ENDURANCE

United Motors Lanka PLC

Annual Report 2025/2026



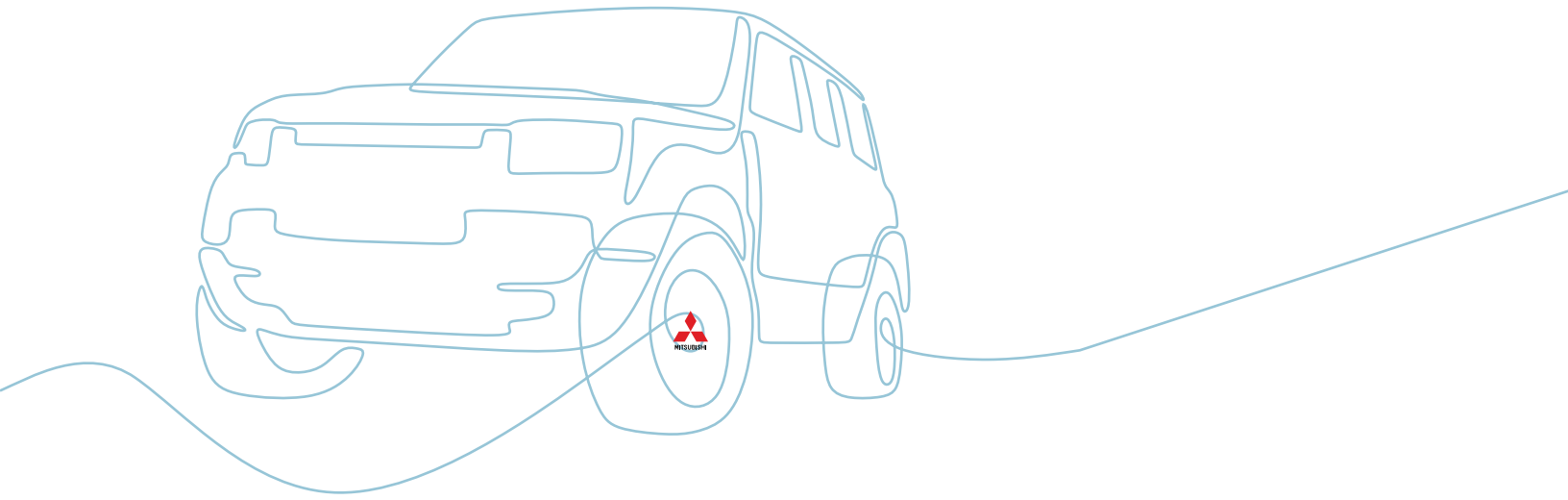
ENDURANCE

At UML, Endurance represents more than the ability to withstand difficulty; it is the quiet discipline of moving forward when conditions are uncertain, demanding and constantly challenging. It reflects the capacity to adapt without losing direction, to remain grounded under pressure while continuing to build toward the future with conviction and purpose.

Over the past several years, the Group navigated one of the most challenging operating environments in its history. Yet adversity did not lead to retreat. Instead, it became a catalyst for reinvention. Through strategic diversification, operational discipline, and a long-term view to value creation, UML strengthened its foundations while continuing to evolve with the changing landscape. These efforts culminated in the Group delivering its strongest performance to date, affirming that endurance lies in the ability to adapt, evolve and emerge stronger in the face of challenges.

Like a vehicle engineered to endure difficult terrain, the Group relied on its unique ability to recalibrate when conditions demanded it. This endurance is validated by the enduring relationships we have built with our customers and partners, the commitment of our people and the consistency with which the Group sustained performance despite external pressures.

Having successfully navigated this defining period, UML enters its next phase with better clarity, enhanced resilience and a renewed capacity to pursue opportunity.



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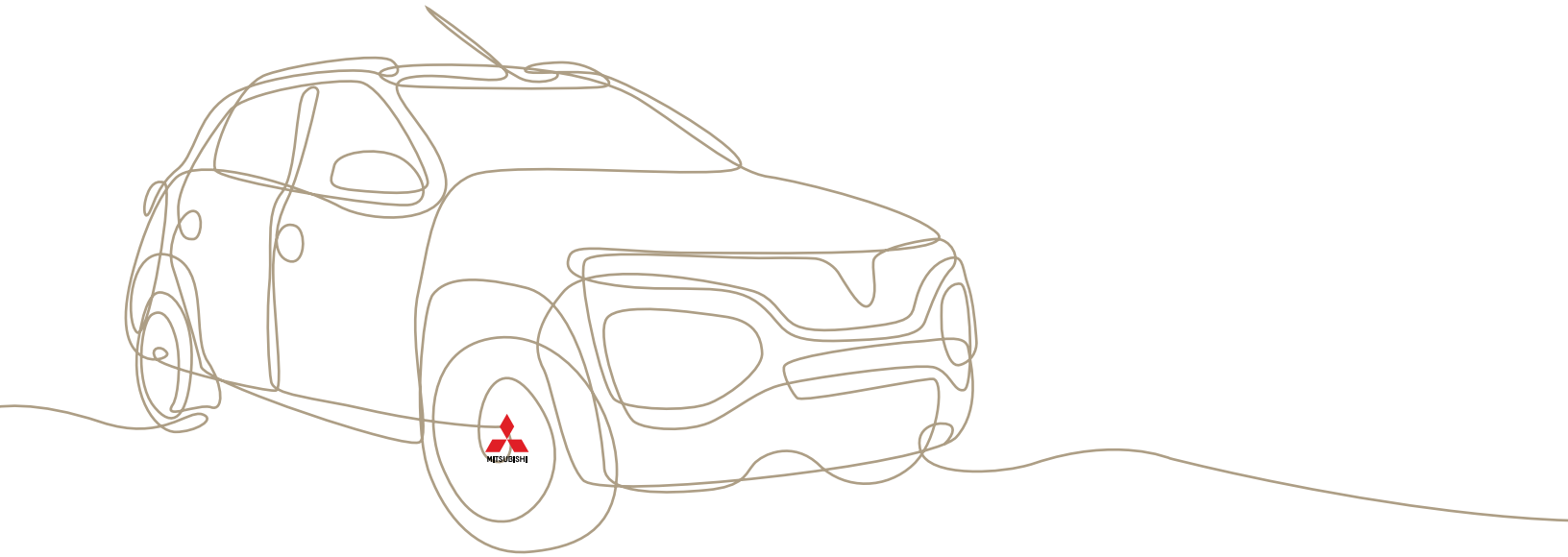


ABOUT THIS REPORT



This year, we are proud to present our inaugural Integrated Annual Report, representing a significant milestone in the evolution of our corporate reporting journey and our commitment to integrated value creation. As our primary annual communication to shareholders and other key stakeholders, the Integrated Annual Report of United Motors Lanka PLC provides a comprehensive overview of how we executed our strategy to deliver value during the year. The Report actively considers the interaction and impact of the six capitals on the delivery of our strategy, demonstrating how we preserved and created value for our stakeholders over the short, medium, and long term. It also outlines our key risks and opportunities and our strategic direction and future aspirations.

GRI 2-2

Reporting boundary: This report covers the operations of United Motors Lanka PLC and its subsidiaries, Unimo Enterprises Limited, U M L Heavy Equipment Limited, U M L Property Developments Limited, Dutch Lanka Trailer Manufacturers Limited, and Dutch Lanka Engineering (Pvt) Limited, herein collectively referred to as "UML" or the "Group". The reporting boundary for the Group's financial and non-financial disclosures remains consistent. There were no significant changes to the Group's reporting boundary compared to the previous financial year.

REPORTING PERIOD GRI 2-3

The report covers the financial year from 1 April 2025 to 31 March 2026. The Group follows an annual reporting cycle.

AUDIENCE AND KEY STAKEHOLDERS

While primarily targeted towards our capital providers, the report also includes information relevant to our other stakeholders.

View this Annual Report Online

Standards and Frameworks

Financial Statements



- Sri Lanka Financial Reporting Standards
- Companies Act No. 07 of 2007
- Sri Lanka Accounting Standards

Corporate Governance



- Listing Rules of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023)
- Guidelines issued by the Securities and Exchange Commission of Sri Lanka

Narrative Report



- Integrated Reporting Framework

Emission Reporting



- Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard

Sustainability Reporting



- SLFRS S1 and S2 Sustainability Reporting Standards
- GRI Standards (2021) of the Global Reporting Initiative
- Sustainability Accounting Standards Board (SASB) Standards
- Sustainable Development Goals

GRI 2-5

Assurance: We adopt a combined assurance model to uphold the integrity of both our financial and non-financial information. This includes oversight by management, including internal audit involvement in reviewing SASB Standards disclosures, and external assurance for financial statements and Greenhouse Gas (GHG) emissions.

Financial statements		GHG emissions	
Deloitte.	External assurance by Deloitte Partners	SGS	Verification by SGS Lanka (Pvt) Ltd

Reporting improvements

This year's report represents a significant step forward, with substantial enhancements in multiple aspects of our reporting. These improvements are aimed at improving the integrity and relevance of the report, while being aligned with global best practices in corporate reporting.



Reporting frameworks

First-time adoption of:
- Integrated Reporting Framework
- GRI Standards
- SLFRS S1 and S2 Sustainability Disclosure Standards
- SASB Standards:
  - Multiline and Specialty Retailers and Distributors Standard
  - Industrial Machinery and Goods Standard



Clarity and readability

- Structural enhancements with dedicated chapters introduced for
  - Strategy and value creation
  - Business segments reviews
  - Way forward
- Increased connectivity using navigation icons



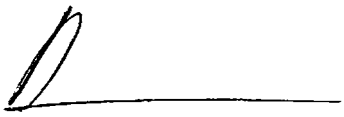
Sustainability and emissions reporting

- Quantification and verification of the Group's Scope 1 and 2 GHG emissions
- Improved non-financial performance disclosures
- Improved disclosures on material sustainability matters

ABOUT THIS REPORT

Board Responsibility Statement

The Board of Directors of United Motors Lanka PLC is of the view that the 2025/26 Annual Report addresses the material matters considered relevant to the Group and presents a balanced overview of its integrated performance during the year. This Report has been prepared with reference to the principles and guidance of the Integrated Reporting Framework.



Group Chief Executive Officer/Executive Director

GRI 2-3

Feedback

We are committed to consistently enhancing the quality and readability of our Annual Report and welcome your feedback, suggestions and other comments. Please direct your feedback to info@unitedmotors.lk

Navigation icons

We have used the following navigation icons to showcase connectivity across different areas and elements of the Report.

Capitals		Strategic pillars		Stakeholders	
	Financial		Core business growth		Shareholders
	Manufactured		Diversification and new growth		Employees
	Human		People development		Customers
	Intellectual		Property development		Suppliers
	Social and relationship				Business partners
	Natural				Communities
					Government

APPROACH TO SLFRS S1 AND S2 SUSTAINABILITY DISCLOSURE STANDARDS

With our inclusion among the top 100 listed entities by market capitalisation in CSE as at 31 December 2024, the application of SLFRS S1 and S2 Sustainability Disclosure Standards became mandatory during the year. Accordingly, the Group undertook the initial adoption of these standards, availing itself of the transitional reliefs permitted for first-time application. This has enabled a structured and phased integration of sustainability-related financial disclosures into our reporting framework. Building on this foundation, we remain committed to progressively enhancing the robustness of our processes, controls and disclosures, ensuring closer alignment with the evolving requirements of the standards in the periods ahead.

During the year, the Group undertook the following targeted interventions as part of the implementation of these standards.



Gap analysis

The Group conducted a comprehensive gap analysis to assess its current level of alignment with the requirements of the new standards and to identify areas requiring further enhancement



Governance mechanisms

ESG Committee was established with oversight responsibility for effectively managing the Group's sustainability-related risks with quarterly reporting to the Board



CRRO identification

The Group identified four (4) material climate-related risks and opportunities (CRROs) during the year, which could potentially impact its value creation



Emission computation

The Group computed its Scope 1 and Scope 2 GHG emissions in line with the requirements of the SLFRS S2 Sustainability Disclosure Standards

As a first-time adopter of the Standards, the Group has availed itself of the following transitional reliefs:

- Climate-first reporting: This year, we have sought to disclose only Climate Related Risks and Opportunities (CRROs) and disclosures on other Sustainability Related Risks and Opportunities (SRROs) have been deferred.
- Comparative disclosures: As a first-time adopter, the Group has not disclosed comparative information for the previous financial year.
- Scope 3 emissions: The Group has deferred the disclosure of Scope 3 emissions to future reporting periods.

Navigating the disclosures: The Group's SLFRS S1 and S2 disclosures are presented as a dedicated section within the Sustainability-related Financial Disclosures chapter (refer pages 82 to 98). In enhancing the connectivity and coherence of the Report, these disclosures have been systematically cross-referenced to relevant sections, as outlined in the table below.

Pillars of SLFRS S1 and S2		Primary location of disclosures	Location of connected information
	**Governance**	Sustainability-related Financial Disclosures: 84 and 85	How We Govern: Pages 44 to 69
	**Strategy**	Sustainability-related Financial Disclosures: Pages 85 to 91	Operational Review: Pages 110 to 120 Capital Management: Pages 122 to 158
	**Risk Management**	Sustainability-related Financial Disclosures: Page 92	Risk Management: Pages 99 to 108
	**Targets and Metrics**	Sustainability-related Financial Disclosures: Pages 93 to 98	Operational Review: Pages 110 to 120 Capital Management: Pages 122 to 158

PERFORMANCE HIGHLIGHTS

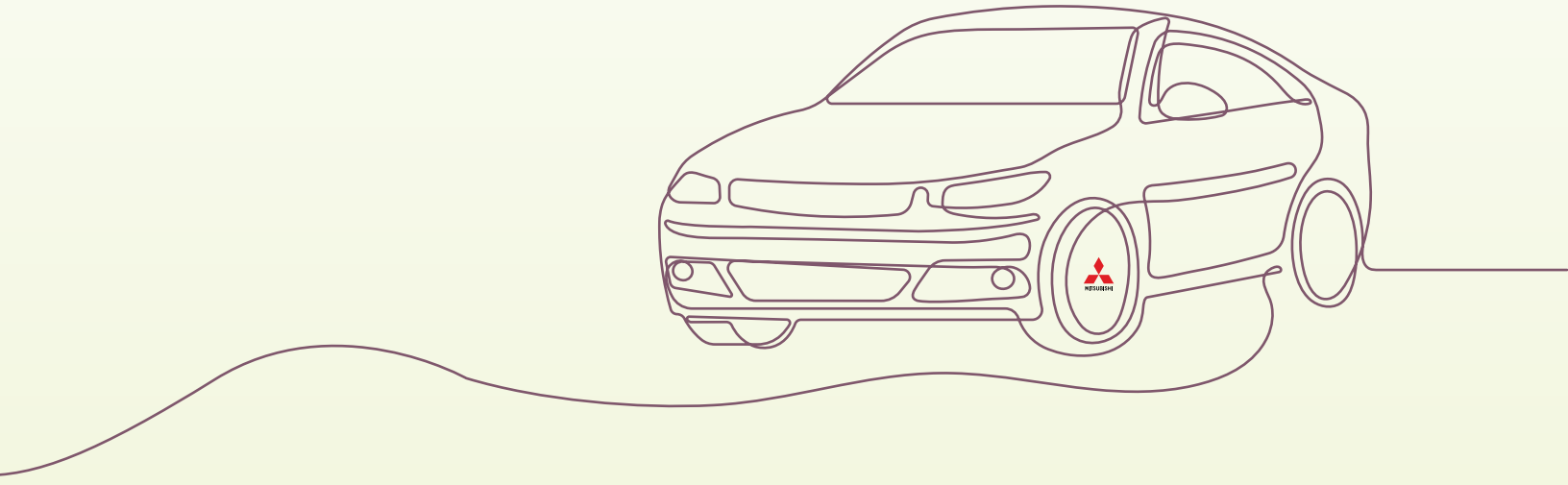
Year in review

Emerging from a prolonged period of constraint, the Group entered a renewed phase of opportunity with strategic clarity and resilience during the year under review. Over the past five years, the Group had operated within an exceptionally constrained environment, following the suspension of motor vehicle imports imposed in March 2020. During this period of uncertainty, the Group undertook a series of deliberate strategic interventions aimed at strengthening long-term resilience, including diversifying its revenue streams and reducing reliance on policy-sensitive vehicle import segments. As market conditions normalised with the phased relaxation of restrictions commencing in October 2024, the reopening of the sector translated into an unprecedented year of growth and profitability for the Group. Importantly, the discipline and strategic recalibration demonstrated during the downturn have positioned the Group on a stronger footing, with enhanced agility, a diversified earnings profile and a more resilient mindset to sustain long-term value creation in the years ahead.





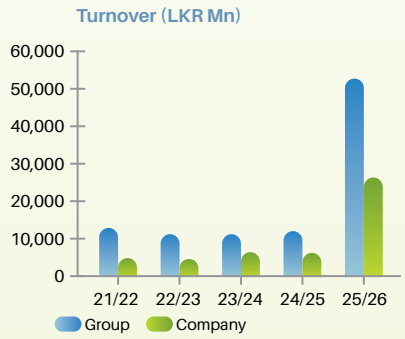
Period of import restrictions	Following relaxation of import restrictions	Way forward
• Maintained close engagement with principals updating them on developments. • Pursued strategic diversification into new verticals • Maintained the full workforce, extending all employee benefits despite prevalent challenges	• Engagement with principals and customers to understand emerging market dynamics and preferences • Proactive engagement with principals to shorten lead times and facilitate faster import acquisition • Enhanced the breadth of the vehicle portfolio by strategically addressing identified gaps	• Capitalise on evolving preferences by catering to diverse customer requirements • Continue to fill the identified gaps in product offering • Pursue diversification through both organic and inorganic growth

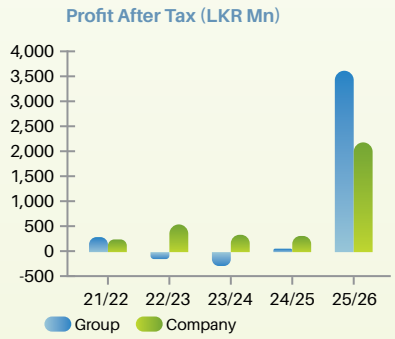


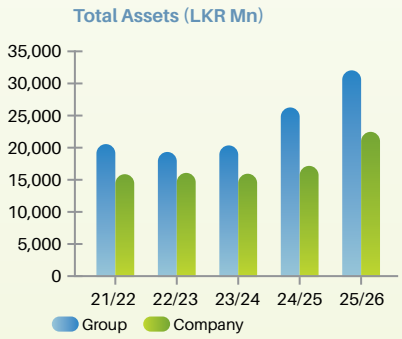
FINANCIAL HIGHLIGHTS

	Group			Company		
	2025/26	2024/25	Change %	2025/26	2024/25	Change %
Profitability (LKR'000)						
Turnover	52,354,987	11,774,364	345	25,772,176	6,333,452	307
Profit before tax	5,109,502	166,296	2,973	2,950,737	403,850	631
Profit attributable to equity holders of the company	3,610,816	73,349	4,823	2,201,150	338,303	551
Financial position (LKR '000)						
Investment in Capex for the year	742,124	203,393	265	400,320	84,329	375
Non-current assets	13,361,588	11,397,913	17	12,839,732	10,212,974	26
Current assets	18,646,154	14,661,142	27	9,635,327	6,922,717	39
Current liabilities	12,532,923	10,988,550	14	3,340,277	905,324	269
Non-current liabilities	1,903,818	1,427,545	33	1,577,567	1,133,351	39
Shareholders' funds	17,571,001	13,642,960	29	17,557,215	15,097,016	16
Ratio						
Interest cover (times)	8.63	1.36	535	53.91	16.58	225
Profit before tax to revenue (%)	9.76	1.41	592	11.45	6.38	80
Return on equity (%)	20.55	0.54	3,706	12.54	2.24	460
Dividend cover (times)	-	-	-	3.36	2.24	50
Borrowings to equity (%)	42.69	57.62	(26)	0.68	-	-
Current ratio	1.49	1.33	12	2.88	7.65	(62)
Quick asset ratio	0.59	0.75	(21)	1.23	5.71	(78)
Share performance						
Number of shares*	1,009,006,260	100,900,626	900	1,009,006,260	100,900,626	900
Earnings per share (LKR)**	3.58	0.07	5,014	2.18	0.34	541
Dividend per share (LKR)***	-	-	-	4.25	1.50	183
Dividend yield (%)	-	-	-	14.17	1.76	705
Dividend payout (%)	-	-	-	29.8	44.78	(33)
Net assets per share (LKR)**	17.41	13.52	29	17.40	14.96	16
Market value per share as at 31 March (LKR)	-	-	-	30.00	85.20	(65)
Price earning ratio	-	-	-	13.75	25.43	(46)
Market capitalization as at 31 March (LKR '000)	-	-	-	30,270,188	8,596,733	252
Highest recorded share price (LKR)	-	-	-	377.00	106.00	256

* During the year, United Motors Lanka PLC increased its issued ordinary voting shares through a 10-for-1 share subdivision.
** Net assets per share and Earnings per share have been calculated for all periods based on the number of shares in issue as at 31 March 2026.
*** Dividend per share represents the per share value at the point of payment.







LKR **3.6** Bn

Achieved the highest profit in the Group's operating history with a Profit After Tax

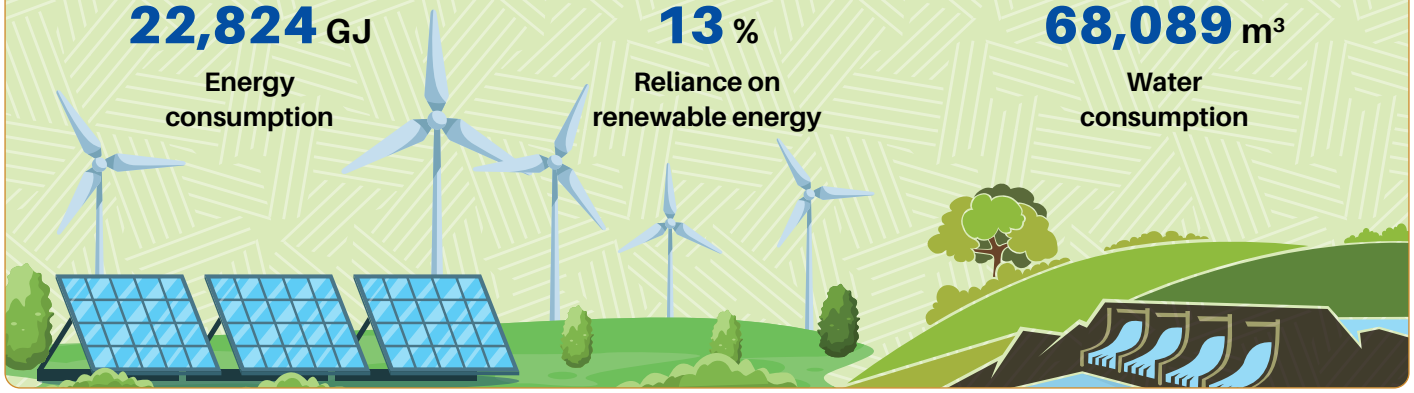
NON-FINANCIAL HIGHLIGHTS

Environmental Performance

22,824 GJ
Energy consumption

13 %
Reliance on renewable energy

68,089 m³
Water consumption



Our Employee Value Proposition

1,350
No. of employees

72.88 %
Retention rate

LKR 16.7 Mn
Investment in training

LKR 3,136 Mn
Total payments to employees



Value to Our Partners

99.05 %
Customer satisfaction rate

6,726
No. of new customers

LKR 14.3 Mn
Investment in CSR



ABOUT UML

GRI 2-1

A pioneer in Sri Lanka's automobile industry, United Motors Lanka PLC is one of the country's most reputed automobile companies underpinned by a legacy that spans over eight decades. Over the course of its journey, the Company has built an established track record defined by trust, reliability and uncompromising quality. Its multi-brand, multi-vehicle portfolio reflects both diversity and strategic foresight, enabling it to cater to a broad spectrum of customer segments across passenger and commercial mobility. Complementing this is an extensive islandwide network of dealers, ensuring proximity to customers in every region.



Vehicle Sales and Distribution

- Passenger vehicles: Mitsubishi, Perodua, DFSK, Forthing
- Commercial vehicles: Fuso, JMC, Huanghai
- Heavy equipment: BULL, LiuGong

Automotive Parts and Accessories

- Spare Parts: Mitsubishi, Fuso, Perodua, DFSK, JMC, BULL, LiuGong, Forthing, Huanghai
- Tyres: Yokohama for passenger and commercial vehicles
- Lubricants and car care: Valvoline, Simoniz, Prestone

Service and Maintenance

- Vehicles/trailers servicing and repairs
- Authorised dealer network
- Technical support for fleet management

Manufacture, Exports and Local Sales

- Port and road trailers

Economic value creation

Serves as a catalyst for broader industrial and commercial activity

Foreign exchange generation

USD 9.1 Mn generated through exports

Employment and skill development

- 1,350 direct employees
- Indirect employment generation
- Develops technical capabilities within the local workforce



Enhancing mobility and connectivity

Facilitates efficient movement of people and goods

Infrastructure development

Supplies heavy machinery essential for large-scale infrastructure and development projects

Advancing sustainability development

Promotes the adoption of fuel-efficient, hybrid, and electric vehicles, and range-extended electric vehicles

Revenue	Profit Before Tax	Assets	Equity
LKR **52.4** Bn	LKR **5.1** Bn	LKR **32.0** Bn	LKR **17.6** Bn

GRI 2-6

GROUP STRUCTURE

PARENT COMPANY

UNITED MOTORS LANKA PLC

Reg. No. PQ 74
(Incorporated on 09 May 1989)

- **Automobiles**
- **Spare parts**
- **After-sales services**
- **Lubricants and Car care Products**



Directors

Mr. Devaka Cooray
Chairman/Non-Executive Director
(Independent)

Mr. Chanaka Yatawara
Group Chief Executive Officer
/Executive Director

Ms. Hiroshini Fernando
Non-Executive Director
(Non-Independent)

Mr. Stuart Chapman
Non-Executive Director (Independent)
(Resigned w.e.f. 20 September 2025)

Ms. Coralie Pietersz
Non-Executive Director
(Independent)

Mr. Thushara Jayasekara
Executive Director - Finance

Mr. Vish Govindasamy
Non-Executive Director
(Independent)

Mr. Arjuna Herath
Non-Executive Director
(Independent)

Mr. Jonathan Alles
Non-Executive Director
(Independent)

Mr. Buddhika Singhage
Executive Director - After-Sales Operations

Ms. Rinoza Hisham
Company Secretary

SUBSIDIARIES

UNIMO ENTERPRISES LIMITED

100% Subsidiary

Reg. No. PB 218
Incorporated on 17 March 1994

Automobile
- Assembly
- Sales

Equipment and Machinery
- Sales

Tyres
- Sales

Directors

Mr. Devaka Cooray - Chairman
Mr. Chanaka Yatawara – Group Chief Executive Officer/Director
Mr. Ramesh Yaseen
Ms. Hiroshini Fernando
Mr. Thushara Jayasekara
Mr. Shalain De Silva
(Appointed w.e.f. 28 November 2025)
Ms. Rinoza Hisham - Company Secretary

U M L HEAVY EQUIPMENT LIMITED

100% Subsidiary

Reg. No. PB 5403
Incorporated on 07 July 2017

Heavy Machinery and Generators
- Sales
- After sales services

Automobile
- Sales

Directors

Mr. Devaka Cooray - Chairman
Mr. Chanaka Yatawara - Group Chief Executive Officer/Director
Ms. Hiroshini Fernando
Mr. Thushara Jayasekara
Mr. Buddhika Singhage
Mr. Charaka Perera
Ms. Rinoza Hisham - Company Secretary

U M L PROPERTY DEVELOPMENTS LIMITED

100% Subsidiary

Reg. No. PB 253
Incorporated on 08 October 1993

Property
- Renting of premises

Directors

Mr. Devaka Cooray - Chairman
Mr. Chanaka Yatawara - Group Chief Executive Officer/Director
Mr. Thushara Jayasekara
Ms. Rinoza Hisham - Company Secretary

DUTCH LANKA TRAILER MANUFACTURERS LIMITED

100% Subsidiary

Reg. No. PB 175
Incorporated on 13 March 1992

Port and Road Trailers
- Design and manufacture
- Sales - Exports/local market
- Spare part exports sales

DUTCH LANKA ENGINEERING (PVT) LIMITED

100% Subsidiary

Reg. No. PB 7006
Incorporated on 16 May 1997

Road trailers
- Design and manufacture
- Local sales and services
- Heavy steel fabrication

Directors

Mr. Devaka Cooray - Chairman
Mr. Chanaka Yatawara - Group Chief Executive Officer/Director
Mr. Prasanna Haturusinghe – Chief Executive Officer/Executive Director
Mr. Charaka Perera
Corporate Services (Pvt) Ltd – Company Secretaries



MILESTONES

1945

Commencement of United Motors Limited, marking the beginning of its corporate journey as a private limited liability company, laying the foundation for decades of automotive excellence.

1972

United Motors Limited was vested in the Government and commenced operations as a government-owned business, solidifying its role as a key player in the automotive industry.

1985

Exclusive distributor agreement with Mitsubishi Motors Corporation for the sales of the flagship brand "Mitsubishi," establishing UML as a trusted partner of a renowned automotive brand.

1989

Incorporation of United Motors Lanka Limited as a public limited liability company with Stated Capital of LKR 100 Mn.

1993

Expansion with the incorporation of U M L Property Developments Limited to construct a warehouse complex at Orugodawatte, demonstrating UML's commitment to infrastructure development.

1994

Strengthening its stronghold with the incorporation of Unimo Enterprises Limited to import and sell vehicles, enhancing the UML Group's market presence and product offerings.

2009

Opening of a local vehicle assembly facility within the Orugodawatte workshop complex by UEL, showcasing UML Group's commitment to local assembly and operational efficiency.

2014

Relocation of Unimo Enterprises Limited's vehicle assembly facility to Ranala to expand its local vehicle assembly business, furthering the UML Group's investment in domestic manufacturing capabilities.

2016

A dedicated workshop for Mitsubishi and Perodua, Fuso trucks and buses, JMC Lorry, and a logistics center was established at a 10-acre property at Ratmalana.

2017

Expanding into new territory, UML incorporated its subsidiary U M L Heavy Equipment Limited to import and distribute earth-moving equipment and power generators, as well as provide after-sales services.

R I L Property PLC acquired 51% of UML, thereby making UML a subsidiary of R I L.



2018

Diversification into 3D printing technology by United Motors Lanka PLC, showcasing UML's commitment to innovation and technological advancement.

2019

Installation of a 2MW solar power plant on the roof of the Orugodawatte and Ratmalana workshop to meet the expected growth in demand for renewable energy sources, demonstrating UML's commitment to sustainability and environmental responsibility.

2021

Addition of Nano surface coating products to UML's portfolio, providing customers with cutting-edge technology and further enhancing UML's product offerings.

2022

Securing the Maldivian distributorship for LiuGong heavy machinery and equipment by U M L Heavy Equipment Limited.

2023

Acquisition of Dutch Lanka Trailer Manufacturers Limited by United Motors Lanka PLC, marking a strategic move to enter the export market.

2024

Moving Unimo Vehicle Assembly Plant to Ratmalana.

2025

Launch of the Perodua Aruz, JMC Vigus Pro.

Expanding the construction machinery portfolio by launching BULL and LiuGong range in Sri Lanka.



2026

Achieving the highest-ever profit for the Group.

Launching new products, including the Mitsubishi Destinator and Perodua Ativa, Myvi.

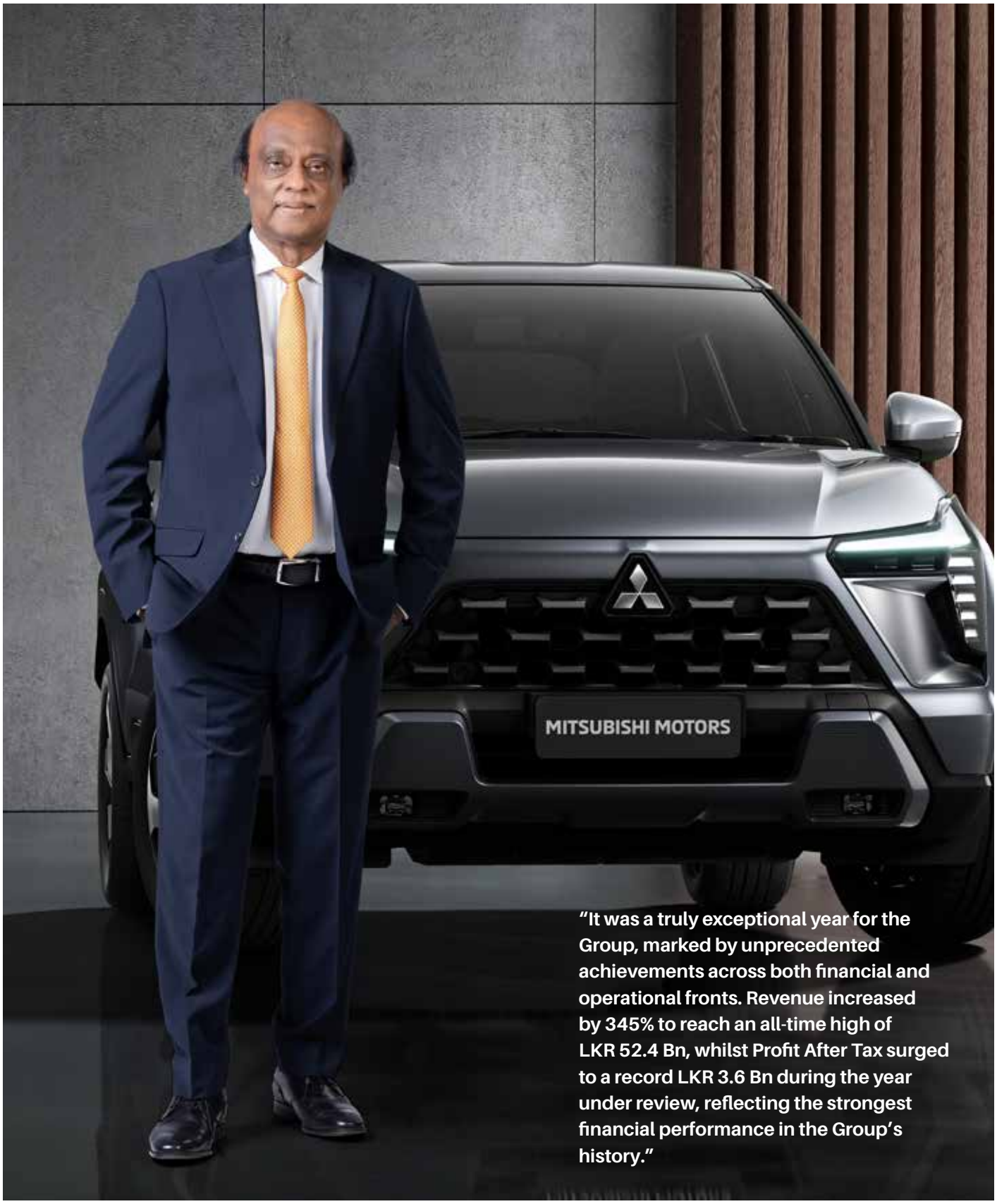
Expanding the EV range with the introduction of the Forthing Friday.

Entered the luxury coach segment through the introduction of Huanghai Coaches, expanding the company's presence into the premium passenger transport market.


We are built to endure


MITSUBISHI
MITSUBISHI
MOTORS

CHAIRMAN'S MESSAGE



"It was a truly exceptional year for the Group, marked by unprecedented achievements across both financial and operational fronts. Revenue increased by 345% to reach an all-time high of LKR 52.4 Bn, whilst Profit After Tax surged to a record LKR 3.6 Bn during the year under review, reflecting the strongest financial performance in the Group's history."

Dear Stakeholders,

Following a prolonged period of challenges, the financial year under review marked a significant turning point for the Group, as the reopening of the market enabled UML to deliver the strongest performance in its operating history. Against this backdrop, it is my pleasure to welcome you to the 37th Annual General Meeting of United Motors Lanka PLC and present the Audited Financial Statements and Integrated Annual Report of the Group for the financial year ended 31 March 2026.

It was a truly exceptional year for the Group, marked by unprecedented achievements across both financial and operational fronts. Group revenue increased by 345% to reach an all-time high of LKR 52.4 Bn, whilst Profit After Tax surged to a record LKR 3.6 Bn during the year under review, reflecting the strongest financial performance in the Group's history. Consequently, shareholder value creation strengthened significantly, with Earnings Per Share increasing to LKR 3.58 from LKR 0.07 recorded in the previous year. During the year, the Group also undertook a share subdivision, issuing ten shares for every one share held, aimed at improving market liquidity and enhancing accessibility to a broader investor base. Operationally, the Group delivered record volumes across all major business verticals, demonstrating how the strategic initiatives undertaken in recent years to strengthen resilience, enhance operational readiness and proactively capture emerging market opportunities translated into tangible and sustained results.

Navigating a recovering industry landscape

The global economy remained relatively resilient in 2025, recording growth of 3.3%, supported by the gradual easing of financial conditions in advanced economies and robust domestic demand across emerging and developing markets. The moderation of trade tensions, together with improved financial market conditions contributed to sustaining global economic activity, although performance remained uneven across regions and sectors. Nevertheless, the escalation of geopolitical tensions during the first quarter of 2026 has heightened uncertainty surrounding the global outlook, placing additional pressure on an already fragile operating environment. Against this backdrop, downside risks stemming from geopolitical instability, trade disruptions and structural economic vulnerabilities continue to dominate the outlook, with the current environment remaining highly fluid and visibility on the near-to-medium term trajectory continuing to be limited.

Sri Lanka's economy recorded a growth of 5% in 2025, reflecting improving macroeconomic stability supported by policy continuity, ongoing fiscal reforms and strengthened governance measures, signaling a gradual transition towards a more resilient economic framework. Monetary conditions remained accommodative during the year amid subdued inflation and progressively improving demand conditions, with lower policy rates and improved system liquidity contributing to a continued moderation in market interest rates. Investor confidence also strengthened during the year, supported by improved macroeconomic indicators and greater policy consistency. The country's external sector recorded further improvement, generating a current account surplus of USD 1.7 Bn despite a widening trade deficit, while gross official reserves increased to USD 7.0 Bn by end-March 2026, equivalent to 4 months of import cover.

Against this improving economic backdrop, the automotive industry experienced a significant resurgence during the year, marking the first full year of operations following the reopening of the vehicle import market. The sector witnessed a substantial influx of new vehicles, driving renewed momentum across the industry and supporting stronger consumer activity.

Strategic execution and value creation

During the year under review, the Group remained strategically focused on broadening and refining its product portfolio to better align with evolving market dynamics and emerging customer preferences. We also continued to pursue diversification opportunities with discipline and foresight, with the acquisition of Dutch Lanka Trailer Manufactures Limited few years ago, emerging as a particularly successful strategic intervention, contributing nearly 18% to overall Group profitability during the year. Concurrently, enhancing our employee value proposition remained a central priority, underpinned by continued investments in talent development, capability building and people-centric initiatives. Encouragingly, the Group delivered strong progress across each of these strategic pillars, translating into improved financial and operational performance and stronger stakeholder value creation. These strategic priorities and performance outcomes are discussed in greater detail in the Group CEO's Review.

Governance and Leadership

The Group has always remained firmly committed to upholding the highest standards of corporate governance,

CHAIRMAN'S MESSAGE

During the year under review, the Group remained strategically focused on broadening and refining its product portfolio to better align with evolving market dynamics and emerging customer preferences. We also continued to pursue diversification opportunities with discipline and foresight, with the acquisition of Dutch Lanka Trailer Manufactures Limited few years ago, emerging as a particularly successful strategic intervention, contributing nearly 18% to overall Group profitability during the year.

recognising it as a fundamental pillar in driving sustainable and responsible value creation over the long term. Guided by a diverse, experienced and highly skilled Board of Directors, the Group continues to benefit from strong oversight, independent judgement and strategic guidance across all areas of the business. During the year under review, key areas of focus for the Board included closely monitoring performance against strategic priorities, proactively managing emerging risks amid a rapidly evolving external environment and maintaining strong oversight over the Group's digitalisation agenda as we explored opportunities to further enhance operational agility and customer engagement. Sustainability integration also emerged as an increasingly important priority during the year, marking the beginning of a more structured journey towards embedding sustainability considerations more deeply into the Group's long-term strategic direction and decision-making processes.

GRI 2-22

Advancing our Sustainability Journey

As a Group ranked among Sri Lanka's top 100 listed entities by market capitalisation, compliance with the SLFRS S1 and S2 Sustainability Disclosure Standards became mandatory for the Group during the year under review. Accordingly, we adopted a phased approach towards implementation, prioritising the establishment of key governance structures and processes required to support the transition. This included the formation of an operational ESG Committee, broadening the Group's risk management framework to incorporate sustainability considerations, conducting a formal stakeholder assessment to identify material sustainability topics and strengthening our sustainability reporting practices. Looking ahead, the Group remains committed to embedding sustainability more strategically across the organisation through a structured ESG roadmap and clearly defined targets aimed at driving long-term sustainable value creation.

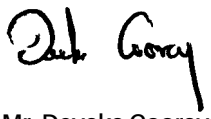
Outlook

Looking ahead, we remain optimistic about the prospects of both the industry and the Group, supported by improving market fundamentals and the strength of the more resilient and diversified business platform built over recent years. While near-term conditions may continue to be influenced by evolving geopolitical developments and broader external uncertainties, the medium-to-long-term outlook for the automotive sector remains encouraging, underpinned by rising mobility needs and evolving customer preferences. The challenges navigated over the past several years have also strengthened the Group's operational discipline, adaptability and strategic focus, positioning the business on a stronger footing for sustainable long-term growth. Against this backdrop, we will continue to pursue opportunities for portfolio expansion and diversification with prudence, while simultaneously investing in our people, capabilities and organisational strengths to support stakeholder value creation.

Acknowledgements

Before I conclude, I wish to extend my sincere appreciation to my fellow Board members for their invaluable counsel, guidance and strategic insight throughout the year. I would also like to take this opportunity to recognise the exceptional leadership of the senior executive team, and in particular Mr. Chanaka Yatawara,

whose leadership and commitment played a pivotal role in guiding the Group through a period of significant transformation and recovery. Equally, my heartfelt appreciation goes to every member of the UML team, whose resilience, dedication and unwavering commitment enabled the Group to successfully navigate the challenges of recent years and emerge stronger. I would like to extend my sincere appreciation to Mr. Stuart Chapman, who resigned from the Board w.e.f. 20 September 2025, for his immense contribution and guidance during his tenure. I also wish to thank our shareholders for their continued confidence and trust in the Group, our valued customers for their loyalty and patronage, and our principals and business partners for their enduring support and collaboration throughout our journey.



Mr. Devaka Cooray
Chairman

03 June 2026

GROUP CEO'S REVIEW



"The Group's Revenue increased four-fold to LKR 52.4 Bn Profitability also reached a record high, with Profit After Tax increasing to LKR 3.6 Bn for the year, compared to LKR 73.3 Mn in the previous year."

As we completed the first full year of operations following the easing of import restrictions on vehicles, the Group delivered its strongest performance to date. This outcome reflects the progressive reopening of the market and the resulting recovery in demand, complemented by the strategic actions undertaken to position the operations to capitalise on emerging opportunities. Having successfully navigated an exceptionally challenging period over the past five years, the Group enters this next phase with better clarity and energy to grow performance over the long term.

Financial Performance

The Group's Revenue increased four-fold to LKR 52.4 Bn. Profitability also reached a record high, with Profit After Tax increasing to LKR 3.6 Bn for the year, compared to LKR 73.3 Mn in the previous year. The Group's financial position also strengthened, with Shareholders' Funds increasing by 29% to LKR 17.6 Bn, supported by sustained earnings and funding 55% of Total Assets. At Group level, United Motors Lanka PLC also delivered a record performance, with Revenue growing four-fold and Profit After Tax reaching LKR 2.2 Bn for the year.

Context to Performance

The Group's performance during the year should be viewed within the context of a gradually improving macroeconomic environment, as the country moved towards greater stability following a prolonged period of disruption. Key macroeconomic indicators showed measurable improvement as further detailed in the Chairman's Review, providing a more supportive backdrop for business activity. Within this context, the automobile industry recorded a notable resurgence, with the reopening of the market driving total used and brand-new four-wheel motor vehicle registrations to over 113,000 units in 2025/26..

At the same time, the operating landscape became increasingly competitive, with a significant influx of new importers introducing a wide range of brands and models to the market which included many new brands from China. The electric vehicle segment, in particular, experienced exponential growth, reflecting evolving customer preferences. These shifts were accompanied by a broader change in demand dynamics, as a new generation of customers with more technologically aware and discerning expectations began to shape purchasing decisions, placing greater emphasis on technology and product sophistication. In navigating these trends, the Group adopted measures to create a balance between catering to evolving market segments whilst also catering to the requirements of a more traditional customer base.

Strategy in action

In strengthening its core automotive operations, the Group continued to focus on broadening and refining its product portfolio to better capture evolving market opportunities. During the year, several new models with modern technologies were introduced across both the Mitsubishi and Perodua ranges, strategically addressing identified portfolio gaps and enhancing competitiveness across key customer segments.

The heavy equipment portfolio was also expanded through new principal partnerships, further diversifying the Group's presence within the construction equipments sector. Within the electric vehicle space, group adopted a measured approach amid intensifying competition, identifying a specific market gap which was addressed through the introduction of a new range-extended electric vehicle under new brands.

Diversification remains a key strategic priority and the Group continued to evaluate opportunities to strengthen the resilience of its earnings profile. In this context, the acquisition of Dutch Lanka Trailer Manufacturers Limited has continued to demonstrate strong strategic value, with the business delivering record profitability during the year. As one of the world's leading manufacturers of terminal trailers, supported by a proven track record spanning over three decades, the Group has steadily expanded its international presence, with exports reaching 65 countries and serving a portfolio of globally recognised customers. Beyond its profitability contribution, the business has also enhanced the Group's foreign currency generation capacity, providing an important natural hedge that supports broader balance sheet stability and external funding requirements.

Throughout the exceptionally challenging period faced by Sri Lanka's automobile sector over the past five years, the Group remained committed to maintaining continuity and stability within its workforce, recognising that its people remain central to long-term resilience. Despite prolonged market disruption and operating constraints, the Group took actions to retain and reward its key staff members. Building on this foundation, the Group continued during the year to strengthen succession planning, invest in training and development, and foster a supportive working environment to ensure the sustained development of its people and future leadership.

Business line performance

The Vehicle Sales segment delivered strong turnaround during the year to generate an operating profit of LKR 4,854 Mn, driven by effective inventory planning, proactive market responsiveness and strategic portfolio expansion. The Group moved early to secure inventory commitments despite challenges in analysing customer

GROUP CEO'S REVIEW

The Vehicle Sales segment delivered strong turnaround during the year to generate a operating profit of LKR 4,854 Mn, driven by effective inventory planning, proactive market responsiveness and strategic portfolio expansion

demands, positioning itself to respond swiftly as market conditions normalised. This forward-looking approach enabled the timely introduction of new models while effectively bridging portfolio gaps and strengthening market presence. Supported by strong supplier relationships and coordinated execution across the value chain, the business successfully capitalised on emerging opportunities across both passenger and commercial vehicle segments, delivering its strongest performance to date.

The Spare Parts and Workshop segment also delivered record growth and profitability, generating operating profit of LKR 1,157 Mn (2024/25: LKR 876 Mn) during the year. A key area of focus was the strengthening of product availability across the after-sales network, with improved inventory management and parts distribution supporting higher service throughput. The commissioning of the Batticaloa branch completed the Group's island-wide after-sales footprint, further reinforcing one of the industry's most extensive service networks. At the same time, the segment continued to diversify its offering through the introduction of genuine accessories and selected extended warranty propositions, collectively strengthening the value proposition of its after-sales business.

The Heavy Equipment and Machinery segment recorded an improvement during the year, substantially narrowing losses compared to prior periods. This recovery was driven by strategic portfolio realignment, including the introduction of new brands and a more comprehensive product offering to better address market demand. The transition to the BULL and LiuGong construction equipment brands was particularly instrumental, strengthening the Group's presence across key construction equipment categories and establishing a stronger platform for sustained future growth.

The Lubricants and Car Care segment also recorded a operating profit of LKR 42 Mn, compared to operating loss in previous year supported by recovering market conditions and increased demand across both new vehicle and aftermarket channels. Higher vehicle registrations, an expanding in-use vehicle base and growing preference for premium lubricant products contributed to improved volumes and profitability, with both core categories achieving record revenue milestones. Meanwhile, the Tyre segment delivered a commendable performance during the year, supported by robust volume growth across key market segments and a broader product offering that strengthened the Company's presence in both value-driven and premium categories.

Meanwhile, Dutch Lanka delivered record profitability, with Profit After Tax increasing by 89% to LKR 637 Mn during the year, driven by strong growth in production volumes within both international and domestic markets. Revenue and profitability increased significantly, supported by robust demand, improved capacity utilisation and enhanced operating efficiencies, resulting in the strongest performance in the Company's history.

Advancing our Sustainability Journey

While sustainability has long been embedded within the way we conduct our business through responsible operational practices, meaningful stakeholder engagement and a long-term orientation, we now recognise the importance of approaching sustainability in a more systematic and strategic manner. During the year, capabilities in this area were further strengthened, with greater focus placed on understanding how sustainability can support opportunity creation and strengthen risk management across the business. This included the completion of a formal stakeholder engagement and materiality assessment process, alongside the progressive implementation of sustainability performance tracking across relevant operational areas. Reporting practices were also enhanced with the adoption of the new SLFRS S1 and S2 Sustainability Disclosure Standards, with the Group adopting the foundational disclosure requirements during the year while remaining committed to progressively strengthening its sustainability reporting framework in the years ahead.

Way forward

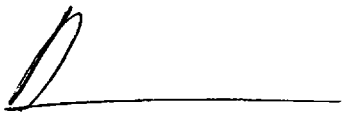
Looking ahead, we remain optimistic about the Group's future, supported by the strength of the more resilient and

diversified business model built over recent years. While short-term conditions may be influenced by evolving geopolitical developments and broader external uncertainties, we remain confident in the medium-to-long-term outlook for both the industry and the Group. The challenges navigated over the past five years have strengthened our operational discipline and capacity for resilience, positioning the business on a stronger footing for sustained growth.

Within our core business, we will continue to pursue growth through building a best in class result driven team strategic portfolio expansion, with increasing focus on evolving mobility segments including electric and hybrid vehicles, while remaining disciplined in aligning these opportunities with market demand and our core competencies. Beyond this, active diversification will remain a priority, with both organic and inorganic growth opportunities being evaluated to further broaden our earnings base and reduce exposure to policy-sensitive sectors. At the same time, we remain committed to investing in our people, strengthening our employee value proposition and building the leadership, capabilities and organisational culture necessary to support long-term value creation.

Acknowledgements

I take this opportunity to extend my sincere appreciation to our Chairman, Mr. Devaka Cooray, and the Board of Directors for their continued guidance, counsel and steadfast support throughout this journey. I also wish to acknowledge the dedication and resilience of our executive leadership, management teams and employees across UML and its subsidiaries, whose commitment has been instrumental in navigating a dynamic operating environment and delivering this year's performance. Finally, I extend my heartfelt gratitude to our customers, business partners, shareholders and all stakeholders for their continued trust, confidence and support, which remain fundamental to our ongoing progress.



Chanaka Yatawara
Group Chief Executive Officer/Executive Director

03 June 2026

BOARD OF DIRECTORS



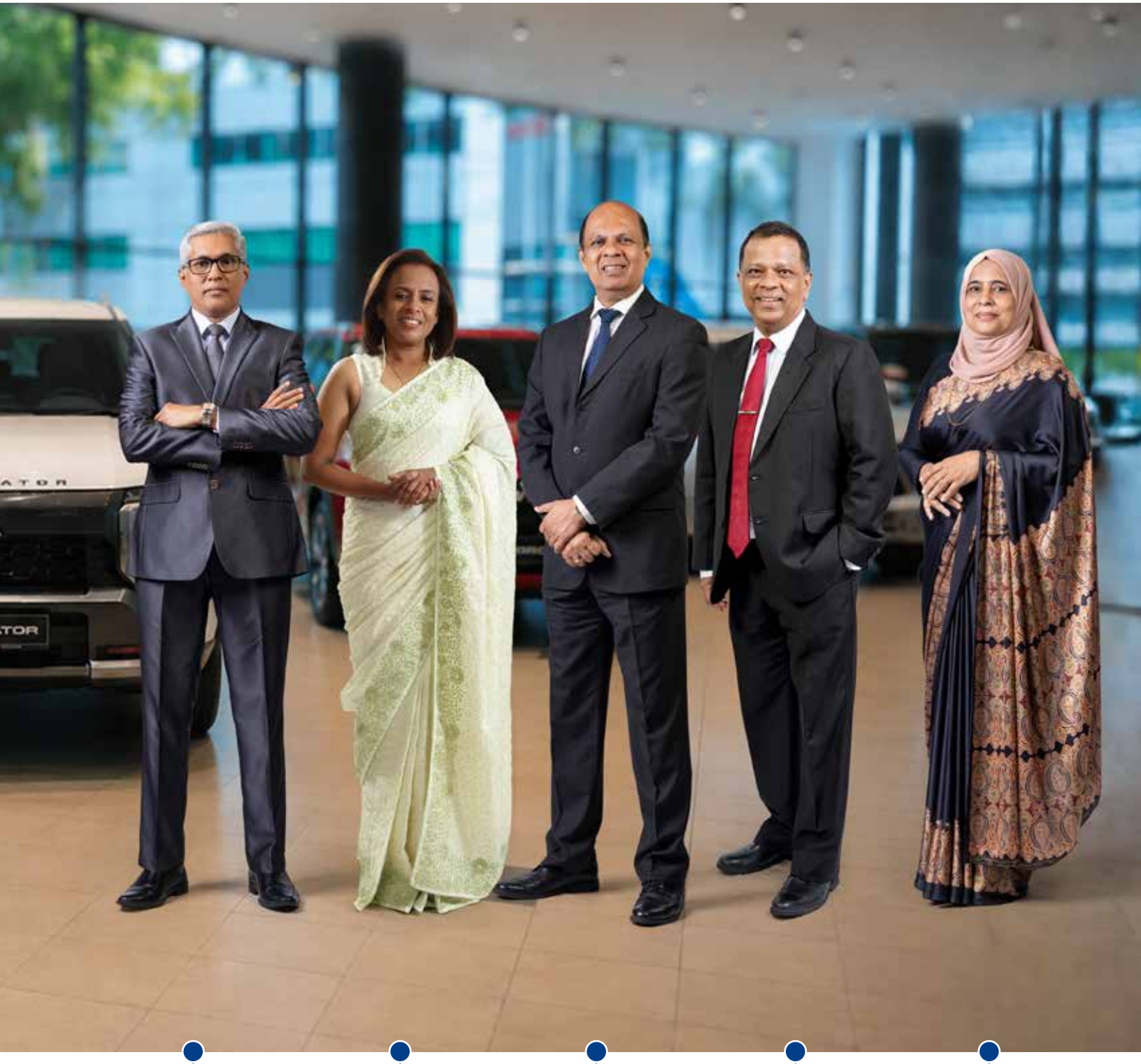
Mr. Devaka Cooray
Chairman/Non-Executive Director (Independent)

Mr. Chanaka Yatawara
Group Chief Executive Officer/Executive Director

Mr. Thushara Jayasekara
Executive Director – Finance

Ms. Coralie Pietersz
Non-Executive Director (Independent)

Mr. Vish Govindasamy
Non-Executive Director (Independent)



Mr. Buddhika Singhage
Executive Director-After Sales Operations

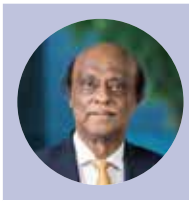
Ms. Hiroshini Fernando
Non-Executive Director (Non-Independent)

Mr. Arjuna Herath
Non-Executive Director (Independent)

Mr. Jonathan Alles
Non-Executive Director (Independent)

Ms. Rinoza Hisham
Company Secretary

BOARD OF DIRECTORS



Mr. Devaka Cooray

Chairman/Non-Executive Director (Independent)

Date of appointment to the Board	04 May 2021
Tenure on the Board	05 years
Membership in Board Sub Committees	• Human Resources and Remuneration Committee - Member • Nomination and Governance Committee - Member
Shareholding in the Company	0.44%
Number of Directorships in other companies as at 31 March 2026	13

Nature of expertise

Mr. Devaka Cooray is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants of the United Kingdom.

Mr. Cooray possesses over four decades of professional experience with Ernst & Young, including 30 years as a Senior Assurance and Talent Partner. During his tenure, he served as Deputy Managing Partner from 2016 to 2019 and was a member of Ernst & Young's Management Committee from 1998 until his retirement in 2019.

He played a key role in establishing Ernst & Young's practice in the Republic of Maldives in 1995 and was responsible for the overall management and leadership of the Maldivian practice from its inception.

Mr. Cooray has also served as a member of the Council of the Chartered Institute of Management Accountants, UK.

Other current appointments

Mr. Cooray is the Independent Non-Executive Chairman of Unimo Enterprises Limited, U M L Heavy Equipment Limited, U M L Property Developments Limited, Dutch Lanka Trailer Manufacturers Limited and Dutch Lanka Engineering (Pvt) Limited and the Managing Director of Management Systems (Pvt) Limited. He is the Senior Non-Executive Director of Hatton National Bank PLC, and he serves as an Independent Non-Executive Director of JAT Holdings PLC, The Lighthouse Hotel PLC, Jetwing Symphony PLC, HVA Foods PLC, George Steuart and Company Limited and Secretarial Services (Pvt) Limited.



Mr. Chanaka Yatawara

Group Chief Executive Officer/Executive Director

Date of appointment to the Board	22 June 2004
Tenure on the Board	22 years
Memberships in Board Sub Committees	-
Shareholding in the Company	3.66%
Number of Directorships in other companies as at 31 March 2026	06

Nature of expertise

Mr. Chanaka Yatawara holds a degree in Economics from Lewis & Clark College, Oregon, (USA).

Mr. Yatawara has had a distinguished career in both the energy and automotive sectors. He joined Shell Gas Sri Lanka in 1999 and, over a span of three years, rose to a regional management role, overseeing marketing operations in Sri Lanka, Vietnam, and Pakistan. During this period, he played a pivotal role in developing and implementing strategies for Shell's LPG business across these markets.

Mr. Yatawara was appointed to the Board of United Motors Lanka PLC as a Non-Executive Director in June 2004 and was later appointed as an Executive Director in November 2004. He has led the UML Group since then.

In 2020, Mr. Yatawara was featured in LMD's "Captains of Business" A-List, highlighting his leadership within Sri Lanka's corporate sector.

Mr. Yatawara is also a former Director of Orient Finance PLC, TVS Lanka (Pvt) Limited and TVS Automotives (Pvt) Limited.

Other current appointments

Mr. Yatawara is also Director of Unimo Enterprises Limited, U M L Property Developments Limited, U M L Heavy Equipment Limited, Dutch Lanka Trailer Manufacturers Limited, Dutch Lanka Engineering (Pvt) Limited and a Non-Executive Director of Wall Art (Pvt) Limited.



Ms. Hiroshini Fernando
Non-Executive Director
(Non-Independent)

Date of appointment to the Board	05 July 2013
Tenure on the Board	13 years
Membership in Board Sub Committees	• Board Audit and Risk Committee – Member • Nomination and Governance Committee – Member • Human Resources and Remuneration Committee – Member • Strategy Review and Investment Committee – Member
Shareholding in the Company	Nil
Number of Directorships in other companies as at 31 March 2026	15

Nature of expertise
Ms. Hiroshini Fernando is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka and a Member of the Association of Chartered Certified Accountants (UK).

Ms. Fernando has built a broad professional and commercial background in auditing, finance, and management. She is the Chief Executive Officer/Executive Director of R I L Property PLC. She played a pivotal role in transitioning R I L Property from its founder-led roots to the listed corporate space in 2017 and in formulating growth strategies and transforming R I L's core business and strategic investment portfolio.

Other current appointments
Ms. Fernando is a Non-Executive Director of Panasian Power PLC and DFCC Bank PLC. She is also a Director of Unimo Enterprises Limited, U M L Heavy Equipment Limited, Padiyapelella Hydropower Limited, Powergen One (Pvt) Limited. Rajarata Sustainable Development (Pvt) Limited, PAP MHPL Solar (Pvt) Limited, PAP EGSS Solar (Pvt) Limited, PAP PTS Solar (Pvt) Limited, R-E-D Capital Asia (Pvt) Limited, PARKLAND Integrated Solutions (Pvt) Limited and Solar One Asia (Pvt) Limited, PARKLAND Solutions (Pvt) Limited. She is also a Partner of A & T Associates.



Ms. Coralie Pietersz
Non-Executive Director
(Independent)

Date of appointment to the Board	01 April 2021
Tenure on the Board	05 years
Sub Committee roles	• Board Audit and Risk Committee – Chairperson • Related Party Transactions Review Committee – Member
Shareholding in the Company	Nil
Number of Directorships in other companies as at 31 March 2026	06

Nature of expertise
Ms. Coralie Pietersz is an Associate Member of the Institute of Chartered Accountants in England and Wales and a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and of the Institute of Certified Management Accountants of Sri Lanka. She has a BSc (Hons) in Physics from the University of Sussex and holds an MBA from Heriot-Watt University, Edinburgh.

Ms. Pietersz counts over 30 years of senior-level experience in corporate finance, accounting and auditing in both the private and public sectors. She served as Finance Director of Finlays Colombo, Hapugastenne Plantations PLC and Udapussellawa Plantations PLC. Prior to that she functioned as the Group CFO at Richard Pieris & Company PLC, a role that entailed responsibility for the finance function of this diversified group, which included five listed companies. Ms. Pietersz also served on the Board of Seylan Bank PLC as a Non-Executive Director for nine years.

Other current appointments
Ms. Pietersz is the Chairperson of Bogala Graphite Lanka PLC. She is also an Independent/Non-Executive Director of R I L Property PLC, Panasian Power PLC and Nations Trust Bank PLC. She is an Executive Director of Compass Advisory Services (Pvt) Limited and Tambapanni Academic Publishers (Pvt) Limited.

BOARD OF DIRECTORS



Mr. Thushara Jayasekara
Executive Director – Finance

Date of appointment to the Board	01 April 2022
Tenure on the Board	04 years
Memberships in Board Sub Committees	Related Party Transactions Review Committee - Member
Shareholding in the Company	Nil
Number of Directorships in other companies as at 31 March 2026	03

Nature of expertise

Mr. Thushara Jayasekara is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka. He is also an Associate Member of the Chartered Institute of Management Accountants of the United Kingdom.

Mr. Jayasekara has over 25 years of senior management experience in accounting, treasury management, tax planning, and auditing across diverse business sectors. In the early stages of his career, he gained experience in the plantation, financial services, and regulatory sectors. He also served at the Sri Lanka Accounting and Auditing Standards Monitoring Board and at People's Venture Investments Company laying a strong foundation for his future leadership in finance.

Mr. Jayasekara served as Group Finance Manager at Janashakthi Limited, where he headed the finance functions of Kelsey Homes and Kelsey Development Limited. In 2009, he joined Orient Finance PLC as the Assistant General Manager - Finance before joining United Motors Lanka PLC as a Deputy General Manager in 2011. Subsequently he was promoted to General Manager in 2012 and joined the Board in April 2022.

Other current appointments

Mr. Jayasekera is also Director of Unimo Enterprises Limited, U M L Property Developments Limited and U M L Heavy Equipment Limited.



Mr. Vish Govindasamy
Non-Executive Director (Independent)

Date of appointment to the Board	15 May 2024
Tenure on the Board	02 years
Sub Committee roles	• Strategy Review and Investment Committee – Chairman • Nomination and Governance Committee – Member • Human Resources and Remuneration Committee – Member • Related Party Transactions Review Committee – Member
Shareholding in the Company	Nil
Number of Directorships in other companies as at 31 March 2026	10

Nature of expertise

Mr. Vish Govindasamy holds an MBA and a Bachelor of Science in Electrical Engineering from the University of Hartford, USA. Additionally, he is a Fellow of the Institute of Certified Professional Managers in Sri Lanka.

Mr. Govindasamy served as the Chief Executive Officer of Watawala Plantations, a diversified plantation management company in partnership with TATA India. He is widely recognized for his instrumental role in transforming a formerly government-owned plantation into the highest capitalized regional plantation company listed on the Colombo Stock Exchange.

Mr. Govindasamy's esteemed leadership extends beyond the corporate realm. He is an appointed member of the Governing Board of the Central Bank of Sri Lanka, the Immediate Past Chairman of the Ceylon Chamber of Commerce, and a former Chairman of the Employers Federation of Ceylon.

Other current appointments

Mr. Govindasamy serves as a Non-Independent Non-Executive Director at Watawala Plantations PLC and Sunshine Holdings PLC. He is also an Independent Non-Executive Director of Softlogic Life Insurance PLC, Dialog Axiata PLC, Colombo Dockyard PLC, Lonach Dairy Limited, Lanka Island Resort Limited, Ceylon Business Development Limited, Sunshine Wilmar (Pvt) Limited, Saga Consultants (Pvt) Limited and the Central Bank of Sri Lanka.



Mr. Arjuna Herath
Non-Executive Director (Independent)

Date of appointment to the Board	15 July 2024
Number of years on the Board	01 Year and 10 months
Sub Committee roles	• Human Resources and Remuneration Committee – Chairman • Nomination and Governance Committee – Chairman • Board Audit and Risk Committee – Member • Strategy Review and Investment Committee – Member
Shareholding in the Company	Nil
Number of Directorships in other companies as at 31 March 2026	12

Nature of expertise

Mr. Arjuna Herath holds a Bachelor of Science degree and a Master of Arts in Financial Economics from the University of Colombo and an MBA from the University of Strathclyde in the United Kingdom. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

Mr. Herath retired as a Senior Partner and Head of Consulting for Sri Lanka and Maldives at Ernst & Young (EY), following an extensive career in assurance, advisory, corporate finance, governance, and business transformation.

Over the course of his distinguished career, he has also held several key positions, including Chairman of the Board of Investment, Chairman of the Data Protection Authority of Sri Lanka, Board Member of the Sri Lanka Accounting and Auditing Standards Monitoring Board, Commissioner of the Securities and Exchange Commission of Sri Lanka, and Member of the Company Law Advisory Commission.

Mr. Herath was selected as one of the 20 leading men and women from our world of business in 2014 by Lanka Monthly Digest in its fifth edition of "Captains of Commerce and Industry in Sri Lanka" in recognition of his outstanding work for the corporate sector in the country.

Mr. Herath is a distinguished senior Chartered Accountant and is a Past President of the Institute of Chartered Accountants of Sri Lanka. He was actively involved in the international forums in the field of accounting and is a Past President of the South Asian Federation of Accountants and was a Board Member of the Confederation of Asia Pacific Accountants.

He is the first Sri Lankan to Chair a Committee of the International Federation of Accountants (IFAC), the apex body of the accounting profession and was the Chair of the Professional Accountancy Organization Development Committee of the IFAC.

Other current appointments

Mr. Herath is the Independent Non-Executive Chairman of R I L Property PLC. He also serves as an Independent/Non-Executive Director of several listed and private companies, including Senkadagala Finance PLC, Watawala Plantations PLC, Cargills Bank PLC, Dialog Axiata PLC, Synapsys Limited, Lonach Dairy Limited, CBL Investments Limited and Durdans Medical and Surgical Hospital (Pvt) Limited among others.

BOARD OF DIRECTORS



Mr. Jonathan Alles
Non-Executive Director (Independent)

Date of appointment to the Board	01 September 2024
Tenure on the Board	01 Year and 08 months
Sub Committee roles	• Related Party Transactions Review Committee – Chairman • Board Audit and Risk Committee – Member • Strategy Review and Investment Committee – Member
Shareholding in the Company	Nil
Number of Directorships in other companies as at 31 March 2026	12

Nature of expertise

Mr. Jonathan Alles holds a First Class MBA in Finance from the University of Stirling in the United Kingdom. He is an Associate Member of the Institute of Bankers of Sri Lanka.

Mr. Alles was the Managing Director/Chief Executive Officer of Hatton National Bank PLC ('HNB') and counts over 38 years of banking experience, having served several international banks including the National Bank of Abu-Dhabi, Saudi British Bank-Riyadh, British Bank of the Middle-East and HSBC, Dubai and Colombo before taking on the reins at HNB. He was a Director of the Sri Lanka Banks Association (SLBA) and its Chairman from 2014 to 2016. He served as Chairman of the Asian Bankers Association for three (3) years from 2018 onwards, was a member of its Board of Directors and also served as the Chairman of its Advisory Committee.

Other current appointments

Mr. Alles is an Independent Non-Executive Director of Singer (Sri Lanka) PLC, The Kingsbury PLC, Alumex PLC, Hayleys PLC, Ceylon Beverage Holdings PLC, Lion Brewery Ceylon PLC, Vallibel One PLC, LAUGFS Holdings, DHT Cement (Pvt) Limited and LBR Foundation. He is also a Non-Executive Director of Singer Finance Limited and an Executive Director of New Wave Consultants (Pvt) Limited.



Mr. Buddhika Singhage
Executive Director-After Sales Operations

Date of appointment to the Board	01 January 2025
Tenure on the Board	01 Year and 04 months
Sub Committee roles	-
Shareholding in the Company	0.10%
Number of Directorships in other companies as at 31 March 2026	01

Nature of expertise

Mr. Buddhika Singhage holds an MBA with a Gold Medal from the University of Wales Trinity Saint David. Mr. Singhage has completed professional development programmes at Harvard Business School, the Association for Overseas Technical Cooperation and Sustainable Partnership (AOTS) in Japan, and Robert Bosch GmbH in Germany.

Mr. Singhage is a distinguished professional with over 30 years of senior management experience in the automotive industry, with expertise in after-sales operations, business strategy, and customer experience. At United Motors Lanka PLC, he heads the Technical and Spare Parts Divisions-two key profit centres, delivering significant growth in both revenue and profitability. He also played a key role in expanding UML's branch network across Sri Lanka.

He is a former Director of the Ceylon German Technical Training Institute and a Governing Council Member of the Automobile Engineering Training Institute (AETI). Mr. Singhage previously led the Auto Components Division at Diesel & Motor Engineering Co. Limited. (DIMO). He has built strong partnerships with global automotive brands including Daimler Fuso, Mitsubishi, Bosch, and Perodua.

Other current appointments

Mr. Singhage is a Director of U M L Heavy Equipment Limited.



Ms. Rinoza Hisham
Company Secretary

Ms. Rinoza Hisham was appointed as the Company Secretary in January 2008.

Ms. Hisham is a Fellow Member of the Chartered Governance Institute (CGI-UK). She holds a Bachelor of Laws (LLB) from Buckinghamshire New University, UK, and a Master of Business Administration (MBA) from the Postgraduate Institute of Management (PIM) at the University of Sri Jayawardenepura.

SENIOR MANAGEMENT TEAM

DIRECTOR, GROUP CHIEF OPERATING OFFICER AND GENERAL MANAGERS



Mr. Ramesh Yaseen

Director - After Sales Services



Mr. Charaka Perera

Group Chief Operating Officer



Mr. Raveendra Siriwardena

General Manager
(HR and Administration)



Mr. Preminda Fernando

General Manager
(Lubricants and Car Care)

DEPUTY GENERAL MANAGERS AND HEADS OF DEPARTMENTS



Ms. Sureshinie Fernando

Deputy General Manager
(Internal Audit and Monitoring)



Ms. Rinoza Hisham

Deputy General Manager
(Legal)/ Company Secretary



Mr. Rajiv David

Assistant General Manager
(Marketing)

SENIOR MANAGEMENT TEAM

DEPUTY GENERAL MANAGERS AND ASSISTANT GENERAL MANAGERS



Mr. Anoj Cooray

Deputy General Manager (Truck and Bus)



Mr. Indike Manthilake

Deputy General Manager (Information Technology)



Mr. Sajith Gunasena

Deputy General Manager (Finance)



Mr. Saman Kumara

Assistant General Manager (Technical)



Mr. Torrel Hopwood

Assistant General Manager (Special Projects)



Mr. Sudhakaran K. Pillai

Assistant General Manager (Technical)

ASSISTANT GENERAL MANAGERS



Mr. Thusitha Gunathilaka

Assistant General Manager (Branch Operations)



Mr. Rohana Senaratne

Assistant General Manager (Valvoline)



Mr. Kumara Abeywardana

Assistant General Manager (Truck and Bus)



Mr. Shanaka Pelpola

Assistant General Manager (New Vehicle Sales)



Ms. Dilini Peiris

Assistant General Manager (Human Resources)



Mr. Wijaya Pathirana

Assistant General Manager (Engineering)

SENIOR MANAGEMENT TEAM

ASSISTANT GENERAL MANAGERS



Mr. Buddhi Dissanayake

Assistant General Manager (Special Projects)



Mr. Derrick Silva

Assistant General Manager (Information Technology)



Mr. Tharindu Rajapaksha

Assistant General Manager (Technical)



Mr. Paveena Senevirathna

Assistant General Manager (Technical)



Mr. Ramesh Dharmaratne

Assistant General Manager (Logistics)



Mr. Chandana Hettiarachchi

Assistant General Manager (Human Resources)

ASSISTANT GENERAL MANAGERS



Mr. Roshan Bothejue

Assistant General Manager (Spare Parts)



Mr. Shafraz Basheer

Assistant General Manager (Business Development)



Mr. Buddhima Nimesha

Assistant General Manager (Finance)



Ms. Natali Sivaratnam

Assistant General Manager (New Vehicle Sales)

SENIOR MANAGEMENT TEAM

SUBSIDIARY CEO'S/EXECUTIVE DIRECTORS



Mr. Prasanna Hathurusinghe

Chief Executive Officer/Executive Director (Dutch Lanka Trailer Manufacturers Limited)



Mr. Shalain De Silva

Chief Executive Officer/Executive Director (Unimo Enterprises Limited)

SUBSIDIARY DCEO's - U M L HEAVY EQUIPMENT LIMITED



Mr. Dimuthu Udugamasooriya

Deputy Chief Executive Officer (U M L Heavy Equipment Limited)



Mr. Iroshan Dhanapala

Deputy Chief Executive Officer (U M L Heavy Equipment Limited)

SENIOR MANAGEMENT TEAM/HEADS OF BUSINESS UNITS - UNIMO ENTERPRISES LIMITED



Mr. Hemaka Rajapakse

Deputy General Manager (Operations)



Mr. Shirantha Palliyaguru

Assistant General Manager (Chinese Vehicles)



Mr. Dilip Weerasinghe

Assistant General Manager (Tyres)



Ms. Nishani Palihena

Assistant General Manager (Finance)



Mr. Lionel Wijeratne

Assistant General Manager (Perodua)



Mr. Auranga Dissanayake

Assistant General Manager (JMC)

SENIOR MANAGEMENT TEAM

SENIOR MANAGEMENT TEAM/HEADS OF BUSINESS UNIT - UNIMO ENTERPRISES LIMITED



Mr. Tremon Van Gramberg

Assistant General Manager
(Electric Vehicles)

SENIOR MANAGEMENT TEAM - DUTCH LANKA TRAILER MANUFACTURERS LIMITED AND DUTCH LANKA ENGINEERING (PVT) LIMITED



Mr. Sumudu Rajaguru

Chief Operating Officer



Ms. Ayomi Karunanayake

Assistant General Manager (Engineering)



Mr. Hilary Fernando

Assistant General Manager (Sales and Marketing)



Mr. Nelum Premadasa

Assistant General Manager (Engineering)



Mr. Lakmal Manathunga

Assistant General Manager (Finance)

HOW WE GOVERN

The Group's resilience amid the highly challenging conditions of the past few years, has been firmly anchored in its strong governance practices, underpinned by disciplined oversight, robust Risk Management Framework, and a commitment to transparency and accountability. In today's dynamic and increasingly complex business environment, strong corporate governance remains fundamental to achieving sustainable growth and long-term value creation to our diverse stakeholders. At United Motors Lanka PLC, we are firmly committed to upholding the highest standards of governance, guided by principles of integrity, accountability, and transparency. We strive beyond mere compliance and recognise that effective corporate governance is a strategic enabler that strengthens stakeholder trust, enhances organizational resilience, and supports sustainable business performance.

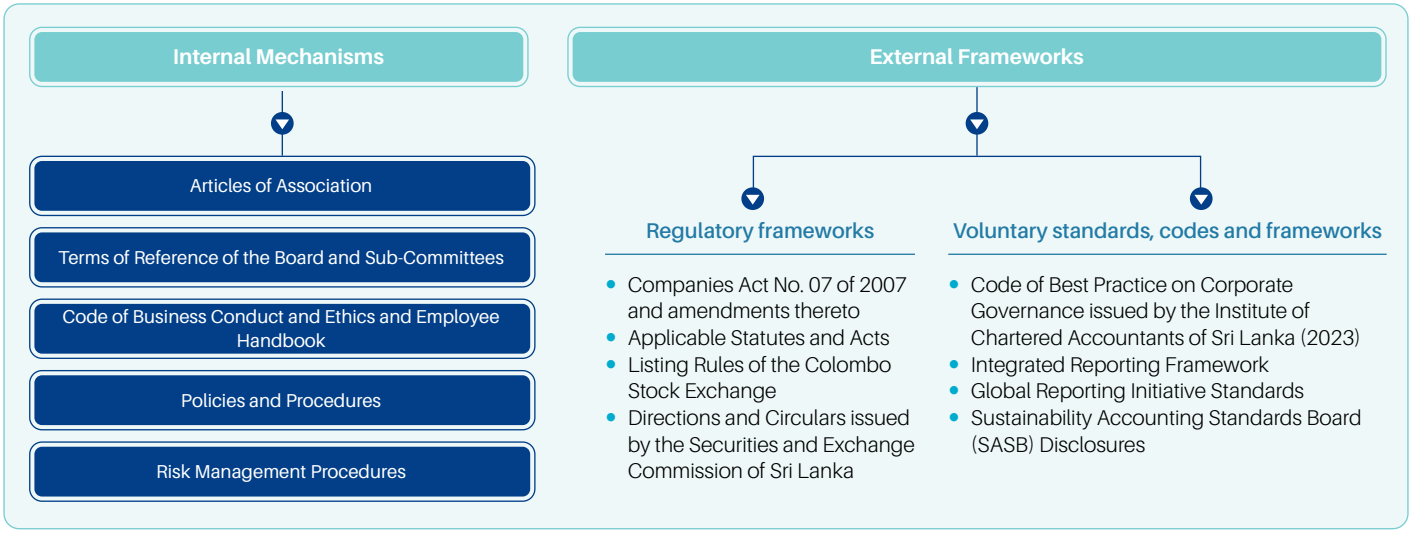
This Report provides an overview of UML's Corporate Governance Framework, outlining the Board structure, governance principles, policies, and practices that underpin our commitment to responsible corporate stewardship. We also discuss how the Board contributed to the Group's value creation through effective oversight during the year.

Highlights of 2025/26

Risk Management	Stakeholder Engagement	Sustainability	Personal Data Protection
Strengthened approach to risk management through widening the risk lens to include ESG risks	Engaged in a systematic and formal stakeholder mapping and needs analysis exercise	Enhanced sustainability reporting with the adoption of several international reporting standards	Enhanced governance structures and mechanisms in line with the requirements of the Personal Data Protection Act

Governance Framework

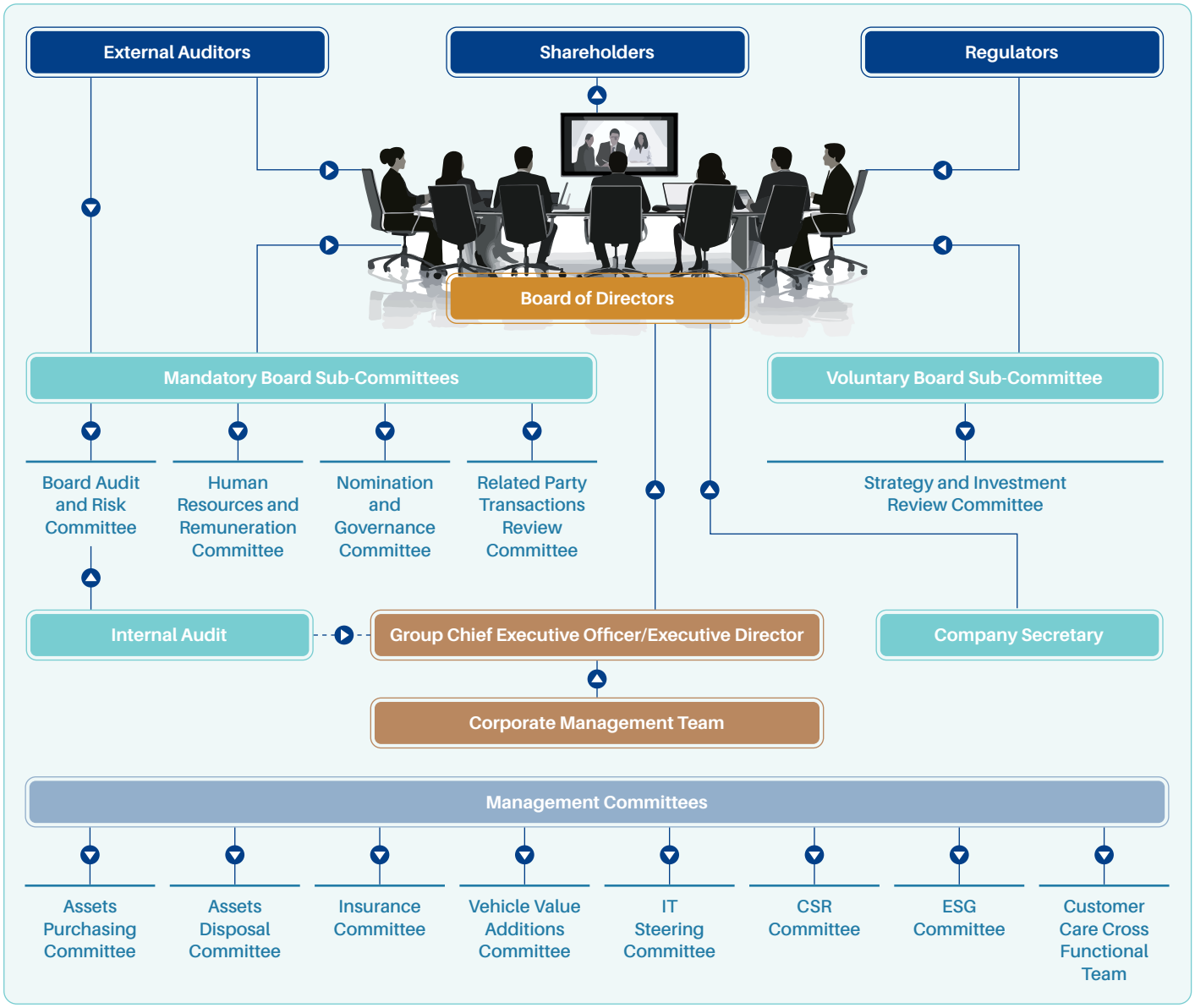
The Group's Corporate Governance Framework provides the structure and processes through which the organisation is directed and controlled, ensuring accountability, transparency, and alignment with the long-term interests of its stakeholders. The Group adheres to established internal governance standards while ensuring compliance with both mandatory and voluntary regulatory requirements. In developing and maintaining this framework, the Board considers internal policies alongside applicable external regulations as graphically illustrated below.



Governance Structure GRI 2-9

The Board of Directors ("the Board"), under the leadership of the Chairman, is the Company's apex governing body and is entrusted with the ultimate responsibility of formulating the Group's strategic direction, ensuring responsible stewardship and enabling long-term sustainability. In fulfilling this role, the Board provides leadership and oversight in shaping the Company's vision, approving key strategies and policies, and ensuring that sound governance, risk management, internal controls, and compliance frameworks are maintained to safeguard the interests of all stakeholders.

The Corporate Management Team, led by the Group Chief Executive Officer/Executive Director, is responsible for translating the Board's approved strategies and policies into effective action and for the overall management of the Company's day-to-day operations. Through a structured framework of leadership, accountability, and delegated authority, the Management Team drives operational performance, fosters a culture of responsibility and empowerment, and ensures that the Company's activities remain aligned with its strategic objectives and standards of governance.



HOW WE GOVERN

Board Focus Areas in 2025/26

During the year, the Board sharpened its focus on the following areas in response to evolving operating dynamics and strategic priorities. The following section summarises these discussions which are described further in other chapters of this Report.

01 Strategy	02 Risk Management	03 Sustainability
• Maintained customer relationships through continuous engagement • Pursued strategic diversification into new verticals • Maintained the full workforce, extending all employee benefits despite prevalent challenges	• Engagement with principals and customers to understand emerging market dynamics and preferences • Proactive engagement with principals to shorten lead times and facilitate faster import acquisitions • Enhanced the breadth of the vehicle portfolio by strategically addressing identified gaps	• Oversight on the adoption of the SLFRS S1 and S2 Sustainability Disclosure Standards

The paragraphs below have been prepared based on the principles set out in the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (2023), with reference made to each relevant principle in the Code.

Board of Directors

Structure, diversity and the functioning of the Board (Principle A.1, A.1.5, A.4, A.5.1, A.5.2, A.10)

The Board comprises nine Directors with a diverse mix of skills, experience, age, and gender, enhancing the depth and quality of its decision-making. As the highest decision-making authority, the Board provides strategic direction and oversight for its long-term sustainability. The Corporate Management Team is responsible for the day-to-day management of the Company's operations, risk management and for maintaining an effective system of internal controls. There is a clear division of responsibilities between the Board and the Corporate Management Team with roles, responsibilities, delegated authority, and accountability clearly defined, thereby ensuring effective governance and oversight.

The Board comprises eminent professionals with wide range of expertise and experience in their respective fields, enabling them to provide independent judgement, constructively challenge Management, and enhance the quality of deliberations on matters placed before the Board. The Board's composition ensures an appropriate balance of skills, experience, and perspectives, thereby minimizing the risk of undue influence by any one individual or group in Board processes and decision-making. As at the year-end, the Board comprised nine Directors, of whom six, including the Chairman, served in a Non-Executive capacity.

Executive Directors - 3
Mr. Chanaka Yatawara - Group Chief Executive Officer
Mr. Thushara Jayasekara - Executive Director - Finance
Mr. Buddhika Singhage - Executive Director - After Sales Operations

Independent Non-Executive Directors - 5
Mr. Devaka Cooray - Chairman
Ms. Coralie Pietersz
Mr. Vish Govindasamy
Mr. Arjuna Herath
Mr. Jonathan Alles

Non-Independent Non-Executive Director - 1
Ms. Hiroshini Fernando

The Board comprises members with expertise in the automobile industry, marketing and sales, finance and accounting, banking, and several other areas of expertise. Profiles of Board members including their qualifications, memberships in Board Sub-Committees and other appointments and the profile of the Company Secretary are given on pages 28 to 33. Policies on governing matters relating to the Board of Directors are clearly stated in the Board Charter.



Board Composition

Board Size

9

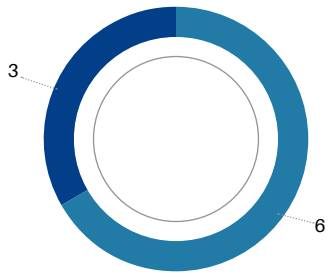
5/6

Non-Executive Directors are independent

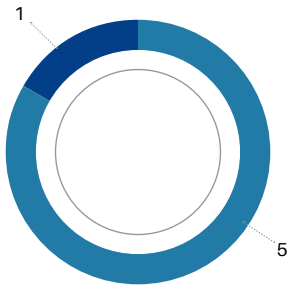
Tenure on the Board	
1-5 years	
11-15 years	
16-25 years	

Board Gender Composition	
7 Male	
2 Female	

Executive, Non-Executive Directors

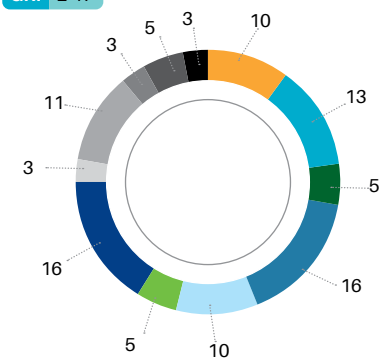


Independent, Non-Independent Directors



HOW WE GOVERN

GRI 2-17



Diversity of Expertise

- Strategic Planning and Business Development
- Business Leadership
- Corporate Governance
- Financial Acumen
- Investments
- Technological/Digital Literacy
- Risk Management
- HR Management
- International Exposure
- ESG/Sustainability
- Knowledge of Automobile, Engineering Industry, Manufacturing and Exports
- Digital Marketing

Board independence (Principle A.5.3, A.5.4, A.5.5)

In line with the requirements of the CSE Listing Rules, five of the six Non-Executive Directors are deemed independent, except for Ms. Hiroshini Fernando. The Board has determined that the Non-Executive Directors are independent of management and are free from any relationships or circumstances that could materially interfere with, or be perceived to interfere with, the exercise of their independent judgement. Each Non-Executive Director submits an annual declaration of independence, which is reviewed and assessed by the Board to ensure compliance with the applicable regulatory requirements and the criteria set out in the Code of Best Practice on Corporate Governance.

During the year under review, the Chairman held a separate meeting with the Non-Executive Directors, without the presence of Executive Directors.

Role of Board (Principle A.1.2)

Board responsibilities
■ Provide entrepreneurial leadership to the Company within a framework of prudent and effective controls that enables risk to be assessed and managed.
■ Formulate and implement a sound business strategy.
■ Ensure that the CEO and the management team possess the skills, experience and knowledge required to implement the strategy.
■ Approve budgets and major capital expenditure.
■ Determine the matters expressly reserved for the Board and those delegated to management, including limits of authority and financial delegation.
■ Ensure effective systems to safeguard the integrity of information, internal controls, cyber security, business continuity and risk management.
■ Ensure the availability of an Information and Communication Technology (ICT) roadmap aligned with the Company's business strategy and monitor the progress of its implementation through the ICT dashboard.
■ Ensure compliance with applicable laws, regulations and ethical standards.
■ Ensure that the interests of all stakeholders are considered in corporate decision-making.
■ Recognize sustainable business development and ESG-related risks and opportunities in corporate strategy, decisions and activities, and consider the need to adopt integrated reporting.
■ Ensure that the Company's values and standards are established, with emphasis on adopting appropriate accounting policies and promoting compliance with financial regulations.
■ Establish a process for monitoring and evaluating progress in relation to strategy implementation, budgets, plans and related risks.
■ Ensure that a process is in place for corporate reporting on an annual and quarterly basis, or more frequently where relevant to the Company.
■ Ensure the adoption of an effective succession strategy for the CEO and Key Management Personnel.
■ Appoint the Chairman and the Senior Independent Director, where relevant.

Board process (Principle A.1.6)
The Board agrees on a schedule of meetings at the beginning of each financial year and meets at least once every two months. Additional meetings are convened as and when required.

A formal agenda for each Board meeting is prepared by the Company Secretary in consultation with the Chairman and the Group Chief Executive Officer/Executive Director. Board members may also request additional items to be included on the agenda for discussion. The agenda, together with the relevant Board papers, is circulated by the Company Secretary at least one week prior to each meeting, allowing sufficient time for Directors to review the papers, seek any additional information if required, and prepare for meaningful deliberations.

Directors are provided with a comprehensive set of information in advance of regular Board meetings, including an executive summary supported by detailed analysis of both financial and non-financial information. Urgent Board papers are submitted at short notice or tabled at meetings only on an exceptional basis. Where necessary, members of the Corporate Management Team are invited to make presentations to the Board on the business environment, regulatory developments, operational matters, and other significant issues, thereby enhancing the Board's understanding of matters relevant to the Company's operations.

Directors who are unable to attend a meeting are kept informed of the proceedings through formally documented minutes, which are also reviewed at the subsequent meeting to ensure appropriate follow-up and proper recording. Minutes of meetings are generally circulated to Directors within two weeks of the meeting date.

The frequency of Board meetings, together with the structure and process for submission of information to the Board, are set out in the Board Charter. Attendance at Board meetings is summarized on page 56.

The Company has obtained a Directors' and Officers' Liability Insurance Policy.

GRI 2-13

Board Sub-Committees (Principle B.2, D.3, D.4, D.5)
The Board has delegated specific functions to its Board Sub-Committees, enabling focused oversight within their respective areas of responsibility while drawing on knowledge and expertise. Each Sub-Committee operates in accordance with clearly defined written Terms of Reference.

The Chairman/Chairperson of each Committee is responsible for its effective functioning and reports regularly to the Board on its activities, highlighting significant matters requiring the Board's attention. Minutes of Committee meetings are tabled and discussed at Board meetings. During the year under review, the Terms of Reference of the Committees were reviewed and approved by the Board.

The Company has five Board Sub-Committees.

- Board Audit and Risk Committee
- Human Resources and Remuneration Committee
- Nomination and Governance Committee
- Related Party Transactions Review Committee
- Strategy Review and Investment Committee

The composition of the Board Sub-Committees as of the year-end are as follows.

Board Audit and Risk Committee

Composition	Areas of oversight
Ms. Coralie Pietersz - Chairperson Ms. Hiroshini Fernando Mr. Arjuna Herath Mr. Jonathan Alles 13 Meetings 75% Independent Directors	■ Review and monitor the adequacy and effectiveness of the Company's internal control systems, governance framework, and financial reporting processes. ■ Review and assess the effectiveness of the Company's Risk Management Framework and processes. ■ Provide independent oversight of the Company's assurance functions, including the Internal Audit and External Audit functions. ■ Review the Company's compliance with applicable accounting standards in the preparation and presentation of the Financial Statements. ■ Review the Company's compliance with relevant legal, regulatory, and statutory requirements.

HOW WE GOVERN

Human Resources and Remuneration Committee

Composition	Areas of oversight
Mr. Arjuna Herath – Chairman Mr. Devaka Cooray Ms. Hiroshini Fernando Mr. Vish Govindasamy 4 Meetings 75% Independent Directors	■ Review the Company's remuneration policy. ■ Formulate and recommend to the Board a remuneration policy for the CEO, Executive Directors, and Key Management Personnel (KMPs). ■ Review and evaluate the performance of the CEO, Executive Directors, and Key Management Personnel (KMPs). ■ Make recommendations to the Board on salary revisions, bonuses, and incentive schemes.

Nomination and Governance Committee

Composition	Areas of oversight
Mr. Arjuna Herath – Chairman Mr. Devaka Cooray Ms. Hiroshini Fernando Mr. Vish Govindasamy 2 Meetings 75% Independent Directors	■ Identify and recommend suitable candidates for appointments to the Board and its Sub-Committees. ■ Review the structure, size, composition, and competencies of the Board and make appropriate recommendations. ■ Oversee succession planning for the CEO and Key Management Personnel. ■ Consider and recommend the re-appointment of current Directors. ■ Review and recommend the Company's overall Corporate Governance Framework, considering the Listing Rules of the Colombo Stock Exchange, other applicable regulatory requirements, and relevant industry and international best practices. ■ Annually review and update the Company's Corporate Governance Policies and Framework in line with legal and regulatory developments, in keeping with best practice.

Related Party Transactions Review Committee

Composition	Areas of oversight
Mr. Jonathan Alles – Chairman Mr. Thushara Jayasekara Mr. Vish Govindasamy Ms. Coralie Pietersz 4 Meetings 75% Independent Directors	■ Review and approve the Company's related party transactions. ■ Monitor compliance with applicable laws, regulations, and internal policies relating to related party transactions. ■ Oversee the timely and accurate market disclosure of related party transactions in accordance with applicable requirements. ■ Review and scrutinize related party transactions to ensure transparency and to prevent actual or potential conflicts of interest.

Strategy Review and Investment Committee

Composition	Areas of oversight
Mr. Vish Govindasamy – Chairman Ms. Hiroshini Fernando Mr. Arjuna Herath Mr. Jonathan Alles 3 Meetings 75% Independent Directors	■ Review the Company's strategic plan and related action plans. ■ Recommend strategic initiatives in line with the Company's long-term goals and priorities. ■ Review annual updates on the execution and progress of strategic initiatives. ■ Review and recommend to the Board the Company's strategic direction, annual budget, and significant investment proposals. ■ Review major investment and diversification proposals, including mergers, acquisitions, joint ventures, and divestitures, and recommend to the Board their strategic relevance, fit, and prioritization.

Details of the Chairperson and members of each Sub-Committee, together with their Terms of Reference and the key activities undertaken during the year, are provided in the respective Sub-Committee Reports on pages 160 to 175.

Each Sub-Committee operates in accordance with its own meeting schedule, as set out in the relevant Committee Report. The frequency of meetings, as well as the structure and process for the submission of information, are formally documented in the respective Terms of Reference. Meeting attendance is summarized on page 56.

GRI 2-11, 12

Role of Chairman and Chief Executive Officer (Principle A.2 and A.3)

In accordance with best governance practices, the positions of Chairman and Chief Executive Officer are held by separate individuals to maintain an appropriate balance of power and authority. The Chairman is an Independent Non-Executive Director, while the Chief Executive Officer is an Executive Director appointed by the Board. The distinct roles and responsibilities of the Chairman and the Chief Executive Officer are clearly set out in the Board Charter.

Key leadership roles and responsibilities	
Chairman	**Group Chief Executive Officer**
Leads the Board by upholding sound corporate governance, ensuring its effective functioning, and acting in the best interests of the Company. **Responsibilities** ■ Ensure the smooth functioning of the Board and the governance structure, while promoting a positive culture within the Board. ■ Ensure that guidelines and procedures are in place to govern the Board's operations and conduct. ■ Ensure that all relevant matters are included in the agenda for Board meetings and that all Directors are able to participate in Board activities. ■ Set objectives, vision, targets, and strategic direction together with the CEO. ■ Ensure that the Board discusses strategic and critical issues. ■ Ensure that the Board receives the necessary information from management on a timely basis. ■ Ensure that all Directors are given the opportunity to participate openly in discussions. ■ Provide leadership to the Board. ■ Lead the Board in overseeing management.	Accountable to the Board for the exercise of delegated authority and for the overall performance of the Company. **Responsibilities** ■ Determine the objectives, vision, targets, and strategic direction of the Group. ■ Provide strong leadership through the effective communication of the Group's vision, management philosophy, and business strategy to employees. ■ Guide the implementation of the Group's short-term and long-term business plans. ■ Ensure the effective implementation of strategies and corporate policies. ■ Ensure that Board decisions are carried out and that the Board's directions are appropriately addressed. ■ Keep the Board fully informed of significant aspects of the Group's operations and ensure that adequate information is provided to Board members.

Role of Independent Non-Executive Directors (Principle A.5.1)

- Contributes an objective and independent perspective to the Board, complementing the skills and experience of fellow Board members, constructively challenging the Board and Management, and providing strategic guidance based on their expertise.
- Safeguards the interests of all stakeholders.
- Where conflicts arise between management and shareholders' interests, it works towards solutions that are in the best interests of the Company.
- Strengthens corporate credibility and promotes high standards of governance.

HOW WE GOVERN

Appointments, resignations and retirement of Directors (Principle A.7.2, A.7.4) GRI 2-10

The Nomination and Governance Committee (NGC) has established a formal and transparent process for the nomination of candidates for appointment as Directors. The selection of new Directors is based on an evaluation of the Board's collective knowledge, experience, and diversity, including gender, age, and other industry-relevant factors, together with the individual's ability to contribute meaningfully and add value to the Board. Directors' skill matrix is used to facilitate this assessment. A similar process is followed for the appointment of Executive Directors, except in instances where candidates are selected from the Company's Corporate Management Team.

The Company has taken the necessary steps to ensure that its Directors remain fit and proper persons at all times and satisfy the fit and proper assessment criteria set out in Section 9.7.3 of the CSE Listing Rules on Corporate Governance. A fit and proper assessment of the Directors was carried out during the year.



Appointments, resignation and retirements during the year

Appointments	Retirement	Resignations
No appointments during the year.	No retirements during the year.	Mr. Stuart Chapman resigned w.e.f. 20 September 2025.

In the event of the resignation of a Director, the reasons for such resignation are communicated to the Board in writing.

The appointment, resignation, and retirement of Directors are communicated to shareholders through announcements to the Colombo Stock Exchange (CSE). Announcements relating to new appointments include a brief profile of the Director, details of expertise in the relevant functional areas, the names of companies in which the Director holds directorships or memberships on Board Committees, and the Director's status of independence. In addition, all employees within the Group are informed of such appointments and resignations.

Re-election of Directors (Principle A.8, A.9.3)

In accordance with the Company's Articles of Association, one-third of the Non-Executive Directors, other than the Chairman, retire by rotation at each Annual General Meeting (AGM). The Board reviews the participation, contribution, and engagement of each Director when considering re-election. Directors recommended for re-election are identified by the Nomination and Governance Committee. Details of the Directors seeking re-election at this year's AGM are set out in the Notice of Meeting.

GRI 2-18

Performance evaluation of Board and Chief Executive Officer (Principle A.9.1, A.9.2, A.9.4, A.11.1, A.11.2)

The Company has in place a formal process for the evaluation of Board performance. The evaluation is conducted through a structured questionnaire comprising five distinct sections covering the following:

- the overall collective performance of the Board;
- the performance of the Chairman;
- self-evaluation by each Director;
- evaluation of the Non-Executive Directors by the Executive Directors; and
- evaluation of the Executive Directors by the Non-Executive Directors.

In addition, the Human Resources and Remuneration Committee carries out an annual evaluation of the CEO's performance against pre-agreed targets.

GRI 2-19, 20

Directors' Remuneration (Principle B.1, B.2)

The Human Resources and Remuneration Committee review and recommend the remuneration of the Executive Directors. All members of the Committee are Independent Non-Executive Directors, except Ms. Hiroshini Fernando. Details of the Human Resources and Remuneration Committee and its activities during the year are provided in the relevant Committee Report.

The remuneration structure of Executive Directors is designed to align rewards with individual performance and the overall performance of the Company. The terms of employment of Executive Directors are governed by their respective contracts of service.

The fees of Non-Executive Directors are determined based on the time commitment and responsibilities of their roles, taking into consideration prevailing market rates.

GRI 2-17

Board Skill Development

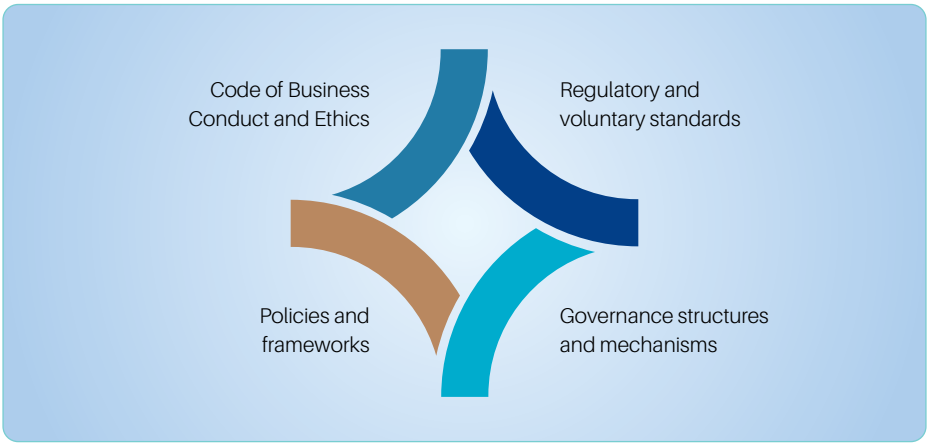
Independent advice (Principle A.1.3)
Members of the Board are entitled to obtain independent professional advice from third parties, whenever considered necessary, at the Company's expense. Independent professional advice was sought from time to time in accordance with this provision.

Induction and training (Principle A.1.8)
Newly appointed Directors are provided with an induction pack comprising all relevant internal and external regulatory documents. They are also familiarized with the Company's business and their duties and responsibilities as Directors.

Board members undertake relevant training, where appropriate, to enhance their understanding of key business matters and risks. In addition, Directors participate in Continuous Professional Development (CPD) programmes in their personal capacity to keep abreast of relevant and emerging developments.

Ethics and Culture

The Board sets the tone at the top by upholding the highest standards of ethics and integrity, providing clear direction on expected behaviours across the organisation. Through well-defined governance frameworks, policies, and oversight mechanisms, these principles are embedded into decision-making, fostering an ethical culture that shapes conduct, builds trust, and supports sustainable value creation.



GRI 3-3, 205-1,2,3

Code of Business Conduct and Ethics (Principle D.6)
The Company has adopted an internally developed Code of Business Conduct and Ethics, supported by related policies applicable to Directors, Key Management Personnel, and all other employees. These policies address, among other matters, conflicts of interest and outside activities, privacy and confidentiality, gifts and entertainment, personal investments, know-your-customer requirements, anti-money laundering, the accuracy of Company records and reporting, fair and transparent procurement practices, corporate opportunities, fair dealing, protection of UML Group assets, workplace responsibilities, the reporting of ethical concerns, responsibilities of superiors and managers, compliance with laws, rules and regulations, key irregularities, and disciplinary procedures.

In addition, specific policies are in place covering share trading, whistleblowing, anti-bribery and corruption, corporate gifting, sexual harassment, and conflicts of interest and confidentiality.

The Board is not aware of any material breaches of the Code of Business Conduct and Ethics by any Director, member of Senior Management, or other employee of the Company. All Directors and Key Management Personnel have declared their compliance with the Code.

Stakeholder Engagement

The Group adopts a stakeholder-inclusive approach that seeks to balance the diverse expectations of its stakeholders. Formal and informal engagement is undertaken by the functions best positioned to engage with each stakeholder group. The Board provides oversight by monitoring the quality and effectiveness of these relationships, with particular focus on employees, principals, and community-related matters.

HOW WE GOVERN

Stakeholder Prioritisation Exercise for 2025/26

The Group engaged Messrs. KPMG to conduct a formal stakeholder prioritisation and needs mapping for the year under review as discussed on page 74 of this Report. Identified stakeholder needs were taken into consideration when determining the Group's material topics for the year, also forming an input into strategy formulation.

Engagement with shareholders (Principle C.1, C.2, E, F) GRI 2-16

The Annual General Meeting (AGM) serves as an important forum for shareholder participation in decision-making on matters reserved for shareholders, including the adoption of the Annual Report and Accounts, the appointment of Directors and Auditors, and other matters requiring special resolutions under the Articles of Association and the Companies Act No. 07 of 2007.

Separate resolutions are proposed for each distinct matter, and the Company records all proxy votes lodged in respect of each resolution.

Shareholders are provided with the opportunity to raise questions to the Board and Management at the AGM. The Company Secretary maintains a record of all resolutions and related information, including proxy appointments, the number of votes cast for and against each resolution, and the number of shares in respect of which abstentions are directed.

The Chairman ensures the attendance of the Chairman/Chairperson of the Board Audit and Risk Committee, Human Resources and Remuneration Committee, Nomination and Governance Committee, and Related Party Transactions Review Committee to address questions that may be raised by shareholders.

Notice of the AGM is circulated together with the Annual Report and Accounts, including details of any other resolutions to be presented to shareholders, at least fifteen working days prior to the meeting. A summary of the procedures governing voting is included in the proxy form.

The Policy on Relations with Shareholders and Investors provides multiple channels for engagement with shareholders and investors. The Company is committed to open communication and fair disclosure, with due emphasis on the integrity, timeliness, and relevance of information shared. The main channels of communication with shareholders include interim financial statements, CSE announcements, the Annual Report, and the AGM. The Annual Report, interim financial statements, CSE announcements, and other relevant disclosures are made available on the Company's website.

The Company Secretary keeps the Board informed of matters raised by shareholders at the AGM so that they may be addressed appropriately and in a manner consistent with the Company's corporate values. Matters raised in writing are responded to in writing by the Company Secretary.

The AGM for the year 2025/26 will be held as a physical meeting, and the Annual Report for the year 2025/26 has been uploaded to the CSE website and the Company's website.

Accountability and audit (Principle D.1)

The Company makes every effort to ensure that the Annual Report provides a balanced and comprehensive review of its financial position, performance, business model, governance structure, risk management framework, internal controls, challenges, opportunities, and prospects, using both narrative and visual elements to enhance readability and understanding.

In preparing the interim and annual financial statements, the Company has complied with the requirements of the Companies Act No. 07 of 2007 and amendments thereto, Sri Lanka Accounting Standards, and the reporting requirements prescribed by the relevant regulatory authorities. The Board Audit and Risk Committee reviews the interim and annual financial statements and recommends them to the Board for approval prior to publication.

Risk management and internal controls (Principle D.2)

The Board is responsible for determining the Company's risk appetite in support of its strategic objectives and for ensuring that appropriate risk management and internal control systems are in place to safeguard shareholder investments and the assets of the Company. The Board Audit and Risk Committee assists the Board in discharging these responsibilities, as described in the Board Audit and Risk Committee Report and the Directors' Statement on Internal Controls. A comprehensive overview of the Company's Risk Management Framework is set out in the Risk Management Report.

The Board is also conscious of its responsibility to ensure compliance with applicable laws and regulations, as well as the Company's internal procedures and policies. Internal controls are in place to provide reasonable assurance of such compliance. Regular reports on the extent of compliance with statutory and regulatory requirements were submitted to the Board. In addition, the Internal Audit Division conducts independent reviews of statutory and regulatory compliance as part of its monitoring function.

Information Technology (IT) Governance (Principle G)

IT governance plays a vital role in safeguarding the integrity, confidentiality, and continuity of the Company's

information management processes. The Board is responsible for ensuring that prudent and reasonable measures are in place in respect of IT governance. The DGM-IT is responsible for continuously reviewing and ensuring that IT objectives remain aligned with business needs.

The Company's IT security policy addresses cyber security risks, and appropriate controls are in place to mitigate potential cyber threats.

The reliability of financial reporting depends significantly on a secure and well-controlled IT environment. Accordingly, IT controls over financial reporting have been established to ensure the quality, integrity, and reliability of the information used in the preparation of financial reports.

Key interventions in 2025/26

- Implementation of processes for compliance with the Personal Data Protection Act Guidelines
- Strengthening cybersecurity frameworks and procedures
- Transitioned from a traditional VPN-based network to an SD-WAN infrastructure

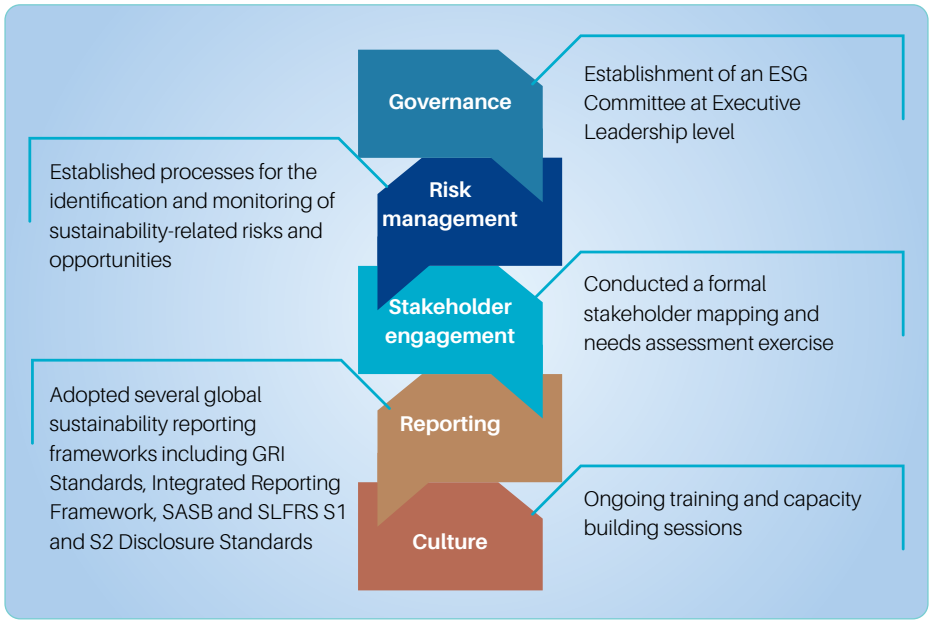
IT Governance practices include the following;

- DGM-IT in consultation with the IT Consultants, develops and implements the IT policy manual, procedures, and guidelines;
- IT policy manual and other IT policies are reviewed periodically to ensure that they remain current;
- IT Security audit and vulnerability assessment were carried out during the year to ensure data security and address cyber security risks.

Sustainability

During the year, the Group strengthened its focus on ESG, in response to evolving stakeholder expectations, reporting requirements and changes in the operating landscape. Efforts were directed towards enhancing sustainability governance and integrating ESG considerations into risk management and day-to-day decision making.

Key interventions relating to sustainability are summarised below and discussed in further detail in other sections of this Report.



GRI 2-14

Board responsibility in management of impacts

During the year, the Board strengthened its role in overseeing sustainability and the management of ESG-related impacts, formalising its approach through the establishment of a dedicated ESG Committee. This has enhanced structured oversight and accountability in driving the Group's sustainability agenda. In parallel, the adoption of SLFRS S1 and S2 has further reinforced the integration of sustainability considerations into governance, risk management, and decision-making processes, enabling a more systematic and transparent approach to managing ESG priorities.

GRI 2-27

Compliance

The status of the Company's compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance, the Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka, and the disclosure requirements of the Companies Act No. 07 of 2007 are presented in Annexure 1, Annexure 2, and the Annual Report of the Board of Directors, respectively.

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Accordingly, the Company has complied with Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance, the disclosure requirements of the Companies Act No. 07 of 2007, and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Name of Director	Capacity	Status of independence	Board meeting attendance	Board Sub-Committee membership and attendance				
				BARC	NGC	HR&RC	RPTRC	SRIC
Mr. Devaka Cooray	Chairman Non-Executive Director	Independent	16/16	-	M 2/2	M 4/4	-	BI
Mr. Chanaka Yatawara	GCEO /Executive Director	Non Independent	15/15	BI	BI	BI	BI	BI
Ms. Hiroshini Fernando	Non-Executive Director	Non Independent	15/16	* M 5/7	M 2/2	M 4/4	-	M 3/3
Mr. Stuart Chapman (Resigned w.e.f. 20 September 2025)	Non-Executive Director	Independent	5/5	**M 6/6	**C -	-	**M 2/2	**M 1/1
Ms. Coralie Pietersz	Non-Executive Director	Independent	13/16	C 13/13	-	-	*M 2/2	BI
Mr. Thushara Jayasekara	Executive Director	Non Independent	15/15	BI	-	-	M 4/4	BI
Mr. Vish Govindasamy	Non-Executive Director	Independent	14/16	-	M 2/2	M 4/4	M 3/4	C 3/3
Mr. Arjuna Herath	Non-Executive Director	Independent	16/16	M 13/13	*C 2/2	C 4/4	-	M 3/3
Mr. Jonathan Alles	Non-Executive Director	Independent	16/16	M 13/13	-	-	C 4/4	*M 3/3
Mr. Buddhika Singhage	Executive Director	Non Independent	12/15	-	-	-	-	BI

C - Chairman **M** - Member **BI** - By Invitation

BARC - Board Audit and Risk Committee
NGC - Nomination and Governance Committee
HR & RC - Human Resources and Remuneration Committee
RPTRC - Related Party Transactions Review Committee
SRIC - Strategy Review and Investment Committee

* Appointed w.e.f. 20 September 2025
** Resigned w.e.f. 20 September 2025

Directorships held by each director in other companies as of 31 March 2026 (including those held in the past 3 years)

Name	No. of Board Seats in Listed Companies (Excluding UML)		No. of Board Seats in Unlisted Companies (Excluding UML)		Total number of Directorships	Company Name	Material business relationships of the Director or close family member with other Directors, the Company
	Executive	Non-Executive	Executive	Non-Executive			
Mr. Devaka Cooray	-	5	1	7	13	Hatton National Bank PLC	None
						JAT Holdings PLC	
						HVA Foods PLC	
						The Lighthouse Hotel PLC	
						Jetwing Symphony PLC	
						Unimo Enterprises Limited	
						U M L Heavy Equipment Limited	
						U M L Property Developments Limited	
						George Steuart and Company	
						Dutch Lanka Trailer Manufacturers Limited	
						Dutch Lanka Engineering (Pvt) Limited	
						Management Systems (Pvt) Limited	
						Secretarial Services (Pvt) Limited	
Mr. Chanaka Yatawara	-	-	-	6	6	Unimo Enterprises Limited	None
						U M L Heavy Equipment Limited	
						U M L Property Developments Limited	
						Dutch Lanka Trailer Manufacturers Limited	
						Dutch Lanka Engineering (Pvt) Limited	
						Wall Art (Pvt) Limited	
Ms. Hiroshini Fernando	1	2	-	12	15	R I L Property PLC	None
						Panasian Power PLC	
						DFCC Bank PLC	
						Padiyapelella Hydropower Limited	
						Unimo Enterprises Limited	
						U M L Heavy Equipment Limited	
						Powergen One (Pvt) Limited	
						Rajarata Sustainable Development (Pvt) Limited	
						PAP MHPL Solar (Pvt) Limited	
						PAP EGSS Solar (Pvt) Limited	
						PAP PTS Solar (Pvt) Limited	
						R-E-D Capital Asia (Pvt) Limited	
						PARKLAND Integrated Solutions (Pvt) Limited	
						Solar One Asia (Pvt) Limited	
						A & T Associates	
Ms. Coralie Pietersz	-	4	2	-	6	Bogala Graphite Lanka PLC	None
						Nations Trust Bank PLC	
						R I L Property PLC	
						Panasian Power PLC	
						Compass Advisory Services (Pvt) Limited	
						Tambapanni Academic Publishers (Pvt) Limited	
Mr. Thushara Jayasekara	-	-	-	3	3	Unimo Enterprises Limited	None
						U M L Heavy Equipment Limited	
						U M L Property Developments Limited	

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Name	No. of Board Seats in Listed Companies (Excluding UML)		No. of Board Seats in Unlisted Companies (Excluding UML)		Total number of Directorships	Company Name	Material business relationships of the Director or close family member with other Directors, the Company
	Executive	Non-Executive	Executive	Non-Executive			
Mr. Vish Govindasamy*	-	4	1	5	10	Sunshine Holdings PLC	None
						Watawala Plantations PLC	
						Softlogic Life Insurance PLC	
						Dialog Axiata PLC	
						Lanka Island Resorts Limited	
						Ceylon Business Development Limited	
						Lonach Dairy Limited	
						Sunshine Wilmar (Pvt) Limited	
						Saga Consultants (Pvt) Limited	
						Central Bank of Sri Lanka	
Mr. Arjuna Herath	-	4	-	8	12	Senkadagala Finance PLC	None
						Cargills Bank PLC	
						Watawala Plantations PLC	
						R I L Property PLC	
						Colombo Stock Exchange	
						CBL Investment Limited	
						Synapsys Limited	
						Lonach Dairy Limited	
						The Sri Lanka Institute of Directors	
						Durdans Medical and Surgical Hospital (Pvt) Limited	
						Central Depository Systems (Pvt) Limited	
						CSE Clear (Pvt) Limited	
Mr. Jonathan Alles	-	8	1	3	12	Singer (Sri Lanka) PLC	None
						The Kingsbury PLC	
						Alumex PLC	
						Hayleys PLC	
						Ceylon Beverage Holdings PLC	
						Lion Brewery Ceylon PLC	
						Vallibel One PLC	
						Singer Finance PLC	
						LAUGFS Holdings Limited	
						DHT Cement (Pvt) Limited	
						New Wave Consultants (Pvt) Limited	
						LBR Foundation	
Mr. Buddhika Singhage	-	-	-	1	1	U M L Heavy Equipment Limited	None

* Directorships held during the last three years include TAL Lanka Hotels PLC (ceased to be a Director w.e.f 30 November 2024).

Annexure 1 - Status of compliance with the Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance

Section	Principle	Details of Compliance	Compliance status
9.1 Corporate Governance Rules			
9.1.1 9.1.3	Compliance with Corporate Governance Rules	The extent of compliance with Corporate Governance Section 9 of the Listing Rules issued by CSE is tabulated below.	✓
9.2 Policies GRI 2-23, 24			
9.2.1	Availability of policies	The policies which are mandated by the CSE listing rules are currently in place. ■ Policy on matters relating to the Board of Directors ■ Policy on Board Committees ■ Policy on Corporate Governance, nominations, and re-election ■ Policy on remuneration ■ Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the entity's listed securities. ■ Policy on risk management and internal controls ■ Policy on relations with shareholders and investors ■ Policy on environmental, social and governance sustainability ■ Policy on control and management of company assets and shareholder investments ■ Policy on corporate disclosures ■ Policy on whistleblowing ■ Policy on anti-bribery and corruption Corporate website is updated as to the availability of the mandated policies.	✓
9.2.2	Waivers and exemptions	At present there are no waivers and exemptions applicable to the Company.	N/a
9.2.3	Disclosures in the Annual Report	Please refer Section 9.2.1.	✓
9.2.4	Requesting company policies by shareholders	No such requests received.	N/a
9.3 Board Committees			
9.3.1	Establishment of mandatory Board Committees	The Board has established five Committees including four mandatory Committees. Board Audit and Risk Committee performs Audit and Risk functions. Refer "Governance Structure" on page 45.	✓
9.3.2	Board composition, responsibilities, and disclosures	The composition of all Committees is in line with the CSE Listing Rules.	✓
9.3.3	Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees	The Chairman/Chairperson of Board Sub-Committees are not the Chairman of the Board.	✓

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Section	Principle	Details of Compliance	Compliance status
9.4 Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders			
9.4.1	Recording of the resolutions passed at the AGM	The Company Secretary maintains records of all resolutions and information (appointment of proxy, number of votes in favour and against and number of shares in respect of vote was directed to be abstained) of the Annual General Meeting.	✓
9.4.2	Communication and relation with shareholders and investors	Refer "Engagement with Shareholders" on page 54.	✓
9.5 Policy on matters relating to the Board of Directors			
9.5.1	Availability of policy on governing matters relating to Board of Directors	The requirements are currently captured in the Board Charter, several other policies and in the Articles of Association.	✓
9.5.2	Disclosures in the Annual Report	Refer 9.2.1.	✓
9.6 Chairperson			
9.6.1	Chairperson and CEO	The Chairman of the Company is an Independent Non-Executive Director, and the role of Chairman and CEO is segregated.	✓
9.6.2	Market announcement of non-compliances	Not applicable.	N/a
9.6.3	Appointment of Senior Independent Director (SID)	Not applicable since there is no SID.	N/a
9.6.4	Rationale for such appointment	Not applicable since there is no SID.	N/a
9.7 Fitness of Directors and CEO			
9.7.1	Appointment of fit and proper persons	Fit and proper assessment conducted covered the required criteria.	✓
9.7.2		Considered the fit and proper criteria for the new Director appointments.	✓
9.7.3	Fit and proper assessment criteria; a) Honesty, integrity, and reputation b) Competence and capability c) Financial soundness	All Directors meet the fit and proper criteria.	✓
9.7.4	Annual declarations from Directors and CEO	Annual declarations obtained from all Directors confirming fit and proper assessment criteria have been met.	✓
9.7.5	Disclosures in the Annual Report	Disclosures are made on page 170.	✓
9.8 Board Composition			
9.8.1	The Board of Directors of the Company, at a minimum, consists of five (5) Directors	The Board of Directors of the Company consists of nine Directors as of the year end.	✓
9.8.2	Minimum number of Independent Directors (Min:2 or 1/3 of total number, whichever is higher)	The Board has 5 Independent Directors as of the year end and meets required criteria.	✓

Section	Principle	Details of Compliance	Compliance status
9.8.3	Criteria for determining independence	Five out of six Non-Executive Directors meet the criteria as of year-end.	✓
9.8.5	Annual declaration of independence or non-independence of Directors	All Directors submitted their annual independence confirmations. Names of Directors determined to be 'Independent' is disclosed on page 56.	✓
9.9 Alternate Directors			
9.9	Appointment of alternate directors	No alternate directors appointed.	N/a
9.10 Disclosures relating to Directors			
9.10.1	Policy on the maximum number of directorships	As per the Board Charter, the maximum number of directorships Board members are permitted to hold is twenty.	✓
9.10.2	Market announcement for appointment of a new Director	Complied for all new appointments.	✓
9.10.3	Market announcement on changes to the composition of the Board and Board Committees	Market announcements were made as required by the rules.	✓
9.10.4	Disclosures in the Annual Report	Profiles of the Board of Directors are given on pages 28 to 32. Board attendance and Sub-Committee membership is given on page 56.	✓
9.11 Board Nomination and Governance Committee			
9.11.1	Availability of Nomination and Governance Committee	The Company has a Nomination and Governance Committee that conforms to the requirements set out in Rule 9.11.1.	✓
9.11.2	Appointment and re-election of Directors	Refer section on "Re-election of Directors".	✓
9.11.3	Terms of Reference	Refer report of the Board Nomination and Governance Committee on pages 167 to 170.	✓
9.11.4 (1)	Composition - Minimum of three (3) Directors, out of which a minimum of two (2) members shall be Independent Directors Not comprise of Executives Directors	Refer the Composition of the Nomination and Governance Committee given on pages 167 to 170. Meets the requirement.	✓
9.11.4 (2)	Composition – An Independent Director shall be appointed as the Chairperson of the Committee		
9.11.4 (3)	The Chairperson and the members of the Committee shall be identified in the Annual Report		
9.11.5	The functions of the Committee	Refer the report of the Board Nomination and Governance Committee on pages 167 to 170.	✓
9.11.6	Disclosures in the Annual Report		

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Section	Principle	Details of Compliance	Compliance status
9.12 Remuneration Committee			
9.12.2	Availability of Remuneration Committee	Refer Human Resources and Remuneration Committee Report on pages 164 to 166.	✓
9.12.3, 9.12.4	Remuneration Policy - Executive Directors/Non-Executive Directors		
9.12.5	Terms of Reference		
9.12.6 (1)	Composition-Minimum of three (3) Directors out of which minimum of two (2) members shall be Independent Directors Not comprise of Executive Directors	Meets the requirement.	✓
9.12.6 (2)	Independent Director shall be appointed as the Chairperson of the Committee		
9.12.7	The functions of the Remuneration Committee	Refer the Human Resources and Remuneration Committee Report on pages 164 to 166.	✓
9.12.8	Disclosures in the Annual Report	Refer the Human Resources and Remuneration Committee Report on pages 164 to 166.	✓
9.13 Audit Committee			
9.13.1	Audit and risk functions	The audit and risk functions are carried out by the Board Audit and Risk Committee.	✓
9.13.2	Terms of Reference	The Board Audit and Risk Committee has written Terms of Reference clearly defining its scope, authority, and duties. Refer report of the Board Audit and Risk Committee on pages 160 to 163.	✓
9.13.3 (1)	Composition - A minimum of three (3) Directors, out of which a minimum of two (2) or a majority of the members, whichever is higher, shall be Independent. Not comprise of Executive Directors	Board Audit and Risk Committee meets the requirements.	✓
9.13.3 (2)	The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors	Majority of the Committee members in attendance are independent.	✓
9.13.3 (3)	The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market	Board Audit and Risk Committee meets the requirements.	✓

Section	Principle	Details of Compliance	Compliance status
9.13.3 (4)	Independent Director shall be appointed as the Chairperson of the Committee	Independent Director acts as the Chairperson of the Committee.	✓
9.13.3 (5)	The CEO and the CFO shall attend the Audit Committee meetings by invitation	CEO and Executive Director-Finance attend meetings by invitation.	✓
9.13.3 (6)	The Chairperson of the Audit Committee shall be a member of a recognized professional accounting body	Chairperson of the Audit and Risk Committee is a member of recognized professional accounting bodies.	✓
9.13.4	The functions of the Audit Committee	Refer the report of the Board Audit and Risk Committee on pages 160 to 163.	✓
9.13.5	Disclosures in the Annual Report		
9.14	**Related Party Transactions Review Committee** GRI 2-15		
9.14.1	Availability of Related Party Transactions Review Committee	Related Party Transactions Review Committee of the Company conforms to the requirements of Section 9.14.1.	✓
9.14.2	Composition - A minimum of three (3) Directors, out of which two (2) members shall be Independent Directors. Committee may also include Executive Directors. An Independent Director shall be appointed as the Chairperson of the Committee	Meets the specified requirement.	✓
9.14.3	Functions of the Related Party Transactions Review Committee	Refer the report of the Related Party Transactions Review Committee on pages 171 to 173.	✓
9.14.4 (1)	The Committee shall meet at least once a calendar quarter	Meets the requirement.	✓
9.14.4 (2)	The Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed related party transactions	Refer the report of the Related Party Transactions Review Committee on pages 171 to 173.	✓
9.14.4 (3)	Approval of related party transactions by Board of Directors	No such requirement arisen.	
9.14.4 (4)	Approving transactions with conflict of interest	Refrain from decision-making.	
9.14.5	Review of related party transactions by the Related Party Transactions Review Committee	The Committee reviews all related party transactions.	
9.14.6	Shareholder approval	There were no RPTs during the year which required Shareholder approval as set out in Section 9.14.6.	✓

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Section	Principle	Details of Compliance	Compliance status
9.14.7	Immediate disclosure	There were no RPTs during the year which required immediate market announcement as set out in Section 9.14.7.	✓
9.14.8 (1)	Related party disclosures Non-recurrent RPT exceeding 10% of the equity or 5% of the total assets, whichever is lower (in the specified format)	Refer Note 40 to the Financial Statements on "Related Party Disclosures".	✓
9.14.8 (2)	Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format)	Refer Note 40 to the Financial Statements on "Related Party Disclosures."	✓
9.14.8 (3)	Related Party Transactions Review Committee Report Names of the Directors comprising the Committee Statement that Committee has reviewed RPTs and communicated comments/observations to the Board.	Refer the report of the Related Party Transactions Review Committee on pages 171 to 173.	✓
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with related party transactions rules or negative statement to that effect.	Refer to the Annual Report of the Board of Directors.	✓
9.14.9	Acquisition and disposal of assets from/to related parties	During the year, there was no acquisition/disposal of substantial assets from/to related parties.	N/a
9.14.10	Exempted related party transactions	The provisions of the sections are considered when evaluating the related party transactions by the Committee.	✓
9.16 Additional Disclosures			
9.16	(i) Declaration of all material interests in contracts (ii) Review of internal controls and compliance and risk management by the Board (iii) Compliance with the applicable laws, rules, and regulations (iv) Material non-compliances with laws and regulations	Refer to the Annual Report of the Board of Directors.	✓

Annexure 2 – Compliance with the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (2023)

Code ref.	Compliance and implementation	Compliance status
Section 1- The Company		
A	**Directors**	
A.1	The Board	
	Refer to the section titled "Board of Directors" in this report.	✓
A.1.1	Regular meetings	
	The Board meets at least once every two months, while each Sub-Committee follows its own meeting schedule as outlined in the respective Committee reports. The frequency of Board meetings, together with the structure and process for submitting information, has been agreed upon and formally documented by the Board. A summary of meeting attendance is provided on page 56. Information required to be reported to the Board under this Section is reported on a regular basis.	✓
A.1.2	Role and responsibilities of the Board	
	Refer to the section titled "Role of Board" in this report.	✓
A.1.3	Act in accordance with laws and seek independent professional advice	
	The Board has an approved working procedure in place to ensure compliance with the relevant laws, guidelines, and best practices governing the operations of the Company. This includes provisions for any Director to obtain independent professional advice, when necessary, through the coordination of the Company Secretary.	✓
A.1.4	Access to advice and services of Company Secretary	
	All Directors have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary, being a Key Management Position, is a matter for the full Board upon the recommendation of the Board Nomination and Governance Committee. The Company has also obtained appropriate insurance cover for the Board of Directors.	✓
A.1.5	Independent judgement	
	Refer to the section titled "Board of Directors" in this report.	✓
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	
	Refer to the section titled "Board process" in this report.	✓
A.1.7	If necessary, in the best interest of the Company, one-third of the Directors can call for a resolution to be presented to the Board.	N/A
A.1.8	Induction and training of Directors	
	Refer to the section titled "Appointments, resignations and retirement of Directors" in this report.	✓

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Code ref.	Compliance and implementation	Compliance status
A.2	Chairman and Chief Executive Officer	
	The roles of Chairman and CEO are separated, in line with best practices, to ensure an appropriate balance of power and authority. Please refer to the section titled "Role of Chairman and Chief Executive Officer" in this report.	✓
A.3	Chairman's role	
	Refer to the section titled "Role of Chairman and Chief Executive Officer" in this report.	✓
A.4	Financial acumen	
	As of 31 March 2026, five senior Chartered/Chartered Management Accountants on the Board possess the requisite knowledge and expertise to provide guidance and advice on financial matters.	✓
A.5 A.5.1-A.5.10	Board balance	
	The Board comprises six Non-Executive Directors and three Executive Directors, thereby maintaining an appropriate balance within the Board. Of the six Non-Executive Directors, five were Independent Non-Executive Directors as at the year end, in accordance with the criteria set out in the Code. Please refer to the section titled "Board Independence" in this report. There were no Alternate Directors appointed to represent the Directors of the Company or the Senior Independent Directors. One meeting was held exclusively with the participation of the Non-Executive Directors.	✓
A.6	Supply of information	
	Refer to the section titled "Board process" in this report.	✓
A.7	Appointments to the Board; Nomination and Governance Committee	
	Refer to the section titled "Appointments, resignations and retirements of Directors" and "Nomination and Governance Committee Report".	✓
A.8	Re-election and resignation	
	Refer to the section titled "Re-election of Directors" in this report. Refer to the section titled "Appointments, resignations and retirements of Directors" of this report for resignation.	✓
A.9	Appraisal of Board performance	
	Refer to the section titled "Performance evaluation of Board and CEO" in this report.	✓
A.10	Disclosure of information in respect of Directors	
	Refer Board Profiles.	✓
A.11	Appraisal of Chief Executive Officer	
	Refer to the section titled "Performance evaluation of Board and CEO" in this report.	✓

Code ref.	Compliance and implementation	Compliance status
B	**Directors' remuneration**	
B.1	Remuneration procedure	
	Refer to the section titled "Directors' remuneration" in this report.	✓
B.2	Human Resources and Remuneration Committee	
	Refer Human Resources and Remuneration Committee Report.	✓
B.3	Disclosure of remuneration	
	Details of remuneration of the Executive and Non-Executive Directors – Refer Note 12 to the Financial Statements. Compensation to Senior Management Personnel reporting directly to the CEO – Refer Note 40.3 to the Financial Statements.	✓
C	**Relations with shareholders**	
C.1	Constructive use of the AGM and conduct of other General Meetings	
	A summary of the procedures governing voting at General Meetings is included under "Engagement with Shareholders" section of this report.	✓
C.2	Communication with shareholders	
	Refer to the section titled "Engagement with Shareholders" in this report. Annual report back cover states the contact details of Company Secretary for communication.	✓
C.3	Disclosure of major and material transactions	
	There were no transactions which would materially alter the Company's or Group's net assets nor any major related party transactions apart from those disclosed in Note 40 to the Financial Statements.	✓
D	**Accountability and audit**	
D.1	Financial and business reporting	
	All efforts are taken to ensure that the Annual Report presents a balanced review of the Company's financial position, performance, business model, governance, structure, risk management, internal controls, and challenges, opportunities and prospects combining narrative and visual elements to facilitate readability and comprehension. Due care has been exercised to ensure that all statutory requirements are complied with in the Annual Report and the issue of interim communications on financial performance which are reviewed by the Board Audit and Risk Committee and recommended prior to publication. The following reports include disclosures as required by the Code: ■ Operational Review and Capital Management - Refer pages 110 to 158. ■ Annual Report of the Board of Directors - Refer pages 178 to 186. ■ Statement of Directors' Responsibility - Refer page 189. ■ Directors' Statement on Internal Controls - Refer pages 176 and 177. ■ Chief Executive Officer's and Chief Financial Officer's Statement of Responsibility on page 190. ■ Independent Auditors' Report on pages 191 to 193. ■ Related party transactions are disclosed in Note 40 to the Financial Statements.	✓

HOW WE GOVERN

Code ref.	Compliance and implementation	Compliance status
D.2	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets	
	The Board Audit and Risk Committee supports the Board in the discharge of its responsibilities relating to risk management and internal control, with assistance from the Internal Audit Division. Its responsibilities are outlined in the Board Audit and Risk Committee Report, while details of the Company's approach to risk management are set out in the "Risk Management" report on pages 99 to 108. Refer Directors' Statement on Internal Controls on pages 176 and 177.	✓
D.3	Audit Committee	
	Refer Board Audit and Risk Committee Report on pages 160 to 163 for composition, terms of reference, and the activities carried out by the Committee.	✓
D.4	Risk Committee	
	Audit and risk functions are combined under the Board Audit and Risk Committee. No separate Risk Committee as mentioned in D.2 above.	N/a
D.5	Related Party Transactions Review Committee	
	Refer Related Party Transactions Review Committee Report on pages 171 to 173 for composition, terms of reference, and the activities carried out by the Committee.	✓
D.6	Code of Business Conduct and Ethics	
	Refer to the section titled "Code of Business Conduct and Ethics" in this report.	✓
D.7	Corporate governance disclosures	
	Corporate Governance Report from pages 44 to 69 complies with the disclosure requirements of the Code.	✓
Section 11- Shareholders		
E and F	Institutional and other investors	
	Refer to the section titled "Engagement with Shareholders" in this report.	✓

Code ref.	Compliance and implementation	Compliance status
Section 111- Other matters		
G	**Internet of things and cyber security**	
	Refer to the section titled "Information Technology (IT) Governance" on pages 54 and 55.	✓
H	**Sustainability: ESG risks and opportunities**	
	We continue to align our processes with the requirements of SLFRS S1 and S2 issued by the Institute of Chartered Accountants of Sri Lanka and have complied with the current year requirements and intends to fulfill transitional reliefs within the given timeframe. Refer Sustainability Related Financial Disclosures on pages 82 to 98. Refer Operational Review and Capital Management on pages 110 to 158. How we Govern on pages 44 to 69.	✓
I	**Establishment and maintenance of policies**	
I.1	Policies relating to governance are maintained by the Company and are hosted on the website. A list of such policies is given below; ■ Matters relating to the Board of Directors ■ Board Committees ■ Corporate Governance, nominations, and re-election ■ Remuneration ■ Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Company's listed securities ■ Risk management and internal controls ■ Relations with shareholders and investors ■ Environmental, Social and Governance sustainability ■ Control and management of company assets and shareholder investments ■ Corporate disclosures ■ Whistleblowing ■ Anti-bribery and corruption	✓
I.2	The Company has established and maintained a formal policy governing matters relating to the Board of Directors. This policy, inter alia, addresses key aspects such as Board composition and balance, diversity, frequency of meetings, the maximum number of directors, and the expected level of attendance by Directors.	✓



Our endurance knows
no bounds

VISION

To be the best Company in Sri Lanka through diversification while maintaining the leadership position in the transport industry.

MISSION

To delight and make lifelong relationships with our customers by providing high quality products, services and transport solutions using state-of-the-art technology and developing a team of people who are committed to excellence with the highest level of integrity through a corporate culture that encourages participative management to create a socially responsible corporate entity, whilst ensuring optimum returns to shareholders.



VALUE CREATION

Our value-creation model is the roadmap that translates UML's Vision and Mission into tangible outcomes. It draws on six inter-dependent capitals financial, human, intellectual, natural, social, and manufactured. These are channeled through disciplined strategy execution, a rigorous Corporate Governance framework, and proactive risk management.

By integrating sustainability and ethics at every decision point, we convert these capitals into products, services, and relationships that benefit shareholders and the wider stakeholder community.

Continuous monitoring, transparent reporting, and a continuous improvement cycle keep the model agile, ensuring we adapt to shifting market dynamics while safeguarding long-term economic, social, and environmental value.

VALUE CREATION MODEL

The Group's value creation model graphically illustrates how UML draws upon diverse resources and stakeholder relationships (defined as six capitals) to deliver its strategic ambitions and create long-term value. It showcases how these inputs are transformed through governance structures, strategic implementation, operational activities and processes to create value for shareholders, employees, customers, and the wider community, while advancing environmental and social outcomes.

INPUTS

Financial Capital

- Shareholders' funds: **LKR 17,571 Mn**
- Borrowings: **LKR 7,501 Mn**

Manufactured Capital

Property, plant and equipment of **LKR 11,363 Mn** including

- Strategically located prime property housing the Head Office, main showroom
- Manufacturing facility for trailer manufacturing
- **15** network of branches and **13** workshops

Human Capital

- Highly skilled workforce of **1,350** employees
- Experienced leadership team
- Organisational culture

Social and Relationship Capital

- **3,150** + strong dealer network
- Long-standing relationships with principals
- Customer relationships
- Community relationships

Intellectual Capital

- Brand equity and reputation
- Systems, processes and digital platforms
- Innovation, product knowledge and market insights

Natural Capital

- **22,824 GJ** of energy consumption
- **68,089 m³** of water consumption

VALUE TRANSFORMATION

What we do

We are a leading automobile importer and retailer in Sri Lanka, offering a diverse, multi-brand, and multi-vehicle portfolio that caters to a wide spectrum of customer mobility needs.



Global sourcing and partnerships

We partner with leading automobile brands to import a diverse portfolio of vehicles and machinery, ensuring access internationally benchmarked products and standards

Sales and distribution

Offer a multi-brand, multi-vehicle portfolio tailored to diverse customer needs

After-sales and lifecycle support

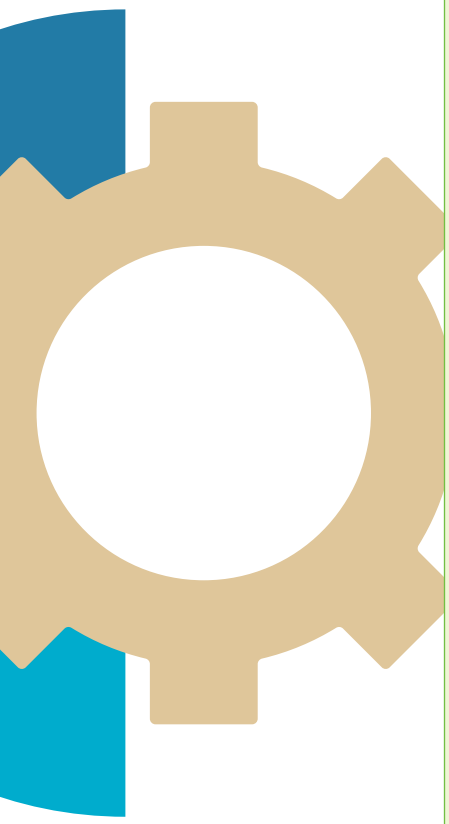
Provide comprehensive maintenance, repairs, and genuine spare parts

Manufacture and export of port and road trailers

Manufacturer of trailers, terminal applications, refurbishment of trailers

Strategic Priorities

1. Core business growth
2. Diversification and new growth
3. People management



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Property development

OUTPUTS

	Vehicles and machinery delivered
	Trailers manufactured
	After-sales service delivered
	Spare parts distributed
	Emissions generated
	Waste generated

STAKEHOLDER OUTCOMES

Shareholder

- Profit after tax of **LKR 3,611 Mn**
- Dividend payments of **LKR 656 Mn**
- ROE **21%**

Customers

- Access to a diverse portfolio of high-quality, dependable product solutions
- Convenience and island-wide accessibility
- Ongoing after-sales support

Employees

- Payments to employees of **LKR 3,136 Mn**
- Opportunities for career and skill development
- Employee engagement and well-being

Principals

- Expanded market presence
- Sustainable sales growth
- Reliability in distribution
- Customer intelligence

Country and community

- Import duties paid: **LKR 26,647 Mn**
- Other taxes: **LKR 2,128 Mn**
- Facilitating connectivity
- CSR Investment: **LKR 14.3 Mn**

STAKEHOLDER ENGAGEMENT

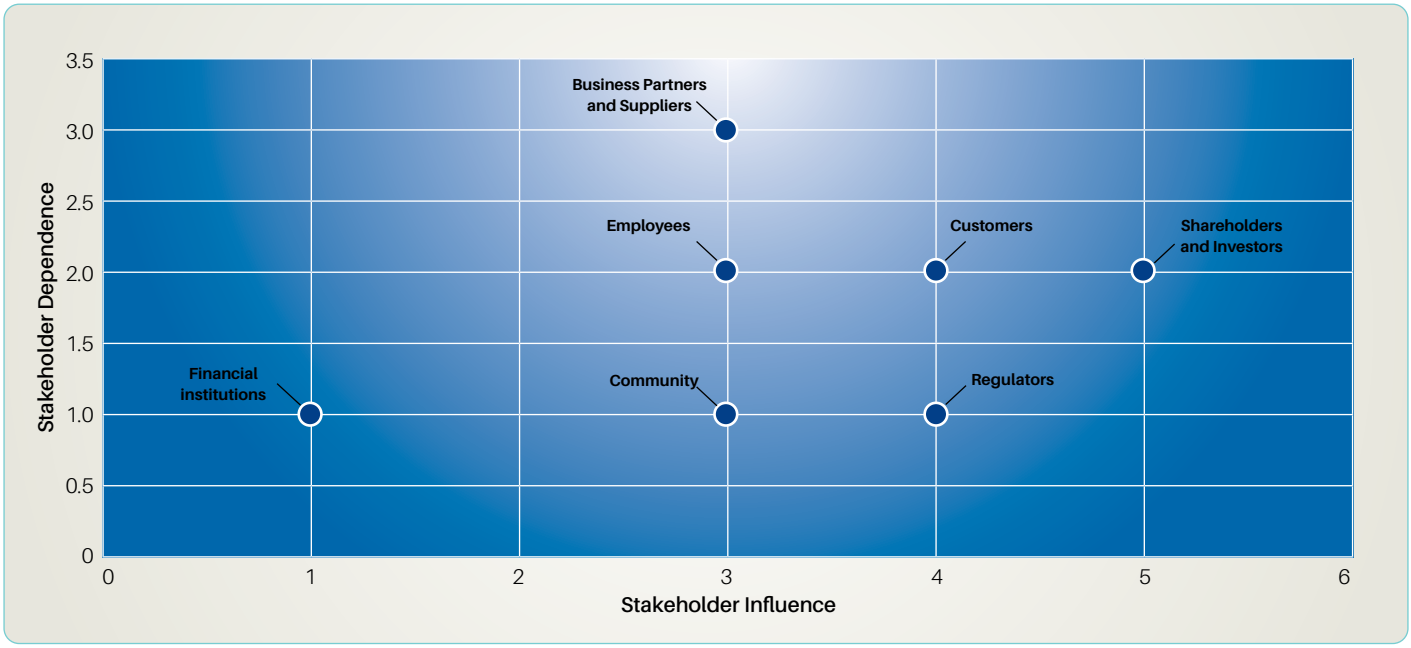
GRI 2-29

We recognise that open and meaningful stakeholder engagement is vital in ensuring responsible business practices and the resilience of our business. We actively engage with stakeholders to identify material topics, and these learnings are a critical input to strategy, resource allocation and reporting, thereby ensuring that our activities and disclosures are aligned with the expectations of our diverse stakeholders. During the year under review, the Group undertook a structured process to identify its key stakeholders and determine the material matters relevant to its operations. The process adopted is graphically illustrated below:

Stakeholder identification	Prioritisation	Conducting engagement	Identification and ranking of material topics
A representative samples of stakeholders were identified, including employees, shareholders and customers.	Stakeholders were prioritised based on their level of influence on the organisation and their degree of dependence on the organisation's operations.	Engagement was carried out through a structured questionnaire, encompassing economic, social, environmental and governance considerations.	Material topics identified through stakeholder engagement were ranked based on organisational and stakeholder impact.

Stakeholder prioritisation: Stakeholders were prioritised based on an assessment of both their level of influence on the Group and their degree of dependence on its operations. In evaluating influence, consideration was given to factors such as the stakeholder's impact on the Group's social licence to operate, their ability to affect the Group's reputation, and their potential to influence access to capital and investment flows. In parallel, the extent of stakeholder dependence was assessed across dimensions including direct and indirect financial reliance, as well as the degree to which stakeholders are linked to the Group's value chain and long-term sustainability. This dual perspective enabled the Group to identify and prioritise those stakeholders most critical to its continued stability and growth.

The stakeholder mapping is graphically illustrated below:



Integrating stakeholder feedback: Insights derived from stakeholder engagement are systematically integrated into the Group's strategic and operational decision-making processes. These inputs inform the formulation of strategy, guiding key decisions relating to portfolio direction, capital allocation and target setting, while also shaping day-to-day operational interventions across the business.

Results of Stakeholder Engagement 2025/26

	Shareholders/Investors	Employees	Customers	Principals/suppliers	Communities
Engagement method and frequency	■ Annual General Meeting ■ Results updates released to the CSE (quarterly) ■ Press releases through the CSE (ongoing) ■ Engagement with investment analysts, stockbrokers and media (ongoing) ■ Website and online platforms (ongoing)	■ Performance appraisals (annual) ■ Staff meetings (ongoing) ■ Recreational activities (ongoing) ■ Digital engagement (ongoing) ■ Satisfaction surveys (periodic) ■ Open-door policy and grievance mechanisms	■ Customer satisfaction surveys (ongoing) ■ Face to face engagement with front-line staff (ongoing) ■ Engagement at trade fairs and motor shows (periodic) ■ Print, electronic media and social media platforms (periodic)	■ Supplier reviews and assessments (periodic) ■ Direct engagement with principals (ongoing) ■ Principal conventions (ongoing)	■ Press releases and other publications when required ■ Meetings with community representatives when required ■ Meetings with beneficiaries of CSR initiatives
Key stakeholder interests identified	■ Consistent returns commensurate with the risk undertaken ■ Effective implementation of strategy to ensure long-term resilience ■ Effective corporate governance and risk management practices ■ Preservation of corporate reputation and brand ■ Sustainable and responsible business practices	■ Equitable and competitive remuneration practices ■ Conducive, performance-oriented culture ■ Opportunities for skill and career development ■ Succession planning across key positions ■ Work-life balance	■ Quality, reliability, safety and performance of vehicles ■ Competitive pricing and value for money ■ Availability of range of solutions ■ Availability of spare parts and consistency of after-sales service ■ Responsiveness and reach of service and maintenance networks	■ Achievement of agreed sales volumes and market share targets ■ Alignment with global brand standards and operating guidelines ■ Market positioning and customer experience delivery ■ Capability in after-sales service and technical support infrastructure	■ Meaningful and strategic CSR interventions ■ Employment generation ■ Minimisation of adverse social and environmental impacts
Connectivity to materiality	■ Economic performance	■ Talent attraction and retention, labour practices, talent development, occupational health and safety	■ Customer experience, customer satisfaction, complaint management, responsible marketing, product safety and performance	■ Principal relationships and collaboration, supplier social and environmental assessment	■ Community development and engagement
Strategic link	■ Core business growth, diversification and new growth, property development	■ People development	■ Core business growth	■ Core business growth, diversification and new growth	-

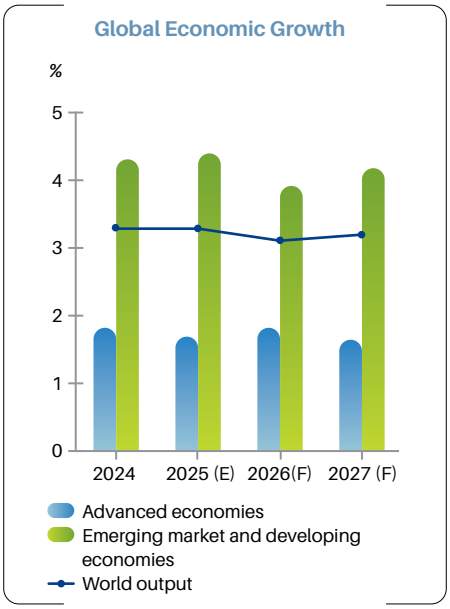
OPERATING ENVIRONMENT

The Group's operating landscape during the year was shaped by a combination of external market dynamics and the Group's internal strategic responses, each of which influenced performance across its business segments. From an external perspective, the gradual normalisation of macroeconomic conditions, together with the reopening of the automotive market following the easing of import restrictions, created a more conducive environment for growth. The PESTEL analysis below illustrates the external factors shaping the Group's operating environment during the year.



Macro-economic developments

Global economy: The global economy remained relatively resilient in 2025, with the International Monetary Fund estimating overall growth at 3.3%. Advanced economies recorded growth of 1.7%, supported by stable labour markets and a gradual easing of financial conditions, while emerging and developing economies outpaced this with growth of 4.4%, driven by stronger domestic demand and improving external balances. Although trade policy uncertainty and geoeconomic tensions intensified during the early part of the year, global trade rebounded more strongly than expected. Monetary policy continued to support overall stability, as major central banks balanced efforts to contain inflation with the need to sustain economic activity.



Global economic activity is now facing a significant test following the outbreak of war in the Middle East, adding to an already uncertain environment. Against this backdrop, growth is projected to moderate to around 3.1% in 2026 before stabilising in 2027, while inflation is expected to rise modestly in the near term before resuming its downward trend. Risks to the outlook remain skewed to the downside, particularly from the potential escalation of geopolitical tensions, renewed trade disruptions and underlying structural vulnerabilities such as elevated public debt. While some upside may arise from improved productivity or easing trade conditions, the overall outlook underscores the need for policy stability, adaptability and continued international cooperation.

Domestic economy: Sri Lanka's macroeconomic environment showed continued signs of stabilisation in

2025, supported by a stronger political mandate and policy continuity under the International Monetary Fund Extended Fund Facility programme. Ongoing fiscal and tax reforms, enhanced governance and anti-corruption measures, together with broader structural adjustments aimed at improving productivity and competitiveness, contributed to strengthening investor confidence. As a result, the country's Gross Domestic Product (GDP) grew by 5% year-on-year in 2025, driven by a sustained recovery in the industrial sector (+7.8%) and continued expansion in services (+3.3%), indicating a gradual transition towards a more resilient economic framework.

Interest rates: Sri Lanka's monetary policy stance remained accommodative, supported by inflation remaining below the targeted range. In May 2025, the Central Bank of Sri Lanka reduced policy rates by a further 25 basis points, bringing the Overnight Policy Rate (OPR) to 7.75%. In line with this easing cycle, market interest rates continued to decline as illustrated alongside. At the same time, lower average lending rates and stronger liquidity in the system supported a notable acceleration in private sector credit growth, which reached 24.8% during the year under review.

Inflation: Headline inflation, as measured by the National Consumer Price Index (NCPI), turned positive in May 2025 at 0.6% (year-on-year), largely reflecting base effects following a period of deflation that had persisted since September 2024. Inflationary pressures began to emerge towards the latter part of the financial year, primarily due to escalating global geopolitical tensions which disrupted supply chains and contributed to an increase in fuel prices and related costs. Accordingly, NCPI reached 2.4% (year-on-year) by March 2025, while the annual average inflation stood at 1.5%.

External sector: The country's external sector strengthened further during the year, with the current account recording a surplus of USD 1.7 Bn by December 2025. However, the merchandise trade deficit widened, as import growth of 14% outpaced the 6.3% increase in exports. Notably, vehicle imports recorded a sharp increase following the easing of restrictions, accounting for 7.5% of total imports during the year. External buffers also improved, with gross official reserves reaching USD 7 Bn as at end-March 2026, inclusive of the swap facility with the People's Bank of China, while the Central Bank of Sri Lanka remained a net purchaser of foreign exchange. Exchange rate movements remained broadly stable, with the Sri Lankan Rupee appreciating marginally by 0.2% against the US Dollar on a year-to-date basis as at end-March 2026.



Outlook: Renewed geopolitical tensions following the outbreak of conflict in the Middle East present a material risk to global economic stability, with potential impacts largely dependent on the scale and duration of the crisis. Early developments have already led to disruptions in key shipping routes, supply chains and global energy markets, contributing to increased volatility in commodity prices and heightened uncertainty. These conditions could weaken global growth through tighter financial conditions, reduced trade flows and lower investor and consumer confidence.

For Sri Lanka, the implications are particularly significant given its structural dependencies. A sustained increase in global oil and gas prices could elevate the fuel import bill, while a rise in global fertiliser prices could increase agricultural input costs, with potential spillover effects on domestic food prices. The outlook for worker remittances from the Gulf region may also come under pressure if economic conditions in host countries weaken, while export performance could be affected by slower global demand and supply chain disruptions. While subdued domestic demand may partially offset inflationary pressures, the overall impact would depend on the persistence and intensity of these external developments.

Automobile industry

Global dynamics: Global automotive markets demonstrated continued recovery in 2025, although growth momentum varied across regions. Worldwide vehicle registrations increased by 3.5% to 77.6 million units, supported primarily by strong growth in China, where registrations rose

OPERATING ENVIRONMENT

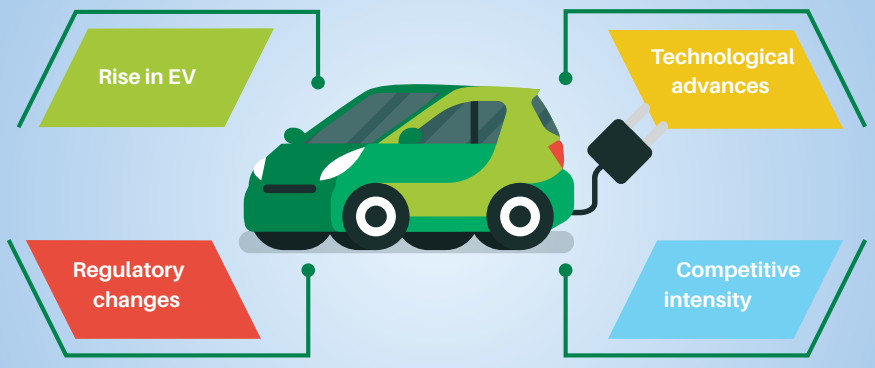
by 5.5% amid scrappage incentives and supportive policies for new energy vehicles. North America recorded more modest growth of 1%, reflecting a comparatively uncertain economic environment, while Europe achieved a gradual recovery with registrations increasing by 1.4% following a subdued start to the year.

Global vehicle production also expanded by 4.2% to 78.7 million units, with Asia maintaining its dominant position, accounting for 62.1% of total output. The European Union contributed 14.6% of global production, though output remained relatively constrained by elevated energy costs and tariff-related pressures. In contrast, China recorded a substantial 10.4% increase in production, driven by strong policy support, expanding domestic demand and growing export volumes.

Key trends shaping the global automotive industry

The industry's transition towards electric vehicles remained a defining trend, with EV adoption continuing to expand, driven by regulatory support, evolving consumer preferences and technological advancements

Rapid technological innovations, particularly in autonomous driving and connectivity



Evolving regulatory frameworks focused on emissions reduction and sustainability continued to accelerate the automotive industry's transition towards cleaner mobility solutions

The automotive industry is characterised by global economic pressures, intensifying competition, particularly from Chinese manufacturers, and increasing strategic recalibration among major OEMs.

Local automotive market

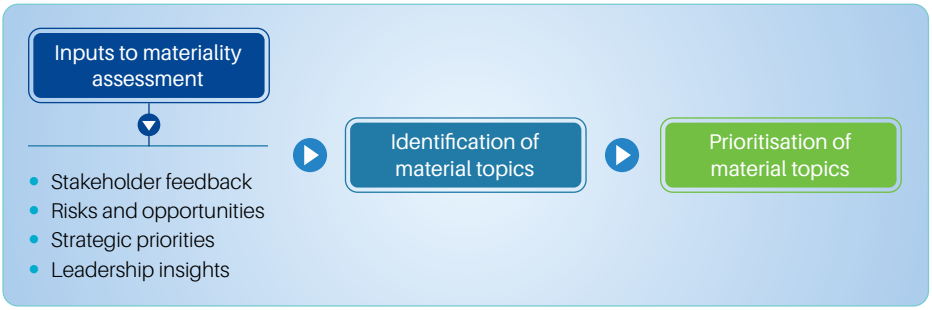
The domestic automotive industry experienced a significant resurgence in 2025, marking the first full year of operations following the easing of vehicle import restrictions that had constrained the market for nearly five years. This reopening drove a sharp increase in new four wheel vehicle registrations, which rose to 113,252 units during the year 2025/26, bringing overall market activity close to pre-crisis levels. The renewed market environment also saw a notable rise in competitive intensity, with numerous new entrants entering the sector and expanding the range of available brands and products, particularly through a substantial influx of Chinese electric vehicles. Meanwhile, customer expectations continued to evolve, with greater emphasis on product sophistication, technology and value. Despite the recovery in volumes, vehicle prices remained significantly above pre-crisis levels, reflecting the combined impact of exchange rate movements, revised tax structures and broader cost pressures.

Meanwhile, during the year revised Loan-to-Value (LTV) regulations influenced vehicle financing dynamics across key segments of the market. Effective from July 2025, maximum LTV ratios for unregistered motor cars, SUVs and vans were increased from 50% to 60% improving affordability within these categories. Conversely, the preferential 90% LTV cap previously applicable to electric vehicles was removed, with EVs being aligned with the standard 60% threshold for passenger vehicles, thereby tightening credit access for this segment. Collectively, these changes reshaped consumer purchasing power across vehicle classes, influencing demand patterns while balancing broader financial system stability considerations.

MATERIALITY

Determining Material Matters GRI 3-1

During the year under review, the Group undertook a formal materiality assessment for the first time, building on the outcomes of its structured stakeholder engagement process. The Group adopts a double materiality approach in its assessment, considering both the impact of external environmental and social factors on its financial performance, as well as the impact of its operations on the economy, society and environment. In addition to stakeholder inputs, the assessment also incorporated the Group's strategic aspirations, as well as emerging risks and opportunities within the automotive industry.



Results of the materiality assessment 2025/26

The material topics identified through this process are set out below, representing those matters considered significant from both a financial materiality and impact materiality perspective. For improved clarity and coherence, these topics have been grouped into broader thematic areas. They have informed the selection of relevant GRI disclosures and other reporting elements within this Report and, wherever applicable, clear linkages have been established to these material matters throughout the narrative to ensure alignment and consistency.

GRI 3-2

Materiality theme	Material topic	Relevant GRI Standards
Economic and geopolitical factors	Government policies	
	Foreign exchange volatility	
	Economic performance	GRI 201: Economic performance
Ethical conduct and compliance	Regulatory compliance	GRI 2-27
	Ethical conduct	GRI 205: Anti-corruption
Customer experience and satisfaction	Customer experience	-
	Customer satisfaction	-
	Product safety and performance	GRI 416: Customer health and safety
	Data security	GRI 418: Customer privacy
	Complaint management	-
	Responsible marketing	GRI 417: Marketing and labelling
	Digitalisation and transformation	-
Fostering inclusive employee relations	Labour practices	GRI 405: Diversity and equal opportunity GRI 407: Freedom of association and collective bargaining GRI 408: Child labour GRI 409: Forced or compulsory labour
	Talent attraction and engagement	GRI 401: Employment
	Talent development	GRI 404: Training and development
	Occupational health and safety	GRI 403: Occupational health and safety
Partnerships and collaborations	Principal relationships and collaboration	-
	Community development and engagement	GRI 413: Local communities
Climate action	Energy management	GRI 302: Energy
	GHG emissions	GRI 305: Emissions
	Water and effluents management	GRI 303: Water and effluents
	Waste management	GRI 306: Waste

STRATEGY AND RESOURCE ALLOCATION

During the year, the Group operated within a defined strategic framework built around four key pillars designed to strengthen the resilience of the business while reducing exposure to external factors beyond its control. These pillars guided both strategic direction and resource allocation and influenced decisions across portfolio composition, capital deployment and operational priorities. In an environment characterised by policy sensitivity and market volatility, this structured approach enabled the Group to progressively rebalance its business model towards more stable and sustainable revenue streams. The progress made against the key strategic pillars is summarised below:



Strategic Pillar 1
Core business growth

Drive portfolio optimisation and achieve market leadership in the current automobile and related operations

Resource allocation
- Sales and marketing expenditure: **LKR 1,089 Mn** (Financial Capital)
- Strength of sales team: **793** (Human Capital)
- Culture of service excellence (Intellectual Capital)

Monitoring progress
- Revenue from vehicle sales: **LKR 39,337 Mn (+1,905%)**
- Volume growth: **851%**

Progress achieved in 2025/26
- Strategic portfolio expansion to bridge identified gaps within both the Mitsubishi and Perodua range
- Launch of a new range-extended electric vehicle under the Forthing brand
- Expansion of equipment and machinery segment with the introduction of the comprehensive BULL range and LiuGong EV machinery segment
- Enhance sales orientation and service excellence through ongoing training

Strategic Pillar 2
Diversification and new growth

Diversification of earnings profile through strategic expansion in new business lines

Resource allocation
- Manufacturing infrastructure: **LKR 742 Mn** (Manufactured Capital)
- Technical excellence (Intellectual Capital)
- Strong international relationships (S and R Capital)

Monitoring progress
- Revenue from trailer segment: **LKR 4,592 Mn (+67%)**
- Contribution to total Revenue: **9%**
- Volume growth: **58%**

Progress achieved in 2025/26
- Dutch Lanka Trailers delivered a year of record performance supported by robust local and international demand
- Achieved record high production volumes
- Strategic emphasis on product reengineering and cost optimisation
- Continued focus on leveraging best-in-class technical capabilities to maintain consistent product quality

Strategic Pillar 3
People development

Attract, engage, empower and retain the talent pool

Resource allocation
- Payments to employees: **LKR 3,136 Mn**
- Investment in training and development: **LKR 16.7 Mn**

Monitoring progress
- Retention rate: **72.88%**
- Average training hours: **20**

Progress achieved in 2025/26
- Strengthening leadership pipeline through strategic succession planning
- Ongoing focus on capability development
- Aligned remuneration to market levels through a salary benchmarking exercise
- Strengthen performance management system with increased focus on performance-based incentives

Strategic Pillar 4
Property development

Within the property development pillar, the Group continues to explore a long-term pathway to unlock the inherent value of its strategically located real estate assets in a premium urban setting. The Group is actively evaluating opportunities through feasibility and market assessments, with a view to identifying commercially viable concepts aligned with evolving demand. This includes engaging with potential strategic partners where appropriate and progressively refining development options. Any execution will be approached in a phased and disciplined manner, ensuring that value realisation is optimised over time while remaining aligned with broader strategic objectives.

GRI 2-22

APPROACH TO SUSTAINABILITY

Interventions in 2025/26

- Establishment of an ESG Committee
- Strengthened internal sustainability capabilities
- Adopted the GRI Standards, SASB Standards and SLFRS S1 and S2 Standards

The Group has long remained conscious of the social and environmental impacts arising from its operations and business activities. Building on this foundation, the Company is now embarking on a more structured and strategic journey towards embedding environmental, social and governance (ESG) considerations into the way it operates, grows and creates long-term value. During the year under review, significant progress was made in strengthening sustainability-related data collection processes, improving visibility over key impact areas and identifying priority areas for future improvement and action.

Governance of Sustainability

ESG oversight is provided at Board level, ensuring governance and strategic direction on sustainability-related matters across the organisation. At management level, the ESG Committee is responsible for coordinating and implementing sustainability initiatives, while ESG considerations are increasingly being integrated into operational practices, resource management, infrastructure improvements, risk management processes and broader strategic and operational planning discussions. Going forward, the Group intends to formulate a more structured ESG framework, clearly defining targets, priorities and action plans across key environmental, social and governance focus areas. The Group also intends to strengthen monitoring and reporting mechanisms to support the effective tracking of progress, accountability and continuous improvement across its sustainability journey.

Key areas of sustainability focus

The Group's key environmental and social focus areas are presented below. Each area has been aligned with the relevant Sustainable Development Goals (SDGs), and the Group intends to progressively strengthen the monitoring of performance and progress against related targets and initiatives going forward.

The initiatives adopted during the year to reduce the Group's environmental footprint and accelerate positive social outcomes are listed in the Capital Management chapter on pages 122 to 158 of this Report.

Way forward

Going forward, the Group intends to further strengthen its sustainability journey through the completion and implementation of a structured ESG Framework and Sustainability Roadmap aligned with the Group's long-term strategic priorities. Key focus areas will include strengthening ESG data management and internal validation processes, expanding energy efficiency initiatives across operational facilities and progressively enhancing the identification and management of sustainability-related and climate-related risks and opportunities. In parallel, the Group will continue to engage with employees, customers, suppliers and communities to foster greater awareness, collaboration and shared progress on sustainability-related initiatives.



SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Time Horizons

Short-term: 1 year
Medium-term: 2-3 years
Long-term: More than 3 years
These time horizons align with the Group's annual budgeting and financial planning cycle

Functional currency

Presented in Sri Lankan Rupees-the Group's functional and operational currency

Qualitative characteristics of disclosures

- **Comparable**
- **Verifiable**
- **Timely**
- **Understandable**

Overview of disclosures

This Chapter represents the Group's sustainability-related financial disclosures prepared in accordance with the SLFRS S1 and S2 Sustainability Disclosure Standards 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.

As a first-time adopter of the Standards, the Group focused on establishing the foundational processes, governance mechanisms, and control frameworks required to support compliance and reporting readiness during the year. While significant progress was made in strengthening internal capabilities, the Group recognises that this remains an evolving journey and the disclosures in the current year are proportionate to the Group's resources and circumstances. A structured roadmap will be formulated to achieve compliance with the Standards (refer page 81), and the Group will continue to progressively enhance its processes, systems, and disclosures to achieve compliance with the Standards over the next two years.

Scope and boundary

The sustainability-related financial disclosures presented in this section apply to the UML Group (comprising United Motors Lanka PLC and its subsidiaries as defined on page 4). The reporting boundary is consistent with the Group's general purpose financial reports. This report covers the financial year from 1 April 2025 to 31 March 2026, consistent with the Group's financial reporting period.

Sources of guidance

The Group has considered guidance from the following frameworks and standards, in identifying and disclosing CRROs.

- SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 - Climate-related Disclosures
- Sri Lanka's Nationally Determined Contributions (NDCs)
- Relevant SASB Standards
  - Multiline and Specialty Retailers and Distributors
  - Industrial Machinery and Goods
- GRI Standards

Transitional reliefs

As a first-time adopter of the new Standards, the Group has availed selected transition reliefs permitted in accordance with the guidance issued by the Institute of Chartered Accountants of Sri Lanka. Reliefs adopted this year are:

- Climate-first reporting: The Group adopted a climate-first approach during the year, prioritising disclosures relating to climate-related risks and opportunities (CRROs) ahead of broader sustainability-related risks and opportunities (SRROs).
- Comparative information: The Group is not required to present comparative information on CRROs in the first year of adoption.
- Anticipated financial effects: Application of relief in disclosing the quantitative financial effects of material SRROs and CRROs.
- Climate resilience: Deferral of detailed climate-resilience disclosures, including scenario analysis.
- Scope 3 GHG emissions: Application of relief in disclosing Scope 3 GHG emissions.

Materiality

In the context of sustainability-related financial disclosures, the Group applies the definition of materiality as set out in the Standards. Accordingly, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions of primary users of general-purpose financial reports. As such the Group's 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 primary users.

The materiality assessment incorporates both quantitative and qualitative considerations to evaluate the significance of potential financial effects arising from CRROs, using a structured scoring methodology to assess the likelihood

and severity of each identified risk and opportunity. The use of both quantitative and qualitative considerations enables a more comprehensive assessment of materiality by capturing not only measurable financial impacts, but also broader strategic, operational, and reputational implications associated with each CRRO.

Quantitative criteria (PBT impact)		Qualitative considerations
Negligible	Below 5%	■ Strategic relevance to the Group's operations and business model ■ Potential issues giving rise to reputational risks potentially impacting brand equity, stakeholder confidence, and market access ■ Non-compliance with regulatory and policy frameworks ■ Stakeholder considerations
Minor	Between 5% - 19%	
Moderate	Between 20% - 34%	
Significant	Between 35% - 50%	
Severe	Above 50%	

Judgements

The sustainability-related financial disclosures of the Company and its subsidiaries involve the application of significant professional judgement and estimation, primarily due to the inherent uncertainty, forward-looking nature, and evolving data limitations associated with CRROs. The table below summarizes the key judgements applied.

Element of reporting	Judgement
Identification of SRROs/ CRROs	Judgement was exercised in identifying which physical and transitional climate-related risks could affect the decisions of primary users, given the significant uncertainty associated with the materialisation of these risks.
Materiality judgements	Judgements were applied by evaluating the likelihood, magnitude, and time horizon of potential impacts arising from sustainability-related risks and opportunities, together with their potential influence on the Company's financial performance.
Time horizons	Determination of time horizons based on the Group's strategic planning cycles.
Assessment of impacts	The Group exercised judgement in assessing contingency plans, recovery timelines, and financial implications of climate-related disruptions.
GHG emissions	Judgement was exercised in selecting emission factors and fuel efficiency factors for owned vehicles.
Financial outcomes	Significant judgement is also required in areas such as asset impairment assessments, useful life estimations, provisioning, capital allocation decisions, and strategic investments.

Uncertainties

In preparing the sustainability-related financial disclosures, the Group has relied on assessments, analysis and projections based on data obtained from various internal and external sources. The information subject to a high level of measurement uncertainty include potential climate impacts, uncertainties in projections, policy trajectories, and evolving customer preferences.

Statement of compliance

The Group's sustainability disclosures have been prepared in compliance with the SLFRS Sustainability Disclosure Standards issued by the Institute of Chartered Accountants of Sri Lanka, applying the transitional reliefs as mentioned above. Accordingly, this report presents a comprehensive set of sustainability-related financial disclosures for United Motors Lanka PLC and its subsidiaries (Group) for the year ended 31 March 2026.

Structure of disclosures

This Chapter covers the four pillars of the SLFRS S1 and S2 Sustainability Disclosure Standards, Governance, Strategy, Risk Management, Metrics and targets. In enhancing the connectivity and coherence of the Report, these disclosures have been systematically cross-referenced to relevant sections, as outlined in the table.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Pillars of SLFRS S1 and S2	Primary location of disclosures	Location of connected information
Governance	Sustainability-related Financial Disclosures: Pages 84 and 85	How we Govern: Pages 44 to 69
Strategy	Sustainability-related Financial Disclosures: Pages 85 to 91	Operational Review: Pages 110 to 120 Capital Management: Pages 122 to 158
Risk Management	Sustainability-related Financial Disclosures: Page 92	Risk Management: Pages 99 to 108
Targets and metrics	Sustainability-related Financial Disclosures: Pages 93 to 98	Operational Review: Pages 110 to 120 Capital Management: Pages 122 to 158

Governance

In line with the adoption of the SLFRS Sustainability Disclosure Standards, the Group enhanced its governance framework through the establishment of a Management level ESG Committee. The terms of reference (TOR) of the Committee was approved by the Board during the year.

Oversight structure

As the apex governing body, the Board of Directors provides overarching oversight of ESG-related matters, ensuring that sustainability considerations are embedded within the Group's strategic direction and decision-making processes. The Board is also responsible for overseeing the effective identification, assessment, and management of sustainability and climate-related risks and opportunities, while reviewing and approving the Group's ESG policy. In addition, the Board promotes the development of the capabilities, competencies, and governance structures necessary to strengthen the Group's long-term sustainability and climate resilience. The Board is further supported by its sub-committees, each of which provides oversight and guidance on specific sustainability-related responsibilities within its respective mandates, as set out in the table below.

Responsibilities of the Board Sub-Committees	
Board Audit and Risk Committee	■ Ensuring ESG related risks and opportunities are effectively identified, assessed, and integrated into the overall enterprise risk management framework. ■ Reviewing the adequacy and effectiveness of internal controls relating to sustainability and climate-related matters. ■ Supporting the Board in strengthening governance and oversight of sustainability-related risks and opportunities.
Board Human Resources and Remuneration Committee	■ Promoting employee well-being, diversity, equity and inclusion, ethical conduct, and responsible workforce management. ■ Monitoring compliance with labour standards, human rights policies, and applicable regulatory requirements. ■ Overseeing ESG related matters from a people and culture perspective.
Board Strategy and Investment Committee	■ Supports the alignment of ESG factors into corporate strategy, capital allocation, and investment decisions.
Board Nomination and Governance Committee	■ Oversees corporate governance frameworks, ensuring alignment with best practices, ethical standards, and evolving ESG related regulations and disclosures. ■ Ensures that the Board and its Committees possess the appropriate composition, diversity, independence, and expertise required to oversee sustainability-related matters effectively.
Management's role	
ESG Committee	■ Defining material sustainability-related risks and opportunities, including climate-related physical and transition risks. ■ Establishing the Group's ESG and sustainability-related risk appetite. ■ Overseeing the identification and response to sustainability-related risks and opportunities. ■ Establishing ESG related targets and monitoring progress against such targets.
Department-level representatives	■ Managing ESG related data collection, monitoring, and reporting aligned with the Company's key ESG priorities. ■ Promoting organization-wide awareness and accountability.

Skills and competencies

The Group recognises that building sustainability-related competencies and capabilities is essential to effectively manage evolving ESG priorities and support long-term value creation. Accordingly, the Group remains committed to strengthening internal capabilities through ongoing training, knowledge sharing, and capacity building initiatives across all levels of the organisation. Going forward, the Group intends to formalise sustainability-related skills assessments across key functions and progressively enhance Board and management competencies through structured sustainability and climate-related training programmes.

Interventions in 2025/26

- Appointment of external consultant to conduct a gap analysis on the implementation of SLFRS S1 and S2
- Appointment of a dedicated Manager to strengthen the Group's sustainability reporting and implementation
- Obtained assurance from external consultant SGS Lanka (Pvt) Ltd. regarding the calculation and verification of GHG emissions.

Integration into decision-making

Informing the Board: The process adopted by the Group for identifying SRROs/CRROs under the purview of the ESG Committee is detailed on page 92 of this Report. During the year under review, the Board approved the ESG policy. The Board is kept informed on the sustainability-related matters quarterly.

Integration into strategy and target setting: As the Group remains in the early stages of its sustainability journey, the integration of sustainability-related considerations into strategy formulation and decision-making processes continues to evolve. The Group is currently in the process of developing a formal ESG roadmap with clearly defined targets, which is expected to further strengthen the integration of sustainability and climate-related considerations across the organisation. Once implemented, this framework will support the systematic incorporation of ESG considerations into major transactions, consideration of trade-offs, strategic investments, and key business decisions, thereby enhancing long-term resilience and sustainable value creation.

Remuneration

Sustainability-related considerations are currently not integrated into the Group's remuneration and incentive structures. However, the Group is in the process of developing the necessary frameworks and mechanisms to support such integration as part of the broader ESG roadmap currently under development. Once implemented, this is expected to facilitate the incorporation of ESG-related objectives and performance indicators into remuneration structures, thereby strengthening accountability and alignment with the Group's long-term sustainability priorities.

Strategy

Climate-related risks and opportunities

Following a thorough evaluation of global and local trends, the Group has identified three material climate-related risks alongside one key climate-related opportunity that are expected to materially affect the Group's financial performance and value creation, while also influencing its future strategic priorities.



CRRO 1: Extreme weather events

Sri Lanka has experienced an increasing frequency and intensity of extreme weather events in recent years, including floods, landslides, prolonged droughts, cyclones, and extreme rainfall patterns. These climate-related events have increasingly disrupted economic activity, infrastructure, supply chains, and livelihoods highlighting Sri Lanka's growing vulnerability to the physical impacts of climate change.



CRRO 2: Regulatory developments on GHG emissions and carbon pricing

Increasing global and national regulatory focus on greenhouse gas (GHG) emissions and carbon pricing is creating new compliance requirements for businesses. Regulations may include mandatory emissions reporting, carbon taxes, and sector-specific emission reduction targets.



CRRO 3: Shift in market preference towards low-emission vehicles

The accelerating shift in consumer preferences towards hybrid, Plug-in Hybrid Electric Vehicles (PHEVs), Range-Extended Electric Vehicles (REEV), and Electric Vehicles (EVs) could significantly impact importers and retailers of Internal Combustion Engine (ICE) vehicles. As environmental awareness, high fuel prices and quotas, fuel efficiency considerations, and regulatory pressures continue to influence purchasing decisions, demand for conventional ICE vehicles may gradually decline.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES



CRRO 4 (Opportunity): Expansion of low emission vehicle portfolio

The transition towards a low-carbon economy presents opportunities for the Group to expand its portfolio of low-emission vehicles, including hybrid, PHEV , REEV and EV while enhancing operational efficiency across showrooms, workshops, and logistics operations.

GRI 2-25,201-2

Implications on the Group

CRRO 1: Extreme weather events	
Description	Climate change may elevate credit risk through the increasing frequency and severity of extreme weather events, which can adversely affect the financial resilience of distributors and dealers operating in vulnerable regions. Operational disruptions, workforce displacement, supply chain interruptions, and damage to collateral assets may weaken their repayment capacity and increase the likelihood of defaults. In addition, extreme weather events pose operational risks to the Group through potential damage to fixed assets, inventory, and dealer stock, resulting in business interruptions, service disruptions, and increased repair, replacement, and maintenance costs.
Nature of the risk	Physical climate risk
Time horizon	Short-term, medium-term, long-term
Current and anticipated impacts on the Group's business model and value chain	**Current impacts** Though the Group's business model and value chain were not materially affected during the year by extreme weather events, the following events had an impact on the operations: ■ Damage to lubricant inventory and fixed assets at branch/store locations (Biyagama, Ratnapura) led to insurance claims to mitigate financial losses. ■ Flooding and landslides caused by cyclone Ditwah reduced the financial capacity of affected distributors/dealers, resulting in delayed payments and overdue balances.
	Anticipated impacts ■ Increase in overdue balances among distributors/dealers operating in areas prone to extreme weather events and resultant increase in impairment provisions. ■ Increasing insurance premiums for inventory and assets located in areas vulnerable to extreme weather events. ■ Increasing regulatory expectations for disclosure of the Group's exposure to both physical and transitional climate risks.
Where it is concentrated	■ Distributors/dealers operating in areas prone to flooding, landslides, and cyclones such as Colombo, Kalutara, Gampaha, Kurunegala, Nuwara Eliya, Kandy, Anuradhapura, Trincomalee, Kegalle and Monaragala are most affected. ■ Warehouse and branch in Biyagama and Ratnapura areas are exposed to physical damage from floods, landslides, and storms. Inventories of lubricants and spare parts are also at risk.

CRRO 1: Extreme weather events	
Business strategy and decision making to respond CRROs	**Direct adaptation and mitigation actions-current** ■ Assess the climate vulnerability of the geographic locations of the branches/store locations to integrate into climate risk assessment. ■ Strengthen disaster recovery and business continuity planning, especially for operations in flood or landslide prone areas. ■ Assess the climate vulnerability of distributors'/dealers' locations to evaluate potential impacts on financial capacity. ■ Develop clear communication strategies to inform customers and other stakeholders about the Group's response during extreme weather events. ■ Implement programmes, such as relief measures to assist communities affected by the cyclone Ditwah. **Direct adaptation and mitigation actions-anticipated** ■ Conduct stress testing and scenario analysis to assess the financial impact of climate events on distributor/dealer performance. ■ Define emission targets with the launch of the Group's ESG roadmap. **Indirect adaptation actions-current** ■ Work with community organisations and relevant authorities to support relief initiatives. **Indirect adaptation actions-anticipated** ■ Progressive expansion of GHG emissions disclosure boundaries to include Scope 3 emissions across the value chain.
How the Group plans to resource the activities	■ Enhancing employee capabilities by delivering targeted training programmes on climate risk awareness, disaster recovery practices, and effective customer engagement. ■ Budgetary allocations aligned with the targets and aspirations set in the Group's ESG Framework.
Current year financial effects	The following impacts stemmed from Cyclone Ditwah during the year. ■ Estimated lubricant inventory damage: impact LKR 84.3 Mn ■ Fixed assets impact: LKR 2.2 Mn Further, 91 lubricant dealers/distributors, 11 spare parts dealers, and 3 tyre dealers were affected by disruptions from cyclone Ditwah.
Significant risk of material adjustments within the next annual reporting period to the carrying value of assets and liabilities	None
Anticipated financial effects over short, medium, and long term to P&L, SOFP and cash flows	Anticipated future financial effects of extreme weather events may include increased repair and maintenance costs arising from damage to showrooms, workshops, warehouses, and inventory, alongside higher insurance premiums for assets located in climate-vulnerable areas. In addition, prolonged disruptions affecting distributors and dealers may weaken customer repayment capacity and increase credit impairment risks.
Climate resilience	Refer transitional relief on page 82.
Judgements	Refer judgements on page 83.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

CRRO 2 : Regulatory developments on GHG emissions and carbon pricing	
Description	Regulatory changes related to GHG emissions and carbon pricing are expected to impact operations, supply chains, and product offerings through increased import duties or tariffs on high emission vehicles in future. This could also indirectly affect operations through potential supply chain disruptions as suppliers adjust to carbon regulations or carbon pricing.
Nature of the risk	Transitional climate risk
Time horizon	Medium-term to long-term
Current and anticipated impacts on the Group's business model and value chain	**Current impacts** No material impact to current year's business model and value chain by GHG emission regulations and carbon pricing schemes which are yet to be implemented.
	Anticipated impacts ■ Potential increase in import duties on high emission vehicles, raising overall procurement costs. ■ Higher compliance and reporting obligations across workshops, fleet operations, and service centres. ■ Strategic adjustments to operations and product offerings to align with low emission standards and reduce carbon related costs.
Where it is concentrated	Product import channels and sales functions are expected to be most directly affected, while the impacts are also likely to extend across the Group's branch network.
Business strategy and decision making to respond CRROs	**Direct mitigation and adaptation actions-current** ■ Generation of renewable energy through investments in solar. ■ Upgrade facilities, vehicles, and equipment to improve energy efficiency and comply with emission standards. ■ Implement emissions monitoring and reporting systems across workshops, plants, and fleet operations. ■ Transparent reporting of emissions data and compliance with carbon regulations. **Direct mitigation and adaptation actions-anticipated** ■ Integrate low-emission technologies and sustainable practices in operational planning. ■ Communicate the Group's strategies and progress in emissions reduction to stakeholders. **Indirect mitigation and adaptation actions-current** N/A **Indirect mitigation and adaptation actions-anticipated** ■ Promote sustainability initiatives to reinforce corporate responsibility and trust.
How the Group plans to resource the activities	■ Strengthening human capital through targeted training on emissions reporting, carbon management, and sustainable operational practices. ■ Allocating financial resources towards low emission technologies, energy efficient upgrades, and managing potential increases in import related costs. ■ Investing in digital platforms and monitoring systems to track emissions, support accurate reporting, and ensure compliance with evolving carbon regulations.
Current year financial effects	We have not identified material financial effects to the current financial year.

CRRO 2 : Regulatory developments on GHG emissions and carbon pricing	
Significant risk of material adjustments within the next annual reporting period to the carrying value of assets and liabilities	None
Anticipated financial effects over short, medium, and long term to P&L, SOFP and cash flows	Anticipated future financial effects arising from evolving emission regulations and carbon pricing mechanisms may include increased import duties and compliance costs relating to high emission vehicles, components, and operational activities. The Group may also incur additional capital expenditure towards low emission technologies, emissions monitoring systems, energy efficient infrastructure, and regulatory compliance initiatives.
Climate resilience	Refer transitional relief on page 82.
Judgements	Refer judgements on page 83.

CRRO 3: Shift in market preferences towards low-emission vehicles	
Description	Shifts in market preferences towards low emission vehicles and broader climate driven transitions may directly impact the Group through declining demand for ICE vehicles and related after-sales services, increased competition from hybrid and EV focused market players, and potential inventory obsolescence risks. In addition, evolving customer expectations and sustainability considerations may place increasing pressure on the Company to diversify its product portfolio towards lower emission mobility solutions.
Nature of the risk	Transitional climate risk
Time horizon	Medium-term to long-term
Current and anticipated impacts on the Group's business model and value chain	**Current impacts** Demand for low emission vehicles surged during the year, accompanied by intensified competition as several new players entered the market with hybrid and electric vehicle offerings. This growing shift in consumer preference was particularly evident among younger demographics, who increasingly prioritise sustainability, fuel efficiency, and environmentally responsible mobility solutions.
	Anticipated impacts ■ Increased competition leading to potential loss of market share to low emission vehicle providers. ■ Increased investment requirements to support transition towards hybrid, PHEV, REEV and EV mobility solutions. ■ Heightened stakeholder expectations regarding sustainability and product offerings.
Where it is concentrated	Product import decisions, inventory management, and after-sales service operations are most affected, particularly for ICE vehicles and related components that may face declining demand.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

CRRO 3: Shift in market preferences towards low-emission vehicles	
Business strategy and decision making to respond CRROs	**Direct adaptation and mitigation actions-current** ■ Diversify the product portfolio to include hybrid, PHEV, REEV, and EV models in vehicles and construction equipment segments. **Direct adaptation and mitigation actions-anticipated** ■ Enhance technical capabilities and infrastructure to support servicing of low emission vehicles. **Indirect adaptation and mitigation actions-current** ■ Monitor market trends and integrating sustainable solutions into operational strategy. **Indirect adaptation and mitigation actions-anticipated** ■ Promote environmentally friendly products and sustainability initiatives to stakeholders.
How the Group plans to resource the activities	■ Forming strategic partnerships focused on hybrid, PHEV, REEV, and EV technologies. ■ Enhancing workforce capabilities through targeted training programmes on hybrid, PHEV, REEV and EV vehicle systems, diagnostics, and maintenance. ■ Deploying financial resources to upgrade infrastructure, including facilities and equipment required for EV servicing and advanced diagnostics.
Current year financial effects	Limited impact was observed during the current year, with the gradual introduction of low emission vehicle offerings and increasing market awareness. However, the Group recorded growth in both revenue and profitability during the year.
Significant risk of material adjustments within the next annual reporting period to carrying value of assets and liabilities	None
Anticipated financial effects over short, medium, and long term to P&L, SOFP and cash flows	Anticipated future financial effects arising from the shift in market preferences towards low emission vehicles may include declining revenue contributions from ICE vehicle sales and related after-sales services, alongside increasing competitive pressures from hybrid and EV-focused market players. The Group may also incur higher capital expenditure relating to the expansion of low emission vehicle portfolios, investments in EV servicing infrastructure, workforce training, and technology upgrades.
Climate resilience	Refer transitional relief on page 82.
Judgements	Refer judgements on page 83.

CRRO 4 (Opportunity): Expansion of low emission vehicles portfolio	
Description	The transition towards low emission vehicle portfolio is expected to positively impact the Company's business model and value chain through expansion of product portfolio to include hybrid, PHEV, REEV, and EV models and demand for after sales services.
Nature of the opportunity	Climate-related opportunity-transition
Time horizon	Medium-term to long-term

CRRO 4 (Opportunity): Expansion of low emission vehicles portfolio	
Current and anticipated impacts on the Group's business model and value chain	**Current impacts** During the year, the Group introduced a range-extended electric vehicle together with EV construction equipment and machinery to the market, both of which received a highly encouraging response, reflecting the growing demand for low emission mobility and industrial solutions.
	Anticipated impacts ■ Growth in revenue streams from hybrid, PHEV, REEV, and EV product segments. ■ Diversification of product portfolio, reducing reliance on ICE vehicles.
Where it is concentrated	Securing agencies and upgrade workshops are key areas of impact.
Business strategy and decision making to respond CRROs	**Direct adaptation and mitigation actions-current** ■ Expand the range of hybrid, PHEV, REEV, and EV vehicles within the product portfolio. ■ Promote low emission vehicle offerings as part of the Group's sustainability strategy. ■ Implement energy efficient technologies and renewable energy solutions across operations. **Direct adaptation and mitigation actions-anticipated** ■ Establish partnerships with manufacturers and technology providers to support low emission transition.
How the Group plans to resource the activities	■ Enhancing employee competencies through specialized training on hybrid, PHEV, REEV and EV technologies, energy optimization, and digital solutions. ■ Funding the modernization of infrastructure, including the development of energy efficient facilities, integration of renewable energy sources, and expansion of EV servicing capabilities.
Current year financial effects	We have not identified material financial effects to the current financial year.
Significant risk of material adjustments within the next annual reporting period to the carrying value of assets and liabilities	The Group does not expect any significant adjustments to the carrying amounts of assets and liabilities reported in the Financial Statements in the next annual reporting period.
Anticipated financial effects over short, medium, and long term to P&L, SOFP and cash flows	Anticipated future financial effects arising from the expansion of the low emission vehicle portfolio may include increased revenue opportunities driven by growing demand for hybrid, PHEV, REEV, and EV solutions across both passenger and industrial segments. The Group may also benefit from improved market positioning and greater access to emerging customer segments. However, the transition may also require significant investments in technical training, charging, and servicing infrastructure, and technology integration.
Climate resilience	Refer transitional relief on page 82.
Judgements	Refer judgements on page 83.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Risk Management

As a first-time adopter of the Standards, the Group established the initial mechanisms and processes required to identify, assess, prioritise, and manage sustainability-related risks and opportunities (SRROs). Going forward, the Group intends to progressively strengthen and embed these processes within its broader Enterprise Risk Management Framework to support more integrated and proactive sustainability risk management practices.

Identification of CRROs

Climate-related risks and opportunities are identified under the oversight of the ESG Management Committee, which works collaboratively with cross-functional departments across the Group to ensure a comprehensive and integrated assessment process. The identification process incorporates the evaluation of operational and location-based exposures, segment portfolio exposure, and forward-looking climate-related risks and trends that may impact the Group's business model and value chain. In addition, stakeholder engagement outcomes and the Group's materiality assessment process are considered in identifying and prioritising material climate-related risks and opportunities relevant to the Group's long-term resilience and value creation.

Inputs and Parameters

Internal records

- Operational and financial data to identify broader climate-related risks
- Energy consumption, fuel usage, and emissions data
- Financial reports

External records

- National and global climate data from the Sri Lanka Meteorological Department
- Industry reports and benchmarking studies
- Regulatory databases guide compliance with environmental standards, emissions regulations

Assessment of CRROs

Physical climate risks are assessed based on operational locations such as showrooms, service centres, manufacturing facilities, and export hubs with external climate data from authoritative sources. The likelihood of climate events is informed by historical data, while the severity of potential impacts is evaluated broadly to reflect operational, financial, and supply chain consequences. In relation to climate-related transition risks, each business segment is assessed to determine its exposure to policy, market, and technology-related shifts as well as evolving customer requirements.

Prioritisation of CRROs

Climate-related risks are prioritised based on several key factors; these include evaluating the potential financial impact of climate-related events on the Group's financial position and overall performance, assessing the operational criticality of such risks and their potential to disrupt key operations, processes, or services, and considering the extent to which climate-related risks may influence the Group's strategic objectives and long-term sustainability goals. The assessment also considers the speed at which such risks could materialise and impact operations, supply chains, or broader business continuity.

Monitoring of CRROs

The Group is currently in the foundational stages of establishing a structured approach to monitoring climate-related risks and opportunities (CRROs). As part of this process, efforts are underway to strengthen internal data collection and reporting practices to support the identification and tracking of material climate-related exposures across key operational areas. Accordingly, the Group initiated the collection of data required by the relevant SASB Standards and GRI topics. Monitoring mechanisms will continue to evolve progressively over time, with a focus on improving visibility over relevant physical and transition-related risks as the Group's sustainability reporting capabilities mature.

Integration into ERM Framework

In line with the foundational interventions for complying with the SLFRS S1 and S2 Standards, climate and broader environmental and social risks are incorporated into enterprise risk management and operational planning to ensure consistent evaluation across all business segments. Integration into existing ERM Framework will also continue to evolve progressively with time as the Group seeks deeper integration of SRROs/CRROs into its organisational risk management.

Climate risk interventions in 2025/26

As the Group progressively seeks to strengthen its Climate Risk Management Framework, the following interventions were adopted.

- **Introduction of data driven metrics and reporting** – The Group initiated systems to track, monitor, and report climate-related risks and opportunities, enabling informed decision making and supporting emerging disclosure requirements.
- **Integration into risk processes** – Climate risks were incorporated alongside environmental and social (E&S) factors into risk assessment.

Targets and Metrics

The Group's targets and metrics comprise both cross-industry indicators and industry-specific measures, which are systematically monitored and evaluated. These metrics are aligned with recognised frameworks and are used to assess performance, track progress against defined targets, and support data-driven decision making across the organisation.

Cross industry metrics

Greenhouse Gas Emissions (GHG): The Group measures and discloses its GHG emissions in accordance with the GHG Protocol Corporate Standard, ISO 14064-1:2018, and SLFRS S2 requirements. The organisational boundary is determined using the financial control approach, including all entities over which it has financial control. This enables consistent and comparable GHG accounting across the Group, while allowing each subsidiary to independently quantify, verify, and manage its own emissions, thereby preserving operational accountability and methodological integrity. For the financial year 2025/26, United Motors Lanka PLC and its subsidiaries report Scope 1 and Scope 2 emissions, applying the available transitional relief under SLFRS S2 with respect to Scope 3 disclosures.

Scope 1 (Direct emissions)

Emissions from sources owned or controlled by the Group, including stationary fuel combustion, company-owned and operated vehicles, and fugitive emissions such as refrigerant leakages.

Scope 2 (Location-based indirect emissions)

Emissions from purchased electricity, calculated using grid emission factors.

Methodology for consumptions: The Group calculates its greenhouse gas emissions using internationally recognised methodologies to ensure consistency, comparability, and accuracy across all reporting scopes as illustrated below.

GHG reporting framework and compliance standards

Category	Standard/Approach	Description
GHG measurement standards	Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard (2004)	Widely adopted international standard for Corporate GHG accounting.
Global Warming Potential (GWP) values	IPCC Sixth Assessment Report (AR6)	Used to convert GHGs to CO_2 – equivalent (tCO_2e) Refer key assumptions and sources used for GHG measurement given on page 94.
Accounting approach	Financial Control Approach	Emissions are consolidated based on the Group's financial control over operations.
GHG disclosures	SLFRS S2 – Climate-related disclosures	Applied to align with SLFRS S2- Climate-related disclosures. Transitional relief applied for Scope 3 emissions. Refer transitional reliefs on page 82.
GHG external verification	ISO 14064-1:2018 and ISO 14064-3:2019	The Group calculates GHG emissions in accordance with ISO 14064-1:2018 and the inventory was externally assured by SGS Lanka (Pvt) Ltd and verified following ISO 14064-3:2019. Refer the GHG Verification Report on page 156.

Group GHG emissions summary (tCO2e) : The following table presents a consolidated summary of GHG emissions for the Group, disaggregated by Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity).

Description	Greenhouse Gas Emissions [Metric tonnes (t) CO_2e]		
	Scope 1	Scope 2	Total emissions (tCO_2e)
Consolidated accounting – Group	1,277.610	903.298	2,180.908
Other investees (Investments in associates, joint ventures)	Not applicable	Not applicable	Not applicable
Total (Under financial control approach)	1,277.610	903.298	2,180.908

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Key assumptions and sources used for GHG measurement

The reporting period for this Greenhouse Gas (GHG) assessment covers the financial year from 1 April 2025 to 31 March 2026. This period has been designated as the base year for third-party verification, forming the benchmark against which future emissions performance and reduction initiatives will be measured. The key assumptions and data considerations applied in the assessment are summarised below:

Scope	Emission category	Activity	Data source	Emission Factor (EF) source	Source of Global Warming Potential (GWP) values
Scope 1	Stationary combustion	Generator fuel consumption, paint booth operations	Fuel purchasing records	IPCC AR 6	IPCC AR 6
Scope 1	Mobile combustion	Company owned vehicles; fuel usage of company maintained vehicles for staff and fuel allowances	Administrative management systems; fuel management systems	IPCC AR 6	IPCC AR 6
Scope 1	Fugitive emissions	Fire extinguishers, A/C refrigerant leakages, onsite use of CO_2 and acetylene gases for gas welding	Supplier records, Purchase records, and invoices	IPCC AR 6	IPCC AR 6
Scope 2	Purchased electricity	Electricity consumption across operational facilities	Monthly electricity bills	Sri Lanka Energy Balance 2022	IPCC AR 6

Fuel densities used for converting diesel and petrol consumption from litres to mass-based units were obtained from the Ceylon Petroleum Corporation and applied consistently across all Group entities to ensure uniformity in calculations. For fugitive emissions, particularly refrigerant leakages, a conservative assumption has been applied whereby the total quantity of refrigerant refilled during the reporting period is considered to be fully emitted. This approach aligns with standard industry practices and ensures that emissions are not understated. These assumptions and methodological choices support the principles of transparency, consistency, and accuracy in emissions reporting, while also enabling comparability across reporting periods and entities.

Assurance

The Group's GHG inventory has been independently verified in accordance with ISO 14064-3 by SGS Lanka (Pvt) Ltd. The verification process included a review of the methodologies applied, underlying assumptions, data sources, and emission calculations to ensure alignment with the GHG Protocol Corporate Standard and ISO 14064-1:2018.

This independent assessment provides reasonable assurance that the reported emissions are free from material misstatement and have been prepared in accordance with recognized standards. It also enhances the credibility, transparency, and reliability of the Group's climate-related disclosures, reinforcing stakeholder confidence in the reported information.

Target disclosure roadmap

Climate-related transition risks	The Group will assess the amount and percentage of assets and business activities vulnerable to climate-related transition risks to inform the development of a low carbon transition strategy. This assessment will focus on key areas such as vehicle imports, and operational activities guiding initiatives to reduce the Group's carbon footprint and support a sustainable transition.
Climate-related physical risks	The Group will assess the amount and percentage of assets and business activities vulnerable to climate-related physical risks as part of strengthening its environmental management processes. This will include evaluating the geographic vulnerability of its operational locations, such as branches, and storage facilities, to enhance resilience against climate related impacts.

Climate-related Opportunities	The Group will disclose the amount and percentage of assets or business activities aligned with sales from low emission vehicle categories, including hybrid, EV, PHEV and REEV vehicles. This will reflect the Group's strategic focus on expanding its portfolio of environmentally friendly vehicles and capturing emerging market opportunities in sustainable operations.
Capital expenditure	The Group currently does not have material amounts allocated for climate aligned capital deployment and intend to allocate capital towards energy efficient infrastructure, renewable energy initiatives, and low carbon technologies where required. Future allocations will be guided by the short, medium, and long-term targets to be established under the Group's climate transition plan.
Internal carbon pricing	The Group will apply carbon pricing in its decision making as part of a forward looking action plan, where applicable.
Remuneration	The Group plans to integrate climate related targets into performance management systems by linking them to Key Performance Indicators (KPIs) of relevant employees and management, thereby enhancing accountability and enabling effective monitoring of progress.

Industry based metrics

In establishing its industry-based metrics, the Group has drawn on the Sustainability Accounting Standards Board (SASB) Standards, specifically those applicable to the Multiline and Specialty Retailers and Distributors sector and the Industrial Machinery and Goods sector. This ensures that disclosures are aligned with the Group's operational profile while remaining relevant, comparable, and decision-useful for stakeholders.

Sustainability Accounting Standards Board (SASB) - Sustainability Disclosure Topics and Metrics

Multiline and Specialty Retailers and Distributors Standard

United Motors Lanka PLC, Unimo Enterprises Limited, and U M L Heavy Equipment Limited applied the Multiline and Specialty Retailers and Distributors Standard for identifying relevant sustainability disclosure topics and metrics.

Industry	Code	Topic	Metric	Unit of Measure	Category	Group Summary 2025/26	Omission
Multiline and Specialty Retailers and Distributors	CG-MR-130a.1	Energy Management in Retail and Distribution	(1) Total energy consumed, (2) Percentage grid electricity and; (3) Percentage renewable	Gigajoules (GJ), Percentage (%)	Quantitative	(1) 19,342 GJ (2) 28% (3) 16%	
	CG-MR-230a.1	Data Security	Description of approach to identifying and addressing data security risks	N/a	Discussion and Analysis	Refer page 107	
	CG-MR-230a.2	Data Security	(1) Number of data breaches, (2) Percentage Customer's personal data breaches, (3) Number of customers affected	Number, Percentage (%)	Quantitative	(1) None (2) None (3) None	
	CG-MR-330a.1	Workforce Diversity and Inclusion	Percentage of (1) Gender and; (2) Racial/ ethnic group representation for (a) Executive management (b) All other employees	Percentage (%)	Quantitative	**Executive Management** Male: 83% Female: 17% **Other employees** Male: 98% Female: 2%	(2) No data available on employee racial/ethnic group

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Industry	Code	Topic	Metric	Unit of Measure	Category	Group Summary 2025/26	Omission
	CG-MR-330a.2	Workforce Diversity and Inclusion	Total amount of legal and regulatory fines and settlements associated with employment discrimination	LKR	Quantitative	Nil	
	CG-MR-310a.1	Labour Practices	(1) Average hourly wage and; (2) Percentage of in-store and distribution centre employees earning minimum wage, by region	LKR, Percentage (%)	Quantitative	(1) LKR 418 (2) 100%	Segment information not disclosed by region hence data given as a total
	CG-MR-310a.2	Labour Practices	(1) Voluntary and; (2) Involuntary turnover rate for in-store and distribution centre employees	Percentage (%)	Quantitative	(1) 13% (2) 0.4%	
	CG-MR-310a.3	Labour Practices	Total amount of legal and regulatory fines and settlements associated with labour law violations	LKR	Quantitative	Nil	
	CG-MR-410a.1	Product Sourcing, Packaging and Marketing	Revenue from products third-party certified to environmental and/or social sustainability standards	LKR	Quantitative	-	Not applicable to the Group's business context
	CG-MR-410a.2	Product Sourcing, Packaging and Marketing	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	N/a	Discussion and Analysis	-	Not applicable to the Group's business context
	CG-MR-410a.3	Product Sourcing, Packaging and Marketing	Discussion of strategies to reduce the environmental impact of packaging	N/a	Discussion and Analysis	-	Not applicable to the Group's business context
	CG-MR-000.A	Activity Metric	Number of: (1) Retail locations and; (2) Distribution centres	Number	Quantitative	 (1) 22 (2) 2	
	CG-MR-000.B	Activity Metric	Total area of: (1) Retail space and; (2) Distribution centres	Square meters (m^2)	Quantitative	 (1) 5,677 m^2 (2) 45,791 m^2	

Industrial Machinery and Goods

Dutch Lanka Trailer Manufacturers Limited and Dutch Lanka Engineering (Pvt) Limited applied the Industrial Machinery and Goods Standard for identifying relevant sustainability disclosure topics and metrics.

Industry	Code	Topic	Metric	Unit of Measure	Category	Group Summary 2025/26	Omission
Industrial Machinery and Goods	CG-MR-130a.1	Energy Management	(1) Total energy consumed, (2) Percentage grid electricity and; (3) Percentage renewable	Gigajoules (GJ), Percentage (%)	Quantitative	(1) 3,481 GJ (2) 72% (3) 0%	
	RT-IG-320a.1	Workforce Health and Safety	Total recordable incident rate	Rate	Quantitative	3.05	
			Total recordable incident rate-Direct employees			3.43	
			Total recordable incident rate-Contract employees			None	
			Total fatality rate for direct employees			None	
			Total fatality rate for contract employees			None	
			Total near miss frequency rate			1.53	
			Near miss frequency rate – Direct employees			1.71	
			Near miss frequency rate - Contract employees			None	
	RT-IG-410a.1	Fuel Economy and Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Litres per 100 tonne kilometres	Quantitative	-	Not applicable to the Group's operations
	RT-IG-410a.2		Sales-weighted fuel efficiency for non-road equipment	Litres per hour	Quantitative	-	Not applicable to the Group's operations
	RT-IG-410a.3		Sales-weighted fuel efficiency for stationary generators	Kilojoules per litre	Quantitative	-	Not applicable to the Group's operations
	RT-IG-410a.4		Sales weighted emissions of nitrogen oxides (NOx) and particulate matter for: (a) Marine diesel engines, (b) Locomotive diesel engines (c) On-road medium and heavy-duty engines and; (d) Other non-road diesel engines	Grammes per kilojoule	Quantitative	-	Not applicable to the Group's operations
	RT-IG-440a.1	Materials Sourcing	Description of the management of risks associated with the use of critical materials	N/a	Discussion and Analysis	-	Not applicable to the Group's operations
	RT-IG-440b.1	Remanufacturing Design and Services	Revenue from remanufactured products and from services associated with remanufactured goods	LKR	Quantitative	-	Not applicable to the Group's operations
	RT-IG-000.A	Activity Metrics	Number of units produced by product category	Number	Quantitative	Road Trailers - 270 Port Trailers - 241	
	RT-IG-000.B		Number of employees	Number	Quantitative	Direct employees - 312 Contract employees - 39	

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Climate-related targets

As part of its initial adoption of the SLFRS Sustainability Disclosure Standards, the Group has not yet established formal quantitative climate-related targets, including defined GHG emission reduction targets. However, the Group recognises the importance of progressively strengthening its climate-related commitments and is in the process of evaluating appropriate targets and actions to support its long-term transition towards a lower-carbon operating model.

Over time, the Group intends to develop a more structured approach to climate target setting, including the assessment of relevant cross-industry indicators such as Scope 1 and Scope 2 emissions, energy consumption and other operationally relevant metrics. As internal data availability and reporting processes continue to mature, the Group expects to enhance its ability to monitor performance and support more informed climate-related decision-making.

The Group will continue to align its approach with evolving regulatory requirements and emerging sustainability disclosure expectations. Future reporting periods are expected to include progressively enhanced qualitative and quantitative disclosures relating to climate-related priorities, performance and progress.

RISK MANAGEMENT

The Group operates in a dynamic and evolving environment shaped by macroeconomic recovery, regulatory developments, technological change, and structural shifts within the automotive sector. In this context, enterprise risk management remains a vital prerequisite of long-term sustainability. The Enterprise Risk Management Framework provides a structured approach to identifying, assessing, and managing risks across the organisation, embedding risk awareness into strategy, operations, and day-to-day decision-making. This report outlines the Group's risk landscape, governance structure, assessment approach, and key risk categories, together with the controls and mitigation measures in place.

Risk Landscape

Macroeconomic and Geopolitical Environment

During the financial year 2025/26, Sri Lanka continued its gradual recovery from prior macroeconomic pressures, supported by reforms under the International Monetary Fund (IMF) Extended Fund Facility. Improvements in key economic indicators, including inflation, exchange rates, and foreign reserves, alongside strengthened fiscal discipline and renewed investor confidence, contributed to a more stable and predictable business environment. Despite these positive developments, the risk environment remained complex and uncertain with challenges that stemmed from potential policy shifts, volatility in global commodity and energy prices, tight credit conditions, and exchange rate pressures. In addition, cyclone Ditwah, which affected Sri Lanka in late 2025, caused widespread disruption to communities, infrastructure, agriculture, transport networks, and business operations. The disaster created additional pressure on public finances, supply chains, import logistics, and inflation-sensitive sectors, while highlighting the country's exposure to climate-related physical risks. The recovery and reconstruction requirements arising from the cyclone Ditwah may continue to place pressure on economic activity and fiscal priorities in the short to medium term. Ongoing geopolitical tensions also continued to disrupt global supply chains and drive price fluctuations, with indirect impacts on Sri Lanka through higher import costs, inflationary pressures, and external sector constraints (refer to page 76 for further information).

Easing inflation and exchange rate stability	Policy and fiscal uncertainty	Tight credit conditions	Geopolitical spillover effects
Declining inflation and improved foreign reserves reduced cost pressures and supported consumer purchasing power.	Potential shifts in Government policy, tariff structures, and import regulations continue to pose near-term risk to revenue planning.	Constrained consumer financing and elevated lending rates limited vehicle affordability, moderating demand side recovery.	Ongoing global tensions disrupted supply chains and elevated import costs, indirectly increasing cost structures and inflationary pressure.

Automotive Sector Dynamics

The phased relaxation of vehicle import restrictions marked a significant inflection point for the industry. While creating conditions for revenue recovery, the reopening simultaneously intensified competitive pressure and introduced demand-side uncertainty linked to constrained purchasing power and elevated vehicle prices. Meanwhile, the automotive sector is undergoing a structural technology transition, driven by regulatory incentives, rising fuel costs, and growing environmental awareness. This shift presents both growth opportunities and new risk dimensions.

Evolving customer preferences	Competitive intensity	After-sales revenue growth	Evolving customer expectations
Customer preferences continue to shift towards electric and hybrid vehicles, presenting opportunities and competitive threats for retailers of ICE vehicles.	The entry of new players into the sector has intensified price competition.	Expanding the EV portfolio supports long-term after-sales revenue through servicing, battery management, and software update programmes.	Rapid technology changes require continuous investment in staff training, demonstration facilities, and customer education to maintain sales velocity.

Digital Transformation and Cyber Security Risk

Accelerating digital adoption across Group's operations has materially strengthened service delivery, operational efficiency, and customer engagement. However, the same digital infrastructure that creates competitive advantage also increases exposure to

RISK MANAGEMENT

cyber threats, data breaches, and system disruptions. The Group has sought to proactively strengthen IT governance controls, deploy advanced endpoint security solutions, and enforce multi-factor authentication across remote access channels. These measures are subject to continuous review as the threat landscape evolves.

Environmental, Social and Governance (ESG) Considerations

ESG factors are increasingly material to UML's operating environment, influencing regulatory obligations, investor expectations, supply chain standards, and reputational standing. Climate-related risks, including the transition to lower-emission vehicles and physical climate impacts on operations are increasingly impacting the Group's risk landscape. UML's ESG risk response encompasses energy management, greenhouse gas monitoring, responsible supply chain engagement, and fair labour practices. The establishment of a formal internal ESG framework with measurable targets and transparent reporting remains a priority for the year ahead.

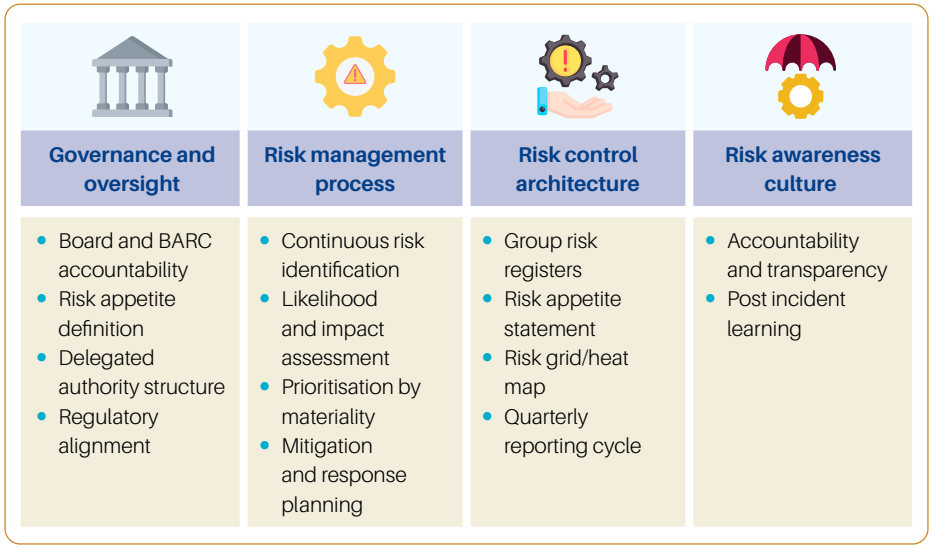
Enterprise Risk Management

Enterprise Risk Management (ERM) Framework provides a structured and consistent approach to risk management across the Group, supporting prudent risk-return decisions that align with its strategic objectives while safeguarding stakeholder interests. It enables risk management to be embedded across the organization, ensuring that risk consciousness is integrated into strategic planning, decision-making, and operational processes. The ERM Framework is reviewed bi-annually to ensure continued alignment with regulatory requirements and industry best practices.

Key objectives of the Group's ERM framework are:

- To establish the necessary organizational structure for the management and oversight of risk;
- To define the desired risk profile in terms of risk appetite and risk tolerance levels;
- To evaluate and monitor the risk profile against the risk appetite on an ongoing basis;
- To estimate potential losses that could arise from risk exposures and;
- To promote better communication of risk across all levels.

The ERM Framework provides essential mechanisms for the formulation, implementation, and integration of risk policies, procedures, and protocols across all business units.



Risk Governance and Oversight

The Board retains ultimate responsibility for ensuring that risks are appropriately identified, assessed, and managed, including those that fall outside the Group's defined risk appetite. This responsibility is supported by the Board Audit and Risk Committee (BARC), which oversees the effectiveness of the Enterprise Risk Management Framework, including the systems in place to identify, measure, monitor, control, and report risks. Internal Audit, operating under the purview of BARC, plays a critical role in providing independent assurance on the effectiveness of these processes.

Risk Management Process

Risk management is a continuous and systematic process involving the identification, assessment, mitigation, monitoring, and reporting of risks across all levels of the Group. Our structured risk management process supports the timely identification and mitigation of emerging risks, which in turn serve to strengthen organisational resilience.



Risk Identification: The Group systematically identifies risks that may impact its value creation objectives. Identification is conducted primarily at the divisional level, with divisional heads responsible for examining processes, events, and environmental changes that could create material exposure. This process encompasses the recognition of both internal and external risk factors arising from operational activities, market conditions, regulatory developments, and the broader economic environment. Identified risks are documented and categorized to ensure comprehensive coverage across all key risk areas.

Risk Assessment: All identified risks are assessed using a structured risk matrix to determine their relative materiality in the context of value creation, considering both the likelihood of occurrence and potential impact. Likelihood is evaluated based on historical trends, industry conditions, and the effectiveness of existing controls, while impact is assessed in terms of financial, operational, reputational, and broader business implications. The positioning of each risk within the matrix provides a clear basis for prioritisation and management focus.

Risk Mitigation: Based on the assessment outcomes, appropriate mitigation measures are identified and implemented, including strengthening internal controls, enhancing policies and procedures, transferring risk where feasible, or avoiding certain exposures. These actions are aligned with the Group's defined risk appetite, ensuring that risks exceeding acceptable thresholds are addressed with greater priority and focus.

Risk Monitoring and Reporting: The Group continuously monitors risks by reviewing changes in their likelihood and impact, alongside the effectiveness of mitigation measures through key risk indicators. A structured reporting framework ensures timely and transparent communication of the Group's risk profile, key exposures, and mitigation actions to relevant stakeholders, supporting informed decision-making and strengthened accountability.

Risk Impact		Risk Likelihood		Risk Profile	
Severe/Catastrophic	5	Very Likely	5	High Risk	15-25
Significant/Major	4	Likely	4		
Moderate	3	Possible	3	Moderate Risk	8-14
Minor	2	Unlikely	2	Low Risk	1-7
Negligible	1	Very Unlikely	1		

Key risk reports prepared within the Group for regular risk reporting are listed below. Risk reporting is done quarterly and immediately when a significant change in risk profile is identified.

Regular risk reports	Frequency	Reported to
Risk appetite statement	Quarterly	Board Audit and Risk Committee and Board
Group risk summary	Quarterly	Board Audit and Risk Committee and Board
Risk grid/risk matrix	Quarterly	Board Audit and Risk Committee

Risk Control Architecture

The Group's risk control architecture integrates three core components that work in concert to ensure risks are recorded, prioritised, and managed within acceptable boundaries.

Risk Register

The Group maintains comprehensive risk registers as a centralised mechanism for recording and tracking identified risks. These registers capture key details, including risk descriptions, potential impacts, and existing controls and mitigation measures. They are reviewed and updated quarterly to reflect changes in the operating environment and emerging risks, ensuring continuous visibility and effective oversight across all business areas.

Risk Appetite Statement

The risk appetite statement defines the level and types of risk the Group is willing to accept in pursuing its strategic and operational goals. It establishes clear parameters for decision-making and ensures that risk exposures remain within acceptable boundaries aligned with the Group's capacity to manage them, thereby supporting sustainable performance and value creation.

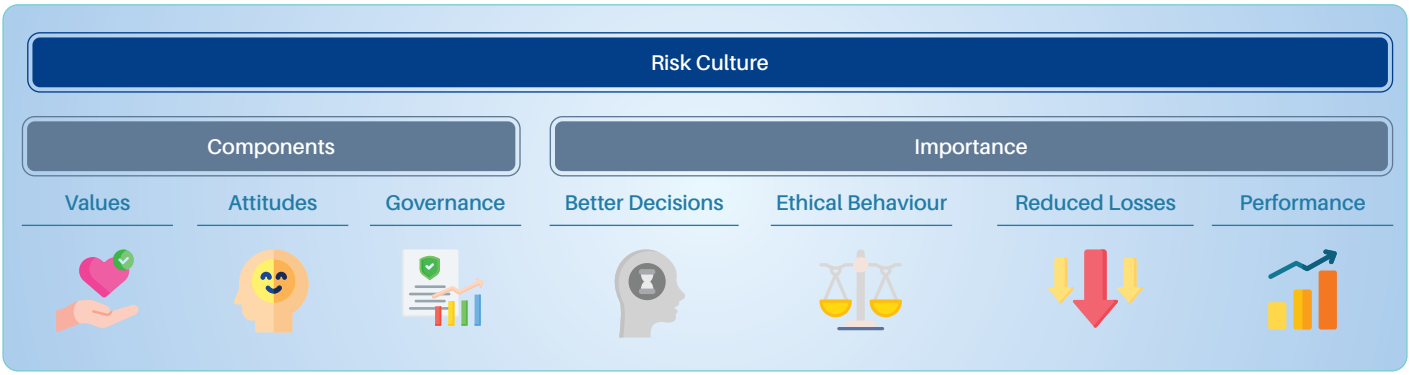
Risk Grid/Matrix

The risk matrix is used to assess and prioritise risks based on their likelihood of occurrence and potential impact. This structured approach enables risks to be evaluated against the Group's defined risk appetite, supporting consistent prioritisation of mitigation actions and ensuring that significant risks receive appropriate attention and resources.

RISK MANAGEMENT

Risk Awareness Culture

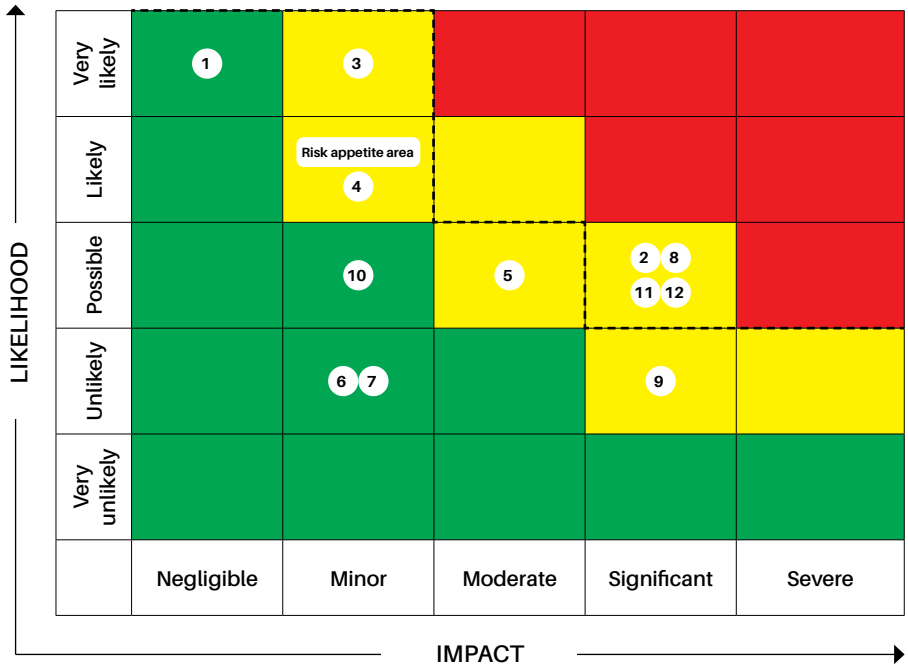
United Motors Lanka PLC fosters a strong risk-aware culture built on accountability, transparency, and continuous improvement. The Board and Senior Management are committed to embedding robust risk management practices across the organisation, while promoting open communication of risk-related matters to enhance awareness at all levels. The consistent application of established policy frameworks reinforces accountability and risk discipline among employees.



Overall Risk Profile

The Group's enterprise-wide risk profile for 2025/26 reflects a broadly moderate risk environment, with elevated exposure in areas directly linked to Government policies and the EV transition. The Group demonstrated resilience through disciplined financial management, diversified revenue streams, and strategic agility.

Risk categories and heat map:



Financial Risk

1. Credit Risk
2. Liquidity Risk
3. Interest Rate Risk
4. Exchange Rate Risk

Operational and Strategic Risk

5. Human Resource Risk
6. Legal and Compliance Risk
7. Reputational Risk
8. Operational and Strategic Risk
9. Risk of Losing Agencies
10. Information Security Risk (IT, Cyber Security and Data Security Risk)
11. External Environmental Risk / Government Policies
12. Environmental, Social and Governance Risk (ESG Risk)

GRI 2-25

A description of the key risks faced by the Group, along with the control measures implemented to eliminate, mitigate, or manage these risks, is presented below.

Credit Risk

Risk Rating		Change from previous year	↓

Context

Adverse changes in macroeconomic conditions and the broader economic environment may lead to a deterioration in the creditworthiness of customers, thereby increasing exposure to credit risk.

Mitigation strategies

- Customer creditworthiness is reassessed annually, with credit limits reviewed in line with prevailing economic conditions.
- A structured evaluation process is followed prior to granting credit, ensuring that customer credit profiles are thoroughly assessed.
- Trade receivables are closely monitored by Divisional Heads through regular monthly reviews, with overdue balances discussed and corrective actions initiated.
- Credit facilities are suspended on overdue accounts, with legal action pursued where necessary to recover long-outstanding balances.

Link to material matters	Economic Performance
Capitals impacted	Financial Capital, Social and Relationship Capital

Liquidity Risk

Risk Rating		Change from previous year	↔

Context

Liquidity constraints arising from reduced business activity due to policy decisions and prevailing economic conditions may limit the availability of sufficient funds. In addition, increased reliance on borrowings at higher interest rates could place pressure on cash flows, potentially affecting the Company's ability to meet its day-to-day operational and debt servicing requirements.

Mitigation strategies

- Cash flow forecasting is conducted regularly to anticipate and manage current and future funding requirements. Adequate facilities are maintained to meet projected cash needs, supported by improved inventory management and expedited cash collections.
- Strong banking relationships are sustained to ensure timely access to funding when required.
- Optimizing the capital structure through an appropriate mix of equity and borrowings.

Link to material matters	Economic Performance
Capitals impacted	Financial Capital

RISK MANAGEMENT

Interest Rate Risk

Risk Rating		Change from previous year	

Context

Adverse movements in interest rates may increase the cost of funding while impacting interest income, thereby affecting overall financial performance.

Mitigation strategies

- Interest rate movements are closely monitored, with rates renegotiated where feasible to optimise funding costs and to secure favourable conditions.
- Portfolio diversification is pursued through selective short term investments to enhance flexibility and returns.
- Working capital management and cash flow forecasting practices are maintained, supported by proactive collection of receivables.
- Borrowings are managed at optimal levels to maintain an appropriate combination of fixed and floating rate borrowings.

Link to material matters	Economic Performance
Capitals impacted	Financial Capital

Foreign Exchange Rate Risk

Risk Rating		Change from previous year	

Context

Exposure to foreign currency fluctuations may result in pricing variances, creating a risk of under- or over-costing due to the use of estimated exchange rates.

Mitigation strategies

- Pricing decisions incorporate expected exchange rate movements, with quotations issued subject to currency fluctuation clauses.
- Selling prices are regularly reviewed and adjusted in line with exchange rate movements.
- Exchange rate trends are closely monitored, with engagement with local banks to secure favourable rates where possible.
- Inventory levels are maintained at optimal levels, supported by the use of letters of credit to manage exposure.

Link to material matters	Economic Performance, Foreign Exchange Volatility
Capitals impacted	Financial Capital, Social and Relationship Capital

Human Resource Risk

Risk Rating		Change from previous year	

Context

Inability to attract and retain suitably skilled employees, including the potential loss of key talent and critical expertise.

Mitigation strategies

- Vacancies are filled with suitably qualified and competent talent, while high-potential employees are identified and developed to support future succession needs.
- Regular salary benchmarking is conducted to ensure competitive remuneration aligned with market conditions.
- Skills assessments and gap analysis are undertaken to identify capability requirements and inform targeted development initiatives.
- Employee engagement is monitored through satisfaction surveys, supporting continuous improvement in the workplace environment.
- Structured performance management processes are implemented, with clear goal setting, ongoing feedback, development planning, and recognition mechanisms to drive performance and retention.

Link to material matters	Labour Practices, Talent Attraction and Engagement, Talent Development
Capitals impacted	Human Capital, Financial Capital

Legal and Compliance Risk GRI 205-1

Risk Rating		Change from previous year	

Context

Non-compliance with evolving laws, regulations, and Government policies may expose the Company to legal, regulatory, and reputational risks, potentially impacting its operations and performance.

Mitigation strategies

- A robust compliance framework is maintained, supported by regular monitoring of statutory requirements, with any instances of non-compliance reported to the Board Audit and Risk Committee and to the Board.
- Employees are guided by the Company's Code of Business Conduct and Ethics, with formal undertakings and annual assessments reinforcing adherence to the Code.
- Compliance with key regulatory requirements, including anti-corruption policies and the Sri Lanka Personal Data Protection Act, No. 09 of 2022, is being implemented.
- Appropriate resources and tracking mechanisms are in place to support ongoing compliance management.
- Independent reviews, including tax audits by external consultants, are conducted to ensure adherence to relevant statutory obligations.

Link to material matters	Regulatory Compliance, Ethical Conduct
Capitals impacted	Financial Capital, Social and Relationship Capital

RISK MANAGEMENT

Reputational Risk

Risk Rating		Change from previous year	⬅ ➡

Context

Maintaining societal acceptance as a responsible corporate citizen is essential to the Group's long-term sustainability and the strength of its brand reputation.

Mitigation strategies

- Adherence to strong corporate governance practices supports transparency, accountability, and ethical conduct.
- Transparent and fair practices are maintained across all employee related matters.
- Online feedback and social media channels are actively monitored, with timely responses to address concerns and reinforce customer trust and satisfaction.

Link to material matters	Responsible Marketing, Customer Experience, Customer Satisfaction, Complaint Management
Capitals impacted	Financial Capital, Social and Relationship Capital

Operational and Strategic Risk

Risk Rating		Change from previous year	⬅ ➡

Context

The risk of disruption to business continuity arising from unforeseen events or strategic decisions, as well as potential opportunities and threats inherent in the Group's business model.

Mitigation strategies

- The Group pursues business diversification through new agencies and expansion into emerging segments, including a strategic focus on electric vehicles to capitalise on supportive Government policies and diversify to other non-motor segments.
- Cost pressures are managed through active negotiation with customers and service providers, alongside pricing strategies that factor in anticipated cost movements.
- Inventory is carefully managed through optimal ordering, maintenance of buffer stocks, and regular review of aging to support timely sales and minimise obsolescence.

Link to material matters	Customer Experience, Customer Satisfaction, Principal Relationships and Collaboration
Capitals impacted	Financial Capital, Social and Relationship Capital

Risk of Losing Agencies

Risk Rating		Change from previous year	⬅➡

Context

Risk of loss or deterioration of relationships with principals due to non-compliance with contractual terms or the potential termination of agency agreements.

Mitigation strategies

- Strong, mutually beneficial relationships are maintained with principals through regular engagement, including meetings and visits.
- Agreements are in place, with ongoing adherence to contractual terms and periodic reviews to ensure continued compliance.
- Continuous communication is maintained with principals, including updates on market conditions and operating environment to sustain alignment and trust.
- Focus is placed on meeting performance expectations, including achieving volume targets set by principals.

Link to material matters	Principal Relationships and Collaboration
Capitals impacted	Financial Capital, Social and Relationship Capital, Intellectual Capital

IT, Cyber Security and Data Security Risk (Information Security Risk)

Risk Rating		Change from previous year	⬅➡

Context

Risk of loss or compromise of operational and confidential data due to cybersecurity breaches or system failures, as well as potential disruption to business operations arising from IT system breakdowns.

Mitigation strategies

- Robust controls and regular reviews are in place to maintain the integrity, security, and efficiency of IT systems and data, including periodic technical security assessments.
- Offsite backup infrastructure, including mirror servers, ensures data recovery and business continuity.
- Employees are equipped with secure IT infrastructure, including company-issued devices and trainings are conducted.
- Strong access controls are enforced through measures such as two-factor authentication, endpoint security solutions, and directory-based access restrictions.
- Continuous monitoring tools are deployed to track network activity, system logs, and user behaviour, enabling early detection and response to potential security threats.

Link to material matters	Digitalisation and transformation, Data Security
Capitals impacted	Intellectual Capital

RISK MANAGEMENT

Government Policies

Risk Rating		Change from previous year	⬅ ➡

Context

A significant portion of the Group's revenue has historically been derived from vehicle sales, exposing it to heightened vulnerability arising from changes in import regulations and Government tariff policies, which may adversely impact business performance.

Mitigation strategies

- To mitigate exposure to policy-driven volatility in vehicle sales, the Group continues to diversify its revenue streams by strengthening complementary segments such as after-sales services and lubricant sales, while expanding into new business areas.
- Increased focus is placed on hybrid, PHEV, REEV and EV vehicles to align with evolving market trends and regulatory direction.
- The Group is also expanding its manufacturing and export operations in port and road trailers to enhance revenue stability.
- Monitor and assess changes in Government policies and tax regulations to ensure timely compliance.

Link to material matters	Government Policy
Capitals impacted	Financial Capital

Environment, Social and Governance Risk

Risk Rating		Change from previous year	⬆

Context

Exposure to ESG risks may result in financial, operational, and reputational impacts. These include risks arising from climate change and environmental compliance requirements, evolving societal expectations relating to labour practices and stakeholder engagement, as well as governance-related matters such as regulatory compliance and ethical business conduct.

Mitigation strategies

- Monitor energy consumption across operations and implement energy-saving initiatives/energy audits.
- Measure and monitor Greenhouse Gas (GHG) emissions across operations.
- Set targets for emissions reduction and report progress transparently to stakeholders.
- Emission reduction through transitioning to renewable energy sources where feasible and engaging in carbon offsetting projects.
- Collaborate with suppliers to ensure they meet environmental and ethical standards as well as low emission focused product lines to reduce the adverse environmental impacts of the vehicles we distribute.
- Establish an internal Environment, Social and Governance (ESG) framework with clear sustainability goals/road map.
- Conduct climate risk assessments to identify vulnerabilities in operations and supply chains.
- Increase growth rate of after-sales by increasing capacity utilizations, catering non-Mitsubishi vehicles, increasing employee productivity, retaining top performers and improving customer experience.
- Implement fair labour practices and ensure compliance with labour laws and regulations.
- Minimise workplace injuries and safeguard the health and safety of employees.
- Establish clear codes of conduct and anti-corruption policies across all levels of the organization.

Link to material matters	Labour Practices, Occupational Health and Safety, Energy Management, Water and Effluents Management, Waste Management, Material Efficiency, GHG Emissions, Supplier Social and Environment Assessment
Capitals impacted	Human Capital, Social and Relationship Capital, Natural Capital

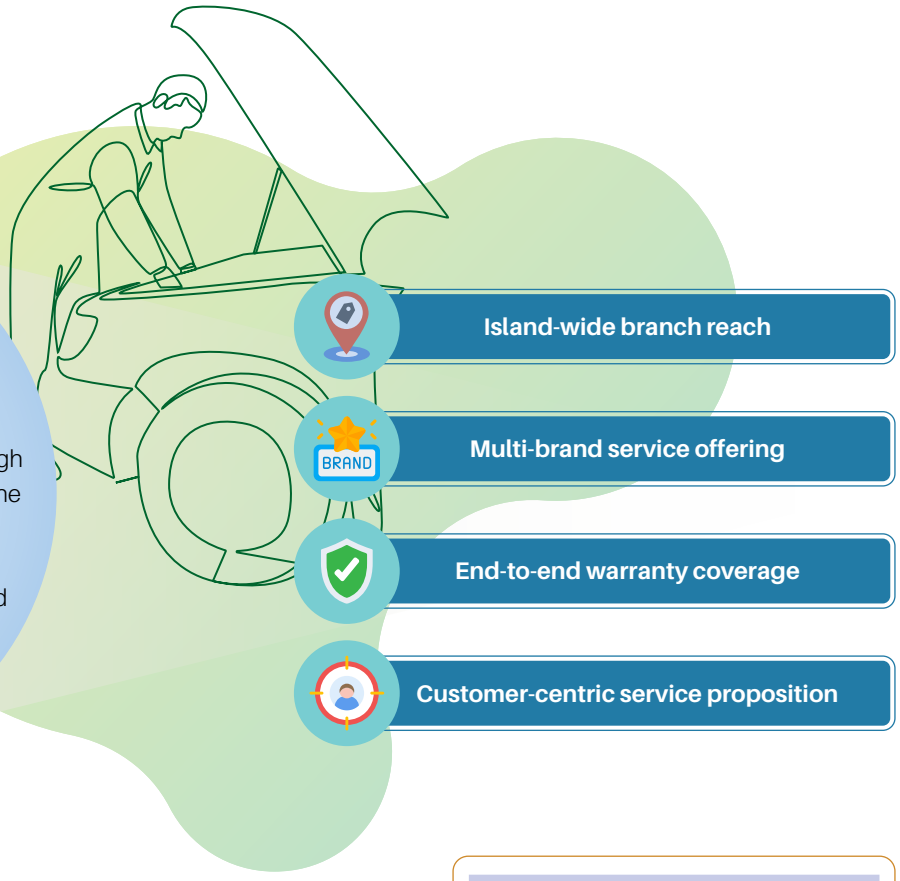


Enduring momentum

OPERATIONAL REVIEW

Spare Parts and Workshop

The Spare Parts and Workshop segment remains integral to the Group's value proposition, supporting customers throughout the vehicle lifecycle while reinforcing long-term relationships through reliable, high-quality service. By utilising genuine parts, advanced technology and continuous customer engagement, the Group ensures timely servicing, manufacturer-recommended updates and consistent support in-line with industry standards.



Operating Environment

The financial year under review marked a period of improving economic conditions, with enhanced foreign exchange availability and easing import restrictions supporting better parts availability and robust demand. Following several years of subdued demand arising from import restrictions, the segment experienced a notable recovery, driven by increased inflows of new vehicles alongside continued vehicle retention trends, which further strengthened demand for after-sales services.

Strategy and Performance Overview

Record performance: The segment delivered record growth and profitability during the year, achieving the highest profitability in its history, driven by strong contributions from both spare parts and workshop operations. This was underpinned by revenue growth of 3% and 23% in spare parts and workshop operations respectively, resulting in total segment revenue increasing by 19% to LKR 4.9 Bn during the year. Improved gross profitability across both business lines further supported a 32% increase in the operating profit to LKR 1,157 Mn.

Strengthened availability and accessibility: During the year, the Group placed strong emphasis on enhancing the availability of products across its after-sales network. Improved parts availability and inventory management enabled higher service throughput, while the introduction of genuine accessories complemented new vehicle offerings. Enhanced productivity across service personnel at all levels, supported by performance-based reward schemes linked to customer satisfaction and zero-complaint benchmarks. The opening of the Batticaloa branch marked the completion of the Group's island-wide after-sales footprint, further strengthening one of the widest branch networks in the industry. The Segment also continued to widen its product and service portfolio with the introduction of nano-coating

Highlights of 2025/26

- Commissioning of the Batticaloa branch
- Widened service offering with several new propositions
- Interventions to enhance customer experience
- Achieved record growth and profitability

Financial Performance

	2025/26 LKR Mn	2024/25 LKR Mn
Spare parts		
Revenue	809	782
Gross Profit	392	333
Operating Profit	688	532
Workshop		
Revenue	4,121	3,344
Gross Profit	1,956	1,495
Operating Profit	469	344
Consolidated Segment		
Revenue	4,930	4,126
Gross Profit	2,348	1,828
Operating Profit	1,157	876
Assets	2,769	6,403
Liabilities	153	121

solutions under the Naziol brand, EV battery replacement promotions for the Outlander PHEV and extended warranty for selected products.. This was supported by continued enhancements to parts distribution and branch-level availability, ensuring timely service delivery and greater customer convenience.

Customer centricity: Customer-centricity remains a key pillar of the segment's value proposition, underpinned by a continued focus on enhancing the overall customer experience. Investments during the year included the refurbishment of service reception and customer lobby at the Orugodawatte main workshop, creating a modern, best-in-class service environment. This was complemented by ongoing digitalisation initiatives, including the introduction of an online payment gateway and a mobile application offering real-time service updates. In parallel, the Segment engaged in continuous training of front-line staff in customer care, communication skills and technical up skilling, including principal-led overseas training programmes and exposure to international expertise. These efforts were further supported by the implementation of real-time customer feedback and monitoring mechanisms, enabling the Group to consistently refine and elevate service delivery standards.

Further, a range of customer-focused campaigns and promotional offers introduced throughout the year to provide greater value and benefits to customers when servicing their vehicles.

Way forward

While near-term performance may be moderated by prevailing uncertainties, including ongoing global disruptions, the Group remains optimistic about the medium to long-term outlook. The outlook for 2026/27 remains positive, provided current geopolitical tensions do not persist, with UML well positioned to build on its after-sales momentum. Strategic priorities will focus on enhancing productivity, expanding value added service offerings, and continuing investments in customer experience and technical capability development to sustain long-term growth.

Risk and opportunity landscape

Risks

- Foreign exchange volatility
- Global supply chain disruptions
- Escalating operating and manpower costs
- Competition from grey market
- Migration of skilled labour

Opportunities

- Growing demand driven by an expanding vehicle base
- Increased inflow of new vehicles creating demand for value-added services and accessories
- Expansion into regional markets
- Leveraging digital platforms for enhanced customer engagement

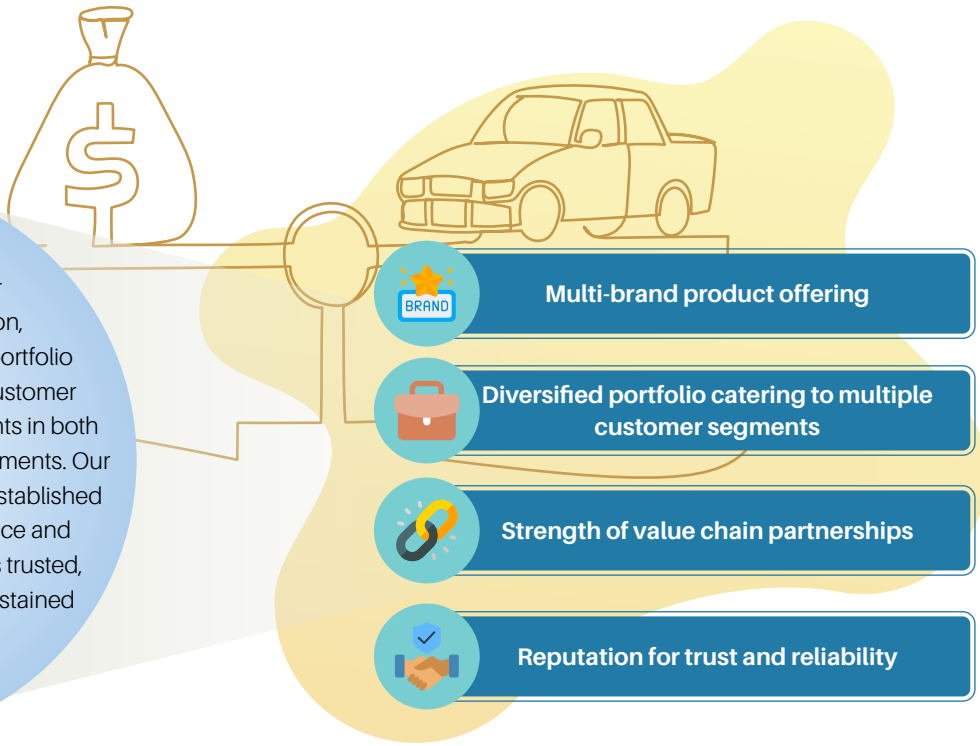


New service reception and customer lobby at the Orugodawatte main workshop

OPERATIONAL REVIEW

Vehicle Sales

The Vehicle sales segment continues to deliver a differentiated value proposition, underpinned by a comprehensive portfolio that caters to a broad spectrum of customer preferences and operating requirements in both passenger and commercial vehicle segments. Our competitive edge is supported by an established track record of durability, performance and reliability, positioning our offerings as trusted, high-quality solutions that deliver sustained value and represent a sound investment.



Operating environment

The operating environment for the automotive industry underwent a significant transformation during the year, following the reopening of vehicle imports after five years of restrictions, which also triggered the release of considerable pent-up demand. This transition has reshaped market dynamics, with vehicle prices rising markedly from pre-2019 benchmarks, driven by the combined impact of exchange rate depreciation and a series of fiscal measures, including higher excise duties, custom import duty, surcharge, VAT and luxury tax, which have significantly elevated import costs compared to pre-2019 duty structure.

Regulatory interventions further influenced market conditions, with additional controls introduced to manage pressure on foreign currency reserves, including requirements for importers to liquidate inventory within three months or face substantial penalties.

The market also witnessed the entry of numerous new brands and distributors, intensifying competitive pressures through heightened promotional activity and a broader array of offerings. Meanwhile, a pronounced shift in consumer preference towards electric and hybrid vehicles is redefining demand patterns, with increasing emphasis on technologically advanced, feature-rich products that resonate with a younger, more discerning demographic.

Strategy and Performance

Exceptional turnaround in performance: The year under review marked an exceptional turnaround in performance, underpinned by strategic foresight in inventory planning and a deliberate approach to portfolio optimisation. The Company moved decisively to bridge gaps across in its product offering, while leveraging strong relationships across the value chain to secure timely supply and drive effective market penetration. These coordinated efforts enabled the business to capitalise on emerging opportunities in a rapidly evolving landscape with strong growth in both the passenger and commercial vehicle segments culminating in its best-ever performance, with revenue increasing by 1,905% to LKR 39,337 Mn and Operating Profit rising by 8,469% to LKR 4,854 Mn.

Market responsiveness: In navigating the immediate aftermath of market re-opening, the Company operated within a context of limited visibility on evolving customer preferences, following the prolonged absence of new vehicle sales in previous years. Despite this uncertainty, the Group adopted a proactive approach with early commitments to secure inventory, enabling the rapid introduction of the Perodua range to the market. This timely execution positioned the Company among the first importers to re-enter the brand-new vehicles segment underscoring the strength

Highlights of 2025/26

- Strategic portfolio expansion to address existing gaps
- Launch of seven new products/models
- Ranked as Perodua's leading global export market distributor
- Record growth and profitability

Financial Performance

	2025/26 LKR Mn	2024/25 LKR Mn
Revenue	39,337	1,962
Operating profits	4,854	(58)
Assets	18,003	6,638
Liabilities	1,037	833

and agility of its longstanding supplier relationships. Notably, within the constraints of a beyond three-month inventory penalty regulation, the team successfully pre-sold approximately 90% of incoming units, reflecting both disciplined execution and an ability to effectively gauge and respond to evolving demand conditions.

Strategic portfolio expansion: The Company sought to strategically bridge identified gaps across its portfolio, supported by continuous engagement with principals and aligned its product offerings to evolving market conditions. This early engagement enabled principals to respond with agility, thereby shortening typical lead times and facilitating the timely introduction of new models. Within the premium segment of our passenger vehicles, the Mitsubishi range was expanded with the successful launch of the Mitsubishi Destinator, a compact seven-seater crossover SUV which performed exceptionally well. This momentum was further supported by the introduction of the new L200 in July alongside the Outlander Sport, a mid-sized SUV offering a unique value proposition to the Sri Lankan market.

In parallel, the Company strengthened its presence in the entry-level segment through the Perodua range, addressing affordability-driven demand. The range was further expanded with the introduction of the all-new Perodua Ativa sub compact SUV, Myvi hatchback and Aruz SUV, enhancing its relevance among value-conscious consumers. This strategic positioning culminated in the Company being recognised as Perodua's leading global export market distributor during the year, underscoring the strength of its market execution and alignment with its partnership.

On the electric mobility front, the Group adopted a measured approach, recognising the influx of new entrants into the market. Accordingly, Unimo introduced a new range extended electric vehicle (REEV) and battery electric vehicle (BEV) through the Forthing brand enabling participation in the segment which is expected to yield strong performance in the new financial year.

Risk and opportunity landscape

Risks

- Increasing competitive intensity
- Reducing demand for ICE Vehicles
- Reduction in LTV ratio having as impact on the affordability
- Foreign exchange volatility
- Impacts of global geopolitical risks
- Rising fuel cost
- Penalty for over 90 days vehicles

Opportunities

- Robust demand conditions
- Recovery of country's industrial and tourism segments
- Evolving customer preferences

Commercial vehicles: The commercial vehicle segment remains closely linked to underlying economic activity, with demand driven primarily by operational needs across sectors such as construction, poultry, FMCG, manufacturing, printing and packaging, transport and logistics. While the reopening of imports released pent-up demand, supply constraints persisted due to extended procurement lead times, resulting in a phased availability of stocks. Notwithstanding these limitations, the Company leveraged strong principal relationships to secure additional allocations, enabling it to strengthen its market position during the year.

In the trucks segment, the Company remained strong in the light-duty segment for both Fuso and JMC brands. Despite operating with a lean sales team and a limited branch network, the Company demonstrated strong market execution, emerging as one of the leading players in the segment.

In the bus segment, the Company played a pivotal role in the regional introduction of the Euro VI Rosa Bus, with Sri Lanka selected as the host for the Asia Pacific launch. During the year, the segment recorded strong traction, positioning the Company among the top performers in the Southeast Asian market

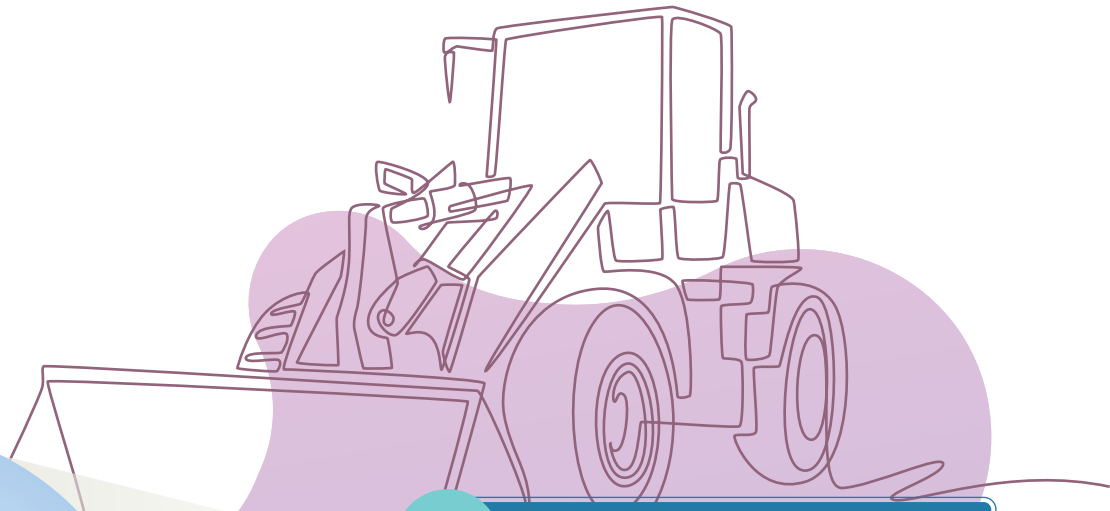
Way Forward

Looking ahead, the passenger vehicle segment is expected to sustain demand momentum, albeit at a moderated pace following the initial release of pent-up demand. The Company will continue to engage with new principals to further strengthen its portfolio, particularly within the electric and plug-in hybrid segments, while also advancing plans to expand its branch network and deepen market penetration across key regions. The recent portfolio expansion provides a strong platform for growth, with new models yet to fully realise their market potential.

In the commercial vehicle segment, a more cautious outlook is warranted given prevailing geopolitical and macroeconomic uncertainties, which are likely to weigh on economic activity and, in turn, demand for trucks and buses. While the truck segment remains closely correlated with overall economic growth, the bus market is expected to see more selective demand, with opportunities arising from public sector transport and tourism segments.

OPERATIONAL REVIEW

Equipment and Machinery



The Equipment and Machinery Segment holds a growing market position, offering a diverse, multi-brand portfolio of construction machinery, supported by comprehensive after-sales services. Representing globally recognised brands, the Segment caters to a wide spectrum of customer requirements across infrastructure, industrial and commercial sectors, reinforcing its standing as one of the leading players in the country.

- Comprehensive portfolio catering to all market segments
- Multi-brand service offering
- Partnerships with globally leading principals
- Strong presence in the country's construction ecosystem

Operating Environment

The operating environment for the Equipment and Machinery Segment showed a recovery during 2025, following a challenging period in preceding years. Construction sector activity recorded a recovery as reflected in the gradual improvement in Sri Lanka's Purchasing Managers' Index for Construction signaling a gradual restoration of industry confidence and purchasing capacity. In the aftermath of Sri Lanka's economic crisis, a significant outflow of machinery through exports created a supply gap in the domestic market, which, coupled with the resurgence in construction activity, led to a notable increase in equipment imports and demand for machinery during the year.

Strategy and Performance Overview

Turnaround in the final quarter: The Segment recorded improved performance during the year, continuing the positive momentum achieved in the previous year. The full-year performance resulted in an operating profit of LKR 13 Mn, compared to an operating profit of LKR 10 Mn. recorded in the previous year, reflecting a year-on-year improvement. This growth was driven by a strategic portfolio realignment, including the introduction of new brands and a more comprehensive product offering, supported by improved operational efficiencies and market penetration. Building on this momentum, the Group remains confident of sustaining improved performance in 2026/27, supported by its strengthened brand portfolio and enhanced market positioning.

Highlights of 2025/26

- Partnered with BULL, one of the world's leading brands in this segment enabling access to a complete range of solutions
- Entered the EV segment in construction machinery through partnership with LiuGong
- Returned to profitability after consecutive losses during the last quarter of the year

Financial Performance

	2025/26 LKR Mn	2024/25 LKR Mn
Revenue	593	446
Operating profits	13	10
Assets	578	656
Liabilities	365	9

Strategic portfolio shift: The year under review marked a deliberate shift in portfolio strategy, reflecting a move towards more comprehensive coverage and market relevance within our construction equipment portfolio offering. Previously, the segment's portfolio had remained constrained by the absence of a backhoe loaders, a category that represents a significant share of demand in the Sri Lankan construction sector. During the year, this gap was addressed through the transition to the BULL brand, enabling us to secure access to a more complete product range. This strategic realignment expanded our presence across the construction, mining and material handling industries, thereby strengthening our competitive positioning and driving greater market traction. The change in brand strategy has thus been instrumental in stabilising performance and laying the foundation for sustained growth.

The year under review also marked a strategic step towards aligning our portfolio with the accelerating transition to low-carbon construction equipment solutions. As market dynamics increasingly reflect a shift towards ESG considerations, fuel efficiency and emissions reduction, demand for electric construction equipment is beginning to gain traction across key sectors. In response, we launched the electric equipment range from LiuGong, a globally recognised leader in this segment in the latter part of the financial year. The initial response to the range has been extremely encouraging and this value proposition is expected to gain further momentum as regulatory pressures intensify, including the potential introduction of carbon taxes and increasing industry-wide initiatives to reduce diesel dependency.



Way Forward

Looking ahead, the Segment is poised to benefit from a broadening of its strategic focus and a gradual normalisation of industry dynamics. Despite near-term uncertainties, Sri Lanka's construction sector is expected to demonstrate a gradual recovery trajectory. The expansion of the portfolio to encompass the entire range of equipment and entry into the EV segment is expected to unlock new revenue streams and enhance resilience. In particular, the ability to cater to corporates with evolving ESG requirements positions the business to capitalise on a growing preference for sustainable and energy-efficient solutions.

In addition to domestic market opportunities, the Segment will continue to explore growth prospects in regional markets such as the Maldives, where the construction equipment market is expected to maintain steady momentum in 2026. Demand is supported by continued resort development, land reclamation projects and infrastructure upgrades, together with increased lending activity to the construction and real estate sectors. The market is also witnessing a gradual shift towards energy-efficient, electric and hybrid machinery, driven by the need to reduce noise levels and minimise carbon footprints in environmentally sensitive marine locations. This aligns well with the Segment's strategic entry into the EV construction machinery space and provides an opportunity to position sustainable equipment solutions in markets where environmental considerations are becoming increasingly important.

OPERATIONAL REVIEW

Lubricants and Car Care Products



The Lubricants and Car Care segment plays a vital role in supporting vehicle performance and longevity, anchored by the globally recognised Valvoline brand. The portfolio comprises a comprehensive range of engine oils, transmission fluids, industrial oils and greases, developed using advanced formulations to deliver optimal performance. Complementing this, the Group's car care offering features established brands such as Prestone, Holts and Simoniz, enabling a holistic suite of solutions that enhance vehicle upkeep, appearance and reliability.

- Comprehensive product portfolio
- Island-wide accessibility
- Globally recognised brands

Operating Environment

The operating environment for the Lubricants and Car Care segment improved significantly during the year, following the lifting of vehicle import restrictions after nearly five years. This resulted in the revival of the automotive sector, acting as a key demand catalyst for lubricants. The rebound in tourism further supported growth through increased transport activity and vehicle use, while the gradual revival of industrial activity and renewed infrastructure investments provided an additional tailwind. Consequently, the market returned to a growth trajectory after a prolonged period of stagnation, fueling strong growth in both the Lubricants and Car Care segments.

Strategy and Performance Overview

Strong turnaround in performance:
Amid a recovering market environment in 2025/26, the Segment delivered a strong performance, with both core categories outperforming broader market growth. The Valvoline business recorded volume growth of 16%, exceeding the estimated market growth and translating to a revenue growth of 16%, which crossed the LKR 2 Bn milestone for the first time. The Car Care segment delivered strong growth, surpassing the LKR 100 Mn revenue milestone for the first time while maintaining moderate profitability. Overall, these contributions supported an 18% increase in segment revenue to LKR 2,367 Mn and resulted in an operating profit of LKR 42 Mn, marking a turnaround from the previous year's operating loss of LKR 65 Mn. During the year, a portion of lubricant inventory stored at the Biyagama stores was affected by Cyclone Ditwah, which impacted the country. Accordingly, an impairment provision of LKR 81.3 Mn was recognised in the Income Statement under Corporate expenses to reflect the estimated loss arising from the affected inventory.

Highlights of 2025/26

- Crossed Revenue milestones in both lubricant and car care segments
- Strategic emphasis on distribution efficiency
- Achieved deep penetration in the construction and industrial segment

Financial Performance

	2025/26 LKR Mn	2024/25 LKR Mn
Revenue	2,367	2,009
Operating profits/(loss)	42	(65)
Assets	2,179	3,465
Liabilities	82	64

Demand dynamics: The segment recorded positive volume growth during the year, driven by a combination of factors across both the new vehicle and aftermarket segments. Increased first-fill demand, supported by the influx of new vehicle registrations, was complemented by stronger aftermarket demand arising from a growing in-use vehicle base. In addition, higher service frequency at both OEM and independent workshops further supported lubricant consumption. This was reinforced by a gradual shift towards premium and synthetic lubricants, particularly in newer vehicles requiring higher-performance formulations, contributing to overall volume growth and value enhancement.

Risk and opportunity landscape

Risks

- Intense competition from local brands and multinational competitors
- Pricing volatility and long lead times stemming from import dependency
- Potential increase in crude oil prices stemming from current geopolitical conflict
- Reduced vehicle usage due to higher fuel costs and fuel quota limitations

Opportunities

- Opportunity to elevate brand presence and deepen consumer engagement
- Reduce market share disparity and drive consistent growth across all categories and regions.
- Consumer centric marketing execution and brand activations in the car care segment

Customer acquisition and distribution efficiency: The Segment continued to strengthen customer acquisition and distribution efficiency during the year through the effective implementation of zonal segmentation and route-to-market (RTM) strategies, enabling sustained market share growth across key regions. These efforts were complemented by strong growth in the Commercial and Industrial segment driven by a focused approach to onboarding and retaining strategically important accounts. Together, these initiatives enhanced market penetration, improved distribution reach and reinforced the Group's competitive positioning.

Way forward

While near-term performance is expected to be tempered by prevailing global geopolitical uncertainties, the Segment remains optimistic about the medium- to long-term outlook. Following the release of pent-up demand in the previous year, both the vehicle market and lubricant demand are expected to moderate, transitioning towards a more stable growth trajectory in 2026/27. The ongoing conflict in the Middle East may exert pressure on crude and base oil prices, impacting cost structures while potential fuel shortages and rationing could constrain vehicle usage and industrial activity in the short term. Notwithstanding these challenges, the segment will continue to focus on niche and higher-value categories, including premium automotive oils, specialty lubricants, car care products, and industrial greases, which are expected to support sustainable growth and strengthen long-term market positioning.



Receiving Silver Award for Outstanding Growth Distributor (Prestone) at the 20th APAC PFX Group Distributor Conference 2026, held in Chengdu-China, in March 2026

OPERATIONAL REVIEW

Tyres



The Tyre Segment remains anchored by the Company's longstanding partnership with Yokohama, one of the world's leading tyre manufacturers. Renowned for its focus on performance and innovation, the Company offers a comprehensive portfolio of products that meet diverse customer requirements across urban and off-road applications.

- Comprehensive product portfolio
- Island-wide accessibility
- Globally recognised brands

Operating Environment

Sri Lanka's tyre market expanded in tandem with the growth in the vehicle population, with demand driven by both new vehicle registrations and replacement cycles. The market remains highly competitive, characterised by the presence of parallel importers and a strong concentration in the price-sensitive, affordable segment. This dynamic has led to increased availability of lower-cost alternatives, placing pressure on established distributors while also reinforcing the importance of brand strength, product quality, and after-sales support in sustaining market share.

Strategy and Performance

The tyre segment delivered a strong performance during the year, with revenue increasing by 14% to LKR 535 Mn, supported by robust volume growth across key segments. This performance was further underpinned by efforts to widen the product offering, enabling the Company to better address the value-for-money segment while maintaining its positioning across premium categories. The business also sustained competitive pricing strategies and leveraged its extensive dealer network to enhance market reach and customer accessibility, reinforcing its presence in an increasingly competitive landscape.

Way forward

Looking ahead, the outlook for the tyre segment remains positive, supported by the steady expansion of the national vehicle population and corresponding replacement demand. The Company will continue to refine its value proposition, aligning its product mix and pricing strategies to evolving customer preferences, while strengthening its market presence through enhanced distribution and service capabilities.

Trailers



Dutch Lanka Trailers is one of the world's leading manufacturers of terminal trailers, supported by a proven track record spanning over three decades. The Company has steadily expanded its international footprint, with exports now reaching over 65 countries serving a portfolio of globally recognised customers. Its competitive advantage is anchored in specialised expertise in port and terminal applications, and the Company is testament to Sri Lanka's capability to deliver globally-competitive engineering excellence at scale.

One of the world's leading trailer manufacturers

Established global track record with products exported to 65 countries

Award winner for exports and technical excellence

Operating Environment

The domestic operating environment demonstrated gradual improvement during the year, supported by enhanced political stability and a recovering economic landscape. This was further driven by infrastructure developments including the operationalisation of new port capacity, which contributed to stronger volumes during the year. At a global level, however, conditions remained relatively volatile amid ongoing geopolitical dynamics, which continued to influence shipping patterns, freight availability and broader logistics planning. On the other hand, the competitive landscape intensified significantly during the year, resulting in heightened pricing pressure and a more pronounced price differential across markets.

Strategy and Performance

UML's acquisition of Dutch Lanka Trailer Manufacturers Limited in 2023 was driven by a strategic intent to diversify the Group's earnings profile while strengthening foreign exchange generation. This decision has been validated through performance, with the Company contributing 18% of Group profit and reinforcing its role as a key earnings driver within the portfolio.

Dutch Lanka Trailers delivered a record financial and operational performance during the year, with robust growth in production volumes driving a corresponding increase in revenue and a significant uplift in profitability. The Company achieved a sale of 475 trailers, including 268 units for the local market, marking the highest local sales volume

Highlights of 2025/26

- Achieved record production volumes including the highest sales volume for the local market
- Gold Winner – National Chamber of Exports Awards 2025 (Machinery and light engineering extra large category)
- Best Performer in Research and Development- National Chamber of Exports Awards 2025

Financial Performance

	2025/26 LKR Mn	2024/25 LKR Mn
Revenue	4,592	2,755
Operating profits	885	355
Assets	3,867	2,659
Liabilities	2,202	1,554

OPERATIONAL REVIEW

in its history. Revenue increased by 67% to LKR 4,592 Mn, supported by strong domestic demand and volume growth of 58%, while profitability margins were upheld through improved capacity utilisation and operating efficiencies. As a result, the sector's profit exceeded expectations, with operating profit increasing by 149% to reach LKR 885 Mn during the year.

Strong demand dynamics: Demand dynamics during the year were notably shaped by a shift towards the domestic market, driven by port expansion activities and increased inter-terminal operations. Local demand strengthened significantly, with volumes exceeding typical levels, as terminal capacity additions and the country's role as a transshipment hub continued to drive trailer utilisation across multiple terminals. Strategic emphasis was placed on expanding revenue streams through maintenance contracts, project-based engagements, and adjacent manufacturing activities, including increasing contributions from road trailers, which supported earnings diversification. On the international front, the Company continued to strengthen relationships with leading global terminal operators, enabling repeat and cross-regional orders across multiple locations. This balanced approach to both domestic and export markets reinforced revenue resilience while positioning the Company to capitalise on sustained growth in global port and terminal activity.

Resource optimisation through reengineering: During the year, the Company continued to prioritise cost optimisation and product reengineering initiatives in response to evolving customer needs and pricing pressures. A comprehensive review of the product portfolio was undertaken, resulting in the introduction of a reengineered range aligned more closely with evolving market price points, particularly in comparison to emerging low-cost manufacturers. This was supported by material optimisation and redesign of key components and aggregates, enabling enhanced cost efficiency without compromising product performance.



Technical excellence: The Company's competitive advantage is anchored in the strength of its people and its technical excellence. Operating within a predominantly manual manufacturing environment, Dutch Lanka relies on a highly skilled workforce, including specialised welders, fabricators and painters whose precision and craftsmanship are critical to maintaining consistent product quality. This is complemented by the use of advanced, high-precision equipment and specialised processes such as airless painting, enabling the Company to meet the exacting standards required for port and terminal applications.

Way forward

The outlook remains cautiously optimistic, with near-term visibility constrained by evolving geopolitical developments and their impact on global trade flows and customer decision-making. While both local and export markets demonstrated encouraging momentum towards the latter part of the year, recent uncertainties, particularly in key regions have tempered sentiment and extended execution timelines. Notwithstanding these challenges, the Company remains well-positioned to navigate potential vulnerabilities with its operational excellence and innovation providing a solid foundation for agility and growth.



Resilience in innovation

FINANCIAL CAPITAL

The funds available to the Group, comprising equity, debt and retained earnings that finance its operations, capital investment and strategic growth initiatives, and through which value is created and distributed to providers of financial capital.

CONTRIBUTION TO VALUE CREATION	CONNECTIVITY TO SDGS
Disciplined capital allocation	**Decent work and economic growth** Sustainable business growth, fair remuneration and responsible capital allocation support long-term economic development.
Balance sheet resilience	
Expansion of operations	**Reduced inequalities** Broad-based shareholder participation and transparent financial reporting promote equitable access to economic returns.
Shareholder value creation	



KEY PERFORMANCE INDICATORS AND VALUE OUTCOMES

Revenue **LKR 52.3 Bn** Reflecting broad-based growth across key verticals	Profit After Tax **LKR 3.6 Bn** Unprecedented profit growth supported by all key verticals
Gearing ratio **28%** 2024/25: 37% - reflecting stronger profit generation and settlement of debt	Return on Equity **21%** Reflecting continued value creation to shareholders

CAPITAL CONNECTIVITY

Financial capital ↓	Human capital ↑	Manufactured capital ↑	Financial capital ↑
Working capital recruitment	Investment in people	Investment in strengthening manufacturing infrastructure	Strengthened financial position







READ MORE

Revenue	Profitability	Financial Position	Cash Flow	Way Forward
Page 124	Page 124	Page 125	Page 124	Page 125







FINANCIAL CAPITAL

GRI 3-3, 201-1

Revenue

The Group delivered a record-breaking financial performance during the year under review, recording an unprecedented Revenue of LKR 52.35 Bn, increasing more than fourfold compared to the previous year. The exceptional performance reflects the first full year of operations following the reopening of the vehicle market, together with timely strategic interventions to ensure the availability of the right products at the right time across key customer segments. All major business verticals recorded outstanding growth during the year. Vehicle sales remained the dominant contributor to revenue, accounting for 75% of total revenue and surging to LKR 39.33 Bn compared to LKR 1.96 Bn in the previous year.

Trailer manufacturing also recorded its strongest performance to date, with revenue increasing by 67% to LKR 4.59 Bn, supported by the highest-ever production and sales volumes achieved by the business during the year, as discussed further in the Operational Review on page 119. All business verticals recorded broad-based growth during the year, further supporting the Group's diversified earnings profile. Spare Parts, Repairs and Services revenue increased by 19%, whilst Equipment and Machinery revenue grew by 33%, supported by the continued expansion of the portfolio and brand offerings. In addition, Tyres revenue increased by 14% and Lubricants and Car Care products recorded growth of 18% during the year.

Operating Profit

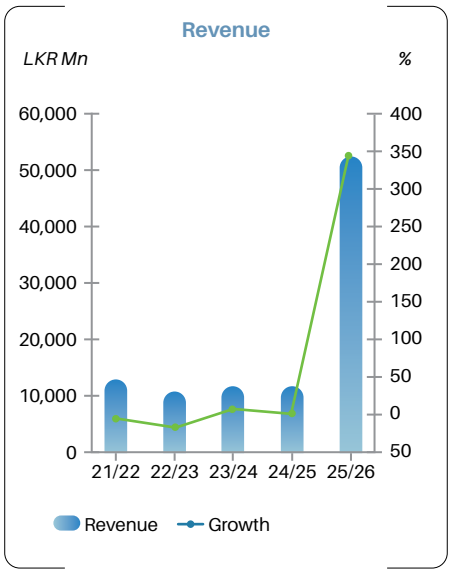
Reflecting the significant expansion in business volumes and operational activity during the year, Distribution Expenses and Administrative Expenses increased by 72% and 42% respectively. Despite the increase in operating costs associated with business expansion, the Group's Operating Profit recorded exceptional growth, surging to LKR 5.63 Bn compared to LKR 361.14 Mn in the previous year. Operating profit margins also improved significantly to 11% from 3% recorded last year, reflecting improved scale, operating leverage and stronger profitability across key business verticals. Further details on segmental profitability are provided in the Operational Reviews on page 110; notably, all major business verticals recorded improvements in core profitability during the year.

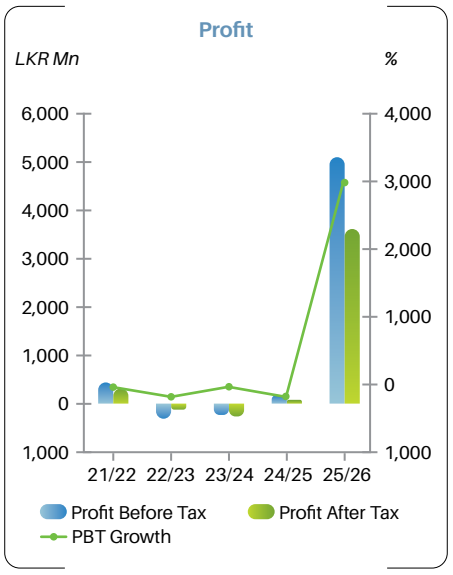
Profit Before Tax

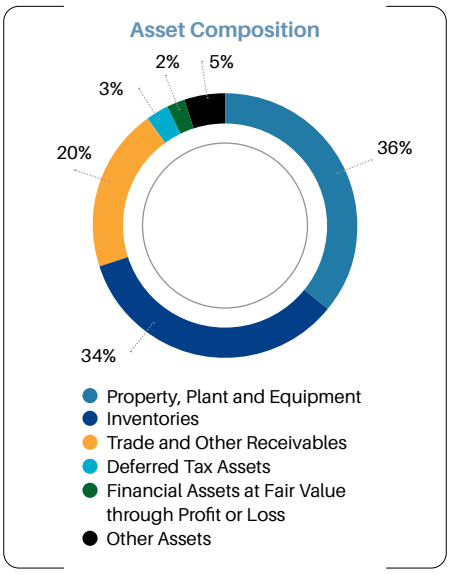
Net finance costs increased more than twofold to LKR 518.44 Mn during the year, primarily reflecting the higher working capital requirements associated with the significant expansion in business volumes following the reopening of the vehicle market. Despite the increase in finance costs, the Group delivered its strongest-ever profitability performance, with Profit Before Tax reaching a record LKR 5.11 Bn compared to LKR 166.29 Mn in the previous year. The Group's value creation to the Government in the form of taxes amounted to LKR 1.50 Bn during the year. Resultantly, Profit After Tax surged to an unprecedented LKR 3.61 Bn compared to LKR 73.35 Mn recorded last year. The exceptional profitability performance demonstrates the strength of the Group's strategic positioning and preparedness to capitalise on the reopening of the market environment.

Cash Flow

Cash flow performance during the year reflected improvement in the Group's operating performance. Net Cash Inflows from Operating Activities improved to LKR 1.63 Bn compared to a negative cash flow of LKR 2.59 Bn recorded in the



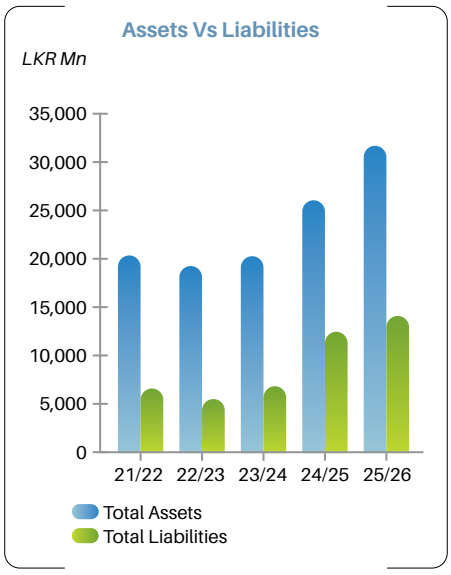




previous year, supported by stronger profitability generation during the year. Net cash inflows from investing activities amounted to LKR 11.22 Bn, primarily reflecting the disposal of unit trusts, whilst cash flows from financing activities recorded an outflow of LKR 43.38 Bn, mainly due to loan repayments during the year. Resultantly, the Group recorded a net cash outflow of LKR 206.05 Mn for the year under review.

Financial Position

The Group's financial position remained strong during the year under review, reflecting continued asset growth and a healthy equity base supporting the significant expansion in business operations. Total assets increased by 23% to LKR 32.07 Bn, with current assets and non-current assets increasing by 27% and 17% respectively. The growth in non-current assets was primarily driven by additions to motor vehicles together with revaluation gains recognised during the year. Meanwhile, the increase in current assets mainly reflected higher working capital requirements associated with increased business volumes, with inventories increasing by 76% to LKR 11.2 Bn and trade and other receivables increasing by 11% to LKR 6.3 Bn. Overall, the Group maintained a healthy and well-capitalised balance sheet position during the year, supporting future growth and operational resilience.



Funding and Equity

The Group maintained a strong funding profile during the year under review, supported by a robust equity base and improved profitability generation. Total equity funded 55% of total assets as at year-end, with total equity increasing by 29% to LKR 17.57 Bn, primarily reflecting the significant increase in profits generated during the year. Meanwhile, the Group's total debt declined by 4.6% to LKR 7.50 Bn despite the substantial expansion in business volumes and working capital requirements. As a result, the Group's gearing ratio, defined as debt divided by total debt plus equity, improved to 28% compared to 29% recorded in the previous year, further strengthening the Group's balance sheet and financial flexibility.

During the year, United Motors Lanka PLC invested LKR 562,690,436 in UML Heavy Equipment Limited and LKR. 450,000,000 in Unimo Enterprises Limited.

Shareholder Value Creation

The Group continued to deliver strong value creation for shareholders during the year under review, supported by the exceptional improvement in profitability and strengthening of the balance sheet. Earnings Per Share increased significantly to LKR 3.58 compared to LKR 0.07 recorded in the previous year, reflecting the substantial growth in earnings generated during the year. Meanwhile, the total net assets increased by 29% to LKR 17.57 Bn, supported by the strengthening of the Group's equity position and retained earnings.

Way Forward

Following a year of exceptional growth and record performance, the Group anticipates a gradual normalisation of market conditions going forward. Nevertheless, the strategic initiatives undertaken in recent years to diversify business verticals, strengthen market positioning and expand the product portfolio have positioned the Group strongly for the future. Supported by a healthy funding profile, a strong balance sheet and enhanced operational capabilities, the Group remains well-positioned to pursue further growth opportunities both organically and inorganically. The Board remains confident in the Group's ability to sustain long-term growth momentum and continue creating value for shareholders through disciplined execution and strategic expansion.

MANUFACTURED CAPITAL

UML's Manufactured capital comprises physical and operational infrastructure including showrooms, workshops, maintenance facilities and technology systems deployed across these operations through which the Group delivers its vehicle sales and after sales services to customers across the island.

CONTRIBUTION TO VALUE CREATION	CONNECTIVITY TO SDGS
Physical accessibility	**Industry, innovation and infrastructure** Investment in resilient service infrastructure
Manufacturing capabilities	**Sustainable cities and communities** Accessible island-wide service network supporting mobility needs.
Reliability and effectiveness	**Responsible consumption and production** Efficient manufacturing and resource us-age across operations.
Strategic revenue diversification	



KEY PERFORMANCE INDICATORS & VALUE OUTCOMES

Capital Expenditure

LKR 742 Mn

▲ 265% vs prior year - increased investment in service infrastructure

Customer Touchpoints

26 locations

Island-wide network supporting customer accessibility

Vehicles Sold

3,863

▲ 851% - Reflecting network capacity

Trailers Manufactured

511

▲ 70% - Effectiveness of manufacturing infrastructure

CAPITAL CONNECTIVITY

Financial capital ▼

Short term Capex



S&R capital ▲

Service reliability and brand presence island-wide



Intellectual capital ▲

Medium term
Tacit knowledge embedded in facilities



Natural capital ▼

Energy consumption and emissions across operations



READ MORE

Asset base and infrastructure

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Capital expenditure

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Contribution to value creation

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MANUFACTURED CAPITAL

Asset base and infrastructure

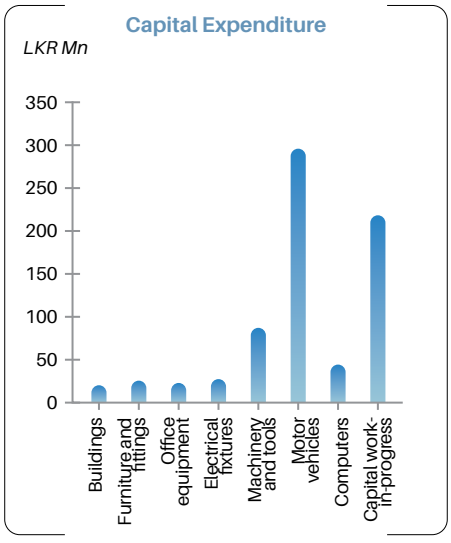
The Group maintains a strategically positioned network of physical assets across Sri Lanka, encompassing showrooms, workshops and service centres. The Group's total PPE amounted to LKR 11.4 Bn as at end-March 2026, accounting for 36% of consolidated assets. The table below provides an overview of the Group's primary physical assets.

Asset	Key Details
Head Office and Hyde Park facility	The Group's 81,794 sq. ft. head office, showroom and workshop, situated on over one acre of prime property within Colombo city, and serves as a strategically located commercial asset.
Orugodawatte complex	The 126,382 sq. ft. facility, undertakes comprehensive repair and maintenance operations for vehicles, machinery, and equipment, ranging from routine servicing to complex repairs.
Ratmalana complex	10 acres of land, including the main vehicle yard and latest workshop, with an operational work area of 89,262 sq. ft.
Vauxhall Street showroom	Truck and Bus showroom is situated on a 50-perch prime property within the Colombo city limits
Dankotuwa trailer manufacturing facility	The 57,838 sq. ft. trailer manufacturing facility of Dutch Lanka Trailers, serves as a key asset supporting the Group's specialised manufacturing capabilities.
Branches and service centres	Strategically located in the major towns of Colombo, Anuradhapura, Kandy, Kurunegala, Matara, Nugegoda, Ratnapura, Kelaniya, Jaffna and Batticaloa

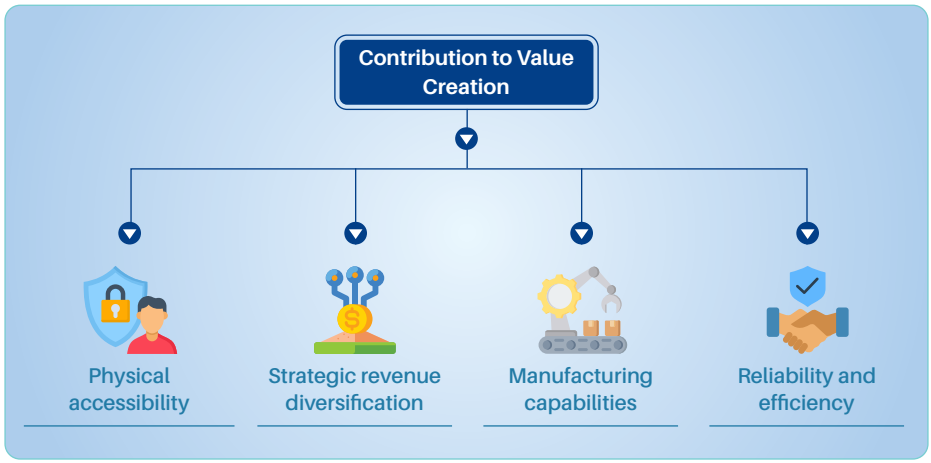
Capital expenditure

Capital expenditure (Capex) reflects the Company's commitment to maintaining, upgrading, and expanding its physical asset base. During the year, the Group invested LKR 742 Mn in its manufacturing Capital, representing expansion and upgrades to its showroom network, refurbishments at the Orugodawatte main workshop, and investments in manufacturing capabilities at Dutch Lanka Trailers among other initiatives.

During the year, United Motors Lanka PLC further strengthened its regional presence by extending its branch network to Batticaloa. Capital expenditure amounting to LKR 70.1 Mn had been incurred on this expansion as at the reporting date.



Contribution to Value Creation



Physical accessibility

The Group's network of branches, showrooms and after-sales facilities forms the primary interface between the Company and its customers, ensuring that vehicle sales and post-purchase services remain accessible across Sri Lanka. Sales branches and showrooms are strategically located to serve key population centres, providing customers with direct access to the Group's vehicle portfolio and trained sales personnel. Complementing this, the Group's after-sales network, comprising authorised service centres, workshops and spare parts distribution points ensures that customers have access to genuine

parts, scheduled maintenance and repair services, supporting confidence in the reliability and continuity of ownership support. During the year under review the Group extended it's branch network to Batticaloa expanding it's regional presence.

Manufacturing capabilities

Dutch Lanka Trailer's manufacturing facility in Dankotuwa, features strong engineering and design capabilities, enabling the conceptualisation, development and production of trailers and terminal applications that serve both the domestic market and international port and road transport sectors. These capabilities are further supported by in-house steel fabrication facilities, spare parts supply infrastructure, and refurbishment capacity for trailers collectively reflecting the technical depth and operational breadth of the Group's manufacturing asset base.

Operational reliability and efficiency

The reliability and consistency of the Group's service delivery is directly supported by the quality and breadth of its Manufactured Capital. Across its workshops and service centres, standardised facilities and equipment ensure that customers receive a consistent standard of service regardless of location. Well-maintained workshop infrastructure, genuine spare parts availability and up-to-date diagnostic equipment reduce service turnaround times and support the accurate completion of maintenance and repair work. Collectively, these physical assets enable the Group to maintain service standards aligned with manufacturer requirements and customer expectations, forming the foundation upon which long-term service reputation is built.

Strategic revenue diversification

The breadth of the Group's manufactured capital has supported revenue diversification beyond its core vehicle sales operations. For instance, the Group's trailer manufacturing operations and engineering capabilities have enabled the Group to reduce dependence on the vehicle sales revenue stream. Further, the Group's strategically located prime city centre property assets represent a source of latent value, presenting an opportunity to unlock significant returns through redevelopment or other strategic arrangements.

Outlook

Looking ahead, the Group will direct capital investment towards the upgrade and facelift of its showroom network, with the primary objective of enhancing the customer experience at key sales touchpoints. Moreover, we will continue to invest in upgrading facilities, equipment and technologies across the Group to strengthen operational efficiency and deliver superior service excellence across sales, vehicle servicing and other customer-focused operations.

Trailers manufactured in 2025/26

511 units



Newly constructed branch at Batticaloa for after-sales operations

HUMAN CAPITAL

The skills, experience and value of our Human Capital is central to the execution of its strategy and the delivery of a consistent and high-quality customer experience across all touchpoints of its operations.

CONTRIBUTION TO VALUE CREATION	CONNECTIVITY TO SDGS
Revenue generation	**Quality education** Structured training and skills development programmes across technical, Leadership, sales and other soft skills.
Organisational resilience	**Decent work and economic growth** Fair employment practices, workforce development and safe working conditions.
Operational excellence	**Reduced inequalities** Inclusive hiring practices and equitable opportunities across the Group's workforce.
Customer experience delivery	



KEY PERFORMANCE INDICATORS & VALUE OUTCOMES

Total headcount

1,350

Reflecting the scale of the Group's operational workforce across all business units

Training hours

26,852 hrs

▲ 73% more than the previous year - investment in technical, after-sales and sales competencies

Employee attrition rate

26.1%

▼ 1.7% ppts - reflecting improved retention and employee engagement compared to the previous year

Women in workforce

7.4%

Reflecting our ongoing commitment to enhance the inclusivity and diversity in the workplace

CAPITAL CONNECTIVITY

Financial capital ▼

Short-term investments on training



S&R capital ▲

Customer trust reinforced



Intellectual capital ▲

Organisational knowhow and technical expertise



Financial capital ▲

Improved productivity and customer retention



READ MORE

Team UML

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Evolving world of work

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HR governance and management approach

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People strategy in 2025/26

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Outlook

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HUMAN CAPITAL

GRI 2-7, 3-3

Team UML

The Group's Human Capital comprises 1,350 employees, deployed across its island-wide network of operations. Our team represents a diverse pool of skills and experience, united by a shared commitment to the Company's values and organisational culture. Collectively, the Group's workforce plays a central role in the delivery of its strategic objectives, the execution of its customer experience agenda and the achievement of its value creation targets. The profile of the team is illustrated below:

Employees by gender

By Gender	Permanent	Contract	Total
Male	1,222	27	1,249
Female	94	7	101

Employees by category

	Senior management	Managers and Executives	Non-executives
Male	42	360	847
Female	6	75	20

Talent movements in 2025/26

During the year under review, the Group added 455 new recruits to its workforce, reflecting increased operational requirements. The expansion of the Group's workshop network through the establishment of new locations necessitated additional technical staff to support service delivery capacity. Concurrently, the lifting of the vehicle import ban prompted a targeted expansion of the sales team, particularly in support of the Perodua, Mitsubishi and JMC brands, whilst back-office functions including Sales Support and Car Care also saw increased staffing in line with higher operational demand. The recovery of the industry and the resultant new entrants into the market have intensified competition for skilled talent, revealing broader skill gaps across the industry — particularly in technical, aftersales and sales functions — reinforcing the Group's focus on proactive talent acquisition and workforce development during the year. The profiles of new recruits and turnover during the year are set out below:

GRI 401-1

New Recruits/Turnover by gender and age

By Gender	By Age	Number of Employees
New recruits		
Male	18-30 years	317
	31-50 years	97
	>50 years	12
Female	18-30 years	16
	31-50 years	12
	>50 years	1
Turnover		
Male	18-30 years	208
	31-50 years	81
	>50 years	31
Female	18-30 years	8
	31-50 years	4
	>50 years	5

The evolving world of work

The world of work continues to evolve at an unprecedented pace, shaped by a confluence of technological, demographic and socioeconomic forces that are redefining how organisations attract, develop and retain talent. The Group's recognition of these emerging dynamics has informed its approach to human capital management and has played a central role in shaping its people strategy during the year under review.



HR Governance and Management approach

The Group's HR function operates under the oversight of the Board of Directors and the HR and Remuneration Committee. The Committee provides oversight on remuneration structures, performance incentives and other HR-related activities, ensuring that the Group's people practices are aligned with its strategic objectives and organisational values. The HR function works in close collaboration with senior management to ensure compliance with applicable corporate governance standards and labour regulations. Meanwhile, a comprehensive HR policy framework, supported by well-defined procedures, ensures a fair, consistent and structured approach to talent management. Key HR related policies in place are set out alongside and were reviewed and updated as required during the year under review.

GRI 2-23

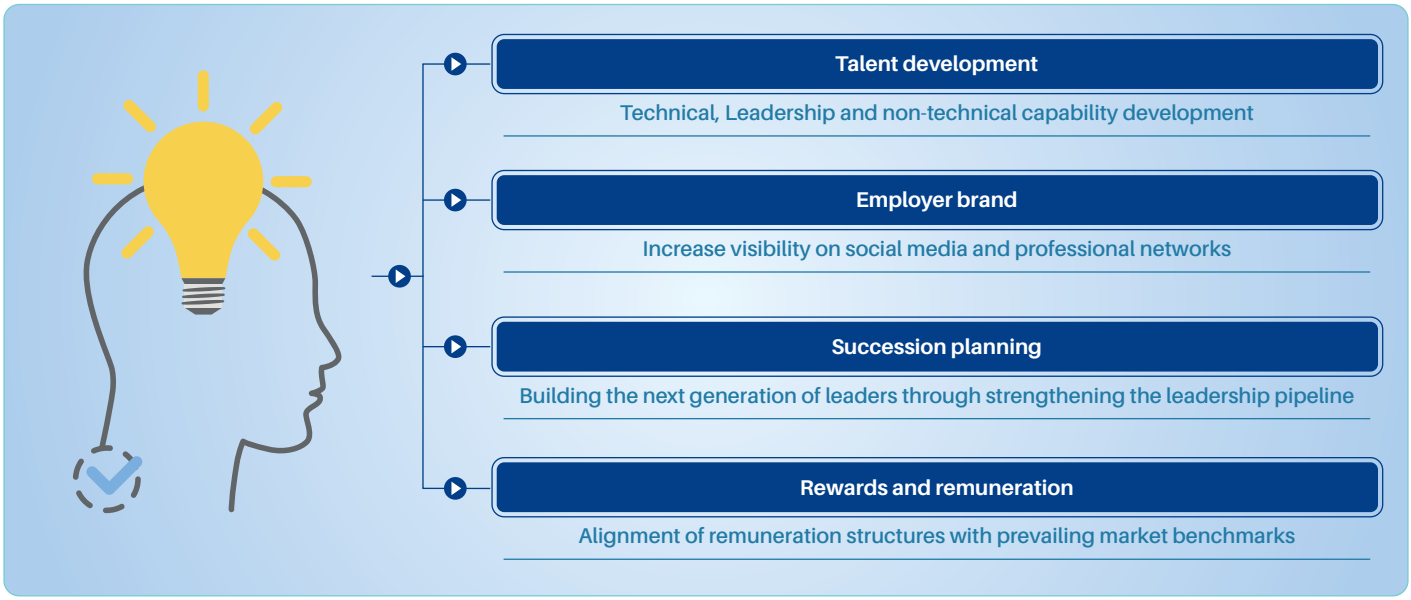
Policy framework

- Recruitment and Orientation
- Performance management and appraisal
- Compensation and benefits
- Training and development
- Employee engagement
- Workplace health, safety, and well-being
- Conduct, discipline and grievance handling
- ESG
- Code of Conduct and Ethics
- Conflict of interest
- Data protection
- Whistleblowing and anti-corruption
- Harassment and workplace conduct

HUMAN CAPITAL

People Strategy in 2025/26

During the year under review, the Group refined its people strategy in response to the emerging dynamics reshaping the automotive industry and the evolving expectations of its workforce. The strategy was anchored around four key pillars, as illustrated below:



GRI 3-3, 404-1, 2, 3

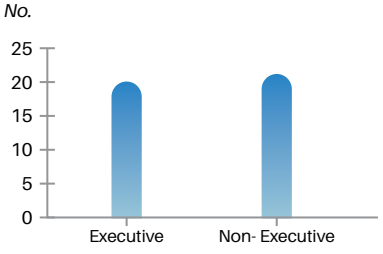
Talent development

The Group maintained a sustained focus on capability development across both technical and non-technical functions during the year, with particular emphasis on workforce readiness in anticipation of increased sales and after-sales activity. Training needs were identified through a structured assessment process, with tailored programmes developed to address specific skill gaps at the individual and team level.

Talent development interventions are delivered through a blend of internal workshops, external training programmes and mentoring and coaching initiatives, supplemented by longer-term development programmes including the English Language Development Programme and the "License to Sell" certification by partnering with the Ceylon Motor Traders Association (CMTA). To measure training effectiveness, the Group introduced the Kirkpatrick Training Evaluation Model, providing a structured framework to assess programme impact across multiple levels of performance. The Group's training record during the year is summarised below;

	2025/26
Total training hours	26,852
Investment in training (LKR Mn)	16.7 Mn
Average training hours (by gender)	
Male	21
Female	15
Average training hours/employee	20

Average training hours by category



Talent Development Initiatives







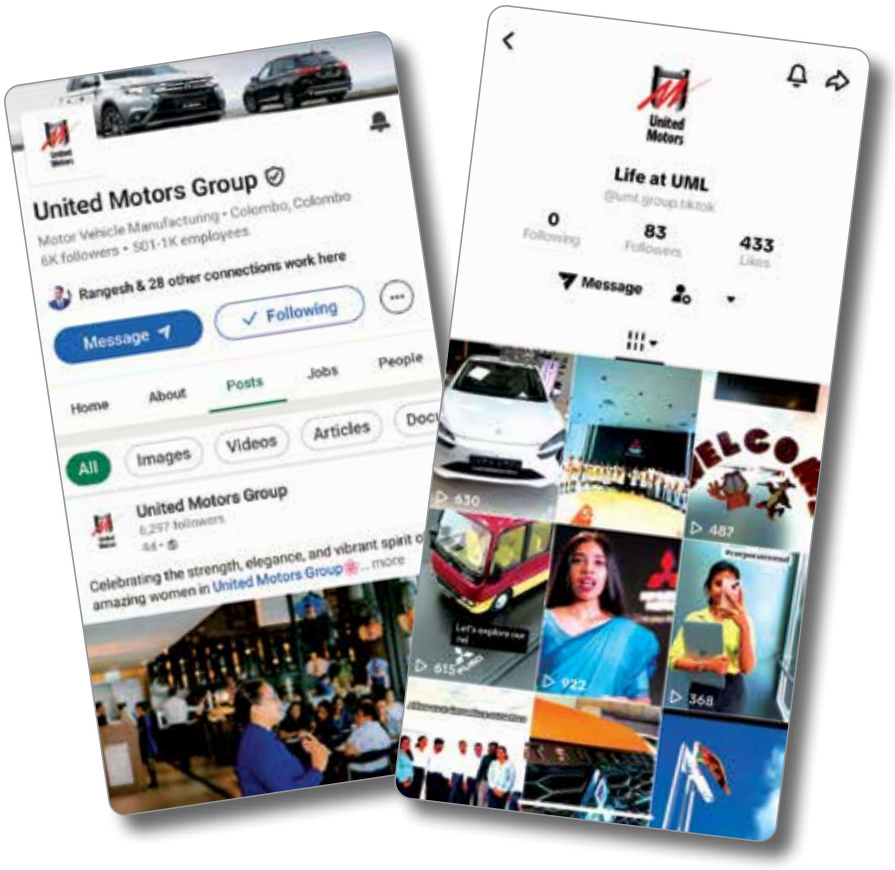




HUMAN CAPITAL

Employer brand

The Group recognises that strengthening its employer brand is an important enabler of talent acquisition in an increasingly competitive labour market. During the year, the Group expanded its presence across professional and social media platforms such as LinkedIn, Facebook and TikTok, to enhance its visibility among prospective talent. These platforms were leveraged to showcase the Group's organisational culture, employee experience, and career development opportunities, with the objective of positioning United Motors as an employer of choice within the automotive sector and attracting candidates whose values and aspirations are aligned with those of the organisation.



Succession planning

The Group's approach to succession planning is centred on the identification and development of internal talent to ensure the continuity and strength of its leadership pipeline. During the year, the Group focused on identifying and developing successors for key positions up to the Assistant General Manager level, ensuring that critical roles are supported by a pipeline of capable and prepared individuals. Talent mobility was further prioritised as a mechanism for broadening employee experience and cross-functional exposure.

Promotions

88

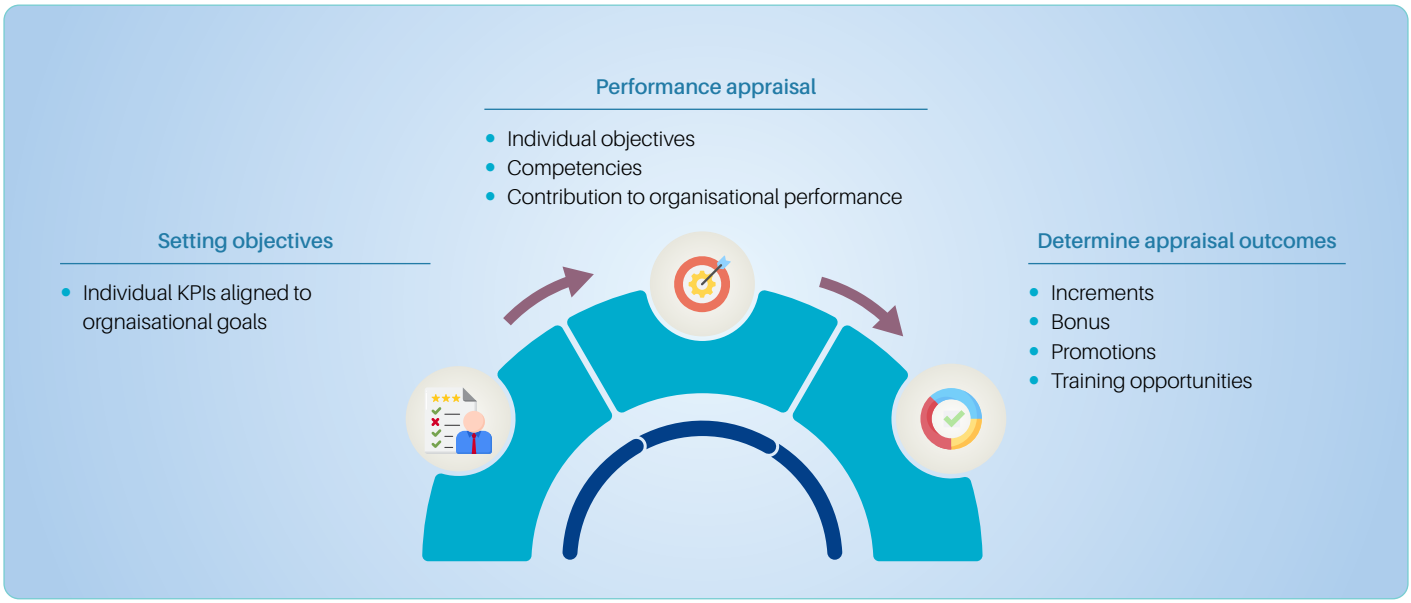
Talent mobility transfers

31

Rewards and remuneration

The Group's structured performance appraisal system, through which employees are evaluated by their immediate supervisors against defined performance criteria, was reinforced to ensure a more consistent and transparent link between individual contribution and reward. Complementing this, the Group commissioned a comprehensive market salary survey through a professional institution to benchmark its remuneration practices against prevailing market standards, the findings of which informed targeted adjustments to ensure the Group's compensation framework remains competitive and equitable.

Approach to performance management



Key elements of the Group's remuneration and benefit schemes are listed below:

1. Annual increments
2. Performance-based bonus
3. Membership fees of professional institutes
4. Leave encashment
5. Insurance including critical illness cover and outpatient/inpatient cover for employees and family members
6. Uniforms/safety equipment
7. Donations and assistance
8. Long Service Award
9. Scholarship programmes for children

Measuring employee satisfaction

The Group employs a range of mechanisms to monitor employee satisfaction, including employee surveys, performance review discussions, departmental meeting feedback and HR consultations through open communication channels. These touchpoints provide a structured and multi-layered understanding of workforce sentiment, informing continuous improvements to the Group's people practices and workplace environment.

Engagement and well-being

The Group maintains a year-round employee engagement calendar designed to foster a cohesive and inclusive organisational culture. Spanning sporting events, religious observances and cultural celebrations, the calendar reflects the Group's recognition of the diverse backgrounds and traditions of its workforce and its commitment to creating an environment in which all employees feel valued and included.

HUMAN CAPITAL

Employee Engagement Events



























GRI 403- 1, 2, 3-3, 4, 5 ,6, 7, 8, 9

Health and safety

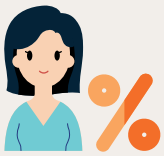
The Group maintains a proactive approach to occupational health and safety across its operations, with particular emphasis on workshop environments where the risk profile is inherently higher. Employees working in these settings receive targeted health and safety training to ensure awareness of workplace hazards and adherence to safe working practices. Appropriate personal protective equipment is provided to all relevant employees, supporting a safe working environment across the Group's service and technical operations. Hazard identification is reinforced through regular audits, site visits, fire safety training, and active safety committees, with clear ownership assigned at each location to ensure accountability. All injuries and incidents are systematically recorded, monitored and reviewed, with findings used to inform corrective actions and drive continuous improvement in the Group's health and safety standards.

Injury record of 2025/26

No. and % of employees covered by H and S Management system (* This includes trainees and outsourced employees as well)	1,737 (100%)
No. and rate of work-related fatalities	0 (0%)
No. of and rate of high-consequence injuries	5 (0.24%)
No. and rate of recordable work-related injuries	20 (0.98%)
No. of hours worked	4,097,856 Hrs.

GRI 3-3, 405-1

Female representation %



22.2% - Board of Directors
12.5% - Senior Management
17.2% - Management and Executives
2.3% - Non-Executives

* Almost half of the total cadre consists of technician staff, where female representation is very low in the market

GRI 3-3, 406-1

Diversity, equity and inclusion

As an equal opportunity Employer, the Group recognises that a diverse and inclusive workforce is fundamental to its long-term organisational resilience and its ability to serve an equally diverse customer base. Accordingly, we strive to create a diverse and inclusive workplace in which all employees are treated with fairness and respect, regardless of gender, ethnicity, background or role. Recruitment, promotion and remuneration decisions are grounded in merit, competency and performance while any form of discrimination on the basis of caste, ethnicity, gender, religion, age, political views or disability is strictly prohibited.

GRI 3-3, 402-1, 407-1, 408-1, 409-1

Human rights and labour relations

The Group upholds the fundamental human rights of its employees across all operations, in alignment with internationally recognised labour standards. The Group does not engage in or condone child labour or forced labour in any form, and no instances of such practices have been identified within its operations or supply chain during the year under review. No operations have been identified in which the right to freedom of association is at risk. Significant operational changes are communicated through internal communication channels and engagement mechanisms in a timely and transparent manner.

Way forward

Looking ahead, the Group will continue to invest in its people as a cornerstone of its long-term value creation strategy. Strengthening the leadership development and succession planning framework will remain a priority, ensuring the continuity of a capable and well-prepared pipeline of talent across key functions. The Group will further expand its digital HR systems and analytics capabilities, leveraging data-driven insights to enhance workforce planning and decision-making while exploring the integration of artificial intelligence within HR processes. Investment in training and capability development will be sustained, in addition to continued focus on employee engagement and well-being initiatives which will contribute towards building a motivated and resilient workplace.

SOCIAL AND RELATIONSHIP CAPITAL

UML's Social and Relationship Capital represents the relationships, trust, reputation and networks developed by the Group with its customers, principals, dealers, suppliers, regulators, communities and other stakeholders that collectively support the Group's long-term sustainability and value creation objectives.

CONTRIBUTION TO VALUE CREATION	CONNECTIVITY TO SDGS
Customer trust and confidence	**Industry, innovation and infrastructure** Strengthening mobility infrastructure
Access to international vehicle brands	**Sustainable cities and communities** Supporting safer and more connected communities through accessible mobility solutions
Island-wide network	**Decent work and economic growth** Supporting employment generation, dealer ecosystems and broader economic activity
Social license to operate	



KEY PERFORMANCE INDICATORS AND VALUE OUTCOMES

Customer Satisfation Score **99%** ▲ 97% vs prior year	Dealer Network **3,150 + locations** Supporting island-wide reach
Repeat customer rate **53%** Reflecting strength of brand	Community investment **LKR 14.3 Mn** Long-term, meaningful community impact

CAPITAL CONNECTIVITY

Financial capital ▲	S and R capital ▲	Human capital ▲	Financial capital ▼
Long-term value supported through customer retention	Customer trust and reputation strengthened	Capable, front-line after sales teams	Investments in customer engagement and dealer support

READ MORE

Customer value creation	Principals	Other business partners	Community engagement	Way forward
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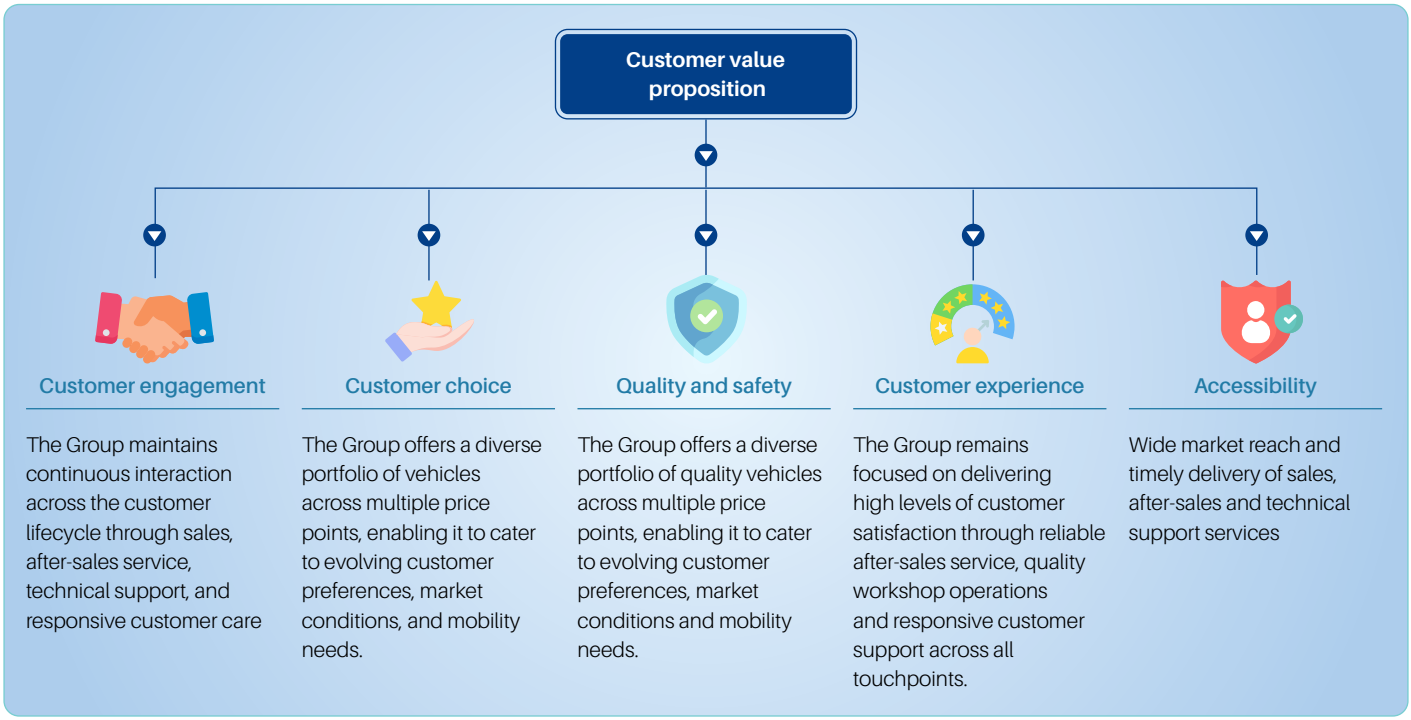
SOCIAL AND RELATIONSHIP CAPITAL

Customers

The Group caters to a diverse base of corporate and retail customers across Sri Lanka's automotive sector. Over the years, the Group has built strong relationships founded on trust, reliability and consistent service delivery, resulting in long-standing customer confidence and dependence on the Group's products, after-sales capabilities and technical expertise. These relationships, together with strong engagement with principals, dealers and other stakeholders, continue to support the Group's market position and long-term sustainability.



Customer Engagement

The Group continued to strengthen customer engagement through an increased focus on digital platforms and integrated marketing initiatives. A combination of digital-first and on-ground promotional activities, including participation in multiple motor shows, mall activations and exhibitions during the year, enabled the Group to further expand its customer outreach. These efforts were supported through a mix of digital and traditional communication channels, including television, radio and outdoor advertising, enhancing brand visibility and customer connectivity across diverse market segments.

During the year, an SMS notification system was introduced to enhance customer communication and transparency throughout the vehicle service journey. The system provides timely updates at key stages of the service process, including vehicle check-in, service progress, approval of additional repairs, completion status and collection reminders. In addition to improving customer convenience and engagement, the system supports better coordination between customers and service advisors, enabling a more seamless and efficient service experience.

Choice

UML operates as a one-stop mobility solutions provider, offering customers quality and choice across multiple vehicle segments and price points. The Group caters to both retail and corporate customers, recognising differing levels



of price sensitivity and feature requirements across customer categories. Through its portfolio of brands, the Group has built a strong reputation for quality and reliability, enabling it to address diverse mobility needs whilst offering customers a broad range of trusted vehicle options.

During the year under review, the Group further widened its product portfolio with the introduction of several new brands and models catering to the emerging requirements of customers (refer to page 150 for further information).

Accessibility

The Group continued to strengthen customer accessibility through its extensive island-wide sales and aftersales network, positioning the Group among the few automotive players with a nationwide reach. During the year, the commissioning of the Batticaloa branch further strengthened the Group's aftersales footprint across Sri Lanka, enhancing accessibility and service convenience for customers. The Group also focused on strengthening parts distribution and branch-level availability, supporting improved responsiveness and continuity of aftersales service across its network.



GPS tracking system: The GPS tracking system was introduced with the objective of providing customers with a more convenient and faster service. Through this system, the location of a customer's vehicle can be identified at any time, enabling our service professionals to be dispatched promptly to the exact location.

GRI 3-3, 416-1

Quality and safety

The Group sources its vehicles and products from leading international principals, ensuring alignment with recognised international standards relating to quality, safety, reliability and performance. This enables the Group to consistently offer customers trusted mobility solutions supported by established global automotive expertise and manufacturing standards. Complementing this, the Group operates state-of-the-art workshop and service facilities, including its complexes at Orugodawatte and Ratmalana, which are equipped with advanced diagnostic tools and equipment and supported by trained technical personnel. Together, these capabilities enable the Group to maintain high standards across both product delivery and after-sales service. Key aspects are highlighted below:

Standardised safety protocols	Genuine spare parts	Technician training	Structural integrity	Safety features	Performance testing
Manufacturer-specified service guidelines and international standards, ensuring repairs and maintenance adhere to global requirements.	Genuine spare parts are sourced directly from partner brands, reducing the risk of substandard components.	Ongoing investment in regular training programmes to ensure technical personnel remain updated on evolving technologies.	Thorough inspections prior to delivery to ensure every vehicle meets the right standards.	Detailed assessments of safety systems, including brakes, airbags, seatbelts, and electronic stability controls, to ensure compliance with global and local safety regulations.	Vehicles are subjected to performance evaluations, including engine diagnostics, transmission checks, and suspension testing.

SOCIAL AND RELATIONSHIP CAPITAL

Customer Experience

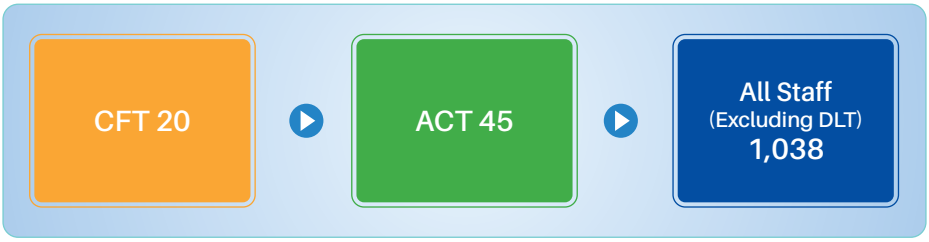
With increasing competition and evolving customer expectations within the automotive sector, United Motors Lanka PLC continued to place strong emphasis on enhancing the overall customer experience. The Group remained focused on elevating service standards across customer touchpoints, supported by continuous customer engagement and structured feedback mechanisms. Customer feedback is regularly obtained, reviewed, and shared across relevant teams to support continuous learning and service improvement initiatives. Key customer service-related interventions undertaken during the year are set out below.

- Refurbishment of the service reception, counters and customer lobby at the Orugodawatte main workshop has elevated the overall customer experience by providing a modern environment.
- Ongoing investments in developing customer service skills
- Customer Service Awards: Recognition and celebration of employees who demonstrate excellence in customer interactions, professionalism, problem-solving and service delivery, reinforcing the Group's commitment to high customer service standards. The Annual Customer Service Awards Ceremony was held in February during the year, where six customer service representatives from across the organisation were honoured for their outstanding performance in customer engagement.
- Customer service and customer experience indicators are integrated into relevant performance evaluation frameworks and KPIs, reinforcing accountability and continuous improvement across the Group.
- Weekly cell meetings: Weekly cell meetings conducted across all 45 cells reinforce the Group's customer service culture through discussions, knowledge-sharing, customer feedback reviews, and continuous learning initiatives. The programme promotes accountability, collaboration and a shared commitment to service excellence across the organisation.

United to Serve

'United to Serve' is an internal initiative aimed at strengthening a customer-centric culture across the organisation. The programme identifies service capability gaps and addresses them through targeted development initiatives, recognition of strong performance and corrective action where necessary.

The initiative is designed by the Cross-Functional Team (CFT) and implemented across the organisation by the Accelerated Care Team (ACT).







Employee/Customer engagement activities

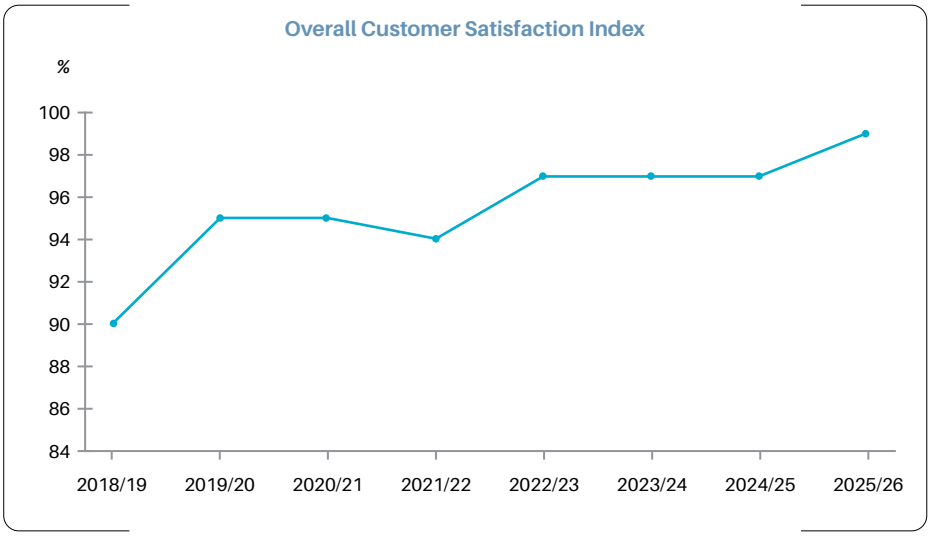
GRI 2-25, 26

Measuring customer satisfaction

UML places significant emphasis on measuring and monitoring customer satisfaction across its operations. The Group maintains a centralised customer engagement process supported through its call centre and customer feedback mechanisms, enabling continuous interaction with customers throughout the ownership lifecycle. Customer feedback is obtained through post-sales follow-ups, satisfaction questionnaires and ongoing engagement channels, whilst customer concerns and adverse feedback, including those arising through social media platforms, are monitored and managed through a coordinated process until resolution. Insights and learnings derived from these interactions are consolidated within a central database and used to support service improvements, strengthen customer relationships and enhance overall customer experience across the Group.

Recognition for WOW Service





GRI 3-3, 417-1,2,3

Product and service information and labelling

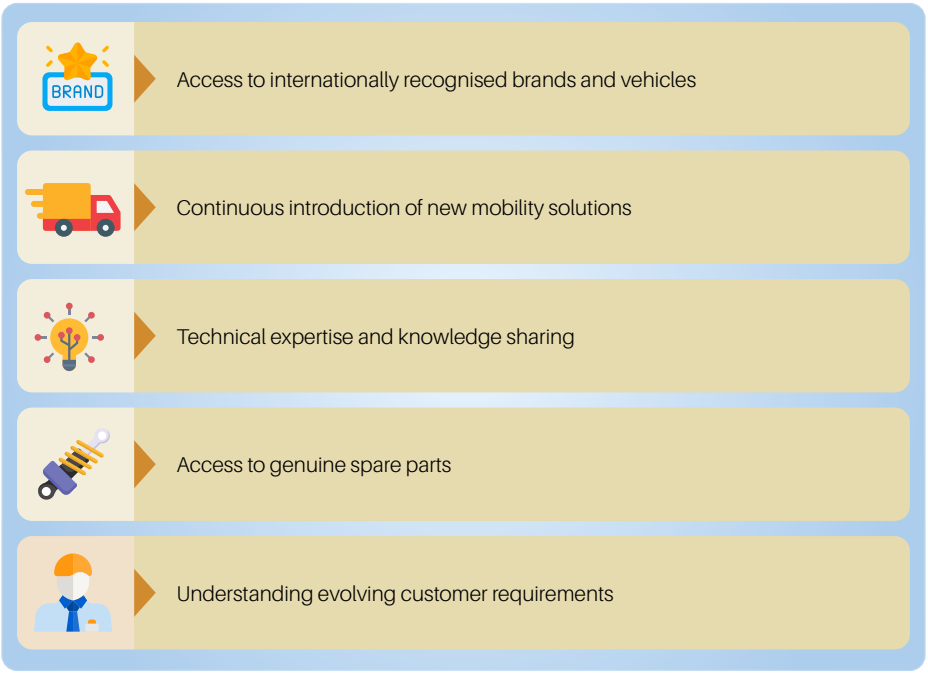
The Group remains committed to responsible marketing and customer communication across all its operations. Product and service information provided to customers, including vehicle specifications, pricing, financing arrangements, warranties, after-sales services and promotional campaigns, are subject to established review and approval processes to support accuracy, transparency and compliance with applicable regulatory requirements and principal guidelines. During the year under review, the Group did not identify any material incidents of non-compliance relating to product and service information and labelling, marketing communications, advertising practices, or customer information disclosures. The Group also continued to strengthen internal controls, employee awareness and governance practices relating to customer communication and responsible marketing across its automotive operations.

GRI 3-3, 418-1

Customer privacy

The Group remains committed to safeguarding customer privacy and protecting personal information. Customer data is managed through established policies, access controls and system safeguards designed to support confidentiality, integrity and compliance with applicable data protection requirements. During the year under review, the Group did not identify any material complaints or incidents relating to breaches of customer privacy or loss of customer data.

SOCIAL AND RELATIONSHIP CAPITAL



Principals

UML has built long-standing relationships with its international principals, which continue to play a critical role in supporting the Group's market access and product offering. These partnerships provide access to internationally recognised standards of product quality, safety, and advanced automotive technology, enabling the Group to offer reliable mobility solutions aligned with evolving customer expectations. In collaboration with its principals, the Group continues to introduce new products and technologies to the local market whilst engaging in ongoing market research to ensure solutions remain suited to local operating conditions and customer requirements. Key elements of this value proposition are detailed alongside;

Business Partners

The Group has maintained long-standing relationships with its dealers, distributors and other business partners, recognising them as important stakeholders within the Group's value chain. These partnerships strengthen the Group's market reach, customer accessibility, and connectivity across both local and international markets, whilst supporting the effective distribution of products and services. The Group continued to engage closely with its business partners during the year through regular interactions, collaborative initiatives and relationship-building events including dealer conventions, fleet owner engagements and gatherings with leasing and financing partners.

GRI 3-3, 413-1, 2

Community Engagement

The Group continues to undertake a range of corporate social responsibility initiatives across the communities within which it operates. The Group's key areas of focus remain education, healthcare and skills development, reflecting its commitment towards supporting long-term social and economic progress. In selecting and implementing initiatives, the Group places emphasis on sustainable and impactful projects that create long-term value for communities, rather than short-term interventions, thereby supporting meaningful and lasting outcomes. Key interventions during the year are summarised below:

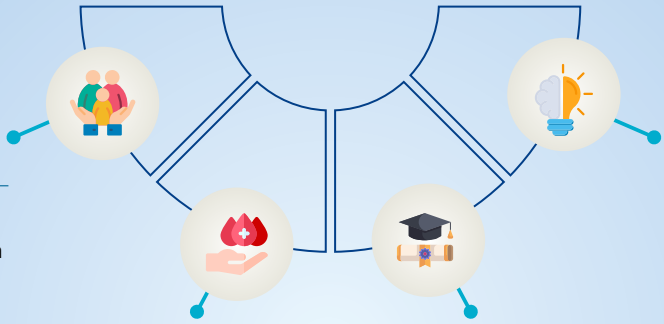


Humanitarian assistance provided during cyclone Ditwah

Skill development

The Group contributes towards the development of technical skills within the automotive industry through ongoing engagement with technical institutes and vocational training institutions. These initiatives support technical education and industry relevant skills development, helping strengthen the future talent pipeline for the sector. Complementing this, the Group continued to implement technical training and employee development programmes aimed at enhancing workforce capabilities.

LKR 16.7 Mn workshops
technical training sessions



Scholarship programmes

Ongoing scholarship programmes to support the educational needs of communities in which we operate

LKR 2.5 Mn

Healthcare donations

Ongoing donations and support for healthcare institutions and hospitals

LKR 1.2 Mn

Humanitarian assistance

Humanitarian assistance provided during natural disasters, including relief and donation initiatives following Cyclone Ditwah

LKR 10 Mn

Way forward

Going forward, Group will continue to focus on strengthening its social and relationship capital through enhanced customer engagement, improved customer satisfaction, and the continuous elevation of service standards across the business. The Group also intends to further strengthen its value proposition through the introduction of new products and mobility solutions aligned with evolving customer preferences and market dynamics. These efforts will continue to be supported by the Group's long-standing relationships with principals, dealers, distributors and other stakeholders, which remain integral to sustaining market competitiveness and long-term business resilience.

INTELLECTUAL CAPITAL

The Group's Intellectual Capital is represented by the intangible assets that underpin it's competitive positioning and operational capability - encompassing its portfolio of vehicle brands, technology systems and the organisational knowledge and processes embedded across its business.

CONTRIBUTION TO VALUE CREATION	CONNECTIVITY TO SDGS
Supports operational efficiency	**Industry, innovation and infrastructure** Investment in technology platforms and digital systems driving operational innovation.
Competitive differentiation	**Responsible consumption and production** Partnerships with global brands promoting manufacturer-standard practices and sustainable product stewardship.
Customer retention and loyalty	**Partnerships for the goals** Long-standing institutional partnerships enabling knowledge transfer and capability development.
Organisational resilience	



KEY PERFORMANCE INDICATORS & VALUE OUTCOMES

Brands represented

15 brands

Diversified products across the Group

Technology platforms

United Motors Lanka PLC leverages SAP, a globally recognized Leader in enterprise resource planning solutions according to leading industry analysts such as Gartner and Forrester

Industry experience

80 years

Deep industry insights and domain-specific knowledge

Awards

15

15th consecutive Gold Award winner for Automobile sector at CA TAGS Annual Report Awards

CAPITAL CONNECTIVITY

Financial capital ↓

Short-term investments



S and R capital ↑

Customer trust deepened



Human capital ↑

Tacit knowledge embedded across the organisation



Financial capital

Medium-to long-term returns through efficiency



READ MORE

Value of brands

Page 150



Technology and digital systems

Page 150



Organisational knowledge and processes

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Way forward

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INTELLECTUAL CAPITAL

Value of our brands

The United Motors brand carries over eight decades of equity in the Sri Lankan automotive market, built on a consistent track record of distributing internationally recognised vehicle brands and delivering reliable after-sales services. As the sole distributor of Mitsubishi and Fuso from Japan, Perodua from Malaysia, BULL from India and DFSK and LiuGong from China, the Group represents a carefully curated portfolio of globally established brands that collectively address a broad spectrum of customer requirements. This breadth of representation, underpinned by the trust and recognition associated with the United Motors name, has positioned the Group as a comprehensive, one-stop solution for high-quality vehicles in the Sri Lankan market.

Our portfolio of brands



Technology and digital systems

Technology and digital systems play a pivotal role in the Group's operational framework, providing the infrastructure through which its core business activities are executed and monitored. The Group's IT capability is embedded across its operations, supporting end-to-end processes spanning vehicle sales, spare parts distribution and service delivery from quotation through to customer handover. Beyond operational execution, technology serves as a critical enabler of management visibility, providing real-time business intelligence that supports informed decision-making across the Group's island-wide network. Key information systems in place are:

Information security: The Group maintains a dedicated Security Operations Centre in partnership with a specialist third-party provider, ensuring that all activity within its IT environment is continuously monitored and tracked. The arrangement extends beyond standard network monitoring encompassing IT administrative activities and ensuring comprehensive oversight and timely mitigation of potential security threats. This approach reflects the Group's commitment to maintaining a robust and resilient cybersecurity posture across its operations.

During the year under review, the Group invested LKR 45 Mn in strengthening its digital infrastructure, which included the following interventions:

ERP Platform

The Group's ERP infrastructure plays a central role in streamlining operations and optimising resources across its business units. At the core of this is SAP's Dealer Business Management module — a purpose-built ERP solution for the automotive industry — which serves as the operational backbone supporting the consistent and efficient management of processes across its island-wide network.

Office 365

The Group adopted of Microsoft Office 365 has further strengthening its digital working environment, enabling seamless collaboration, across its island-wide operations. The platform supports day-to-day productivity and information sharing, whilst its cloud-based infrastructure enhances operational flexibility and ensures business continuity across the Group's network.

- The Group transitioned from a traditional VPN infrastructure to an SD-WAN environment, significantly enhancing connectivity performance, network efficiency, scalability, and resilience. This transformation has improved application response times, reduced latency, and strengthened the capacity to support secure cloud-based operations across the enterprise.

- As part of its digital transformation and cybersecurity strategy, United Motors Lanka PLC invested in upgrading the majority of its end-user computing devices during 2025/26 financial year. The modernization of the IT infrastructure has strengthened the Group's cybersecurity resilience through the adoption of the latest operating systems, security controls, and endpoint protection technologies. This initiative enhances the security and reliability of business operations while providing a robust technology foundation to support future growth and innovation.

Organisational knowledge and processes

Beyond its tangible assets and technology infrastructure, the Group's organisational knowledge represents a significant source of competitive advantage. This encompasses the technical expertise and product knowledge accumulated through decades of partnerships with global brands, the customer data and insights built through longstanding relationships, and the values-driven culture and ethical framework that guides the conduct of its people across all levels of the organisation.

Technical knowledge	Customer insights	Culture, Values and ethics
The Group's technical knowledge has been built through decades of global partnerships, with expertise accumulated across service, diagnostics and product know-how. Meanwhile, at Dutch Lanka Trailer Manufacturers, patented capabilities reflect a level of engineering expertise that distinguishes the Group within the industry.	Over eight decades of operation, the Group has accumulated a substantial body of customer intelligence through a nuanced understanding of buying patterns, preferences and seasonal demand trends. This is further reinforced by long-tenured staff who carry deep product, brand and customer familiarity built over years of direct engagement. Together, these insights enable the Group to anticipate customer needs and refine its service offering.	The Group's organisational culture is anchored in a commitment to high ethical standards, which it recognises as fundamental to maintaining stakeholder trust and its standing within the business community. This commitment is reinforced through a continuously strengthened policy framework, encompassing the Whistleblowing Policy, Sexual Harassment Policy, and Code of Business Conduct.

Awards and Recognitions

The numerous accolades we have received over the years stand as a testament to our strength and leadership within the automotive industry. Our ability to remain relevant through innovation, market insight, and adaptability has reinforced our position as an industry pioneer. By embracing evolving automotive technologies and responding effectively to changing customer needs, we have consistently delivered value-driven solutions while setting benchmarks for business excellence. The following highlights some of our key achievements.

Way forward

Looking ahead, the Group will continue to invest in strengthening its intellectual capital across all dimensions. A planned upgrade of the Group's ERP infrastructure to incorporate artificial intelligence capabilities will further enhance operational efficiency and management decision-making. In parallel, the Group will sustain its commitment to a culture of continuous learning, ensuring that its organisational knowledge base is progressively deepened through targeted training informed by identified skill gaps and evolving employee requirements.



Gold Award in the 'Automobile Sector, at the 2025 TAGS award for the 15th successive year



Gold Winner - National Chamber of Exports Awards 2025 (Machinery and Light Engineering Extra Large Category)



Best Performer in Research and Development- National Chamber of Exports Awards 2025

NATURAL CAPITAL

The Group's Natural Capital comprises the environmental resources and ecosystems the Group draws upon and impacts through its operations which includes energy consumption greenhouse gas emissions, waste management, water and effluents, and the Group's approach to climate adaptation and resilience.

CONTRIBUTION TO VALUE CREATION	CONNECTIVITY TO SDGS
Continuity of operations	**Affordable and clean energy** Solar energy investment reducing dependence on grid electricity across the Group's facilities.
Operational resilience	**Responsible consumption and production** Waste management, water conservation and responsible use of materials across operations.
Supply chain continuity	**Climate action** GHG emission reduction initiatives and climate adaptation measures embedded in operations.



KEY PERFORMANCE INDICATORS AND VALUE OUTCOMES

Total energy consumed **22,824 GJ** Total energy consumption including fuel usage, purchased electricity and solar energy	Renewable energy **13%** Share of total energy from solar installations across the Group's network
GHG emissions (Scope 1 and 2) **2,181 tCO_2e**	Water Consumption **68,089 m^3**

CAPITAL CONNECTIVITY

Natural capital	Financial capital ↓	S&R capital ↑	Financial capital ↑
Energy, water and materials consumed through facility and workshop operations	Short-term capex on solar installations	Strengthened stakeholder confidence through transparent disclosures	Medium to long-term energy efficiency and solar programmes

READ MORE

Management approach	Energy management	Water management	Effluents management	Emissions	Way forward
Page 154	Page 154	Page 155	Page 156	Page 156	Page 157

NATURAL CAPITAL

Management Approach

The Group remains committed to responsibly managing its impact on Natural Capital by continuously seeking to minimise the environmental footprint of its operations through more efficient resource utilisation and environmentally conscious business practices. As one of Sri Lanka's leading automotive groups, the Group also recognises the important role it can play in supporting the country's transition towards more sustainable mobility solutions, contributing towards a more environmentally friendly mobility ecosystem in the long-term.





Energy management GRI 3.3

The Group's primary sources of energy consumption comprise electricity and fuel utilised across workshop operations, facilities, transportation and distribution activities. Recognising the importance of improving energy efficiency and reducing environmental impact, the Group continues to implement the following ongoing initiatives:

Solar energy systems covering over 10,000 m^2 of roof area in the Ratmalana and Orugodawatte facilities.	Use of solar water heaters for the hot water requirements.	Installation of transparent roofing panels within operational facilities to maximise natural daylight utilisation and reduce electricity consumption.	Implementation of energy efficiency measures across operational facilities.	Energy consciousness across transportation and distribution activities.	Adoption of energy-efficient lighting systems across operational facilities.

Computing energy consumption: Energy consumption was computed based on direct operational usage data obtained from utility bills, fuel records, and internal monitoring systems. Diesel and petrol consumption recorded in litres was converted into energy consumption using standard energy conversion factors, while electricity consumption data obtained from utility bills was similarly converted into energy units to determine total energy consumption for the reporting period. The Group's energy consumption during the year is given below:

GRI 302 - 1,3

Data Narrative	Unit	2025/26
ENERGY CONSUMPTION		
Energy consumption within the organisation from non-renewable sources		
Diesel	GJ	2,849
Petrol	GJ	9,066
Electricity	GJ	7,909
Total	GJ	19,824
Energy consumption within the organisation from renewable sources		
Solar Power Consumption	GJ	3,000
Total energy consumption within the organisation	GJ	**22,824**
ENERGY INTENSITY		
Energy intensity ratio	GJ/ LKR Mn	0.44
ENERGY MANAGEMENT		
Total energy consumed	GJ	22,824
Grid electricity consumed	GJ	7,909
Percentage grid electricity	%	35%
Renewable energy consumed (Solar)	GJ	3,000
Percentage renewable energy	%	13%

	Solar Energy Generation		
Year	Total Generation (MWh)	Internal Consumption (MWh)	Exported to National Grid (MWh)
2021/22	2,559	528	2,031
2022/23	2,426	510	1,916
2023/24	2,639	801	1,838
2024/25	2,629	801	1,828
2025/26	2,516	833	1,683

Water consumption GRI 3-3, 303-1

Water consumption within UML primarily arises from washing and servicing activities carried out across workshop and operational facilities. The Group relies predominantly on municipal water supply lines to meet its operational requirements, while water usage is consistently monitored to support efficient consumption and responsible resource management practices across its operations. The Group has implemented water efficiency measures, including the use of high-pressure pumps and water guns to optimise water consumption during vehicle servicing activities.





Ratmalana Roof top Solar Installation

NATURAL CAPITAL

GRI 303-3,5

WATER USAGE	Unit of measure	Volume
Total water consumption	m^3	68,089
Total water withdrawal (1) Municipal lines	m^3	68,089

Effluent management GRI 303-2

Wastewater generated from operational activities, particularly vehicle washing processes, is treated through dedicated wastewater treatment facilities established in compliance with applicable local regulations. Systems and processes will be established in the coming years to enable accurate measurement and recording of water discharge volumes.



Effluent treatment plant at Jaffna workshop

Emissions GRI 3-3, 305-1, 2

During the year, the Group initiated the computation of its Scope 1 and Scope 2 greenhouse gas emissions for the first time, marking an important step in strengthening its climate-related disclosures and environmental management practices. The assessment was conducted in alignment with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard, ISO 14064-1: 2018 Standard and covered emissions arising from company-owned assets and vehicles, fuel consumption, purchased electricity and other direct sources across operations. Building on this foundation, the Group intends to progressively expand the scope of its emissions accounting to include relevant Scope 3 categories over time, enhancing visibility across the broader value chain.

Emission Type	Emission Source	Total Group Emission (mt CO_2eq/year)
Scope 1 GHG emissions		
Category 1: Stationary Combustion	Onsite generator	31.409
	Onsite paint boots/burners	15.523
Category 1: Mobile Combustion	Fuel pumping for Forklifts and Grass-cutters	36.898
	Other company owned vehicles	126.189
	Staff fuel allowance	649.766
Category 1: Fugitive emissions	Cooler refrigerant leakages	1.960
	Fire extinguishers	0.061
	A/C refrigerant leakages	385.652
	Other fugitive emissions	30.152
Total scope 1 GHG emissions (direct emissions)		1,277.610
Scope 2 GHG emissions		
Category 2: Indirect Emissions from purchased energy	Grid electricity consumption	903.298
Total Scope 2 GHG emissions (indirect emissions)		903.298
Total GHG emissions		**2,180.908**



Assurance certificate by SGS for Organization GHG emission inventory of UML Group

GRI 305-4

Emission Intensity



0.04

tCO_2e/LKR Mn

Waste GRI 3-3, 306-1, 2

All significant waste streams are handled and disposed of responsibly in compliance with applicable regulatory requirements and internal standards. Recognising the increasing importance of effective waste management, the Group will continue to strengthen waste measurement, monitoring, and reporting practices going forward, supporting improved resource efficiency and environmental stewardship.

Sustainable mobility

The Group strengthened its contribution towards sustainable mobility through the introduction of EV-related equipment and machinery, contributing towards greening the industrial sector. The Group also expanded its portfolio through the introduction of range-extended electric vehicles (REEVs), plug-in hybrid electric vehicles (PHEVs), reflecting its commitment to evolving mobility trends and lower-carbon technologies. As one of Sri Lanka's leading automotive groups, the Group remains committed to pursuing opportunities that support the country's transition towards a more sustainable and low-carbon future.

Way forward

Looking ahead, the Group is in the process of formalising its ESG framework and sustainability roadmap, establishing clearer guidelines, governance mechanisms, and targets across key priority areas including emissions reduction, energy efficiency, water management, and effluent management. These efforts are expected to further strengthen ESG oversight, performance monitoring, and integration across operations. The Group also intends to strengthen ESG data management and internal validation processes, while continuing to expand energy efficiency initiatives across operational facilities as part of its broader sustainability journey.

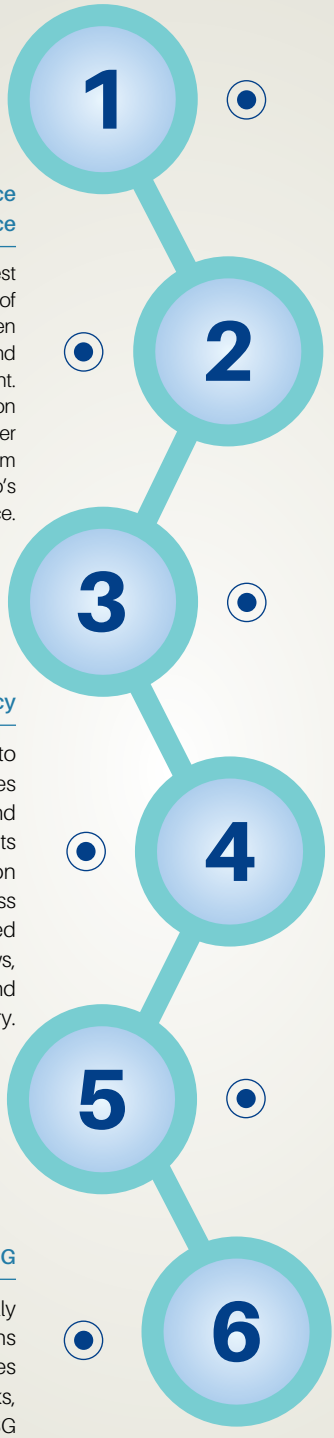


Forthing Friday REEV

WAY FORWARD

While the short-term operating environment is expected to remain volatile amidst ongoing geopolitical tensions, fluctuations in global commodity prices and the sharp weakening of the exchange rate, the medium- to long-term outlook for the automotive sector remains increasingly positive. Improving macroeconomic stability, easing inflationary pressures, gradual recovery in disposable incomes and improving business confidence are expected to support a rebound in consumer spending and vehicle demand over time. In addition, the gradual normalisation of import-related restrictions, growing demand for mobility solutions and increasing customer preference for technologically advanced, fuel-efficient and environmentally sustainable vehicles are expected to create new growth opportunities across the automotive value chain.

Against this backdrop, United Motors Lanka PLC remains well-positioned to leverage its strong brand portfolio, island-wide presence and after-sales capabilities to capitalise on emerging opportunities within the sector. Key areas of strategic focus for the year ahead include the following:



Strategic portfolio expansion

The Group will continue to strengthen its portfolio by addressing evolving customer needs and changing market dynamics through the introduction of new products and solutions while further enhancing its market presence.

Customer centricity and service excellence

The Group will continue to invest in the training and development of employees to further strengthen customer service standards and enhance customer engagement. Increased focus will also be placed on measuring and improving customer satisfaction levels to reinforce long-term relationships and sustain the Group's reputation for service excellence.

Widen geographical footprint

Following the rationalisation of certain branches during the import restriction period, the Group is now focused on gradually strengthening and expanding its geographical footprint with investments planned for the future.

Productivity and efficiency

The Group will continue to leverage digitalisation initiatives to enhance productivity and operational efficiency across its operations. Greater integration of digital tools and process improvements is expected to streamline workflows, strengthen decision-making and improve overall service delivery.

People development

Given the increasing shortage of skilled personnel within the industry, the Group will continue to invest in employee development, capability building and retention initiatives to strengthen its talent pipeline and support long-term growth.

Strategic integration of ESG

The Group will focus on strategically embedding ESG considerations across its operations, processes and decision-making frameworks, with plans to launch a formal ESG framework during the coming year to further strengthen its sustainability agenda.



Carrying forward our vision

REPORT OF THE BOARD AUDIT AND RISK COMMITTEE



Ms. Coralie Pietersz
Chairperson, Board Audit and Risk Committee

Composition

The Board Audit and Risk Committee (the BARC), comprised three Independent Non-Executive Directors and one Non-Independent Non-Executive Director as at 31 March 2026 as follows;

- Ms. Coralie Pietersz (INED) - Chairperson
- Ms. Hiroshini Fernando (NED) (Appointed w.e.f. 20 September 2025)
- Mr. Arjuna Herath (INED)
- Mr. Jonathan Alles (INED)

(INED - Independent Non-Executive Director, NED - Non-Independent Non-Executive Director)

Meeting attendance

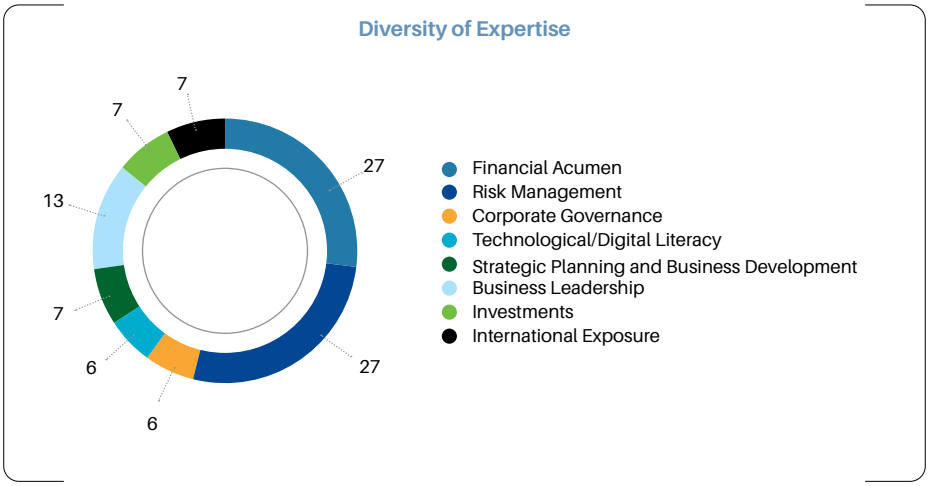
Board Member	Attendance (Eligible to Attend / Attended)
Ms. Coralie Pietersz	13/13
Ms. Hiroshini Fernando	07/05
Mr. Stuart Chapman	06/06
Mr. Arjuna Herath	13/13
Mr. Jonathan Alles	13/13

Mr. Stuart Chapman, a member of the Committee, resigned from the Board with effect from 20 September 2025.

75%	13
Independence (As at 31 March 2026)	Meetings

The Committee continues to strengthen governance by ensuring the integrity of financial reporting, reinforcing internal controls, and overseeing key risks to support sustainable growth and stakeholder confidence.

Refer pages 28 to 32 for the profiles of the Committee members and pages 57 and 58 for the directorships.



Regular attendees by invitation

- Mr. Chanaka Yatawara - Group Chief Executive Officer/Executive Director
- Mr. Thushara Jayasekara - Executive Director - Finance
- Ms. Sureshinie Fernando - Deputy General Manager (Internal Audit and Monitoring)
- External Auditors and other Key Management Personnel on a need basis

Secretary to the Committee

- Ms. Rinoza Hisham - Company Secretary

Regulations/rules relevant to the functions of the Committee

The role, functions and the composition of the Board Audit and Risk Committee are defined by the provisions of the;

- Listing Rules of the Colombo Stock Exchange ("Listing Rules")
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023")

Terms of Reference of the Committee

The Committee assists the Board in discharging its responsibilities by providing independent oversight of financial reporting, the adequacy of internal control systems, risk management and monitoring, internal and external audit, compliance with laws and regulations and the implementation of the whistleblowing policy.

The Terms of Reference (TOR) of the Committee set out its authority, composition, conduct of meetings, scope, and responsibilities. The TOR was reviewed by the Committee in March 2026.

The Terms of Reference and the composition of the Committee are in line with the requirements of Section 9.13.3 of the Listing Rules and Section D.3.1 of the Code 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Key responsibilities of the Committee

- Oversee compliance with financial reporting requirements, the information requirements of the Companies Act, SEC Act, Listing Rules, and other relevant financial reporting regulations and requirements.
- Review the quarterly results and year-end financial statements of the Company prior to being tabled for approval by the Board of Directors of the Company with special reference to changes in accounting policies, significant matters that require the attention of the Committee including financial reporting issues, significant judgments made by the management, significant and unusual events or transactions and how these matters have been addressed.
- Oversee the processes established to ensure that internal controls and risk management arrangements are adequate to meet the requirements of the Sri Lanka Auditing Standards.
- Review the internal controls in place to prevent the leakage of material information to unauthorized persons.
- Obtain and review confirmations from the CEO and CFO that the books of accounts have been properly maintained and that the financial statements present a true and fair view of the Company's operations and financial position. Also obtain assurance from the CEO and other Key Management Personnel on the adequacy and effectiveness of the entity's risk management and internal control systems.
- Review and assess the Company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks.
- Review the risk policies adopted by the Company.
- Recommend corrective actions to mitigate the effects of specific risks where such risks are at levels beyond those considered prudent by the Board.
- Make recommendations to the Board on the appointment, re-appointment, and removal of the External Auditors, and approve their remuneration and terms of engagement.
- Review the scope and results of the internal and external audit and its effectiveness and the independence, performance, and objectivity of both functions.
- Review and approve the annual internal audit plan, review internal audit findings to ensure that appropriate actions are taken by the Management to implement the recommendations made by the Internal Auditors, and liaise with Corporate Management to ensure that precautionary actions are taken to minimize and control weaknesses, procedure violations, fraud, and errors.
- Establish a policy governing non-audit services provided by the External Auditors and review such services in line with the Company's policy and ethical guidelines.

Activities during the year

Meetings

The Committee held thirteen meetings during the year under review.

The External Auditors attended three meetings by invitation during the year, of which one meeting was held without the presence of Management.

In addition, the Committee held two meetings with the Deputy General Manager (Internal Audit and Monitoring) and two meetings with the Executive Director-Finance without the presence of Management.

The proceedings of the Board Audit and Risk Committee meetings were regularly reported to the Board. The Board was updated on key matters and significant issues at the Board meeting immediately following each Board Audit and Risk Committee meeting, and the approved minutes of the Board Audit and Risk Committee meetings were submitted to the Board at the next Board meeting.

Financial reporting

As part of its responsibility to oversee the financial reporting process on behalf of the Board, the Committee reviewed and discussed the annual and quarterly financial statements with Management before recommending them to the Board for approval and publication.

REPORT OF THE BOARD AUDIT AND RISK COMMITTEE

In reviewing the financial statements, the Committee considered the requirements of Sri Lanka Accounting Standards and other applicable regulatory provisions relating to financial reporting, together with the consistency and appropriateness of the accounting policies adopted, the adequacy of disclosures, key judgements and estimates used in preparing the financial statements, and issues arising from the external audit.

The Committee also reviewed the Company's ability to continue as a going concern and the adequacy of resources available to continue operations for the foreseeable future.

The Committee further reviewed the effectiveness of the financial reporting systems in place to ensure the accuracy and reliability of the information provided and was of the view that adequate controls were in place to provide reasonable assurance that the financial reporting system was effective and capable of delivering accurate, reliable and timely information.

The Committee obtained and reviewed assurances from the Group Chief Executive Officer/Executive Director and Executive Director-Finance that the financial statements present a true and fair view of the Group's operations.

Internal controls and risk management

The Committee assessed the adequacy and effectiveness of the Company's internal controls. A risk-based audit approach was adopted in planning Internal Audits. In this regard, the Committee reviewed reports submitted by internal audit together with the Management Letter issued by the External Auditors.

The Committee also reviewed the risk management framework, practices, key risk indicators, and the processes in place for identifying, measuring, controlling, and monitoring significant risks including ESG risks. During the year, the Committee reviewed risk assessments and evaluations, current risk levels against risk appetite and mitigation strategies. The risk map, together with mitigating controls, is set out in the Risk Management report.

Assurance was also obtained from the Group Chief Executive Officer/Executive Director and Key Management Personnel regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

The Directors' Statement on Internal Controls is given on pages 176 and 177.

Statutory and regulatory compliance

The Committee reviewed the procedures established by Management to ensure compliance with statutory and regulatory requirements. Reports on compliance with statutory and regulatory requirements were submitted to the Board and Board Audit and Risk Committee.

The Internal Audit Division conducted independent reviews covering statutory and regulatory compliance requirements.

Internal audit

During the year, the Committee continued to fulfil its mandate to monitor and review the scope, independence, objectivity, and effectiveness of the activities of the Internal Audit Division. The Committee ensured that the internal audit function remained independent of the activities it evaluated and that the Division had the authority to perform its work independently.

The Committee approved the annual internal audit plan, prepared using a risk-based methodology, at the beginning of the year. The Internal Audit Charter was also approved during the year.

During the year, the Internal Audit Division conducted comprehensive audits covering the Company and its subsidiaries and followed up on its recommendations. The areas covered and the frequency of audits depended on the risk profile of each process, with higher-risk areas being subjected to more frequent review. The Committee reviewed Management's responses to issues raised and monitored the implementation of recommendations.

The Committee evaluated the independence, effectiveness and competence of the internal audit function, considered its resource requirements, and made recommendations where changes were required.

Effectiveness of the external audit

Before the commencement of the annual audit, the External Auditors presented their audit plan, audit approach, audit procedures, and matters relating to the scope of the audit to the Committee. Key audit matters were discussed again at the conclusion of the audit.

The Committee held one meeting with the External Auditors without the presence of Management to discuss issues encountered during the audit and to ensure that the auditors had access to the required information and cooperation from Management.

The BARC assessed the non-audit services provided to ensure that independence and objectivity were not impaired by the provision of such services, taking into

consideration the related scope and fee. The Committee received the declaration required under the Companies Act No. 07 of 2007 confirming that the External Auditors had no relationship or interest in the Company that could impair their independence. The BARC also evaluated the External Auditors' performance.

The current External Auditors, Deloitte Partners, formerly known as PricewaterhouseCoopers, have been providing audit services since 01 April 2017. The current engagement partner has been responsible for the audit since the financial year ended 31 March 2021. Having reviewed these matters, the Committee was satisfied that the independence of the External Auditors remained unimpaired.

The audit fees of the External Auditors for the year ended 31 March 2026 were approved by the Committee.

The Committee reviewed the External Auditor's Management Letter for the previous financial year together with Management's responses and followed up on the actions taken in respect of the auditor's recommendations.

In line with best practices on auditor rotation, the Committee has recommended to the Board of Directors the appointment of Messrs. KPMG, as the external auditors for the financial year ending 31 March 2027, subject to shareholder approval at the Annual General Meeting.

Whistleblowing and fraud risk management

The whistleblowing policy continued to operate as a component of the Fraud Risk Assessment Framework. The policy enables any employee with a legitimate concern relating to an existing or potential wrongdoing by any person within the Company to voluntarily raise that concern with the Chairperson of the Board Audit and Risk Committee or the Deputy General Manager (Internal Audit and Monitoring).

The whistleblowing policy was reviewed by the Committee during the year. Concerns raised are investigated, and the identity of the person raising the concern is kept confidential. Anonymous complaints are also investigated under the policy. The Committee continued to monitor the effectiveness of this process.

Reporting to the Board

The minutes and the summaries of the minutes of the Committee meetings were tabled at Board meetings, thereby providing Board Members with access to the deliberations of the Committee.

Evaluation of the Committee

The Board Audit and Risk Committee fulfilled its responsibilities as set out in the Terms of Reference. The Committee undertook a self-evaluation of the effectiveness of the responsibilities discharged and of the conduct of its meetings and was satisfied that it had fulfilled its responsibilities effectively during the year ended 31 March 2026.

On behalf of the Committee;



Ms. Coralie Pietersz
Chairperson-Board Audit and Risk Committee

03 June 2026

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE



Mr. Arjuna Herath
Chairman, Human Resources and Remuneration Committee

Composition

The Human Resources and Remuneration Committee (the Committee) comprised three Independent Non-Executive Directors and one Non-Independent Non-Executive Director as at 31 March 2026, as follows:

- Mr. Arjuna Herath (INED) - Chairman
- Mr. Devaka Cooray (INED)
- Ms. Hiroshini Fernando (NED)
- Mr. Vish Govindasamy (INED)

(INED - Independant Non-Executive Director, NED - Non-Independent Non-Executive Director)

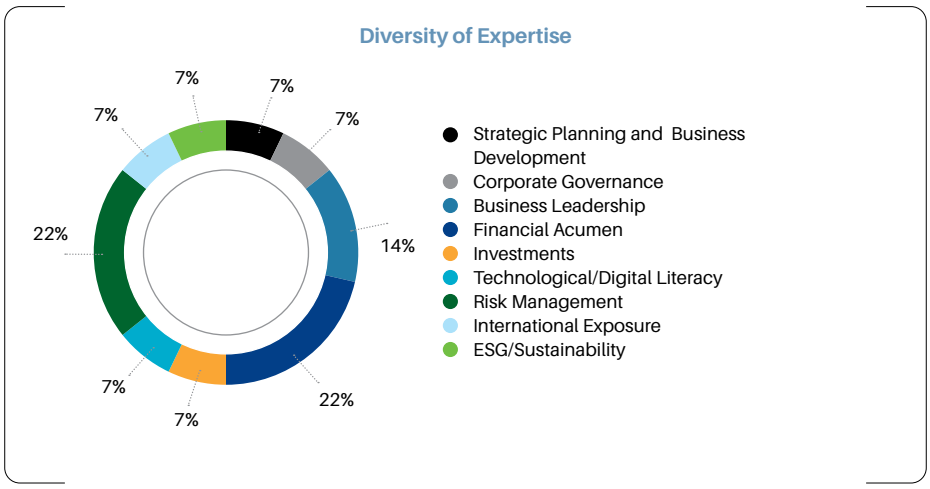
Meeting attendance

Board Member	Attendance (Held/ Attended)
Mr. Arjuna Herath	04/04
Mr. Devaka Cooray	04/04
Ms. Hiroshini Fernando	04/04
Mr. Vish Govindasamy	04/04

75%	04
Independence (As at 31 March 2026)	Meetings

The Human Resources and Remuneration Committee is responsible for ensuring that the Company's remuneration policies and human capital strategies are aligned with its long-term objectives, promote fair and competitive compensation practices, and support the attraction, motivation, development and retention, of talent.

Refer pages 28 to 32 for the profiles of the Committee members and pages 57 and 58 for the directorships.



Regular attendees by invitation

- Mr. Chanaka Yatawara - Group Chief Executive Officer/Executive Director
- Mr. Raveendra Siriwardena – General Manager (HR and Administration)

Secretary to the Committee

- Ms. Rinoza Hisham - Company Secretary

Regulations / rules relevant to the functions of the Committee

The role, functions and the composition of the Human Resources and Remuneration Committee (the Committee) are defined by the provisions of the;

- Listing Rules of the Colombo Stock Exchange ("Listing Rules")
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023").

Terms of Reference of the Committee

The Terms of Reference (TOR) of the Committee clearly define its mandate, including its composition, authority, roles and responsibilities, quorum requirements, conduct and frequency of meetings and reporting obligations to the Board. The TOR further establishes the framework within which the Committee operates to ensure effective oversight, accountability, and transparent decision-making in relation to its designated functions.

The Terms of Reference (TOR) of the Committee set out its authority, composition, conduct of meetings, scope, and responsibilities. The TOR was reviewed by the Committee in March 2026.

The Terms of Reference and the composition of the Committee are in line with the requirements of Section 9.12.6 of the Listing Rules and Section B.2 2 of the Code 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Key responsibilities of the Committee

- Reviewing strategic human resource policies.
- Reviewing the remuneration policy and its application to the Group Chief Executive Officer/Executive Director, Executive Directors, and Key Management Personnel (KMP).
- Reviewing and recommending to the Board the remuneration and incentive framework applicable to the Group Chief Executive Officer/Executive Director, Executive Directors, and KMP, including any post-employment benefits and terminal benefits.
- Evaluate the performance of the Group Chief Executive Officer/ Executive Director and overseeing management development and succession planning initiatives.
- Reviewing and monitoring the performance evaluation, development, and succession planning of Executive Directors and KMP.
- Ensuring effective communication with shareholders on remuneration-related matters through the Committee Report included in the Annual Report.
- Reviewing and recommending appropriate service contracts for the Group Chief Executive Officer/ Executive Director, Executive Directors and KMP.
- Reviewing periodic market benchmarking and remuneration surveys relating to comparable companies in respect of Executive Directors, Non-Executive Directors, and Senior Management, at least once every three years or more frequently where significant market adjustments arise.

Remuneration policy and performance oversight

The Company's Remuneration Policy governs the remuneration framework applicable to Directors, Key Management Personnel (KMPs) and all employees. The policy is designed to attract, motivate, and retain competent talent, while ensuring alignment with the Company's long-term strategic objectives, sustainable value creation and sound corporate governance principles.

The Remuneration Policy sets out a structured and equitable framework for determining fixed and variable remuneration, performance-based incentives, benefits, and other related entitlements. The policy promotes a strong performance-driven culture through the alignment of remuneration with clearly defined financial and non-financial Key Performance Indicators (KPIs).

The policy establishes a governance framework under which the Board retains overall responsibility for remuneration matters, while the Committee reviews and recommends remuneration structures, performance evaluation frameworks and incentive arrangements.

The policy also incorporates provisions for performance evaluation, risk adjustment mechanisms, transparency and regulatory compliance, ensuring compliance with applicable regulatory and governance requirements, including the Listing Rules, the Code 2023 and the Companies Act No.07 of 2007.

Directors' remuneration

The aggregate remuneration paid to the Executive Directors/Key Management Personnel and the fees paid to the Non-Executive Directors for serving on the Board and attending Board and Board Sub Committee Meetings are disclosed in Note 12 to the financial statements.

Activities during the year

Meetings

The Committee held four (04) meetings during the year under review.

A member of the Committee abstain from participating in any discussion or decision relating to remuneration matters in which he/she has a direct or indirect interest or conflict of interest.

The proceedings of the Committee meetings were regularly reported to the Board.

Performance evaluation of CEO

The Committee undertook a comprehensive review of the performance assessment of the Group Chief Executive Officer/Executive Director, evaluated against the approved KPIs and strategic priorities of the Company and submitted its observations and recommendations to the Board.

Succession planning and talent management:

The Committee reviewed succession planning and talent management frameworks to support leadership continuity and align high-potential talent with the Company's long-term strategic objectives.

HUMAN RESOURCES AND REMUNERATION COMMITTEE REPORT

Annual salary increments and performance-based bonus structure

The Committee reviewed and recommended the annual salary increment structure for employees, taking into consideration individual performance outcomes, market remuneration trends, and the Company's overall remuneration policy, ensuring alignment with internal equity and external competitiveness.

Salary survey

The Committee obtained the services of KPMG to conduct a salary survey covering all staff categories.

Review of policies

The Committee reviewed the policy on Long Service Award upon completion of 25 years of service and vehicle benefit to eligible employees.

Professional advice

The Committee, where necessary, engages external independent professional advisors on matters within its purview and obtained professional advice in relation to the salary survey.

Share options for directors

The Company does not have a share option scheme for members of the Board. The Articles of Association do not contain a shareholding guideline for Key Management Personnel.

Personal loans to directors

None of the Directors have taken loans from the Company.

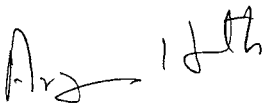
Reporting to the Board

Minutes of the meetings / summary of discussions Committee meetings shared with the Board, thereby providing Board Members with access to the deliberations of the Committee.

Evaluation of the Committee

The Human Resource and Remuneration and Governance Committee fulfilled its responsibilities as set out in the Terms of Reference. The Committee undertook a self-evaluation of the effectiveness with which those responsibilities were discharged and effectiveness of its meetings and was satisfied that it had carried out its responsibilities effectively during the year ended 31 March 2026.

On behalf of the Committee;



Mr. Arjuna Hearth
Chairman – Human Resources and Remuneration Committee

03 June 2026

REPORT OF THE NOMINATION AND GOVERNANCE COMMITTEE



Mr. Arjuna Herath
Chairman, Nomination and Governance Committee

Composition

The Nomination and Governance Committee (the Committee) comprised three Independent Non-Executive Directors and one Non-Independent Non-Executive Director as at 31 March 2026, as follows:

- Mr. Arjuna Herath (INED)-Chairman
- Mr. Devaka Cooray (INED)
- Ms. Hiroshini Fernando (NINED)
- Mr. Vish Govindasamy (INED)

(INED - Independent Non-Executive Director, NED - Non-Independent Non-Executive Director)

Meeting attendance

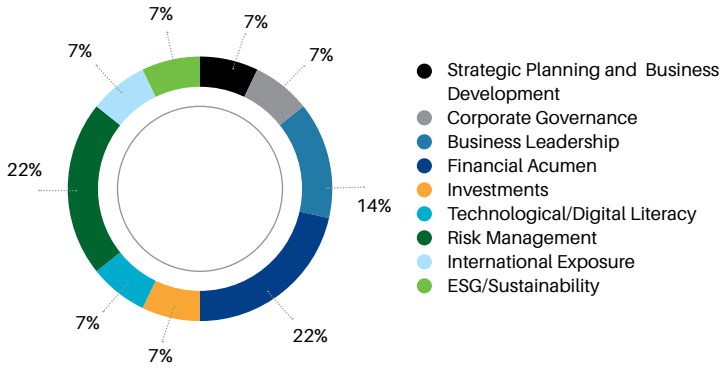
Board Member	Attendance (Eligible to Attend/ Attended)
Mr. Arjuna Herath (Appointed w.e.f 20 September 2025)	02/02
Mr. Devaka Cooray (Appointed w.e.f 28 March 2024)	02/02
Mr. Hiroshini Fernando (Appointed w.e.f 28 March 2024)	02/02
Mr. Vish Govindasamy (Appointed w.e.f 01 October 2024)	02/02

Mr. Stuart Chapman, Chairman of the Committee, resigned from the Board with effect from 20 September 2025.

75%	02
Independence (As at 31 March 2026)	Meetings

The Nomination and Governance Committee effectively discharged its responsibilities by overseeing Board composition and governance matters, supporting Board evaluation processes, and reviewing succession planning initiatives.

Refer pages 28 to 32 for the profiles of the Committee members and pages 57 and 58 for the directorships.



Regular attendees by invitation

- Mr. Chanaka Yatawara - Group Chief Executive Officer/ Executive Director
- Other Key Management Personnel on a need basis

Secretary to the Committee

- Ms. Rinoza Hisham - Company Secretary

Regulations / rules relevant to the functions of the Committee

The role, functions and the composition of the Nomination and Governance Committee (the Committee) are defined by the provisions of the;

- Listing Rules of the Colombo Stock Exchange ("Listing Rules")
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023").

Terms of Reference of the Committee

The Committee assists the Board in discharging its responsibilities by providing oversight on matters relating to new appointments, election, re-appointment of Directors, succession planning, training needs and functions related to governance.

The Terms of Reference (TOR) of the Committee set out its composition, authority, conduct of meetings, and responsibilities. The TOR was reviewed by the Committee in January 2026.

NOMINATION AND GOVERNANCE COMMITTEE REPORT

The Terms of Reference and the composition of the Committee are in line with the requirements of Section 9.11.4 of the Listing Rules and Section A.7.1 of the Code 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Key responsibilities of the Committee

- To evaluate the appointment of Directors to the Board and Board Sub Committees of the Company.
- To establish and maintain a formal and transparent procedure for the evaluation, selection, appointment, and re-appointment of Directors of the Company.
- To establish and maintain an appropriate process for the periodic evaluation of the performance of Directors and the Chief Executive Officer to ensure that their responsibilities are effectively discharged.
- To oversee the succession planning process by ensuring that succession plans for the Board and Key Management Personnel are formulated by Management and to review the training and development requirements of individuals identified for succession.
- To regularly review the structure, size, composition and competencies of the Board and Board Committees.
- To review and recommend improvements to the overall Corporate Governance Framework of the Company, taking into consideration the Listing Rules of the Colombo Stock Exchange, other applicable regulatory requirements, and industry and international best practices.
- To periodically review and update the Company's Corporate Governance Framework and policies in line with applicable legal and regulatory developments and evolving best practices.
- To receive reports from management regarding compliance with the Company's Corporate Governance Framework, including compliance with the provisions of the Securities and Exchange Commission Act, the Listing Rules of the Colombo Stock Exchange, and other applicable laws and regulations, together with details of any deviations or non-compliances and the rationale for the same.
- To propose the maximum number of listed company board representations that may be held by a director and ensure disclosure of such limits in the Annual Report.
- To identify and propose the names of companies that may give rise to conflicts of interest in the event a director accepts directorships in such entities.
- To recommend appropriate indemnity and insurance cover for Directors and Key Management Personnel.

Activities during the year

Meetings

The Committee held two meetings during the year under review. In addition, matters falling within the purview of the Committee were reviewed by circulation and recommended to the Board for approval, where appropriate.

Member of the Committee abstains from participating in any discussion or decision concerning his/her own appointment, re-appointment, or re-election.

Internal and External Governance Policy/Framework review

The Committee undertook regular and structured reviews of governance-related policies to ensure their continued relevance, effectiveness, and alignment with evolving legal, regulatory, and industry requirements. This process strengthened the Company's governance practices and enhanced its ability to respond proactively to emerging risks and a dynamic regulatory environment.

The Committee also ensured that updates relating to Corporate Governance, Listing Rules, securities market regulations, and other applicable laws and regulations were periodically communicated to the Board of Directors to enhance their understanding of their roles, responsibilities, and governance obligations.

Review of Board Sub-Committee Composition

The Committee continuously reviewed the structure, composition, and skill mix of the Board and Board Sub-Committees to ensure their effectiveness and alignment with the Company's governance requirements. During the year, changes to the Sub-Committee composition were necessitated following the resignation of Mr. Stuart Chapman. In this context, the Committee undertook a structured process to identify and evaluate suitable candidates to fill the resulting vacancies and made appropriate recommendations to the Board for appointments to the respective Sub-Committees.

The Chairman/Chairpersons of the respective Sub-Committees also provided timely updates to the Independent Directors and the Board on significant matters, ensuring transparency, effective communication, and accountability to stakeholders.

Board Diversity

The Nomination and Governance Committee assessed the Board's composition against established criteria relating to skills, knowledge, expertise, diversity and independence to ensure alignment with the Company's strategic, governance and business requirements. The assessment comprehensively addressed aspects of diversity and inclusion, including age, tenure, gender, expertise and independence, ensuring a balanced and effective board composition.

The Committee is satisfied that the Board remains appropriately sized and composed, with a balanced mix of skills and diversity to effectively discharge its responsibilities.

The Committee notes mandatory requirements of age and tenure imposed on the determination of independence by the Listing Rules.

As at 31 March 2026	All Directors	Independent Non- Executive Directors
Average tenure	06 years	03 years
Average age	59 years	64 years

Please refer pages 47 to 50 for more details on Board composition and diversity considerations.

Succession Planning

The Committee continued to strengthen and formalize the Company's Succession Plan with a focus on ensuring seamless leadership transition across key management levels, particularly the second tier of leadership.

The Committee also reviewed succession plans for the Group Chief Executive Officer, Executive Directors, and Key Management Personnel, recognizing the critical importance of leadership continuity. As part of this process, a structured and competent-based approach was adopted, including the use of a skills matrix to assess candidates against the strategic requirements of the Group.

Individual Development Plans were implemented for selected Key Management Personnel to further enhance leadership capability through continuous, targeted and strategically focused development initiatives.

Governance Disclosures

The corporate governance disclosures were submitted in line with applicable statutory and regulatory requirements. These disclosures, included in the Annual Report, contributed to enhanced transparency, strengthened accountability, and reinforced stakeholder confidence in the Company's governance practices.

The Company has complied with Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance, the disclosure requirements of the Companies Act No. 07 of 2007, and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka. The details are disclosed in pages 59 to 69.

Re-election of Directors

In accordance with the Articles of Association of the Company, at each Annual General Meeting (AGM), one-third of the Directors for the time being retire by rotation and being eligible, may offer themselves for re-election.

Accordingly, Ms. Hiroshini Fernando and Mr. Vish Govindasamy retire by rotation at the forthcoming AGM and, being eligible, have expressed their willingness to offer themselves for re-election.

In accordance with the Policy on Corporate Governance, Nominations and Re-election, the Committee considered the suitability of the Directors for re-election through a structured evaluation process. The assessment considered key criteria including time commitment, relevant skills and expertise aligned with the Group's strategic requirements, where applicable, as well as the quality of their contribution towards strategy, decision-making and the overall performance of the Company. Based on this assessment, the Committee is satisfied that the Directors concerned continue to demonstrate the required competence, commitment, and effectiveness to contribute to the governance and strategic direction of the Company.

Name of the Director	Board Committees in which the Director is a Chairman	Date of first appointment as Director	Date of last re-appointment	Directorships or Chairman/ Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities	Any relationships including close family relationships between the Director, other Directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity
Ms. Hiroshini Fernando	None	05 July 2013	2024	Refer Pages 57 and 58	Chief Executive Officer/Executive Director of R I L Property PLC
Mr. Vish Govindasamy	Strategy Review and Investment Committee	15 May 2024	2024		None

The Nomination and Governance Committee reviewed the above re-elections and made its unanimous recommendation to the Board of Directors.

No new Director appointments were made during the year.

NOMINATION AND GOVERNANCE COMMITTEE REPORT

Board, Sub-Committee and CEO Performance Evaluation

The Board and the Sub-Committees conducted an annual performance evaluation of its overall effectiveness, in line with the Governance Framework and applicable regulatory requirements. Structured evaluation forms are completed by the Directors, and the responses are consolidated by the Company Secretary. The evaluation process is designed to identify areas for improvement and enhance the effectiveness of the Board, its Sub-Committees, and the Chairman in discharging their responsibilities.

The evaluation of the Chief Executive Officer/Executive Director was undertaken by the Human Resources and Remuneration Committee, based on pre-defined Key Performance Indicators (KPIs) established at the beginning of the year.

Declarations relating to the assessment of the independence/non-independence of Directors for the financial year 2025/26 were submitted by the Directors in accordance with the Listing Rules and the Code. Based on the declarations received and other relevant information considered, the Board determined that all Non-Executive Directors, other than Ms. Hiroshini Fernando, are independent.

Strengthening Governance Culture

The Committee continued to actively strengthen and embed a robust governance culture through structured oversight and guidance. This close oversight of director nominations and appointments, and continuous monitoring of adherence to the Company's governance standards and expectations ensure consistent application of governance principles across the Group, thereby reinforcing accountability, alignment, and uniformity.

Fit and Proper Assessment of Directors and CEO

The Nomination and Governance Committee conducts prudent assessments of the fitness and propriety of Directors at the time of new appointments to the Board, as well as during the annual review of their continued suitability to serve in office. This process ensures that directors possess the requisite integrity, competence, experience, and independence of judgement to effectively discharge their responsibilities.

The Company obtained annual declarations from all Directors confirming their continued compliance with the Fit and Proper requirements, with no instances of non-compliance reported.

Corporate Governance Framework and Compliance Review

During the year under review, the Committee oversaw the Company's corporate governance practices in line with applicable regulatory requirements, the Listing Rules of the Colombo Stock Exchange, and the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

As part of its oversight responsibilities, the Committee reviewed governance-related matters referred to it from time to time, including Board and Committee composition, Director independence, re-election and re-appointment processes, succession planning, governance policies, and related disclosures in the Annual Report. The Committee also considered areas for enhancement, where necessary, with a view to supporting effective oversight, accountability, transparency, ethical conduct, and regulatory compliance across the organisation.

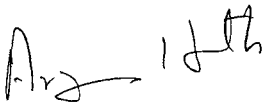
Reporting to the Board

Minutes of the meetings/ summary of discussions of the Committee meetings shared with the Board, thereby providing Board Members with access to the deliberations of the Committee.

Evaluation of the Committee

The Nomination and Governance Committee fulfilled its responsibilities as set out in the Terms of Reference. The Committee undertook a self-evaluation of the effectiveness with which those responsibilities were discharged and effectiveness of its meetings and was satisfied that it had carried out its responsibilities effectively during the year ended 31 March 2026.

On behalf of the Committee;



Mr. Arjuna Hearth
Chairman – Nomination and Governance Committee

03 June 2026

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE



Mr. Jonathan Alles
Chairman, Related Party Transactions Review Committee

Composition

The Related Party Transactions Review Committee ("the Committee") comprised three Independent Non-Executive Directors and one Executive Director as at 31 March 2026, as follows:

- Mr. Jonathan Alles (INED)
- Mr. Vish Govindasamy (INED)
- Mr. Thushara Jayasekara (ED)
- Ms. Coralie Pietersz (INED)

(INED - Independent Non-Executive Director, ED – Executive Director)

Meeting attendance

Board Member	Attendance (Eligible to Attend/ Attended)
Mr. Jonathan Alles	04/04
Mr. Stuart Chapman⁎	02/02
Mr. Vish Govindasamy	04/03
Mr. Thushara Jayasekara	04/04
Ms. Coralie Pietersz	02/02

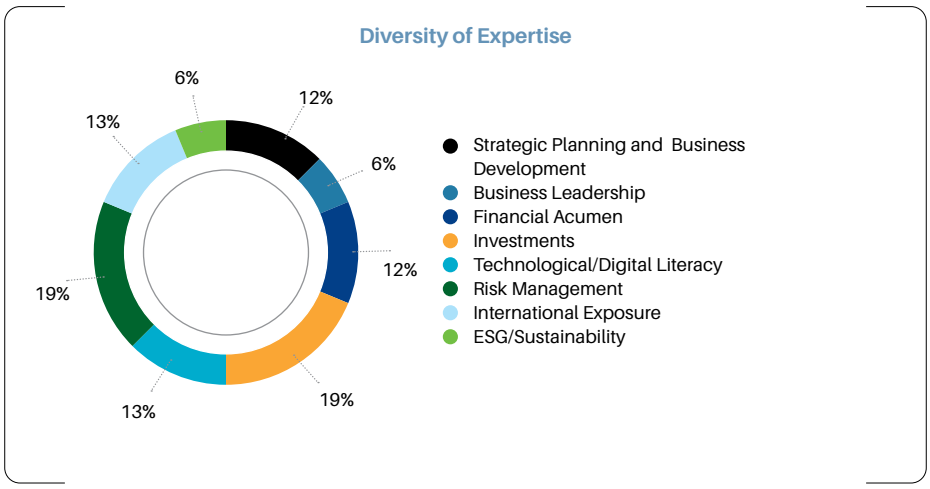
⁎Mr. Stuart Chapman, a member of the Committee, resigned from the Board with effect from 20 September 2025.

⁎ Ms. Coralie Pietersz was appointed to the committee with effect from 20 September 2025.

75%	04
Independence (As at 31 March 2026)	Meetings

The Related Party Transactions Review Committee is committed to ensuring that all related party transactions are conducted in a transparent, fair, and arm's length manner, safeguarding the interests of the Company and its stakeholders while upholding the highest standards of corporate governance.

Refer pages 28 to 32 for the profiles of the Committee members and pages 57 and 58 for directorships.



Regular attendees by invitation

- Mr. Chanaka Yatawara - Group Chief Executive Officer/Executive Director
- Other Key Management Personnel on a need basis

Secretary to the Committee

- Ms. Rinoza Hisham - Company Secretary

Regulations / rules relevant to the functions of the Committee

The role, functions and the composition of the Related Party Transactions Review Committee are defined by the provisions of the;

- Listing Rules of the Colombo Stock Exchange ("Listing Rules")
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code 2023").

Terms of Reference of the Committee

The Committee assists the Board in ensuring that all related party transactions (RPTs) are conducted in a transparent, fair, and commercially justifiable manner.

The Terms of Reference (TOR) of the Committee set out its authority, composition, conduct of meetings, scope, and responsibilities.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Terms of Reference and the composition of the Committee are in line with the requirements of Section 9.14.2 of the Listing Rules and Section D.5.2 of the Code 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Key responsibilities of the Committee

- Ensure the Company's compliance with the applicable rules on related party transactions stipulated by the Colombo Stock Exchange.
- Establish and maintain appropriate procedures to identify, evaluate, and review both recurrent and non-recurrent related party transactions.
- Review, in advance, all proposed related party transactions to ensure that such transactions are conducted on an arm's length basis and are not prejudicial to the interests of the Company and its shareholders.
- Ensure timely and appropriate market disclosures of related party transactions in accordance with the Listing Rules.
- Report to the Board on related party transactions of the Company on a quarterly basis.
- Review the adequacy of policies, procedures, and controls relating to related party transactions.

Framework for identification and review of related party transactions

The Committee follows a structured approach to ensure the effective identification, review, and monitoring of Related Party Transactions (RPTs), as outlined below:

- A formal mechanism is in place to obtain quarterly declarations from all Directors, whereby Directors are required to disclose to the Company Secretary (the designated primary contact for Directors) any existing or potential related party transactions involving themselves, their close family members, or dependents.
- Quarterly declarations are also obtained from Key Management Personnel (KMPs) to capture details of any existing or potential related party transactions.
- Annual declarations are submitted by Directors to the External Auditors immediately following the end of the financial year to facilitate audit and assurance processes.
- Members do not participate in discussions relating to any proposed related party transaction in which they have an interest, except requested by the Committee solely to provide relevant information on the transaction.

Activities during the year

The Committee reviewed Related Party Transactions carried out during the year at its meetings and communicated its comments/observations to the Board of Directors.

The Committee was satisfied that such transactions were entered into in the ordinary course of business, conducted on arm's length terms, and were not prejudicial to the interests of the Company and its minority shareholders. The related party transactions in terms of LKAS 24 - "Related Party Disclosures", are given in Note 40 to the financial statements.

The Committee reviewed the Terms of Reference and recommended it to the Board for approval.

Meetings

The Committee held four meetings during the year under review.

A member of the Committee abstains from participating in any discussion, review, or decision relating to a related party transaction in which he/she has an interest or potential conflict of interest.

During the year the Committee reviewed recurrent related party transactions, inter-company financing arrangements, rental arrangements, and other transactions falling within the scope of the applicable related party transaction framework. The Committee also reviewed the basis used by the Company in determining related party rental arrangements and provided its observations and recommendations to Management.

Oversight of related party transactions

The Related Party Transactions Review Committee is responsible for the review of all Related Party Transactions (RPTs) in accordance with applicable rules and regulations, and for ensuring that appropriate measures are in place to mitigate any potential conflicts of interest arising from such transactions.

The Committee also ensures that any Director abstains from participating in the deliberation and approval of transactions in which they have a direct or indirect interest.

Details of interest in a related party and/or amounts due from a related party are given in Note 40 to the financial statements.

Reporting and compliance with related party transactions

The Related Party Transactions Review Committee ensures that minutes of its meetings are duly recorded and submitted to the Board of Directors for information and oversight. The Committee provides quarterly updates to the Board on related party relationships, transactions undertaken during the period, and their financial implications.

Discharge of delegated responsibilities

The Committee carries out the duties and responsibilities delegated to it by the Board of Directors in relation to the review and oversight of related party

transactions. The Committee was satisfied that all disclosures relating to Related Party Transactions required under the CSE Listing Rules were made on a timely basis.

Reviewed Terms of reference of the Committee

The Committee reviewed the TOR compliance with the Listing Rules and the Code of Best Practice on Corporate Governance in relation to related party transactions.

Professional advice

The Committee has the authority to seek external professional advice on matters within its purview whenever required.

Recurrent related party transactions

The recurrent related party transactions, the aggregate value of which exceeded 10% of the gross revenue of the Company as per the audited financial statements for the year ended 31 March 2026, are disclosed in Note 40 to the financial statements.

The Committee reviewed the recurrent related party transactions undertaken during the year and was satisfied that such transactions were carried out in the ordinary course of business and on normal commercial terms.

Non-recurrent related party transactions

The Committee noted the investments made by the Company during the year under review in its wholly owned subsidiaries as part of the Group's operational and capital requirements.

There were no non-recurrent related party transactions during the year ended 31 March 2026, the aggregate value, of which exceeded 10% of the equity or 5% of the total assets of the Company (whichever is lower), as per the audited financial statements for the year ending 31 March 2026, requiring additional disclosure in this Annual Report.

Reporting to the Board

The minutes of Committee meetings were tabled at Board meetings, thereby providing Board Members with access to the deliberations of the Committee.

Evaluation of the Committee

The Related Party Transactions Review Committee fulfilled its responsibilities as set out in the Terms of Reference. The Committee undertook a self-evaluation of the effectiveness of the responsibilities discharged and of the conduct of its meetings and was satisfied that it had fulfilled its responsibilities effectively during the year ended 31 March 2026.

Declaration

A declaration by the Board of Directors in respect of the related party transaction as per the CSE Rules is given in the Annual Report of the Board of Directors on the affairs of the Company on page 180.

On behalf of the Committee;



Mr. Jonathan Alles
Chairman – Related Party Transactions Review Committee

03 June 2026

REPORT OF THE STRATEGY REVIEW AND INVESTMENT COMMITTEE



Mr. Vish Govindasamy
Chairman - Strategy Review and Investment Committee

Composition

The Strategy Review and Investment Committee (the Committee) as at 31 March 2026, comprised the following three Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

- Mr. Vish Govindasamy (INED) - Chairman
- Ms. Hiroshini Fernando (NED)
- Mr. Arjuna Herath (INED)
- Mr. Jonathan Alles (INED)

(INED - Independent Non-Executive Director, NED - Non-Independent Non-Executive Director)

Meeting attendance

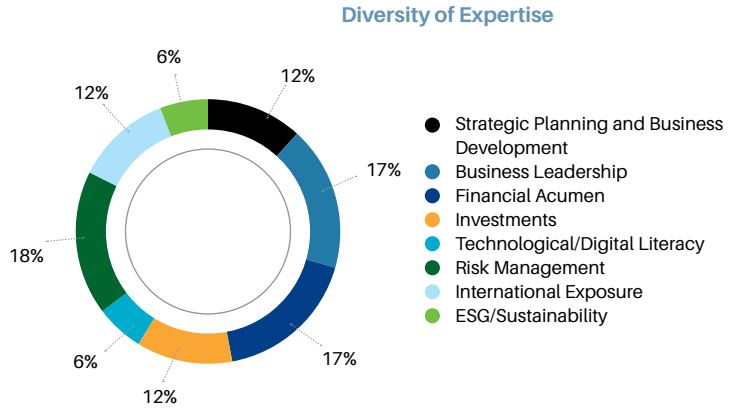
Board Member	Attendance (Eligible to Attend/ Attended)
Mr. Vish Govindasamy	03/03
Mr. Stuart Chapman*	01/01
Ms. Hiroshini Fernando	03/03
Mr. Arjuna Herath	03/03
Mr. Jonathan Alles	03/03

*Mr. Stuart Chapman, a member of the Committee, resigned from the Board with effect from 20 September 2025.

75%	03
Independence (As at 31 March 2026)	Meetings

The Strategy Review and Investment Committee undertakes the review of the Company's strategic priorities and investment decisions, evaluates key business initiatives, and provides recommendations to the Board to ensure that all strategic and investment activities are consistent with the Company's long-term growth objectives and governance framework.

Refer pages 28 to 32 for the profiles of the Committee members and pages 57 and 58 for their directorships.



Regular attendees by invitation

- Mr. Chanaka Yatawara-Group Chief Executive Officer/Executive Director
- Mr. Thushara Jayasekara-Executive Director-Finance
- Mr. Charaka Perera-Group Chief Operating Officer
- Other Key Management Personnel on a need basis

Secretary to the Committee

- Ms. Rinoza Hisham - Company Secretary

Terms of Reference of the Committee

The Strategy Review and Investment Committee was established by the Board to support the Board's oversight of the Company's long-term strategy, business direction, and major strategic initiatives. The Committee is responsible for reviewing and making recommendations to the Board on the Company's strategic direction, annual budget, and major investment proposals.

The Terms of Reference of the Committee set out its composition, authority, conduct of meetings, scope, and responsibilities.

The Committee periodically reviews its Terms of Reference (TOR) to ensure continued relevance and alignment with the Company's governance requirements and strategic objectives.

Key responsibilities of the Committee

- To ensure the Management prepares and presents a strategic plan which covers the medium, and long-term strategies with KPIs which are measurable, and key management personnel responsibilities identified with timelines.
- To ensure that Management prepares and presents its action plan aligned with strategic plan including and the annual budget for review by the Committee along with KPIs, action plans, timelines and assigned responsibilities.
- To review the strategic plan and related action plans and make recommendations to the Board on the overall strategic direction and key focus areas.
- To review annual updates on the execution of strategic initiatives and their alignment with agreed objectives.
- To review major investment, and diversification proposals, including mergers, acquisitions, joint ventures, and divestitures. Make recommendations to the Board on the strategic fit and prioritization of such investments.
- To review the Management reports on external trends, including macroeconomic, competitive, regulatory, and technological developments that may affect strategic planning from time to time and advise the Board on emerging risks and opportunities that require strategic consideration.
- To ensure that the strategic proposals support broader objectives such as ESG, innovation, and digital transformation.
- To review the alignment of Group-wide strategic plans with those of subsidiaries and business units.

Expanded scope

During the year under review, the Board approved the renaming of the Strategy Review Committee as the Strategy Review and Investment Committee.

The change was effected to reflect the expanded role of the Committee in overseeing strategic investment matters, including the evaluation of investment opportunities, and other business expansion proposals, in addition to its ongoing responsibility for reviewing the Group's strategic direction and long-term objectives.

Activities during the year

Meetings

The Committee held three (03) meetings during the year under review.

Review of strategic direction

The Committee continued to oversee the Group's long-term strategic direction and the implementation of its strategic plan up to 2027/28, which focuses on automobile operations, diversification, employee sustainability, and property development. During the year, the Committee reviewed strategic priorities in light of evolving market conditions, including post-import market recovery, changing consumer demand patterns, EV adoption trends, and opportunities in regional and export markets.

Budget review and capital allocation

The Committee, together with the Board, reviewed and evaluated the annual budget of the Company and the Group, including the underlying financial projections, sales forecasts, revenue and profitability targets, operational assumptions, and planned capital expenditure programmes. The Committee also considered the adequacy of proposed investments in operational capacity, infrastructure, technology, and business expansion initiatives prior to recommending the budget for Board approval.

Business development and growth initiatives

The Committee reviewed initiatives relating to product portfolio expansion, enhancement of distribution networks, growth in after-sales operations, and emerging mobility solutions. The Committee also monitored the progress of key business expansion initiatives undertaken by the Group, including export-oriented growth initiatives through Dutch Lanka Trailer Manufactures Limited and the ongoing evaluation of property development opportunities.

Evaluation of diversification opportunities

During the year, the Committee, together with the Board, evaluated potential investment opportunities in different industries.

Oversight of strategic performance

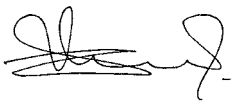
The Committee reviewed the implementation of approved strategic initiatives and reviewed progress against strategic objectives, financial targets, and key performance indicators. Oversight was also maintained on profitability targets and key risks arising from market and economic developments.

Reporting to the Board

The minutes of Committee meetings were tabled at Board meetings, thereby providing Board Members with access to the deliberations of the Committee.

Evaluation of the Committee

The Strategy Review and Investment Committee undertook a self-evaluation of the effectiveness with which those responsibilities were discharged and of the conduct of its meetings and was satisfied that it had carried out its responsibilities effectively during the year.



Mr. Vish Govindasamy
Chairman – Strategy Review and Investment Committee

03 June 2026

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

Responsibility

The Board of Directors presents this statement on internal controls in accordance with Principle D.1.5 of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

The Board of Directors ("the Board") acknowledges the responsibility for the adequacy and effectiveness of the Company's internal control systems to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process to identify, assess, monitor, and report significant risks faced by the Company. This process includes continuous enhancement of internal controls in response to changes in the business environment and regulatory requirements. The Board regularly reviews this process, with the support of the Board Audit and Risk Committee and the Internal Audit Division.

Management supports the Board by implementing its policies and procedures relating to risk management and internal controls. This includes identifying and assessing risks, and designing, implementing, operating, and monitoring appropriate control mechanisms to mitigate such risks.

The Board is of the opinion that system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the relevant accounting principles and regulatory requirements.

Key internal control processes

The Board has established the following measures to obtain reasonable assurance that a proper system of internal controls is in place:

- Board Sub-Committees have been established to assist in ensuring:
  i. the effectiveness of the Company's operations;
  ii. the alignment of operations with approved strategies and business directions; and
  iii. compliance with approved budgets and policies.

- The Internal Audit Division reviews and reports on the internal control environment and control procedures covering the Company and the Group. Audits are conducted in accordance with an annual risk-based audit plan approved by the Board Audit and Risk Committee, with findings reviewed on a quarterly basis.

- The Board Audit and Risk Committee also reviews the Internal Audit function, with particular focus on its scope, authority, independence, and adequacy of resources. Minutes of Committee meetings are regularly presented to the Board. Further details are included in the Board Audit and Risk Committee Report.

- The Board Audit and Risk Committee reviews internal control issues identified by the External Auditors and Management. Recommendations made by the External Auditors through management letters are reviewed and implemented, where appropriate.

- The Board has taken necessary precautions to minimise the risk of security breaches and cyber security attacks. Independent external parties conduct IT vulnerability assessments.

- The Board has established an ongoing process for identifying, monitoring, and managing the principal and emerging risks faced by the Group. The Board Audit and Risk Committee reviews updated risk maps and monitors the effectiveness of risk mitigation actions.

- The Group has implemented a whistleblowing policy that enables employees to report irregularities in financial reporting, internal controls, and other matters within the Group to the attention of the Board Audit and Risk Committee. Proper arrangements are in place to facilitate fair and independent investigations of such matters, where required.

Confirmation

The Board having implemented the above is aware that such systems are designed to manage, rather than eliminate, the risk of failure in achieving business objectives. Accordingly, these systems provide reasonable, but not absolute, assurance against material misstatements and financial losses.

Based on the processes outlined above, the Board confirms that the financial reporting system is designed to provide reasonable assurance regarding the reliability of financial reporting. The financial statements are prepared in accordance with the requirements of Sri Lanka Accounting Standards (SLFRS/LKAS), Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

By Order of the Board

Ms. Coralie Pietersz
Chairperson - Board Audit and Risk Committee

Mr. Chanaka Yatawara
Group Chief Executive Officer/ Executive Director

Mr. Devaka Cooray
Chairman

03 June 2026

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

01. OVERVIEW

The Board of Directors of United Motors Lanka PLC ("the Company") has pleasure in presenting the Thirty-Seventh Annual Report together with the audited Financial Statements of the Group and the Company for the year ended 31 March 2026 and the Independent Auditors' Report thereon.

This Report has been prepared in compliance with the applicable requirements of:

- Companies Act No. 07 of 2007 and amendments thereto;
- Listing Rules of the Colombo Stock Exchange (Listing Rules); and
- Code of Best Practice on Corporate Governance 2023 (Code 2023) issued by CA Sri Lanka.

The Board confirms that the Financial Statements of the Group and the Company have been prepared in accordance with Sri Lanka Accounting Standards and present a true and fair view of the state of affairs of the Group and the Company.

United Motors Lanka PLC is a public limited liability company incorporated in Sri Lanka on 09 May 1989 under the Companies Act No. 17 of 1982 and subsequently re-registered under the Companies Act No. 07 of 2007 on 20 August 2007 under Registration No. PQ 74.

The ordinary shares of the Company were listed on the Main Board of the Colombo Stock Exchange in 1989.

The registered office and principal place of business of the Company is situated at No. 100, Hyde Park Corner, Colombo 02, Sri Lanka.

The Financial Statements were reviewed and recommended by the Board Audit and Risk Committee prior to approval by the Board of Directors on 03 June 2026.

The requisite number of copies of the Annual Report will be submitted to the Colombo Stock Exchange, Registrar of Companies and Sri Lanka Accounting and Auditing Standards Monitoring Board within the prescribed statutory timelines.

A detailed report on Corporate Governance and the manner in which the Company has complied with the applicable governance requirements and the level of compliance is set out in the section "How We Govern" on pages 44 to 69 of this Annual Report.

02. COMMITMENT TO CORPORATE GOVERNANCE

The Board of Directors remains committed to maintaining the highest standards of corporate governance, integrity, accountability, transparency and professionalism in all aspects of the Company's operations.

The governance framework supports effective oversight of strategy, risk management, internal controls, regulatory compliance and stakeholder engagement.

The Company has complied with the applicable provisions of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka. The details are disclosed in the section "How We Govern" on pages 44 to 69.

The Board continuously reviews and enhances the governance practices to ensure alignment with evolving regulatory requirements, governance best practices and stakeholder expectations.

Directors' Declarations

The Directors declare that:

a) The Directors and the Group Chief Executive Officer satisfy the Fit and Proper Assessment criteria stipulated under the Listing Rules of the Colombo Stock Exchange.

b) The Directors or their close family members do not have any material business relationships with the Company or with other Directors that could materially interfere with the exercise of independent judgment.

c) The Directors have declared all material interest in contracts involving the Company and refrained from voting on matters in which they were materially interested.

d) Having reviewed the business plans, financial forecasts and overall financial position of the Group, the Directors are satisfied that the Company and its subsidiaries have adequate resources to continue operations for the foreseeable future. Accordingly, the Financial Statements have been prepared on the going concern basis.

e) The Board Audit and Risk Committee reviewed the effectiveness of the Company's internal control and risk management covering financial, operational and compliance controls and obtained reasonable assurance regarding their effectiveness during the year under review.

The Directors have taken appropriate steps to ensure that they remain informed of applicable laws, regulations and governance requirements relevant to the operations of the Company.

Corporate Governance Policies

In compliance with Section 9.2.1 of the Listing Rules of the Colombo Stock Exchange, the Company has adopted and implemented the required governance policies applicable to listed entities. The existence of such policies has been disclosed on the Company's website at www.unitedmotors.lk.

The Company continues to maintain high standards of ethical conduct and corporate governance practices across the Group.

Approach to Sustainability

The Company remains committed to conducting its business responsibly and sustainably by integrating Environmental, Social and Governance ("ESG") considerations into its business operations, decision-making processes and stakeholder engagement practices. The Group continues to focus on sustainable value creation through responsible business practices, employee wellbeing, ethical conduct, governance excellence and environmental stewardship. Further details on the Company's sustainability approach, ESG initiatives are set out in the Sustainability Related Financial Disclosures on pages 82 to 98.

03. BOARD OF DIRECTORS

The Board of Directors of the Company as at 31 March 2026 comprised nine (09) Directors possessing financial, commercial, strategic and governance expertise.

Name of Director	Classification	Remarks
Mr. Devaka Cooray	INED	Director/Chairman since May 2021
Mr. Chanaka Yatawara	ED	Non-Executive Director since June 2004; appointed Executive Director in November 2004
Ms. Hiroshini Fernando	NED	Director since July 2013
Ms. Coralie Pietersz	INED	Director since April 2021
Mr. Thushara Jayasekara	ED	Director since April 2022
Mr. Vish Govindasamy	INED	Director since May 2024
Mr. Arjuna Herath	INED	Director since July 2024
Mr. Jonathan Alles	INED	Director since September 2024
Mr. Buddhika Singhage	ED	Director since January 2025

INED - Independent Non-Executive Director
NED - Non-Independent Non-Executive Director
ED - Executive Director

Resignation of Directors

Mr. Stuart Chapman, Independent Non-Executive Director resigned w.e.f. 20 September 2025.

The total number and names of companies in which the Directors serve as Directors are disclosed on pages 57 and 58.

Directors of Subsidiaries

The names of the Directors of subsidiary companies are disclosed in the Group Structure on page 13.

Re-Election of Directors

In terms of Article 83 of the Articles of Association of the Company, Ms. Hiroshini Fernando and Mr. Vish Govindasamy retire by rotation and being eligible, offer themselves for re-election.

The resolutions relating to the above re-elections are proposed on the recommendation of the Nomination and Governance Committee and the Board of Directors.

Independence of Non-Executive Directors

As at 31 March 2026, six out of nine Directors were Non-Executive Directors, of whom five were Independent Non-Executive Directors.

All Non-Executive Directors other than Ms. Hiroshini Fernando were considered independent in terms of the Listing Rules of the Colombo Stock Exchange.

Directors' Shareholdings

Details relating to Directors' dealings in shares and their respective shareholdings as at 31 March 2026 are disclosed in the Share Information section on page 277.

Directors' Remuneration and Other Benefits

Details of remuneration and other benefits paid to Directors during the financial year are disclosed in Note 12 to the Financial Statements.

Directors have not obtained any loans from the Company during the year under review.

Related Party Transactions

The Directors have disclosed transactions with related parties in terms of LKAS 24 – Related Party Disclosures in Note 40 to the Financial Statements.

The recurrent related party transactions requiring disclosure under Section 9.14.8 of the Listing Rules are disclosed in Note 40 to the Financial Statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Related Party Transactions Review Committee reviewed all recurrent related party transactions during the year to ensure that such transactions were carried out on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

During the year under review, the Company made an investments amounting to LKR 450 Mn in Unimo Enterprises Limited and capitalized the commercial paper investment amounting to LKR 562.69 Mn in U M L Heavy Equipment Limited, for the purpose of supporting their operational and business requirements and strengthening their capital base.

There were no non-recurrent related party transactions which exceeded 10% of equity or 5% of total assets of the Company, whichever is lower, requiring immediate market disclosure under the Listing Rules.

The Company has complied with the applicable requirements relating to Related Party Transactions under the Listing Rules , LKAS 24 and the Code.

Board Sub-Committees

Whilst retaining overall responsibility and accountability for the affairs of the Company, the Board has established the following Board Sub-Committees to support effective governance and oversight:

- Board Audit and Risk Committee
- Human Resources and Remuneration Committee
- Related Party Transactions Review Committee
- Nomination and Governance Committee
- Strategy Review and Investment Committee

The Board Sub-Committees play an important role in strengthening governance, accountability, risk oversight and transparency across the Group.

The Terms of Reference of the respective Board Sub-Committees are approved by the Board and are aligned with the recommendations of applicable regulatory and governance bodies including the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka and CA Sri Lanka.

Details relating to the composition of the Board Sub-Committees and the respective Committee Reports are set out on pages 160 to 175.

Board and Committee Meetings

Directors' meetings comprised Board meetings and meetings of Board Sub-Committees.

Details of attendance of Directors at Board and Board Sub-Committee meetings are disclosed on page 56.

Board Evaluation

The Board undertakes an annual evaluation process to assess the effectiveness and performance of the Board, Board Sub-Committees and individual Directors.

The evaluation process includes an assessment of Board composition, governance practices, effectiveness of oversight, strategic contribution, quality of information provided to the Board and effectiveness of Board Committees.

The outcomes of the evaluation are reviewed collectively by the Board and used to identify opportunities for continuous improvement.

04. GOVERNANCE OF RISK AND INTERNAL CONTROLS

The Board acknowledges responsibility for the adequacy and effectiveness of the Company's internal controls and risk management processes across the Company.

The Board Audit and Risk Committee regularly reviews the adequacy and design and operating internal controls, effectiveness of the risk management processes and compliance mechanisms established by the Management

The Company maintains an ongoing process to identify, assess, monitor, manage and report material risks faced by the Group.

Further details relating to the Company's risk management framework and internal controls are set out in the Enterprise Risk Management section and the Directors' Statement on Internal Controls.

05. CODE OF CONDUCT, ETHICS AND COMPLIANCE

The Company continues to maintain a strong ethical culture through its Code of Business Conduct and Ethics applicable to Directors and employees.

The Board expects the highest standards of integrity, professionalism, ethical conduct and compliance across all business operations.

The Company also maintains policies and procedures designed to prevent bribery, corruption and unethical business conduct.

All employees were provided with training in the Code of Business Conduct and Ethics and applicable Company policies and confirmation on compliance with the Code of Business Conduct and Ethics is obtained from all employees.

06. STATUTORY DISCLOSURES

Section 168 of the Companies Act No. 07 of 2007 and amendments thereto require the following information to be disclosed in the Annual Report.

No.	Disclosure requirements	Reference to the Companies Act No. 07 of 2007	Disclosure reference for compliance	Page
01.	The nature of the business of the Company and the Group	Section168(1)(a)(i)	About Us Group Structure	12-13
02.	The classes of business in which the company has an interest, whether as a shareholder of another company or otherwise	Section168(1)(a)(ii)	Note 23.1 to the Financial Statements- Investments in subsidiaries.	245
03.	Financial statements for the accounting period completed and signed in accordance with Section 151 and 152	Section168(1)(b)	The Financial Statements of the Company and the Group for the year ended 31 March 2026 duly signed by the Executive Director - Finance/Chief Financial Officer and two Directors.	195
04.	Auditor's report on the Financial Statements of the Company and the Group	Section168(1)(c)	Independent Auditors' Report	191-193
05.	Any change in accounting policies made during the accounting period	Section168(1)(d)	No changes in accounting policies during the year under review.	-
06.	Particulars of entries in the interests register made during the accounting period	Section168(1)(e)	The Company maintains the Directors' Interest Register and the Directors have made necessary declarations of their respective interests in contracts or proposed contracts, in terms of Sections 192 (1) and 192 (2) of the Companies Act. All related entries were duly recorded in the Interests Register during the year under review and the Register is available for inspection in terms of the Companies Act No.07 of 2007 as amended. Directors have refrained from participating in discussions and voting on matters in which they had a material interest. The Directors have no direct or indirect interest in contracts or proposed contracts with the Company other than those disclosed. Note 40 to the Financial Statements- Related Party Transactions	-
07.	Remuneration and other benefits of Directors during the accounting period	Section168(1)(f)	Note 12 to the financial statements - Other Expenses	212
08.	Total amount of donations made by the Company during the accounting period	Section168(1)(g)	The Company made donations to the value of LKR 11.6 Mn (LKR 1.3 Mn in 2024/25) to charities.	212

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

No.	Disclosure requirements	Reference to the Companies Act No. 07 of 2007	Disclosure reference for compliance	Page
09.	Names of the persons holding office as Directors of the Company at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period	Section168(1)(h)	Annual report of the Board of Directors on the affairs of the company (Item 03)	179
10.	Amounts payable by the Company to the person or firm holding office as Auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm;	Section168(1)(i)	Note 12 to the Financial Statements.	212
11.	Particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the Company or any of its subsidiaries	Section168(1)(j)	The Company's Auditors during the year under review were Deloitte Partners, Chartered Accountants. Policy on Independence and Objectivity of the External Auditor provide details of the Policy for the Engagement of the External Auditor for Audit and Non-Audit services. Based on the declaration provided by Deloitte Partners and as far as the Directors are aware, the Auditors do not have any relationship with or interest with the Company that in our judgment, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka, applicable as of the date of this Report.	-
12.	Annual Report of the Board of Directors to be signed on behalf of the Board by two Directors and the Company Secretary	Section168(1)(k)	Annual Report of the Board of Directors on the Affairs of the Company.	178-186

07. AUDITORS

Auditor Independence

The Company's External Auditors during the year under review were Deloitte Partners, Chartered Accountants.

The Board Audit and Risk Committee reviewed the independence and objectivity of the External Auditors and is satisfied that the provision of non-audit services did not impair the independence of the External Auditors.

The External Auditors have confirmed in writing that they are independent in accordance with the provisions of the Companies Act No. 07 of 2007 and the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

Appointment of Auditors

As part of the Company's commitment to maintaining high standards of corporate governance, auditor independence and effective oversight, the Board Audit and Risk Committee periodically reviews the external audit arrangements of the Company and the Group. Following a comprehensive review, the Board Audit and Risk Committee recommended the appointment of Messrs. KPMG as External Auditors of the Company. Having considered the recommendation of the Board Audit and Risk Committee, the Board has proposed the appointment of Messrs. KPMG for shareholder approval at the forthcoming Annual General Meeting.

08. ADDITIONAL DISCLOSURES

The following information is additionally disclosed. The details are provided within notes to the Annual Report, which form an integral part of the Annual Report of the Board of Directors on the Affairs of the Company.

No	Disclosure	Reference/Notes	Page
1.	Purpose, Vision	The business activities of the Company are conducted at a high level of ethical standards in achieving its Purpose and Vision.	71
2.	Principal activities	Note 1.3 to the financial statement	199
3.	Changes to the Group structure	There were no changes to the Group Structure during the year under review.	-
4.	Review of operations	Chairman's Message	18-21
		CEO's Review of Operations	22-25
		Operational Review	110-120
5.	Future developments	Chairman's Message	18-21
		CEO's Review of Operations	22-25
6.	Financial statements	The financial statements of the Company and the Group for the year ended 31 March 2026 have been prepared in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and they comply with the requirements of Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.	-
7.	Directors' responsibility for financial reporting	The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, (SLFRSs and LKASs), Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.	-
8.	Auditor's report	Independent Auditor's Report	191-193
9.	Material accounting policies	The Company prepared the financial statements in accordance with Sri Lanka Accounting Standard (LKAS/ SLFRS). The significant accounting policies adopted in the preparation of the financial statements of the Company and the Group and specific accounting policies pertaining to each item in the financial statement have been presented within the respective notes to the financial statements. There were no changes in accounting policies during the year under review.	202-206
10.	Going Concern	Having reviewed the business plans, financial forecasts and overall financial position of the Company, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Financial Statements. The assessment considered the prevailing economic conditions and their potential implications on the Company's operations and performance. Note 2.10 to the financial statements – Going Concern	202
11.	Income	Note 11 to the financial statements – Gross Income	211

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

No	Disclosure	Reference/Notes	Page
12.	Financial results and appropriations	Statement of Profit or Loss and other Comprehensive Income	194
		Statement of Changes in Equity	197
13.	Reserves	Statement of Changes in Equity	197
14.	Taxation	Note 15 to the financial statements - Income Tax Expense	216-218
15.	Statutory payments	The Directors, to the best of their knowledge and belief, are confirmed that all statutory payments relating to the Government and employees have been duly paid or adequately provided for in the Financial Statements	-
16.	Dividends on ordinary shares	Share Information The first interim dividend of LKR 2.00 per share was paid on 09 December 2025 and 0.25 per share was paid on 13 March 2026. A final dividend of LKR 0.40 per share has been recommended by the Board of Directors for payment on 20 July 2026. The Board of Directors provided the Statement of Solvency to the External Auditors and obtained a Certificate of Solvency from the External Auditors in respect of the interim dividends. The Board is also satisfied that the Company would continue to meet the applicable solvency requirements in respect of the proposed final dividend	275
17.	Capital expenditure	The details of capital expenditure during the year are given in Note 18 to the financial statements.	223
18.	Property, Plant and Equipment and Investment properties	Note 18 to the financial statements - Property, Plant and Equipment Market value of freehold land and investment property All freehold land of the Company are revalued by professional independent valuers and brought into financial statements. The investment properties are accounted for using the fair value method. Details of fair values of investment properties are given in Note 19 to the financial statements. Details of the revaluation of land are given in Note 18.5 to the financial statements.	222-226 224-226
19.	Net book value of freehold properties	Note 18 to the financial statements - Property, Plant and Equipment.	222-226
20.	Outstanding litigation	After consultation with the legal advisors, the Directors are of the opinion that the pending litigation against the Group and the Company will not have a material impact on the reported financial position or future operations of the Group.	-
21.	Events after the reporting date	In the opinion of the Directors, no transactions or any other material events of an unusual nature have arisen during the period between the end of the financial year and the date of this report other than the items disclosed in Note 42 to the financial statements.	271
22.	Stated capital	The stated capital of the Company as at 31 March 2026 was LKR 336,335,420 comprising of 1,009,006,260 ordinary shares. There has been no change in the stated capital during the year.	195

No	Disclosure	Reference/Notes	Page
23.	Share information	There were 8,077 registered shareholders as at 31 March 2026 (4,081 as at 31 March 2025). Information relating to the details of the top twenty shareholders, the percentage holding of the public the distribution of shareholding, stated capital, dividends, earnings, ratios, net assets, market price information, and share trading details are set out in the sections on 'Share Information' and 'Investor Information'.	274 274-280
24.	Equitable treatment to Shareholders	The Company has at all times ensured the equitable treatment of all shareholders.	-
25.	Register of directors and secretaries	As required under Section 223 (1) of the Companies Act No. 07 of 2007, the Company maintains a Register of Directors and Secretaries which contains the name, surname, former name (if any), residential address, business, occupation, dates of appointment and dates of resignation (if applicable) of each Director and the Secretary.	-
26.	Directors' interests in the ordinary shares	Share Information – Directors Shareholding	277
27.	Human resources	The Company recognizes that its employees are a key driver of long-term success and sustainable growth. The Company continues to focus on attracting, developing and retaining a competent and motivated workforce. The number of employees of the Company and its subsidiaries as at 31 March 2026 was 1,350 (2024/25 – 1,228).	-
28.	Employee share option plan	The Company did not have any employee share ownership/option plans during the year.	-
29.	Environmental protection	To the best of knowledge of the Board, the Company has complied with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment.	-
30.	Risk management and internal control	Enterprise Risk Management Report.	99-108
31.	Compliance with laws and regulations	Company complied with all applicable laws and regulations in conducting its business and has not engaged in any activities contravening the laws and regulations during the year .	-
32.	Directors' statement on internal control	Directors' Statement on Internal Controls.	176-177
33.	Corporate governance	How We Govern	44-69
34.	Insurance and Indemnity	The Company has obtained Directors' and Officers' Liability Insurance in respect of the Directors and Officers of the Company.	-
35.	Material foreseeable risk factors	Enterprise Risk Management	99
36.	Material Issues Pertaining to Employees and Industrial Relations Pertaining to the Company	No material issues occurred during the year	-
37.	Operational Excellence	Review of Operations	110-120

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

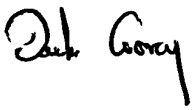
09. NOTICE OF ANNUAL GENERAL MEETING

The Thirty-Seventh Annual General Meeting of the Company will be held on 30 June 2026 at 9.30 a.m. The Notice of Meeting is set out on page 292 of this Annual Report.

10. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by Section 168 (1) (k) of the Companies Act No. 07 of 2007 as amended, the Board of Directors hereby acknowledges the contents of this Annual Report.

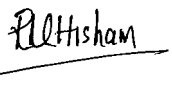
Signed in accordance with a resolution adopted by the Board of Directors.



Mr. Devaka Cooray
Chairman



Mr. Chanaka Yatawara
Group Chief Executive Officer/Executive Director



Ms. Rinoza Hisham
Company Secretary

03 June 2026



Engineered for
progress

FINANCIAL CALENDAR

Financial Statements 2025/26	
First quarter released on	7-Aug-25
Second quarter released on	10-Nov-25
Third quarter released on	12-Feb-26
Fourth quarter released on	27-May-26
Annual Report and Accounts	
2024/25	5-Jun-25
Meetings	
Thirty Sixth Annual General Meeting	27-Jun-25
Thirty Seventh Annual General Meeting	30-Jun-26
Dividends	
First and final dividend 2024/25	17-Jul-25
First interim dividend 2025/26	9-Dec-25
Second interim dividend 2025/26	13-Mar-26
Final dividend 2025/26	20-Jul-26

Financial Reporting	
Statement of Directors' Responsibility	Page 189
Responsibility Statement of Chief Executive Officer and Chief Financial Officer	Page 190
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Statement of Profit or Loss and other Comprehensive Income	Page 194
Statement of Financial Position	Page 195
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STATEMENT OF DIRECTORS' RESPONSIBILITY

The Section D.1.5 of the "Code of Best Practice on Corporate Governance 2023" (the Code) issued by the Institute of Chartered Accountants of Sri Lanka recommends that the Board of Directors present 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 "Independent Auditors Report".

As per the provision of sections 150 (1), 151, 152, and 153 (1) and (2) of the Companies Act No. 07 of 2007, 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.

The Directors are also required to place these financial statements before the Annual General Meeting of shareholders.

The Directors have ensured that in preparing these financial statements;

- appropriate accounting policies have been used and applied in a consistent manner;
- all applicable accounting standards have been applied where relevant;
- prudent judgment and reasonable estimates have been made so that the form and substance of transactions are properly reflected; compliance with the Companies Act No. 07 of 2007, Listing Rules of Colombo Stock Exchange; and
- the financial statements of the Group and the Company are prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs).

Accordingly, the Directors confirm that the financial statements of the Company and the Group give a true and fair view of the state of affairs and the financial position of the Company and the Group as at 31 March 2026 and the profit or loss or income and expenditure for the financial year then ended.

Under section 150 of the Companies Act No. 07 of 2007, the Directors of the Company are responsible for ensuring that proper books of accounts are maintained to record all transactions of the Company and its subsidiaries and that financial statements are prepared for each financial year to give a true and fair view of the state of affairs and of the profit or loss or income and expenditure for the Company and the Group as at the balance sheet date. In keeping with this requirement, the Company has maintained proper books of accounts and the financial reporting system is reviewed at regular intervals.

Following a review of the Company's financial budget and related information including cash flows and borrowing facilities, the Directors are satisfied that the Company and its subsidiaries have adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on the basis of a going concern and the Board accepts responsibility for the integrity and objectivity of the financial statements presented.

The Directors have provided the Company's auditors, Deloitte Partners with every opportunity to take whatever steps that are necessary and appropriate for the purpose of enabling them to express their opinion. Accordingly, Deloitte Partners has examined the financial statements made available by the Board of Directors together with all the financial records, related information, minutes of Board Meetings etc., in order to express their opinion on financial statements as given on pages 191 to 193.

The Directors are aware of the responsibility to take whatever steps that are reasonable to safeguard the assets of the Company and that of the Group and in that context to have appropriate internal control systems to prevent and detect fraud and other irregularities. The Directors have accordingly instituted comprehensive internal control mechanisms to ensure that as far as it is practically possible, the Company's business is carried out in an orderly manner, that its assets are safeguarded and that the records of the Company are accurate and reliable. The existence of such internal controls are regularly monitored by the Internal Audit Division.

The Board of Directors also wishes to confirm that, the Annual Report has been prepared as required by section 166(1) and 167(1) of the Companies Act No. 07 of 2007.

Further, the Board of Directors wishes to confirm that the Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange, and the Code of Best Practice on Corporate Governance recommended by the Institute of Chartered Accountants of Sri Lanka, where applicable.

Compliance

The Directors confirm that to the best of their knowledge and belief, all taxes and other statutory dues payable by the Company and all contributions, taxes and levies payable by the Companies within the Group on behalf of and in respect of its employees, as at the balance sheet date, have been paid or provided for in arriving at the financial results for the year under review.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board.



Ms. Rinoza Hisham
Company Secretary

03 June 2026

RESPONSIBILITY STATEMENT OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

The financial statements of United Motors Lanka PLC and Consolidated Financial Statements of the Group as at 31 March 2026 are prepared and presented in compliance with the requirements of:

- Sri Lanka Accounting Standards
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Companies Act No. 07 of 2007
- Listing rules of the Colombo Stock Exchange applicable to the Company
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (2023)

We confirm that the significant accounting policies used in the preparation of the financial statements are appropriate and are consistently applied by the Group. 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 involved a high degree of judgement and complexity were discussed with the Board Audit and Risk Committee and External Auditors. The significant accounting policies adopted in the preparation of the financial statements of the Group and the Company are given on pages 199 to 206 of the Annual Report.

There were no changes to the accounting policies and methods of computation since the publication of the Annual Report for the year ended 31 March 2025. Therefore, there was no necessity to amend the comparative information to comply with the current presentation.

We confirm, that to the best of our knowledge, the financial statement, significant accounting policies and other financial information included in this Annual Report, fairly present in all material aspects, the financial position, results of the operations and the cash flows of the Company and the Group as of and for the periods presented in this Annual Report.

The Board of Directors and the management of the Company and Group accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgements relating to the financial statements were made on a prudent and reasonable basis, in order that the financial statements reflect a true and fair view, the form and substance of transactions and Group's state of affairs are reasonably presented. To ensure this the Group has taken proper and sufficient care in installing a system of internal control and accounting records, to safe guard assets and for preventing and detecting frauds and other irregularities, which are reviewed, evaluated and updated on continuing basis.

We confirm that the Group has adequate resources to continue its operation in the foreseeable future. Therefore, the Group will continue to adopt the "going concern" basis in preparing these financial statements.

We are responsible for establishing and maintaining internal controls and procedures and have designed such controls and procedures, or caused such controls and procedures to be designed under our supervision, to ensure that material information relating to the Group is made known to us and for safeguarding the Company's assets and preventing and detecting fraud and error. We have evaluated the effectiveness of the Company's internal controls and procedures and are satisfied that the controls and procedures were effective as of the end of the period covered by this Annual Report.

We confirm, based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls.

Our internal audit division has conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The financial statements of the Company and the consolidated financial statements of the Group were audited by Messrs. Deloitte Partners, Chartered Accountants and their report is given on page 191 to 193 of the Annual Report. The Board Audit and Risk Committee approved audit and non-audit services provided by Messrs. Deloitte Partners' in line with the relevant audit policy, to ensure that the provision of such services does not impair Deloitte Partners independence and objectivity.

We confirm that to the best of our knowledge

- The Group and the Company have complied with all applicable laws, regulations, and guidelines and there is no material litigation against the Group and the Company other than those arising out of the normal course of business.
- All taxes, duties, levis and all statutory payments payable by the Group and the Company and all contribution, levis and taxes payable on behalf of and in respect of the employees of the Group and the Company as at 31 March 2026 have been paid or where relevant provided for.



Chanaka Yatawara
Group Chief Executive Officer/Executive Director



Thushara Jayasekara
Executive Director - Finance

Colombo, Sri Lanka
03 June 2026

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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100 Braybrooke Place
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To the Shareholders of United Motors Lanka PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Motors Lanka 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 31 March 2026, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Company:

Key audit matter	How our audit addressed the Key audit matter
Valuation of freehold land and investment property (Refer note 18.3 for freehold land revaluation and note 19 and 19.1 for investment property fair valuation in the financial statements). The Company engaged an independent valuer to determine the fair value of its freehold land classified under property, plant and equipment, and the investment property comprising land and buildings located at Colombo 2. As at March 2026, the freehold land was carried at a revalued amount of LKR 8.8 billion and the investment property was carried at a fair value of LKR 720.5 million. The gain on revaluation of freehold land amounting to LKR 1.3 billion and the fair value gain on investment property of LKR 85 million had been recognised in the financial statements for the year ended 31 March 2026. The valuation of both freehold land and investment property involved significant judgement and was based on several assumptions, including prices of comparable property transactions adjusted for differences in key attributes such as, property size, shape, legal restrictions, access to main roads, the physical condition of buildings and depreciated replacement cost per square foot. The valuation of freehold land and investment property was considered a key audit matter due to the significant judgement involved in the estimate of fair values and the materiality of these assets in the financial statements.	Our audit approach included the following procedures: ■ assessed the qualifications, experience and independence of the external valuer engaged by the management for the valuations; ■ checked the completeness and accuracy of the data provided by management to the valuer; ■ obtained the valuation reports and evaluated the appropriateness of the valuation methodology adopted by the external valuer by comparing with methods generally used in the valuation of similar properties; and ■ evaluated the relevance and reasonableness of the significant assumptions used in the valuations by applying our knowledge and the publicly available information on the real estate market such as range of offer prices for real estates of similar nature and location. Based on the work performed, we found that the valuation methodology and assumptions used to be appropriate and reasonable.

C S Manoharan FCA, **T U Jayasinghe** FCA, **M D B Boyagoda** FCA, **H A C H Gunarathne** FCA, **M P M T Gunasekara** FCA, **N R Gunasekera** FCA, **M S J Henry** FCA, **M M R Hilmy** FCA, **H P V Lakdeva** FCA, **K M D R P Manatunga** ACA, **M M M Manzeer** FCA, **L A C Tillekeratne** ACA, **D C A J Yapa** ACA

Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Key audit matter	How our audit addressed the Key audit matter

Impairment of investment in subsidiary (Refer note 23.1 in the financial statements)
The carrying value of the investment in subsidiary, measured at cost, in the financial statements amounted to LKR 1.9 billion as at 31 March 2026. This included investment of LKR 663 million in the fully owned subsidiary, U M L Heavy Equipment Limited ("U M L Heavy").
 	
The financial statements of U M L Heavy for the year ended 31 March 2026 reported a comprehensive loss of LKR 128 million and a negative net asset position of LKR 349 million as at that date.
 	
At year end, the Company assessed its investment in U M L Heavy for impairment and concluded that no impairment was necessary as the recoverable amount based on the cash flow projections exceeded their respective carrying amounts.
 	
The assessment of the recoverable amount is judgmental and require significant estimations and assumptions by management, particularly regarding the likelihood, timing and quantum of the projected cash flows. Accordingly, we considered determination of the recoverable amount of the investment in U M L Heavy as a key audit matter.
	Our audit approach included the following procedures:
	■ obtained an understanding of the process by which management evaluates the recoverability of its investment in subsidiary;
	■ inquired management and those charged with governance on the current market condition and business prospects of U M L Heavy and corroborated the explanations received against our knowledge on the industry and economy in general;
	■ obtained management's impairment assessment and checked the appropriateness of the selected impairment testing technique, and mathematical accuracy of the calculations, and
	■ checked the reasonableness of the key assumptions used in the discounted cash flow model based on which recoverable amount had been determined, as detailed below:
	  ■ Agreed the forecasted cash flow information to approved budgets and business plans;
	  ■ Performed the sensitivity analysis to assess the estimation risk involved in the key assumptions.
	
	Based on the worked performed, we found management determination of recoverable amount of the equity investment in U M L Heavy, to be based on appropriate methodology and reasonable assumptions.

The Group:

Key audit matter	How our audit addressed the Key audit matter
Valuation of freehold land (Refer note 18.1 in the financial statements) The group engaged an independent valuer to determine the fair value of its freehold land classified under property, plant and equipment. As at 31 March 2026, the freehold land portfolio of the Group was carried at a revalued amount of LKR 9.6 billion with a revaluation gain of LKR 1.4 billion recognised for the year. The valuation of freehold land involved significant judgement and was based on several assumptions, including prices of comparable property transactions, adjusted for differences in key attributes such as property size, shape, legal restrictions, and access to main roads. The valuation of freehold land was considered as a key audit matter due to the materiality of the balance in the Statement of Financial Position and the significant judgement involved in applying valuation methodology.	Our audit approach mainly included substantive audit procedures as follows: ■ assessed the qualifications, experience and independence of the external valuer engaged by the management; ■ checked the completeness and accuracy of the data provided by management to the valuer; ■ obtained the valuation report and evaluated the appropriateness of the valuation methodology adopted by the external valuer by comparing with the methods generally used in the valuation of similar properties; and ■ evaluated the relevance and reasonableness of the significant assumptions used in the valuation by applying our knowledge and publicly available information on the real estate market such as range of prices on real estates of similar nature and location. Based on the work performed, we found that the valuation methodology and assumptions to be appropriate and reasonable.

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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Deloitte.

Other information contd,
In preparing the financial statements of the Company and the consolidated financial statements of the Group, management is responsible for assessing the Company's/ 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 management either intends to liquidate the Company/ Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements of the Company and the consolidated financial statements of the Group 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and 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 of the Company and the consolidated financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company/ 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 of the Company and the consolidated financial statements of the Group 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 consolidated 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 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 Company and the consolidated financial statements of the Group 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.

Deloitte Partners

CHARTERED ACCOUNTANTS
CA Sri Lanka membership number [4084]

Colombo
03 June 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Notes	Group 2026 LKR '000	Group 2025 LKR '000	Company 2026 LKR '000	Company 2025 LKR '000
Revenue from contracts with customers	11	52,354,987	11,774,364	25,772,176	6,333,452
Cost of sales		(41,736,882)	(8,066,668)	(20,170,932)	(4,018,640)
Gross profit		10,618,105	3,707,696	5,601,244	2,314,812
Distribution expenses		(1,501,684)	(875,275)	(701,364)	(435,491)
Administrative expenses		(3,919,896)	(2,758,398)	(2,915,496)	(2,144,767)
Net impairment gains/(losses) on trade and other receivables	12.3	55,981	(50,509)	135,128	33,705
Other gains-net	12.4	175,153	197,754	338,984	70,468
Other income	13	200,286	139,867	433,212	337,902
Profit from operations		5,627,945	361,135	2,891,708	176,629
Finance income	14.1	151,309	266,923	114,793	253,143
Finance cost	14.1	(669,752)	(461,762)	(55,764)	(25,922)
Net finance (cost)/income		(518,443)	(194,839)	59,029	227,221
Profit before income tax expense		5,109,502	166,296	2,950,737	403,850
Income tax expense	15	(1,498,686)	(92,947)	(749,587)	(65,547)
Profit for the year		3,610,816	73,349	2,201,150	338,303
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Changes in the fair value of equity investments at fair value through Other Comprehensive Income	23.5	33,080	70,929	32,972	56,862
Re-measurements of post employment benefit obligations	32.6	(38,316)	(42,259)	(30,771)	(9,271)
Deferred tax on re-measurements of post employment benefit obligations		11,496	12,842	9,233	2,945
Revaluation of land	18	1,381,170	357,250	1,290,670	334,750
Deferred tax on revaluation of land		(414,351)	(103,048)	(387,201)	(100,425)
Other Comprehensive Income for the year, net of tax		973,079	295,714	914,903	284,861
Total Comprehensive income for the year		4,583,895	369,063	3,116,053	623,164
Profit attributable to:					
Owners of United Motors Lanka PLC		3,610,816	73,349	2,201,150	338,303
		3,610,816	73,349	2,201,150	338,303
Total Comprehensive Income attributable to:					
Owners of United Motors Lanka PLC		4,583,895	369,063	3,116,053	623,164
		4,583,895	369,063	3,116,053	623,164
Earnings per share-basic and diluted (LKR)	16	3.58	0.07	2.18	0.34
Dividend per share (LKR)	17	-	-	4.25	1.50

Notes from pages 199 to 271 form an integral part of these financial statements.
Figures in the brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	Group 2026 LKR '000	Group 2025 LKR '000	Company 2026 LKR '000	Company 2025 LKR '000
Assets					
Non-current assets					
Property, plant and equipment	18	11,363,156	9,425,216	9,943,516	8,375,506
Investment property	19	-	-	720,500	622,000
Intangible assets	20	89,456	116,749	86,568	113,861
Right-of-use assets	21	407,577	332,506	153,311	93,216
Investments in subsidiaries	23.1	-	-	1,935,090	922,400
Other financial assets at amortised cost	24.5	508,063	466,761	-	-
Financial assets measured at fair value through other comprehensive income	23.4	948	86,200	-	85,360
Reimbursable right	32.2	747	631	747	631
Deferred tax assets	33	991,641	969,850	-	-
Total non-current assets		13,361,588	11,397,913	12,839,732	10,212,974
Current assets					
Inventories	25	11,201,073	6,378,230	5,528,595	1,749,732
Trade and other receivables	26	6,289,431	5,652,106	2,992,935	2,471,193
Amounts due from related parties	27	105,208	-	337,325	37,592
Current tax receivables	37.2	-	19,805	-	-
Other financial assets at amortised cost	24.5	132,970	150,552	-	421,985
Financial assets at fair value through profit or loss	24.1	523,512	1,815,142	523,512	1,815,142
Cash and cash equivalents	28	393,960	645,307	252,960	427,073
Total current assets		18,646,154	14,661,142	9,635,327	6,922,717
Total assets		32,007,742	26,059,055	22,475,059	17,135,691
Equity and liabilities					
Equity					
Stated capital	29	336,335	336,335	336,335	336,335
Capital reserve	30	7,272,398	6,305,579	6,758,177	5,854,708
Other components of equity		(10,224)	(31,427)	-	(21,095)
Retained earnings		9,972,492	7,032,473	10,462,703	8,927,068
Total equity attributable to the equity holders of the parent		17,571,001	13,642,960	17,557,215	15,097,016
Non-current liabilities					
Interest-bearing borrowings	31.1	8,600	25,160	-	-
Employee benefit obligations	32.1	583,744	481,409	425,433	346,010
Lease liabilities	34	288,929	234,209	127,115	99,074
Deferred tax liabilities	33	1,022,545	686,767	1,025,019	688,267
Total non-current liabilities		1,903,818	1,427,545	1,577,567	1,133,351
Current liabilities					
Interest-bearing borrowings	31.1	7,344,951	7,642,391	119,177	-
Trade and other payables	35	4,301,579	2,957,033	2,786,453	834,405
Lease liabilities	34	115,649	99,580	41,212	16,522
Amounts due to related parties	36	-	-	59,811	36,766
Current tax liabilities	37.1	623,165	96,675	333,624	17,631
Bank overdrafts	28	147,579	192,871	-	-
Total current liabilities		12,532,923	10,988,550	3,340,277	905,324
Total liabilities		14,436,741	12,416,095	4,917,844	2,038,675
Total equity and liabilities		32,007,742	26,059,055	22,475,059	17,135,691
Net assets per share (LKR)		17.41	13.52	17.40	14.96

Notes from pages 199 to 271 form an integral part of these financial statements.

I certify that these financial statements are in compliance with the requirements of Companies Act No. 07 of 2007.

Thushara Jayasekara
Executive Director - Finance

Colombo
03 June 2026

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board of Directors on 03 June 2026.

Approved and signed for and on behalf of the Board of Directors.

Devaka Cooray
Chairman

Chanaka Yatawara
Group CEO/Executive Director

STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital LKR '000	Capital Reserve LKR '000	FVOCI Reserve LKR '000	Retained Earnings LKR '000	Total Equity LKR '000
Balance as at 01.04.2024	336,335	6,051,377	(98,112)	7,135,648	13,425,248
Profit for the year				73,349	73,349
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Re-measurements of post employment benefit obligations				(42,259)	(42,259)
Deferred tax on re-measurements of post employment benefit obligations				12,842	12,842
Net change in equity investments at fair value through Other Comprehensive Income			70,929		70,929
Net gains on disposal of equity investments at fair value through Other Comprehensive Income			(4,244)	4,244	-
Revaluation of land		357,250			357,250
Deferred tax on revaluation of land		(103,048)			(103,048)
Total comprehensive income for the year	-	254,202	66,685	48,176	369,063
Transactions with owners in their capacity as owners :					
First and final dividend paid for 2023/24				(151,351)	(151,351)
Total Dividends	-	-	-	(151,351)	(151,351)
Balance as at 31.03.2025	336,335	6,305,579	(31,427)	7,032,473	13,642,960
Profit for the year				3,610,816	3,610,816
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Re-measurements of post employment benefit obligations				(38,316)	(38,316)
Deferred tax on re-measurements of post employment benefit obligations				11,496	11,496
Net change in equity investments at fair value through Other Comprehensive Income			33,080	-	33,080
Net gains on disposal of equity investments at fair value through Other Comprehensive Income			(11,877)	11,877	-
Revaluation of land		1,381,170		-	1,381,170
Deferred tax on revaluation of land		(414,351)		-	(414,351)
Total comprehensive income for the year	-	966,819	21,203	3,595,873	4,583,895
Transactions with owners in their capacity as owners :					
First and final dividend paid for 2024/25				(201,801)	(201,801)
First interim dividend paid for 2025/26				(201,801)	(201,801)
Second interim dividend paid for 2025/26				(252,252)	(252,252)
Total Dividends	-	-	-	(655,854)	(655,854)
Balance as at 31.03.2026	336,335	7,272,398	(10,224)	9,972,492	17,571,001

Notes from pages 199 to 271 form an integral part of these financial statements.
Figures in the brackets indicate deductions.

Company	Stated Capital LKR '000	Capital Reserve LKR '000	FVOCI Reserve LKR '000	Retained Earnings LKR '000	Total Equity LKR '000
Balance as at 01.04.2024	336,335	5,620,383	(72,000)	8,740,485	14,625,203
Profit for the year				338,303	338,303
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Re-measurements of post employment benefit obligations				(9,271)	(9,271)
Deferred tax on re-measurements of post employment benefit obligations				2,945	2,945
Net change in equity investments at fair value through Other Comprehensive Income			56,862	-	56,862
Net gains on disposal of equity investments at fair value through Other Comprehensive Income			(5,957)	5,957	-
Revaluation of land		334,750			334,750
Deferred tax on revaluation of land		(100,425)			(100,425)
Total comprehensive income for the year	-	234,325	50,905	337,934	623,164
Transactions with owners in their capacity as owners :					
First and final dividend paid for 2023/24				(151,351)	(151,351)
Total Dividends	-	-	-	(151,351)	(151,351)
Balance as at 31.03.2025	336,335	5,854,708	(21,095)	8,927,068	15,097,016
Profit for the year				2,201,150	2,201,150
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Re-measurements of post employment benefit obligations				(30,771)	(30,771)
Deferred tax on re-measurements of post employment benefit obligations				9,233	9,233
Net change in equity investments at fair value through Other Comprehensive Income			32,972	-	32,972
Net gains on disposal of equity investments at fair value through Other Comprehensive Income			(11,877)	11,877	-
Revaluation of land		1,290,670			1,290,670
Deferred tax on revaluation of land		(387,201)			(387,201)
Total comprehensive income for the year	-	903,469	21,095	2,191,489	3,116,053
Transactions with owners in their capacity as owners :					
First and final dividend paid for 2024/25				(201,801)	(201,801)
First interim dividend paid for 2025/26				(201,801)	(201,801)
Second interim dividend paid for 2025/26				(252,252)	(252,252)
Total Dividends	-	-	-	(655,854)	(655,854)
Balance as at 31.03.2026	336,335	6,758,177	-	10,462,703	17,557,215

Fair Value through Other Comprehensive Income reserve comprises the cumulative net change in the fair value of equity instruments until the investments are derecognised or impaired.

Notes from pages 199 to 271 form an integral part of these financial statements.
Figures in the brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31 March	Notes	Group 2026 LKR '000	Group 2025 LKR '000	Company 2026 LKR '000	Company 2025 LKR '000
Cash flows from operating activities	38.1	1,632,521	(2,591,566)	14,906	(6,118)
Interest paid		(685,489)	(451,539)	(50,587)	(25,922)
Taxes paid		(1,041,259)	(285,291)	(474,810)	(91,767)
Contribution received from employee benefit plan		-	30	-	30
Contribution paid to employee benefit plan	32.5	(34,892)	(63,419)	(22,365)	(51,462)
Net cash outflow from operating activities		(129,119)	(3,391,785)	(532,856)	(175,239)
Cash flows from investing activities					
Investment in shares and unit trust		(9,712,296)	(8,759,081)	(9,688,576)	(8,653,416)
Proceeds from disposal/settlements of investments/unit trust/ commercial papers		11,228,621	9,030,819	11,228,621	8,978,824
Acquisitions of property, plant and equipment and intangible assets	18 & 20.2	(742,124)	(203,393)	(400,320)	(84,329)
Proceeds from disposal of property, plant and equipment		76,583	22,426	70,278	6,950
Investment in subsidiary		-	-	(450,000)	-
Interest received		151,309	266,923	102,016	232,559
Dividend received	13	14,761	26,918	94,570	141,161
Net cash inflow from investing activities		1,016,854	384,612	956,589	621,749
Cash flows from financing activities					
Dividend paid	17	(655,854)	(151,351)	(655,854)	(151,351)
Principal element of lease payments		(139,673)	(131,873)	(55,992)	(16,285)
Loans obtained	38.2	43,078,400	33,288,311	9,723,700	-
Loans paid	38.2	(43,376,663)	(29,627,898)	(9,609,700)	-
Net cash (outflow)/inflow from financing activities		(1,093,790)	3,377,189	(597,846)	(167,636)
Net (decrease)/increase in cash and cash equivalents		(206,055)	370,016	(174,113)	278,874
Cash & cash equivalents at the beginning of the year		452,436	82,420	427,073	148,199
Cash and cash equivalents at end of the year	28	246,381	452,436	252,960	427,073

Notes from pages 199 to 271 form an integral part of these financial statements.
Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting entity

United Motors Lanka PLC (the "Company"), is a public quoted Company incorporated on 9 May 1989 and domiciled in Sri Lanka. The registered office and the principal place of business of the Company is located at No. 100, Hyde Park Corner, Colombo 02. The ultimate parent of the Company is R I L Property PLC which holds 51% of the issued shares of the Company.

The ordinary shares of the Company are listed at the Colombo Stock Exchange.

1.2 Consolidated financial statements

The consolidated financial statements of the Group as at and for the year ended 31 March 2026 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group Entities"). All the Group entities are limited liability companies, incorporated and domiciled in Sri Lanka. The financial statements of the Group entities are prepared to a common financial year ending 31 March using uniform accounting policies.

1.3 Principal business activities and nature of operations

The principal business activities of the Company and the subsidiaries are given below;

Name of the Company	Principal activities
The Company	
United Motors Lanka PLC (UML)	Importation and sale of brand new Mitsubishi and Fuso vehicles, spare parts, lubricants, after sales services, 3D printers, equipment and machinery, sale of used vehicles (trade-in) and related services.
Subsidiaries	
Unimo Enterprises Limited (UEL)	Importation and sale of vehicles, power generators, equipment and machinery, tyres, assembling of vehicles and sale of used vehicles (trade-in).
U M L Heavy Equipment Limited (UML Heavy)	Importation and sale of heavy equipment and power generators, motor vehicles, spare parts and after sales services, and machines renting services.
U M L Property Developments Limited (UMPDL)	Renting of premises.
Dutch Lanka Trailer Manufacturers Limited (DLT)	Manufacturing and export of trailers, carriage of cargo containers and related products.
Dutch Lanka Engineering (Pvt) Limited (DLE)	Manufacturing of road trailers for the Sri Lankan market and related services.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared and presented in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) relevant Interpretations of the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and 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 (CSE).

2.2 Responsibilities for the financial statements

The Board of Directors is responsible for the preparation and presentation of financial statements of the Group and the Company as per Sri Lanka Accounting Standards and the provisions of the Companies Act No. 07 of 2007. The Board of Directors acknowledges their responsibility for the financial statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for Financial Statements" and the certification on the financial position on pages 178, 189 and 195 respectively of this Annual Report.

2.3 Approval of financial statements

The financial statements for the year ended 31 March 2026 were approved and authorised for issue by the Board of Directors in accordance with the resolution of directors on 03 June 2026.

NOTES TO THE FINANCIAL STATEMENTS

2.4 Basis of measurement

The consolidated financial statements have been prepared on an accrual basis of accounting except for cash flow information and under the historical cost convention except for following;

Item	Basis of measurement	Note
Freehold land	Initially measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair value at the date of revaluation	18
Investment property	Fair value	19
Financial assets measured at fair value through Other Comprehensive Income	Fair value	23.4
Financial assets at fair value through Profit or Loss	Fair value	24
Reimbursable right	Fair value	32.2
Retirement benefit obligation	Actuarially valued and recognized at present value	32

2.5 Functional and presentation currency

The consolidated financial statements are measured in Sri Lankan Rupees (LKR) which is the currency of the primary economic environment in which the reporting entity operates.

The financial statements of the Company and the Group are presented in Sri Lankan Rupees, which is the Group's presentation currency.

Foreign exchange gains and losses are presented in the income statement within other gains/(losses)-net. All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousands, except where otherwise indicated as permitted by Sri Lanka Accounting Standards - LKAS 1 on "Presentation of Financial Statements".

2.6 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 LKAS 1 on "Presentation of Financial Statements" and amendments to LKAS 1 on "Disclosure initiatives".

2.7 Offsetting

Assets and liabilities and income and expenses in the financial statements are not offset unless required or permitted by Sri Lanka Accounting Standards.

2.8 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous year in the financial statements in order to enhance the understanding of the current year's financial statements and to enhance the inter period comparability. The presentation and classification of the financial statements of the previous year is reclassified, where relevant for better presentation and to be comparable with those of the current year.

2.9 Material accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRS/LKAS) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future year affected. More information on material areas of estimates, uncertainty, and material judgements in applying accounting policies that have the most material effects on the amounts recognised in these financial statements are included in the following table:

Accounting Policies	Accounting judgements, estimates and assumptions	Note
Classification of financial assets and liabilities	Assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics	6
Impairment of financial assets	Estimation of amount and timing of future cash flows	6.1.5
Useful lives of property, plant and equipment	Judgement is exercised in estimating the residual value, rates and method of depreciation	18
Fair value of investment properties	Judgement regarding market based evidence for estimating fair value of investment properties	19
Fair value of financial instruments	Methodologies used for valuation of financial instruments and fair value hierarchy	22
Impairment of non-financial assets	Judgement regarding impairment indicators, business outlook, industry & company performance, future projections & cash flows and discount rates	7
Fair value of freehold land	Judgement regarding market based evidence for estimating fair value of land	18
Defined benefit obligation	Key actuarial assumptions on discount rates, expected rates of return on assets, future salary increases and mortality rates	32
Useful lives of intangible assets	Judgement regarding useful lives of intangible assets	20
Accounting for leases	Determination of the lease term for lease contracts with renewal and termination options and estimation of incremental borrowing rate to measure the lease liabilities	34
Provision for contingent liabilities	Estimate of ongoing legal disputes and litigations and any other commitments	39.2
Current tax and deferred tax	Judgement regarding deferred tax asset (the likely timing and level of future taxable profits) and provision for uncertain tax positions.	15

2.9.1 Estimation uncertainties in preparation of financial statements due to uncertain economic activities

The management acknowledges the impact of economic uncertainties in the preparation of the financial statements for the current year. Despite the challenges posed by economic instability in previous years, we have observed positive developments in Sri Lanka's economic landscape. The estimation uncertainties primarily relate to the following factors:

- **Business disruptions:** The extent and duration of disruptions caused by various stakeholders, including government actions, businesses, and customers, continue to influence our estimates.
- **Economic downturn:** While the downturn in previous years had significant effects on GDP, capital markets, credit risk, and consumer spending, this year's improvements warrant cautious optimism.
- **Government measures:** The effectiveness of actions taken by the government and the Central Bank to support businesses during disruptions remains a key consideration.

Our material accounting estimates affected by these uncertainties pertain to expected credit losses, recoverable amounts of non-financial assets, property, plant, equipment, and net realizable value of inventory.

Collectively assessed allowance for expected credit losses

Probable impacts from economic outcomes due to the financial instability in the country may impact future businesses and customers respond to same. There could be a possible increase in credit risk due to the loss of income by some of the businesses and the individuals who are our customers, which would delay the settlements of customer dues whilst the possibility of default also exists. This uncertainty is reflected in the Group's assessment of expected credit losses from its credit portfolio which are subject to a number of management judgements and estimates. Judgements relevant to expected credit loss computations are further discussed in Note 22.4 to these financial statements.

Fair value of financial instruments

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions.

Impairment of non financial assets

The Group assesses whether there are any indicators of impairment for an asset or a cash generating unit at each reporting date or more frequently, if events or changes in circumstances necessitate to do so. This requires the estimation of the value in use of such individual assets or the cash generating units. This valuation requires the Group to make estimates about expected future cash flows and discount rates and hence they are subject to uncertainty.

NOTES TO THE FINANCIAL STATEMENTS

Revaluation of property, plant and equipment
The Group measures land at revalued amounts with changes in fair value being recognized in equity through OCI. The Group engages independent professional valuer to assess fair value of land. The key assumptions used to determine the fair value of the land and building are given in Note 18.7.

2.10 Going concern
The Directors have assessed the ability of the Group to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the prevailing economic environment, current business performance, and other internal and external factors relevant to the Group's operations. In making this assessment, the Directors have considered the Company's current financial position, cash flow forecasts, available financing facilities, and other relevant factors. Based on this evaluation, the Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the financial statements of the Group continue to be prepared on a going concern basis.

3. MATERIAL ACCOUNTING POLICIES

Application of accounting policies
The financial statements of the Group and the Company have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards (SLFRS), Sri Lanka Accounting Standards (LKAS), relevant interpretations of the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC).

Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRP), Statements of Alternate Treatments (SoAT) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention except for freehold land, financial assets and liabilities which are measured at fair value. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the Company's and the Group's financial statements are disclosed in note 2.9 to the financial statements.

The Group has consistently applied the accounting policies for all periods presented in the financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

Apart from the general accounting policies set out below, the specific accounting policies pertaining to each item in the financial statements have been presented within the respective notes to the financial statements.

These material accounting policies have been applied consistently to all periods presented in the financial statements of the Group, unless otherwise indicated. The accounting policies have been consistently applied by the Group entities where applicable and deviations if any have been disclosed accordingly.

With effect from 01 April 2025, the Group has adopted SLFRS Sustainability. Disclosure standards, comprising SLFRS S1- General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2- Climate related Disclosures. As these are Disclosure Standards, the related disclosures have been disclosed in the relevant sections of this Annual report as appropriate, and they do not form part of the financial statements.

Accounting policy	Note Reference	Page Reference
Material accounting policies – General		
Basis of consolidation	4	203
Foreign currency transactions and balances	5	203
Financial instruments - classification, recognition and de-recognition, initial measurement, subsequent measurement and impairment	6	204
Impairment of non-financial assets	7	205
Statement of cash flows	8	205
New accounting standards adopted by the Group	9	206
Material accounting policies – Recognition of income and expenses		
Operating segments	10	207
Revenue recognition	11	210
Warranties	11	210
Operating expenditure	12	212
Other Income	13	214
Finance income/cost	14	215
Income tax expenses	15	216
Tax exposures	15	216
Basic and diluted earnings per share (EPS)	16	219

Accounting policy	Note Reference	Page Reference
Material accounting policies – Recognition of assets and liabilities		
Property, plant and equipment	18	220
Investment properties	19	226
Intangible assets	20	228
Right-of-use assets	21	231
Financial assets measured at FVOCI	23.3	246
Investment in subsidiaries	23.1	245
Inventories	25	250
Impairment of trade receivables	22.4	236
Trade and other payables	35	264
Employee benefit obligations	32	256
Deferred tax assets and deferred tax liabilities	33	260
Accounting for leases	34	262
Other disclosures		
Capital commitments and contingencies	39	267
Related parties	40	267
Events after the reporting date	42	271

MATERIAL ACCOUNTING POLICIES - GENERAL

4. BASIS OF CONSOLIDATION

The Group's financial statements comprise consolidated financial statements of the Company and its subsidiaries prepared as per SLFRS 10 - "Consolidated Financial Statements".

Business combination

Business combinations are accounted for using the acquisition method of accounting when control is transferred to the parent as per Sri Lanka Accounting Standard SLFRS 3 on "Business Combinations". The consideration transferred at the acquisition and identifiable net assets are measured at fair value. Any goodwill that arises is tested annually for impairment. The results of subsidiaries have been included from the date of acquisition, or incorporation while results of subsidiaries disposed will be included up to the date of disposal. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Subsidiaries

Subsidiaries are investees that are controlled by the Company. Control exists when the Company 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 to govern the financial and operating policies over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date when control ceases.

A list of the Group's subsidiaries is set out in Note 23.1 to the financial statements. There are no material restrictions 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.

Non-controlling interests

The Group does not have any subsidiaries with non-controlling interests as all subsidiaries are fully owned by United Motors Lanka PLC.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing consolidated financial statements. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any gains or losses arising on the loss of control is recognized in the income statement. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date the control is lost. Subsequently, it is accounted for as an equity accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

5. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are translated to functional currency at the exchange rate prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to functional currency at the exchange rate prevailing as at the reporting date. The foreign currency gains or losses on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

Non-monetary assets and liabilities which are measured at historical cost denominated in foreign currencies are translated to functional currency at the exchange rate prevailing at the dates of the transactions. Non-monetary assets and liabilities that are measured at fair value denominated in foreign currencies are translated to functional currency at the exchange rate prevailing at the dates that the fair values were determined. Unrealised foreign exchange differences arising on translation are recorded under other gains/ losses in the Statement of Comprehensive Income.

6. FINANCIAL INSTRUMENTS - CLASSIFICATION, RECOGNITION AND DERECOGNITION, INITIAL MEASUREMENT, SUBSEQUENT MEASUREMENT AND IMPAIRMENT

6.1 Financial assets

6.1.1 Classification

As per SLFRS 9, the Group classifies its financial assets based on business model for managing the financial assets and the contractual terms of the cash flows measured at either;

- Amortised cost
- Measured subsequently at fair value either through OCI (FVOCI) or through profit or loss (FVPL)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income (FVOCI).

The Group reclassify debt investments when and only when its business model for managing those assets changes.

6.1.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

6.1.3 Initial measurement

At initial recognition, the Group measures a financial asset at its fair value plus or minus the transaction costs that are directly attributable to the acquisition or issue of the financial asset, except in the case of a financial asset not at fair value through profit or loss (FVPL). Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

6.1.4 Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Group classifies its debt instruments:

6.1.4.1 Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gains or losses arising on derecognition is recognised directly in profit or loss together with foreign exchange gains and losses.

6.1.4.2 Financial assets measured at FVOCI

The Group's management has elected to present fair value gains and losses on long term equity investments in OCI with no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payments is established.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

6.1.4.3 Financial assets measured at FVPL

Equity investments acquired for the purpose of trading and investments in unit trust are classified as FVPL. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

As per SLFRS 9, all financial assets other than those classified at amortised cost or FVOCI are measured at FVPL.

Financial assets at fair value through profit or loss include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets and financial assets designated upon initial recognition at fair value through profit or loss.

Changes in the fair value of financial assets at FVPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable.

6.1.5 Impairment of financial assets
The Group assesses on a forward looking basis the expected credit losses associated with trade receivables, debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a material increase in credit risk.

The Group/Company make impairment for receivables based on simplified approach to provide credit losses as per SLFRS 9, which permits lifetime expected losses to be recognised for all trade receivables, refer Note 22.4 for further details.

6.2 Financial liabilities
6.2.1 Initial recognition and measurement
Financial liabilities within the scope of SLFRS/LKAS are recognised when and only when the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value plus transaction cost that are directly attributable to the issue of the financial liability, which are not at fair value through profit or loss.

6.2.2 Classification
Financial liabilities can be classified in to two categories as financial liabilities at fair value through profit or loss and other financial liabilities. The Company has classified its financial liabilities into other financial liability category.

6.2.3 Subsequent measurement
Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Such financial liabilities measured at amortised cost includes trade and other payables, interest-bearing borrowings, overdrafts, amounts due to related companies etc.

6.2.4 Derecognition
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

6.2.5 Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is presented in the Statement of Financial Position when and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

7. IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying value of the Group's 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, the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGUs unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of 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 are largely independent of the cash inflows of other assets or groups of assets ("Cash Generating Unit" or CGU) for the purposes of goodwill impairment testing. Goodwill acquired in a business combination is allocated to the Group of CGUs that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

An impairment loss is recognised if the carrying amount of asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

The Management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated for the next twelve months from the report signing date. Therefore, currently, the Group/Company does not have an intention to discontinue any operation to which an asset belongs or plans to dispose of an asset before the previously expected date.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decrease 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 is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

8. STATEMENT OF CASH FLOWS

The Statements of Cash Flows has been prepared by using the "indirect method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 on "Statement of Cash Flows".

Cash and cash equivalents
Cash and cash equivalents comprise of cash in hand and balances with banks which are short term, highly liquid investments that are readily convertible to known amounts of

NOTES TO THE FINANCIAL STATEMENTS

cash and are subject to an immaterial risk of changes in value. Cash and cash equivalents as referred to in the Statement of Cash Flows comprised of those items as explained in Note 28.

Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the cash flow statement. The Statements of Cash Flows are given on page 198.

9. NEW STANDARDS AND CHANGES TO ACCOUNTING STANDARDS NOT EFFECTIVE AS AT THE REPORTING DATE

9.1 New and amended SLFRS Accounting Standards that are effective from 1 January 2025

9.1.1 In the current year, the group/company has applied the below amendment to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

9.1.2 Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.

9.2 New and revised SLFRS Accounting Standards in issue but not yet effective

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka except for SLFRS 18 and SLFRS 19.

9.2.1 Amendments to SLFRS 9 and SLFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The directors of the company anticipate that the application of these amendments may have an impact on the group's/company's consolidated financial statements in future periods.

9.2.2 SLFRS 18 Presentation and Disclosures in Financial Statements

SLFRS 18 replaces LKAS 1, carrying forward many of the requirements in LKAS 1 unchanged and complementing them with new requirements. In addition, some LKAS 1 paragraphs have been moved to LKAS 8 and SLFRS 7.

SLFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.
- An entity is required to apply SLFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. SLFRS 18 requires retrospective application with specific transition provisions.

The directors of the company anticipate that the application of this standard may have an impact on the group's/company's consolidated financial statements in future periods.

10 OPERATING SEGMENTS

Accounting policy

The operating business segments are organised and managed separately according to the nature, risk and return.

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group Chief Executive Officer/Executive Director to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

The business segments of the Group are highlighted in the table below:

Reportable segment	Operations
Spare parts and workshop	Repair and service of vehicles, machinery and equipment, Sale of vehicle spare parts, accessories and related components.
Vehicles	Sale of passenger vehicles, commercial vehicles, special purpose vehicles, pre-owned passenger vehicles. Provide vehicle sales facilitation and brokering services.
Equipment and machinery	Sale of heavy equipment, generators and machinery
3D Printers and services	Sale of 3D printers, filaments, spare parts and related services
Tyres	Sale of tyres
Lubricant and car care products	Sale of lubricants and car care products
Trailers	Manufacturing and selling of trailers, carriage of cargo containers and related services.

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 items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate expenses, income tax related expenses, assets and liabilities.

Segment capital expenditure is the total cost incurred to acquire property, plant and equipment. Inter-segment pricing is determined on an arm's length basis. The activities of the Group are within Sri Lanka. Consequently, the economic environment in which the Group operates is not subject to risk and rewards that are significantly different on a geographical basis. Hence, disclosure by geographical region is not provided.

NOTES TO THE FINANCIAL STATEMENTS

Segment Information - Group

For the year ended 31 March	Spare parts and workshop		Vehicles		Equipment and machinery	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Segment revenue	5,052,022	4,255,522	39,351,525	1,976,513	597,723	446,463
Inter segment revenue	(122,063)	(129,525)	(14,301)	(14,301)	(4,650)	-
Revenue from external customers	4,929,959	4,125,997	39,337,224	1,962,212	593,073	446,463
Revenue from contracts with customers						
Sale of goods	3,941,659	3,381,550	39,324,644	1,905,025	593,073	446,463
Rendering of services	988,300	744,447	12,580	57,187	-	-
Total revenue from contracts with customers	4,929,959	4,125,997	39,337,224	1,962,212	593,073	446,463
Segment profit/(loss)	1,156,997	875,645	4,854,166	(58,342)	12,917	10,250
Unallocated income		-				
Unallocated expenses						
Profit from operations before finance cost						
Finance income						
Finance cost						
Net finance cost						
Profit before income tax expenses						
Income tax expenses						
Profit for the year						
Segment assets	2,769,433	6,403,490	18,003,288	6,638,073	578,076	656,477
Unallocated assets						
Total assets	2,769,433	6,403,490	18,003,288	6,638,073	578,076	656,477
Segment liabilities	152,786	120,845	1,036,644	833,468	365,361	9,205
Unallocated liabilities						
Total liabilities	152,786	120,845	1,036,644	833,468	365,361	9,205
Segment capital expenditure-allocated	68,288	86,551	544,887	41,162	8,215	9,366
Depreciation and amortisation-allocated	36,690	84,075	223,437	120,140	12,088	13,996
Non cash expenses/(income)	(181,744)	91,076	69,121	12,118	(13,673)	2,582

	3D Printers and services		Tyres		Lubricants and car care products		Trailers		Total	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
	562	4,698	546,243	478,508	2,413,149	2,057,649	4,640,839	2,793,679	52,602,063	12,013,032
	-	-	(11,092)	(8,646)	(46,448)	(48,271)	(48,522)	(37,925)	(247,076)	(238,668)
	562	4,698	535,151	469,862	2,366,701	2,009,378	4,592,317	2,755,754	52,354,987	11,774,364
	562	4,698	535,151	469,862	2,366,701	2,009,378	4,302,866	2,581,335	51,064,656	10,798,311
	-	-	-	-	-	-	289,451	174,419	1,290,331	976,053
	562	4,698	535,151	469,862	2,366,701	2,009,378	4,592,317	2,755,754	52,354,987	11,774,364
	(7,977)	(4,975)	43,780	43,538	42,388	(65,525)	884,976	355,372	6,987,247	1,155,963
									200,286	139,867
									(1,559,588)	(934,695)
									5,627,945	361,135
									151,309	266,923
									(669,752)	(461,762)
									(518,443)	(194,839)
									5,109,502	166,296
									(1,498,686)	(92,947)
									3,610,816	73,349
	601	6,188	265,729	700,294	2,179,388	3,465,453	3,866,676	2,659,235	27,663,191	20,529,210
									4,344,551	5,529,845
	601	6,188	265,729	700,294	2,179,388	3,465,453	3,866,676	2,659,235	32,007,742	26,059,055
	-	102	50	823	81,770	63,813	2,201,829	1,554,665	3,838,440	2,582,921
									10,598,301	9,833,174
	-	102	50	823	81,770	63,813	2,201,829	1,554,665	14,436,741	12,416,095
	8	99	7,413	9,856	32,783	42,152	80,530	14,207	742,124	203,393
	2	79	2,095	7,890	18,418	40,120	52,379	33,529	345,109	299,829
	(1,242)	325	(158)	205	55,622	36,563	8,167	33,035	(63,907)	175,904

NOTES TO THE FINANCIAL STATEMENTS

11 REVENUE

Accounting policy

Revenue recognition

The Group/Company recognised revenue from contracts with customers when control of goods or services is transferred to the customer at an amount that reflects the consideration that the Group is to be entitled in exchange of goods or services.

Delivery occurs when the products have been dispatched to the location as in the sales contract, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A five-step model with reference to SLFRS 15, "Revenue from contracts with customers" is applied before the revenue is recognized in books.

1 Identify the contracts with customers
2 Identify the separate performance obligations
3 Determine the transaction price of the contract
4 Allocate the transaction price to each of the separate performance obligations, and;
5 Recognise the revenue when each performance obligation is satisfied.

When determining whether the control has been transferred to the customer, the following indicators are taken into account;

- Legal title to the asset;
- Customer has accepted the asset;
- Physical possession of the asset;
- Right for the payment; and
- Customer has significant risk and rewards.

When a performance obligation is satisfied, an entity recognises as revenue the amount of the transaction price (which excludes estimates of variable considerations, if any) that is allocated to that performance obligation. Transaction prices are explicitly stated in the contracts with customers and agreed upon.

Sale of goods and services

The Group sells a range of brand new and used motor vehicles, spare parts, lubricants, tyres, brand new and used heavy machinery and equipment, trailers, generators, 3D printers, and provides after sales services to customers. Vehicle sales are recognized when control or the legal title of the vehicle is transferred to the customer or at the point of delivery. Revenue of all other products has been recognised when the products are delivered to the customer/dealer and there is no unfulfilled obligation that could affect the customer's/dealer's acceptance of the products. Revenue from services are recognised upon completion of job/service obligation.

Revenue from the export sale of trailers and spare parts is recognized at the point in time when control and legal title pass to the customer, in accordance with the terms of the customer agreements and applicable Incoterms.

Revenue from these sales is recognised based on the price specified in the contract, net of trade/volume discounts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made on cash basis or with a credit term of 30-60 days, which is consistent with the industry practices.

Warranties

Costs incurred by the Company under the terms of the warranty agreement between principal suppliers are reimbursed to the Company. Any amounts that are not reimbursed under the warranty agreement are charged to the Statement of Profit or Loss.

Revenue from contracts with customers

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Spare parts, repairs and services	4,929,959	4,125,997	4,933,437	4,154,793
Vehicles	39,324,644	1,905,025	18,412,383	76,759
Local charges and brokering fees - vehicles	12,580	57,187	12,580	57,187
Equipment and machinery	593,073	446,463	-	-
3D printers and services	562	4,698	562	4,698
Tyres	535,151	469,862	-	-
Lubricants and car care products	2,366,701	2,009,378	2,381,834	2,022,225
Trailers	4,592,317	2,755,754	-	-
Hiring	-	-	31,380	17,790
	52,354,987	11,774,364	25,772,176	6,333,452

The vehicle sales include transactions where the group acts as an agent in facilitating sales in respect of vehicle permit holders. A net revenue of LKR 175.9 Mn (2025 : LKR 282.7 Mn) has been recognized during the year in this regard. The gross revenue and cost of sales relating to these transactions for the year ended 31 March 2026 amounted to LKR 980.1Mn and LKR 804.2Mn (2025: LKR 1,882.7Mn and LKR 1,600.1Mn) respectively.

11.1 The detailed segment information is given in note 10 to the Financial Statements.

11.2 Free Service Arrangements

The Company/Group sell vehicles bundled with free services to the customers with limitations on mileage or usage period. The Company/ Group generally provide three labour free services with the vehicle. The Company and the Group unbundle and defer revenue component applicable to free service arrangements and free services are recognised as a separate performance obligation in accordance with SLFRS 15.

11.3 Warranty Obligation

A standard warranty period/mileage is agreed with the principal for new vehicle sales. The cost incurred by the Company/Group in respect of replacements within the warranty period, is reimbursed by the principal provided that the claims are within the terms agreed with the principal from the date of imports. The Company has no warranty liability in respect of past sales which can occur in future, as the cost is reimbursed by the principal other than in a situation where the Company gives warranty period commencing from the date of sale which is beyond the warranty period given by the principal.

Extended warranty given by the Company only provides assurance that a product will function as expected in accordance with the specifications set out in the manufacturer's warranty. Further, the warranty is intended to only safeguard the customer against existing defects and does not provide any incremental service to the customer. Therefore, extended warranty is not accounted for as a separate performance obligation.

11.4 Liabilities Related to Contracts with Customers (Note 35)

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Advances received from customers for vehicles and after-sales services	978,315	616,749	633,781	358,623
Free service contracts - unsatisfied performance obligations	48,645	3,927	34,882	97
Extended warranty	92,613	100,988	67	510
	1,119,573	721,664	668,730	359,230

NOTES TO THE FINANCIAL STATEMENTS

11.5 Timing of Revenue Recognition

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Revenue recognised at a point in time	52,354,987	11,774,364	25,772,176	6,333,452
	52,354,987	11,774,364	25,772,176	6,333,452

11.6 Revenue by Nature of Transactions

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Sale of goods	51,064,656	10,798,311	24,662,073	5,415,118
Rendering of services	1,277,751	918,866	1,066,143	843,358
Support service income	12,580	57,187	43,960	74,976
	52,354,987	11,774,364	25,772,176	6,333,452

12 PROFIT FROM OPERATIONS

Profit before tax from operations is stated after charging all expenses including the following:

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Directors' emoluments	300,970	210,313	300,970	210,125
Auditors' remuneration (Note 12.1)	11,321	7,678	8,770	5,113
Tax compliance/consultancy charges	1,983	1,784	738	738
Depreciation on property, plant and equipment (Note 18)	182,425	142,119	108,640	97,465
Amortization of intangible assets (Note 20.2)	27,293	27,993	27,293	27,993
Amortization of right of use assets (Note 21)	135,391	129,717	48,628	27,858
Write-down/(reversal) of inventory to lower of cost or NRV (Net Realisable Value)	(7,926)	125,395	(10,244)	35,024
Employee benefit expense (Note 12.2)	3,136,125	2,178,673	2,058,835	1,433,733
Net impairment gains/(losses) on trade and other receivables (Note 12.3)	55,981	(50,508)	135,128	33,705
Other gains-net (Note 12.4)	175,153	197,754	338,984	70,468
Donations	12,165	1,526	11,621	1,333
Legal fees	1,157	1,924	1,157	1,349

12.1 Auditor's Remuneration

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Audit and related services	7,856	7,678	5,305	5,113
Non audit services	3,465	-	3,465	-
	11,321	7,678	8,770	5,113

12.2 Employee Benefit Expense

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Salaries and bonus	2,675,703	1,815,282	1,764,973	1,180,691
Contributions to defined contribution plan	241,393	197,908	156,300	128,711
Employee benefit obligation	98,796	90,114	70,902	67,521
Others	120,233	75,369	66,660	56,810
	3,136,125	2,178,673	2,058,835	1,433,733
Number of employees at the end of the year	1,350	1,240	874	777

12.3 Net Impairment Gains/(Losses) on Trade and Other Receivables

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Net impairment (losses)/gains on trade receivables	(659)	(24,527)	595	(2,581)
Net impairment gains/(losses) on other receivables (Note 12.3.1)	56,640	(25,982)	134,533	36,286
	55,981	(50,509)	135,128	33,705

12.3.1 Net impairment gains/(losses) on other receivables

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Impairment (losses)/gains on Warranty and other receivables	56,640	(25,982)	443	12,665
Impairment gain/(losses) on commercial papers and inter-company loans	-	-	134,090	23,621
	56,640	(25,982)	134,533	36,286

NOTES TO THE FINANCIAL STATEMENTS

12.4 Other Gains/(Losses)-net

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Foreign exchange gains-net	45,071	42,879	12,807	8,307
Impairment gains/(losses) on borrowings	-	16,353	111,214	(94,861)
Net change in fair value of financial assets at				
Fair value through profit or loss-equity investments	42,481	16,216	42,481	16,216
Fair value through profit or loss-unit trust	-	10,511	-	10,511
Change in fair value of investment property	-	-	84,881	18,500
Net gains on disposal of financial assets at fair value through profit or loss	87,601	111,795	87,601	111,795
	175,153	197,754	338,984	70,468

12.5 Operating Expenses

Accounting Policy

Operating expenses are recognised on an accrual basis. Expenses are classified according to their function. For the purpose of presentation of Statement of Comprehensive Income, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted.

a) Other expenses

Other expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earnings of specific items of income.

b) Repairs and maintenance expenses

All expenditure incurred in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the results of the year.

c) Capital expenditure

All expenditure incurred in running of the business and in maintaining the property, plant and equipment has been charged to revenue in arriving at the results for the year. Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earnings capacity of the business has been treated as capital expenditure.

13 OTHER INCOME

Accounting Policy

Income earned from other sources, which are not directly related to the ordinary course of business are recognised as other income. Other income recognised on an accrual basis.

Rental income

Rental income received or receivable in the course of ordinary activities is recognised on a straight-line basis over the term of the lease.

Profit or loss on disposal of property, plant and equipment

The gains or losses on the sale of property, plant and equipment are determined as the difference between the carrying amount of the property, plant and equipment at the time of disposal and the proceeds of disposal, net of expenses incurred on disposal.

Sundry income

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 under sundry income on a net basis.

Gains/(losses) on the disposal of investments held by the parent

Gains/(losses) on the disposal of trading share investments held by the parent have been accounted under other income after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Dividend income

Dividend income is recognised when the Group's/Company's right to receive the payment is established.

Other income

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Rent income	-	-	119,122	37,198
Profit on disposal of property, plant and equipment	74,129	15,972	69,557	3,113
Award received from principal	17,453	9,765	17,453	9,765
Facilitation fee	-	5,361	67,229	84,748
Dividend income from investments in subsidiaries Dividend income	-	-	79,809	115,632
Financial assets at the fair value through profit or loss	14,761	8,885	14,761	8,885
Financial assets at fair value through Other Comprehensive Income	-	18,033	-	16,644
Income from solar PV system	37,094	40,221	37,094	40,221
Commission on insurance	7,468	6,079	7,468	6,079
Valuation fee	141	-	141	-
Sundry income (Note 13.1)	49,240	35,551	20,578	15,617
	200,286	139,867	433,212	337,902

13.1 Sundry income

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Scrap sales	17,092	14,601	17,092	14,601
Miscellaneous	32,148	20,950	3,486	1,016
	49,240	35,551	20,578	15,617

14 FINANCE INCOME AND FINANCE COST

Accounting Policy

Finance income comprise interest income, income from unit trusts, income from commercial papers and all other income received or receivable as a result of holding financial assets.

The interest component of finance lease payments are recognised in the financial statements using effective rate method. Interest income is recognised as it accrues using the effective interest method in the Statement of Comprehensive Income.

Finance costs comprise interest payable on all financial liabilities such as term loans, overdrafts and finance leases. Interest expenses are recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

14.1 Recognised in Profit or Loss

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Finance income				
Income from unimpaired financial assets:				
Interest on call deposits	82,639	76,215	8,446	3,935
Interest on amounts due from related parties	-	-	4,714	6,530
Income from unit trust investments	68,670	190,708	68,670	190,708
Income from commercial paper investments	-	-	32,963	51,970
Total finance income	151,309	266,923	114,793	253,143
Finance cost				
Expenses on financial liabilities measured at amortized cost:				
Interest on bank borrowings	(609,802)	(410,102)	(27,778)	-
Interest on amounts due to related parties	-	-	(2,121)	(3,033)
Interest on lease liabilities	(49,943)	(38,125)	(25,723)	(22,731)
Interest on overdrafts	(10,007)	(13,535)	(142)	(158)
Total finance cost	(669,752)	(461,762)	(55,764)	(25,922)
Net finance (cost)/income recognised in profit or loss	(518,443)	(194,839)	59,029	227,221

15 TAXATION-INCOME TAX EXPENSE/(REVERSAL)

Accounting Policy

Income tax on the profit for the year comprise of current and deferred tax. Income tax is recognized directly in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or Other Comprehensive Income.

In determining the amount of current and deferred tax, the Company considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

Income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of the assets and liabilities as at the reporting date.

Deferred tax is not recognised for;

- temporary differences relating to investments in subsidiaries, to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

The principal temporary difference arise from depreciation on property, plant and equipment, investment property, intangible assets, tax losses carried forward, provision for defined benefit obligations, lease assets and lease liabilities.

A deferred tax assets is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which they can be utilized. 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, based on the level of future taxable profit forecasts and tax planning strategies.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A detailed disclosure on deferred tax is given in Note 33.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as a part of the asset or part of the expense items as applicable. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the statement of financial position.

The Company and its subsidiaries are liable to pay Value Added Tax (VAT) on taxable supplies at the specified rates where applicable under Value Added Tax Act No. 14 of 2002 all other amendments.

Company and the Group is liable for Social Security Contribution Levy (SSCL), on the liable turnover specified in the Social Security Contribution Act No. 25 of 2022 at the rate of 2.5% with effect from 1 October 2022.

Investment allowances and similar tax incentives

Companies within the Group is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

Current tax expense

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Current tax expense				
Current tax on profit for the year	1,566,302	229,814	768,163	70,793
Adjustments in respect of prior years	21,252	(1,786)	22,640	(31)
Total current tax expense	1,587,554	228,028	790,803	70,762
Deferred tax expense				
Deferred tax asset charged during the year	(21,778)	(124,316)	(84,843)	1,811
Deferred tax liability (reversed)/charged during the year	(67,090)	(10,765)	43,627	(7,026)
Total deferred tax (reversal)/expense	(88,868)	(135,081)	(41,216)	(5,215)
Income tax expense (Note 15.1)	1,498,686	92,947	749,587	65,547

NOTES TO THE FINANCIAL STATEMENTS

The Department of Inland Revenue issued an income tax assessment on the Company for the year of assessment 2010/11 disallowing 2/3rd of the NBT expenses claimed by the Company. Additional assessment (excluding penalty) amounted to LKR 18,317,599. The Company appealed against the assessment but the Commissioner General of Inland Revenue (CGIR) determination was against the Company. The Company appealed against the determination of CGIR dated 21 January 2016 to the Tax Appeals Commission.

On 12 June 2018, the Tax Appeals Commission issued their determination in favour of the Company discharging the assessment issued by CGIR for the year of assessment 2010/11 based on a preliminary objection raised by the Company. However, CGIR filed action in the Court of Appeal against the said determination of the Tax Appeals Commission. Subsequently Court of Appeal has overruled the Tax Appeal Commission's decision. Now the Court of Appeal is hearing arguments on the substantive matter. As there is no independent judgement received in favor of the Assessment issued, the Company has not made any provision in the Financial Statements in relation to this matter.

15.1 Reconciliation of the Accounting Profit to Income Tax Expense

The income tax on the results of the Group's operations and the Company's profits before tax differs from the theoretical amounts that would arise using the basic tax rates as follows.

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Profit before income tax expense	5,109,502	166,296	2,950,737	403,850
Tax calculated at effective tax rate of 30%	1,532,851	49,889	885,221	121,155
Tax effect on income tax not liable for tax	(117,913)	(98,024)	(114,824)	(90,916)
Tax effect on expenses not deductible	324,040	280,668	108,640	137,702
Tax effect on allowable deductions	(290,553)	(172,808)	(147,416)	(102,363)
Assessable charge or (balancing allowance) on depreciable assets	(1,567)	-	(1,623)	-
Qualifying payments	(3,051)	-	(3,051)	-
Utilisation of tax losses	(179,600)	-	-	-
Adjustments in respect of prior years	21,252	(1,786)	22,640	(31)
Tax losses during the year	86,652	35,022	-	-
Tax effect of adjustments on consolidation	126,575	(14)	-	-
Tax charge	1,498,686	92,947	749,587	65,547

15.2 Income Tax Provisions

(a) The taxable profit of the Company and subsidiaries are liable for current tax rate of 30% in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments thereto.

(b) As per the Inland Revenue Act No. 24 of 2017, as amended by the Inland Revenue (Amendment) Act No.10 of 2021 tax losses can be deducted in full and the remaining losses can be carried forward only up to six years.

The tax losses carried forward by the Group entities as at 31 March 2026 amounts to LKR 3,265 Mn (LKR 3,325 Mn in 2025).

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Tax losses at the beginning of the year	3,325,527	2,819,435	-	-
Tax losses for the year including disallowed finance cost	525,240	430,029	-	-
Tax losses written off during the year	-	(129,787)	-	-
Adjustment in respect of previous year	12,558	215,006	-	-
Tax losses set off during the year	(598,666)	(9,156)	-	-
Tax losses at the end of the year	3,264,659	3,325,527	-	-

(c) Further information about deferred tax is presented in note 33, Deferred tax assets/liabilities.

16 EARNINGS PER SHARE - BASIC AND DILUTED

Accounting Policy

The basic EPS is calculated by dividing the profit /(loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding during the year.

The Company's and the Group's earnings per share is computed on the net profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue during the year as required by LKAS 33 "Earnings per share".

	Group		Company	
	2026 LKR '000	2025 Restated LKR '000	2026 LKR '000	2025 Restated LKR '000
Amount used as numerator				
Profit/(loss) attributable to equity holders of the parent company (LKR '000)	3,609,575	73,349	2,201,150	338,303
Amount used as denominator				
Weighted average number of ordinary shares ('000)	1,009,006	1,009,006	1,009,006	1,009,006
Earnings per share-basic and diluted (LKR)	3.58	0.07	2.18	0.34

During the year, United Motors Lanka PLC increased the number of issued ordinary voting shares by way of a subdivision, and issued ten (10) ordinary voting shares for every one (1) ordinary voting share, without any change to the stated capital of the Company. Accordingly, as at 31 March 2026, the Company recorded 1,009,006,260 number of ordinary shares.

There were no potentially diluted ordinary shares outstanding at any time during the year/previous year, hence diluted earnings per share is equal to the basic earnings per share.

17 DIVIDEND PER SHARE

	Company			
	2026		2025	
	Dividend Per share LKR	Dividend LKR '000	Dividend Per share LKR	Dividend LKR '000
First and final dividend paid for 2023/2024	-	-	1.50	151,351
First and final dividend paid for 2024/25	2.00	201,801	-	-
First interim dividend paid for 2025/26	2.00	201,801	-	-
Second interim dividend paid for 2025/26	0.25	252,252	-	-
	4.25	655,854	1.50	151,351

As required by Section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007, prior to recommending dividend and has obtained a solvency certificate from the auditors, prior to distribution.

NOTES TO THE FINANCIAL STATEMENTS

Dividend per share disclosed above represent the actual dividends declared and paid based on the number of shares in issue at the respective declaration dates.

18 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Basis of recognition

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Company and cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard - LKAS 16 on "Property, Plant and Equipment". Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment.

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 are directly attributable to the acquisition of the asset and subsequent costs. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

Cost model

The Group applies cost model to property, plant and equipment except for freehold land and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses, if only.

Revaluation model

Freehold land is stated at cost at the time of acquisition and subsequently measured at fair value at the next valuation. Freehold land of the Group is revalued periodically unless carrying values do not differ materially from the fair value at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognised in capital reserve in Other Comprehensive Income and accumulated in equity under the heading of revaluation surplus or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Profit or Loss. In this circumstance, the increase is recognised as income only to the extent of the previous written down value.

Any decrease in the carrying amount is recognised as an expense in comprehensive income or is recognised in Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. Upon disposal or retirement, any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings.

Subsequent costs

The cost of replacing significant parts of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are charged to the Statement of Comprehensive Income as incurred.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition of an item of property, plant and equipment is included in Statement of Comprehensive Income when the item is derecognised. When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost is derecognised.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is recognised in the Statement of Comprehensive Income on straightline basis over the estimated useful lives of each item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease terms and useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease period. Freehold land is not depreciated.

The estimated useful lives are as follows:

Buildings	20-40 years
Furniture and fittings	5–10 years
Office equipment	2-4 years
Electrical fixtures and fittings	4–10 years
Machinery and tools	4–10 years
Motor vehicles	4 years
Solar system	20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised.

Leasehold improvements are capitalised and depreciated over the term of the lease or useful life whichever is shorter. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately.

Borrowing cost

As per LKAS 23 on "Borrowing costs", the Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the 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 cost 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 Comprehensive Income in the year it is incurred.

Capital work-in-progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as 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 is 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).

NOTES TO THE FINANCIAL STATEMENTS

18 PROPERTY, PLANT AND EQUIPMENT

18.1 Group-31 March 2026

	Freehold land	Buildings	Furniture and fittings	Office equipment	Electrical fixtures and fittings	Machinery and tools	Motor vehicles	Solar PV system	Computers	Capital work in progress	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cost or revalued amount											
At the beginning of the year	8,222,750	1,308,105	86,804	120,083	157,624	602,938	574,184	226,444	202,757	950	11,502,639
Additions	-	20,254	27,302	22,920	25,724	86,539	295,079	-	45,478	218,828	742,124
Gains from revaluation of land [Note 18.5 (ii)]	1,381,170	-	-	-	-	-	-	-	-	-	1,381,170
Disposals	-	-	(895)	(1,208)	(90)	-	(76,647)	-	(194)	-	(79,034)
Write offs	-	-	-	-	-	-	-	-	-	(475)	(475)
Transferred from capital work-in-progress	-	195,502	982	2,694	2,332	-	-	-	-	(201,510)	-
At the end of the year	9,603,920	1,523,861	114,193	144,489	185,590	689,477	792,616	226,444	248,041	17,793	13,546,424
Accumulated depreciation											
At the beginning of the year	-	582,698	74,679	94,865	137,179	431,535	513,939	67,932	174,596	-	2,077,423
Charge for the year	-	43,128	5,308	12,394	11,522	52,713	32,757	11,322	13,281	-	182,425
Disposals	-	-	(450)	(741)	(90)	-	(75,143)	-	(156)	-	(76,580)
At the end of the year	-	625,826	79,537	106,518	148,611	484,248	471,553	79,254	187,721	-	2,183,268
Carrying amount as at 31 March 2026	**9,603,920**	**898,035**	**34,656**	**37,971**	**36,979**	**205,229**	**321,063**	**147,190**	**60,320**	**17,793**	**11,363,156**
Carrying amount as at 31 March 2025	8,222,750	725,407	12,125	25,218	20,445	171,403	60,245	158,512	28,161	950	9,425,216

18.2 Group-31 March 2025

	Freehold land	Buildings	Furniture and fittings	Office equipment	Electrical fixtures and fittings	Machinery and tools	Motor vehicles	Solar PV system	Computers	Capital work in progress	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cost or revalued amount											
At the beginning of the year	7,865,500	1,269,943	81,312	88,783	152,586	551,525	538,964	226,444	198,303	7,254	10,980,614
Additions	-	36,801	5,194	17,648	4,963	56,697	58,398	-	18,176	5,516	203,393
Gains from revaluation of land [Note 18.5 (i)]	357,250	-	-	-	-	-	-	-	-	-	357,250
Disposals	-	(9,577)	(42)	(1,756)	-	-	(35,744)	-	(13,722)	-	(60,841)
Reclassifications and adjustments	-	-	-	14,954	-	(5,297)	12,566	-	-		22,223
Transferred from capital work-in-progress	-	10,938	340	454	75	13	-	-	-	(11,820)	-
At the end of the year	8,222,750	1,308,105	86,804	120,083	157,624	602,938	574,184	226,444	202,757	950	11,502,639
Accumulated depreciation											
At the beginning of the year	-	546,821	71,868	75,477	127,736	400,793	511,552	56,610	176,611	-	1,967,468
Charge for the year	-	42,556	2,853	8,331	9,443	33,128	25,565	11,322	8,921	-	142,119
Disposals	-	(6,679)	(42)	(986)	-	-	(35,744)	-	(10,936)	-	(54,387)
Reclassifications and adjustments	-	-	-	12,043	-	(2,386)	12,566	-	-	-	22,223
At the end of the year	-	582,698	74,679	94,865	137,179	431,535	513,939	67,932	174,596	-	2,077,423
Carrying amount as at 31 March 2025	8,222,750	725,407	12,125	25,218	20,445	171,403	60,245	158,512	28,161	950	9,425,216
Carrying amount as at 31 March 2024	7,865,500	723,122	9,444	13,306	24,850	150,732	27,412	169,834	21,692	7,254	9,013,146

Details of land and buildings owned by the Group as of 31 March 2026 are as follows:

Location/address	Land Owned by	Buildings		Land					
				Extent					
		No. of building units	Sq. / Ft	Acres	Roods	Perches	Cost LKR '000	Revaluation LKR '000	Carrying value LKR '000
100, & 100A, Hyde Park Corner, Colombo 02	United Motors Lanka PLC	10	81,794	1	3	0.54	76,791	5,253,209	5,330,000
143 & 145, Majeed Place, Orugodawatte		27	126,382	7	-	15.14	68,336	1,793,964	1,862,300
Vauxhall Street, Colombo 02		2	825	-	1	10.35	197,316	682,084	879,400
Meetotamulla, Orugodawatte		1	3,494	-	1	28.86	75,081	62,639	137,720
Maligawa Road, Ratmalana		25	89,262	9	3	36.50	443,140	754,260	1,197,400
Navatkuli, Jaffna		3	9,475	1	-	25.69	12,623	70,977	83,600
Nattandiya Road, Dankotuwa	Dutch Lanka Trailer Manufacturers Ltd	4	57,838	7	2	10.71	47,032	66,468	113,500
Total		72	369,070	28	1	7.79	920,319	8,683,601	9,603,920

18.3 Company-31 March 2026

	Freehold land LKR '000	Buildings LKR '000	Furniture and fittings LKR '000	Office equipment LKR '000	Electrical fixtures and fittings LKR '000	Machinery and tools LKR '000	Motor vehicles LKR '000	Solar PV system LKR '000	Computers LKR '000	Capital work in progress LKR '000	Total LKR '000
Cost or revalued amount											
At the beginning of the year	7,499,750	910,144	53,603	47,470	146,265	329,030	538,625	226,444	155,267	477	9,907,075
Additions	-	5,316	21,158	8,551	26,187	39,993	46,002	-	36,081	217,032	400,320
Gains from revaluation of land [Note 18.5 (ii)]	1,290,670	-	-	-	-	-	-	-	-	-	1,290,670
Disposals	-	-	(739)	(849)	(90)	-	(70,193)	-	(102)	-	(71,973)
Transfers	-	(13,622)	-	-	-	-	-	-	-	-	(13,622)
Transferred from capital work-in-progress	-	195,502	982	2,694	2,332	-	-	-	-	(201,510)	-
At the end of the year	8,790,420	1,097,340	75,004	57,866	174,694	369,023	514,434	226,444	191,246	15,999	11,512,470
Accumulated depreciation											
At the beginning of the year	-	332,078	49,122	36,290	129,894	262,044	519,834	67,932	134,375	-	1,531,569
Charge for the year	-	25,884	3,101	6,240	9,772	29,310	13,300	11,322	9,711	-	108,640
Disposals	-	-	(294)	(575)	(90)	-	(70,192)	-	(101)	-	(71,252)
Transfers	-	(3)	-	-	-	-	-	-	-	-	(3)
At the end of the year	-	357,959	51,929	41,955	139,576	291,354	462,942	79,254	143,985	-	1,568,954
Carrying amount as at 31 March 2026	**8,790,420**	**739,381**	**23,075**	**15,911**	**35,118**	**77,669**	**51,492**	**147,190**	**47,261**	**15,999**	**9,943,516**
Carrying amount as at 31 March 2025	7,499,750	578,066	4,481	11,180	16,371	66,986	18,791	158,512	20,892	477	8,375,506

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18.4 Company-31 March 2025

	Freehold land	Buildings	Furniture and fittings	Office equipment	Electrical fixtures and fittings	Machinery and tools	Motor vehicles	Solar PV system	Computers	Capital work in progress	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cost or revalued amount											
At the beginning of the year	7,165,000	881,915	50,909	41,197	141,227	318,762	542,334	226,444	151,071	6,680	9,525,539
Additions	-	27,072	2,396	7,525	4,963	10,255	14,301	-	12,404	5,413	84,329
Gains from revaluation of land [Note 18.5 (i)]	334,750	-	-	-	-	-	-	-	-	-	334,750
Disposals	-	(9,577)	(42)	(1,706)	-	-	(18,010)	-	(8,208)	-	(37,543)
Transferred from capital work-in-progress	-	10,734	340	454	75	13	-	-	-	(11,616)	-
At the end of the year	7,499,750	910,144	53,603	47,470	146,265	329,030	538,625	226,444	155,267	477	9,907,075
Accumulated depreciation											
At the beginning of the year	-	312,179	48,059	32,846	122,423	242,849	517,438	56,610	135,406	-	1,467,810
Charge for the year	-	26,578	1,105	4,427	7,471	19,195	20,406	11,322	6,961	-	97,465
Disposals	-	(6,679)	(42)	(983)	-	-	(18,010)	-	(7,992)	-	(33,706)
At the end of the year	-	332,078	49,122	36,290	129,894	262,044	519,834	67,932	134,375	-	1,531,569
Carrying amount as at 31 March 2025	7,499,750	578,066	4,481	11,180	16,371	66,986	18,791	158,512	20,892	477	8,375,506
Carrying amount as at 31 March 2024	7,165,000	569,736	2,850	8,351	18,804	75,913	24,896	169,834	15,665	6,680	8,057,729

Details of land and buildings owned by the Company as of 31 March 2026 are as follows:

	Buildings		Land					
			Extent					
Location/address	No. of building units	Sq. / Ft	Acres	Roods	Perches	Cost LKR '000	Revaluation LKR '000	Carrying value LKR '000
100, Hyde Park Corner, Colombo 02	9	71,524	1	2	3.70	25,000	4,605,000	4,630,000
143 & 145, Majeed Place, Orugodawatte	27	126,382	7	-	15.14	68,336	1,793,964	1,862,300
Vauxhall Street, Colombo 02	2	825	-	1	10.35	197,316	682,084	879,400
Meetotamulla, Orugodawatte	1	3,494	-	1	28.86	75,081	62,639	137,720
Maligawa Road, Ratmalana	25	89,262	9	3	36.50	443,140	754,260	1,197,400
Navatkuli, Jaffna	3	9,475	1	-	25.69	12,623	70,977	83,600
Total	67	300,962	20	2	0.24	821,496	7,968,924	8,790,420

18.5 Revaluation

(I) In March 2025, a revaluation was carried out by Mr. J.M.S. Bandara, a qualified independent valuer to reflect market value of land. The resultant surplus of the Group LKR 357 Mn and the Company LKR 334 Mn has been credited to the capital reserve on revaluation of land.

(II) In March 2026, a revaluation was carried out by KPMG Real Estate and Valuation Services (Pvt) Ltd, a qualified independent valuer to reflect market value of land. The resultant surplus of the Group LKR 1,381 Mn and the Company LKR 1,290 Mn has been credited to the capital reserve on revaluation of land.

18.6 Measurement of fair value

Measurement of fair value of land has been categorised as level 3 of the fair value hierarchy based on the inputs to the valuation technique used.

18.7 Significant unobservable inputs and relationships to fair value

The following table shows the valuation technique used to measure the fair value of land owned by Group, along with the significant unobservable inputs applied.

Location of properties	Method of valuation	Extent A=Acre R= Rood P= Perch	Range of estimated prices for unobservable inputs	Total revalued amount (LKR'000)	Significant Unobservable Valuation Inputs	Relationship of unobservable inputs to fair value
100 and 100A, Hyde Park Corner, Colombo 02	Market Approach	1A 3R 0.54 P	LKR 19,000,000 per perch	5,330,000	Price per perch of land	Estimated fair value would increase/ (decrease) if; Price per perch increases/ (decreases)
143 and 145, Majeed Place, Orugodawatte	Market Approach	7A 15.14 P	LKR 1,600,000 to 1,750,000 per perch	1,862,300		
Vauxhall Street, Colombo 02	Market Approach	1 R 10.35 P	LKR 17,500,000 per perch	879,400		
Meetotamulla, Orugodawatte	Market Approach	1 R 28.86 P	LKR 2,000,000 per perch	137,720		
Maligawa Road, Ratmalana	Market Approach	9 A 3 R 36.5 P	LKR 750,000 per perch	1,197,400		
Navatkuli, Jaffna	Market Approach	1A 25.69 P	LKR 450,000 per perch	83,600		
Off Nattandiya Road, Dankotuwa	Market Approach	7 A 2 R 10.71 P	LKR 15,000,000 per acre	113,500		

18.8 Fully depreciated assets

Cost of fully depreciated assets which are still in use as at reporting date are as follows:

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Buildings	191,292	173,973	116,634	108,914
Furniture and fittings	65,878	63,704	44,158	43,975
Office equipment	83,148	69,091	31,335	30,472
Electrical fixtures and fittings	91,288	83,178	91,288	80,845
Machinery and tools	271,918	223,587	158,668	112,123
Motor vehicles	539,875	524,550	455,192	443,222
Computers	152,683	148,394	116,313	112,516
Reference books	107	107	107	107
Total	1,396,189	1,286,584	1,013,695	932,174

NOTES TO THE FINANCIAL STATEMENTS

18.9 No restrictions existed on the title of the property, plant and equipment of the Group as at the reporting date, and there were no temporarily idle property, plant and equipment as at the reporting date. There was no permanent fall in value of property, plant and equipment which requires a provision for impairment as at reporting date.

18.10 There were no items of property, plant and equipment pledged as security for liabilities.

18.11 There were no compensation received/receivable from third parties for items of property, plant and equipment that were impaired, lost or given up.

18.12 There were no capitalized borrowing costs relating to the acquisition of property plant and equipment during the year (2025- Nil).

19 INVESTMENT PROPERTY

Accounting Policy

Basis of recognition

Investment properties are properties held either to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes.

Investment property is recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Company and cost of the investment property can be measured reliably.

Below mentioned properties classified as investment properties in the books of United Motors Lanka PLC and U M L Property Developments Limited and do not qualify as an investment property in the consolidated financial statements.

- The parent company, United Motors Lanka PLC rented part of the land and building to its subsidiary.
- The building held by U M L Property Developments Limited is rented to the parent company, United Motors Lanka PLC.

Measurement

An investment property is measured initially at its cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete.

At the subsequent measurement investment properties are recognized at fair value.

The fair value of investment properties is determined by using valuation techniques. Further details of the judgements and assumptions made are disclosed in Note 2.9.

Derecognition

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected.

Reclassification of investment property

When the use of a property changes from owner-occupied to investment property, the transfers are recorded at carrying amount following the cost model as per LKAS 40-"Investment Property".

Investment Property

	Company	
	2026 LKR '000	2025 LKR '000
At the beginning of the year	622,000	603,500
Gains from fair value remeasurement	84,881	18,500
Transfers (from PPE)	13,619	-
At the end of the year	720,500	622,000

19.1 Amounts Recognised in Profit or Loss for Investment Property

	Company	
	2026 LKR '000	2025 LKR '000
Rentals income from operating leases	23,052	17,620
Fair value gains recognised in profit or loss	84,881	18,500

19.2 Leasing Arrangements

The investment property is leased to a subsidiary under operating lease arrangement for which rentals are payable monthly.

Minimum lease payments receivable on leases of investment property is as follows.

	Company	
	2026 LKR '000	2025 LKR '000
Within one year	23,052	17,620

According to the valuation done by KPMG Real Estate and Valuation Services (Pvt) Ltd, qualified independent valuer, the fair value of this property as at 31 March 2026 is LKR 720.5 Mn (March 2025 - LKR 622 Mn).

Details of land and building under investment property are as follows:

	Building			Land				
				Extent				
Location / address	No. of buildings	Sq. / Ft	Fair value LKR '000	Acres	Roods	Perches	Fair value LKR '000	Fair value of the property LKR '000
100A ,Hyde Park Corner, Colombo 02	1	10,270	20,500	-	-	36.84	700,000	720,500

NOTES TO THE FINANCIAL STATEMENTS

The Company classified part of its land and building as investment property. United Motors Lanka PLC has rented this property to its subsidiary Unimo Enterprises Limited. Hence it does not qualify as an investment property in the consolidated financial statements.

The buildings owned by U M L Property Developments Limited are rented to the parent company, United Motors Lanka PLC. Hence it does not qualify as an investment property in the consolidated financial statements.

In determining the fair value, the current condition of the properties, future usability and market evidence of transaction prices for similar properties with appropriate adjustments for size and location has been considered.

There is no restriction on the realisability of investment property or the remittance of rental income and proceeds on disposals.

19.3 Measurement of Fair Value

Measurement of fair value of investment property has been categorised as level 3 of the fair value hierarchy based on the inputs to the valuation technique used.

19.4 Significant Unobservable Inputs and Relationships to Fair Value

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Professional valuer	Location of properties	Method of valuation	Extent	Range of estimates for unobservable inputs	Carrying amount at the beginning of the year (LKR'000)	Additions	Fair value gain (LKR'000)	Total revalued amount as at 31.03.2026 (LKR'000)	Significant Unobservable Valuation Inputs	Relationship of unobservable inputs to fair value
KPMG Real Estate and Valuation Services (Pvt) Ltd	100A, Hyde Park Corner, Colombo 02	Land Market Approach (Price per perch of land)	36.84 perches	LKR 19,000,000 per perch	617,000	-	83,000	700,000	Price per perch of land	Estimated fair value would increase (decrease) if; Price per square foot increase/ (decrease) Depreciation rate for building (decrease) / increase
		Building income approch	10,270 Sq/Ft	LKR 2,000 per Sq/ Ft	5,000	13,619	1,881	20,500	Price per square foot for building	
									Depreciation rate	

20 INTANGIBLE ASSETS

Accounting Policy

Basis of recognition

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, or for administrative purpose.

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably in accordance with the Sri Lanka Accounting Standard - LKAS 38 on "Intangible assets".

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree less the net amount of the fair value of the assets acquired and liabilities assumed is recognised. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. The negative goodwill is recognised immediately in the Statement of Comprehensive Income. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold net of disposal proceeds.

Software

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits and
- the expenditure attributable to the software during its development can be reliably measured.

Intangible assets are amortised using the straight-line method to write down the cost over its estimated useful economic life of 2-10 years from the date of which it is available for use.

Subsequent expenditure

Expenditure incurred on software is capitalized only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

Useful economic lives and amortisation

Computer software are amortised over their estimated useful economic life on a straight-line basis. They are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if required.

Derecognition

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

Intangible Assets

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Goodwill (Note 20.1)	2,890	2,890	-	-
Computer software (Note 20.2)	86,566	113,859	86,568	113,861
	89,456	116,749	86,568	113,861

NOTES TO THE FINANCIAL STATEMENTS

20.1 Goodwill

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
At the beginning of the year	2,890	2,890	-	-
At the end of the year	2,890	2,890	-	-

Impairment of goodwill

Goodwill represents the difference between the purchase consideration and the fair value of assets acquired as a result of the acquisition of balance 50% shares in Unimo Enterprise Limited (formerly known as Associated United Motors Limited) which was acquired on 3 October 2002.

There is no impairment of goodwill as at the reporting date.

20.2 Computer Software

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Cost				
At the beginning of the year	291,565	291,565	289,062	289,062
At the end of the year	291,565	291,565	289,062	289,062
Accumulated amortisation				
At the beginning of the year	177,706	149,713	175,201	147,208
Amortisation during the year	27,293	27,993	27,293	27,993
At the end of the year	204,999	177,706	202,494	175,201
Carrying amount at the end of the year	86,566	113,859	86,568	113,861

20.3 There were no restrictions existed on the title of the intangible assets of the Group as at the reporting date. Further there were no items pledged as security for liabilities.

20.4 There were no significant intangible assets controlled by the entity but not recognized as assets because they did not meet recognition criteria or because they were acquired or generated before SLFRS 3 -"Business Combinations" was effective.

20.5 Cost of fully amortised computer software of the Group amounts to LKR 25.5 Mn (2025-LKR 18.1 Mn) and the Company amounts to LKR 23 Mn (2025-LKR 16.5 Mn) as at the reporting date.

21 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 leases due to expire during the financial year and leases on which implications to the financial statements are not considered to be material.

The Group uses its judgment to determine whether an operating lease contract qualifies for recognition of right-of-use assets. The Group applies judgements in evaluating the level of certainty whether the option of renewing the lease exits or otherwise. That is, it considers all relevant factors that create an economic benefits for it to exercise either the renewal or termination.

Basis of measurement

Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any re-measurement of lease liabilities.

The cost of right-of-use assets includes:

- the amount of lease liabilities recognised,
- initial direct costs incurred, and
- lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term-less than one year leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Cost				
At the beginning of the year	1,186,365	957,231	742,712	732,107
Adjustments-termination of lease contract	(27,408)	(63,893)	(4,197)	(1,074)
Additions during the year	224,330	293,027	112,920	11,679
At the end of the year	1,383,287	1,186,365	851,435	742,712
Accumulated amortisation				
At the beginning of the year	853,859	777,225	649,496	621,638
Adjustments	(13,540)	(53,083)	-	-
Amortisation for the year	135,391	129,717	48,628	27,858
At the end of the year	975,710	853,859	698,124	649,496
Carrying amount at the end of the year	407,577	332,506	153,311	93,216

NOTES TO THE FINANCIAL STATEMENTS

The Group has lease contracts for properties used for showrooms, workshops and warehouses under different lease terms and conditions. Lease contracts are generally entered for fixed period of 1 year to 30 years.

On adoption of SLFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the previous of LKAS-17 "Leases".

These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of the date of lease commencement.

22 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Accounting Policy

Refer Note 6 for accounting policies.

The group holds the following financial instruments;

		Group		Company	
	Notes	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Financial assets					
Financial assets at amortised cost					
Trade and other receivables excluding prepayments	26	5,683,733	4,993,339	2,864,552	2,417,502
Amounts due from related parties	27	105,208	-	337,325	37,592
Investments in commercial papers & fixed deposits	24.5	641,033	617,313	-	421,985
Cash and cash equivalents	28	393,960	645,307	252,960	427,073
Financial assets measured at fair value through Other Comprehensive Income (FVOCI)	23.4	948	86,200	-	85,360
Financial assets at fair value through profit or loss (FVPL)					
Equity shares	24.1	523,512	520,631	523,512	520,631
Investments in unit trusts	24.1	-	1,294,511	-	1,294,511
		7,348,394	8,157,301	3,978,349	5,204,654
Financial liabilities					
Liabilities at amortised cost					
Interest bearing borrowings	31	7,353,551	7,667,551	119,177	-
Trade and other payables	35	4,301,579	2,957,033	2,786,453	834,405
Amounts due to related parties	36	-	-	59,811	36,766
Lease liabilities	34	404,578	333,789	168,327	115,596
Bank overdrafts	28	147,579	192,871	-	-
		12,207,287	11,151,244	3,133,768	986,767

22.1 Fair Values Vs. Carrying Amounts

The following notes show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Trade receivable includes the contractual amounts for settlement of trade and other obligations due to the Company. Trade and other payables and borrowings represent contract amounts and obligations due from the Company.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed in the accounting standard. Details of each level is given in Note 22.2 to the financial statements.

		Group					
		2026			2025		
	Notes	Carrying amount LKR '000	Fair value LKR '000 Level 1	Fair value LKR '000 Level 2	Carrying amount LKR '000	Fair value LKR '000 Level 1	Fair value LKR '000 Level 2
Financial assets at fair value through profit or loss (FVPL)							
Equity shares	24.1	523,512	523,512	-	520,631	520,631	-
Investments in unit trusts	24.1	-	-	-	1,294,511	-	1,294,511
Financial assets at amortised cost							
Trade and other receivables excluding prepayments	26	5,683,733	-	-	4,993,339	-	-
Amounts due from related parties	27	105,208	-	-	-	-	-
Other financial assets at amortised cost-investments in fixed deposits	24.5	641,033	-		617,313	-	-
Cash and cash equivalents	28	393,960	-	-	645,307	-	-
Financial assets measured at fair value through Other Comprehensive Income (FVOCI)							
Equity shares	23.5	948	948	-	86,200	86,200	-
		7,348,394	524,460	-	8,157,301	606,831	1,294,511
Financial liabilities at amortised cost							
Interest-bearing borrowings	31.1	7,353,551	-	-	7,667,551	-	-
Bank overdrafts	28	147,579	-	-	192,871	-	-
		7,501,130	-	-	7,860,422	-	-

NOTES TO THE FINANCIAL STATEMENTS

		Company					
		2026			2025		
	Notes	Carrying amount LKR '000	Fair value		Carrying amount LKR '000	Fair value	
			LKR '000 Level 1	LKR '000 Level 2		LKR '000 Level 1	LKR '000 Level 2
Financial assets at fair value through profit or loss (FVPL)							
Equity shares	24.1	523,512	523,512	-	520,631	-	-
Investments in unit trusts	24.1	-	-	-	1,294,511	-	1,294,511
Financial assets at amortised cost							
Trade and other receivables excluding prepayments	26	2,905,152	-	-	2,417,502	-	-
Amounts due from related parties	27	337,325	-	-	37,592	-	-
Other financial assets at amortised cost-investments in commercial papers	24.5	-	-	-	421,985	-	-
Cash and cash equivalents	28	252,960	-	-	427,073	-	-
Financial assets measured at fair value through Other Comprehensive Income (FVOCI)							
Equity shares	23.5	-	-	-	85,360	-	-
		4,018,949	523,512	-	5,204,654	-	1,294,511
Available for sale financial assets							
Financial liabilities at amortised cost	31	119,177	-	-	-	-	-
Interest-bearing borrowings	28	-	-	-	-	-	-
		119,177	-	-	-	-	-

The following table shows the valuation technique used in measuring level 2 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investments in unit trusts	Fair value is based on the published unit prices.	Based on published unit prices.	The estimated fair value will increase/(decrease) if; The published unit prices are higher/ (lower)

22.2 Fair Value Hierarchy

Fair value of financial instruments are based on a fair value hierarchy which is detailed below.

Level 1

Inputs that are quoted market prices (unadjusted) in active market for identical instruments. The Company measures the fair value of an instrument using active quoted prices or dealer price quotations without any deductions for transaction cost. Market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions at arm's length basis.

Level 2
Inputs other than quoted prices included within level one that are observable either directly or indirectly. This category includes instruments valued using quoted market prices in an active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or valuation techniques in which whole significant inputs are directly or indirectly observable from market data.

Level 3
The input that are unobservable. This category includes all the instruments for which valuation techniques includes input not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

22.3 Overview of Financial Risk Management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies, and processes for identifying, analysing, evaluating, and monitoring the risk, and the management of capital of the Group. Further, quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework
The respective Board of Directors of each company has overall responsibility for the establishment and oversight of the respective company's risk management framework.

Each company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk profile and controls, and to monitor risks and mitigate. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The Board Audit and Risk Committee oversees how management monitors compliance with their risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by each company. The Board Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit and Risk Committee.

22.4 Credit Risk

Credit risk is the risk that a customer or counterparty will not meet its contractual obligations under financial instrument or customer contract, leading to a financial loss.

The Group is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Risk management
The Group does an extensive and continuous evaluation of credit worthiness of its customers/financial institutions by assessing external credit ratings (if available) or historical information about default rates and change the credit limits and payment terms where necessary.

Sales to retail customers are required to be settled in cash, cheques or credit cards. The Group has taken necessary steps to monitor debtors more closely and frequently to ensure that the debts are settled on time.

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Security
For some trade receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is given in Note 22.4 (a) and (d).

Impairment of trade receivables and other investments at amortised cost
Accounting Policy
Trade receivables and investment in commercial papers carried at amortised cost are subject to the expected credit loss model while cash and cash equivalents are also subject to the impairment requirements of SLFRS 9.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group/Company make impairment for receivables based on simplified approach to provide credit losses as per SLFRS 9, which permits lifetime expected losses to be recognised for all trade receivables, refer Note 22.4.(a) for further details.

Expected credit losses (ECL)
Expected Credit Loss (ECL) are a probability weighted estimate of credit losses. Credit losses are measures at the present value of all cash shortfalls (i.e. the difference between the cash flow that the Company expected to receive). ECLs are discounted at the effective interest rate of the financial asset.

In assessing collective impairment the Company/Group uses historical information on the probability of default, the timing of recoveries, and the amount of loss incurred and make 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. Trade receivables which are in default or credit impaired or have individually significant balances are separately assessed for ECL measurement.

The Company assess expected credit losses for investment in commercial papers issued by subsidiaries based on predetermined criteria. Please refer Note 12.3.1.

a. Trade and other receivables
The management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors. Sources of credit risks are identified, assessed and monitored and the Group has policies to manage the risks within various subcategories. The utilization of credit limits is regularly monitored.

Maximum exposure to credit risk for trade receivables at the reporting date by category wise are as follows:

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Public Sector	697,228	245,712	676,124	204,608
Private Sector				
Individual customers	170,703	21,140	75,650	19,573
Corporate customers	1,340,207	718,638	271,404	125,690
Dealers and distributors	1,215,500	703,762	1,117,957	584,168
Leasing companies	936,509	486,495	296,696	-
	4,360,147	2,175,747	2,437,831	934,039

The Group applies the SLFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the settlement pattern of dues over a period of 36 months ended 31 March 2026 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward booking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The loss allowance as at 31 March 2026 and 31 March 2025 was determined as follows;

31 March 2026 Group	Current	More than 60 days past due	More than 120 days past due	More than 180 days past due	More than 240 days past due	More than 300 days past due	More than 360 days past due	Collective model Total	Specific Total	Total
Expected loss rate	0.91%	1.22%	4.79%	7.63%	22.47%	37.03%	100.00%			
Gross carrying amount - trade receivables (LKR'000)	901,238	339,410	35,672	7,049	5,594	3,351	28,869	1,321,183	-	1,321,183
Loss allowance - collective model (LKR'000)	(8,242)	(4,141)	(1,708)	(538)	(1,257)	(1,241)	(28,869)	(45,996)	-	(45,996)
Gross carrying amount - trade receivables (LKR'000)	2,512,602	257,955	248,414	43,317	5,866	889	39,545	-	3,108,588	3,108,588
Loss allowance - specific (LKR'000)	-	-	-	(228)	-	-	(23,400)	-	(23,628)	(23,628)
Total (LKR'000)	3,405,598	593,224	282,378	49,600	10,203	2,999	16,145	1,275,187	3,084,960	4,360,147

31 March 2025 Group	Current	More than 60 days past due	More than 120 days past due	More than 180 days past due	More than 240 days past due	More than 300 days past due	More than 360 days past due	Collective model Total	Specific Total	Total
Expected loss rate	0.45%	2.11%	2.63%	8.30%	10.04%	35.89%	100.00%			
Gross carrying amount - trade receivables (LKR'000)	1,208,593	162,726	243,703	21,027	16,561	11,211	46,309	1,710,130	-	1,710,130
Loss allowance - collective model (LKR'000)	(5,440)	(3,440)	(6,412)	(1,745)	(1,662)	(4,024)	(46,309)	(69,032)	-	(69,032)
Gross carrying amount - trade receivables (LKR'000)	458,248	52,426	3,216	13,441	-	-	9,138	-	536,469	536,469
Loss allowance - specific (LKR'000)	-	-	-	-	-	-	(1,820)	-	(1,820)	(1,820)
Total (LKR'000)	1,661,401	211,712	240,507	32,723	14,899	7,187	7,318	1,641,098	534,649	2,175,747

31 March 2026 Company	Current	More than 60 days past due	More than 120 days past due	More than 180 days past due	More than 240 days past due	More than 300 days past due	More than 360 days past due	Collective model Total	Specific Total	Total
Expected loss rate	1.12%	1.20%	3.31%	7.79%	17.96%	28.83%	100.00%			
Gross carrying amount - trade receivables (LKR'000)	673,083	270,855	27,998	5,186	3,447	2,768	8,530	991,867	-	991,867
Loss allowance - collective model (LKR'000)	(7,507)	(3,244)	(927)	(404)	(619)	(798)	(8,530)	(22,029)	-	(22,029)
Gross carrying amount - trade receivables (LKR'000)	1,346,749	109,269	1,591	2,286	5,866	889	1408		1,468,058	1,468,058
Loss allowance - specific (LKR'000)	-	-	-	-			(65)		(65)	(65)
Total (LKR'000)	2,012,325	376,880	28,662	7,068	8,694	2,859	1,343	969,838	1,467,993	2,437,831

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31 March 2025 Company	Current	More than 60 days past due	More than 120 days past due	More than 180 days past due	More than 240 days past due	More than 300 days past due	More than 360 days past due	Collective model Total	Specific Total	Total
Expected loss rate	0.82%	1.56%	1.48%	7.63%	5.97%	26.89%	100.00%			
Gross carrying amount - trade receivables (LKR'000)	590,232	85,763	202,540	14,403	11,484	569	11,428	916,419	-	916,419
Loss allowance - collective model (LKR'000)	(4,818)	(1,338)	(2,999)	(1,099)	(686)	(153)	(11,428)	(22,521)	-	(22,521)
Gross carrying amount - trade receivables (LKR'000)	35,667	4,469	-	5	-	-	168	-	40,309	40,309
Loss allowance - specific (LKR'000)	-	-	-	-			(168)	-	(168)	(168)
Total (LKR'000)	621,081	88,894	199,541	13,309	10,798	416	-	893,898	40,141	934,039

b. The movement in the allowance for impairment in respect of trade receivables during the year is given in Note 26.2.
c. When the Group ascertains that no recovery of the amounts due is possible, at that point the amounts are considered irrecoverable and are written off against the financial asset directly.
d. Credit risk relating to other financial assets at amortised cost.

Maximum exposure to credit risk for other financial assets at amortised cost as at the reporting date is as follows;

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Other financial assets at amortised cost-commercial papers	-	-	-	421,985
Other financial assets at amortised cost-fixed deposits	641,033	617,313	-	-
	641,033	617,313	-	421,985

Commercial papers are issued at fixed terms (maximum 6 months) at current market rate.
Investments in commercial papers are unsecured and repayable in cash on due date.
Fixed deposits are held with banks and financial institutions which are rated above 'A(lka)'.

e. Credit risk relating to cash and cash equivalents.
The cash and cash equivalents are held with banks and financial institutions which are rated above 'BBB-(lka).

22.5 Liquidity Risk

Liquidity risk is the risk that the Group may not have sufficient liquid financial resources to meet its obligations when they fall due. The Group manages the liquidity risk by carrying out cash flow forecasts and identifying future cash needs. Investments are planned ensuring money is available for settlements. Adequate banking facilities are approved and kept for use as and when necessary. Strong relationships have been built with banks to ensure that urgent borrowing needs are met at short notice. Group has un-utilized bank facilities (short term loans and overdraft) amounted to LKR 11,951 Mn as at 31 March 2026.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Non- derivative financial liabilities Group	Carrying amount LKR '000	Contractual Cash flows LKR '000	Less than 6 months LKR '000	6- 12 months LKR '000	1-2 years LKR '000	2-5 years LKR '000	More than 5 years LKR '000
31 March 2026							
Lease liabilities	404,578	580,660	48,446	97,841	118,072	191,906	124,395
Interest-bearing borrowings	7,353,551	7,503,329	7,485,618	8,913	8,798	-	-
Trade and other payables	4,301,579	4,301,579	4,301,579	-	-	-	-
Bank overdrafts	147,579	147,579	147,579	-	-	-	-
	12,207,287	12,533,147	11,983,222	106,754	126,870	191,906	124,395
31 March 2025							
Lease liabilities	333,789	486,366	47,076	65,693	90,888	182,846	99,863
Interest-bearing borrowings	7,667,551	7,667,551	7,634,111	8,280	16,560	8,600	-
Trade and other payables	2,957,033	2,957,033	2,957,033	-	-	-	-
Bank overdrafts	192,871	192,871	192,871	-	-	-	-
	11,151,244	11,303,821	10,831,091	73,973	107,448	191,446	99,863

Non- derivative financial liabilities Company	Carrying amount LKR '000	Contractual Cash flows LKR '000	Less than 6 months LKR '000	6- 12 months LKR '000	1-2 years LKR '000	2-5 years LKR '000	More than 5 years LKR '000
31 March 2026							
Lease liabilities	168,327	302,523	27,857	35,416	37,683	77,172	124,395
Interest-bearing borrowings	119,177	124,513	124,513	-	-	-	-
Trade and other payables	2,786,453	2,786,453	2,786,453	-	-	-	-
Amounts due to related parties	59,811	59,811	59,811	-	-	-	-
	3,133,768	3,273,300	2,998,634	35,416	37,683	77,172	124,395
31 March 2025							
Lease liabilities	115,596	229,596	17,980	17,493	32,592	61,668	99,863
Interest-bearing borrowings	-	-	-	-	-	-	-
Trade and other payables	834,405	834,405	834,405	-	-	-	-
Amounts due to related parties	36,766	36,766	36,766	-	-	-	-
	986,767	1,100,767	889,151	17,493	32,592	61,668	99,863

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

22.6 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks;

a. Foreign exchange risk
b. Interest rate risk
c. Equity price risk

NOTES TO THE FINANCIAL STATEMENTS

a. Foreign exchange risk

Foreign exchange risk arises when future commercial transactions are denominated in a currency that is not the entity's functional currency. The Group is principally exposed to fluctuations in the value of the Japanese Yen (JPY) and US Dollar (USD) against the Sri Lankan Rupees (LKR). The Group's functional currency is LKR in which most of the transactions are denominated, and all other currencies are considered foreign currencies for reporting purposes.

Changes in foreign currency exchange rates affect the Group's cost of purchases. Import bills are negotiated at the most favourable rate for the Group. Selling prices are decided after considering the expected exchange rate movements and quotations are issued with conditions for currency fluctuations. Selling prices are adjusted regularly in line with the increase in exchange rates.

The aggregate net foreign exchange gains recognized in profit or loss were;

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Net foreign exchange gains included in other gains/losses	45,071	42,879	12,807	8,307
	45,071	42,879	12,807	8,307

The exposure to currency risk as at the reporting date are as follows:

	Group		Company	
	USD - '000	JPY - '000	USD - '000	JPY - '000
Trade receivables as at 31 March 2026	3,050	-	1	-
Trade receivables as at 31 March 2025	2,376	292	32	292
Trade payables as at 31 March 2026	4,567	271,804	1,808	271,804
Trade payables as at 31 March 2025	2,675	18,001	91	18,001

Sensitivity analysis

The following table demonstrates the sensitivity of the Group/Company profits to a reasonable possible change in the US Dollar (USD) and Japanese Yen (JPY) exchange rate with all other variables held constant.

The impact on the profit before tax due to change in the fair value of monetary assets and liabilities denominated in foreign currency are as follows;

	Impact on post tax profit/equity					
As at 31 March 2026	+ 5 %	- 5 %	+ 10 %	- 10 %	+1 5 %	-1 5 %
Group						
USD	18,587	(18,587)	37,174	(37,174)	55,761	(55,761)
JPY	(27,319)	27,319	(54,638)	54,638	(81,957)	81,957
Company						
USD	(28,863)	28,863	(57,726)	57,726	(86,589)	86,589
JPY	(27,319)	27,319	(54,638)	54,638	(81,957)	81,957

As at 31 March 2025	Impact on post tax profit/equity					
	+ 5 %	- 5 %	+ 10 %	- 10 %	+1 5 %	-1 5 %
Group						
USD	27,290	(27,290)	54,580	(54,580)	81,870	(81,870)
JPY	(1,775)	1,775	(3,550)	3,550	(5,325)	5,325
Company						
USD	(905)	905	(1,810)	1,810	(2,715)	2,715
JPY	(1,775)	1,775	(3,550)	3,550	(5,325)	5,325

b. Interest rate risk

The Group's interest rate risk arises mainly from the short term borrowings and investment of excess funds in financial instruments. Borrowings at variable rates expose the Group to interest rate risk which is partially offset by cash/investments held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company has cash and bank balances including deposits placed with Government and reputed financial institutions. All available opportunities are considered before making investment decisions.

Proper working capital management is done to ensure that borrowing needs and investment opportunities are foreseen. Market interest rates are monitored closely to ensure borrowings and investments are at the best rate for the Group.

At the end of the reporting period the interest rate profile of the Group/Company's interest bearing financial instruments was as follows:

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Fixed rate instruments				
Financial assets	641,033	617,313	-	421,985
Financial liabilities	(404,578)	(333,789)	(168,327)	(115,596)
	236,455	283,524	(168,327)	306,389
Variable rate instruments				
Financial assets	-	1,294,511	-	1,294,511
Financial liabilities	(7,501,130)	(7,860,422)	-	-
	(7,501,130)	(6,565,911)	-	1,294,511

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in variable interest, with all other variables held constant.

	Increase/ decrease in variable rates %	Impact on post tax profit/equity- Group LKR '000	Impact on post tax profit/equity- Company LKR '000
31 March 2026 variable rate instruments	+5%	(24,669)	(485)
	-5%	24,669	485
31 March 2025 variable rate instruments	+5%	(20,099)	7,726
	-5%	20,099	(7,726)

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	Increase/ decrease in variable rates %	Impact on post tax profit/equity- Group LKR '000	Impact on post tax profit/equity- Company LKR '000
31 March 2026 variable rate instruments	+10%	(49,338)	(970)
	-10%	49,338	970
31 March 2025 variable rate instruments	+10%	(40,198)	15,452
	-10%	40,198	(15,452)

	Increase/ decrease in variable rates %	Impact on post tax profit/equity- Group LKR '000	Impact on post tax profit/equity- Company LKR '000
31 March 2026 variable rate instruments	+15%	(74,007)	(1,455)
	-15%	74,007	1,455
31 March 2025 variable rate instruments	+15%	(60,297)	23,178
	-15%	60,297	(23,178)

c. Equity price risk

Listed equity securities are susceptible to equity price risk arising from uncertainties of future values of the investment securities. The Group manages the equity price risk through diversification of its portfolio to different business segments.

The Group's equity risk management policies adopted by the Investment Committee are as follows;

- Equity investment decisions are based on fundamentals rather than on speculation.
- Decisions are made based on in-depth industry and macroeconomic analysis as well as on research reports on the Company performance.

The table below shows the diversification of equity investments;

Investment shares

	Group				Company			
	31.03.2026		31.03.2025		31.03.2026		31.03.2025	
Sector	LKR '000	%	LKR '000	%	LKR '000	%	LKR '000	%
Banks	-	-	85,360	99.0	-	-	85,360	100.0
Diversified financials	556	58.6	484	0.6	-	-	-	-
Energy	392	41.4	356	0.4	-	-	-	-
Total	948	100.0	86,200	100.0	-	-	85,360	100.0

Trading shares

	Group/Company			
	31.03.2026		31.03.2025	
Sector	LKR '000	%	LKR '000	%
Banks	204,328	39.0	213,404	41.0
Capital goods	95,752	18.3	119,877	23.0
Diversified financials	28,358	5.4	52,662	10.2
Food beverage and tobacco	62,272	11.9	67,671	12.9
Utilities	22,263	4.3	20,258	3.9
Consumer Durables and Apparel	21,720	4.1	26,166	5.0
Materials	88,819	17.0	20,593	4.0
Total	523,512	100.0	520,631	100.0

Sensitivity analysis

Investments in equity shares are subject to the performance of investee company and the factors that effects the status of the stock market.

The following table demonstrates the sensitivity of the Group and the Company's equity to a reasonably possible change in the market prices of the listed equity securities, with all other variables held constant.

		Group		Company	
	Change in share price of all companies in which the Group / Company has invested	Effect on Profit before tax as a result of gains/ losses on equity securities classified as FVPL LKR '000	Effect on other component of equity as a result of gains/losses on equity securities classified as FVOCI LKR '000	Effect on Profit before tax as a result of gains/ losses on equity securities classified as FVPL LKR '000	Effect on other component of equity as a result of gains/losses on equity securities classified as FVOCI LKR '000
31 March 2026 - Investments in equity shares	+ 5%	26,176	47	26,176	-
	- 5%	(26,176)	(47)	(26,176)	-
	+10%	52,351	95	52,351	-
	- 10%	(52,351)	(95)	(52,351)	-
	+15%	78,527	142	78,527	-
	- 15%	(78,527)	(142)	(78,527)	-

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
	Change in share price of all companies in which the Group / Company has invested	Effect on Profit before tax as a result of gains/ losses on equity securities classified as FVPL	Effect on other component of equity as a result of gains/losses on equity securities classified as FVOCI	Effect on Profit before tax as a result of gains/ losses on equity securities classified as FVPL	Effect on other component of equity as a result of gains/losses on equity securities classified as FVOCI
		LKR '000	LKR '000	LKR '000	LKR '000
31 March 2025 - Investments in equity shares	+ 5%	26,032	4,310	26,032	4,268
	- 5%	(26,032)	(4,310)	(26,032)	(4,268)
	+10%	52,064	8,620	52,064	8,536
	- 10%	(52,064)	(8,620)	(52,064)	(8,536)
	+15%	78,096	12,930	78,096	12,804
	- 15%	(78,096)	(12,930)	(78,096)	(12,804)

22.7 Operational Risk

Operational risk is the risk of direct or indirect losses arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance when applicable.

Compliance with set procedures is supported by periodic reviews undertaken by Internal Audit. The results of Internal Audit findings are discussed with the management of the relevant business unit with summaries submitted to the Board Audit and Risk Committee and Senior Management of the Group.

22.8 Capital Management

(a) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital consistent with others in the industry. Capital is monitored on the basis of the gearing ratio.

Further, a strong capital base is maintained for investors, creditors in order to maintain market confidence and sustain future development of the business. Capital consist of ordinary shares and retained earnings of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

No changes were made in objectives, policies or processes for managing capital during the years ended 31 March 2026 and 31 March 2025. The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. Net debt includes interest bearing borrowings, lease payable, trade and other payables, less cash and cash equivalents.

		Group		Company	
	Notes	31.03.2026 LKR '000	31.03.2025 LKR '000	31.03.2026 LKR '000	31.03.2025 LKR '000
Interest-bearing borrowings	31	7,353,551	7,667,551	119,177	-
Bank overdrafts	28	147,579	192,871	-	-
Lease liabilities	34	404,578	333,789	168,327	115,596
Less: Cash and short term deposits	28	(393,960)	(645,307)	(252,960)	(427,073)
Investments in unit trust	24.1	-	(1,294,511)	-	(1,294,511)
Investments in commercial papers and fixed deposit	24.5	(641,033)	(617,313)	-	(421,985)
Net debt		6,870,715	5,637,080	34,544	(2,027,973)
Equity		17,571,001	13,642,960	17,557,215	15,097,016
Capital and net debt		24,441,716	19,280,040	17,591,759	13,069,043
Gearing ratio		0.28	0.29	-	(0.16)

(b) Dividends

Dividends paid by the company for the year 2025/26 is disclosed in note 17.

22.9 Compliance with Loan Covenants

The Group has complied with the financial covenants of its borrowing facilities during the year ended 31 March 2026.

23 INVESTMENTS- NON-CURRENT

Accounting Policy

Investment in subsidiaries

Investment in subsidiaries are initially recognised at cost in the financial statements.

Following initial recognition investments in subsidiaries are recorded at cost less accumulated impairment in the financial statements of the Company. The net assets of each subsidiary are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognized to the extent of its negative net assets.

23.1 Investments in Subsidiaries

For the year ended 31 March	% Holding	Group 2026 LKR '000	Group 2025 LKR '000	Company 2026 LKR '000	Company 2025 LKR '000
U M L Property Developments Limited	100	-	-	75,000	75,000
Unimo Enterprises Limited	100	-	-	497,400	47,400
U M L Heavy Equipment Limited	100	-	-	662,690	100,000
Dutch Lanka Trailer Manufacturers Limited	100	-	-	700,000	700,000
		-	-	1,935,090	922,400

During the year, United Motors Lanka PLC invested LKR 562,690,436 in U M L Heavy Equipment Limited and LKR. 450,000,000 in Unimo Enterprises Limited

NOTES TO THE FINANCIAL STATEMENTS

23.2 Impairment of investments

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

Based on impairment assessment carried out as at 31 March 2026, it was concluded that the net realisable value exceeded its carrying value.

23.3 Financial Assets measured at Fair Value through Other Comprehensive Income

Accounting Policy

Classification of financial assets at fair value through Other Comprehensive Income

Financial assets at Fair Value through Other Comprehensive Income (FVOCI) comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Refer Note 6 for remaining relevant accounting policies.

23.4 Equity investment at fair value through other comprehensive income

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Equity investments (Note 23.7)	10,730	117,176	-	106,456
Decrease in market value	(9,782)	(30,976)	-	(21,096)
	948	86,200	-	85,360

23.5 Amounts Recognised in Profit or Loss and Other Comprehensive Income

During the year, the following gains/(losses) were recognised in profit or loss and Other Comprehensive Income.

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Fair value gains recognised in Other Comprehensive Income	33,080	70,929	32,972	56,862
Dividends from equity investments held at FVOCI recognised in profit or loss in finance income (Note 13)	-	18,033	-	16,644
	33,080	88,962	32,972	73,506

23.6 Disposal of Equity Investments

During the year, the Company/Group reclassified below gains from FVOCI reserve to retained earnings as a result of disposal of equity investments at fair value through Other Comprehensive Income. The Group sold part of its investments classified as fair value through Other Comprehensive Income as those investments no longer suited the Group's investment strategy.

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Net gains on disposal of equity investments at fair value through Other Comprehensive Income	11,877	4,244	11,877	5,957
	11,877	4,244	11,877	5,957

23.7 Equity Securities Designated as Fair Value through Other Comprehensive Income

	Group					
	2026			2025		
	No. of Shares	Cost LKR '000	Market Value LKR '000	No. of Shares	Cost LKR '000	Market Value LKR '000
DFCC Bank PLC	-	-	-	805,282	106,456	85,360
Laugfs Power PLC	-	-	-	32,874	-	-
MTD Walkers PLC	90,259	5,531	-	90,259	5,521	-
Softlogic Finance PLC	89,709	5,171	556	89,709	5,171	484
Lanka IOC PLC	28,000	28	392	28,000	28	356
		10,730	948		117,176	86,200

	Company					
	2026			2025		
	No. of Shares	Cost LKR '000	Market Value LKR '000	No. of Shares	Cost LKR '000	Market Value LKR '000
DFCC Bank PLC	-	-	-	805,282	106,456	85,360
		-	-		106,456	85,360

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

24.1 Financial Assets Mandatorily Measured at FVPL Include Following:

Accounting Policy

Classification of Financial Assets at Fair Value through Profit or Loss

The Group classifies the following financial assets at fair value through profit or loss

- Debt investments that do not qualify for measurement at either amortised cost or FVOCI
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise Fair Value Gains and Losses through Other Comprehensive Income (OCI).

Refer note 6 for the remaining relevant accounting policies.

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Investment in equity shares (Note 24.3)	627,801	548,499	627,801	548,499
Decrease in market value	(104,289)	(27,868)	(104,289)	(27,868)
	523,512	520,631	523,512	520,631
Investments in unit trusts (Note 24.4)	-	1,294,511	-	1,294,511
	523,512	1,815,142	523,512	1,815,142

NOTES TO THE FINANCIAL STATEMENTS

24.2 Amounts recognised in profit or loss

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Fair value gains on equity investment at FVPL (Note 12.4)	42,481	16,216	42,481	16,216
Dividends from equity investments held at FVPL recognised in profit or loss (Note 13)	14,761	8,885	14,761	8,885
	57,242	25,101	57,242	25,101

24.3 Equity securities Classified as Fair Value through Profit or Loss

	Group / Company					
	2026			2025		
	No. of Shares	Cost LKR '000	Market Value LKR '000	No. of Shares	Cost LKR '000	Market Value LKR '000
Access Engineering PLC	500,000	31,798	33,125	1,200,046	40,910	46,202
Commercial Bank of Ceylon PLC	100,000	16,888	20,196	722,441	98,492	106,560
Dipped Products PLC	799,995	52,764	39,077	225,000	13,018	12,375
Distilleries Company Of Sri Lanka PLC	155,166	6,805	8,362	637,127	20,181	23,191
LOLC Finance PLC	900,000	25,710	4,716	900,000	25,710	5,310
Hayleys PLC	25,000	4,344	5,315	98,210	11,914	13,455
John Keells Holdings PLC	344,761	8,262	6,273	2,250,000	53,922	45,450
ACL Cables PLC	400,000	41,171	33,619	121,064	13,369	14,770
L B Finance PLC	-	-	-	274,299	23,675	23,535
Pan Asia Banking Corporation PLC	1,055,818	64,764	52,722	850,000	29,724	30,175
Royal Ceramics Lanka PLC	303,425	13,638	12,901	-	-	-
Sanasa Development Bank PLC	54,297	5,212	2,829	54,297	5,211	1,966
Sampath Bank PLC	220,000	28,159	31,597	447,000	55,167	54,758
Softlogic Finance PLC	65,944	3,768	404	65,944	3,768	356
Vallibel One PLC	245,000	26,858	22,263	343,951	22,424	20,258
Hatton National Bank PLC	-	-	-	65,394	21,059	19,945
Browns Investments PLC	1,000,000	7,989	6,032	3,600,000	28,759	26,280
JAT Holdings PLC	-	-	-	305,500	8,020	8,218
Teejay Lanka PLC	513,060	27,486	14,205	513,060	27,487	26,166
Central Finance Company PLC	-	-	-	120,781	25,806	23,461
Watawala Plantations PLC	-	-	-	650,000	19,883	18,200
Sunshine Holding PLC	1,084,411	37,804	31,525	-	-	-
CIC Holding PLC	500,000	12,349	14,783	-	-	-
Tokyo Cement Company (Lanka) PLC - Voting	188,300	19,991	16,552	-	-	-
Lanka Tiles PLC	100,000	5,663	4,519	-	-	-
Dankotuwa Porcelain PLC	500,000	10,365	7,515	-	-	-
Ceylon Cold Stores PLC	160,570	19,078	16,353	-	-	-
Haycarb PLC	170,000	20,842	18,407	-	-	-
DFCC Bank PLC	279,205	42,389	38,030	-	-	-
NDB Bank PLC	217,868	32,773	28,006	-	-	-
Vallibel Finance PLC	255,453	27,288	23,238	-	-	-
Seylan Bank PLC	297,371	33,643	30,948	-	-	-
Hayleys PLC - Rights	1,500	-	-	-	-	-
		627,801	523,512		548,499	520,631

24.4 Other Investments Classified as Fair Value through Profit or Loss

	2026			2025		
	No of Units in '000	Cost of Investment LKR.'000	Market Value LKR.'000	No of Units in '000	Cost of Investment LKR.'000	Market Value LKR.'000
Group						
Investments in unit trusts	-	-	-	22,215	1,284,000	1,294,511
	-	-	-	22,215	1,284,000	1,294,511
Company						
Investments in unit trusts	-	-	-	22,215	1,284,000	1,294,511
	-	-	-	22,215	1,284,000	1,294,511

24.5 Other Investments Classified as Amortised Cost

Accounting Policy

Classification of financial assets at amortised cost

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and;
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Refer note 6 for the remaining relevant accounting policies.

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Non-current				
Other financial assets at amortised cost				
Guarantee deposit	-	391	-	-
Investment in fixed deposits	508,063	466,370	-	-
	508,063	466,761	-	-
Current				
Other financial assets at amortised cost				
Investment in fixed deposits	132,970	150,552	-	-
Commercial papers	-	-	-	549,913
Less: Loss allowance for other investments at amortised cost	-	-	-	(127,928)
	132,970	150,552	-	421,985

NOTES TO THE FINANCIAL STATEMENTS

24.5.1 Other investments at amortised cost - Commercial Papers

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Balance at the beginning of the year	-	-	549,913	529,329
Interest during the year	-	-	32,963	51,970
Settlements	-	-	(20,186)	(31,386)
Capitalisation			(562,690)	-
Balance at the end of the year	-	-	-	549,913

Commercial papers amounting to LKR 562.69 Mn lent to UML Heavy (2025: LKR 549.91 Mn), together with the related accrued interest, were converted into share capital during the year on 27 January 2026. Consequently, the expected credit loss (ECL) provision of LKR 128 Mn recognized in the prior year was reversed following the conversion of the outstanding balance into equity.

24.5.2 Loss allowance for other investments at amortised cost

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Balance at the beginning of the year	-	-	127,928	96,181
Loss allowance during the year	-	-	(127,928)	31,747
Balance at the end of the year	-	-	-	127,928

Other financial assets at amortised cost include investment in commercial papers issued by subsidiary company.

25 INVENTORIES

Accounting Policy

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in purchasing the inventories and other costs incurred in bringing them to their present location and condition. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Accordingly, the costs of inventories are accounted as follows:

Raw materials - at actual cost on a weighted average basis

Work-in-progress - remaining incomplete work-in-progress are stated at cost

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- the cost of inventories that are not interchangeable are recognised by using specific identification of their individual cost and other inventories are based on weighted average cost formula.

Other stock - at weighted average cost

Goods-in-transit - at actual cost as at reporting date

Inventories are written down to reflect the lower of cost or net realizable value where required.

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Spare parts	940,538	773,249	870,746	712,506
Vehicles	5,256,253	2,336,724	2,635,424	48,400
Lubricants	832,344	861,797	832,344	861,797
Tyres	35,668	72,300	-	-
Equipment and machinery	236,113	74,334	-	-
Trailers	1,097,415	507,232	-	-
3D Printers	470	1,339	470	1,339
Stock-in-trade	8,398,801	4,626,975	4,338,984	1,624,042
Work-in-progress	876,623	468,128	47,474	44,256
Raw materials and others	488,556	316,594	136,728	24,252
Goods in transit (Note 25.1)	1,437,093	966,533	1,005,409	57,182
	11,201,073	6,378,230	5,528,595	1,749,732

The stock-in-trade of each category has been shown after netting off the provision made for NRV adjustments in respect of each category.

25.1 Goods in transit

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Vehicles	1,248,490	-	913,400	-
Spare parts and lubricants	95,065	945,483	92,009	57,182
Trailers	25,921	21,050	-	-
Tyres	67,617	-	-	-
	1,437,093	966,533	1,005,409	57,182

25.2 Provision for slow moving inventories

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
At the beginning of the year	658,561	533,166	316,236	281,212
Provision (reverse)/made during the year	(7,926)	125,395	(103,244)	35,024
At the end of the year	650,635	658,561	212,992	316,236

NOTES TO THE FINANCIAL STATEMENTS

25.3 Inventories and trade receivables pledged as security for liabilities of Group entities are as follows.

Company	Bank	Facility	Amount pledged as security LKR '000	Balance outstanding against security as at 31.03.2026 LKR '000	Balance outstanding against security as at 31.03.2025 LKR '000
Unimo Enterprises Limited	National Development Bank PLC	Overdraft, Short term loans, Letter of Credit	105,000	94,784	105,000
	Commercial Bank of Ceylon PLC	Overdraft, Short term loans, Letter of Credit	525,000	525,000	525,000
	Standard Chartered Bank	Overdraft, Short term loans, Letter of Credit	500,000	-	-
U M L Heavy Equipment Limited	Commercial Bank of Ceylon PLC	Overdraft, Short term loans, Letter of Credit	160,000	160,000	160,000
Dutch Lanka Trailer Manufacturers Limited	National Development Bank PLC	Overdraft, Short term loans, Letter of Credit	1,344,919	575,098	285,760
	Commercial Bank of Ceylon PLC	Overdraft, Short term loans, Letter of Credit	63,000	31,513	-
	Sampath Bank PLC	Overdraft, Short term loans, Letter of Credit	65,024	16,926	54,730
Dutch Lanka Engineering (Pvt) Limited	Sampath Bank PLC	Overdraft, Short term loans, Letter of Credit	35,000	21,293	21,311

26 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. If collection is expected in one year or less, they are classified as current assets. If not, they are classified as non-current.

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Trade receivables	4,429,771	2,246,599	2,459,925	956,728
Impairment allowance (Note 26.2)	(69,624)	(70,852)	(22,094)	(22,689)
	4,360,147	2,175,747	2,437,831	934,039
Other receivables	806,519	1,180,736	87,570	34,678
LC margins	12,690	1,236,363	12,690	1,236,363
Advance to employees	3,130	3,024	3,130	3,024
Prepayments	605,698	658,767	87,783	53,691
Advances paid	501,247	397,469	363,931	209,398
Total trade and other receivables	6,289,431	5,652,106	2,992,935	2,471,193

26.1 Classification of Trade Receivables

Trade receivables are generally due for settlement within 30-60 days and therefore all are classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Fair values of trade receivables

Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

Impairment and risk exposure

Information on the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk is given in Note 22.

26.2 Impairment Allowance for Trade Receivables

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Balance at the beginning of the year	70,852	53,291	22,689	20,108
Increase in impairment allowance recognised in profit or loss during the year	10,471	19,165	8,023	3,837
Receivables written off during the year as uncollectible	(11,699)	(1,604)	(8,618)	(1,256)
Balance at the end of the year	69,624	70,852	22,094	22,689

26.3 Loans to employees

There were no loan disbursements during the year to the employees.

No loans have been granted to the Directors of the Company.

26.4 Trade receivables pledged as security for liabilities are given in Note 25.2.

26.5 Other receivables mainly consist warranty receivables, deposits and recoverable taxes.

27 AMOUNTS DUE FROM RELATED PARTIES

For the year ended 31 March	Relationship	Group		Company	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Unimo Enterprises Limited	Subsidiary	-	-	23,863	14,325
U M L Heavy Equipment Limited	Subsidiary	-	-	213,901	22,815
R I L Property PLC	Parent company	308	-	308	-
Parkland Solutions (Pvt) Ltd	Related company	104,900	-	96,600	-
Dutch Lanka Trailer Manufacturers Ltd	Subsidiary	-		2,589	98
Dutch Lanka Engineering (Pvt) Ltd	Subsidiary	-	-	64	354
		105,208	-	337,325	37,592

NOTES TO THE FINANCIAL STATEMENTS

28 CASH AND CASH EQUIVALENTS

Reconciliation to cash flow statement

The below figures reconciled to the amount of cash and cash equivalents shown in the statement of cash flows at the end of the financial year as follows:

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Favourable balances				
Call deposits	65,044	71,273	65,044	71,273
Cash at bank	306,354	560,030	171,976	344,918
Cash in hand	22,562	14,004	15,940	10,882
	393,960	645,307	252,960	427,073
Unfavourable balances				
Bank overdrafts used for cash management purposes	(147,579)	(192,871)	-	-
Net cash and cash equivalent for the purpose of cash flow statements	246,381	452,436	252,960	427,073

Overdraft facilities of the Company are unsecured. Refer Note 39.2 for details of Corporate guarantees given to related companies.

The Group's/Company's exposure to interest rate risk is disclosed in Note 22.6.b.

29 STATED CAPITAL

	No of Shares		Group		Company	
	2026	2025	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
At the beginning of the year	100,900,626	100,900,626	336,335	336,335	336,335	336,335
At the end of the year	1,009,006,260	100,900,626	336,335	336,335	336,335	336,335

During the year, United Motors Lanka PLC increased the number of issued ordinary voting shares by way of a subdivision, and issued ten (10) ordinary voting shares for every one (1) ordinary voting share, without any change to the stated capital of the Company. Accordingly, as at 31 March 2026, the Company recorded 1,009,006,260 number of ordinary shares.

None of the shares held by neither, the Company on its own nor its subsidiaries. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share per individual present at the meeting of the shareholders or one vote per share in the case of a poll.

30 CAPITAL RESERVES

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
At the beginning of the year	6,305,579	6,051,377	5,854,708	5,620,383
Revaluation of land	1,381,170	357,250	1,290,670	334,750
Deferred tax on revaluation of land	(414,351)	(103,048)	(387,201)	(100,425)
At the end of the year	7,272,398	6,305,579	6,758,177	5,854,708

31 INTEREST-BEARING BORROWINGS

Accounting Policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Comprehensive Income as other income or finance costs.

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
At the beginning of the year	7,638,678	3,978,265	-	-
Obtained during the year	43,078,400	33,288,311	9,723,700	-
	50,717,078	37,266,576	9,723,700	-
Payments made during the year	(43,376,663)	(29,627,898)	(9,609,700)	-
Loans outstanding as at 31 March	7,340,415	7,638,678	114,000	-
Accrued loan interest	13,136	28,873	5,177	-
At the end of the year	7,353,551	7,667,551	119,177	-

NOTES TO THE FINANCIAL STATEMENTS

31.1 Details of Company and Group's interest-bearing borrowings, which are measured at amortised cost are given below.

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Non current liabilities				
Long term loans	8,600	25,160	-	-
Current liabilities				
Short term loans	7,344,951	7,642,391	119,177	-
	7,353,551	7,667,551	119,177	-

31.2 Borrowings which are guaranteed through corporate guarantees given by the parent company, United Motors Lanka PLC, in favour of its subsidiaries are described in Note 39.2 to these consolidated financial statements.

31.3 Terms and Debt Repayment Schedule

Terms and conditions of the outstanding loans are as follows:

			2026		2025	
	Effective interest rate	Year of Maturity	Face value LKR '000	Carrying value LKR '000	Face value LKR '000	Carrying value LKR '000
Group						
Long term loans-secured	Market rate	2026	8,600	8,600	25,160	25,160
Short term loans-secured	Market rate	2026	7,225,774	7,225,774	7,642,391	7,642,391
Short term loans-unsecured	Market rate	2026	119,177	119,177	-	-
			7,353,551	7,353,551	7,667,551	7,667,551
Company						
Short term loans-unsecured	Market rate	2026	119,177	119,177	-	-
			119,177	119,177	-	-

32 EMPLOYEE BENEFIT OBLIGATIONS

Accounting Policy

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and 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 past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contribution into a separate entity (a fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

a) Employees' Provident Fund

The Company and employees contribute 12% and 10% of the salary of each employee to the approved Private Provident Fund. Other companies in the Group and their employees contribute at 12%, 10% and 8% to the Employees' Provident Fund managed by the Central Bank of Sri Lanka.

b) Employees' Trust Fund

The Company and the Group contribute 3% of the salary of each employee to the Employees' Trust Fund managed by the Central Bank of Sri Lanka.

Contributions to defined contribution plans are recognised as an expense in the Statement of Comprehensive Income as incurred.

Defined benefit plans - retiring gratuity

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan. The Company is liable to pay retirement benefits under the Payment of Gratuity Act No. 12 of 1983. The liability for the gratuity payment to an employee arises only on the completion of five years of continued service with the Company and calculated based on half a month's wages or salary for each year of completed service. The net obligation of the Company in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounted to determine its present value.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date. The calculation of defined benefit obligation is performed annually by a qualified actuary using the Projected Unit Credit (PUC) method. Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, are recognised immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined liability, taking in to account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the Statement of Comprehensive Income.

The Company recognizes all actuarial gains and losses arising from defined benefit plan immediately in Other Comprehensive Income and all expenses related to defined benefit plan in employee benefit expenses in profit or loss.

All the subsidiaries have adopted actuarial valuation method in line with the Group accounting policies.

32.1 Retirement Benefit Obligations

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Present value of retirement benefit obligation	583,744	481,409	425,433	346,010
Retirement benefit obligation (Note 32.5)	583,744	481,409	425,433	346,010

The retirement benefit obligations is based on the actuarial valuation performed by Mr. M. Poopalanathan, AIA, of Messrs Actuarial and Management Consultants (Pvt) Limited. The valuation method used by the actuary is the "Projected Unit Credit Method", the method recommended by LKAS 19 - "Employee Benefits".

32.2 Reimbursable Right

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Employees joined before 1992/93				
Mutual fund (Note 32.3)	170	117	170	117
Employees joined after 1992/93				
Reimbursable right (Note 32.4)	577	514	577	514
	747	631	747	631

NOTES TO THE FINANCIAL STATEMENTS

32.3 Retiring gratuity is a defined benefit plan covering employees of the Company. The Company's liability arising on retirement benefits of employees joined prior to 1992/93 is partly externally funded through investments in NDB Mutual Funds and the value of this fund as at 31 March 2026 is LKR 170,059 (2025 - LKR 117,231).

32.4 Movement in Fair Value of Reimbursable Right

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
At the beginning of the year	514	-	514	-
Return on reimbursable right (Note 32.6)	57	-	57	-
Losses in Other Comprehensive Income (Note 32.6)	6	514	6	514
Fair value of reimbursable right at the end of the year	577	514	577	514

32.5 Movement in the Present Value of the Defined Benefit Obligations

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
At the beginning of the year	481,409	411,911	346,010	320,136
Expenses recognised in profit and loss (Note 32.6)	98,905	90,114	71,011	67,521
Actuarial losses in Other Comprehensive Income (Note 32.6)	38,322	42,803	30,777	9,815
Benefits paid during the year	(34,892)	(63,419)	(22,365)	(51,462)
Defined benefit obligation at the end of the year	583,744	481,409	425,433	346,010

32.6 Expenses Recognised in Statement of Profit or Loss and Comprehensive Income

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Recognised in profit and loss				
Defined benefit obligations				
Current service costs	46,339	40,685	32,950	29,105
Interest on obligation	52,566	49,429	38,061	38,416
	98,905	90,114	71,011	67,521
Defined benefit plan				
Return on reimbursable right	57	-	57	-
	57	-	57	-

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Recognised in Other Comprehensive Income				
Defined benefit obligations				
Actuarial (losses) recognised during the year	(38,322)	(42,803)	(30,777)	(9,815)
	(38,322)	(42,803)	(30,777)	(9,815)
Reimbursable right				
Losses recognised during the year	6	514	6	514
Dividend adjustment to reimbursable right	-	30	-	30
	6	544	6	544
	(38,316)	(42,259)	(30,771)	(9,271)

32.7 Actuarial assumptions

Principal actuarial assumptions are as follows:

	Group		Company	
	2026	2025	2026	2025
Rate of discount as at 31 March (%)	10%	11%	10%	11%
Future salary increases (%)	10%	10%	10%	10%
Normal retirement age	60 years	60 years	60 years	60 years
Staff turnover rate (%)	18% - 21%	20% - 22%	18%	20%

Assumptions regarding future mortality are based on A67/70 Mortality table, issued by the Institute of Actuaries, London, United Kingdom.

32.8 Sensitivity Analysis

Values appearing as employee benefit obligation in the financial statements are sensitive to the changes in financial and non-financial assumptions used. The estimated impact based on sensitivity analysis carried out is as follows:

	Group				Company			
As at 31 March 2026	+ 1%	+ 5%	- 1%	- 5%	+ 1%	+ 5%	- 1%	- 5%
A percentage point change in the discount rate								
Effect on the present value of defined benefit obligation (LKR '000)	(27,173)	(135,867)	29,768	148,838	(19,807)	(99,035)	21,649	108,245
A percentage point change in the salary escalation rate								
Effect on the present value of defined benefit obligation (LKR '000)	208,742	1,043,708	(29,709)	(148,545)	23,247	116,233	(21,626)	(108,131)
As at 31 March 2025								
A percentage point change in the discount rate								
Effect on the present value of defined benefit obligation (LKR '000)	(19,202)	(96,011)	20,843	104,213	(12,654)	(63,270)	13,615	68,073
A percentage point change in the salary escalation rate								
Effect on the present value of defined benefit obligation (LKR '000)	22,873	114,364	(21,417)	(107,084)	15,074	75,368	(14,238)	(71,189)

NOTES TO THE FINANCIAL STATEMENTS

32.9 Maturity Profile of the Defined Benefit Obligation

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Maturity profile-discounted				
Within the next 12 months	66,124	92,189	50,909	73,149
Between 1 to 2 years	153,197	139,876	98,236	96,744
Between 2 to 5 years	174,241	85,399	137,565	62,594
Beyond 5 years	190,182	163,945	138,723	113,523
	583,744	481,409	425,433	346,010
Maturity profile-undiscounted				
Within the next 12 months	69,462	97,695	53,466	77,648
Between 1 to 2 years	183,756	176,447	117,997	120,967
Between 2 to 5 years	278,004	135,395	221,422	99,104
Beyond 5 years	557,130	460,290	394,130	284,290
	1,088,352	869,827	787,015	582,009

33 DEFERRED TAX ASSETS / LIABILITIES

33.1 The Gross Movement in Deferred Tax Assets and Liabilities is as follows,

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Deferred tax assets/liabilities at the beginning of the year	283,083	238,209	(688,267)	(596,002)
Origination of timing differences-recognised in profit or loss	88,868	135,081	41,216	5,215
Origination of timing differences- recognised in Other Comprehensive income	(402,855)	(90,207)	(377,968)	(97,480)
Deferred tax assets/liabilities at the end of the year	(30,904)	283,083	(1,025,019)	(688,267)

33.2 Deferred Tax Assets

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
At the beginning of the year	969,850	832,711	261,606	260,472
Origination of timing differences-recognised in profit or loss including rate change	21,778	124,316	84,843	(1,811)
Origination of timing differences-recognised in Other Comprehensive Income	13	12,823	9,233	2,945
At the end of the year	991,641	969,850	355,682	261,606

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Composition of deferred tax assets				
Property, plant and equipment	(30,013)	(19,273)	-	-
Retirement benefit obligation	47,494	40,619	127,630	103,803
Provisions	232,599	177,775	177,554	123,124
Lease liability	38,168	46,779	50,498	34,679
Leased assets	(43,279)	(52,239)	-	-
Tax losses	761,000	788,267	-	-
Gains on revaluation of land	(14,328)	(12,078)	-	-
Net deferred tax assets	991,641	969,850	355,682	261,606

According to the Group/Company 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. The Directors have assessed future profitability of the Group/Company and is of the view that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized.

33.3 Deferred Tax Liabilities

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
At the beginning of the year	686,767	594,502	949,873	856,474
(Reversal)/charge of timing differences-recognised in profit or loss	(67,090)	(10,765)	43,627	(7,026)
Origination of timing differences- recognised in Other Comprehensive Income	402,868	103,030	387,201	100,425
At the end of the year	1,022,545	686,767	1,380,701	949,873
Composition of deferred tax liability				
Property plant and equipment	182,396	182,670	182,395	182,670
Retirement benefit obligation	(127,630)	(103,803)	-	-
Gains on revaluation of land	1,149,839	737,738	1,077,989	690,788
Provisions	(177,555)	(123,124)	-	-
Investment property-buildings	-	-	2,473	1,500
Investment property - land	-	-	71,850	46,950
Leased assets	45,993	27,965	45,994	27,965
Lease liability	(50,498)	(34,679)	-	-
Net deferred tax liability	1,022,545	686,767	1,380,701	949,873

In current financial year, the Group recognized fair value gain of LKR 1,381.7 Mn related to the land revaluation. Capital gain tax applicable on realisation of investment assets is at 30%.

The presentation of deferred tax assets and liabilities has been changed during the current year from gross basis to net basis in accordance with the requirements of LKAS.12.

NOTES TO THE FINANCIAL STATEMENTS

33.4 Expenses Recognised in Statement of Other Comprehensive Income

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Origination/(reversal) of timing differences-recognised in Other Comprehensive Income (Note 33.1)	13	12,823	9,233	2,945
Origination of timing differences-recognised in Other Comprehensive Income (Note 33.2)	(402,868)	(103,030)	(387,201)	(100,425)
	(402,855)	(90,207)	(377,968)	(97,480)

34 LEASE LIABILITIES

Accounting Policy

Accounting for leases - where the Company is the lessee

The Group's leasehold property includes land and buildings. Rental contract is typically made as per the initial rental or lease agreements. Rental contracts may contain both lease and non-lease components. It was elected not to separate lease and nonlease components and instead account for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

On adoption of SLFRS 16 the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17 "Leases". These liabilities were measured on a present value basis.

Lease liabilities include the net present value of the fixed payments less any lease incentives receivable.

Since the interest rate implicit in the lease is not readily determinable, the Group uses incremental borrowing rate as the discount rate at the time of initial application. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in similar economic environment.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of SLFRS 16 are only applied after that date.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance of fixed lease payments or a change in the assessment to purchase the underlying asset.

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
At the beginning of the year	333,789	183,446	115,596	121,276
Additions during the year	205,491	279,796	112,920	11,679
Interest expense	49,944	34,204	25,723	22,731
Adjustments-termination of lease contract	(4,197)	(10,811)	(4,197)	(1,074)
Payments made during the year	(180,449)	(152,846)	(81,715)	(39,016)
At the end of the year	404,578	333,789	168,327	115,596
Classified as non-current liabilities	288,929	234,209	127,115	99,074
Classified as current liabilities	115,649	99,580	41,212	16,522
	404,578	333,789	168,327	115,596

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Amounts recognised in profit or loss				
Interest on lease liabilities	49,944	34,204	25,723	22,731
Total cash outflow for leases	180,449	152,846	81,715	39,016
Maturity analysis of lease liability - discounted cash flows				
Less than 2 years	221,349	142,525	59,281	30,420
2- 5 years	103,879	125,313	29,697	19,226
6-10 years	59,901	55,989	59,901	55,989
Over 10 years	19,449	9,962	19,448	9,961
	404,578	333,789	168,327	115,596
Maturity analysis of lease payments - undiscounted cash flows				
Less than 2 years	264,358	217,684	100,955	68,066
2- 5 years	191,906	182,845	77,172	61,668
6-10 years	92,879	88,603	92,879	88,603
Over 10 years	31,517	11,261	31,517	11,261
	580,660	500,393	302,523	229,598

NOTES TO THE FINANCIAL STATEMENTS

35 TRADE AND OTHER PAYABLES

Accounting Policy

Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30-60 days. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Accrued and other payables

Payables are recognised in the Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with LKAS 37-"Provisions, Contingent Liabilities and Contingent Assets". The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

Provisions in respect of other expenses are recognised when the Company 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.

Dividends payable

Provision for final dividends is recognised at the time the dividend is approved by the shareholders. Interim dividends payable is recognised when the Board approves such dividend in accordance with the provisions of the Companies Act No. 07 of 2007.

Dividends for the year that are approved after the reporting period are disclosed under Events after the reporting period in accordance with the Sri Lanka Accounting Standard LKAS 10-"Events after the reporting period."

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Trade and other payable				
Trade payables	1,951,374	1,138,360	1,303,427	118,607
Taxes payable	286,292	690,943	243,872	59,422
Contract liabilities				
Advances received from customers	978,315	616,749	633,781	358,623
Free service contracts	48,645	3,927	34,882	97
Extended warranty	92,613	100,988	67	510
Accrued and other payables	944,340	406,066	570,424	297,146
	4,301,579	2,957,033	2,786,453	834,405

Trade payables are unsecured and are usually paid within 30-60 days.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Other payables mainly consist statutory contributions/payments and other taxes payable.

Warranty provision

The provision for warranty relates mainly to vehicles sold for which the Company gives warranty commencing from the date of sale. The warranty received from the principal is effective from date of shipment. This results a time gap 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.

36 AMOUNTS DUE TO RELATED PARTIES

		Group		Company	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Unimo Enterprises Limited	Subsidiary	-	-	30,317	-
U M L Property Developments Limited	Subsidiary	-	-	29,484	36,766
Dutch Lanka Engineering (Pvt) Ltd	Subsidiary	-	-	10	-
		-	-	59,811	36,766

37 CURRENT TAXATION

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
At the begining of the year	76,870	134,133	17,631	38.636
Income tax charge for the year	1,566,302	229,814	768,163	70,793
Under provision in respect of previous years	21,252	(1,786)	22,640	(31)
WHT set off against income tax	(9,155)	(40,223)	(7,607)	(30,235)
Income tax paid	(1,032,104)	(245,068)	(467,203)	(61,532)
At the end of the year	623,165	76,870	333,624	17,631

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
37.1 Current tax liabilities	623,165	96,675	333,624	17,631
37.2 Current tax receivable	-	(19,805)	-	-
	623,165	76,870	333,624	17,631

NOTES TO THE FINANCIAL STATEMENTS

38 CASH FLOW INFORMATION

38.1 Reconciliation of (Loss)/Profit before Tax to Cash Flows from Operating Activities

For the year ended 31 March	Notes	Group 2026 LKR '000	Group 2025 LKR '000	Company 2026 LKR '000	Company 2025 LKR '000
Profit before income tax expense		5,109,502	166,296	2,950,737	403,850
Adjustments for;					
Provision for depreciation/amortisation	18 & 20.2	209,718	170,112	135,933	125,458
Profit on disposal of property, plant and equipment	13	(74,129)	(15,972)	(69,557)	(3,113)
Net gain on disposal of financial assets at the fair value through profit or loss	12.4	(87,601)	(111,795)	(87,601)	(111,795)
Net change in fair value - financial asset at fair value through profit or loss	12.4	(42,481)	(16,216)	(42,481)	(16,216)
Change in fair value of investment property	12.4	-	-	(84,881)	(18,500)
Interest expense		669,752	461,762	55,764	25,922
Interest income	14.1	(151,309)	(266,923)	(114,793)	(253,143)
Dividend income from equity investments	13	(14,761)	(26,918)	(14,761)	(25,529)
Dividend received from subsidiaries	13	-	-	(79,809)	(115,632)
Impairment on trade receivables and losses on warranty claims	12.3	(55,981)	50,509	(135,128)	(33,705)
Provision for employee benefit obligations	32	98,852	90,085	70,958	67,492
Amortisation of right-of use assets	21	135,391	129,717	48,628	27,858
Return on reimbursable right	32.6	(57)	-	(57)	-
Write-down of inventory to lower of cost or NRV (net realisable value)	12	(7,926)	125,395	(103,244)	35,024
WIP write offs	18	475	-	-	-
Fair value adjustment on unit trust	12.4	-	(10,511)	-	(10,511)
Operating profit before working capital changes		**5,789,445**	**745,541**	**2,529,708**	**97,460**
(Increase)/decrease in inventories		(4,814,917)	(2,382,118)	(3,675,619)	40,757
Increase in trade and other receivables		(581,346)	(2,641,076)	(631,919)	(998,782)
(Increase)/decrease in amounts due from related parties		(105,207)	-	(293,571)	345,387
Increase/(decrease) in amounts due to related parties		-	-	23,045	(2,305)
Increase in trade and other payables		1,344,546	1,686,087	2,063,262	511,365
Cash inflow/(outflow) from operating activities		**1,632,521**	**(2,591,566)**	**14,906**	**(6,118)**

38.2 Reconciliation of Liabilities Arising from Financing Activities

	Group 2026 LKR '000	Group 2025 LKR '000	Company 2026 LKR '000	Company 2025 LKR '000
Bank borrowings				
At the beginning of the year	7,638,678	3,978,265	-	-
Proceeds from borrowings	43,078,400	33,288,311	9,723,700	-
Repayments of borrowings	(43,376,663)	(29,627,898)	(9,609,700)	-
At the end of the year	7,340,415	7,638,678	114,000	-

39 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Accounting Policy

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 benefits is not probable or cannot be measured reliably as defined in the Sri Lanka Accounting Standard LKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

39.1 Capital commitments

There were no capital commitments with regard to property, plant and equipment and intangible assets as at the balance sheet date.

39.2 Contingent liabilities

Corporate guarantees issued to subsidiaries are given below;

Name of the Company	Name of the Bank	Facility	Amount pledged as security LKR '000	Outstanding as at 2026 LKR '000	Outstanding as at 2025 LKR '000
Unimo Enterprises Limited	Sampath Bank PLC	Letter of credits, overdraft and term loans	1,770,000	1,352,277	902,565
	Standard Chartered Bank	Letter of credits, overdraft and term loans	500,000	-	-
	Bank of Ceylon	Letter of credits, overdraft and term loans	1,000,000	-	749,000
	Peoples Bank	Letter of credits, overdraft and term loans	2,000,000	130,989	-
	Pan Asia Banking Corporation PLC	Letter of credits, overdraft and term loans	1,000,000	-	1,000,000
	Commercial Bank of Ceylon PLC	Letter of credits, overdraft and term loans	1,750,000	1,750,000	1,000,000
	National Development Bank	Letter of credits, overdraft and term loans	1,750,000	1,352,606	1,358,664
U M L Heavy Equipment Limited	Pan Asia Banking Corporation PLC	Letter of credits, overdraft and term loans	400,000	400,000	40,000
	DFCC Bank PLC	Letter of credits, overdraft and term loans	100,000	-	-
	Commercial Bank of Ceylon PLC	Letter of credits, overdraft and term loans	366,000	366,000	-

Unimo Enterprises Limited has given bank guarantees to Sri Lanka Customs amounting to LKR 1,961 Mn (2025 - LKR 924 Mn) for excise duty concession in respect of vehicles assembled but to be approved by the Cabinet appointed committee.

Unimo has given bid bond/performance guarantees amounting to LKR 232 Mn as at the reporting date.

Details relating to certain tax assessments for the company are reflected in Notes 15.

40 RELATED PARTY DISCLOSURES

The Company carries out transactions in the ordinary course of business on an arm's length basis with parties who are defined as related parties in Sri Lanka Accounting Standard 24 (LKAS) "Related Party Disclosures", the details of which are reported below.

40.1 Parent and ultimate controlling party

R I L Property PLC which holds 51% of shares of United Motors Lanka PLC is considered as the parent and ultimate controlling party.

NOTES TO THE FINANCIAL STATEMENTS

40.2 Transaction with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard, LKAS 24 "Related Party Disclosures" , Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors and Heads of divisions of the Company have been classified as KMP of the Company. The Directors of subsidiaries (along with the Company) have been identified as KMP of the Group.

40.3 Compensation to KMP

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Short term employment benefits	634,666	401,817	449,904	369,314
Post employment benefits-defined contribution plans	53,841	31,527	36,468	30,447
	688,507	433,344	486,372	399,761

Total salary related expenditure paid to key management personnel (KMP) in 2026, directly reporting to the CEO, amount to LKR. 302 Mn

In addition to their salaries/fees, the Company provides non-cash benefits to KMP. The Company also contributes to a post employment defined benefit plan on behalf of the KMP.

The Company/Group also has an obligation towards a post-employment benefit plan and termination benefits for the Key Management Personnel. 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 32.1 to the Financial Statements.

There are no share-based payments made to KMPs of the Company/Group.

No loans were granted to KMPs of the Company/Group.

40.4 Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of business on an arm's length basis. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and comparable with those that would have been charged from unrelated companies. Outstanding current account balances at year end are unsecured and are to be settled in cash. The Company does not have any material commitments to related parties.

40.5 Non-Recurrent Related Party Transactions

Name of the related party	Relationship	Value of the related party transactions entered into during the financial year 2025/26 LKR '000	Value of related party transactions as a % of equity and as a % of total assets		Terms and conditions of the related party transactions	The rationale for entering into the transactions
Unimo Enterprises Limited	Subsidiary	450,000	As a % of equity	2.56%	-	Increase in investment in subsidiary
			As a % of total assets	2.00%	-	
U M L Heavy Equipment Limited	Subsidiary	562,690	As a % of equity	3.20%	-	Capitalisation of commercial paper investment
			As a % of total assets	2.50%	-	

40.6 Recurrent Related Party Disclosures

Transactions with subsidiaries and related entities.

a. Transactions with subsidiaries

Company	UEL	UMPDL	U M L Heavy	DLT	DLE	Total 2025/26	Total 2024/25
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Sale of spare parts	3,500	-	-	-	-	3,500	1,186
Purchase of Generator	-	-	4,650	-	-	4,650	-
Purchase of tyres	11,092	-	-	-	-	11,092	8,646
Purchase of spare parts	2,119	-	-	-	8	2,127	1,185
Sale of lubricants	4,132	-	9,749	520	667	15,068	30,482
Repairs and services provided	135,282	-	4,507	-	554	140,343	134,551
Services obtained	-	-	4,262	-	99	4,361	3,533
Purchase of vehicles	14,301	-	-	-	-	14,301	14,301
Interest received	-	-	35,900	-	1,778	37,678	58,500
Interest paid	-	2,121	-	-	-	2,121	3,033
Expenses incurred	170,172	94	342,840	3,010	-	516,116	331,637
Reimbursement of expenses	1,929	-	-	-	-	1,929	17,414
Hiring income received	27,000	-	4,380	-	-	31,380	17,790
Hiring rentals paid for vehicles	25,127	-	-	-	-	25,127	11,512
Rentals received for premises occupied	76,533	42,564	24	-	-	119,121	37,198
Rentals paid for premises occupied	-	64,615	-	-	-	64,615	98,043
Commission on sales	-	-	-	-	-	-	2,678
Fees on financial services provided	62,263	-	4,967	-	-	67,230	79,388
Dividend received	-	8,606	-	71,203	-	79,809	115,632
Settlement of commercial papers including interest	-	-	20,186	-	-	20,186	31,386
Loans granted	-	-	465,500	-	100,000	565,500	1,092,700
Loans settlements	-	-	488,200	-	100,000	588,200	1,407,316

b. Transactions between subsidiaries

	Total 2025/26	Total 2024/25
	LKR '000	LKR '000
Unimo Enterprises Limited with U M L Heavy Equipment Limited		
Reimbursement of expenses	115	-
Sale of goods under a profit-sharing arrangement	5,913	-
Commission on sales	2,731	888
Services obtained	1,050	708
Expenses incurred	5,831	2,088

NOTES TO THE FINANCIAL STATEMENTS

	Total 2025/26 LKR '000	Total 2024/25 LKR '000
Unimo Enterprises Limited with Dutch Lanka Engineering (Pvt) Limited		
Purchase of domestic value addition assembly parts	143,985	58,307
Purchase of fixed assets	-	11,493
Services obtained	240	72

c. Transactions with the Parent company-R I L Property PLC

	Total 2025/26 LKR '000	Total 2024/25 LKR '000
United Motors Lanka PLC		
Repairs and services provided	3,921	5,281
Sale of spare parts	1,146	-
Sale of lubricants	621	-
Reimbursement of expenses	523	-

	Total 2025/26 LKR '000	Total 2024/25 LKR '000
Unimo Enterprises Limited		
Sale of tyres	220	-

d. Transactions with other related entities of Parent company

1. United Motors Lanka PLC

	Total 2025/26 LKR '000	Total 2024/25 LKR '000
Pap Solar One (Pvt) Limited		
Repairs and services provided	1,140	943

	Total 2025/26 LKR '000	Total 2024/25 LKR '000
Parkland Solutions (Pvt) Ltd		
Sale of vehicles	81,864	-

2. Unimo Enterprises Limited

	Total 2025/26 LKR '000	Total 2024/25 LKR '000
Sale of vehicles	7,034	-

e. The receivables from related companies and payables to related companies on sale/purchase of goods/services are set out in Note 27 and 36 respectively. These receivables and payables are unsecured and usually paid within 30-60 days.

41 CONSOLIDATION

The consolidated financial statements of the Company's shareholding as at 31 March 2026 are in the proportions indicated below.

	Ownership interest	
Subsidiary	2026	2025
Unimo Enterprises Limited	100%	100%
U M L Property Developments Limited	100%	100%
U M L Heavy Equipment Limited	100%	100%
Dutch Lanka Trailer Manufacturers Limited	100%	100%
Dutch Lanka Engineering (Pvt) Limited	100%	100%

Group has no non-controlling interest to be reported as all its subsidiaries are fully owned.

Analysis of consolidated profit/(loss) after income tax expense

	Group	
	2026 LKR '000	2025 LKR '000
Parent company	2,201,150	338,303
Subsidiaries	1,807,297	(347,841)
	4,008,447	(9,538)
Inter-company elimination	(397,631)	82,887
Consolidated profit/(loss) after income tax expenses	3,610,816	73,349

42 EVENTS OCCURRING AFTER THE REPORTING PERIOD AND OTHER MATTERS

Dividends on ordinary shares

After satisfying the solvency test, in accordance with Section 57 of the Companies Act, No.07 of 2007, the Board of Directors recommended the final dividend of LKR. 0.40 per share for the year ended 31 March 2026 amounting to LKR. 403,602,504 which is to be approved at the forth coming Annual General Meeting. In accordance with LKAS 10 - "Events after the reporting period" this dividend was not recognised as a liability as at 31 March 2026.

Subsequent to the reporting date, no circumstances have arisen, which would require adjustment to or disclosure in the financial statements other than those disclosed above.


MITSUBISHI
MOTORS


Strength at our core

SHARE INFORMATION

The audited income statement for the year ended 31 March 2026 and the audited statement of financial position as at 31 March have been submitted to the Colombo Stock Exchange (CSE) within the required deadlines in accordance with the Listing Rule No. 7.5 (a) of the CSE.

The Company duly submitted the interim financial statements for the year 2025/26 to the CSE within the applicable statutory deadlines.

1. STOCK EXCHANGE LISTING

The issued ordinary shares of United Motors Lanka PLC were listed on the CSE on 05 December 1989.

Information required as per Section 7.6 of the Listing Rules of the Colombo Stock Exchange

2. ANALYSIS OF SHAREHOLDERS

The number of ordinary shareholders as at 31 March 2026 was 8,077 (4,081 as at 31 March 2025).

a) Resident/non-resident

Range of Shareholdings	Resident			Non-Resident			Total		
	No. of share holders	No. of shares	% of total holding	No. of share holders	No. of shares	% of total holding	No. of share holders	No. of shares	% of total holding
1 - 1,000	3,548	1,242,909	0.123	13	6,030	0.001	3,561	1,248,939	0.124
1,001 - 10,000	2,873	12,993,049	1.288	28	175,818	0.017	2,901	13,168,867	1.305
10,001 - 100,000	1,430	46,486,986	4.607	19	765,910	0.076	1,449	47,252,896	4.683
100,001 - 1,000,000	138	37,014,919	3.668	7	2,552,500	0.253	145	39,567,419	3.921
Over 1,000,000	20	827,455,119	82.007	1	80,313,020	7.960	21	907,768,139	89.967
	8,009	925,192,982	91.693	68	83,813,278	8.307	8,077	1,009,006,260	100.000

b) Individuals/institutions

Range of Shareholdings	31 March 2026			31 March 2025*		
	No. of shareholders	Total holdings No. of shares	% of total holdings	No. of shareholders	Total holdings (No. of shares)	% of Total holdings
Individuals	7,817	417,558,085	41.38	3,917	41,061,172	40.69
Institutions	260	591,448,175	58.62	164	59,839,454	59.31
	8,077	1,009,006,260	100.00	4,081	100,900,626	100.00

**No adjustments have been made to reflect the Sub-division of shares.*

c) Public shareholding

	31 March 2026	31 March 2025
Percentage (%)	20.22	20.37
No. of shareholders	8,068	4,070
The float adjusted market capitalization (LKR)	6,121,801,200	1,751,529,757

The float adjusted market capitalization of the Company falls under Option 3 of Rule 7.13.1(i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

3. SHARE TRADING

Company	2025/26	2024/25
Number of transactions	48,780	3,222
Number of shares traded	59,828,237	11,870,415
Value of shares traded (LKR million)	5,444	857
Market days	236	232

4. MARKET CAPITALIZATION AND MARKET PRICES

a) Market capitalization

Year	Shareholders' fund LKR (million)	Ordinary shares in issue (million)	UML market capitalization LKR (million)	CSE market capitalization LKR (billion)	As a % of CSE market capitalization	Market capitalization rank
2025/26	17,557	1,009.01	30,270.19	7,522.00	0.40	62
2024/25	15,097	100.90	8,596.73	5,606.37	0.15	103

b) Market prices

01.04.2025 to 31.03.2026 (FY 2025/26)

Period	Date high	High (LKR.)	Date Low	Low (LKR.)	Close	Trade Volume	Share Volume	Turnover LKR (million)	Last Traded Date	Days Traded
Q4	13.01.2026	377.00	18.03.2026	26.80	30.00	24,142	41,867,518	1,900.4	31.03.2026	54
Q1-Q3	24.11.2025	360.00	08.04.2025	84.50	305.00	24,638	17,960,719	3,543.8	31.12.2025	182

5. DIVIDENDS PAID

2024/25	First and Final dividend of LKR 2.00 per share was paid on 17 July 2025
2025/26	First Interim dividend of LKR 2.00 per share was paid on 09 December 2025
	Second Interim dividend of LKR 0.25 per share was paid on 13 March 2026

6. VALUE CREATION FOR SHAREHOLDERS*

	2025/26	2024/25
Net asset value per share - Company (LKR)	17.40	14.96
Earnings per share - Company (LKR)	2.18	0.34
Market price per share - Company (LKR)	30.00	86.10
Return on equity (%) after tax – Company	12.54	2.24
Dividend payout ratio	29.8	44.78

**Comparative figures have been adjusted to reflect the subdivision of shares.*

SHARE INFORMATION

7. TWENTY LARGEST SHAREHOLDERS

Shareholder	31 March 2026		31 March 2025*	
	No. of shares	%	No. of shares	%
R I L Property PLC	514,593,200	51	51,459,320	51.00
Mrs. R.R. Takahashi	117,620,410	11.66	11,762,041	11.66
Mr. M.A. Yaseen	80,313,020	7.96	8,181,302	8.11
Mrs. S.M. Chrysostom	69,454,710	6.88	6,945,471	6.88
Commercial Bank of Ceylon PLC/M. A. Yaseen	50,000,000	4.96	5,000,000	4.96
Mr. C. Yatawara	36,961,930	3.66	3,696,193	3.66
Mr. A.M. Weerasinghe	13,869,630	1.38	1,399,169	1.39
Mr. M.P.D. Cooray	4,450,000	0.44	200,000	0.20
Mr. R.H. Yaseen	3,000,000	0.30		
Mr. S.D. Yaseen	2,433,000	0.24	243,300	0.24
People's Leasing and Finance PLC /Nagoya Ceylon Trading (Pvt) Ltd	1,690,574	0.17		
Mr. P. Rathnayaka	1,560,000	0.16	156,000	0.16
Mercantile Investments and Finance PLC	1,500,000	0.15	150,000	0.15
People's Leasing and Finance PLC/D. M. R. Tranchell	1,439,060	0.14		
Mr. S.A.C. Keerthisinghe & Mrs. D. M. J. S. Dissanayaka	1,410,000	0.14	141,000	0.14
Seylan Bank PLC/JN Lanka Holdings Company (Pvt) Ltd	1,373,090	0.14		
Mr. V. A. Yaseen	1,346,060	0.13		
Seylan Bank PLC/F. J. P. Raj	1,250,000	0.12		
Deutsche Bank AG-National Equity Fund	1,209,185	0.12		
Mr. J. A. Yaseen	1,194,270	0.12		
**Others (Shareholders included among the twenty largest shareholders as at 31 March 2025)	-	-	2,042,020	2.03
Total	906,668,139	89.86	91,375,816	90.56

** Comparative figures have not been adjusted to reflect the subdivision of shares.*

** Shareholders included in the twenty largest shareholdings as at 31 March 2025

Shareholdings as at 31 March 2025	No. of shares	% of total shareholding
Seylan Bank PLC/Mr. Mohamed Nayaz Deen	369,175	0.36
Amana Bank PLC/Mr. M. Z. Mohamed Ghouse	349,000	0.35
Amana Bank PLC/Mr. Mohamed Nayaz Deen	302,490	0.30
J. B. Cocoshell (Pvt) Ltd	283,355	0.28
Mrs. L.E.M. Yaseen	200,000	0.20
Seylan Bank PLC/Gladstone Capital (Private) Limited	200,000	0.20
Hatton National Bank PLC/Mr. Mohamed Zulficar Mr. Mohamed Ghouse	171,000	0.17
Mr. M.M.N. Kumar	167,000	0.17
Total	2,042,020	2.03

8. SUBDIVISION OF SHARES

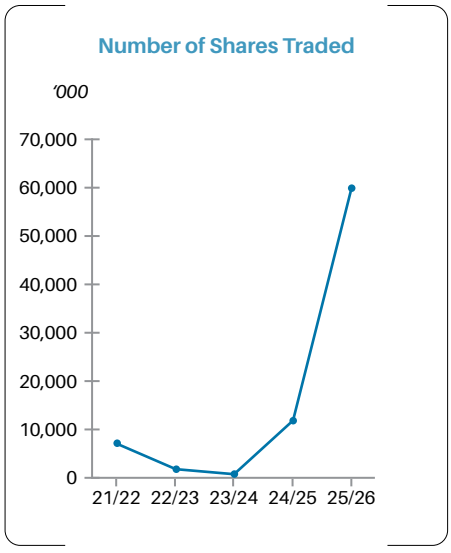
The Company carried out a sub-division of its ordinary shares in the ratio of one (1) existing ordinary share subdivided into ten (10) ordinary shares, with recommencement of the trading of shares on 22 January 2026. Accordingly, 100,900,626 ordinary shares were subdivided into 1,009,006,260 ordinary shares.

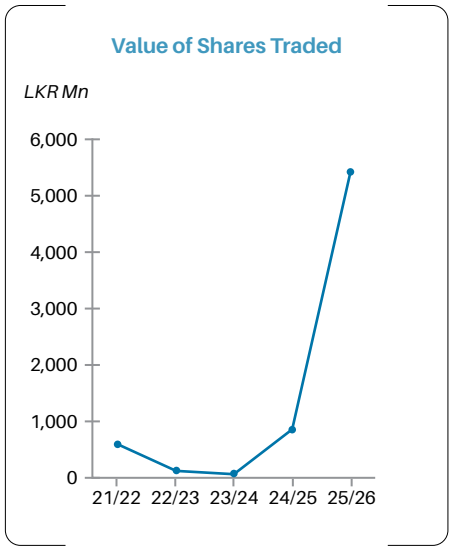
	2025/26		2024/25	
	Number of shares in '000	Value of shares in '000	Number of shares in '000	Value of shares in '000
At the beginning of the financial year	100,900,626	336,335	100,900,626	336,335
Sub-division of shares (1:10)	1,009,006,260	-	-	-
At the end of the financial year	1,009,006,260	336,335	100,900,626	336,335

9. DIRECTORS' SHAREHOLDING

Name of Director	Capacity	No. of shares as at 31 March 2026	% of total holdings	No. of shares as at 31 March 2025*	% of total holdings
Mr. Devaka Cooray	Chairman/ Non-Executive Director	4,450,000	0.441	200,000	0.198
Mr. Chanaka Yatawara	Group CEO/ Executive Director	36,961,930	3.663	3,696,193	3.663
Ms. Hiroshini Fernando	Non-Executive Director	-	-	-	-
Mr. Stuart Chapman	Non-Executive Director	-	-	-	-
Ms. Coralie Pietersz	Non-Executive Director	-	-	-	-
Mr. Thushara Jayasekara	Executive Director	-	-	-	-
Mr. Vish Govindasamy	Non-Executive Director	-	-	-	-
Mr. Arjuna Herath	Non-Executive Director	-	-	-	-
Mr. Jonathan Alles	Non-Executive Director	-	-	-	-
Mr. Buddhika Singhage	Executive Director	965,000	0.096	12,597	0.012

** Comparative figures have not been adjusted to reflect the subdivision of shares.*





TEN YEAR SUMMARY

Group

Reported as per	SLFRS / LKAS									
For the year ended	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
31 March	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Turnover	52,354,987	11,774,364	11,577,471	10,736,341	12,884,249	13,537,657	9,845,621	12,769,409	14,716,147	17,925,373
Profit before taxation	5,109,502	166,296	(244,212)	(312,436)	449,235	646,392	(547,882)	423,468	866,458	1,438,602
Income tax	(1,498,686)	(92,947)	(28,735)	181,345	(134,217)	(142,717)	138,207	12,455	(197,558)	(312,495)
Profit for the year	3,610,816	73,349	(272,947)	(131,091)	315,018	503,675	(409,675)	435,923	668,900	1,126,107
Shareholders' funds										
Stated capital	336,335	336,335	-	336,335	336,335	336,335	336,335	336,335	336,335	336,335
Capital reserve	7,272,398	6,305,579	6,051,377	5,829,573	5,822,198	5,380,532	5,258,843	4,556,009	4,556,009	2,956,382
Other components of the equity and retained earnings	9,962,268	7,001,046	7,037,536	7,462,463	7,720,749	7,583,119	7,126,266	7,986,763	7,807,783	7,449,652
Shareholders' funds	17,571,001	13,642,960	13,425,248	13,628,371	13,879,282	13,299,986	12,721,444	12,879,107	12,700,127	10,742,369
Total equity	17,571,001	13,642,960	13,425,248	13,628,371	13,879,282	13,299,986	12,721,444	12,879,107	12,700,127	10,742,369
Assets employed										
Current assets	18,646,154	14,661,142	9,453,053	9,150,304	11,030,280	9,619,928	10,957,323	10,028,771	9,392,929	10,160,553
Non current assets	13,361,588	11,397,913	10,755,272	10,007,635	9,368,539	9,134,124	9,182,450	7,984,026	7,497,571	6,762,193
Total assets	32,007,742	26,059,055	20,208,325	19,157,939	20,398,819	18,754,052	20,139,773	18,012,797	16,890,500	16,922,746
Current liabilities	(12,532,923)	(10,988,550)	(5,654,039)	(4,319,483)	(5,710,279)	(4,671,977)	(6,746,403)	(4,773,425)	(3,937,583)	(5,967,512)
Non current liabilities	(1,903,818)	(1,427,545)	(1,129,038)	(1,210,085)	(809,258)	(782,089)	(671,926)	(360,265)	(252,790)	(212,865)
Total liabilities	(14,436,741)	(12,416,095)	(6,783,077)	(5,529,568)	(6,519,537)	(5,454,066)	(7,418,329)	(5,133,690)	(4,190,373)	(6,180,377)
Net assets	17,571,001	13,642,960	13,425,248	13,628,371	13,879,282	13,299,986	12,721,444	12,879,107	12,700,127	10,742,369
Profitability										
Earnings per share (LKR)	3.58	0.07	(0.27)	(0.13)	0.31	0.50	(0.41)	0.43	0.66	1.12
Net assets per share at the year end (LKR) *	17.41	13.52	13.31	13.51	13.76	13.18	12.61	12.76	12.59	10.65
Return on average net assets (%)	20.55	0.54	(2.03)	(0.96)	2.27	3.79	(3.32)	3.38	5.27	10.48
Others										
Market price per share (LKR)	30.00	85.20	58.00	59.90	55.10	57.70	45.40	66.80	76.00	78.00
Price earnings ratio	8.38	1,172.03	(214.41)	(461.05)	176.49	115.59	(111.82)	154.62	114.64	69.89
Annual sales growth (%)	344.65	1.70	7.83	(16.67)	(4.83)	37.50	(22.90)	(13.23)	(17.90)	17.13
Current ratio (times)	1.49	1.33	1.67	2.12	1.93	2.06	1.62	2.10	2.39	1.70

* Net assets per share and Earnings per share have been calculated, for all periods, based on the net assets of the Group and number of shares in issue as at 31 March 2026.

During the year, United Motors Lanka PLC increased the number of issued ordinary voting shares by way of a sub division, and issued ten (10) ordinary voting shares for every one (1) ordinary voting share, without any change to the stated capital of the Company. Accordingly, as at 31 March 2026, the Company recorded 1,009,006,260 number of ordinary shares.

Company

Reported as per	SLFRS / LKAS									
For the year ended	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
31 March	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Turnover	25,772,176	6,333,452	6,129,073	4,940,801	5,268,274	7,187,553	5,752,104	8,105,736	9,035,974	9,637,973
Profit before taxation	2,950,737	403,850	487,451	789,333	352,526	905,876	120,969	862,314	1,668,212	1,287,680
Income tax	(749,587)	(65,547)	(131,576)	(236,817)	(79,720)	(139,237)	(3,642)	(131,949)	(211,515)	(220,869)
Profit for the year	2,201,150	338,303	355,875	552,516	272,806	766,639	117,327	730,365	1,456,697	1,066,811
Shareholders' funds										
Stated capital	336,335	336,335	336,335	336,335	336,335	336,335	336,335	336,335	336,335	336,335
Capital reserve	6,758,177	5,854,708	5,620,383	5,436,283	5,426,258	5,017,658	4,904,258	4,242,869	4,242,869	2,922,336
Other components of the equity and retained earnings	10,462,703	8,905,973	8,668,485	8,466,906	8,048,917	7,960,670	7,264,808	7,580,748	7,116,376	6,009,044
Shareholders' funds	17,557,215	15,097,016	14,625,203	14,239,524	13,811,510	13,314,663	12,505,401	12,159,952	11,695,580	9,267,715
Total equity	17,557,215	15,097,016	14,625,203	14,239,524	13,811,510	13,314,663	12,505,401	12,159,952	11,695,580	9,267,715
Assets employed										
Current assets	9,635,327	6,922,717	6,105,608	6,598,924	6,547,821	6,526,484	7,218,794	6,025,582	5,546,592	5,841,357
Non current assets	12,839,732	10,212,974	9,967,786	9,282,321	9,067,704	8,807,175	8,941,460	7,861,938	7,497,864	6,383,138
Total assets	22,475,059	17,135,691	16,073,394	15,881,245	15,615,525	15,333,659	16,160,254	13,887,520	13,044,456	12,224,495
Current liabilities	(3,340,277)	(905,324)	(436,519)	(551,877)	(1,191,266)	(1,400,601)	(2,963,664)	(1,385,824)	(1,110,928)	(2,768,298)
Non current liabilities	(1,577,567)	(1,133,351)	(1,011,672)	(1,089,844)	(612,749)	(618,395)	(691,189)	(341,744)	(237,948)	(188,482)
Total liabilities	(4,917,844)	(2,038,675)	(1,448,191)	(1,641,721)	(1,804,015)	(2,018,996)	(3,654,853)	(1,727,568)	(1,348,876)	(2,956,780)
Net assets	17,557,215	15,097,016	14,625,203	14,239,524	13,811,510	13,314,663	12,505,401	12,159,952	11,695,580	9,267,715
Profitability										
Earnings per share (LKR)	2.18	0.34	0.35	0.55	0.27	0.76	0.12	0.72	1.44	1.06
Net assets per share at the year end (LKR) *	17.40	14.96	14.49	14.11	13.69	13.20	12.39	12.05	11.59	9.18
Return on average net assets (%)	12.54	2.24	2.43	3.88	1.98	5.76	0.94	6.01	12.46	11.51
Others										
Market price per share (LKR)	30.00	85.20	58.00	59.90	55.10	57.70	45.40	66.80	76.00	78.00
Price earnings ratio	13.75	254.11	164.45	109.39	203.79	75.94	390.44	92.28	52.64	73.77
Annual sales growth (%)	306.92	3.33	24.05	(6.22)	(26.70)	24.96	(29.04)	(10.29)	(6.25)	(9.87)
Current ratio (times)	2.88	7.65	13.99	11.96	5.50	4.66	2.44	4.35	4.99	2.11

* Net assets per share has been calculated, for all periods, based on the net assets of the Group and number of shares in issue as at 31 March 2026.

INVESTOR INFORMATION

		Shares at the beginning	Issued during the year	Stated Capital (LKR)	Market Value Per Share (Last Traded Price) (LKR)
1990/91		10,000,000	-	100,000,000	23.75
1991/92		10,000,000	-	100,000,000	53.00
1992/93	Issued through Share Trust scheme to employees	10,000,000	90,266	100,902,660	35.00
1993/94	Issued through Share Trust scheme to employees	10,090,266	91,230	-	-
	Bonus issue 1:5		2,036,300	122,177,960	60.00
1994/95		12,217,796	-	122,177,960	27.50
1995/96		12,217,796	-	122,177,960	31.50
1996/97	Issued through Share Trust scheme to employees	12,217,796	53,319	-	-
	Bonus issue 1:5		2,443,560	147,146,750	32.00
1997/98		14,714,675	-	147,146,750	41.50
1998/99		14,714,675	-	147,146,750	32.50
1999/00		14,714,675	-	147,146,750	31.25
2000/01		14,714,675	-	147,146,750	28.00
2001/02		14,714,675	-	147,146,750	32.00
2002/03	Bonus issue 1:1	14,714,675	14,714,675	294,293,500	31.00
2003/04		29,429,350	-	294,293,500	28.00
2004/05		29,429,350	-	294,293,500	51.75
2005/06		29,429,350	-	294,293,500	80.00
2006/07	Bonus issue 1:7	29,429,350	4,204,192	336,335,420	80.00
2007/08		33,633,542	-	336,335,420	53.75
2008/09		33,633,542	-	336,335,420	33.50
2009/10		33,633,542	-	336,335,420	90.00
2010/11	Subdivision of shares-every existing ordinary share was subdivided into two ordinary shares	33,633,542	33,633,542	336,335,420	152.20
2011/12		67,267,084	-	336,335,420	108.00
2012/13		67,267,084	-	336,335,420	96.00
2013/14		67,267,084	-	336,335,420	123.00
2014/15	Subdivision of shares-every two existing ordinary shares were subdivided into three ordinary shares	67,267,084	33,633,542	336,335,420	88.00
2015/16		100,900,626	-	336,335,420	83.00
2016/17		100,900,626	-	336,335,420	78.00
2017/18		100,900,626	-	336,335,420	76.00
2018/19		100,900,626	-	336,335,420	66.80
2019/20		100,900,626	-	336,335,420	45.40
2020/21		100,900,626	-	336,335,420	57.70
2021/22		100,900,626	-	336,335,420	55.10
2022/23		100,900,626	-	336,335,420	59.90
2023/24		100,900,626	-	336,335,420	58.00
2024/25		100,900,626	-	336,335,420	86.10
2025/26	Subdivision of shares-every existing ordinary share was subdivided into ten ordinary shares	100,900,626	908,105,634	336,335,420	30.00

SLFRS S1 AND S2 TAXONOMY

Element to Report	Standard Reference	Page Reference
Governance		
Governance body(s) or individual(s) responsible for overseeing climate-related risks and opportunities, and how those responsibilities are reflected in relevant mandates, role descriptions and policies	SLFRS S2.6(a)(i)	84
Disclosure of how the governance body(s) or individual(s) ensures appropriate skills and competencies are available or developed to oversee climate-related strategies	SLFRS S2.6(a)(ii)	85
Disclosure of how and how often the governance body(s) or individual(s) is informed about climate-related risks and opportunities	SLFRS S2.6(a)(iii)	85
Disclosure of how the governance body(s) or individual(s) considers climate-related risks and opportunities in overseeing strategy, major transactions and risk management, including trade-offs assessed	SLFRS S2.6(a)(iv)	85
Disclosure of how the governance body(s) or individual(s) oversees climate-related targets and monitors progress, including whether performance metrics are linked to remuneration	SLFRS S2.6(a)(v)	85
Management's role in monitoring and overseeing climate-related risks and opportunities, including delegation to specific positions or Committees and how oversight is exercised	SLFRS S2.6(b)(i)	84
Disclosure of whether management uses controls and procedures to oversee climate-related risks and opportunities and how these integrate with other internal functions	SLFRS S2.6(b)(ii)	84
Strategy		
Climate-related risks and opportunities are expected to affect the entity's prospects	SLFRS S2.9(a)	85 and 86
Current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain	SLFRS S2.9(b)	86 to 91
Effects of climate-related risks and opportunities on the entity's strategy and decision-making, including its transition plan	SLFRS S2.9(c)	86 to 91
Current and anticipated effects of climate-related risks and opportunities on the entity's financial position, performance and cash flows across short, medium and long-term horizons	SLFRS S2.9(d)	86 to 91
Resilience of the entity's strategy and business model to climate-related changes and uncertainties, given identified risks and opportunities	SLFRS S2.9(e)	86 to 91
Description of climate-related risks and opportunities reasonably expected to affect the entity's prospects	SLFRS S2.10(a)	86 to 91
Classification of each identified climate-related risk as a physical risk or a transition risk	SLFRS S2.10(b)	86 to 91
Time horizon (short, medium or long term) over which each identified climate-related risk and opportunity is expected to have effect	SLFRS S2.10(c)	86 to 91
Disclosure of how the entity defines short, medium and long term, and how these align with its strategic planning horizons	SLFRS S2.10(d)	82
Current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain	SLFRS S2.13(a)	86 to 91
Location of climate-related risk and opportunity concentrations within the entity's business model and value chain, including by geography, facilities and asset types	SLFRS S2.13(b)	86 to 91
Current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities	SLFRS S2.14(a)(i)	86 to 91
Current and anticipated direct mitigation and adaptation efforts	SLFRS S2.14(a)(ii)	86 to 91
Current and anticipated indirect mitigation and adaptation efforts	SLFRS S2.14(a)(iii)	86 to 91

SLFRS S1 AND S2 TAXONOMY

Element to Report	Standard Reference	Page Reference
Climate-related transition plans, key assumptions underpinning them and dependencies they rely on	SLFRS S2.14(a)(iv)	Transitional relief
Disclosure of how the entity plans to achieve its climate-related targets, including greenhouse gas emissions targets	SLFRS S2.14(a)(v)	98
Disclosure of how the entity is resourcing and plans to resource the disclosed activities	SLFRS S2.14(b)	86 to 91
Quantitative and qualitative progress on plans disclosed in previous reporting periods	SLFRS S2.14(c)	N/a, first year of adoption
The effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects)	SLFRS S2.15(a)	86 to 91
Anticipated effects of climate-related risks and opportunities on financial position, performance and cash flows over short, medium and long term, reflecting how they are incorporated in financial planning	SLFRS S2.15(b)	86 to 91
Disclosure of climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period	SLFRS S2.16(a)	86 to 91
Climate-related risks and opportunities presenting a significant risk of material adjustment to asset and liability carrying amounts within the next annual reporting period	SLFRS S2.16(b)	86 to 91
Its investment and disposal plans including plans the entity is not contractually committed to	SLFRS S2.16(c)(i)	No investments during the year
Planned funding sources to implement the entity's climate-related strategy	SLFRS S2.16(c)(ii)	No investments during the year
Expected changes to financial performance and cash flows over short, medium and long term given the entity's climate strategy, covering low-carbon revenues, physical damage costs and adaptation or mitigation expenses	SLFRS S2.16(d)	Transitional relief
Climate resilience of the entity's strategy and business model	SLFRS S2.22 - 23	Transitional relief
Risk Management		
Processes and policies used to identify, assess, prioritise and monitor climate-related risks, including data sources, operational scope and parameters applied	SLFRS S2.25(a)(i)	92
Disclosure of and how climate-related scenario analysis informs the identification of climate-related risks	SLFRS S2.25(a)(ii)	Transitional relief
Disclosure of how the entity assesses the nature, likelihood and magnitude of climate-related risks, including criteria and factors applied	SLFRS S2.25(a)(iii)	92
Disclosure of whether and how climate-related risks are prioritised relative to other risk types	SLFRS S2.25(a)(iv)	92
Disclosure of how the entity monitors climate-related risks	SLFRS S2.25(a)(v)	92
Disclosure of whether and how risk identification and monitoring processes have changed from the previous reporting period	SLFRS S2.25(a)(vi)	First year of adoption
Processes used to identify, assess, prioritise and monitor climate-related opportunities, including use of scenario analysis	SLFRS S2.25(b)	92
Disclosure of how and to what extent processes for managing climate-related risks and opportunities are integrated into the entity's overall risk management process	SLFRS S2.25(c)	92

Element to Report	Standard Reference	Page Reference
Targets and Metrics		
Metrics relevant to cross-industry metric categories	SLFRS S2.28(a)	93 to 95
Industry-based metrics associated with the business models, activities or features of the entity's industry	SLFRS S2.28(b)	95 to 97
Targets set or required by law to mitigate or adapt to climate-related risks or pursue opportunities, including metrics used to track progress	SLFRS S2.28(c)	98
Absolute gross greenhouse gas emissions for the reporting period (metric tonnes of Co_2 equivalent), broken down as Scope 1, Scope 2 and Scope 3	SLFRS S2.29(a)(i)	93 Scope 3 - Transitional relief
Greenhouse gas emissions measured using the Greenhouse Gas Protocol (2004) unless a different method is required by a jurisdictional authority or listing exchange	SLFRS S2.29(a)(ii)	93 and 94
Approach used to measure greenhouse gas emissions	SLFRS S2.29(a)(iii)	93 and 94
Scope 1 and Scope 2 emissions for the consolidated accounting group and other investees	SLFRS S2.29(a)(iv)	93
Scope 2 greenhouse gas emissions	SLFRS S2.29(a)(v)	93
Scope 3 greenhouse gas emissions, including categories measured within scope 3 gas emissions	SLFRS S2.29(a)(vi)	Transitional relief
Climate-related transition risks	SLFRS S2.29(b)	94
Climate-related physical risks	SLFRS S2.29(c)	94
Climate-related opportunities	SLFRS S2.29(d)	95
Capital deployed towards climate-related activities	SLFRS S2.29(e)	95
Internal carbon prices	SLFRS S2.29(f)	95
Remuneration linked to climate-related performance	SLFRS S2.29(g)	95
Quantitative and qualitative climate-related targets set to monitor progress toward strategic goals, including targets required by law or regulation and greenhouse gas emissions targets	SLFRS S2.33 - 34	98

GRI INDEX

Statement of Use	United Motors Lanka PLC has reported in accordance with the GRI Standards for the year ended April 2025 to 31 March 2026.
GRI 1 Used	GRI 1: Foundation 2021

GRI Standard / Other Source	Disclosure	Location (Page)	Omission		
			Requirement Omitted	Reason	Explanation
GRI 2: General Disclosures 2021					
2-1	Organizational details	11			
2-2	Entities included in the organization's sustainability reporting	4			
2-3	Reporting period, frequency and contact point	4, 6			
2-4	Restatements of information		2-4	Not applicable	No restatements were made during the year
2-5	External assurance	5			
2-6	Activities, value chain and other business relationships	12-13			
2-7	Employees	132			
2-8	Workers who are not employees		2-8	Information unavailable / incomplete	Information will be completed and disclosed in future reporting period
2-9	Governance structure and composition	45			
2-10	Nomination and selection of the highest governance body	52			
2-11	Chair of the highest governance body	51			
2-12	Role of the highest governance body in overseeing the management of impacts	51			
2-13	Delegation of responsibility for managing impacts	49			
2-14	Role of the highest governance body in sustainability reporting	55			
2-15	Conflicts of interest	63			
2-16	Communication of critical concerns	54			
2-17	Collective knowledge of the highest governance body	48, 53			
2-18	Evaluation of the performance of the highest governance body	52			
2-19	Remuneration policies	52			
2-20	Process to determine remuneration	52			
2-21	Annual total compensation ratio		2-21	Confidentiality constraints	Confidentiality constraints relating to remuneration data

GRI Standard / Other Source	Disclosure	Location (Page)	Omission		
			Requirement Omitted	Reason	Explanation
2-22	Statement on sustainable development strategy	20, 81			
2-23	Policy commitments	51, 133			
2-24	Embedding policy commitments	59			
2-25	Processes to remediate negative impacts	86, 103, 145			
2-26	Mechanisms for seeking advice and raising concerns	145			
2-27	Compliance with laws and regulations	55			
2-28	Membership associations		2-28	Not applicable	The group held no material memberships during the year
2-29	Approach to stakeholder engagement	74			
2-30	Collective bargaining agreements		2-30	Not applicable	No collective bargaining agreements in place
GRI 3: Material Topics					
3-1	Process to determine material topics	79			
3-2	List of material topics	79			
GRI 201: Economic Performance					
3-3	Management of material topics	124			
201-1	Direct economic value generated and distributed	124			
201-2	Financial implications and other risks and opportunities due to climate change	86			
201-3	Defined benefit plan obligations and other retirement plans		201-3	Confidentiality constraints	UML does not disclose sensitive information due to confidentiality constraints in a competitive market environment
201-4	Financial assistance received from government		201-4	Not applicable	No financial assistants received from the government
GRI 205: Anti-corruption					
3-3	Management of material topics	53			
205-1	Operations assessed for risks related to corruption	53, 105			
205-2	Communication and training about anti-corruption policies and procedures	53			
205-3	Confirmed incidents of corruption and actions taken	53			

GRI INDEX

GRI Standard / Other Source	Disclosure	Location (Page)	Omission		
			Requirement Omitted	Reason	Explanation
GRI 302: Energy					
3-3	Management of material topics	154			
302-1	Energy consumption within the organization	155			
302-2	Energy consumption outside of the organization		302-2	Information unavailable / incomplete	Currently, we are not gathering information of energy consumption outside of the organization
302-3	Energy intensity	155			
302-4	Reduction of energy consumption		302-4	Information unavailable / incomplete	Information will be completed and disclosed in future reporting period
302-5	Reductions in the energy requirements of products and services		302-5	Information unavailable / incomplete	Information will be completed and disclosed in future reporting period
GRI 303: Water and Effluents					
3-3	Management of material topics	155			
303-1	Interactions with water as a shared resource	155			
303-2	Management of water discharge-related impacts	156			
303-3	Water withdrawal	156			
303-4	Water discharge		303-4	Information unavailable / incomplete	Information will be completed and disclosed in future reporting period
303-5	Water consumption	156			
GRI 305: Emissions					
3-3	Management of material topics	156			
305-1	Direct (Scope 1) GHG emissions	156			
305-2	Energy indirect (Scope 2) GHG emissions	156			
305-3	Other indirect (Scope 3) GHG emissions		305-3	Information unavailable / incomplete	Scope 3 emissions were not calculated during the year
305-4	GHG emissions intensity	156			
305-5	Reduction of GHG emissions		305-5	Information unavailable / incomplete	Information incomplete
305-6	Emissions of ozone-depleting substances (ODS)		305-6	Not applicable	Not applicable for UML's operational context
305-7	Nitrogen oxides (NO^X), sulfur oxides (SO^X), and other significant air emissions		305-7	Not applicable	Not applicable for UML's operational context

GRI Standard / Other Source	Disclosure	Location (Page)	Omission		
			Requirement Omitted	Reason	Explanation
GRI 306: Waste					
3-3	Management of material topics	157			
306-1	Waste generation and significant waste-related impacts	157			
306-2	Management of significant waste-related impacts	157			
306-3	Waste generated		306-3	Information unavailable / incomplete	Information will be completed and disclosed in future reporting period
306-4	Waste diverted from disposal		306-4	Information unavailable / incomplete	Information will be completed and disclosed in future reporting period
306-5	Waste directed to disposal		306-5	Information unavailable / incomplete	Information will be completed and disclosed in future reporting period
GRI 401: Employment					
3-3	Management of material topics	132			
401-1	New employee hires and employee turnover	132			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		401-2	Information unavailable / incomplete	Information will be completed and disclosed in future reporting period
401-3	Parental leave		401-3	Information unavailable / incomplete	Information will be completed and disclosed in future reporting period
GRI 402: Labor/Management Relations					
3-3	Management of material topics	139			
402-1	Minimum notice periods regarding operational changes	139			
GRI 403: Occupational Health and Safety					
3-3	Management of material topics	139			
403-1	Occupational health and safety management system	139			
403-2	Hazard identification, risk assessment, and incident investigation	139			
403-3	Occupational health services	139			
403-4	Worker participation, consultation, and communication on occupational health and safety	139			
403-5	Worker training on occupational health and safety	139			
403-6	Promotion of worker health	139			

GRI INDEX

GRI Standard / Other Source	Disclosure	Location (Page)	Omission		
			Requirement Omitted	Reason	Explanation
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	139			
403-8	Workers covered by an occupational health and safety management system	139			
403-9	Work-related injuries	139			
403-10	Work-related ill health		403-10	UML does not disclose salary/ remuneration rates due to confidentiality constraints	Data on work related ill health was not collected during the reporting period.
GRI 404: Training and Education					
3-3	Management of material topics	134			
404-1	Average hours of training per year per employee	134			
404-2	Programme for upgrading employee skills and transition assistance programme	134			
404-3	Percentage of employees receiving regular performance and career development reviews	134			
GRI 405: Diversity and Equal Opportunity					
3-3	Management of material topics	139			
405-1	Diversity of governance bodies and employees	139			
405-2	Ratio of basic salary and remuneration of women to men		405-2	Confidentiality constraints	UML does not disclose salary/remuneration ratios due to confidentiality constraints
GRI 406: Non-discrimination					
3-3	Management of material topics	139			
406-1	Incidents of discrimination and corrective actions taken	139			
GRI 407: Freedom of Association and Collective Bargaining					
3-3	Management of material topics	139			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	139			
GRI 408: Child Labour					
3-3	Management of material topics	139			
408-1	Operations and suppliers at significant risk for incidents of child Labour	139			

GRI Standard / Other Source	Disclosure	Location (Page)	Omission		
			Requirement Omitted	Reason	Explanation
GRI 409: Forced or Compulsory Labour					
3-3	Management of material topics	139			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	139			
GRI 413: Local Communities					
3-3	Management of material topics	146			
413-1	Operations with local community engagement, impact assessments, and development progammes.	146			
413-2	Operations with significant actual and potential negative impacts on local communities	146			
GRI 416: Customer Health and Safety					
3-3	Management of material topics	143			
416-1	Assessment of the health and safety impacts of product and service categories	143			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		416-2	Information Unavailable/ Incomplete	Information will be completed and disclosed in future reporting period
GRI 417: Marketing and Labelling					
3-3	Management of material topics	145			
417-1	Requirements for product and service information and labelling	145			
417-2	Incidents of non-compliance concerning product and service information and labelling	145			
417-3	Incidents of non-compliance concerning marketing communications	145			
GRI 418: Customer Privacy					
3-3	Management of material topics	145			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	145			

GLOSSARY

ACCOUNTING POLICIES
The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting financial statements.

ACCRUAL BASIS
Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

ACTUARIAL GAINS AND LOSSES
Is the effect of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

AMORTIZATION
The systematic allocation of cost of an intangible asset over its useful life.

AMORTIZED COST
Amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and minus any reduction for impairment or un-collectability.

CAPITAL RESERVES
Reserves identified for specific purposes and considered not available for distribution.

COLLECTIVE IMPAIRMENT
Impairment assessment on a collective basis for receivables with similar risk characteristics that are not considered individually significant and to cover losses that has been incurred but has not yet been identified at the reporting date.

CONTINGENCIES
Conditions or situations at the reporting date, the financial effects of which are to be determined by the future events which may or may not occur.

CLIMATE RELATED RISKS AND OPPORTUNITIES (CRROs)
Climate-related risks and opportunities are those arising from climate change that could reasonably be expected to affect an entity's cash flows, access to finance, or cost of capital over the short, medium, or long term.

CURRENT RATIO
Current assets divided by current liabilities.

CURRENT SERVICE COST
Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

DEFERRED TAXATION
Sum set aside for income tax in the Financial Statements that may become payable/ receivable in a financial year other than the current financial year.

DEPRECIATION
The systematic allocation of the depreciable amount as an asset over its useful life.

DIVIDEND COVER
Profit after tax divided by gross dividends. This ratio measures the number of times dividend is covered by the current year's distributable profits.

DIVIDEND PAY-OUT
Dividend per share as a percentage of the earnings per share.

DIVIDEND YIELD
Dividend earned per share as a percentage of market price of the share.

EARNINGS PER SHARE
Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue.

EFFECTIVE TAX RATE
Income tax expenses divided by profit from ordinary activities before tax.

EBITDA
Earnings before interest expenses, tax, depreciation and amortisation.

EXPECTED CREDIT LOSSES (ECLS)
ECL approach is the loan loss impairment method under SLFRS 9 on "Financial Instruments". ECLs are the discounted outcome of the probability of default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). ECL measurements are unbiased and are determined by evaluating a range of possible outcomes.

EXPOSURE AT DEFAULT
The exposure at default represent the expected exposure in the event of a default.

FAIR VALUE
The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

FINANCIAL ASSETS
Any asset that is cash, equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

FINANCIAL ASSETS MEASURED AT AMORTISED COST
A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

FVOCI include debt and equity instruments measured at fair value through other comprehensive income. A debt instrument is measured at FVOCI, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)

All financial assets other than those classified at amortised cost or FVOCI are classified as measured at FVPL. These are held for trading or managed and their performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

FINANCIAL LIABILITY

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

GEARING

Proportion of total interest bearing borrowings to capital employed.

GHG EMISSIONS

Greenhouse Gas Emissions. Gases that trap heat in the atmosphere contribute to global warming.

IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying amount.

INTANGIBLE ASSETS

An identifiable non-monetary asset without physical substance held for use in the production/supply of goods/services or for rental to others or for administrative purposes.

INTEREST COVER

A ratio showing the number of times interest charge is covered by earnings before interest and tax.

INVESTMENT PROPERTY

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use or sale.

KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

LOSS GIVEN DEFAULT

The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. Net assets value against the total exposure of the borrower is considered for the loss given default.

LIQUID ASSETS

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, Bills of Exchange and Treasury Bills and Bonds.

MARKET CAPITALISATION

Number of ordinary shares in issue multiplied by the market value of a share as at a date.

MATERIALITY

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of financial statements.

NET ASSET VALUE PER SHARE

Shareholders' funds divided by the number of ordinary shares in issue.

NON-CONTROLLING INTEREST

Equity in a subsidiary not attributable directly or indirectly to a parent.

PARENT

A parent is an entity that has one or more subsidiaries.

PRICE EARNINGS RATIO

Market price of a share divided by earnings per share as reported at that date.

PUBLIC HOLDING

Percentage of shares held by the public calculated as per the Listing Rules of Colombo Stock Exchange as of the date of the report.

PROBABILITY OF DEFAULT

The probability of default is an estimate of likelihood of borrower defaulting on its financial obligations.

RELATED PARTIES

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

RIGHT-OF-USE ASSET (ROU)

An asset that represents a lessee's right to use an underlying asset over the lease term. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred minus any lease incentives received.

SHAREHOLDERS' FUNDS

Shareholders' funds consist of stated capital, statutory reserves, capital and revenue reserves.

SPECIFIC IMPAIRMENT PROVISIONS

Impairment is measured individually for receivables that are individually significant.

SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES (SRROs)

SRROs encompass Environmental, Social, and Governance (ESG) risks and opportunities that influence an entity's long-term viability, stakeholder relationships, and financial performance. These include climate change, resource scarcity, human rights, labour practices, and governance structures.

NOTICE OF MEETING

Notice is hereby given that the Thirty-Seventh (37th) Annual General Meeting of United Motors Lanka PLC will be held on Tuesday, 30 June 2026 at 09.30 a.m. at The Kingsbury, No. 48, Janadhipathi Mawatha, Colombo 01, for the following purposes;

AGENDA

01. To receive and consider the Annual Report of the Board of Directors, the Audited Financial Statement for the year ended 31 March 2026 and the Report of the Auditors thereon.

02. To re-elect, Ms. L.K.A.H. Fernando who retires by rotation in terms of Article 83 of the Articles of Association of the Company.

03. To re-elect, Mr. V. Govindasamy who retires by rotation in terms of Article 83 of the Articles of Association of the Company.

04. To declare a final dividend of LKR 0.40 per share for the year ended 31 March 2026 as recommended by the Directors.

05. To appoint Messrs. KPMG, Chartered Accountants, as recommended by the Board of Directors as the Company's Auditors for the financial year ending 31 March 2027; and to authorize the Directors to fix their remuneration.

06. To authorize the Board of Directors to determine donations for 2026/27.

07. To consider any other business of which due notice has been given.

By Order of the Board



Ms. Rinoza Hisham
Company Secretary

Colombo
03 June 2026

NOTES

NOTES

FORM OF PROXY

I/We .....

of .....being a Shareholder/Shareholders of United Motors

Lanka PLC, hereby appoint ..... of ..... whom failing

1)	Mututantrige Parakrama Devaka Cooray	of Colombo or failing him
2)	Chanaka Yatawara	of Colombo or failing him
3)	Ladduwa Kovisge Anne Hiroshini Fernando	of Colombo or failing her
4)	Miriam Coralie Pietersz	of Colombo or failing her
5)	Thushara Banda Abeykoon Jayasekara	of Colombo or failing him
6)	Visvanathamoorthy Govindasamy	of Colombo or failing him
7)	Arjuna Herath	of Colombo or failing him
8)	Antonio Jonathan Alles	of Colombo or failing him
9)	Buddhika Pathmalal Singhage	of Colombo

as my/our proxy to represent me/us and* ..... to vote on my/our behalf at the Thirty-Seventh Annual General Meeting of the Company to be held on Tuesday, 30 June 2026 at 09.30 a.m, at The Kingsbury, No. 48, Janadhipathi Mawatha, Colombo 01, and at any adjournment thereof and at every poll which may be taken in consequence of the above said meeting.

I/We the undersigned hereby authorize my/our Proxy to vote on my/ our behalf in accordance with the preference indicated below:

	For	Against	Abstained
01. To receive and consider the Annual Report of the Board of Directors, the Audited Financial Statements for the year ended 31 March 2026 and the Report of the Auditors thereon.			
02. To re-elect, Ms. L. K. A. H. Fernando as Director of the Company.			
03. To re-elect, Mr. V. Govindasamy as a Director of the Company.			
04. To declare a final dividend of LKR 0.40 per share for the year ended 31 March 2026, as recommended by the Directors.			
05. To appoint Messrs. KPMG, Chartered Accountants, as recommended by the Board of Directors as the Company's Auditors for the financial year ending 31 March 2027; and to authorize the Directors to fix their remuneration.			
06. To authorize the Board of Directors to determine donations for 2026/27.			

Signed on this ..... day of Two Thousand and Twenty-Six.

.....
Signature/s

* If you wish your Proxy to speak at the meeting you should insert the words "to speak and" in the place indicated and initial such insertion.

Notes:
Please indicate with an "x" in the space provided how your Proxy is to vote. If there is doubt in the view of the Proxy holder (by reason of the way in which the instructions contained in the proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder shall vote as he thinks fit.

FORM OF PROXY

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the form of proxy, after filling in legibly your full name and address, and sign in the space provided. Please fill in the date of your signature.
2. If you wish to appoint any person other than the Directors as your proxy, please insert the relevant details.
3. In terms of Article 66 of the Articles of Association of the Company.
   i. In the case of an individual, shall be signed by the Appointer or by his Attorney: and
   ii. In the case of a company or a corporate body shall be either under its common seal or signed by its Attorneys or by an Officer authorized to do so on behalf of such entity.
4. In terms of Article 61 of the Articles of the Company in the case of joint-holders of a share the senior who tenders the vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
5. Duly filled forms of proxy should be sent to reach the Company via email to uml37agm2026@unitedmotors.lk or by post to the registered address of the Company - No. 100, Hyde Park Corner, Colombo 02, not less than 48 hours before the appointed hour of the meeting.

Please provide the following details (mandatory):	
NIC/PP/Company Registration Number of the shareholder/s:	
Folio No:	
E-mail address of the Shareholder/s or Proxy holder (other than a Director appointed as proxy)	
Mobile No:	
Residence/Telephone/Landline No:	

CORPORATE INFORMATION

Name of Company
United Motors Lanka PLC

Legal Form
A Public Limited Liability Company incorporated in Sri Lanka on 09 May 1989. Listed with the Colombo Stock Exchange 05 December 1989, and subsequently re-registered under the Companies Act No. 07 of 2007 on 20 August 2007.

Company Registration Number
PQ - 74

Accounting Year End
March 31

Registered Office
100, Hyde Park Corner, Colombo 02
Head Office
P.O. Box 697,
No. 100, Hyde Park Corner,
Colombo 02
Tel : 011-4696333/4
Fax : 011-2448113
www.unitedmotors.lk

VAT Registration Number
294000038 - 7000

Tax Payer Identification Number
294000038

Auditors
Deloitte Partners
Chartered Accountants
100, Braybrook Place,
Colombo 02

Registrars
Central Depository Systems (Pvt) Limited
Ground Floor,
M & M Center,
341/5, Kotte Road,
Rajagiriya

Subsidiary Companies
Unimo Enterprises Limited
U M L Heavy Equipment Limited
U M L Property Developments Limited
Dutch Lanka Trailer Manufacturers Limited
Dutch Lanka Engineering (Pvt) Limited

Bankers (in alphabetical order)
Bank of Ceylon
Commercial Bank PLC
DFCC Bank PLC
Hatton National Bank PLC
Indian Bank
National Development Bank PLC
Nations Trust Bank PLC
Pan Asia Bank PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank
State Bank of China

Board of Directors
Chairman
Mr. Devaka Cooray

Group Chief Executive Officer/ Executive Director
Mr. Chanaka Yatawara

Directors
Ms. Hiroshini Fernando
Ms. Coralie Pietersz
Mr. Thushara Jayasekara
Mr. Vish Govindasamy
Mr. Arjuna Herath
Mr. Jonathan Alles
Mr. Buddhika Singhage

Company Secretary
Ms. Rinoza Hisham

Board Audit and Risk Committee
Ms. Coralie Pietersz (Chairperson)
Ms. Hiroshini Fernando
Mr. Arjuna Herath
Mr. Jonathan Alles

Human Resources and Remuneration Committee
Mr. Arjuna Herath (Chairman)
Mr. Devaka Cooray
Ms. Hiroshini Fernando
Mr. Vish Govindasamy

Nomination and Governance Committee
Mr. Arjuna Herath (Chairman)
Mr. Devaka Cooray
Ms. Hiroshini Fernando
Mr. Vish Govindasamy

Related Party Transactions Review Committee
Mr. Jonathan Alles (Chairman)
Ms. Coralie Pietersz
Mr. Thushara Jayasekera
Mr. Vish Govindasamy

Strategy Review and Investment Committee
Mr. Vish Govindasamy (Chairman)
Ms. Hiroshini Fernando
Mr. Arjuna Herath
Mr. Jonathan Alles

Investor Relations
For investor relations and clarifications on the report, please contact:

Company Secretary,
United Motors Lanka PLC,
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Sri Lanka
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Tel : +94 4696019/6015

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