen our reach and the quality of experience we provide.

As the retail arm representing world renowned global brands, we aim to serve the everyday needs of Sri Lankan households and businesses through a diverse portfolio of products and solutions. Our focus is on identifying and strengthening our presence in markets where we can establish a leading position by leveraging our capabilities, while consistently contributing to the Group's revenue growth.

**Navin Seneviratne**
Chief Operating Officer – Retail

## Our Stakeholders

- Consumers
- Principals
- Channel partners
- Community
- Suppliers

## PERFECT PARTNER FOR RETAIL

By leveraging our core competencies and long-standing partnerships with globally recognised brands, we continue to deliver high-quality products and services that cater to a wide range of household and industrial needs. Supported by an extensive dealer and distributor network, we remain committed to creating value for both our strategic partners and customers, making us the perfect partner for world renowned brands and reliable customer care solutions.

Video
https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=36

# BUSINESS REPORTS

## RETAIL

Table 34: Stakeholder Interactions and Engagement- Retail

| Stakeholder Group | Interactions and engagement during 2025/26 |
|---|---|
| Customers | Participated in multiple industry exhibitions, including Construct Exhibition 2025, Motor Show engaging with a wide range of customers. |
| Business and Channel Partners | Strengthened strategic partnerships with business and channel partners through product training sessions, dealer development programmes, and recognition initiatives, including TGP Excellence Awards 2025/26. |
| Community | Conducted programmes to educate garage owners and technicians on mechanical safety practices.<br>Extended support for well-cleaning initiatives in communities affected by cyclone Ditwah. |

DIMO's portfolio of Retail



Automotive




Lighting



Home & Gardening Products



Power tools

### INDUSTRY OVERVIEW

The retail landscape showed signs of gradual recovery during the year, with performance varying across industries. Consumer-oriented sectors demonstrated improved activity, while businesses linked to construction and heavy investments continued to face slower demand. Encouragingly, the resurgence in the automotive sector positively influenced supporting industries, creating better growth prospects despite ongoing pressure from taxation changes and constrained consumer spending.

### HOW WE PERFORMED

The segment recorded a YOY revenue growth, driven by the continued strength of the Original Equipment Manufacturing (OEM) category, which maintained its market leadership position. This performance was further supported by ongoing initiatives to strengthen and expand the dealer network, despite increasing competition from lower-priced alternatives in the retail market and continued pressure on consumer purchasing power.

The Power Tools business recorded an improvement in turnover, although the highly competitive nature of the market continued to impact overall performance. Meanwhile, the Car Care – Ferri DIMO Own Brand business, catering to the passenger spare parts market for Japanese and Indian vehicles, remained in its developmental stage and is expected to gradually build momentum over time.

Management also continued to focus on strengthening market channels and rationalising the product portfolio to enhance the overall performance of the Retail segment.

### Developments and Highlights

- Introduced 'SRMT' and 'RKI' Brands, to the Original (OE) spare parts department to strengthening the commercial vehicle producer offering with King pins, Steering Parts, and propeller shaft components.
- Expanded the power tools portfolio with the introduction of Vehicle Hacks, Water Pumps, Deep well pumps, Welding Plants, Sprayers and high-pressure industrial range from 'DiTEC' Brand.

## FUTURE OUTLOOK

With the expected improvement in economic conditions, the segment is positioning itself to capitalise on emerging growth opportunities through continuous rationalisation and enhancement of the product portfolio, expansion of distribution channels, and strengthening of current brands to ensure long term business sustainability.

## STRATEGIC REVIEW

### Our Strengths

A diversified product portfolio tailored to evolving customer needs, supported by an extensive channel network spanning across the country.

### Areas for Development

Enhancing market positioning and strengthening channel presence to further improve the effectiveness of the distribution network. Strengthen the operation and customer experience with digital capabilities.



### The Road Ahead

Unlocking growth by focusing on opportunities where our expertise, resources, and market position provide a competitive advantage.

### Potential Business Impacts

Increasing price sensitivity among consumers and the expansion of lower-cost market offerings

## FIGURE 50: VALUE CHAIN

- Brand principals
- Manufacturing Factories
- Strategic Demand Planning
- Regulatory & Governance
- Certifications & Audits

**Inbound Logistics**
- Demand Planning
- Transport Management
- Shipping & Clearance

**Storage**
- Unloading
- Warehouse management

**Sales Process**
- Dealers & Distributor Channels
- Retail Outlet Sales
- Online Sales

**Outbound Logistics**
- Transport planning
- Loading
- Delivery

**Returns & Disposals**
- Recievable Management
- Warranty Returns

Human Resource Management | Legal & Compliance | Facilities Management | Information Technology

Data Management | Finance | Marketing | Marketing

SUSTAINABILITY AGENDA 2030

# BUSINESS REPORTS

## RETAIL

### FIGURE 51: VALUE CREATION DASHBOARD

| Capital | Capital allocation | | Value drivers | |
|---|---|---|---|---|
| Financial | Segment Assets (Rs. Bn)<br>2025/26 4.7<br>2024/25 4.5 | Share of Group Assets (%)<br>2025/26 7<br>2024/25 13 | Revenue (Rs. Bn)<br>2025/26 9<br>2024/25 8 | Segment Result (Rs. Mn)<br>2025/26 640<br>2024/25 832 |
| Manufactured | Segment CAPEX (Rs. Mn)<br>2025/26 8<br>2024/25 21 | Share of Group CAPEX (%)<br>2025/26 0<br>2024/25 1 | Revenue Increase YoY (Rs. Mn)<br>2025/26 8<br>2024/25 19 | |
| Human | Investment in T&D (Rs. Mn)<br>2025/26 2<br>2024/25 1 | No. of Employees<br>2025/26 173<br>2024/25 197 | Employee Benefit (Rs. Mn)<br>2025/26 789<br>2024/25 877 | Revenue Per Employee (Rs. Mn)<br>2025/26 51<br>2024/25 42 |
| Social & Relationships | Value Driving Brands (No.)<br>2025/26 23<br>2024/25 23 | | Customer Satisfaction Index (%)<br>2025/26 89<br>2024/25 88 | |
| Intellectual | Accredited Certifications<br>2025/26 3<br>2024/25 3 | | IT Spending (Rs. Mn)<br>2025/26 20<br>2024/25 16 | |
| Natural | Water Intensity ($m^3$)<br>2025/26 6,833<br>2024/25 12,267 | Non-Renewable Energy Intensity (GJ)<br>2025/26 1,572<br>2024/25 2,998 | Carbon Footprint Intensity ($tCO_2e$)<br>2025/26 56,279<br>2024/25 36,576 | |

## TABLE 35: RISK

| Key Risks | Impacts | Risk Category | Management Strategy | Response Measures |
|---|---|---|---|---|
| Volatile local & global economic circumstances compounded by logistical cost increases and geo-political escalations | • Impact on Forex rates<br>• Impact on input cost<br>• Impact on Margins<br>• Impact on Customer price<br>• Impact on Market demand and Market share | | Mitigation | **Short Term**<br>• Foreign-exchange exposure management through appropriate hedging instruments.<br>• Demand Planning to build Climate and geo-political impact in Planning process<br>**Long-term**<br>• Diversification of supplier base<br>• Diversification of product portfolio to reduce dependency on a single supplier or sourcing region. |
| Attrition of experienced and technically competent personnel | • Loss of tacit knowledge<br>• Impact on channel partner relationships<br>• Cost of replacement matching skill levels<br>• Impact on learning curve | | Mitigation<br>Adaptation | **Short Term**<br>• Align compensation, rewards and recognition with market demand<br>• Strengthen engagement<br>**Long Term**<br>• Strengthen talent pipeline through succession planning and career progression<br>• Progressively align work arrangements in line with market trends |

*Throughout our journey in this industry, we have worked alongside countless suppliers and manufacturers, but DIMO stands out as a true benchmark of reliability.*

*What sets DIMO apart is a unique relationship built entirely on mutual respect, shared understanding, and an unmatched level of dependability. In our line of work, product excellence is vital, and DIMO consistently delivers world-class quality that has been cornerstone to our business success. The frameless designs and the elegance looks of the DIMO Lumin switches are one of the best in the market right now.*

*However, it is the absolute peace of mind and trust we share that we value above all else. DIMO isn't just a supplier; they are a partner you can count on when it matters most. We look forward to strengthening this exceptional professional bond and continuing to grow together into the future.*

Danesh Withanage
Proprietor – Danesh Electricals
Boralesgamuwa

# BUSINESS REPORTS

## RETAIL

### SUSTAINABILITY HIGHLIGHTS

#### "Lassana Hetak" Power Tool Training Sessions

DIMO Retail Cluster partnered with Vocational Training Authority (VTAs) to conduct hands-on training sessions aimed at educating school students. Of the participants, 40% were females, marking a positive shift in gender representation within these traditionally male-dominated industries. This initiative provides students with hands-on experience and practical skills, opening doors to future employment and personal development.

**Impact**

**415**



#### 'Divi Eliya' Program

The program empowers electricians with knowledge and quality. It is our commitment to powering Sri Lanka's future responsibly. By equipping electricians with expertise, we don't just light up homes; we illuminate progress, safety and sustainable progress. DIMO has conducted sessions in Anuradhapura, Polonnaruwa, Batticaloa and Ampara.

**Reaching and educating electricians**

**Over 277**

#### During Ditwah

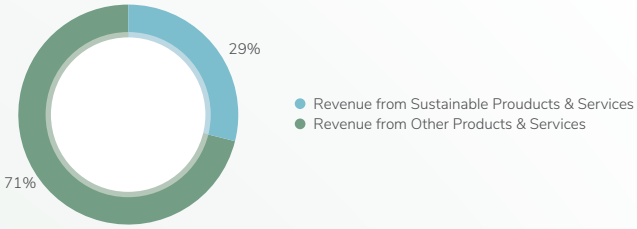
DIMO Power Tools Team in collaboration with the government launched home water well cleaning project in Seethawaka Pradeshiya Sabha.

The teams that were deployed used DIMO water pumps to extract dirty water in wells.

**Impact**

**250**

Figure 52:




#### Alignment with Sustainable Development Goals (SDGs)

**Target 4.3 & 4.4**

DIMO power tools training program empowers students with hands-on skills, boosting female participation.

**Target 6.3**

Improving water quality y cleaning wells after a natural disaster and increasing safe reuse.

**Target 7.3**

Improving energy efficiency through lighting and appliances solutions.

**Target 8.5**

DIMO Retail trained electricians, promoting safety, quality, and sustainable progress across Sri Lanka

**Target 17.16**

Partnering up with global brands to allow Sri Lankans to have quality solutions.

#### Alignment with Nationally Determined Contributions (NDC 3.0)

| | |
|---|---|
| NDC (Industry) 1 | Supporting industrial efficiency by providing energy-efficient solutions. |

# PRECISE IN PRACTICE

Clarity begins with understanding the basics at DIMO. Through careful interpretation of data and insight, we ensure that every decision is grounded, measured, and aligned to long-term direction, allowing complexity to be translated into purposeful action.

*The streamlined shape of the archerfish maximises speed, efficiency and accuracy. Similarly, DIMO's structured approach enables agile and precise performance throughout operations.*



## Enterprise Governance


136 Stakeholder Engagement
147 Corporate Governance
194 Investor Relations
200 Risk Management
209 Slfrs Sustainability-Related Financial Disclosures (SLFRS S1 & S2)

# STAKEHOLDER ENGAGEMENT

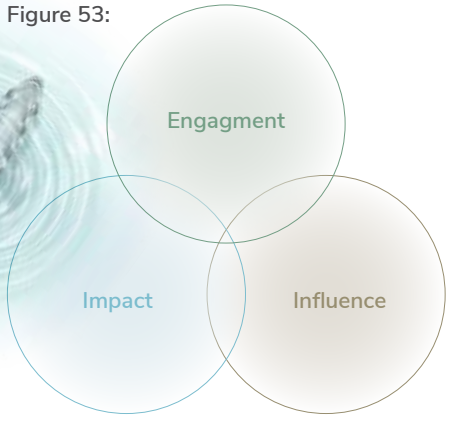
Stakeholder engagement is central to DIMO's value creation process, enabling the Group to understand stakeholder expectations, prioritise what matters and respond with precision through the capitals entrusted to it. Guided by its brand promise of being the Perfect Partner, DIMO maintains structured and transparent dialogue with shareholders, customers, employees, business partners, communities and regulators to build trust, collaboration and mutually beneficial outcomes. The insights gained are embedded into strategy, governance, risk management and materiality, helping DIMO move beyond barriers, strengthen stakeholder confidence and create sustainable value over the short, medium and long term.

## STRATEGIC ENGAGEMENT FOR LONG TERM VALUE CREATION

Stakeholder engagement is central to our success and long term sustainability. Guided by our brand promise of "Building sustained relationships with world class principals and stakeholders as their Perfect Partner," we actively engage with our key stakeholder groups to better understand their expectations, concerns, and evolving priorities, whilst fostering transparent and mutually beneficial relationships. Through these engagements, we create value through the effective stewardship of the six capitals contributed to us by our stakeholders, whilst delivering meaningful outcomes in return. At the same time, the results of stakeholder engagement provide us with information relating to responsible behaviour expected of the company, thus providing valuable information to value creation through DIMO sustainability strategy.

The insights gained support informed decision making, strengthen our governance and risk management practices, and help identify material matters that influence our operations. Stakeholder perspectives are embedded in our purpose driven strategy, outlined through strategic pillars and priorities, enabling us to accelerate sustainable growth. Through continuous dialogue, we remain committed to strengthening enduring relationships built on trust, collaboration, and shared success.

Figure 53:




## KEY STAKEHOLDER ATTRIBUTES: ENGAGEMENT, INFLUENCE, AND IMPACT

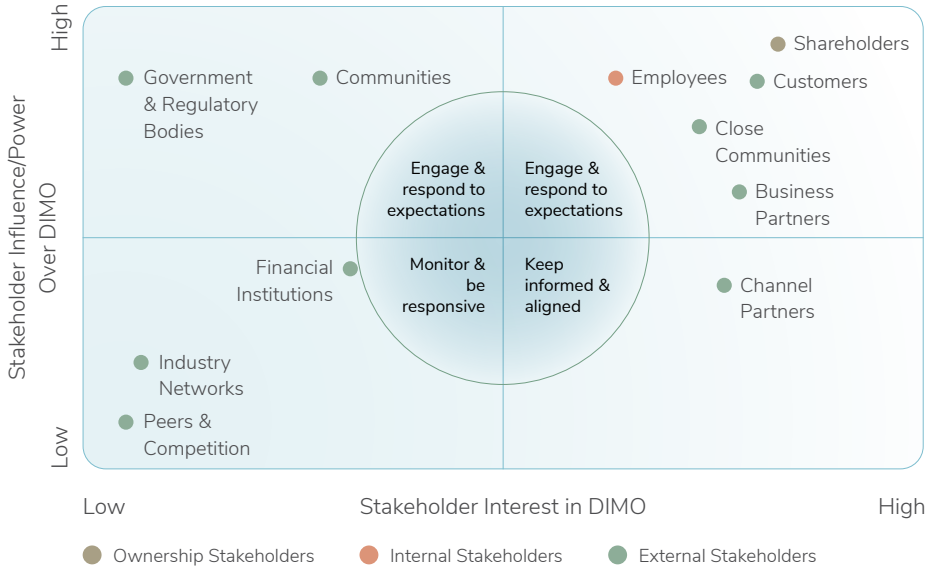
We define stakeholders as individuals or groups who exhibit the following characteristics:

- **Engagement:** The level of direct interaction and involvement stakeholders have in the company's activities.
- **Influence:** The extent to which stakeholders can influence the company's strategic decisions, reputation, or performance.
- **Impact:** The extent to which stakeholders are affected by the company's operations, products, or services.

## STAKEHOLDER PRIORITIZATION AND STRATEGIC ENGAGEMENT

We identify key stakeholders based on their interest in and influence over our business, grouping them into Ownership, Internal, and External categories. Using a structured, companywide approach, we engage with stakeholders across operations, leveraging insights to align strategies, build trust, and drive sustainable growth.

Figure 54: Stakeholder Map



## DRIVING VALUE THROUGH STAKEHOLDER PARTNERSHIPS

This year, we undertook several key initiatives to strengthen strategic stakeholder engagement. By understanding stakeholder needs and taking meaningful action, we foster long term partnerships that create value at every interaction.

### Shareholders

**Value Impact:** Providers of financial capital, promote financial discipline and accountability, and strengthen access to funding, which together enable sustained long term growth and improved business performance.

**What we aim to Achieve:**

Deliver sustainable returns and long term value to our shareholders whilst securing their continued support, confidence in our strategy, and constructive engagement in governance.

**Stakeholder Expectations:**

- Sustainable returns and capital growth
- Effective risk management and financial stability
- Transparency and timely communication
- Long term sustainability and responsible practices (ESG)

**Material Risks:**

- Volatile local & global economic circumstances
- Geopolitical tensions & escalations, tariff-wars and sanctions
- Inability to raise long term funds for strategic investments

**Two-way Engagement Approach**

**Providing Feedback →**

- Annual and quarterly financial results released through the CSE
- Material press releases through the CSE (ongoing)
- Corporate website and social media platforms

**Receiving Feedback ←**

- Annual General Meeting
- Formal communication through the Company Secretarial division (ongoing)
- Requests and queries through the corporate website

For more details on key engagement activities 2025/26, please refer to pages 194-199 of the report.

**Capitals Impacted:**



**SDGs impacted:**



**Integrating Expectations into Our Strategic Priorities:**

i ii iii viii ix

**Relevant Measurables:**

**Number of shareholders**
3,023
(2025/24: 2,298)

**Public shareholding**
45.5%
(2025/24: 34.3%)

**Growth in share price**
52.29%
(2025/24: 79.40%)

**Dividend per share**
Rs. 10
(2025/24: Rs. 0)

**PBT generated**
Rs. 2.0 Bn
(2025/24: Loss of Rs. 1.9 Bn)

**ROE**
9%
(2025/24: -8%)

# STAKEHOLDER ENGAGEMENT

## Customers

**Retail, Corporate and Institutional**

**Value Impact:** Primary revenue source of the company whose needs, satisfaction, and loyalty drive sustainable returns and long term growth.

### What we aim to Achieve:

Consistently deliver superior products, differentiated services that exceed customer expectations, whilst positioning our brand as the "Perfect Partner" and earning long term customer loyalty through exceptional experiences.

### Stakeholder Expectations:

- High quality, cutting edge, and reliable products and services at value driven prices
- Convenience and Accessibility
- Efficient and Responsive Service
- Trust, Transparency, and ESG Responsibility

### Capitals Impacted:



### SDGs impacted:



### Material Risks:

- Volatile local & global economic circumstances
- Geopolitical tensions & escalations, tariff-wars and sanctions
- Data breaches, phishing scams or social engineering attacks
- Shift to generation, storage and consumption of new energy for mobility, households, corporates and government institutions.
- Aggressive competition from local contractors, traders, and low-cost foreign suppliers.
- Extreme natural weather-related phenomena

### Integrating Expectations into Our Strategic Priorities:

ii iii iv viii

### Two-way Engagement Approach

#### Providing Feedback →

- Customer interactions across branches and offices
- Print and Electronic Media (Ongoing)
- Digital platforms for regular interaction
- Service level monitoring (Ongoing)
- Customer loyalty initiatives (ongoing)

#### Receiving Feedback ←

- Customer satisfaction and NPS surveys (ongoing)
- Complaint management processes (ongoing)
- 24/7 customer contact center
- Corporate website and social media platforms
- Regular customer visits and interactions
- Direct branch feedback

### Relevant Measurables:

**New customers acquired**
10,772
(2025/24: 4,853)

**Repeat Customers**
21%
(2025/24: 32%)

**Customer Satisfaction Index (CSI)**
91.91%
(2025/24: 91.20%)

**% of customer complaints resolved**
99%
(2025/24: 98%)

For more details on key engagement activities 2025/26, please refer to pages 80-87, 92-134 of the report.

## Employees

**Value Impact:** The company's workforce, whose skills and engagement fuel performance, innovation, and the continuous delivery of value across all areas

**What we aim to Achieve:**

Foster a workplace where employees feel valued, empowered, and motivated to consistently perform at their best in delivering our purpose and fulfilling our brand promise.

**Stakeholder Expectations:**

- Fair and competitive compensation and benefits
- Learning, training, and continuous development
- Career growth and advancement opportunities
- Work life balance and safe, healthy working conditions
- Inclusive, engaging, and performance driven culture

**Capitals Impacted:**



**SDGs impacted:**



**Material Risks:**

- Data breaches, phishing scams or social engineering attacks
- Extreme natural weather-related phenomena
- Attrition of experienced and technically competent personnel

**Integrating Expectations into Our Strategic Priorities:**

v vii viii

**Two-way Engagement Approach**

**Providing Feedback →**

- Monthly employee council meetings
- Annual strategic planning meetings
- Annual individual performance review
- Employee Facebook/ Whatsapp Group
- Employee engagement events & well-being initiatives (ongoing)
- Trainee academies and leadership development centers (ongoing)

**Receiving Feedback ←**

- Monthly employee council meetings
- Annual employee engagement survey
- Anti Harassment Helpline and grievance handling mechanisms (ongoing)
- Company's open door policy (ongoing)
- Performance review meetings (Annual and as & when required)

**Relevant Measurables:**

**Total Employees**
2,241
(2025/24: 1,994)

**Employee Engagement Score**
4.23
(2025/24: 4.27)

**Salaries and benefits paid**
Rs. 6,236 Mn
(2025/24: Rs. 4,923 Mn)

**Number of training hours per employee**
21
(2025/24: 16)

**Employees promoted during the year**
218
(2025/24: 199)

**Number of injuries, occupational diseases**
2
(2025/24: 12)

For more details on key engagement activities 2025/26, please refer to pages 62-72 of the report.

# STAKEHOLDER ENGAGEMENT

## Business Partners and Channel Partners

**(Principals, Suppliers, Service Providers, Contractors, Joint Venture Partners, Dealers, Distributors and E-tailers)**

**Value Impact:** External collaborators extending capabilities, enhancing distribution, and enabling efficient market reach, growth, and operational excellence.

### What we aim to Achieve:

Build trusted, compliant partnerships that create opportunity, drive innovation, and sustain long term shared success.

### Stakeholder Expectations:

- Mutually beneficial, long term partnerships
- Fair, timely payments and efficient settlement of dues
- Transparent communication and clear operating frameworks
- Adherence to contractual terms and performance standards
- Opportunities for business growth and continued engagement
- Collaboration on innovation and new technologies

### Capitals Impacted:



### SDGs impacted:



### Integrating Expectations into Our Strategic Priorities:

iii iv vi viii

### Material Risks:

- Volatile local & global economic circumstances
- Shift to generation, storage and consumption of new energy for mobility, households, corporates and government institutions.
- Extreme natural weather-related phenomena
- Aggressive competition from local contractors, traders, and low-cost foreign suppliers.
- Geopolitical tensions & escalations, tariff-wars and sanctions

### Two-way Engagement Approach

**Providing Feedback →**

- One to one meetings (ongoing)
- On-site visits (ongoing)
- Dedicated managers for foreign business partner relationships
- Conferences and award ceremonies
- Periodic performance reviews and development sessions

**Receiving Feedback ←**

- One to one meetings (ongoing)
- On-site visits (ongoing)
- Periodic reviews and development sessions
- Conferences and award ceremonies

### Relevant Measurables:

**Brand Principals**

119

(2025/24: 116)

**Foreign Suppliers**

341

(2025/24: 403)

For more details on key engagement activities 2025/26, please refer to pages 92–134 of the report.

## Community

**Communities, environment, and surrounding social networks.**

**Value Impact:** Providers of a supportive environment, social license, and opportunities for sustainable growth.

### What we aim to Achieve:

Be a responsible community participant by positively impacting people's lives through improving surrounding communities, addressing immediate and long term needs, and contributing to the SDGs.

### Stakeholder Expectations:

- Local employment and job creation
- Socio economic empowerment and upliftment of communities
- Investment in community infrastructure and social projects
- Environmental protection and sustainable operations

### Material Risks:

- Extreme natural weather-related phenomena

### Capitals Impacted:

### SDGs impacted:

### Integrating Expectations into Our Strategic Priorities:

iii

### Two-way Engagement Approach

**Providing Feedback →**

- Ongoing school awareness programmes (providing awareness/ support on leadership, sustainability, and waste management)
- Feedback through ongoing social sustainability initiatives
- Company website and social media platforms

**Receiving Feedback ←**

- Direct feedback through ongoing social sustainability initiatives
- Requests via call centre operations
- Annual market survey conducted covering the general public, students, and corporate employees

### Relevant Measurables:

**Total investment in Social Sustainability Initiatives**

Rs. 58 Mn

(2025/24: Rs. 63 Mn)

**No of total beneficiaries**

24,153

(2025/24: 25,982)

For more details on key engagement activities 2025/26, please refer to pages 92-134, 233-253 of the report.

# STAKEHOLDER ENGAGEMENT

## Government & Regulatory Bodies

**Value Impact:** Providers of legal frameworks, stability, and compliance standards that enable sustainable operations and growth.

**What we aim to Achieve:**

Stable, consistent regulations with clear policy communication to support long term planning, investment, and smooth operations, promoting economic stability, innovation, and ESG aligned responsible business.

**Stakeholder Expectations:**

- Compliance with all applicable laws, regulations, and standards
- Timely and accurate reporting
- Transparent and ethical business conduct
- Protection of public interest and contribution to national economic development and policy goals

**Capitals Impacted:**

**SDGs impacted:**

**Material Risks:**

- Data breaches, phishing scams or social engineering attacks
- Shift to generation, storage and consumption of new energy for mobility, households, corporates and government institutions.
- Extreme natural weather-related phenomena

**Integrating Expectations into Our Strategic Priorities:**

Not Directly Linked to a Strategic Priority

**Two-way Engagement Approach**

**Providing Feedback →**

- Ongoing regulatory and compliance reporting
- Timely market disclosures
- Meetings and consultations (as and when required)

**Receiving Feedback ←**

- Laws and regulations
- Directives and circulars
- Meetings and consultations (as and when required)

**Relevant Measurables:**

**Paid as duties and taxes**

Rs. 39,107 Mn

(2025/24: Rs. 10,359 Mn)

**Non-Compliance**

Zero

For more details on key engagement activities 2025/26, please refer to pages 80–87 of the report.

## Governance of Stakeholder Engagement

**Stakeholder engagement is integrated into our governance framework**

- Stakeholder concerns from all channels are recorded in internal systems (Grievance and whistleblowing mechanisms, surveys etc.)
- Complaint governance team monitors handling quality and performance
- Trends and root causes are identified and analyzed
- Key issues are escalated to middle management under SLAs
- Weekly dashboards and detailed reports are provided to senior management, highlighting SLA performance, key issues and trends

Confidential channels protect whistleblowers, ensuring timely investigations, accountability, ethics, and improvement.

### Risk Management Working Group

- Identifies and assesses material matters and stakeholder risks across segments
- Evaluates the potential impact of identified material matters and risks
- Implements appropriate mitigation actions
- Reports material matters and key risks to senior management

### Group Management Committee

- Oversees stakeholder compliance with legal, regulatory, and internal standards
- Monitors key stakeholder matters, risks and mitigation actions
- Makes decisions on key issues and emerging trends
- Reviews performance to identify and address compliance gaps

### Audit Committee/ Board of Directors

- Oversees stakeholder engagement
- Reviews escalated matters and key risks
- Ensures strategic alignment with long term objectives

## OUR APPROACH TO MATERIALITY

Stakeholder engagement is integral to our materiality assessment process, as it enables us to identify and understand the issues that matter most to our stakeholders and the business. Through continuous engagement with key stakeholder groups, we gain insights into evolving expectations and priorities, supporting the identification and prioritisation of material matters aligned with long-term value creation.

## MATERIALITY ASSESSMENT PROCESS TO IDENTIFY MATERIAL MATTERS

During the year, we revised our approach to materiality assessment to incorporate a two-fold perspective; impact materiality (inside-out: driven by internal information) and financial materiality (outside-in: driven by external information).

Impact matters are identified through multiple channels, including management systems, customer experience insights, stakeholder assessments and market intelligence gathered through central marketing surveys. All identified impacts are consolidated and de-duplicated by the Risk Management Working Group (RMWG) to create a unified Group-wide profile. In parallel, the RMWG identifies key financial matters, forming the second component of the materiality assessment process.

Using the Materiality Matrix, the RMWG evaluates and prioritizes the company's material matters. These prioritized material matters are then presented to the GMC and subsequently escalated to the Board of Directors for review and oversight.

# STAKEHOLDER ENGAGEMENT

**Figure 55:**

The detailed materiality assessment process is illustrated in the flowchart below.

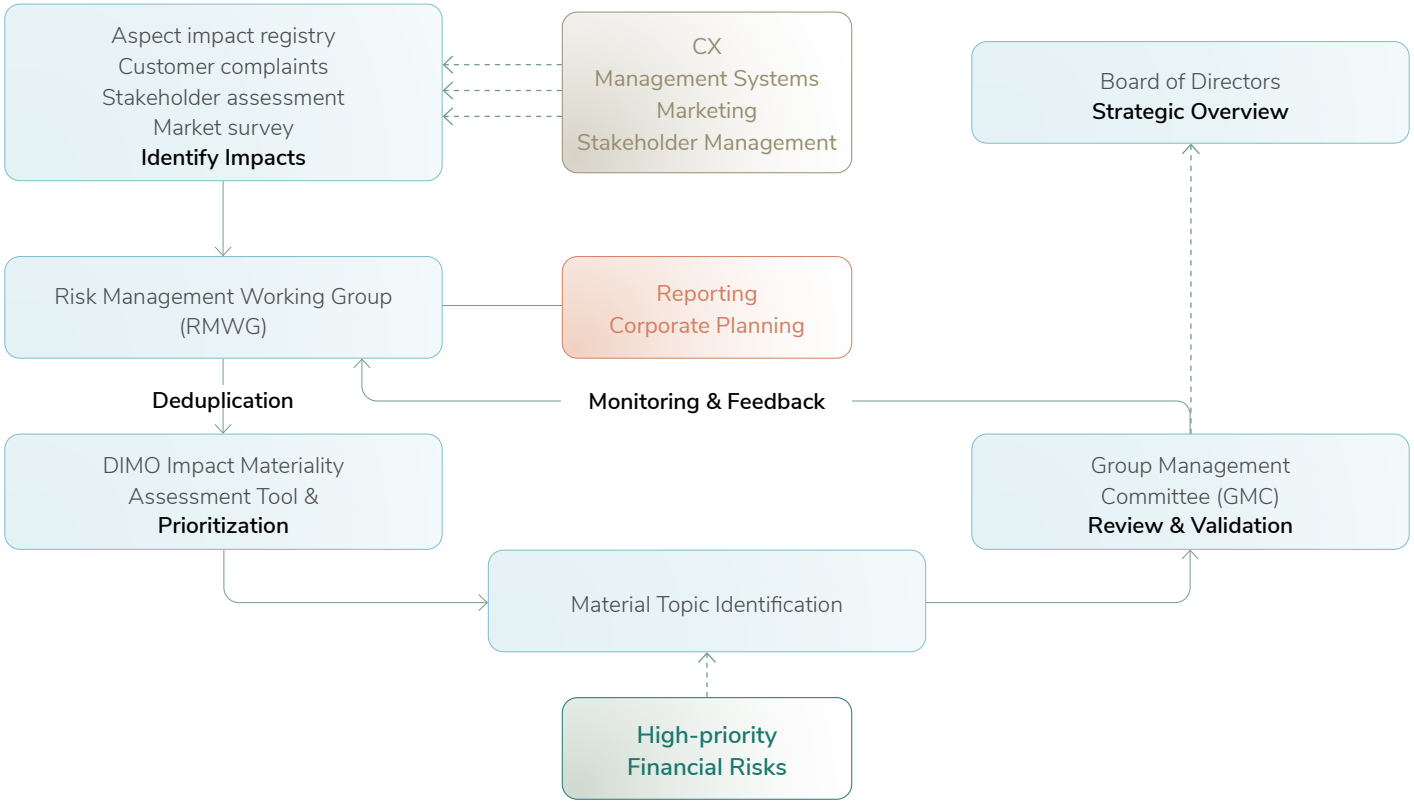



**Figure 56: Prioritization of Material Matters (Materiality Matrix)**




Impact and financial matters positioned within these nine quadrants of the materiality matrix are identified as material matters for the company.

Table 36:

| | Material Matter | Relevant Stakeholder Group | Our Response | Our Future Focus |
|---|---|---|---|---|
| 1 | Macro-Economic Resilience & Financial Stability | Shareholders<br>Customers<br>Business and Channel Partners | Supplier term negotiations and diversification of the product portfolio to minimise the impact of economic shocks, supporting stable revenue streams and consistent financial returns.<br>Please refer to page 44 of the report for more details | We focus on optimising existing businesses whilst diversifying revenue streams to build resilience against economic cycles. |
| 2 | Business Model Innovation, Digital Transformation & Market Competitiveness | Customers<br>Employees<br>Business and Channel Partners | Continued investment in digital transformation initiatives strengthening competitiveness and brand value, with a focus on enhancing operational and financial efficiencies through the implementation of SAP Phase 2. | We aim to accelerate digital adoption for operational excellence whilst developing agile and future ready business ecosystems |
| 3 | Data Security & Customer Privacy | Customers<br>Employees<br>Government and Regulatory Bodies | ISO/ IEC 27001: 2022 Information Security Management Systems<br>Please refer to page 78 of the report for more details | We aim to strengthen cybersecurity, employee awareness, and compliance to build a secure and resilient digital ecosystem with customer trust. |
| 4 | Climate Change Mitigation, Adaptation, Resilience & Energy Transition | Shareholders<br>Customers<br>Business and Channel Partners<br>Community<br>Government and Regulatory Bodies | Renewable energy generation, charging, and storage infrastructure businesses supported corporate and residential decarbonisation, whilst the mobility portfolio advanced the transition through Mercedes-Benz and TATA electric vehicles. | We focus on strengthening operational readiness, investing in strategic partnerships, adapting products and services to evolving customer and regulatory requirements, and capture opportunities arising from the transition to new energy ecosystems.<br>Please refer to our Sustainability Agenda 2030 on page 39 |
| 5 | Talent Attraction, Development & Retention and OHS, Employee Wellbeing | Employees | Strengthened internal engagement and expanded technical training, whilst collaborations with universities and higher education institutes enhanced employer branding and helped mitigate talent attrition.<br>Please refer to pages 62-72 of the report for more details | We focus on meaningfully investing in employee engagement, workforce development, technology driven efficiencies, and succession planning to strengthen organisational resilience. |
| 6 | Waste, Water, Effluent & Pollution Management | Community | Certification for zero landfill<br>Please refer to page 89 of the report for more details | We are committed to improving waste, water, effluent, and pollution management through resource efficiency, cleaner technologies, and sustainable operational practices. |

# STAKEHOLDER ENGAGEMENT

| | Material Matter | Relevant Stakeholder Group | Our Response | Our Future Focus |
|---|---|---|---|---|
| 7 | Stakeholder Engagement, Value Chain Sustainability & Resilience | All Stakeholder Groups | Development of a Supplier Code of Conduct, diversified sourcing, targeted community initiatives, and continuous stakeholder engagement strengthened value chain resilience and supported sustainable growth. | We continue to improve transparent stakeholder engagement and develop fully integrated, resilient value chains supporting long term goals |
| 8 | Community Health & Public Safety | Community | Donated a "Suwa Seriya" ambulance and conducted garage awareness programmes to educate garage owners and technicians on mechanical safety practices.<br>Please refer to page 86 of the report for more details | We aim to strengthen health and safety protocols whilst maintaining strong community trust and contribute positively to societal wellbeing and resilience. |
| 9 | Energy Management | Government and Regulatory Bodies<br>Community | Expansion of rooftop solar generation<br>Please refer to page 237 of the report for more details | We are committed to strengthening energy management practices through improved energy efficiency, renewable energy adoption, and responsible consumption to support long-term sustainability and operational resilience. |
| 10 | Emission & Climate Change | Shareholders<br>Customers<br>Business and Channel Partners<br>Community<br>Government and Regulatory Bodies | Our decarbonization plan and SBTi commitment<br>Please refer to page 90 of the report for more details | We are committed to reducing emissions and strengthening climate resilience through energy-efficient operations, low-carbon solutions, responsible resource management, and sustainable business practices. |

# CORPORATE GOVERNANCE

## GUARDRAILS FOR GROWTH

Corporate Governance

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=37

At DIMO, corporate governance provides the principled structure through which we direct strategy, safeguard stakeholder interests and nurture the capitals entrusted to us. Built on integrity, accountability and transparency, the Board and its Committees exercise enterprise governance oversight with clear responsibility. This governance approach strengthens trust in DIMO as a future focused Perfect Partner, enabling the Group to move beyond barriers and create sustainable value while fuelling the dreams and aspirations of the communities we serve.

"Corporate governance extends beyond a framework; it reflects our steadfast commitment to integrity, resilience, and responsible growth. Through transparency, accountability, and innovation, we reinforce stakeholder trust and deliver sustainable value in an evolving global landscape"

**A.R.Pandithage**
Chairman

### UPHOLDING BEST PRACTICES: COMMITMENT TO CORPORATE GOVERNANCE IN 2025/2026

DIMO's corporate governance practices rise from the requirements set out by the Listing Rules of Colombo Stock Exchange (CSE Listing Rules), The Code of Best Practice on Corporate Governance 2023 ("the Code") issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No.07 of 2007 and the Principles on Corporate Governance published by Organisation for Economic Co-operation and Development (OECD Principles). This Corporate Governance Report outlines the Company's governance structure, policies, practices, and processes, explains how the Board and its committees ensured effective leadership, and upheld high standards of Corporate Governance during the financial year 2025/2026, and makes applicable disclosures as required by laws, regulations and code of best practices followed by the Company.

- The Company has made every effort to ensure compliance with the CSE Listing Rules and the Code during the financial year 2025/2026. Any deviations, if identified, were rectified through appropriate remedial measures.
- The Company also considered and followed OECD Principles of Corporate Governance, where relevant and applicable, during the financial year.
- The Corporate Governance report has been reviewed by the Board of Directors.

**The following documents will provide context to the Corporate Governance Report, and are available on the Company's website www.dimolanka.com**

- The Articles of Association
- Integrated Annual reports for previous years.
- Investor relations details
- Information about current market price of the share (DIMO.N0000)
- Supplementary information on Corporate Governance, which is part of this Corporate Governance report.
- Supplementary information on sustainability
- Policies required by CSE Listing Rule No.09.

**The key Legislations , Regulations and principles applicable to the Company's Corporate Governance are available on the following websites:**

- CSE Listing Rules available on www.cse.lk
- Code of Best Practice on Corporate Governance CA Sri Lanka-2023 available on www.casrilanka.com
- Exchange Control Act of Sri Lanka available on www.cbsl.lk
- Companies act No.07 of 2007 -Sri Lanka available on https://www.drc.gov.lk/
- OECD principles of Corporate Governance on www.oecd.org/en/publications/g20-oecd-principles-of-corporate-governance-2023_ed750b30-en/full-report.html

### Corporate Governance Compliance Statement

The Board of Directors confirms that the Company has complied with the Corporate Governance Rules set out in CSE Listing Rule No. 09 for the financial year ended 31st March 2026. All disclosures required under CSE Listing Rule No.09 and applicable Code have been duly made. Any deviations, where applicable, are disclosed in this Annual Report with appropriate explanations.

The Company has fulfilled the Listing Rules requirements relating to Board composition, independence of Directors, and the establishment and proper functioning of the Audit Committee, Remuneration Committee, Nomination & Governance Committee and Related Party Transactions Review Committee.

The Board is satisfied that the Company has complied with the applicable Corporate Governance Rules during the year under review other than the non-compliance disclosed on page 150-151.

# CORPORATE GOVERNANCE

## GOVERNANCE THAT COMMANDS TRUST

**Strong corporate governance is the cornerstone of sustainable growth, fostering transparency, accountability, and ethical decision-making. At DIMO, these principles guide every action, ensuring integrity, innovation, and social responsibility in serving our stakeholders.**

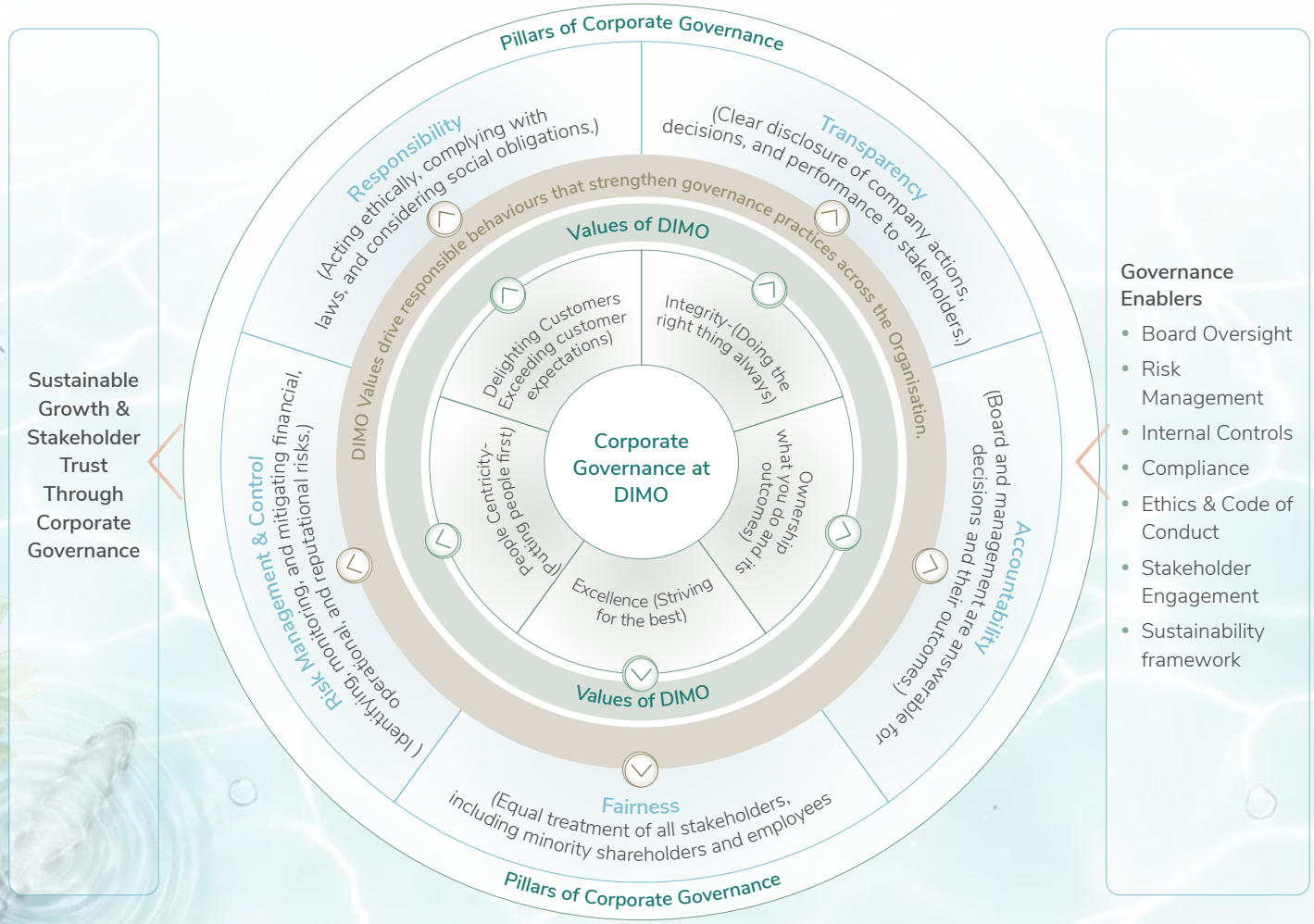
Founded in 1939, DIMO has evolved into one of Sri Lanka's leading diversified conglomerates, operating across seven segments, including Mobility, Automotive Engineering Solutions, Agriculture, Retail, Infrastructure Engineering, Power Engineering & Building Technological Solutions, and Healthcare. Strategic milestones, such as our partnership with TATA Motors in 1961 and listing on the Colombo Stock Exchange in 1964, reflect our resilience and commitment to ethical leadership.

Central to DIMO's governance philosophy are our core values: Integrity, People-Centricity, Excellence, Customer Delight and Accountability. These values guide every decision and stakeholder interaction, ensuring transparency, fairness, and ethical rigor across operations.

Our governance framework aligns with CSE Listing Rule No. 09, the Companies Act No. 07 of 2007, the Code of Best Practice on Corporate Governance 2023, and OECD Principles of Corporate Governance. Beyond compliance, we actively promote diversity, inclusion, and responsible business practices, under stewardship of a 15-member Board replete with a diverse mix of expertise and perspectives.

By integrating strategy with stakeholder expectations, DIMO prioritizes the interests of shareholders, employees, customers, suppliers, and communities. Every decision is designed to reinforce trust, drive sustainable growth, and deliver long-term value. The accompanying diagram illustrates how our core values underpin the pillars of Corporate Governance, highlighting our unwavering commitment to ethical conduct and stakeholder-centric business excellence.

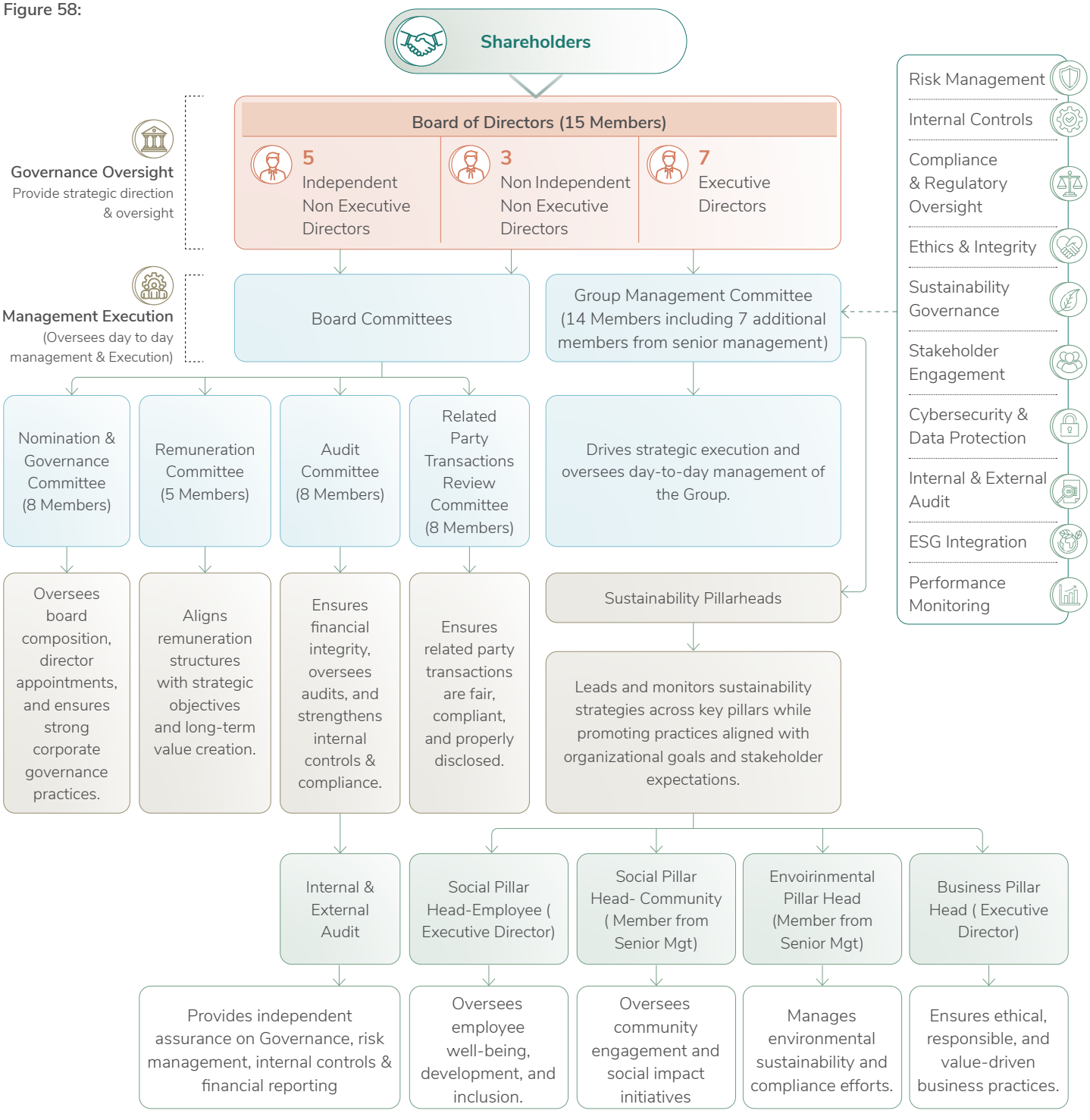
Figure 57: Creating Sustainable Growth and Stakeholder Trust through DIMO's Corporate Governance Framework



## GOVERNANCE STRUCTURE AND LEADERSHIP

This refers to the organizational framework and the position responsible for overseeing and guiding Corporate Governance practices within the Company.

Figure 58:




**Integrated Governance Ecosystem:** Our governance structure is supported by strong risk management, internal controls, compliance, ethics, sustainability governance, stakeholder engagement, and assurance functions to drive sustainable value creation.

# CORPORATE GOVERNANCE

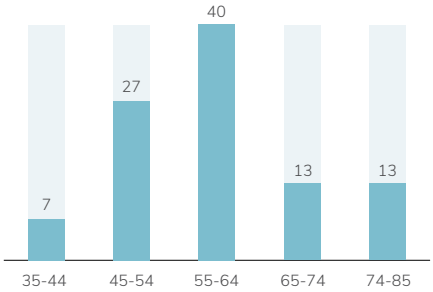
## THE BOARD OF DIRECTORS

"Amid evolving challenges, DIMO's Board of Directors upholds strong governance and strategic leadership, ensuring resilience and sustainable value."-

**A.R.Pandithage**
Chairman

Corporate Governance plays a pivotal role in ensuring the responsible management and ethical operations of the Company. The Board of Directors of DIMO is at the heart of Corporate Governance, providing strategic guidance, oversight, decision-making, and corporate direction as described in Section A.01 of "the Code". The Board has a good balance of executive and non-executive members,

Figure 59:
Experience Through Age: Profile of the Board of Directors
(%)




### Structure and Composition of the Board

As at 31st March 2026, the Board of Directors of DIMO comprised 15 members, including five Independent Non-Executive Directors, three Non-Independent Non-Executive Directors, and seven Executive Directors.

During the period from 1st April 2025 to 31st March 2026, there were several changes in the composition of the Board. Mr. I. A. Wickramasinghe was appointed as an Independent Non-Executive Director with effect from 1st August 2025 while Ms. N. M. Boralessa and Ms. S. R. Fernando were appointed Independent Non-Executive Directors with effect from 1st December 2025 and 16th January 2026, respectively.

Mr. A. D. B. Talwatte resigned from the Board during the financial year. Ms. D. N. K. Kurukulasuriya, who serves as an Executive Director, resigned from the Board on 23 December 2025 and was subsequently reappointed on 16th January 2026.

Mr. H. M. A. Jayesinghe, who was previously classified as an Independent Non-Executive Director, was reclassified as a Non-Independent Non-Executive Director with effect from 1st December 2025.

Figure 60:
Board Composition as at 31/03/26

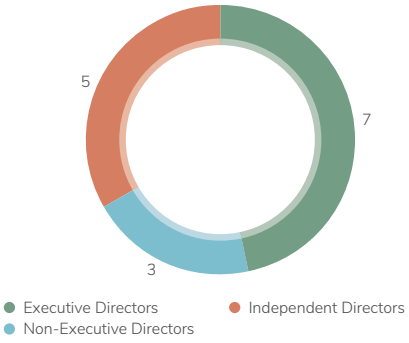
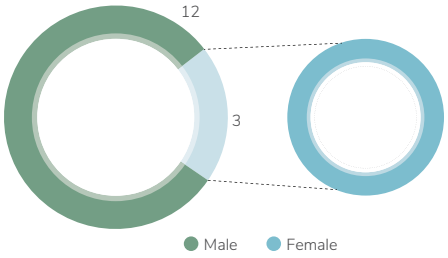



Figure 61:
Board Diversity




### Disclosure of Non-Compliance with CSE Listing Rules Relating to Director Independence and Subsequent Corrective Measures

In terms of Section 9.8.3(v) of CSE Listing Rule No. 09, a Director ceases to qualify as an Independent Director upon serving an aggregate period of nine (9) years on the Board from the date of first appointment.

Mr. H. M. A. Jayesinghe initially served as an Independent Non-Executive Director of the Company from 7th July 1999 to 1st January 2007, completing a tenure of 7 years, 5 months, and 25 days. Following a lapse of 16 years and 8 months, he was reappointed to the Board as an Independent Non-Executive Director with effect from 1st September 2023.

Due to an inadvertent misinterpretation of the relevant Listing Rule related to the aggregation of prior periods of service in calculating total period of Directorship, the cumulative duration of his earlier tenure was not fully considered in assessing his independence status. Consequently, upon the completion of an additional 1 year, 6 months, and 5 days during his second tenure, Mr. Jayesinghe exceeded the cumulative nine-year threshold on 6th March 2025 and should have been re-designated as a Non-Independent Non-Executive Director with effect from 7th March 2025. Accordingly, the Company was not in compliance with the minimum requirement relating to the number of Independent Directors on the Board and Audit, Remuneration & Nomination & Governance Committee composition requirements prescribed under the CSE Listing Rule number 09. The non-compliance continued until 30th November 2025.

During the relevant period, Mr. Jayesinghe continued to serve as Chairman of the Remuneration Committee and the Nominations & Governance Committee and, with effect from 1st August 2025, also served as Chairman of the Audit Committee, Chairman of the Related Party Transactions Review Committee, and Senior Independent Director. The Board notes that, apart from the cumulative tenure requirement, Mr. Jayesinghe satisfied all other applicable independence criteria and discharged his duties and responsibilities with professionalism, integrity, objectivity, and sound judgment throughout the relevant period. The Board is satisfied that the non-compliance did not materially affect the effectiveness of the Board's oversight, governance processes, deliberations, or decision-making functions.

Upon notification of the non-compliance by the Colombo Stock Exchange, the Company undertook corrective measures. Mr. Jayesinghe was reclassified as a Non-Independent Non-Executive Director with effect from 1st December 2025 and ceased to serve as Senior Independent Director and Chairman of the relevant Board Committees. Thereafter, Mr. I. A. Wickramasinghe, who had been appointed as an Independent Non-Executive Director with effect from 1st August 2025, was appointed as Senior Independent Director and as Chairman of all Board Committees other than the Audit Committee. Ms. N. M. Boralessa, who was appointed as an Independent Non-Executive Director with effect from 1st December 2025, assumed the position of Chairperson of the Audit Committee from the same date. The Company made the required disclosures to the Colombo Stock Exchange and was placed on the CSE Watch List on 26th November 2025. Following the implementation of the corrective measures, the Company was removed from the Watch List on 24th December 2025.

The Board could not be reconstituted immediately through the appointment of additional Independent Directors as the Company's Articles of Association stipulated a maximum limit of 14 directors. Accordingly, an Extraordinary General Meeting was held on 5th January 2026 where special resolution was adopted to increase the maximum number of Directors to 16. In the interim, Ms. D. N. K. Kurukulasuriya temporarily resigned from the Board on 23rd December 2025 to facilitate compliance, resulting in a Board composition of 9 Non-Independent Directors and 4 Independent Directors. Consequently, the non-compliance relating to Board composition was fully rectified, and the Company submitted the necessary disclosures confirming compliance to the Colombo Stock Exchange on 23rd December 2025.

Table 37: Board Overview: Directors' Roles and Responsibilities

| Name of Director | Role | Key Responsibilities |
|---|---|---|
| Mr. A.R. Pandithage | Chairman / Executive Director | Leads the Board and provides strategic direction while also contributing to executive management. Ensures effective governance, sets the Board agenda, promotes Board effectiveness, and maintains an appropriate balance between executive and non-executive oversight. |
| Mr. I.A. Wickramasinghe | Senior Independent Director | Provides an additional layer of independence, acts as a sounding board for the Chairman, and serves as an intermediary for other Directors and shareholders where necessary. Also serves as Chairman of three Board Committees, contributing to oversight in areas such as Remuneration, Nomination & Governance, and Related Party Transactions Review, and serves as a member of the Audit Committee. |
| Mr. A.G. Pandithage | Group Managing Director / Chief Executive Officer | Leads overall strategy and operations, drives performance and growth, ensures governance and compliance, and acts as the link between the Board and management while delivering long-term value. |
| Mr. B.C.S.A.P. Gooneratne | Executive Director / Chief Financial Officer | Oversees financial management, reporting, budgeting, internal controls, and regulatory financial compliance. |
| Ms. D.N.K. Kurukulasuriya | Executive Director-Operations & HR | Executes Board-approved strategies, oversees operational performance, ensures risk management and compliance, and provides timely performance reporting to the Board. In addition, oversees Human Resources operations as the Head of Human Resources, including workforce management, employee relations, talent development, and implementation of HR strategies aligned with the Company's objectives. |
| Mr. P.K.W. Mahendra, Mr. C.R. Pandithage, Mr. S.R.W.M.C. Ranawana | Executive Director – Operations | Executes Board-approved strategies, oversees operational performance, ensures effective risk management and compliance, drives financial results and efficiency, supports stakeholder engagement and sustainability initiatives, and provides timely performance reporting to the Board. |
| Mr. A.M. Pandithage, Dr. H. Cabral, Mr. H.M.A. Jayesinghe | Non-Executive Director | Provides independent judgment on strategy, risk management, and performance monitoring without involvement in day-to-day operations. Serves on Board Committees, contributing to effective governance and oversight. |
| Mr. H.A.C. Perera, Mr. R.A. Jayawardane, Ms. N.M. Boralessa, Ms. S.R. Fernando | Independent Non-Executive Director | Ensure objectivity in decision-making, protect shareholder interests, and contribute to audit, risk, and governance oversight. Participate in Board Committees (Audit, Remuneration, Nomination & Governance, and Related Party Transactions Review), ensuring compliance with governance codes and ethical standards. Also, Ms.N.M.Boralessa serves as the chairperson of the Audit Committee. |

# CORPORATE GOVERNANCE

## Chairman to The Board

Mr. A.R. Pandithage, Chairman of the Board, fulfilled the duties and responsibilities of the role considering the requirements in the CSE Listing Rules, "the Code", all other applicable laws, rules, and regulations during the year. The Chairmanship promoted adherence to the Company's values and consideration of stakeholder interests. In line with Section A.03 of the Code, the role contributed to effective Board performance, a balanced composition of Executive and Non-executive functions, and the maintenance of accountability and transparency within the governance framework

Mr. A.R. Pandithage does not hold the Chairmanship of any mandatory Board Committee, as required by CSE Listing Rule No. 9.3.3. Further, to ensure adherence to CSE Listing Rule No. 9.6.3(a), the Board has appointed Senior Independent Directors. These appointments strengthen transparency, given that Mr. Pandithage is both an Executive Director, as defined under Rule No. 9.6.3(a)(ii), and a close family member of the Managing Director, Mr. A.G. Pandithage, as specified in Rule No. 9.6.3(a) (iii). Following changes during the year detailed on page 150-151, Mr. I.A. Wickramasinghe serves as the SID of the Company. The roles, responsibilities, and duties of the Chairman and the Managing Director/Chief Executive Officer have been clearly delineated to maintain a balanced distribution of authority between the two positions, in line with Section A.02 of the Code

## Group Managing Director/Chief Executive Officer

Mr. A.G. Pandithage has served as the Group Managing Director and CEO of the Company, discharging his duties and responsibilities in compliance with the CSE Listing Rules, the Code, and all applicable laws, in the best interests of the Company and its shareholders.

The Company ensures strict compliance with Listing Rule No. 9.7.1 by regularly monitoring and obtaining written declarations from Mr. A.G.Pandithage to confirm whether he satisfied with the fit and proper assessment criteria outlined in CSE Listing Rule No. 9.7.3.

Members of the Board have recognized the importance of appraising the CEO's performance, as well as setting and assessing targets aligned with the Company's strategic objectives. Accordingly, an appraisal was conducted by each member of the Board, as required by Section A.11 of the Code. The appraisal reflected favourable performance, and the results were duly communicated to the Chairman and the CEO.

## Senior Independent Director

During the period under review, several changes occurred regarding the Senior Independent Directorship of the Company.

Mr. A.D.B. Talwatte served as the Senior Independent Director until his resignation on 31st July 2025. Subsequently, Mr. H.M.A. Jayesinghe was appointed to the role with effect from 1st August 2025.

It was later identified that Mr. Jayesinghe's initial term of Directorship, which commenced 16 years earlier as explained in page 150-151, had inadvertently not been taken into account when calculating his total tenure for the purpose of assessing independence. Consequently, it was noted that the maximum permissible period of nine years had already elapsed on 6th March 2025. In light of this, the Board resolved on 19th November 2025 to appoint Mr. I.A. Wickramasinghe as Senior Independent Director, effective from 1st December 2025.

All the above Senior Independent Directors have fulfilled their duties in accordance with the CSE Listing Rule No. 09, contributing to the Company's Governance structure by providing an independent viewpoint on key strategic matters.

In accordance with CSE Listing Rule No. 9.6.3 (b), meetings were held with all Independent Directors, chaired by the Senior Independent Director (SID), without the presence of other Board members. The purpose of the meetings was to discuss matters pertaining to the Company and the functioning of the Board. Following the discussions, feedback was communicated to Mr. A.R. Pandithage, the Chairman of the Board, as well as to the other Board members.

Pursuant to Listing Rule No. 9.6.3 (c), all Non-Executive Directors excluding Chairman to the Board convened separate meetings, also chaired by the SID, to evaluate and appraise the performance of the Chairman.

The Statement of the SID available on page 166

## BOARD COMMITTEES

Adhering to the CSE Listing Rule No. 9.3.1, the Company ensures that the Nomination and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transaction Review Committee are established and maintained within the ceiling and function effectively. (Refer table.03 for meeting attendance and composition details of the Company's committees). Each committee discussed below has its own terms of reference.

### Nomination & Governance Committee

The Nomination and Governance Committee is responsible for ensuring that the Board and its Committees are appropriately structured, with the right balance of skills, experience, independence, and diversity to effectively discharge their responsibilities. At the commencement of the financial year, the Committee comprised of five members. Mr. H.M.A. Jayesinghe served as Chairman of the Committee until 30 November 2025. Following his reclassification as a Non-Independent Director, as explained earlier, Mr. I.A. Wickramasinghe was appointed as Chairman with effect from 1st December 2025, ensuring continuity in leadership and effective oversight.

During the year, Mr. A.D.B. Talwatte resigned from the Board, and consequently from the Committee, on 31st July 2025. Mr. I.A. Wickramasinghe was appointed to the Committee with effect from 1st August 2025, while Ms. N. M.Boralessa joined the Committee effective 1st December 2025 and Ms.S.R.Fernando joined effective from 16th January 2026. Accordingly, as at 31st March 2026, the Committee comprised of eight Members, including five Independent Non-Executive Directors and three Non-Executive Directors, maintaining an appropriate balance of independence and expertise. The Committee continued to discharge its responsibilities diligently in line with its mandate and governance best practices, as outlined below.

Refer to Table 38 for details regarding the members of the committee and their meeting attendance.

**Figure 62: Overview of Key Duties Discharged During 2025/2026**

| | |
|---|---|
| Board Composition | • Identified and nominated qualified directors based on skills, diversity, independence<br>• Maintained a Board skills matrix (CA Code Principle A) |
| Succession Planning | • Developed and oversaw succession plans for Board, CEO, and key Management Personnel<br>• Assessed leadership continuity and future organisational requirements for critical positions. |
| Board Evaluation | • Conducted annual performance evaluation of Board of Directors,Board committees, and Non Executive Directors, CEO, Chairmans of Committees & the Board<br>• Used self-assessment or external facilitators based on the requirement. Feedback were communicated to the relevant parties. |
| Governance Oversight | • Reviewed 12 Corporate Governance Policies and recommended the improvements to the Board.<br>• Reviewed Corporate Governance Practices in the Company and recommended improvements.<br>• Ensured compliance with CSE Listing Rules and the Code of Corporate Governance. |
| Director Independence Review | • Assessed independence of Non-Executive Directors by obtaining declarations and conducting interviews with them. |
| Director Orientation & Continuous Training | • Induction programmes were conducted for the newly joined directors.<br>• Awareness sessions were conducted with regard to CSE listing rules |

# CORPORATE GOVERNANCE

## Audit Committee

The Audit Committee assists the Board in overseeing the integrity of financial reporting, the effectiveness of internal controls, risk management processes, and the independence of external auditors, while upholding strong standards of Corporate Governance and transparency.

As at 1st April 2025, the Committee comprised of six members. Mr. A.D.B. Talwatte served as Chairperson of the Committee until his resignation from the Board on 31st July 2025. With effect from 1st August 2025, Mr. H.M.A. Jayesinghe was appointed as Chairperson. Subsequently, following the reclassification of Mr. H.M.A. Jayesinghe as a Non-Independent Director, as explained earlier, Ms. N.M. Boralessa, a Member of Chartered Institute of Management Accountants (CIMA) United Kingdom, was appointed as Chairperson of the Committee with effect from 1st December 2025. Further strengthening the Committee, Ms. S.R. Fernando was appointed as a member effective from 16th January 2026.

As at 31st March 2026, the Committee comprises of eight members, including five Independent Non-Executive Directors and three Non-Executive Directors. Refer Table 38 for composition & meeting attendance. The following highlights how the Committee fulfilled its responsibilities during the year.

**Figure 63: Overview of Key Duties Discharged During 2025/2026**

| | |
|---|---|
| Financial Reporting Oversight | • Reviewed quarterly and annual financial statements prior to Board approval.<br>• Ensured compliance with SLFRS/LKAS and other applicable reporting requirements.<br>• Reviewed significant accounting judgments, estimates, and disclosures with management and external auditors. |
| Internal Control & Risk Management | • Reviewed the adequacy and effectiveness of internal controls and risk management processes.<br>• Monitored actions taken by management to strengthen controls and mitigate risks.<br>• Reviewed internal audit findings, management responses, and fraud prevention measures.<br>• Monitored the effectiveness of the enterprise risk management framework. |
| Oversight of Internal Audit Function | • Reviewed and approved the annual internal audit plan.<br>• Assessed the independence and effectiveness of the internal audit function.<br>• Ensured internal audit findings and recommendations were addressed by management. |
| Oversight of External Audit Function | • Reviewed the external audit plan, scope, audit findings, and management responses.<br>• Assessed the independence and objectivity of the external auditors.<br>• Met with the external auditors without management present to facilitate independent discussions. |
| Compliance, Ethics & Regulatory Oversight | • Monitored compliance with applicable laws, regulations, and Colombo Stock Exchange Listing Rules.<br>• Reviewed whistleblowing arrangements, fraud prevention mechanisms, and regulatory matters impacting financial reporting.<br>• Promoted ethical conduct, accountability, and transparency across the Group. |
| ESG & Sustainability Oversight | • Reviewed ESG-related risks, sustainability initiatives, and related disclosures.<br>• Monitored management processes supporting environmental, social, and governance performance and compliance requirements.<br>• Oversaw governance practices relating to responsible corporate conduct and stakeholder engagement. |
| Cybersecurity & Digital Risk Oversight | • Reviewed cybersecurity controls, IT governance practices, and data protection measures.<br>• Monitored cyber risks, system vulnerabilities, and management actions to strengthen information security.<br>• Reviewed business continuity and disaster recovery arrangements relating to critical systems. |
| AI & Emerging Technology Oversight | • Reviewed governance practices relating to the use of artificial intelligence and emerging technologies.<br>• Monitored risks relating to data privacy, cybersecurity, regulatory compliance, and ethical use of AI.<br>• Assessed management controls established for the responsible use of AI-enabled systems and technologies. |
| Reporting & Disclosure | • Reported significant audit, risk, compliance, ESG, cybersecurity, and financial reporting matters to the Board.<br>• Provided recommendations to strengthen governance, risk management, and internal controls.<br>• Ensured appropriate disclosure of Audit Committee activities in the Annual Report. |

## Remuneration Committee

The Remuneration Committee plays a pivotal role in supporting the Board in establishing transparent, fair, and competitive remuneration policies aligned with the Company's strategic objectives and governance best practices.

As at 1st April 2025, the Committee comprised of four members. Mr. H.M.A. Jayesinghe served as Chairman of the Committee until 30th November 2025, after which Mr. I.A. Wickramasinghe was appointed as Chairman.

During the year, Mr. A.D.B. Talwatte ceased to be a member of the Committee upon his resignation from the Board on 31 July 2025. Subsequently, Mr. I.A. Wickramasinghe was appointed to the Committee with effect from 1st August 2025, followed by the appointment of Ms. N.M. Boralessa with effect from 1 December 2025.

As at 31st March 2026, the Committee comprised of five members, consisting of two Independent Non-Executive Directors and three Non-Executive Directors, thereby maintaining an appropriate balance of independence and experience.

Meeting attendance of members is presented in Table 38. The Committee's key activities in fulfilling its responsibilities during the year are presented below.

**Figure 64: Overview of Key Duties Discharged During 2025/2026**

| | |
|---|---|
| Policy Development | • Continuously reviewed the established formal remuneration policy aligned with long-term strategy.<br>• Ensured balance between fixed salary, bonuses, and incentives |
| Performance Linkage | • Linked executive pay to KPIs such as profitability, ROE, ESG targets<br>• Avoided excessive risk-taking incentives (OECD risk principle) |
| Governance & Fairness | • Ensured no director is involved in deciding their own remuneration<br>• Benchmarked compensation against industry standards |
| Transparency & Disclosure | • Provided detailed remuneration disclosures in Annual Report<br>• Explained rationale behind pay structures |
| Succession & Retention Support | • Aligned remuneration with talent retention strategies |

## Related Party Transactions Review Committee

The Related Party Transactions Review Committee plays a vital role in ensuring transparency, accountability, and compliance with CSE Listing Rule No.09, LKAS 24 & the Code, in managing the Company's related party dealings.

As at 1st April 2025, the Committee comprised of six Members. Mr. A.D.B. Talwatte served as Chairperson until his resignation from the Board on 31st July 2025, following which Mr. H.M.A. Jayesinghe was appointed as Chairperson with effect from 1st August 2025. Subsequently, due to the reclassification of Mr. Jayesinghe as a Non-Independent Director, Mr. I.A. Wickramasinghe assumed the role of Chairperson effective 1st December 2025.

During the year, the Committee was further strengthened with the appointment of Ms. N.M. Boralessa on 1st December 2025 and Ms. S.R. Fernando on 16th January 2026. Accordingly, as at 31st March 2026, the Committee comprised of eight Members, including five Independent Non-Executive Directors and three Non-Executive Directors, reflecting a strong emphasis on independent oversight and good governance. Refer Table 38 for composition & meeting attendance.

**Figure 65: Overview of Key Duties Discharged During 2025/2026**

| | |
|---|---|
| Review & Approval | • Reviewed all related party transactions (RPTs) before execution<br>• Approved only if conducted at arm's length and in company's best interest |
| Conflict of Interest Management | • Ensured directors with conflicts abstain from decision-making |
| Monitoring & Reporting | • Periodically reviewed ongoing RPTs<br>• Reported to the Board and ensures disclosure in financial statements |
| Transparency | • Ensured immediate disclosure of material RPTs to shareholders (CSE requirement) |

# CORPORATE GOVERNANCE

Table 38- Composition of Board of Directors, Board Committees and Meeting Attendance

| Name of the Director | Type of Directorship | Period Of Directorship | Year of Appointment | Age as at 31st March 2026 | Composition & Attendance to Meetings | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Board Of Directors | | Audit Committee | | Nomination & Governance Committee | | Remuneration Committee | | Related Party Transactions Review Committee | |
| | | | | | Membership Status | Attendance | Membership Status | Attendance | Membership Status | Attendance | Membership Status | Attendance | Membership Status | Attendance |
| A.G. Pandithage | Executive director | 31 Years | 1995 | 63 | M | 15/15 | - | - | - | - | - | | - | - |
| B.C.S.A.P. Gooneratne | Executive director | 20 Years | 2006 | 63 | M | 15/15 | - | - | - | - | - | | - | - |
| P.K.W. Mahendra | Executive director | 10 Years | 2016 | 59 | M | 15/15 | - | - | - | - | - | | - | - |
| C.R.Pandithage | Executive director | 4 Years | 2022 | 42 | M | 12/15 | - | - | - | - | - | | - | - |
| D.N.K.Kurukulasuriya* | Executive director | 4 Years | 2022* | 54 | M | 15/15 | - | - | - | - | - | | - | - |
| S.R.W.M.C. Ranawana | Executive director | 11 Years | 2016 | 63 | M | 11/15 | - | - | - | - | - | | - | - |
| Dr.H. Cabral | Non-executive director | 20 Years | 2006 | 66 | M | 13/15 | M | 4/4 | M | 4/4 | M | 2/2 | M | 4/4 |
| A.M.Pandithage | Non-executive director | 45 Years | 1982 | 75 | M | 14/15 | M | 4/4 | M | 4/4 | M | 2/2 | M | 4/4 |
| R.A.Jayawardane | Independent Non-Executive Director | 1 Year | 2025 | 67 | M | 13/15 | M | 3/4 | M | 1/1 | | | M | 4/4 |
| H.A.C.Perera | Independent Non-Executive Director | 1 Year | 2025 | 52 | M | 12/15 | M | 4/4 | M | 1/1 | | | M | 4/4 |
| S.R.Fernando | Independent Non-Executive Director | 2 Months & 15 Days | 2026 | 52 | M | 3/3 | M | | M | - | - | | M | 1/1 |
| Chairpersons Continuing in the Board/Committees with Membership in Other Committees | | | | | | | | | | | | | | |
| A.R. Pandithage | Executive director | 49 Years | 1977 | 78 | Chair | 15/15 | - | - | - | | - | - | - | - |
| N.M.Boralessa | Independent Non-Executive Director | 04 Months | 2025 | 52 | M | 3/3 | Chair | | M | 1/1 | M | | M | 1/1 |
| I.A.Wickremasinghe | Independent Non-Executive Director | 08 Months | 2025 | 58 | M | 10/10 | M | 3/3 | Chair | 3/3 | Chair | | Chair | 3/3 |
| Chairperson Ceasing from Committees, together with Memberships in Other Committees | | | | | | | | | | | | | | |
| H.M.A. Jayesinghe** | Independent Non-Executive Director | 09 Years | 1999-2007, 2023 | 63 | M | 15/15 | Chair | 4/4 | Chair | 4/4 | Chair | 2/2 | Chair | 4/4 |
| | Non-Executive Director | 01 Year | 2023 | | | | M | | M | | M | | M | |
| Chairperson Ceasing from Committees due to resignation from the Board effective from 31st July 2025 | | | | | | | | | | | | | | |
| A.D.B. Talwatte | Independent Non-Executive Director | 09 Years | 2016 | 70 | M | 05/05 | Chair | 1/1 | M | 1/1 | M | 1/1 | Chair | 1/1 |
| Total Independent Non Executive Directors as of 31st March 2026 | | | | | 5 | | 5 | | 5 | | 2 | | 5 | |
| Total Executive Directors as of 31st March 2026 | | | | | 7 | | - | | - | | - | | - | |
| Total Non Independent Non Executive Directors as of 31st March 2026 | | | | | 3 | | 3 | | 3 | | 3 | | 3 | |
| Total as of 31st March 2026 | | | | | 15 | | 8 | | 8 | | 5 | | 8 | |

* D.N.K.Kurukulasuriya initially appointed to the Board on 30th May 2022 and resigned on 23rd December 2025 to maintain the Board Balance as required by CSE Listing Rule No.09. Again she was appointed to the Board on 16th January 2026.

** Mr.Jayesinghe's first appointment was on 7th July 1999 and resignation was on 1st January 2007. His, 2nd appointment was on 1st September 2023. Following his reclassification as a Non-Independent Director, he ceased to serve as Chairperson of all Committees.

Table 39: CSE Listing Rule No. 09 Requirements

| | Composition & Listing Rule Requirements | | | | |
|---|---|---|---|---|---|
| | Board Of Directors | Audit Committee | Nomination & Governance Committee | Remuneration Committee | Related Party Transactions Review Committee |
| CSE Listing Rule No.09 Requirements | | | | | |
| Board/ Committee Members | Minimum 05 | Minimum 03 | Minimum 03 | Minimum 03 | Minimum 03 |
| | **Rule No. 9.8.1** | **9.13.3.(1). ( a )** | **9.11.4.(1) (a)** | **9.12.6.(1).(a )** | **9.14.2. ( 1 )** |
| Total Independent Non Executive Directors | Min 02 or 1/3 of total whichever is higher | Min 02 or Majority of Members whichever is higher | Minimum 02 | Minimum 02 | Minimum 02 |
| | **Rule No. 9.8.2 (a)** | **9.13.3.(1). ( a )** | **9.11.4.(1) (a)** | **9.12.6.(1).(a )** | **9.14.2. ( 1 )** |
| Total Non Independent Executive Directors | Balance is to be maintained | Not allowed | Not allowed | Not allowed | May include |
| | **Rule No.9.5.1 (a)** | **9.13.3.(1). ( b )** | **9.11.4.(1) (b)** | **9.12.6.(1).(b )** | **9.14.2. ( 1 )** |
| Compliance Status as at 31st March 2026 | Compliant | Compliant | Compliant | Compliant | Compliant |
| Chairperson | Cannot chair other committees. Should be a non-executive director. Should not be a close family member to CEO. If so, SID is to be appointed | Chair should be an independent director. Chair or a member should be a Member of Recognised Profe. Acc. body | Should be an independent director | Should be an independent director | Should be an independent director |
| | **Rule No 9.3.3, 9.6.1, 9.6.3 (a) ii, iii** | **9.13.3.(4) & (6)** | **9.11.4.( 2 )** | **9.12.6.(2)** | **9.14.2. ( 1 )** |
| Compliance Status as at 31st March 2026 | Compliant | Compliant | Compliant | Compliant | Compliant |

## MANAGEMENT COMMITTEES

The Board has appointed a Group Management Committee (GMC), responsible for executing the strategy and to carry out any mandates given by the Board or Board Committees. In addition, four Sustainability Pillar Heads oversee and execute the Sustainability Agenda of the Company. The Group Management Committee consists of 14 members of whom 07 are members of the Board. Two Sustainability Pillar Heads are members of the Board, with one member being a member of the GMC and the other a General Manager

### Group Management Committee ( GMC )

The Group Management Committee (GMC) serves as the central executive body responsible for the strategic and operational leadership of the Group. Comprising 14 members, the GMC includes Executive Directors and key members of the senior management team, ensuring that a wide spectrum of expertise and insight contributes to the Group's decision-making processes.

The Committee operates under the leadership of Mr. A.G. Pandithage, Group Managing Director/CEO, and plays a vital role in translating the Board's strategic direction into actionable plans. It is entrusted with overseeing the execution and implementation of Group-wide strategies, policies, and operational objectives to ensure sustainable performance and value creation.

The GMC is responsible for the overall steering of the business and assumes accountability for achieving the Group's short- and long-term performance targets. This includes monitoring operational effectiveness, resource allocation, risk

management, and aligning day-to-day management decisions with the broader strategic vision.

By fostering collaboration across different business units and functional areas, the GMC ensures agile and informed leadership that supports innovation, operational excellence, and stakeholder value. The Committee meets regularly to assess progress, address emerging challenges, and drive continuous improvement across all levels of the organization.

Through the leadership and governance framework, the GMC plays an integral role in guiding the Company and the Group toward its long-term goals and maintaining its position as a responsible and forward-looking corporate entity.

Refer table 44 for skills and competencies of GMC members.

### Sustainability Management Structure

As part of our continued commitment to sustainability, the Group has established a structured governance framework led by the Sustainability Pillar Heads. This team is composed of senior members of the management team, including Executive Directors, and operates under the strategic leadership of Mr. A.G. Pandithage, Group Managing Director/CEO

The governance framework is built around four key sustainability pillars, each addressing critical aspects of the Group's environmental, social, and business impact. Each pillar is headed by an experienced leader, ensuring focused attention and accountability:

- Business Pillar – Led by Mr. C.R Pandithage, this pillar focuses on integrating sustainable practices within our business operations, driving long-term economic performance and responsible corporate growth.
- Social Pillar – Employees – Headed by Ms. D.N.K. Kurukulasuriya, this area focuses on employee well-being, diversity, equity, and continuous development to foster an inclusive and empowered workforce.
- Social Pillar – Community – Led by Mr. R.K.J Gunesekara until 31st December 2025 and by Mr.Ravinesh Senaratne effective from 1st January 2026, this pillar is responsible for the Group's community engagement initiatives, promoting inclusive development and positive social impact in the regions where we operate.
- Environment Pillar – Managed by Mr. Mahesh Karunaratne, this pillar oversees the Group's efforts to minimize environmental impact, enhance resource efficiency, and support climate action in alignment with global sustainability standards.

Collectively, the Sustainability Pillar Heads are tasked with overseeing the identification, evaluation, and management of the Group's economic, social, and environmental impacts. Their responsibilities also extend to ensuring the successful implementation of the Group's Sustainability Agenda 2030, driving the organization toward long-term value creation and resilience.

### Information Flow to The Directors and External Auditors

The Board of Directors of the Company has established formal procedures to ensure timely, accurate, and complete information flows to both the Directors and the External Auditors based on the requirements. These procedures support transparent governance, effective decision-making, and oversight in line with applicable laws, the CSE Listing Rules, and the Code.

Information is primarily communicated to Directors through structured Board PAC, which include Board papers, Committee submissions, and relevant supporting documentation. These materials are circulated in advance of Board and Committee meetings, allowing sufficient time for review and informed discussion. Presentations made during Board meetings, including those related to capital expenditure approvals and other strategic matters, further supplement these documents and provide context for decision-making.

Where necessary, additional clarifications may be provided during meetings or through follow-up communications. In cases involving Inside Information or Material Information, disclosures are made in accordance with the procedures outlined in the CSE Listing Rules to ensure regulatory compliance and market integrity.

These processes collectively ensure that the Board and External Auditors have access to the information required to perform their respective oversight and supervisory responsibilities effectively.

## BOARD FUNCTIONING AND PERFORMANCE

### Appraisal of the Board and Committee performance

The Board of Directors of the Company recognizes the importance of appraising and evaluating the performance of its members, including those of the subcommittees, as well as the Chairman of the Board, Subcommittee Chairpersons, and the CEO. During the year, the following evaluations were conducted: Independent Directors were appraised by Non-Independent Directors; the Chairman of the Board was appraised by the Board Members; the Board as a whole was appraised by its Members; Board Committees were appraised by their respective Members; and Committee Chairpersons were appraised by their respective Members. CEO of the Company was appraised by the other Board Members. Feedback was reviewed by the Nomination and Governance Committee, which concluded positively and communicated the outcomes to the respective chairpersons, in line with the requirements of Section A.09 of " the Code"

### Board of Director's Adherence to Governance Frameworks

DIMO's Board of Directors adheres to regulatory requirements and best practice frameworks, ensuring its governance practices align with the Listing Rules of the Colombo Stock Exchange (CSE).

**Adherence to CSE Listing Rule No. 09 Requirements by the Board of Directors**

- DIMO complies with CSE Listing Rule No. 9.8.1, maintaining a Board of 15 Directors, which exceeds the minimum requirement of five Directors stipulated by the rule.
- The Board of DIMO has complied with the CSE Listing Rule No.9.8.2 (a), maintaining a strong representation of Independent Non-Executive Directors equal to one -third of the total, as at 31st March 2026.Inadvertant non-compliance which was identified during the year was rectified as discussed earlier in this report (Refer page 150-151).
- All five Independent Directors serving on the Board as at year-end have confirmed that they satisfy the independence criteria set out in the CSE Listing Rule No. 9.8.3 by submitting annual declarations in accordance with the Rule (Refer Table 40).
- A formal policy, governing matters relating to the Board of Directors as indicated in Rule No.9.5.1 has been established and maintained during the year, and a disclosure is made in the Company's website as to how the Company has implemented this policy during the financial year.
- To ensure compliance with CSE Listing Rule No. 9.7.1, each member of the Board has confirmed their continued compliance with the fit and proper assessment criteria outlined in CSE Listing Rule No. 9.7.3 by providing signed declarations for the year (Refer Table 41). Individuals who fail to comply with the criteria as per the above rule, will no longer be eligible to serve as Directors of the Company.

Table 40: Board Determination of Directors Independence for the Year 2025-2026 – Compliance with CSE Listing Rule 9.8.3

| Independence Criteria (CSE Rule 9.8.3) | Names of Directors | | | | |
|---|---|---|---|---|---|
| | H.A.C.Perera | R.A. Jayawardane | I.A. Wickramasinghe | N.M.Boralessa | S.R.Fernando |
| (i) Not employed by the Company during the past 3 years | ✓ | ✓ | ✓ | ✓ | ✓ |
| (ii) No Material Business Relationship with the Company (past 3 years) | ✓ | ✓ | ✓ | ✓ | ✓ |
| (iii) No Close Family Member as Director/CEO (preceding financial year) | ✓ | ✓ | ✓ | ✓ | ✓ |
| (iv) No Significant Shareholding | ✓ | ✓ | ✓ | ✓ | ✓ |
| (v) Has not served on the Board for more than nine (9) years from the date of first appointment | ✓ | ✓ | ✓ | ✓ | ✓ |
| (vi) Does not have cross-employment relationships with other companies linked to the Board (as defined in the Rules) | ✓ | ✓ | ✓ | ✓ | ✓ |
| (vii) Does not hold directorships in other companies that create conflicts or cross-board relationships (as defined in the Rules) | ✓ | ✓ | ✓ | ✓ | ✓ |
| (viii) Does not have significant shareholdings or business relationships in other entities that conflict with the Company's interests | ✓ | ✓ | ✓ | ✓ | ✓ |
| (ix) Not above 70 years | ✓ | ✓ | ✓ | ✓ | ✓ |
| Submitted an annual declaration confirming independence | Yes | Yes | Yes | Yes | Yes |
| Board Determination of Independence | Independent | Independent | Independent | Independent | Independent |

# CORPORATE GOVERNANCE

Table 41: Board Assurance on Fit and Proper Compliance ( CSE Listing Rules 9.7.3 & 9.7.4))

| Assessment Criteria | Key Considerations Applied | Names of Directors | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A.R. Pandithage | A.G. Pandithage | B.C.A.S.P. Gooneratne | P.K.W. Mahendra | C.R. Pandithage | D.N.K. Kurukulasuriya | S.R.W.M.C. Ranawana | A.M. Pandithage | Dr.H. Cabral | H.M.A. Jayesinghe | R.A. Jayawardane | H.A.C.Perera | I.A. Wickramasinghe | N.M. Boralessa | S.R. Fernando |
| A. Honesty, Integrity & Reputation (Rule No. 9.7.3 (a) (i) – (vii)) | No convictions relating to market offences, fraud, or dishonesty; no regulatory sanctions or disqualifications; no involvement in entities with revoked licenses or regulatory breaches; maintains strong ethical and professional standing | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| B. Competence & Capability (Rule No.9.7.3 (b) (i) – (ii)) | Possesses relevant qualifications, experience, and industry knowledge; ability to contribute effectively to Board deliberations; demonstrates sound judgment; not declared of unsound mind | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| C. Financial Soundness (Rule No.9.7.3 (c) (i) – (iii)) | Not an undischarged bankrupt; no unsatisfied judgment debts; no significant involvement in insolvent entities; demonstrates financial responsibility | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Annual Declaration (Rule No.9.7.4) | Annual declarations obtained confirming continuous compliance during the year and as at reporting date; reviewed by the Nominations and Governance Committee | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |

✓ Criteria satisfied / Confirmed ● Declaration Received

### Commitments & Deliberations of the Board of Directors Throughout the Year

- Strategic Planning and Long-Term Goals, by setting the Company's overall direction and reviewing and approving business strategies.
- Financial Oversight by monitoring financial performance and reviewing annual budgets. and approving financial statements, forecasts, and capital expenditures.
- Risk Management and Compliance through identifying and mitigating key business risks. and ensuring compliance with regulatory requirements such as compliance with Inland Revenue Act No.24 of 2017, Labour Laws and Regulations of Sri Lanka, Exchange Control Act of Sri Lanka and other relevant legal requirements.
- Leadership and Succession Planning via reviewing executive performance and evaluating leadership and approving succession plans for key leadership positions.
- Embracing principles of Sustainability by overseeing initiatives related to social responsibility, sustainability, and community engagement.
- Corporate Governance
  - » Ensuring compliance to Corporate Governance Listing Rule No.09 requirement and compliance with the guideline mentioned in the Code of Best Practice on Corporate Governance 2023 published by the Institute of Chartered Accountants of Sri Lanka
  - » Reviewing and updating governance policies and frameworks.
- Stakeholder Engagement through engagement with shareholders, employees, and other stakeholders, reviewing shareholder feedback and addressing concerns.
- Board Evaluation and Development through evaluating the performance of the Board of Directors and individual members, chairpersons and organizing training and development programs for Board Members.
- Monitoring Business Performance by reviewing operational performance; setting key performance indicators (KPIs), addressing operational challenges and implementing corrective actions when needed.

Table 42: Board Meetings of DIMO

| Governance Aspect | Description | Key Benefits to the Company |
|---|---|---|
| Meeting Frequency & Structure | The Board of Directors convenes meetings on a quarterly basis, with additional sessions scheduled when necessary to address strategic or operational priorities. Meetings are structured to ensure adequate time for discussion of key matters. | Ensures continuous oversight, timely decision-making, and agility in responding to dynamic business conditions. |
| Strategic Oversight & Governance | Board meetings serve as a platform to review corporate strategy, financial performance, risk management, and progress against key objectives, while addressing emerging challenges. | Strengthens corporate governance, enhances accountability, and aligns business operations with long-term strategic goals. |
| Engagement with Senior Management | Senior executives, including members of the Group Management Committee (GMC), are invited based on agenda relevance to provide in-depth insights and operational updates. | Promotes informed decision-making, improves transparency, and bridges the gap between strategic direction and operational execution. |
| Leadership of the Chairman | The Chairman ensures meetings are conducted in line with best governance practices, sets clear agendas, facilitates constructive discussions, and encourages active participation from all Directors. | Enhances Board effectiveness, fosters a culture of openness, and ensures balanced, well-informed decisions that safeguard shareholder interests. |
| CEO's Strategic Input | The Group Managing Director/CEO, Mr. A.G. Pandithage, delivers comprehensive updates on business performance, strategic initiatives, risks, and opportunities. | Enables the Board to make data-driven decisions, monitor execution of strategy, and proactively respond to risks and market opportunities. |
| Role of the Company Secretary | The Company Secretary oversees meeting administration, including scheduling, circulation of board papers, and ensuring compliance with regulatory requirements such as the Companies Act and CSE Listing Rules. | Ensures governance integrity, regulatory compliance, accurate documentation, and effective implementation of Board decisions. |

# CORPORATE GOVERNANCE

## DIVERSITY & COMPETENCE

"Diversity extends beyond representation; it is a strategic driver of innovation and a catalyst for achieving our corporate vision."

**A.R. Pandithage**
Chairman

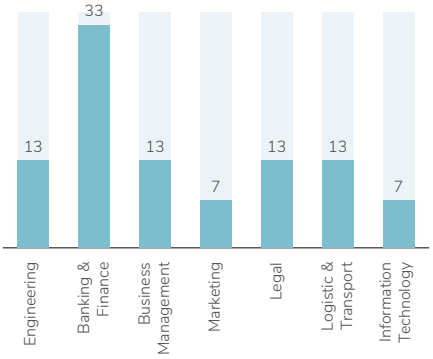
In compliance with CSE Listing Rule No. 9.5.1 (c) , the Company ensures Board diversity by maintaining a balanced composition in terms of experience, skills, competencies, age, gender, and industry expertise. The Company places strong emphasis on the objective and transparent selection of Directors to support effective governance and strategic leadership.

Our Board comprises Directors from diverse professional backgrounds including engineering, finance, business management, marketing, legal, information & communication technology and logistics and transport. Gender diversity stands at 20% female representation and will be increased in the future.

The Board's age composition demonstrates a deliberate blend of seasoned expertise and fresh perspectives. With 33% of Directors under 55 and a significant 40% between 55 and 64, this balance fosters dynamic leadership and insightful governance, positioning the Company for sustained success.

The diversified Board of the Company has adequate financial literacy and expertise among its members to provide effective guidance on the Company's financial matters, as required by Section A.04 of the Code.

Figure 66:
Board of Directors by Profession (%)




Of the 15 Directors, the composition includes: 2 engineers, 5 Banking & finance professionals, 2 business management professionals, 1 Marketing Professional, 2 legal professionals, 2 logistics and transport professional, and 1 IT & Communication professional

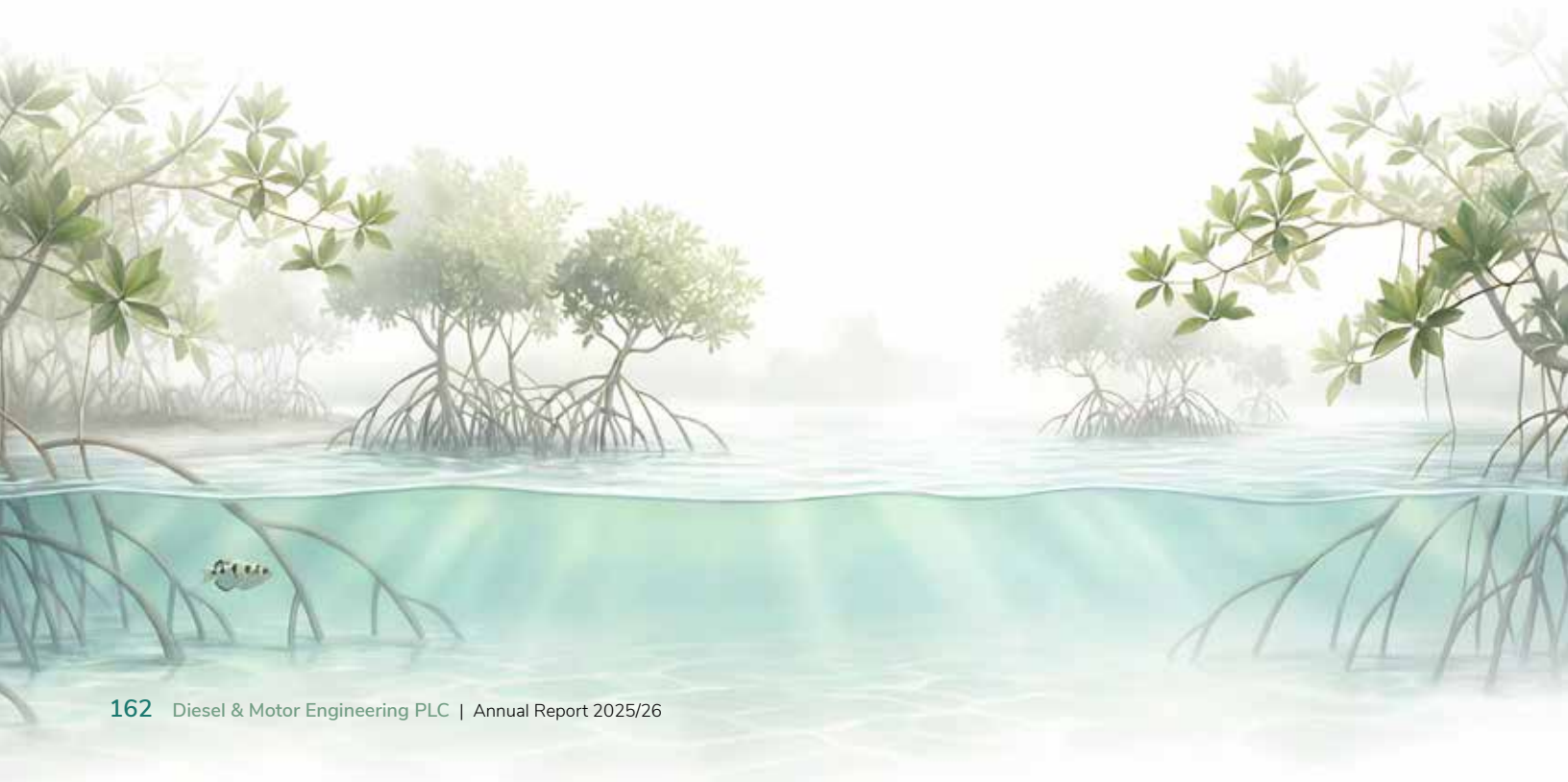


Table 43: Area of Competencies of Directors of DIMO

| Name of the Director | Qualifications | Gender | Corporate Leadership | Finance | Legal | Information Technology & Communication | Engineering | Human Resources & Stakeholder Engagement | Marketing | Segment/ Domain knowledge | Board Service & Governance | Logistics & Transport | ESG Sustainability & core competencies | Risk Management |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A.R. Pandithage | Diploma in Engineering - Germany<br>Member of the Institute of Engineers, Germany (VDI). | M | ● | | | | ● | | | ● | | | ● | ● |
| A.G. Pandithage | Fellow Member of Chartered Institute of Management Accountants, Chartered Global Management Accountant (FCMA, CGMA)<br>Alumni of Harvard Business School Advance Management Programme (AMP). | M | ● | ● | | ● | | | | ● | | | ● | ● |
| N.M.Boralessa | Fellow Member of Chartered Institute of Management Accountants, Chartered Global Management Accountant (FCMA, CGMA) | F | | ● | | | | | | | | | ● | ● |
| Dr.H. Cabral | President's Counsel in Sri Lanka<br>Doctorate in Corporate Law from University of Canberra, Australia | M | | | ● | | | | | | ● | | | |
| S.R.Fernando | Bachelor of Science (Hons) - New Delhi<br>Master of Business Administration - University of Sri Jayawardenepura<br>AffiliatedMember of the Chartered Institute of Procurement and Supply (UK)<br>Chartered Member of the Institute of Logistics & Transport (UK). | F | | | | | | | | | | ● | | |
| B.C.S.A.P. Gooneratne | Fellow Member of Institute of Chartered Accountants of Sri Lanka<br>Fellow Member of Institute of Certfied Management Accountants of Sri Lanka<br>Master of Business Administration - University of Sri Jayawardenepura | M | | ● | | | | | | | ● | | ● | ● |
| H.M.A. Jayesinghe | Fellow Member of Institute of Chartered Accountants of Sri Lanka<br>Fellow Member of Chartered Institute of Management Accountants, Chartered Global Management Accountant (FCMA, CGMA)<br>Chartered Public Finance Accountant | M | | ● | | | | | | | ● | | | ● |

# CORPORATE GOVERNANCE

| Name of the Director | Qualifications | Gender | Corporate Leadership | Finance | Legal | Information Technology & Communication | Engineering | Human Resources & Stakeholder Engagement | Marketing | Segment/ Domain knowledge | Board Service & Governance | Logistics & Transport | ESG Sustainability & core competencies | Risk Management |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R.A.Jayawardane | Member of Chartered Institute of Marketing<br>Master of Business Administration from PIM, University of Sri Jayewardenepura | M | ● | | | | | | ● | | | | | |
| D.N.K.Kurukulasuriya | Attorney at law<br>Executive Master of Business Administration - University of West London | F | | | ● | | | ● | | ● | | | ● | ● |
| P.K.W. Mahendra | Bachelor's in Mechanical Engineering - University of Greenwich (UK) | M | | | | | ● | | | ● | | | | |
| A.M.Pandithage | Fellow of the Chartered Institute of Logistics and Transport (UK) | M | ● | | | | | | | ● | | ● | | |
| C.R.Pandithage | Bachelor of Business and Commerce - Monash University<br>Master of Business Administration - RMIT Unversity | M | | | | | | | | ● | | | ● | ● |
| H.A.C.Perera | Master of Business Administration - Edith Cowen University, Australia<br>Bachelor of Science - Computer Science & Engineering University of Moratuwa | M | | | | ● | | | | | | | | |
| S.R.W.M.C. Ranawana | Master of Business Administration - Wanaborough University (UK) | M | | | | | | | | ● | | ● | | |
| I.A.Wickramasinghe | Master of Business Administration -Post Graduate Institute of Management ,University of Sri Jayewardenepura<br>Fellow Member of Chareted Institute of Marketing (UK)<br>Member of the Oxford Business Alumni, University of Oxford UK | M | ● | | | | | | ● | | | | | |

Table 44: Areas of Competencies of Group Management Committee (GMC) Members of DIMO (Excluding Directors Serving as Committee Members)

| Name of the Member | Qualifications | Gender | Corporate Leadership | Finance | Legal | Information Technology | Engineering | Human Resources & Stakeholder Engagement | Sales, Marketing & Delivery | Knowledge of the Industry | Board Service & Governance | Logistics & Transport | ESG Sustainability & core competencies | Risk Management |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| S.C.Algama | Fellow of the Institute of Incorporated Engineers ( SL ) | M | | | | | ● | | | ● | | | | |
| H.M.P.D.B.Dematawa | Master of Business Administration, Bachelor of Science in Agriculture | M | | | | | | | | ● | | | | |
| R.K.J.Gunasekera** | Master of Science in Finance, Accounting and Management - School of Management, University of Bradford(UK)<br>Bachelor of Science in Business Administration - Faculty of Management, University of Colombo<br>Fellow Member of the Chartered Institute of Management Accountants, Chartered Global Managment Accountant (FCMA, CGMA) | M | | ● | | | | | | ● | | | | |
| G.P.M.S.Karunaratne | Fellow Member of the Chartered Institute of Marketing (UK)<br>Master of Science - Asia e University Malaysia<br>Master of Business Administration - Asia e University Malaysia<br>Member of Institute of Automotive Engineers of Sri Lanka<br>Member of Institue of Management of Sri Lanka | M | | | | | ● | | ● | ● | | | ● | ● |
| M.H.B.U.S.B. Mahagedara | Fellow Member of the Institute of Chartered Accountants of Sri Lanka | M | | ● | | | | | | | | | | |
| M.D.H.Peiris | Fellow Member of the Chartered Institute of Marketing<br>Master of Business Administration - University of of Leicester (UK) | M | | | | | | | ● | | | | | |
| S.R.W.M.C. Ranawana | Master of Business Administration - Wanaborough University (UK) | M | | | | | | | | ● | | ● | | |
| R.D.M.P. Wickramasinghe | Bachelor of Science - University of Peradeniya<br>Master of Science (Computer Science) - University of Colombo<br>Master of Business Administration (IT) - University of Moratuwa | M | | | | ● | | | | | | | | ● |

Ceased to be a member effective from 1st January 2026

In addition to the individuals mentioned above, the members of the Group Management Committee (GMC) include the following executive directors: Mr. A.R. Pandithage (Chairman), Mr. A.G. Pandithage, Mr. B.C.S.A.P. Gooneratne, Ms. D.N.K. Kurukulasuriya, Mr. P.K.W. Mahendra, Mr. C.R. Pandithage, and Mr. S.R.W.M.C. Ranawana. Their skills and competencies are detailed in Table-43.

# CORPORATE GOVERNANCE

## INCLUSIVE GOVERNANCE PRACTICES IN EXECUTIVE SUCCESSION PLANNING

The Company is committed to fostering an inclusive and transparent executive succession planning process that aligns with best governance practices and focusses on its leadership pipeline; it is ensured that matters of gender, religion or ethnicity have no place in decisions relating to succession. The Board plays an active role in promoting diversity within the executive team, focusing on creating a balanced and representative leadership structure. The Company is committed to continuous evaluation of its succession practices to ensure they are fair, merit-based, and inclusive, enhancing long-term organizational resilience and leadership effectiveness.

## SENIOR INDEPENDENT DIRECTOR'S STATEMENT

As the Senior Independent Director of DIMO, I am committed to upholding high standards of corporate governance, transparency, and accountability. I provide independent oversight to support balanced and effective Board decision-making, while serving as an alternative channel for Directors and shareholders where concerns cannot be addressed through the usual channels. I also facilitate the evaluation of the Chairperson and ensure that the views of Independent Directors are duly considered in Board deliberations. Through these efforts, I contribute to enhancing trust, accountability, and the overall effectiveness of the Board.

The requirement for the appointment of a Senior Independent Director (SID) arose in compliance with CSE Listing Rule No. 9.6.3(a)(ii) and (iii), as well as the Code issued by CA Sri Lanka.

During the year under review, three individuals, including myself, served in this role. Mr. A.D.B. Talwatte served from 1st April 2025 to 31st July 2025, followed by Mr. H.M.A. Jayesinghe from 1st August 2025 to 30th November 2025. I was appointed on 1st December 2025 and continue to serve in this capacity.

I am satisfied that both predecessors discharged their duties and responsibilities in accordance with the CSE Listing Rule's requirements and the Code in a professional and diligent manner. Since my appointment, I have continued to uphold these responsibilities, ensuring consistency and adherence to the CSE Listing Rules and the Code.

During my tenure of the year, in line with CSE Listing Rule 9.6.3 (b), I chaired meetings of the Independent Directors to review governance practices, Board operations, and strategic matters related to the Company. Feedback and recommendations from these sessions were communicated to the Chairperson and the members of the Board.

Further, in accordance with CSE Listing Rule No. 9.6.3 (c), I chaired meetings of Non-Executive Directors to appraise the performance of the Chairperson to the Board. The outcome of this process was shared with the Chairperson to support ongoing leadership effectiveness.

DIMO remains fully committed to upholding the highest standards of corporate governance. The Company demonstrates a strong culture of conformance, strictly adhering to mandatory requirements while embracing voluntary governance practices that support long-term value creation and stakeholder trust.

As SID, I continue to be available to all Directors for confidential discussions and am consulted by the Chairperson on governance-related matters as necessary.

I.A.Wickramasinghe
Senior Independent Director

Colombo
3rd June 2026

## TABLE 45: FOCUS AREAS OF THE BOARD OF DIRECTORS

| Focus Area | Key Board Activities | Value Creation Pillars | Outcomes / Impact |
|---|---|---|---|
| Strategic Oversight & Business Growth | • Reviewing and approving corporate strategy aligned with evolving market dynamics<br>• Overseeing investments, partnerships, and diversification initiatives<br>• Monitoring sector performance including mobility, engineering, and infrastructure solutions<br>• Guiding digital transformation and innovation initiatives |  | • Sustainable revenue growth and profitability<br>• Strengthened asset base and operational capabilities<br>• Enhanced workforce skills and leadership capacity<br>• Innovation-driven competitive advantage |
| Risk Management & Compliance | • Overseeing enterprise risk management framework including financial, operational, and ESG risks<br>• Ensuring compliance with regulatory and statutory requirements<br>• Reviewing internal audit findings and control effectiveness<br>• Monitoring emerging risks such as economic volatility, cybersecurity, and supply chain disruptions |  | • Improved resilience and risk mitigation<br>• Strengthened stakeholder confidence and trust<br>• Enhanced governance and internal control systems |
| Governance & Leadership Effectiveness | • Evaluating Board performance and effectiveness<br>• Overseeing succession planning for Board and senior management<br>• Ensuring adherence to corporate governance best practices<br>• Promoting ethical conduct, integrity, and a strong corporate culture |  | • Robust governance framework and accountability<br>• Strong leadership pipeline and organizational continuity<br>• Ethical and transparent corporate culture |
| Performance Monitoring & Financial Reporting | • Reviewing financial performance against budgets and strategic targets<br>• Ensuring integrity and transparency of financial reporting<br>• Overseeing external audit and financial disclosures<br>• Monitoring capital management, liquidity, and cost optimization<br>• Encouraging sustainability reporting including environmental stewardship |  | • Improved financial discipline and performance<br>• Transparent and reliable reporting to stakeholders<br>• Responsible resource utilization and sustainability focus |

# CORPORATE GOVERNANCE

## STAKEHOLDER ENGAGEMENT AND SUSTAINABILITY FOCUSED IN GOVERNANCE

### Relations with Shareholders and Investors

In accordance with CSE Listing Rule No. 9.4.2 (a ), the Company has formulated a comprehensive policy regarding effective communication with shareholders and investors. Additionally, as mandated by Rule No. 9.4.2(c), this policy encompasses a procedure to ensure all Directors are apprised of significant shareholder issues and concerns. Further details on this matter have been provided in the 'Investor Relations' section of this report.

### Sustainability Reporting – ESG

Environmental, Social, Governance (ESG) considerations are paramount in DIMO's long-term business strategy and throughout its value creation process. The ESG strategy is executed through Sustainability Agenda presented on page 32. Supported by Sustainability Pillar Heads, the Board continuously identifies and addresses ESG-related risks and opportunities that impact DIMO's value creation in the short, medium and long term. A detailed report on ESG factors and an ESG Performance Statement can be found on pages 234 to 253.

### Data Privacy and Ethical Use of Information

In parallel with threat defence, DIMO has prioritized ethical data governance and customer privacy. The Group adheres strictly to global data protection regulations, including the General Data Protection Regulation (GDPR), and has implemented enterprise-wide policies to ensure transparency, accountability, and compliance in the collection, storage, and use of personal data.

#### Core data protection measures include

- Board-level Oversight of all privacy-related policies and governance practices
- Regular privacy impact assessments and vulnerability audits
- Implementation of consent management frameworks and role-based access controls
- Staff awareness and training programs to instil a culture of responsible data handling

#### Specific Data Privacy Initiatives

- GDPR EU standard & Sri Lanka Personal Data Protection Act, No. 9 of 2022 (SLPDPA) aligned Data Governance Framework
- Privacy audits and role-based access controls
- Consent management policies
- Board-level supervision of data ethics

These initiatives reinforce DIMO's commitment to ethical digital transformation, preserving customer trust, and aligning technology deployment with corporate values and compliance mandates.

## RISK MANAGEMENT, COMPLIANCE & ASSURANCE

### Internal Audit

The Company maintains an independent internal audit function that delivers reasonable assurance to the Board, Audit Committee, and Senior Management on the effectiveness of internal controls, including those related to financial reporting.

Led by the Group Chief Internal Auditor appointed by the Board the Internal Audit Division operates under a risk-based audit plan. Audit findings and recommendations are reported quarterly to both the Audit Committee and the Board, ensuring transparency and oversight. Internal audit reports are also made available to external auditors upon request.

Throughout the year, the Audit Committee reviewed the activities of the Internal Audit function and expressed satisfaction with its performance.

### External Audit

The Company's External Audit function operates independently under the oversight of the Audit Committee. The Audit Committee has obtained written confirmation from the External Auditors affirming their independence and objectivity. Regular dialogue is maintained between the Committee and the External Auditors to address any matters related to the financial statements.

To ensure continued independence and fresh perspective, audit partner rotation is conducted at prescribed intervals, with the most recent rotation taking place in 2024.

### Internal Control

A robust internal control framework is essential for the Company to proactively prevent, detect, and mitigate risks associated with its ongoing operations. The Board, with the support of the Audit Committee, is responsible for overseeing and evaluating the effectiveness of the Group's internal control environment.

This evaluation is informed by comprehensive reviews and discussions based on reports submitted by Management Committees, Internal Auditors, and External Auditors.

For further information, please refer to the Board of Directors' Statement on Internal Controls on page 265.

### Risk Management

At DIMO, risk management is embedded within the Group's governance framework, strategic planning, and day-to-day operations, enabling the organisation to navigate an increasingly dynamic and volatile business environment with resilience and agility. DIMO adopts an opportunity-focused yet risk-aware approach to decision-making, supported by structured risk identification, assessment, monitoring, and mitigation processes implemented across all business segments and functional levels.

The Group's integrated risk management framework encompasses strategic, operational, financial, compliance, sustainability, and climate-related risks, ensuring the protection of stakeholder value while supporting long-term business sustainability. In alignment with evolving global reporting and governance expectations, DIMO has further strengthened the management of sustainability and climate-related risks through frameworks aligned with Task Force on Climate-related Financial Disclosures (TCFD) recommendations and SLFRS S1 and S2 standards. The Board of Directors, supported by management committees and specialised governance structures, provides oversight to ensure effective risk governance, accountability, and internal control across the Group.

Further details on the Group's risk governance structure, key risk categories, and mitigation strategies are provided in the Risk Management section on pages 200 to 208.

## COMPLIANCE

The compliance and adherence component of the conformance framework establishes the foundation for adherence, outlining the rules to be followed by the Board, Board Committees, Management Committees, and employees. As defined in the governance framework, this component encompasses statutes and regulations categorized as 'mandatory compliance,' as well as codes, best practices, and management control systems categorized as 'voluntary adherence'.

### Mandatory Compliance

- Companies Act No. 07 of 2007
- Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995
- Listing Rules of Colombo Stock Exchange
- Articles of Association
- Securities & Exchange Commission regulations
- Other legislative enactments affecting the Company
- Sri Lanka Personal Data Protection Act, No. 9 of 2022 (SLPDPA)

### Voluntary Adherence

- Code of Best Practice on Corporate Governance issued by CA Sri Lanka
- Ten Principles of the UN Global Compact
- Code of Business Conducts and Ethics of DIMO
- OECD Principles on Corporate Governance
- GRI Standards
- Quality Management System
- Environmental Management System
- Internal Control System
- Social Accountability Management System
- Occupational Health & Safety Management System

## ASSURANCE

Assurance plays a vital role in upholding the integrity of the Company's operations, safeguarding its assets, and reinforcing stakeholder confidence. To ensure the effectiveness of its systems, processes, and internal controls, the Company adopts a comprehensive approach that includes internal audits, management reviews, and external audits.

These assurance mechanisms are instrumental in verifying the accuracy and reliability of both financial and non-financial information. By doing so, they contribute to robust governance practices and support well-informed decision-making throughout the organization.

The Company secures assurance from both internal and external sources to validate the soundness of its operational and reporting frameworks.

Figure 67:

**Assurance**

| | |
|---|---|
| Assurance on Financial Statements | Independent Audit Report provided by External Auditor - Messrs KPMG |
| Assurance on Internal Business Process, systems, and controls | Internal Auditors' Reports & Audit Committee Assurance to the Board |
| Assurance on Integrated Report and non- financial information | Independent Assurance on Integrated Reporting, Global Reporting Initiative (GRI) Compliance, ESG Statement and compliance with Sustainability Accounting Standards Board (SASB) Framework |
| Assurance on Management Systems | Independent Audit and certifications on Quality Management System, Environmental Management System, Occupational Health & Safety Management System |

# CORPORATE GOVERNANCE

## REPORT OF THE AUDIT COMMITTEE

Table 46:

| Name of the director | Directorship Status | Membership Status | Date of Appointment to the committee | Date of Retirement | Meeting Attendance |
|---|---|---|---|---|---|
| N.M.Boralessa | Independent Non-Executive Director | Committee Chair | 2025-12-01 | | 2/2 |
| R.A.Jayawardane | Independent Non-Executive Director | Member | 2025-01-01 | | 3/4 |
| H.A.C.Perera | Independent Non-Executive Director | Member | 2025-01-01 | | 4/4 |
| S.R.Fernando | Independent Non-Executive Director | Member | 2026-01-16 | | 2/2 |
| I.A.Wickramasinghe | Independent Non-Executive Director | Member | 2025-08-01 | | 3/3 |
| A.M.Pandithage | Non-executive director | Member | 2000-02-02 | | 4/4 |
| H.M.A. Jayesinghe | Non-executive director | Member up to 31/07/2025<br>Committee Chair from 1/08/2025 -30/11/2025<br>Member from 1/12/2025 | 2023-09-01 | | 4/4 |
| Dr.H. Cabral | Non-executive director | Member | 2006-10-24 | | 4/4 |
| A.D.B. Talwatte | Independent Non-Executive Director | Committee Chair | 2016-10-11 | 2025-07-31 | 1/1 |

Please refer to Table 38 & Table 43 for additional details regarding the committee members and Directors.

During the year under review, Mr. A.D.B. Talwatte served as Chairman of the Committee from 1st April 2025 to 31st July 2025. The chairmanship thereafter transitioned to Mr. H.M.A. Jayesinghe with effect from 1st August 2025, who served in that capacity until 30th November 2025. I assumed the chairmanship with effect from 1st December 2025. I wish to place on record my observation that both Mr. Talwatte and Mr. Jayesinghe discharged their responsibilities with professionalism, diligence, and integrity, ensuring the effective functioning of the Committee throughout their respective tenures. On behalf of the Committee, I am pleased to present this report, which outlines the Committee's activities, deliberations, and key initiatives undertaken throughout the financial year in fulfilling its governance and oversight responsibilities.

The Audit Committee (AC) provides an independent oversight of the Group's financial reporting and internal control systems, internal and external audits, risk management, compliance with laws and regulations, in line with the approved Audit Committee Terms of Reference. Meetings of the Audit Committee were aligned with the key reporting and regulatory timelines.

### Activities & Deliberations During the Year - 2025/26

#### Risk Management & Internal Controls

Status of the risk management and internal controls of both the Company and the Group were reviewed during the year, and appropriate mitigation and remedial actions were recommended to the Board. The status of risk management structures, governance and processes are available on page 200 -208.

Committee has received assurances from the Group Managing Director/ CEO and CFO regarding the Company's and Group's finances and operations.

#### Compliance

The Committee obtained representations from Group Managing Director/ Chief Executive Officer and CFO on the adequacy of provisions made for possible liabilities. The committee also reviewed reports tabled during the Board Meetings with regard to statutory payments and filing of Returns. Having made necessary observations, the Audit Committee is of the view that the Company has complied with Companies Act No.07 of 2007, CSE Listing Rules, Securities and Exchange Commission Act, regulations & directions of Securities and Exchange Commission, Colombo Stock Exchange and Sri Lanka Accounting Standards.

#### Internal Audit

Committee reviewed the internal control system operated within the Company and the Group and made recommendations wherever necessary to the Board. Committee reviewed the functions of the internal audit program and had periodic discussions on audit findings included in the Reports provided to the committee by the Group Chief Internal Auditor.

#### External audits

The Committee obtained a written assurance from the current auditor, Messrs. KPMG, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of relevant auditing and accounting standards. Based on the above, the Audit Committee has determined that Messrs.KPMG, is considered as an independent Auditor.

The Committee held meetings with the External Auditors to review the nature, approach and scope of the audit and the Audit Management Letters of Group Companies. The Committee also reviewed actions taken by the management in response to the issues raised by the auditors and effectiveness of the internal controls. Where required, issues and remedial

actions taken related to audit findings were discussed with the relevant members of the Group management committee.

The Audit Committee has reviewed the non-audit services provided by the External Auditors to the Company and fees paid for such services to ensure that their independence as Auditors has not been compromised.

### ESG Oversight

The Audit Committee enhanced its oversight of ESG matters as part of its risk management and governance responsibilities. It reviewed the Group's ESG framework encompassing our Sustainability Agenda 2030, sustainability disclosures, and reporting processes to ensure accuracy, consistency, and alignment with applicable regulatory requirements and emerging reporting standards.

Key focus areas included environmental risks such as climate change, energy efficiency, and emissions management, as well as social aspects including employee health and safety, talent development, and diversity and inclusion with community wellbeing. Governance-related considerations included ethical conduct, compliance culture, and the integration of ESG risks into the Group's risk management framework.

The Committee also emphasized strengthening ESG data quality, reporting capabilities, and transparency in line with evolving stakeholder expectations and best practices.

### Cybersecurity Oversight

The Audit Committee oversees the Group's cybersecurity framework as part of its risk management responsibilities. It reviews cyber risks, security controls, and incident response readiness, supported by regular management updates and security assessments. Cybersecurity risk is integrated into the overall risk register, with ongoing focus on mitigation actions, data protection, and compliance. The Committee continues to support strengthening cyber resilience in line with evolving best practices.

### Data Governance Oversight

The Audit Committee oversees the Group's data governance framework, focusing on data quality, privacy, security, and regulatory compliance. It reviews the effectiveness of related controls and receives updates on data-related risks and improvement initiatives. The Committee continues to support strengthening data governance to ensure reliable, secure, and responsible use of information across the organisation.

### Artificial Intelligence (AI) Oversight

The Audit Committee oversees the Group's governance of Artificial Intelligence (AI) as part of its broader risk management and internal control responsibilities. Its oversight includes the responsible adoption and use of AI technologies, with focus on governance, human oversight, data integrity, model reliability, ethical considerations, cybersecurity, regulatory compliance, and operational resilience. The Committee reviews emerging AI-related risks and management's approach to controls, monitoring, and mitigation actions. It continues to support the establishment of robust governance frameworks and responsible AI practices aligned with the Group's strategic objectives, risk appetite, and corporate values.

### Financial Statements

The Committee reviewed Interim Financial Statements of all four quarters and the Annual Financial Statements prior to publication. During the review, it was ensured that Financial Statements are prepared in compliance with Sri Lanka Accounting Standards and applicable regulatory requirements.

The Committee assessed the appropriateness of the Company's whistle blowing policy to ensure the Company's arrangement for confidentiality of information and its sources.

### Future Focused activities

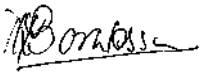
Future focus areas of the committee include, but are not limited to:

- Approval of Internal Audit Plan for 2025/26
- Improvement of Risk Mitigation strategies of the Company

The current Auditors Messrs KPMG were appointed as external auditors in FY 1986/87 and continue to hold that position at present. A partner rotation of the auditors takes place periodically with the most recent rotation taking place in 2024/2025.

The Committee has recommended to the Board that Messrs KPMG be re-appointed as the independent External Auditor and that the re-appointment be included in the agenda of the Annual General Meeting.

The Audit Committee is satisfied that the effectiveness of the organisational structure of the Group and of the implementation of the Group's accounting policies and operational controls provide reasonable assurance that the affairs of the Group are managed in accordance with Group policies and that Group assets are properly accounted for and adequately safeguarded. The Committee is also satisfied that the Company and its subsidiaries remain solvent and are able to continue as a going concern.



N M Boralessa
Chairman – Audit Committee

3rd June 2026

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Table 47:

| Name of the director | Directorship Status | Membership Status | Date of Appointment to the committee | Date of Retirement | Meeting Attendance |
|---|---|---|---|---|---|
| I.A.Wickramasinghe | Independent Non-Executive Director | Member up to 30/11/2025<br>Committee Chair from 1/12/2025 | 2025-08-01 | | 3/3 |
| R.A.Jayawardane | Independent Non-Executive Director | Member | 2025-01-01 | | 4/4 |
| H.A.C.Perera | Independent Non-Executive Director | Member | 2025-01-01 | | 4/4 |
| N.M.Boralessa | Independent Non-Executive Director | Member | 2025-12-01 | | 1/1 |
| S.R.Fernando | Independent Non-Executive Director | Member | 2026-01-16 | | 1/1 |
| A.M.Pandithage | Non-executive director | Member | 2000-02-02 | | 4/4 |
| H.M.A. Jayesinghe | Non-Executive Director | Member up to 31/07/2025<br>Chair from 1/8/2025 to 30/11/2025<br>Member from 1/12/2025 | 2023-09-01 | | 4/4 |
| Dr.H. Cabral | Non-Executive Director | Member | 2006-10-24 | | 4/4 |
| A.D.B. Talwatte | Independent Non-Executive Director | Chair | 2016-10-11 | 2025-07-31 | 1/1 |

Please refer to Table 38 & Table 43 for additional details regarding the committee members and Directors.

During the financial year under review, the Committee underwent a number of leadership transitions, with Mr. A.D.B. Talwatte serving as Chairman from 1st April 2025 to 31st July 2025, followed by Mr. H.M.A. Jayesinghe, who assumed the chairmanship with effect from 1st August 2025 and served until 30th November 2025, after which I assumed the role of Chairman with effect from 1st December 2025. I wish to place on record my observation that both Mr. Talwatte and Mr. Jayesinghe discharged their responsibilities with professionalism, diligence, and integrity, ensuring the effective functioning of the Committee throughout their respective tenures. On behalf of the Committee, I am pleased to present this report, which provides an overview of the activities undertaken, matters deliberated upon, and governance initiatives implemented by the Committee during the year in discharging its responsibilities.

Related Party Transactions Review Committee (RPTRC) is tasked with providing advice to the Board in relation to transactions with the related parties as defined by LKAS 24 and Listing Rules of the Colombo Stock Exchange. The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka.

## Proceedings of the Committee Meetings

An agenda checklist is prepared and circulated prior to each Committee meeting, which assists and enables Committee members to identify all related parties and to review all related party transactions. A summary of related party transactions that occurred during the period under review is provided to the committee ahead of the Committee meetings. A summary of the quarterly declarations provided by the Directors identifies the Directors' and their close family members' shareholding, names of the companies where they hold office, transactions with the Company during the quarter.

## Activities and Deliberations of the Committee in 2025/26

- Identified related parties as defined by LKAS 24 and Listing Rules of the Colombo Stock Exchange
- Reviewed all related party transactions carried out during the year and communicated observations to the Board of Directors.

During the year, there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report. Details of other related party transactions entered into by the Company during the year are disclosed in Note 4.32 to the Financial Statements.

## Declaration by the Committee

A declaration is given by the Board in the Annual Report of the Board of Directors on pages 257 to 261 to the effect that no related party transaction falling within the ambit of the rule 9.14.8 of Listing Rules of the Colombo Stock Exchange was entered by the Company during the financial year.



**I.A.Wickramasinghe**
Chairman – Related Party Transactions Review Committee

3rd June 2026

# REPORT OF THE REMUNERATION COMMITTEE

Table 48:

| Name of the director | Directorship Status | Membership Status | Date of Appointment to the committee | Date of Retirement | Meeting Attendance |
|---|---|---|---|---|---|
| I.A. Wickramasinghe | Independent Non-Executive Director | Committee Chair from 1/12/2025<br>Member upto 30/11/2025 | 2025-08-01 | | - |
| Dr.H. Cabral | Non-Executive Director | Member | 2015-08-10 | | 2/2 |
| A.M.Pandithage | Non-executive director | Member | 2000-02-02 | | 2/2 |
| N.M. Boralessa | Independent Non-Executive Director | Member | 2025-12-01 | | - |
| H.M.A.Jayesinghe | Non-executive director | Committee chair up to 30/11/2025<br>Member from 1/12/2025 | 2023-09-01 | | 2/2 |
| A.D.B. Talwatte | Independent Non-Executive Director | Member | 2016-10-11 | 2025-07-31 | 1/1 |

Please refer to Table 38 & Table 43 for additional details regarding the committee members and directors.

During the financial year under review, the Committee experienced a transition in its leadership, with Mr. H.M.A. Jayesinghe serving as Chairman until 30th November 2025, following which I assumed the chairmanship with effect from 1st December 2025. I wish to place on record my appreciation of Mr. Jayesinghe's professional, diligent, and integrity-driven leadership, which ensured the continued effective functioning of the Committee during his tenure. In presenting this report on behalf of the Committee, I am pleased to provide an overview of the principal matters considered, activities carried out, and governance-related initiatives progressed by the Committee in the effective discharge of its duties during the year.

The Remuneration Committee considers and recommends the Company's remuneration policy and the remuneration packages of the Chairman, Group Managing Director/ Chief Executive Officer (CEO) and the Executive Directors. The Committee also approves the remuneration of the members of the Group Management Committee on recommendations made by the Chairman and the Group Chief Executive Officer.

## Remuneration Policy

The remuneration policy is designed to reward, motivate and retain the Company's Executive Directors and the members of the senior management team to support the continued success of the business and value creation over the short, medium and long term.

### Components of the Executive Directors' Remuneration

- Fixed Remuneration (Basic Salary and Fringe Benefits)
- Variable Remuneration
- Post-Employment benefit

The Remuneration package awarded to Executive Directors and members of the Group Management Committee is intended to be competitive and market based and comprises of a mix of fixed and variable returns. The variable remuneration is linked to individual performance and group profitability in order to align individual interests with Company Interests.

All Non-Executive Directors receive a fee for serving based on their time commitment and contribution to the Board and Board Committees. They do not receive any performance related incentive payments. The Company does not have an employee share option scheme for members of the Board, who are considered as Key Management Personnel (KMP). The Articles of Association does not contain a shareholding guideline for a KMP.

## Activities and Deliberations of the Committee in 2025/26

The Committee covered following key areas during the meetings;

- Revisited the Remuneration Policy of the Company to align it with industry levels and its application to the Chairman, Group CEO, other Executive Directors and members of the Group Management Committee.
- Considered and recommended remuneration including annual salary increases and performance incentives for personnel stated above.
- Ensured that none of the Directors are involved in deciding his/her own salary.

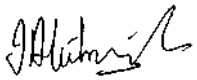
## Directors' Emoluments

The Directors' emoluments and compensations during the year 2025-26 are disclosed in Note 4.33.1 (a) on page 347.

### Future Focused activities

- Improve the link between performance and rewards through remuneration policy.

The Committee is of the view that the Directors and Senior Management are remunerated fairly and receive performance-based compensation that promotes effective execution of Company's strategy and long-term value creation.



I A Wickramasinghe
Chairman – Remuneration Committee

3rd June 2026

# CORPORATE GOVERNANCE

## REPORT OF THE NOMINATION & GOVERNANCE COMMITTEE

Table 49:

| Name of the director | Directorship Status | Membership Status | Date of Appointment to the committee | Date of Retirement | Meeting Attendance |
|---|---|---|---|---|---|
| I.A.Wickramasinghe | Independent Non - Executive Director | Committee Chair w.e.f.1/12/2025<br>Member upto 30/11/2025 | 2025-08-01 | | 3/3 |
| R.A. Jayawardane | Independent Non-Executive Director | Member | 2025-01-01 | | 1/1 |
| N.M.Boralessa | Independent Non-Executive Director | Member | 2025-12-01 | | 1/1 |
| S.R. Fernando | Independent Non-Executive Director | Member | 2026-01-16 | | - |
| H.A.C. Perera | Independent Non-Executive Director | Member | 2025-01-01 | | 1/1 |
| Dr.H. Cabral | Non-executive director | Member | 2006-10-24 | | 4/4 |
| A.M.Pandithage | Non-executive director | Member | 2000-02-02 | | 4/4 |
| H.M.A. Jayesinghe | Non-Executive Director | Committee chair up to 30/11/2025<br>Member from 1/12/2025 | 2023-09-01 | | 4/4 |
| A.D.B. Talwatte | Independent Non-Executive Director | Member | 2016-10-11 | 2025-07-31 | 1/1 |

Please refer to Table 38 & Table 43 for additional details regarding the committee members and Directors.

During the year under review, the chairmanship of the Committee transitioned from Mr. H.M.A. Jayesinghe, who served as Chairman until 30th November 2025, to me with effect from 1st December 2025. I wish to place on record my observation that Mr. Jayesinghe discharged his responsibilities with professionalism, diligence, and integrity, ensuring the effective functioning of the Committee during his tenure. On behalf of the Committee, I am pleased to present this report, which highlights the Committee's key activities, deliberations, and initiatives undertaken throughout the financial year in fulfilling its governance and oversight responsibilities

The Committee supported the Board in succession planning for critical leadership roles, reviewed changes to Board Committee composition, and ensured tailored induction for newly appointed Directors. It also assessed Directors' time commitments and the independence of Non-Executive Directors, while maintaining a strong focus on succession planning and enhancing diversity at both Board and senior management levels.

The Nomination and Governance Committee operates under a clearly defined Terms of Reference approved by the Board and is guided by "The Code" and CSE Listing Rule No. 9.11.

### Activities and Deliberations of the Committee in 2025/26 include:

#### Board Changes and Succession

During the year, the Committee reviewed the composition of the Board following the reclassification of the Senior Independent Director as a non-independent Director. A structured and formal process, supported by the Head of Human Resources, was undertaken to identify suitable candidates for Board appointments.

Accordingly, I was appointed to the Board with effect from 1st August 2025 and assumed responsibilities as Senior Independent Director from 1st December 2025. To further strengthen Board independence, the Committee also recommended the appointment of two additional Independent Non-Executive Directors, Ms. N. M. Boralessa with effect from 1st December 2025 and Ms. S. R. Fernando with effect from 16th January 2026.

In order to maintain the required Board composition, Ms. D. N. K. Kurukulasuriya, Executive Director, voluntarily resigned on 23rd December 2025 in light of the temporary shortfall in the one-third requirement for Independent Directors. She was subsequently reappointed to the Board with effect from 16th January 2026 following the restoration of the required Board balance.

These appointments were duly approved by the Board and implemented during the year, enhancing the Board's independence, balance, and overall governance effectiveness.

#### Committee Changes

Changes to the composition of the four main Board Committees Audit, Nomination & Governance, Remuneration, and Related Party Transactions Review were implemented on three occasions during the year, effective 1st August 2025, 1st December 2025, and 16th January 2026, reflecting ongoing enhancements to Board governance and committee alignment. Further details relating to these changes are available on the Colombo Stock Exchange website (www.cse.lk).

## Priorities for 2025/2026

- Reviewing the structure, size, composition and competencies of the Board.
- Evaluating the independence of the Non- Executive Directors through independence declarations submitted by the Non- Executive Directors
- Evaluation of the performance of the Board of Directors, Sub-committees, the Chairman of the Board, the Chairpersons of Board Committees, Independent Non-Executive Directors, and the Chief Executive Officer. The results of the evaluation were reviewed and communicated to the Board of Directors The Committee is of the view that diversity on the Board in terms of experience, skills, age, and gender is an essential factor for effective Board performance.
- Reviewing the process of succession planning for key management personnel to ensure that the Board has the correct balance of individuals to discharge its duties effectively.
- Ensuring that no member of the Nomination & Governance Committee is involved in deciding his own appointment.
- Making any recommendations on any other matter/s referred to the Committee by the Board of Directors.
- The listing rules require that any major issue under the purview of the Nomination and Governance Committee should be referred to the independent directors by the Chairman of the Committee. As the independent directors are members of the Committee such a situation did not arisen.
- Establishing and maintaining Corporate Governance policies, with periodic reviews to ensure relevance and effectiveness.
- Continuous monitoring of adherence to CSE Listing Rules, Corporate Governance requirements, securities market regulations, and other relevant rules and regulations, with periodic updates provided to the Board of Directors.
- Ensuring that all the nominations and re-elections were conducted in accordance with the Policy on Corporate Governance Nominations and Re-election established and maintained within the Company.
- Newly appointed Directors are given an induction to the Company prior to their first Board meeting. Existing Directors are regularly updated with new corporate governance requirements, amendments to Listing Rules and other applicable laws.

## Appointment and Re-election.

In accordance with the Company's Articles of Association, it is not mandatory for all Directors to submit themselves for re-election at regular intervals. However, the Directors recently appointed by the Board namely Mr.I.A.Wickramasinghe, Ms.N.M.Boralessa, Ms.S.R.Fernando and Ms.D.N.K.Kurukulasuriya are required to be re-appointed by the shareholders at the forthcoming Annual General Meeting. Furthermore, in compliance with Section 210 of the Companies Act, Mr. A.R. Pandithage, and Mr. A.M. Pandithage, who are each over the age of 70, are proposed to be re-appointed at the same meeting.

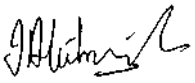
## Compliance with Corporate Governance Requirements.

The Company has complied with all Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE), except in situations where the number of independent directors, committee chair positions and the position of the Senior Independent Director was not in accordance with the Listing Rules, as described on pages 150 to 151. The matter was resolved by the Company at the earliest opportunity and the circumstances that led to the situation and the manner in which it was rectified is available on the same page. The announcements made in this regard is available in the CSE website.

## Future Focused activities

In the year ahead, the Committee will prioritise enhancing Board effectiveness and succession planning. Governance and ethical standards will remain a key focus. The Committee is confident in the current governance framework's ability to support the Company's long-term performance and resilience, and extends gratitude to the Board, Committee members, and management for their continued support.

The Committee is pleased to confirm that 05 out of 08 Non-Executive Directors are independent from acting in an executive capacity in the company and that the board succession plan ensures the board appoints directors who have the requisite skills and experience.



I.A. Wickramasinghe
Chairman – Nomination & Governance Committee

3rd June 2026

# CORPORATE GOVERNANCE

## TECHNOLOGY GOVERNANCE

### IT Governance & Cybersecurity

#### IT Governance

In 2025/26, DIMO's IT Governance framework has matured into a strategically aligned, security-conscious, and data-driven model underpinning the Group's broader Corporate Governance and sustainability agenda. As digital technologies become increasingly embedded across all business functions, governance of IT has been recalibrated to ensure that technological investments deliver measurable value, uphold regulatory compliance, and drive enterprise-wide transformation.

A defining milestone has been the elevation of cybersecurity to a Board-level strategic priority, with structured reporting to the Board, and Audit Committee and periodic updates to the Board of Directors. The Group IT Steering Committee continues to ensure IT strategies are tightly integrated with business priorities, providing rigorous oversight of risk, performance, and resource management.

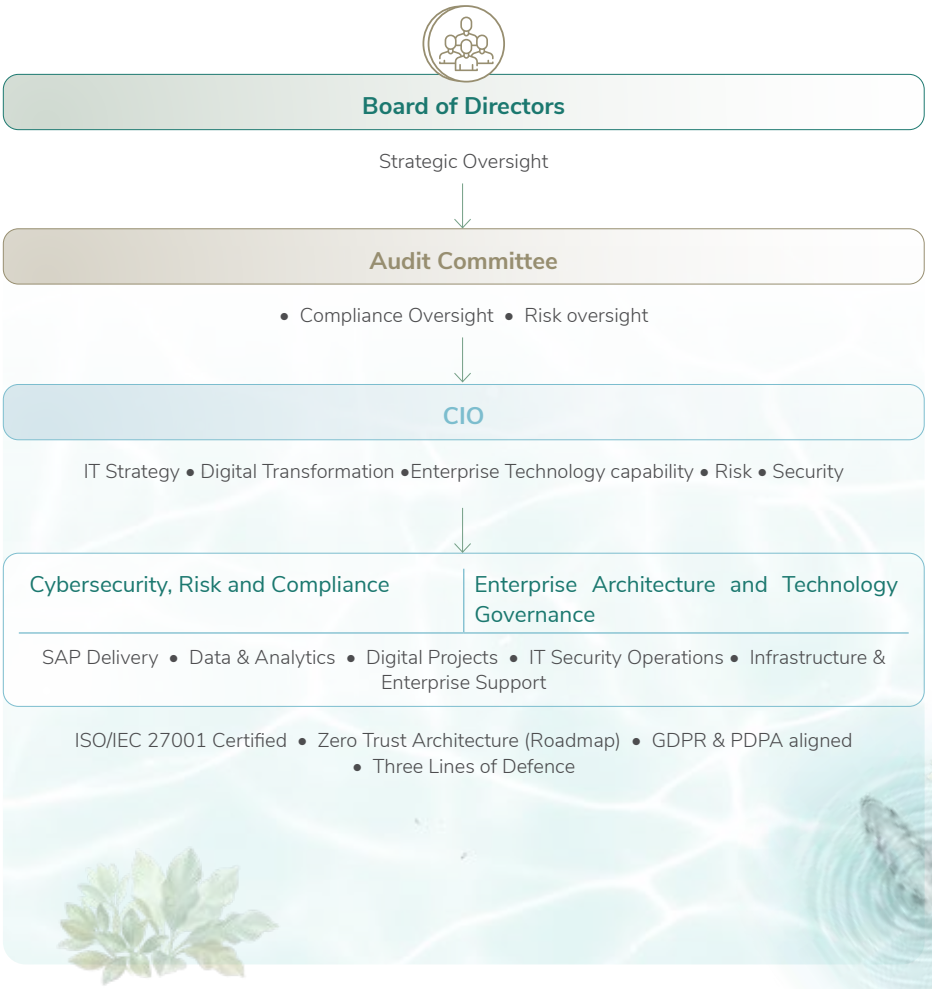
The governance architecture was comprehensively reviewed to reflect advancements in the ICT ecosystem, including the enterprise-wide SAP S/4HANA rollout, hybrid cloud enablement through the Azure platform, intelligent automation, and the progressive implementation of a Zero Trust security architecture. DIMO's IT controls operate within a Three Lines of Defence model embedding accountability across business operations, risk and compliance functions, and independent audit ensuring layered and transparent control across the Group.

Data governance has been reinforced through the "One-Number" reporting framework, establishing a single source of truth enterprise-wide and enabling consistent, real-time insights for strategic and operational decision-making. The Group's regulatory posture has been strengthened by aligning data privacy practices with both the EU General Data Protection Regulation (GDPR) and Sri Lanka's Personal Data Protection Act No. 9 of 2022, ensuring lawful, ethical, and transparent use of personal data. Most business segments have achieved ISO/IEC 27001 certification, with additional certifications in progress, underpinning the Group's commitment to internationally recognised information security standards.

DIMO's IT Governance framework has evolved beyond compliance and control to become a strategic enabler of innovation, agility, and competitive advantage ensuring technology investments are responsibly managed, risks proactively mitigated, and digital capabilities deployed in a manner that drives sustainable business growth.

**Figure 68: IT Governance Structure**

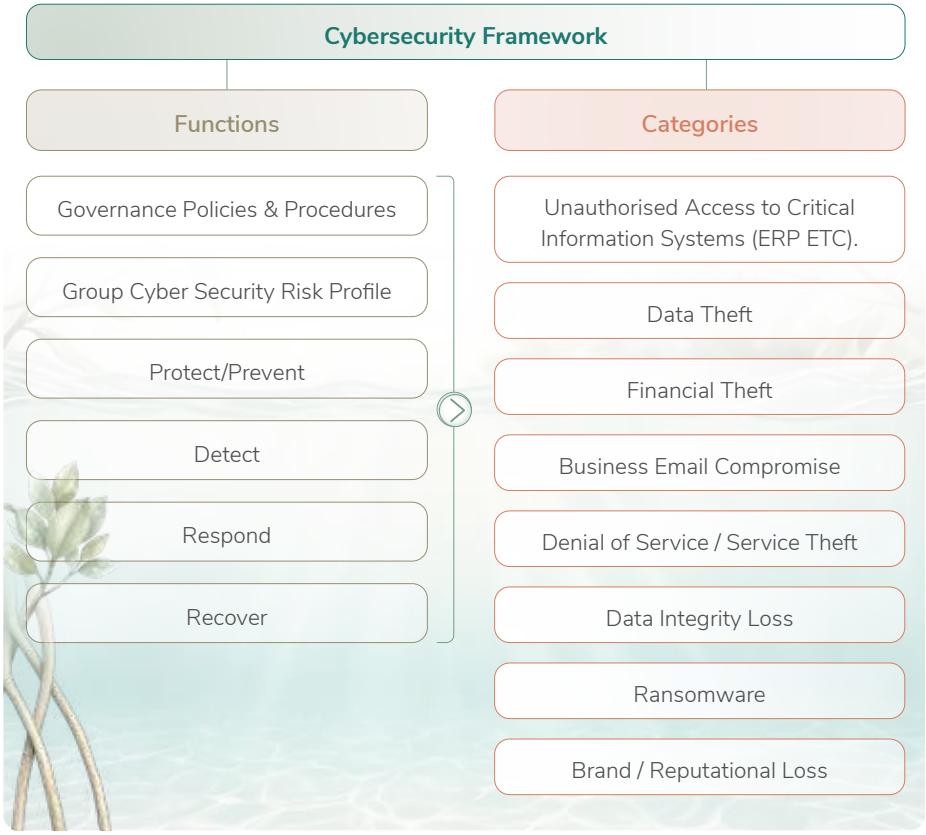
The diagram below illustrates DIMO's IT Governance Structure;




#### Cybersecurity

Cybersecurity has been identified as a strategic priority at DIMO, reflecting the Group's growing reliance on digital platforms, increasing exposure to sophisticated cyber threats, and the imperative to safeguard sensitive business and customer information. The cybersecurity strategy is anchored in a governance-led, risk-aware, and technology-driven approach ensuring resilience, compliance, and stakeholder trust across all Group operations.

Figure 69: Cybersecurity Governance Framework




DIMO's Cybersecurity Framework is integrated within the broader IT Governance structure, and aligned with ISO/IEC 27001 and international best practices. The framework is structured around the core pillars of Protect, Detect, Respond, and Recover, and operates within the Group's Three Lines of Defence model providing layered controls across business operations, risk and compliance oversight, and independent audit assurance.

Key risk categories addressed include:

- Unauthorised access to critical systems, including the SAP S/4HANA ERP environment and Active Directory
- Business email compromise and financial fraud
- Data theft, data integrity loss, and insider threat scenarios
- Ransomware and denial-of-service (DoS) attacks
- Reputational and brand-related threats arising from security incidents

Cybersecurity risk profiling is conducted across all business segments, enabling targeted controls calibrated by impact and likelihood. These insights guide technical hardening, policy enforcement, and incident response protocols Group-wide.

## 2025/26 Key Initiatives and Enhancements

During the reporting period, the Group strengthened its cybersecurity and IT resilience capabilities across network security, identity and access management, endpoint protection, disaster recovery and incident management. Perimeter security was supported through managed firewalls, network segmentation, VPN controls and intrusion detection and prevention tools, while further network modernisation remains under review. Identity management continued through centralised directory services, Azure AD synchronisation, audit trails and controlled privileged access. Endpoint and server protection were maintained through detection and response tools, automated patching and security monitoring. Business continuity readiness was enhanced through an offsite disaster recovery site for critical SAP systems, with wider testing planned. Cybersecurity events are managed through a structured IT service management platform, and Zero Trust and risk based access principles have been included in the ICT strategic framework.

## Incident Management Processes

The Company maintains a structured incident management framework for the timely identification, assessment, and resolution of cybersecurity incidents. A dedicated response team, focused on IT Security and functioning under the overall direction of the Chief Information Officer (CIO), manages investigation, containment, recovery, and escalation to senior management, the Board, and the Audit Committee where necessary. The framework includes continuous monitoring, regular testing, and post-incident reviews to strengthen controls and enhance resilience.

# CORPORATE GOVERNANCE

## Artificial Intelligence: Risks & Opportunities

Artificial Intelligence has become a core element of DIMO's digital strategy, embedded across enterprise systems and business processes. The Group's AI agenda spans current deployment, a formalised enterprise strategy, and active Board-level governance reflecting the dual imperative of unlocking AI-driven value while managing emerging risks responsibly.

## Current AI Deployment

DIMO currently operates multi-layered large language model (LLM) capabilities embedded within its SAP enterprise landscape and across office automation platforms. Within SAP, AI enables intelligent process automation, contextual decision support, and enhanced data interpretation across finance, supply chain, operations, and customer management. Across productivity and collaboration tools, AI automates document processing, supports knowledge management, and improves communication workflows meaningfully reducing manual effort across corporate functions.

## Enterprise AI Strategy

In 2025/26, DIMO formalised a comprehensive AI strategy extending well beyond task automation. The strategy is centred on the adoption of Agentic AI autonomous agents capable of planning, reasoning, and executing complex, multi-step processes across all industry segments in which DIMO operates. Key strategic priorities include:

- Agentic AI across business segments, enabling adaptive, self-improving workflows that interact with enterprise systems, third-party platforms, and customers with minimal human intervention.
- Industry-specific AI for product delivery, with tailored models being developed for DIMO's key verticals including automotive, engineering services, healthcare, and agriculture targeting predictive maintenance, product delivery optimisation, and customer experience personalisation.
- Enterprise knowledge intelligence, surfacing institutional knowledge across the Group to accelerate and improve decision-making at all levels.

## Board Oversight and AI Governance

The Board oversees the Group's use of AI, ensuring alignment with strategy, values, and risk appetite. It monitors key risk areas including data privacy, algorithmic bias, model reliability, cybersecurity, and regulatory compliance, and receives regular management updates to support informed governance. As the Group scales into Agentic AI and industry-specific deployments, Board oversight will deepen accordingly.

An Ethical AI Framework governs the responsible development and use of AI systems, anchored in the principles of fairness, transparency, data privacy, security, human oversight, and accountability. The framework includes controls to identify and mitigate risks such as bias, unintended outcomes, and misuse, and is reviewed regularly to remain current with evolving regulation and technology. As the Group advances into more autonomous AI deployments, the framework will be updated to address the additional complexity and risk inherent in Agentic systems.

## The Chief Information Officer's Role as The Security Officer

DIMO's Chief Information Officer (CIO), in the capacity of the Security Officer, leads the Group's cybersecurity operations and risk management function, with a dedicated team for the function. This structure ensures cybersecurity is closely integrated with the Group's broader IT strategy, and that escalation pathways to senior leadership remain clear, timely, and effective.

As the Security Officer, the CIO is responsible for the day-to-day management and continuous improvement of the cybersecurity framework, ensuring alignment with business objectives, regulatory requirements, and the evolving threat landscape. Core responsibilities include:

- Identifying, assessing, and managing cybersecurity risks within the Group's Enterprise Risk Management framework, including risk profiling across all business segments
- Maintaining and enhancing technical controls, security monitoring systems, and incident response capabilities including endpoint protection, identity management, and network security
- Overseeing vulnerability management programmes, threat intelligence functions, and data protection practices in alignment with ISO/IEC 27001, GDPR, and the Personal Data Protection Act
- Developing and enforcing cybersecurity policies, standards, and awareness initiatives across all business units
- Coordinating the Group's response to cybersecurity incidents, including containment, investigation, recovery, and post-incident review

The team provides regular reporting to the CIO on cybersecurity posture, emerging threats, control effectiveness, and significant incidents. The CIO ensures that material cybersecurity matters are escalated to senior management, the Group IT Steering Committee, the Board Audit Committee, and the Board of Directors as appropriate.

The Board recognises cybersecurity as a critical enterprise risk and places significant reliance on the Security Officer function under the CIO to maintain organisational resilience, safeguard digital assets, and enable secure business operations across the Group.

## ETHICAL CONDUCT AND TRANSPARENCY

### Code of Business Conduct and Ethics

At DIMO, we have implemented a Code of Business Conduct and Ethics that applies to Directors, Management, and all employees. The orientation program for new employees includes training on compliance with the Group's Code, and upon recruitment, each employee signs a declaration committing to comply with the Code in its entirety. Compliance with the Code of Business Conduct and Ethics is monitored by the HR department.

### Conflict of Interest

Each Board member is expected to prevent their private interests from conflicting with the interests of the Company. Directors abstain from participating in or voting on Board resolutions where they have an interest. Every Director submits a quarterly declaration of their interest in the Company, which is disclosed to the Board through the Related Party Transaction Review Committee. Additionally, all interests are recorded in the company's Interest Register, maintained by the Company Secretary

### Whistle-Blowing, Fraud and Non-Compliance with Laws and Regulations

Employees can report any confidential matters related to accounting, internal controls, and non-compliance with laws and regulations (NOCLAR) to the Chief Human Resources Officer, Group Chief Internal Auditor, Managing Director/Chief Executive Officer, or the Chairman. The Senior Independent Director is also available to any Board member who wishes to discuss confidential matters concerning the Board.

### Mandatory Compliance and Voluntary Adherence

Diesel & Motor Engineering PLC compulsorily adheres to the Listing Rules published by the Colombo Stock Exchange including the amendments made to the Corporate Governance Rule under circular number 04/2023 dated 11th September 2023 and subsequent circulars related to Corporate Governance up to 31st March 2026 available to the public on the website of Colombo Stock Exchange at the following link: https://www.cse.lk/pages/listing-rules/listing-rules.component.html

The Corporate Governance system implemented by the Company complies with the principles and recommendations of CSE Listing Rule No. 09 "Corporate Governance" and the Code of Best Practice on Corporate Governance - 2023 published by The Institute of Chartered Accountants of Sri Lanka and is not contrary to the OECD Principles on Corporate Governance published by the Organisation for Economic Co-operation and Development, except for the temporary non-compliance relating to Director independence and Board Committee composition requirements under CSE Listing Rule No. 09, which was subsequently rectified during the year as disclosed on pages 150 to 151. This was found to be the case during the year, in which the Company examined, with the support of the Audit, Nomination & Governance, Remuneration, and Related Party Transactions Review Committees, the content of the Corporate Governance Code and CSE Listing Rules by assessing the potential impact on DIMO's Corporate Governance system and pinpointing areas of specific interest and possible adjustments to be made to its corporate practices.

## DIMO'S ADHERENCE TO THE OECD PRINCIPLES

As a company that recognizes the importance of sound Corporate Governance practices at both local and global levels, Diesel & Motor Engineering PLC ("DIMO") has continued to align its governance framework with the principles published by the Organisation for Economic Co-operation and Development as outlined below.

### 1. Rights and Equitable Treatment of Shareholders

#### A. Protection of Basic Shareholder Rights

DIMO safeguards the fundamental rights of shareholders by ensuring:

i. Secure ownership registration through the Central Depository System (CDS), ensuring accurate and reliable share records.

ii. Free transferability of shares through the Colombo Stock Exchange platform, subject to applicable regulations.

iii. Timely access to material information including annual reports, interim financial statements, notices, and corporate disclosures through the Company website and CSE announcements.

iv. Participation and voting rights at General Meetings, either in person or by proxy.

v. Transparent procedures for the nomination, election, and re-election of Directors.

vi. Equitable participation in profits through dividend distributions, subject to profitability, cash flow requirements, and Board recommendation.

#### B. Participation in Fundamental Corporate Decisions

Shareholders are provided the opportunity to participate in and approve material decisions such as:

- Amendments to the Articles of Association
- Mergers, acquisitions, and restructurings
- Major asset disposals or acquisitions
- Changes affecting shareholder rights

Such matters are submitted to shareholders in accordance with the Companies Act No. 7 of 2007 and CSE Listing Rule's requirements.

#### C. Effective Participation at General Meetings

The Company provides adequate notice of meetings, agenda details, explanatory notes, and voting procedures to enable informed participation and decision-making.

# CORPORATE GOVERNANCE

### D. Institutional Investors and Stewardship

The Company supports active engagement by institutional and minority shareholders by ensuring equal voting rights, transparent disclosures, and access to relevant information to facilitate stewardship decisions.

### E. Market for Corporate Control

DIMO complies with applicable takeover, merger, and disclosure regulations, ensuring any substantial acquisition, ownership change, or control transaction is conducted transparently and fairly.

## 2. Equitable Treatment of Shareholders

### A. Equal Treatment within the Same Class of Shares

All shareholders of the same class are treated equally with respect to voting rights, dividend entitlements, and access to information.

### B. Minority Shareholder Protection

The Company recognizes the rights of minority shareholders and ensures that controlling interests do not exercise authority in a manner detrimental to minority holders.

### C. Insider Trading and Market Abuse Prevention

DIMO prohibits insider trading, misuse of price-sensitive information, and abusive related-party conduct through internal controls and compliance with regulatory requirements.

### D. Disclosure of Interests

Directors and Key Management Personnel are required to disclose conflicts of interest and material interests in contracts or transactions involving the Company.

### E. Related Party Transactions

Material related-party transactions are reviewed through appropriate governance mechanisms and disclosed in accordance with accounting and regulatory standards.

## 3. Role of Stakeholders in Corporate Governance

### A. Recognition of Stakeholder Rights

The Company respects the rights of employees, customers, suppliers, lenders, regulators, communities, and shareholders as established by law and contractual arrangements.

### B. Employee Participation and Whistleblowing

Employees are provided channels to raise concerns, report unethical conduct, and contribute to continuous improvement without fear of retaliation.

### C. Stakeholder Access to Information

Relevant stakeholder groups are provided timely and accurate information through reports, disclosures, and communication channels.

### D. Sustainability and Responsible Business Conduct

The Company integrates sustainability, environmental stewardship, occupational safety, and social responsibility considerations into its operations and governance framework.

### E. Creditor Rights

The Company respects obligations to lenders and creditors through prudent financial management and transparent reporting.

## 4. Disclosure and Transparency

### A. Timely Disclosure of Material Matters

The Company ensures disclosure of material information relating to:

- Financial and operating results
- Company objectives and strategy
- Major share ownership and voting rights
- Board composition and remuneration framework
- Risk factors
- Governance structures and policies
- Sustainability matters

### B. High Quality Reporting Standards

Financial statements are prepared in accordance with Sri Lanka Accounting Standards and applicable legal requirements.

### C. Independent External Audit

The annual financial statements are audited by KPMG, an independent external auditor, providing assurance on the integrity of reported financial information.

### D. Internal Controls and Risk Management

The Board oversees the adequacy of internal control systems, enterprise risk management processes, and internal audit functions.

### E. Equal and Cost-Effective Dissemination

Disclosures are made through the CSE, Company website, and other authorized channels to ensure fair and simultaneous access.

## 5. Responsibilities of the Board

### A. Strategic Guidance and Oversight

The Board provides strategic direction, approves key policies, and oversees implementation by management.

### B. Monitoring Management Performance

The Board evaluates management performance, succession planning, and leadership effectiveness.

### C. Integrity of Reporting Systems

The Board oversees financial reporting integrity, internal controls, compliance, and audit processes.

### D. Risk Oversight

The Board monitors principal business risks, including operational, financial, cyber, sustainability, and reputational risks.

### E. Board Independence and Objectivity

The Board maintains an appropriate balance of Executive and Independent Non-Executive Directors to support objective judgment.

### F. Board Committees

Specialized Committees such as Audit, Remuneration, Related Party Transactions Review, and Nomination & Governance Committees support effective governance.

### G. Director Competence and Access to Information

Directors receive timely, relevant, and accurate information and are provided opportunities for training and continuous professional development.

### H. Ethical Leadership and Corporate Culture

The Board promotes ethical conduct, integrity, accountability, and a culture aligned with long-term value creation.

## 6. Sustainability and Resilience

In line with the updated OECD Principles, DIMO continues to strengthen governance over climate-related matters, business resilience, technology transformation, and long-term sustainable value creation for shareholders and stakeholders alike.

## FIGURE 70: CORPORATE GOVERNANCE POLICIES & THE WAY THE COMPANY IMPLEMENTED THEM DURING THE YEAR

The Company has established and maintained twelve (12) Corporate Governance policies, published on the corporate website pursuant to CSE Listing Rule No.9.2.1. The table below summarizes their implementation during the 2025/2026 year.

| Policy | Governance in Action: Policy Implementation During FY 2025/26 |
|---|---|
| Policy on Matters Relating to the Board of Directors | The Board held regular scheduled meetings to review strategic priorities, operational performance, liquidity, capital allocation, enterprise risks, and ESG progress. During the year, the Board monitored implementation of DIMO's diversification strategy and Sustainability Agenda 2030, while strengthening governance oversight in line with CSE Listing Rules. Independent Directors participated in reviewing Board effectiveness, succession planning, related-party transactions, and conflict-of-interest declarations. Directors received updates on regulatory developments, sustainability reporting requirements including SLFRS/IFRS S1 and S2 readiness, and climate governance responsibilities. The Company Secretary ensured timely circulation of Board papers, maintenance of statutory records, compliance certifications, and adherence to governance procedures. |
| Policy on Board Committees | The Audit Committee reviewed quarterly and annual financial statements, internal audit findings, whistleblowing reports, cybersecurity and internal control matters, and the effectiveness of risk management processes. The Related Party Transactions Review Committee reviewed related-party transactions against CSE Listing Rule requirements and ensured disclosures were made through approved governance channels. The Remuneration Committee evaluated executive remuneration structures against market benchmarks and performance outcomes. The Nomination & Governance Committee assessed Board composition, independence, diversity, succession planning, and re-election matters. Committee deliberations and recommendations were formally reported to the Board for decision-making and follow-up actions. |
| Policy on Corporate Governance, Nominations and Re-election | DIMO maintained a Board structure compliant with CSE corporate governance requirements, including Independent Non-Executive Director representation and separation of governance responsibilities. The Nomination & Governance Committee evaluated Director independence annually and reviewed Board composition against business needs, succession requirements, and diversity considerations. Directors retiring by rotation were assessed prior to re-election recommendations. The Board conducted periodic reviews of governance policies, committee charters, and Board performance evaluation processes to align with evolving governance expectations and stakeholder requirements. |
| Policy on Remuneration | Executive and senior management remuneration continued to be linked to performance, accountability, leadership responsibilities, and long-term business sustainability. The Remuneration Committee reviewed salary structures, incentives, and benefits against market conditions and business performance during a challenging economic environment. HR governance processes included formal approval workflows, statutory compliance reviews, payroll controls, and periodic assessments to ensure equitable and transparent remuneration practices across the Group. |

# CORPORATE GOVERNANCE

| Policy | Governance in Action: Policy Implementation During FY 2025/26 |
|---|---|
| Policy on Internal Code of Business Conduct and Ethics, including Trading in Listed Securities (DIMO Shares) | DIMO continued to enforce its Code of Conduct across all business operations through employee awareness programmes, policy communication, and compliance monitoring. Directors and designated employees were restricted from trading during declared Watch List periods and were required to comply with disclosure obligations relating to share transactions. Conflict-of-interest declarations were obtained and reviewed periodically. Ethical conduct and workplace integrity were reinforced through anti-harassment mechanisms, disciplinary procedures, confidential reporting channels, and whistleblower protections. Governance controls also included periodic policy reviews and management oversight of compliance-related incidents. |
| Policy on Risk Management and Internal Controls (Revised w.e.f.28/03/2026) | DIMO strengthened enterprise risk management through the Risk Management Working Group (RMWG), which coordinated risk identification, mitigation planning, and reporting across business units. Risk registers and risk matrices were updated regularly to monitor operational, financial, compliance, cybersecurity, supply chain, and climate-related risks. Climate risk assessments were aligned with IFRS/SLFRS S2 requirements, including climate scenario analysis and materiality assessments supported by stakeholder engagement inputs. Governance oversight was maintained through escalation from management committees to the Audit Committee and Board. Internal audits, corrective action tracking, and control reviews were conducted throughout the year to improve accountability and operational resilience. |
| Policy on Relations with Shareholders and Investors | DIMO maintained ongoing engagement with shareholders and investors through CSE announcements, quarterly financial disclosures, the Integrated Annual Report, AGM proceedings, investor interactions, and website updates. Material information was disclosed through formal regulatory channels to ensure equal and timely access to information. Investor concerns and shareholder queries were addressed through structured communication processes, while governance and compliance teams reviewed disclosure practices to ensure adherence to listing and reporting obligations. |
| Policy on Environmental, Social and Governance (ESG) Sustainability | DIMO advanced implementation of its Sustainability Agenda 2030 by embedding ESG priorities into governance, operations, and reporting processes. The Group continued reporting under GRI, SASB, and Integrated Reporting frameworks while progressing toward SLFRS/IFRS S1 and S2 adoption. Environmental initiatives included energy-efficiency improvements, emissions management, waste reduction, water conservation, biodiversity-related programmes, and sustainable sourcing practices. The Company continued environmental management system practices supported by ISO-aligned processes and climate-related risk assessments. Social initiatives included employee wellness, health and safety programmes, diversity and inclusion efforts, employee engagement activities, training and development, and community investment projects. ESG performance indicators were monitored through defined KPIs and reviewed by management and governance structures. |
| Policy on Control and Management of Company Assets and Shareholder Investments | Management strengthened controls over company assets through periodic verification processes, maintenance of fixed asset registers, internal audits, approval controls, and physical and digital security measures. Investment decisions and capital expenditure proposals were reviewed against strategic priorities, financial viability, and governance requirements. Asset utilisation and investment performance were monitored through management reporting and Board oversight processes. Employees responsible for asset management and procurement functions were guided through internal policies and compliance procedures. |
| Policy on Corporate Disclosures | DIMO continued to disclose financial and non-financial information through CSE filings, quarterly reports, Integrated Annual Reports, and stakeholder communications in compliance with applicable accounting standards and Listing Rule requirements. Internal review and approval mechanisms were followed before public release of material information. Governance processes included safeguarding confidential information, validating disclosure accuracy, and increasing employee awareness regarding disclosure obligations and insider information handling. |

| Policy | Governance in Action: Policy Implementation During FY 2025/26 |
|---|---|
| Policy on Whistleblowing | The whistleblowing framework remained operational throughout the year, enabling employees and stakeholders to confidentially report unethical conduct, fraud, compliance breaches, or workplace concerns through secure reporting channels. Reported matters were investigated under established procedures with oversight from management and governance structures. DIMO maintained protections relating to anonymity and non-retaliation. During FY 2025/26, reported cases were reviewed, investigated, and resolved with follow-up actions implemented to strengthen internal controls and reduce recurrence risks. |
| Policy on Anti-Bribery and Corruption | DIMO reinforced its zero-tolerance approach to bribery and corruption through internal controls, ethics governance, and compliance monitoring mechanisms. Anti-corruption expectations were communicated to employees and relevant stakeholders through policies, governance communications, and management oversight. Financial controls over donations, sponsorships, procurement transactions, and third-party payments were reviewed to prevent improper payments and ensure transparency. Suspected misconduct could be reported through the whistleblowing mechanism and was subject to investigation and oversight by the Audit Committee and management. Periodic policy reviews and compliance monitoring activities were conducted to assess the effectiveness of anti-bribery controls. |

Table 50: Compliance Status With the Listing Rule 09 “Corporate Governance" Published by the CSE

| Applicable Rule Number | Description | | Current Status | Compliance Status * |
|---|---|---|---|---|
| 9.3.1 | Establish and maintain, at a minimum, effective Board committees | | The Company has the Nominations and Governance Committee, Remuneration Committee, Audit Committee, and Related Party Transactions Review Committee in place, and the functions of these committees were carried out during the year as required | Compliant |
| 9.3.3 | Chairperson of the Board of Director | Chairperson of the Board of Directors cannot be the chairperson of 1) Nominations and Governance Committee, 2) Remuneration Committee, 3) Audit Committee, 4) Related Party Transaction Review Committee | Mr. A.R. Pandithage, Chairman of the Board, does not hold the chairmanship of any committee. | Compliant |
| 9.5.1 (a) | Board Balance- Executive & Non Executive, Roles & functions of Chairperson and CEO, procedure for appraisal of Board performance and appraisal of CEO. | Policy on matters relating to Board of Directors shall recognize the need for a balance of representation between Executive and Non- Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred to as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO. | The Company has established and maintained a policy on matters relating to the Board of Directors, which is published on the corporate website. The Board comprises seven Non-Independent Executive Directors, Three Non-Independent Non-Executive Directors, and five Independent Non-Executive Directors. Proportion. 8 :7<br><br>The Company has carried out an appraisal of Board performance & appraisal of CEO during the year. | Compliant |

# CORPORATE GOVERNANCE

| Applicable Rule Number | Description | | Current Status | Compliance Status * |
|---|---|---|---|---|
| 9.5.1( C ) | Board Diversity | It requires diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors. | The Board of the Company is composed of individuals with diverse professional backgrounds, a broad spectrum of expertise, age diversity, and balanced gender representation | Compliant |
| 9.6.1 | Chairperson and CEO | The Chairperson of every Listed Entity shall be a Non-Executive Director and the position of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 | Mr. A.R. Pandithage, Chairperson of the Board, serves as an Executive Director but he is not the CEO of the Company. Mr. A.G. Pandithage holds the position of Group Managing Director and CEO. Mr. A.R. Pandithage and Mr. A.G. Pandithage have a close family relationship. A Senior Independent Director (SID) has been appointed, as the Company falls under the circumstances outlined in Sections 9.6.3 (a) (ii) and 9.6.3 (a)(iii). | Compliant. |
| 9.6.3 (a) | Requirement for a Senior Independent Director (SID) | i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director, iii. The Chairperson and CEO are Close Family Members or Related Parties. | Mr.I.A.Wickramasinghe functions as the SID of the Company. This appointment was made as it requires by 9.6.3.(a) ii and iii. | Compliant |
| 9.6.3 (b) | Idependent director meeting chaired by the SID | Independent directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence by other directors | A meeting of the Independent Directors, chaired by the Senior Independent Director (SID), was held in March 2026 | Compliant |
| 9.6.3 (c) | Non-Executive director meeting without the presence of the chairperson | SID shall chair a meeting of Non-executive directors without the presence of the chairperson at least annually to appraise the chairperson's performance and on such other occasions as are deemed appropriate | A meeting was held with non-executive directors without chairperson to the board, chaired by SID in March 2026 | Compliant |
| 9.7.1 | Fitness of Directors and CEO | Needs to take necessary steps to ensure that their Directors and the CEO are at all times, fit and proper persons as required in terms of these Rules | A declaration, as required by the Listing Rules relating to the fit and proper assessment criteria namely honesty, integrity and reputation, competency and capability, and financial soundness has been obtained, and it has been ensured that all Directors meet these criteria | Compliant |

| Applicable Rule Number | Description | | Current Status | Compliance Status * |
|---|---|---|---|---|
| 9.8 | Minimum number of Directors in the Board | As per the rule, minimum number of directors in the board is 5 | 15 Number of Directors | Compliant |
| 9.8.2 (a) | Composition of independent Directors in the Board | 2 independent directors or 1/3 of the total no.at given time whichever is higher | Mr. R.A. Jayawardane, Mr. H.A.C. Perera, Mr. I.A.Wickramasinghe, Ms. N.M. Boralessa and Ms.S.R.Fernando serve as Independent Non-Executive Directors. With a total of 15 directors on the Board, one-third amounts to 5. Accordingly, the Company complies with the requirement by having five Independent Directors on the Board | Compliant |
| 9.12.6.1(a) | Composition of Remuneration committee | Minimum 3 directors and out of that minimum of 2 shall be independent directors | 5 directors are members , 2 are independent non executive directors | Compliant |
| 9.12.6.1(b) | Remuneration committee should not comprise of Executive Directors | | No Executive Directors are included in the Remuneration Committee | Compliant |
| 9.12.6(2) | Chairperson of the Remuneration Committee is an independent director | | Mr.I.A.Wickramasinghe, chairperson of the committee is an independent non-executive director | Compliant |
| 9.11.4 .(1). (a) | Composition of the Nominations and governance committee | Minimum 3 directors and out of that minimum 2 independent directors needs to be there. | The committee comprises eight directors: five are Independent Non-Executive Directors, and three are Non-Executive Directors | Compliant |
| 9.11.4 .(1). (b) | Not comprise of executive directors w.e.f 1st October 2024 | | Committee does not comprise any executive directors. | Compliant |
| 9.11.4 (2) | Chairperson of the Nominations & Governance Committee is an independent director | An independent director is to be appointed as the Chairperson of the committee | Mr.I.A.Wickramasinghe, chairperson of the committee is an independent non-executive director | Compliant |
| 9.13.3.1 (a) | Composition of the Audit Committee | A minimum of three directors shall serve on the committee, of whom at least two or a majority of the members, whichever is higher shall be Independent Directors | 8 Directors are members , 5 are independent non executive Directors, three are non executive Directors | Compliant |
| 9.13.3.1 (b) | | Not comprise of executive directors | No executive directors are included | Compliant |
| 9.13.3 .(4) | Chairperson of the Audit Committee is an independent director | | Ms.N.M.Boralessa, independent non-executive director is the chairperson | Compliant |

# CORPORATE GOVERNANCE

| Applicable Rule Number | Description | | Current Status | Compliance Status * |
|---|---|---|---|---|
| 9.13.3 .(6) | Chairperson is a member of a recognized professional accounting body | | Ms.N.M.Boralessa is a member of The Institute of Chartered Management Accountants of UK | Compliant |
| 9.14.2.( 1 ) | Composition of the Related Party Transactions Review Committee | Minimum 3 directors out of 2 members shall be independent directors. It may include executive directors, at the option of the listed entity | 8 directors are members , 5 are independent non executive directors, three are non executive directors. | Compliant |
| 9.14.2.( 1 ) | Chairperson of the Related Party Transaction Review Committee is an independent Director | | Mr.I.A.Wickramasinghe, chairperson is an independent non-executive director | Compliant |

*Due to the classification of Mr. H.M.A. Jayesinghe as non-independent Director, as discussed on pages 150 to 151, non-compliances arose in the committees in which he held memberships and chairmanships until the rectification was completed. Accordingly, the Company became fully compliant with the relevant Rules effective from 23rd December 2025. Prior to this date, the Company was non-compliant with Rules 9.6.1, 9.6.3(a), 9.8.2(a), 9.12.6.1(a), 9.12.6(2), 9.11.4(1)(a), 9.11.4(2), 9.13.3.1(a), 9.13.3(4), and 9.14.2(1) from 6th March 2025.

Table 51: Compliance Status with the Annual Report Disclosure Requirements as per the Listing Rule 09 "Corporate Governance

| Listing Rule Number | Description | Applicable or not | Compliance Status | Page Reference |
|---|---|---|---|---|
| Rule No.9.1.3 | All Listed Entities shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity | Applicable | Compliant | 147, 175 |
| Rule No.9.2.3 | Listed Entities shall disclose in the Annual Report | | | |
| | i) the list of policies that are in place in conformity Rule 9.2.1 , with reference to its website | Applicable | Compliant | 181-183 |
| | ii) Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 | Applicable | Compliant | 182 |
| Rule No.9.4.2.a | Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity. | Applicable | Compliant | 198-199 |
| Rule No.9.4.2. c | The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholder, and such process shall be disclosed by the Entity in the Annual Report and website of the Entity. | Applicable | Compliant | 198-199 |
| Rule No.9.5.2 | Listed entities shall confirm compliance with the requirement of the policy referred to in Rule 9.5.1of the Listing Rule in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action. | Applicable | Compliant | 159 |

| Listing Rule Number | Description | Applicable or not | Compliance Status | Page Reference |
|---|---|---|---|---|
| Rule No.9.6.3. e | The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID(9.6.3(e)) | Applicable | Compliant | 152 |
| Rule No. 9.6.4 | Where a Listed Entity has appointed a SID as required in terms of Rule 9.6.1 above, such Entity shall set out the rationale for such appointment in the Annual Report of the Entity. | Applicable | Compliant | 152, 184 |
| Rule No. 9.7.5 | Listed entities shall include the following disclosures/reports in the Annual Report. | | | |
| | a) A statement that the Directors and CEO of the listed Entity satisfy the fit and proper Assessment Criteria stipulated in the listed Rules of the Colombo Stock Exchange | Applicable | Compliant | 159-160 |
| | b) Any non-compliance/s by a Director and or the CEO of the listed Entity with the fit and Proper Assessment Criteria set out in these rules during the financial year and the remedial action taken by the listed entity to rectify such non-compliance/s | N/A | | |
| Rule No. 9.8.5 (b) | Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors` declaration and other information available to it and shall set out the names of Directors determined to be'independent' in the Annual Report. | Applicable | Compliant | 159 |
| Rule No. 9.10.4 | Listed Entities shall also disclose the following in relation to the Directors in the Annual Report | | | |
| | a) Name, qualifications and brief profile | Applicable | Compliant | 25 |
| | b) The nature of his/her expertise in relevant functional areas | Applicable | Compliant | 163-164 |
| | c) Whether either the Director or close family members has any material business relationships with other directors of the listed entity. | Applicable | Compliant | 159-160,152 |
| | d) whether executive, non executive and/or independent Director | Applicable | Compliant | 156 |
| | e) The total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions as an executive or non-executive capacity, provided that where he /she holds directorships in companies within a Group of which the listed entity is a part, their names ( if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies; | Applicable | Compliant | 193 |
| | f) Number of Board meetings of the Listed Entity attended during the year. | Applicable | Compliant | 156 |
| | g) names of Board committees in which the Director serves as chairperson or a member; | Applicable | Compliant | 156 |

| Listing Rule Number | Description | Applicable or not | Compliance Status | Page Reference |
|---|---|---|---|---|
| | h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration committees. Such details shall include the number of meetings held and the number attended by each member; and | Applicable | Compliant | 156 |
| | i) The terms of reference and powers of the SID (Where applicable) | Applicable | Compliant | 152 |
| Rule No. 9.11.4.(3) | The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity | Applicable | Compliant | 174-175 |
| Rule No. 9.11.6 | The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson. | Applicable | Compliant | 174-175 |
| | The said report shall include the following; | Applicable | Compliant | 174-175 |
| | (a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members); | Applicable | Compliant | 174-175 |
| | (b) the date of appointment to the Committee; | Applicable | Compliant | 174-175 |
| | (c) whether a documented policy and processes are in place when nominating Directors; | Applicable | Compliant | 174-175 |
| | (d) whether all directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years; | | Compliant | 174-175 |
| | (e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance; | Applicable | Compliant | 174-175 |
| | (f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors. | Applicable | Compliant | 174-175 |
| | (g) The following information regarding directors who are re-elected or being proposed for re-election during the year: | Applicable | | 174-175 |
| | • Board Committees served on (as a member or Chairperson), | | | 174-175 |
| | • Date of first appointment as a Director, | | | 174-175 |
| | • Date of last re-appointment as a Director, | | | 174-175 |
| | • Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and, | | | 174-175 |
| | • Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity. | | | 174-175 |

| Listing Rule Number | Description | Applicable or not | Compliance Status | Page Reference |
|---|---|---|---|---|
| | (h) Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Entity as specified in Rule 9.11.5 above | Applicable | Compliant | 174-175 |
| | (i) Processes adopted by the Listed Entity to inform the Independent Directors of major issues relating to the Entity; | Applicable | Compliant | 174-175 |
| | (j) Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement; | Applicable | Compliant | 174-175 |
| | (k) Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement. | Applicable | Compliant | 174-175 |
| | (l) A statement that the Directors of the Listed Entity meet the criteria for determining independence. | Applicable | Compliant | 174-175 |
| | (m)A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Listed Entity's fail to comply with any provisions of such Rules, a statement explaining the reason for such non- compliance and the proposed remedial action taken for the rectification of such non- compliance. | Applicable | Compliant | 174-175, 156, 150-151 |
| Rule No.9.12.8 | The Annual Report should set out the following: | | | |
| | (a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company); | Applicable | Compliant | 173-175 |
| | (b) A statement regarding the remuneration policy; and, | Applicable | Compliant | 173-175 |
| | (c) The aggregate remuneration of the Executive and Non-Executive Directors. | Applicable | Compliant | 173-175 |
| Rule No. 9.13.5 | (1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates. | Applicable | Compliant | 170-171 |
| | (2) The Audit Committee Report shall contain the following disclosures: | Applicable | | 170-171 |
| | (a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company); | Applicable | Compliant | 170-171 |

| Listing Rule Number | Description | Applicable or not | Compliance Status | Page Reference |
|---|---|---|---|---|
| | (b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable). | Applicable | Compliant | 170-171 |
| | (c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances. | Applicable | Compliant | 170-171 |
| | (d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements. | Applicable | Compliant | 170-171 |
| | (e) whether the Listed Entity has a formal Audit Charter; | Applicable | Compliant | 170-171 |
| | (f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function; | Applicable | Compliant | 170-171 |
| | (g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity; | Applicable | Compliant | 170-171 |
| | (h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; | Applicable | Compliant | 170-171 |
| | (i) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties. | Applicable | Compliant | 170-171 |
| Rule No.9.14.8 (3) | (3) The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following: | Applicable | Compliant | 172 |
| | • The names of the Directors comprising the Committee; | | | |
| | • A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/observations to the Board of Directors. | | | 172 |
| | • The policies and procedures adopted by the Committee for reviewing the Related Party Transactions. | | | 172 |
| | (4) An affirmative declaration by the Board of Directors in the Annual Report that these Rules pertaining to Related Party Transactions have been complied with or if the Entity has not entered into any Related Party Transaction/s a negative statement to that effect. | | | 172 |

| Listing Rule Number | Description | Applicable or not | Compliance Status | Page Reference |
|---|---|---|---|---|
| Rule No. 9.17 | The following declarations by the Board of Directors to be included in the Annual Report: | | Compliant | 262-263 |
| | (i) They have declared all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested; | Applicable | Compliant | 262-263 |
| | (ii) they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so; | Applicable | Compliant | 265 |
| | (iii) they made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; | Applicable | Compliant | 257-261 |
| | (iv)disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations. | Applicable | Compliant | 150-151 |

## Compliance With Companies Act No.07 of 2007

This section provides a navigation on the level of compliance to the Companies Act No. 07 of 2007 and the regulations provided by the Colombo Stock Exchange.

**Table 52: Disclosures Required by the Companies Act No. 07 of 2007.**

| Section Reference | Disclosure Requirement | Compliance Status | Page Reference |
|---|---|---|---|
| 168 (1) (a) | The nature of the business of the Company or any of its subsidiaries | Compliant | 276-278 |
| 168 (1) (b) | Signed Financial Statements of the Group and the Company for the accounting period completed | Compliant | 272 |
| 168 (1) (c) | Auditors' Report on Financial Statements of the Group and the Company | Compliant | 267-269 |
| 168 (1) (d) | Changes in Accounting Policies made during the accounting period | Compliant | 281-282 |
| 168 (1) (e) | Particulars of the entries in the Interests Register made during the accounting period | N/A | |
| 168 (1) (f ) | Remuneration and other benefits paid to Directors of the Company and its Subsidiaries during the accounting period | Compliant | 347 |
| 168 (1) (g) | Total amount of donations made by the Company during the accounting period | Compliant | 295 |
| 168 (1) (h) | Information on Directorate of the Company and its Subsidiaries during and at the end of the accounting period | Compliant | 364-365 |
| 168 (1) (i) | Amounts paid/payable to the Auditor as audit fees and fees for other services rendered during the accounting period | Compliant | 295 |
| 168 (1) (j) | Auditors' relationship or any interest with the Company and its Subsidiaries | N/A | |
| 168 (1) (k) | Acknowledgement of the contents of this Report and signatures on behalf of the Board (Annual Report of the Board of Directors) | Compliant | 257-261 |

# CORPORATE GOVERNANCE

Table 53: Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

| Section | | Compliance status | Reference |
|---|---|---|---|
| I | Names of persons who were Directors of the Company | Compliant | 156 |
| II | Principal activities of the Company and its subsidiaries during the year, and any changes therein | Compliant | 276-278 |
| III | The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR and the percentage of such shares held | Compliant | 195 |
| IV | a) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Companies complies with the Minimum Public Holding requirement in respect of voting ordinary shares The public holding percentage in respect of non- voting Shares (where applicable)<br>b) The public holding percentage in respect of Foreign Currency denominated Shares | Compliant<br>Not Applicable | 196 |
| V | A statement of each Director's holding and CEO's holding in shares of the Company at the beginning and end of each financial year. | Compliant | 195 |
| VI | Information pertaining to material foreseeable risk factors of the Company. | Compliant | 202-208 |
| VII | Details of material issues pertaining to employees and industrial relations of the Company | Compliant | 62-72 |
| VIII | Extents, locations, valuations and the number of buildings of the Company's land holdings and investment properties | Compliant | 303 |
| IX | Number of shares representing the Company's stated capital | Compliant | 194 |
| X | A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings | Not applicable | |
| XI | Ratios and market price information | Compliant | 197 |
| XII | Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value | | |
| XIII | Details of funds raised through a public issue or further issue of securities, the manner in which the funds of such issue have been utilised, details of the number of securities, class and consideration received and the reason for the issue and any material change in the use of funds | Not applicable | |
| XIV | Information in respect of Employee Share Ownership or Share Purchase Schemes | Not applicable | |
| XV | Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules | Compliant | 301-302 |
| XVI | Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Company as per audited financial statements, whichever is lower, with requisite details | Not applicable | |
| XVII | Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds, Compliant Debt Securities and/or High Yield Corporate Debt Securities listed on the CSE | Not applicable | |

Pursuant to CSE Listing Rule No. 9.10.4, the total number and names of companies in Sri Lanka in which the Directors of Diesel & Motor Engineering PLC (DIMO) hold directorships are disclosed below.

Table 54:

| Name | Type of Directorship at DIMO | Directorships & KMP in other Companies (See Annexture 1 on page 363 for Details) |
|---|---|---|
| A.R.Pandithage | Executive Director | Executive Director of Sri Lanka Business & Biodiversity Platform |
| P.K.W. Mahendra | Executive Director | Executive Director of Chamber of Medical Equipment and services in Sri Lanka |
| A.M. Pandithage | Non-Executive Director | Executive directorships in a total of 154 Companies in Sri Lanka<br>• 142 Private Companies<br>• 12 Listed Companies |
| Dr. Harsha Cabral | Non-Executive Director | Independent Non-Executive Director at Alumex PLC, Chevron Lubricants Lanka PLC, Hayleys PLC, Tokyo Cement Company (Lanka) PLC & Directorships in 15 non-listed companies in Sri Lanka. |
| H.M.A. Jayesinghe | Independent Non-Executive Director | Independent Director for 9 Listed Companies & Director of 2 Private Companies. |
| A.G. Pandithage | Group Managing Director and Chief Executive Officer | an Executive Director of A & G Investments (Pvt) Ltd |
| R.A. Jayawardane | Independent Non-Executive Director | Independent Non-Executive Director of Cargills Bank PLC & Group Chief Executive Officer of the Maliban Group |
| H.A.C. Perera | Independent Non-Executive Director | Group Chief Information Officer at Dialog Axiata PLC |
| I A Wickramasinghe | Independent Non-Executive Director | Independent Non-Executive Director of 7 companies in Sri Lanka |
| N.M.Boralessa | Independent Non-Executive Director | Independent Non-Executive Director of BPPL Holdings PLC and Ceylinco Life Insurance Ltd |
| S.R.Fernando | Independent Non-Executive Director | Independent Non-Executive Director of Hayleys PLC |

The other Directors of the Board of DIMO that has not mentioned above, namely B.C.S.A.P. Gooneratne, S.R.W.M.C. Ranawana, D.N.K. Kurukulasuriya, and C.R. Pandithage — all Executive Directors — do not hold any directorships or key management positions in any other companies as at 31st March 2026.

# INVESTOR RELATIONS

Investor Relations

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=38

## STEWARDING INVESTOR TRUST

DIMO's investor relations approach is anchored in disciplined capital stewardship, transparent governance and purposeful engagement with shareholders. As providers of financial capital, shareholders remain central to DIMO's value creation journey, supporting the Group's ability to move beyond market barriers and create sustainable stakeholder value. Through timely disclosure, equitable communication and responsible performance focus, DIMO continues to strengthen investor confidence while upholding its promise of being the Perfect Partner.

### ANCHORING TRUST THROUGH ENGAGEMENT

Our investment community comprises current and potential shareholders, encompassing both individual and institutional investors. As providers of financial capital, shareholders are considered a key stakeholder group. Their rights are defined by the Companies Act No. 07 of 2007 and supported by SEC regulations and ; CSE Listing Rules.

The Board of Directors is committed to delivering sustainable value through transparent governance and performance-driven strategies. Shareholders seek returns through dividends or capital appreciation, and the Company remains focused on meeting these expectations in a responsible manner.

### STRUCTURE OF THE SHARE CAPITAL

The stated capital of Diesel & Motor Engineering PLC as at 31st March 2026 amounts to Rs. 620,578,310 (Rs.620,578,310 -2024/25) and is represented by 9,231,494 ordinary shares (9,231,494-2024/2025). Each share entitles the holder to one vote where shareholder approval is required. There are no other categories of shares.

Table 55: Features of DIMO'S Ordinary Shares

| | |
|---|---|
| Security Type | Ordinary Shares |
| Listed Exchange | Colombo Stock Exchange (CSE) – Main Board |
| Featured stock indices | All Share Price Index (ASPI) |
| Standard & Poor's Sri Lanka 20 (S&P SL20) | DIMO.N0000 |
| CSE Stock Symbol ( Ticker) | DIMO.N0000 |
| GICS Industry Group | Retailing |
| International Securities Identification Number (ISIN) | LK0056N00008 |

Figure 71:
Movement in Stated/Paid Up Capital since 2006/07 ('000)

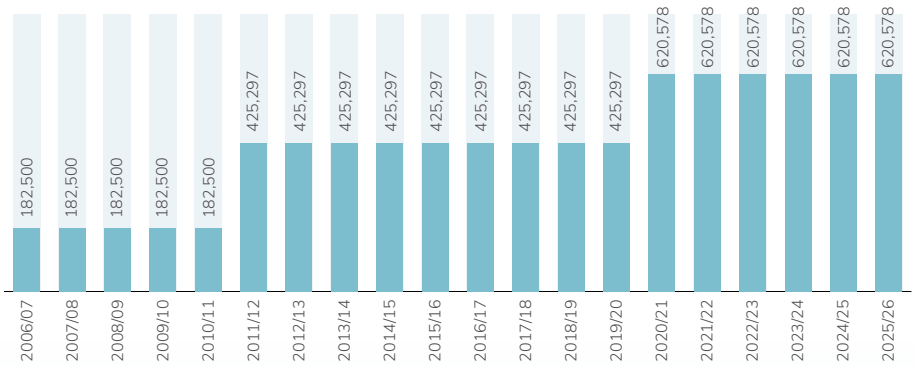


Table 56: The names and the number of shares held by the twenty largest shareholders of the Company.

| Name of the Shareholder | As at 31st March 2026 | | As at 31st March 2025 | |
|---|---|---|---|---|
| | Shares | % | Shares | % |
| Employee's Provident Fund | 923,149 | 10.00 | 1,830,860 | 19.83 |
| A.R. Pandithage | 1,040,882 | 11.28 | 1,030,882 | 11.17 |
| J.C. Pandithage | 981,165 | 10.63 | 976,042 | 10.57 |
| Hayleys PLC | 875,291 | 9.48 | - | - |
| A & G Investments (Private) Limited | 667,395 | 7.23 | 667,395 | 7.23 |
| S.C. Algama | 590,497 | 6.40 | 590,497 | 6.40 |
| A.G. Pandithage | 546,846 | 5.92 | 546,846 | 5.92 |
| M.R. Pandithage | 279,688 | 3.03 | - | - |
| C.R. Pandithage | 269,944 | 2.92 | 228,144 | 2.47 |
| A.N. Algama | 110,884 | 1.20 | 222,288 | 2.41 |
| Assetline Finance Limited/Suhada Gas Distributors | 180,363 | 1.95 | 221,198 | 2.40 |
| A.M. Pandithage | 189,611 | 2.05 | 189,611 | 2.05 |
| D. Jayanntha | 166,400 | 1.80 | 166,400 | 1.80 |
| Hayleys Group Services (Private) Limited Number 02 | 165,000 | 1.79 | - | - |
| Hayleys PLC/Account No.07 Hayleys and Associated Companies | 163,320 | 1.77 | - | - |
| T.G.H. Peries | - | - | 158,931 | 1.72 |
| T.R.N.C. Peries | 152,820 | 1.66 | 153,929 | 1.67 |
| N.U. Algama | - | | 123,598 | 1.34 |
| N.M. De Silva | 76,073 | 0.82 | - | - |
| Seylan Bank PLC/Karagoda Loku Gamage Udayananda | - | - | 79,393 | 0.86 |
| M.L. Algama | | | 69,976 | 0.76 |
| HNB Investment Bank (Pvt) Ltd/J. Tharshana | 65,000 | 0.70 | - | - |
| L.S. Algama | - | - | 69,975 | 0.76 |
| Seylan Bank PLC/Phantom Investments (Pvt) Ltd | - | - | 68,245 | 0.74 |
| I.S. Salgado | - | - | 47,840 | 0.52 |
| H.S. Pandithage | - | - | 46,849 | 0.51 |
| A.A.D.N.S.A. Ratnayeke | 61,799 | 0.67 | - | - |
| A.A.D.N.S. Algama | 61,799 | 0.67 | - | - |
| | 7,567,926 | 81.98 | 7,488,899 | 81.12 |

The composition of the top twenty shareholders changes from year to year. Comparative figures are not shown for shareholders who do not appear in both periods, as disclosures are limited to the top twenty for each year.

Table 57 – Shares held by Directors & their spouses

| Name | As at 31st March 2026 | | As at 31st March 2025 | |
|---|---|---|---|---|
| | Shares | % | Shares | % |
| Mr A R Pandithage | 1,040,882 | 11.28 | 1,030,882 | 11.17 |
| Spouse of Mr.A.R.Pandithage | 981,165 | 10.63 | 976,042 | 10.57 |
| Mr A G Pandithage | 546,846 | 5.92 | 546,846 | 5.92 |
| Spouse of Mr.A.G.Pandithage | 46,849 | 0.51 | 46,849 | 0.51 |
| Mr A M Pandithage | 189,611 | 2.05 | 189,611 | 2.05 |
| Spouse of Mr.A.M.Pandithage | 43,527 | 0.47 | 43,527 | 0.47 |
| Mr. C.R. Pandithage | 269,944 | 2.92 | 228,144 | 2.47 |
| | 3,118,824 | 33.78 | 3,061,901 | 33.17 |

# INVESTOR RELATIONS

## SHAREHOLDERS OF DIMO

The Company's stated capital represents 3,023 ordinary shareholders as at 31st March 2026 (2024/25: 2,298).
The shareholder composition as required by CSE Listing Rule 7.6 and their corresponding shares details are provided below.

Table 58: Shareholder Composition

| Share Slab | As at 31st March 2026 | | | As at 31st March 2025 | | |
|---|---|---|---|---|---|---|
| | No of Shareholders | Total No.of shares | Shareholding % | No of Shareholders | Total No.of shares | Shareholding % |
| 1 - 1,000 | 2772 | 265,175 | 3 | 2042 | 203,801 | 2 |
| 1,001-10,000 | 196 | 582,157 | 6 | 194 | 576,852 | 6 |
| 10,001-100,000 | 39 | 1,080,907 | 12 | 48 | 1,344,220 | 15 |
| 100,001-100,000,000 | 16 | 7,303,255 | 79 | 14 | 7,106,621 | 77 |
| Total | 3023 | 9,231,494 | 100 | 2,298 | 9,231,494 | 100 |

Table 59: Individual/ Institutional Shareholdings

| Shareholder Category | As at 31st March 2026 | | | As at 31st March 2025 | | |
|---|---|---|---|---|---|---|
| | No of shareholders | Total No of Shares | Shareholding % | No of shareholders | Total No of Shares | Shareholding % |
| Individuals | 2,834 | 5,859,938 | 63.48 | 2,153 | 5,957,638 | 64.54 |
| Institutions | 189 | 3,371,556 | 36.52 | 145 | 3,273,856 | 35.46 |
| Total | 3,023 | 9,231,494 | 100 | 2,298 | 9,231,494 | 100 |

Table 60: Resident/ Non-Resident Shareholdings

| Shareholder Category | As at 31st March 2026 | | | As at 31st March 2025 | | |
|---|---|---|---|---|---|---|
| | No of shareholders | Total No of Shares | Shareholding % | No of shareholders | Total No of Shares | Shareholding % |
| Resident | 2,996 | 9,111,800 | 98.70 | 2,276 | 9,121,051 | 98.80 |
| Non-Resident | 27 | 119,694 | 1.30 | 22 | 110,443 | 1.20 |
| Total | 3023 | 9,231,494 | 100 | 2,298 | 9,231,494 | 100 |

## MARKET CAPITALIZATION

Market capitalization of the Company has increased by 52.29% to Rs.12,944.9 million as at 31st March 2026. (Rs.8,499.9 million as at 31st March 2025)

Table 61: Public Shareholding & Float Adjusted Market Capitalization

| Description | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Public Holding % | 45.5% | 34.3% |
| No. of Public Shareholders | 3,008 | 2,283 |
| Float Adjusted Market Capitalisation ( Rs. Million ) | 5,884 | 5,066 |

Public shareholding as at 31 March 2025 was reported as 59.6% in last year's report; however, this figure has been restated in accordance with the CSE Listing Rules.

The Company complies with Option 3 of Listing Rule 7.13.1(l)(a), which stipulates that where the minimum Float Adjusted Market Capitalization is Rs.5. billion, a minimum public holding of 7.5% is required.

## ANALYSIS OF LAST TEN YEARS INVESTOR RELATED DATA

The table mentioned below shows some relevant ratios including net assets value per share, EPS, assets turnover ratio and market price of the shares over the past ten years.

Table 62:

| Financial Year | Paid up/ Stated Capital (Rs. '000) | Reserves (Rs. '000) | Total Equity (Rs. '000) | Growth Rate | EPS (Rs.) | Total Assets (Rs. '000) | Total Turnover (Rs. '000) | Asset Turnover Ratio | Net Asset Value Per Share (Rs.) | Market Price of Share | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | Highest (Rs.) | Lowest (Rs.) | Closing (Rs.) |
| 2016/17 | 425,297 | 9,739,645 | 10,164,942 | 2% | 73.99 | 22,759,418 | 44,492,990 | 1.955 | 1,145.16 | 790 | 542 | 559.9 |
| 2017/18 | 425,297 | 11,655,064 | 12,080,361 | 20% | 58.50 | 28,572,362 | 43,686,158 | 1.529 | 1,326.68 | 639 | 462 | 464.9 |
| 2018/19 | 425,297 | 11,655,154 | 12,080,451 | 0% | 5.78 | 29,300,192 | 38,300,350 | 1.307 | 1,322.70 | 475 | 290 | 304.7 |
| 2019/20 | 425,297 | 11,923,634 | 12,348,931 | 2% | 21.97 | 32,025,571 | 34,557,871 | 1.079 | 1,349.53 | 350 | 245 | 250 |
| 2020/21 | 425,297 | 14,535,955 | 14,961,252 | 22% | 52.72 | 32,116,151 | 30,819,014 | 0.960 | 1,638.27 | 672 | 188 | 530.25 |
| 2021/22 | 620,578 | 14,845,909 | 15,466,487 | 2% | 76.06 | 40,304,990 | 37,507,480 | 0.931 | 1,696.73 | 1,450 | 451 | 488 |
| 2022/23 | 620,578 | 14,733,053 | 15,353,631 | -1% | 62.73 | 39,562,387 | 35,299,201 | 0.892 | 1,622.31 | 740 | 280 | 466 |
| 2023/24 | 620,578 | 16,228,057 | 16,848,635 | 10.15% | 4.65 | 48,992,998 | 43,644,295 | 0.891 | 1,776.76 | 550 | 471.5 | 513.25 |
| 2024/25 | 620,578 | 14,817,765 | 15,438,343 | -9% | -137.00 | 56,702,895 | 50,174,979 | 0.885 | 1,618.08 | 1,288 | 900.25 | 920.75 |
| 2025/26 | 620,578 | 16,240,262 | 16,860,840 | 10% | 172.37 | 82,768,373 | 103,633,939 | 1.252 | 1,780.14 | 2,990 | 900 | 1402.25 |

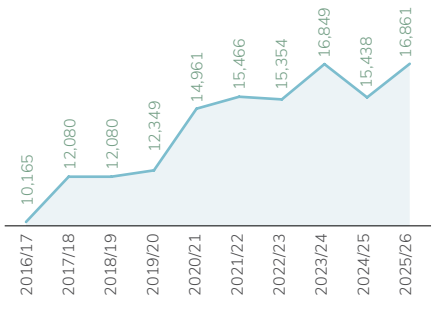
The market capitalization of DIMO.N0000 since 2013 is illustrated in the graph below.

Figure 72:
Movement in Market Capitalisation of DIMO.N0000 (Rs.'000)



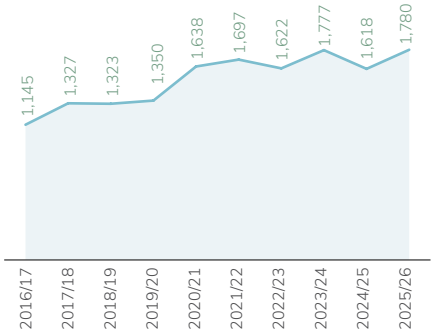

The graph given below depicts the total equity of the Group for the past ten years.

Figure 73:
Total Equity (Rs. Mn)




The graph below shows the Net Assets Value (NAV) per share for the past ten years.

Figure 74:
NAV per Share (Rs.)



# INVESTOR RELATIONS

Total assets increased over the years mainly due to the investments and revaluation of land. The increase in working capital values of non- auto inventory, which has a longer conversion cycle, drove the total assets too.

The following graph shows the market price (Highest, lowest and last traded) of a DIMO share during the past years.

Figure 75:
Movements in Total Assets (Rs. Mn)

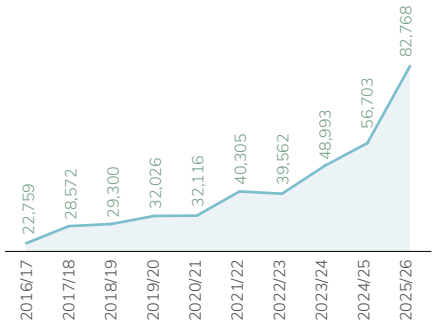
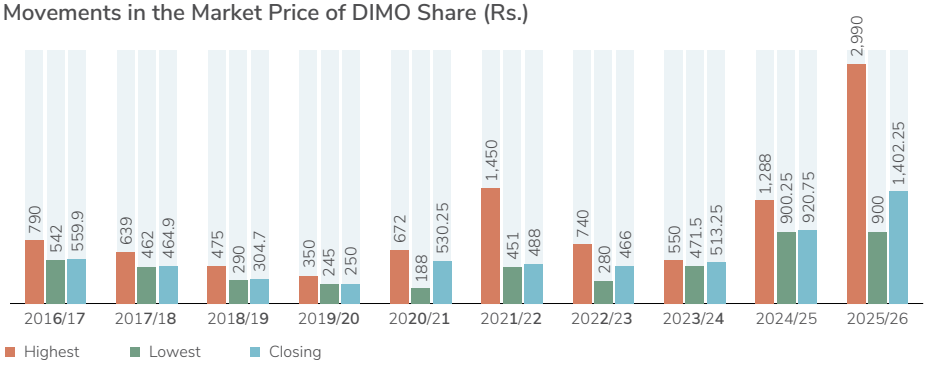



Figure 76:
Movements in the Market Price of DIMO Share (Rs.)




## DISTRIBUTION TO SHAREHOLDERS AND KEY INDICATORS

### Dividends

The Board maintains a fair and equitable dividend distribution policy for all shareholders. Over the years DIMO has paid cash dividends to its shareholders; the amounts paid over the past five years are shown below.

Table 63:

| FY | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 |
|---|---|---|---|---|---|
| Dividend Per Share (Gross Rs.) | 10 | - | 5 | 10 | 12.5 |
| Total Gross Dividend (Rs. Mn) | 92.3 | - | 46.2 | 92.3 | 115.4 |

### Investor Confidence Through Communication

The Board has implemented strategic initiatives to ensure transparent and timely communication, keeping shareholders and investors well-informed and closely connected to the Company's performance. These sustained efforts have strengthened trust and enabled the Company to maintain strong, long-term relationships with its shareholders and the broader investment community.

The company has established and maintained a Policy on effective communication and relations with shareholders and investors as indicated in Listing Rule No. 9.4.2 .

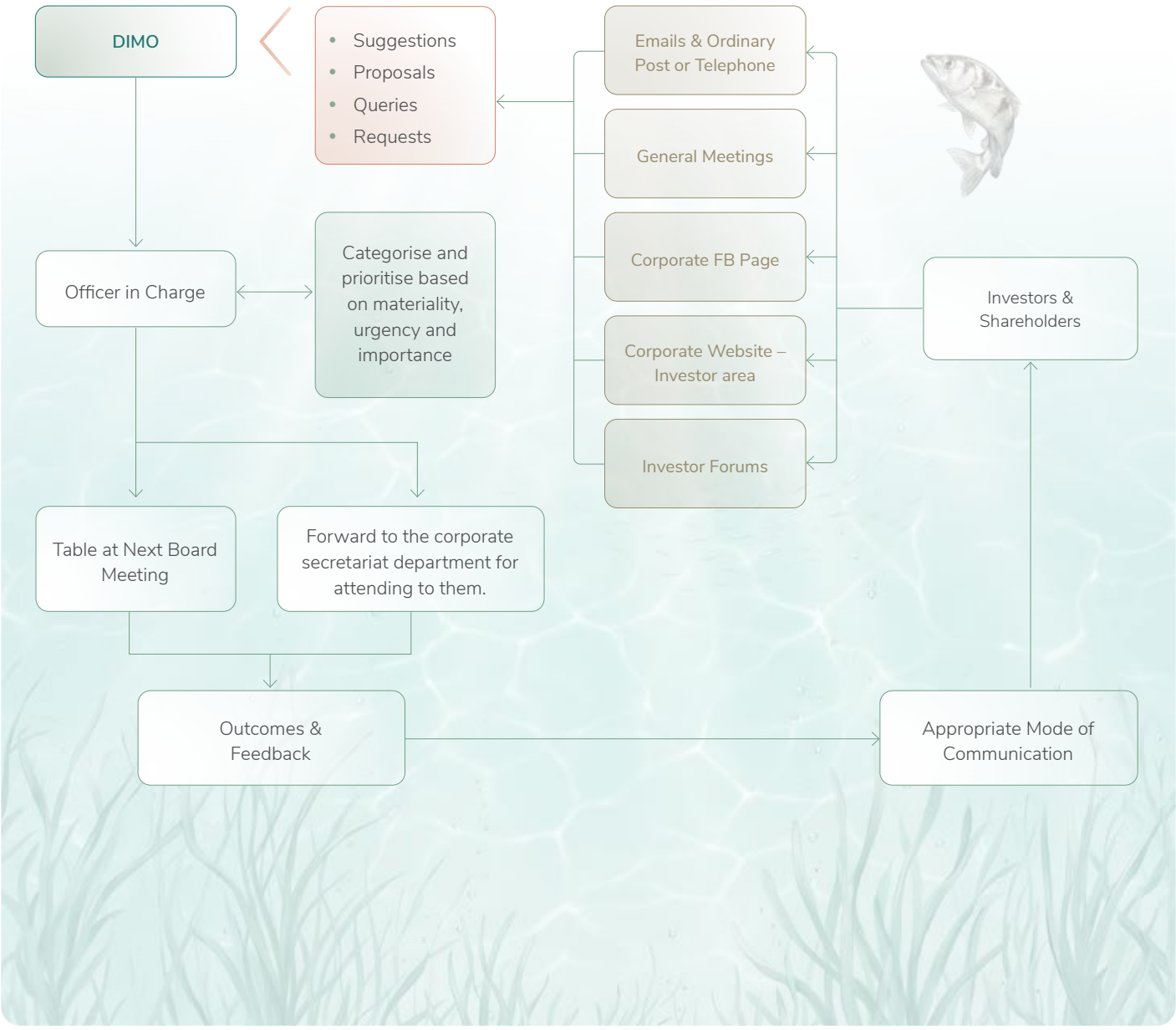
In line with the Code of Best Practice of Corporate Governance - 2023 issued by CA Sri Lanka and CSE Listing Rules, the "Investors" section of the corporate website is updated with content of interest to investors and prospective investors.

We seek to protect shareholders' rights by providing timely and sufficient information to shareholders, allowing effective participation in key shareholder decisions and by providing an adequate mechanism to address their grievances, if any. This ensures equitable treatment of all shareholders including minority and foreign shareholders. We ensure timely and accurate disclosure of significant matters including financial performance; and aspects related to governance of the Company as required by the CSE Listing Rules. We implement the prescribed accounting standards in letter and spirit while preparing the financial statements, taking into account the interests of all stakeholders. Quarterly financial statements are uploaded onto the Company's website on a quarterly basis and submitted to the Colombo Stock Exchange in compliance with Listing Rule No. 7.4.a(i) 1 for the benefit of our stakeholders. Annual Reports are uploaded to the Company's website annually and submitted to the Colombo Stock Exchange within five months of the close of the financial year, in accordance with Listing Rule No. 7.5.a(i). Furthermore, additional updates are provided to stakeholders on any matter that concerns them, as and when such circumstances arise.

Investors and shareholders are encouraged to submit any queries or requests they may have; through the corporate website using the following URL path: https://www.dimolanka.com/contact-us. On this page, they may fill in their details and submit messages. Furthermore, inquiries can also be made via ordinary mail or any other preferred mode of communication. Queries received will be reviewed, and if necessary, forwarded to the directors. They will be addressed at the subsequent Board meeting, or earlier if the matter is deemed urgent.

Overall, the company has in place the processes necessary to execute its commitment to transparency, accountability, and responsiveness to the needs and concerns of investors and shareholders. By providing multiple communication channels and a structured process for handling inquiries and requests, the company is able to foster trust and confidence among shareholders. Additionally, the involvement of designated officers and the Board of Directors ensures that inquiries and requests are addressed effectively and in accordance with established procedures.

**Figure 77: DIMO's Process of Communication with Shareholders & Investor's**



# RISK MANAGEMENT

Risk Management

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=39

Risk Management strengthens DIMO's value creation model by enabling the Group to identify and respond to uncertainties that could affect strategy, capitals, stakeholders and long term resilience. Through an integrated and disciplined approach, DIMO looks beyond surface level disruptions to understand deeper impacts and dependencies across the business. This enables the Group to protect value, allocate resources with precision, pursue opportunities responsibly and sustain stakeholder confidence as a future focused Perfect Partner.



"Risk Management guides our strategic decisions rather than functioning as a standalone compliance task. The framework embeds risk consciousness into daily operations and decision-making to safeguard value creation and enhance corporate resilience. By looking beyond surface-level market shifts, the organization understands the deeper dependencies and impacts across industries to navigate uncertainties. This integrated approach aligns resource allocation with the right opportunities, allowing the Group to deliver meaningful outcomes with purpose."

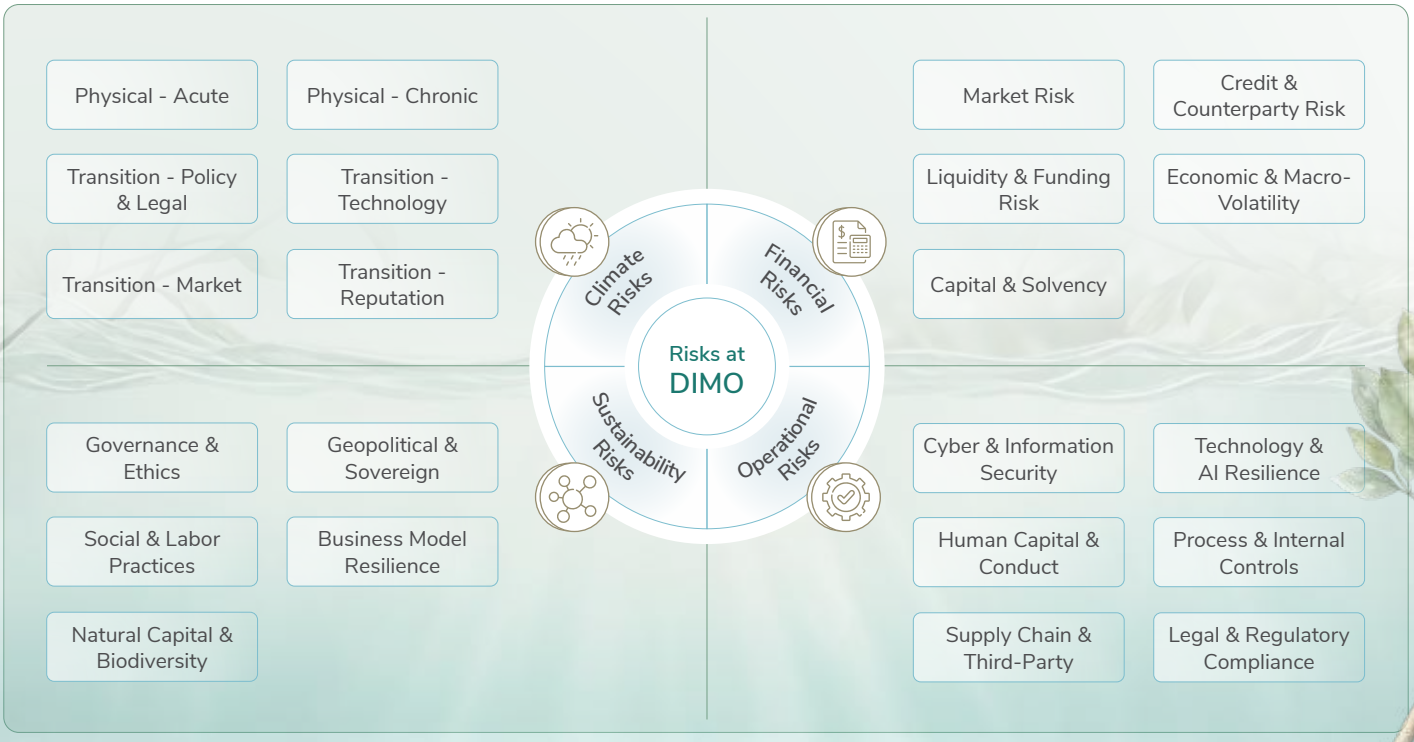
**Gahanath Pandithage**
Group Managing Director/Chief Executive Officer

## RISK CLASSIFICATION

The Risk Register is the central document where we enter and classify each risk identify through the process of stakeholder engagement and value chain mapping.

The illustration below shows the 4 main categories and the respective sub-categories into which the identified risks are classified.

Figure 78:



## TYPES OF RISKS

### Financial

Risks that result in a direct monetary loss or negatively impact on the entity's capital, assets, and financial obligations.

### Operational

Potential losses resulting from inadequate or failed internal processes, people, and systems, or from external disruptive events.

### Sustainability

Risks stemming from an entity's dependencies and impacts on resources and relationships (human, social, and intellectual) that affect its long-term viability.

### Climate

Risks specifically related to climate change and the global shift toward a lower-carbon economy.

## WHAT'S NEW IN RISK MANAGEMENT

### Risk Management Working Group (RMWG):

The formation of the RMWG during the year, formalized comprehensive cross-functional collaboration, uniting all support and control functions within the Group. This collective intelligence ensures a systematic approach to risk identification and management, allowing successful practices to be adapted across all business units.

### Integration of Management Systems:

The framework now leverages Group synergies by integrating existing management systems. This utilizes shared governance and internal controls as primary drivers for operational consistency.

### Value Chain Process Mapping:

The adoption of value chain mapping in relation to Risk Management, facilitates a granular integrated view of operations, connected with Capitals and Stakeholders. This ability to look deeper into processes ensures that the Group understands real business potential and risks at every stage of the value chain.

### Standardized Risk Categorization:

A refined classification system categorizes risks into four distinct pillars; Financial, Operational, Sustainability, and Climate. This structure ensures clear focus and comprehensive coverage of stakeholder needs.

### Refinement of the 4x4 Risk Matrix:

Transitioning to a refined 4x4 risk matrix establishes a uniform evaluation scale across the organisation. By eliminating neutral mid-points on both the impact and likelihood dimensions, this structure drives decisive risk assessments. This rigorous methodology underpins the identification of the material risks requiring careful management.

## RISK GOVERNANCE

A structured and integrated governance framework ensures that discipline remains a collective priority across the Group. This top-down approach provides the clarity needed to pursue growth with foresight, ensuring everyone identifies and manages risk in a way that matches the responsibilities of their respective roles.

The Board of Directors maintains ultimate responsibility for risk management, overseeing its structure, reviewing significant risks, and ensuring alignment with the Company's strategic objectives.

Supporting this process, the Audit Committee serves as an oversight body by periodically reviewing the identified risks and the measures taken to address them.

Under this guidance, the Group Management Committee (GMC) evaluates and addresses significant risks, oversees mitigation strategies, and provides guidance and approval on implementing the risk management policy across the Company.

The Risk Management Working Group (RMWG) bridges the gap between senior leadership and operational units. With representation from all functional Units with diverse expertise within the Group, the RMWG identifies, assesses, and mitigates risks while uncovering available opportunities to help the organisation meet its key operational and business objectives.

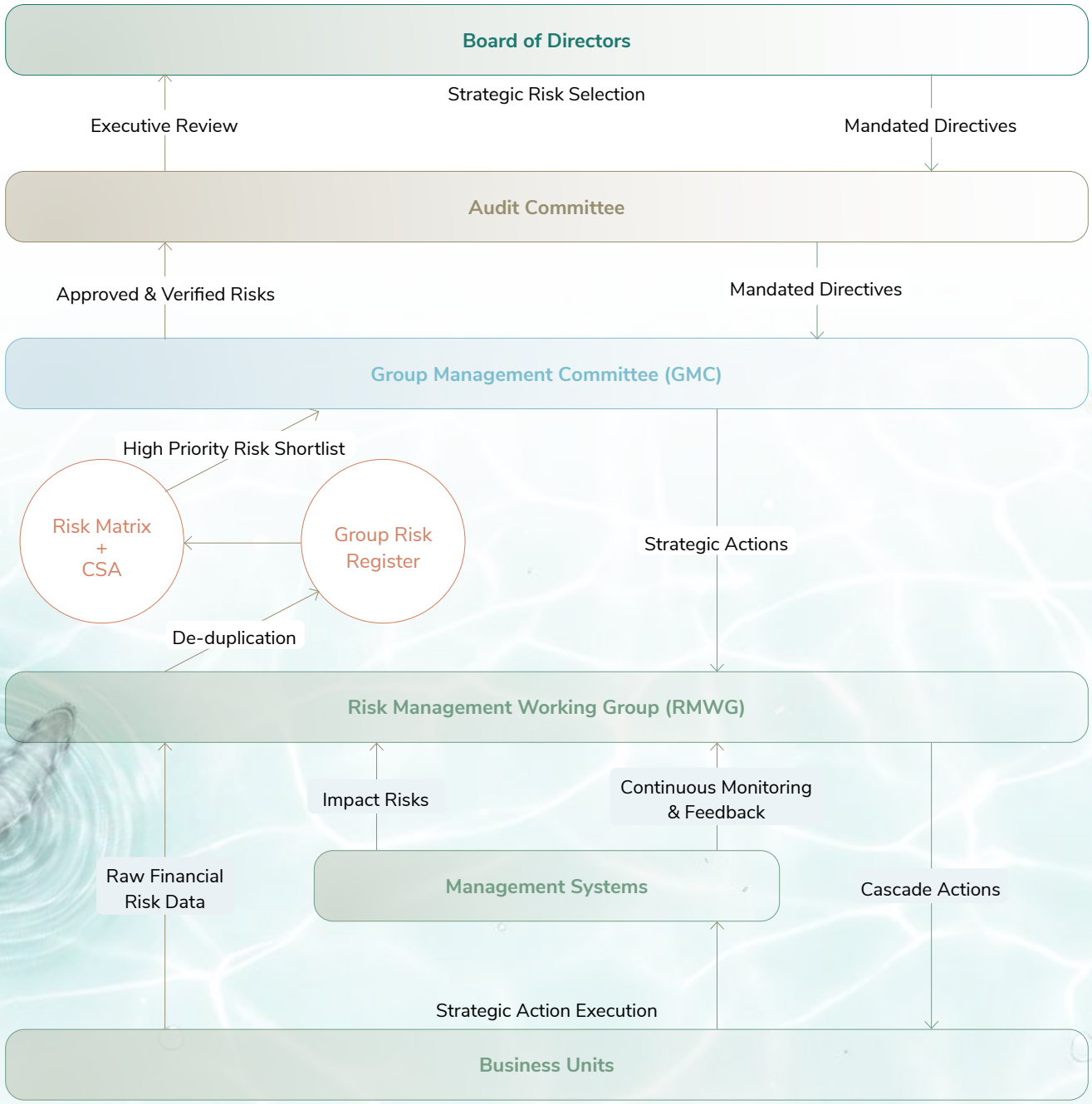
| | |
|---|---|
| **Corporate Planning**<br>Business domain changes, Macro factors | **Supply Chain**<br>Shipping, Logistics, Regulatory impacts |
| **Finance**<br>Finance exposure, Market trends | **Sustainability**<br>Climate, Sustainability risk |
| **Legal**<br>Legal obligations, Contractual matters | **HR**<br>Workforce matters, Employee relations |
| **Group Financial Planning**<br>Strategy implications, budgets | **IT**<br>System continuity, Data security |
| **Internal Auditing**<br>Internal controls, Governance, Process assurance | **Compliance**<br>Statutory regulations, Policy adherence |
| **Corporate Communications**<br>Brand reputation, Stakeholder engagement | **Customer Experience**<br>Service delivery standards, customer satisfaction |

# RISK MANAGEMENT

Management Systems provide the structured framework of policies, processes, and procedures required to achieve these risk objectives. To ensure compliance, the Management System Audit conducts systematic, independent, and documented reviews. This process determines whether risk management activities align with defined criteria and remain compliant with risk management policies within the organizational scope.

This clear governance structure transforms risk management into a shared responsibility, allowing the organization to detect threats early and apply successful practices quickly across all business units.

Figure 79: Governance Structure of Risk Management



## LINES OF DEFENCE

The Group adopts the three lines of defence model with clear segregation of duties to provide a proactive approach to risk management and internal control. Going beyond standard regulatory compliance, this framework voluntarily incorporates independent external assurances to further validate and strengthen overall governance as a supplementary line of defence

Figure 80:




## APPROACH TO RISK MANAGEMENT

### Risk Identification

The process commences with the material topics identified on page 145 and their associated risks. The Risk Management framework evaluates these exposures at both the corporate and business levels by assessing two distinct directional dimensions:

- External-to-Enterprise Risks: External factors like economic shifts, new regulations, market trends, and environmental changes that could impact on the Group's operations, finances, or strategic goals.
- Enterprise-to-External Risks: Internal activities such as corporate decisions and daily operations that could impact stakeholders, communities, and the environment.

This dual approach protects the business from external shocks while actively managing its footprint on society and the environment.

To uncover these risks, the organization runs ongoing workshops, brainstorming sessions, and consultations with management, employees, and advisors. This effort centers on Value Chain Mapping, which combines detailed process mapping along with associated Capitals and stakeholders. The process also evaluates stakeholder needs, climate scenario impacts, and specific sustainability and climate-related risks and opportunities.

Additionally, climate scenario analysis determine how shifting environmental factors might disrupt different stages of the value chain, while factoring in stakeholder expectations.

# RISK MANAGEMENT

**Risk Training**

**2,427 employees**

**2852.25 hours**

(2024/25: 2463.17 hours, 2283 employees)

**82 Decision Making Employees**

**369 hours**

## Centralised Risk Register

The RMWG consolidates all findings into a central Risk Register to track and monitor exposures uniformly across both corporate and operational levels.

The Risk Register captures entries based on:

- Both outward external-to-enterprise risks and inward enterprise-to-external impacts.
- Specific risks identified during corporate and business-segment value chain mapping.

By centralizing these inputs, the organization maintains clear visibility over its complete risk profile, ensuring consistent monitoring across all departments.

## Assessment & Prioratisation of Risks

Once the risk identification process is complete, the organisation assesses each entry in the Risk Register based on its likelihood of occurrence and severity of impact. The results of this evaluation determine the specific strategy to manage each risk, which can be a single approach or a combination of Acceptance, Adaptation, Avoidance, Exploitation, Mitigation, and Transference. This exercise also guides how the management of each risk is embedded into organisational structures, systems, and operational processes, keeping the defined risk appetite in mind.

The organisation utilises a standardised 4x4 **risk matrix** to evaluate the **likelihood and impact** of identified risks on a consistent scale. To maintain strict financial discipline and align with core performance, the impact is measured based on the potential percentage effect on the Group's Gross Profit (GP). This approach reduces subjectivity, providing a clear prioritisation of risks that directly influence financial resilience.

The matrix outputs are then plotted onto a **risk heat map** (Figure 82), which visually consolidates the Group's overall risk profile. By charting the severity and probability of each risk, this heat map highlights the high-priority areas where mitigation efforts and resources are most critically required.

To ensure a holistic perspective, the organisation complements the quantitative matrix results with a **qualitative assessment**. When selecting material risks for strategic intervention, the evaluation looks beyond numerical scores to consider critical factors such as reputational impact, strategic priorities, and stakeholder expectations. This balanced approach ensures an agile response to risks that carry profound implications for long-term value and brand trust, even if their immediate financial impact is categorised differently.

Aligning with identified material matters (Page 145), the Risk Register captured **44** risks over the financial year, ultimately prioritising **8** as material risks requiring careful management.

Figure 81: The Group's Material Risk Landscape

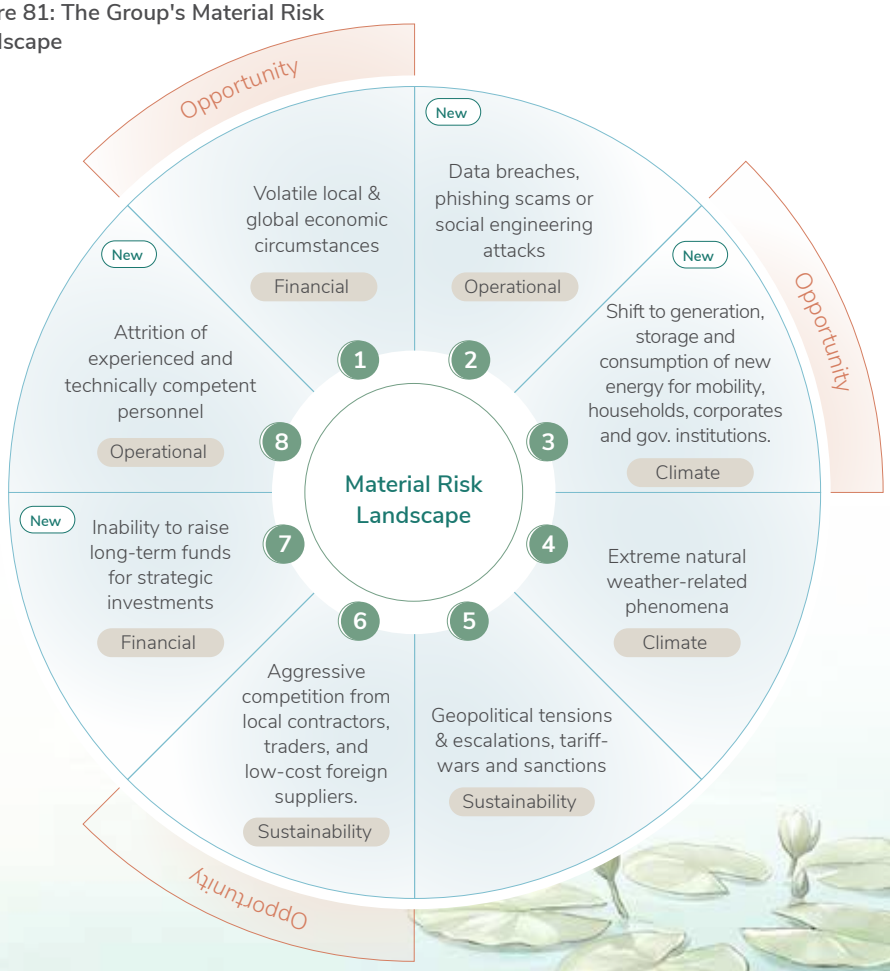
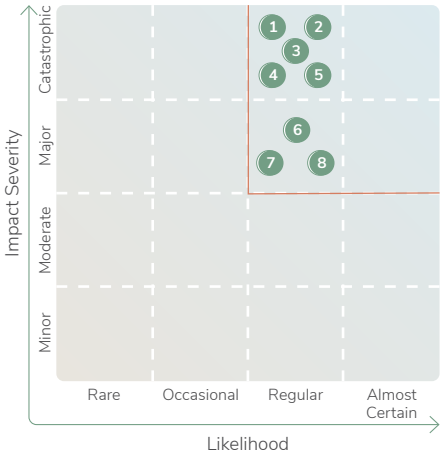


Figure 82: Risk Heat Map




## Integration with Material Matters

The identification and prioritisation of risks are directly mapped against the Group's material matters. The broad material topics featured within the Stakeholder Engagement section on page 145 serve as a baseline to ensure all critical economic, environmental, and social dimensions are considered. The specific process utilized for the initial identification of these material topics can be found in detail on page 147. Conversely, the high-priority outputs of the Group Risk Register are used to validate and refine these material matters, ensuring the Group's external disclosures perfectly align with its actual operational risk profile.

## Risk Mitigation, Management, and Monitoring

To execute the framework effectively, risk mitigation, management, and monitoring are designed with clearly assigned responsibilities for each level in the governance structure at defined intervals or stages of a risk event. The Group systematically manages risk through the following operational phases.

**Periodic Reviews:** The RMWG conducts an annual review of value chain mapping, climate scenarios, and sustainability or climate-related risks and opportunities (SRROs and CRROs) to update the central Risk Register and establish materiality. On a quarterly basis, Business and Segment Heads, the RMWG, and the GMC review risk likelihood and control effectiveness to determine probable capital allocation requirements and link findings directly to future corporate planning. Internally, the RMWG provides monthly updates to the GMC based on routine reviews, which are escalated to the Audit Committee on a quarterly basis, or to the Board of Directors if pre-defined thresholds are exceeded.

**Ad Hoc Assessments (Emerging Risks):** If a significant new risk emerges between formal cycles, Business Heads, Segment Heads, the RMWG, and the GMC immediately perform ad hoc assessments to determine its operational drivers and necessary mitigation actions.

**Post-Event Response (Risk Realisation):** When a risk event occurs, Segment Heads, the RMWG, Finance, and the GMC immediately quantify the financial impact on assets, inventory, or sales, while evaluating the impact on affected stakeholders. The teams conduct a post-evaluation to implement corrective and preventive actions, routing detailed impact reports based on quantified damages to the GMC, the Audit Committee, and the Board of Directors depending on the severity of the material impact.

**Continuous Monitoring & Disclosures:** Day-to-day risk monitoring is embedded into management structures involving Business Heads, Compliance, Internal Audit, and the GMC alongside operational frameworks like QMS, EMS, OHS, and ISMS. This continuous oversight feeds the structured internal escalation framework and external disclosures, maintaining policy updates on the corporate website while formally disclosing broader performance in the Annual Report based on established materiality.

# RISK MANAGEMENT

## KEY RISK PROFILES

### Risk 1: Volatile local & global economic circumstances

Economic & Macro-volatility

**Risk Description:** Disadvantageous exposure of earnings and costs in terms of revenue earnings being skewed to trading in imports. Public and private consumption of these imported goods and services is highly contingent on economic circumstances.

**Impacts**

Conservative consumptions, austerity measures, resulting in drop in earnings & higher financial costs. This may impact growth strategy realisation and in extreme situations the strategic direction of the company.

**Management Strategy:** Mitigation, Exploitation

**Measures currently applied:**

- Scaling down businesses and recovering repurposed resources & spaces, with economic downturn and recovery, respectively. e.g. showroom footprint of mobility.
- Embarked on fixed contract pricing.
- Imports are partially or fully forward booked to mitigate Foreign Exchange loss from import bills settlements.
- Pricing mechanisms have incorporated frequent reviews and trigger point monitoring

**Proposed measures:**

- Forward rate agreements or fixed contract pricing, particularly for high spend items.
- Streamline the hedging decision protocol to improve timing for Forex deal closures.

**Opportunity for Value Creation**

Diversify product-service portfolio to include revenue from local value-additions and from serving the basic consumption of households & corporates (e.g. Food related, Daily consumables, healthcare, education & energy management).

**Link to Capitals:**

**Link to Material Matters:**

1 Macro-Economic Resilience & Financial Stability

### Risk 2: Data breaches, phishing scams or social engineering attacks

Cyber & Information Security

**Risk Description:** Exposure on Company's data and information due to Employees' over-confidence that company's infrastructure secures their devices and online presence. Employees' under-appreciation that their designated role is of interest to hackers.

**Impacts**

Unauthorized access to corporate systems, loss of proprietary information and ransomware deployment. Disruption to operations, loss of competitiveness and disrepute.

**Management Strategy:** Mitigation

**Measures currently applied:**

- Base line security is in place bringing the group at par with the market and peers. Examples spam email filtering, internet security, safeguards against phishing attacks including awareness trainings in conjunction with HR and restricted access to online sites subject to business requirements.
- Introduction of Information Security Management Systems to formulate procedures in a systematic manner.

**Proposed measures:**

- Document security to prevent data leakages, document classification for restricted viewing & editing, restricted use of external storage devices & unauthorised software, evolution of spam filters and business specific safeguards.

**Link to Capitals:**

**Link to Material Matters:**

2 Business Model Innovation, Digital Transformation & Market Competitiveness

7 Stakeholder Engagement, Value Chain Sustainability & Resilience

**Risk 3: Shift to generation, storage and consumption of new energy for mobility, households, corporates and gov. institutions.**

Transition - Technology

This exposure is classified as a Climate-Related Risk and Opportunity (CRRO), with its specific operational impacts, actions taken, and management strategies presented within the Sustainability-related Financial Disclosures on page 225.

**Risk 4: Extreme natural weather-related phenomena**

Physical - Acute

This exposure is classified as a Climate-Related Risk and Opportunity (CRRO), with its specific operational impacts, actions taken, and management strategies presented within the Sustainability-related Financial Disclosures on page 221.

**Risk 5: Geopolitical tensions & escalations, tariff-wars and sanctions**

Geopolitical & Sovereign

**Risk Description:** Exposure on company's supplies and inbound supply chain due to sustainability of business primarily being dependent on an imported product portfolio originating from regions prone to military conflicts, economic disputes and resource competition.

**Impacts**

Supply chain disruptions. Ripple effects for volatile economic circumstances. Impairment of strategic investments in inaccessible regions.

**Management Strategy:** Mitigation

**Measures currently applied:**

Diversification of supplier base for fertilizer, selected retail products, locally sourced lubricants and IT office equipment.

**Proposed measures:**

Continuous diversification of product portfolio & sourcing.

**Link to Capitals:**



**Link to Material Matters:**

1. Macro-Economic Resilience & Financial Stability
2. Business Model Innovation, Digital Transformation & Market Competitiveness
7. Stakeholder Engagement, Value Chain Sustainability & Resilience

**Risk 6: Aggressive competition from local contractors, traders, and low-cost foreign suppliers**

Business Model Resilience

**Risk Description:** Offering goods and services which compete in red-oceans, challenged by grey- market imports and fails to be considered as high-value by the market vis-a-vis the competition.

**Impacts**

Longer sales conversion cycle and lower conversion rate. Increased price discounting and taking on low return projects to meet revenue expectations.

**Management Strategy:** Mitigation

**Measures currently applied:**

- Offer lower lifecycle cost and reliability propositions to customers.
- Target customers/applications where quality, performance and long-term support are valued.

**Proposed measures:**

- Transition from trading in products to undertaking service contracts, where possible.

**Opportunity for Value Creation**

Offer alternatives of reputed quality with the necessary supporting infrastructure, in Mobility, Infrastructure Engineering, Power Engineering & Building Technological Solutions.

**Link to Capitals:**



**Link to Material Matters:**

2. Business Model Innovation, Digital Transformation & Market Competitiveness
7. Stakeholder Engagement, Value Chain Sustainability & Resilience

# RISK MANAGEMENT

**Risk 7:** Inability to raise long-term funds for strategic investments

Capital & Solvency

**Risk Description:** Series of weak financial performance and poor working capital management, curtails prospects to service new long-term bank loans for growth.

**Impacts**

Curtailment in long-term growth, balance sheet mismatch in assets & liabilities and reduced credit worthiness.

**Management Strategy:** Avoidance

**Actions Taken:**

- Refinancing of short-term debt to improve on assets & liability matching.
- Negotiated favourable conditions to strengthen funding flexibility and cash discipline.

**Actions to be taken:**

- Aim to be a preferred client for more banks, by responding quickly and factually to inquiries, meeting covenants and sharing the group's cash management business with our banks.
- Be decisive with corrective action and exits for businesses with weak prospects, to improve the Group's financial performance.

**Link to Capitals:**



**Link to Material Matters:**

2 Business Model Innovation, Digital Transformation & Market Competitiveness

7 Stakeholder Engagement, Value Chain Sustainability & Resilience

**Risk 8:** Attrition of experienced and technically competent personnel

Human Capital & Conduct

**Risk Description:** Potential loss of talent when working arrangements and performance-based employee remuneration, lag prospects at local peer companies and overseas opportunities.

**Impacts**

Loss of tacit knowledge & customers, disruptions to project execution, higher training cost & slower service delivery.

Fosters direct competition.

**Management Strategy:** Mitigation Adaptation

**Actions Taken:**

- Strengthen engagement.
- Align compensation and recognition for high value technical roles via the completed salary survey.

**Actions to be taken:**

- Formal programme of succession planning and career progression.
- Introduce more progressive work arrangements prioritizing flexibility, innovation, autonomy and work-life balance.

**Link to Capitals:**



**Link to Material Matters:**

5 Talent Attraction, Development & Retention and OHS, Employee Wellbeing

# INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF DIESEL & MOTOR ENGINEERING PLC ON THE SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

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

## SCOPE

We have been engaged by Diesel & Motor Engineering PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Diesel & Motor Engineering PLC's SLFRS Sustainability-related Financial Disclosures (the "Subject Matter") contained in Diesel & Motor Engineering PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

## CRITERIA APPLIED BY DIESEL & MOTOR ENGINEERING PLC

In preparing the Subject Matter, Diesel & Motor Engineering PLC applied the Sri Lanka Sustainability Disclosure Standards, SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 – Climate-related Disclosures ("Criteria").

Such Criteria were specifically designed for the disclosure of material information on climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity; As a result, the subject matter information may not be suitable for another purpose.

## DIESEL & MOTOR ENGINEERING PLC'S RESPONSIBILITIES

Diesel & Motor Engineering PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

## ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with Diesel & Motor Engineering PLC on 6 May 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

## OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base

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 FCA 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)

A member firm of Ernst & Young Global Limited

# INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF DIESEL & MOTOR ENGINEERING PLC ON THE SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with selected key management personnel and relevant staff to understand the business, value chain and sustainability reporting process of the Company.
- Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified.
- Performed procedures to understand the Company's disclosures in relation to the Conceptual Foundation of SLFRS S1, including fair presentation, materiality, reporting entity, and connected information
- Conducted procedures to understand the governance processes, controls and procedures employed by the Company to monitor, manage and oversee climate-related risks and opportunities, supported by relevant evidence.
- Perused the minutes of the Board of Directors and Board Audit Committee meetings from the financial year to ensure alignment with the content of governance related disclosures.
- Conducted procedures to comprehend the Company's strategy for managing identified climate-related risks and opportunities, supported by relevant evidence and calculations.
- Performed analytical procedures to obtain explanations and supporting evidence regarding the Company's processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities, including their integration into the overall risk management framework.
- Conducted analytical procedures to gather explanations and supporting evidence to evaluate the Company's performance in relation to its identified climate-related risks and opportunities, including progress towards any targets the Company has set during the assurance engagement.
- Performed procedures to assess the Company's disclosures and compliance with the General Requirements of SLFRS S1.
- Conducted procedures to evaluate the disclosures regarding judgments and uncertainties in the process of preparing the Company's sustainability-related financial disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

## EMPHASIS OF MATTER

There are inherent limitations in the identification, measurement and disclosure of underlying Subject Matter against the applicable Criteria due to forward looking

information, uncertainties and management judgements. For clarity, our engagement does not extend to providing assurance on the accuracy or achievability of these

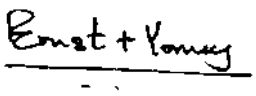
forward-looking information, uncertainties and management judgements.

## CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to SLFRS Sustainability-related Financial Disclosures for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.

## RESTRICTED USE

This report is intended solely for the information and use of Diesel & Motor Engineering PLC for the purpose of providing an assurance conclusion on the Subject Matter based on the Criteria and is not intended to be and should not be used by anyone other than those specified parties.



Chartered Accountants
3rd June 2026

Colombo

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

## BASIS OF PREPARATION

### 1. Reporting Entity, Organisation Boundary & Reporting Period

The sustainability-related financial disclosures presented in this section apply to Diesel & Motor Engineering PLC within the financial reporting boundary, in line with the DIMO's general purpose financial reports. The disclosures in this section are provided on a consolidated basis, unless otherwise stated.

This report covers the financial year from April 01, 2025, to March 31, 2026, consistent with the Group's financial reporting period.

### 2. Application of SLFRS Sustainability Disclosure Standards

This section has been prepared in accordance with the SLFRS Sustainability Disclosure Standards, SLFRS S1 on General Requirements for Disclosure of Sustainability-related Financial Information (SLFRS S1) and SLFRS S2 Climate-related Disclosures (SLFRS S2), issued by The Institute of Chartered Accountants of Sri Lanka (adopted based on the IFRS S1 and IFRS S2 issued by The International Sustainability Standards Board).

The disclosures presented here are intended to support primary users of general-purpose financial reports in understanding the climate-related risks and opportunities (CRROs) that could reasonably be expected to affect the Group's: cash flows, access to finance or cost of capital over the short, medium or long term.

### 3. Value Chain

DIMO operates within an integrated value creation ecosystem as describe in our Value Creation Model for Sustainable Value Creation (page 28). DIMO relies on capital resources; financial, manufactured, intellectual, human, social & relationship and natural) across its value chain to derive value. DIMO's Sustainability Agenda 2030 simultaneously influences the capitals through preservation, protection, restoration and creating positive impacts.

In the assessment of CRROs, the upstream and downstream value chain was considered using all reasonable and supportable information available without undue cost of effort for a comprehensive understanding of the CRROs.

#### Upstream Value Chain

Upstream activities as outlined in our Value Creation Model for Sustainable Value Creation on (page 28), involve DIMO's engagement with external stakeholders to secure financial and non-financial capital essential for its operations. DIMO derives value from the capitals which serve as upstream inputs forming the foundation of its business activities. The CRROs impact DIMO's upstream activities by impacting both internally managed capitals and DIMO's ability to maintain stable access to financial and non-financial capital from external stakeholders.

#### Internal Operations

Internal operations refer to DIMO's core functions, processes, systems and people that transform and how we manage our capitals, where the input and outcome into our service, products and arriving closer to the Sustainability Agenda 2030.

As shown in our 'Value Creation Model' on (page 28), the value generating activities represent the mentioned parameters, that included investment and strategic decisions, risk management, ESG, governance, all stakeholder management. The integration including climate and risk governance. These actions are crucial for creating value from capital inputs and underpin both short-term and long-term resilience. The CRROs can impact all the mentioned internal operations, affecting DIMO's ability to convert capital into value.

#### Downstream Value Chain

Downstream activities encompass DIMO's external services that deliver value to all stakeholders, that includes innovative product deployment, customer experience, monitoring and everything that we do that on ESG that are aligned to our Sustainability Agenda 2030.

Downstream value chain drives external capital formation by reinvesting in all capitals enhancing and promoting our products and services through innovation and entrepreneurship liabilities. Our business is conducted through ethical practices that enhances our social capital and support circularity. Downstream activities are a critical component of DIMO's value chain, exposing to CRROs through sectors, markets, customers, principals with direct implications for financial performance and long-term value creation. Climate risk may affect DIMO's diversified cash flows due to extreme weather conditions, while an opportunity will rise for EVs in the market with the global fuel crisis to support a low-carbon transition in creating technology to invest in building EV infrastructure.

### 4. Basis of Materiality

SLFRS S1 describes the requirement to disclose material information about the Sustainability-related Risks and Opportunities (SRROs) that could reasonably be expected to affect the entities prospects. In the context of sustainability-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that stakeholders of general-purpose financial reports make based on those reports.

DIMO applies SLFRS S1 materiality principle to ensure its sustainability-related financial disclosures focus on matters that could reasonably be expected to affect the Group's prospects and thereby influence decisions made by existing and potential stakeholders. In line with this, the Group's materiality assessment focusses on the SRROs with a direct or indirect financial impact on the Group's prospects, considering both current and anticipated effects.

While SLFRS Sustainability Disclosure Standards require disclosures based on financial materiality, the Group has mapped

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

impact materiality alongside financial materiality to provide stakeholders with a broader video of sustainability considerations as presented in the section on 'Material Matters' on (page 41).

### Financial Materiality Thresholds

The financial materiality assessment integrates both quantitative and qualitative factors to determine the significance of potential financial effects arising from the CRROs, employing a scoring system that evaluate the likelihood and impact-severity of each CRRO.

#### Determining the impact-severity

To ensure an objective and holistic approach, the Group defines financial materiality through a combination of absolute financial thresholds and qualitative strategic impact areas. This framework is reviewed every financial year to maintain alignment with the Group's operating environment.

**Table 64: Quantitative & Qualitative Criteria for Determination of Financial Materiality**

| Criteria | Materiality Indicator | Description / Threshold |
|---|---|---|
| Quantitative (Absolute Gross Profit Impact) | Catastrophic (4) | > 5\% |
| | Major (3) | 1% - 5% |
| | Moderate (2) | 0.2% - 1% |
| | Minor (1) | < 0.2% |
| Qualitative (Strategic Risk Dynamics) | Strategic Priorities | The threat directly disrupts primary business pillars or intersects with core commercial growth sectors. |
| | Reputational Impact | The issue threatens to materially erode brand equity, corporate trust, or local market standing. |
| | Stakeholder Expectations | The matter significantly shifts relations with critical investors, partners, or regulatory compliance expectations. |

This dual approach ensures comprehensive materiality determination by capturing both measurable financial impacts and strategic and regulatory considerations that may not yet be quantifiable but could significantly influence the decisions.

## 5. Functional Currency

These SLFRS Sustainability-related Financial Disclosures are presented in Sri Lankan Rupees, the Group's functional and presentation currency.

## 6. Time Horizon

The impact of CRROs can be significant and far-reaching, potentially affecting the Group's portfolio and financial performance across short, medium and long-term horizons. Given the uncertainty around the timing and scale of climate-related risks and opportunities, the Group has adopted the following time horizons for risk assessment.

**Time Horizons**

**Short Term (S)** – 1 Year
**Medium Term (M)** – 2-3 Years
**Long Term (L)** – 4-5 Years

The short-term horizon aligns with the Group's annual budget preparation and detailed financial planning. The medium-term corresponds with the Group's 3-year long-range plan. The long-term horizon is defined as greater, providing the flexibility needed to assess emerging SRROs across a broader range of future scenarios.

## 7. Connected Information

Cross referencing and the following navigation icons have been used across the report to demonstrate links between,

Connections between the items to which information relates

Connections within the climate-related financial disclosures

Connections between climate-related financial disclosures and other general-purpose financial reports

Where disclosures are presented elsewhere in the Integrated Annual Report, the specific sections and page references are indicated.

Table 65:

| SLFRS S1 & S2 Section | Primary Location of Disclosures | Location of Connected Information |
|---|---|---|
| Governance | SLFRS S1 & S2 disclosures (page 215) | Corporate Governance (page 147)<br>Audit Committee Report (page 170)<br>Risk Management Report (page 200) |
| Strategy | SLFRS S1 & S2 disclosures (page 220) | Purpose Driven Strategy (page 30)<br>Financial Statements (page 271) |
| Risk Management | SLFRS S1 & S2 disclosures (page 217) | Risk Management (page 200) |
| Metrics & Targets | SLFRS S1 & S2 disclosures (page 226) | Natural Capital (page 88)<br>ESG Statement (page 234) |

## 8. Transitional Reliefs

DIMO has applied the following transition reliefs permitted by SLFRS S1 and SLFRS S2 preparing the SLFRS Sustainability-related Financial Disclosures for 2025-26.

### I. SLFRS S1: Disclosure of information on only climate-related risks and opportunities

In the first annual reporting period in which an entity applies this standard, the entity is permitted to disclose information on only climate-related risks and opportunities and consequently apply the requirements in this standard only as they relate to the disclosure of information on climate-related risks and opportunities.

### II. SLFRS S1: Disclosure of comparative information

In the first annual reporting period in which the entity applies this standard, it is not required to disclose comparative information about its climate-related risks and opportunities and in the second annual reporting period in which the entity applies this standard, it is not required to disclose comparative information about its sustainability-related risks and opportunities other than its climate-related risks and opportunities.

### III. SLFRS S2: Disclosure of qualitative information regarding anticipated financial effects of climate-related risks and opportunities

Entities are permitted to defer the disclosure of qualitative information regarding anticipated financial effects for a period of 2 years following the mandatory application of the standard.

### IV. SLFRS S2: Disclosure of climate resilience

Relief period of 2 years is granted to apply the requirements from the date of mandatory application to fully comply with climate resilience disclosure requirement.

## 9. Significant Judgements, Uncertainties & Proportionality

### Significant Judgements & Uncertainties

Sustainability-related financial disclosures presented involve the application of significant professional judgement and estimation due to the inherent uncertainty, progressive nature and data limitations associated with the CRROs.

The Group operates in a dynamic financial landscape where CRROs present significant uncertainties. In line with the requirements of SLFRS S2, the Group recognises challenges.

i. Climate-related transition risks arise from shifts in policy, technology, market conditions and consumer preferences – creating uncertainty on the impact to our Value Creation Model.

ii. Physical climate risks from extreme weather events and long-term environmental changes with uncertain timing and severity that can affect operations, assets, employee commute and many aspects of the value chain.

iii. Opportunities from green projects and low-carbon technologies are uncertain due to the pace of market adoption, policy changes and reviews on regulations and technological developments.

iv. Operational and third-party dependencies as service providers for business continuity.

v. Limited stakeholder engagement and experience and data compilation due to uncertainties in data points and accuracy in identifying climate risks for a diversified conglomerate.

vi. Expectations from principals, shareholders, customers, employees and community that creates uncertainties in aligning with the evolving standards and maintaining communication.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

Table 66: Significant Judgements & Uncertainties

| Category | Assessment Methodology | Key Limitations & Uncertainties |
|---|---|---|
| Materiality | The assessment evaluates material CRROs identified through the risk management process of DIMO. All CRROs were screened through risk assessment matrix with severity and likelihood.<br>Refer page 204 – Risk management process | The possibility and possible impact of CRROs related to the shift to a low-carbon economy are extremely dynamic and non-linear, changing in response to stakeholder expectations, regulations, and technological advancements.<br>The evaluation is predicated on judgments and assumptions regarding market, regulatory, and climate events that might not come to pass.<br>Accurately estimating the possible impact of climate-related physical risks on borrowers and, consequently, the Group's financial performance is difficult due to the uncertainty around their incidence, timing, and severity.<br>There is inherent subjectivity in evaluating the effects of non-financial issues (reputational, regulatory, social licensing hazards, etc.) related to both physical and climate-related transition risks. |
| Time Horizons | Time horizons are defined to align with the Group's strategic planning cycle.<br>Refer page 212 | Strategic integration may be difficult because climate-related effects go beyond conventional organizational planning and investment cycles and may not precisely match internal planning cycles. |
| Assessment of Assets Vulnerable to Climate-related Physical Risk | Sri Lankan climate sensitivity projections and maps published by the World Bank were incorporated in determining the likelihood and the severity of each climate physical risk.<br>Refer page 217 | Strategic integration may be difficult because climate-related effects go beyond conventional organizational planning and investment cycles and may not precisely match internal planning cycles.<br>Indirect climate risks, such as supply-chain disruptions and system-wide impacts, are not considered. |
| Assessment of Assets Vulnerable to Climate-related Transition Risk | Sri Lankan institutional documents were used to identify national transitional plans which might affect on DIMO.<br>Refer page 217 | Sri Lankan transitional plans fail to forecast global transitional trends which might affect DIMO.<br>The adoption lag of documented transitional activities in the given documents. |
| Significant Risk of Material Adjustments to Carrying Value of Assets & Liabilities within the Next Annual Reporting Period | For physical climate risks, DIMO evaluated the sensitivity of its operational locations to flood & cyclone risk using available climate prediction maps.<br>The transition risks were assessed considering the changing policies, regulations, and market trends that promote a shift towards a low-carbon economy, which includes the path of declared government initiatives and incremental regulatory actions. | Climate-related hazards may escalate faster or arise more suddenly than we currently expect.<br>The uncertainties surrounding transition risks are influenced by changing policies, regulations, and market trends. Although the Group believes that these risks are probably not going to lead to significant adjustments in the asset and liability values in 2026, swift or unforeseen shifts in policy, technology, or market situations could impact DIMO's operations and product offerings.<br>Moreover, liabilities related to climate issues, including possible legal, regulatory, or compliance risks stemming from lawsuits, changing disclosure requirements, or environmental responsibilities, could emerge sooner than anticipated, resulting in uncertainty regarding the timing and scale of financial repercussions. |

### Proportionality

SLFRS Sustainability Disclosure Standards include proportionality mechanisms to address concerns that it may be challenging for the Group to apply specific requirements within the standard.

i. Considering DIMO's skills, competencies and availability of resources
ii. Identification of SRROs and CRROs
iii. Determining the scope of the Value Chain
iv. Assessment of percentage of assets vulnerable to climate-related risks mentioned in the Strategy (page 221)

## 10. Statement of Compliance

Diesel and Motor Engineering PLC and its subsidiaries (collectively, the Group') for the year ended 31 December 2026. The Group's sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by the Institute of Chartered Accountants of Sri Lanka, applying the Transitional Reliefs as outlined in (page 213).

# GOVERNANCE

## 1. Board Oversight Role

### 1.1 Ultimate Accountability

The Board of Directors of DIMO assumes ultimate responsibility for oversight of risks and for ensuring their integration into strategy, risk appetite, capital allocation and performance management.

### 1.2 Delegation

To ensure effective governance of risks, the Board delegates oversight and review for the Audit Committee, with clearly defined accountabilities to strengthen governance.

#### Audit Committee

The Audit Committee oversees the internal control environment for sustainability data and disclosures, internal audit reviews of non-financial reporting controls, and the scope and results of independent external assurance over SLFRS Sustainability Disclosure Standards.

The Audit Committee is kept systematically informed of the Group's risk profile through regular quarterly updates submitted by the Group Management Committee (GMC), or more frequently as critical developments arise. Through this reporting channel, the Audit Committee actively monitors both Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs) to ensure emerging material exposures are adequately managed and aligned with our strategic resilience goals. A detailed overview of the specialized skills and qualifications enabling the Committee to oversee these areas effectively can be found in the Corporate Governance section on (page 163), within Table 43: Area of Competencies of Directors of DIMO.

#### Group Management Committee (GMC)

Evaluate and address significant risks, oversee risk mitigation strategies, and provide guidance and approval on implementation of risk management policy within the Company.

#### Risk Management Working Group (RMWG)

Identify, assess and mitigate risks and identify available opportunities for the organisation to meet its key objectives, business and operations with its representation from all departments within the Group.

In-Scope: The RMWG is mandated to provide oversight, assessment, and reporting across the following areas at Group Level:

i. Financial Risks
ii. Operational Risks
iii. Sustainability Risks
iv. Climate Risks

Strategic Opportunities: Beyond risk mitigation, the group is responsible for identifying group-level opportunities for value creation and competitive advantage arising from sustainability transitions.

Out-of-Scope: Routine departmental administration and day-to-day micro-management of business units.

The RMWG acts as a consultative and governing body with the authority to recommend and monitor strategies. Final executive and capital allocation decisions remain with the Board of Directors or Group Management Committee.

#### Main Responsibilities

- Risk Identification: Facilitate the identification of risks through Business Unit (BU) operations and ensure all segments contribute data relevant to their specific operational contexts.
- Centralization & Register Management: Consolidate all identified risks into a single, comprehensive Group Risk Register
- Prioritization & Analysis: Apply the Risk Matrix and Climate Scenario Analysis to filter and rank risks. Determine high-priority risks that require executive visibility.
- Double Materiality Assessment: Evaluate risks and opportunities through the lens of Double Materiality, ensuring the group accounts for both the impact of sustainability/climate issues on the organization (Outside-In) and the organization's impact on the environment and society (Inside-Out).
- Escalation & Reporting: Prepare and present prioritized risk briefings to the Group Management Committee (GMC) and the Board of Directors for strategic review.
- Strategic Alignment: Support the Board in selecting the highest priority risks that necessitate immediate mitigation or specific strategic action.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

- Cascading & Implementation Oversight: Translate Board-approved actions into operational tasks and cascade them back to the respective Business Units. Monitor the implementation of these actions and report on progress or bottlenecks to the GMC.

### 1.3 Escalation & Reporting

During the year RMWG commenced the implementation of a framework to escalate material risks, significant regulatory changes, or reputational issues. As this process matures, the management intends to report these issues to the full Board on a quarterly basis, based on recommendations from the Audit Committee. The initial outcomes and insights were presented to the Board to begin of the Risk Management Process and to provide an integrated view of emerging risks, opportunities, and strategic trade-offs.

### 1.4 Skills & Competencies

The members of the RMWG bring a diverse and complementary set of skills as they represent different departments and competencies. The group represent; Legal, Compliance, Corporate Planning, Management Accounting, Sustainability, Supply Chain, IT, Internal Audit, HR, Corporate Communication, Customer Experience. Their broad exposure across multiple sectors enhances DIMO's ability to oversee risks and implementation of the DIMO's Sustainability Agenda 2030.

(Refer to the Risk Management on pages 200)

The Board, Audit Committee and GMC maintain access to internal and external expertise to support their risks oversight, including periodic deep-dives and training on evolving standards and market practices. Currently competencies gap self-assessment is conducted to focus on SLFRS oversight, risk management and Sustainability overall. The outcomes will inform targeted capacity-building initiatives and further strengthen the Board, Audit Committee and GMC to advancing DIMO's sustainability objectives. A training plan will be developed with the support from HR on topics that has a relevance to risk management overall.

(Refer to the Board of Directors and Profiles on page 163)

### 1.5 Overseeing & Monitoring

During the year, the Board, primarily through the RMWG, exercised oversight of risks, ensuring their systematic identification, assessment, and management across the DIMO's strategic and operational frameworks. This oversight was carried out through periodic reviews of key policies and frameworks; mainly aligning with DIMO's Risk Management Policy, ESG Policy, Management Systems Policies including Environment, Quality and Occupational Health and Safety. To support informed decision-making, emerging trends, mitigation measures, and evolving regulatory expectations are reviewed.

## 2. Management Role

### 2.1 Group Management Committee (GMC)

GMC consists of Executive Directors and members of the senior management team. GMC is responsible for the steering of the Group and its business. It assumes overall responsibility for the execution and implementation of strategies set by the Board and the achievement of performance targets.

Evaluate and address significant risks, oversee risk mitigation strategies, and provide guidance and approval on implementation of risk management policy within the Company.

### 2.2 Sustainability Agenda 2030 & Pillar Heads

The DIMO Sustainability Agenda 2030 defines the roadmap towards our desired status by 2030 and demonstrates DIMO's commitment to the Sustainable Development Goals. The Agenda is a rigorous plan that has arisen out of our determination to drive our business differently.

(Refer DIMO Sustainability Agenda 2030 page 39)

The Agenda 2030 is driven by the Group Managing Director/Chief Executive Officer along with the leadership team. Four pillar heads are charged with leading the execution of our plans to achieve a resilient business and community, while enhancing our planet. Each pillar includes representatives from relevant departments and teams, capturing the diversity and essence of businesses across the organisation.

(Refer Corporate Governance Report page 147)

### 2.2 Management Controls & Their Integration

The management oversees risks through a comprehensive framework of Board-approved policies and procedures, including the ESG Policy, Risk Management Policy, Environment Policy, Occupational Health and Safety Policy, Quality Management Policy.

Controls over risks are embedded across operational and risk management functions, ensuring consistency with all policies, risk appetite, and strategic objectives. These processes are continuously enhanced to support the full implementation of the SLFRS Sustainability Disclosure Standards.

Management Systems: Is a structured framework of policies, processes and procedures used to fulfil the tasks required to achieve its risk objectives. The Management Systems at DIMO include Environment Management System (ISO 14001), Quality Management System (ISO 9001), Occupational Health and Safety (ISO 45001).

Management System Audit: A systematic, independent and documented process used to determine risk management activities align with defined criteria – ensuring compliance with risk management policies within the boundaries of the organisational scope.

- Through the Management Systems; annually 2 internal audits and 1 external audit is conducted
- The certifications require after every audit to have Management Reviews to discuss observations and non-conformities
- Each system requires risk assessment, aspect identification, objectives, stakeholder need assessments to be conducted or reviewed on an annual basis.
- This is the process that captures impact materiality of the organisation.

## POLICIES & PROCEDURES

DIMO's risk management is governed by a robust framework that integrates oversight from the Board level Audit Committee down to individual Business Unit Heads.

DIMO's Risks Management Policy follows a systematic process of identification, assessment and mitigation; specifically tailored to handle the volatility of the Sri Lankan market as currency fluctuations and supply chain disruptions.

DIMO ensures that mitigation strategies, ranging from diversifying to implementation are embedded into daily operations through its management systems.

DIMO Risk Management Policy (https://www.dimolanka.com/wp-content/uploads/2026/04/Policy-on-Risk-management-and-Internal-controls-Final-Version-30032026.pdf)

## RISK MANAGEMENT

### 1. Climate-related Risks Management Overview

Climate change is no longer a distant projection or a concern relegated solely to the long run; it is a present-day reality creating immediate business disruptions. From unpredictable weather patterns affecting business forecasting to sudden extreme weather events impacting local infrastructure, the operational and financial consequences are being experienced in the recent financial years. Left unmanaged, these near-term disruptions compound over time, severely fracturing value chains, damaging physical assets, and rendering rigid business models obsolete, ultimately eroding shareholder value and market relevance.

Recognizing these systemic threats, DIMO elevates climate risk management to a core financial and strategic priority. Because climate-related disruptions directly translate to financial impacts; affecting asset values, operational costs, and revenue streams, the Group proactively integrates these factors into its broader risk framework. Managing these risks ensures the Group remains resilient, adaptable, and capable of capturing new opportunities in a changing economic landscape.

To effectively manage these impacts, climate-related risks are analysed through two primary dimensions:

- Physical Risks: These arise from the direct physical impacts of a changing climate. They are categorized as acute risks driven by extreme weather events, such as floods, droughts, and severe storms that disrupt operations or damage assets and chronic risks stemming from long-term shifts in climate patterns, such as rising temperatures that affect productivity and resource availability.
- Transition Risks: These emerge from the global and national shift toward a lower-carbon and more sustainable economy. Navigating transition risks requires adapting to shifting climate policies and legal requirements, evolving regulatory mandates, carbon pricing mechanisms, rapid technological advancements, and changing market preferences that favour eco-efficient products and services.

Crucially, the rigorous process of identifying and assessing these climate risks serves as a catalyst for uncovering strategic opportunities. By understanding the vulnerabilities within the value chain and anticipating macroeconomic shifts, the Group is positioned to proactively capture new avenues for growth. Ultimately, transforming climate-related challenges into actionable business strategies enables the Group to build a competitive advantage and drive long-term value creation.

An overview of how climate risk classification integrates within the overarching DIMO risk framework can be found on (page 219).

### 2. Identification of Climate-related Risks

The process of uncovering climate-related vulnerabilities and opportunities relies on a structured, multi-tiered approach that bridges operational insights with strategic foresight. Rather than operating in isolation, climate risk identification is deeply embedded within the DIMO's existing risk architecture.

Primary risk data originates directly from individual business units, ensuring that frontline operational realities are captured. This bottom-up pipeline is significantly enhanced by insights derived from micro-level value chain mappings conducted across the organisation. By examining these value chains, dependencies on vulnerable resources, potential supply chain chokepoints, and operational exposures are systematically brought to light.

To complement this internal data, the Risk Management Working Group (RMWG) applies a macro-level lens to the identification process. The RMWG actively monitors macroeconomic shifts, emerging global and local trends, and scientific data from reliable environmental sources, including Nationally Determined Contributions (NDC) 3.0, Sri Lanka Climate Prosperity Plan, Carbon

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

Net Zero Roadmap, and IPCC Shared Socioeconomic Pathways (SSP) scenarios. This dual-perspective approach ensures that complex climate risks that may not be immediately visible at a business unit level are identified, categorised, and integrated into the broader DIMO risk universe.

To fully understand the long-term resilience of the organisation's strategy against various climate pathways, the Group recognises the importance of sophisticated climate scenario analysis. Acknowledging the complexity of this exercise, the Group is actively building internal capacity and has elected to utilise the two-year relief period provided under the transitional reliefs, as outlined on (page 213).

### 3. Assessment of Climate-related Risks

Evaluating climate-related risks requires a nuanced approach that extends beyond traditional risk parameters. Because climate impacts are often non-linear and systemic, the assessment process evaluates a combination of direct characteristics and broader structural dynamics to determine their true threat level to the Group.

The core assessment focuses on three primary dimensions:

- Nature of the Risk: The specific characteristics and behaviour of the risk are analysed to understand how it manifests. This involves identifying whether the threat is an acute, event-driven physical risk, a chronic environmental shift, or a transition risk driven by policy or market variations. Understanding the nature of the risk dictates the specific response required.
- Likelihood: The probability of the risk materialising is assessed based on its expected frequency of occurrence within most circumstances. This determines the statistical likelihood of a specific climate event or regulatory shift taking place.
- Impact: The potential consequences are measured primarily by their capacity to affect the Group's Gross Profit (GP). This financial baseline ensures objective prioritisation, allowing management to clearly identify which climate disruptions pose the greatest threat to fiscal resilience and capital stability.

Beyond the standard matrix of likelihood and impact, a comprehensive climate risk evaluation requires the consideration of several unique dimensions:

- Time Horizons (Short, Medium, and Long-Term): Unlike conventional risks that typically play out within a single financial year, climate risks are evaluated across distinct short, medium, and long-term horizons. To ensure seamless strategic alignment, these timelines are mapped directly to the Group's corporate planning cycles. A detailed definition of these specific time horizons can be found on (page 212).

Table 67:

| Likelihood/Impact | Minor (1) | Moderate (2) | Major (3) | Catastrophic (4) |
|---|---|---|---|---|
| Almost Certain (4) | 4 | 8 | 12 | 16 |
| Likely (3) | 3 | 6 | 9 | 12 |
| Unlikely (2) | 2 | 4 | 6 | 8 |
| Rare (1) | 1 | 2 | 3 | 4 |

The risks with 9+ score are automatically identified as priority risks for the year based on the material matrix (table 67).

However, relying solely on financial metrics can sometimes obscure the unique behaviour of climate threats. To refine the prioritisation process, the Group applies critical qualitative filters that adjust the urgency and ranking of identified risks:

- Strategic Priorities: Risks are evaluated based on how heavily they intersect with the Group's broader strategic direction. A climate risk that threatens a core commercial growth sector or disrupts a primary business pillar will be prioritised higher, ensuring that risk management directly protects and supports the Group's long-term corporate goals.
- Vulnerability and Adaptive Capacity: This evaluates the Group's current level of exposure and its inherent ability to withstand a disruption. A risk may have a moderate financial

### 4. Prioritisation of Climate-related Risks

Once climate-related risks are identified and assessed, they are prioritised to ensure that critical vulnerabilities receive immediate strategic attention and resource allocation. This process blends quantitative financial metrics with qualitative risk dynamics to establish a comprehensive hierarchy of concern.

The primary filter for prioritisation relies on the Group's standard risk matrix, mapping likelihood against financial impact. Because impact is measured against Gross Profit (GP) baselines, this allows climate risks to be evaluated on a level playing field with traditional operational and financial threats. Risks that fall into the high-severity thresholds of this matrix are automatically elevated for prioritisation.

impact on paper, but if a business unit has low adaptive capacity such as a lack of alternative supply chain pathways or highly rigid infrastructure, the risk is prioritised higher due to the Group's vulnerability.

- Velocity of Materialisation: This measures how quickly a risk can transition from a potential threat to an active disruption. High-velocity risks (such as sudden legal or regulatory changes, or abrupt extreme weather events) require immediate readiness and are prioritised over slower-moving shifts, as the window available to deploy mitigating actions is significantly shorter.

By balancing the absolute financial parameters of the risk matrix with these qualitative dynamics, the Group ensures a balanced, proactive approach to managing both immediate and emerging climate threats.

## 5. Monitoring of Climate-related Risks

Effective risk management relies on continuous oversight to ensure that mitigating actions remain relevant and responsive to a changing environment. The ongoing monitoring of climate-related risks is formally governed by the DIMO Risk Management Policy, ensuring that climate vulnerabilities are tracked with the same oversight and rigour as traditional corporate risks.

Under this policy framework, the Group Risk Management System serves as the central platform for tracking risk dynamics. This system actively monitors two critical components:

- Risk Development: Tracking shifts in the external environment to detect whether identified climate threats are accelerating, stabilising, or changing in nature.
- Progress of Actions: Monitoring the implementation and effectiveness of response strategies and action plans executed across the business units.

The Risk Management Working Group (RMWG) plays a central role in this process, regularly reviewing these developments and updating risk trajectories to maintain organisational readiness. Moving forward, this structure ensures that the Group's climate resilience remains a dynamic, continuously verified operational priority.

## 6. Changes in Climate-related Risks management (from previous year)

Compared to the previous financial year, the Group has significantly advanced its structural approach to climate resilience by transitioning from ad-hoc assessments to a formalised, integrated framework. Key enhancements include:

- Policy Integration: The DIMO Risk Management Policy has been fundamentally updated to formally incorporate climate-related risks, establishing clear governance structures and compliance pathways.
- System Refinement: The overarching Group Risk Management System has been refined to explicitly address climate dynamics. This includes standardising how climate threats are identified via value chain mappings, assessed against Gross Profit (GP) thresholds, and continuously monitored alongside traditional corporate risks.
- Institutional Governance: The Risk Management Working Group (RMWG) was introduced to bridge the gap between operational business units and executive oversight, ensuring dedicated, macro-level scrutiny of emerging climate trends.

A comprehensive overview of all structural updates made to the Group's risk architecture this year can be found on (page 201).

## 7. Process for Identifying, Assessing & Monitoring Climate-related Opportunities

The Group treats climate risk mitigation and opportunity capture as two sides of the same strategic coin, ensuring that vulnerabilities are systematically converted into commercial advantages. Climate-related opportunities are primarily uncovered during the core risk identification process; when business units map their value chains or the Risk Management Working Group (RMWG) analyses macroeconomic trends, they look beyond threats to spot areas for innovation. Consequently, a strategic response to an identified climate risk can formally be categorised as "exploitation", consciously treating the risk as a direct gateway to an opportunity.

Once identified, these opportunities are assessed based on their strategic alignment with corporate planning goals, financial viability, and long-term capability to drive competitive advantage. High-potential initiatives are then prioritised and integrated directly into capital allocation cycles to move them from concept to execution. Progress is monitored by tracking implementation milestones alongside shifting market preferences, ensuring the Group's growth strategies remain agile and responsive to the lower-carbon transition.

## 8. Integration of Climate-related Risks with Overall Risk Management

Climate-related risks are not treated as an isolated subject or a standalone compliance exercise; instead, they are woven directly into the fabric of the Group's overarching risk management architecture. By integrating climate dynamics into established corporate

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

workflows, the Group ensures that environmental exposures are evaluated with the same operational discipline, financial scrutiny, and governance standards as any traditional operational, strategic, or financial risk.

This seamless integration is structurally maintained across the Group's established Three Lines of Defence framework, embedding climate resilience into the standard corporate governance model. A detailed visualization of this risk governance structure and how the Three Lines of Defence operate can be referred to on (page 203).

## STRATEGY

### 1. Our Context

DIMO recognizes climate risk as one of its key risk categories, given the nature of its business. Therefore, the risk management process treats climate risk alongside other main risk categories. Given its reputation in the mobility sector, DIMO is exposed to both transitional and physical risks. DIMO risk management process offers four different actions for identified risks.

Avoidance: DIMO takes proactive measures to eliminate risk exposure by withdrawing from or bypassing activities that present unacceptable threat levels.

Mitigation: When a risk cannot be entirely avoided, DIMO implements control measures to reduce the likelihood of occurrence or minimize the severity of potential impacts.

Exploitation: DIMO identifies and leverages the positive externalities of a risk, converting potential threats into strategic competitive advantages.

Acceptance: When a risk is beyond DIMO's direct control or the cost of mitigation outweighs the potential impact, the Group acknowledges the risk and monitors it without further intervention.

Adaptation: The iterative process of adjusting DIMO's business model, infrastructure, and strategy to thrive in changing external conditions, particularly in response to climate-related or technological shifts.

Transference: The strategic shifting of the financial burden or operational responsibility of a risk to a third party.

## CLIMATE POSITION STATEMENT

As a conscious market leader, DIMO recognizes climate risk as a priority requiring urgent action. Our vision is to serve as a sustainability role model by proactively reducing greenhouse gas (GHG) emissions across our entire value chain. We are committed to achieving this through a science-based approach, aligned with our SBTi targets and comprehensive 2030 decarbonization plan.

### 1. Strategic Roadmap for Climate Resilience Key Focus Areas for Climate Action Climate Risk Capacity Building

DIMO has adopted a Risk Management Working Group (page 201) for tailored and systematic monitoring, assessment, and management of risk, including climate risk. All the bodies in the risk management process of DIMO, including the board of directors, are subject to undergo competency assessments and training related to climate risk.

### 2. Venturing into the Renewable Energy Business

DIMO has rapidly accelerated towards solar energy, both as a business venture and as a scope 2 emission reduction activity, in the past few years. DIMO has commissioned four ground-mounted and 4 rooftop solar systems to the national grid in financial year 2025/26.

Refer to the Business Reports on (page 92).

### 3. EV Mobility & Infrastructure

DIMO is actively expanding its EV product portfolio through a partnership with principal suppliers. This is a key movement of both greening the product portfolio and reducing the scope 3 emissions.

## Climate-related Risks & Opportunities (CRROs)

**Risk:** Extreme natural weather-related phenomena

Physical - Acute

**Risk Description:** With the global temperature rise, the likelihood and the severity of the extreme weather events are becoming higher, impacting DIMO's diversified cash flow more vulnerable due to asset damages, loss of sales & operations, and impacting consumers

**Time Horizon:**
S, M, L
(page 212)

### Current effects on business model and value chain

**Impact on Assets and Balance Sheet**

**Infrastructure Damage:** Direct threats to physical facilities and assets across business units, leading to unexpected repair costs and operational downtime.

**Value Chain Disruptions:** Severe weather destabilizes inbound and outbound logistics, creating supply chain bottlenecks and abruptly shifting customer buying behaviour.

**Reduced Profitability:** Operational interruptions, asset repair expenses, and lost sales volumes directly compress margins and strain diversified cash flows.

### Anticipated effects on business model and value chain

- **Credit & Counterparty Risk**

Acute climate events, such as prolonged droughts in the Dry Zone, directly impair the cash flows of DIMO's customer base. This physical impairment of the counterparty's livelihood translates into Credit Risk for the Group, manifesting as increased Non-Performing Loans (NPLs), higher provisioning for bad debts, and potential defaults on lease agreements for agricultural and construction machinery.

- **Liquidity & Funding Risk**

Operational standstills caused by severe weather led to a sudden cessation of cash inflows across retail and service clusters. Concurrently, the Group may face an immediate surge in cash outflows to fund emergency repairs and inventory replacement. If the scale of damage affects the Group's perceived stability, it may lead to Funding Risk, whereby access to short-term capital markets is restricted or becomes prohibitively expensive.

- **Economic & Macro-Volatility**

Widespread environmental disruptions lead to localized shortages of essential goods, driving up the Cost of Goods Sold (COGS) and logistics expenses. When these macro-inflationary pressures rise faster than the Group's ability to adjust pricing strategies, DIMO faces significant margin erosion. Furthermore, persistent volatility reduces the general purchasing power of the domestic market, dampening long-term demand for premium segments.

- **Market Risk**

Climate-driven disruptions to national agricultural output and infrastructure necessitate unplanned imports of food and fuel, exerting downward pressure on the Sri Lankan Rupee. This increases Foreign Exchange (FX) risk for the Group's import-heavy segments (Mobility and Infrastructure). Additionally, supply chain bottlenecks lead to Commodity Price Risk, driving up the cost of raw materials and energy required for engineering operations.

- **Asset vulnerability**

Approximately 94% of DIMO's asset portfolio is located in districts highly vulnerable to physical climate risks, exposing these operations to potential climate-induced damage and subsequent operational disruptions.

### Concentration

**Capital & Solvency Risk:** Impacts from Ditwah caused inventory losses and subsequent write-offs of Agribusiness inventories, directly constraining cash flow and working capital.

**Liquidity & Funding Risk:** Asset impairments have strained liquidity, as cash flows were diverted to fund necessary repairs and asset restoration.

### Responses

Monitoring of climate risks through national policies and internal scenario analysis.

(page 2019), [Risk management linkage]

The risk management process enables material climate risks to be addressed through budgeting and resource allocation.

(page 200), [Risk management linkage]

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

| | |
|---|---|
| | Resource allocation<br>• Human Capital Capacity Building<br>All the members of the risk management working group, business unit representatives, GMC, and the audit committee of the board are subjected to undergo a mandatory gap analysis and trainings. |

**Progress**

**Human Capital Capacity Building:**

Appointment of a cross-functional risk management working group to assess and report port risks, including CRROs

Refer to page 201, [Risk management linkage]

The Risk Management Working Group conducted strategic discussions on climate-related risks, convening 05 meetings to enhance DIMO's climate risk management frameworks and processes systematically.

**Asset Modifications:**

The TATA main showroom at the DIMO Head Office underwent architectural modifications incorporating climate-adaptive design principles to significantly improve resilience against flash floods.

**Current year financial effects on Profit and Loss Statement (P&L), Statement of Financial Position (SOFP), and Cash Flow Statement (CF)**

No material financial effects for the year.

**Significant risk of material adjustments to the carrying value of assets and liabilities in the next financial year**

The Group does not anticipate a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the Financial Statements.

| | | | |
|---|---|---|---|
| Effects on Next Year's Anticipated Financial Effects | Transitional Relief | Climate Resilience | Transitional Relief |

**Significant judgements and uncertainties**

The assessment of credit risk related to climate change is significantly hindered by substantial data gaps. Specifically, the absence of high-resolution, location-specific climate data, both historical and projected, limits our ability to accurately gauge the exposure of stakeholders and customers to physical hazards. Furthermore, a lack of granular data regarding stakeholder vulnerability, such as asset resilience and adaptive capacity, prevents precise risk differentiation across portfolios. While the Group currently anticipates no material adjustments to the carrying amounts of assets or liabilities in the next reporting period, this judgment remains subject to significant uncertainty should climate events intensify more rapidly than forecasted.

**Risk:** Import Restrictions and policy shifts towards incentivizing EVs

Transition – Policy & Legal

**Risk Description:** Aligning with Sri Lanka's Net Zero roadmap and Nationally Determined Contributors 3.0, a policy shift towards electric mobility has been planned. The traditional ICE-related business model carries a material risk to DIMO, impacting several high-revenue businesses. Because these impacts primarily materialize over the medium and long term, the Group manages this risk outside its top eight material risks. However, continuous monitoring of policy developments ensures immediate, proactive alignment as regulations evolve.

**Time Horizon:**
M, L
(page 212)

### Current effects on business model and value chain

No material impacts in the current year

### Anticipated effects on business model and value chain

- **Cash Flow Vulnerability Impact on Cash Flow**

DIMO Mobility segment achieved a record revenue of Rs. 41 Bn and 97% of revenue was achieved from sales of conventional ICE vehicles.

Additionally, the automotive engineering segment is also focused on ICE vehicles with specialised business units such as the engine lab and diesel lab, with a total revenue of Rs. 655 Mn, resulting 47% of the group's business revenue depends on ICE and fossil-fuel-based mobility.

- **Market Risk**

As global and local policy shifts away from Internal Combustion Engines (ICE), the residual value of current ICE inventory and specialized engineering assets becomes highly volatile. Furthermore, a sudden shift in import duties or subsidies creates Commodity and Price Risk, as the cost of lithium-ion batteries and EV components may fluctuate differently than traditional automotive parts.

- **Capital & Solvency**

With high revenue currently derived from conventional ICE vehicles and specialized labs, a rapid policy pivot leads to Asset Impairment. If these labs and inventories become "stranded assets", resulting write-offs could impact DIMO's long-term financial health and potentially trigger breaches in bank loan covenants if not managed proactively.

- **Business Model Resilience**

Because EVs have significantly fewer moving parts, the high-revenue Aftersales and Engineering segments (specifically the engine and diesel labs) face a long-term decline in demand. If the business model does not pivot toward EV battery health monitoring, charging infrastructure, and specialized EV repairs, the core service offering may become obsolete.

### Concentration

**Business Model Resilience**

Nearly half of DIMO's revenue engine is dependent on a technology (ICE) targeted for obsolescence by EV incentives. As regulatory frameworks phase out fossil-fuel reliance, the long-term relevance of DIMO's core mobility product portfolio is fundamentally threatened. It flags a structural risk where traditional revenue streams could contract more rapidly than new, electrified business lines can scale.

### Responses

**Integration into Business Strategy & Business Model Resilience**

- **The EV Transition & Revenue Diversification:**

To mitigate the high concentration of transition risk stemming from the fact that 48% of revenue is currently tied to ICE and fossil-fuel-driven mobility, DIMO is executing a structural strategic pivot. The company is actively building out its EV infrastructure and charging facilities to capture the rapidly accelerating demand driven by national policy shifts and EV incentives.

- **Capitalizing on Renewable Energy Infrastructure:**

Aligning with Sri Lanka's Net Zero roadmap and Nationally Determined Contributions (NDCs) 3.0, DIMO is expanding its portfolio in the green sector. This includes scaling operations in renewable energy generation, utility-scale battery energy storage systems (BESS) to address national grid peak/off-peak mismatches, and electrified transportation infrastructure.

**Scientific Commitments & Targeted Decarbonization**

- **SBTi and Value Chain Decarbonization:**

DIMO's overarching vision is to serve as a sustainable corporate role model by aggressively reducing greenhouse gas (GHG) emissions across its entire value chain (covering Scopes 1, 2, and 3).

- **The 2030 Roadmap:**

Strategy execution is anchored by a comprehensive, formalized decarbonization plan aimed at meeting strict science-based targets through a rigorous, data-driven methodology by 2030. This scientific approach directly informs capital allocation, pushing divisions to prioritize low-carbon operations, energy-efficient facility retrofits, and partnerships with green-certified international OEMs.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

**Capital & Solvency**

Substantial capital is locked up in ICE vehicle inventories, specialized internal combustion workshop machinery, and dedicated diagnostic infrastructure. Rapid adoption of EV incentives can sharply devalue existing ICE assets. This triggers Asset Impairments, where the carrying value of ICE-specific infrastructure must be written down prematurely, eroding long-term financial buffers and risking breaches in bank loan covenants.

**Human Capital & Conduct**

A technical and sales workforce optimized almost entirely for mechanical, fluid-driven, and diesel engineering ecosystems. An accelerated EV transition exposes a severe internal skills gap. DIMO faces an acute operational risk if it cannot reskill or hire high-voltage electrical, software, and battery-systems engineers fast enough to support an incoming EV fleet, leading to potential service execution failures or a loss of key market share to digital-first competitors.

**Resource allocation**

- **Human capital capacity building**

DIMO heavily invested in employee training and development in EV technologies and plans to expand training and hiring related to EVs and related business models.

Additionally, an EV and Hybrid engineering certificate course was included in DATS

- **Asset Modifications**

All DIMO main branches are now equipped with EV charging facilities, allowing our customers to charge their EVs islandwide.

All main service areas were refurbished with newer technologies to ensure safe workspaces suitable for EV repairing and servicing.

**Progress**

**Human Capital Capacity Building**

69 employees were trained on EV technology with support from an external expert from a principal on the EV infrastructure business and EV technology.

During the FY 2025/26, 159 students were graduated in the EV and Hybrid certification course offered by DATS, generating Rs. 22 Mn revenue.

**Asset Modifications**

Four main DIMO branches are equipped with EV charging infrastructure providing charging facilities to customers & employees.

DIMO Head Office servicing areas were modified according to global standards with a total CapEx of Rs. 13.3 Mn.

**Current year financial effects on Profit and Loss Statement (P&L), Statement of Financial Position (SOFP), and Cash Flow Statement (CF)**

No material financial effects in the current year

**Significant risk of material adjustments to the carrying value of assets and liabilities in the next financial year**

The Group does not anticipate a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the Financial Statements.

| | | | |
|---|---|---|---|
| Effects on Next Year's Anticipated Financial Effects | Transitional Relief | Climate Resilience | Transitional Relief |

**Significant judgements and uncertainties**

The assessment of risk was largely carried out based on national-level climate change adaptation plans, such as NDC 3.0 and Climate Change Roadmap. However, any implementation timelines were given by the authorities, and therefore, the risk timeline may vary.

**Opportunity:** Shift to generation, storage and consumption of electrical energy for mobility, households, corporate and government institutions

Transition – Technology

**Risk Description:** Aligning with Sri Lanka's Net Zero roadmap and Nationally Determined Contributors, a technological shift towards renewable energy, and electrified transportation and infrastructure has become a material risk, which DIMO perceives as a Climate-related opportunity to exploit as a market leader.

**Time Horizon:**
S, M, L
(page 212)

### Current effects on business model and value chain

Alignment with Group Decarbonization Plans & Sustainability Revenue Targets

Actively pursuing renewable energy expansion and EV infrastructure offers a direct pathway to achieving the DIMO Sustainability Agenda 2030. This strategic focus drives both business model decarbonization and the realization of our sustainability-linked revenue KPIs.

Refer to the sustainability snapshot on (page 40)

Refer to the business reports on (page 92)

### Anticipated effects on business model and value chain

- **Impacts on EV infrastructure**

With the availability and operational cost reduction, the market is rapidly moving towards EVs, thus creating a demand for EV charging facilities.

- **National Energy Demand Increase**

With the expanding EV mobility, the energy demand will increase, creating opportunities in the renewable energy sector.

- **Peak off-peak energy mismatch**

Higher demand in peak hours will lead to higher energy cost, creating opportunities in battery storage systems (BESS).

### Concentration

**Business Model Resilience**

By expanding into EV charging infrastructure, renewable energy sector developments, and Battery Energy Storage Systems (BESS), DIMO directly strengthens the long-term relevance of the company's core service or product.

### Responses

EVO by DIMO (New Business Venture): Capitalizing on the transition to electrified transportation by introducing EVO by DIMO, a venture focused on offering safe and robust DC fast chargers to strengthen the national EV charging infrastructure.

Marketing Campaigns for EV Mobility: Executing strategic marketing and awareness campaigns to position DIMO as a market leader in EV mobility, driving consumer adoption and aligning with the national shift toward electrified transport.

Solar Energy Expansion: Forging strategic agreements with consortium partners to structure, execute, and scale new renewable energy projects, solidifying our footprint in Sri Lanka's clean energy transition.

### Resource allocation

**Human Capital capacity building**

Formation of specific teams related to EV infrastructure and energy storage

**Marketing campaigns**

marketing campaigns to promote new business ventures

### Progress

Four ground-mounted solar systems and two rooftop-mounted solar systems were commissioned during the FY 2025/26.

### Current year financial effects on Profit and Loss Statement (P&L), Statement of Financial Position (SOFP), and Cash Flow Statement (CF)

Rs. 1,157 Mn revenue generated from EV mobility sales

(page 290)

**Diversification of Revenue Streams:**

With the capacity addition of 31,424.46 kW of renewable energy, DIMO exported 82,019 GJ of clean energy to the national grid. While the segment generating Rs. 911 Mn in revenue from our renewable energy projects.

(page 291)

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

**Significant risk of material adjustments to the carrying value of assets and liabilities in the next financial year**

No significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the Financial Statements.

| | | | |
|---|---|---|---|
| Effects on Next Year's Anticipated Financial Effects | Transitional Relief | Climate Resilience | Transitional Relief |

**Significant judgements and uncertainties**

In evaluating the financial and strategic impacts of the electrical energy transition opportunity, DIMO relies on critical accounting judgments and forward-looking uncertainties. Key judgments include determining the exact pace of technological obsolescence for legacy ICE assets to assess premature asset impairments and establishing measurement boundaries for value-chain emissions to align with our 2030 SBTi targets. Furthermore, material uncertainties exist regarding the long-term consistency of national regulatory policies, local EV tariff frameworks, and the extreme price volatility of global battery-grade commodities. These elements collectively introduce a degree of variation into the Group's projected capital expenditures, asset useful-life schedules, and long-term cash flow valuations.

## Metrics and Targets

### 1. Cross Industry Metrics

**Greenhouse Gas (GHG) Emissions**

DIMO discloses its Greenhouse Gas (GHG) emissions for the financial year 2025-26 in accordance with GHG Protocol Corporate Standard, ISO 14064-1, and SLFRS S2 disclosures. The financial control approach decides the boundary of the GHG emission inventory, therefore incorporating all companies and subsidiaries under the Diesel & Motor Engineering PLC group.

**The organisation boundary covers,**

- **Scope 1 – Direct emissions**

Direct emissions from company-owned vehicles, emergency generators, boilers, and other sources.

- **Scope 2 – Indirect emissions (purchased energy)**

Purchased electricity from the national grid of Sri Lanka

- **Scope 3 – Value chain emissions**

All indirect greenhouse gas (GHG) emissions that occur in the value chain of DIMO, but are not included in Scope 2

## Methodology for the Measurement & Disclosure of GHG Emissions

DIMO calculates its emissions across the entire value chain in accordance with the latest emission accounting standards using recognized and up-to-date emission factors.

**Figure 83:**

| | |
|---|---|
| Emission Accounting: | GHG Protocol Corporate Standard<br>GHG Protocol Corporate Value Chain (Scope 3) Standard |
| Disclosure: | SLFRS S2 – Climate Related Disclosures |
| Verification: | ISO 14064-1:2018 standard for quantifying and reporting an organisation's greenhouse gas (GHG) emissions and removals, as per the ISO 14064-3:2019, the verification and validation of greenhouse gas statements standard |

Refer to the ESG Statement on page 234 for detailed GHG Emission Inventory (2025/26)

Table 68: GHG Emissions Scope 1 and Scope 2

| Description | Greenhouse gas emissions (metric tones CO2e) 2025/26 | | |
|---|---|---|---|
| | Scope 1 | Scope 2 | Total |
| Consolidated accounting group | 554 | 1,196 | 657,005 |
| Other investee (investment in associate, joint ventures) | - | - | - |
| Total (financial control approach) | 554 | 1,196 | 657,005 |

Table 69: GHG Emissions Scope 3

| Scope 3 Category | Greenhouse gas emissions (tCO2e) 2025/26 | Greenhouse gas emissions (tCO2e) 2024/25 (tCO2e) |
|---|---|---|
| 1. Purchased Goods & Services | 65,566 | 3,328 |
| 2. Capital Goods | 702 | 391 |
| 3. Fuel & Energy Related Activities | 336 | 333 |
| 4. Upstream transportation and distribution | 16,208 | 24,634 |
| 5. Waste generated in operations | 8 | 4 |
| 6. Business Travel | 2,942 | 3,093 |
| 7. Employee Commute | 1,012 | 2,438 |
| 8. Upstream leased assets | 244 | 38 |
| 11. Use of Sold Products | 568,223 | 159,617 |
| 12. End-of-Life Treatment of Sold Products | 19 | 13 |
| Total | 655,256 | 220,886 |

Table 70: Adopted GHG Reporting Frameworks, Standards, & Emission Factors

| Scope | Emission Category | Activity | Data Sources | Emission Factor (EF) Source | Source of Global Warming Potential (GWP) Values | Approach |
|---|---|---|---|---|---|---|
| Scope 1 | Stationary | Diesel for Generators | Internal System Entries | IPCC AR6 | IPCC AR6 | Activity Based |
| | | Kerosene for Boilers | Internal System Entries | IPCC AR6 | IPCC AR6 | Activity Based |
| | | Acetylene for Vehicle Repairing | Internal System Entries | IPCC AR6 | IPCC AR6 | Activity Based |
| | | Fertiliser use for Farm Operations | Internal System Entries | IPCC AR6 | IPCC AR6 | Activity Based |

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

| Scope | Emission Category | Activity | Data Sources | Emission Factor (EF) Source | Source of Global Warming Potential (GWP) Values | Approach |
|---|---|---|---|---|---|---|
| | Mobile | Fuel for Vehicles | Internal System Entries | IPCC AR6 | IPCC AR6 | Activity Based |
| | | Fuel for Off-road Vehicles | Internal System Entries | IPCC AR6 | IPCC AR6 | Activity Based |
| Scope 2 | Purchased Energy | Grid Electricity | Electricity Bills | Sri Lanka Energy Balance 2022 | Sri Lanka Energy Balance 2022 | Location & activity-based |
| Scope 3 | Purchased Goods & Services | Purchased Goods | Purchased Goods Records | Spend-based EEIO Factors | Spend-based EEIO Factors | Spend Based |
| | | Purchased Services | Purchased Services Records | Spend-based EEIO Factors | Spend-based EEIO Factors | Spend Based |
| | | Raw Material Purchases | Purchased Raw Material Records | Spend-based EEIO Factors | Spend-based EEIO Factors | Spend Based |
| | | Imports | Imported Goods Records | Spend-based EEIO Factors | Spend-based EEIO Factors | Spend based |
| | Capital Goods | Capital goods | Asset Registry | Spend-based EEIO Factors | Spend-based EEIO Factors | Spend based |
| | Fuel & Energy Related Activities | Upstream Emissions of Purchased Fuels | Internal System Entries | DEFRA Emission Factors 2025 | DEFRA Emission Factors 2025 | Activity Based |
| | | T & D Loss | Electricity Bills | Sri Lanka Energy Balance 2022 | Sri Lanka Energy Balance 2022 | Activity Based |
| | Upstream Transportation & Distribution | Freight Emissions | Shipping Records | Eco Transit Freight Emission Calculator | Eco Transit Freight Emission Calculator | Distance Based |
| | | Internal Transportation & Distribution | Local Distribution Records | DEFRA Emission Factors 2025 | DEFRA Emission Factors 2025 | Distance Based |
| | | Downstream Delivery | Delivery Partner Payment Records | Spend-based EEIO Factors | Spend-based EEIO Factors | Spend Based |
| | Waste Generated in Operations | Waste Disposal | Waste Disposal Records | DEFRA Emission Factors 2025 | DEFRA Emission Factors 2025 | Activity Based |

| Scope | Emission Category | Activity | Data Sources | Emission Factor (EF) Source | Source of Global Warming Potential (GWP) Values | Approach |
|---|---|---|---|---|---|---|
| | Business Travel | Air Travels | Air Travel Records | ICAO Emission Calculator | ICAO Emission Calculator | Distance Based |
| | | Employee Fuel Cards & Reimbursements | Travel-related Financial Records | IPCC AR6 | IPCC AR6 | Average Data |
| | Employee Commute | Employee Commute | Employee Commute Survey | DEFRA emission factors 2025 | DEFRA emission factors 2025 | Distance Based |
| | Upstream Leased Assets | Leased Assets | Asset Registry | Spend-based EEIO factors | Spend-based EEIO factors | Spend Based |
| | Use of Sold Products | Passenger Vehicles | Sales Records | Supplier-Specific Life Cycle Emission Factors | Supplier-Specific Life Cycle Emission Factors | Activity Based |
| | | Commercial Vehicles | Sales Records | Supplier-Specific Emission Intensities | Supplier-Specific Emission Intensities | Activity Based |
| | | Retail | Sales Records, Use Phase Consumer Assumptions | Sri Lanka Energy Balance 2022 | Sri Lanka Energy Balance 2022 | Activity Based |
| | | Agri Fertilizer | Sales Records | IPCC AR6 | IPCC AR6 | Activity Based |
| | | Refrigerant Gases for Customers | Sales Records | IPCC AR6 | IPCC AR6 | Activity Based |
| | | Construction Machineries | Sales Records | IPCC AR6 | IPCC AR6 | Activity Based |
| | End-of-Life Treatment of Sold Products | Commercial Vehicles | Sales Records | Supplier-Specific Fuel Efficiency Figures | Supplier-Specific Fuel Efficiency Figures | Activity Based |
| | | Retail | Sales Records | DEFRA Emission Factors 2025 | DEFRA Emission Factors 2025 | Activity Based |
| | | Construction Machineries | Sales Records | DEFRA Emission Factors 2025 | DEFRA Emission Factors 2025 | Activity Based |

Both the GHG emissions inventory and the calculation methodology were verified against the ISO 14064-1:2018 issued by the Sri Lanka Climate Fund. Page 90

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

Table 71: Vulnerability of Assets or Business Operations to Climate-related Physical Risks

Assessment Methodology

DIMO operational locations were assessed against climate projection maps under different NGFS scenarios. Additionally, Sri Lankan flood and extreme weather distribution maps were analysed to accurately assess impacted DIMO operational branches and project locations.

| Metric | 2025/26 | Remarks |
|---|---|---|
| % of assets located in high-risk areas | 94 | Expenses related to cyclone Ditwah |
| Total expenses related to climate physical risks | Rs. 70.15 Mn | |
| Total loss of sales | Not assessed | |

Table 72: Vulnerability of Assets or Business Operations to Climate-related Transitional Risks

| Metric | 2025/26 | Remarks |
|---|---|---|
| % of revenue from fossil fuel-related business | 51.77% | Vehicle sales (except EV), after-sales revenue |
| % of scope 1 emissions from fossil fuels | 99.74% | |

Table 73: Climate-aligned Capital Deployment

| Metric | CapEx Allocation (Rs. '000) 2025/26 | Remarks |
|---|---|---|
| Workshop modifications | 13,392 | Workshop expansions and EV-related modifications, including charging infrastructure. |
| EV Infrastructure | 15,177 | |

Table 74: Climate-related Opportunities

| Metric | 2025/26 (Rs. '000) |
|---|---|
| Revenue from EV sales | 1,157,161 |
| Revenue from renewable energy solutions | 265,912 |

### Internal Carbon Price

DIMO has not implemented an internal carbon pricing as of the 2025/26 financial year. The group is working vigorously to assess future investments and transition readiness.

### Remuneration Linkage

DIMO is evaluating the integration of climate-related performance into its remuneration framework. As of FY 2025/26, remuneration is not yet formally linked to specific sustainability-related risks or opportunities (SRROs).

### 2. Industry-based metrics

The industry-based metrics of DIMO are aligned with the SLFRS S2 requirements and draw from the SASB Standards on the multiline & retail and engineering sector. See SASB Index (page 353)

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

3. Climate-Related Target Setting

Table 75:

| | | | |
|---|---|---|---|
| Climate-related Targets | 42% Reduction of Scope 1 emissions by 2030 | 42% Reduction of Scope 2 emissions by 2030 | 51.6% Reduction per unit value added of Scope 3 emissions by 2030 |
| Metric/ Measurement | Scope 1 GHG emissions | Scope 2 GHG emissions | Scope 3 GHG emissions |
| Objective | Reduce direct emissions, aligning with DIMO decarbonization pathways | Reduce indirect purchased emissions, aligning with DIMO decarbonization pathways | Reduce value chain emissions, aligning with DIMO decarbonization pathways |
| Scope | DIMO Group | DIMO Group | The entire value chain of DIMO |
| Period | 2024/25-2030/31 | 2024/25-2030/31 | 2024/25-2030/31 |
| Base Period | 2024/25 | 2024/25 | 2024/25 |
| Milestones & Interim Targets | 7% reduction of scope 1 emissions | 7% reduction of scope 1 emissions | 8.1% reduction per unit value added of scope 3 emissions |
| Target Type (if quantitative whether it is an absolute or intensity target) | Absolute | Absolute | Intensity |
| Alignment with Jurisdiction Commitment | Aligns with the Paris Agreement 2015 | Aligns with the Paris Agreement 2015 | Aligns with the Paris Agreement 2015 |
| Validation | Targets are being validated by the Science Based Targets initiative (SBTi) as of 2025/26 FY. | Targets are being validated by the Science Based Targets initiative (SBTi) as of 2025/26 FY. | Targets are being validated by the Science Based Targets initiative (SBTi) as of 2025/26 FY. |
| Review Process | The targets will be monitored annually in the environmental pillar meetings. | The targets will be monitored annually in the environmental pillar meetings. | The targets will be monitored annually in the environmental pillar meetings. |
| Metrics for Monitoring Progress | EV or PHEV vehicle % of total fleet Refer to the Natural Capital on page 90 for DIMO decarbonisation plan | Number of DIMO branches with rooftop solar systems Refer to the Natural Capital on page 90 for DIMO decarbonisation plan | Refer to the Natural Capital on page 90 for DIMO decarbonisation plan |
| Revision | The targets will be revised in the 2030/31 FY with the latest climate science | The targets will be revised in the 2030/31 FY with the latest climate science | The targets will be revised in the 2030/31 FY with the latest climate science |
| Progress (2025/26) | -17% | 16% | -68% |

The above-mentioned climate-related targets cover all scope 1, 2, and 3 categories, and $CO_2$, $CH_4$, and $N_2O$ are considered greenhouse gases for the inventory. All three targets were set on a gross emission target basis, which was derived using a cross-sector decarbonisation approach, and therefore, DIMO is not planning to use carbon credits to achieve targets for the 2025/26 FY.

# PRECISE IN PERSEVERANCE

Sustainability at DIMO is achieved through consistent, deliberate effort. Environmental, social and governance initiatives are embedded within the organisation's operations, and prescribe long-term resilience and responsible growth.

*The archerfish that thrives in a mangrove is a herald of a healthy, interconnected environment; DIMO creates a resilient ecosystem within the Company to support sustainable performance.*



## Trust and Transparency


234 Consolidated Statement of Environmental, Social and Governance (ESG) Performance

235 Notes to the Consolidated Statement of ESG Performance

# CONSOLIDATED STATEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PERFORMANCE

GRI 302-1, 303-5, 306-3, 306-4, 306-5, 305-1, 305-2, 101-2, 101-4, 2-7, 401-1, 403-9, 403-10, 404-1, 201-1, 205-2, 2-26, 2-25

Table 76:

| | Note | 2025/26 | 2024/25 |
|---|---|---|---|
| **Environmental Performance** | | | |
| **Resources** | | | |
| Non-renewable energy consumption for operations (GJ) | 2.1 | 18,354 | 18,241 |
| Generation of Renewable Energy (GJ) | 2.2 | 87,138 | 17,431 |
| Water consumption for operations ($m^3$) | 2.3 | 79,771 | 74,648 |
| Total treated wastewater ($m^3$) | 2.3 | 11,646 | 9,098 |
| Total treated wastewater reused ($m^3$) | 2.3 | 2,674 | 3,279 |
| **Waste** | | | |
| Non-hazardous waste (kg) | 2.4 | 1,361,175 | 716,156 |
| Hazardous waste (kg) | 2.4 | 72,926 | 83,929 |
| Non-hazardous waste (Units) | 2.4 | 203,919 | 659,879 |
| Hazardous waste (Units) | 2.4 | 52 | 35 |
| **Emission** | | | |
| Scope 1 & 2 GHG emitted for operations (tons $CO_2e$) | 2.5 | 1,749 | 1,696 |
| Total GHG emitted for operations (tons $CO_2e$) | 2.5 | 655,256[1] | 222,581[2] |
| **Biodiversity** | | | |
| Land restoration (hectares) | 2.6 | 38.03 | 27.03 |
| **Social Performance** | | | |
| **People & Employees** | | | |
| Total employees as at 31st March | 3.1 | 2,241 | 1,994 |
| Employee retention rate (%) | 3.1 | 80.30 | 96.99 |
| Employee turnover (%) | 3.1 | 18.56 | 19.14 |
| Female employees as a percentage of total employees (%) | 3.2 | 15 | 14 |
| Number of promotions | 3.2 | 218 | 199 |
| Total number of female employees in decision making roles | 3.2 | 64 | 64 |
| Employee engagement score (out of 5) | 3.3 | 4.23 | 4.27 |
| Employee volunteer hours | 3.3 | 4,181 | 5,139 |
| Employee Trust Index (out of 100) | 3.4 | 84 | 87 |
| Total number of injuries & occupational diseases | 3.5 | 2 | 12 |
| Average training hours per employee | 3.6 | 21.03 | 15.92 |
| Investment in training (Rs.000) | 3.6 | 23,602 | 13,180 |
| Total employee benefits distributed (Rs. 000) | 3.8 | 7,283,557 | 5,865,395 |
| **Customers and Society** | | | |
| Customer Satisfaction Index (%) | 3.7 | 92 | 91 |
| Duty and tariff paid (Rs. 000) | 3.8 | 39,107,338 | 10,359,762 |
| Investment in Sustainability Initiatives (Rs. 000) | 3.8 | 65,599 | 69,976 |
| DATS Students and Apprenticeship Engagement | 3.9 | 1,096 | 936 |
| **Governance Performance** | | | |
| **Values and ethics** | | | |
| Employees trained on DIMO's code of conduct | 4.1 | 612 | 764 |
| Number of whistle-blowers cases reported and solved | 4.2 | 1 | 2 |
| Anti-harassment helpline cases reported and solved | 4.3 | 28 | 17 |
| **Management Systems** | | | |
| Number of board meetings held | 4.4 | 15 | 16 |
| Female representation of board | 4.4 | 3 | 1 |
| Number of audit committee meetings | 4.5 | 4 | 4 |
| Number of total audits conducted on management systems | 4.5 | 7 | 3 |
| Number of major non-compliances reported in Management Systems | 4.5 | 0 | 0 |
| **Data privacy and security** | | | |
| Employee trained on data privacy | 4.6 | 612 | 764 |

Consolidated Statement

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=40

[1] Scope 3 emissions (use of sold products) rose due to increased vehicle sales.

[2] Recalculated Scope 3 emissions (use of sold products) using accurate, supplier-specific emission factors.

# NOTES TO THE CONSOLIDATED STATEMENT OF ESG PERFORMANCE

## SECTION 01 – BASIS OF PREPARATION

### GENERAL REPORTING STANDARDS AND PRINCIPLES

This ESG statement is prepared for Diesel & Motor Engineering PLC (DIMO) and for the subsidiaries over which DIMO exercises management control. Information pertaining to joint ventures is included where relevant. More information about Group entities can be viewed on page 13.

The KPIs presented in this ESG Statement have been identified and prepared in accordance with the guidelines and standards outlined below, while aligning with the commitments and targets set under the DIMO Sustainability Agenda 2030 as well as Sustainable Development Goals (SDGs).

- GRI Standards issued by the Global Sustainability Standards Board (GSSB)
- International Integrated Reporting Framework (International <IR> Framework) 2021. The company is a Sustainability Alliance Member of the International Sustainability Standards Board (ISSB).
- Sustainability Accounting Standards Board (SASB) Standards that play an important role in the IFRS Foundation's Climate-related Disclosures Exposure Draft and General Requirements for Sustainability-related Disclosures Exposure Draft, 2018-10 version.
- The Greenhouse Gas Protocol Corporate Standard published by World Resource Institute (WRI) and World Business Council for Sustainable Development (WBCSD) is used to measure and report on the Group's carbon footprint.
- The Code of Best Practices in Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and The Securities and Exchange Commission of Sri Lanka in 2017.
- Adoption of SLFRS S1 for disclosure of all information pertaining to sustainability-related risks and opportunities while SLFRS S2 captures climate-specific requirements.
- ISO 14064-1:2018 specification with guidance at organisation level for quantification and reporting of greenhouse gas emissions and removals.

### MATERIALITY

The ESG Indicators disclosed in the ESG Statement have been determined based on their materiality to DIMO sustainability agenda. The ESG Statement has also been prepared by considering the material topics identified through the Double Materiality Assessment, as outlined on page 41.

### STAKEHOLDER INCLUSIVENESS

The reported ESG KPIs have been identified based on their relevance and materiality to key stakeholder groups, while supporting transparency and strengthening credibility among both internal and external stakeholders. Refer page 136 to 146 for more information about stakeholder engagement.

### ACCURACY, COMPLETENESS, AND VERIFIABILITY OF DATA

Accuracy, completeness, and the verifiability of information is ensured by the accredited management systems that are audited annually by an independent external party. They are:

- ISO 14001:2015 Environmental Management System
- ISO 9001:2015 Quality Management System
- ISO 45001: 2018 Occupational Health and Safety Management System
- ISO 14064-1:2018 Organisational Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals
- ISO/IEC 27001: 2022 Information Security Management System

### COMPARABILITY

Indicators presented in this statement are calculated based on guidelines presented in the GRI, SASB, SLFRS S1 and S2 sustainability standards. All updates and revisions to the above-mentioned guidelines were applied where necessary.

# NOTES TO THE CONSOLIDATED STATEMENT OF ESG PERFORMANCE

# SECTION 02 – ENVIRONMENTAL PERFORMANCE

## 2.1 NON-RENEWABLE ENERGY & ELECTRICITY CONSUMPTION

Table 77: Non-renewable energy consumption in operations at DIMO

| Description | Source | Unit | Consumption | | | |
|---|---|---|---|---|---|---|
| | | | 2025/26 | Change (%) | 2024/25 | 2023/24 |
| Generators | Diesel | GJ | 636.00 | 1 | 629.01 | 250.51 |
| Boilers | Diesel | GJ | - | -100 | 321.65 | |
| Boilers | Kerosene | GJ | 866.73 | 184 | 305.46 | - |
| Vehicles | Petrol | GJ | 700.36 | -56 | 1,604.46 | 39,636 |
| Diesel for Vehicles | Diesel | GJ | 5,494.33 | -12 | 6,217.14 | 1,786 |
| Forklifts & Other | Diesel | GJ | 59.22 | 56 | 37.97 | |
| | Acetylene | GJ | 3.02 | -22 | 3.89 | |
| Electricity | Grid Electricity | GJ | 10,593.88 | 16 | 9,121.74 | 9,123 |
| Total | | GJ | 18,353.54 | 1 | 18,241.74 | 50,795.15 |

An Analytical Review

### Performance Direction

Energy consumption comprises electricity and fuel used across its operations, including energy sourced from the national grid as well as non-renewable fuels such as petrol and diesel. Energy consumption data is measured using utility meter readings and supplier invoices. Overall energy usage during the 2025/26 financial year remained broadly consistent with the previous year.

### Strategic Alignment

DIMO energy management practices are supported by its Sustainability agenda 2030, Decarbonisation Plan and third-party energy audits, which guide efforts to improve energy efficiency and reduce reliance on non-renewable energy sources across operations.

### Future Focused Actions

DIMO will continue to implement decarbonisation initiatives and energy efficiency improvements to reduce dependence on non-renewable energy sources, optimise consumption, and support a transition towards more sustainable energy use.



## 2.2 RENEWABLE ENERGY GENERATION

Table 78: Renewable energy generation at DIMO

| Location | | Capacity (kW) | Generation | | |
|---|---|---|---|---|---|
| | | | 2025/26 | 2024/25 | 2023/24 |
| DIMO Embilipitiya Solar PV Plant | Ground Mounted | 1,000 | 4,720 | 5,153 | 5,019 |
| DIMO Beliatta Solar PV Plant | Ground Mounted | 2,409.75 | 11,915 | 1,847 | - |
| DIMO Head Office | Rooftop Mounted | 574.15 | 2,878 | 2,432 | - |
| DIMO 800, Mercedes-Benz Showroom | Rooftop Mounted | 700 | 2,126 | 2,074 | 2,722 |
| DIMO Weliweriya | Rooftop Mounted | 807 | 2,287 | 1,811 | 2,864 |
| DIMO Siyambalape | Rooftop Mounted | 237 | 666 | 609 | 947 |
| DIMO Anuradhapura | Rooftop Mounted | 207.64 | 1,054 | 753 | - |
| DIMO Kurunegala | Rooftop Mounted | 384.96 | 1,768 | 1,714 | - |
| DIMO Jaffna | Rooftop Mounted | 197.20 | 1,016 | 960 | - |
| DIMO Engineering Solutions Jethawana Rd. | Rooftop Mounted | 21.09 | 109 | 78 | 53 |
| DIMO Anuradhapura Solar PV Plant | Ground Mounted | 7,069 | 22,151 | | |
| DIMO Galle 1 Solar PV Plant | Ground Mounted | 3,605 | 7,557 | | |
| DIMO Galle 2 Solar PV Plant | Ground Mounted | 6,456 | 7,372 | | |
| DIMO Galle 3 Solar PV Plant | Ground Mounted | 6,982 | 7,767 | | |
| DIMO Galle 4 Solar PV Plant | Ground Mounted | 6,723 | 12,242 | | |
| DIMO Kandy | Rooftop Mounted | 40 | 28.68* | | |
| DIMO Rathmalana | Rooftop Mounted | 100 | 195.40* | | |
| DIMO Plantseeds Dambadeniya | Rooftop Mounted | 320 | 1,112 | | |
| DIMO Plantseeds Nikaweratiya | Rooftop Mounted | 130 | 397 | | |
| Total | | 37,962.25 | 87,361 | 17,431 | 11,605 |

*Export figures were used for DIMO Kandy and Rathmalana solar generation

An Analytical Review

### Performance Direction

During the 2025/26 period, a significant number of new rooftop and ground-mounted solar projects were commissioned, adding 37,823 kW of total capacity. This expansion successfully contributed 87,137 GJ of clean, renewable energy to the national grid.

### Strategic Alignment

In alignment with our commitment to near-term emission reduction targets, DIMO is actively decarbonizing its operations and transitioning toward cleaner business models to secure long-term resilience. To achieve this, we are driving down our localized footprint through rooftop solar installations while simultaneously greening the national grid through utility-scale clean energy generation.

### Future Focused Actions

DIMO is firmly committed to becoming a leading clean energy provider in Sri Lanka by leveraging advanced technologies and innovative solutions. By expanding our capabilities across power transmission, distribution, and Battery Energy Storage Systems (BESS), we aim to be the definitive partner of choice, delivering a diversified portfolio of clean energy infrastructure.

# NOTES TO THE CONSOLIDATED STATEMENT OF ESG PERFORMANCE

## SECTION 02 – ENVIRONMENTAL PERFORMANCE

### 2.3 WATER CONSUMPTION

Table 79: Water consumption for operations

| Description | Units | Consumption | | | |
|---|---|---|---|---|---|
| | | 2025/26 | Change (%) | 2024/25 | 2023/24 |
| Municipal Water | $m^3$ | 44,337 | -7.0 | 47,684 | 49,501 |
| Ground Water | $m^3$ | 32,312.5 | 38 | 23,411 | 17,675 |
| Total treated wastewater reused | $m^3$ | 2,674 | -18.5 | 3,279 | 2,524 |
| Rainwater Harvesting | $m^3$ | 447.5 | 63.3 | 274 | 214 |
| Total Water Consumption | $m^3$ | 79,771 | 14% | 74,648 | 69,914 |
| | ML | 79.77 | 14% | 74.64 | 69.91 |

An Analytical Review

**Performance Direction**

DIMO primarily relies on municipal water supply; however, groundwater consumption increased during the 2025/26 financial year compared to the previous year. In parallel, rainwater harvesting initiatives were strengthened, with the DIMO Weliweriya branch harvesting 366 $m^3$ of rainwater for operational use.

**Strategic Alignment**

Water management practices are aligned with ISO 14001 environmental requirements and the DIMO Sustainability Agenda 2030 KPI on achieving 100% reuse of treated water. Effluent treatment plants are operated in compliance with applicable standards, and treated water is reused wherever feasible to improve water efficiency and reduce environmental impact.

**Future Focused Actions**

DIMO will further strengthen water efficiency initiatives by upgrading wastewater effluent treatment plants through renovations and technology enhancements to maximise the reuse of treated water, supporting progress towards the 2030 sustainability target.

## 2.4 WASTE AND EFFLUENTS

Table 80: Waste generated from operations

| Description | Hazardous/Non-Hazardous | Disposal Method | Units | Consumption | | | |
|---|---|---|---|---|---|---|---|
| | | | | 2025/26 | Change % | 2024/25 | 2023/24 |
| Cotton Waste | Hazardous | Incinerate | kg | 10,239 | 12.11 | 9,133 | 11,471 |
| Paint Tins | Hazardous | Incinerate | Units | 1,668 | 64.50 | 1,014 | 624 |
| Sludge | Hazardous | Incinerate | kg | 20,540 | (40.41) | 34,467 | 31,360 |
| Waste Oil | Hazardous | Reuse | kg | 34,847 | (1) | 35,200 | 31,509 |
| Contaminated Paper | Hazardous | Incinerate | kg | 5,632 | 49.04 | 3,779 | 8,032 |
| Batteries | Hazardous | Recycle | Units | 10 | 150 | 4 | 0 |
| Paint booth filters | Hazardous | Landfilling | Units | 52 | 48.57 | 35 | 41 |
| Saw Dust | Non-Hazardous | Reuse | kg | 308,600 | 46.29 | 210,945 | 29,142 |
| Cardboard Boxes | Non-Hazardous | Recycle | kg | 58,295 | 3.38 | 56,387 | 31,234 |
| Metal Scrap | Non-Hazardous | Recycle | kg | 197,523 | 126.85 | 87,072 | 55,871 |
| Food/Organic Waste | Non-Hazardous | Reuse | kg | 36,875 | (3.57) | 38,239 | 35,840 |
| Pallets | Non-Hazardous | Reuse | kg | 101,994 | 6.40 | 95,858 | 63,243 |
| Plastic | Non-Hazardous | Recycle | kg | 6,565 | (8.51) | 7,176 | 6,094 |
| Polythene | Non-Hazardous | Recycle | kg | 184,878 | 182.17 | 65,520 | 36,552 |
| Oil Filters | Non-Hazardous | Recycle | Units | 13,870 | 0.13 | 13,852 | 10,581 |
| Metal Dust | Non-Hazardous | Reuse | kg | 4,771 | 102.16 | 2,360 | 1,812 |
| Tyres | Non-Hazardous | Recycle | Units | 1,512 | 150.75 | 603 | 394 |
| A4 Paper | Non-Hazardous | Recycle | kg | 12,581 | 47.06 | 8,555 | 21,089 |
| Gunny Bags | Non-Hazardous | Reuse | Units | 188,527 | (70.79) | 645,420 | 638,735 |
| Glass Bottles | Non-Hazardous | Recycle | kg | 57 | 29.55 | 44 | 28 |
| Fruit Waste | Non-Hazardous | Recycle | kg | 449,036 | 211.83 | 144,000 | 148,400 |
| Total Non-Hazardous Waste | | | kg | 1,361,175 | 90.07 | 716,156 | 428,088 |
| | | | tonnes | 1,361.17 | 90.07 | 716.15 | 428.09 |
| Total Hazardous Waste | | | kg | 72,926 | (12.76) | 83,929 | 81,000 |
| | | | tonnes | 72.93 | (12.76) | 83.93 | 81.00 |

An Analytical Review

### Performance Direction

Non-hazardous waste increased during the reporting period mainly due to higher metal scrap generation from increased imports of tractors, harvesters, and rotaries. Increases in fruit waste and polythene bag waste were also recorded due to higher agricultural production activities and changes in fertilizer bag packaging materials by suppliers.

### Strategic Alignment

Waste across DIMO premises is collected, segregated using colour coded bins, and measured through weight logs and disposal records. Waste is directed towards reuse, recycling, and energy recovery through suppliers approved by the Central Environmental Authority (CEA), supporting DIMO's Sustainability KPI of Zero Landfilling by 2030.

### Future Focused Actions

DIMO continues to strengthen waste minimization initiatives across operations through enhanced waste segregation, recycling, resource recovery, and sustainable operational practices to further reduce landfill disposal. Waste management processes are also being continuously improved in line with recommendations under the zero waste to landfilling certification standard issued by Control Union and ISO 14001 Environmental Management Systems.

# NOTES TO THE CONSOLIDATED STATEMENT OF ESG PERFORMANCE

## SECTION 02 – ENVIRONMENTAL PERFORMANCE

### 2.5 EMISSION

Table 81: Group-level GHG Emissions 2025-26

| Scope | Category | Emission Sources | 2025/26 Emission ($tCO_2e$) | 2024/25 Emission ($tCO_2e$) |
|---|---|---|---|---|
| Total Group Level GHG Emissions | | | 657,004.07 | 222,580.72 |
| Scope 1 | Stationary | Generators | 44.73 | 44.24 |
| | | Boilers | 62.54 | 51.88 |
| | | Acetylene | 1.17 | 1.51 |
| | | Fertilizer Use | 0.22 | 9.48 |
| | Mobile | Vehicles | 439.76 | 555.1 |
| | | Off-road vehicles (Forklifts) | 4.58 | 2.94 |
| | Fugitive | Fire Extinguishers | - | 0.4 |
| Total Scope 1 Emissions | | | 553.01 | 665.55 |
| Scope 2 | Purchased Electricity | Grid Electricity | 1,195.34 | 1,029.24 |
| Total Scope 2 Emissions | | | 1,195.34 | 1,029.24 |
| Scope 3 | 1. Purchased Goods & Services | Purchased Goods | 0.6 | 3.59 |
| | | Purchased Services | 16.23 | 14.94 |
| | | Raw Materials | 41,717.26 | 24,247.16 |
| | | Imports | 23,831.21 | 6,062.29 |
| | 2. Capital Goods | Capital Goods | 701.31 | 390.84 |
| | 3. Fuel & Energy Related Activities | Upstream emissions of purchased fuels | 212.88 | 227.14 |
| | | T&D Losses | 122.57 | 105.54 |
| | 4. Upstream transportation and distribution | Freight Emissions | 14,204.77 | 24,251.63 |
| | | Internal Transportation & Distribution | 1,979.16 | 365.98 |
| | | Downstream Delivery | 23.94 | 16.16 |
| | 5. Waste generated in operations | Waste Disposal | 7.02 | 3.03 |
| | 6. Business Travel | Air Travels | 222.8 | 208.19 |
| | | Employee Fuel Cards & Reimbursements | 2,718.86 | 2,884.69 |
| | 7. Employee Commute | Employee Commute | 1,011.75 | 2,437.57 |
| | 8. Upstream leased assets | Leased Assets | 243.58 | 37.88 |
| | 9. Downstream Transportation and Distribution | NA | | |
| | 10. Processing of Sold Products | NA | | |
| | 11. Use of Sold Products | Passenger Vehicles | 21,250.50 | 4,832.40 |
| | | Commercial Vehicles | 481,878.60 | 79,070.40 |
| | | Retail | 17,046.24 | 23,464.51 |
| | | Agri Fertilizer | 43,590.93 | 50,442.66 |
| | | Refrigerant Gases for Customers | 1,703.04 | 608.69 |
| | | Construction Machineries | 2,753.51 | 1,197.70 |
| | 12. End-of-Life Treatment of Sold Products | Commercial Vehicles | 9.36 | 1.21 |
| | | Construction Machineries | 0.83 | 0.43 |
| | | Retail | 8.74 | 11.31 |
| | 13. Downstream Leased Assets | NA | | |
| | 14. Franchises | NA | | |
| | 15. Investments | NA | | |
| Total Scope 3 Emissions | | | 655,255.72 | 220,885.94 |

An Analytical Review

**Performance Direction**

GHG emissions are measured in line with the GHG Protocol Corporate Standard (Revised Edition) and reported across Scope 1, 2, and 3. Data quality is ensured through compliance with ISO 14064-1:2018 and independent verification by the Sri Lanka Climate Fund (SLCF). FY 2024/25 emissions were restated to 222,581 $tCO_2e$, while FY 2025/26 emissions amounted to 652,992 $tCO_2e$ due to improved data accuracy and revised emission factors.

**Strategic Alignment**

The emissions reporting framework aligns with DIMO's Sustainability Agenda 2030 and Science Based Targets initiative (SBTi) commitments. It supports defined reduction targets of 42% (Scope 1 & 2) and 51.6% per unit LKR value added (Scope 3), integrating carbon management into the Group's long-term value creation strategy.

**Future Focused Actions**

DIMO has developed a decarbonization roadmap to achieve its SBTi-aligned targets, focusing on operational efficiency, supplier engagement, and improved emissions data systems. Continuous enhancement of reporting quality will support transparent monitoring and progress toward long-term emission reduction goals.

Please Refer page 235

## 2.6 BIODIVERSITY

Table 82: Number of hectares restored

| Project | Number of Hectares Restored | | | | |
|---|---|---|---|---|---|
| | 2025/26 | Change % | 2024/25 | 2023/24 | 2022/23 |
| 'Life to Reef' – Coral Restoration at Rumassala | 3.5 | | 3.5 | 3.5 | 3.5 |
| 'Life' Project at Kanneliya | 12 | | 1 | 1 | 1 |
| Mangrove Restoration at Galle | 7.4 | | 7.4 | 6.2 | 3 |
| Marine Turtle Conservation at Panama | 0.13 | | 0.13 | 0.13 | 0.13 |
| Life to Our National Park at Lunugamvehera | 15 | | 15 | - | - |
| Total | 38.03 | 40.7 | 27.03 | 10.83 | 7.63 |

An Analytical Review

**Performance Direction**

DIMO measures biodiversity restoration performance through the 1:1 restoration KPI under the Sustainability Agenda 2030, based on hectares of land restored annually. As of FY 2025/26, a total of 38.03 hectares have been restored, representing approximately 62% of the total owned land area.

**Strategic Alignment**

Biodiversity initiatives are aligned with DIMO's Sustainability Agenda 2030 and focus on ecosystem restoration through multiple projects, including the "Life" project at Kanneliya, Mangrove Restoration in Galle, Marine Turtle Conservation in Panama, and "Life to Our National Park" project in Lunugamwehera National Park. The "Life to Reef" coral restoration project in Rumassala has been completed, with restoration covering 3.5 hectares, continuing to generate ongoing ecosystem benefits.

**Future Focused Actions**

DIMO will continue to strengthen and expand biodiversity restoration initiatives, ensuring sustained ecological impact through long-term project stewardship, ecosystem recovery, and enhanced conservation partnerships across terrestrial and marine environments. These efforts will further contribute to the achievement of relevant Sustainable Development Goals (SDGs).

# NOTES TO THE CONSOLIDATED STATEMENT OF ESG PERFORMANCE

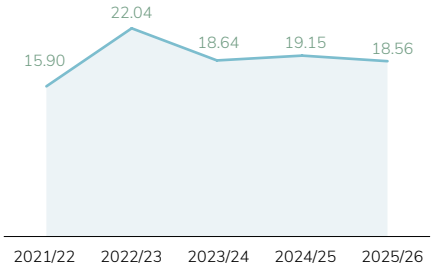
# SECTION 03 – SOCIAL PERFORMANCE

## 3.1 NUMBER OF EMPLOYEES AND EMPLOYEE TURNOVER

Table 83: Employee composition as at 31st March;

| Status | Gender | 2025/26 | Change % | 2024/25 | 2023/24 | 2022/23 |
|---|---|---|---|---|---|---|
| Contract | Female | 41 | 41.38 | 29 | 11 | 11 |
| | Male | 160 | 46.79 | 109 | 69 | 109 |
| Permanent | Female | 289 | 14.68 | 252 | 261 | 209 |
| | Male | 1,751 | 9.16 | 1,604 | 1,592 | 1,411 |
| Grand Total | | 2,241 | 12.39 | 1,994 | 1,933 | 1,737 |

Figure 84:
Employee Turnover




An Analytical Review

The number of employees is recorded as all full-time employees except those undergoing internships and apprenticeships as at the year-end. During the reporting period, total workforce increased by 12% compared to the previous year, while female employment grew by 17%, reflecting improved growth and gender diversity. Additionally, 793 interns and trainees were enrolled during the financial year, as noted in Section 3.9.

The employee retention rate is calculated by dividing the number of employees remaining at the end of the financial year by the number of employees at the beginning of the year. The rate of employee turnover is measured as the number of employees who left the Group during the financial year including those whose contracts were terminated, divided by the average number of employees for the financial year. In 2025/26, the employee turnover rate was 18.56%, showing a slight reduction compared to 19.15% in the previous year.

## 3.2 EMPLOYEE DIVERSITY

Table 84: Board of directors & employee diversity as at 31st March 2026

| | Directors | | Senior Mgt. | | Middle Mgt. | | Junior Mgt. | | Executive | | Clerical | | Manual | | Sales | | Total Employees | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age Group | M | F | M | F | M | F | M | F | M | F | M | F | M | F | M | F | M | F |
| <20 | - | - | - | - | - | - | - | - | 1 | - | 7 | - | 4 | - | | | 12 | - |
| 21-30 | - | - | - | - | - | 1 | 21 | 9 | 224 | 111 | 215 | 46 | 234 | 3 | 8 | 1 | 702 | 171 |
| 31-40 | - | - | 4 | 2 | 26 | 3 | 110 | 23 | 276 | 50 | 78 | 6 | 103 | 2 | 6 | - | 603 | 86 |
| 41-50 | 1 | - | 23 | 5 | 27 | 7 | 79 | 8 | 166 | 12 | 63 | 12 | 50 | - | 2 | - | 411 | 44 |
| 51< | 11 | 3 | 18 | 2 | 12 | 1 | 29 | 2 | 58 | 6 | 47 | 17 | 14 | - | - | - | 189 | 31 |
| Total | 12 | 3 | 45 | 9 | 65 | 12 | 239 | 42 | 725 | 179 | 410 | 81 | 405 | 5 | 16 | 1 | 1,917 | 332 |
| % | 80 | 20 | 83 | 17 | 84 | 16 | 85 | 15 | 80 | 20 | 83 | 17 | 99 | 1 | 94 | 6 | 85 | 15 |

The employee diversity table includes members of the Board of Directors who are not employees of DIMO.

Table 85: Employee generations distributions as at 31st March 2026

| Generation | Count of Generation | Percentage (%) |
|---|---|---|
| Baby Boomers (>1946) | 27 | 1 |
| Gen X (>1965) | 394 | 18 |
| Millennials (>1981) | 1,102 | 49 |
| Gen Z (>1997) | 718 | 32 |
| Grand Total | 2,241 | |

Please refer Human Capital for more information.

An Analytical Review

### Performance Direction

DIMO's workforce diversity is assessed across gender, age, and generational composition to ensure a comprehensive understanding of workforce structure. The total workforce of 2,241 employees is predominantly composed of Millennials (49%) and Gen Z (32%), indicating a young and dynamic workforce profile, followed by Gen X (18%) and Baby Boomers (1%). Gender distribution reflects a higher proportion of male employees (1,911) compared to female employees (330), highlighting ongoing opportunities to further strengthen gender balance across the organization.

### Strategic Alignment

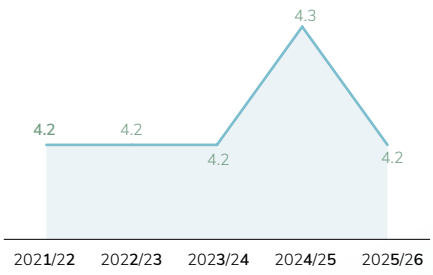
Workforce diversity management is integrated into DIMO's people strategy to support inclusive talent acquisition, development, and progression across all employee groups. Diversity monitoring covers both gender representation and generational balance to ensure equitable workforce practices and alignment with organizational values. These practices support structured workforce planning and inclusive decision-making across all business units.

### Future Focused Actions

DIMO will continue to strengthen diversity and inclusion initiatives under the Sustainability Agenda 2030, with a key focus on achieving 40% women in leadership positions (above Assistant Manager level). In addition, initiatives will be expanded to further leverage generational diversity by enhancing cross-generational collaboration, strengthening leadership pipelines, and promoting inclusive career development pathways to support a balanced and future-ready workforce.

## 3.3 EMPLOYEE ENGAGEMENT SCORE

Figure 85:
Employee Engagement Score



# NOTES TO THE CONSOLIDATED STATEMENT OF ESG PERFORMANCE

## SECTION 03 – SOCIAL PERFORMANCE

An Analytical Review

### Performance Direction

Employee engagement is measured through an internal survey open to all employees, based on the internationally recognized Gallup Q12 Employee Engagement Questionnaire. The survey results provide a consistent indicator of workplace experience and engagement levels, with DIMO maintaining a stable average score of 4.2–4.3 over the past five years.

### Strategic Alignment

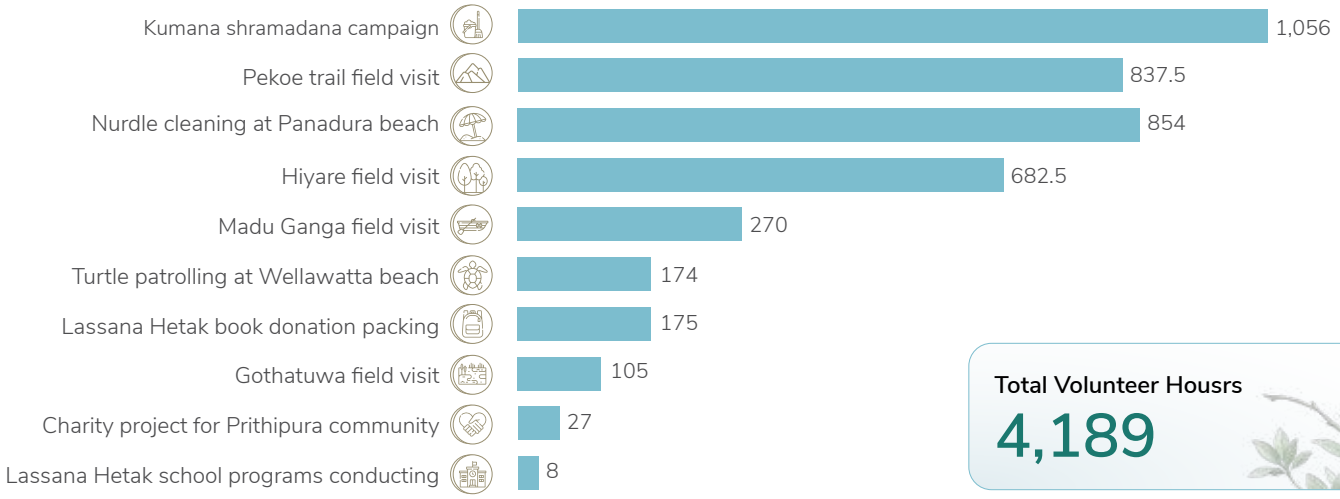
The engagement survey is administered by the HR division using a structured 12-question framework to assess key engagement drivers. Robust governance mechanisms are in place to ensure the integrity, confidentiality, and independence of responses, supporting reliable and consistent employee feedback across the organization.

### Future Focused Actions

DIMO will continue to strengthen employee engagement through ongoing monitoring, targeted interventions based on survey insights, and continuous improvement of the workplace experience to sustain high and stable engagement levels.

Volunteer hours of employees are measured based on the participation of DIMO Nature Club members who engaged in wildlife education, conservation initiatives, and community development and well-being activities during the financial year. Records of participation are used as the basis for measurement.

Figure 86: Volunteer hours by project




Total Volunteer Housrs

**4,189**

### 3.4 EMPLOYEE TRUST INDEX

Table 86: Employee Trust Index – comparison with the averages of Sri Lanka's Best Workplaces (Large)

| Statement | DIMO (%) | 2025 Sri Lanka's Best Workplaces (Large) (%) |
|---|---|---|
| I'm proud to tell others that I work here | 90 | 96 |
| People here are treated fairly regardless of their race | 89 | 95 |
| When you join the company, you are made to feel welcome | 90 | 96 |
| I feel good about the ways we contribute to the community | 89 | 95 |
| This is a physically safe place to work | 89 | 96 |

An Analytical Review

The Employee Trust Index is an independent survey carried out by Sri Lanka's Great Place to Work Institute. The survey is open to all employees and this year DIMO recorded a response rate of 73% of all employees. The trust model consists of five aspects, namely credibility, respect, fairness, pride, and camaraderie. Despite minor fluctuations, the results reflect a stable and positive level of employee trust within the organization.

## 3.5 EMPLOYEE HEALTH AND SAFETY

Table 87: Employee injuries and lost working days

| Injuries/Diseases/Fatalities/Lost working days /Absenteeism | 2025/26 | | 2024/25 | | 2023/24 | | 2022/23 | |
|---|---|---|---|---|---|---|---|---|
| | Rate | Total No | Rate | Total No | Rate | Total No | Rate | Total No |
| Injuries | 0.00005% | 2 | 0.28% | 11 | 0.43% | 12 | 0.52% | 9 |
| Occupational Diseases | - | 0 | 0.0002% | 1 | - | 0 | - | 0 |
| Lost Working Days | 0.00081% | 33 | 0.02% | 72.5 | 0.02% | 168 | 0.02% | 82 |
| Work Related Fatalities | - | - | - | - | | - | | - |

An Analytical Review

### Performance Direction

During the year, workplace injuries remained significantly low, supported by enhanced safety awareness programmes, strengthened safety procedures, improved PPE compliance, regular inspections and emergency drills, proactive hazard management, effective incident investigations, and improved maintenance of equipment and workplace facilities.

### Strategic Alignment

DIMO follows ISO 9001-aligned employee health and safety guidelines to ensure the protection of employee well-being. Incident data is systematically recorded through official medical logs maintained at each location, ensuring accuracy, consistency, and reliable reporting across operations.

### Future Focused Actions

DIMO will continue to strengthen its workplace health and safety culture through enhanced safety awareness programmes, continuous improvement of safety systems, and proactive risk management to further reduce workplace incidents and sustain employee well-being.

## 3.6 EMPLOYEE TRAINING AND DEVELOPMENT

Table 88: Average training hours per employees for 2025/26

| Category | Gender | No. of Employee trained | | No. of Training hrs | | Training hours per employee per year | |
|---|---|---|---|---|---|---|---|
| | | 2025/26 | 2024/25 | 2025/26 | 2024/25 | 2025/26 | 2024/25 |
| Board of Directors | Male | 1 | 4 | 8 | 24 | 8 | 6 |
| | Female | 1 | 1 | 8 | 9 | 8 | 9 |
| Senior Management | Male | 19 | 34 | 892.5 | 660 | 46.97 | 19.41 |
| | Female | 8 | 5 | 279 | 129 | 34.88 | 25.80 |
| Middle Management | Male | 40 | 25 | 1,371 | 176 | 34.28 | 7.04 |
| | Female | 11 | 6 | 261.5 | 27 | 23.77 | 4.50 |
| Junior Management | Male | 149 | 144 | 3,762 | 2,651 | 25.25 | 18.41 |
| | Female | 42 | 32 | 1,105 | 510 | 26.31 | 15.94 |

# CONSOLIDATED STATEMENT OF ESG PERFORMANCE

## SECTION 03 – SOCIAL PERFORMANCE

| Category | Gender | No. of Employee trained | | No. of Training hrs | | Training hours per employee per year | |
|---|---|---|---|---|---|---|---|
| | | 2025/26 | 2024/25 | 2025/26 | 2024/25 | 2025/26 | 2024/25 |
| Executive | Male | 333 | 171 | 6,565 | 2,861 | 19.71 | 16.73 |
| | Female | 124 | 59 | 2,693.5 | 896 | 21.72 | 15.18 |
| Clerical/ Supervisory | Male | 97 | 51 | 1,320.5 | 488 | 13.61 | 9.57 |
| | Female | 22 | 2 | 446 | 38 | 20.27 | 19 |
| Sales | Male | 4 | 4 | 81 | 19 | 20.25 | 4.75 |
| | Female | 0 | - | 0 | - | 0 | - |
| Manual | Male | 66 | 18 | 494.5 | 365 | 7.49 | 20.28 |
| | Female | 0 | - | 0 | - | 0 | - |
| Total | Male | 709 | 451 | 14,494.5 | 7,244 | 20.44 | 16.06 |
| | Female | 208 | 105 | 4,793 | 1,609 | 23.04 | 15.32 |
| | Total | 917 | 556 | 19,287.5 | 8,853 | 21.03 | 15.92 |

An Analytical Review

### Performance Direction

During the year, the organisation focused on increasing employee participation in training programmes and expanding overall learning hours through enhanced learning and development initiatives aimed at strengthening skills, competencies, and knowledge. Several targeted programmes, including the Shift Manager Series and Launch Pad, were introduced during the 2025/26 financial year to support capability development and career progression.

### Strategic Alignment

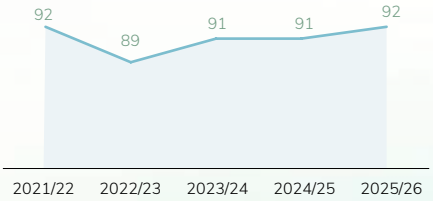
These initiatives are aligned with the organisation's broader human capital development strategy, which prioritises building a skilled, empowered, and high-performing workforce. The increase in structured learning opportunities reflects a deliberate focus on strengthening operational capability, leadership readiness, and employee effectiveness across all levels.

### Future Focused Actions

Building on current progress, the organisation will further refine its training framework by identifying emerging capability needs and integrating advanced learning methodologies. Future programmes will incorporate evolving technologies including AI, industry best practices, and strategic skill requirements to ensure continuous upskilling and long-term workforce readiness.

### 3.7 CUSTOMER SATISFACTION INDEX

Figure 87:
Customer Satisfaction Index



An Analytical Review

### Performance Direction

Customer Satisfaction Index (CSI) is measured through structured questionnaires conducted across across selected key business units and consolidated at segment level. The survey evaluates key parameters including delivery timelines, product and service quality, and employee interactions, providing comprehensive feedback across customer categories. It is currently administered by the Group's Customer Experience team through telephone-based interactions.

### Strategic Alignment

The CSI framework supports the organisation's customer-centric strategy by systematically capturing and analysing customer feedback to enhance service quality, operational performance, and overall customer experience across all business segments.

### Future Focused Actions

The survey process will be digitised to improve efficiency, accessibility, and responsiveness, enabling real-time feedback collection and more agile decision-making to further strengthen customer satisfaction outcomes.

## 3.8 STATEMENT OF MONETISED VALUE ADDED AND DISTRIBUTED

Table 89: Statement of monetised value created and distributed

| For the Period of (Rs. '000) | Group | | | |
|---|---|---|---|---|
| | % | 2025/26 | % | 2024/25 |
| Net Turnover | | 103,633,939 | | 50,174,979 |
| Other income | | 243,311 | | 455,364 |
| Less: Cost of Material and Services bought in | | (51,326,673) | | (31,870,576) |
| Monetised Value Created | | 52,550,577 | | 18,759,766 |
| | | | | |
| Distribution of Value Added | | | | |
| Employees | 74.83% | 7,769,408 | 32.04% | 5,865,395 |
| Government | 376.67% | 39,107,338 | 56.63% | 10,367,475 |
| Lenders | 32.24% | 3,347,588 | 14.49% | 2,652,099 |
| Investment of Social & Environmental Progress | 0.63% | 65,544 | 0.38% | 70,028 |
| Shareholders | 0.44% | 46,157 | 0.25% | 46,157 |
| Retained in the Business | 21.33% | 2,214,542 | (3.79%) | (694,522) |
| Depreciation Set Aside | 6.90% | 716,746 | 2.67% | 489,451 |
| Profit Retained | 14.43% | 1,497,796 | (6.47%) | -1,183,973 |
| | | 52,550,577 | | 18,306,632 |

An Analytical Review

The statement of monetised value created and distributed measures the financial value created by the Group and how the financial value thus created is distributed among different stakeholders, thereby facilitating economic and social progress. Financial transactions recorded in the accounting system are the basis for this calculation.

# CONSOLIDATED STATEMENT OF ESG PERFORMANCE

## SECTION 03 – SOCIAL PERFORMANCE

Table 90: Duty and Tariffs Breakdown

| (Rs. 000) | 2025/26 | 2024/25 | 2023/24 |
|---|---|---|---|
| Duty on Imports | 35,376,482 | 8,377,250 | 4,300,000 |
| Corporate Income Tax | 209,556 | 78,961 | 148,073 |
| Other Taxes Including Value Added Tax | 3,521,300 | 1,911,263 | 1,876,442 |
| Group Total | 39,107,338 | 10,367,475 | 6,324,515 |

An Analytical Review

Duty on imports is the custom tariff the Group pays when clearing goods imported into Sri Lanka. Corporate income tax is the direct tax paid to the government on the taxable income for the financial year. The basis on which these taxes are calculated is disclosed from page 296 in financial statements. The amounts are extracted from the financial accounting system and recorded based on invoices.

Table 91: Investments for Sustainability Initiatives

| (000) | 2025/26 |
|---|---|
| Investment for environmental initiatives | 7,660 |
| Investment for social initiatives | 57,939 |
| Group Total | 65,599 |

An Analytical Review

Investments for sustainability initiatives include investments made by DIMO in both environmental initiatives and social initiatives. Additionally, investments in the free automobile course which is conducted by DIMO Academy of Technical Skills (DATS) has been included in the cost of social initiatives.

### 3.9 DATS STUDENTS AND APPRENTICESHIP ENGAGEMENT

Table 92: Number of trainees enrolled during the year.

| Category | 2025/26 | | 2024/25 | | 2023/24 | |
|---|---|---|---|---|---|---|
| | Female | Male | Female | Male | Female | Male |
| DATS (Graduates) | 1 | 45 | 0 | 33 | 2 | 49 |
| DATS passed out students from part time courses | 6 | 251 | 3 | 186 | 0 | 164 |
| Universities/Technical Institute | 232 | 561 | 188 | 526 | 154 | 445 |
| Total | 239 | 857 | 191 | 745 | 156 | 658 |

An Analytical Review

## Performance Direction

The DIMO Academy for Technical Skills (DATS) strengthened youth skill development and employability during the 2025/26 financial year by expanding technical education and practical industry exposure. Graduates include students completing both paid and free full-time diploma programmes, while participation in part-time courses increased significantly. DIMO also enhanced internship and industrial training opportunities for university and technical institute students, with increased female participation improving inclusivity. Overall, learning and development opportunities through DATS and DIMO increased by approximately 17% during the year.

## Strategic Alignment

These initiatives support DIMO's commitment to developing a skilled and future-ready workforce by bridging industry and academia, enhancing employability, and promoting inclusive access to technical education and training opportunities specially aligning with SDG 4; Quality Education.

## Future Focused Actions

DIMO will continue to expand technical training, internships, and industry exposure programmes, with a focus on strengthening partnerships with educational institutions, and aligning learning pathways with evolving industry skill requirements. A key future initiative is the empowerment of female school students through STEM workshop programmes conducted by DATS, aimed at encouraging greater participation of women in technical education and strengthening the pipeline for post-school technical and vocational pathways.

# CONSOLIDATED STATEMENT OF ESG PERFORMANCE

# SECTION 04 – GOVERNANCE PERFORMANCE

## 4.1 TRAINING ON VALUES AND ETHICS

An Analytical Review

Demonstration of values and ethical behaviour by employees is guided by DIMO's Standards of Leadership and Code of Conduct. All new recruits undergo mandatory training on the Code of Conduct and the Standards of Leadership as part of the onboarding process. Measurement and reporting are based on training records and logs maintained by the Human Resources Division.

## 4.2 WHISTLE-BLOWER CASES REPORTED AND SOLVED

An Analytical Review

DIMO's Whistle-blower Policy encourages employees to report concerns relating to, but not limited to, unlawful or illegal activities, actions that fall below the Company's standards, and any form of harassment. Such concerns may be reported directly to the Group Chief Executive Officer, Chairman, or the Head of Internal Audit. The measurement is based on the number of whistle-blower cases reported and resolved during the reporting period.

## 4.3 ANTI-HARASSMENT HELPLINE CASES REPORTED AND SOLVED

An Analytical Review

### Performance Direction

As part of DIMO's Respectful Workplaces Programme, an Anti-Harassment Helpline has been established to enable confidential reporting and management of workplace harassment-related concerns. During the year, 28 complaints were recorded, covering a range of issues from routine grievances to more serious cases such as verbal and retaliation-related harassment. All cases were addressed confidentially, with appropriate actions taken based on the severity and nature of each complaint.

### Strategic Alignment

The helpline is managed by an IFC-trained independent consultant who ensures that all complaints are received and investigated in a confidential, impartial, and credible manner, in line with the IFC survivor-centred approach. DIMO's Harassment, Bullying & Retaliation Policy and Grievance Handling Policy provide the governance framework for effective case management and resolution in accordance with international standards and best practices.

### Future Focused Actions

DIMO will continue to strengthen its Respectful Workplaces Programme by enhancing awareness, improving reporting mechanisms, and implementing preventive measures based on investigation outcomes. These efforts aim to further reinforce a safe, respectful, and inclusive workplace culture while driving continuous systemic improvement across the organization.

## 4.4 BOARD ENGAGEMENT IN ESG GOVERNANCE

At DIMO, the Board of Directors plays a pivotal role in steering the company's strategic direction, with ESG considerations integrated into boardroom deliberations. Regular meetings are held to ensure oversight on key matters, including sustainability, ethical business conduct, and risk management. The Board remains committed to transparency, accountability, and fostering responsible governance practices that align with both local regulatory requirements and global ESG standards.

## 4.5 MANAGEMENT SYSTEMS IN ESG GOVERNANCE

Management systems are the processes, procedures and methodology in place with defined KPIs to ensure that the desired results are delivered in each area managed by the system.

Table 93: DIMO's Management Systems

| Management System | Areas Governed | Accredited |
|---|---|---|
| Environmental Management System | Consistent with the organization's environmental policy, the intended outcomes of an environmental management system include the enhancement of environmental performance, fulfilment of compliance obligations, and achievement of environmental objectives. | ISO 14001:2015 |
| Quality Management System | Needs to demonstrate the ability to consistently provide products and services that meet customer needs within applicable statutory and regulatory requirements. Aims to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to applicable statutory and regulatory requirements. | ISO 9001:2015 |
| Occupational Health and Safety Management System | Consistent with the organization's OH&S policy, the intended outcomes of an OH&S management system include continual improvement of OH&S performance, fulfilment of legal requirements and other requirements, achievement of OH&S objectives. | ISO 45001: 2018 |
| GHG Emission Inventory & Verification | Greenhouse gas and climate change management and related activities | ISO 14064-1: 2018 |
| Information Security Management System | The system governs the establishment, implementation, maintenance, and continual improvement of an Information Security Management System (ISMS). It covers areas related to protecting the confidentiality, integrity, and availability of information. | ISO/IEC 27001: 2022 |

### An Analytical Review

Environmental and social factors are integrated into daily business operations and decision making through the management systems. To ensure the proper operation of the management systems, one internal and one independent external audit are carried out every year. A dedicated team – the DIMO Compliance team - is employed to ensure delivery of this mandate.

Non-compliances reported in these management systems during independent audits are extracted from audit reports. According to the reports, no incidents of non-compliance concerning the health and safety impacts of products and services,product and service information and labeling, marketing communications and breaches of customer privacy and losses of customer data.

## 4.6 DATA PRIVACY & SECURITY

### An Analytical Review

Governance of Information Security rests with a separate Information Security unit attached to the Internal Audit division. The division consists of information security experts and works with the intention of safeguarding information assets of the company.

Data privacy of customers is ensured by controlling the access to customer databases in the ERP system.

Periodic audits are conducted to ensure that data security mechanisms are working properly. These include general control audits, internal and external vulnerability assessments, audits of firewalls, audits of access points and end point security audits.

Each employee recruited to DIMO is educated on the data privacy policy during their orientation.

# INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF DIESEL & MOTOR ENGINEERING PLC ON ESG STATEMENT

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: eysf@lk.ey.com
ey.com

## SCOPE

We have been engaged by Diesel & Motor Engineering PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Diesel & Motor Engineering PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Diesel & Motor Engineering PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

## CRITERIA APPLIED BY DIESEL & MOTOR ENGINEERING PLC

In preparing the Subject Matter, Diesel & Motor Engineering PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org
- CSE Sustainability Reporting Guide (version 3) issued by Colombo Stock Exchange (2023)
- Requirements of the frameworks given in the Non-Financial Reporting Guideline issued by Institute of Chartered Accountants of Sri Lanka (2022)
- Requirements of section III H.1 to H.5 of Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and Institute of Chartered Accountants of Sri Lanka (2023)

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

## DIESEL & MOTOR ENGINEERING PLC'S RESPONSIBILITIES

Diesel & Motor Engineering PLC's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

## ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Diesel & Motor Engineering PLC on 6 May 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

## OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

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 FCA 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)

A member firm of Ernst & Young Global Limited

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

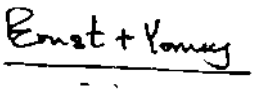
## EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

## CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Diesel & Motor Engineering PLC for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.



Chartered Accountants
3rd June 2026

Colombo



# PRECISE IN PROGRESS

Financial stewardship guides DIMO's sustainable growth. With accurate reporting, rigorous analysis and disciplined capital allocation, our resources transform into measurable outcomes and secure our prosperous future.

*The archerfish often leaps out of water to capture prey with precise timing and skill; DIMO's ability to act decisively and seize opportunities with precision allows for clear, confident growth.*



## Financial Statements


**257** Annual Report of the Board of Directors

**262** Directors' Interests in Contracts with the Company

**264** Statement of Directors' Responsibility for Financial Statements

**265** Board of Directors' Statement on Internal Controls

**266** Statement of Responsibility of the Chairman, Group Managing Director/Chief Executive Officer and Chief Financial Officer

**267** Independent Auditors' Report

**270** Section 1 – Financial Statements

**276** Section 2 – Principal Business Activities

**279** Section 3 – Basis of Accounting

**286** Section 4 – Material Accounting Policies and Notes

# FINANCIAL CALENDAR - 2025/26

### Interim Financial Statements – Submission to the Colombo Stock Exchange (CSE)

| | |
|---|---|
| Three months ended 30th June 2025 | 11th August 2025 |
| Six months ended 30th September 2025 | 13th November 2025 |
| Nine months ended 31st December 2025 | 15th February 2026 |
| Twelve months ended 31st March 2026 | 27th May 2026 |
| | |
| Authorization for Issue of Audited Financial Statements for 2025/26 | 3rd June 2026 |
| Publication of Annual Report for the financial year ended 31st March 2026 | 3rd June 2026 |
| 81st Annual General Meeting to be held on | 25th June 2026 |

### Dividends

| | |
|---|---|
| First interim dividend for 2025/26 paid on | 21st April 2026 |

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

## GENERAL

The Board of Directors take pleasure in presenting to the shareholders the Annual Report of the Company for the financial year ended 31st March 2026, comprising the Chairman's Message, Statements of Responsibility, Auditors' Report, Audited Financial Statements, Independent Assurance on the Integrated Report, disclosures required by the Colombo Stock Exchange, and other relevant information covered in introductory sections and management commentary.

The information table on 'Disclosures required by the Companies Act No. 07 of 2007'( the " Companies Act") given on page 191 forms part of this Annual Report of the Board of Directors.

The Annual Report of the Company including the Annual Report of the Board of Directors was adopted by the Board of Directors on 3rd June 2026. The Company's Annual Report 2025/26 will be made available to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the stipulated time frame.

## GROUP STRUCTURE AND PRINCIPAL BUSINESS ACTIVITIES

The Group Structure is available on page 13.

A brief description of the nature of the principal business activities of the Group and the Company is given in Note 2.2 to the Financial Statements on pages 276 to 278.

## STATEMENTS OF PURPOSE AND VALUES

The Company's purpose and values are available on page 31. The Directors and all employees conduct their activities with the highest level of ethical standards and integrity in achieving the Group's strategies. All employees are provided with a copy of the Policy on Internal Code of Business Conduct and Ethics, applicable to Directors and employees, and are required to adhere to its principles and requirements.

Further, in compliance with Rule No. 9 of the Listing Rules of the Colombo Stock Exchange (CSE) ( "Listing Rules"), the Company has adopted the twelve policies required thereunder to strengthen Corporate Governance practices and promote responsible and ethical conduct across the Group. These policies are available on the Company's corporate website for stakeholder reference.

## THE BOARD OF DIRECTORS

The Board of Directors of the Company consisted of fifteen members as at 31st March 2026. Information relating to the Directors of the Company is available on page 25 at https://www.dimolanka. com/investor-relations/.

The names of the Directors of Subsidiary Companies are given on pages 364 to 365.

### New Appointments and Resignations of Directors

The following directors were appointed to the Board during the financial year ended 31st March 2026.

| Name of the Director | Date of Appointment | Status |
|---|---|---|
| Mr. I.A. Wickramasinghe | 1st August 2025 | Independent Non-Executive Director |
| Ms. N.M. Boralessa | 1st December 2025 | Independent Non-Executive Director |
| Ms. D.N.K. Kurukulasuriya | 16th January 2026 | Executive Director |
| Ms. S.R. Fernando | 16th January 2026 | Independent Non-Executive Director |

The following Directors resigned from the Board during the financial year ended 31st March 2026

| Name of the Director | Date of Resignation | Status |
|---|---|---|
| Mr. A.D.B. Talwatte | 31st July 2025 | Independent Non-Executive Director |
| Ms. D.N.K. Kurukulasuriya | 23rd December 2025 | Executive Director |

## SENIOR INDEPENDENT DIRECTOR

During the financial year 2025/26, several changes occurred in the position of Senior Independent Director of the Company.

| Name of the Director | Effective From | Effective To |
|---|---|---|
| Mr. A.D.B. Talwatte | 1st April 2025 | 31st July 2025 |
| Mr. H.M.A. Jayesinghe* | 1st August 2025 | 30th November 2025 |
| Mr. I.A. Wickramasinghe | 1st December 2025 | Till date |

* Consequent to an inadvertent non-compliance with the independence requirements prescribed under Rule 9.8.3(v) of the Listing Rules, arising from the aggregation of prior periods of Board service in assessing the Director's independence, Mr. Jayesinghe was subsequently reclassified as a Non-Independent Non-Executive Director. As a result of this reclassification, and as further explained on pages 150 to 151, he ceased to hold the position.

## RETIREMENT OF DIRECTORS IN TERMS OF ARTICLES OF ASSOCIATION AND THEIR RE-ELECTION

Mr. I.A. Wickramasinghe, Ms. N.M. Boralessa, Ms. D.N.K. Kurukulasuriya and Ms. S.R. Fernando shall hold the office of director until the forthcoming Annual

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

General Meeting of the company on 25th June 2026 and retire thereafter in accordance with Article 26(2) of the Articles of Association of the Company and shall be eligible for re-election.

## DIRECTORS ABOVE THE AGE OF 70 YEARS AND THEIR RE-ELECTION

The agenda for the Annual General Meeting includes two separate ordinary resolutions to be taken up in terms of Section 210 of the Companies Act to re-appoint Mr. A.R. Pandithage and Mr. A.M. Pandithage who have attained the age of 78 and 75 respectively.

## REVIEW OF PERFORMANCE

Strategic review by the Group Managing Director/Chief Executive Officer and Management commentary are on pages 18 to 24.

## FINANCIAL STATEMENTS

The Financial Statements of the Group and the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs) and comply with requirements of the Companies Act and, fulfills all disclosure requirements stipulated by SLFRSs/ LKASs and the Listing Rules. The Financial Statements for the year ended 31st March 2026 signed on behalf of the Board by the Chairman, Group Managing Director/Chief Executive Officer and Director/Chief Financial Officer (a member of the Board), are given on page 272.

## FINANCIAL RESULTS AND APPROPRIATIONS

### Turnover

The total net Group turnover generated by the seven business segments was Rs,103,634 million (2024/25 - Rs. 50,175 million), while the turnover of the Company was Rs. 88,910 million (2024/25 – Rs. 38,924 million). A segment wise analysis is given in Note 4.1.2 appearing on pages 287 to 288.

### Profit and Appropriations

The group profit after tax and group profit attributable to equity holders of the parent for the year were Rs. 1,544 million (group's loss after tax 2024/25 - Rs. 1,308 million) and Rs. 1,591 million (group loss attributable to equity holders 2024/25 – Rs. 1,265 million) respectively, whilst the profit after tax of the Company was Rs. 1,035 million (loss after tax 2024/25 – Rs. 562 million).

The Group's total comprehensive income attributable to parent was Rs. 1,579 million (Group's total comprehensive loss attributable to parent 2024/25 – Rs. 1,425 million) and the Company's total comprehensive income for the year was Rs. 1,049 million (Company's total comprehensive loss 2024/25 - Rs. 690 million).

### Dividend and Reserves

The Company has paid an interim dividend of Rs.10/- for the Financial Year 2025/26 on 21st April 2026.

The Reserves of the Group as at 31st March 2026 amount to Rs. 15,813 million (2024/25 – Rs. 14,317 million). The composition of the reserves is shown in the Statement of Changes in Equity in the Financial Statements.

## BOARD COMMITTEES

The Board of Directors has established four Board Committees to assist in the effective discharge of its responsibilities, namely the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee, and Nomination & Governance Committee. In terms of Rule 9.3.1 of the Listing Rules, these Committees are required to be established and maintained by the Company. The establishment of these Committees is also recommended under the Code of Best Practices on Corporate Governance – 2023 issued by the Institute of Chartered Accountants of Sri Lanka. The Board determines and approves the Terms of Reference of each Committee, which set out their roles, responsibilities, authority, and operating procedures.

## BOARD AND BOARD COMMITTEE MEETINGS

The number of Board meetings held, and the number of meetings attended by the Directors are given on page 156. The number of Board Committee meetings held, and the number of meetings attended by the members are given on page 156.

## REVIEW OF PERFORMANCE OF THE BOARD AND BOARD COMMITTEES

The performance of the Board and that of its committees were reviewed during the year by circulating a questionnaire among the Directors. The outcome of the questionnaire was discussed during the Board Meeting, and it was concluded that the performance of the Board and all four Committees were satisfactory.

## DIRECTORS' REMUNERATION

Directors' remuneration is given in Note 4.33.1 (a) to the Financial Statements.

## DIRECTORS' SHAREHOLDINGS

Shareholdings of Directors and their spouses, as required by the Listing Rules, are disclosed under "Investor Relations" section on page 195.

Dr. H. Cabral, Ms. N.M. Boralessa, Ms. S.R. Fernando, Mr. B.C.S.A.P. Gooneratne, Mr. H.M.A. Jayesinghe, Mr. R.A. Jayawardane, Ms. D.N.K. Kurukulasuriya, Mr. P.K.W. Mahendra, Mr. H.A.C. Perera, Mr. S.R.W.M.C. Ranawana and Mr. I.A. Wickramasinghe, who are Directors of the Company, did not hold any shares of the Company as at 31st March 2026.

## INTEREST REGISTER AND DIRECTORS' INTERESTS IN CONTRACTS/ PROPOSED CONTRACTS

An Interest Register is maintained by the Company as per requirements of the Companies Act. All Directors have made necessary declarations as provided in Section 192 (2) of the aforesaid Companies Act.

During the year, entries made in the Interest Register consisted of Directors' interests in contracts, remuneration paid to the Directors and renewal of Directors' and officers' liability insurance. The Interest Register is available at the registered office of the Company, in keeping with the requirements of the Section 119 (1) (d) of the Companies Act. The Directors have no direct or indirect interest in a contract or a proposed contract with the Company other than those disclosed on pages 262 to 263.

## EMPLOYEE SHARE OWNERSHIP PLANS

The Group does not operate any share option schemes.

## RELATED PARTY TRANSACTIONS

The Company identifies related parties as defined by LKAS 24. The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction Policy, declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them in any company where they hold office or ownership. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database of the Company.

The Board of Directors has given the following statement in respect of the related party transactions.

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are compliant with the Rule Number 09 of the Listing Rules.

### Non- Recurrent Related Party Transactions

There were no non-recurrent related party transactions where aggregate value exceeded 10% of the equity or 5% of the total assets of the Company whichever is lower, during the year ended 31st March 2026, which require specific disclosures in the 2025/26 Annual Report as required by Listing Rule 9.14.8(1) of the Colombo Stock Exchange.

### Recurrent Related Party Transactions

There were no recurrent related party transactions, of which aggregate value exceeded 10% of the consolidated revenue of the Group during the year ended 31st March 2026 as per the audited accounts, which required additional disclosures in the 2025/26 Annual Report, as required by Listing Rule 9.14.8 (2) of the Colombo Stock Exchange.

## ACCOUNTING POLICIES

The material Accounting Policies adopted by the Group and the Company are given on pages 286 to 348.

The Financial Statements and Notes thereto give a true and fair view of the Company's and the Group's financial position as at 31st March 2026, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## INDEPENDENT AUDITORS' APPOINTMENT AND REMUNERATION

The Company's Independent External Auditors, Messrs. KPMG, Chartered Accountants, who were re-appointed by a resolution passed at the last Annual General Meeting, have expressed their opinion which appears on pages 267 to 269 of this Annual Report.

The details of their remuneration are given in Note 4.5 to the Financial Statements. As far as the Directors are aware, the Auditors do not have any relationship with the Company, or any of its subsidiaries. The Auditors do not have any interest in contracts with the Company, or any of its subsidiaries.

Messrs. KPMG, Chartered Accountants, have made themselves available for re-appointment and having determined their suitability for re-appointment, the Board proposes that they be appointed as the Independent Auditor until the conclusion of the next Annual General Meeting.

## INDEPENDENT LIMITED ASSURANCE ON NON-FINANCIAL INFORMATION

Messrs. Ernst & Young, Chartered Accountants, has provided an independent limited assurance on the Integrated Reporting, Global Reporting Initiative (GRI) Compliance, ESG Statement and compliance with Sustainability Accounting Standards Board Framework, compliance with SLFRS S1 & S2 mandatory compliance and their opinion therein appears on pages 252 to 253 and pages 360 to 361.

## INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

The Board considers that strong internal controls are integral to sound management of the Company and is committed to maintaining financial, operational and risk management controls over all its activities. Further details of these aspects are discussed in Board of Directors' Statement on Internal Controls on page 265.

## MATERIAL FORESEEABLE RISK FACTORS

Information pertaining to material foreseeable risk factors is discussed on pages 200 to 208 of this Annual Report.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

## GOING CONCERN

The Board of Directors, after reviewing the Company's Business Plans, is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared considering the Company's' and its Subsidiaries' ability to continue to operate as going concern, details of which are available in Note 3.4 to the Financial Statements.

## CORPORATE GOVERNANCE

Pages 148 to 193 show the governance structure of the Group and the manner in which the Board plays its stewardship role to safeguard interests of stakeholders.

A report on compliance with the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka is available in the Company website at https://www.dimolanka.com/investor-relations/

## RESPONSIBLE CORPORATE BEHAVIOUR

The Board is committed to and considers it a key priority to act responsibly towards its stakeholders and to manage economic, environmental and social impacts during value creation activities, efficiently and effectively. The Board considers that Environmental and Social Governance is a strategically important aspect for the growth of the company and its subsidiaries.

## OUR SUSTAINABILITY AGENDA 2030

The Consolidated Report of ESG Performance on page 234 covers in detail, the environmental stewardship and social governance and wellbeing.

## HUMAN CAPITAL

Pages 62 to 72 covers in detail the group's practices and policies relating to selection, training, development, promotion and employee relations.

There were no material issues pertaining to employees or industrial relations during the year.

## SHARE INFORMATION

Information relating to shareholding, market value of shares, public shareholding and top twenty shareholders are disclosed under "Investor Relations" section on pages 194 to 199.

## EQUITABLE TREATMENT OF SHAREHOLDERS

The Company is committed to ensuring the equitable treatment of all shareholders by safeguarding their rights and facilitating fair, transparent, and timely access to relevant information. The Company endeavours to maintain effective communication and engagement with shareholders and investors, enabling informed participation in matters affecting the Company.

The Company's Policy on Relations with Shareholders and Investors, which outlines the framework for shareholder engagement and communication practices, is available on the Company's corporate website.

## RATIOS AND MARKET PRICE INFORMATION

The ratios relating to equity and debt as required by the listing requirements of the Colombo Stock Exchange are given on page 362 of this Report.

## DONATIONS

The Group and the Company made donations during the year amounting to Rs. 3.8 million and Rs 0.7 million respectively (2024/25 - Group: Rs. 1.7 million, Company - Rs. 1.2 million).

## PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group and the Company incurred Rs. 4,386 million and Rs. 1,366 million respectively (2024/25 - Group: Rs.2,315 million, Company: Rs.626 million) on the acquisition of property, plant and equipment, details of which are available in Note 4.9 to the Financial Statements.

Specific information on extent, locations, valuations, and number of buildings on the Company's land holdings are given in Note 4.9.1 to the Financial Statements.

The investment in intangible assets including capital work-in progress by the Group during the year was Rs. 249 million whilst the investment in intangible assets by the Company was Rs. 183 million (2024/25 – Group: Rs. 617 million, Company: Rs.216 million).

## MARKET VALUE OF FREEHOLD LAND

All freehold lands were revalued as at 31st March 2024, and the corresponding revalued amounts have been recognized as land value in the financial statements. As at 31st March 2026, there is no evidence that the book value of land of the Company and/or its subsidiaries is substantially different from its market value.

## STATED CAPITAL

The stated capital of the Company as at 31st March 2026 amounted to Rs. 621 million (2024/25- Rs. 621 million), details of which are available in Note 4.21 to the Financial Statements.

## STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments to the government, other regulatory bodies and relating to the employees have been made on time.

## COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the knowledge and belief of the Board of Directors, except for the inadvertent non-compliance relating to the independence requirements under Rule 9.8.3(v) of the Listing Rules, as explained on pages 150 to 151, the Group/Company has not engaged in any activity that contravenes the applicable laws and regulations of the country.

## ENVIRONMENTAL PROTECTION

Policies and endeavors made on environmental preservation by the Group and the Company are given on the Natural Capital and Consolidated Statement of ESG Performance on pages 234 to 253.

## EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no material events that occurred after the reporting date that require adjustment to or disclosure in the Financial Statements, other than those disclosed in Note 4.35 to the Financial Statements on page 348.

## ANNUAL GENERAL MEETING

The Eighty First Annual General Meeting of the Company will be held at DIMO 800, Sirimavo Bandaranaike Mawatha, Colombo 14 on 25th June 2026 at 08.00 a.m. A Notice of Meeting of the 81st Annual General Meeting is available on page 366.

## ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by the Section 168 (1) (k) of the Companies Act, the Board of Directors does hereby acknowledge the contents of this Annual Report.

By order of the Board of Directors,



A. R. Pandithage
Chairman



A.G. Pandithage
Group Managing Director/Chief Executive Officer



Dinali Gurusinghe
Company Secretary
Colombo
3rd June 2026

# DIRECTORS' INTERESTS IN CONTRACTS WITH THE COMPANY

Related party disclosures, as required by Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures,' are provided in Note 4.33 of the Financial Statements on pages 347 to 348 . In addition, the Company carries out transactions in the ordinary course of business with entities where the Director of the Company is a Director of such entities as detailed below.

Table 94: Directors' Interests in Contracts

| Director /Company | Relationship to Company | Nature of the transaction | Outstanding as at 31st March 2026 - Receivable/ Payable (Advance Received**/ Paid** ) Rs.'000 | Outstanding as at 31st March 2025 - Receivable/ Payable (Advance Received**/ Paid** ) Rs.'000 |
|---|---|---|---|---|
| A.M. Pandithage | | | | |
| Advantis Express ( Pvt) ltd | Director | Purchase of goods | (358) | (50) |
| Advantis Freight (pvt) Ltd | Director | Purchase of goods | (177) | - |
| Advantis Projects & Engineering (pvt) Ltd | Director | Sale of goods and rendering of services | 2,530 | - |
| | Director | Purchase of goods | (286) | - |
| Alumex PLC* | Director | Sale of goods and rendering of services | 6 | 1,321 |
| D P L Premier Gloves Limited | Director | Sale of goods and rendering of services | 31 | 34 |
| Delmege Forsyth & Co. Exports (Pvt) Ltd | Director | Sale of goods and rendering of services | 98 | 163 |
| Dipped Products PLC | Director | Sale of goods and rendering of services | 899 | 1,389 |
| Energynet (Pvt) Ltd | Director | Sale of goods and rendering of services | 311 | 57 |
| Fentons Ltd | Director | Sale of goods and rendering of services | 5,339 | 300 |
| Hanwella Rubber Products Ltd | Director | Sale of goods and rendering of services | - | 41 |
| Haycarb PLC | Director | Sale of goods and rendering of services | 4,520 | 11,351 |
| Hayleys Advantis Ltd | Director | Sale of goods and rendering of services | 495 | 620 |
| Hayleys Aventura (Pvt) Ltd | Director | Sale of goods and rendering of services | 1,598 | 43 |
| Hayleys Consumer Products Ltd | Director | Sale of goods and rendering of services | 3 | 694 |
| Hayleys Fabric PLC | Director | Sale of goods and rendering of services | 1,356 | 1,033 |
| Hayleys Fibre PLC | Director | Sale of goods and rendering of services | 233 | - |
| Hayleys Free Zone Limited | Director | Sale of goods and rendering of services | 12 | 1,233 |
| Hayleys Leisure PLC | Director | Sale of goods and rendering of services | - | 205 |
| Hayleys Nature Nest (Pvt) Ltd | Director | Sale of goods and rendering of services | 93,072 | - |
| Hayleys PLC* | Director | Sale of goods and rendering of services | 1,219 | 997 |
| Hayleys Travels (Pvt) Ltd | Director | Sale of goods and rendering of services | 611 | 349 |
| | Director | Purchase of goods and services | (1,660) | - |
| Horana Plantations PLC | Director | Sale of goods and rendering of services | 5,062 | 256 |
| Kelani Valley Plantations PLC | Director | Sale of goods and rendering of services | 2,468 | - |
| Logiwiz Ltd | Director | Sale of goods and rendering of services | 26,092 | 4,313 |
| Martin Bauer Hayleys (Pvt) Ltd | Director | Sale of goods and rendering of services | 128 | 273 |
| Ravi Industries Ltd | Director | Sale of goods and rendering of services | 998 | - |
| Rileys (Pvt) Ltd | Director | Sale of goods and rendering of services | 1 | 31 |
| Singer (Sri Lanka) PLC | Director | Sale of goods and rendering of services | 10,003 | 11,022 |
| | Director | Purchase of goods | - | (880) |
| South Asia Textiles Limited | Director | Sale of goods and rendering of services | 515 | - |

| Director /Company | Relationship to Company | Nature of the transaction | Outstanding as at 31st March 2026 - Receivable/ Payable (Advance Received**/ Paid** ) Rs.'000 | Outstanding as at 31st March 2025 - Receivable/ Payable (Advance Received**/ Paid** ) Rs.'000 |
|---|---|---|---|---|
| H.M.A. Jayesinghe | | | | |
| Lanka Dairies (Pvt) Ltd | Director | Sale of goods and rendering of services | 13,807 | 310 |
| Lanka IOC PLC | Director | Sale of goods and rendering of services | 395 | 2,261 |
| Lanka Walltiles PLC | Director | Sale of goods and rendering of services | 450 | 794 |
| Royal Ceramic Lanka PLC | Director | Sale of goods and rendering of services | 11,527 | 12,429 |
| Vallibel One PLC | Director | Sale of goods and rendering of services | 2,455 | 819 |
| | Director | Purchase of goods | (7,918) | - |
| Dr. H. Cabral | | | | |
| Chevron Lubricants Lanka PLC | Director | Purchase of goods | (7,362) | - |
| Tokyo Cement Power Lanka (Private) Limited | Director | Sale of goods and rendering of services | 574 | 215 |
| Tokyo Eastern Cement Company (Private) Limited | Director | Sale of goods and rendering of services | 314 | 87 |
| I.A. Wickramasinghe | | | | |
| C. W. Mackie PLC* | Director | Purchase of goods | 66 | 1,498 |
| Overseas Realty (Ceylon) PLC | Director | Sale of goods and rendering of services | 273 | 168 |
| Three Acre Farms PLC | Director | Sale of goods and rendering of services | 3,363 | 1,218 |
| R.A. Jayawardane | | | | |
| Maliban Biscuit Manufactories Ltd., | Group CEO | Sale of goods and rendering of services | 974 | 3,505 |
| Maliban Dairy and Agri Products Ltd | Group CEO | Sale of goods and rendering of services | 3 | - |
| Maliban Milk Products Ltd., | Group CEO | Sale of goods and rendering of services | 898 | 664 |

* The following companies have more than one director in common with the company,as specified below.

| Company | Directors |
|---|---|
| Hayleys PLC | Dr.H. Cabral , A.M. Pandithage, S.R. Fernando |
| Alumex PLC | Dr.H. Cabral , A.M. Pandithage |
| C. W. Mackie PLC | H.M.A. Jayesinghe, I.A. Wickramasinghe |

In addition to the above, the Company and the Group have obtained banking facilities from DFCC Bank PLC, where Mr. I. A. Wickramasinghe, a Director of the Company, also serves as a Director. As at 31st March 2026, the outstanding balances relating to these facilities comprised import letters of credit (LCs) amounting to Rs 1,362.4 million and import loans amounting to Rs 1,370.5 million

# STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

Section D.1.5 of the 'Code of Best Practice on Corporate Governance 2023' (the "Code") recommends that the Board of Directors presents a Responsibility Statement on the preparation and presentation of Financial Statements in the Annual Report together with a statement by the Auditors about their reporting responsibilities.

The responsibilities of the Directors in relation to the Financial Statements of the Company and the Group are set out in this statement. The responsibility of the Auditors in relation to the Financial Statements is set out in the Report of the Auditors on pages from 267 to 269.

As per the provisions of sections 150 (1), 151, 152 and 153 (1) & (2) of the Companies Act No 07 of 2007, (the "Companies Act") the Directors are responsible to prepare and present Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group and the profit or loss of the Company and the Group for the financial year.

The Financial Statements comprise of:

- Statement of Profit or Loss and Other Comprehensive Income of the Group and the Company
- Statement of Financial Position of the Group and the Company
- Statement of Changes in Equity of the Group and the Company
- Statement of Cash Flows of the Group and the Company
- Notes to the Financial Statements comprising of Principal Business Activities (Section 2), Basis of Accounting (Section 3), Material Accounting Policies and Notes (Section 4) and other disclosures

The Financial Statements are also required to be placed before the shareholders at the Annual General Meeting.

Further, under Section 148 of the Companies Act, the Directors are responsible for ensuring that proper accounting records are maintained to enable the determination of the financial position with reasonable accuracy, facilitate the preparation of Financial Statements, and enable the audit of such statements to be carried out readily and properly.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented.

Responsibility also rests with the Directors for taking reasonable measures to safeguard the assets of the Group and the Company and, in this regard, to give due consideration to establishing appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Auditors are provided with every opportunity to take all necessary steps to enable them to form their audit opinion.

Having reviewed the financial budgets, cash flow projections for the year ending 31st March 2026, and available banking facilities, the Directors are satisfied that the Group/Company has adequate resources to continue its operations and have accordingly adopted the going concern basis in the preparation of these Financial Statements.

Directors confirm that;

- Appropriate Accounting Policies have been selected and used in a consistent manner, and material departures, if any, have been disclosed and explained and,
- The Financial Statements of the Group and the Company are prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs); and that reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected; and
- Listing Rules of the Colombo Stock Exchange were complied with, except for the inadvertent non-compliance relating to the independence requirements under Rule 9.8.3(v), as explained on pages 150 to 151.
- To the best of their knowledge, are satisfied that all statutory payments in relation to all relevant regulatory authorities which were due and payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant, provided for.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board of Directors,



B.C.S.A.P. Gooneratne
Director/Chief Financial Officer

Colombo
3rd June 2026

# BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

Section D1.4 of the 'Code of Best Practice on Corporate Governance 2023 (The "Code") recommends that the Board of Directors presents a Statement on Internal Controls, in the Annual Report.

## RESPONSIBILITY

It is the responsibility of the Board of Directors to maintain a sound system of internal controls to safeguard shareholders' investments and the Company's assets.

Currently, the Board relies on the members of the Group Management Committee, Internal Audit Function, Risk Management Process, Accredited Management Systems, and Independent Assurance findings to establish and refine internal controls.

However, this internal control system is designed to manage the Company's key areas of risk. Accordingly, the system of internal controls can only provide a reasonable but not absolute assurance against material misstatements or losses.

## KEY INTERNAL CONTROL PROCESSES

The key processes that have been established by the Board in reviewing the adequacy and integrity of the system of internal controls include the following:

- The Board Committees and Group Management Committee are established to assist the Board in ensuring the effectiveness of the Group's operations and that the Group's operations are directed towards corporate strategy, objectives, annual budget and policies, taking into consideration the business environment and internal operating conditions.
- The Group Internal Audit function provides comfort on the efficiency and effectiveness of the Internal Control System of the Group and the Company. The Group Internal Audit function operates according to the annual audit plan which is reviewed and approved by the Audit Committee. The findings of the audits are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee approves the annual audit plan, reviews internal control issues identified by the Group Internal Auditors, the Independent External Auditors, regulatory authorities and the management, and evaluates the adequacy and effectiveness of the internal control system. Activities undertaken by the Audit Committee are set out in the Audit Committee Report from pages 170 to 171.

## CONFIRMATION

The Board of Directors of Diesel & Motor Engineering PLC ('Group') confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs), requirements of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and any other regulatory requirements. The Consolidated Financial Statements for the year ended 31st March 2026 have been audited by Messrs. KPMG, Chartered Accountants.

By order of the Board,



A.R. Pandithage
Chairman



B.C.S.A.P Gooneratne
Director/ Chief Financial Officer



N.M. Boralessa
Chairman - Audit Committee

Colombo
3rd June 2026

# STATEMENT OF RESPONSIBILITY OF THE CHAIRMAN, GROUP MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Section D.1.4 of the 'Code of Best Practice on Corporate Governance 2023' (the "Code") recommends that the Board should, before it approves the Financial Statements for a financial period, obtain a declaration, in their opinion, on Financial Statements and system of risk management and internal controls from its Chief Executive Officer and Chief Financial Officer.

Accordingly, we confirm that the Financial Statements of Diesel and Motor Engineering PLC and the Consolidated Financial Statements of the Group as at 31st March 2026 have been prepared and presented in accordance with the requirements of the following, and that any inadvertent non-compliances identified during the year have been appropriately disclosed in the relevant sections of the Annual Report:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (SLFRSs/LKASs),
- Companies Act No. 07 of 2007,
- Listing Rules of the Colombo Stock Exchange, and
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

We also confirm that the accounting policies used in the preparation of the Consolidated Financial Statements are appropriate and consistently applied, unless otherwise stated in the Notes accompanying the Financial Statements. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation. The Significant Accounting Policies and estimates that involve a high degree of judgement and complexity were discussed with the Audit Committee.

The Board of Directors and the Management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs. To ensure this, the Company has taken reasonable and sufficient care to install a system of internal controls and accounting records to safeguard assets and to prevent and detect fraud as well as other irregularities, which are reviewed, evaluated and updated on an ongoing basis.

The Group Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company are consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Financial Statements were audited by Messrs. KPMG, Chartered Accountants, Independent External Auditors. Their report is given on pages from 267 to 269 of the Annual Report. The Assurance Reports on the Integrated Reporting, Global Reporting Initiative (GRI) Compliance, ESG Statement and compliance with Sustainability Accounting Standards Board Framework are available on pages 209 to 210 and pages 360 to 361.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent External Auditors to review the manner in which these Auditors discharge their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the Independent External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

## CONCLUSION

We confirm that we have discharged our responsibilities in maintaining proper financial records and preparing financial statements in accordance with SLFRSs and LKASs. To the best of our knowledge, we also confirm that procedures for managing risks and internal control were operating effectively during the financial year.



A.R. Pandithage
Chairman



A.G. Pandithage
Group Managing Director / Chief Executive Officer



B.C.S.A.P. Gooneratne
Director/Chief Financial Officer

Colombo
3rd June 2026

# INDEPENDENT AUDITORS' REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

## TO THE SHAREHOLDERS OF DIESEL & MOTOR ENGINEERING PLC

## REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Diesel & Motor Engineering PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2026, and the statement of profit and loss and other 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 policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2026, and of their financial performance and 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 Group in accordance with the Code of Ethics for professional accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated and the Company financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated and the Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| **Revenue Recognition** | |
|---|---|
| **Refer to Note 4.1 to the Financial Statements** | |
| **Risk Description** | **Our Response** |
| Group and the Company has recorded a revenue of Rs. 103,634 million and Rs. 88,910 million respectively for the year ended 31st March 2026.<br>The Group carry out its business operations in different sectors which result in high volume of revenue transactions in different revenue streams which requires judgment in some of the revenue transactions in order to determine the timing and the amount of revenue recognition. Further, in accordance with Sri Lanka Auditing Standards (SLAuS), there is a presumed fraud risk relating to revenue recognition.<br>Revenue recognition of certain items of the Group and the Company require judgement which will increase the risk of material misstatement of revenue, contract liabilities and other related balances.<br>We consider this as a key audit matter because of the significant judgment associated with the appropriate recognition of revenue in the correct accounting period. | Our audit procedures included,<br>• Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management key internal controls involved in the revenue recognition including the key IT controls relating to revenue recognition.<br>• Performing detailed analysis of revenue streams, testing the timing of its recognition and accuracy of the amounts recognized for significant revenue streams.<br>• Reviewing the adequacy, relevance and accuracy of the accounting policies and disclosures in the financial statements. |

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA
W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F R Ziyard ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

# INDEPENDENT AUDITORS' REPORT

| Impairment assessment of goodwill and investments in subsidiaries | |
|---|---|
| **Refer Note 4.11.1 and 4.12.1 to the Financial Statements** | |
| **Risk Description** | **Our Response** |
| The Company has recorded a gross investment of Rs. 5,229 million and recorded an impairment Rs. 196 million effecting to a net balance of Rs. 5,033 million for the investments in subsidiaries and the Group has recorded a net carrying value of Goodwill amounting to Rs. 496 million as at 31st March 2026. The carrying amount of each investment in subsidiaries and related goodwill have been tested for impairment as individual Cash Generating Units ('CGU'). The carrying amount of these investments and goodwill could be materially misstated if inappropriate judgments and estimates were used by the management in calculating the recoverable amount for each Cash Generating Unit ('CGU') as part of their impairment assessment.<br><br>We identified assessment of impairment of investment in subsidiaries and goodwill as a key audit matter due to significant degree of management judgment involved in making this assessment and in forecasting the future cash flows of the companies which could have significant impact on the financial statements. Further, impact prevailing volatile macro-economic environment on the business operations resulted in increased estimates and judgements involved in the assessment of impairment of investment in subsidiaries and Goodwill. | Our audit procedures included,<br>• Obtaining an understanding of management's impairment assessment process.<br>• Evaluating the indications of possible impairment of investments in subsidiaries and Goodwill.<br>• Obtaining the forecasted cash flow projections of the subsidiaries and assessing the reasonableness of the forecasts and evaluating the assumptions used in the valuation.<br>• Reviewing the effectiveness of management's process in developing these forecasts by comparing the actual financial results against previous projections.<br>• Assessing the adequacy of disclosures made in the financial statements with the relevant accounting standards. |

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as the 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, the management is responsible for assessing the Group'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 the management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group financial reporting process.

## Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group'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 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 Group'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 Group 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.



**CHARTERED ACCOUNTANTS**
Colombo, Sri Lanka
3rd June 2026

# SECTION 1 - FINANCIAL STATEMENTS

This section identifies the Financial Statements of the Company and the Group, and presents the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows. The Responsibility for the Financial Statements and its authorisation is also identified in this section.



Financial Statements in Sinhala

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=41



Financial Statements in Tamil

https://www.dimolanka.com/2025-2026-dimo-annual-report/url.php?id=42

## CONSOLIDATED FINANCIAL STATEMENTS

The financial statements for the year ended 31st March 2026 comprise "Company" referring to Diesel and Motor Engineering PLC as the holding company, and the "Group" referring to the companies that have been consolidated therein together with the group's Interests in Equity Accounted Investees.

## COMPOSITION OF FINANCIAL STATEMENTS

The Financial Statements comprise of the following:

- Statement of Profit or Loss and Other Comprehensive Income (Page 271)
- Statement of Financial Position (Page 272)
- Statement of Changes in Equity (Page 273)
- Statement of Cash Flows (Pages 274 to 275)
- Notes to the Financial Statements comprising of Principal Business Activities (Section 2), Basis of Accounting (Section 3), Material Accounting Policies and Notes (Section 4) and other disclosures

## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board of Directors acknowledges their responsibility for Financial Statements, as set out in the Annual Report of the Board of Directors, Statement of Directors' Responsibilities for Financial Statements and in the certification on the Statement of Financial Position on pages 257 to 261, 264 and 272 respectively, of this Annual Report.

## AUTHORISATION OF FINANCIAL STATEMENTS BY THE BOARD OF DIRECTORS

The Financial Statements for the year ended 31st March 2026, were authorised for issue by the Board of Directors on 3rd June 2026.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| For the year ended 31st March | Note | Group 2026 Rs.'000 | Group 2025 Rs.'000 | Company 2026 Rs.'000 | Company 2025 Rs.'000 |
|---|---|---|---|---|---|
| Revenue | 4.1 | 103,633,939 | 50,174,979 | 88,910,443 | 38,923,793 |
| Cost of sales | | (83,806,916) | (38,781,289) | (72,684,844) | (30,011,486) |
| Gross profit | | 19,827,023 | 11,393,690 | 16,225,599 | 8,912,307 |
| Other operating income | 4.3 | 243,311 | 455,382 | 919,766 | 1,051,470 |
| Selling and distribution expenses | | (4,320,815) | (2,980,012) | (3,987,129) | (2,760,973) |
| Impairment loss on trade receivables | 4.16.1.1 | (210,840) | (370,648) | (120,442) | (312,499) |
| Administrative expenses | | (10,511,697) | (7,844,835) | (9,305,086) | (6,047,534) |
| Operating profit | | 5,026,982 | 653,577 | 3,732,708 | 842,771 |
| Finance income | | 470,724 | 50,907 | 882,582 | 248,900 |
| Finance costs | | (3,446,484) | (2,650,714) | (3,064,631) | (1,934,291) |
| Net finance costs | 4.4 | (2,975,760) | (2,599,807) | (2,182,049) | (1,685,391) |
| Share of results of equity-accounted investees, net of tax | 4.12.4 | (4,597) | (1,825) | (4,597) | (1,825) |
| Profit/(Loss) before tax | 4.5 | 2,046,625 | (1,948,055) | 1,546,062 | (844,445) |
| Income tax expense/(reversal) | 4.6.2 | (502,672) | 639,589 | (510,893) | 282,690 |
| Profit/(Loss) for the year | | 1,543,953 | (1,308,466) | 1,035,169 | (561,755) |
| Other Comprehensive Income | | | | | |
| Items that will not be reclassified to profit or loss in subsequent periods | | | | | |
| Remeasurement (loss)/gain on retirement benefit obligation | 4.25.1 | (26,131) | (261,370) | 7,186 | (223,829) |
| Deferred tax reversal/(charge) on remeasurement of retirement benefit obligation | 4.26.1 | 7,839 | 78,411 | (2,156) | 67,149 |
| | | (18,292) | (182,959) | 5,030 | (156,680) |
| Items that are or may be reclassified to profit or loss in subsequent periods | | | | | |
| Foreign currency translation differences of foreign operations | | 157 | 27,290 | 8,489 | 27,984 |
| | | 157 | 27,290 | 8,489 | 27,984 |
| Total other comprehensive income/(expense), net of tax | | (18,135) | (155,669) | 13,519 | (128,696) |
| Total comprehensive income/(expense) for the year | | 1,525,818 | (1,464,135) | 1,048,688 | (690,451) |
| Profit/(Loss) attributable to: | | | | | |
| Equity holders of the parent | | 1,591,195 | (1,264,745) | 1,035,169 | (561,755) |
| Non-controlling interest | | (47,242) | (43,721) | - | - |
| | | 1,543,953 | (1,308,466) | 1,035,169 | (561,755) |
| Total comprehensive income/(expense) attributable to: | | | | | |
| Equity holders of the parent | | 1,578,520 | (1,425,382) | 1,048,688 | (690,451) |
| Non-controlling interest | | (52,702) | (38,753) | - | - |
| | | 1,525,818 | (1,464,135) | 1,048,688 | (690,451) |
| Basic and diluted earnings/(loss) per share (Rs.) | 4.7 | 172.37 | (137.00) | 112.13 | (60.85) |
| Dividend per share (Rs.) | 4.8 | - | - | 10.00 | 5.00 |

Figures in brackets indicate deductions.
The Notes appearing on pages 276 to 348 form an integral part of these Financial Statements.

# STATEMENT OF FINANCIAL POSITION

| As at 31st March | Note | Group 2026 Rs.'000 | Group 2025 Rs.'000 | Company 2026 Rs.'000 | Company 2025 Rs.'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Property, plant and equipment | 4.9 | 22,882,424 | 19,247,115 | 17,245,934 | 16,428,633 |
| Right-of-use assets | 4.10 | 990,469 | 736,705 | 678,624 | 604,661 |
| Intangible assets and goodwill | 4.11 | 1,905,096 | 2,129,162 | 950,707 | 843,415 |
| Investments in subsidiaries | 4.12.1.1 | - | - | 5,032,653 | 3,433,003 |
| Investments in equity accounted investees | 4.12.4 | - | - | - | - |
| Other financial assets | 4.18 | 7,011 | 8,898 | - | - |
| Deferred tax assets | 4.26.1 | 1,478,246 | 1,315,468 | - | - |
| Total non-current assets | | 27,263,246 | 23,437,348 | 23,907,918 | 21,309,712 |
| Inventories | 4.15 | 26,922,520 | 10,610,519 | 24,510,915 | 7,348,234 |
| Trade and other receivables | 4.16 | 21,027,680 | 15,733,645 | 14,276,996 | 10,477,796 |
| Other current assets | 4.17 | 3,792,863 | 3,712,034 | 2,632,588 | 1,920,957 |
| Income tax receivable | 4.31 | 109,757 | 112,707 | - | 16,632 |
| Amounts due from related parties | 4.32.1.1 | - | 376 | 2,401,239 | 2,673,570 |
| Other financial assets | 4.18 | 2,474 | 2,315 | - | - |
| Cash and cash equivalents | 4.19 | 3,649,833 | 3,055,406 | 2,313,988 | 1,942,577 |
| | | 55,505,127 | 33,227,002 | 46,135,726 | 24,379,766 |
| Assets held for sale | 4.20 | - | 38,545 | - | 38,545 |
| Total current assets | | 55,505,127 | 33,265,547 | 46,135,726 | 24,418,311 |
| Total assets | | 82,768,373 | 56,702,895 | 70,043,644 | 45,728,023 |
| **Equity and Liabilities** | | | | | |
| **Equity** | | | | | |
| Stated capital | 4.21 | 620,578 | 620,578 | 620,578 | 620,578 |
| Other components of equity | 4.23 | 7,126,650 | 7,125,675 | 7,145,355 | 7,136,866 |
| Revenue reserves | 4.22 | 8,686,145 | 7,191,029 | 7,891,674 | 6,933,904 |
| Equity attributable to equity holders of the parent | | 16,433,373 | 14,937,282 | 15,657,607 | 14,691,348 |
| Non-controlling interests | | 427,467 | 501,061 | - | - |
| Total equity | | 16,860,840 | 15,438,343 | 15,657,607 | 14,691,348 |
| **Liabilities** | | | | | |
| Interest bearing borrowings | 4.24.1.1 | 7,299,461 | 2,638,267 | 4,113,960 | 2,282,170 |
| Lease liabilities | 4.24.3.1 | 960,355 | 755,605 | 670,133 | 616,886 |
| Retirement benefit obligation | 4.25.1 | 1,835,538 | 1,643,258 | 1,565,065 | 1,426,889 |
| Deferred tax liabilities | 4.26.1 | 2,244,283 | 2,569,978 | 2,088,616 | 2,509,093 |
| Contract liabilities | 4.27.1 | 169,923 | 646,156 | 98,343 | 272,246 |
| Total non-current liabilities | | 12,509,560 | 8,253,264 | 8,536,117 | 7,107,284 |
| Trade and other payables | 4.29 | 6,858,397 | 3,145,497 | 5,615,691 | 2,107,811 |
| Other current liabilities | 4.30 | 3,015,254 | 2,130,510 | 2,459,209 | 1,356,161 |
| Current portion of long-term interest bearing borrowings | 4.24.1.1 | 1,194,352 | 735,483 | 962,880 | 609,060 |
| Lease liabilities | 4.24.3.1 | 188,826 | 96,540 | 123,173 | 73,673 |
| Contract liabilities | 4.27.1 | 2,371,515 | 2,332,543 | 1,729,203 | 1,810,083 |
| Income tax payable | 4.31 | 777,068 | 21,279 | 741,003 | 1,564 |
| Short-term interest - bearing borrowings | 4.24.2 | 38,992,561 | 24,549,436 | 33,415,604 | 16,530,765 |
| Amounts due to related parties | 4.32.1.2 | - | - | 803,157 | 1,440,274 |
| Total current liabilities | | 53,397,973 | 33,011,288 | 45,849,920 | 23,929,391 |
| Total liabilities | | 65,907,533 | 41,264,552 | 54,386,037 | 31,036,675 |
| Total equity and liabilities | | 82,768,373 | 56,702,895 | 70,043,644 | 45,728,023 |
| Net assets per share | | 1,780.14 | 1,618.08 | 1,696.11 | 1,591.44 |

## Certification

These Financial Statements as set out on pages 270 to 348 have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



M.H.B.U.S.B. Mahagedara
General Manager - Group Finance

The Board of Directors is responsible for these Financial Statements.

Signed for and on behalf of the Board,



A.R. Pandithage
Chairman



A.G. Pandithage
Group Managing Director/
Chief Executive Officer



B.C.S.A.P. Gooneratne
Director/Chief Financial Officer

3rd June 2026
Colombo

Figures in brackets indicate deductions.
The Notes appearing on pages 276 to 348 form an integral part of these Financial Statements..

# STATEMENT OF CHANGES IN EQUITY

| For the year ended 31st March | Note | Stated Capital | Other Components of Equity | | | Revenue Reserves | | Non-Controlling Interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | Revaluation Reserve | Fair value Reserve | Foreign Currency Translation Reserve | General Reserve | Retained Earnings | | |
| | | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Group | | | | | | | | | |
| As at 01st April 2024 | | 620,578 | 7,157,700 | (268) | (55,373) | 5,392,290 | 3,287,245 | 446,463 | 16,848,635 |
| Total comprehensive income | | | | | | | | | |
| Loss for the year | | - | - | - | - | - | (1,264,745) | (43,721) | (1,308,466) |
| Adjustments of fair value on disposal of FVOCI assets | | - | - | 268 | - | - | (268) | - | - |
| Other comprehensive income/(expense), net of tax | | - | | | 23,348 | - | (180,826) | 1,809 | (155,669) |
| | | - | - | 268 | 23,348 | - | (1,445,839) | (41,912) | (1,464,135) |
| Dividends to equity holders | | | | | | | | | |
| 2024/25 final dividend | 4.8 | - | - | - | - | - | (46,157) | - | (46,157) |
| Shared issued by subsidiaries to non -controlling interest | | - | - | - | - | - | - | 100,000 | 100,000 |
| Change in Group Holding | | - | - | - | - | - | 3,490 | (3,490) | - |
| | | - | - | - | - | - | (42,667) | 96,510 | 53,843 |
| As at 31st March 2025 | | 620,578 | 7,157,700 | - | (32,025) | 5,392,290 | 1,798,739 | 501,061 | 15,438,343 |
| As at 01st April 2025 | | 620,578 | 7,157,700 | - | (32,025) | 5,392,290 | 1,798,739 | 501,061 | 15,438,343 |
| Total comprehensive income | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | 1,591,195 | (47,242) | 1,543,953 |
| Other comprehensive income/(expense), net of tax | | - | - | - | 975 | - | (13,650) | (5,460) | (18,135) |
| | | - | - | - | 975 | - | 1,577,545 | (52,702) | 1,525,818 |
| Acquisition of non-controlling interests | | - | - | - | - | - | - | - | - |
| Dividends to equity holders | | | | | | | | | |
| 2025/26 Dividend declared | 4.8 | - | - | - | - | - | (92,315) | - | (92,315) |
| Write back of unclaimed dividend | | - | - | - | - | - | 9,886 | - | 9,886 |
| Subsidiary dividend to Non Controlling Interest | | - | - | - | - | - | - | (20,892) | (20,892) |
| | | - | - | - | - | - | (82,429) | (20,892) | (103,321) |
| As at 31st March 2026 | | 620,578 | 7,157,700 | - | (31,050) | 5,392,290 | 3,293,855 | 427,467 | 16,860,840 |
| Company | | | | | | | | | |
| As at 01st April 2024 | | 620,578 | 7,134,773 | (1,185) | (25,891) | 4,929,464 | 2,770,217 | - | 15,427,956 |
| Total comprehensive income | | | | | | | | | |
| Loss for the year | | - | - | - | - | - | (561,755) | - | (561,755) |
| Derecognition of financial assets due to disposal -FVOCI | | - | - | 1,185 | - | - | (1,185) | - | - |
| Other comprehensive income/(expense), net of tax | | - | - | - | 27,984 | - | (156,680) | - | (128,696) |
| | | - | - | 1,185 | 27,984 | - | (719,620) | - | (690,451) |
| Dividends to equity holders | | | | | | | | | |
| 2025/26 Dividend declared | 4.8 | - | - | - | - | - | (46,157) | - | (46,157) |
| | | - | - | - | - | - | (46,157) | - | (46,157) |
| As at 31st March 2025 | | 620,578 | 7,134,773 | - | 2,093 | 4,929,464 | 2,004,440 | - | 14,691,348 |
| As at 01st April 2025 | | 620,578 | 7,134,773 | - | 2,093 | 4,929,464 | 2,004,440 | - | 14,691,348 |
| Total comprehensive income | | | | | | | | | - |
| Profit for the year | | - | - | - | - | - | 1,035,169 | - | 1,035,169 |
| Other comprehensive income, net of tax | | - | | | 8,489 | | 5,030 | | 13,519 |
| | | - | - | - | 8,489 | - | 1,040,199 | - | 1,048,688 |
| Dividends to equity holders | | | | | | | | | |
| 2025/26 Dividend declared | 4.8 | - | - | - | - | - | (92,315) | - | (92,315) |
| Write back of unclaimed dividend | | - | - | - | - | - | 9,886 | - | 9,886 |
| | | - | - | - | - | - | (82,429) | - | (82,429) |
| As at 31st March 2026 | | 620,578 | 7,134,773 | - | 10,582 | 4,929,464 | 2,962,210 | - | 15,657,607 |

The General Reserve and Retained Earnings represent reserves available for distribution.

Revaluation reserve relates to the revaluation of land. Fair value reserve consists of net unrealised gains/(losses) arising from fair valuation of equity securities designated at FVOCI, excluding the impact arising from impairment of assets.

Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Figures in brackets indicate deductions.

The Notes appearing on pages 276 to 348 form an integral part of these Financial Statements.

# STATEMENT OF CASH FLOWS

| For the year ended 31st March | Note | Group 2026 Rs.'000 | Group 2025 Rs.'000 | Company 2026 Rs.'000 | Company 2025 Rs.'000 |
|---|---|---|---|---|---|
| Cash Flows from Operating Activities | | | | | |
| Profit /(Loss) before taxation | | 2,046,625 | (1,948,055) | 1,546,062 | (844,445) |
| Adjustments for; | | | | | |
| Depreciation on property, plant and equipment | 4.9 | 716,746 | 489,450 | 514,354 | 401,804 |
| Depreciation and derecognition of right-of-use assets | 4.10 | 196,351 | 150,248 | 126,410 | 104,323 |
| Amortisation on intangible assets | 4.11 | 84,858 | 73,063 | 75,859 | 72,966 |
| Impairement on goodwill | 4.11 | 388,641 | 31,911 | - | - |
| Impairment (reversal)/provision on equity-accounted investees | 4.12.4 | (15,497) | 89,273 | (15,497) | 89,273 |
| Impairment of investments in subsidiaries | 4.12.1.2 | - | - | 31,571 | 23,308 |
| Provision for related party receivables | 4.32 | - | - | 926,822 | 155,986 |
| Provision for bank guarantee claim | | - | 17,470 | - | 17,470 |
| Gain in disposal of equity-accounted investees | 4.3 | (26,455) | - | (26,455) | - |
| Gain on sale of property, plant and equipment | 4.3 | (2,745) | (32,773) | (1,494) | (28,758) |
| Interest expenses | 4.4 | 3,446,484 | 2,650,714 | 3,064,631 | 1,934,291 |
| Interest income | 4.4 | (470,724) | (50,907) | (882,582) | (248,900) |
| Dividend income | 4.3 | - | - | (48,748) | - |
| Share of gain of equity-accounted investees, net of tax | 4.12.4 | 4,597 | 1,825 | 4,597 | 1,825 |
| Impairment provision of trade receivables | 4.16.1.1 | 210,840 | 370,648 | 120,442 | 312,499 |
| Impairment provision of other current asset | 4.17.1 | 408,136 | 17,471 | 287,655 | 17,471 |
| Provision/(Reversal) on inventories | 4.15.1 | 535,239 | 114,358 | 521,058 | (120,739) |
| Provision for retirement benefits obligations excluding actuarial gain | 4.25.1 | 294,040 | 266,423 | 242,706 | 225,328 |
| | | 7,817,136 | 2,241,119 | 6,487,391 | 2,113,702 |
| Changes in working capital | | | | | |
| Increase in inventories | | (16,822,639) | (1,023,782) | (17,659,138) | (17,660) |
| Increase in trade and other receivables | | (5,504,875) | (4,473,359) | (3,912,330) | (3,826,312) |
| Increase in other current assets | | (488,965) | (760,297) | (999,286) | (385,531) |
| Decrease/(Increase) in amounts due from related parties | | 376 | 32,319 | (654,491) | 1,193,656 |
| Increase in trade payables | | 3,712,900 | 1,884,648 | 3,507,880 | 1,518,600 |
| Increase/(Decrease) in other current liabilities | | 795,001 | 7,468 | 1,011,943 | (24,192) |
| (Decrease)/ Increase in contract liabilities | | (437,261) | 1,299,088 | (254,783) | 1,290,914 |
| (Decrease)/Increase in amounts due to related parties | | - | - | 1,042,883 | (288,458) |
| Cash (used in) / generated from operating activities | | (10,928,327) | (792,796) | (11,429,931) | 1,574,719 |
| Interest paid | | (3,446,484) | (2,724,949) | (3,064,631) | (1,897,917) |
| Retirement benefits paid | 4.25 | (127,891) | (134,193) | (97,344) | (107,665) |
| Income tax paid | 4.31 | (217,254) | (138,997) | (168,777) | - |
| Net cash used in operating activities | | (14,719,956) | (3,790,935) | (14,760,683) | (430,863) |

| For the year ended 31st March | Note | Group 2026 Rs.'000 | Group 2025 Rs.'000 | Company 2026 Rs.'000 | Company 2025 Rs.'000 |
|---|---|---|---|---|---|
| Cash Flows from Investing Activities | | | | | |
| Net proceeds from sale of property, plant and equipment | | 12,985 | 102,343 | 11,734 | 94,083 |
| Net proceed from sale of equity securities | | - | 139 | - | 139 |
| Dividends received | 4.3 | - | - | 41,436 | - |
| Interest received | | 470,724 | 57,426 | 882,582 | 246,365 |
| Investments in other financial assets | 4.18 | 1,728 | (5,318) | - | - |
| Investment in subsidiaries | | - | - | (3,311,221) | (60,000) |
| Disposal proceeds of equity accounted investees | | 65,000 | - | 65,000 | - |
| Acquisition and construction of property, plant and equipment and capital work-in-progress | 4.9 | (4,386,291) | (2,314,923) | (1,366,496) | (625,692) |
| Acquisition of intangible assets and capital work-in-progress | 4.11 | (249,434) | (217,601) | (183,151) | (216,234) |
| Net cash used in investing activities | | (4,085,288) | (2,377,934) | (3,860,116) | (561,339) |
| Cash Flows from Financing Activities | | | | | |
| Proceeds from long-term borrowings | 4.24.1.1 | 5,989,000 | 1,300,000 | 2,900,000 | 1,000,000 |
| Repayment of long-term borrowings | 4.24.1.1 | (868,937) | (791,981) | (714,390) | (650,653) |
| Net movement of short-term borrowings | | 14,081,694 | 5,337,414 | 16,590,614 | 655,391 |
| Capital repayment of lease liabilities | | (151,850) | (149,103) | (95,961) | (95,086) |
| Dividend paid to equity holders of the parent | 4.22 | - | (46,157) | - | (46,157) |
| Dividend paid to non-controlling interests | | (20,892) | - | - | - |
| Net cash generated from financing activities | | 19,029,015 | 5,650,173 | 18,680,263 | 863,495 |
| Net increase/(decrease) in cash and cash equivalents | | 223,771 | (518,696) | 59,464 | (128,707) |
| Cash and cash equivalents as at 01st April | | 2,914,811 | 3,383,640 | 1,942,577 | 2,019,556 |
| Effect of exchange rate changes on cash and cash equivalents | | 9,225 | 49,867 | 17,722 | 51,728 |
| Cash and cash equivalents as at 31st March (Note-A) | | 3,147,807 | 2,914,811 | 2,019,763 | 1,942,577 |
| Note - A | | | | | |
| Analysis of cash and cash equivalents as at 31st March | | | | | |
| Cash and bank balances | 4.19 | 3,649,833 | 3,055,406 | 2,313,988 | 1,942,577 |
| Bank overdrafts | 4.24.2 | (502,026) | (140,595) | (294,225) | - |
| Cash and cash equivalents | | 3,147,807 | 2,914,811 | 2,019,763 | 1,942,577 |

Figures in brackets indicate deductions.

The Notes appearing on pages 276 to 348 form an integral part of these Financial Statements.

# SECTION 2 - PRINCIPAL BUSINESS ACTIVITIES

This section gives a description of the reporting entity, its subsidiaries and the equity accounted investees.

## 2.1 REPORTING ENTITY

The Reporting Entity is Diesel & Motor Engineering PLC (the 'Company') which is a public limited liability Company, incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the company is located at No. 65, Jetawana Road, Colombo 14. The ordinary shares of the Company are listed at the Colombo Stock Exchange.

Diesel & Motor Engineering PLC does not have an identifiable parent of its own. The Company is the ultimate parent of the Group.

## 2.2 THE PRINCIPAL PLACE OF BUSINESS AND BUSINESS ACTIVITIES OF THE COMPANY, SUBSIDIARIES AND THE EQUITY ACCOUNTED INVESTEES

Descriptions of the nature of operations and principal activities of the Company, its subsidiaries and equity accounted investees are given on pages 276 to 278 to the Financial Statements.

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

Table 95: Principle place of business and its activities

| Entity | Principal place of business | Principal business activities |
|---|---|---|
| The Company | | |
| Diesel & Motor Engineering PLC | Sri Lanka | A limited Company incorporated in 1945 under the Laws of the Democratic Socialist Republic of Sri Lanka. The Company was re-registered as per the requirements of the Companies Act No. 07 of 2007 on 09th May 2008. The Company is the ultimate parent of the Group. |
| | | Principal Business Activities of the Company includes: Import, Sale and repair of passenger vehicles, commercial vehicles, material handling equipments, construction machineries, agri machineries, earth moving machineries, car parking solutions, storage system and power tools. |
| | | Import and sale of vehicle spares, components, consumer products, accessories, lighting products, home appliances, industrial chemicals, and water pumps. |
| | | Provision of solutions in lighting, power engineering (including solar power generation), water & wastewater system and fluid management systems. |
| | | Sales and after-sales services in the business domains of industrial refrigeration systems, and marine and rail propulsion systems. |
| | | Import, repacking and distribution of inorganic fertiliser; sale of greenhouse-grown agricultural produce and irrigation processing; and sale of coconut shell charcoal for local and export market. |
| | Uganda Operations | Provide power engineering solutions. |
| Subsidiaries | | |
| DIMO (Private) Limited | Sri Lanka | Incorporated on 05th September 1972 as a Private Limited Company , the Company is engaged in sales and after sales services across a diversified range of sectors, including bio-medical engineering, power engineering, building technologies, civil engineering, elevators and escalators, industrial refrigeration systems, marine and rail propulsion systems and water and wastewater system and fluid management systems. |
| DIMO Travels (Private) Limited | Sri Lanka | Incorporated on 19th June 1975 as a Private Limited Company for the provision of transportation facilities. |
| DIMO Industries (Private) Limited | Sri Lanka | Incorporated on 14th September 1979 as a Private Limited Company in order to import and sale of tyres. |
| Plantchem (Private) Limited | Sri Lanka | On 23rd February 2018, the Company acquired 51% ordinary shares in Plantchem (Private) Limited. Subsequently, on 1st July 2021, an additional 19% shareholding was acquired, increasing the Company's total ownership in the subsidiary to 70%. Plantchem (Private) Limited was incorporated on 16th February 2005 as a Private Limited Company, primarily engaged in the import, re-packing and sales of pesticides, fungicides, insecticides, herbicides, weedicides, plant growth regulators, compound fertilisers and liquid fertilisers, as well as the manufacture and processing of organic and inorganic fertilisers, sales of tractors and provision of after sales. |

| Entity | Principal place of business | Principal business activities |
|---|---|---|
| Plantseeds (Private) Limited | Sri Lanka | On 23rd February 2018, the Company acquired 51% of the ordinary shares in Plant Seed (Private) Limited. Subsequently, on 1st July 2021, an additional 19% shareholding was acquired, increasing the Company's total shareholding in the subsidiary to 70%. Plant Seed (Private) Limited was incorporated on 24th March 2015 as a private limited company, primarily engaged in the import and sale of hybrid seeds; production, processing, and distribution of seed paddy, hybrid seeds, and vegetable seeds; import, re-packing, and sale of compound fertiliser; and the manufacture and sale of agricultural pipes using recyclable materials. |
| DIMO Lifeline (Private) Limited | Sri Lanka | Incorporated on 13th July 2020 as Private Limited Company with 100% of its ordinary shares owned by the Company, it was established to provide solutions for cardiac rhythm management, interventional cardiac operations and related therapy line. Subsequently, on 28th June 2024, the Company's shareholding was diluted to 75% following the issuance of new ordinary shares. |
| Moveflex (Private) Limited | Sri Lanka | Incorporated on 10th February 2021 as a Private Limited Company. The business of provision of transport facilities previously carried out by Diesel and Motor Engineering PLC was transferred to Moveflex (Private) Limited with effect from the date of incorporation to provide transport solutions. The company has expanded its operations beyond transportation and currently engages in a range of third-party logistics (3PL) activities, including comprehensive warehouse and supply chain solutions. |
| DIMO Lanka Company Limited* | Myanmar | Incorporated on 20th June 2017 as a Limited Company under the Myanmar Companies Act, Investee Company of Diesel and Motor Engineering PLC for operations in Myanmar. |
| United DIMO Company Limited* | Myanmar | Incorporated on 24th October 2017 as a Private Company Limited by Shares under the Myanmar Companies Act to sale of automobiles, automobile repair and servicing. This is a subsidiary of DIMO Lanka Company Limited. |
| DIMO Bangladesh (Private) Limited | Bangladesh | On 10th May 2022, the Company incorporated DIMO Bangladesh (Private) Limited with 99.99% equity interest. The principal business activities of the Company includes sale and after sales services of heavy machinery & equipment. |
| Tropical Health Food (Private) Limited | Sri Lanka | On 25th May 2022, the Company acquired 94.50% of ordinary shares of Tropical Health Food (Private) Limited. Tropical Health Food (Private) Limited was incorporated on 06th April 1994 as a Private Limited Company. The principal business activities of the Company includes the processing and preparing fruits and vegetables for export & local market. |
| Virgin Oil International (Private) Limited | Sri Lanka | On 02nd August 2022, the Company acquired 51% of ordinary shares of Virgin Oil International (Private) Limited by investing Rs. 40 million. Virgin Oil International (Private) Limited, incorporated on 14th May 2013 as a Private Limited Company, is primarily engaged in the producing, processing and export of pure virgin coconut oil and coconut-based products. |
| Mansel (Ceylon) (Private) Limited | Sri Lanka | On 28th September 2022, the Company acquired 75% of ordinary shares of Mansel (Ceylon) (Private) Limited. Mansel (Ceylon) (Private) Limited was incorporated on 05th February 1964 as a Private Limited Company. The principal business activities include the importation, sale, and distribution of pharmaceutical products. |
| Associated Laboratories (Private) Limited | Sri Lanka | On 28th September 2022, the Company acquired 75% of the ordinary shares of Associated Laboratories (Private) Limited through an investment of Rs. 45 million. Associated Laboratories (Private) Limited, incorporated on 29th April 1967 as a private limited company, is primarily engaged in the importation, sale, and distribution of pharmaceutical products. |
| DIMO Australia Pty Ltd | Australia | On 04th October 2022, the Company incorporated DIMO Australia Pty Limited under the Corporations Act 2001 in Australia. No shares has been issued during the period. The principal business activities include manufacturing and sale of off-road camper trailer caravans. |
| DIMO Global Pte. Ltd | Singapore | On 31st August 2022, DIMO (Private) Limited incorporated DIMO Global Pte. Ltd as a Private Limited Company in Singapore. The principal business activities include Engineering design and consultancy services in energy management and clean energy systems. |
| DI Solar Beliatta (Private) Limited | Sri Lanka | On 22nd August 2023, the Company incorporated DI-Solar Beliatta (Pvt) Limited as a private limited company. The principal business activities include the generation of solar power and handling of solar power projects. |

# SECTION 2 - **PRINCIPAL BUSINESS ACTIVITIES**

| Entity | Principal place of business | Principal business activities |
|---|---|---|
| DIMO Solar Anuradhapura (Private) Limited | Sri Lanka | On 28th December 2023, the Company incorporated DIMO Solar Anuradhapura (Pvt) Limited as a private limited company. The principal business activities include the generation of solar power and handling of solar power projects. |
| DIMO Solar Galle (Private) Limited | Sri Lanka | On 20th December 2023, the Company incorporated DIMO Solar Galle ( Private) Limited as a private company limited by shares. The principal business activities include provision of solar power and handling of solar power projects. |
| DIMO Solar Galle Two (Private) Limited | Sri Lanka | On 2nd February 2024, the Company incorporated DIMO Solar Galle Two (Private) Limited as a private company limited by shares. The principal business activities include the generation of solar power and handling of solar power projects. |
| DIMO Solar Galle Three (Private) Limited | Sri Lanka | On 2nd February 2024, the Company incorporated DIMO Solar Galle Three ( Private) Limited as a private company limited by shares. The principal business activities of the company are the provision of solar power and handling of solar power projects. |
| DIMO Solar Galle Four (Private) Limited | Sri Lanka | On 2nd February 2024, Diesel & Motor Engineering PLC incorporated DIMO Solar Galle Four ( Private) Limited as a private company limited by shares. The principal business activities of the company are the provision of solar power and handling of solar power projects. |
| DIMO College of Higher Education (Pvt) Ltd | Sri Lanka | On 11th March 2024, the company incorporated DIMO Collegeof Higher Education (Private) Limited as a private company limited by shares. The principal business activity of the company is the provision of higher educational services. |
| Equity accounted investee | | |
| DIMO Coastline (Private) Limited* | Maldives | On 22nd February 2018, the Company acquired 40% equity interest of DIMO Coastline (Private) Limited. DIMO Coastline (Private) Limited is a company incorporated in Republic of Maldives and whose financial year ends on 31st December. The Company has invested in DIMO Coastline (Private) Limited as part of expansion into marine and general engineering business overseas. |
| Azend Technologies (Private) Limited | Sri Lanka | On 09th November 2021, the Company invested in Azend Technologies (Private) Limited acquiring a 49% equity interest. Azend Technologies (Private) Limited is in the business of providing information technology solutions. During the financial year, this investment is divested on 8th April 2025. |

The country of incorporation of the above companies is the same country where the principal place of business is domiciled.

More details of the Group is available in the group structure on page 13.

* Non operating companies.

# SECTION 3 - BASIS OF ACCOUNTING

This section covers the basis of preparation of Financial Statements including policies, assumptions, judgements, estimates, and adoption of Sri Lanka Accounting Standards (SLFRSs/LKASs). Accounting policies and basis for judgements and estimates that are material to notes in section 4, is given in the relevant note.

## 3.1 STATEMENT OF COMPLIANCE

The Consolidated Financial Statements of the Group and the Separate Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Sri Lanka Accounting Standards comprise: Sri Lanka Financial Reporting Standards (SLFRSs); Sri Lanka Accounting Standards (LKASs); Statements of Recommended Practice (SoRPs); Statement of Alternative Treatment (SoAT); and Financial Reporting Guidelines issued by CA Sri Lanka.

The Accounting Standards, together with related guidance and FAQs, are available on the CA Sri Lanka website.

## 3.2 STATEMENT OF PRESENTATION

The Financial Statements of the Company have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

## 3.3 BASIS OF MEASUREMENT

The Financial Statements of the Group and Company have been prepared on historical cost basis, except for following;

Table 96: Basis of Measurement

| Item | Basis of measurement | Note | Page No |
|---|---|---|---|
| Freehold land | Initially measured at cost and subsequently carried at revalued amounts which are the fair values at the date of revaluation. | 4.9 | 300 |
| Equity instruments designated at fair value through other comprehensive income (FVOCI) | Fair value | 4.13 | 314 |
| Retirement benefit obligation | Actuarially valued and recognised at present value | 4.25 | 334 |
| Assets Held for Sale | Initially measured at the lower of carrying amount and fair value less costs to sell. | 4.20 | 328 |
| Lease Liability | Measured at its presented value of the lease payments | 4.24.3 | 333 |

The Financial Statements, except for information on Statement of Cash Flows have been prepared following the accrual basis of accounting.

## 3.4 GOING CONCERN

Management has assessed the ability of the Company and Group to continue as a going concern. In making this assessment, the Management has considered the potential negative impact that the current economic conditions could bring to the business operation of the Group. In doing so, Management has prepared estimates of performance and the forecasted liquidity based on the likely, worst, and best-case scenarios by considering available information and economic forecasts and the available resources and assets at the Group's disposal.

## 3.5 FUNCTIONAL AND PRESENTATION CURRENCY

The Consolidated Financial Statements are presented in Sri Lankan Rupees (LKR), which is the currency of the primary economic environment in which the reporting entity operates. Each entity of the Group uses the currency of the primary economic environment in which it operates as its functional currency. Amounts are stated in thousands of Sri Lankan rupees except where otherwise indicated.

The subsidiaries and equity-accounted investees whose functional currency is different from the presentation currency is given below.

Table 97: Functional Currencies

| Name of the Entity | Country of Domicile | Functional Currency |
|---|---|---|
| DIMO Lanka Company Limited | Myanmar | Burmese kyat |
| United DIMO Company Limited | Myanmar | Burmese kyat |
| DIMO Coastline (Private) Limited | Maldives | US Dollar |
| Diesel & Motor Engineering PLC - Uganda Branch | Uganda | Uganda Shilling |
| DIMO Bangladesh (Pvt) Ltd. | Bangladesh | Bangladeshi Taka |
| DIMO Global Pte. Ltd. | Singapore | Singapore Dollar |
| DIMO Australia Pty Ltd | Australia | Australian Dollar |

## 3.6 MATERIALITY, AGGREGATION, OFFSETTING, ROUNDING AND CURRENT VERSUS NON-CURRENT CLASSIFICATION

### 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 treated immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on disclosure initiatives.

# SECTION 3 - **BASIS OF ACCOUNTING**

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.

Notes to the Financial Statements are presented in a systematic manner that ensures the understandability and comparability of Financial Statements.

### Offsetting

Assets and liabilities or income and expenses are not set off unless required or permitted by Sri Lanka Accounting Standards.

### Rounding

Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs.000), unless indicated otherwise.

### Current Versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 3.7 COMPARATIVE INFORMATION

The presentation and classification of the financial statements of the previous years have been amended, where relevant, for better presentation and to be comparable with those of the current year.

In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in Financial Statements.

Following comparative changes have been made during the year for the Company and Group,

### 3.7.1 Reclassification of Salary Expense

During the year, certain employee-related expenses were reclassified in accordance with Sri Lanka Accounting Standards – LKAS 1, Presentation of Financial Statements, to better reflect the functional classification of expenses within the Group. Accordingly, salary expenses directly attributable to selling and distribution activities have been reclassified to selling and distribution expenses.

Table 98: Salary expenses Reclassification

| | Previously Reported | | Adjustment | | After Reclassification | |
|---|---|---|---|---|---|---|
| | Group Rs'000 | Company Rs'000 | Group Rs'000 | Company Rs'000 | Group Rs'000 | Company Rs'000 |
| Selling and distribution expenses | 1,561,974 | 1,429,887 | 1,418,038 | 1,331,086 | 2,980,012 | 2,760,973 |
| Administrative expenses | 9,262,873 | 7,378,620 | (1,418,038) | (1,331,086) | 7,844,835 | 6,047,534 |

### 3.7.2 Reclassification of Director Payable

During the current year, the presentation has been revised to classify the director payable balance under other payables according to the LKAS 24 from the parent / group perspective.

Table 99: Reclassification of Director Payable

| Group | As Reported Rs'000 | Adjustment Rs'000 | Reclassified Rs'000 |
|---|---|---|---|
| Other current liabilities | 2,045,104 | 85,406 | 2,130,510 |
| Amounts due to related parties | 85,406 | (85,406) | - |
| | 2,130,510 | - | 2,130,510 |

## 3.8 SUMMARY OF SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements of the Group requires the Management to make judgements, estimates and assumptions that may affect the reported amounts of assets, liabilities, income, expenses and accompanying disclosures as well as the disclosure of contingent liabilities, at the end of the reporting period. Management makes estimates and judgements based on current knowledge, historical experience and various other assumptions that are held to be reasonable under the circumstances. However, actual results may differ from these judgements and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the Financial Statements. The Group based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Judgements, estimates and assumptions made by management which have the most significant effect on the amounts recognised in these Consolidated Financial Statements are described in the following Notes.

Table 100: Accounting Policies

| Accounting Policy | Note |
|---|---|
| Revenue Recognition | 4.1 |
| Impairment of non financial assets | 3.10.3 |
| Income tax and deferred tax assets and liabilities | 4.31/4.26 |
| Useful life time of property, plant and equipment | 4.9 |
| Revaluation of property, plant and equipment | 4.9.1 |
| Provision for impairment of trade receivables | 4.16.1 |
| Asset held for sale | 4.20 |
| Employee benefits | 4.25 |
| Warranty provisions | 4.28.2 |
| Provision on inventories | 4.15.1 |
| Right-of-use assets and lease liabilities | 4.10/4.24.3 |
| Commitments and Contingencies | 4.34 |
| Basis of Consolidation | 3.10.1 |
| Equity accounted investees | 3.10.1 |
| Acquisition of subsidiaries | 3.10.1 |
| Impairment test on goodwill | 3.10.1 |

## 3.9 MATERIAL ACCOUNTING POLICIES

Summary of Material accounting policies are presented along with the relevant individual notes to the Consolidated Financial Statements. Those accounting policies presented with each note, have been applied consistently by the Group.

### 3.9.1 Changes in material accounting policies

There were no changes in material accounting policies used by the Group during the financial year. Further, there were no significant impact to the financial statements of the Group from new or amended accounting standards and interpretations that were required to be incorporated w.e.f 01st April 2025.

Set out below is an index of the Material accounting policies, the details of which are available on the pages indicated.

Table 101: Material Accounting Policies

| Note | Accounting Policy | Page No. |
|---|---|---|
| 4.1 | Revenue | 286 |
| 4.2 | Operating Segments | 289 |
| 4.3 | Other Operating Income | 294 |
| 4.4 | Net Finance Cost | 294 |
| 4.5 | Profit Before Tax | 295 |
| 4.6 | Taxation | 296 |
| 4.7 | Earnings Per Share-Basic and Diluted | 299 |
| 4.8 | Dividends | 299 |
| 4.9 | Property, Plant and Equipment | 300 |
| 4.10 | Right-of-Use Assets | 305 |
| 4.11 | Intangible Assets and Goodwill | 306 |
| 4.12 | Investments in Subsidiaries and Equity-Accounted Investees | 309 |
| 4.13 | Financial Assets and Liabilities | 314 |
| 4.14 | Equity Securities | 322 |
| 4.15 | Inventories | 323 |
| 4.16 | Trade and Other Receivables | 324 |
| 4.17 | Other Current Assets | 326 |
| 4.18 | Other Financial Assets | 327 |
| 4.19 | Cash and Cash Equivalents | 327 |
| 4.20 | Assets held for Sale | 328 |
| 4.21 | Stated Capital | 328 |
| 4.22 | Revenue Reserve | 329 |
| 4.23 | Other Components of Equity | 329 |
| 4.24 | Interest Bearing Borrowings | 330 |
| 4.25 | Employee Benefits | 334 |
| 4.26 | Deferred Tax | 336 |
| 4.27 | Contract Liabilities | 340 |
| 4.28 | Provisions | 341 |
| 4.29 | Trade and Other Payables | 342 |
| 4.30 | Other Current Liabilities | 343 |
| 4.31 | Income Tax Receivable/Payable | 343 |
| 4.32 | Amounts due (to)/from Subsidiaries and Equity-Accounted Investees | 344 |
| 4.33 | Related Party Disclosures | 347 |
| 4.34 | Commitments and Contingencies | 348 |
| 4.35 | Events Ocurring after the Reporting Period | 348 |

# SECTION 3 - **BASIS OF ACCOUNTING**

## 3.10 OTHER MATERIAL ACCOUNTING POLICIES NOT COVERED UNDER INDIVIDUAL NOTES

Following accounting policies, which have been applied consistently by the Group, are considered to be material , and are not covered under individual Notes in section 4.

Table 102: Other Material Accounting Policies

| Accounting Policy | Note |
|---|---|
| Basis of consolidation | 3.10.1 |
| Foreign currency | 3.10.2 |
| Impairment of Non-financial assets | 3.10.3 |
| Statement of Cash Flows | 3.10.4 |

### 3.10.1 Basis of Consolidation

The Group's Financial Statements comprise Consolidated Financial Statements of the Company and its subsidiaries prepared as per the Sri Lanka Accounting Standard-SLFRS 10 on 'Consolidated Financial Statements'.

Subsidiaries are disclosed in Note 4.12 to the Financial Statements.

a) Business Combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Statement of Profit or Loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in Statement of Profit or loss.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in statement of profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument within the scope of SLFRS 9 is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in Profit or Loss.

b) Subsidiaries

Subsidiaries are investees that are controlled by the Company. The Company 'Controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. At each reporting date the Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control mentioned above. The Financial Statements of all the subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities,non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Consolidation of subsidiaries with different accounting periods

The Financial Statements of the parent company and subsidiaries are prepared to a common financial year ending 31st March, except for DIMO Lanka Company Limited and United DIMO Company Limited whose financial year ends on 30th September. These subsidiaries prepared financial information as at 31st March 2026 for consolidation purpose. The reason for using different reporting period by the above two subsidiaries located in Myanmar is due to the requirement imposed by the Government of Myanmar. The Financial Statements of the parent and subsidiaries are prepared using uniform accounting policies.

There are no significant restrictions (other than obtaining approval from the Central Bank of the relevant country) on the ability of subsidiaries to transfer funds to the Company (the "Parent") in the form of cash dividend or repayment of loans and advances except for the subsidiaries incorporated in Myanmar. The current regulations in Myanmar are unclear about remittance of cash dividends or repayment of loans and advances being remitted out of the country.

c) Non-Controlling Interests

Non-controlling interests are measured initially at their proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the amount by which the non-controlling interests are adjusted is recorded directly in equity.

A list of material non-controlling interest is set out in Note 4.12.3 to the Financial Statements.

d) Measurement of goodwill and impairment

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment annually as at 31st March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

e) Equity-Accounted Investees

Interests in the Joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs, in terms of Sri Lanka Accounting Standards – LKAS 28 on "Investments in Associates and Joint Ventures". Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

A Joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Financial Statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of profit or loss of equity accounted investees' in the Statement of Profit or Loss.

Upon loss of significant influence over the joint control , the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit or Loss

Except DIMO Coastline (Private) Limited Financial Statements of the joint ventures are prepared for the same reporting period as the Group.

Equity accounted investees are disclosed in Note 4.12 to the Financial Statements.

f) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

### 3.10.2 Foreign Currency

Transactions and Balances

Transactions in foreign currencies are translated into functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are recognised in the Statement of Profit or Loss. However, foreign currency differences arising from equity securities designated as FVOCI (except foreign currency differences relating to impairment) are recognised in Other Comprehensive Income (OCI).

Share capital denominated in a currency other than the functional currency is initially converted using the exchange rate as at date of issue but is not re-translated.

Foreign operations

The results and financial position of entities whose functional currency is not Sri Lankan Rupee has been translated into Sri Lankan Rupees as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at the average exchange rates for the period.

(iii) Foreign currency differences are recognised in Other Comprehensive Income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

On disposal of a foreign entity, the deferred cumulative amount recognised in Other Comprehensive Income relating to that particular foreign operation is recognised in the Statement of Profit or Loss.

### 3.10.3 Impairment of non-financial assets

The carrying amount of all non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. Refer note 3.10.1 (d) for goodwill impairment.

The 'recoverable amount' of an asset is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, 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 material to the asset. The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in statement of profit or loss. except for properties previously revalued with the revaluation taken to Other Comprehensive Income, For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation. Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss recognised in prior years.

The parent, subsidiaries and joint venture have access to adequate funding to continue their business operations. Based on the assessments made to the recoverable amounts of non-financial assets, including investments in subsidiaries, there were no indications that require an adjustment in the financial statements other than disclosure made in 4.12.1.2

3.9.3.1. Right of Use Assets

The Group does not foresee any impairment of the right of use assets due to the prevailing and anticipate effects of the current economic conditions and does not anticipate discontinuation of any asset before the previously expected date, for which the Group possesses the right to use. Lease liabilities are not reassessed as there are no known moratoriums received for the lease payments so far.

### 3.10.4 Statement of Cash Flows

The Statement of Cash Flows has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with Sri Lanka Accounting Standard-LKAS 7 on 'Statement of Cash Flows'. Cash and cash equivalents as referred to in the Statement of Cash Flows comprised of those items as explained in Note 4.19 and 4.24.2.

### 3.10 Accounting Standards Issued but not yet Effective

Following amendments Sri Lanka Accounting Standards issued not yet effective as at the reporting date have not been applied in preparing the Consolidated Financial Statements. The Group plans to apply these amendments to the standards from their effective dates:

A summary of the requirements stipulated by the amendments and their possible impact on financial statements, when implemented, is presented in the table below;

Table 103 : Summary of Accounting standards issued but not yet effective

| New or amended Standards | Summary of the requirements | Possible impact on Financial Statements |
|---|---|---|
| A Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7) | The requirements will be effective for annual reporting periods beginning on or after 01st January 2026, with early application permitted, and are related to:<br>• recognition and derecognition, including accounting for settlement of financial liabilities using an electronic payments system; and<br>• assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.<br>• The Group is in the process of assessing the impact of the amendments. | Management is currently evaluating the impact of the application of this standard. As this assessment is ongoing, no quantitative disclosures have been made in these financial statements. |
| SLFRS 18 Presentation and Disclosures in Financial Statements | SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and is applicable for annual reporting periods beginning on or after 01st January 2027. The new accounting standard introduces the following key new requirements<br>• Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.<br>• Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.<br>• Enhanced guidance is provided on how to group information in the financial statements. | |

# SECTION 4 - MATERIAL ACCOUNTING POLICIES AND NOTES

This section provides material accounting policies and basis of accounting estimates in relation to the reported values in the Financial Statements with additional Notes and explanations thereon.

## 4.1 REVENUE

### Accounting Policy

The Group recognizes revenue from contracts with customers when control of the goods or services is transferred to the customer at an amount that reflects the consideration that the Group is to be entitled in exchange for those goods or services. Determining the timing of the transfer of control of goods or services, at a point in time or over time, requires judgments taking into consideration the nature of goods or services that Group offers.

Some contracts include multiple deliverables. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

The Group disaggregate its revenue into following categories based on the nature, amount , timing and uncertainty of revenue and cash flows arising from contracts with customers.

**Sale of Goods**

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, usually on delivery of the goods. Sales are measured at the fair value of the consideration received or receivable excluding amounts collected on behalf of third parties (e.g. Sales taxes) and variable consideration ( e.g. discounts and rebates). The Group estimates an amount of variable consideration by using the expected value method which is the sum of probability weighted amounts in a range of possible considerations.

**Rendering of Services**

Revenue from rendering of services is recognised when the Group satisfies all performance obligations by transferring a promised service to a customer.

**Construction Related Contracts**

Revenue from construction related contracts is recognised upon satisfaction of a performance obligation agreed in the contract. At contract inception, the Group determines whether it satisfies the performance obligation over time or at a point in time. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

The progress is assessed based on surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in statement of profit or loss.

**Service Support Income**

Service support income, which is included in revenue, represents income received from foreign principals on indent sales as well as income earned from warranty services provided to customers under principal arrangements. This income is recognized on an accrual basis at the point when the Group satisfies the performance obligations relating to the service support provided.

**Significant financing component**

The Group assesses each contract with customers to determine whether there is a significant financing component, in accordance with the guidance in SLFRS 15. The interest income or expense arising from the significant financing component is recognised separately from revenue in the statement of profit or loss using the effective interest method over the period of the financing. The Group does not adjust for a significant financing component if the time difference between payment and delivery is one year or less, or where the effect of the time value of money is not material.

### 4.1.1 Disaggregation of Revenue from Contracts with Customers

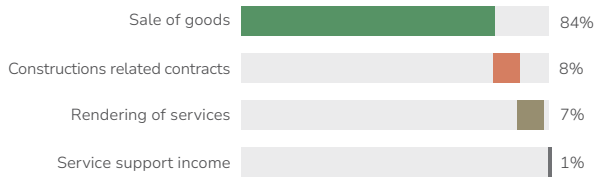
In the following tables, revenue from contract with customers is disaggregated by nature of the product and timing of revenue recognition.

4.1.1.1. Revenue by Nature

| For the year ended 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Revenue source | | | | |
| Sale of goods | 88,477,308 | 36,784,996 | 78,391,155 | 28,423,675 |
| Rendering of services | 7,201,540 | 5,790,822 | 6,068,276 | 5,430,250 |
| Constructions related contracts | 7,872,287 | 7,311,870 | 4,368,208 | 4,782,577 |
| Service support income | 82,804 | 287,291 | 82,804 | 287,291 |
| Total revenue | 103,633,939 | 50,174,979 | 88,910,443 | 38,923,793 |

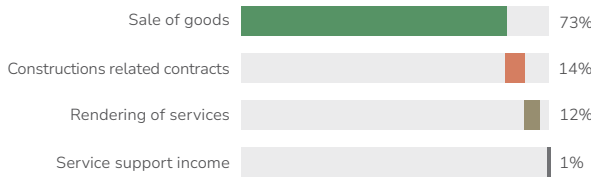
Graph 88 :

Revenue by Nature - Group




Graph 89 :

Revenue by Nature - Company




4.1.1.2. Timing of Revenue Recognition

| For the year ended 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Revenue recognised at a point in time | 95,761,652 | 42,863,109 | 84,542,127 | 34,141,216 |
| Revenue recognised over time | 7,872,287 | 7,311,870 | 4,368,316 | 4,782,577 |
| | 103,633,939 | 50,174,979 | 88,910,443 | 38,923,793 |

## 4.1.2 Reconciliation of Revenue

Reconciliation between disaggregated revenue from contracts with customers and revenue information that is disclosed for each reportable segment is set out below;

| For the year ended 31st March | Group - 2026 | | | | |
|---|---|---|---|---|---|
| | Sale of goods Rs.'000 | Rendering of services Rs.'000 | Constructions related contracts Rs.'000 | Service support income Rs.'000 | Total Rs.'000 |
| Mobility | 40,654,816 | 469,554 | - | 16,265 | 41,140,635 |
| Automotive Engineering Solutions | 2,541,632 | 5,593,520 | - | - | 8,135,152 |
| Retail | 8,605,799 | 212,684 | - | 59,032 | 8,877,515 |
| Infrastructure Engineering | 3,872,178 | - | 3,018,135 | 7,507 | 6,897,820 |
| Agriculture | 28,103,172 | 206,646 | - | - | 28,309,818 |
| Power Engineering & Building Technological Solutions | 752,449 | 719,136 | 4,854,152 | - | 6,325,737 |
| Healthcare | 3,947,262 | - | - | - | 3,947,262 |
| | 88,477,308 | 7,201,540 | 7,872,287 | 82,804 | 103,633,939 |

| For the year ended 31st March | Company - 2026 | | | | |
|---|---|---|---|---|---|
| | Sale of goods Rs.'000 | Rendering of services Rs.'000 | Constructions related contracts Rs.'000 | Service support income Rs.'000 | Total Rs.'000 |
| Mobility | 40,654,816 | - | - | 16,265 | 40,671,081 |
| Automotive Engineering Solutions | 2,543,483 | 5,594,408 | - | - | 8,137,891 |
| Retail | 8,606,019 | 212,684 | - | 59,032 | 8,877,735 |
| Infrastructure Engineering | 3,856,798 | - | 2,071,524 | 7,507 | 5,935,829 |
| Agriculture | 22,730,039 | 206,646 | - | - | 22,936,685 |
| Power Engineering & Building Technological Solutions | - | 54,538 | 2,296,684 | - | 2,351,222 |
| | 78,391,155 | 6,068,276 | 4,368,208 | 82,804 | 88,910,443 |

# SECTION 4 - **MATERIAL ACCOUNTING POLICIES AND NOTES**

| For the year ended 31st March | Group - 2025 | | | | |
|---|---|---|---|---|---|
| | Sale of goods | Rendering of services | Constructions related contracts | Service support income | Total |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Mobility | 2,995,899 | 252,907 | - | 233,719 | 3,482,525 |
| Automotive Engineering Solutions | 2,432,015 | 4,772,678 | - | - | 7,204,693 |
| Retail | 7,926,476 | 266,527 | - | 52,052 | 8,245,055 |
| Infrastructure Engineering | 1,961,782 | - | 1,953,978 | 1,520 | 3,917,280 |
| Agriculture | 17,070,197 | 126,732 | - | - | 17,196,929 |
| Power Engineering & Building Technological Solutions | 884,922 | 371,978 | 5,357,892 | - | 6,614,792 |
| Healthcare | 3,513,705 | - | - | - | 3,513,705 |
| | 36,784,996 | 5,790,822 | 7,311,870 | 287,291 | 50,174,979 |

| For the year ended 31st March | Company - 2025 | | | | |
|---|---|---|---|---|---|
| | Sale of goods | Rendering of services | Constructions related contracts | Service support income | Total |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Mobility | 2,991,702 | - | - | 233,719 | 3,225,421 |
| Automotive Engineering Solutions | 2,436,352 | 4,772,720 | - | - | 7,209,072 |
| Retail | 7,950,310 | 266,527 | - | 52,052 | 8,268,889 |
| Infrastructure Engineering | 1,933,622 | - | 1,472,782 | 1,520 | 3,407,924 |
| Agriculture | 13,109,528 | 126,862 | - | - | 13,236,390 |
| Power Engineering & Building Technological Solutions | 2,161 | 264,141 | 3,309,795 | - | 3,576,097 |
| | 28,423,675 | 5,430,250 | 4,782,577 | 287,291 | 38,923,793 |

## 4.2 OPERATING SEGMENTS

### Accounting Policy

The operating business segments are organised and managed separately according to the nature, risks and returns.

The Board of Directors as the Chief Operating Decision Maker (CODM) , regularly reviews the operating results of all operating business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, is measured differently from operating profit or loss in the Consolidated Financial Statements.

The Group has the following seven strategic business segments which are reportable segments, namely:

Table 104 : Segment details

| Reportable segments | Operations |
|---|---|
| Mobility | Sale of brand new- vehicles, special purpose vehicles and pre-owned vehicles, transportation services |
| Automotive Engineering Solutions | Premium vehicles aftersales, mainstream vehicles aftersales, general engineering, assembly and camper trailer, education in engineering and automotive solutions |
| Retail | Sale of automotive parts, tyres, auto-care solutions, lighting products, power tools, home appliances, gardening and construction solutions |
| Infrastructure Engineering | Sales and services of Construction machinery, Storage & material handling solutions, Car parking solutions , water & fluid management |
| Agriculture | Import, processing, distribution of fertiliser, seeds, agrochemical & plant nutrients, Agri machinery, value-added organic food (fruits, vegetables, virgin coconut oil) products for export and local markets, trading of coconut based products, R&D technoparks, agri advisory services, agriculture pipes, advance agri techonolgies including micro-irrigation & greenhouse projects, processing & sales of coconut shell charcoal for local & export markets and operates customer experience centre. |
| Power Engineering & Building Technological Solutions (also known as Power Engineering & Building Technologies) | Engineering and related solutions in power & energy, generation of solar power, building technologies , elevator and escalator solutions |
| Healthcare | Medical equipment, consumables, pharmaceuticals, cardiology devices and contrast mediums |

Inter-segment transactions are carried in the ordinary course of business. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated assets and liabilities comprise mainly of assets and liabilities that cannot be attributed to a particular segment.

Finance income and finance expenses and income taxes are managed on a Group basis and are not allocated to operating business segments.

Sales to any single customer does not represent more than 10% of the total sales and no segments are determined based on the geographical area.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

# SECTION 4 - **MATERIAL ACCOUNTING POLICIES AND NOTES**

Segmental Results, Assets and Liabilities
Group

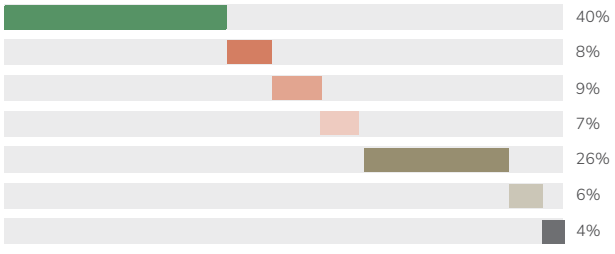
| For the year ended 31st March | Mobility | | Automotive Engineering Solutions | | Retail | |
|---|---|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Business Segment Turnover and Results | | | | | | |
| Total segment revenue | 41,395,006 | 4,193,817 | 9,324,252 | 7,824,763 | 8,959,730 | 8,292,235 |
| Inter-segment revenue | (254,371) | (711,292) | (1,189,100) | (620,070) | (82,215) | (47,180) |
| Total external revenue | 41,140,635 | 3,482,525 | 8,135,152 | 7,204,693 | 8,877,515 | 8,245,055 |
| Segment results | 3,817,144 | 180,716 | 1,746,720 | 1,590,368 | 639,675 | 831,597 |
| Unallocated other income | - | - | - | - | - | - |
| Unallocated expenses | - | - | - | - | - | - |
| Unallocated Finance income | - | - | - | - | - | - |
| Unallocated Finance expenses | - | - | - | - | - | - |
| Share of results of equity accounted investees | - | - | (4,454) | 51,257 | - | - |
| Income tax reversal/ (expense) | - | - | - | - | - | - |
| Profit/ (Loss) for the year | - | - | - | - | - | - |
| Business Segment Assets and Liabilities | | | | | | |
| Segment assets | 16,478,129 | 1,515,240 | 4,383,991 | 3,453,043 | 4,710,916 | 4,532,021 |
| Unallocated assets | - | - | - | - | - | - |
| Total assets | - | - | - | - | | - |
| Segment liabilities | 22,552,733 | 2,769,358 | 2,631,802 | 1,576,446 | 1,255,631 | 2,380,057 |
| Unallocated liabilities | - | - | - | - | - | - |
| Equity | - | - | - | - | - | - |
| Total equity and liabilities | - | - | - | - | | - |
| Other Information | | | | | | |
| Capital expenditure | 230,168 | 8,985 | 542,272 | 246,586 | 7,674 | 21,301 |
| Unallocated capital expenditure | - | - | - | - | - | - |
| Depreciation and amortisation | 50,099 | 12,255 | 148,948 | 79,137 | 25,223 | 14,128 |
| Unallocated depreciation and amortisation | - | - | - | - | - | - |

Table 105 : Segmental Revenue - Group

| | 2026 Rs.'000 | 2025 Rs.'000 |
|---|---|---|
| Mobility | 41,140,635 | 3,482,525 |
| Automotive Engineering & Solutions | 8,135,152 | 7,204,693 |
| Retail | 8,877,515 | 8,245,055 |
| Infrastructure Engineering | 6,897,820 | 3,917,280 |
| Agriculture | 28,309,818 | 17,196,929 |
| Power Engineering & Building Technological Solutions | 6,325,737 | 6,614,792 |
| Healthcare | 3,947,262 | 3,513,705 |
| Total Revenue | 103,633,939 | 50,174,979 |

Graph 90 :

Group Segmental Revenue 2025/26



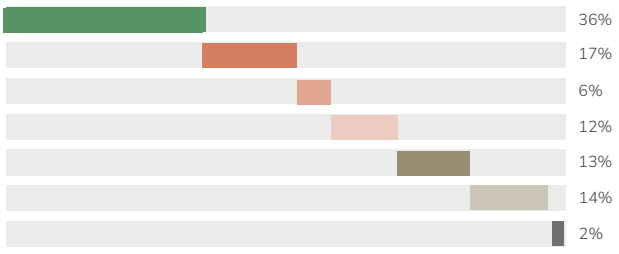
| Infrastructure Engineering | | Agriculture | | Power Engineering & Building Technological Solutions | | Healthcare | | Total | |
|---|---|---|---|---|---|---|---|---|---|
| 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| 7,114,985 | 3,977,143 | 28,566,372 | 17,261,848 | 6,418,079 | 6,729,215 | 3,947,262 | 3,513,705 | 105,725,686 | 51,792,726 |
| (217,165) | (59,863) | (256,554) | (64,919) | (92,342) | (114,423) | - | - | (2,091,747) | (1,617,747) |
| 6,897,820 | 3,917,280 | 28,309,818 | 17,196,929 | 6,325,737 | 6,614,792 | 3,947,262 | 3,513,705 | 103,633,939 | 50,174,979 |
| 1,197,496 | 886,679 | 1,325,810 | (314,446) | 1,426,827 | 891,692 | 205,561 | 428,261 | 10,359,233 | 4,494,867 |
| - | - | - | - | - | - | - | - | 100,151 | 455,382 |
| - | - | - | - | - | - | - | - | (5,432,402) | (4,296,672) |
| - | - | - | - | - | - | - | - | 470,724 | 50,907 |
| - | - | - | - | - | - | - | - | (3,446,484) | (2,650,714) |
| - | - | - | - | (143 ) | (53,082) | - | - | (4,597) | (1,825) |
| - | - | - | - | - | - | - | - | (502,672) | 639,589 |
| | - | | - | | - | | - | 1,543,953 | (1,308,466) |
| 3,946,357 | 4,436,546 | 19,204,030 | 10,916,511 | 10,817,839 | 6,064,541 | 3,600,175 | 3,781,687 | 63,141,437 | 34,699,589 |
| - | - | - | - | - | - | - | - | 19,626,936 | 22,003,306 |
| | - | | - | | - | | - | 82,768,373 | 56,702,895 |
| 2,227,589 | 1,828,964 | 12,569,604 | 6,024,809 | 4,928,552 | 1,770,092 | 1,333,761 | 2,351,281 | 47,499,670 | 18,701,007 |
| - | - | - | - | - | - | - | - | 18,407,863 | 22,563,545 |
| - | - | - | - | - | - | - | - | 16,860,840 | 15,438,343 |
| - | - | - | - | - | - | - | - | 82,768,373 | 56,702,895 |
| 21,716 | 18,853 | 159,774 | 326,060 | 2,854,521 | 747,429 | 48,297 | 103,609 | 3,864,422 | 1,472,823 |
| - | - | - | - | - | - | - | - | 771,304 | 842,100 |
| 33,600 | 33,408 | 211,464 | 149,067 | 136,181 | 30,957 | 21,167 | 12,459 | 626,682 | 331,411 |
| - | - | - | - | - | - | - | - | 370,912 | 231,102 |

Table 106 :Segmental Results - Group

| | 2026 Rs.'000 | 2025 Rs.'000 |
|---|---|---|
| Mobility | 3,817,144 | 180,716 |
| Automotive Engineering & Solutions | 1,746,720 | 1,590,368 |
| Retail | 639,675 | 831,597 |
| Infrastructure Engineering | 1,197,496 | 886,679 |
| Agriculture | 1,325,810 | (314,446) |
| Power Engineering & Building Technological Solutions | 1,426,827 | 891,692 |
| Healthcare | 205,561 | 428,261 |
| Total Results | 10,359,233 | 4,494,867 |

Graph 91 :

Group Segmental Results 2025/26



# SECTION 4 - **MATERIAL ACCOUNTING POLICIES AND NOTES**

Segmental Results, Assets and Liabilities
Company

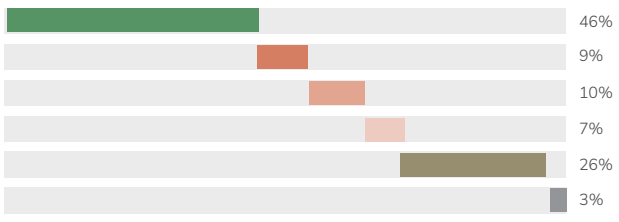
| For the year ended 31st March | Mobility | | Automotive Engineering Solutions | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Business Segment Turnover and Results | | | | |
| Total segment revenue | 40,925,452 | 3,936,713 | 9,326,990 | 7,829,141 |
| Inter-segment revenue | (254,371) | (711,292) | (1,189,099) | (620,069) |
| Total external revenue | 40,671,081 | 3,225,421 | 8,137,891 | 7,209,072 |
| Segment results | 3,787,645 | 247,233 | 1,746,720 | 1,590,368 |
| Unallocated other income | - | - | - | - |
| Unallocated expenses | - | - | - | - |
| Unallocated Finance income | - | - | - | - |
| Unallocated Finance expenses | - | - | - | - |
| Share of results of equity-accounted investees | - | - | (4,454) | 51,257 |
| Income tax reversal/ (expense) | - | - | - | - |
| Profit/(Loss) for the year | - | - | - | - |
| Business Segment Assets and Liabilities | | | | |
| Segment assets | 16,258,818 | 1,358,645 | 4,383,182 | 3,451,662 |
| Unallocated assets | - | - | - | - |
| Total assets | - | - | - | - |
| Segment liabilities | 22,453,337 | 2,718,760 | 2,631,052 | 1,575,445 |
| Unallocated liabilities | - | - | - | - |
| Equity | - | - | - | - |
| Total equity and liabilities | - | - | - | - |
| Other Information | | | | |
| Capital expenditure | 218,612 | 3,102 | 542,272 | 188,912 |
| Unallocated capital expenditure | - | - | - | - |
| Depreciation and amortisation | 70,471 | 12,255 | 149,718 | 79,137 |
| Unallocated depreciation and amortisation | - | - | - | - |

Table 107 : Segmental Revenue - Company

| | 2026 Rs.'000 | 2025 Rs.'000 |
|---|---|---|
| Mobility | 40,671,081 | 3,225,421 |
| Automotive Engineering & Solutions | 8,137,891 | 7,209,072 |
| Retail | 8,877,735 | 8,268,889 |
| Infrastructure Engineering | 5,935,829 | 3,407,924 |
| Agriculture | 22,936,685 | 13,236,390 |
| Power Engineering & Building Technological Solutions | 2,351,222 | 3,576,097 |
| Total Revenue | 88,910,443 | 38,923,793 |

Graph 92 :

Company Segmental Revenue 2025/26



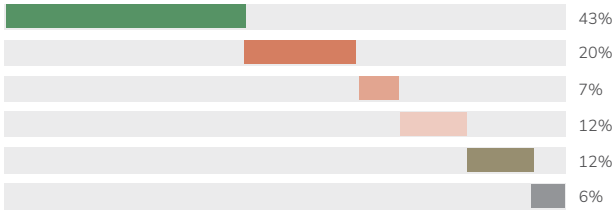
| Retail | | Infrastructure Engineering | | Agriculture | | Power Engineering & Building Technological Solutions | | Total | |
|---|---|---|---|---|---|---|---|---|---|
| 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| 8,959,950 | 8,316,069 | 5,973,490 | 3,467,787 | 23,193,240 | 13,301,309 | 2,443,564 | 3,690,519 | 90,822,686 | 40,541,540 |
| (82,215) | (47,180) | (37,661) | (59,863) | (256,555) | (64,919) | (92,342) | (114,424) | (1,912,243) | (1,617,747) |
| 8,877,735 | 8,268,889 | 5,935,829 | 3,407,924 | 22,936,685 | 13,236,390 | 2,351,222 | 3,576,097 | 88,910,443 | 38,923,793 |
| 639,675 | 831,597 | 1,043,039 | 1,045,180 | 1,074,208 | (63,464) | 509,656 | 511,143 | 8,800,943 | 4,162,057 |
| - | - | - | - | - | - | - | - | 919,766 | 1,051,470 |
| - | - | - | - | - | - | - | - | (5,988,001) | (4,370,756) |
| - | - | - | - | - | - | - | - | 882,582 | 248,900 |
| - | - | - | - | - | - | - | - | (3,064,631) | (1,934,291) |
| - | - | - | - | - | - | (143 ) | (53,082) | (4,597) | (1,825) |
| - | - | - | - | - | - | - | - | (510,893) | 282,690 |
| - | - | - | - | - | - | - | - | 1,035,169 | (561,755) |
| 4,696,916 | 4,520,355 | 2,738,336 | 3,416,095 | 14,527,811 | 6,629,352 | 2,707,220 | 2,522,676 | 45,312,283 | 21,898,785 |
| - | - | - | - | - | - | - | - | 24,731,361 | 23,829,238 |
| - | - | - | - | - | - | - | - | 70,043,644 | 45,728,023 |
| 1,253,074 | 2,377,739 | 2,019,624 | 1,369,670 | 10,789,122 | 4,058,880 | 656,004 | 700,305 | 39,802,213 | 12,800,799 |
| - | - | - | - | - | - | - | - | 14,595,905 | 18,235,876 |
| - | - | - | - | - | - | - | - | 15,657,607 | 14,691,348 |
| - | - | - | - | - | - | - | - | 70,043,644 | 45,728,023 |
| 7,674 | 18,669 | 19,747 | 18,853 | 75,935 | 211,790 | 980 | 36,012 | 865,220 | 477,338 |
| - | - | - | - | - | - | - | - | 684,427 | 148,354 |
| 25,265 | 14,128 | 15,563 | 16,172 | 114,430 | 80,338 | 10,559 | 25,794 | 386,006 | 227,824 |
| - | - | - | - | - | - | - | - | 330,617 | 246,946 |

Table 108 : Segmental Results - Company

| | 2026 Rs.'000 | 2025 Rs.'000 |
|---|---|---|
| Mobility | 3,787,645 | 247,233 |
| Automotive Engineering & Solutions | 1,746,720 | 1,590,368 |
| Retail | 639,675 | 831,597 |
| Infrastructure Engineering | 1,043,039 | 1,045,180 |
| Agriculture | 1,074,208 | (63,464) |
| Power Engineering & Building Technological Solutions | 509,656 | 511,143 |
| Total Results | 8,800,943 | 4,162,057 |

Graph 93 :

Company Segmental Results 2025/26



# SECTION 4 - **MATERIAL ACCOUNTING POLICIES AND NOTES**

## 4.3 OTHER OPERATING INCOME

### Accounting Policy

Other operating income and expenses are recognised on an accrual basis, and comprises disposal gains/losses on sale of property, plant and equipment, dividend income, incentives from principals, management service income and sundry income.

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earnings of material items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. For the purpose of presentation of the Statement of Profit or Loss, the function of expenses method is adopted.

Gains or losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment are accounted in the income statement, after deducting the carrying amount from proceeds on disposal 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.

Dividend Income

Dividend income is recognised when the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Other Operating Income

| For the year ended 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Dividend income - unquoted shares | - | - | 48,748 | - |
| Gains on disposal of property, plant and equipment | 2,745 | 35,460 | 1,494 | 28,758 |
| Incentives from principals | 71,789 | 124,198 | 57,754 | 110,163 |
| Management service income | - | - | 698,789 | 741,866 |
| Gain on disposal of assets classified as held for sale | 26,455 | - | 26,455 | - |
| Sundry income | 142,322 | 295,724 | 86,526 | 170,683 |
| | 243,311 | 455,382 | 919,766 | 1,051,470 |

## 4.4 NET FINANCE COSTS

### Accounting Policies

Finance income comprises of interest income and is recognised as it accrues, using the effective interest method.

Finance costs comprise of interest expense on borrowings, leases and significant financing element of contract liabilities that are recognised in the income statement. Interest expense is recognised as it accrues using the effective interest rate (EIR).

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs, depending on whether foreign currency movements are in a net gain or net loss position.

| For the year ended 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Interest income | 38,118 | 50,907 | 410,787 | 245,092 |
| Net foreign exchange gain | 432,606 | - | 471,795 | 3,808 |
| Finance income | 470,724 | 50,907 | 882,582 | 248,900 |
| Interest on long-term Interest bearing borrowings | (334,952) | (294,758) | (298,220) | (251,718) |
| Interest on short-term Interest bearing borrowings | (3,008,351) | (2,193,924) | (2,695,123) | (1,628,923) |
| Interest on leases (Note 4.24.3.1) | (99,720) | (72,849) | (67,827) | (48,902) |
| Unwinding of significant financing component (Note 4.27.1) | (3,461) | (4,748) | (3,461) | (4,748) |
| Net foreign exchange loss | - | (84,435) | - | - |
| Finance costs | (3,446,484) | (2,650,714) | (3,064,631) | (1,934,291) |
| Net finance costs recognised in statement of profit or loss | (2,975,760) | (2,599,807) | (2,182,049) | (1,685,391) |

## 4.5 PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

| For the year ended 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Directors' emoluments | | | | |
| - Short-term employment benefits | 597,830 | 568,257 | 539,698 | 555,041 |
| - Post-employment benefits | 126,633 | 168,020 | 119,341 | 168,020 |
| Auditors' remuneration | | | | |
| - Audit and audit-related services | 12,020 | 10,558 | 5,782 | 5,299 |
| - Non-audit services | 7,175 | 6,657 | 4,294 | 4,218 |
| Depreciation on property, plant and equipment (Note 4.9) | 716,746 | 489,450 | 514,354 | 401,804 |
| Depreciation on right-of-use assets (Note 4.10) | 195,990 | 150,248 | 126,049 | 97,286 |
| Amortisation on intangible assets (Note 4.11) | 84,858 | 73,063 | 75,859 | 72,966 |
| Impairement on Goodwill (Note 4.11) | 388,641 | 31,911 | - | - |
| Impairment loss on trade receivables (Note 4.16.1.1) | 210,840 | 370,648 | 120,442 | 312,499 |
| Provision /(Reversal) on Inventories (Notes 4.15.1) | 535,239 | 114,358 | 521,058 | (120,739) |
| Donations | 3,792 | 1,727 | 707 | 1,196 |
| Legal fees | 15,995 | 9,329 | 10,400 | 10,449 |
| Staff expenses (Note 4.5.1) | 7,283,558 | 5,865,395 | 5,693,892 | 4,418,524 |
| Trade receivable write off (Note 4.16.1) | 199,224 | 107,598 | 136,870 | 101,923 |

### 4.5.1 Staff Expenses

#### Accounting Policy

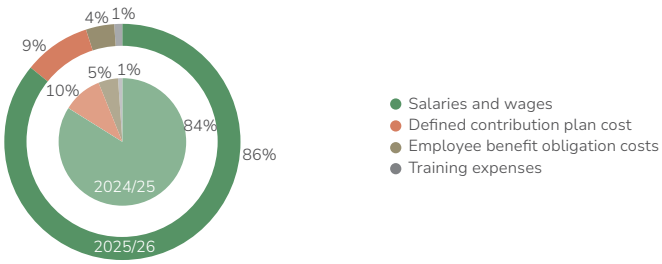
Salaries and wages, contribution to EPF and ETF, training expenses and cost of retirement benefit plans are recognised as an expense in the year in which the related services are provided.

| For the year ended 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Salaries and wages | 6,236,399 | 4,922,923 | 4,857,275 | 3,672,721 |
| Defined contribution plan cost | 672,549 | 588,914 | 526,439 | 459,246 |
| Retirement benefit obligation costs (Note 4.25.1) | 294,040 | 266,423 | 242,706 | 225,328 |
| Training expenses | 80,570 | 87,135 | 67,472 | 61,229 |
| | 7,283,558 | 5,865,395 | 5,693,892 | 4,418,524 |
| Average number of employees for the year | 2,065 | 1,914 | 1,538 | 1,415 |

The average number of employees is calculated by averaging the number of employees as at the year end in the current and previous year.

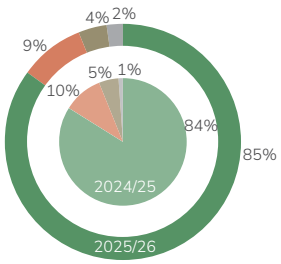
Graph 94 :

Staff Expenses - Group




Graph 95 :

Staff Expenses - Company



# SECTION 4 - **MATERIAL ACCOUNTING POLICIES AND NOTES**

## 4.6 TAXATION

### Accounting Policy

As per Sri Lanka Accounting Standard - LKAS 12 (Income Taxes), tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the Statement of Profit or Loss, except to the extent it relates to items recognised directly in equity or other comprehensive income in which case it is recognised in equity or in other comprehensive income.

#### Current tax

Current tax payable/ (receivable) consist of best estimate of the amounts expected to be paid to (recovered from) the taxation authorities. Current tax payable/ (receivable) in respect of the current as well as prior years are measured using the tax rates that are enacted or substantively enacted by the end of the reporting period. Accordingly, provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No 24 of 2017 and subsequent amendments thereto. and other statutes of tax jurisdictions in countries where the group operates, at the rates specified in Note 4.6.1 to the Financial Statements. Current tax also include any tax expense from dividend income.

The Group has applied IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment" in the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, when there is an uncertainty over the income tax treatment.

#### Advance Income Tax (AIT) on Dividends

Current AIT rate on dividends is 15% and it is a final tax. Dividend paid by a Company is exempted in the hands of shareholders to the extent that such dividend payment is attributable to, or derived from dividend received by the Company or another resident company.

#### Deferred Tax

A detail disclosure of accounting policies and estimate of deferred tax are available in Note 4.26.

#### Accounting Estimate

The Group recognises liabilities for anticipated tax, based on an estimate of taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

#### Sales Tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on the purchase of an asset or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Where receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

VAT liability arises on the turnover is 18%. Although SSCL is levied at a statutory rate of 2.5% on liable turnover, the effective rate borne by the Group differs among its operating segments. Based on the applicable tax treatment of the respective revenue streams, the effective SSCL rate is approximately 1.25% for retail operations, 2.13% for manufacturing operations, and 2.5% for service operations. Consequently, the Group's overall SSCL expense is dependent on the composition of revenue generated by each operating segment.

### 4.6.1 Tax Rates

All domestic companies in the group are liable for income tax at the standard rate of 30% for 2025/26 (2024/25 - 30%) and foreign subsidiaries/ establishments are liable for income tax at the rates specified below.

Table 109: Income tax rates of Group and Company

| Name of the Entity | Country of Domicile | Tax Rates | |
|---|---|---|---|
| | | 2026 | 2025 |
| Diesel & Motor Engineering PLC - Uganda Operation | Uganda | 30.0% | 30.0% |
| DIMO Lanka Company Limited and United DIMO Company Limited | Myanmar | 22.0% | 22.0% |
| DIMO Bangladesh (Private) Limited | Bangladesh | 27.5% | 27.5% |
| DIMO Global Pte. Ltd | Singapore | 17.0% | 17.0% |
| DIMO Australia Pty Ltd | Australia | 25.0% | 25.0% |

### 4.6.2 Tax Expense

| For the year ended 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Current Tax Expense | | | | |
| Current tax on profit for the year (Note 4.6.3) | 903,649 | 101,870 | 855,530 | - |
| Under/(over) provision in respect of previous years | (31,784) | (5,232) | (33,446) | 1,373 |
| AIT on intercompany dividends | 7,314 | - | 7,314 | - |
| Provision for tax assessments | 104,127 | - | 104,127 | - |
| | 983,306 | 96,638 | 933,526 | 1,373 |
| Deferred Tax Expense | | | | |
| Reversal of temporary differences (Note 4.6.4) | (480,634) | (736,227) | (422,633) | (284,063) |
| Total income tax expense/(reversal) | 502,672 | (639,589) | 510,893 | (282,690) |
| Effective tax rate (%)-including deferred tax | 25% | 33% | 33% | 33% |
| Effective tax rate (%)-excluding deferred tax | 48% | (5%) | 60% | 0% |

### 4.6.3 Reconciliation of Accounting Profit/(Loss) to Income Tax Expense

| For the year ended 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Accounting profit before tax | 2,046,625 | (1,948,055) | 1,546,062 | (844,445) |
| Tax effect at the statutory income tax rate | 613,988 | (584,417) | 463,819 | (253,334) |
| Tax effect of foreign jurisdictions | (9,262) | 19,810 | (9,262) | 19,810 |
| Tax effect of equity accounted investees reported, net of tax | 1,379 | 547 | 1,379 | 547 |
| Tax effect of exempt income | (7,581) | (14,308) | (3,926) | (5,862) |
| Tax effect of non-deductible expenses | 1,661,283 | 2,377,700 | 1,088,728 | 1,044,891 |
| Tax effect of tax deductible expenses | (1,081,945) | (1,674,519) | (427,994) | (918,935) |
| Tax effect of investment income | (154,117) | 67,053 | (133,934) | - |
| Tax effect of losses utilised against income | (259,589) | (89,996) | (242,589) | (51,518) |
| Tax effect of taxable business income* | 764,156 | 101,870 | 736,221 | - |
| Tax effect of taxable investment income | 139,493 | - | 119,310 | - |
| Tax effect of total taxable income | 903,649 | 101,870 | 855,531 | - |
| Under/(over) provision of taxes in respect of prior years | (31,784) | (5,232) | (33,446) | 1,373 |
| AIT on intercompany dividends | 7,314 | - | 7,314 | - |
| Provision for tax assessment** | 104,127 | - | 104,127 | - |
| Deferred tax impact | | | | |
| Reversal of temporary differences | (480,634) | (736,227) | (422,633) | (284,063) |
| Income tax expense reported in the Income Statement at the effective income tax rate | 502,672 | (639,589) | 510,893 | (282,690) |

* During the FY 2024/2025, company has incurred a business loss of Rs. 548 million.

** The Company is involved in a tax-related litigation presently pending before the Court of Appeal in relation to assessments/disallowances raised by the Inland Revenue Department for Y/A 2009/10 (CA/TAX/17/2015) and Y/A 20210/11(CA TAX 23/2021).

Based on management's evaluation, and taking into account advice received from tax and legal consultants, the Company has recognized a provision of Rs.104 million in its financial statements. This provision reflects the uncertain tax position in accordance with IFRIC 23 – Uncertainty over Income Tax Treatments and the requirements of LKAS 12 – Income Taxes.

### 4.6.4 Recognition of Deferred Tax Reversal/ (Expenses) in the Statement of Profit or Loss and Other Comprehensive Income

| For the year ended 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Statement of Profit or Loss (Note 4.26.1) | 480,634 | 736,227 | 422,633 | 284,063 |
| Other Comprehensive Income (Note 4.26.1) | 7,839 | 78,411 | (2,156) | 67,149 |
| | 488,473 | 814,638 | 420,477 | 351,212 |

## 4.7 EARNINGS /(LOSS) PER SHARE-BASIC AND DILUTED

### Accounting Policy-Measurement Basis

The earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

There were no potentially dilutive ordinary shares outstanding at any time during the year /previous year. Therefore, diluted earnings/(loss) per share is the same as basic earnings/(loss) per share shown below.

| | Group | | Company | |
|---|---|---|---|---|
| For the year ended 31st March | 2026 | 2025 | 2026 | 2025 |
| Profit/(Loss) attributable to ordinary shareholders (Rs.'000) | 1,591,195 | (1,264,745) | 1,035,169 | (561,755) |
| Weighted average number of ordinary shares* | 9,231,494 | 9,231,494 | 9,231,494 | 9,231,494 |
| Earnings/(Loss) per ordinary share-basic and diluted (Rs.) | 172.37 | (137.00) | 112.13 | (60.85) |

*As per the LKAS 33 - Earnings Per share, If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or a share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the Financial Statements are authorised for issue, the per share calculations for those and any prior period Financial Statements presented shall be based on the new number of shares.

## 4.8 DIVIDENDS

| | Company | |
|---|---|---|
| For the year ended 31st March | 2026 | 2025 |
| 2025/26 Dividend declared (Rs'000) | 92,315 | - |
| 2024/25 First and final dividend paid (Rs'000) | - | 46,157 |
| Dividend per share (Rs.) | 10.00 | 5.00 |

The Board of Directors of the Company, on 18th March 2026, proposed a first interim dividend of Rs. 10 per share for the financial year 2025/26, which was paid on 21st April 2026.

### 4.8.1 Compliance with Section 56 and 57 of Companies Act No. 07 of 2007

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to recommending the dividends for the financial year 2025/26.

# SECTION 4 - **MATERIAL ACCOUNTING POLICIES AND NOTES**

## 4.9 PROPERTY, PLANT AND EQUIPMENT

### Accounting Policy

**Basis of Recognition**

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and its cost of the asset can be measured reliably, in accordance with the Sri Lanka Accounting Standard - LKAS 16 on "Property Plant and Equipment".

**Basis of Measurement**

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (as explained under subsequent cost) . The cost of self-constructed assets include the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs that are directly attributable to the asset under construction.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Purchased software which is integral to the functionality of the related equipment is capitalised as part of that equipment.

**Cost Model**

All property, plant and equipment except freehold land, are recorded at cost, less accumulated depreciation and accumulated impairment losses, if any.

When an asset's carrying value is higher than it's recoverable amount, the carrying value is written down to its recoverable amount (Please refer Note 3.10.3 - Impairment of non-financial assets).

**Revaluation Model**

The Group applies the revaluation model for the entire class of freehold land for measurement after initial recognition. The Group policy is to revalue all freehold land by an independent professional valuer every three years or when there is a substantial difference between the fair value and the carrying amount.

On revaluation of an asset, any increase in the carrying amount is recognised in revaluation reserve in equity through Other Comprehensive Income or used to reverse a previous loss on revaluation of the same asset, which was charged to Statement of Profit or Loss. In this circumstance, the increase is recognised as income only to the extent of the previous write down in value. Any decrease in the carrying amount is recognised as an expense in statement of profit or loss or charged to revaluation reserve in equity through Other Comprehensive Income, only to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any balance remaining in the revaluation reserve in respect of an asset, is transferred directly to retained earnings upon disposal of the asset.

The freehold lands were valued by reference to transactions involving properties of a similar nature.

**Subsequent Costs**

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group and its cost can be measured reliably. The costs of day to day servicing of property, plant and equipment are expensed as incurred.

**Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is recognised in the Statement of Profit or Loss in the year the asset is derecognised.

**Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the qualifying asset. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed. Other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they are incurred.

**Capital work-in-progress**

Capital work-in-progress is stated in the Statement of Financial Position at cost, including borrowing costs, less any accumulated impairment losses. Capital work-in-progress would be transferred to the relevant asset when it is in the location and condition necessary for it to be capable of operating in the manner intended by management (i.e. available for use).

**Depreciation**

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised the Statement of in Profit or Loss. Freehold land is not depreciated.

Depreciation of an asset begins from the date it is available for use or in respect of self constructed assets from the date that the asset is completed and ready for use. Depreciation ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

The estimated useful lives of PPE are as follows:

Table 110 : Useful lives of Property, Plant and Equipment

| Class of Asset | Years |
|---|---|
| Buildings and Premises | 36 - 40 |
| Buildings on leasehold land and improvements | Over the remaining lease period |
| Plant and machinery | 04-20 |
| Tools and implements | 03-04 |
| Motor vehicles | 03-04 |
| Furniture and fittings | 04-13 |
| Electrical fixtures and office equipment | 04-10 |
| Computer hardware and accessories | 02-04 |

Residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted if appropriate.

Carrying Value of Property, Plant and Equipment
Group

| | Freehold lands | Buildings on Freehold Land Improvements | Buildings on Leasehold Land and Improvements | Plant and Machinery | Tools and Implements | Motor Vehicles | Computer hardware and Accessories | Electrical Fixtures, Furniture and Fittings and Office Equipment | Total 2026 | Total 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Cost or Revalued Amount | | | | | | | | | | |
| At the beginning of the year | 12,449,086 | 3,566,387 | 844,699 | 2,880,060 | 466,863 | 897,879 | 802,323 | 756,608 | 22,663,905 | 20,932,738 |
| Additions | 188,229 | 131,429 | 350,494 | 2,939,706 | 58,737 | 368,714 | 119,134 | 124,181 | 4,280,624 | 1,239,403 |
| Transferred from capital work-in-progress | - | - | 93,679 | 978,212 | - | - | - | - | 1,071,891 | 655,342 |
| Reclassifications | - | (18,327) | - | 18,327 | - | - | - | - | - | - |
| Disposals | - | - | - | (51,866) | (427) | (11,345) | (6,328) | (16,502) | (86,468) | (161,960) |
| Effect of movements in exchange rates | - | - | 686 | - | 96 | - | 37 | 54 | 873 | (1,618) |
| At the end of the year | 12,637,315 | 3,679,489 | 1,289,558 | 6,764,439 | 525,269 | 1,255,248 | 915,166 | 864,341 | 27,930,825 | 22,663,905 |
| Accumulated Depreciation | | | | | | | | | | |
| At the beginning of the year | - | 973,302 | 354,564 | 1,173,255 | 380,977 | 772,598 | 424,678 | 493,295 | 4,572,669 | 4,178,604 |
| Charge for the year | - | 99,357 | 71,727 | 270,428 | 36,559 | 47,932 | 138,101 | 52,642 | 716,746 | 489,450 |
| Reclassifications | - | (191) | - | 191 | - | - | - | - | - | - |
| On disposals | - | - | - | (18,065) | (427) | (11,345) | (6,328) | (15,462) | (51,627) | (95,077) |
| Effect of movements in exchange rates | - | - | 176 | - | 62 | - | 17 | 14 | 269 | (308) |
| At the end of the year | - | 1,072,468 | 426,467 | 1,425,809 | 417,171 | 809,185 | 556,468 | 530,489 | 5,238,057 | 4,572,669 |
| Carrying amount before capital work-in-progress | 12,637,315 | 2,607,021 | 863,091 | 5,338,630 | 108,098 | 446,063 | 358,698 | 333,852 | 22,692,768 | 18,091,236 |
| Capital Work-in-Progress at Cost | | | | | | | | | | |
| At the beginning of the year | - | 11,242 | 190,904 | 953,733 | - | - | - | - | 1,155,879 | 738,388 |
| Additions | - | 1,267 | - | 104,401 | - | - | - | - | 105,668 | 1,075,520 |
| Reclassifications | - | 36,339 | (97,225) | 60,886 | - | - | - | - | - | - |
| Transferred to PPE | - | - | (93,679) | (978,212) | - | - | - | - | (1,071,891) | (655,342) |
| Derecognition | - | - | - | - | - | - | - | - | - | (2,687) |
| At the end of the year | - | 48,848 | - | 140,808 | - | - | - | - | 189,656 | 1,155,879 |
| Carrying amount as at 31st March | 12,637,315 | 2,655,869 | 863,091 | 5,479,438 | 108,098 | 446,063 | 358,698 | 333,852 | 22,882,424 | 19,247,115 |

There were no write-offs of Group property, plant and equipment during the year (2024/25 -Nil)
The group includes borrowing cost of Rs.120.4 million in the Plant and Machinery balance (2024/25 – 36.2 million).

Carrying Value of Property, Plant and Equipment
Company

| | Freehold lands | Buildings on Freehold Land Improvements | Buildings on Leasehold Land and Improvements | Plant and Machinery | Tools and Implements | Motor Vehicles | Computer hardware and Accessories | Electrical Fixtures, Furniture and Fittings and Office Equipment | Total 2026 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Cost or Revalued Amount | | | | | | | | | | |
| At the beginning of the year | 11,912,565 | 3,274,833 | 521,334 | 2,234,603 | 426,075 | 705,404 | 701,017 | 682,887 | 20,458,718 | 19,435,242 |
| Additions | 146,008 | 113,360 | 228,439 | 311,391 | 43,930 | 364,789 | 95,161 | 63,418 | 1,366,496 | 531,784 |
| Transferred from capital work-in-progress | - | - | 93,679 | - | - | - | - | - | 93,679 | 637,509 |
| Reclassifications | - | (18,327) | - | 18,327 | - | - | - | - | - | - |
| Disposals | - | - | - | (51,866) | (427) | (11,345) | (5,574) | (10,880) | (80,092) | (145,892) |
| Effect of movements in exchange rates | - | - | - | - | - | - | - | - | - | 75 |
| At the end of the year | 12,058,573 | 3,369,866 | 843,452 | 2,512,455 | 469,578 | 1,058,848 | 790,605 | 735,425 | 21,838,801 | 20,458,718 |
| Accumulated Depreciation | | | | | | | | | | |
| At the beginning of the year | - | 932,661 | 294,851 | 1,074,436 | 347,197 | 681,345 | 358,933 | 458,280 | 4,147,703 | 3,826,393 |
| Charge for the year | - | 85,070 | 52,771 | 144,740 | 29,949 | 40,535 | 120,916 | 40,373 | 514,354 | 401,804 |
| Reclassifications Depreciation | - | (191) | - | 191 | - | - | - | - | - | - |
| Disposals | - | - | - | (18,065) | (427) | (11,345) | (5,574) | (9,840) | (45,251) | (80,567) |
| Effect of movements in exchange rates | - | - | - | - | - | - | - | - | - | 73 |
| At the end of the year | - | 1,017,540 | 347,622 | 1,201,302 | 376,719 | 710,535 | 474,275 | 488,813 | 4,616,806 | 4,147,703 |
| Carrying amount before capital work-in-progress | 12,058,573 | 2,352,326 | 495,830 | 1,311,153 | 92,859 | 348,313 | 316,330 | 246,612 | 17,221,995 | 16,311,015 |
| Capital Work-in-Progress at Cost | - | - | 117,618 | - | - | - | - | - | 117,618 | 661,219 |
| At the beginning of the year | - | - | - | - | - | - | - | - | - | 93,908 |
| Additions | - | 23,939 | (23,939) | - | - | - | - | - | - | - |
| Reclassifications | - | - | (93,679) | - | - | - | - | - | (93,679) | (637,509) |
| Transferred to PPE | - | - | - | - | - | - | - | - | - | - |
| At the end of the year | - | 23,939 | - | - | - | - | - | - | 23,939 | 117,618 |
| Carrying amount as at 31st March | 12,058,573 | 2,376,264 | 495,830 | 1,311,153 | 92,859 | 348,313 | 316,330 | 246,612 | 17,245,934 | 16,428,633 |

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2025/26 (2024/25 – Nil).

### 4.9.1 Revaluation of Freehold Land

Freehold land was revalued as at 31st March 2024 by Prathap Chartered Valuation and Consultancy (Private) Limited who is a professionally qualified independent valuer. The valuation method adopted was the Market Comparable Method.

The value of freehold land has been written up to correspond with the market value and the details are as follows:

| Group<br>Location | Estimates for unobservable inputs (level 3)<br>Rs. | Extent | Original cost<br>Rs.'000 | Revalued amount<br>Rs.'000 | Revalued amount as number of times of cost | Freehold building square feet | No of buildings | Pledged | Mortgaged to financial institution |
|---|---|---|---|---|---|---|---|---|---|
| Diesel & Motor Engineering PLC | | | | | | | | | |
| 01. No. 65, Jetawana Road, Colombo 14*<br>No. 56, K. Cyril C. Perera Mawatha , Colombo 14<br>Sanctioned Street Line | 11,000,000 p.p | 2A-0R-33.29P | 414 | 3,850,000 | 9,300 | 98,271 | 3 | No | No |
| 02. No. 61, Jetawana Road, Colombo 14 | 13,000,000 p.p | 0A-1R-04.00P | 18,014 | 572,000 | 31.75 | 13,239 | 1 | No | No |
| 03. No. 74, Jetawana Road, Colombo 14 | 10,000,000 p.p | 0A-1R-19.22P | 113,808 | 592,000 | 5 | 5,926 | 1 | No | No |
| 04. No. 800, Sirimawo Bandaranaike Mawatha,<br>Colombo 14 | 4,250,000 p.p | 3A-3R-20.60P | 641,519 | 2,637,000 | 4 | 202,349 | 1 | No | No |
| 05. No. 135, Mahena Road, Siyambalape and<br>No. 274/A, Kakunagaha Watta, Siyambalape** | 406,250.p.p | 8A-3R-19.90P | 37,606 | 573,200 | 15 | 116,079 | 6 | No | No |
| 06. Kirindiwela Road, Weliweriya | 218,750 p.p | 15A-3R-30.00P | 89,958 | 557,800 | 6 | 240,928 | 6 | No | No |
| 07. No. 360, Madampitiya Road, Mahawatta, Colombo<br>14 *** | 5,000,000 p.p | 1A-2R-26.80P | 301,599 | 1,334,000 | 4 | - | - | - | - |
| 08. No. 09, Kandy Road, Aathikadu<br>Valavu,Ariyalai,Jaffna | 225,000 p.p | 1A-2R-26.72P | 32,487 | 60,000 | 2 | 40,357 | 1 | No | No |
| 09. No.88, Dambulla Road,Yaggapitiya, Kurunegala | Front portion (320p) at 1,200,000 p.p and rear (480p) at 450,000 p.p | 5A-0R-00.00P | 54,599 | 600,000 | 11 | 30,747 | 1 | - | - |
| 10. No. 23, Kaldemulla Road, Ratmalana | 1,700,000 p.p | 0A-3R-27.04P | 92,102 | 250,000 | 3 | 21,295 | 3 | No | No |
| 11. No. 63 & 63 A Jetawana Road, Colombo 14 | 13,000,000 p.p | 0A-1R-08.75P | 176,539 | 633,000 | 4 | 13,797 | 2 | No | No |
| 12. No.30,Kurihena, Lenadora, Dambulla | 34,375 p.p | 29A-0R-27.85P | 68,107 | 160,000 | 2 | 45,439 | 8 | No | No |
| 13. Katuwelandahena, Panliyadda, Ibbagamuwa,<br>Kurunegala *** | 200,000 p.p | 0A-1R-38.7P | 11,470 | 15,700 | 1 | 659 | 1 | No | No |
| DIMO (Private) Limited | | | | | | | | | |
| 14. Kentune Galeyaya, Kachchigala,<br>Embilipitiya,Ratnapura **** | 20,000 p.p | 4A-1R-4P | 4,445 | 13,600 | 3 | - | - | No | No |
| 15. Kentune Galeyaya, Kachchigala,<br>Embilipitiya,Ratnapura**** | 20,000 p.p | 01A-2R-08.65P | 2,343 | 4,900 | 2 | - | - | No | No |
| Plantseeds (Private) Limited | | | | | | | | | |
| 16. Kahatakulama Waththa, Galkulama, Andigama | 25,000 p.p | 13A-3R-28.80P | 7,575 | 55,700 | 7 | 28,077 | 5 | No | No |
| Plantchem (Pvt) Limited | | | | | | | | | |
| 17. Kumbukgaha Mula, Nabadewa, Nikaweratiya | Commercial portion (10p) at 175,000 p.p and balance (30p) at 50,000 p.p | 0A-1R-00.00P | 1,100 | 3,300 | 3 | - | - | No | No |
| Mansel (Ceylon) (Private) Limited | | | | | | | | | |
| 18. Biyagama Road, Pethiyagoda, Kelaniya***** | 2,400,000 p.p | 0A-1R-36.45P | 73,827 | 87,400 | - | - | - | No | No |
| Total | | | 1,727,511 | 11,999,600 | | 857,163 | 39 | | |

p.p-per perch

*Land original extent is 2A-0R-33.29P, but valuation has been given only for 2A-0R-30.15P.

**Land original extent is 8A-3R-19.90P, but valuation has been given only for 8A-3R-11P.

*** Represents freehold land without building as at reporting date. - However this land is used as a vehicle yard where necessary.

**** Represents freehold land with the installation of solar power panel.

***** Represents freehold land that going to be utilised for business.

Description of the valuation technique used together with a narrative description on sensitivity of the fair value measurement to changes in significant unobservable inputs are as follows:

The fair value measurement for all properties has been categorised as level 3 fair value based on the input to the valuation technique used.

Table 111: Valuation Methods

| Valuation Technique | Significant Unobservable Inputs | Sensitivity of Fair Value Measurement to Inputs |
|---|---|---|
| Market Comparable Method | | |
| This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for any differences in the nature, size, location or condition of the material property. | Market value of land (Price per perch) . Valuer has used range of prices for respective lands based on their recently transacted cost | Estimated fair value would increase/ (decrease) if the price per perch would increase/ (decrease). |

4.9.1.1 Sensitivity Ananysis

Five percentage change at the reporting date to the Fair value per perch would have the following effects to the overall Fair value of the lands.

| Assumption | Change in Land Fair Value | | | |
|---|---|---|---|---|
| | Group | | Company | |
| | 5% Increase Rs.'000 | 5% Decrease Rs.'000 | 5% Increase Rs.'000 | 5% Decrease Rs.'000 |
| Fair value per perch | 600,166 | (600,166) | 594,704 | (594,704) |

4.9.1.2 Lands not subject to revaluation

The group has acquired following lands in 2023/24, 2024/25 and 2025/26 .These lands have not been revaluated in the current year assuming that the acquisition values reflect the current market values. The details of these acquisitions are given follows:

| Company | Land Location | Acquisition Date | Extent | Acquisition Value Rs.'000 |
|---|---|---|---|---|
| Plantseeds Private Limited | Andigama Road, Halmillewa, Nikaweratiya | 7th August 2023 | 04A 00R 00P | 14,718 |
| Diesel & Motor Engineering PLC | Kokkichchankulama, Andigama , Anamaduwa | 7th September 2023 | 14A 03R 13.03P | 77,863 |
| Plantchem Private Limited | Samurdhi Mawatha, Heiyantuduwa, Biyagama | 30th September 2023 | 00A 02R 30.70P | 104,083 |
| DI-Solar Beliatta (Private) Limited | Mailagaha Madawala, Badigama, Hambanthota | 1st April 2024 | 07A-00R-00P | 18,683 |
| DIMO Solar Galle Three (Private) Limited | Monrovia Estate, Rathgama, Galle | 2nd June 2024 | 15A-00R-00P | 79,471 |
| DIMO Solar Galle Two (Private) Limited | Monrovia Estate, Rathgama, Galle | 2nd June 2024 | 23A-02R-18.30P | 123,652 |
| DIMO Solar Galle Four (Private) Limited | Manikdolawatta, Ihalagoda, Akmeemana | 20th June 2024 | 03A-01R-08.83P | 31,014 |
| DIMO Solar Galle Three (Private) Limited | Puwakgaha Deniya at Rathgama | 30th April 2025 | A0-R02-P03 | 5,778 |
| DIMO Solar Galle Two (Private) Limited | Polhenadeniya Kumbura at Rathgama | 30th April 2025 | A01-R01-P05 | 5,778 |
| DIMO Solar Galle Two (Private) Limited | Thani Pol Gaha Kumbura at Rathgama | 30th April 2025 | A0-R03-P04.50 | 2,103 |
| DIMO Solar Galle Four (Private) Limited | Menikdolawatta- Ihalagoda, Akmeemana | 4th April 2025 | A01-R00-P06.00 | 12,225 |
| DIMO Solar Galle Four (Private) Limited | Menikdolawatta- Ihalagoda, Akmeemana | 1st September 2025 | A01-R00-P06.00 | 16,339 |
| Diesel & Motor Engineering PLC | Siyabalape, Biyagama Gampaha | 28th January 2026 | A0-R02-P06 | 146,008 |
| Total | | | | 622,997 |

### 4.9.2 Fully Depreciated Assets but still in use

The cost of fully-depreciated property, plant and equipment of the Group and the Company which are still in use amounted to Rs. 2,626.3 million (2024/25- Rs.2,360.1 million) and Rs. 2,053.7 million (2024/25 - Rs. 1,993.7 million) respectively.

### 4.9.3 Property, Plant and Equipment pledged as security against short term and long-term bank borrowing

At the reporting date the Group has pledged Property, Plant and Equipment with a carrying value of Rs. 4,309 million (2024/25: Rs. 69.7 million) as security for short-term and long-term bank borrowings. At the reporting date, the Company did not have any Property, Plant and Equipment pledged as security.

### 4.9.4 Permanent Fall in Value of Property, Plant and Equipment

There is no permanent fall in the value of property, plant and equipment which require a provision for impairment.

### 4.9.5 Title Restriction on Property, Plant and Equipment

There were no restrictions that existed on the title to the property, plant and equipment of the Group as at the reporting date.

### 4.9.6 Depreciation charge for the year is included in following line items in statement of profit or loss

| For the year ended 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Cost of sales | 83,760 | 49,914 | 63,634 | 30,212 |
| Administrative expenses | 632,986 | 439,536 | 450,720 | 371,592 |
| | 716,746 | 489,450 | 514,354 | 401,804 |

4.9.7 During the Financial year, the Group and company acquired Property, Plant and Equipment to the aggregate value of Rs. 4,386.2 million and 1,336.5 million respectively (2024/25 - Group Rs. 2,314.9 million and company Rs.625.6 million) on cash basis.

## 4.10 RIGHT-OF-USE ASSETS

### Accounting Policy

**Basis of Recognition**

The Group applies Sri Lanka Accounting Standard SLFRS 16 "Leases" in accounting for all lease hold rights except for short term leases and leases on which implications to the financial statements are not considered to be material.

The Group uses its judgment to determine whether a lease contract qualifies for recognition of right-of-use assets. The Group applies judgements in evaluating the level of certainty regarding whether the option to renew or terminate a lease will be exits. That is, it considers all relevant factors that create an economic benefits for it to exercise either the renewal or termination options. The group has leased land and buildings with an option to renew after the original lease period. Lease terms are modified on an individual basis and contain a wide range of different terms and conditions.

**Basis of Measurement**

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are initially measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Subsequent to initial recognition, right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The Group applies the cost model for the subsequent measurement of right-of-use assets, irrespective of the valuation model applied to freehold land.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset to the Group by the end of the lease term, or if the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

Carrying value of Right-of-Use Assets

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| Land and Buildings | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Cost | | | | |
| At the beginning of the year | 1,247,399 | 1,227,761 | 950,979 | 903,636 |
| Additions during the year | 453,353 | 398,765 | 206,515 | 327,318 |
| Derecognition | (147,575) | (312,570) | (44,059) | (279,975) |
| Remesurements during the year | - | (51,310) | - | - |
| Effect of movements in exchange rates | 5,500 | (15,247) | - | - |
| At the end of the year | 1,558,677 | 1,247,399 | 1,113,435 | 950,979 |
| Accumulated Depreciation | | | | |
| At the beginning of the year | 510,694 | 668,785 | 346,318 | 521,970 |
| Depreciation for the year | 195,990 | 150,248 | 126,049 | 97,286 |
| Derecognition | (141,074) | (305,533) | (37,556) | (272,938) |
| Effect of movements in exchange rates | 2,598 | (2,806) | - | - |
| At the end of the year | 568,208 | 510,694 | 434,811 | 346,318 |
| Carrying amount at the end of the year | 990,469 | 736,705 | 678,624 | 604,661 |
| Right-of-use assets are presented in financial position as follows; | | | | |
| Classified as non-current assets | 990,469 | 736,705 | 678,624 | 604,661 |

Expenses relating to short-term leases recognised in the statement of profit or loss during the year amounted to Rs 122.0 million (2024/25: Rs 113.0 million) for the Group and Rs 95.6 million (2024/25: Rs 91.2 million) for the Company.

## 4.11 INTANGIBLE ASSETS AND GOODWILL

### Accounting Policy

**Basis of recognition**

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard – LKAS 38 on "Intangible Assets.

**Basis of Measurement**

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are recognised at their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

**Subsequent Expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of Profit or Loss as an when incurred.

**Useful Economic Lives, Amortisation and Impairment**

Intangible assets with finite lives are amortised using the straight-line method to write down the cost over its estimated useful economic lives and are generally recognised in statement of profit or loss. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Goodwill and intangible assets with indefinite useful lives are not amortised. These assets are assessed for impairment annually and whenever there is an indication that the intangible asset may be impaired.

**Derecognition**

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from their use. Any gain or loss arising on the derecognition of an asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the Statement of Profit or Loss in the year the asset is derecognized.

The period over which intangible assets are amortised is as follows;

Table 112: Useful Lives of Intangible Assets

| Class of Asset | Years |
|---|---|
| Computer software | 04-10 |
| Agency and product distribution rights | Indefinite |
| Franchise licence | Agreement Period |

The above rate is consistent with the rate used in the previous years. The amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**Agency and product distribution rights**

The asset is considered to have an indefinite useful life, as it is not limited by contractual term and is expected to generate economic benefits over an indefinite period. Accordingly, it is not amortized but is subject to annual impairment testing under LKAS 36.

No impairment indicators were identified as at the reporting date.

**Goodwill Arisen through Business Combination**

Goodwill acquired in a business combination represents the future economic benefits and synergies arising from other assets acquired that are not individually identified and separately recognised under SLFRS 3.

The management is of the opinion that the brand names and integrated operations of the acquired subsidiaries will bring significant synergies to the current product offerings of the Company across its operating sectors, generating future economic benefits for the Group.

Impairment of Goodwill

The group tests goodwill annually for impairment as at 31st March or more frequently if events or changes in circumstances indicate that carrying value maybe impaired.

Derecognition

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from their use. Any gain or loss arising on the derecognition of an asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized in the Statement of Profit or Loss in the year the asset is derecognized.

Carrying Value of Intangible Assets

| Group<br>As at 31st March | Agency and product distribution rights<br>Rs.'000 | Software<br>Rs.'000 | Franchise licence<br>Rs.'000 | Goodwill<br>Rs.'000 | Total<br>2026<br>Rs.'000 | <br>2025<br>Rs.'000 |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| At the beginning of the year | 400,000 | 836,144 | - | 916,291 | 2,152,435 | 1,752,296 |
| Additions during the year | - | 115,033 | 2,542 | - | 117,575 | 405,188 |
| Disposals during the year | - | - | - | - | - | (5,049) |
| At the end of the year | 400,000 | 951,177 | 2,542 | 916,291 | 2,270,010 | 2,152,435 |
| Accumulated Impairment/ amortisation | | | | | | |
| At the beginning of the year | - | 229,836 | - | 31,911 | 261,747 | 161,822 |
| Amortisation during the year | - | 84,773 | 85 | - | 84,858 | 73,063 |
| Impairment for the year | - | - | - | 388,641 | 388,641 | 31,911 |
| Disposals during the year | - | - | - | - | - | (5,049) |
| At the end of the year | - | 314,609 | 85 | 420,552 | 735,246 | 261,747 |
| Carrying amount before capital work-in-progress | 400,000 | 636,568 | 2,457 | 495,739 | 1,534,764 | 1,890,688 |
| Capital work-in-progress at cost | | | | | | |
| At the beginning of the year | - | 238,474 | - | - | 238,474 | 26,061 |
| Additions during the year | - | 131,858 | - | - | 131,858 | 212,413 |
| At the end of the year | - | 370,332 | - | - | 370,332 | 238,474 |
| Carrying amount as at end of the year | 400,000 | 1,006,900 | 2,457 | 495,739 | 1,905,096 | 2,129,162 |

| Company | Software | Franchise licence | Total | |
|---|---|---|---|---|
| As at 31st March | | | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Cost | | | | |
| At the beginning of the year | 820,405 | - | 820,405 | 821,633 |
| Additions during the year | 50,985 | 2,542 | 53,527 | 3,821 |
| Disposals during the year | - | - | - | (5,049) |
| At the end of the year | 871,390 | 2,542 | 873,932 | 820,405 |
| Accumulated Impairment /amortisation | | | | |
| At the beginning of the year | 215,464 | - | 215,464 | 147,547 |
| Amortisation during the year | 75,774 | 85 | 75,859 | 72,966 |
| Disposals during the year | - | - | - | (5,049) |
| At the end of the year | 291,238 | 85 | 291,323 | 215,464 |
| Carrying amount before capital work-in-progress | 580,152 | 2,457 | 582,609 | 604,941 |
| Capital work-in-progress at cost | | | | |
| At the beginning of the year | 238,474 | - | 238,474 | 26,061 |
| Additions during the year | 129,624 | - | 129,624 | 212,413 |
| At the end of the year | 368,098 | - | 368,098 | 238,474 |
| Carrying amount as at end of the year | 948,250 | 2,457 | 950,707 | 843,415 |

**Fully amortised but still in use**

The cost of fully amortised Intangible Assets of the Group and the Company which are still in use amounted to Rs. 141.4 million (2024/25 - Rs.141.4 million) and Rs. 124.5 million (2024/25 - Rs. 124.5 million) respectively.

### 4.11.1 Net Carrying value of goodwill

Goodwill acquired through business combinations have been allocated to each cash generating units (CGU's) for impairment testing as follows;

| As at 31st March | 2026 | 2025 |
|---|---|---|
| | Rs.'000 | Rs.'000 |
| Plantseeds (Private) Limited | 117,623 | 117,623 |
| Tropical Health Food (Private) Limited | 270,526 | 270,526 |
| Virgin Oil International (Private) Limited | 150,026 | 150,026 |
| Mansel (Ceylon) (Private) Limited | 205,074 | 205,074 |
| Associated Laboratories (Private) Limited | 173,042 | 173,042 |
| | 916,291 | 916,291 |
| Impairment Provision | | |
| At the beginning of the year | (31,911) | - |
| During the year Impairment Provision | (388,641) | (31,911) |
| At the end of the year | (420,552) | (31,911) |
| Net carrying value of goodwill | 495,739 | 884,380 |

During the year, the Group recognized an impairment provision of goodwill amounting to Rs. 388.6 million (2024/25: Rs. 31.9 million). This impairment relates to the subsidiaries Tropical Health Food (Private) Limited and Virgin Oil International (Private) Limited, both of which are fully provided in the financial statements.

CGUs in which the carrying amount of goodwill is 'significant' in comparison with the entity's total carrying amount.

The recoverable amount of goodwill is determined based on value in use calculations. The value in use was determined by discounting the future cashflows generated from the continuing use of the unit and key assumptions used are given below.

4.11.1.1 Key Assumptions

| Assumption | 2026 | 2025 |
|---|---|---|
| Discount Rate | 11%-17% | 11% |
| Terminal Growth Rate | 4%-10% | 3%-5% |

**Business Growth -** Based on historical growth rate and business plan of next five years

**Inflation -** Based on the projected economic conditions

**Discount rate -** Average market borrowing rate adjusted for risk premium (Pre-Tax)

**Terminal growth rate -** For the purposes of the Group's value in use calculations, a long-term growth rate into perpetuity is applied immediately at the end of the five year forecast period and is based on the lower of

- the nominal GDP growth rate forecasts for the country of operations; and
- the long-term compound annual growth rate in adjusted EBITDA as estimated by management

The cash flow projections included material estimates for five years and a terminal growth rate thereafter.

4.11.1.2 Sensitivity of Assumptions Used in the Goodwill Impairment

| Variable | Change | Sensitivity | |
|---|---|---|---|
| | | Impact on Value In Use | Impact on Goodwill |
| Discount Rate | Increases By 1% | (13%) | 0% |
| | Decreases By 1% | 17% | 0% |
| Terminal Growth rate | | | |
| | Increases By 1% | 15% | 0% |
| | Decreases By 1% | (11%) | 0% |

*Only Plantseeds (Private) Limited , Mansel (Ceylon) (Private) Limited & Associated Laboratories (Private) Limited considered for the sensitivity analysis.

## 4.12 INVESTMENTS IN SUBSIDIARIES AND EQUITY-ACCOUNTED INVESTEES

### 4.12.1 Investments in Subsidiaries

#### Accounting Policy

Investments in subsidiaries are initially recognised at cost in the Financial Statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries are immediately recognised in Statement of Profit or Loss. At each reporting date, the Company reviews the carrying amounts of its investments in subsidiaries to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investment is estimated in accordance with LKAS 36. An impairment loss is recognised in the Statement of Profit or Loss when the carrying amount of the investment exceeds its estimated recoverable amount.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions- that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Please refer the note 2.2 to the financial statements for Nature and the Business operations of the subsidiary companies.

Provision for Impairment

The carrying amount of investments made in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. However goodwill arising from the business combination is tested annually for impairment as given in the Note 4.12.1.

Based on impairment assessment carried out as at 31st March 2026, it was concluded that the net recoverable value of all the investments included under unquoted investments exceeds its carrying value except for investment made in Tropical Health Food (Private) Limited and DIMO Australia Pty Ltd. Therefore, based on an assessment made for impairment, the provision given in the Note 4.12.1.2 was considered to be adequate as at the reporting date.

4.12.1.1 Carrying Value of Investments in Subsidiaries made by the Company

| As at 31st March | 2026 | | | 2025 | | |
|---|---|---|---|---|---|---|
| | Holding (%) | No.of shares | Cost Rs.'000 | Holding (%) | No.of shares | Cost Rs.'000 |
| Unquoted Investment - Ordinary Shares | | | | | | |
| DIMO (Private) Limited | 99.99 | 150,024,999 | 1,500,250 | 99.99 | 150,024,999 | 1,500,250 |
| DIMO Industries (Private) Limited | 99.99 | 2,300,499 | 23,050 | 99.99 | 2,300,499 | 23,050 |
| DIMO Travels (Private) Limited | 99.99 | 24,980 | 2,498 | 99.99 | 9,980 | 998 |
| DIMO Lifeline (Private) Limited | 75 | 7,500,000 | 300,000 | 75 | 7,500,000 | 300,000 |
| DIMO Lanka Company Limited | 99.99 | 77,922 | 128,593 | 99.99 | 77,922 | 128,593 |
| Plantchem (Private) Limited | 70 | 19,483,949 | 346,258 | 70 | 19,483,949 | 346,258 |
| Plantseeds (Private) Limited | 70 | 9,027,509 | 357,772 | 70 | 9,027,509 | 357,772 |
| Moveflex (Private) Limited | 100 | 120,000 | 12,000 | 100 | 120,000 | 12,000 |
| DIMO Bangladesh (Private) Limited | 99.99 | 618,049 | 213,864 | 99.99 | 618,049 | 213,864 |
| Tropical Health Food (Private) Limited | 94.45 | 12,670,420 | 450,080 | 94.45 | 12,670,420 | 450,080 |
| Virgin Oil International (Private) Limited | 51 | 7,007,991 | 40,000 | 51 | 7,007,991 | 40,000 |
| Mansel (Ceylon) (Private) Limited | 75 | 2,380,848 | 179,990 | 75 | 2,380,848 | 179,990 |
| Associated Laboratories (Private) Limited | 75 | 2,075,145 | 45,010 | 75 | 2,075,145 | 45,010 |
| DI Solar Beliatta (Private) Limited* | 100 | 35,100,001 | 351,000 | 100 | 1 | 0.1 |
| DIMO Solar Galle (Private) Limited** | 100 | 1,668,072 | 166,807 | 100 | 1 | 0.1 |
| DIMO Solar Galle Two (Private) Limited** | 100 | 3,026,878 | 302,688 | 100 | 1 | 0.1 |
| DIMO Solar Galle Three (Private) Limited** | 100 | 2,787,736 | 278,774 | 100 | 1 | 0.1 |
| DIMO Solar Galle Four (Private) Limited** | 100 | 268,623,708 | 268,624 | 100 | 1 | 0.1 |
| DIMO Solar Anuradhapura (Private) Limited** | 100 | 2,618,309 | 261,831 | 100 | 1 | 0.1 |
| DIMO Australia Pty Ltd | 100 | 1 | 18 | 100 | 1 | 18 |
| DIMO College of Higher Education (Pvt) Ltd | 100 | 1 | 0.01 | 100 | 1 | 0.01 |
| | | | 5,229,107 | | | 3,597,886 |
| Impairment provision (Note 4.12.1.2) | | | (196,454) | | | (164,883) |
| | | | 5,032,653 | | | 3,433,003 |

* Shares were issued on 23rd May 2025

** Shares issues on 20th August 2025

4.12.1.2 Movement in Provision for Impairment of Investments in Subsidiaries

| As at 31st March | 2026 Rs.'000 | 2025 Rs.'000 |
|---|---|---|
| At the beginning of the year | 164,883 | 141,575 |
| Impairment made during the year | 31,571 | 23,308 |
| At the end of the year | 196,454 | 164,883 |

Impairment in investment in subsidiary is pertaining to DIMO Travels (Private) Limited, DIMO Lanka Company Limited , Tropical Health Food (Private) Limited and DIMO Australia Pty Ltd amounting to Rs. 0.05 million , Rs. 128.6 million ,Rs. 67.78 million and Rs.0.018 million respectively.

### 4.12.2 Goodwill or Bargaining Purchase Arising from Acquisition of Subsidiaries

The following represents the fair values of the identifiable assets and liabilities of the subsidiaries, as at the date of acquisition.

| As at 31st March | PlantChem (Private) Limited Rs.'000 | Plantseeds (Private) Limited Rs.'000 | Tropical Health Food (Private) Limited Rs.'000 | Virgin Oil International (Private) Limited Rs.'000 | Mansel (Ceylon) (Private) Limited Rs.'000 | Associated Laboratories (Private) Limited Rs.'000 |
|---|---|---|---|---|---|---|
| Assets | | | | | | |
| Property, Plant and Equipment | 197,337 | 99,362 | 127,834 | 133,883 | 78,312 | 200 |
| Intangible Assets | - | - | - | - | 243 | - |
| Fixed Deposits | 119,839 | 10,980 | - | 1,259 | 357,461 | 40,693 |
| Deferred Tax Asset | 16,359 | - | - | - | 91,053 | 29,551 |
| Inventories | 140,924 | 85,743 | 9,002 | - | 22,370 | 9,266 |
| Trade and Other Receivables | 199,857 | 80,709 | 12,528 | 12,404 | 47,663 | 22,583 |
| Other Current Assets | 50,810 | 43,296 | - | - | - | - |
| Amount Due From Related Parties | 20,059 | 76,372 | - | 32,500 | 59,992 | 63,759 |
| Cash and Cash Equivalents | 16,082 | 14,384 | 78,971 | 2,465 | 76,755 | 28,839 |
| Total Assets | 761,267 | 410,846 | 228,335 | 182,511 | 733,849 | 194,891 |
| Lease Liability | 10,543 | 7,832 | - | - | - | - |
| Interest Bearing Borrowings | - | - | - | 300,333 | 195,667 | 106,998 |
| Trade Creditors | 68,081 | 39,903 | 8,489 | 4,557 | 30,649 | 130,670 |
| Other Current Liabilities | 218,255 | 77,665 | - | 4,955 | - | - |
| Amount Due to Related Parties | 76,372 | 20,059 | - | 44,143 | 478,623 | 101,165 |
| Retirement Gratuity | 9,567 | 1,723 | 6,434 | 4,503 | 23,745 | 11,040 |
| Tax Liability | 1,914 | - | - | 7 | - | - |
| Deferred Tax Liability | - | 3,103 | 23,307 | 22,587 | 12,086 | - |
| Accrued Expenses | 11,940 | 7,226 | - | - | - | - |
| Bank Overdrafts | 22,534 | 1,552 | - | 17,166 | 26,521 | 15,728 |
| Total Liabilities | 419,206 | 159,063 | 38,230 | 398,251 | 767,291 | 365,601 |
| Total identifiable net assets at fair value | 342,061 | 251,783 | 190,105 | (215,740) | (33,442) | (170,710) |
| Non-controlling interest measured at fair value | 167,610 | 123,374 | 10,551 | (105,712) | (8,361) | (42,677) |
| Goodwill arising on acquisition | - | 117,623 | 270,526 | 150,026 | 205,074 | 173,042 |
| Bargain purchase arising on acquisition | 38,623 | - | - | - | - | - |
| Purchased consideration | 183,595 | 250,989 | 450,080 | 40,000 | 179,992 | 45,010 |
| Net cash outflow on acquisition | 391,534 | 310,864 | 371,109 | 54,701 | 54,758 | 31,889 |

**Acquisition-related costs**

The Group had no acquisition-related costs as at 31st March 2026 ( 2024/25-Nill).

# SECTION 4 - **MATERIAL ACCOUNTING POLICIES AND NOTES**

### 4.12.3 Subsidiaries with Material Non-Controlling Interests

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the Statement of Profit or Loss and Other Comprehensive and as a component of equity in the Statement of Financial Position, separately from equity attributable to owners of the Company.

| | United DIMO Company Limited | | Plantchem (Private) Limited | | Plantseeds (Private) Limited | | Virgin Oil International (Private) Limited | | Mansel (Ceylon) (Private) Limited | | Associated Laboratories (Private) Limited | | DIMO Lifeline (Private) Limited | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| As at 31st March | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Non-controlling interest percentage | 30% | 30% | 30% | 30% | 30% | 30% | 49% | 49% | 25% | 25% | 25% | 25% | 25% | 25% |
| Summarised Statement of Financial Position | | | | | | | | | | | | | | |
| Current assets | 655 | 621 | 2,305,520 | 2,155,007 | 1,208,089 | 1,166,758 | 70,489 | 46,292 | 294,874 | 342,240 | 334,449 | 358,970 | 747,901 | 1,147,799 |
| Non-current assets | - | - | 554,148 | 619,803 | 232,911 | 256,279 | 269,408 | 251,593 | 217,437 | 234,481 | 50,669 | 51,542 | 434,313 | 428,549 |
| Total assets | 655 | 621 | 2,859,668 | 2,774,810 | 1,441,000 | 1,423,037 | 339,897 | 297,885 | 512,311 | 576,721 | 385,118 | 410,512 | 1,182,214 | 1,576,348 |
| Current liabilities | 53,986 | 51,132 | 1,899,042 | 1,705,977 | 235,857 | 266,257 | 833,225 | 593,453 | 392,700 | 279,160 | 461,541 | 372,621 | 785,613 | 1,153,439 |
| Non-current liabilities | - | - | 207,428 | 244,162 | 5,268 | 8,375 | 78,576 | 153,005 | 21,463 | 181,884 | 17,507 | 123,520 | 38,672 | 9,105 |
| Total liabilities | 53,986 | 51,132 | 2,106,470 | 1,950,139 | 241,125 | 274,632 | 911,801 | 746,458 | 414,163 | 461,044 | 479,048 | 496,141 | 824,286 | 1,162,544 |
| Net assets | (53,331) | (50,511) | 753,199 | 824,671 | 1,199,875 | 1,148,405 | (571,904) | (448,573) | 98,150 | 115,677 | (93,931) | (85,629) | 357,928 | 413,804 |
| Net assets attributable to non-controlling interest | (15,999) | (15,153) | 225,960 | 247,401 | 359,963 | 344,522 | (171,571) | (219,801) | 29,445 | 28,919 | (23,483) | (21,407) | 89,482 | 103,451 |
| Summarised Statement of Profit of Loss and Other Comprehensive Income | | | | | | | | | | | | | | |
| Revenue | - | - | 3,540,044 | 2,461,980 | 1,138,863 | 1,193,939 | 534,998 | 241,372 | 389,451 | 282,420 | 531,676 | 439,779 | 807,151 | 807,323 |
| Profit /(Loss) after tax | (92) | - | (7,093) | (184,812) | 123,115 | 212,357 | (120,015) | (117,035) | (20,438) | 10,810 | (9,874) | 34,446 | (32,365) | 27,212 |
| Other comprehensive income | - | - | (7,309) | (4,004) | (400) | 911 | 42 | (331) | (1,271) | (1,293) | 42 | (2,020) | (16,618) | - |
| Total comprehensive income | (92) | - | 3,525,642 | (188,816) | 122,715 | 213,268 | (119,973) | (117,366) | (21,709) | 9,517 | (9,831) | 32,426 | (48,982) | 27,212 |
| Profit / (Loss)attributable to non-controlling interest | (28) | - | (2,128) | (56,645) | 36,814 | 63,980 | 160,499 | (57,509) | (6,131) | 2,379 | (2,962) | 8,107 | (9,709) | 6,803 |
| Other comprehensive income attributable to non-controlling interest | (28) | - | 216 | (1,201) | (120) | 273 | 13 | (162) | (381) | (323) | 13 | (505) | (4,985) | - |
| Total comprehensive income attributable to non-controlling interest | (28) | - | 1,057,693 | (57,846) | 36,814 | 64,253 | (35,992) | (57,671) | (6,513) | 2,056 | (2,949) | 7,602 | (14,695) | 6,803 |
| Summarised statement of cash flow | | | | | | | | | | | | | | |
| Cash flows from (used in) operating activities | - | - | 538,833 | (272,549) | 40,740 | 174,221 | (86,205) | (126,571) | 33,738 | (142,192) | (8,458) | (31,875) | (236,551) | (158,792) |
| Cash flows from (used in) investing activities | - | - | (5,027) | (151,286) | 81,972 | (231,944) | (7,270) | (9,363) | - | (9,726) | - | (1,387) | (238) | (423,082) |
| Cash flows from (used in) financing activities | - | - | (308,585) | 438,230 | (92,367) | 40,305 | 97,413 | 147,642 | (45,007) | 160,257 | (549) | 33,085 | 256,971 | 601,353 |
| Net increase / (decrease)in cash and cash equivalents | - | - | 225,221 | 14,395 | 30,345 | (17,418) | 3,939 | 11,708 | (11,269) | 8,339 | (9,007) | (177) | 20,181 | 19,479 |

### 4.12.4 Investments in Equity-Accounted Investees

### Accounting Policy

The Equity-accounted investees shown in the financial statements are Joint ventures.

**Investment in DIMO Coastline (Private) Limited**

On 22nd February 2018, the Group acquired 40% equity interest of DIMO Coastline (Private) Limited for an aggregate consideration of Rs. 58.2 million. DIMO Coastline (Private) Limited is a company incorporated in Republic of Maldives and whose financial year ends on 31st December. The Group has acquired the company as part of expansion into marine and general engineering business overseas.

**Investment in Azend Technologies (Private) Limited**

On 9th November 2021, the Company invested Rs. 25.0 million in Azend Technologies (Private) Limited acquiring a 49% equity interest. During the year company further invested Rs. 51.3 Million without changing it stake of holding. Azend Technologies (Private) Limited is in the business of providing information technology solutions.

On 8th April 2025, the Company disposed of its entire 49% equity interest in Azend Technologies (Private) Limited for a total consideration of Rs. 65 million.

The following table summarise the financial information relating to DIMO Coastline (Private) Limited (in liquidation) up to the reporting boundary, and the final operating results of Azend Technologies (Private) Limited up to the date of disposal, reconciled to their financial statement impacts.

| As at 31st March | DIMO Coastline (Private) Limited | | Azend Technologies (Private) Limited | | Total | |
|---|---|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Ownership interest | 40% | 40% | 0% | 49% | | |
| Non-current assets | - | - | - | 21,376 | 149,346 | 21,376 |
| Current assets | 534,524 | 580,434 | - | 311,471 | 385,178 | 891,905 |
| Total assets | 534,524 | 580,434 | - | 332,847 | 534,524 | 913,281 |
| Current liabilities | 350,085 | 357,252 | - | 222,593 | 350,085 | 579,845 |
| Non-current liabilities | - | - | - | 31,591 | - | 31,591 |
| Total liabilities | 350,085 | 357,252 | - | 254,184 | 350,085 | 611,436 |
| Net assets (100%) | 184,439 | 223,182 | - | 78,663 | 184,439 | 301,845 |
| Group's share of net assets | 73,776 | 89,273 | - | 38,545 | 73,776 | 127,818 |
| Gross amount of interest in equity-accounted investees | 73,776 | 89,273 | - | 38,545 | 73,776 | 127,818 |
| Statement of Profit or Loss and Other Comprehensive Income | | | | | | |
| Revenue | 92,301 | 460,488 | - | 387,276 | 92,301 | 847,764 |
| Depreciation | (7,170) | (30,652) | - | 7,348 | (7,170) | (23,304) |
| Interest expense | (10,393) | (12,435) | - | (4,464) | (10,393) | (16,899) |
| Profit/(loss) after tax | (11,136) | 128,142 | (291) | (108,330) | (11,427) | 19,812 |
| Total comprehensive income (100%) | (11,136) | 128,142 | (291) | (108,330) | (11,427) | 19,812 |
| Group's Share of results of equity accounted investee, net of tax | (4,454) | 51,257 | (143) | (53,082) | (4,597) | (1,825) |

The equity accounted investees had no contingent liabilities or capital commitments as at 31st March 2026 (2024/25 - Nil).

Reconciliation of Summarised Financial Information

Reconciliation of the above summarised financial information to the carrying amount of the interest in equity accounted investees recognised in the Financial Statements are as follows;

| As at 31st March | DIMO Coastline (Private) Limited* | | Azend Technologies (Private) Limited | | Total | |
|---|---|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 89,273 | 57,251 | - | 91,627 | 89,273 | 148,878 |
| Group's Share of profit/(loss) recognised in Statement of Profit or Loss and Other Comprehensive Income | (4,454) | 51,257 | (143) | (53,082) | (4,597) | (1,825) |
| Effect of movements in exchange rates | (11,043) | (19,235) | - | - | (11,043) | (19,235) |
| Transferred to Assets Held for Sale | - | - | 143 | (38,545) | 143 | (38,545) |
| Gross amount of interest in equity-accounted investees | 73,776 | 89,273 | - | - | 73,776 | 89,273 |
| Impairment provision at the beginning of the year | 89,273 | - | - | - | 89,273 | - |
| Impairment provision/(reversal) | (15,497) | 89,273 | - | - | (15,497) | - |
| Impairment provision at the end of the year | 73,776 | 89,273 | - | - | 73,776 | 89,273 |
| Carrying amount of interest in equity-accounted investees after provision | - | - | - | - | - | - |

* Financial Statements of DIMO Coastline (Private) Limited have prepared on the liquidation basis assuming going concern assumption is inappropriate, pursuant to the decision taken by the Board of Directors of the company for voluntarily dissolution and liquidation of the company and recognised a full impairment provision of Rs. 73.7 million .

## 4.13 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### Accounting Policies

Financial Assets

Initial Recognition and Measurement

The Group classifies financial assets at initial recognition as investment designated at FVOCI or amortised cost based on the business model for managing the asset and the contractual cashflows arising. Reclassificaion is prohibited unless the group change its business model for managing specific assets portfolio.

Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition.

A trade receivable without a significant financing component is initially measured at the transaction price determined under SLFRS 15.

Classification and Measurement

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the financial assets are managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Group's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic

lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- events that would change the amount or timing of cash flows.
- terms that may adjust the contractual coupon rate, including variable-rate features.
- repayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Equity Securities measured at FVOCI

The Group's investment in equity securities are classified as Fair Value through Other Comprehensive Income (FVOCI).

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income. This election is made on an investment-by-investment basis.

Financial Asset at Amortised Cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets classified and measured at amortised cost are limited to its trade and other receivables, amounts due from related parties and cash & cash equivalents.

Subsequent Measurement and Gains and Losses

Subsequent measurement of Group's financial assets are as follows;

| | |
|---|---|
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit or Loss. Any gain or loss on derecognition is recognised in Statement of Profit or Loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as other income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in Other Comprehensive Income and are never reclassified to Statement of Profit or Loss. |

Derecognition of Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all risks and rewards of ownership and it does not retain control of the financial asset. If the Group enters into transaction whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, such transferred assets are not derecognised.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held - for - trading at the initial recognition. Financial liabilities at FVTPL are measured at fair value and any resulting gains and losses, including any interest expense, are recognised in Statement of Profit or Loss.

All financial liabilities are recognised initially on the date that the Group becomes a party to the contractual provisions of the instrument.

- For financial liabilities measured at amortised cost, the liability is initially measured at fair value less any directly attributable transaction costs.

- For financial liabilities measured at FVTPL, transaction costs are recognised immediately in the Statement of Profit or Loss.

All the financial liabilities are initially recognised at fair value less any directly attributable transaction costs.The Group's financial liabilities mainly comprise bank borrowings, trade payables, other payables, and amounts due to related parties.

Subsequent Measurement

Other financial liabilities are subsequently measured at amortised cost. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit or Loss. Any gain or loss on derecognition is also recognised in Statement of Profit or Loss.

Details of financial liabilities recognised in the Statement of Financial Position are given in Notes 4.24 and 4.29 on Pages 330 and 342.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 4.13.1 Financial Assets and Liabilities by Category

Financial Assets

| As at 31st March | Note | Group 2026 Rs.'000 | Group 2025 Rs.'000 | Company 2026 Rs.'000 | Company 2025 Rs.'000 |
|---|---|---|---|---|---|
| i. Financial assets at amortized cost | | | | | |
| - Trade and other receivables | 4.16 | 21,027,680 | 15,733,645 | 14,276,996 | 10,477,796 |
| - Cash and cash equivalents | 4.19 | 3,649,833 | 3,055,406 | 2,313,988 | 1,942,577 |
| - Amounts due from subsidiaries | 4.32.1 | - | | 2,401,239 | 2,673,194 |
| - Amount due from Equity accounted investees | 4.32.1 | - | 376 | - | 376 |
| - Other financial assets | 4.18 | 9,484 | 11,213 | - | - |
| Total financial assets | | 24,686,997 | 18,800,640 | 18,992,223 | 15,093,943 |

Financial Liabilities

| As at 31st March | Note | Group 2026 Rs.'000 | Group 2025 Rs.'000 | Company 2026 Rs.'000 | Company 2025 Rs.'000 |
|---|---|---|---|---|---|
| Financial liabilities at amortized cost | | | | | |
| - Current portion of long-term interest bearing borrowings | 4.24.1.1 | 1,194,352 | 735,483 | 962,880 | 609,060 |
| - Long-term interest bearing borrowings | 4.24.1.1 | 7,299,461 | 2,638,267 | 4,113,960 | 2,282,170 |
| - Current portion of lease liabilities | 4.24.3.1 | 188,826 | 96,540 | 123,173 | 73,673 |
| - Non-current portion of lease liabilities | 4.24.3.1 | 960,355 | 755,605 | 670,133 | 616,886 |
| - Short-term interest- bearing borrowings | 4.24.2 | 38,992,561 | 24,549,436 | 33,415,604 | 16,530,765 |
| - Trade and other payables | 4.29 | 6,858,397 | 3,145,497 | 5,615,691 | 2,107,811 |
| - Amounts due to related parties | 4.32.1.2 | - | - | 803,157 | 1,440,274 |
| Total financial liabilities | | 55,493,952 | 31,920,828 | 45,704,597 | 23,660,639 |

### 4.13.2 Fair Value of Assets and Liabilities

#### Accounting Policies

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or
- In the absence of a principal market, In the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

The Group measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement. The Group measures the fair value using the following fair value

Fair value hierarchy

Level 1: Inputs that are quoted market prices (unadjusted) in an active market for identical instruments;

Level 2: Inputs other than quoted prices included within level that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Valuation techniques that use inputs that have a significant effect on the recorded fair values that are not based on observable market data.

For assets and liabilities that are recognised in the Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

The Group held the following financial and non-financial assets carried at fair value in the Statement of Financial Position.

| As at 31st March | | | Group | | Company | |
|---|---|---|---|---|---|---|
| | | | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Non-Financial Assets | | | | | | |
| Freehold land | Level 3 | Significant unobservable inputs | 12,637,315 | 12,449,086 | 12,058,573 | 11,912,565 |

There were not transfer between level 1 and level 2 fair value measurements during the Financial Year 2025/26.

Fair Values

The following method and assumptions were used to measure the fair value.

- The fair value of equity instruments at FVOCI was determined based on the active market price as at the reporting date.
- The fair value of financial assets and financial liabilities at amortized cost does not materially deviate from carrying value based on amortised cost methodology as at the reporting date.
- The fair values of the following financial instruments are assumed as approximate their carrying amounts largely due to the short-term maturities of these instruments.
    - Trade and other receivables
    - Amounts due from related parties
    - Cash and cash equivalents
    - Bank overdraft and short term borrowings
    - Trade and other payables

The valuation technique and inputs used in measuring the fair value of freehold lands are given in Note 4.9.1.

### 4.13.3 Financial Risk Management

The Group has exposure mainly to the following risks from financial instruments:

a. Market risk
b. Credit risk
c. Liquidity risk

Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management process. The Group's risk management process identifies and analyses the risks it faces, establishes appropriate risk limits and controls, and monitors and manages events that could have a substantial impact on capital and earnings.

# SECTION 4 - **MATERIAL ACCOUNTING POLICIES AND NOTES**

The overall objectives and policies for the Group's financial risk management are as per the internal treasury practices. It will cover foreign exchange policy, investment policy, financing policy and policies on credit risk and risk limits.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee. Further details of risk management are available from pages 200 to 208.

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's profit or loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk comprises three types of risk: Foreign currency risk ,interest rate risk and equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments.

The sensitivity analysis in the following sections relate to the position as at 31st March 2026 and 2025.

(i) Foreign Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk from the cash flows of overseas operations and foreign currency transactions and balances which are affected by foreign exchange movements.

Being imports oriented, fluctuations in foreign currency exchange rates have a significant impact on the cost of materials and the stocks purchased by the Group Companies. The Group's Financial Statements which are presented in LKR, are affected by foreign exchange fluctuations through both translation risk and transaction risk.

Compared to the previous financial year, the Sri Lankan Rupee depreciated by approximately 6%, primarily driven by heightened geopolitical tensions arising from the Middle East conflict. Towards the end of the financial year, the volatility of the Rupee increased significantly, with market expectations indicating the possibility of further depreciation in the near term.

Group Treasury closely monitors the behaviour of exchange rates and the market conditions to provide continuous market updates to Group Management Committee (GMC) and Cluster Heads to make timely decisions. Group Treasury also proactively adopted prudent measures to mitigate the adverse impacts arising from such constraints and currency fluctuations by matching foreign currency liabilities with foreign currency assets wherever possible and by leveraging on the strong relationships the Group maintains with the Financial Institutions. With the conscious strategy of the Group to preserve foreign currency cash balances and the decision to invoice certain customers in foreign currency, Group managed to create natural hedges to the extent possible mitigating the foreign currency risk. And also Group Treasury utilizes forward contracts as a hedging technique to mitigate foreign currency risk arising from exchange rate fluctuations.

The overall objective of currency risk management is to reduce the short-term negative impact of exchange rate fluctuations on earnings and cash flow, thereby increasing the predictability of the financial results.

The following table demonstrates Group exposure to currency risk as at the reporting date.

Sensitivity Analysis - Based on Exchange Rate Fluctuation

The main foreign currencies that the Group transacts in are the US dollar and the Euro. The following tables demonstrate the sensitivity to a possible change in the US dollar and Euro exchange rate, with all other variables held constant. The analysis relates only to assets and liabilities shown in Financial Statements as at 31st March 2026.

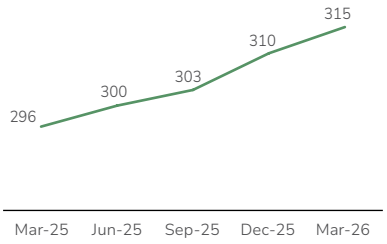
Impact to the Profitability

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| US Dollar (USD) | | | | |
| Appreciation 10% | 110,659 | 135,605 | 41,731 | 43,786 |
| Depreciation 10% | (110,659) | (135,605) | (41,731) | (43,786) |
| Euro (EUR) | | | | |
| Appreciation 10% | (15,395) | 42,328 | (18,935) | 21,489 |
| Depreciation 10% | 15,395 | (42,328) | 18,935 | (21,489) |

The Group's exposure to foreign currency changes for all other currencies is not material.

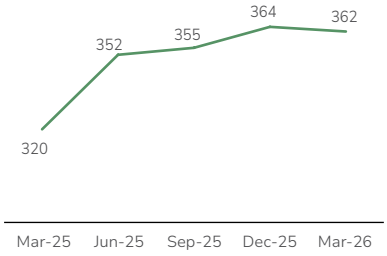
Graph 96 :

Movement in Exchange Rate -USD




Graph 97 :

Movement in Exchange Rate - EUR




(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mainly borrows in the short term to fund its working capital requirement which are mostly linked to floating interest rates based on AWPLR.

For Long Term funding needs the Group maintains an appropriate mix of fixed and floating interest rates. Cap & floor arrangements are also negotiated wherever appropriate for Long Term Borrowings on floating rates. Group Treasury closely monitors the interest rate fluctuations in the market and negotiates favourable rates on borrowing to manage interest rate risk.

The interest rate profile of the Group's long-term borrowings are disclosed in the Note 4.24.1.2.

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of term loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

Impact to the Profitability

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| LKR borrowings | | | | |
| Increase in 100 Basis Points * | (84,938) | (97,169) | (50,416) | (82,693) |
| Decrease in 100 Basis Points * | 84,938 | 97,169 | 50,416 | 82,693 |

*The spread of basis points for the interest rate sensitivity analysis is assumed based on movement of base floating interest rates in the market during financial year 2025/26.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group has taken several measures to manage and mitigate the credit risk including carrying out a credit evaluation as per the Group credit policy, prior to extending credit. A review of age analysis of trade receivables and follow-up meetings are carried out by the business unit managers at least once a month and by the Group Management Committee (GMC) at least once a quarter. In the event of a debt becoming doubtful, legal action is initiated by the Manager-Legal.

The Group has taken necessary steps to monitor creditors more closely and frequently to ensure that the payables are settled on time.

Credit Risk Exposure

The maximum risk exposure of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions.

| As at 31st March | Note | Group 2026 Rs.'000 | Group 2025 Rs.'000 | Company 2026 Rs.'000 | Company 2025 Rs.'000 |
|---|---|---|---|---|---|
| Trade and other receivables | 4.16 | 21,027,680 | 15,733,645 | 14,276,996 | 10,477,796 |
| Amounts due from related parties | 4.32.1.1 | - | 376 | 2,401,239 | 2,673,570 |
| Cash and cash equivalent | 4.19 | 3,622,039 | 3,025,652 | 2,295,015 | 1,919,861 |
| Total credit risk exposure | | 24,649,719 | 18,759,673 | 18,973,249 | 15,071,227 |

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group' historical experience and informed credit assessment and including forward-looking information.

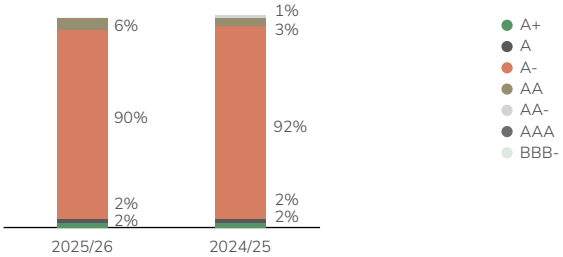
Age analysis of trade and other receivables after provision for impairment is disclosed in Note 4.16.2.

Balances with Banks

| As at 31st March | Group 2026 Rs.'000 | Group 2025 Rs.'000 | Company 2026 Rs.'000 | Company 2025 Rs.'000 |
|---|---|---|---|---|
| Fitch Rating | | | | |
| A+ | 59,326 | 29,843 | - | 4,621 |
| A | 78,545 | 59,023 | 20,103 | 21,940 |
| AA | - | 16,956 | - | 16,956 |
| AA- | 3,263,516 | 2,793,438 | 2,244,373 | 1,814,439 |
| AAA | 215,718 | 118,200 | 30,442 | 59,711 |
| BBB | 97 | - | 97 | - |
| BBB- | 4,837 | 8,192 | - | 2,194 |
| Total bank balances (Note 4.19) | 3,622,039 | 3,025,652 | 2,295,015 | 1,919,861 |

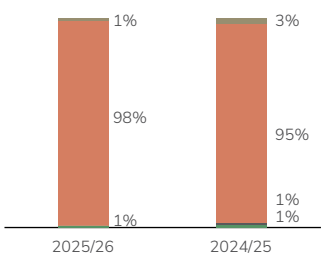
Graph 98 :

Balances with Banks - Group




Graph 99 :

Balances with Banks - Company



(c) Liquidity Risk

This is the risk that the Group will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

In managing the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to meet any unforeseen obligations and opportunities without incurring unacceptable losses or risking damage to the Group's reputation. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. Access to sources of funding is sufficiently available under both normal and stressed conditions.

The Group considered that Cash flow scrutiny is paramount in the days and months ahead and has adopted a disciplined approach across the Group including setting up of Group-wide spend control, reducing operating costs and deferring capital expenditure to secure the financial position of the Group. If required Group had unutilised bank facilities as at 31st March 2026 amounting to Rs. 28,621 million.

Given below is the summary of the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted payments as at the reporting date.

| As at 31st March 2026 | Note | Carrying Value | Group Undiscounted contractual cash flows | | | |
|---|---|---|---|---|---|---|
| | | | Within 1 year Rs.'000 | Between 1-5 years Rs.'000 | More than 5 years Rs.'000 | Total Rs.'000 |
| Long-term interest bearing borrowings | 4.24.1.1 | 8,493,813 | 2,231,686 | 7,116,143 | 2,841,348 | 12,189,177 |
| Short-term interest bearing borrowings | 4.24.2 | 38,992,561 | 38,992,561 | - | - | 38,992,561 |
| Lease liabilities | 4.24.3.1 | 1,149,181 | 255,931 | 648,006 | 1,089,400 | 1,993,337 |
| Trade and other payables | 4.29 | 6,858,397 | 6,858,397 | - | - | 6,858,397 |
| Amounts due to related parties | 4.32.1 | - | - | - | - | - |
| | | 55,493,952 | 48,338,575 | 7,764,149 | 3,930,748 | 60,033,471 |

| As at 31st March 2026 | Note | Carrying Value | Company Undiscounted contractual cash flows | | | |
|---|---|---|---|---|---|---|
| | | | Within 1 year Rs.'000 | Between 1-5 years Rs.'000 | More than 5 years Rs.'000 | Total Rs.'000 |
| Long-term interest bearing borrowings | 4.24.1.1 | 5,076,840 | 1,596,258 | 4,369,038 | 856,016 | 6,821,312 |
| Short-term interest bearing borrowings | 4.24.2 | 33,415,604 | 33,415,604 | - | - | 33,415,604 |
| Lease liabilities | 4.24.3.1 | 793,306 | 176,319 | 400,423 | 625,243 | 1,201,985 |
| Trade and other payables | 4.29 | 5,615,691 | 5,615,691 | - | - | 5,615,691 |
| Amount due to related parties | 4.32.1 | 803,157 | 803,157 | - | - | 803,157 |
| | | 45,704,598 | 41,607,029 | 4,769,461 | 1,481,259 | 47,857,749 |

| As at 31st March 2025 | Note | Carrying Value | Group Undiscounted contractual cash flows | | | |
|---|---|---|---|---|---|---|
| | | | Within 1 year Rs.'000 | Between 1-5 years Rs.'000 | More than 5 years Rs.'000 | Total Rs.'000 |
| Long-term interest bearing borrowings | 4.24.1.1 | 3,373,750 | 1,037,800 | 2,938,619 | 281,488 | 4,257,907 |
| Short-term interest bearing borrowings | 4.24.2 | 24,549,436 | 24,549,436 | - | - | 24,549,436 |
| Lease liabilities | 4.24.3.1 | 852,145 | 155,559 | 570,823 | 720,014 | 1,446,396 |
| Trade and other payables | 4.29 | 3,145,497 | 3,145,497 | - | - | 3,145,497 |
| Amounts due to related parties | 4.32.1 | 85,406 | 85,406 | - | - | 85,406 |
| | | 32,006,234 | 28,973,697 | 3,509,442 | 1,001,502 | 33,484,642 |

| As at 31st March 2025 | Note | Carrying Value | Company Undiscounted contractual cash flows | | | |
|---|---|---|---|---|---|---|
| | | | Within 1 year Rs.'000 | Between 1-5 years Rs.'000 | More than 5 years Rs.'000 | Total Rs.'000 |
| Long-term interest bearing borrowings | 4.24.1.1 | 2,891,230 | 756,837 | 2,538,434 | 382,255 | 3,677,526 |
| Short-term interest bearing borrowings | 4.24.2 | 16,552,369 | 16,552,369 | - | - | 16,552,369 |
| Lease liabilities | 4.24.3.1 | 690,559 | 127,429.00 | 485,779.00 | 297,150.00 | 910,358 |
| Trade and other payables | 4.29 | 2,107,811 | 2,107,811 | - | - | 2,107,811 |
| Amounts due to related parties | 4.32.1 | 1,440,274 | 1,440,274 | - | - | 1,440,274 |
| | | 23,682,243 | 20,984,720 | 3,024,213 | 679,405 | 24,688,338 |

### 4.13.4 Capital Risk Management

The objectives of the capital management can be summarised as follows:

a. Appropriately allocate capital to meet strategic objectives.

b. Enable the Group to face any economic downturn/ crisis situation.

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence in order to sustain future development of the business. The impact of the shareholders' return is also recognised and the Group recognises the need to maintain a balance between higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Company manages its capital structure and adjusts it accordingly in line with changes in global and local economic and market conditions and its overall risk appetite.

Given below is a summary of the capital structure of the Group and the Company as follows:

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Interest bearing borrowings | 47,486,374 | 27,923,186 | 38,492,444 | 19,421,995 |
| Equity | 16,860,840 | 15,438,343 | 15,657,607 | 14,691,348 |
| Total equity and interest bearing borrowings | 64,347,214 | 43,361,529 | 54,150,051 | 34,113,343 |
| Gearing ratio (%) | 73.8% | 65.1% | 71.1% | 56.9% |

## 4.14 EQUITY SECURITIES

### Accounting Policy

After initial measurement, Equity Securities are subsequently measured at fair value. Dividends are recognized as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains or losses are recognized in Other Comprehensive Income and are never reclassified to Profit or Loss.

The fair values of quoted shares are based on bid prices at the end of the reporting period. (Fair Value hierarchy - level 1)

Dividends earned whilst holding equity Securities are recognised in statement of profit or loss as 'Other Operating Income' when the right to receive the payment has been established.

The Company designated the investments shown below as equity investments at FVOCI because these equity investments represent investments that the Company intends to hold for strategic purpose.

Carrying Value of Equity instruments

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Carrying Value as at beginning of the year | - | 136 | - | 136 |
| Additions | - | - | - | - |
| Disposals | - | (139) | - | (139) |
| Fair Value Gain | - | 3 | - | 3 |
| Carrying Value as at the end of the year | - | - | - | - |

The Group and the Company has disposed Rs. 138,861 of its invested shares respectively and has gained a disposal cumulative gain of Rs. 17,741 during the year 2024/25.

## 4.15 INVENTORIES

### Accounting Policy

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated costs necessary to make the sale.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

- Raw materials - At actual cost on a weighted average basis
- Work-in-progress - Remaining incomplete work-in-progress are stated at cost compromising direct material, direct labour and systematic allocation of fixed and variable production overheads incurred up to the stage of completion.
- Finished goods - At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity but excluding borrowing costs.
- Stock-in-trade - Inventories that are not interchangeable are measured using the material identification cost method and inventories that are interchangeable are measured weighted average cost.
- Goods-in-transit are recognised at actual cost as at reporting date,in accordance with the terms of the purchase agreements, when the risks and rewards of ownership are transferred.

Carrying Value of Inventories

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Raw material | 3,677,974 | 3,562,805 | 2,974,060 | 2,281,872 |
| Stock-in-trade and finish goods | 18,188,122 | 6,809,120 | 16,648,034 | 5,228,512 |
| Work-in-progress | 2,162,291 | 984,003 | 1,741,986 | 183,836 |
| Provision on inventories (Note 4.15.1) | (1,697,152) | (1,161,913) | (1,236,302) | (715,244) |
| | 22,331,235 | 10,194,015 | 20,127,778 | 6,978,976 |
| Goods-in-transit | 4,591,285 | 416,504 | 4,383,137 | 369,258 |
| Total inventories | 26,922,520 | 10,610,519 | 24,510,915 | 7,348,234 |

### 4.15.1 Provision on inventories

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 1,161,913 | 1,047,555 | 715,244 | 835,983 |
| Provision / (Reversal) during the year | 535,239 | 114,358 | 521,058 | (120,739) |
| At the end of the year | 1,697,152 | 1,161,913 | 1,236,302 | 715,244 |

Details of inventories jointly with trade receivables have been pledged as security for short-term borrowings are given in Note 4.16.3.

Inventory written off of the Group was Rs.203.7 million (2024/25 - Rs. 132.2 million) and the Company was Rs.116 million (2024/25 - Rs. 83.5 million).

During the year 2025/26, the Company did not recognise any expense in the income statement for inventories carried at net realisable value (2024/25 – Nil). However , the Group recognised an expense of Rs. 0.24 Mlillion for such inventories during the year (2024/25 – Rs. 0.96 million).

## 4.16 TRADE AND OTHER RECEIVABLES

### Accounting Policy

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other financial nature receivables are recognised as other receivables.

Trade and other receivables are recognised initially at Transaction Price and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**Accounting Estimate - Provision for Impairment**

Group makes impairment for receivables based on the simplified approach to provide for Expected Credit Losses (ECLs) as per SLFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The allowance is provided by considering evidence of impairment for receivables at both an individual asset and at a collective level. All individually significant receivables are individually assessed for impairment by considering objective evidence i.e. experiencing a significant financial difficulty or default in payments by a customer. All individually insignificant debtors and based on management judgment, similar risk characteristic debtors that are not materially impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping them together based on similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the probability of default, the timing of recoveries, and the amount of loss incurred, and makes an adjustment if current and forward looking economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends.

**Carrying Value of Trade and Other Receivables**

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Trade receivables | 21,510,359 | 16,802,062 | 15,189,505 | 11,408,603 |
| Provision for impairment (Note 4.16.1) | (1,406,911) | (1,395,295) | (1,094,529) | (1,110,957) |
| | 20,103,448 | 15,406,767 | 14,094,976 | 10,297,646 |
| Other receivables | 697,898 | 132,366 | 9,778 | 30,224 |
| Deposits | 226,334 | 194,512 | 172,242 | 149,926 |
| | 21,027,680 | 15,733,645 | 14,276,996 | 10,477,796 |

### 4.16.1 Movement in Provision for Impairment of Trade Receivables

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 1,395,295 | 1,132,245 | 1,110,957 | 900,381 |
| Provision made during the year (Note 4.16.1.1) | 210,840 | 370,648 | 120,442 | 312,499 |
| Write-off during the year | (199,224) | (107,598) | (136,870) | (101,923) |
| At the end of the year | 1,406,911 | 1,395,295 | 1,094,529 | 1,110,957 |

Trade receivables which were written off during the year are not subject to any of enforcement activity.

#### 4.16.1.1 Impairment loss on Trade Receivables

| For the year ended 31 st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Impairment loss on Trade Receivables (4.16.1) | 210,840 | 370,648 | 120,442 | 312,499 |

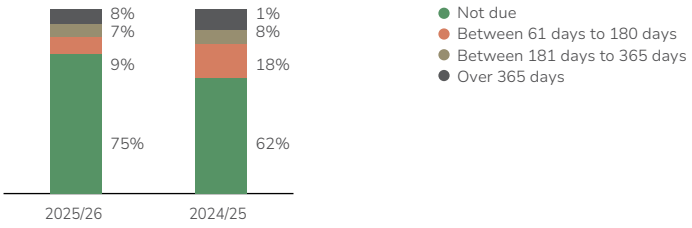
### 4.16.2 Age Analysis of Trade Receivables after Provision for Impairment

| As at 31st March | 2026 | | | 2025 | | |
|---|---|---|---|---|---|---|
| Group | Gross debtor Rs.'000 | Impairment Rs.'000 | Net debtor Rs.'000 | Gross debtor Rs.'000 | Impairment Rs.'000 | Net debtor Rs.'000 |
| Between 0 days to 60 days | 16,212,339 | 58,505 | 16,153,834 | 10,451,091 | 67,042 | 10,384,049 |
| Between 61 days to 180 days | 1,946,854 | 115,258 | 1,831,596 | 3,076,520 | 142,331 | 2,934,189 |
| Between 181 days to 365 days | 1,538,517 | 162,117 | 1,376,400 | 1,363,128 | 263,790 | 1,099,339 |
| Over 365 days | 1,812,649 | 1,071,031 | 741,618 | 1,911,323 | 922,132 | 989,190 |
| Total | 21,510,359 | 1,406,911 | 20,103,448 | 16,802,062 | 1,395,295 | 15,406,767 |

| As at 31st March | 2026 | | | 2025 | | |
|---|---|---|---|---|---|---|
| Company | Gross debtor Rs.'000 | Impairment Rs.'000 | Net debtor Rs.'000 | Gross debtor Rs.'000 | Impairment Rs.'000 | Net debtor Rs.'000 |
| Between 0 days to 60 days | 12,257,514 | 50,405 | 12,207,109 | 7,374,204 | 51,829 | 7,322,375 |
| Between 61 days to 180 days | 386,507 | 96,326 | 290,181 | 1,908,755 | 126,403 | 1,782,353 |
| Between 181 days to 365 days | 1,188,980 | 134,271 | 1,054,709 | 845,041 | 230,343 | 614,698 |
| Over 365 days | 1,356,504 | 813,527 | 542,977 | 1,280,603 | 702,382 | 578,220 |
| Total | 15,189,505 | 1,094,529 | 14,094,976 | 11,408,603 | 1,110,957 | 10,297,646 |

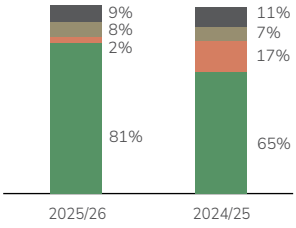
Graph 100 :

Trade Receivables Age Analysis - Group




Graph 101 :

Trade Receivables Age Analysis - Company



### 4.16.3 Carrying Amount of Trade Receivables, Net of Impairment, are Denominated in the following Currencies

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Currency | | | | |
| Sri Lankan Rupees | 18,831,780 | 13,692,918 | 13,330,871 | 8,849,543 |
| US Dollar | 1,228,455 | 1,684,615 | 742,955 | 1,429,914 |
| Euro | 40,549 | 28,917 | 18,805 | 18,189 |
| Other | 2,664 | 317 | 2,345 | - |
| | 20,103,448 | 15,406,767 | 14,094,976 | 10,297,646 |

Banking facilities amounting to Rs. 1,646 million obtained by the subsidiaries, Plantchem (Private) Limited and Plantseeds (Private) Limited, are secured by a concurrent mortgage over trade receivables and inventories as at 31st March 2026.

### 4.16.4 Terms of Trade and Other Receivables

Trade and other receivables are non-interest-bearing and are expected to be received within 60 days.

## 4.17 OTHER CURRENT ASSETS

### Accounting Policy

The Group classifies all non financial current assets under other current assets. Other current assets mainly comprise of advances, prepayments, statutory receivables and other miscellaneous receivables.

Advances and prepayments are carried at historical value less provision for impairment. Prepayments are amortised over the period during which it is utilised and carried at historical value less amortisation charge and any impairment.

Carrying value of other current assets

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Advances and prepayments | 3,187,900 | 2,794,575 | 2,337,564 | 1,734,226 |
| Other receivables | 1,067,860 | 972,220 | 637,440 | 241,492 |
| Provision for other current assets (Note 4.17.1) | (462,897) | (54,761) | (342,416) | (54,761) |
| | 3,792,863 | 3,712,034 | 2,632,588 | 1,920,957 |

### 4.17.1 Provision for other current assets

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 54,761 | 37,290 | 54,761 | 37,290 |
| Provision /(Reversal ) on other current assets | 408,136 | 17,471 | 287,655 | 17,471 |
| At the end of the year | 462,897 | 54,761 | 342,416 | 54,761 |

## 4.18 OTHER FINANCIAL ASSETS

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 11,213 | 16,531 | - | - |
| Settlements during the year | (1,728) | (5,318) | - | - |
| At the end of the year | 9,485 | 11,213 | - | - |
| Current | 2,474 | 2,315 | - | - |
| Non-current | 7,011 | 8,898 | - | - |
| | 9,485 | 11,213 | - | - |

DIMO Bangladesh (Pvt) Ltd has provided an advance to a landlord in Bangladesh to undertake the construction of a workshop and upon completion, lease it back to the company. The total advance amount is Rs. 8.0 million Bangladesh Taka "BDT" (Rs. 29.5 million) and is expected to be recovered in 60 monthly instalments (5 years) starting from 1st February 2023 onwards. Monthly instalment of 133,333 BDT (Rs. 380,087 approx.) was to be deducted from the lease rental which is payable by the Company to the landlord.

The lease agreement was modified with effect from 1st February 2025. Under the revised terms, the monthly installment was reduced to BDT 80,000 (approximately Rs. 192,900) , and a new lease term of five years was agreed starting from that date. The remaining advance will continue to be recovered over the revised lease term.

## 4.19 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents comprise of cash at bank and in hand and deposits with short-term maturity (i.e. three months or less from date of investment). Cash and bank balances are stated at recoverable values. There were no cash and cash equivalents held by the Group companies that were not available for use.

Bank overdrafts form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of preparing the Statement of Cash Flows.

Carrying Value of Cash and Cash Equivalents

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Bank balances | 3,622,039 | 2,862,751 | 2,295,015 | 1,756,960 |
| Cash in hand | 27,794 | 29,754 | 18,973 | 22,716 |
| Short-term deposits | - | 162,901 | - | 162,901 |
| | 3,649,833 | 3,055,406 | 2,313,988 | 1,942,577 |

Review of Credit Risk

The credit risk relating to Group bank balances are analysed according to credit ratings of each bank which is available on page 320.

### 4.19.1 Carrying Amount of Cash and Cash Equivalents are Denominated in the Following Currencies

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Currency | | | | |
| Sri Lankan Rupees | 1,880,250 | 1,106,394 | 1,431,856 | 890,946 |
| US Dollar | 1,088,753 | 1,268,570 | 468,305 | 647,018 |
| Euro | 552,308 | 505,764 | 285,305 | 269,522 |
| Other | 128,522 | 174,678 | 128,522 | 135,091 |
| | 3,649,833 | 3,055,406 | 2,313,988 | 1,942,577 |

## 4.20 ASSETS HELD FOR SALE

### Accounting Policy

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. Impairment losses on initial classification as assets held-for-sale and subsequent gains and losses on remeasurement are recognised in statement of profit or loss.

Once classified as held-for-sale, any equity-accounted investee is no longer equity accounted.

As at 31st March 2025, the Group reclassified its investment in Azend Technologies (Private) Limited, in which the Group held a 49% equity interest, to Assets Held for Sale. This followed a decision by the investee company to initiate liquidation proceedings, and the Group's commitment to dispose of its entire holding.On 8th April 2025, the Company disposed of its entire 49% equity interest in Azend Technologies (Private) Limited for a total consideration of Rs. 65 million.

| As at 31st March | Group/Company | |
|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 |
| Azend Technologies (Private) Limited | - | 38,545 |
| | - | 38,545 |

## 4.21 STATED CAPITAL

| As at 31st March | Company | | | |
|---|---|---|---|---|
| | No. of Shares | 2026 Rs.'000 | No. of Shares | 2025 Rs.'000 |
| Ordinary Shares | | | | |
| Issued and fully-paid ordinary shares | | | | |
| At the beginning of the year | 9,231,494 | 620,578 | 9,231,494 | 620,578 |
| At the end of the year | 9,231,494 | 620,578 | 9,231,494 | 620,578 |

## 4.22 REVENUE RESERVE

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 7,191,029 | 8,679,535 | 6,933,904 | 7,699,681 |
| Statement of Profit or Loss and Other Comprehensive Income | | | | |
| Profit/ (Loss) for the year | 1,591,195 | (1,264,745) | 1,035,169 | (561,755) |
| Derecognition of financial assets due to disposal -FVOCI | - | (268) | - | (1,185) |
| Final dividend paid in 2023/24 | - | (46,157) | - | (46,157) |
| 2025/26 Dividend declared | (92,315) | - | (92,315) | - |
| Write back of dividend | 9,886 | - | 9,886 | - |
| Change in Group Holdings | - | 3,490 | - | - |
| Other Comprehensive Income | | | | |
| Actuarial (loss)/ gain arising from employees benefits (net of tax) | (13,650) | (180,826) | 5,030 | (156,680) |
| At the end of the year | 8,686,145 | 7,191,029 | 7,891,674 | 6,933,904 |

Revenue reserves includes general reserves and retained earnings.

General reserve represents the amounts set aside by the Directors to meet any contingencies and potential future unknown liabilities. The Group transfers the surplus profit, after retaining sufficient profits to pay final dividends declared from the retained earnings account to the general reserve account.

## 4.23 OTHER COMPONENTS OF EQUITY

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 7,125,675 | 7,102,059 | 7,136,866 | 7,107,697 |
| Other Comprehensive Income | | | | |
| Derecognition of financial assets due to disposal -FVOCI | - | 268 | - | 1,185 |
| Foreign currency translation reserve (Note 4.23.2) | 975 | 23,348 | 8,489 | 27,984 |
| At the end of the year | 7,126,650 | 7,125,675 | 7,145,355 | 7,136,866 |

### 4.23.1 Revaluation Reserve

The Revaluation reserve comprises the net surplus resulting from the revaluation of land as described in the Note 4.9.1.

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 7,157,700 | 7,157,700 | 7,134,773 | 7,134,773 |
| Revaluation of freehold land | - | - | - | - |
| Deferred tax charge on land revaluation | - | - | - | - |
| Revaluation reserve attributable to Non-controlling Interest | - | - | - | - |
| At the end of the year | 7,157,700 | 7,157,700 | 7,134,773 | 7,134,773 |

### 4.23.2 Foreign Currency Translation Reserve

The Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the Financial Statements of foreign operations.

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | (32,025) | (55,373) | 2,093 | (25,891) |
| Net gains arising from translating the Financial Statements of foreign operations | 975 | 23,348 | 8,489 | 27,984 |
| Foreign currency translation reserve attributable to non-controlling Interest | (818) | 3,942 | - | - |
| | (31,868) | 27,290 | 8,489 | 27,984 |
| At the end of the year | (31,050) | (32,025) | 10,582 | 2,093 |

## 4.24 INTEREST BEARING BORROWINGS

Borrowings are initially recognised at fair value less any directly attributable transaction costs. Subsequently, they are stated at amortised cost, any difference between the proceeds (net of transaction cost) and the repayable amount (including interest) is recognised in Statement of Profit or Loss over the period of the loan using the effective interest method.

### 4.24.1 Long-Term Interest Bearing Borrowings

4.24.1.1 Movement of Long-term Interest Bearing Borrowings

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 3,373,750 | 2,865,731 | 2,891,230 | 2,541,883 |
| Loans obtained during the year | 5,989,000 | 1,300,000 | 2,900,000 | 1,000,000 |
| Repayments during the year | (868,937) | (791,981) | (714,390) | (650,653) |
| At the end of the year | 8,493,813 | 3,373,750 | 5,076,840 | 2,891,230 |
| Long term interest bearing borrowings presented in the statement of financial position as follows; | | | | |
| Classified as current liabilities (repayable within one year) | 1,194,352 | 735,483 | 962,880 | 609,060 |
| Classified as non-current liabilities (repayable after one year) | 7,299,461 | 2,638,267 | 4,113,960 | 2,282,170 |
| | 8,493,813 | 3,373,750 | 5,076,840 | 2,891,230 |

4.24.1.2 Security and Repayment Terms of Long-Term Interest Bearing Borrowings

| Group<br>As at 31st March | Interest rate | Principal amount '000 | Repayment term | Security | Outstanding Value 2026 Rs.'000 | Outstanding Value 2025 Rs.'000 |
|---|---|---|---|---|---|---|
| Diesel & Motor Engineering PLC (LKR) | | | | | | |
| Commercial Bank of Ceylon PLC | Variable | 500,000 | Monthly | Clean basis | - | 10,300 |
| Commercial Bank of Ceylon PLC | Fixed | 500,000 | Monthly | Clean basis | 35,200 | 134,800 |
| Commercial Bank of Ceylon PLC | Variable | 572,000 | Monthly | Clean basis | 486,290 | 557,720 |
| Commercial Bank of Ceylon PLC | Variable | 696,000 | Monthly | Clean basis | 513,300 | 635,100 |
| Commercial Bank of Ceylon PLC | Variable | 232,000 | Monthly | Clean basis | 127,510 | 173,950 |
| Hatton National Bank PLC | Variable | 800,000 | Monthly | Clean basis | - | 119,660 |
| Hatton National Bank PLC | Variable | 1,500,000 | Monthly | Clean basis | 1,392,840 | - |
| Sampath Bank PLC | Variable | 440,000 | Monthly | Clean basis | 163,700 | 268,100 |
| Sampath Bank PLC | Variable | 1,400,000 | Monthly | Clean basis | 1,400,000 | - |
| Sampath Bank PLC | Variable | 1,000,000 | Monthly | Clean basis | 958,000 | 991,600 |
| Associated Laboratories (Pvt) Ltd (LKR) | | | | | | |
| Commercial Bank of Ceylon PLC | Variable | 83,592 | Monthly | Fixed deposit | - | 11,579 |
| Mansel (Ceylon) (Private) Limited (LKR) | | | | | | |
| Commercial Bank of Ceylon PLC | Variable | 33,000 | Monthly | Fixed deposit | - | 2,073 |
| Commercial Bank of Ceylon PLC | Variable | 15,000 | Monthly | Fixed deposit | - | 4,950 |
| Virgin Oil International (Pvt) Limited (LKR) | | | | | | |
| Sampath Bank PLC | Variable | 138,193 | Monthly | Registered primary mortgage bond | 76,520 | 105,873 |
| Sampath Bank PLC | Variable | 43,740 | Monthly | Personal Guarantee | 15,050 | 27,347 |
| Sampath Bank PLC | Variable | 23,383 | Monthly | Mortgage | 7,207 | 12,163 |
| Sampath Bank PLC | Variable | 66,708 | Monthly | Corporate Guarantee | 33,896 | 48,535 |
| Plantchem (Pvt) Limited (LKR) | | | | | | |
| Hatton National Bank PLC | Variable | 300,000 | Monthly | Clean | 210,000 | 270,000 |
| DI Solar Beliatta (Pvt) Limited (LKR) | | | | | | |
| Sampath Bank PLC | Variable | 259,000 | Monthly | Mortgage & project documents | 259,000 | - |
| DIMO Solar Anuradhapura (Pvt) Limited (LKR) | | | | | | |
| Commercial Bank of Ceylon PLC | Variable | 530,000 | Monthly | Mortgage & project documents | 515,300 | - |
| DIMO Solar Galle (Pvt) Limited (LKR) | | | | | | |
| DFCC Bank PLC | Fixed | 365,000 | Monthly | Mortgage & project documents | 365,000 | - |
| DIMO Solar Galle Two (Pvt) Limited (LKR) | | | | | | |
| Sampath Bank PLC | Variable | 706,000 | Monthly | Mortgage & project documents | 706,000 | - |
| DIMO Solar Galle Three (Pvt) Limited (LKR) | | | | | | |
| Sampath Bank PLC | Variable | 650,000 | Monthly | Mortgage & project documents | 650,000 | - |
| DIMO Solar Galle Four (Pvt) Limited (LKR) | | | | | | |
| Sampath Bank PLC | Variable | 579,000 | Monthly | Mortgage & project documents | 579,000 | - |
| | | | | | 8,493,813 | 3,373,750 |

| Company As at 31st March | Interest rate | Principal amount '000 | Repayment term | Security | Outstanding Value 2026 Rs.'000 | Outstanding Value 2025 Rs.'000 |
|---|---|---|---|---|---|---|
| (LKR) | | | | | | |
| Commercial Bank of Ceylon PLC | Variable | 500,000 | Monthly | Clean basis | - | 10,300 |
| Commercial Bank of Ceylon PLC | Fixed | 500,000 | Monthly | Clean basis | 35,200 | 134,800 |
| Commercial Bank of Ceylon PLC | Variable | 572,000 | Monthly | Clean basis | 486,290 | 557,720 |
| Commercial Bank of Ceylon PLC | Variable | 696,000 | Monthly | Clean basis | 513,300 | 635,100 |
| Commercial Bank of Ceylon PLC | Variable | 232,000 | Monthly | Clean basis | 127,510 | 173,950 |
| Hatton National bank PLC | Variable | 1,500,000 | Monthly | Clean basis | 1,392,840 | - |
| Hatton National bank PLC | Variable | 600,000 | Monthly | Clean basis | - | 119,660 |
| Sampath Bank PLC | Variable | 440,000 | Monthly | Clean basis | 163,700 | 268,100 |
| Sampath Bank PLC | Variable | 1,000,000 | Monthly | Clean basis | 958,000 | 991,600 |
| Sampath Bank PLC | Variable | 1,400,000 | Monthly | Clean basis | 1,400,000 | - |
| | | | | | 5,076,840 | 2,891,230 |

Details of assets pledged against long-term loan facilities are disclosed in the Note 4.9.3.

4.24.1.3 Analysis of Long-term Interest Bearing Borrowings by the year of Repayment

| Group | Commercial Bank of Ceylon PLC Rs.'000 | DFCC Bank PLC Rs.'000 | Hatton National Bank PLC Rs.'000 | Sampath Bank PLC Rs.'000 | Total 2026 Rs.'000 | Total 2025 Rs.'000 |
|---|---|---|---|---|---|---|
| Movement of Loans | | | | | | |
| At the beginning of the year | 1,530,472 | - | 389,660 | 1,453,618 | 3,373,750 | 2,865,731 |
| Loans obtained during the year | 530,000 | 365,000 | 1,500,000 | 3,594,000 | 5,989,000 | 1,300,000 |
| Repayments during the year | (382,872) | - | (286,820) | (199,245) | (868,937) | (791,981) |
| At the end of the year | 1,677,600 | 365,000 | 1,602,840 | 4,848,373 | 8,493,813 | 3,373,750 |
| Interest payable | - | - | - | - | - | - |
| At the end of the year | 1,677,600 | 365,000 | 1,602,840 | 4,848,373 | 8,493,813 | 3,373,750 |
| Analysis of long-term Interest Bearing borrowings by period of repayment (Carrying value) | | | | | | |
| - Less than 1 year | 466,960 | 20,278 | 274,320 | 432,794 | 1,194,352 | 735,483 |
| - 1 to 5 year | 1,210,640 | 344,722 | 1,328,520 | 4,415,579 | 7,299,461 | 2,638,267 |
| | 1,677,600 | 365,000 | 1,602,840 | 4,848,373 | 8,493,813 | 3,373,750 |

| Company | Sampath Bank PLC | Commercial Bank of Ceylon PLC | Hatton National Bank PLC | Total | |
|---|---|---|---|---|---|
| | | | | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Movement of Loans | | | | | |
| At the beginning of the year | 1,259,700 | 1,511,870 | 119,660 | 2,891,230 | 2,541,883 |
| Loans obtained during the year | 1,400,000 | - | 1,500,000 | 2,900,000 | 1,000,000 |
| Repayments during the year | (138,000) | (349,570) | (226,820) | (714,390) | (650,653) |
| At the end of the year | 2,521,700 | 1,162,300 | 1,392,840 | 5,076,840 | 2,891,230 |
| Analysis of long-term borrowings by period of repayment | | | | | |
| - Less than 1 year | 340,400 | 408,160 | 214,320 | 962,880 | 609,060 |
| - 1 to 5 year | 2,181,300 | 754,140 | 1,178,520 | 4,113,960 | 2,282,170 |
| | 2,521,700 | 1,162,300 | 1,392,840 | 5,076,840 | 2,891,230 |

Short-term bank loans are repayable within a period of less than 12 months. Details of inventories and trade receivables which have been pledged against the above short-term loan facilities are disclosed in Note 4.16.3.

### 4.24.2 Short-term Interest Bearing Borrowings

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Short-term bank loans | 38,490,535 | 24,408,841 | 33,121,379 | 16,530,765 |
| Bank overdrafts | 502,026 | 140,595 | 294,225 | - |
| | 38,992,561 | 24,549,436 | 33,415,604 | 16,530,765 |

Short-term bank loans are repayable within a period of six months. Details of inventories and trade receivables which have been pledged against the above short-term loan facilities are disclosed in Note 4.16.3.

Unutilised bank facilities as at 31st March 2026 amounted to Rs. 28,621 million (2024/25 - Rs.11,822 million).

### 4.24.3 Lease Liabilities

#### Accounting Policy

At the inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

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 or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate.

# SECTION 4 - **MATERIAL ACCOUNTING POLICIES AND NOTES**

GRI 201-3

4.24.3.1 Movement of Lease Liabilities

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 852,145 | 676,840 | 690,559 | 466,143 |
| Additions during the year | 452,409 | 397,498 | 206,514 | 327,317 |
| Interest during the year | 99,720 | 72,849 | 67,827 | 48,902 |
| Remeasurement during the year | - | (51,310) | - | - |
| Derecognition of lease agreements during the year | (7,806) | (7,815) | (7,806) | (7,815) |
| Payments during the year | (251,570) | (221,952) | (163,788) | (143,988) |
| Effect of movements in exchange rates | 4,283 | (13,965) | - | - |
| At the end of the year | 1,149,181 | 852,145 | 793,306 | 690,559 |
| | | | | |
| Lease liabilities presented in Statement of Financial Position as follows; | | | | |
| Classified as non-current liabilities | 960,355 | 755,605 | 670,133 | 616,886 |
| Classified as current liabilities | 188,826 | 96,540 | 123,173 | 73,673 |
| | 1,149,181 | 852,145 | 793,306 | 690,559 |
| | | | | |
| Maturity Analysis of lease payments (Carrying value) | | | | |
| - Less than 1 year | 188,826 | 96,540 | 123,173 | 73,673 |
| - 1 to 5 year | 599,078 | 492,000 | 356,667 | 442,091 |
| - More than 5 years | 361,277 | 263,605 | 313,466 | 174,795 |
| | 1,149,181 | 852,145 | 793,306 | 690,559 |
| Interest recognised in net finance cost (Note 4.4) | 99,720 | 72,849 | 67,827 | 48,902 |
| Amortization of right-of-use assets recognised in administrative expenses (Note 4.5) | 195,990 | 150,248 | 126,049 | 97,286 |

The Group and Company had total cash outflows for leases of Rs. 251.6 million and Rs. 163.8 million in 2025/26. (2024/25 - Rs. 222 million and Rs. 144 million) respectively.

## 4.25 EMPLOYEE BENEFITS

### Accounting Policy

**Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed determinable contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Employees are eligible to Employees' Provident Fund (EPF) contributions and Employees' Trust Fund (ETF) contributions as per the respective statutes. These obligations come within the scope of a defined contribution plan as per LKAS -19 on 'Employee Benefits'. Obligations for contributions to defined contribution plans are recognised in statement of profit or loss as the related service is provided.

**Retirement benefit obligation**

In accordance with the Gratuity Act No. 12 of 1983, a liability arises for a retirement benefit obligation to employees.

Such Retirement benefit obligation is a post-employment benefit obligation falling within the scope of Sri Lanka Accounting Standard LKAS -19 on 'Employee Benefits'

The liability recognised in the Statement of Financial Position is the present value of the retirement benefit obligation at the reporting date. The calculation is performed annually by Mr.Arumugam ,IAI,Messer. Actuarial & management Consultants (Private) limited , firm of professional qualified actuary using the Projected Unit Credit method (PUC). Remeasurement of the retirement benefit liability, which comprises actuarial gains and losses are recognised immediately in Other Comprehensive Income. The Group recognises the increase in retirement benefit liability attributable to the services provided by employees during the year (current service cost) in statement of profit or loss together with the interest expenses.A long term treasury bond rate 10% p.a. (2025 - 10%) was used to discount future liabilities taking in to consideration the remaining working life of employees.

**Accounting Estimate**

The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. The complexity of the valuation, the underlying assumptions and its long term nature, the defined retirement benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### 4.25.1 Movement in Retirement Benefit Obligation

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 1,643,258 | 1,241,371 | 1,426,889 | 1,085,397 |
| Acquisition through business combinations | - | 8,287 | - | - |
| Included in Profit or Loss | | | | |
| Current service cost | 127,304 | 105,184 | 100,017 | 84,226 |
| Interest cost | 166,736 | 161,239 | 142,689 | 141,102 |
| | 294,040 | 266,423 | 242,706 | 225,328 |
| Included in Other Comprehensive Income | | | | |
| Net actuarial loss/(gain) | 26,131 | 261,370 | (7,186) | 223,829 |
| Total charge for the year | 320,171 | 527,793 | 235,520 | 449,157 |
| Included in Statement of Cash Flows | | | | |
| Benefits paid during the year | (127,891) | (134,193) | (97,344) | (107,665) |
| At the end of the year | 1,835,538 | 1,643,258 | 1,565,065 | 1,426,889 |
| The expenses are recognised in the Statement of Profit or Loss and other comprehensive income in the following line item; | | | | |
| Administrative expenses | 294,040 | 266,423 | 242,706 | 225,328 |
| Other Comprehensive Income | 26,131 | 261,370 | (7,186) | 223,829 |
| | 320,171 | 527,793 | 235,520 | 449,157 |

### 4.25.2 Principal Actuarial Assumptions

| Assumption | 2026 | 2025 |
|---|---|---|
| Financial | | |
| Rate of discount | 10% p.a. | 10% p.a. |
| Salary escalation rate | 11.00% per annum with next increment due on 01 April 2026. | 10.00% p.a. with next increment due on 01 April 2025 |
| Demographic | | |
| Mortality-in service | A 1967/70 mortality table, issued by the Institute of Actuaries, London | |
| Retirement Age | 60 years | 60 years |
| Staff turnover | | |
| Up to age 54 | 9-24% | 7-27% |
| Above age 54 | 0% | 0% |
| Weighted average duration of the retirement benefit obligation | | |
| Diesel & Motor Engineering PLC | | |
| DIMO (Private) Limited | 3.40 | 3.60 |
| DIMO Lifeline (Private) Limited | 4.90 | 4.70 |
| Plantchem (Private) Limited | 8.30 | 8.30 |
| Plantseeds (Private) Limited | 4.40 | 4.80 |
| Tropical Health Foods (Private) Limited | 5.10 | 5.40 |
| Virgin Oil International (Private) Limited | 6.70 | 6.60 |
| Mansel (Ceylon) (Private) Limited | 10.80 | 13.60 |
| Associated Laboratories (Private) Limited | 3.40 | 3.10 |
| | 4.00 | 3.90 |

The demographic assumptions underlying the valuation are with respect to retirement age early withdrawals from service and retirement on medical grounds.

However, According to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity to an employee arises only on completion of five years of continuous service. The liability as required by the Payment of Gratuity Act for the Group and the Company as at 31st March 2026 amounted to Rs. 1,835.5 million (2024/25 - Rs. 1,571.2 million) and Rs.1565.0 million (2024/25- Rs.1,382.6 million) respectively.

### 4.25.3 Sensitivity Analysis

One percentage change at the reporting date to one of the actuarial assumptions would have the following effects to retirement benefit obligation.

| 2026 | Change in retirement benefit obligation | | | | Retirement benefit obligation | | | |
|---|---|---|---|---|---|---|---|---|
| | Group | | Company | | Group | | Company | |
| Assumption | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Rate of discount | (59,496) | 65,373 | (47,045) | 51,682 | 1,776,042 | 1,900,911 | 1,518,020 | 1,616,747 |
| Salary escalation rate | 72,125 | (66,900) | 57,331 | (53,223) | 1,907,663 | 1,768,637 | 1,622,396 | 1,511,842 |

| 2025 | Change in retirement benefit obligation | | | | Retirement benefit obligation | | | |
|---|---|---|---|---|---|---|---|---|
| | Group | | Company | | Group | | Company | |
| Assumption | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Rate of discount | (55,841) | 57,741 | (45,576) | 50,321 | 1,579,130 | 1,692,712 | 1,381,313 | 1,477,210 |
| Salary escalation rate | 63,828 | (62,410) | 55,573 | (51,333) | 1,698,799 | 1,572,561 | 1,482,462 | 1,375,556 |

### 4.25.4 Maturity Analysis of the Payments

The table below summarises the maturity profile of the Group's/ Company's retirement benefit obligation.

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Within the next 12 months | 878,850 | 754,645 | 821,233 | 715,372 |
| Between 1-2 years | 141,351 | 267,760 | 111,540 | 206,585 |
| Between 2-5 years | 313,054 | 234,360 | 245,656 | 189,401 |
| Between 5-10 years | 300,085 | 223,657 | 232,797 | 183,828 |
| Beyond 10 years | 202,198 | 154,548 | 153,839 | 131,702 |
| | 1,835,538 | 1,634,970 | 1,565,065 | 1,426,888 |

## 4.26 DEFERRED TAX

### Accounting Policy

Deferred tax is recognised using the liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts of such assets and liabilities considered for taxation purposes. The measurement of deferred tax reflects the tax consequences to the Group as at the reporting date in relation to temporary difference in the carrying amount of its assets and liabilities recorded in the Statement of Financial Position and the tax base.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for deductible temporary differences, carried forward unused tax losses and carried forward unused tax credits only to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax liabilities are recognized, except for:

- temporary differences on the initial recognition of goodwill, assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- taxable temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Accounting Estimate

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available and can be utilised against such tax losses. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

Recoverability of Deferred Tax Assets

As at 31st March 2026, the Group has recognised Rs. 3,508.6 million (2024/25- Rs. 2,972.0 million) as a deferred tax assets on the deductible temporary differences arising from tax losses, disallowed interest expenses, defined benefit obligations, obsolete stocks, debtor impairment and warranty provision. According to the Group policy, deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which they can be used. In the background of the Business Continuity Plans in place, the Board of Directors have assessed the current economic implications on the Group and is of the view that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

### 4.26.1 Carrying Value of Deferred Tax Assets/(Liabilities)

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Summary of net deferred tax assets/(liabilities) | | | | |
| At the beginning of the year | (1,254,510) | (2,069,148) | (2,509,093) | (2,860,305) |
| Reversal of temporary differences to profit or loss due to during the year transactions (Note 4.26.3) | 480,634 | 736,227 | 422,633 | 284,063 |
| Reversal/(origination) of temporary differences to other comprehensive income due to during the year transactions (Note 4.26.3) | 7,839 | 78,411 | (2,156) | 67,149 |
| At the end of the year | (766,037) | (1,254,510) | (2,088,616) | (2,509,093) |
| Deferred tax assets | 1,478,246 | 1,315,468 | - | - |
| Deferred tax liabilities | (2,244,283) | (2,569,978) | (2,088,616) | (2,509,093) |
| At the end of the year | (766,037) | (1,254,510) | (2,088,616) | (2,509,093) |

### 4.26.2 Reconciliation of Deferred Tax Assets and Liabilities

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Deferred Tax Liability | | | | |
| Temporary difference arising from; | | | | |
| Property, plant and equipment | (13,138,096) | (13,503,720 ) | (13,052,116) | (13,093,866) |
| SLFRS 16 adjustments on ROU Assets | (990,469) | (736,494) | (678,624) | (597,795) |
| Long-term contracts | (120,491) | 151,788 | - | 5,253 |
| Total temporary differences of deferred tax liabilities | (14,249,056) | (14,088,426) | (13,730,740) | (13,686,408) |
| Closing deferred tax liability @ 30% | (4,274,717) | (4,226,528) | (4,119,222) | (4,105,922) |
| | | | | |
| Deferred Tax Asset | | | | |
| Temporary difference arising from; | | | | |
| Retirement benefit obligation | 1,835,538 | 1,643,258 | 1,565,065 | 1,426,889 |
| Provision for inventories | 1,697,152 | 1,161,913 | 1,236,302 | 715,244 |
| Provision for impairment of trade receivables | 1,406,911 | 1,121,569 | 1,094,529 | 837,231 |
| Provision for free services | - | 31,634 | - | 31,634 |
| SLFRS 15 adjustments on rebates | 128,465 | 101,642 | 128,465 | 127,288 |
| SLFRS 16 adjustments on lease | 1,149,181 | 852,145 | 793,306 | 690,559 |
| Provision for warranty | 152,489 | 139,844 | 133,762 | 118,265 |
| Carried forward tax losses | 4,163,200 | 3,930,092 | - | 944,419 |
| Provision for related party receivables | - | - | 1,082,808 | 155,986 |
| Provision for other receivables | 462,897 | 54,761 | 342,416 | 54,761 |
| Unrealised exchange loss/(gain) | 23,940 | 180,229 | (11,274) | 94,975 |
| Provision for customer incentive | 42,736 | 33,048 | - | - |
| Disallowed interest cost | 633,091 | 531,079 | 403,305 | - |
| Provision for Investment impairment | - | 125,513 | - | 125,513 |
| Total temporary difference of deferred tax assets | 11,695,600 | 9,906,727 | 6,768,684 | 5,322,764 |
| Closing deferred tax assets @ 30% | 3,508,680 | 2,972,018 | 2,030,606 | 1,596,829 |
| Net temporary differences | (2,553,456) | (4,181,699) | (6,962,056) | (8,363,644) |
| Net deferred tax liability | (766,037) | (1,254,510) | (2,088,616) | (2,509,093) |

### 4.26.3 Movement in Deferred Tax Assets and Liabilities during the Year

| Assumption | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2025 | Recognised in Profit or Loss | Recognised in Other Comprehensive Income | As at 31.03.2026 | As at 01.04.2025 | Recognised in Profit or Loss | Recognised in Other Comprehensive Income | As at 31.03.2026 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Deferred Tax Asset | | | | | | | | |
| Retirement benefit obligation | 492,977 | 49,845 | 7,839 | 550,661 | 428,067 | 43,608 | (2,156) | 469,519 |
| Provision for inventories | 348,574 | 160,572 | - | 509,146 | 214,573 | 156,317 | - | 370,890 |
| Provision for impairment of trade receivables | 336,471 | 85,603 | - | 422,074 | 251,169 | 77,189 | - | 328,358 |
| Provision for free service | 9,490 | (9,490) | - | - | 9,490 | (9,490) | - | - |
| SLFRS 15 adjustments on rebates | 30,493 | 8,047 | - | 38,540 | 38,186 | 353 | - | 38,539 |
| SLFRS 16 adjustments on leases | 255,644 | 89,111 | - | 344,755 | 207,168 | 30,824 | - | 237,992 |
| Provision for warranty | 41,953 | 3,794 | - | 45,747 | 35,480 | 4,649 | - | 40,129 |
| Carried forward tax losses | 1,179,028 | 69,932 | - | 1,248,960 | 283,326 | (283,326) | - | - |
| Provision for related party receivables | - | - | - | - | 46,796 | 278,047 | - | 324,843 |
| Provision for other receivables | 16,427 | 122,441 | - | 138,868 | 16,428 | 86,297 | - | 102,725 |
| Unrealised exchange (gain)/loss | 54,069 | (46,888) | - | 7,181 | 28,493 | (31,875) | - | (3,382) |
| Provision for customer incentive | 9,914 | 2,906 | - | 12,820 | - | - | - | - |
| Disallowed interest cost | 159,324 | 30,604 | - | 189,928 | - | 120,992 | - | 120,992 |
| Provision for investment impairment | 37,654 | (37,654) | - | - | 37,654 | (37,654) | - | - |
| Total Deferred Tax Asset | 2,972,018 | 528,823 | 7,839 | 3,508,680 | 1,596,830 | 435,931 | (2,156) | 2,030,605 |
| Deferred Tax Liabilities | | | | | | | | |
| Property Plant and Equipments | (901,757) | 109,688 | - | (792,069) | (870,400) | 12,525 | - | (857,875) |
| Revaluation of lands | (3,149,359) | - | - | (3,149,359) | (3,057,761) | - | - | (3,057,761) |
| SLFRS 16 adjustments on ROU Assets | (220,948) | (76,193) | - | (297,141) | (179,339) | (24,246) | - | (203,585) |
| Long-term contracts | 45,536 | (81,684) | - | (36,148) | 1,577 | (1,577) | - | - |
| Total Deferred Tax Liability | (4,226,528) | (48,189) | - | (4,274,717) | (4,105,923) | (13,298) | - | (4,119,221) |
| | (1,254,510) | 480,634 | 7,839 | (766,037) | (2,509,093) | 422,633 | (2,156) | (2,088,616) |

### 4.26.4 Tax Loss Movement

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Tax losses brought forward | 3,930,092 | 2,374,913 | 944,419 | 409,917 |
| Tax losses arising during the year | 1,531,818 | 2,074,706 | - | 548,002 |
| (Over) /Under adjustment on losses for previous year | (143,787) | (219,538) | (135,791) | 158,225 |
| Tax losses utilised | (865,297) | (299,989) | (808,628) | (171,725) |
| Tax losses expired | (222,726) | - | - | - |
| Tax losses carried forward | 4,230,100 | 3,930,092 | - | 944,419 |

Deferred tax asset is not recognised on the losses incurred by the foreign subsidiaries during the financial year amounting to Rs. 66.9 million.

## 4.27 CONTRACT LIABILITIES

### Accounting Policy

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount of consideration is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services as well as transaction price allocated to unprovided free services relating to vehicle sales.

Upon transferring the promised goods or services related to the liability, the amount will be recognised as revenue in the Statement of Profit or Loss and Other Comprehensive income.

**Advances Received from Customers**

The Group receives advance payments from customers under both construction-related contracts and vehicle sales agreements. These advances are recognised as contract liabilities at the time of receipt, representing the Company's obligation to transfer goods or services to customers in the future.

**Revenue Recognition**

Revenue is recognised based on the satisfaction of the related performance obligations as follows:

Construction Contracts: Revenue is recognised over time or at a point in time, depending on the nature of the contract. When recognised over time, it is measured based on surveys of work performed. Alternatively, revenue is recognised at the point when control of the constructed asset is transferred to the customer. The contract liability relating to advances is derecognised upon completion of the work or certification of milestones, reflecting satisfaction of the performance obligation.

Vehicle Sales: Revenue from vehicle sales is recognised at a point in time, generally upon delivery, when control of the vehicle passes to the customer.

Amounts related to unsatisfied performance obligations are presented as contract liabilities and are recognised as revenue when the respective obligations are fulfilled.

**Unprovided Free Services Relating to Vehicle Sales**

The Company sells vehicles bundled with free services to the customers with limitations on mileage or usage period. The unprovided free services are recognised as contract liability at the time of selling the vehicles at its relative fair value and recognised as revenue when the performance obligation relating to liability is satisfied. i.e. upon provision of the service or expiration of entitled period or/and criteria, whichever occurs first.

**Relative Fair Value of Free Services**

The amount charged by the Company in respect of each service is recognised at the relative fair value of free services. These amounts are estimated using the combination of historical experience in service and price changes.

The Company allocates a portion of the consideration received to the unprovided free services relating to vehicle sales based on the relative stand-alone selling prices. The amount allocated to Unprovided Free Services Relating to Vehicle Sales is deferred, and is recognised as revenue when Services are provide or the likelihood of the customer redeeming the free services becomes remote. The deferred revenue is included in contract liabilities.

### 4.27.1 Carrying Value of Contract Liabilities

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 2,978,699 | 1,723,536 | 2,082,329 | 786,667 |
| Advance received | 36,721,140 | 11,868,744 | 33,435,954 | 9,193,431 |
| Recognised as revenue during the year | (37,158,021) | (10,569,656) | (33,694,198) | (7,902,517) |
| Interest income during the year | (3,841) | (48,673) | - | - |
| Interest expense during the year | 3,461 | 4,748 | 3,461 | 4,748 |
| At the end of the year | 2,541,438 | 2,978,699 | 1,827,546 | 2,082,329 |
| | | | | |
| Classified as current liabilities | 2,371,515 | 2,332,543 | 1,729,203 | 1,810,083 |
| Classified as non-current liabilities | 169,923 | 646,156 | 98,343 | 272,246 |
| | 2,541,438 | 2,978,699 | 1,827,546 | 2,082,329 |

## 4.28 PROVISIONS

### Accounting Policy

### 4.28.1 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in Statement of Profit or Loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks material to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are calculated based on the historical experience and the material terms in the individual cases. The Group arrives at an estimate on the basis of an evaluation of the most likely outcome.

All known provisions have been accounted for in preparing these Financial Statements.

### 4.28.2 Warranty Provisions

The provision for warranty relates mainly to vehicles sold for which the company gives warranty commencing from the date of sale. The warranty received by manufacturer is effective from date of shipment. This causes a time window during which the company is exposed to warranty liability. A provision for warranty is recognised to cover such exposure to a liability. The provision is based on the historical warranty data and a weighting of possible outcomes against their associated probabilities. The said warranty provision will be reversed upon expiration of the warranty period. Also, the Group provides warranty for retail items sold and construction projects based on the respective sales agreements.

### 4.28.3 Provision for Litigation and Claims

The Management considers likelihood of any claim succeeding, in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. The timing and cost ultimately depend on the due process in the respective legal jurisdictions.

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Provision for litigation and claims | 21,573 | 11,000 | 21,573 | 11,000 |
| Provisions for warranty (Note 4.28.3.1) | 152,489 | 139,844 | 133,762 | 118,265 |
| | 174,062 | 150,844 | 155,335 | 129,265 |

4.28.3.1 Carrying value of warranty provision

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 139,844 | 138,841 | 118,265 | 123,332 |
| Provision made during the year | 253,533 | 303,355 | 251,384 | 286,580 |
| Amount reversed during the year | (240,888) | (302,352) | (235,887) | (291,647) |
| Carrying value at the end of the year | 152,489 | 139,844 | 133,762 | 118,265 |

# SECTION 4 - **MATERIAL ACCOUNTING POLICIES AND NOTES**

## 4.29 TRADE AND OTHER PAYABLES

### Accounting Policy

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Carrying Value of Trade and Other Payables

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Trade and other payables | 6,858,397 | 3,145,497 | 5,615,691 | 2,107,811 |
| | 6,858,397 | 3,145,497 | 5,615,691 | 2,107,811 |

### 4.29.1 Carrying Amount of Trade and Other Payables are Denominated in the following Currencies

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Currency | | | | |
| Sri Lankan Rupees | 2,694,338 | 1,735,110 | 1,933,337 | 917,110 |
| US Dollar | 1,423,236 | 1,116,002 | 1,143,258 | 998,032 |
| Euro | 2,564,725 | 282,225 | 2,366,054 | 180,509 |
| Other | 176,098 | 12,160 | 173,042 | 12,160 |
| | 6,858,397 | 3,145,497 | 5,615,691 | 2,107,811 |

### 4.29.2 Review of Liquidity Risk

Trade payables are non-interest-bearing and have settlement periods less than 12 months . The quick assets ratio of the Group and the Company as at the year-end was 0.54 and 0.47 respectively (2024/25 - Group 0.71:1 , Company 0.74:1 ). As a liquidity risk management measure, the Group continuously compare trade payables with receivables, cash and cash equivalents and unutilised banking facilities.

Unutilised banking facilities are given in Note 4.24.2.

## 4.30 OTHER CURRENT LIABILITIES

### Accounting Policy

The Group classifies all non financial current liabilities under other current liabilities. Other current liabilities include accruals and advances. These liabilities are recorded at the amounts that are expected to be paid.

Carrying Value of Other Current Liabilities

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Unclaimed dividend | 83,885 | 14,756 | 83,819 | 14,689 |
| Value Added Tax (VAT) | 52,324 | 78,610 | 35,708 | 67,793 |
| Provisions for litigation and claims (Note 4.28.3) | 21,573 | 11,000 | 21,573 | 11,000 |
| Provision for warrenty (Note 4.28.3) | 152,489 | 139,844 | 133,762 | 118,265 |
| Provision for bank guarantee claim | - | 17,470 | - | 17,470 |
| Other payables and accrued expenses | 2,704,983 | 1,868,830 | 2,184,347 | 1,126,944 |
| | 3,015,254 | 2,130,510 | 2,459,209 | 1,356,161 |

Details of provisions are disclosed in Note 4.28

### 4.30.1 Terms of Settlement of Other Current Liabilities

Other current liabilities are non-interest bearing and payable within three months excluding advances and unclaimed dividends. Advances received are expected to be set-off within three months.

## 4.31 INCOME TAX RECEIVABLE/ (PAYABLE)

Carrying Value of Current Tax Receivable/ (Payable)

| As at 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Opening balance as at beginning of the year | 91,428 | 49,069 | 16,432 | 16,441 |
| Current tax for the year (Note 4.6.2) | (903,649) | (101,870) | (855,531) | - |
| Under/(Over) provision in respect of prior year | 31,784 | 5,232 | 33,446 | (1,373) |
| Income tax paid and refund set off during the year | 217,254 | 138,997 | 168,777 | - |
| Provision for tax assessments | (104,127) | - | (104,127) | - |
| Income tax (payable)/ receivable | (667,311) | 91,428 | (741,003) | 16,432 |
| | | | | |
| Income tax receivable | 109,757 | 112,707 | - | 16,632 |
| Income tax payable | (777,068) | (21,279) | (741,003) | (1,564) |
| | (667,311) | 91,428 | (741,003) | 15,068 |

# SECTION 4 - **MATERIAL ACCOUNTING POLICIES AND NOTES**

## 4.32 AMOUNTS DUE (TO)/FROM SUBSIDIARIES AND EQUITY-ACCOUNTED INVESTEES

| Name of the Company | DIMO (Pvt) Ltd | DIMO Industries (Pvt) Ltd | DIMO Travels (Pvt) Ltd | Moveflex (Pvt) Ltd | DIMO Lifeline (Pvt) Ltd | Plantchem (Pvt) Ltd | Plantseeds (Pvt) Ltd | DIMO Coastline (Pvt) Ltd* | Azend Technologies (Pvt) Ltd* | Virgin Oil International (Pvt) Ltd | Tropical Health Foods (Pvt) Ltd | Mansel (Ceylon) (Pvt) Ltd |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Shareholding | 99.99% | 99.99% | 99.80% | 100% | 75% | 70% | 70% | 40% | 49% | 51% | 94.45% | 75% |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| At the beginning of the year | (1,437,498) | (2,305) | 998 | 75,323 | 193,542 | 109,237 | 24,434 | 6,538 | 7,824 | 499,733 | 570,980 | (471) |
| Sale of goods and services | 8,151 | - | - | 13 | 693 | (29,734) | 7,225 | - | - | 10,945 | 39 | 1,337 |
| Purchase of goods and services | (27,772) | - | - | (19,894) | - | (21,916) | (103,668) | - | - | (200) | 225 | - |
| Rendering of management services | 483,701 | - | - | 16,181 | 46,516 | 48,553 | 52,599 | - | - | 53,268 | 57,279 | 30,845 |
| Expenses incurred on behalf of subsidiaries/ equity accounted investees | (70,166) | - | - | (78,980) | 2,063 | 3,170 | 9,119 | - | - | 62,483 | 4,269 | 62,749 |
| Fund transfers - net | 1,060,287 | - | - | 29,000 | 185,400 | - | - | - | - | - | - | - |
| Net Cash Inflow /(Outflow) | (716,480) | (280) | (173) | 101,817 | (63,508) | 37,241 | 65,869 | (2,474) | (7,824) | (73,203) | (5,609) | (9,005) |
| Interest on fund transfers - net | - | - | - | - | - | - | - | - | - | 104,900 | 119,917 | - |
| Short Term Loans granted/ (Obtained) | - | - | - | - | - | - | - | - | - | 32,639 | 37,397 | - |
| Interest income on loan granted | 134,285 | - | - | 4,083 | 9,381 | - | - | - | - | - | - | - |
| Fertiliser borrowing | - | - | - | - | | 5,812 | - | - | - | - | - | - |
| Fertiliser lending | - | - | - | - | | 269,076 | - | - | - | - | - | - |
| Share Purchase Consideration Payable | | - | - | - | | | - | - | - | - | - | - |
| Closing balance due (to)/from related parties | (565,490) | (2,585) | 825 | 127,543 | 374,087 | 421,439 | 55,578 | 4,064 | - | 690,567 | 784,496 | 85,455 |
| Provision made For Amount Due From Balances | | | | | | | | | | | | |
| Total provision at the beginning of the year | - | - | - | - | - | - | - | (6,538) | (7,448) | (59,580) | (82,420) | - |
| Reversal/ (Provision) made during the year | - | - | - | - | - | - | - | 2,474 | 7,448 | (415,224) | (452,992) | - |
| Total provision at the end of the year | - | - | - | - | - | - | - | (4,064) | - | (474,804) | (535,412) | - |
| Closing balance due (to)/from related parties | (565,490) | (2,585) | 825 | 127,543 | 374,087 | 421,439 | 55,578 | - | - | 215,763 | 249,084 | 85,455 |

* DIMO Coastline (Private) Limited and Azend Technologies (Private) Limited are equity-accounted investees.

** Opening balance of Rs 53.2 million includes the payable balance for share investment amounting Rs 0.018 million

***During the year, there were no related party transaction made with United DIMO Company Limited, DIMO Global Pte. Ltd, DIMO Collage of Higher Education (Pvt) Ltd

| Associated Laboratories (Pvt) Ltd | DIMO Bangladesh (Pvt) Ltd | DIMO Lanka Company Ltd | DIMO Solar Anuradhapura (Pvt) Ltd | DI Solar Beliatta (Pvt) Ltd | DIMO Solar Galle (Pvt) Ltd | DIMO Solar Galle Two (Pvt) Ltd | DIMO Solar Galle Three (Pvt) Ltd | DIMO Solar Galle Four (Pvt) Ltd | DIMO Australia Pty Ltd ** | DIMO College of Higher Education (Pvt) Ltd | As at 31.03.2026 | As at 31.03.2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 75% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | | |
| Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| 71,667 | 5,321 | 861 | 614,482 | 233,489 | 61,665 | 148,901 | 106,588 | 44,737 | 53,236 | - | 1,389,282 | 3,974,478 |
| 751 | - | - | - | - | 743 | 18,770 | - | 12,065 | - | - | 30,998 | 155,389 |
| - | (33,441) | - | - | - | - | - | - | - | - | - | (206,666) | (276,500) |
| 28,829 | 7,612 | - | - | - | - | - | - | - | - | - | 825,383 | 869,375 |
| 15,919 | 65 | - | 2,725 | 6,951 | 5,832 | (430) | 32,643 | 23,954 | 15,274 | - | 97,640 | 576,329 |
| - | - | 169 | (274,500) | (106,429) | 163,500 | 351,612 | 318,774 | 293,624 | - | 500 | 2,021,940 | (1,907,771) |
| (17,236) | - | - | (3,312) | (9,011) | (8,417) | (17,685) | (4,827) | (22,425) | - | - | (756,542) | (836,794) |
| - | - | - | - | - | - | - | - | - | - | - | 224,817 | 169,479 |
| - | - | - | - | - | - | - | - | - | - | - | 70,036 | 285,927 |
| - | - | - | 24,557 | 11,379 | 17,340 | 48,771 | 48,903 | 40,139 | - | - | 338,838 | 52,485 |
| - | - | - | - | - | - | - | - | - | - | - | 5,812 | (11,119) |
| - | - | - | | - | - | - | - | - | - | - | 269,076 | 18,004 |
| - | - | - | (261,831) | (351,000) | (166,807) | (302,688) | (278,774) | (268,624) | - | - | (1,629,724) | (1,680,000) |
| | | | | | | | | | | - | | |
| 99,930 | (20,443) | 1,030 | 102,121 | (214,621) | 73,856 | 247,252 | 223,306 | 123,470 | 68,510 | 500 | 2,680,890 | 1,389,282 |
| - | - | - | - | - | - | - | - | - | - | - | (155,986) | - |
| - | - | - | - | - | - | - | - | - | (68,528) | - | (926,822) | (155,986) |
| - | - | - | - | - | - | - | - | - | (68,528) | - | (1,082,808) | (155,986) |
| 99,930 | (20,443) | 1,030 | 102,121 | (214,621) | 73,856 | 247,252 | 223,306 | 123,470 | (18.0) | 500 | 1,598,082 | 1,233,296 |

# SECTION 4 - **MATERIAL ACCOUNTING POLICIES AND NOTES**

### 4.32.1 Summary of Amounts due (to)/from Subsidiaries and Equity-Accounted Investees Comprise:

4.32.1.1 Amounts due from Subsidiaries and Equity-Accounted Investees

| As at 31st March | Relationship | Group | | Company | |
|---|---|---|---|---|---|
| | | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| DIMO Travels (Private) Limited | Subsidiary | - | - | 825 | 998 |
| Moveflex (Private) Limited | Subsidiary | - | - | 127,543 | 75,323 |
| DIMO Lifeline (Private) Limited | Subsidiary | - | - | 374,087 | 193,542 |
| PlantChem (Private) Limited | Subsidiary | - | - | 421,439 | 109,237 |
| Plantseeds (Private) Limited | Subsidiary | - | - | 55,578 | 24,434 |
| Virgin Oil International (Private) Limited | Subsidiary | - | - | 215,763 | 440,153 |
| Tropical Health Foods (Private) Limited | Subsidiary | - | - | 249,084 | 488,560 |
| Mansel (Ceylon) (Private) Limited | Subsidiary | - | - | 85,455 | - |
| Associated Laboratories (Private) Limited | Subsidiary | - | - | 99,930 | 71,667 |
| DIMO Bangladesh (Private) Limited | Subsidiary | - | - | - | 5,321 |
| DIMO Lanka Company Limited | Subsidiary | - | - | 1,030 | 861 |
| DIMO Solar Anuradhapura (Private) Limited | Subsidiary | - | - | 102,121 | 614,482 |
| DI Solar Beliatta (Private) Limited | Subsidiary | - | - | - | 233,489 |
| DIMO Solar Galle (Private) Limited | Subsidiary | - | - | 73,856 | 61,665 |
| DIMO Solar Galle Two (Private) Limited | Subsidiary | - | - | 247,252 | 148,901 |
| DIMO Solar Galle Three (Private) Limited | Subsidiary | - | - | 223,306 | 106,588 |
| DIMO Solar Galle Four (Private) Limited | Subsidiary | - | - | 123,470 | 44,737 |
| DIMO Australia Pty Ltd | Subsidiary | - | - | - | 53,236 |
| DIMO College of Higher Education (Private) Limited | Subsidiary | - | - | 500 | - |
| | | - | - | 2,401,239 | 2,673,194 |
| DIMO Coastline (Private) Limited | Joint Venture | - | - | - | |
| Azend Technologies (Private) Limited | Joint Venture | - | 376 | - | 376 |
| | | | 376 | - | 376 |
| Total | | - | 376 | 2,401,239 | 2,673,570 |

4.32.1.2 Amounts due to Subsidiaries and Equity-Accounted Investees

| As at 31st March | Relationship | Group | | Company | |
|---|---|---|---|---|---|
| | | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| DIMO (Private) Limited | Subsidiary | - | - | (565,490) | (1,437,498) |
| DIMO Industries (Private) Limited | Subsidiary | - | - | (2,585) | (2,305) |
| Mansel (Ceylon) (Private) Limited | Subsidiary | - | - | - | (471) |
| DIMO Bangladesh (Private) Limited | Subsidiary | - | - | (20,443) | - |
| DI Solar Beliatta (Private) Limited | Subsidiary | - | - | (214,621) | - |
| DIMO Australia Pty Ltd | Subsidiary | - | - | (18) | - |
| Total | | - | - | (803,157) | (1,440,274) |

## 4.33 RELATED PARTY DISCLOSURES

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures'.

Diesel & Motor Engineering PLC does not have an identifiable parent of its own. The Company is the ultimate parent of the Group.

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing rules. Refer page 172 for RPTRC report.

### 4.33.1(a) Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures', Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the members of the Board of Directors of the Company (Executive and Non-Executive Directors) have been classified as KMP. As the Company is the ultimate parent of the subsidiaries (listed in Note 4.12.1), the Board of Directors of the Company has the authority and responsibility for planning or controlling the activities of the Group directly or indirectly. Accordingly, the Board of Directors of the Company (Executive and Non Executive) are KMP of the Group.

Compensation to Key Management Personnel of the Group are as follows:

| For the year ended 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Short-term employment benefits | 597,830 | 568,257 | 539,698 | 555,041 |
| Post-employment benefits | 126,633 | 168,020 | 119,341 | 168,020 |
| Total compensation applicable to Key Management Personnel | 724,463 | 736,277 | 659,039 | 723,061 |

The Company also has an obligation towards a post-employment benefit plan for the Executive Directors. The liability arising from the post-employment obligation has been provided for, based on an actuarial valuation and is disclosed under Employee Benefits in Note 4.25 to the Financial Statements. During the year 2025/26 there were no any post-employment benefits paid to key management personnel.

### 4.33.1 (c) Transactions with Close Family Members of Key Management Personnel (KMP)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include ;

(a) that person's children and spouse or domestic partner

(b) children of that person's spouse or domestic partner and

(c) dependants of that person or that person's spouse or domestic partner

There were no transactions with the close family members during the year.

### 4.33.2 Transactions with Companies in which Key Management Personnel (KMP) have Control or Significant Influence

There were no transactions with companies on which KMP have control.

The transactions with companies in which KMP is a Director of such entities are disclosed in 'Directors' Interests in Contracts' on pages from 206 to 207.

Key Management Personnel (KMP) are entitled to discount schemes which are uniformly applicable to all employees of the Group.

Officers who are employees of Diesel & Motor Engineering PLC and Directors of the subsidiaries and not of the Company have been classified as KMP of the respective subsidiary only.

The Group revenue includes sales made to Key Management Personnel amounting to Rs.1.01 million (2024/25- Rs. 0.8 million).

### 4.33.1 (b) The Compensation Paid to Key Management Personnel (KMP)

The Executive Directors are entitled to a structured incentive scheme which is linked to performance.

The Company contributes towards a post-employment contribution plan for the Executive Directors. In addition to their salaries, the Company provides non-cash benefits to KMPs.

There are no share-based payments made to the Directors during the year.

No loans were granted to KMPs of the Company.

### 4.33.3 Terms and Conditions of Transactions with the Companies on which Key Management Personnel (KMP) have Control or Significant Influence

Outstanding balances at the year-end relating to the companies on which KMP have control or significant influence over these companies are unsecured, interest free, and all related-party dues are on demand. There have been no guarantees provided or received for any related party receivables or payables for the year ended 31st March 2026.

### 4.33.4 Transactions with Group Entities

The Group and the Company carried out transactions in the ordinary course of business with its related parties as arms length transactions. The list of Directors at each of the subsidiary / equity accounted invitees have been disclosed in Corporate Information section of the Annual Report. The details are set out in Corporate Information section.

There are no related parties or related party transactions other than those disclosed in Note 4.32 to the Financial Statements.

4.33.4. (a) Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the Group as per 31st March 2026 audited Financial Statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

## 4.34 COMMITMENTS AND CONTINGENCIES

Capital Expenditure Commitments

Capital expenditure committed by the Board of Directors for which a provision has not been made in the Financial Statements amounted to approximately Rs.120.8 million (2024/25 - Rs. 224.7million).

Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard – LKAS 37 on "Provisions, Contingent Liabilities and Contingent Assets". Further, contingent liabilities are not recognised in Statement of Financial Position but are disclosed unless its occurrence is remote.

A contingent liability recognised in a business combination is initially measured at its fair value.

Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

Currently the Group/Company is involved in legal actions arising out of the normal course of the business. The Group/Company does not expect the pending litigations and claims, individually and in aggregate, to have a material impact on the reported financial results of the Group.

Litigation Against the Company

The claims for lawsuits filed against the Company as at 31st March 2026 amounted to Rs.366 million (2024/25- Rs. 366million). Although, there can be no assurance, the Directors believe, based on the information currently available that the ultimate resolution of such lawsuits are not likely to have a material effect on the results of operations, financial position or liquidity. The Board of Directors is in the opinion that there is only a remote possibility of an obligation arising.

Guarantees

The contingent liabilities as at 31st March 2026 on guarantees given by Diesel & Motor Engineering PLC and its subsidiaries, in respect of bank guarantees, bid bonds and performance bonds amounted to Rs.7,508.55 million (2024/25 - Rs. 5,470.1 million).

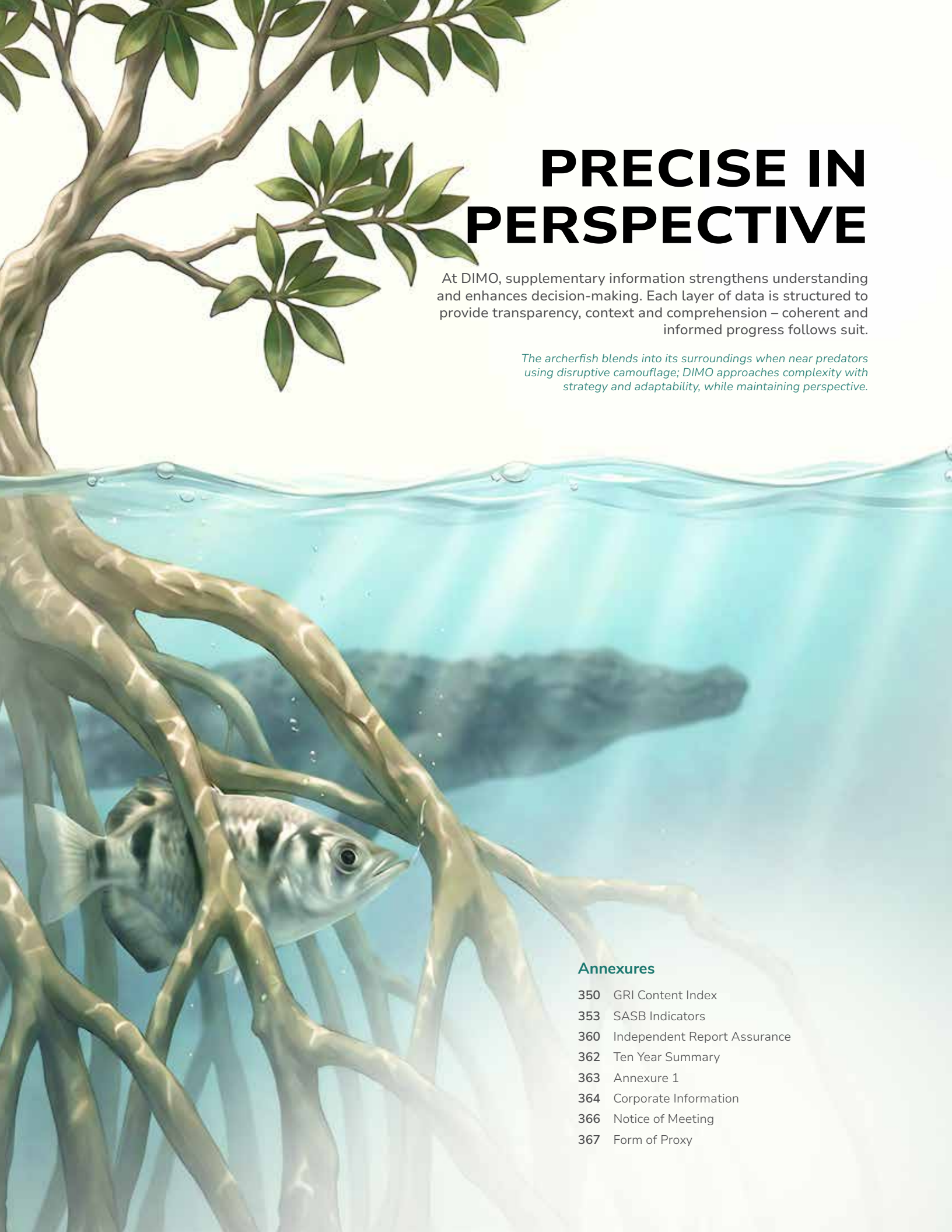
## 4.35 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no material events that occurred after the reporting date that require adjustments or disclosure to the Financial Statements.

# PRECISE IN PERSPECTIVE

At DIMO, supplementary information strengthens understanding and enhances decision-making. Each layer of data is structured to provide transparency, context and comprehension – coherent and informed progress follows suit.

*The archerfish blends into its surroundings when near predators using disruptive camouflage; DIMO approaches complexity with strategy and adaptability, while maintaining perspective.*



## Annexures


350 GRI Content Index
353 SASB Indicators
360 Independent Report Assurance
362 Ten Year Summary
363 Annexure 1
364 Corporate Information
366 Notice of Meeting
367 Form of Proxy

# GRI CONTENT INDEX

| | |
|---|---|
| **Statement of Use** | DIMO has reported the information cited in this GRI content index for the period 01 April 2025 to 31 March 2026 with reference to the GRI Standards. |
| **GRI 1 used** | GRI 1: Foundation 2021 |

| GRI Standard | Disclosure | Location |
|---|---|---|
| GRI 2: General Disclosures 2021 | 2-1 Organisational details | Inner back cover |
| | 2-2 Entities included in the organisation's sustainability reporting | 7 |
| | 2-3 Reporting period, frequency and contact point | 4, 199 |
| | 2-5 External assurance | 7 |
| | 2-6 Activities, value chain and other business relationships | 28-28, 84-85, 93, 106, 112, 117, 123, 129 |
| | 2-7 Employees | 65, 67, 242 |
| | 2-9 Governance structure and composition | 148-150 |
| | 2-10 Nomination and selection of the highest governance body | 153, 174-175 |
| | 2-11 Chair of the highest governance body | 151 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 151-152, 171 |
| | 2-13 Delegation of responsibility for managing impacts | 152, 161-162 |
| | 2-14 Role of the highest governance body in sustainability reporting | 168 |
| | 2-15 Conflicts of interest | 179 |
| | 2-17 Collective knowledge of the highest governance body | 216 |
| | 2-18 Evaluation of the performance of the highest governance body | 159 |
| | 2-19 Remuneration policies | 155, 173 |
| | 2-20 Process to determine remuneration | 155, 173 |
| | 2-22 Statement on sustainable development strategy | 15-17 |
| | 2-23 Policy commitments | 181-183 |
| | 2-24 Embedding policy commitments | 181-183 |
| | 2-25 Processes to remediate negative impacts | 69, 250 |
| | 2-26 Mechanisms for seeking advice and raising concerns | 179, 183 |
| | 2-27 Compliance with laws and regulations | 150 |
| | 2-28 Membership associations | 85 |
| | 2-29 Approach to stakeholder engagement | 136-146 |
| | 2-30 Collective bargaining agreements | 69 |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 143-146 |
| | 3-2 List of material topics | 42-43 |
| | 3-3 Management of material topics | 41-43 |
| GRI 101: Biodiversity 2024 | 101-2 Management of biodiversity impacts | 90, 241 |
| | 101-4 Identification of biodiversity impacts | 90, 241 |

| GRI Standard | Disclosure | Location |
|---|---|---|
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 247 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 221-222 |
| | 201-3 Retirement benefit plan obligations and other retirement plans | 334-336 |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | 45,59,119,124-125 |
| | 203-2 Significant indirect economic impacts | 85-86 |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | 85 |
| GRI 205: Anti-corruption 2016 | 205-2 Communication and training about anti-corruption policies and procedures | 179, 183 |
| GRI 207: Tax 2019 | 207-3 Stakeholder engagement and management of concerns related to tax | 142 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 236-237 |
| | 302-3 Energy intensity | 97, 104, 109, 115,120,126 |
| | 302-4 Reduction of energy consumption | 236-237 |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | 89 |
| | 303-2 Management of water discharge-related impacts | 89 |
| | 303-5 Water consumption | 89, 238 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 90, 226, 232, 240 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | |
| | 305-3 Other indirect (Scope 3) GHG emissions | |
| | 305-4 GHG emissions intensity | 97, 104, 109, 115,120,126 |
| | 305-5 Reduction of GHG emissions | 227, 250 |
| GRI 306: Effluents and Waste 2016 | 306-1 Waste generation and significant waste-related impacts | 89 |
| | 306-2 Management of significant waste-related impacts | 89 |
| | 306-3 Waste generated | 239 |
| | 306-4 Waste diverted from disposal | 239 |
| | 306-5 Waste directed to disposal | 239 |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 64, 242 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 65 |
| | 401-3 Parental leave | 67 |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 69 |
| | 403-5 Worker training on occupational health and safety | 246 |
| | 403-6 Promotion of worker health | 69 |
| | 403-8 Workers covered by an occupational health and safety management system | 69 |
| | 403-9 Work-related injuries | 69, 245 |
| | 403-10 Work-related ill health | 69, 245 |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 68, 245 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 68-69 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 242 |

# GRI CONTENT INDEX

| GRI Standard | Disclosure | Location |
|---|---|---|
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | 85-86 |
| GRI 416: Customer Health and Safety 2016 | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 251 |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | 82 |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | 251 |
| | 417-3 Incidents of non-compliance concerning marketing communications | 251 |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 251 |

# SASB INDICATORS

| Industry | Standard | Code | Topic | Metric | Unit of Measure | Category | Page number(s) and/ or URL(s) | Omission |
|---|---|---|---|---|---|---|---|---|
| Multiline and Specialty Retail (Version 2023-12) | SASB | | Energy Management in Retail & Distribution | | | | | |
| | | CG-MR-130a.1 | | (1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable | "Gigajoules (GJ), Percentage (%)" | Quantitative | 236, 237 | |
| | SASB | | Data Security | | | | | |
| | | CG-MR-230a.1 | | Description of approach to identifying and addressing data security risks | n/a | Discussion and Analysis | 206 | |
| | | CG-MR-230a.2 | | (1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of customers affected **1** | Number, Percentage (%) | Quantitative | 50 | |
| | SASB | | Labour Practices | | | | | |
| | | CG-MR-310a.1 | | (1) Average hourly wage and (2) percentage of in-store and distribution centre employees earning minimum wage, by region | Presentation currency, Percentage (%) | Quantitative | | Data unavailable as the classifications are not defined for the diverse sectors |
| | | CG-MR-310a.2 | | (1) Voluntary and (2) involuntary turnover rate for in-store and distribution centre employees | Percentage (%) | Quantitative | 242 | |
| | | CG-MR-310a.3 | | Total amount of monetary losses as a result of legal proceedings associated with labour law violations 2 | Presentation currency | Quantitative | | No monetary losses as a result of legal proceedings during the year |
| | SASB | | Workforce Diversity & Inclusion | | | | | |
| | | CG-MR-330a.1 | | Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management and (c) all other employees **3** | Percentage (%) | Quantitative | 242 | |

# SASB INDICATORS

| Industry | Standard | Code | Topic | Metric | Unit of Measure | Category | Page number(s) and/or URL(s) | Omission |
|---|---|---|---|---|---|---|---|---|
| | | CG-MR-330a.2 | | Total amount of monetary losses as a result of legal proceedings associated with employment discrimination **4** | Presentation currency | Quantitative | | No monetary losses as a result of legal proceedings during the year |
| | SASB | | **Product Sourcing, Packaging & Marketing** | | | | | |
| | | CG-MR-410a.1 | | Revenue from products third-party certified to environmental or social sustainability standards | Presentation currency | Quantitative | 134 | |
| | | CG-MR-410a.2 | | Discussion of processes to assess and manage risks or hazards associated with chemicals in products | n/a | Discussion and Analysis | 203-205 | |
| | | CG-MR-410a.3 | | Discussion of strategies to reduce the environmental impact of packaging | n/a | Discussion and Analysis | 39 - 41 | |
| | SASB | | **Activity Metric** | | | | | |
| | | CG-MR-000.A | | Number of: (1) retail locations and (2) distribution centres | Number | Quantitative | 132 | |
| | | CG-MR-000.B | | Total area of: (1) retail space and (2) distribution centres | Square metres ($m^2$) | Quantitative | 132 | |
| Agriculture Products (Version 2023-12) | SASB | | **Greenhouse Gas Emissions** | | | | | |
| | | FB-AG-110a.1 | | Gross global Scope 1 emissions | Metric tonnes (t) $CO_2$-e | Quantitative | 240 | |
| | | FB-AG-110a.2 | | Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | n/a | Discussion and Analysis | 90 | |
| | | FB-AG-110a.3 | | Fleet fuel consumed, percentage renewable | Gigajoules (GJ), Percentage (%) | Quantitative | 240 | |
| | SASB | | **Energy Management** | | | | | |

| Industry | Standard | Code | Topic | Metric | Unit of Measure | Category | Page number(s) and/or URL(s) | Omission |
|---|---|---|---|---|---|---|---|---|
| | | FB-AG-130a.1 | | (1) Operational energy consumed, (2) percentage grid electricity and (3) percentage renewable | Gigajoules (GJ), Percentage (%) | Quantitative | 236-237, 240 | |
| | SASB | | Water Management | | | | | |
| | | FB-AG-140a.1 | | (1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress | Thousand cubic metres ($m^3$), Percentage (%) | Quantitative | 238 | |
| | | FB-AG-140a.2 | | Description of water management risks and discussion of strategies and practices to mitigate those risks | n/a | Discussion and Analysis | 89 | |
| | | FB-AG-140a.3 | | Number of incidents of non-compliance associated with water quality permits, standards and regulations | Number | Quantitative | | No incidents of non-compliance associated with water quality permits, standards and regulations |
| | SASB | | Food Safety | | | | | |
| | | FB-AG-250a.1 | | Global Food Safety Initiative (GFSI) audit (1) non-conformance rates and (2) associated corrective action rates for (a) major and (b) minor non-conformances | Rate | Quantitative | 251 | |
| | | FB-AG-250a.2 | | Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme | Percentage (%) by cost | Quantitative | 108 | |
| | | FB-AG-250a.3 | | (1) Number of recalls issued and (2) total amount of food product recalled **1** | Number, Metric tonnes (t) | Quantitative | | No recalls during the year. |
| | SASB | | Workforce Health & Safety | | | | | |

# SASB INDICATORS

| Industry | Standard | Code | Topic | Metric | Unit of Measure | Category | Page number(s) and/or URL(s) | Omission |
|---|---|---|---|---|---|---|---|---|
| | | FB-AG-320a.1 | | (1) Total recordable incident rate (TRIR),<br>(2) fatality rate, and<br>(3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees | Rate | Quantitative | 245 | |
| | SASB | | Environmental & Social Impacts of Ingredient Supply Chain | | | | | |
| | | FB-AG-430a.1 | | (1) Percentage of agricultural products sourced that are certified to a third-party environmental or social standard, and<br>(2) percentages by standard | Percentage (%) by cost | Quantitative | 109 | |
| | | FB-AG-430a.2 | | Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances | Rate | Quantitative | 109 | |
| | | FB-AG-430a.3 | | Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing | n/a | Discussion and Analysis | 206-208 | |
| | SASB | | GMO Management | | | | | |
| | | FB-AG-430b.1 | | Discussion of strategies to manage the use of genetically modified organisms (GMOs) | n/a | Discussion and Analysis | 106 | No GMO Products |
| | SASB | | Ingredient Sourcing | | | | | |
| | | FB-AG-440a.1 | | Identification of principal crops and description of risks and opportunities presented by climate change | n/a | Discussion and Analysis | 206-208 | |
| | | FB-AG-440a.2 | | Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress | Percentage (%) by cost | Quantitative | | |
| | SASB | | Activity Metric | | | | | |

| Industry | Standard | Code | Topic | Metric | Unit of Measure | Category | Page number(s) and/or URL(s) | Omission |
|---|---|---|---|---|---|---|---|---|
| | | FB-AG-000.A | | Production by principal crop2 | Metric tonnes (t) | Quantitative | 110 | |
| | | FB-AG-000.B | | Number of processing facilities3 | Number | Quantitative | 110 | |
| | | FB-AG-000.C | | Total land area under active production | Hectares | Quantitative | 110 | |
| | | FB-AG-000.D | | Cost of agricultural products sourced externally **4** | Presentation currency | Quantitative | 110 | |
| Engineering and Construction Service (Version 2023-12) | SASB | | **Environmental Impacts of Project Development** | | | | | |
| | | IF-EN-160a.1 | | Number of incidents of non-compliance with environmental permits, standards and regulations | Number | Quantitative | | No incidents of noncompliance with environmental permits, standards and regulations. |
| | | IF-EN-160a.2 | | Discussion of processes to assess and manage environmental risks associated with project design, siting and construction | n/a | Discussion and Analysis | 206-208 | |
| | SASB | | **Structural Integrity & Safety** | | | | | |
| | | IF-EN-250a.1 | | Amount of defect- and safety-related rework costs | Presentation currency | Quantitative | | While individual project rework costs exist, quantification for overall cost and definition of rework costs were not incorporated. Data is being collated for future reporting |
| | | IF-EN-250a.2 | | Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents **1** | Presentation currency | Quantitative | | No monetary losses as a result of legal proceedings associated with defect- and safety-related incidents |
| | SASB | | **Workforce Health & Safety** | | | | | |

# SASB INDICATORS

| Industry | Standard | Code | Topic | Metric | Unit of Measure | Category | Page number(s) and/ or URL(s) | Omission |
|---|---|---|---|---|---|---|---|---|
| | | IF-EN-320a.1 | | (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees | Rate | Quantitative | | Fatality rate is not applicable as it is nil. (Fatality Rate - measures the severity of an injury by defining the total number of deaths as a proportion of reported cases at a material time) - No Deaths during the year |
| | SASB | | Lifecycle Impacts of Buildings & Infrastructure | | | | | |
| | | IF-EN-410a.1 | | Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification | Number | Quantitative | | No commissioned projects reporting during the year. |
| | | IF-EN-410a.2 | | Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design | n/a | Discussion and Analysis | 105 | |
| | SASB | | Climate Impacts of Business Mix | | | | | |
| | | IF-EN-410b.1 | | Amount of backlog for (1) hydrocarbon- related projects and (2) renewable energy projects | Presentation currency | Quantitative | | No backlogs for renewable energy projects. DIMO does not have hydrocarbonrelated projects |
| | | IF-EN-410b.2 | | Amount of backlog cancellations associated with hydrocarbon-related projects | Presentation currency | Quantitative | | Not Applicable due to No Backlogs |
| | | IF-EN-410b.3 | | Amount of backlog for non-energy projects associated with climate change mitigation | Presentation currency | Quantitative | | Not Applicable due to No Backlogs |
| | SASB | | Business Ethics | | | | | |

| Industry | Standard | Code | Topic | Metric | Unit of Measure | Category | Page number(s) and/ or URL(s) | Omission |
|---|---|---|---|---|---|---|---|---|
| | | IF-EN-510a.1 | | (1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index **2** | Number, Presentation currency | Quantitative | | Not Applicable - No business in the 20 lowest rankings in Transparency International's Corruption Perception Index. Operations in Myanmar suspended. (20 Ranking) |
| | | IF-EN-510a.2 | | Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices **3** | Presentation currency | Quantitative | | No monetary losses as a result of legal proceedings associated with charges of bribery or corruption and anti-competitive practices |
| | | IF-EN-510a.3 | | Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behaviour in the project bidding processes | n/a | Discussion and Analysis | 179 | |
| | SASB | | Activity Metric | | | | | |
| | | IF-EN-000.A | | Number of active projects **4** | Number | Quantitative | 123-128 | |
| | | IF-EN-000.B | | Number of commissioned projects **5** | Number | Quantitative | | No commissioned projects reporting during the year. |
| | | IF-EN-000.C | | Total backlog **6** | Presentation currency | Quantitative | | No backlogs |

# INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF DIESEL & MOTOR ENGINEERING PLC ON THE INTEGRATED ANNUAL REPORT 2025/26

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

## Scope

We have been engaged by Diesel & Motor Engineering PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Diesel & Motor Engineering PLC's Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in Diesel & Motor Engineering PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

## Criteria applied by Diesel & Motor Engineering PLC

In preparing the Subject Matter, Diesel & Motor Engineering PLC applied the Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

## Diesel & Motor Engineering PLC's responsibilities

Diesel & Motor Engineering PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

## Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with Diesel & Motor Engineering PLC on 6 May 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

## Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies

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 Saleewani 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)

A member firm of Ernst & Young Global Limited

# INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF DIESEL & MOTOR ENGINEERING PLC ON THE INTEGRATED ANNUAL REPORT 2025/26

or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

### Our procedures included:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

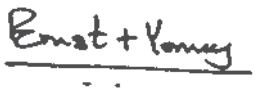
### Emphasis of matter

Economic, Environment, Social and Intellectual capital management data/ information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Diesel & Motor Engineering PLC for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.



3rd June 2026
Colombo

# TEN YEAR SUMMARY

| Year Ended 31st March | 2025/26 Rs.'000 | 2024/25 Rs.'000 | 2023/24 Rs.'000 | 2022/23 Rs.'000 | 2021/22 Rs.'000 | 2020/21 Rs.'000 | 2019/20 Rs.'000 | 2018/19 Rs.'000 | 2017/18 Rs.'000 | 2016/17 Rs.'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Group | | | | | | | | | | |
| Operating Results | | | | | | | | | | |
| Revenue | 103,633,939 | 50,174,979 | 43,644,295 | 35,299,201 | 37,507,480 | 30,819,014 | 34,557,871 | 38,300,350 | 43,686,158 | 44,492,990 |
| Profit/(Loss) before taxation | 2,046,625 | (1,948,055) | 183,111 | 737,256 | 1,165,345 | 720,111 | 279,527 | 104,119 | 716,607 | 1,043,392 |
| Income tax expense/(reversal) | (502,672) | 639,589 | (90,506) | (39,112) | (310,975) | (183,845) | (78,383) | (27,436) | (193,391) | (386,601) |
| Profit/(Loss) for the year | 1,543,953 | (1,308,466) | 92,605 | 698,144 | 854,370 | 536,266 | 201,144 | 76,683 | 523,216 | 656,791 |
| Profit/(Loss) attributable to Owners of the Company | 1,591,195 | (1,264,745) | 42,962 | 579,060 | 702,119 | 486,713 | 195,011 | 51,307 | 519,309 | 656,791 |
| Capital Employed | | | | | | | | | | |
| Stated capital | 620,578 | 620,578 | 620,578 | 620,578 | 620,578 | 425,297 | 425,297 | 425,297 | 425,297 | 425,297 |
| Other components of equity | 7,126,650 | 7,125,675 | 7,102,059 | 5,611,961 | 6,202,697 | 6,140,005 | 4,077,499 | 4,055,979 | 4,050,962 | 2,839,898 |
| Revenue reserves | 8,686,145 | 7,191,029 | 8,679,535 | 8,743,765 | 8,237,608 | 7,976,680 | 7,476,214 | 7,259,568 | 7,268,900 | 6,899,747 |
| Non-controlling interests | 427,467 | 501,061 | 446,463 | 377,327 | 405,604 | 419,270 | 369,921 | 339,607 | 304,203 | - |
| Total equity | 16,860,840 | 15,438,343 | 16,848,635 | 15,353,631 | 15,466,487 | 14,961,252 | 12,348,931 | 12,080,451 | 12,049,362 | 10,164,942 |
| Total borrowings | 47,486,374 | 27,923,186 | 22,394,791 | 13,730,034 | 8,951,541 | 4,551,348 | 11,286,683 | 10,134,164 | 9,188,923 | 8,382,217 |
| Total capital employed | 64,347,214 | 43,361,529 | 39,243,426 | 29,083,665 | 24,418,028 | 19,512,600 | 23,635,614 | 22,214,615 | 21,238,285 | 18,547,159 |
| Assets Employed | | | | | | | | | | |
| Non- current assets | 27,263,246 | 23,437,348 | 20,620,425 | 17,262,159 | 15,229,915 | 14,594,455 | 12,243,971 | 11,776,291 | 11,695,795 | 8,357,266 |
| Current assets | 55,505,127 | 33,265,547 | 28,372,573 | 22,300,228 | 25,075,075 | 17,521,696 | 19,469,319 | 17,523,901 | 16,891,197 | 14,402,152 |
| Total liabilities (excluding borrowings) | 18,421,159 | 13,341,366 | 9,749,572 | 10,478,722 | 15,279,430 | (12,603,551) | (8,077,676) | (7,085,577) | (7,348,707) | (4,212,259) |
| Total assets employed | 101,189,532 | 70,044,261 | 58,742,570 | 50,041,109 | 21,503,681 | 19,512,600 | 23,635,614 | 22,214,615 | 21,238,285 | 18,547,159 |
| Cash Flow | | | | | | | | | | |
| Net cash (used in)/ from operating activities | (14,719,956) | (3,790,539) | (5,967,838) | (3,482,808) | (339,989) | 7,557,627 | (88,575) | (626,464) | 463,058 | (654,758) |
| Net cash(used in) / from investing activities | (4,085,288) | (2,372,748) | (1,428,261) | (1,254,876) | (1,237,046) | (342,893) | (377,995) | (360,050) | (1,113,776) | (684,812) |
| Net cash from/(used in) financing activities | 19,029,015 | 5,650,173 | 8,194,330 | 3,717,801 | 4,113,887 | (6,870,307) | 1,244,309 | 1,245,649 | 155,879 | (847,598) |
| Net (decrease)/ increase in cash and cash equivalents | 223,771 | (513,112) | 798,231 | (1,019,883) | 2,536,852 | 344,427 | 777,739 | 259,135 | (494,839) | (2,187,168) |
| Key Indicators | | | | | | | | | | |
| Earnings per share (Rs.) | 172.37 | (137.00) | 4.65 | 62.73 | 76.06 | 52.72 | 21.12 | 5.78 | 58.50 | 73.99 |
| Net assets per share (Rs.) | 1,780.14 | 1,618.08 | 1,776.76 | 1,622.31 | 1,631.47 | 1,638.27 | 1,349.53 | 1,322.70 | 1,323.18 | 1,145.16 |
| Market value per share (Rs.) | 1,402.25 | 920.75 | 513.25 | 466.00 | 488.00 | 530.25 | 250.00 | 304.70 | 464.90 | 559.90 |
| Dividend per share (Rs.) | 10.00 | 5.00 | 10.00 | 12.50 | 12.50 | 2.50 | 2.50 | - | 20.00 | 24.00 |
| Dividends approved/ Paid (Rs.'000) | 92,315 | 46,157 | 111,764 | 115,394 | 110,955 | 22,191 | 22,191 | - | 177,529 | 213,034 |
| Annual sales growth (%) | 106.55 | 14.96 | 23.64 | (5.89) | 21.70 | (10.82) | (9.77) | (12.33) | (1.81) | 17.86 |
| Equity to total assets ratio (%) | 19.85 | 26.34 | 33.48 | 37.85 | 37.37 | 45.28 | 37.77 | 40.07 | 41.09 | 44.66 |
| Gearing ratio (%) | 74 | 64 | 57 | 47 | 36.66 | 23.33 | 47.75 | 45.62 | 43.27 | 45.19 |
| Dividend pay out (%) | 5.98 | (3.53) | 120.69 | 16.53 | 16.44 | 4.74 | 11.83 | - | 33.93 | 32.44 |
| Dividends cover (No. of times) | 0.06 | (0.04) | 1.21 | 6.05 | 6.08 | 21.09 | 8.45 | - | 2.95 | 3.08 |
| Price earnings ratio (No. of times) | 8.14 | (6.72) | 110.29 | 7.43 | 6.42 | 10.06 | 11.84 | 52.71 | 7.95 | 7.57 |
| Current ratio (No. of times) | 1.04 | 1.01 | 1.16 | 1.16 | 1.23 | 1.39 | 1.21 | 1.24 | 1.24 | 1.30 |
| Quick asset ratio | 0.54 | 0.69 | 0.76 | 0.64 | 0.75 | 0.90 | 0.71 | 0.65 | 0.54 | 0.49 |
| Turnover to capital employed (No. of times) | 1.61 | 1.16 | 1.11 | 1.21 | 1.54 | 1.58 | 1.46 | 1.72 | 2.06 | 2.4 |
| Interest Cover (No. of times) | 1.59 | 0.24 | 1.07 | 1.22 | 2.37 | 1.98 | 1.20 | 1.07 | 1.68 | 2.22 |
| Average no. of employees | 2,065 | 1,914 | 1,791 | 1,781 | 1,840 | 1,860 | 1,939 | 1906 | 1788 | 1,649 |

# ANNEXURE 1

## 1 NAMES OF THE COMPANIES WHERE MR. A. M. PANDITHAGE HOLDS EXECUTIVE DIRECTORSHIPS

### 12 Nos of Listed Companies in Sri Lanka

Alumex Plc, Dipped Products Plc, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Hayleys Leisure PLC, Hayleys PLC, Horana Plantations PLC, Kelani Valley Plantations PLC, Singer (Sri Lanka) PLC, Talawakelle Tea Estates PLC, The Kingsbury PLC

### 142 Numbers of Private & other Companies in Sri Lanka.

3W Power Management Limited, Advantis Bridge (Private) Limited, Advantis Express (Pvt) Ltd, Advantis Freight (Private) Limited, Advantis International Limited, Advantis Sarens Heavy Lift (Private) Limited, Advantis Ships (Pvt) Ltd, Agro Technica Limited, Air Global (Private) Limited, Air Power Energy Solutions (Pvt) Ltd, Bhagya Hydro (Private) Limited, Blue Mountain Tea Exports (Private) Limited, Bonterra Limited, C D C Conventions (Private) Limited, Carbotels (Private) Limited, Cargostar (Pvt) Ltd, Celonex (Pvt) Ltd, Ceva Logistics Lanka (Pvt) Ltd, Ceylon Electric Power Development (Pvt) Limited, Ceylon Ocean Lines Limited, Chas P. Hayley & Company (Private) Limited, Clarion Shipping (Private) Limited, CMA-CGM Lanka (Pvt) Ltd, Colombo Cargo Express (Private) Limited, Creative Polymats (Private) Limited, Culture Club Resorts (Private) Limited, D P L International Limited, D P L Plantations (Pvt) Ltd, D P L Universal Gloves Limited, Darley Property Holdings (Private) Limited, Dean Foster (Private) Limited, Diamond Shipping Services (Private) Limited, Eastern Hotels (Pvt) Ltd, Energynet Ltd, Expelogix (Pvt) Ltd, Feltex (Private) Limited, Fentech Brands Ltd, Fentons Smart Facilities Ltd, H J S Condiments Limited, Habour Services Lanka (Pvt) Ltd, Hanwella Rubber Products Limited, Hayleylines Limited, Hayleys Advantis Limited, Hayleys Agriculture Holdings Limited, Hayleys Agro Biotech (Private) Limited, Hayleys Agro Farms (Private) Limited, Hayleys Agro Fertilizers (Private) Limited, Hayleys Aventura (Private) Limited, Hayleys Aviation (Pvt) Ltd, Hayleys Business Solutions International (Pvt) Ltd, Hayleys Consumer Products Limited, Hayleys Electronics Limited, Hayleys Energy Services Lanka (Pvt) Ltd, Hayleys Engineering (Pvt) Ltd, Hayleys Fabric Solutions Limited, Hayleys Fentons Limited, Hayleys Foundation (Guarantee) Ltd, Hayleys Free Zone Ltd, Hayleys Green Energy Holdings Limited, Hayleys Group Services (Private) Limited, Hayleys Holidays (Pvt) Ltd, Hayleys Hotel Management Services (Private) Limited, Hayleys Hydro Energy (Private) Limited, Hayleys Lifesciences (Private) Limited, Hayleys Mobility Limited, Hayleys Nature Nest (Pvt) Ltd, Hayleys Neluwa Hydro Power (Pvt) Ltd, Hayleys Plantation Services (Private) Limited, Hayleys Power Ltd, Hayleys Produce Marketing Limited, Hayleys Retail Holdings Ltd, Hayleys Tours (Private) Limited, Hayleys Travels (Pvt) Ltd, Haymat (Private) Limited, Haywind One Limited, Home for Every Plantation Worker Foundation (Guarantee) Ltd, I M L Delivery Systems (Private) Limited, Innovative Solutions Lanka (Pvt) Ltd, Innovative Health Solutions (Pvt) Ltd, Intermarc Marine (Private) Limited, Kalupahana Power Company (Private) Limited, Kandyan Resorts (Private) Limited, Karaitivu Windcity Energy Park (Pvt) Ltd, Kelani Valley Resorts (Pvt) Ltd, Lakdiyatha (Pvt) Ltd, Lanka Bunkering Services (Private) Limited, Lanka Maritime Services Limited, Logistics International Limited, Logiwiz Limited, Mabroc Teas (Private) Limited, Maritime Agencies (Private) Limited, Martin Bauer Hayleys (Private) Limited, Millennium Transportation (Pvt) Ltd, MIT Global Solutions (Private) Limited, Moceti International (Pvt) Ltd, Mountain Hawk (Pvt) Ltd, N.Y.K. Lanka (Private) Limited, Neluwa Cascade Hydro Power (Private) Limited, Nex-Gen Engineering Studio Ltd, Nirmalapura Wind Power (Private) Limited, North South Lines (Private) Limited, Northgate Wind Power (Pvt) Ltd, Northwest Wind Power Solutions (Pvt) Ltd, Puritas (Private) Limited, Quality Seed Company (Private) Limited, Ravi Industries Limited, Ravi Marketing Services (Private) Limited, Realty & Distributors Ltd, Recogen (Private) Limited, Regnis Appliances (Private) Limited, Rileys (Private) Limited, S & T Interiors (Private) Limited, Sharaf Shipping Agency (Private) Limited, Solar One Ceylon (Pvt) Ltd, Solar Two (Pvt) Ltd, South Asia Textiles Limited, Sri Lanka Shipping Company Limited, Sun Tan Beach Resorts Limited, Sunfrost (Private) Limited, T T E L Hydro Power Company (Private) Limited, T T E L Somerset Hydro Power (Pvt) Ltd, The Beach Resorts Ltd, Toyo Cushion Lanka (Private) Limited, UMI Shipping (Private) Limited, Unisyst Engineering Limited, Venigros (Private) Limited, Volanka (Private) Limited, Volanka Exports Limited, Volanka Insurance Brokers (Private) Limited, Westgate Wind Power Solutions (Pvt) Ltd, Wind Will Energy (Pvt) Ltd, World Export Centre Limited, Yusen Logistics & Kusuhara Lanka (Pvt) Ltd, Beata Power (Pvt) Ltd, Joule Power (Pvt) Ltd, Delmege Forsyth & Co. Exports (Pvt) Ltd, Delmege Coir (Pvt) Ltd, Delmege Forsyth & Co. (Shipping) Ltd, Delmege Freight Services (Pvt) Ltd, Lewis Shipping (Pvt) Ltd, Lewis Brown Air Services (Pvt) Ltd, Ocean Network Express Lanka (Private) Limited, Sojitz Kelanitissa (Pvt) Ltd

## 2. NAMES OF THE COMPANIES WHERE DR. HARSHA CABRAL HOLDS DIRECTORSHIPS

### 04 NOS OF LISTED COMPANIES IN SRI LANKA

Independent Non-Executive Director at Hayleys PLC, Chevron Lubricants Lanka PLC, Alumex PLC, Tokyo Cement Company (Lanka) PLC

### 15 NUMBERS OF PRIVATE & OTHER COMPANIES IN SRI LANKA.

CCC-ICLP International ADR Centre (Guarantee) Limited, Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT), SLIIT International (Private) Limited, Ceylinco Life Insurance Limited, Nanadiriya (Guarantee) Limited, National Olympic Committee (NOC) Ethics Committee, National Savings Bank, Tokyo Cement Group, Tokyo Cement Power Lanka (Private) Limited, Tokyo Eastern Cement Company (Private) Limited, Tokyo Super Aggregate (Private) Limited, Tokyo Supermix (Private) Limited, Kandy Uni (Pvt) Ltd, Sri Lnakan Catering Ltd, Sri Lankan Airlines Limited

## 4. NAMES OF THE COMPANIES WHERE, MR. H.M.A. JAYESINGHE HOLDS DIRECTORSHIPS

### Independent Director for 09 Listed Companies:

Ceylon Hospitals PLC, Royal Ceramics Lanka PLC, C.W. Mackie PLC, John Keells Holding PLC, Vallibel One PLC, Lanka IOC PLC, Lanka Walltiles PLC, Lanka Ceramics PLC, Lanka Milk Food PLC,

### Senior Independent Director for two Listed Companies:

C.W. Mackie PLC and Lanka Milk Foods PLC.
Director of Two Private Companies
NMJ Leisure (Pvt) Ltd, and Lanka Dairies (Pvt) Ltd.

## 4. NAMES OF THE COMPANIES WHERE, MR. I.A.WICKRAMASINGHE HOLDS DIRECTORSHIPS

### Independent Director for 06 Listed Companies:

Fintrex Finance PLC, Three Acre Farms PLC, C.W. Mackie PLC, Colombo Fort Land and Building PLC, Overseas Realty (Ceylon) PLC, DFCC Bank PLC

Director of AIA Insurance Lanka Ltd

# CORPORATE INFORMATION

### Name of the Company
Diesel & Motor Engineering PLC

### Registered Office
P.O. Box 339,
No. 65, Jetawana Road, Colombo 14, Sri Lanka.
Telephone: +94-11-2449797
Website: www.dimolanka.com
e-mail: dimo@dimolanka.com
Fax: +94-11-2449080

### Legal Form
A limited Company incorporated in 1945 under the Laws of the Democratic Socialist Republic of Sri Lanka. The Company was re-registered as per the requirements of the Companies Act No. 07 of 2007 on 09th May 2008.

### Company Registration Number
PQ 146

### Founded
1939

### Financial Year End
31st March 2026

### Tax Payer Identification Number (TIN)
104002498

### Stock Exchange Listing
The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

### Auditors
KPMG,
Chartered Accountants,
32A, Sir Mohamed Macan Markar Mawatha,
P.O. Box 186,
Colombo 03, Sri Lanka.

### Lawyers
Julius & Creasy,
Attorneys-at-law & Notaries Public,
Julius & Creasy Building,
No. 371, R.A. de Mel Mawatha, Colombo 03,
Sri Lanka

### Company Secretary
B.C.S.A.P. Gooneratne, F.C.A., MBA (USJ) -up to 28th February 2026
Dinali Gurusinghe, Attorney at Law – from 1st March 2026 onwards.

### Company Registrars
Jacey and Company, No.9/5, Thambiah Avenue,
(Off Independence Avenue), Colombo 07,
Sri Lanka

### Bankers
Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
Hong Kong & Shanghai Banking Corporation Ltd
Nations Trust Bank PLC
People's Bank
Sampath Bank PLC
Seylan Bank
Standard Chartered Bank Sri Lanka
Union Bank of Colombo

### Directors of Subsidiaries & Joint Ventures in Sri Lanka

#### DIMO (Private) Limited
Subsidiary incorporated in 1972
A.R. Pandithage (Chairman)
A.G. Pandithage
S.C. Algama (Managing Director)
B.C.S.A.P. Gooneratne
P.K.W. Mahendra
S.R.W.M.C. Ranawana

#### DIMO Travels (Private) Limited
Subsidiary incorporated in 1975
A.R. Pandithage (Chairman)
A.G. Pandithage
B.C.S.A.P. Gooneratne
R. K. J. Gunasekara (Resigned w.e.f.1st January 2026)
D. N. K. Kurukulasuriya

#### DIMO Industries (Private) Limited
Subsidiary incorporated in 1979
A.R. Pandithage (Chairman)
A.G. Pandithage
B.C.S.A.P. Gooneratne
H.M.P. D.B. Dematawa
D. N. K. Kurukulasuriya
C. R. Pandithage

#### Plantchem (Private) Limited
Subsidiary acquired in 2018
A.R. Pandithage (Chairman)
A.G. Pandithage
H.M.P.D.B Dematawa (Managing Director)
B.C.S.A.P. Gooneratne
A.G.J. Gunathilaka
U. Wanigasinghe
W.P.S.A. Weerawardhana

#### Plantseeds (Private) Limited
Subsidiary acquired in 2018
A.R. Pandithage (Chairman)
A.G. Pandithage
H.M.P.D.B. Dematawa (Managing Director)
B.C.S.A.P. Gooneratne
A.G.J. Gunathilaka
U. Wanigasinghe
W.P.S.A. Weerawardhana

#### DIMO Lifeline (Private) Limited
Subsidiary incorporated in 2020
A.R. Pandithage
A.G. Pandithage
P.K.W. Mahendra
D.M.A.P. Dissanayake
C.F. De. Zilva

#### Moveflex (Private) Limited
Subsidiary incorporated in 2021
A.R. Pandithage
A.G. Pandithage
B.C.S.A.P. Gooneratne
R.D.M.P. Wickramasinghe

#### Azend Technologies (Private) Limited
Joint Venture incorporated in 2021
A. R. Pandithage
A. G. Pandithage
K.M.C.J.R.Silva
R.D.M.P. Wickramasinghe
C.R. Pandithage
(Investment divested on 8th April 2025)

#### Tropical Health Food (Private) Limited
Subsidiary acquired in 2022
A.R. Pandithage (Chairman)
A.G. Pandithage
B.C.S.A.P. Gooneratne
H. M. P. D. B. Dematawa
C. R. Pandithage

### Virgin Oil International (Private) Limited

Subsidiary acquired in 2022
A.R. Pandithage (Chairman)
A.G. Pandithage
H.M.P.D.B. Dematawa
C.R. Pandithage
S.C. Samarasinghe
M.S. Gonawela
A.D. Samarasinghe

### Mansel (Ceylon) (Private) Limited

Subsidiary acquired in 2022
A.R. Pandithage
A.G. Pandithage
B.C.S.A.P. Gooneratne
P.K.W. Mahendra
D. M. A. P. Dissanayake
L.W.B.De Silva
Y.V.R.Balasuriya

### Associated Laboratories (Private) Limited

Subsidiary acquired in 2022
A.R. Pandithage
A.G. Pandithage
B.C.S.A.P. Gooneratne
P.K.W. Mahendra
D. M. A. P. Dissanayake
L.W.B.De Silva
Y.V.R.Balasuriya

### DI Solar Beliatta (Private) Limited

Subsidiary incorporated in 2023
A. R Pandithage
A. G. Pandithage
B. C. S. A. P. Gooneratne
P. K. W. Mahendra

### DIMO Solar Anuradhapura (Private) Limited

Subsidiary incorporated in 2023
A. R Pandithage
A. G. Pandithage
B. C. S. A. P. Gooneratne
P. K. W. Mahendra

### DIMO Solar Galle (Private) Limited

Subsidiary incorporated in 2023
A. R Pandithage
A. G. Pandithage
B. C. S. A. P. Gooneratne
P. K. W. Mahendra

### DIMO Solar Galle Two (Private) Limited

Subsidiary incorporated in 2024
A. R Pandithage
A. G. Pandithage
B. C. S. A. P. Gooneratne
P. K. W. Mahendra

### DIMO Solar Galle Three (Private) Limited

Subsidiary incorporated in 2024
A. R Pandithage
A. G. Pandithage
B. C. S. A. P. Gooneratne
P. K. W. Mahendra

### DIMO Solar Galle Four (Private) Limited

Subsidiary incorporated in 2024
A. R Pandithage
A. G. Pandithage
B. C. S. A. P. Gooneratne
P. K. W. Mahendra

### DIMO College of Higher Education ( Private) Limited

Subsidiary incorporated in 2024
A. R Pandithage
A. G. Pandithage
B. C. S. A. P. Gooneratne
D.N.K.Kurukulasuriya

## Directors of Foreign Subsidiaries & Joint Ventures

### DIMO Lanka Company Limited

Subsidiary incorporated in 2017
A.R. Pandithage (Chairman)
A.G. Pandithage
B.C.S.A.P. Gooneratne

### United DIMO Company Limited

Subsidiary of DIMO Lanka Company Limited (Private) incorporated in 2017
A.R. Pandithage (Chairman)
A.G. Pandithage
B.C.S.A.P. Gooneratne
U.T. Zin (Managing Director)
U.M.Z. Aung
H.S. Amaratunga

### DIMO Coastline (Private) Ltd

Joint venture invested in 2017
A.R. Pandithage
A.G. Pandithage
A.U. Maniku (Managing Director)
B.C.S.A.P. Gooneratne
I.G.M. Haleem
S.A. Maniku

### DIMO Bangladesh (Pvt) Ltd

Subsidiary incorporated in 2022
A.R. Pandithage (Chairman)
A.G. Pandithage
B.C.S.A.P. Gooneratne
S.R.W.M.C. Ranawana

### DIMO Australia Pty Ltd

Subsidiary incorporated in 2022
C. R. Pandithage A.G.Pandithage

### DIMO Global Pte Ltd

Subsidiary of DIMO (Private) Limited incorporated in 2022
A.R. Pandithage (Chairman)
A.G. Pandithage
B.C.S.A.P. Gooneratne
P.K.W. Mahendra
Lee Siew Mei (Li Xiumin )

# NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 81st Annual General Meeting of DIESEL & MOTOR ENGINEERING PLC (the "Company") will be held at DIMO 800, No.800, Sirimavo Bandaranaike Mawatha, Colombo 14 on 25th June 2026 at 8.00 a.m. for the following purposes:

**Agenda**

1. To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the financial year ended 31st March 2026 with the Report of the Auditors thereon.
2. To re-elect Mr. Indrajit Asela Wickramasinghe, who retires in terms of Article 26(2) of the Articles of Association of the Company and being eligible has offered himself for re-election.
3. To re-elect Ms. Natasha Mary Boralessa, who retires in terms of Article 26(2) of the Articles of Association of the Company and being eligible has offered herself for re-election.
4. To re-elect Ms. Dilrukshi Neelika Kumari Kurukulasuriya, who retires in terms of Article 26(2) of the Articles of Association of the Company and being eligible has offered herself for re-election.
5. To re-elect Ms. Susangatha Rumal Fernando, who retires in terms of Article 26(2) of the Articles of Association of the Company and being eligible has offered herself for re-election.
6. To re-appoint as a Director, Mr. Asoka Ranjith Pandithage, who has attained the age of 78 years and who vacates his office in terms of Section 210 of the Companies Act No.07 of 2007 (the "Companies Act").

   Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Companies Act, in relation to his re-appointment.

   "**RESOLVED THAT** Mr. Asoka Ranjith Pandithage, who has attained the age of 78 years be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Mr. Asoka Ranjith Pandithage"
7. To re-appoint as a Director Mr. Abeykumar Mohan Pandithage, who has attained the age of 75 years and who vacates his office in terms of Section 210 of the Companies Act.

   Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Companies Act, in relation to his re-appointment.

   "**RESOLVED THAT** Mr. Abeykumar Mohan Pandithage, who has attained the age of 75 years be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Mr. Abeykumar Mohan Pandithage"
8. To re-appoint the retiring Auditors Messrs. KPMG, Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.
9. To authorise the Directors to determine contributions to charities.

By Order of the Board,
Diesel & Motor Engineering PLC
Company Registration No. PQ-146



Dinali Gurusinghe
Company Secretary

Colombo
3rd June, 2026.

**Notes:**

1. The Annual Report of the Company for 2025/26 is available on the Company's corporate website at https://www.dimolanka.com/2025-2026-dimo-annual-report/ and on the Colombo Stock Exchange website at https://www.cse.lk
2. A Shareholder is entitled to appoint a proxy to attend and vote on his/her behalf at the Meeting. A proxy need not be a Shareholder of the Company.
3. A Form of Proxy is enclosed herewith. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No.65, Jetawana Road, Colombo 14 or forwarded by email to agm@dimolanka.com not less than forty-eight (48) hours prior to the time appointed for the holding of the Annual General Meeting.

# FORM OF PROXY

*I/We ..... holder of NIC No. .....of .....

being a *Shareholder /Shareholders of Diesel & Motor Engineering PLC, do hereby appoint ..... holder of NIC No ..... of ..... or failing him/her

| | |
|---|---|
| Mr. Asoka Ranjith Pandithage | or failing |
| Mr. Aruna Gahanath Pandithage | or failing |
| Mr. Abeykumar Mohan Pandithage | or failing |
| Mr. Bodiyabaduge Charindra Suresh Alexius Perera Gooneratne | or failing |
| Mr. Charithe Rajeev Pandithage | or failing |
| Ms. Dilrukshi Neelika Kumari Kurukulasuriya | or failing |
| Dr. Liyanamohottige Joseph Sri Harsha Cabral | or failing |
| Mr. Hector Manil Anthony Jayesinghe | or failing |
| Mr. Pushpawela Kankanamge Wijith Mahendra | or failing |
| Mr. Sri Rama Waidayasekera Mudiyanselage Chaminda Ranawana | or failing |
| Mr. Ravindra Ajantha Jayawardena | or failing |
| Mr. Hettiarachchige Asela Chaminda Perera | or failing |
| Mr. Indrajit Asela Wickramasinghe | or failing |
| Ms. Natasha Mary Boralessa | or failing |
| Ms. Susangatha Rumal Fernando | whom failing |

as my/our* proxy to represent me/us*and to vote and **..... as indicated hereunder for me/us and on my/our behalf at the 81st Annual General Meeting of the Company to be held on Thursday, 25th June 2026 and at any adjournment thereof, and at every poll which may be taken in consequence thereof. I/We* the undersigned hereby authorise my/our* proxy to vote on my/our* behalf in accordance with the preference indicated below: -

| | | For | Against |
|---|---|---|---|
| 1. | To receive and consider the Annual Report of the Board of Directors and Audited Financial Statements for the Year Ended 31st March 2026 with the Report of the Auditors thereon. | ☐ | ☐ |
| 2. | To re-elect Mr. Indrajit Asela Wickramasinghe, a Director who retires in terms of Article 26(2) of the Articles of Association of the Company and being eligible has offered himself for re-election. | ☐ | ☐ |
| 3. | To re-elect Ms. Natasha Mary Boralessa, a Director who retires in terms of Article 26(2) of the Articles of Association of the Company and being eligible has offered herself for re-election. | ☐ | ☐ |
| 4. | To re-elect Ms. Dilrukshi Neelika Kumari Kurukulasuriya, a Director who retires in terms of Article 26(2) of the Articles of Association of the Company and being eligible has offered herself for re-election. | ☐ | ☐ |
| 5. | To re-elect Ms. Susangatha Rumal Fernando, a Director who retires in terms of Article 26(2) of the Articles of Association of the Company and being eligible has offered herself for re-election. | ☐ | ☐ |
| 6. | To re-appoint as a Director Mr. Asoka Ranjith Pandithage, who has attained the age of 78 years and who vacates his office in terms of Section 210 of the Companies Act No.07 of 2007 (the "Companies Act"). | ☐ | ☐ |
| 7. | To re-appoint as a Director Mr. Abeykumar Mohan Pandithage, who has attained the age of 75 years and who vacates his office in terms of Section 210 of the Companies Act. | ☐ | ☐ |
| 8. | To re-appoint the retiring Auditors Messrs. KPMG, Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration. | ☐ | ☐ |
| 9. | To authorise the Directors to determine contributions to charities. | ☐ | ☐ |

As witness my/our hand this ..... day of ..... 2026.

.....
Signature of Shareholder

**Notes:**

a) *Please delete the inappropriate words.

b) Instructions as to completion are noted on the reverse hereof.

# FORM OF PROXY

## INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name, address, NIC No. and sign in the space provided. Please fill in the date of signature.

2. Please return the completed Form of Proxy to the Company after crossing out one or the other of the alternative words indicated by the asterisks on the body of the Form and by indicating with an 'X' in the space provided against each resolution, the manner in which you wish your vote to be cast. If you wish your Proxy to speak at the Meeting, you should insert the words 'to speak and' in the place indicated by two asterisks (**) in the Form of Proxy and initial against such insertion.

3. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a Shareholder, to attend and vote instead of him.

4. In the case of a Corporate Member, the Form must be completed under its Common Seal or signed by its attorney or by an officer on behalf of the corporation. The Company may but shall not be bound to require evidence of the authority of any such officer.

5. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney or a notarially certified copy of the Power of Attorney should also accompany the completed Form of Proxy, if it had not been already registered with the Company.

6. If there is any doubt as to the manner in which the proxy should vote by reason of the manner in which instructions in 2 above have been carried out, the proxy holder will vote as she/he thinks fit.

7. A Shareholder appointing a proxy (other than a Director of the Company) to attend the meeting should indicate the proxy holder's National Identity Card (NIC) number on the Form of Proxy and should instruct the proxy holder to bring his/her National Identity Card to the Meeting.

8. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 65, Jetawana Road, Colombo 14 or forwarded via email to agm@dimolank.com not less than forty-eight (48) hours before the appointed time for meeting.

Designed & produced by
emagewise




**Diesel & Motor Engineering PLC**
P.O. Box 339, No. 65, Jetawana Road, Colombo 14, Sri Lanka.