Annual Report 2025/26



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OUR VISION

To inspire the world.

OUR MISSION

To provide a complete Mind, Body and Soul experience as the premier fashion and lifestyle retailer promoting sustainable and unparalleled levels of retail experience.

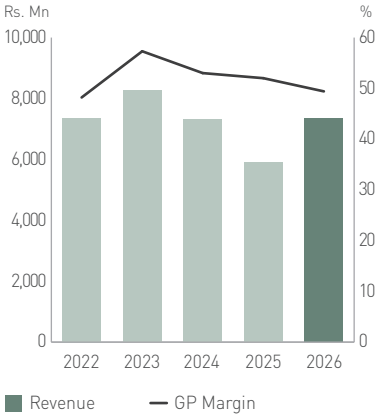
OUR VALUES

Odel is guided by strong shared values; we love, we serve, we style, we innovate, we give, we save, we enjoy and we inspire.

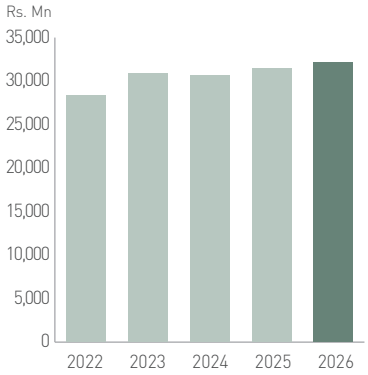
FIVE YEAR SUMMARY

Year Ended 31 st March	2026 LKR	2025 LKR	2024 LKR	2023 LKR	2022 LKR
RESULTS FOR THE YEAR					
Group Revenue	**7,344,427,376**	5,906,797,740	7,302,893,017	8,253,285,220	7,361,065,127
Results from Operating Activities	**(1,192,816,977)**	(1,502,974,014)	(730,996,543)	718,505,170	117,305,639
Finance Cost	**(2,262,956,053)**	(2,995,994,121)	(3,577,247,569)	3,396,319,455	1,546,406,126
Finance Income	**13,268,001**	12,522,145	18,607,451	12,154,271	10,437,743
Profit (loss) before tax	**(3,442,505,030)**	(5,265,245,989)	(4,266,136,660)	(2,665,660,013)	(1,418,662,744)
Profit (loss) for the year	**(2,469,246,258)**	(4,450,755,595)	(4,207,745,186)	(2,211,747,708)	(1,371,443,118)
Profit (loss) attributable to equity holders of the parent	**(2,469,246,258)**	(4,450,755,595)	(4,207,745,186)	(2,211,747,708)	(1,371,443,118)
FINANCIAL POSITION					
Non-Current Assets	**28,214,228,045**	27,521,621,592	25,076,555,661	25,211,729,093	22,444,648,776
Current Assets	**3,900,857,259**	3,907,667,899	5,594,476,991	5,668,616,243	5,918,748,731
Total Assets	**32,115,085,304**	31,429,299,491	30,671,032,652	30,880,345,336	28,363,397,507
Equity attributable to equity holders of the parent	**(4,885,402,156)**	(2,471,875,753)	(1,285,649,785)	2,909,183,022	5,413,286,738
Non-Current Liabilities	**15,285,398,096**	14,795,951,720	12,197,455,394	10,479,827,775	10,331,267,888
Current Liabilities	**21,715,089,364**	19,105,223,524	19,597,237,043	17,491,334,539	12,618,842,880
Total Equity and Liabilities	**32,115,085,304**	31,429,299,491	30,671,032,652	30,880,345,336	28,363,397,507
Total Debt	**21,631,436,523**	20,774,810,323	22,645,832,452	18,869,566,042	15,787,083,083
No. of Ordinary Shares	**538,369,934**	538,369,934	272,129,431	272,129,431	272,129,431
Gearing (%)	**129%**	114%	106%	87%	74%

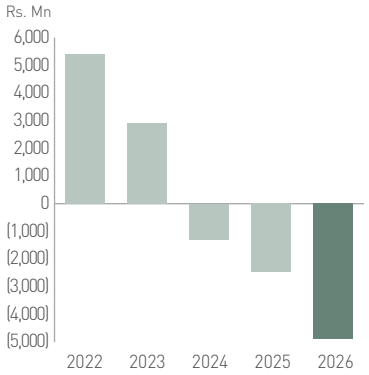
REVENUE



TOTAL ASSETS



TOTAL EQUITY



FINANCIAL HIGHLIGHTS

Year Ended 31 st March	2026 LKR	2025 LKR	Change %	2024 LKR
RESULTS FOR THE YEAR				
Group Revenue	**7,344,427,376**	5,906,597,740	24%	7,302,893,017
Results from Operating Activities	**(1,192,816,977)**	(1,502,974,014)	(21%)	(730,996,543)
Finance Cost	**(2,262,956,053)**	(2,995,994,121)	(24%)	(3,577,247,569)
Finance Income	**13,268,001**	12,522,145	6%	18,607,451
Profit / (loss) before tax	**(3,442,505,030)**	(5,265,245,989)	(35%)	(4,266,136,660)
Profit / (loss) for the year	**(2,469,246,258)**	(4,450,755,595)	(45%)	(4,207,745,186)
Profit / (loss) attributable to equity holders of the parent	**(2,469,246,258)**	(4,450,755,595)	(45%)	(4,207,745,186)
FINANCIAL POSITION HIGHLIGHTS				
Equity attributable to equity holders of the parent	**(4,885,402,156)**	(2,471,875,753)	98%	(1,285,649,785)
Total Assets	**32,115,085,304**	31,429,299,491	2%	30,671,032,652
Total Debt	**21,631,436,523**	20,774,810,323	4%	22,645,832,452
No. of Ordinary Shares	**538,369,934**	538,369,934	0%	272,129,431
Gearing (%)	**129%**	114%	13%	106%
SHAREHOLDER INFORMATION				
Earnings / (loss) per share	**(4.59)**	(8.27)	(45%)	(15.46)
Net Asset per Share	**(9.07)**	(4.59)	98%	(4.72)
Market Price as at 31st March	**12.10**	10.70	13%	13.00
Market Capitalization	**6,514,276,201**	5,760,558,294	13%	3,537,682,603

CHAIRMAN'S MESSAGE

Dear Shareholders,

It is my privilege to present the Annual Report and Audited Financial Statements of ODEL PLC for the financial year ended 31st March 2026. ODEL has played a defining role in shaping Sri Lanka's organised retail industry for over three decades. As the country's pioneering department store and the home of some of the world's most recognised fashion and lifestyle brands, we have consistently raised the standard in the industry by introducing international concepts, anticipating changing consumer preferences and creating shopping experiences that have become synonymous with the Odel brand.

The year under review marked another important chapter in that journey. As economic conditions continued to stabilise, we took further steps to strengthen the business for the future. Much of our effort over recent years has centred on making Odel a stronger, more focused organisation by reviewing our portfolio, sharpening our priorities and making disciplined decisions that will support sustainable growth over the long term. This was the year in which those efforts began to take shape, giving us renewed confidence as we look ahead.

OPERATING ENVIRONMENT

Sri Lanka's economy made a gradual recovery during the year, supported by improving macroeconomic stability and continued progress under the economic reform programme. Inflation remained under control, interest rates eased further and greater exchange rate stability helped businesses plan with more certainty. The continued recovery of tourism also brought renewed activity to the hospitality and retail sectors, particularly in Colombo, where visitor spending plays an increasingly important role.

However, organised retail continued to operate within a challenging policy environment. The expansion of Value Added Tax (VAT), together with import duties and other levies, increased the cost of imported merchandise and placed additional pressure on consumer spending. For businesses that represent authentic international brands, these factors inevitably influence pricing, competitiveness and Sri Lanka's appeal as a shopping destination. These challenges have reinforced the importance of running a disciplined business that is able to adapt quickly to changing market conditions without losing sight of its long-term direction.

JOURNEY OF TRANSFORMATION

The Company recorded Revenue of Rs. 7.3 billion, Gross Profit of Rs. 3.6 billion and incurred a Loss of Rs.2.5 billion during the year. These results reflect the prevailing market environment and the deliberate decisions we have taken over the past several years to strengthen the business before embarking on its next phase of growth. Over recent years, we have reshaped the business around a more focused portfolio, stronger brands and disciplined investment. We have carefully exited businesses that no longer aligned with our long-term direction while concentrating our resources on brands that continue to resonate with both local consumers and international visitors. This sharper focus has strengthened our relationships with leading global brand partners while enabling us to offer customers a more distinctive retail experience. It has also reaffirmed an important principle that now guides every investment we make: success is not measured by the number of stores we operate but by the strength of our brands, the productivity of our investments and the quality of the experiences we deliver.

DURING THE YEAR, WE CONTINUED REFINING OUR RETAIL PRESENCE TO ENSURE THAT OUR BRANDS REMAIN WHERE OUR CUSTOMERS INCREASINGLY CHOOSE TO LIVE, WORK AND SPEND THEIR LEISURE TIME. OUR RELOCATION FROM COLOMBO CITY CENTRE TO HAVELOCK MALL REFLECTS THAT THINKING AND REINFORCES OUR COMMITMENT TO POSITIONING ODEL WITHIN DESTINATIONS THAT OFFER STRONGER LONG-TERM POTENTIAL.

Another important milestone during the year was the completion of our Strategic Blueprint 2026–2028, which provides a clear framework for how we intend to strengthen the business over the coming years while remaining true to the values that have shaped Odel's success.

REINFORCING OUR LEADERSHIP

During the year, we continued refining our retail presence to ensure that our brands remain where our customers increasingly choose to live, work and spend their leisure time. Our relocation from Colombo City Centre to Havelock Mall reflects that thinking and reinforces our commitment to positioning ODEL within destinations that offer stronger long-term potential.

We also strengthened our flagship brand portfolio through the opening of three new Levi's flagship stores, further reinforcing one of the world's most recognised fashion brands within Sri Lanka. Looking ahead, we are equally pleased to introduce Sri Lanka's first COACH flagship store during the forthcoming financial year, adding another globally respected name to our portfolio.

These milestones demonstrate the confidence that leading international fashion houses continue to place in Odel. Over many years, we have built enduring partnerships based on trust, retail expertise and a shared commitment to maintaining international standards. Those relationships have enabled us to introduce some of the world's most respected brands to Sri Lanka while reinforcing Odel's position as the country's benchmark for premium retail.

APPRECIATION

On behalf of the Board, I extend my sincere appreciation to my fellow Directors for their guidance and support throughout another important year for the Company.

My sincere thanks also go to our management team and every member of the Odel family.

I would also like to acknowledge our international brand partners, suppliers, landlords, banking partners and every organisation that has continued to place its confidence in Odel. These enduring relationships have enabled us to introduce some of the world's most respected brands to Sri Lanka while continuing to deliver the quality and authenticity our customers expect from us.

Finally, I thank our shareholders for their continued trust and confidence. I remain confident that Odel's greatest contribution to the retail industry still lies ahead.

(Sgd.)
Ashok Pathirage
Chairman/Managing Director

CEO'S MESSAGE

TERRY O'CONNOR, OBE, REFLECTS ON FY2025/26 AND THE ROAD AHEAD

1. REFLECTING ON FY2025/26

FY2025/26 was a year of rebuilding foundations. Group revenue grew to LKR 7.3 billion during the year, a 24% increase compared to FY2024/25. Revenue increase coupled with cost rationalizations and balance sheet re-engineering, enabled to reduce the loss before tax by 35% compared to FY 2024/25. The macro-economic recovery of the country has also played a part in this growth. Sri Lanka recorded GDP growth of 5% amidst unfortunate natural disasters with a healthy inflation range generally between 2-3%. Sri Lanka managed to maintain foreign reserves in excess of USD 6 Bn throughout the year and bankers were eager to service import bills, which was of great support for the Group. But the number I would point to first is not revenue but how we generated it. We closed FY2025/26 with roughly 36 active stores across the group, less than half the 79 we operated at the 2022 peak, yet we produced a meaningfully larger share of that peak's revenue from far fewer doors. That is the defining achievement of FY2025/26: proof that our rationalization strategy converted into genuine productivity, not just cost reduction. Just as importantly, FY2025/26 closed with the completion of our Strategic Blueprint for 2026–2028, so this was the year we moved from stabilizing the business to defining, with precision, what Odel intends to become.

2. NAVIGATING THE RETAIL LANDSCAPE

Sri Lankan retail has been reshaped by two very different shocks in the years leading into FY2025/26 — the pandemic closure in 2020, which cut group sales by 35%, and the 2022–2024 forex and import-restriction crisis, which cut a further 32%. We entered FY2025/26 with a clear conviction: resilience comes from the quality of the store network, not its size. Throughout the year, we continued to prune underperforming locations, particularly within our third-party Brands portfolio, which is now down to 19 stores from a peak of 56, while limiting the revenue decrease to 6% compared to 2018. That discipline is what allowed us to stay agile and competitive during FY2025/26, even as the broader operating landscape remained challenging.

3. FINANCIAL PERFORMANCE AND VALUE CREATION

The key driver of our FY2025/26 performance was discipline, not expansion. Odel's core estate is a good illustration: down from 19 to 10 stores since its post-COVID peak yet running at 80% of 2018 revenue by the end of FY2025/26 as average sales density per store improved materially during the year. Cotton Collection told a similar story on a smaller base, with revenue per store nearly doubling since 2020 even as its footprint halved. Tenants income, largely insulated from the volatility that hits our owned retail, had shown a significant increase in the period under review. Every reopening, every renewed lease and every new brand partnership during the year was underwritten by a store productivity case first — that is how we intend to balance growth, profitability and operational discipline going forward.

4. REINFORCING THE ODEL BRAND

During FY2025/26 we focused on creating stronger emotional connections with customers through more purposeful storytelling. Our latest Season Launch reflected that shift: instead of a single seasonal drop, we told four distinct stories — Roots of Gaia, honoring the timeless, hand-touched art of block printing; The Paradise Edit, a tribute to the spirit of Sri Lanka in breathable linens and cottons; Ceylonese, inspired by the quieter moments of island life; and Renée by Odel, a celebration of modern femininity through clean, considered silhouettes. Each collection was built around a narrative customers could connect with. With a heritage now spanning more than three decades, our objective throughout FY2025/26 was to reinforce that Odel is not simply a retailer, but a trusted lifestyle destination.

FY2025/26 WAS A YEAR OF REBUILDING FOUNDATIONS. GROUP REVENUE GREW TO LKR 7.3 BILLION DURING THE YEAR, A 24% INCREASE COMPARED TO FY2024/25.

5. MERCHANDISE STRATEGY AND CONSUMER INSIGHTS

Cotton Collection is the clearest example of how we used customer insight to guide merchandising decisions during FY2025/26. Over the past several years we deliberately narrowed the format to its best-performing locations, and by the end of FY2025/26 revenue per store had grown substantially as a result — proof that a tightly curated, well-understood proposition can outperform a broader one when it is built around what customers genuinely want. That discipline was already compounding as FY2025/26 drew to a close. We also continued to strengthen relationships with many of the world's most respected brands during the year, most visibly through the expansion of our Levi's partnership, while ensuring our own proprietary brands remain relevant and differentiated.

6. ELEVATING THE CUSTOMER EXPERIENCE

Throughout FY2025/26 we continued enhancing both our physical and digital customer journeys. Across our stores, the focus was on improving presentation standards, customer service, visual merchandising and overall shopping environments, while we explored opportunities to create more seamless connections between our physical and digital channels. The broadening of our Levi's partnership, anchored by a new flagship store on Havelock Road, Colombo 05, was one of FY2025/26's clearest statements of intent on the experience front — the store came together through close collaboration between our Odel team and Levi Strauss & Co., spanning Projects, Store Design, Procurement, Visual Merchandising, Buying, Marketing and HR. There is still much work ahead, but the improvements made during FY2025/26 established a stronger platform for the year to come.

7. DIGITAL TRANSFORMATION AND RETAIL INNOVATION

While digital transformation and artificial intelligence continue to reshape retail globally, our position going into FY2025/26 was that sustainable progress begins with strong fundamentals. During the year, our focus was on improving data visibility, strengthening reporting capabilities, enhancing planning disciplines and identifying where technology can create meaningful value for customers and the business. We began the early work of building a more data-driven and AI-enabled future for Odel during FY2025/26 — from sharper demand forecasting to more precise customer segmentation — and this became one of the five pillars of the Strategic Blueprint 2026–2028 that we finalized at the close of the year: digital and data first, with customer intimacy at its centre. Looking beyond FY2025/26, we see significant opportunities to leverage analytics, automation and AI to improve decision-making, customer engagement, inventory management and organizational agility.

8. OPERATIONAL EXCELLENCE AND SUPPLY CHAIN RESILIENCE

Strong customer propositions must be supported by strong operational execution, and this was a central focus throughout FY2025/26. We worked on improving inventory productivity, strengthening supply chain resilience and enhancing the disciplines that underpin effective retail management — better forecasting, improved stock allocation, closer supplier collaboration and more rigorous performance management. The store rationalization carried out over the years leading into FY2025/26 has materially de-risked the business against the kind of import and forex shocks that hit us hardest in FY2023/24. As we look beyond FY2025/26, the Strategic Blueprint sets out an automated, age-based markdown framework designed to protect margin and improve cash conversion — tighter inventory discipline building directly on the groundwork laid this year.

9. SUSTAINABILITY AND RESPONSIBLE RETAIL

As a leading retailer, we recognise our responsibility extends beyond commercial performance alone, and FY2025/26 was the year we gave that commitment a clearer name and shape through our 'Here for Good' agenda — supporting local communities, artisans and youth, advancing environmental responsibility, and pursuing more ethical sourcing and transparent supply chains across our fashion and lifestyle categories. Throughout the year we continued advancing initiatives across environmental, social and governance priorities while strengthening the policies and practices that support responsible business conduct, and we remain committed to integrating sustainability considerations into our decision-making as we move into FY2026/27.

10. PEOPLE, CULTURE AND LEADERSHIP

No transformation is possible without great people, and FY2025/26 saw continued investment in leadership capability, talent development and organizational effectiveness — strengthening key leadership positions, enhancing accountability, and building a culture that supports both performance and innovation. It is why, when we set out to define Odel's mission during the year, we described it simply as being the Heartbeat of Fashion that Inspires, Entertains, Educates and Cares. That mission showed up throughout FY2025/26 in the small, human moments as much as the strategic ones — our teams marking National Day under the theme 'Rebuilding Sri Lanka', celebrating Valentine's Day around 'All Kinds of Love', and honoring International Women's Day under 'Give to Gain' with staff offers, awareness sessions and messages of appreciation across our stores. We also continued to invest in structured learning and development during the year, from onboarding and buddy training to sessions on self-awareness and emotional intelligence at work. I have been privileged during my first year to meet colleagues across stores, offices, warehouses, brands and support functions, and what stands out most from FY2025/26 is the passion, resilience and commitment that exists throughout the organization.

11. INNOVATION, PARTNERSHIPS AND BUSINESS EVOLUTION

FY2025/26 was shaped by a deliberate strategy of concentration over sprawl in how we manage brand partnerships. Across the Brands portfolio, we have worked with roughly 35–40 international franchise names over the years — Adidas, New Balance, Levi's, Charles & Keith, Rado, Tommy Hilfiger, Calvin Klein, Mango and others among them — and the lesson we carried into FY2025/26 was to back the partnerships that perform and adjust those that don't.

CEO'S MESSAGE

BALANCING INVESTMENT ACROSS INNOVATION, CUSTOMER EXPERIENCE, OPERATIONAL EXCELLENCE AND SUSTAINABILITY WAS THE CENTRAL TASK OF FY2025/26, AND IT IS NOW FORMALIZED IN THE STRATEGIC BLUEPRINT 2026–2028 THAT WE COMPLETED AT THE CLOSE OF THE YEAR.

Looking beyond FY2025/26, that same discipline is now funding a deliberate phase of expansion. Tommy Hilfiger is scheduled to open at Havelock City, alongside a new Calvin Klein Underwear store at One Galle Face both extending brand relationships we already know perform well within our OGF and HCM hubs. Levi's momentum continues in parallel, with further stores confirmed for Negombo and we are introducing Coach to the portfolio at One Galle Face,

On our own formats, Cotton Collection carries one of the most ambitious targets in the blueprint: we are targeting significant increase in COCO brand revenue in Q2 FY2026/27, driven by the new boutique planned for Ward Place, and a full layout overhaul at our Flagship' store designed to lift that location's revenue. We are also broadening how brands reach Odel in the first place. Our womenswear team is onboarding new consignment suppliers across occasion, trend and resort categories targeting the assortment share, while our kids and lingerie team is onboarding a further new consignment supplier by March 2027 alongside three new categories developed directly under the Odel brand. Together, these moves mark a shift from the portfolio rationalization that defined FY2025/26 to a more confident, selective phase of partnership-led growth, funded by the capital discipline built during the year and redeployed into our highest-potential stores.

12. UNDERSTANDING THE MODERN CONSUMER

What FY2025/26 confirmed, building on the years before it, is that Sri Lankan shoppers have become more deliberate — about where they shop, what they buy and which brands earn their loyalty. Segments like Cotton Collection and Luv SL, both smaller and more focused than our flagship Odel estate, proved during the year that a tightly curated offer can outperform a broad one when consumers are selective with discretionary spend. Luv SL in particular staged the strongest relative recovery of any part of the business during FY2025/26, reaching close to its pre-pandemic revenue level on a smaller, more focused footprint, as Sri Lanka's tourism recovery gathered pace through the year. These insights are directly shaping where we invest as we move into FY2026/27.

13. COMPETITIVE ADVANTAGE

What continued to differentiate Odel during FY2025/26 was the combination of a heritage spanning more than three decades with the operating discipline we rebuilt through the year — a smaller, more productive store network; a curated brand portfolio anchored by relationships like Levi's; and an increasing Tenants income base, giving us a stability that pure owned-retail peers don't have. Luv SL's tourism-linked recovery during FY2025/26 is another point of distinctiveness few competitors can match. Together, these strengths position Odel for sustained leadership in Sri Lanka's lifestyle retail sector as we carry this year's momentum into FY2026/27.

14. CREATING LONG-TERM VALUE

Balancing investment across innovation, customer experience, operational excellence and sustainability was the central task of FY2025/26, and it is now formalized in the Strategic Blueprint 2026–2028 that we completed at the close of the year. The blueprint rests on five pillars — curated and differentiated products; operational excellence with diversified revenue streams; building brands, concepts, destination and image; digital and data first with customer intimacy; and community and CSR — underpinned by a single test we set for ourselves during FY2025/26: if customers cannot see and feel our choices, we are not leading. Beyond FY2025/26, we will also measure success differently — not only revenue, but space productivity, return on investment, and brand health measures including customer Net Promoter Score and omnichannel adoption — to ensure the value we create is durable for shareholders, customers, employees, suppliers and the wider community alike.

15. THE FUTURE OF RETAIL

The trends we tracked closely throughout FY2025/26 — personalization, convenience, sustainability, technology and experience-led shopping — will only intensify. Odel is positioned to lead that transformation because of the foundations rebuilt during FY2025/26: a leaner, more productive store network; the early data and AI capability we began building during the year; and a brand that, after more than three decades, still commands genuine emotional connection with Sri Lankan consumers. The Road Map to double the revenue by FY2028/29 that we set at the close of FY2025/26 is our answer to where that future is heading, and how we intend to lead it rather than simply respond to it.

16. STRATEGIC PRIORITIES FOR FY2026/27 AND BEYOND

As we exit FY2025/26 and enter FY2026/27, our direction is guided by the Strategic Blueprint 2026–2028 finalized at the close of the year, roughly tripling our FY2025/26 base. Delivering on it will mean continued portfolio discipline built on what we learned during FY2025/26: reallocating capital toward high-growth markets by refining our location portfolio, high-value brand partnerships, modern mall experiences and the development of the iconic Odel Mall project next to Odel flag ship store at Ward Place will be our growth manifest. It will also see the automated, age-based markdown framework and new accountability measures referenced earlier. Encouragingly, the early signs from the opening months of FY2026/27 are that this direction is right: Levi's became our single largest-selling brand, growing like-for-like sales by double digit. Cotton Collection's revenue grew similarly year on year; and Odel's own core business grew strongly on top of the recovery already achieved during FY2025/26. These are early results from a three-year blueprint built on FY2025/26's foundations and give us real confidence in the choices we made during the year.

17. LEADERSHIP REFLECTION

Reflecting on FY2025/26, the leadership lesson I take from it is simple: recovery is not the same as returning to what we were. By the end of FY2025/26, Odel was a structurally different, leaner, more disciplined business and that is by design, not by accident. What will influence the next chapter most is the passion and resilience I encountered throughout FY2025/26. Running, more concentrated network well requires deeper capability per store, not less, and that has been the quiet work behind this year's numbers — work I intend to keep building on as we move into FY2026/27 and position ourselves for renewed expansion.

18. CLOSING MESSAGE

As Odel closes FY2025/26 and embarks on its next phase of growth, my message to our customers, shareholders, employees, business partners and the wider community is this: the results in this report belong to all of you. To our shareholders, thank you for your continued confidence through what has been a genuinely difficult five years for Sri Lankan retail, culminating in the disciplined recovery begun in FY2025/26. To our customers, thank you for staying with us as we reshaped where and how we serve you this year. To our employees and business partners, FY2025/26's momentum is yours as much as it is the Company's. Our ambition beyond FY2025/26 is not simply to grow back to where we were, but to build a business that is fundamentally more resilient, more productive and better positioned for whatever the next cycle brings — one defined by stronger foundations, greater agility, deeper customer connections and sustainable long-term growth.

(Sgd.)
Terry O'Connor, OBE
Chief Executive Officer

BOARD OF DIRECTORS

MR. ASHOK PATHIRAGE

Chairman/Managing Director

Mr. Ashok Pathirage, recognised as a visionary leader of Sri Lanka's corporate world, is the founding member and Chairman/Managing Director of Softlogic Group, one of Sri Lanka's leading conglomerates. He manages over 50 companies with a pragmatic vision providing employment to more than 11,000 employees. Mr. Pathirage manages and gives strategic direction to the Group which has a leading market presence in three core verticals, namely Retail, Healthcare Services and Financial Services and in three non-core verticals namely, IT, Leisure & Automobiles.

Asiri Hospital chain is the country's leading private healthcare provider which has achieved technological milestones in medical innovation and reliability in Sri Lanka's private healthcare services.

He is the Chairman/Managing Director of Softlogic Holdings PLC, Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC. He also serves as the Chairman of Softlogic Capital PLC and Softlogic Life Insurance PLC in addition to other companies of the Softlogic Group.

MR. HARESH KAIMAL

Non-Independent Non-Executive Director

Mr. Haresh Kumar Kaimal is a co founder of Softlogic Group and has served on the Board of Directors since the company's origin in 1991. He Leads the group-wide IT division, overseeing IT initiatives, infrastructure and digital transformation across its diverse businesses. Under his guidance, Softlogic has implemented major systems such as Oracle E-Business Suite and Oracle Retail applications, along with industry-specific front-end tools.

In addition to the Group wide responsibilities he is an Executive Director of Softlogic BPO Services (Pvt) Ltd, Managing Director of Softlogic Supermarkets (Pvt) Ltd, represents the Board of Directors of Softlogic Life Insuracne PLC, Softlogic Capital PLC. Asiri Hospitals Group and many other Group companies.

MR. IMRAN FURKAN

Independent Non-Executive Director

Imran advises Boards and CEOs on Strategy, Market Expansion as well as Geo Political, Economic, Climate and Technology Risk Management. Currently serving as CEO of Tresync, Australia and as Chairman, Maharaja Foods PLC, Imran is passionate about one thing - fostering collaboration. This is evidenced by his achievements in Senior management and Board Directorship roles in industries such as Finance, Health, Food, Insurance, Retail, Regulatory and Industry Bodies, IT/GBS, Education, Commodities, Media, Not for Profit and Professional Services in the Asia-Pacific region. He is Senior Independent Director of Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC, and an Independent Non-Executive Director of Softlogic Capital PLC as well as Softlogic Holdings PLC and the Diamond Life Insurance Company in Bangladesh.

He is a Board of Management member of the Lakshman Kadirgamar Institute and an Executive Committee member of The Interfaith Network (IFN), City of Greater Dandenong, Australia. He was an Independent Non-Executive Director of Trade Finance and Investments PLC in Sri Lanka. He also served as the CEO of SLASSCOM and the Sri Lanka Press Institute. Imran is a member of the Sri Lanka Institute of Directors and has also served on the Director Training Committee and Media and Public Relations Committees of the Sri Lanka Institute of Directors.

Imran is a Fellow Member of both CPA Australia and CIMA UK, has an MBA from Australia, and a BA (Hons) Sustainable Performance Management from the UK.

MR. DILAN CHRISTOSTOM

Non-Independent Non-Executive Director

Mr. Dilan Christostom is a Director Finance for Retail and Financial Services sectors of Softlogic Group. His career spans over 20 years, of which 5 years was spent overseas. He has extensive knowledge and experience in Strategy, Corporate Finance, Treasury, ERP Implementation, Insurance, Actuarial, Auditing and Accounting.

He is an Executive Director of Softlogic Retail Holdings (Pvt) Ltd, Softlogic Retail (Pvt) Ltd and Director of Cotton Collection (Pvt) Ltd. He is an Associate Member of the Association of Chartered Certified Accountants (ACCA).

DR. TREVOR MENDIS

Senior Independent Non-Executive Director

Dr. Trevor is a Strategist, Management Consultant, Banker, and a *Pracedamic* who blends his wealth of hands-on local and global exposure into the corporate world. Presently he works as Senior Management Consultant and a Member of the Board of Study for the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura.

From humble beginnings as a Junior Banker, Dr Trevor rose up in the ranks to Assistant General Manager, Corporate Planning and Business Development and Leasing in the banking industry. He has also worked at ANZ Bank, New Zealand, a Fortune 500 Company and was a Member of the Strategic Planning Committee at ANZ bank for the North Shore Region of Auckland, New Zealand. He made a *"Paradigm Shift"* from banking to the Consultancy and Academic arena in 2008 and became the Chief Executive Officer of a private university in Sri Lanka.

Since then, Dr Trevor's corporate and academic career trajectory has been phenomenal and impressive. He served as an External Consultant for the United Nations (Intl Trade Centre of Geneva) on two occasions and as a Lead Consultant for the Asian Development Bank (ADB) on many occasions in Sri Lanka. He was head hunted by the UN and the ADB on all these occasions. He has served as a Non-Executive Director and the Chairman of the Strategic Direction Committee of the Sri Lanka Insurance Corporation in 2019 purely on merit. He has been bestowed with two international awards in Singapore and India on merit for his achievements.

He was a member of the Final Panel of Judges for the annual awards organized by the Institute of Chartered Accountants and National Business Excellence Awards organized by the National Chamber of Commerce (NCC). He has addressed Research Conferences as the International Guest Speaker and Chief Guest both locally and internationally. He currently focuses on specialized arenas namely Strategic Affairs, International Trade, Corporate Governance, Re-engineering of Companies, Banking, Policy Formulation, AML, Data-driven Decision Making, Domestic Revenue Generation, Enhancement of Foreign Exchange Reserves, Socio-economic aspects, Sustainability, and Geopolitics as a Consultant and an Advisor. He has evaluated more than 1000 balance sheets across the world in his career. He possesses many unique selling propositions with unparalleled distinctive competences.

Dr. Trevor is an AIB qualified banker, with a Post Graduate Diploma in Financial Management from the Institute of Chartered Accountants in Sri Lanka. His first Master's Degree is from the Postgraduate Institute of Management, University of Sri Jayewardenepura. His second Master's Degree, (MSc in Management), is from the prestigious Massey University in Auckland New Zealand, and his Doctorate on Corporate Governance is from the University of Kelaniya.

MANAGEMENT DISCUSSION & ANALYSIS

MACROECONOMIC REVIEW

Sri Lanka continued its transition from economic recovery towards greater macroeconomic stability during the 2025/26 financial year under review. Building on the progress made in the previous year, the economy recorded GDP growth of approximately five per cent, supported by improving business confidence, continued debt restructuring efforts, progress under the IMF programme and gradual recovery in private sector credit. Inflation remained subdued for much of the year, while exchange rates remained relatively stable, creating a more predictable operating environment for businesses across the country. These developments contributed to improved consumer confidence compared to the immediate post-crisis period and provided a stronger platform for retail activity.

Despite these encouraging macroeconomic indicators, consumer behaviour did not immediately revert to pre-crisis patterns. While purchasing power improved and household spending gradually recovered, consumers remained cautious, placing greater emphasis on value, affordability and considered purchasing decisions. Discretionary spending improved compared to the previous financial year, yet promotional offers, competitive pricing and perceived value continued to play a decisive role in influencing purchasing behaviour. This shift in consumer mindset reinforced the importance of disciplined merchandising, targeted promotions and careful inventory planning across the retail sector.

Tourism remained one of the strongest contributors to the country's economic recovery. Tourist arrivals reached approximately 2.36 million during 2025, representing growth of over 15% compared to the previous year. The increase in visitor arrivals created renewed opportunities for fashion and lifestyle retailers, particularly those serving premium retail destinations.

Towards the latter part of the financial year, the retail industry also had to contend with the unexpected disruption caused by Cyclone Ditwah. Arriving at the onset of the peak festive trading season, the adverse weather conditions affected consumer mobility and retail activity during one of the industry's most important promotional periods. While the disruption was temporary, it highlighted the importance of operational agility and the ability to respond quickly to rapidly changing market conditions.

RETAIL SECTOR REVIEW

The fashion retail sector recorded a significantly improved performance during FY2025/26 compared to the previous year as macroeconomic conditions continued to stabilise and consumer confidence gradually strengthened. The operating environment was notably healthier than during the immediate post-crisis period, allowing organised retailers to rebuild momentum, improve inventory availability and resume selective investment in growth initiatives. Nevertheless, while consumer confidence improved, purchasing behaviour remained measured, with shoppers continuing to evaluate purchases more carefully and demonstrating heightened sensitivity to pricing and promotional activity.

The year also witnessed increasing competition across the retail landscape. New entrants continued to emerge within the mass-market fashion segment, while established retailers expanded their presence through both physical stores and digital channels.

Although e-commerce continued to develop during the year, online retail remained at an early stage, relative to physical store performance. Retailers continued investing in digital capabilities, improved customer experiences and omnichannel offerings, recognising that online retail represents an important long-term growth opportunity rather than a mature sales channel.

The organised retail sector nevertheless continued to face structural challenges arising from informal competition. While regulatory authorities introduced stricter customs controls and greater oversight of imports, organised retailers remained disadvantaged by operators who under-declared imports or failed to comply fully with applicable taxes and duties. These practices continued to create pricing distortions within the market and remain an ongoing challenge for compliant retailers operating within a fully regulated framework.

In terms of taxation, the duty environment remained largely stable throughout FY2025/26, with no material changes affecting the Company's core apparel and footwear business during the reporting period. However, duties applicable to selected categories including watches, sunglasses and toys increased from 20% to 30% from April 2026. Although these changes fall outside the reporting period, they are expected to increase landed costs and influence pricing strategies in the subsequent financial year.

COMPANY PERFORMANCE

Against this backdrop, ODEL delivered a strong overall performance during FY2025/26, demonstrating the benefits of a disciplined operating model centred on focused investment, portfolio optimisation and careful capital allocation. Overall business growth reached approximately 23% during the year, reflecting improving market conditions alongside the successful execution of key strategic initiatives. Growth was driven not by broad expansion, but by concentrating investments in the brands, locations and categories where the Company sees the greatest long-term potential.

Shopping malls continued to strengthen their position as preferred retail destinations, with ODEL experiencing sustained increases in customer traffic at Havelock City Mall and One Galle Face Mall. These destinations continued to outperform standalone locations, reflecting evolving consumer preferences for integrated shopping and lifestyle experiences.

International brands remained the strongest-performing segment of the fashion retail industry, supported by resilient customer demand and comparatively lower sensitivity to short-term macroeconomic fluctuations.

At the same time, private label collections benefited from changing fashion preferences, improved product development and more competitive pricing strategies, resulting in encouraging growth across locally developed brands. Retailers also continued to enhance affordability through flexible payment solutions, including Buy Now Pay Later platforms, providing consumers with greater purchasing flexibility while supporting sales conversion.

International Brands remained the strongest growth engine, recording growth of approximately 36% during the year. This performance reinforced our long-held view that premium international brands continue to attract resilient customer demand when supported by the right product availability, merchandising and supply chain execution. Improvements in supplier relationships, including more flexible payment arrangements with selected international partners, strengthened working capital management and enabled the Company to increase inventory availability across key brands.

Levi's remains one of the standout performers, with sales increasing by approximately 95% during the year. The brand's growth was supported by improved supply arrangements and continued network expansion, including the opening of a new Exclusive Brand Outlet (EBO) at One Galle Face Mall in April 2025 and the conversion of the Galleria Havelock High Street outlet into a dedicated Levi's store in March 2026.

Charles & Keith also recorded exceptional growth of approximately 77%, while US Polo, Giordano, Tommy Hilfiger and Mango delivered strong performances, validating the Company's strategy of focusing on fewer, higher-performing international brands.

During the year, ODEL also strengthened its international portfolio with the opening of a new The Body Shop Exclusive Brand Outlet at One Galle Face Mall in October 2025, further reinforcing its premium brand offering.

As part of its ongoing portfolio optimisation strategy, the Company became increasingly selective in allocating capital across its brand portfolio. Any exposure to categories where higher duties, exchange rate movements and changing consumer preferences had significantly affected commercial viability, was reduced. Investment in sports retail and luxury watches was scaled back. Going forward, the Company will concentrate its watch business around a strategic portfolio comprising brands such as Rado, Fossil, Michael Kors, Emporio Armani and Armani Exchange, where stronger long-term growth potential exists.

Private Labels also delivered encouraging results, recording growth of approximately 15% during the year. Product development was refined to better reflect changing consumer preferences, with greater emphasis placed on lighter fabrics, contemporary silhouettes, cotton and linen collections suited to Sri Lanka's climate. Pricing strategies were also recalibrated to improve affordability while maintaining quality and brand positioning. Together, these initiatives contributed to stronger customer acceptance and healthier sales performance across the proprietary brands.

The tourism-related businesses continued its recovery, recording approximately 25% growth during the year and outperforming the broader tourism sector. This performance was particularly noteworthy given that national tourism earnings increased only marginally despite significantly higher visitor arrivals, demonstrating ODEL's ability to capture greater value from the recovering tourism market through its carefully curated retail offering.

Another area of encouraging progress was the consignment business. Following the implementation of a focused business revival programme during the second half of the previous financial year, ODEL successfully strengthened relationships with new strategic partners while expanding its range across fashion, beauty, eyewear and lifestyle categories. Although overall consignment revenue increased by approximately 2% during FY2025/26, underlying momentum improved significantly, with the business recording approximately 25% growth during the fourth quarter and maintaining this positive trajectory into the new financial year. These results provide confidence that the strategic initiatives undertaken are beginning to generate sustainable long-term value.

The Company also continued to optimise its store network by prioritising productivity and long-term commercial viability over network size. During the year, operations at Kiribathgoda were discontinued while in Kandy, the Company consolidated its presence around MCC, while gradually reducing exposure at KCC, reflecting its long-term confidence in the stronger commercial potential of the former.

MANAGEMENT DISCUSSION & ANALYSIS

Gross profit margins moderated slightly during the year as the Company continued to respond to increasingly price-sensitive consumer behaviour through targeted promotional activity. While this placed modest pressure on margins, it enabled ODEL to maintain strong sales momentum, improve inventory movement and strengthen overall business growth. Continued rationalisation of stores, brands and operating costs also contributed positively to earnings by improving overall efficiency and supporting a stronger EBITDA profile.

Overall, FY2025/26 represented an important transition for ODEL. While the external environment continued to evolve, the Company remained disciplined in its investment decisions, sharpened its brand portfolio, strengthened its store network and continued to align its product offering with changing customer expectations.

CHALLENGES FACED

Despite the considerably improved macroeconomic environment, the retail industry continued to navigate a number of operational and structural challenges during the year under review. One of the defining characteristics of FY2025/26 was the continued evolution of consumer behaviour. Although household purchasing power improved as the economy stabilised, consumers remained considerably more cautious than prior to the economic crisis. Purchase decisions became increasingly value-driven, with greater emphasis placed on affordability, promotions and perceived value rather than impulse buying. This was particularly evident across discretionary retail categories, requiring retailers to carefully balance pricing, promotional activity and margin management while maintaining customer engagement.

The business also experienced a significant operational disruption during the peak festive trading period following the impact of Cyclone Ditwah. The timing of the adverse weather conditions coincided with Black Friday, traditionally one of the Company's largest trading events of the year, leading to substantially lower customer footfall across the network. Recognising the importance of the festive trading season, ODEL responded by introducing a nationwide 12:12 promotional campaign in December, which successfully recovered a significant proportion of the sales opportunities lost during Black Friday and helped restore trading momentum heading into the Christmas season.

The annual Christmas collection launch, including a fashion show at its flagship store , successfully generated renewed customer engagement. Supported by targeted bank promotions and festive campaigns, ODEL recorded approximately 30% year-on-year growth during the month of December, demonstrating the resilience of the business and its ability to respond quickly to changing market conditions.

Moreover, the changing duty environment continued to influence category performance. While there were no material duty revisions affecting the principal apparel and footwear businesses during the financial year, selected categories including watches, sunglasses, travel accessories and toys remained under pressure due to higher import duties introduced immediately after the reporting period. Although these measures were intended to address luxury imports, the application of uniform duty rates across both premium and mass-market products reduced competitiveness within several categories and influenced the Company's long-term merchandising strategy.

Accordingly, ODEL continued to rationalise its exposure to categories where higher duties, exchange rate movements and pricing pressures had materially reduced consumer demand.

The Company progressively reduced its presence within the luxury watch segment while maintaining a focused portfolio of strategically important brands. Similar adjustments were made within the sports retail category, allowing greater investment to be directed towards fashion apparel and international lifestyle brands where stronger customer demand and higher growth potential continue to exist.

The organised retail sector also continued to face longstanding challenges arising from informal competition. Although regulatory authorities introduced stronger customs controls and improved enforcement measures during the year, compliant retailers continued to compete against operators able to offer significantly lower prices through the under-declaration of imported goods and the avoidance of applicable duties and taxes. While ODEL welcomes the government's continued efforts to strengthen regulatory oversight, maintaining a level playing field across the retail sector remains an important industry priority.

Towards the close of the financial year, the operating environment also began to reflect emerging global pressures that are expected to influence the year ahead. Rising food prices, higher electricity tariffs, exchange rate volatility, supply chain disruptions and increasing freight costs began placing renewed pressure on imported merchandise. In addition, sourcing products from certain international markets became increasingly challenging due to geopolitical developments affecting shipping routes and regional logistics. While these developments had only a limited impact during FY2025/26, they are expected to influence procurement strategies, inventory planning and operating costs in the forthcoming financial year.

MARKETING

ODEL strengthened its position as Sri Lanka's leading fashion and lifestyle retailer through a marketing strategy centred on customer relevance, brand differentiation and digital engagement. As consumer purchasing behaviour continued to evolve in the post-crisis environment, the Company remained focused on building meaningful and lasting relationships with customers by delivering campaigns that reflected contemporary fashion trends while remaining authentic to the ODEL brand and its Sri Lankan heritage. Marketing initiatives were designed not only to drive sales, but also to reinforce ODEL's position as the country's preferred destination for both premium international brands and trusted local labels.

While consumers continued to demonstrate greater caution in discretionary spend, the Company observed a growing segment of fashion-conscious customers who actively sought new collections and international brands. This customer segment consistently responded positively to new product drops from brands such as Calvin Klein, Armani Exchange, Tommy Hilfiger and Mango, reaffirming the importance of maintaining a relevant and dynamic fashion portfolio with a strong focus on highly popular international high street fashion labels. This opened the door to greater access to customers in the country while also serving tourists alike.

At the same time, recognising the broader market's increased sensitivity to value, ODEL continued balancing aspirational fashion with affordable pricing, ensuring customers could continue to enjoy quality products across a wide range of price points.

Innovation was embraced as an integral component of ODEL's marketing strategy. Customer analytics and evolving digital technologies increasingly supported customer engagement across online platforms, enabling more personalised communication while enhancing the overall customer journey. Together with ongoing investments in omnichannel retailing, these capabilities continue to position the Company to meet changing customer expectations in an increasingly digital marketplace.

Brand Portfolio Strategy

A key focus during the year was the continued optimisation of the brand portfolio. Alongside its growing portfolio of internationally recognised fashion brands, ODEL continued investing in the development of its proprietary labels, including ODEL, Cotton Collection, LUV SL, ODEL Home and several specialised private labels. Together with a carefully curated range of international brands available both within its department store network and Exclusive Brand Outlets, the portfolio provides customers with an extensive lifestyle offering spanning fashion, accessories, homeware and locally inspired collections.

Cotton Collection remained a particular area of strategic focus during the year. The brand continued gaining momentum through refreshed collections developed using customer insights, evolving fashion preferences and designs suited to Sri Lanka's tropical climate. Exclusive designer collaborations, customer previews and store activations further strengthened the brand's identity, creating a distinctive lifestyle retail experience aligned with its relaxed, contemporary positioning.

The Company also continued strengthening its affordable fashion proposition through the introduction of accessible wardrobe essentials and trend-driven collections targeting younger consumers. Brands such as Biconic and WYOS were further developed to cater to Generation Z customers through contemporary styling, vibrant colour palettes and competitive price points, reinforcing ODEL's ambition to become a lifestyle destination serving customers across every stage of their daily lives.

Digital Marketing and Customer Engagement

Digital engagement remained central to ODEL's marketing strategy. Having established an early presence across digital platforms, the Company continued leveraging one of Sri Lanka's largest premium retail social media communities to strengthen customer engagement and brand visibility. Marketing campaigns increasingly reflected prevailing global fashion trends while remaining relevant to local consumer preferences, ensuring that customers experienced a retail brand comparable with leading international fashion retailers.

The Company continued investing heavily in innovative digital content, including video campaigns, influencer led collaborations and customer-generated content across platforms such as TikTok and Instagram. Collaborations with both macro and micro influencers enabled ODEL to expand its reach while authentically engaging younger audiences. These initiatives successfully supported new product launches, seasonal campaigns and promotional activities, contributing positively to customer engagement and commercial performance throughout the year.

While physical stores continued to remain the primary retail channel, the Company also maintained its commitment to developing its omnichannel capabilities. Digital commerce continues to complement the in-store shopping experience by providing customers with greater convenience and flexibility while supporting ODEL's long-term digital transformation strategy.

MANAGEMENT DISCUSSION & ANALYSIS

Customer Loyalty

Customer loyalty continued to be a key pillar in the Group's overarching retail strategy and played an increasingly important role within ODEL's marketing strategy. The Softlogic One Loyalty Programme strengthened its position as one of the country's largest integrated retail loyalty ecosystems, with membership growing above 1.2 million customers. The programme enables customers to earn and redeem loyalty points seamlessly across the wider Softlogic Group, including fashion retail, supermarkets, healthcare, restaurants and quick service dining outlets, delivering significant value while strengthening customer retention. Advanced customer analytics further enhanced the effectiveness of the programme by enabling personalised communications based on purchase behaviour, shopper preferences and transaction history. Rather than relying on broad-based promotional messaging, ODEL increasingly utilised customer insights to deliver more relevant campaigns, improving customer engagement while supporting stronger conversion rates and repeat purchases.

SPECIAL PROMOTIONS

Christmas Campaign

This year's Christmas campaign represented one of the year's flagship marketing initiatives yet again. Built around the universal themes of music, celebration and togetherness, themes that are synonymous with the end of year holiday season, the campaign combined compelling visual storytelling with an integrated festive collection that reflected the glamour and excitement of the Odel holiday season. The Christmas collection was unveiled through a high-profile fashion showcase held at the Odel Alexandra Place flagship store, attended by more than 500 invited guests, reaffirming ODEL's position as Sri Lanka's premier fashion retailer.

Despite the significant disruption caused by Cyclone Ditwah during the peak trading period, the agile promotional strategy, including the successful 12.12 campaign and targeted bank partnerships, enabled ODEL to sustain approximately 30% year-on-year growth during December, demonstrating the resilience of both the brand and its marketing strategy.

Avurudu Campaign

The Avurudu campaign celebrated Sri Lanka's harvest season by embracing authentic local storytelling and cultural identity. Drawing inspiration from the country's vibrant markets, seasonal produce and colourful landscapes, campaign visuals departed from conventional fashion photography by showcasing collections within authentic Sri Lankan settings. This creative approach reinforced ODEL's identity as a proudly Sri Lankan brand while strengthening emotional connections with customers who increasingly appreciate locally inspired narratives that are relatable and easily identifiable with everyone.

Promotional Activities

Beyond its flagship seasonal campaigns, ODEL maintained a comprehensive calendar of promotional activities throughout the year. These included Black Friday, Valentine's Day campaigns, new collection launches, tactical promotional events, bank partnerships, in-store activations and mall-wide events designed to sustain customer engagement throughout the year. Product launches, store activations and collaborative promotions with strategic partners further strengthened customer traffic while supporting brand visibility across the Company's retail network.

Brand Activations

Customer engagement was enhanced through carefully curated brand experiences that extended beyond traditional retail promotions. Cotton Collection, in particular, hosted exclusive designer previews, intimate customer events and lifestyle activations that reflected the brand's relaxed, contemporary personality. Activities such as collection previews and interactive customer experiences enabled the brand to foster deeper emotional connections while reinforcing its unique positioning within the Sri Lankan fashion landscape.

FUTURE PLANS AND STRATEGIC DIRECTION

Brand Expansion

Looking ahead, ODEL will continue strengthening its portfolio of premium international brands while maintaining its disciplined approach to portfolio optimisation. Key initiatives include the introduction of the COACH brand to the Sri Lankan market, the launch of the country's first standalone Calvin Klein Underwear store and the opening of a second standalone Tommy Hilfiger store at Havelock City Mall. These investments reflect the Company's confidence in the continued demand for globally recognised fashion brands and its commitment to expanding Sri Lanka's premium fashion landscape.

Product and Brand Development

The Company will continue strengthening both its international brand portfolio and proprietary labels by introducing collections that combine affordability, contemporary styling and strong local relevance. Product development will remain guided by customer insights, emerging lifestyle trends and changing fashion preferences, enabling ODEL to remain responsive to evolving consumer expectations while expanding its appeal across multiple customer segments.

Tourism and Retail Growth

Having confidence in the recovery of Sri Lanka's tourism sector and its potential to support retail growth, ODEL will continue working closely with tour operators while leveraging its presence

in leading shopping malls to capture a greater share of international visitor spending. The growing popularity of destination malls, together with increasing tourist arrivals, is expected to create significant opportunities for further customer acquisition and revenue growth.

Store Development

A major initiative currently underway is the comprehensive redevelopment of ODEL's ground floor retail experience at One Galle Face Mall. The redesigned layout will introduce an enhanced mix of footwear, handbags, LUV SL and other high-demand categories while improving visibility from the main atrium and strengthening accessibility for both local customers and tourists. Dedicated entrances serving tour groups arriving from the Beira Lake access point are also expected to improve customer convenience while generating stronger commercial performance from this important location.

Digital Innovation

Digital transformation will continue to underpin ODEL's future growth strategy, with further investments in customer analytics and digital technologies to enhance customer engagement, strengthen omnichannel capabilities and deliver increasingly personalised retail experiences. Supported by a carefully curated brand portfolio, a growing loyalty ecosystem and disciplined capital allocation, ODEL remains well positioned to capitalise on Sri Lanka's evolving retail landscape while creating sustainable long-term value.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL CAPITAL

Performance Review

In the fiscal year 2025/26, ODEL PLC demonstrated a creditable growth in terms of financial performance despite of challenging and volatile environment. The key highlights of the financial performance are given below.

Revenue

The company achieved a revenue of LKR 7.3 Bn in the financial year compared to the previous year's revenue of LKR 5.9 Bn reflecting a 24% growth. This growth is primarily attributed to improved macro-economic environment coupled with increased discretionary spending of customers and improved inventory availability.

Gross Profit Margins

The overall gross profit margin for 2025/26 declined to 49%, from 52% in 2024/25.

Operating Cost

Distribution expenses and administration costs witnessed increases of 45% and 2% respectively compared to the previous year. The significant increase in distribution costs is mainly due to increase investment in brand building and demand generation activities. Administration costs increase contained at 2% mainly due to the cost control efforts that the company is committed to maintain despite every other challenges.

Taxation

The statutory tax rate remained unchanged at 30% during the fiscal year 2025/26. However, the effective tax rate on the loss before tax increased to 28.27%, compared to 15.47% in the previous year. This increase is mainly attributed to the increased amount of deferred tax recognised in the current year.

Loss After Tax

Odel reported a loss after tax of LKR 2.5 billion representing a 45% decrease compared to the previous year's loss of LKR 4.4 billion. The decrease was primarily attributed to the growth in revenue and the fair value loss of LKR 778.8 million on the land attached to Odel Lanka (Pvt) Ltd. recognised in the previous financial year.

Share Information

During the fiscal year 2025/26, Odel's shares traded within a range of LKR 10.00 to LKR 16.50, closing at LKR 12.10. This marks an increase compared to the closing price of LKR 10.70 in 2024/25.

Despite the challenges faced by the company, the company has taken proactive steps to navigate these challenges with strategic roadmap. Moving forward, efforts will continue to focus on strategic analysis and planning aimed at enhancing revenue growth and optimizing profitability.

HUMAN CAPITAL

Our people remain at the heart of ODEL's success. As Sri Lanka's leading fashion and lifestyle retailer, our ability to deliver exceptional customer experiences, strengthen our brands and sustain long-term growth depends on attracting, developing and retaining talented people across every level of the organisation. During FY2025/26, we continued to strengthen our people strategy by adopting a more integrated approach to talent management, learning and development, employee engagement and workplace wellbeing across the wider Retail sector. Operating through a unified Human Resources (HR) function has enabled the sharing of best practices while ensuring consistency in people policies, development opportunities and employee experiences.

Talent Acquisition and Workforce Planning

Attracting the right talent remains fundamental to delivering the service excellence that defines the ODEL brand. During the year under review, we further diversified our recruitment strategy through a combination of digital recruitment platforms, online job portals and strategic partnerships with academic and technical institutions. These initiatives strengthened our employer brand while providing access to a broader and more diverse talent pool across the country. Participation in government-sponsored job fairs and industry recruitment programmes further supported our workforce planning initiatives.

Recognising the importance of developing a sustainable talent pipeline, recruitment efforts extended beyond Colombo through outreach programmes targeting candidates from rural communities for operational and frontline roles. Monthly walk-in interview programmes conducted primarily through ODEL and other Group retail locations enabled the Company to efficiently identify suitable candidates while maintaining a continuous pipeline of talent to support business growth.

One of the most successful initiatives introduced during the year was the Employee Referral Programme, which encourages existing employees to recommend suitable candidates from their own professional and personal networks. The programme has strengthened the quality of new hires while reinforcing employee engagement by actively involving our people in building the future workforce. Given its positive reception, the programme will continue to be expanded in the coming years.

Employee retention remained an important priority throughout the year. Regular outlet visits by HR teams, one-to-one discussions with employees and structured exit interviews provided valuable insights into workforce expectations and the factors influencing employee turnover. While overseas migration, opportunities for higher education and increasing competition for skilled retail talent continued to affect workforce mobility, these insights enabled us to introduce targeted retention initiatives while ensuring a strong succession pipeline across our retail operations.

Learning, Development and Leadership

Developing our people continues to be one of the Company's most significant long-term investments. During FY2025/26, we substantially expanded our learning and development framework, recognising that continuous learning is essential to maintaining high standards of customer service while preparing employees for future leadership opportunities. Training initiatives extended across every level of the organisation, from frontline retail associates to supervisory, management and senior leadership teams.

A key milestone during the year was the enhancement of our dedicated Training Academy, which now serves as the primary centre for employee induction and professional development. All new recruits participate in a structured induction programme covering organisational values, customer service expectations, workplace policies and operational procedures before progressing to store-level orientation programmes tailored to their specific roles. This structured onboarding process enables employees to integrate more effectively into the organisation while developing the knowledge and confidence required to succeed from the outset.

Training programmes delivered during the year covered a broad range of technical and behavioural competencies, including product knowledge, customer service excellence, retail operations, workplace health and safety, communication skills and customer engagement. Significant emphasis was also placed on strengthening leadership capability through dedicated management development programmes designed to equip supervisors and managers with the skills required to effectively lead increasingly diverse and multi-generational teams.

Among the key initiatives introduced during the year were Service Excellence Workshops, Leadership Development Programmes, Management Development Programmes, Advanced Retail Modules, Standard Operating Procedure training and assessment centres. New programmes such as Winning Customers in 10 Seconds, Emotional Intelligence, Organisational Behaviour and Stress Management were introduced to further strengthen employee capability while addressing the evolving challenges faced by today's workforce. Team-building sessions, customer orientation programmes and communication skills workshops complemented these

initiatives by reinforcing collaboration and service excellence across the organisation.

Recognising the importance of lifelong learning, we continued strengthening internal training capability through the development of internal trainers, enhanced training needs analysis and greater alignment between individual development plans and organisational requirements. Support was also extended through reimbursement of approved professional memberships and examination costs where directly relevant to employees' career development and business needs. Although a formal succession planning framework is still being developed, our leadership and management development programmes continue to strengthen the internal talent pipeline for future leadership roles.

Performance Management, Recognition and Career Development

Creating a high-performance culture requires timely recognition, meaningful feedback and opportunities for continuous improvement. Throughout the year, we continued recognising outstanding performance through Employee of the Month and Best Employee awards while further strengthening performance management processes across the organisation. Supervisors received additional coaching on conducting constructive performance discussions and providing regular feedback, enabling more consistent employee development throughout the year.

A notable initiative introduced during FY2025/26 was the Company's real-time sales recognition programme. Outstanding sales achievements are immediately recognised through dedicated communication channels involving senior management, including the Chairman and Chief Executive Officer, who personally acknowledge exceptional individual performances. This immediate recognition has become a powerful source of motivation for frontline employees, reinforcing a culture where exceptional customer service and commercial success are celebrated across the organisation.

Employee Engagement and Organisational Culture

Employee engagement remained one of the primary focus areas during the year, with a comprehensive calendar of initiatives designed to strengthen teamwork, foster collaboration and reinforce a strong sense of belonging across the wider Softlogic Group.

One of the highlights was the Softlogic Premier League Cricket Tournament, which brought together approximately 62 teams representing businesses across the Group, including ODEL. The tournament provided employees with opportunities to build relationships beyond their immediate workplaces while promoting teamwork, healthy competition and a stronger appreciation of the diversity of businesses operating within the Group.

Employees also participated in a wide variety of cultural and community initiatives including Avurudu celebrations, Poson Dansal programmes, religious observances, Women's Day, Children's Day, Independence Day and Environment Day activities. These events were organised across outlets and business locations, encouraging active participation from employees while strengthening workplace relationships and promoting an inclusive organisational culture. Employee talent programmes, art competitions for employees' children and outlet-level celebrations further reinforced engagement across the workforce.

Internal communication also continued to evolve during the year. A quarterly employee newsletter was introduced to showcase achievements, recognise outstanding performance and share important developments across the organisation. Dedicated WhatsApp communication platforms further enhanced employee connectivity by sharing training activities, achievements, celebrations and organisational updates in real time, strengthening transparency and engagement across geographically dispersed teams.

Employee Wellbeing, Health and Safety

Supporting employee wellbeing remained central to our people strategy. During the year, we further enhanced several employee welfare initiatives designed to improve work-life balance, financial wellbeing and overall quality of life. New initiatives included birthday leave, school book and shoe voucher programmes for eligible employees' children, improved hostel accommodation for outstation employees and continued enhancement of staff meal facilities based on employee feedback.

Recognising the challenges faced by new recruits relocating from outside Colombo, we introduced several practical support initiatives to assist employees during their transition into the organisation. Three daily meals are now provided from the first day of employment until employees are assigned to their respective outlets. The introduction of the Care Corner at the Company's Training Academy has also provided new recruits with access to donated clothing and other essential items, helping ease their transition while reinforcing ODEL's culture of care and inclusion.

The Company also demonstrated its commitment to employee welfare following the impact of Cyclone Ditwah. Financial assistance, dry ration packs

and other essential support were provided to employees affected by the disaster through the combined efforts of the Company and fellow employees. At the same time, employees actively participated in community support initiatives, including donations to schools and religious institutions, demonstrating the strong culture of compassion that continues to define the organisation.

Employee health and safety continued to be supported through comprehensive medical and insurance benefits, workplace health and safety training programmes and ongoing employee development initiatives designed to promote both physical and mental wellbeing across the organisation.

Digital Transformation

As part of the Group's broader digital transformation agenda, technology-driven solutions were introduced to improve operational efficiency and enhance the employee experience. During the year, the Company strengthened its online recruitment capability through an enhanced careers website, enabling candidates to explore Group-wide opportunities and submit applications digitally. Digital learning initiatives and a centralised training framework were also introduced to improve the planning, delivery and monitoring of employee development programmes.

The Company also commenced the phased introduction of AI into selected administrative HR processes, including employee evaluations, probation confirmations and routine documentation. While implementation remains ongoing, these initiatives are expected to reduce administrative workloads, improve process consistency and enable HR teams to devote greater attention to strategic people initiatives that create long-term value for the business and its employees.

Looking Ahead

As ODEL continues to strengthen its position within Sri Lanka's retail sector, our people strategy will remain focused on building organisational capability, strengthening leadership, embracing digital innovation and creating an engaging workplace where employees can realise their full potential. We will continue investing in talent acquisition, leadership development, employee wellbeing and workforce capability while fostering an inclusive, high-performance culture that supports both personal growth and sustainable business success.

CORPORATE GOVERNANCE

The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure.

Corporate Governance (CG) is a framework of rules and practices by which an organisation is directed, controlled and managed. The CG framework provides an overview of the Corporate Governance structures, principles, policies and practices of the Board of Directors of Odel PLC (Odel). At Odel, the approach to CG is guided by ethical culture, stewardship, accountability, independence, continuous improvement, oversight of strategy and risk. The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure, through which the ethical values and corporate objectives are set and plans for achieving those objectives and monitoring performances are determined. To serve the interests of shareholders and other stakeholders, the Company's Corporate Governance system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts good governance policies and practices designed to align the interests of the Board and Management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level of the organisation.

BOARD OF DIRECTORS

The Board of Directors is responsible for setting the strategic direction of the Group, safeguarding assets, managing risks and setting the tone at the top.

They have set in place governance frameworks to facilitate achievement of strategic goals and compliance with regulatory frameworks while balancing stakeholder interests. Profiles of the Directors are given on pages 10 & 11.

Directors provide annual declarations of their independence in accordance with the stipulations of the Listing Rules of the CSE and the guidelines of the Code of Best Practice. Board balance is facilitated with four Non-Executive Directors who are reputed leaders in their fields of expertise out of whom two are Independent.

They understand and appreciate the dynamism of the fashion trade and the global benchmarks. The skills, experience and standing of the individual Board members ensures sufficient deliberation on matters set before the Board and exercise of independent judgement. Directors can also seek independent professional advice when deemed necessary, for which the expenses are borne by the Group.

The role of the Board is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls facilitating effective risk management. They are collectively responsible for the following:

- Providing strategic direction and establishing performance objectives to monitor the achievement of strategic goals.
- Establishing an effective management team.
- Establishing appropriate systems of corporate governance in the Group.
- Ensuring the adequacy and effectiveness of internal controls, Code of Business Conduct and other policies to facilitate regulatory compliance and risk management.

SKILLS OF THE BOARD

Composition of the Board

Executive Chairman (1)

Senior Independent Director (1)

Independent Non-Executive Directors (2)

Non-Independent Non-Executive Directors (2)

Non-Executive Directors (4)

Committees of the Board

The Board is supported by the following committees which facilitate effective discharge of its responsibilities. Minutes of the sub-committee meetings are circulated to the Board ensuring awareness of the activities of the sub-committees by all Board members.

GOVERNANCE OF THE BOARD SUB COMMITTEES

Sub-Committee	Composition	Mandate
Audit Committee	**Mr. M.I. Furkan -** Chairman (Independent Non-Executive Director) **Mr. H.K. Kaimal** (Non-Independent Non-Executive Director) **Dr. M.W.T.A. Mendis** (Senior Independent Non-Executive Director)	Responsible for ensuring the integrity of the Company's and Group's Financial Statements, appropriateness of accounting policies and effectiveness of internal control over financial reporting. **Frequency of Meetings:** Committee meets quarterly
Remuneration Committee	**Dr. M.W.T.A. Mendis -** Chairman (Senior Independent Non-Executive Director) **Mr. H.K. Kaimal** (Non-Independent Non-Executive Director) **Mr. M.I. Furkan** (Independent Non-Executive Director) **Dr. I.C.R. De Silva** (Retired w.e.f. 24th August 2026) (Non-Independent Non-Executive Director)	Responsible for determining remuneration policy and the terms of engagement and remuneration of the Chairman, the Board of Directors and the Executive Committees. **Frequency of Meetings:** Committee meets annually.
Related Party Transactions Review Committee	**Mr. M.I. Furkan -** Chairman (Independent Non-Executive Director) **Mr. H.K. Kaimal** (Non-Independent Non-Executive Director) **Dr. M.W.T.A. Mendis** (Senior Independent Non-Executive Director) **Dr. I.C.R. De Silva** (Retired w.e.f. 24th August 2026) (Non-Independent Non-Executive Director)	To assist the Board in reviewing all related party transactions carried out by the Company and its listed companies in the Group in terms of the CSE Listing Rule 9. **Frequency of Meetings:** Committee meets quarterly
Nominations and Governance Committee (In terms of Rule 9.11 of CSE Listing Rules, the Nominations and Governance Committee was established w.e.f. 4th July 2024)	**Dr. M.W.T.A. Mendis -** Chairman (Senior Independent Non-Executive Director) **Mr. H. K. Kaimal** (Non-Independent Non-Executive Director) **Mr. M.I. Furkan** (Independent Non-Executive Director) **Dr. I.C.R. De Silva** (Retired w.e.f. 24th August 2026) (Non-Independent Non-Executive Director)	Responsible for the evaluation of the appointment of Directors to the Board of Directors and Board Committees of the Company.

CORPORATE GOVERNANCE

MEETINGS

The Board meets on a frequent basis and dates for Board meetings are determined and communicated in advance at the beginning of the year with additional meetings being scheduled whenever deemed necessary. Meeting agenda and relevant papers are circulated to all Directors at least 7 days prior to the meeting providing sufficient time for review facilitating the conduct of an effective meeting. Attendance at Board meetings and Sub Committee meetings during the year under review is given below:

Director	Board	Board Sub Committees			
		Audit Committee	HR & Remuneration Committee	Related Party Transactions Review Committee	Nominations and Governance Committee
Mr. A.K. Pathirage	3/3	-	-	-	-
Mr. H.K. Kaimal	3/3	4/4	1/1	4/4	1/1
Dr. I.C.R. De Silva (Retired w.e.f. 24th August 2026)	2/3	2/4	1/1	2/4	1/1
Mr. M.I. Furkan	3/3	4/4	1/1	4/4	1/1
Mr. D.Y. Christostom	3/3	-	-	-	-
Dr. M.W.T.A. Mendis (Appointed w.e.f. 03rd February 2026)	-	1/1	-	1/1	-

COMPANY SECRETARIES

Messrs. Softlogic Corporate Services (Pvt) Ltd. function as Company Secretaries to the Group. The Company Secretaries provide guidance to the Board as a whole and to individual Directors with regard to discharging of responsibilities. The Company Secretaries are responsible for ensuring that the Board complies with the applicable rules, regulations and procedures and all activities relating to the Board.

APPOINTMENT AND RE-ELECTION TO THE BOARD

- Directors are appointed by the Board in a structured and transparent manner.
- Appointments are made with due consideration given to the diversity of skills and experience within the Board in relation to Odel's strategic plans.
- As per the Company's Articles of Association, the Directors are not required to retire by rotation.
- As per the Company's Articles of Association, any person appointed as a Director to fill a casual vacancy as an addition to the existing Directors shall hold office until the next following Annual General Meeting and shall be eligible for election. Accordingly, the following Director appointed during the year shall we eligible for re-election:
  - Dr. M.W.T.A. Mendis.

CHAIRMAN & MANAGING DIRECTOR

The roles of the Chairman and the Managing Director are combined in one person due to the diversity of the Group's business operations.

DIRECTORS' REMUNERATION

The Remuneration Committee makes recommendations to the Board on remuneration policy and remuneration of the Chairman and Managing Director, Executive Directors, Non-Executive Directors and Key Management Personnel in line with the business goals of the Company.

The Group's Remuneration policy is designed to attract and retain talent which comprises fixed income and a variable income which is linked to their performance. Non-Executive Directors' remuneration comprises only a fixed fee and does not have any variable component. No Director is able to determine his/her own remuneration as Directors' Remuneration is a matter reserved for the Board as a whole with due consideration given to the recommendations of the Remuneration Committee of the Board.

The Report of Board Remuneration Committee is on page 40 provides further information. The aggregate remuneration paid to the Directors is disclosed in the Notes to the Financial Statements on page 75 of this Report.

SHAREHOLDER RELATIONS

Shareholder relations are managed through a structured process with multiple platforms facilitating shareholder engagement and timely dissemination of information. The Annual General Meeting is the key platform for engagement and notice of

the AGM and all relevant documents are circulated among shareholders at least 15 working days prior to the AGM. The Chairman/ Managing Director and Board of Directors and External Auditors attend the Annual General Meetings to respond to queries that may be raised by the shareholders. In addition to the AGM, shareholder engagement is also facilitated by the Group's investor relations department which maintains a continuous dialogue with shareholders through dissemination of announcements on material developments and quarterly performance. They are also a point of clarification for shareholders.

ACCOUNTABILITY AND AUDIT

Board responsibilities include presenting a balanced assessment of the Group's financial performance, position and prospects on an interim and annual basis. This Annual Report has been prepared in discharge of this responsibility and includes the following declarations/further information required by regulatory requirements and voluntary codes:

- Audited Financial Statements – pages 47 to 120.
- Statement of Directors' Responsibilities – page 46.
- Annual Report of the Board of Directors on the Affairs of the Company – page 42 to 44.
- Management Discussion & Analysis – pages 12 to 21.

The Audit Committee has oversight responsibility for monitoring and supervising financial processes to ensure integrity and accurate and timely financial reporting. It is also responsible for ensuring adequacy and effectiveness of the Internal Control and Risk Management processes and receives reports from Group Internal Audit and Group Risk Management in this regard. The Audit Committee comprises 3 Non-Executive Directors two of whom are Independent and one is Non-Independent. The Chairman of the Audit Committee is a Finance professional with extensive experience in the relevant areas whose profile is given on page 10. The Terms of Reference of the Audit Committee complies with the recommendations of the Code of Best Practice on Board Audit Committees issued by ICASL and guidelines stipulated by the SEC.

The Audit Committee is responsible for approving the terms of engagement of the external auditors including audit fees. The principal auditor has not provided any services which are stipulated as restricted by the SEC and the audit fees and non-audit fees paid by the Company to its auditors are separately disclosed on page 75 of the Notes to the Financial Statements.

The Board holds overall responsibility for determining the Group's risk appetite and implementing sound risk management and internal control systems to ensure that risk exposures are maintained within defined parameters.

The Group's internal control systems are aimed at safeguarding shareholders investments and effectively managing risks that may impact the achievement of its strategic objectives. A discussion on the Company's key risk exposures and mitigation mechanisms are given in the Risk Management Report on page 33 of this Report. The Audit Committee annually reviews the effectiveness of the Group's risk and internal control systems.

A formalised whistle-blowing policy is in place enabling employees to raise concerns anonymously on unethical behaviour, breach of regulations and/ or violations of the Group's Code of Conduct. Such complaints are investigated and addressed through a formalised procedure and brought to the notice of the Board, serving as an overriding control mechanism.

The Board Related Party Transactions Review Committee has been set up in compliance with guidelines stipulated by the CSE. Directors individually declare their relevant transactions with the Company and its subsidiaries on a quarterly basis. A formalised process is in place for identifying related party transactions and avoiding conflicts of interest. All Related Party Transactions as defined by the applicable accounting standards are disclosed on Note 32 of the Financial Statements on pages 113 to 114 of this Report.

SHAREHOLDERS

All shareholders are encouraged to attend the Annual General Meeting of the Company and vote on the resolutions which form part of the agenda in accordance with matters reserved for shareholders.

Extraordinary General Meetings are also called to inform shareholders on material developments that impact their interests and their consent is obtained for the same in accordance with the provisions of the Companies Act.

SUSTAINABILITY REPORTING

The Group continues its efforts to embed sustainability into its operations and report on how the Group manages risks stemming from economic, environmental and social factors. The Group's Annual Report is used as a platform to provide comprehensive sustainability communication to all stakeholders and this year we have enhanced the scope and coverage of our sustainability reporting by adopting a stakeholder value creation approach.

Holistic sustainability reporting is a journey and we continue to improve the reports each year in discharge of our obligations.

CORPORATE GOVERNANCE

COMPLIANCE WITH CORPORATE GOVERNANCE RULES OF THE CSE

The following disclosures are made in conformity with Section 9 of the Listing Rules of the Colombo Stock Exchange:

Principle	Compliance and Implementation	Effective Date	Status
9.1	**Applicability of Corporate Governance Rules**		
	The Company has to comply with CSE Listing Rule 9 by verifying its adherence to Corporate Governance Rules.	1st October 2023	Complied
9.2	**Policies**		
	The Company has to implement the policies below, and disclose them on the Company website along with information regarding their existence and implementation details: a) Policy on matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Policy on Risk Management and Internal Controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption	1st October 2024	Complied
9.2.2	The Company has to comply with the Internal Code of Business Conduct and ethics	1st October 2024	Complied
9.2.3 - 9.2.4	The policies have to be disclosed on the company website, and be updated on changes made to them throughout the year. All policies are accessible to shareholders upon a written request.	1st October 2024	Status in progress
9.3	**Board Committees**		
9.3.1 - 9.3.2	The Company has to maintain 4 mandatory committees required by CSE listing rules. a) Nominations and Governance Committee b) Remuneration Committee c) Audit Committee d) Related Party Transactions Review Committee The composition, responsibilities, and disclosures required in respect of the above Board committees have been disclosed.	1st October 2023	Complied
9.3.3	The Chairperson of the Board of Directors is not the Chairperson of any Board Committees referred to in Rule 9.3.1 above.	1st October 2024	Complied

Principle	Compliance and Implementation	Effective Date	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	The Company must maintain information required by 9.4.1 and the required information has been provided to the CSE and/or the SEC upon request.	1st October 2023	Complied
9.4.2	The company shall have established a policy to effectively communicate with shareholders and investors, which is outlined in both the Annual Report and on the website. Additionally, a designated contact person must be provided for communication purposes. This policy should ensure that all Directors are informed of any significant concerns or issues raised by shareholders. Furthermore, these concerns must be transparently addressed in the Annual Report and on the website.	1st October 2023	Complied
9.5	**Policy on matters relating to the Board of Directors**		
9.5.1	The Company has to adopt policies, along with information regarding the Board composition, the roles of the Chairperson and CEO, as well as other requirements as per Rule No 9.5.1	1st October 2023	Complied
9.5.2	The Company has to adopt the Policy on matters relating to the Board of Directors.	1st October 2023	Complied
9.6	**Chairperson and CEO**		
9.6.1 – 9.6.4	The roles of Chairperson and CEO are occupied by distinct individuals; however as the Chairperson of the Company is not a Non-Executive Director the Company has designated a Senior Independent Director (SID)	1st October 2023	Complied
9.7	**Fitness of Directors and CEOs**		
9.7.1 – 9.7.2	Every member of the Board should be a fit and proper person to act as Director, CEO/MD as specified in the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3	1st October 2023	Complied
9.7.3 – 9.7.5	The Entity shall ensure that the Board of Directors are fit and proper to act as a Director.	1st April 2024	Complied
9.8	**Board Composition**		
9.8.1 - 9.8.2	The Board of Directors should consist of a minimum of 05 Directors and a 1/3 of the Board should be independent.	1st October 2024	Complied
9.8.3 - 9.8.4	The criteria for determining independence should be disclosed.	1st October 2023	Complied
9.8.5	Directors have to submit the formal declaration of independence annually. The Board has to review these annual declarations and other available information to verify adherence to the criteria for assessing independence.	1st October 2023	Complied
9.9	**Alternate Director**		
	The Company should follow the requirements in appointing an Alternate Director.	1st January 2024	No Alternate Directors appointed during the period.
9.10	**Disclosures relating to Directors**		
9.10.1	The maximum no. of Directorships should be in line with the policy on matters relating to the Board of Directors as per Rule No 9.5.1	1st October 2023	Complied
9.10.2	The company should set out an immediate Market Announcement when making new appointments to the Board setting out the required information on the new appointment.	1st October 2023	Complied

CORPORATE GOVERNANCE

Principle	Compliance and Implementation	Effective Date	Status
9.10.3	An immediate Market Announcement should be made with regard to the changes to the composition of the Board and Board Committees referred to in Rule 9.3	1st October 2023	Complied
9.10.4	Director information required as per Rule No. 9.10.4 has to be disclosed in the Annual Report.	1st October 2023	Complied
9.11	**Nominations and Governance Committee**		
9.11.1-9.11.3	The Company should have a Nominations and Governance Committee and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board. The Committee should operate under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2024	Complied
9.11.4	Composition of the Committee: The Nominations and Governance Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Independent Non-Executive Director. An Independent Director should serve as the Chairperson. The committee composition must be disclosed in the Annual Report.	1st October 2024	Complied
9.11.5	Functions of the Committee: The Committee must fulfil its duties by evaluating and recommending Director appointments, establishing selection criteria, reviewing the Board's structure, and updating governance policies in accordance with the stipulations outlined in Section 9.11.5, thereby ensuring compliance with regulatory requirements. The re-elections and new appointments have to be disclosed.	1st October 2024	Complied
9.11.6	Disclosures: During the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows. a) The names of Chairperson, Committee members and Directors; b) Committee appointment date; c) Nominating Director policy existence; d) Directors' periodic re-election requirement; e) Board diversity disclosure; f) Effective Director appointment policy demonstration; g) Re-elected Directors' details; h) Board and CEO performance evaluations; i) Independent Directors' awareness on major issues relating to the entity; j) New Directors' induction on governance; k) Annual updates on governance for Directors; l) Directors' independence confirmation; m) Listing Rules compliance statement, non-compliance explanation, and remedial actions.	1st October 2024	Complied

Principle	Compliance and Implementation	Effective Date	Status
9.12	**Remuneration Committee**		
9.12.1 – 9.12.5	The Company should have a Remuneration Committee and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her remuneration. The Committee should operate under a set of written terms of reference that clearly outline its scope, authority, duties, and requirements for meeting quorum. Refer Remuneration Committee Report	1st October 2023	Complied
9.12.6	Composition of the Committee: The company operates with a separate Remuneration Committee. The Remuneration Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Independent Non-Executive Director. An Independent Director serves as the Chairperson. Refer Remuneration Committee Report	1st October 2024	Complied
9.12.7	Functions of the Committee: The committee should recommend and assess the relevance of the remuneration payable to the Executive Directors of the Company.	1st October 2023	Complied

9.12.8	Disclosures:
	
	The Company should disclose that during the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows.
	
	a) Chairperson and members of the Remuneration Committee and their Directorships.
	
	b) Statement on remuneration policy.
	
	c) Aggregate remuneration of Executive and Non-Executive Directors.
	
	For (a) and (b) refer Committee Report
	
	For (c) refer Financial Statement disclosure
		1st October 2023	Complied

9.13	**Audit Committee**		
9.13.1	The Audit Committee of the Company shall perform the Audit and Risk Functions set out in Rule 9.13.	1st October 2023	Complied
9.13.2	The Committee has to operate under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2023	Complied
9.13.3	Composition of the Committee: The Audit Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Independent Non-Executive Director. During the year the Committee should compulsorily meet quarterly. Unless otherwise determined by the Audit Committee, the Chief Executive Officer and the Chief Financial Officer shall attend by invitation. The Chairperson of the Committee shall be a member of a recognized professional accounting body.	1st October 2024	Complied

Principle	Compliance and Implementation	Effective Date	Status
9.13.4	Functions of the Committee: The committee should oversee the entity's compliance with financial regulations, reviewing financial statements and accounting policies, recommending external auditor appointments, ensuring assurance on financial records and risk management, overseeing compliance with auditing standards and risk management, evaluating risk policies, taking corrective actions on excessive risks, reviewing audit effectiveness, establishing policies for external auditor engagement, justifying auditor changes when necessary, and promptly reporting breaches to the Board and relevant authorities.	1st October 2024	Complied
9.13.5	Disclosures: 1) Audit Committee Report. 2) Disclosure requirement: a) Chairperson and Audit Committee members' details. b) Risk management status for Listed Entity and Group. c) CEO and CFO assurance statement. d) Compliance opinion on financial reporting requirements. e) Confirmation of Audit Charter existence. f) Summary of internal audit method. g) Details of functions discharged for the financial year. h) Confirmation of external auditors' independence. i) Auditor independence determination and engagement details. Refer Audit Committee Report.	1st October 2024	Complied
9.14	**Related Party Transactions Review Committee**		
9.14.1	The Company possesses a Related Party Transactions Review Committee and conforms to the requirements set out in Rule 9.14 of these Rules. The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2023	Complied
9.14.2	Composition of the Committee: The Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Independent Non-Executive Director. An Independent Director shall serve as the Chairperson.	1st April 2024	Complied
9.14.3	Functions of the Committee: The Company has to set up a Related Party Transactions Review Committee to oversee such transactions, with the aim of safeguarding shareholders' interests and preventing abuse by Directors, CEOs, or Substantial Shareholders. The rules prioritise the economic and commercial substance of transactions over the legal form or technicalities. The committee is tasked with establishing and maintaining clear policies, procedures, and processes for identifying, clarifying, and reporting related party transactions across the Company's operations. Refer the Related Party Transactions Review Committee Report.	1st October 2023	Complied

Principle	Compliance and Implementation	Effective Date	Status
9.14.4	General requirements: The Committee shall meet quarterly, ensuring thorough documentation of meeting minutes for the Board of Directors. Committee members shall have access to adequate expertise to evaluate proposed transactions, seeking professional advice when necessary. Approval from the Board of Directors is required for reviewed transactions as mandated by Rule 9.14.4. Directors with personal interests in such matters must abstain from participation and voting during relevant Board Meetings. Refer the Related Party Transactions Review Committee Report	1st October 2023	Complied
9.14.5 – 9.14.6	The Related Party Transactions Review Committee, shall review all related party transactions, while also considering any material changes to previously reviewed transactions under Rule 9.14.5. They may assess transaction details, and Director independence, and may establish guidelines for ongoing deals, conducting annual compliance reviews. The Company shall obtain shareholder approval in the way of a special resolution when related party transactions listed in 9.14.6 occur.	1st October 2023	Complied
9.14.7	Disclosures: The non-recurrent related party transactions which exceeded the aggregate value of 10% of the Equity or 5% of the Total Assets, the latest related party transactions which exceeded aggregate value of the 10% of the Equity or 5% of the Total Assets, the subsequent non-recurrent related party transactions which exceeded 5% of the Equity of the entity shall be disclosed by an immediate market announcement in accordance with rule 9.14.7. Refer the Related Party Transactions Review Committee Report.	1st October 2023	Complied
9.14.8	Disclosures in the Annual Report: The transactions in the aggregate value of the non- recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Company, as per the latest Audited Financial Statements shall be disclosed in the Annual Report in the given format in rule 9.14.8.	1st October 2023	Complied
9.14.9	Acquisition and Disposal of Assets from/to related parties except for transactions in 9.14.10 shall follow the requirements as per rule 9.14.9.	1st October 2023	Complied
9.14.10	Exempted Related Party Transactions: The Company shall note the definition given under exempted related party transactions when determining the related party transactions of the Company.	1st October 2023	Complied

CORPORATE GOVERNANCE

Principle	Compliance and Implementation	Effective Date	Status
9.16	**Additional disclosures**		
	i) The Board of Directors shall disclose all material interests in Entity contracts and refrain from voting on such matters. Please refer Annual Report of the Board of Directors	1st October 2023	Complied
	ii) The Board shall review internal controls and obtain reasonable assurance of effectiveness and any inability to declare shall be explained. Please refer Annual Report of the Board of Directors	1st October 2023	Complied
	iii) The Board shall stay informed about applicable laws, rules, and regulations. Refer Annual Report of the Board of Directors	1st October 2023	Complied
	iv) The Board shall disclose instances of non-compliance and material fines in Entity-operated jurisdictions. Refer Annual Report of the Board of Directors	1st October 2023	Complied

RISK MANAGEMENT

1. INTRODUCTION TO RISK MANAGEMENT

Risk refers to the probability or threat of loss, liability, or other adverse events arising from internal or external vulnerabilities that could hinder the achievement of organizational objectives. In essence, risk represents exposures that, if unmanaged, may negatively impact the company's ability to deliver its strategic goals.

Risk Management is the structured process of identifying, analysing, evaluating, monitoring, and prioritizing these vulnerabilities, followed by the implementation of coordinated strategies to minimize their likelihood or impact. Such strategies may include adopting policies, procedures, and practices that mitigate exposure, transferring risks to external parties, reducing adverse outcomes, or, where possible, avoiding the risk entirely.

The Board of Directors holds ultimate responsibility for ensuring that risk is managed effectively and that business developments remain aligned with the Group's risk appetite and long-term objectives. The Board Audit Committee (BAC) monitors the effectiveness of internal controls in partnership with senior management, the Group Head of Audit & Risk, the Head of Internal Audit - Retail Sector, and the internal audit team.

The company applies a risk ranking methodology to identify and prioritize key risks specific to its operations. This approach helps determine which risks require immediate attention in developing mitigation strategies. Risks are assessed based on both their likelihood of occurrence and potential impact, ensuring that resources are directed toward the most critical exposures.

As one of Sri Lanka's leading lifestyle and fashion retailers, the company benefits from a portfolio of strong internal brands and the broader synergies of Softlogic Holdings' diversified business interests. This leadership position exposes the company to a broad spectrum of risks as well as opportunities. For effective management, these risks are broadly categorized into below key areas,

Types of Corporate Risk

FINANCIAL RISK

- Fluctuation in currency rates
- Interest rates
- Stock prices

STRATEGIC RISK

- Changing customer preferences
- Competition
- Brand reputation

ECONOMIC RISK

- Fluctuation in import duty
- Exchange rates
- Political instability

TECHNOLOGICAL RISK

- Technology changes
- Cybersecurity threat
- System failures

REGULATORY RISK

- Change in regulations
- Environmental laws
- Labor laws

OPERATIONAL RISK

- Contract noncompliance
- Supply chain issues
- Quality problems

RISK MANAGEMENT

2. THE PROCESS OF RISK MANAGEMENT

Defining the risk	Management defines risks as strategic, operational and financial
Risk Assessment	Risks are assessed based on their potential impact on business activity, financial position, and reputation. A "level 1" risk is negligible while a "level 5" risk is catastrophic. The likelihood & impact of risks are assessed, considering controls in place to address them. A scale of 1 to 5 is used, where indicates "Rare" and 5 is "Almost certain", despite the controls in place.
Risk Response	Appropriate actions are taken to align with risk tolerance and risk appetite. Based on the significance of the risk, decisions are taken appropriately to manage the risk by accepting, reducing, sharing or avoiding it. Risk responses received from process owners are identified in relation to establish objectives are also documented & reviewed.
Control Activities	Corporate Management/Functional heads implement the identified risk response action plans while the Internal Audit follow up take place to ensure the effectiveness of managing those risks. This is inclusive of process walk throughs, review of internal control gaps, spot check coverages.
Monitoring & Reporting Risks	Documentation and reporting are a key role in monitoring risks. The internal audit reports and management letters of external auditors are regularly communicated to the management of the company and the Board Audit Committee (BAC). This committee comprise of three Non-Executive Directors who will assess the adequacy of the internal control strength and effectiveness of risk management framework & advise senior management for any improvement

3. RISK ASSESSMENT MATRIX

The below Risk Matrix is used for our risk assessment on the Likelihood and Impact of a specific type of event, the output is a probability weighted impact.

		Likelihood				
		1. Rare	2. Unlikely	3. Possible	4. Likely	5. Almost certain
Impact	5 Catastrophic	Medium	High	Critical	Critical	Critical
	4 Major	Medium	High	High	Critical	Critical
	3 Moderate	Low	Medium	High	High	Critical
	2 Minor	Low	Medium	Medium	High	High
	1 Negligible	Low	Low	Low	Medium	Medium

Risk: ● High ● Medium ● Low

Risk Category	Risk	Risk Grade	Risk Management Strategies
Capital Structure / Going Concern	Sustained losses, negative net assets and significant net current liabilities heighten going-concern risk and constrain financial flexibility.	●	Management continues to focus on strengthening operating cash flows, improving profitability and reducing fixed operating costs. Debt restructuring, capital strengthening and other funding alternatives are pursued to improve financial sustainability. Cash-flow forecasts and scenario assessments are used to evaluate the Group's ability to meet its obligations.
Liquidity & Refinancing Risk	Significant current liabilities and reliance on borrowings create continuing liquidity and refinancing pressure.	●	Cash flows are closely monitored through rolling forecasts to identify funding requirements. Discussions with lending institutions continue to extend maturities, restructure repayment obligations and improve the borrowing profile. Working capital, inventory and supplier settlements are actively managed to preserve liquidity.
ODEL Mall - Funding & Execution Risk	The ODEL Mall project requires significant funding and is exposed to construction, funding, cost and project completion risks.	●	The project scope has been rationalized, with the primary focus and funding directed towards Zone 1, while the apartment component has been converted into rentable office space. The revised project cost is Rs. 6.1 Bn, with funding expected through office-space pre-sales and external equity participation. Construction of Zone 1 has re-commenced, while the remaining Zone 2 land is retained for future development.
Profitability / Operating Leverage	Continuing losses and relatively high fixed operating costs may adversely affect profitability and operating cash flows.	●	Store-level profitability is regularly reviewed and underperforming outlets have been rationalized to reduce fixed costs. Product mix optimization, targeted promotions, productivity initiatives and cost-control measures are implemented to improve margins and strengthen operating cash flows.
Working Capital & Supplier Settlement Risk	High short-term obligations and the need to maintain adequate inventory create pressure on working capital and supplier relationships.	●	Inventory purchasing and replenishment are aligned with demand and available working capital. Supplier settlements are managed according to business requirements and liquidity, while procurement and inventory management are continuously reviewed to improve stock turnover and preserve cash resources.
Related Party Risk	Significant related-party balances create concentration, settlement and governance risks.	●	Related-party transactions and balances are subject to established approval and monitoring procedures. Management and Treasury monitor settlement arrangements and their impact on liquidity, while the Related Party Transactions Review Committee provides oversight of material transactions.

RISK MANAGEMENT

Risk: ● High ● Medium ● Low

Risk Category	Risk	Risk Grade	Risk Management Strategies
Interest Rate & Borrowing Risk	Significant borrowings expose the Group to high finance costs and fluctuations in interest rates, affecting profitability and cash flows.	●	Management continues to negotiate the restructuring, repricing and extension of borrowing facilities. Treasury monitors interest-rate movements, borrowing costs, repayment schedules and covenant requirements, while debt restructuring and refinancing initiatives are undertaken to reduce short-term repayment pressure.
Equity & Capital Raising Risk	Dependence on external equity participation and capital restructuring creates execution, dilution and investor-confidence risks.	●	Management continues to evaluate external equity participation, strategic partnerships and other capital-raising alternatives. Capital allocation is prioritized towards initiatives capable of generating sustainable cash flows, while transparent communication with investors and regulators is maintained regarding material funding initiatives.
Listing / Regulatory & Capital Market Risk	The Group's Watch List status arising from going-concern matters creates the risk of trading suspension and adverse capital-market consequences if the underlying matters are not resolved within the applicable timeframe.	●	Management continues to implement the remedial action plan communicated to the Colombo Stock Exchange and monitors progress against agreed timelines. Regular communication is maintained with the CSE and relevant stakeholders, while the Board and Board Audit Committee monitor the resolution of the underlying financial matters and regulatory compliance.
Cybersecurity & Information Technology Risk	Cyber threats, system failures and unauthorized access may disrupt retail operations, compromise customer information and result in financial or reputational damage.	●	Cybersecurity controls, system access management, monitoring and data protection practices are strengthened to reduce exposure. Staff awareness and system recovery arrangements are maintained to support business continuity in the event of technology disruptions.
Inventory Valuation / Obsolescence	Changing fashion trends and slow-moving inventory may result in markdowns, write-offs, margin pressure and increased working capital requirements.	●	Demand forecasting and regular aged stock reviews are used to optimize inventory levels. Clearance and promotional activities are used to improve stock turnover and minimize markdowns.
E-Commerce Competition	Increasing competition from online platforms may place pressure on pricing, customer acquisition, convenience and product availability.	●	The Group continues to strengthen its digital presence, online product availability and targeted digital marketing to enhance customer reach and competitiveness.
Lease & Occupancy Risk	Significant lease and occupancy commitments increase fixed operating costs and may reduce profitability where store performance is weak.	●	Store profitability and occupancy costs are regularly reviewed, with rental renegotiation, resizing or closure considered for underperforming locations.
Global Supply Chain Risk	Supply chain disruptions, shipping delays, freight cost increases and geopolitical developments may affect merchandise availability and margins.	●	Supplier and sourcing arrangements are diversified, while shipment planning and inventory management are strengthened to minimize supply disruptions.

Risk: ● High ● Medium ● Low

Risk Category	Risk	Risk Grade	Risk Management Strategies
Macroeconomic & Consumer Demand Risk	Inflation, changes in purchasing power, taxation, import duties and consumer confidence may adversely affect discretionary spending and demand for fashion and lifestyle products.	●	Flexible pricing, promotional campaigns and loyalty programmes are used to respond to changing consumer demand and maintain customer traffic.
Foreign Currency Risk	Foreign exchange fluctuations may increase the cost of imported merchandise and place pressure on gross margins.	●	Foreign currency exposures are monitored, while sourcing diversification and appropriate pricing measures are used to mitigate the impact of exchange-rate movements.
Tourism Dependency Risk	Changes in tourist arrivals and tourist spending patterns may affect premium and lifestyle retail sales.	●	Tourism-focused promotions to attract international customers, while the domestic customer base continues to be strengthened.
Fashion Trend Adaptation Risk	Rapid changes in consumer preferences may result in product obsolescence, markdowns and reduced margins.	●	Customer preferences and sales trends are monitored to optimize product selection and replenishment, while promotional activities are used to manage slow-moving products.
Human Capital Risk	Employee turnover and shortages of suitably skilled personnel may affect customer service, operational efficiency and business continuity.	●	Training, employee development and recognition programmes are implemented to support employee retention and service quality.
Strategic Expansion & New Business Risk	Expansion through new stores and development of the B2B business may create execution, investment, market acceptance and working capital risks.	●	New store and B2B initiatives are progressively developed, with performance, customer demand and financial returns monitored to support sustainable expansion.
Regulatory & Compliance Risk	Changes in tax, customs, labour, consumer protection, environmental and other regulations may increase operating costs or require changes to business processes.	●	Applicable laws, regulations and CSE Listing Rules are monitored, with policies and procedures updated where necessary to maintain compliance.
Customer Experience Risk	Inconsistent customer service, product availability or store experience may adversely affect customer satisfaction, repeat purchases and brand loyalty.	●	Customer service standards, store ambience and product availability are continuously enhanced, with customer feedback used to identify improvement opportunities.
Sustainability / ESG Risk	Failure to meet evolving environmental, social and governance expectations may affect reputation, stakeholder confidence and long-term competitiveness.	●	Sustainability considerations are incorporated into sourcing, packaging and operational practices, while ESG-related requirements and stakeholder expectations are monitored.
Reputational Risk	Negative publicity, customer complaints, unethical conduct or control failures may adversely affect the ODEL brand and stakeholder confidence.	●	Ethical conduct, customer service and compliance policies are maintained, while significant complaints and incidents are reviewed and addressed promptly.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

PURPOSE

The purpose of the Related Party Transactions Review Committee is to conduct an appropriate review of Odel Group's related party transactions and to ensure that interests of shareholders and other stakeholders are considered when engaging in related party dealings, hence preventing Directors, Key Management Personnel or substantial shareholders taking advantage of their positions. The Committee ensures adherence to the Rule 9 of the Listing Rules and guided by the Code of Best Practices on related party transactions issued by the Securities & Exchange Commission of Sri Lanka (SEC) and CA Sri Lanka. The Committee states opinions in accordance with the charter of the Related Party Transaction Review Committee. It reviews the charter and policies while making recommendations to the Board as and when deemed necessary.

COMPOSITION

The Related Party Transactions Review Committee comprises two Independent Non-Executive Directors, including the Chairperson, and One Non-Independent Non-Executive Director.

- Mr. M.I. Furkan – Independent Non-Executive Director – Chairman (Appointed as the Chairman w.e.f. 03rd February 2026)
- Mr. H.K. Kaimal – Non-Independent Non-Executive Director – Member
- Dr. M.W.T.A. Mendis – Senior Independent Non-Executive Director – Member (Appointed w.e.f. 03rd February 2026)
- Dr. I.C.R. De Silva – Non-Independent Non-Executive Director – Member (Retired w.e.f. 24th August 2026)

The Chief Financial Officer attended all meetings by invitation. Softlogic Corporate Services (Pvt) Ltd, serves as Secretaries to the Committee.

ATTENDANCE AT MEETINGS

Name	Meeting Attendance
Mr. M.I. Furkan	4/4
Mr. H.K. Kaimal	4/4
Dr. M.W.T.A. Mendis (Appointed w.e.f. 03rd February 2026)	1/1
Dr. I.C.R. De Silva (Retired w.e.f. 24th August 2026)	2/4

ROLES AND RESPONSIBILITIES

1. Reviewing in advance all proposed related party transactions of the Company in compliance with the Code.
2. Adopting policies and procedures to review related party transactions of the Group and reviewing and overseeing existing policies and procedures.
3. Determining whether related party transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the respective Companies.
4. If related party transactions are ongoing (recurrent related party transactions) the Committee establishes guidelines for senior management to follow in its ongoing dealings with the relevant related party.
5. Ensuring that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.
6. If there is any potential conflict in any related party transaction, the Committee may recommend the creation of a special committee to review and approve the proposed related party transaction.
7. Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.

REVIEW OF THE RELATED PARTY TRANSACTIONS DURING THE YEAR

The Committee reviewed all proposed Related Party Transactions of Odel PLC and scrutinised such transactions to ensure that they are no less favorable to the Group than those generally available to an unaffiliated third party in a similar circumstance. The activities of the Committee have been communicated to the Board quarterly through tabling minutes of the meeting of the Committee at Board Meetings. Relevant disclosures have been made to the Colombo Stock Exchange in compliance with regulations. Details of Related Party Transactions entered by the Group during the above period are disclosed in Note 32 to the Financial Statements.

During the year, there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange.

The Committee adopted the policies and procedures and aligned with CSE Listing Rules when reviewing the Related Party Transactions.

The deceleration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on pages 30 to 31 of the Annual Report.

(Sgd.)
Mr. M.I. Furkan
Chairman
Related Party Transactions Review Committee

31 August 2026

REPORT OF THE AUDIT COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee, appointed by and responsible to the Board of Directors, comprises three members. The Committee is made up of members who bring their varied expertise and knowledge to effectively carry out their duties. Members of the Committee at year end are;

- Mr. M.I. Furkan – Independent Non-Executive Director - Chairman
- Mr. H.K. Kaimal – Non-Independent Non-Executive Director - Member
- Dr. M.W.T.A. Mendis – Senior Independent Non-Executive Director - Member (Appointed w.e.f. 03rd February 2026)
- Dr. I.C.R. De Silva – Non-Independent Non-Executive Director – Member (Resigned from the Committee w.e.f. 11th February 2026)

The functions of the Audit Committee are governed by an Audit Committee Charter, which is reviewed annually.

OBJECTIVES AND ROLE OF THE AUDIT COMMITTEE

The main objective of the Audit Committee is to assist the Board of Directors to perform its duties effectively and efficiently. Accordingly, the objectives of the Audit Committee can be described in detail as follows:

- Oversee the financial reporting process and determine that the financial reports present accurate, complete and timely financial information.
- Monitor the effectiveness of the Company's risk management processes and the internal control system.
- To assess the independence of the External Auditor and monitor the performance of Internal and External Auditors.
- To recommend to the Board the appointment of External Auditors.

MEETINGS

The Committee held 4 meetings during the year under review. The Chief Financial Officer and the Head of Internal Audit – Retail Sector attended these meetings by invitation.

ATTENDANCE AT MEETINGS

Name	Meeting Attendence
Mr. M.I. Furkan	4/4
Mr. H.K. Kaimal	4/4
Dr. M.W.T.A. Mendis (Appointed w.e.f. 03rd February 2026)	1/1
Dr. I.C.R. De Silva (Resigned from the Committee w.e.f. 11th February 2026)	2/4

SUMMARY OF ACTIVITIES

Financial Reporting

The Committee reviewed the Financial Reporting System to determine the accuracy and timeliness of the Financial Statements published. The Committee also reviewed the interim and year-end Financial Statements prior to publication, in order to determine that the statutory requirements have been complied with and the Company's Accounting Policies have been consistently applied.

INTERNAL AUDIT

The Committee monitored the effectiveness of the Internal Audit Function and the implementation of the recommendations made by the Internal Audit.

EXTERNAL AUDIT

In all instances, the Audit Committee obtained relevant declarations from relevant key officials stating that the respective financial statements are in conformity with the applicable Accounting Standards, Company Law, and other Statutes including Corporate Governance Rules and that the presentation of such Financial Statements are consistent with those of the previous quarter or year as the case may be and listing any departures from financial reporting, statutory requirements, and Group policies, if any.

Messrs. Ernst & Young, has been the appointed External Auditors on the Company for a period of 21 years and Mr. B.E Wijesuriya Partner, the current appointed engagement Partner has been engaged for the independent audit review of the Company for three years. The Audit Committee has obtained a statement from Messrs. Ernst & Young, confirming their independence and objectivity in accordance with Section 163 (3) of the Companies Act No. 07 of 2007 throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. This confirmation pertains to the audit of the Statement of Financial Position, and the related Statements of Income, Changes in Equity, and Cash Flows of the Company and the Group.

CONCLUSION

Based on the review of reports submitted by the External and Internal Auditors, the information obtained from management, the Committee having examined the adequacy and effectiveness of the internal controls which have been designed to provide a reasonable but not absolute assurance to Directors that the assets of the Company are safeguarded, is satisfied that the financial position of the company is regularly monitored and that steps are being taken to continuously improve the control environment maintained within the Company.

The Audit Committee determined that Messrs Ernst & Young are independent on the basis that they do not participate in any management activity of the company and do not provide any non-audit services to the company and recommended to the Board of Directors that Messrs Ernst & Young be reappointed as statutory Auditors for the financial year ending 31st March 2027, subject to approval by the Shareholders at the forthcoming Annual General Meeting.

(Sgd.)
Mr. M.I. Furkan
Chairman
Audit Committee

31 August 2026

REPORT OF THE REMUNERATION COMMITTEE

PURPOSE

The principal purpose of the Committee is to consider, agree and recommend to the Board a remuneration policy that is aligned with its long-term business strategy, objectives, risk appetite, values and the long term interests of the Group whilst also recognising the interests of stakeholders. The responsibilities of the Committee are laid out in its written Terms of Reference (TOR).

COMMITTEE COMPOSITION AND MEETING

The Remuneration Committee consists of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The members of the Remuneration Committee as at 31st March 2026 and the attendance at the meeting held is as below:

ATTENDANCE AT MEETINGS

Name	Meeting Attendence
Dr. M.W.T.A. Mendis - Chairman Senior Independent Non-Executive Director (Appointed w.e.f. 03rd February 2026)	-
Mr. H.K. Kaimal – Member Non-Independent Non-Executive Director	1/1
Mr. M.I. Furkan – Member Independent Non-Executive Director	1/1
Dr. I.C.R. De Silva – Member Non-Independent Non-Executive Director (Retired w.e.f. 24th August 2026)	1/1

The Committee spent time understanding the interaction of remuneration and culture of the organisation and how the Company's remuneration structures influence the chosen strategic behaviours of the Company. The Committee performed a comprehensive review of the Company's executive remuneration offering in order to optimise the structure of package to enhance competitiveness.

REMUNERATION PACKAGE OF DIRECTORS

a) Remuneration of Directors
No remuneration is paid to Non-Executive Directors other than the Directors' fees paid based on their participation at Board meetings and other Sub-Committee meetings.

b) Retirement Benefits
Non-Executive Directors are not entitled to retirement benefits.

c) Share Option Plans for Directors
The Company does not have a share option plan for Directors.

d) Personal Loans for Directors
No Director is entitled to Company loans.

Total fees and remuneration paid to all Directors including the Managing Director and the Chairman are disclosed in Note 7 on page 75 in this report.

THE YEAR AHEAD

The Remuneration Committee will continue to monitor the remuneration policy to ensure that it is correctly aligned with the Group's strategy. The Committee's policy aims to properly reward performance in line with the Company's business objectives and growth to enrich shareholder value.

(Sgd.)
Dr. M.W.T.A. Mendis
Chairman
Remuneration Committee

31 August 2026

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee of ODEL PLC was established by the Board of Directors of the Company and reports directly to the Board.

SCOPE

The Nominations and Governance Committee was established to ensure the Board's oversight and control over the selection of Directors. The committee has the authority to discuss the issues under its purview and report back to the Board of Directors with recommendations, enabling the Board to take a decision on the matter. The Committee focuses on the following objectives in discharging its responsibilities;

- To implement a procedure to select Directors to the Board.
- Provide advice and recommendations to the Board or the Chairman on any such appointment.
- To ensure that the Directors are fit and proper persons to hold office.
- To consider and recommend the re-election of current Directors, taking into account the performance and contribution made by them towards the overall discharge of the Board's responsibilities.
- A member of the Committee opts out in decisions relating to his/her own appointment.

COMPOSITION

The Nominations and Governance Committee of ODEL PLC was established on 4th July 2024 and comprised the following Directors as at 31st March 2026.

- Dr. M.W.T.A. Mendis – Senior Independent Non-Executive Director – Chairman (Appointed w.e.f. 03rd February 2026)
- Dr. I.C.R. De Silva – Non-Independent Non-Executive Director
- Mr. H.K. Kaimal – Non-Independent Non-Executive Director – Member
- Mr. M.I. Furkan – Independent Non-Executive Director – Member

The Composition of the Nominations and Governance Committee was re-constituted on 24th August 2026 as follows;

- Dr. M.W.T.A. Mendis – Senior Independent Non-Executive Director – Chairman
- Mr. H.K. Kaimal – Non-Independent Non-Executive Director – Member
- Mr. M.I. Furkan – Independent Non-Executive Director – Member

MEETINGS

The Nominations and Governance Committee shall meet once each year or as and when required. The Committee's attendance at meetings is provided below:

Name	Meeting Attendence
Dr. M.W.T.A. Mendis (Appointed w.e.f. 03rd February 2026)	-
Mr. H.K. Kaimal	1/1
Mr. M.I. Furkan	1/1
Dr. I.C.R. De Silva (Retired w.e.f. 24th August 2026)	1/1

CONCLUSION

The Committee continues to work closely with the Board of Directors in relation to the structure, size and composition of the Board ensuring the diversity and balance of skills, knowledge and experience.

The Committee is satisfied that the representation of skills, knowledge and experience on the Board is appropriate for the Company's current needs at Board level.

(Sgd.)
Dr. M.W.T.A. Mendis
Chairman
Nominations and Governance Committee

31 August 2026

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Odel PLC have pleasure in presenting to the members, their report together with the Audited Financial Statements of the Company and the Audited Consolidated Financial Statements of the Group for the year ended 31st March 2026.

GENERAL

Odel PLC is a Public Limited Company which was incorporated under the Companies Act No. 17 of 1982 as a Private Limited Company on 31st October 1990, re-registered under the Companies Act No. 7 of 2007 on 05th September 2008, converted to a Public Limited Liability Company on 24th February 2010, and listed on the Colombo Stock Exchange on 04th August 2010. The name of the Company was changed to Odel PLC on 12th October 2010 reflecting its listed status.

The Company was initially registered in the Diri Savi Board of the Colombo Stock Exchange and transferred to the Second Board due to non-compliance with the minimum public holding requirement. The Company is currently on the Watch list of the Colombo Stock Exchange due to emphasis of matter on Going Concern contained in the Audited Financial Statements for the year ended 31st March 2024 and 31st March 2025. The Securities & Exchange Commission (SEC) has granted a deferment of the trading suspension of the securities of the Company until 30th June 2027 and an official statement to that effect has been made to Colombo Stock Exchange (CSE) vide disclosure dated 14th August 2026.

PRINCIPAL ACTIVITIES AND NATURE

The principal activity of the Company during the year was fashion retailing offering its customers a total shopping experience. There have been no significant changes in the activities of the company during the year under review.

FUTURE DEVELOPMENTS

An indication of likely future developments is set out in the Chairman's Review on pages 4 to 5.

PERFORMANCE REVIEW

The Financial Statements reflect the state of affairs of the Company and the Group. This report forms an integral part of the Annual Report of the Board of Directors.

FINANCIAL STATEMENTS

Section 168 (b) of the Companies Act requires that the Annual Report of the Directors include financial statements of the Company, in accordance with Section 151 of the Companies Act and Group financial statements for the accounting period, in accordance with Section 152 of the Companies Act. The requisite Financial Statements of the Company are given on pages 47 to 120 of the Annual Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.
A statement in this regard is given on page 46.

AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on pages 47 to 51 of the Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are given on pages 63 to 72 of the Annual Report. There was no change in the accounting policies adopted from the previous year.

PROPERTY, PLANT & EQUIPMENT

The details and movement of property, plant and equipment during the year under review is set out in Note 10 to the Financial Statements on pages 79 to 86.

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of property, plant and equipment for the Company and the Group amounted to Rs. 108 Mn (2025 – Rs. 222 Mn) and Rs. 1,339 Mn (2025 – Rs. 1,296 Mn) respectively. Details of capital expenditure and their movements are given in Notes 10 & 12 to the Financial Statements on pages 79 to 90 of the Annual Report.

RESERVES

The reserves for the Company and Group amounted to Rs. 3,674 Mn (2025 – Rs. (408) Mn) and Rs. (10,916) Mn (2025 – Rs. (8,502) Mn) respectively. The movement and composition of the Capital and Revenue reserves is disclosed in the Statement of Changes in Equity.

DONATIONS

During the year, there are no donations made by the Company and Group (2025 – Rs. 1.3 Mn).

STATED CAPITAL

The stated capital of the Company as at 31st March 2026 was Rs. 6,030,335,731 represented by 538,369,934 shares. There was no change in the stated capital of the Company during the year under review.

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL PERFORMANCE

No circumstances have arisen, and no material events have occurred after the date of the Statement of Financial Position, which would require adjustments to, or disclosure in the accounts other than those disclosed in Note 34 to the Financial Statements.

TAXATION

The information relating to income tax and deferred taxation is given in Notes 8 & 9 to the Financial Statements.

DIVIDENDS

No dividend was paid out from the profit of current financial year.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all taxes, duties and levies payable by the Company and the Group, all contributions, levies and taxes payable on behalf of, and in respect of, the employees of the Company and the Group, and all other known statutory dues as were due and payable by the Company and the Group as at the date of the Statement of Financial Position have been paid or, where relevant provided for.

RELATED PARTY TRANSACTIONS

Transactions of related parties (as defined in LKAS 24 – Related Parties Disclose) with the Company are set out in Note 32 to the Financial Statements. There are no related party transactions which exceed the threshold of 10% of the equity or 5% of the total assets, whichever is lower in relation to non-recurrent related party transactions or 10% of the gross revenue in relation to recurrent related party transactions except for the information disclosed in the Related Party Transaction Committee Report is in compliance with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.

DIRECTORATE

The following Directors held Office during the year under review. The biographical details of the Board members are set out on pages 10 to 11.

Mr. A.K. Pathirage (Chairman/ Managing Director)
Mr. H.K. Kaimal
Dr. I.C.R. De Silva (Retired w.e.f. 24th August 2026)
Mr. M.I. Furkan
Mr. D.Y. Christostom
Dr. M.W.T.A. Mendis (Appointed w.e.f. 03rd February 2026)

FIT AND PROPER ASSESSMENT CRITERIA OF THE BOARD OF DIRECTORS

The Directors hereby confirm that the Directors of the Company satisfy the Fit and Proper Assessment Criteria stipulated in Section 9.7 of the Listing Rules of the Colombo Stock Exchange for the year.

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company are as follows:

Name of Director	No of Shares as at 31/03/2026	No of Shares as at 31/03/2025
Mr. A.K. Pathirage	96,584	96,584
Mr. H.K. Kaimal	-	-
Dr. I.C.R. De Silva (Retired w.e.f. 24th August 2026)	-	-
Mr. M.I. Furkan	-	-
Mr. D.Y. Christostom	-	-
Dr. M.W.T.A. Mendis (Appointed w.e.f. 03rd February 2026)	-	-

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company for the financial year ended 31 March 2026 was Rs. 30,925,000 (2025 – Rs. 26,206,000).

The remuneration of the Directors is determined by the Board.

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

Directors' interests in contracts, both direct and indirect are referred to in Note 32 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

INTERESTS REGISTER

The Interests Register is maintained by the Company as per the Companies Act No. 07 of 2007. All Directors have disclosed their interests pursuant to Section 192(2) of the said Act.

MINIMUM PUBLIC HOLDING AS A CONTINUOUS LISTING REQUIREMENT

The Company is currently looking at all options available and steps to be adopted by the Company to comply with the Minimum Public Holding Requirement which will be notified in due course.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

SHAREHOLDERS' INFORMATION

The distribution of shareholders is indicated on page 122 of the Annual Report. There were 4,968 registered shareholders as at 31 March 2026 (31 March 2025 – 4,968).

SHARE INFORMATION

Information on share trading is given on page 121 of the Annual Report.

INTERNAL CONTROL

The Directors are responsible for the governance of the Company including the establishment and maintenance of the Company's system of internal control. Internal control systems are designed to meet the particular needs of the organization concerned and the risk to which it is exposed and by their nature can provide reasonable, but not absolute assurance against material misstatement or loss. The Directors are satisfied that a strong control environment is prevalent within the Company and that the internal control systems referred to above are effective.

RISK MANAGEMENT

The Group's risk management objectives and policies and the exposure to risks, are set out in pages 33 to 37 of the Annual Report.

CORPORATE GOVERNANCE

The report on Corporate Governance is given on pages 22 to 32 of the Annual Report.

The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.

The Company complied with all applicable laws and regulations in conducting its business and has not engaged in any activity contravening the relevant laws and regulations.

Officers responsible for ensuring compliance with the provisions in various laws and regulations, confirm compliance in each quarter to the Board Audit Committee.

All endeavours have been made to ensure that shareholders in each category have been treated equitably in accordance with the original Terms of Issue.

The business is a Going Concern with supporting assumptions or qualifications as necessary, and the Board of Directors has reviewed the Company's Corporate/ Business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the Company are prepared based on the Going Concern assumption.

The Board of Directors has conducted a review of internal controls covering financial, operational and compliance controls, risk management and has obtained a reasonable assurance of their effectiveness and proper adherence.

The Company has complied with the Listing Rules issued by CSE. Refer pages 26 to 32 for measures taken and compliance status.

THE AUDITORS

The Board Audit Committee reviews the appointment of the external auditors, as well as their relationship with the Group, including monitoring the Group's use of the auditors for non-audit services and the balance of audit and non-audit fees paid to the auditors.

The Auditors of the Company, Messrs Ernst & Young, Chartered Accountants were paid Rs. 4,126,335 as audit fees for the financial year ended 31 March 2026 (2025 – Rs. 2,121,370) by the Company. Details of which are given in Note 7 to the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the Company that would have an impact on their independence. The Auditors also do not have any interest in the Company.

Having reviewed the independence and effectiveness of the external auditors, the Audit Committee has recommended to the Board that the existing auditors, Messrs. Ernst & Young, Chartered Accountants be re-appointed. Ernst & Young have expressed their willingness to continue in office and ordinary resolution re-appointing them as auditors and authorizing the Directors to determine their remuneration will be proposed at the forthcoming AGM.

GOING CONCERN

The Directors having assessed the environment within which it operates, the Board is satisfied that the Company and the Group have adequate resources to continue its operations in the foreseeable future.

Therefore, the Directors have adopted the going-concern basis in preparing the financial statements. Refer Note 2.2 in page 60 in the financial statements.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Tuesday, 29th September 2026 at 10.00 a.m. The Notice of the Annual General Meeting is on page 126 of the Annual Report.

(Sgd.)
A.K. Pathirage
Chairman/Managing Director

(Sgd.)
H.K. Kaimal
Director

(Sgd.)
Softlogic Corporate Services (Pvt) Ltd
Secretaries

31 August 2026
Colombo

REPORT OF SENIOR INDEPENDENT DIRECTOR

This report is presented in compliance with the requirements set out in Section 9.6.3 (e) of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange which came into effect on 01st October 2023. The requirement of appointing a "Senior Independent Director" (SID) to Odel PLC is in accordance with Section 9.6.3 (a) ii of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

ROLE AND RESPONSIBILITIES OF SENIOR INDEPENDENT DIRECTOR

In terms of the role and responsibilities of the SID, the principal role of the SID is to support the Chairman in his role and duties, acting as an intermediator for the Non-Executive Directors and to facilitate the due exercise of the functions of the Chairman with the Non-Executive Directors as and when necessary.

The role and the responsibilities vested on the SID of the Board is relevant in the current context of Corporate Governance regulations, standards, and best practices which are frequently reviewed and revised by regulators.

My role is to ensure requisite governance standards are complied with while providing necessary assistance to the Chairman of the Board through discussion and communication between Non-Executive and Independent Directors of the Company in addressing matters relevant to the Board as a whole to enhance the overall effectiveness of the Board.

(Sgd.)
Dr. M.W.T.A. Mendis
Senior Independent Director

31 August 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors, in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on page 47.

The Companies Act No. 07 of 2007 stipulates that the Directors are responsible for preparing the Annual Report and the financial statements. Company law requires the Directors to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company at the end of the financial year, and of the Statement of Comprehensive Income of the Company and the Group for the financial year, which comply with the requirements of the Companies Act.

The Directors consider that, in preparing financial statements set out on pages 47 to 120 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified adopting the going concern basis in preparing the financial statements since adequate resources are available to continue operations in the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure the financial statements comply with the Companies Act No. 07 of 2007 and are prepared in accordance with Sri Lanka Accounting Standard (SLFRS/ LKAS).

They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. In this regard the Directors have instituted an effective and comprehensive system of internal control.

The Directors are required to prepare financial statements and to provide the external auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their independent audit opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the Company as at the date of the Statement of Financial Position have been paid or, where relevant provided for, in arriving at the financial results for the year under review except as specified in Note 31 to the Financial Statements covering contingent liabilities.

(Sgd.)
A.K. Pathirage
Chairman/Managing Director

(Sgd.)
H.K. Kaimal
Director

31 August 2026
Colombo

INDEPENDENT AUDITORS' REPORT

Building a better working world

Ernst & Young
Chartered Accountants
Rotunda Towers
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P.O. Box 101
Colombo 03, Sri Lanka

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TO THE SHAREHOLDERS OF ODEL PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Odel 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 income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and 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 cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 to the financial statements, which indicate that the Group and Company incurred a loss after tax of Rs. 2,469.25 Mn (2025: Rs. 4,450.76 Mn) and Rs. 1,693.55 Mn (2025: Rs. 1,846.48 Mn, respectively, for the year ended 31 March 2026. As at that date, the accumulated losses of the Group and Company were Rs.14,924.49 Mn (2025: Rs. 12,695.47 Mn) and Rs. Rs. 7,965.15 (2025: Rs. 6,274.03 Mn), respectively. Furthermore, the Group's and Company's current liabilities exceeded Its current assets by Rs. 17,814.23 Mn (2025: Rs. 15,197.55 Mn) and Rs. 12,951.28 Mn (2025: 10,323.26 Mn), respectively. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. In addition to the matter described in the Material Uncertainty Related to Going Concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT

Key audit matter	How our audit addressed the key audit matter
Carrying value of ODEL mall project As at 31 March 2026, the Group's statement of financial position includes Other Non- Current Assets amounting to Rs. 18,504 Mn relating to the ODEL mall project, as disclosed in Notes 12 to the financial statements. This was a key audit matter due to: • The materiality of the reported balances amounting to Rs. 18,504 Mn, which represent 58% of the total assets of the Group, and the possible impairment indicators that may exist due to the heightened costs to complete the project. • The degree of significant management assumptions, judgements and estimates associated with deriving:with — The estimated future cash flows in value-in-use (VIU) calculations used to ascertain the recoverable amount of Other Non-Current assets such as cost to complete the project, forecast occupancy levels, expected profitability and margins, cost, discount rate, terminal growth rate, revised project timeline and the forecast funding; and — Net Realizable Value (NRV) of Apartments – Work in progress included in Other Current Assets; as disclosed in Notes 2.6.17 and 12 to the financial statements.	Our audit procedures included the following: • Inspected the project status reports and the certificates issued by the project manager to identify the status of the project and the estimated and actual costs incurred as of reporting date. • Assessed whether the capitalized cost met the recognition criteria set forth in the accounting policies and applicable accounting standards • Gained an understanding of how management has forecast its discounted future cash flows. Obtained the VIU computation from management and tested calculation of the discounted future cash flows and the completeness and accuracy of the underlying data used. • Based on the best available information up to the date of the audit report, we assessed the reasonableness of the significant assumptions, judgements and estimates such as forecast occupancy levels, expected profitability and margins, cost, discount rate, terminal growth rate, revised project timeline and the forecast funding of the project in cashflow projections to determine the recoverable amount of the project. We also performed a sensitivity analysis of significant assumptions used to evaluate the effect on the value in-use calculations We also assessed the adequacy of the Group's disclosures in Notes 2.6.17, and 12 to the financial statements.

Key audit matter	How our audit addressed the key audit matter
Existence and carrying value of inventory As at 31 March 2026, the carrying value of inventory amounted to Rs. 1,950 Mn net of provision of Rs.127 Mn for slow moving and obsolete inventory as disclosed in Note 16 to the financial statements. Existence and carrying value of inventory was a key audit matter due to: • materiality of the reported inventory balance which represented 5% of the Group's total assets as of the reporting date; and • The use of judgements applied by the management in determining the provision for slow-moving and obsolete inventory, as disclosed in Note 16 to the financial statements.	**Our audit procedures included the following key procedures:** • Observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported. • Tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices of such items. • Understood the process followed by the management for valuation of inventory and assessed the reasonableness of judgements applied by the management in determining provision for slow-moving and obsolete inventory. We also assessed the adequacy of the disclosures made in Notes 2.6.14 and 16 to the financial statement.
Interest Bearing Loans and Borrowings As of the reporting date, the Group reported total interest-bearing loans and borrowings of Rs. 21,631 Mn, of which Rs. 10,129 Mn is reported as current liabilities and the balance Rs. 11,502 Mn as non-current liabilities. Interest bearing loans and borrowings was a key audit matter due to: • The materiality of the reported interest-bearing loans and borrowings balance which represents 58% of the Group's total liabilities as of the reporting date; and • The existence of several financial and non-financial covenants, the breach of which could impact the classification of the interest-bearing loans and borrowings in the financial statements.	**Our audit procedures included the following key procedures:** • Obtained an understanding of the terms and conditions attached to loans and borrowings, by perusing the agreements. • Reviewed Management's statements of compliance with loan covenants and timely reporting and monitoring of covenant compliances in relation to interest bearing loans and borrowings and payment of the loan installments. • Obtained confirmations from financial institutions on outstanding loans and borrowings as at 31 March 2026. We assessed the adequacy and appropriateness of the disclosures made in Note 22 relating to interest bearing loans and borrowings.

INDEPENDENT AUDITORS' REPORT

Other Information included in the 2026 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the 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.

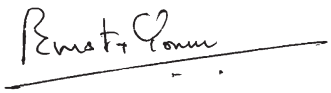
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken 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 current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2440.



31 August 2026
Colombo

Partners: G G S Manatunga FCA, Y A De Silva FCA, W K B S P Fernando FCA FCMA (UK) FCCA, B E Wijesuriya FCA FCMA (UK), R N de Saram ACA FCMA (UK), N M Sulaiman FCA FCMA (UK), L K H L Fonseka FCA, P V K N Sajeewani FCA, A A J R Perera FCA ACMA (UK), N Y R L Fernando ACA, D N Gamage FCA ACMA (UK), C A Yalagala ACA ACMA (UK), P S Paranavitane ACA ACMA (UK) LLB (Colombo), B Vasanthan ACA ACMA (UK), W D P L Perera ACA, M U M.Mansoor ACA, S B G Jayawardena ACA ACMA (UK) ACCA

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

A member firm of Ernst & Young Global Limited

INCOME STATEMENT

	Note	Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2026	2025	2026	2025
		LKR	LKR	LKR	LKR
Revenue	3	**4,631,396,417**	3,904,246,714	**7,344,427,376**	5,906,597,740
Cost of sales		**(2,058,975,088)**	(1,639,713,147)	**(3,715,006,170)**	(2,837,504,349)
Gross profit		**2,572,421,329**	2,264,533,567	**3,629,421,206**	3,069,093,392
Other operating income	4	**4,425,675**	3,393,288	**5,600,506**	9,552,408
Distribution expenses		**(312,246,044)**	(210,881,418)	**(465,667,472)**	(321,232,428)
Administrative expenses		**(3,207,314,277)**	(2,933,715,602)	**(4,362,171,217)**	(4,260,387,385)
Operating (loss)/profit		**(942,713,317)**	(876,670,165)	**(1,192,816,977)**	(1,502,974,014)
Finance costs	5	**(1,343,280,010)**	(1,476,644,934)	**(2,262,956,053)**	(2,995,994,121)
Finance income	6	**74,524,615**	69,541,214	**13,268,001**	12,522,145
Fair value (loss)/gain on investment property		**-**	-	**-**	(778,800,000)
(Loss) before tax		**(2,211,468,712)**	(2,283,773,885)	**(3,442,505,030)**	(5,265,245,989)
Income tax expense	8	**517,915,815**	437,293,816	**973,258,772**	814,490,394
(Loss) for the year		**(1,693,552,897)**	(1,846,480,069)	**(2,469,246,258)**	(4,450,755,595)
Attributable to:					
Owners of the parent				**(2,469,246,258)**	(4,450,755,595)
Non controlling interest				**-**	-
				(2,469,246,258)	(4,450,755,595)
Loss per share					
Basic	29	**(3.15)**	(4.32)	**(4.59)**	(10.41)

The accounting policies and notes on page 59 through 120 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Note	Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2026	2025	2026	2025
		LKR	LKR	LKR	LKR
Loss for the year		(1,693,552,897)	(1,846,480,069)	(2,469,246,258)	(4,450,755,595)
Other comprehensive income					
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Actuarial loss on defined benefit plans	23	3,480,837	(10,586,634)	(514,686)	(10,165,464)
Tax effect		(1,044,251)	3,175,990	367,165	3,060,833
		2,436,586	(7,410,644)	(147,522)	(7,104,632)
Revaluation of land and buildings	10	19,356,529	14,167,365	68,049,052	41,463,825
Tax effect		(2,551,677)	(1,381,677)	(12,181,677)	(4,651,677)
		16,804,852	12,785,688	55,867,375	36,812,148
Net gain / (loss) on subsidiary valuation	20	8,224,720,964	1,909,030,065	-	-
Tax effect		(2,467,416,289)	(572,709,020)	-	-
		5,757,304,675	1,336,321,046	-	-
Other comprehensive income		5,776,546,113	1,341,696,089	55,719,854	29,707,516
Total comprehensive income for the year, net of tax		4,082,993,216	(504,783,979)	(2,413,526,404)	(4,421,048,079)
Attributable to:					
Equity holders of the parent				(2,413,526,404)	(4,421,048,079)
Non-controlling interests				-	-
				(2,413,526,404)	(4,421,048,079)

The accounting policies and notes on page 59 through 120 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

	Note	Company		Group	
		31-03-2026	31-03-2025	31-03-2026	31-03-2025
		LKR	LKR	LKR	LKR
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	**4,089,121,763**	4,124,823,107	**3,773,748,382**	3,752,854,803
Investment property	11	**4,676,760,000**	4,676,760,000	**-**	1,173,700,000
Other non current assets	12	**-**	-	**18,503,719,461**	17,786,835,684
Intangible assets	13	**282,275**	451,454	**282,275**	54,151,454
Right of use assets	14	**968,624,189**	885,851,943	**2,515,665,145**	2,007,458,045
Investment in subsidiaries	20	**18,622,642,090**	10,397,921,126	**-**	-
Other financial assets	18	**347,061,105**	182,536,361	**618,717,488**	416,411,828
Goodwill	13	**-**	-	**269,805,580**	269,805,580
Deferred tax asset	9	**-**	-	**2,532,289,713**	2,060,404,197
		28,704,491,422	20,268,343,991	**28,214,228,045**	27,521,621,592
Current Assets					
Inventories	16	**1,204,660,243**	991,618,022	**1,950,202,526**	1,716,418,858
Trade and other receivables	17	**535,670,151**	715,168,720	**1,054,166,518**	1,284,560,187
Amounts due from related parties	21	**876,773,520**	721,781,139	**64,171,706**	79,427,805
Income Tax Refund Due		**126,979,102**	102,431,592	**148,252,653**	123,787,743
Other current assets	12	**-**	-	**435,874,538**	435,874,538
Other financial assets	18	**18,406,445**	84,606,072	**18,406,445**	84,606,072
Cash and bank balances	26	**192,986,363**	124,921,910	**229,782,873**	183,002,696
		2,955,475,824	2,740,527,455	**3,900,857,259**	3,907,677,899
Total Assets		**31,659,967,246**	23,008,871,446	**32,115,085,304**	31,429,299,491
EQUITY AND LIABILITIES					
Equity					
Stated capital	27	**6,030,335,731**	6,030,335,731	**6,030,335,731**	6,030,335,731
Other components of equity		**11,639,683,847**	5,865,574,320	**4,008,750,498**	4,193,255,101
Accumulated loss		**(7,965,147,740)**	(6,274,031,429)	**(14,924,488,386)**	(12,695,466,585)
Total Equity		**9,704,871,839**	5,621,878,623	**(4,885,402,156)**	(2,471,875,753)

	Note	Company		Group	
		31-03-2026	31-03-2025	31-03-2026	31-03-2025
		LKR	LKR	LKR	LKR
Non-Current Liabilities					
Interest bearing borrowings	22	**1,929,346,117**	2,255,029,389	**11,501,699,439**	10,971,883,322
Deferred tax liabilities	9	**3,101,548,816**	1,148,452,414	**841,119,310**	1,386,398,071
Operating lease liability	15	**888,835,483**	798,181,137	**2,258,937,923**	1,646,326,351
Other non current liabilities	19	**-**	-	**509,284,229**	623,876,922
Retirement benefit liability	23	**128,609,573**	121,539,641	**174,357,194**	167,467,054
		6,048,339,990	4,323,202,580	**15,285,398,096**	14,795,951,720
Current Liabilities					
Trade and other payables	24	**2,662,692,939**	2,597,810,589	**5,546,484,807**	5,265,141,284
Amounts due to related parties	25	**6,296,423,937**	4,216,780,004	**5,427,015,178**	3,478,904,638
Income tax payable		**-**	-	**49,952,159**	34,695,162
Interest bearing borrowings	22	**6,642,226,558**	5,943,787,666	**10,129,737,084**	9,802,927,001
Operating lease liability	15	**305,411,984**	305,411,984	**561,900,136**	523,555,438
		15,906,755,418	13,063,790,243	**21,715,089,364**	19,105,223,523
Total Equity and Liabilities		**31,659,967,246**	23,008,871,446	**32,115,085,304**	31,429,299,491
Net asset per share		**18.03**	10.44	**(9.07)**	(4.59)

These financial statements are in compliance with the requirements of the Companies Act No 7 of 2007

(Sgd.)
P.M.M. Karunadharma
Chief Financial Officer

The board of directors is responsible for these financial statements.
Signed for and on behalf of the board by

(Sgd.)
A.K. Pathirage
Chairman/Managing Director

(Sgd.)
H.K. Kaimal
Director

The accounting policies and notes on page 59 through 120 form an integral part of the financial statements.

31 August 2026
Colombo

STATEMENT OF CHANGES IN EQUITY

Company	Stated Capital	Revaluation Reserve	Fair Value Reserve of Financial Assets at FVOCI	Retained Earnings / (Accumulated Loss)	Total Equity
	LKR	LKR	LKR	LKR	LKR
As at 01st April 2024	2,795,513,620	2,463,933,889	2,052,533,698	(4,420,140,716)	2,891,840,491
Net profit/(loss) for the year	-	-	-	(1,846,480,069)	(1,846,480,069)
Other comprehensive income / (loss)	-	12,785,688	1,336,321,046	(7,410,644)	1,341,696,089
Total comprehensive income / (loss)	2,795,513,620	2,476,719,577	3,388,854,743	(6,274,031,429)	2,387,056,511
Issue of rights - Note 34	3,234,822,111				3,234,822,111
As at 31st March 2025	6,030,335,731	2,476,719,577	3,388,854,743	(6,274,031,429)	5,621,878,623
Net profit/(loss) for the year	-	-	-	(1,693,552,897)	(1,693,552,897)
Other comprehensive income / (loss)	-	16,804,852	5,757,304,675	2,436,586	5,776,546,113
Total comprehensive income / (loss)	6,030,335,731	2,493,524,429	9,146,159,418	(7,965,147,740)	9,704,871,839
As at 31st March 2026	6,030,335,731	2,493,524,429	9,146,159,418	(7,965,147,740)	9,704,871,839

Group	Attributable to equity holders of the parent				
	Stated Capital	Revaluation Reserve	Fair Value Reserve of Financial Assets at FVOCI	Retained Earnings / (Accumulated Loss)	Total Equity
	LKR	LKR	LKR	LKR	LKR
As at 01st April 2024	2,795,513,620	4,156,442,953	-	(8,237,606,358)	(1,285,649,785)
Net profit / (loss) for the year	-	-	-	(4,450,755,595)	(4,450,755,595)
Other comprehensive income / (loss)	-	36,812,148	-	(7,104,632)	29,707,516
Total comprehensive income /(loss)	2,795,513,620	4,193,255,101	-	(12,695,466,585)	(5,706,697,864)
Issue of rights - Note 34	3,234,822,111				3,234,822,111
As at 31st March 2025	6,030,335,731	4,193,255,101	-	(12,695,466,585)	(2,471,875,753)
Net profit / (loss) for the year	-	-	-	(2,469,246,258)	(2,469,246,258)
Other comprehensive income / (loss)	-	55,867,375	-	(147,522)	55,719,854
Total comprehensive income (loss)	6,030,335,731	4,249,122,476	-	(15,164,860,364)	(4,885,402,156)
Revaluation transfer on disposals	-	(240,371,978)		240,371,978	-
As at 31st March 2026	6,030,335,731	4,008,750,498	-	(14,924,488,386)	(4,885,402,156)

The accounting policies and notes on page 59 through 120 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

	Note	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES					
Net (loss)/profit before Income tax expense		**(2,211,468,712)**	(2,283,773,885)	**(3,442,505,030)**	(5,265,245,989)
Adjustments for					
Depreciation	10	**157,416,101**	238,990,129	**289,526,384**	504,168,289
Intangible assets amortization	13	**169,179**	195,846	**53,869,179**	53,895,846
Amortization of right of use assets	14	**326,253,410**	413,733,657	**605,342,763**	516,422,998
Finance costs	5	**1,343,280,010**	1,476,644,934	**2,262,956,053**	2,995,994,121
Finance income	6	**(74,524,615)**	(69,541,214)	**(13,268,001)**	(12,522,145)
Fair value loss/(gain) on investment property		**-**	-	**-**	778,800,000
Derecognition of right of use assets	14/15	**-**	(48,584,718)	**70,550,776**	(148,894,350)
Provision for impairment	12	**-**	-	**370,083,385**	1,069,588,441
Provision for doubtful debt	21	**(65,532,013)**	41,238,291	**-**	93,943,225
Loss/(profit) on disposal of property, plant & equipment		**2,673,682**	69,384,212	**2,673,682**	63,783,886
Provision for define benefit plans	23.1	**24,753,909**	24,523,472	**33,406,298**	34,331,574
Operating profit / (loss) before working capital changes		**(496,979,049)**	(137,189,275)	**232,635,489**	684,265,896
(Increase)/Decrease in inventories		**(213,042,221)**	(70,669,355)	**(233,783,668)**	(2,589,675)
Decrease/(Increase) in trade and other receivables		**179,498,569**	(215,379,145)	**230,393,669**	(535,089,604)
(Increase)/Decrease in dues from related parties		**(89,460,368)**	(252,324,879)	**15,256,099**	74,559,557
(Increase)/Decrease in other current financial assets		**(98,325,117)**	(19,460,192)	**(136,106,033)**	(28,404,768)
Increase/(Decrease) in dues to related parties		**2,079,643,933**	2,069,859,178	**3,121,810,540**	2,178,302,763
(Increase)/Decrease in trade and other payables		**418,915,708**	842,336,383	**1,096,307,565**	1,147,421,549
(Decrease)/Increase in other non current liabilities		**-**	-	**(114,592,693)**	(129,008,688)
Cash generated from operations		**1,780,251,455**	2,217,172,715	**4,211,920,969**	3,389,457,030
Finance costs paid	5	**(1,188,143,331)**	(1,284,502,297)	**(1,980,674,250)**	(2,573,085,271)
Defined benefit plan costs paid	23	**(14,203,140)**	(22,038,417)	**(27,030,842)**	(29,332,864)
Income tax paid/Dividend tax paid		**(24,547,510)**	(8,958,942)	**(64,927,932)**	(11,021,468)
Net cash from/(used in) operating activities		**553,357,474**	901,673,059	**2,139,287,944**	776,017,427

STATEMENT OF CASH FLOWS

	Note	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	10	**(107,886,994)**	(221,567,480)	**(252,222,846)**	(269,656,877)
Investment in capital projects	12.1	**-**	-	**(1,086,967,162)**	(1,025,934,288)
Finance income	6	**74,524,615**	69,541,214	**13,268,001**	12,522,145
Proceed from disposal of fixed assets	10	**2,855,084**	9,359,037	**7,178,254**	15,716,817
Proceed from disposal of Intangible assets	13	**-**	-	**-**	240,000
Net cash flows (used in)/from investing activities		**(30,507,295)**	(142,667,229)	**(1,318,743,754)**	(1,267,112,203)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES					
Repayment of interest bearing borrowings	22	**(4,818,516,231)**	(6,136,127,726)	**(8,134,053,495)**	(6,192,302,036)
Proceeds from interest bearing borrowings	22	**4,681,754,798**	6,141,029,199	**8,236,427,122**	7,739,824,138
Issue of rights	34	**-**	3,883,565	**-**	3,883,565
Operating lease rent paid	15	**(473,507,989)**	(574,671,484)	**(815,426,172)**	(736,805,402)
Net cash flows (used in)/from financing activities		**(610,269,422)**	(565,886,446)	**(713,052,544)**	814,600,264
Net increase/(decrease) in cash and cash equivalents		**(87,419,242)**	193,119,384	**107,491,646**	323,505,488
Cash and cash equivalents at the beginning of the year		**(845,732,850)**	(1,038,852,234)	**(1,310,095,917)**	(1,633,601,406)
Cash and cash equivalents at the end of the year	26	**(933,152,092)**	(845,732,850)	**(1,202,604,271)**	(1,310,095,917)
Analysis of cash and cash equivalents					
Favorable balances					
Cash in hand and at bank		**192,986,363**	124,921,910	**229,782,873**	183,002,696
Unfavorable balances					
Bank overdrafts		**(1,126,138,455)**	(970,654,760)	**(1,432,387,144)**	(1,493,098,613)
Cash and cash equivalents		**(933,152,092)**	(845,732,850)	**(1,202,604,271)**	(1,310,095,917)

The accounting policies and notes on page 59 through 120 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Odel PLC is a public limited liability Company incorporated and domiciled in Sri Lanka whose shares are publicly traded in the Colombo Stock Exchange. The registered office of Odel PLC is located at No 475/32, Kotte Road, Rajagiriya. Odel PLC is a subsidiary of Softlogic Retail Holdings (Pvt) Limited and Softlogic Holding PLC is the ultimate parent. The details of subsidiary companies are as follows.

Subsidiaries

Odel Apparels (Pvt) Ltd

Odel Apparels (Pvt) Ltd is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.475/32, Kotte Road, Rajagiriya and the principal place of business is situated at No. 275/72, Govijanapada Road, Malapalla, Pannipitiya.

Odel Properties (Pvt) Ltd

Odel Properties (Pvt) Limited is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the Company is located at No. 475/32, Kotte Road Rajagiriya.

Odel Lanka (Pvt) Ltd

Odel Lanka (Pvt) Limited is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.475/32, Kotte Road, Rajagiriya and the principal place of business is situated at 475/32, Kotte Road, Rajagiriya.

Odel Information Technology Services (Pvt) Ltd

Odel Information Technology Services (Pvt) Ltd is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the Company is located at No.475/32, Kotte Road Rajagiriya.

Softlogic Brands (Pvt) Ltd

Softlogic Brands (Pvt) Ltd is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 14, De Fonseka Place, Colombo 05.

Odel Properties One (Pvt) Ltd

Odel Properties One (Pvt) Ltd is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No 475/32, Kotte Road, Rajagiriya and the principal place of business is situated at No 15, C.W.W Kannangara Mawatha, Colombo 7.

Odel Restaurants (Pvt) Ltd

Odel Restaurants (Pvt) Ltd is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No 475/32, Kotte Road, Rajagiriya and the principal place of business is situated at C.W.W Kannangara Mawatha, Colombo 7.

Cotton Collections (Pvt) Ltd

Cotton Collections (Pvt) Ltd is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No 475/32, Kotte Road, Rajagiriya.

Odel Apparel Holdings (Pvt) Ltd

Odel Apparel Holdings (Pvt) Ltd is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No 475/32, Kotte Road, Rajagiriya.

Odel Apparel Lanka (Pvt) Ltd

Odel Apparel Lanka (Pvt) Ltd is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No 475/32, Kotte Road, Rajagiriya.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Group were as follows.

Parent Company

During the year, the principal activities of the Company were to carry out fashion retail activities and to earn rental income from letting retail space.

Subsidiaries

Odel Apparels (Pvt) Ltd

During the year, the principal activities of the Company were to manufacture and supply garments to the Group.

Odel Properties (Pvt) Ltd

During the year, the principal activities of the Company were to carry out real estate activities in relation to retail business.

Odel Lanka (Pvt) Ltd

Principal activity of the Company was to hold its property for capital appreciation purposes. During the year the entire land was sold resulting in no principal activities as of reporting date.

Odel Information Technology Services (Pvt) Ltd

No activities were carried out during the year.

Softlogic Brands (Pvt) Ltd

The principal activities of the Company were to import and retail branded apparels.

Odel Properties One (Pvt) Ltd

The principal activity of the Company is involving the developing, owning, managing, operating, selling, leasing and renting of a mixed development project, which is under construction during the year.

NOTES TO THE FINANCIAL STATEMENTS

Odel Restaurants (Pvt) Ltd

The principal activity of the Company was to manage restaurants.

Cotton Collections (Pvt) Ltd

The principal activities of the Company were to carry out retailing and manufacturing of fashion retail items.

Odel Apparel Holding (Pvt) Ltd

No activities were carried out during the year.

Odel Apparel Lanka (Pvt) Ltd

No activities were carried out during the year.

1.3 Date of Authorization for issue

The consolidated financial statements of Odel PLC and Its Subsidiaries for the year ended 31st March 2026 were authorized for issue in accordance with a resolution of the directors on 31st August 2026.

2. STATEMENT OF COMPLIANCE

The financial statements of the Group (Statement of Income, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement together with Accounting Policies and Notes) as of 31st March 2026 are prepared in accordance with Sri Lanka Accounting Standards (SLFRSs) as laid down by the Institute of Chartered Accountants of Sri Lanka.

2.1 Basis of preparation and measurement

The financial statements have been prepared on a historical cost basis, except for land and buildings and Financial Instruments that have been measured at fair value. The preparation and presentation of these financial statements are in compliance with the Companies Act No.07 of 2007.

The financial statements are presented in Sri Lankan Rupees except when otherwise indicated.

Presentation and functional currency

The consolidated financial statements are presented in Sri Lankan Rupees (Rs.), the Group's functional and presentation currency, which is the currency of the primary economic environment in which the holding company operates. Each entity in the Group uses this currency of the primary economic environment in which they operate as their functional currency All values are rounded to the nearest Sri Lankan Rupees except when otherwise indicated.

Materiality and aggregation

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

Offsetting

Assets and liabilities or income and expenses are not set off unless required or permitted by the Sri Lanka Accounting Standards

2.2 Going Concern

The Group and Company has incurred a loss of Rs 2,469.25 Mn (2025 Loss of Rs.4,450.76 Mn) and Rs.1,693.55 Mn (2025 loss Rs. 1846.48 Mn) and recorded accumulated losses of Rs.14,924.49 Mn (2025 Rs. 12,695.47 Mn) and Rs. 7,965.15 Mn (2025 Rs. 6,274.03 Mn) as of 31st March 2026 respectively. The Group and Company current liabilities exceeded its current assets by Rs. 17,814.23 Mn (2025 Rs. 15,197. 55 Mn) and Rs 12,951.28 Mn (2025 lRs. 10,323.26 Mn) as at the reporting date.

Further, as detailed in Note 12, capital work in progress of Rs. 18,503.72 Mn relating to the ODEL mall requires additional funding of Rs 6.1 Bn to complete.

Due to the material uncertainty relating to going concern arising from the matters stated above, the Board of Directors has made an assessment of the Group and the Company's ability to continue as a going concern, based on available information of the forecast future cashflows and conditions of business and the effect of measures described below:

- **Increasing Operating Cash Flows by implementing demand generation marketing strategies to attract and increase sales.**

The Company has implemented several initiatives to strengthen revenue generation over the next 12 months. These include expanding tourist-focused product offerings, reviving key in-store concepts, and opening pop-up stores in high-traffic tourist areas, supported by the expected increase in tourist arrivals. The consignment portfolio has been broadened with new partners, providing a stable contribution to sales mix. The Company has also added new distribution arrangements and introduced several new product lines which are fast-moving and have high profit margins. Improved stock inflows and consistent inventory availability have contributed to strong performance across major categories, positioning the business with continued and profitable revenue growth.

- **Long term financing for Odel Mall**

The ODEL Mall was originally conceived as a mixed development comprising retail and residential components. However, following the significant changes in the economic and operating environment experienced over the past several years, Management undertook a comprehensive review of the project, including its development scope, funding structure and anticipated market demand.

Following this review, the project has been strategically repositioned under a phased development approach, with priority being given to the completion

of Phase 1, while approximately 100 perches of land will be retained for future development. The original residential component has also been replaced with retail and commercial office space, reflecting current market demand and improving the overall commercial viability and funding efficiency of the development.

Under the revised development plan, approximately 73,000 sq.ft. of commercial office space, comprising two floors available for sale. One full floor of approximately 39,000 sq. ft. is intended to be sold to Softlogic Life Insurance PLC during FY27, generating estimated proceeds of approximately Rs. 3.1 Bn. The remaining floor of approximately 34,000 sq. ft. is intended to be sold to third-party purchasers during FY28.

The revised development of the ODEL Mall is estimated to require approximately Rs. 6.1 Bn to complete. Based on the expected proceeds from the planned sale of the commercial office space, the Company expects to meet the remaining cost of completion without the requirement for any additional equity infusion or further funding.

Further, the lead syndication bank has agreed to defer the capital repayment to December 2027 and waive off 50% of the interest accrual on facilities subject to conditions.

Other Operational Strategies executed.

- Group to consolidate resources and focus on key outlets that demonstrate stronger performance, thereby improving overall operational efficiency.
- The Group has taken proactive measures to rationalize and dispose of underutilized assets. The land owned by Odel Lanka (Pvt) Ltd has already been disposed of, and the proceeds have been utilized to reduce Group borrowings, thereby strengthening the overall financial position.

Financial Assistance received from the Parent Company

The Directors of the parent company, Softlogic Holdings PLC, have provided a letter of comfort dated 31 August 2026. Through this letter, the Directors confirmed that related party balances payable by the Company will not be required to be repaid for at least 12 months from the reporting date. Further, the Parent also undertakes to provide financial assistance to the Company to ensure that it can pay its debts as and when they fall due and payable for a period of at least 12 months from the date of signing the financial statements.

Accordingly, taking the above into consideration, the Board of Directors has concluded that the Group and the Company have adequate resources to continue its operations in the foreseeable future. Therefore, the financial statements for the year ending 31 March 2026 have been prepared on a going concern basis.

2.3 Comparative information

Comparative information including quantitative, narrative and descriptive information as relevant, is disclosed in respect of previous period in the Financial Statements. The presentation and previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.4 Basis of consolidation

The financial statements comprise the financial statements of the Group and its subsidiaries as at 31st March 2026.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their

accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non- controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Significant judgements, estimates and assumptions

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future period.

Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period and any future periods.

In the process of applying the Company's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

Useful life of Property and finite Intangible Assets

Management assigns useful lives and residual values to the depreciable property based on the intended use of assets and the economic lives of these assets. Subsequent changes in circumstances such as improvements or utilization of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Management reviews the residual values and useful lives of major items

of depreciable property periodically. Refer Note 2.6.7 for useful lives used in depreciating Property. Useful life of finite intangible assets such as Brand Names have been estimated based on the average period of contractual right that the Company is entitling to enjoy the future economic benefits. Refer Note 2.6.11 for useful lives used in Intangible assets.

Revaluation of Property Plant and Equipment and Investment Properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of Income. The Group engaged an independent valuation specialist to assess fair value as at 31 March 2026 for investment properties and Property plant and Equipment.

Comparison method and Open market value method was used to assess the fair value of Investment Properties. In addition, it measures the Land and Buildings at revalued amounts, with changes in fair value being recognized in OCI. Land and Buildings were valued by reference to transactions involving properties of a similar nature, location and condition. Comparison method, DRC method, Investment method and Check method- Residual method were used to assess the fair value of Land & Buildings. For more details refer Note 10.3.1, 10.3.2 & Note 11.3.1, 11.3.2.

Retirement Benefit Obligations

The cost of defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the

determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are provided in Note 23.

Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Impairment of Goodwill

Potential impairment of goodwill on business combination is periodically tested. The recoverable amounts of the CGU have been determined based on the

value in use (VIU) calculation. value in use calculated based on the discounted cash flows of CGU. The recoverable amount of the Branded Apparel CGU, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five- year period. The pre-tax discount rate applied to cash flow projections is included in Note 13.3. The key assumptions used to determine the recoverable amount for the CGU is disclosed and further explained in note 13.3.

Deferred Tax

Deferred tax liability as reflected in Note 09 are recognized for unused tax losses to the extent that is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with the future tax planning strategies.

Estimating stand-alone selling price – loyalty program

The Group estimates the stand-alone selling price of the loyalty points awarded under the loyalty Points program. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Group considers breakage which represents the portion of the points issued that will never be redeemed. The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated annually and the liability for the unredeemed points is adjusted accordingly.

2.6 Summary of material accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

Current versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

Or

- It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting date.
- The Group classifies all other liabilities as non-current.
- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS.

Contingent consideration that is classified as equity is not remeasured and subsequent settlement is measured at fair value with changes in fair value either in a profit or loss or as a change to the other comprehensive income (OCI). If the contingent consideration is not within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash- generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.6.2 Foreign currency translation

The Group's financial statements are presented in Sri Lankan Rupees, which is also the parent Company's and its subsidiary companies functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line

with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

2.6.3 Revenue recognition

Revenue from contracts with customers

Under SLFRS 15 - Revenue from contracts with customers with effected from 01 April 2018, revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.:

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of

the transaction price needs to be allocated (e.g. customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable and consideration payable to the customer (if any).

Rendering of services

Under SLFRS 15 - Revenue from contracts with customers, revenue from service performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Group recognizes the revenue over time by measuring the progress towards complete satisfaction of that performance obligation because the customer simultaneously receives and consumes the benefit provided by the Group.

Variable Consideration

If the consideration in a tenant contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the service to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Loyalty Point Program

The Group has loyalty point programs, in several sector, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

2.6.3.1 Other Income

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

2.6.4 Expenditure recognition

a) Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

b) For the purpose of presentation of the Consolidated Income Statement the Directors are of the opinion that the function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

2.6.5 Taxes

Current income tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

IFRIC 23 Uncertainty over income tax treatments

The IFRIC 23 interpretation on Uncertainty over income tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes specifically determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group applies significant judgement in identifying uncertainties over income tax treatments.

2.6.6 Sales tax

Revenues, 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 authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Social security contribution levy (SSCL), a revenue-based tax, of 2.5% was introduced with effect from 01st of October 2022 on companies where annual revenue exceeds Rs.36 million. This tax is also payable on value of imports.

2.6.7 Property, plant and equipment

Initial recognition

Property, plant and equipment is initially stated at cost except for land and buildings, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent Measurement

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognizes the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation.

Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

• Buildings	Over 40 Years
• Lease hold buildings	Over the lease period
• Fixtures and Fittings	Over 10 to 20 Years
• Fixtures – air condition	Over 10 Years
• Office Equipment	Over 10 Years
• Furniture	Over 10 Years
• Computer Equipment	Over 05 Years
• Motor vehicles	Over 05 Years

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.6.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

2.6.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.6.10 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, In accordance with SLFRS 13.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

NOTES TO THE FINANCIAL STATEMENTS

2.6.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible

assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Amortization is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

- Computer Software 3 - 5 Years
- Brand Names 5 – 10 Years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or 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 the income statement when the asset is derecognised.

2.6.12 Financial instruments — initial recognition and subsequent measurement.

(i) Financial Assets

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Subsequent Measurement of Financial Assets

The Group classifies its financial assets into the following measurement category:

- Financial Assets measured at amortised cost.

The classification depends on the Company's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

At the Inception, the Financial Assets are Classified in One of the Following Categories:

- Financial assets measured at fair value through profit or loss
- Financial assets measured at amortised cost
- Financial assets measured at amortised cost - loans and advances
- Financial assets measured at amortised cost - debt instruments
- Financial assets measured at fair value through Other Comprehensive Income

At the Inception, the Financial Liabilities are Classified in One of the Following Categories:

- Financial liabilities at amortised cost
- Financial liabilities at amortised cost - other instruments

Initial Measurements of Financial Instruments

Financial assets and liabilities are initially measured at their fair value plus transaction cost, except in the case of financial assets and liabilities recorded at fair value through profit or loss.

"Day One" Profit or Loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Company immediately recognises the difference between the transaction price and fair value (a "Day One" Profit or Loss) in the Income Statement. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the Income Statement over the life of the instrument.

Financial Assets measured at Amortised Cost Debt Instruments

Investments in debt instruments are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using Effective Interest Rate (EIR). The measurement of credit impairment is based on the three-stage expected credit loss model described below.

(ii) Reclassification of Financial Assets

The Group reclassifies its financial assets when, and only when, the Group changes its business model for managing financial assets. If the Group reclassifies financial assets which were measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, the Company applies the reclassification prospectively from the reclassification date. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

If the Group reclassifies a financial asset out of the amortised cost measurement category and in to the fair value through profit or loss measurement category, its fair value is measure at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognized in Profit or Loss.

If the Group reclassifies a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date, any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognized in Other Comprehensive Income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

Impairment of financial assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of SLFRS 9 are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities classified as 'fair value through profit or loss' will be subsequently measured at fair value and financial liabilities classified as 'other liabilities' will be subsequently measured at amortized cost.

Derecognition

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the

presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized.

within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1 -** Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2 -** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3 -** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable for the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.6.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset.

is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other.

assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous evaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.6.14 Inventories

Inventories are stated at the lower of cost and net realizable value. The management primarily determines cost of inventories using the weighted average method. The management estimates the net realizable value of inventories based on assessment of receipt of committed sales prices and provide for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its contract, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories.

Finish Goods - Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Purchase cost on an actual basis
- Closing balance of the inventory on weighted average cost

Inventory work-in-progress – At actual cost

Actual cost includes cost of direct materials, direct labor and an appropriate proportion of directly attributable cost including the portion of borrowing cost incurred for the project.

Other inventories – At actual cost

2.6.15 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.6.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.6.17 Odel Mall Project-Construction work in progress segregation and classification

The Group has segregated the cost incurred for the Odel Mall mix development project under the Odel Mall portion in the financial statements. Odel Mall cost portion of the project will be categorized under Property, Plant and Equipment and currently it is under Other non-current assets as capital work in progress.

The cost segregation is based on following guidelines

1) Net floor area
2) Element of work
3) Functional allocation

2.6.18 Post-employment benefits

Defined Benefit Plan - Gratuity:

Gratuity is a post-employment benefit plan. Provisions have been made for retirement gratuities from the first year of service for all employees in conformity with LKAS 19.

However, under the Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service, The Company is liable to pay gratuity in terms of relevant statute. In order to meet this liability, the Group uses an actuarial valuation method in accordance with LKAS 19.

The cost of providing benefits under gratuity is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the statement of comprehensive income. The defined benefit liability comprises the present value of the defined benefit obligation using a discount rate based on market yields at the end of reporting period on government bonds of a similar tenure as the estimated term of the gratuity obligation. Current service cost and the interest cost is recognized in the Income statement.

The gratuity benefits of the Group in unfunded.

Defined Contribution Plans

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively. Related expenditure is recognized in the income statement.

2.6.19 Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term.

Lease liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced The Group lease liabilities are included in Note 15 to the Financial Statements.

2.6.20 Fair value measurement of Investment in subsidiaries

When the fair values of financial assets recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs into these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

2.7 Standards Issued but not yet Effective

The new and amended standards and interpretations that are issued up to the date of issuance of the Group's consolidated financial statements but are not effective for the current annual reporting period are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable when they become effective.

2.7.1. SLFRS 18 - Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the Income Statement to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 01 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

2.7.2. SLFRS 19 - Subsidiaries Without Public Accountability; Disclosures

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 01 January 2027. Early application is permitted. The entity is not eligible to apply SLFRS 19.

2.7.3. Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability linked terms and nature dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 01 January 2026. Early application is permitted. The amendments are not expected to have a material impact on the financial statements.

2.7.4. Annual Improvements to Sri Lanka Accounting Standards

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted, if applicable, when they become effective.

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE

Disaggregated revenue information

Set out below is the disaggregation of the revenue from contracts with customers

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Type of goods or service				
Sales - Fashionable Retail	**3,743,072,684**	3,240,996,160	**6,673,317,004**	5,407,612,374
Net Income from Restaurant	**-**	-	**8,022,131**	4,922,132
Service income	**125,324,390**	87,710,019	**154,995,716**	36,015,462
Total revenue from contracts with customers	**3,868,397,074**	3,328,706,179	**6,836,334,851**	5,448,549,967
Rental income	**762,999,343**	575,540,535	**508,092,526**	458,047,773
Total revenue	**4,631,396,417**	3,904,246,714	**7,344,427,376**	5,906,597,740
Timing of revenue recognition				
Revenue transferred at a point in time	**3,743,072,684**	3,240,996,160	**6,681,339,135**	5,412,534,505
Revenue transferred over time	**888,323,733**	663,250,554	**663,088,242**	494,063,235
Total revenue	**4,631,396,417**	3,904,246,714	**7,344,427,376**	5,906,597,740

4 OTHER OPERATING INCOME

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Sundry income	**4,425,675**	3,393,288	**5,600,506**	9,552,408
	4,425,675	3,393,288	**5,600,506**	9,552,408

5 FINANCE COSTS

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Interest on overdrafts	**185,257,494**	120,716,266	**201,089,543**	138,512,549
Interest on loans and borrowings	**678,155,919**	757,874,889	**1,033,078,049**	1,099,973,637
Interest on intercompany borrowings	**285,306,574**	386,783,880	**268,810,231**	389,769,741
Interest capitalized - Impaired	**-**	-	**370,083,385**	893,828,972
Interest on operating lease	**155,136,679**	192,142,637	**282,281,803**	422,908,850
Guarantee fees	**37,984,984**	24,939,731	**37,984,984**	24,939,731
Exchange loss/(gain)	**1,438,360**	(5,812,469)	**69,628,057**	26,060,640
	1,343,280,010	1,476,644,934	**2,262,956,053**	2,995,994,121

6 FINANCE INCOME

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Interest income	2,089,581	813,284	2,662,778	1,408,427
Fair value adjustment	10,145,063	9,732,390	10,605,223	11,113,718
Intercompany interest	62,289,971	58,995,540	-	-
	74,524,615	69,541,214	13,268,001	12,522,145

7 PROFIT / (LOSS) BEFORE TAX

	Notes	Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Administration Expenses					
Directors' emoluments		30,925,000	26,206,000	30,925,000	26,206,000
Depreciation	10	157,416,101	238,990,129	289,526,384	504,168,289
Provision for doubtful debt	21	(65,532,013)	41,238,291	-	93,943,225
Amortisation of intangible assets	13	169,179	195,846	53,869,179	53,895,846
Amortisation of ROU assets	14	326,253,410	413,733,657	605,342,763	516,422,998
Impairment Charge	12	-	-	370,083,385	1,069,588,441
(Reverse)/charge for provision of inventory	16	(22,012,334)	-	(22,674,656)	-
Personnel costs includes -					
- Gratuity	23	23,194,383	25,308,350	33,406,298	34,331,574
- EPF and ETF		93,005,679	78,323,749	117,627,201	103,865,477
- Other staff costs		711,677,972	594,679,190	711,677,972	797,192,479
Donations		-	1,286,700	-	1,286,700
Audit fees		4,126,335	2,121,370	10,374,114	5,083,394

NOTES TO THE FINANCIAL STATEMENTS

8 INCOME TAX EXPENSE

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Current income tax				
Current tax expense on ordinary activities for the year	-	-	55,488,207	16,570,133
Under/(over) provision of current taxes in respect of prior year	-	-	231,810	-
Deferred income tax				
Deferred taxation (reversal)/charge	(517,915,815)	(437,293,816)	(1,028,978,789)	(831,060,527)
Income tax (benefit)/expense reported in the income statement	(517,915,815)	(437,293,816)	(973,258,772)	(814,490,394)
Statement of Other Comprehensive Income				
Deferred income tax related to items charged or credited directly to equity during the year				
Net gain on revaluation of building	2,551,677	51,616,106	12,181,677	62,356,106
Actuarial losses on defined benefit plans	1,044,251	(2,243,657)	(367,165)	(4,303,935)
Net gain / (loss) on subsidiary valuation	2,467,416,289	572,709,020	-	-
Income tax charged/(reversed) directly to OCI	2,471,012,217	622,081,469	11,814,512	58,052,171

8.1 A Reconciliation between tax expenses and the product of accounting profit multiplied by the statutory tax rate is as follows

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Loss before tax	(2,211,468,712)	(2,283,773,885)	(3,442,505,030)	(5,265,245,989)
	(2,211,468,712)	(2,283,773,885)	(3,442,505,030)	(5,265,245,989)
Income tax rate of 30%	(663,440,614)	(685,132,165)	(1,032,751,509)	(1,579,573,797)
Under/(over) provision for previous year	-	-	231,810	-
Capital gain tax	-	-	40,110,000	-
Allowable expenses	(433,147,466)	(206,520,631)	(558,930,216)	(338,231,066)
Non deductible expenses	255,537,051	308,376,972	531,076,912	1,050,799,695
Tax loss claimed/CF	841,051,029	583,275,825	1,075,983,020	883,575,301
Effect on deferred tax	(517,915,815)	(437,293,816)	(1,028,978,789)	(831,060,527)
	(517,915,815)	(437,293,816)	(973,258,772)	(814,490,394)
The effective income tax rate	23.42%	19.15%	28.27%	15.47%
Income tax benefit reported	(517,915,815)	(437,293,816)	(973,258,772)	(814,490,394)

The Company and its subsidiary are liable to pay income tax at the rate of 30% of its taxable profits in accordance with the provisions of the Inland Revenue Act, No 24 of 2017 and subsequent amendments thereto. In the current year, there is no income tax expense recognised in the company for the trading income due to the tax losses produced and the tax expense recognised on interest income has been off set with the taxable loss from trading.

8.2 Reconciliation of tax losses

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Tax Loss brought forward	9,150,224,402	7,235,249,716	12,371,149,878	8,755,667,491
Loss incurred during the year	2,803,503,429	2,550,324,045	3,626,046,925	4,691,967,827
Loss claimed	(861,049,129)	(635,349,359)	(1,252,822,581)	(1,017,839,406)
Loss expired	-	-	-	(58,646,034)
Tax loss carried forward	11,092,678,702	9,150,224,402	14,744,374,222	12,371,149,878
Loss unrelieved	(3,759,445,055)	(3,529,882,219)	(3,794,104,624)	(4,541,330,863)
Tax loss to be claimed	7,333,233,647	5,620,342,183	10,950,269,598	7,829,819,015

9 DEFERRED TAX ASSETS, LIABILITIES AND INCOME TAX RELATES TO THE FOLLOWING;

9.1 Statement of Financial Position

	Company		Group	
	31-03-2026 LKR	31-03-2025 LKR	31-03-2026 LKR	31-03-2025 LKR
Deferred Tax Liability				
Capital allowances for tax purposes	30,464,064	27,364,296	101,533,171	105,114,190
Revaluation of property, plant and equipment	1,047,252,554	1,051,704,135	1,047,252,554	1,051,704,135
Fair valuation on investment property	431,028,000	431,028,000	638,765,623	669,245,623
FV gain of financial assets at FVOCI	3,919,782,608	1,452,366,319	-	-
	5,428,527,226	2,962,462,750	1,787,551,348	1,826,063,947
Deferred Tax Assets				
Defined benefit plans	(38,582,872)	(36,461,892)	(53,511,023)	(50,240,115)
Provision for bad debts	-	-	(5,410,315)	(772,945)
Deferred revenue	(3,108,717)	(1,889,992)	(3,108,717)	(1,889,992)
Tax losses	(2,199,970,094)	(1,686,102,655)	(3,285,080,879)	(2,348,945,704)
Net impact on ROU asset / Operating lease liability	(67,686,983)	(65,322,353)	(91,572,872)	(53,061,158)
Provision for Inventory	(17,629,744)	(24,233,444)	(40,037,944)	(45,160,158)
FV loss of financial assets at FVOCI				
	(2,326,978,410)	(1,814,010,336)	(3,478,721,751)	(2,500,070,074)
Net Deferred Tax Liability	3,101,548,816	1,148,452,414	(1,691,170,403)	(674,006,127)
9.1.1 Total net deferred tax liability by entities	3,101,548,816	1,148,452,414	841,119,310	1,386,398,071
9.1.2 Total net deferred tax asset by entities	-	-	(2,532,289,713)	(2,060,404,197)
	3,101,548,816	1,148,452,414	(1,691,170,403)	(674,006,127)

9 DEFERRED TAX ASSETS, LIABILITIES AND INCOME TAX RELATES TO THE FOLLOWING; (CONTD.)

9.2 Statement of Income /Comprehensive Income

	Company		Group	
	31-03-2026 LKR	31-03-2025 LKR	31-03-2026 LKR	31-03-2025 LKR
Deferred Tax Liability				
Capital allowances for tax purposes	**3,099,768**	26,711,877	**(3,581,019)**	11,543,323
Revaluation of property, plant and equipment	**(4,451,581)**	1,710,001	**(4,451,581)**	1,710,001
Fair valuation on investment property	**-**	-	**(30,480,000)**	(230,370,000)
FV gain of financial assets at FVOCI	**2,467,416,289**	572,709,020	**-**	-
	2,466,064,476	601,130,898	**(38,512,599)**	(217,116,676)
Deferred tax assets				
Defined benefit plans	**(2,120,980)**	(3,921,507)	**(3,270,907)**	(4,549,252)
Provision for Bad Debts	**-**	-	**(4,637,370)**	-
Deferred revenue	**(1,218,725)**	(1,220,027)	**(1,218,725)**	2,505,899
Tax losses	**(513,867,439)**	(467,582,446)	**(936,135,175)**	(593,996,822)
Net impact on ROU asset / Operating lease liability	**(2,364,630)**	5,213,973	**(38,511,714)**	(16,312,832)
Provision for Inventory	**6,603,700**	-	**5,122,214**	0
	(512,968,074)	(467,510,007)	**(978,651,677)**	(612,353,007)
Deferred income tax charge / (reverse)	**1,953,096,402**	133,620,890	**(1,017,164,276)**	(829,469,683)
Reported in the Statement of Income	**(517,915,815)**	(437,293,816)	**(1,028,978,789)**	(831,060,528)
Reported in the Statement of Comprehensive Income	**2,471,012,217**	570,914,707	**11,814,512**	1,590,844

9.3 The Company has unutilised tax losses to recognise a Deferred Tax Asset up to the extent of the Deferred Tax Liability arising from taxable temporary differences in the Company and will have taxable profits under the New Inland Revenue Act which is effective from 01 April 2018.

Further, the deferred tax liability has been recognised on the capital gain on investment assets and business assets at the applicable rates as per the new Inland Revenue Act.

10 PROPERTY, PLANT AND EQUIPMENT

10.1 Company

10.1.1 Gross carrying amounts

	Balance As at 1-Apr-25 LKR	Acquired during the year / Transfers In LKR	Revaluation LKR	Disposals/ Derecognition LKR	Transfer Out LKR	Balance As at 31-Mar-26 LKR
At cost						
Landscaping	884,560	-	-	-	-	**884,560**
Building - leasehold	959,507,414	35,280,307	-	(24,911,127)	-	**969,876,594**
Fixtures - other	1,778,848,682	2,661,400	-	(2,249,065)	-	**1,779,261,017**
Fixtures - air conditions	93,127,036	9,007,014	-	(976,221)	-	**101,157,829**
Furniture	52,233,974	-	-	(287,680)	-	**51,946,294**
Computer equipments	61,520,918	973,042	-	-	-	**62,493,960**
Office equipment- other	372,059,837	5,877,108	-	(3,406,154)	-	**374,530,791**
Motor vehicles	38,308,928	-	-	-	-	**38,308,928**
	3,356,491,349	53,798,871	-	(31,830,247)	-	**3,378,459,973**

	Balance As at 1-Apr-25 LKR	Transfer from Acc : Depreciation LKR	Revaluation LKR	Disposals/ Derecognition LKR	Transfer Out LKR	Balance As at 31-Mar-26 LKR
At valuation						
Land	2,211,500,002	-	13,000,000	-	-	**2,224,500,002**
Building	269,800,000	(9,756,529)	6,356,529	-	-	**266,400,000**
	2,481,300,002	(9,756,529)	19,356,529	-	-	**2,490,900,002**

10.1.2 In the Course of Constructions

	Balance As at 1-Apr-25 LKR	Transfer In LKR	Revaluation LKR	Disposals/ Derecognition LKR	Transfer Out LKR	Balance As at 31-Mar-26 LKR
Capital work in progress	831,344,865	107,886,994	-	-	(53,798,871)	**885,432,988**
Total gross carrying amount	831,344,865	107,886,994	-	-	(53,798,871)	**885,432,988**
Total gross carrying value	6,669,136,216	151,929,335	19,356,529	(31,830,247)	(53,798,871)	**6,754,792,963**

10 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

10.1 Company (Contd.)

10.1.3 Depreciation

	Balance As at 1-Apr-25 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals/ Derecognition LKR	Revaluation / Transfer Out LKR	Balance As at 31-Mar-26 LKR
At cost						
Landscaping	884,560	-	-	-	-	**884,560**
Building - leasehold	391,162,734	-	65,152,005	(19,966,084)	-	**436,348,655**
Fixtures - Other	1,618,949,630	-	55,576,855	(2,249,065)	-	**1,672,277,420**
Fixtures - air conditions	92,077,936	-	1,644,105	(976,220)	-	**92,745,821**
Furniture	43,637,634	-	1,525,538	(287,680)	-	**44,875,492**
Computer equipments	50,141,738	-	4,652,044	-	-	**54,793,782**
Office equipment- other	310,394,442	-	17,864,532	(2,822,432)	-	**325,436,542**
Motor vehicles	37,064,435	-	1,244,493	-	-	**38,308,928**
	2,544,313,109	-	147,659,572	(26,301,481)	-	**2,665,671,200**

	Balance As at 1-Apr-25 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals/ Derecognition LKR	Revaluation / Transfer Out LKR	Balance As at 31-Mar-26 LKR
At valuation						
Building	-	-	9,756,529	-	(9,756,529)	**-**
Total depreciation	2,544,313,109	-	157,416,101	(26,301,481)	(9,756,529)	**2,665,671,200**

10.1.4 Net Book Value

	2026 LKR	2025 LKR
At Cost		
Building - lease hold	**533,527,939**	568,344,680
Fixtures and fittings	**106,983,597**	159,899,052
Fixtures - air conditions	**8,412,008**	1,049,100
Furniture	**7,070,802**	8,596,340
Computer equipment	**7,700,178**	11,379,180
Office equipment- other	**49,094,249**	61,665,395
Motor vehicles	**-**	1,244,493
	712,788,773	812,178,240
At valuation		
Land	**2,224,500,002**	2,211,500,002
Building	**266,400,000**	269,800,000
	2,490,900,002	2,481,300,002
10.1.5 In the course of constructions		
Capital work in progress	**885,432,988**	831,344,865
Total gross carrying amount	**885,432,988**	831,344,865
Total	**4,089,121,763**	4,124,823,107

10.1.6 The company uses the revaluation model for measurement of land and buildings. The company engaged chartered valuer M/S G.W.G. Abeygunawardene an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on comparison method/DRC method. The date of the most recent revaluation was on 31st March 2026. The previous revaluation was on 31st March 2025.

If the properties were measured using the cost model, the carrying amounts would be, as follows:

Class of asset	Cost LKR	Cumulative depreciation If assets were carried at cost LKR	Net carrying amount 2026 LKR	Net carrying amount 2025 LKR
Building	312,463,128	229,306,764	**83,156,364**	90,891,228
Land	680,661,992	-	**680,661,992**	680,661,992

10 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

10.1 Company (Contd.)

10.1.7 Land and buildings with a carrying value of LKR 2,396,800,000 (2025 - LKR 2,388,700,000) have been pledged as security for term loans obtained, and details of which are disclosed in Note 30

10.1.8 Property pant and equipment include fully depreciated assets having a gross carrying amount of LKR 1,882,179,465 (2025 - LKR 1,855,305,388)

10.1.9 The amount of borrowing costs capitalised during the year was LKR 26,310,970 at 20% (2025 - LKR 62,768,000)

10.1.10 Cash payment of LKR 107,886,994 has been done for the acquisition of property, plant and equipment

10.2 Group

10.2.1 Gross carrying amounts

	Balance As at 1-Apr-25 LKR	Acquired during the year / Transfers In LKR	Revaluation LKR	Disposals/ Derecognition LKR	Transfer Out LKR	Balance As at 31-Mar-26 LKR
At cost						
Landscaping	884,560	-	-	-	-	**884,560**
Building - leasehold	2,238,784,541	61,310,715	-	(46,926,453)	-	**2,253,168,802**
Fixtures and fittings	2,108,274,179	12,515,290	-	(9,696,410)	-	**2,111,093,060**
Fixtures - air conditions	105,198,508	9,007,014	-	(976,221)	-	**113,229,301**
Furniture	894,065,708	19,169,409	-	(17,681,388)	-	**895,553,729**
Computer equipment	260,582,274	973,042	-	(43,458)	-	**261,511,858**
Office equipment	524,548,682	5,877,108	-	(3,515,774)	-	**526,910,016**
Motor vehicles	50,238,978	-	-	-	-	**50,238,978**
Motor vehicles -lease	2,574,404	-	-	-	-	**2,574,404**
	6,185,151,834	108,852,577	-	(78,839,703)	-	**6,215,164,708**

	Balance As at 1-Apr-25 LKR	Transfer from Acc : Depreciation LKR	Revaluation LKR	Disposals/ Derecognition LKR	Transfer Out LKR	Balance As at 31-Mar-26 LKR
At valuation						
Land	797,500,002	-	48,500,000	-	-	**846,000,002**
Building	565,700,000	(26,349,052)	19,549,052	-	-	**558,900,000**
	1,363,200,002	(26,349,052)	68,049,052	-	-	**1,404,900,002**

10.2.2 In the course of constructions

	Balance As at 1-Apr-25 LKR	Transfer In LKR	Revaluation LKR	Disposals/ Derecognition LKR	Transfer Out LKR	Balance As at 31-Mar-26 LKR
Capital work in progress	904,119,075	197,169,140	-	-	(53,798,871)	**1,047,489,344**
Total gross carrying amount	904,119,075	197,169,140	-	-	(53,798,871)	**1,047,489,344**
Total gross carrying value	8,452,470,911	279,672,664	68,049,052	(78,839,703)	(53,798,871)	**8,667,554,054**

10.2.3 Depreciation

	Balance As at 1-Apr-25 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals/ Derecognition LKR	Revaluation / Transfer Out LKR	Balance As at 31-Mar-26 LKR
At cost						
Landscaping	884,560	-	-	-	-	**884,560**
Building - leasehold	1,353,742,551	-	100,372,178	(41,901,961)	-	**1,412,212,768**
Fixtures and fittings	1,832,463,896	-	78,851,839	(5,600,571)	-	**1,905,715,165**
Fixtures - air conditions	103,608,342	-	1,992,405	(976,220)	-	**104,624,527**
Furniture	712,053,168	-	46,574,739	(17,571,688)	-	**741,056,219**
Computer equipment	192,659,292	-	12,490,617	(14,466)	-	**205,135,443**
Office equipment	452,635,409	-	21,651,060	(2,922,862)	-	**471,363,608**
Motor vehicles	49,389,461	-	1,244,493	(394,976)	-	**50,238,978**
Motor vehicles -lease	2,179,428	-	-	394,976	-	**2,574,404**
	4,699,616,108	-	263,177,332	(68,987,768)	-	**4,893,805,672**

	Balance As at 1-Apr-25 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals/ Derecognition LKR	Revaluation / Transfer Out LKR	Balance As at 31-Mar-26 LKR
At valuation						
Building	-	-	26,349,052	-	(26,349,052)	**-**
Total depreciation	4,699,616,108	-	289,526,384	(68,987,768)	(26,349,052)	**4,893,805,672**

NOTES TO THE FINANCIAL STATEMENTS

10 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

10.2 Group (Contd.)

10.2.4 Net book value

	2026 LKR	2025 LKR
At Cost		
Landscaping	-	-
Building - leasehold	**840,956,034**	885,041,990
Fixtures and fittings	**205,377,895**	275,810,283
Fixtures - air conditions	**8,604,774**	1,590,166
Furniture	**154,497,509**	182,012,540
Computer equipment	**56,376,415**	67,922,982
Office equipment	**55,546,408**	71,913,273
Motor vehicles	-	849,517
Motor vehicles -lease	-	394,976
	1,321,359,036	1,485,535,726
At valuation		
Land	**846,000,002**	797,500,002
Building	**558,900,000**	565,700,000
	1,404,900,002	1,363,200,002
10.2.5 **In the course of constructions**		
Capital work in progress	**1,047,489,344**	904,119,075
Total gross carrying amount	**1,047,489,344**	904,119,075
Total	**3,773,748,382**	3,752,854,803

10.2.6 The company uses the revaluation model for measurement of land and buildings. The company engaged chartered valuer M/S G.W.G. Abeygunawardene an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on comparison method/DRC method. The date of the most recent revaluation was on 31st March 2026. The previous revaluation was on 31st March 2025.

If the properties were measured using the cost model, the carrying amounts would be, as follows:

Class of asset	Cost LKR	Cumulative depreciation If assets were carried at cost LKR	Net carrying amount 2026 LKR	Net carrying amount 2025 LKR
Building	433,610,820	287,047,427	**146,563,393**	169,378,851
Land	106,252,776	-	**106,252,776**	106,252,776

10.2.7 Land and buildings with a carrying value of LKR 1,310,800,000 (2025 - LKR 1,270,600,000) have been pledged as security for term loans obtained, and details of which are disclosed in Note 30

10.2.8 Property pant and equipments included fully depreciated assets having a gross carrying amount of LKR 3,472,344,059 (2025 - LKR 2,589,896,840)

10.2.9 The amount of borrowing costs capitalised during the year was LKR 26,310,970 at 20% (2025 - LKR 62,768,000)

10.2.10 Cash payment of LKR 252,222,846 has been done for the acquisition of property, plant and equipment

10.3 Valuation information - Land and building

10.3.1 Company

Property	Extent	No of buildings	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
						2026	2025		31-Mar-2026	31-Mar-2025
No. 10, Ward Place, Colombo 07.	Land - R 2, P 15	0	Comparison Method/ DRC Method	31-Mar-26	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 20.5 Mn**	Estimated price per perch is LKR 20.5 Mn	Positively correlated	**Land - 1,947.5 Mn**	Land - 1,947.5 Mn
No 29A, Jayathilaka Mawatha, Panadura	Land- R 1, P 2.16 Building - Sqft 33,272	1	Comparison Method/ DRC Method	31-Mar-26	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 5.1 Mn & estimated price per Square foot is LKR 5,450 to LKR 7,900**	Estimated price per perch is LKR 4.850 Mn & estimated price per Square foot is LKR 5,550 to LKR 8,000	Positively correlated	**Land - 215 Mn Building - 234.3 Mn**	Land - 204.5 Mn Building - 236.7 Mn
No 18 and 20, Sama Mawatha, Boralesgamuwa	Land -P 20 Building - Sqft 5,155	1	Comparison Method/ DRC Method	31-Mar-26	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 3.1 Mn & estimated price per Square foot- LKR 6,000 to LKR 6,750**	Estimated price per perch is LKR 2.975 Mn & estimated price per Square foot- LKR 6,250 to LKR 6,800	Positively correlated	**Land - 62 Mn Building -32.1 Mn**	Land - 59.5 Mn Building -33.1 Mn

10 PROPERTY, PLANT & EQUIPMENT (CONTD.)

10.3 Valuation information - Land and building (Contd.)

10.3.2 Group

Property	Extent	No of buildings	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
						2026	2025		31-Mar-2026	31-Mar-2025
No. 475/32, Kotte Road, Rajagiriya	Land - R 1, P 7.42 Building Sqft- 31,760	1	Income Approach	31-Mar-26	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch LKR 11.25 Mn & estimated price per Square foot- LKR 9,316**	Estimated price per perch LKR 11.25 Mn & estimated price per Square foot- LKR 9,316	Positively correlated	**Land - 533.5 Mn Building - 295.9 Mn**	Land - 533.5 Mn Building - 295.9 Mn
No 29A, Jayathilaka Mawatha, Panadura	Land- R 1, P 2.16 Building - Sqft 33,272	1	Comparison Method/ DRC Method	31-Mar-26	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 5.1 Mn & estimated price per Square foot is LKR 5,450 to LKR 7,900**	Estimated price per perch is LKR 4.850 Mn & estimated price per Square foot is LKR 5,550 to LKR 8,000	Positively correlated	**Land - 215 Mn Building - 234.3 Mn**	Land - 204.5 Mn Building - 236.7 Mn
No 18 and 20, Sama Mawatha, Boralesgamuwa	Land -P 20 Building - Sqft 5,155	1	Comparison Method/ DRC Method	31-Mar-26	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 3.1 Mn & estimated price per Square foot- LKR 6,000 to LKR 6,750**	Estimated price per perch is LKR 2.975 Mn & estimated price per Square foot- LKR 6,250 to LKR 6,800	Positively correlated	**Land - 62 Mn Building -32.1 Mn**	Land - 59.5 Mn Building -33.1 Mn

11 INVESTMENT PROPERTY

11.1 Company

Gross carrying amount	Balance As at 1-Apr-25 LKR	Transfer In LKR	Adjustment for fair value LKR	Transfers Out LKR	Impairment LKR	Balance As at 31-Mar-26 LKR
Land	4,676,760,000		-	-	-	**4,676,760,000**
Total	4,676,760,000	-	-	-	-	**4,676,760,000**

11.1.1 Net book value

	2026 LKR	2025 LKR
At fair value		
Land	**4,676,760,000**	4,676,760,000
Total at fair value	**4,676,760,000**	4,676,760,000

11.1.2 Odel PLC has entered into a long term lease agreement for the ground rent with Odel Properties One (Pvt) Ltd for the purpose of constructing proposed shopping mall under a mixed development project approved by the Board of Investment of Sri Lanka. Note No 11.3.1 represent the detail of the land thereof.

11.2 Group

Gross carrying amount	Balance As at 1-Apr-25 LKR	Acquisitions/ Transfers LKR	Adjustment for fair value LKR	Disposals / Transfers LKR	Write-offs / Impairment LKR	Balance As at 31-Mar-26 LKR
Land	1,173,700,000	-	-	(1,173,700,000)	-	-
Total	1,173,700,000	-	-	(1,173,700,000)	-	-

11.2.1 Net book value

	2026 LKR	2025 LKR
At fair value		
Land	-	1,173,700,000
Total at fair value	-	1,173,700,000

11.2.2 During the financial year, Odel Lanka (Pvt) Ltd a fully own subsidiary of Odel PLC, disposed the entries investment property for a net proceed of 1,173,700,000. The property has been valued at 1,173,700,000 as at 31st March 2025 which results no profit/(loss) on this disposal for the period.

11 INVESTMENT PROPERTY (CONTD.)

11.3 Valuation information - Land and building- Classified as Investment Property

11.3.1 Company

Property	Extent	No of buildings	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
						2026	2025		31-Mar-2026	31-Mar-2025
No. 15, C.W.W. Kannangara Mawatha, Colombo 07.	Land - A 1, R 1, P 12.58	0	Comparison Method	31-Mar-26	G W G Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 22 Mn	Estimated price per perch is LKR 22 Mn	Positively correlated	Land 4,677 Mn	Land 4,677 Mn
No. 21/5, C.W.W.Kannangara Mawatha, Colombo 07.										
No.25/2 ,3,5,6 & 6B,C.W.W. Kannangara Mawatha,Colombo 7.										
No.17,17/1,17/1A,19 & 19A, C.W.W. Kannangara Mawatha,Colombo7.										
No. 25, C.W.W. Kannangara Mawatha, Colombo 07.										

11.3.2 Group

Property	Extent	No of buildings	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
						2026	2025		31-Mar-2026	31-Mar-2025
No 197/C, Kalapaluwawa Road and No 271, Kaduwela Road, Thalangama	A 1-R 1-P 35.24	0	Open Market value	31-Mar-25	G W G Abeygunawardene, Chartered Valuation Surveyor	Note - 11.2.2	Estimated price per perch LKR 5 Mn	Positively correlated	Note - 11.2.2	Land 1,173 Mn

12 OTHER CURRENT/NON CURRENT ASSETS

12.1 Other Non Current Assets

	Notes	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Work in progress					
Balance as at 01 st April		-	-	17,786,835,684	15,501,899,404
Addition during the period		-	-	1,086,967,162	1,025,934,288
Transfer from other current assets	12.2.2			-	2,152,830,964
Impairment during the period		-	-	(370,083,385)	(893,828,972)
Balance as at 31 st March		-	-	18,503,719,461	17,786,835,684

Odel Properties one (Pvt) Ltd, fully owned subsidiary of Odel PLC commenced the construction of a shopping mall as a BOI project. Other Non-Current Assets represents the construction work in progress, which mainly consists of advances paid to contractors, directly attributable cost incurred on the project and borrowing cost capitalized. The amount of borrowing costs capitalized during the year ended 31 March 2026 was LKR 894,923,657 (2025– LKR 893,828,972)

12.1.1 Details of the Odell mall project

The Group is engaged in the development and construction of an integrated complex with an approximate area of 595,000 square feet, comprising of offices, retail and associate facilities and a car park.

The land owned by ODEL PLC has leased out for this project and land details are as follows;

Land Extent A 1, R 1, P 12.58
Lease Period 50 Years

Total ODEL mall project cost

Upon completion of the project, the total cost will be allocated in the following percentages under each asset category. As estimated at this juncture of time the final project cost allocation will be done in an absolute manner once the project is at near completion.

Asset category	Type	Cost percentage
Property, plant and Equipment and Investment Property	Office premises and Retail space	100%

12.1.2 Current Status

Following a comprehensive evaluation of the project's financial and operational feasibility, management has decided to rationalize and reduce the scope of the Odel Mall development. The originally planned apartment component will no longer proceed. Instead, the space allocated for apartments will be repurposed and developed as office space.

This strategic revision reflects management's assessment of prevailing market conditions, projected returns, and long-term sustainability of the project. Converting the area into office space is considered the most viable option, offering a more predictable revenue stream, lower development risk, and enhanced alignment with the current commercial property demand profile. The refined scope also allows the project to be completed more efficiently while optimizing capital deployment and improving the Group's future cash flow position.

12 OTHER CURRENT/NON CURRENT ASSETS (CONTD.)

12.2 Other Current Assets

	Notes	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Advance paid on constructions	12.2.1	-	-	457,555,229	457,555,229
Less - Work recovered from Advance		-	-	(21,751,533)	(21,751,533)
		-	-	435,803,696	435,803,696
Apartments - Work in progress	12.2.2	-	-	-	2,152,830,964
Transfer to other Non current assets	12.1	-	-	-	(2,152,830,964)
Withholding Tax refund due		-	-	70,842	70,842
		-	-	435,874,538	435,874,538

12.2.1 Advances have been paid to China State Engineering Corporation for piling, diaphragm wall and construction of the shopping mall.

12.2.2 Inventory work in progress included transfer of ODEL mall project's construction cost and the deemed cost of the land on proportionate basis applicable to apartments has now been transferred to other non current assets due to the reduction in construction scope to remove the apartment component and the conversion of this area into office space (Ref 12.1).

13 INTANGIBLE ASSETS

13.1 Company

13.1.1 Gross carrying amounts

	Balance As at 1-Apr-25 LKR	Incurred during the year / Transfers In LKR	Revaluation LKR	Disposals LKR	Transfer Out LKR	Balance As at 31-Mar-26 LKR
At cost						
Computer software	2,826,115		-	-	-	2,826,115
Total	2,826,115	-	-	-	-	2,826,115

13.1.2 Amortization

	Balance As at 1-Apr-25 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals LKR	Revaluation / Transfer Out LKR	Balance As at 31-Mar-26 LKR
At cost						
Computer software	2,374,661	-	169,179	-	-	2,543,840
	2,374,661	-	169,179	-	-	2,543,840

13.1.3 Net book value

	2026 LKR	2025 LKR
At cost		
Computer software	**282,275**	451,454
Total	**282,275**	451,454

13.1.4 Intangible Assets include fully amortised assets having a gross carrying amount of LKR - 2,414,115/= (2025 - 1,601,615/=)

13.2 Group

13.2.1 Gross carrying amounts

	Balance As at 1-Apr-25 LKR	Incurred Transfers In LKR	Revaluation LKR	Disposals LKR	Transfer Out LKR	Balance As at 31-Mar-26 LKR
At cost						
Computer software	145,062,475	-	-	-	-	**145,062,475**
Brand names	672,974,584	-	-	-	-	**672,974,584**
Total	818,037,059	-	-	-	-	**818,037,059**

13.2.2 Amortization

	Balance As at 1-Apr-25 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals LKR	Revaluation / Transfer Out LKR	Balance As at 31-Mar-26 LKR
At cost						
Computer software	144,611,021	-	169,179	-	-	**144,780,200**
Brand names	619,274,584	-	53,700,000	-	-	**672,974,584**
	763,885,605	-	53,869,179	-	-	**817,754,784**

13.2.3 Net book value

	2026 LKR	2025 LKR
At cost		
Computer software	**282,275**	451,454
Brand names	**-**	53,700,000
Total	**282,275**	54,151,454

13.2.4 Intangible Assets include fully amortised assets having a gross carrying amount of LKR 310,765,270 (2025 - LKR 309,108,262)

13 INTANGIBLE ASSETS (CONTD.)

13.3 Goodwill

The balance represents the Goodwill computed on the acquisition of,

	2026 LKR	2025 LKR
Softlogic Brands (Pvt) Ltd on 21st March 2015	104,680,409	104,680,409
Cotton Collection (Pvt) Ltd on 28th August 2018	340,884,644	340,884,644
Impairment of good will_Cotton Collection (Pvt) Ltd	(175,759,473)	(175,759,473)
	269,805,580	269,805,580

Impairment of goodwill

The recoverable amounts of the CGU has been determined based on the value in use (VIU) calculation. value in use calculated

based on the discounted cash flows of CGU. Cash flows are derived from the budget for the next five years without considering the

significant future investments. Key Budget assumptions used for the budget are as follows.

Gross Margin - Actual gross margins achieved in the year preceding the budgeted year adjusted for projected market condition

Discount Rate -

Softlogic Brands (Pvt) Ltd	14.01%
Cotton collection (Pvt) Ltd	13.59%

Inflation Rate/Cash flow growth rate - Inflation rate based on projected economic conditions.- 5%

14 RIGHT OF USE ASSETS

14.1 Company

	1-Apr-25 LKR	SLFRS 16 Initial Recognition LKR	Additions / Charge LKR	Transfers In LKR	Transfers Out LKR	31-Mar-26 LKR
Gross carrying amounts	2,558,015,543	-	409,025,656	-		2,967,041,199
Amortisation	(1,672,163,600)	-	(326,253,410)	-		(1,998,417,010)
Net carrying amount	885,851,943				-	968,624,189

14.2 Group

	1-Apr-25 LKR	SLFRS 16 Initial Recognition LKR	Additions / Charge LKR	Transfers Out LKR	Transfers In LKR	31-Mar-26 LKR
Gross carrying amounts	4,939,327,018	-	561,593,246	-	462,148,560	5,963,068,824
Amortisation	(2,931,868,973)	-	(605,342,763)	-	89,808,058	(3,447,403,679)
Net carrying amount	2,007,458,045				551,956,618	2,515,665,145

15 LEASE LIABILITY

15.1 Company

	1-Apr-25 LKR	Transfers Out LKR	Additions LKR	Interest LKR	Payments LKR	31-Mar-26 LKR
Leasehold properties	1,103,593,121	-	409,025,656	155,136,679	(473,507,989)	1,194,247,467
Motor vehicles	-					
	1,103,593,121	-	409,025,656	155,136,679	(473,507,989)	1,194,247,467

15.2 Group

	1-Apr-25 LKR	Transfer In LKR	Additions LKR	Interest LKR	Payments LKR	31-Mar-26 LKR
Leasehold properties	2,169,881,788	622,507,393	561,593,246	282,281,803	(815,426,172)	2,820,838,059
Motor vehicles	-	-	-	-	-	-
	2,169,881,788	622,507,393	561,593,246	282,281,803	(815,426,172)	2,820,838,059

16 INVENTORIES

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Finished Goods	1,165,776,090	955,373,602	1,879,440,841	1,599,936,702
Raw Materials	97,649,966	117,022,567	198,620,890	267,016,018
Provision for obsolete and slow moving items	(58,765,813)	(80,778,147)	(127,859,206)	(150,533,862)
Total inventories at the lower of cost and NRV	1,204,660,243	991,618,022	1,950,202,526	1,716,418,858

17 TRADE AND OTHER RECEIVABLES

	Notes	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Financial Assets - At Amortized Cost					
Trade Debtors	17.1	131,480,718	105,350,592	161,750,548	163,012,034
Other Debtors		63,924,625	105,279,590	266,379,183	199,623,902
Provision for impairment on trade receivable		(5,054,282)	(3,126,185)	(11,519,011)	(5,769,344)
		190,351,061	207,503,997	416,610,720	356,866,592
Non Financial Assets					
Deposits and Prepayments		345,319,090	507,664,723	637,555,799	927,693,595
		535,670,151	715,168,720	1,054,166,518	1,284,560,187

NOTES TO THE FINANCIAL STATEMENTS

17 TRADE AND OTHER RECEIVABLES (CONTD.)

17.1 Trade debtors aging analysis

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Aging brackets (Days)				
0-30	**78,042,515**	43,282,070	**106,734,923**	52,320,421
31-60	**16,780,072**	20,468,322	**17,479,278**	20,468,322
61-90	**3,824,121**	2,976,949	**4,061,831**	2,976,949
91-120	**2,223,908**	4,287,060	**2,864,415**	4,287,060
120 <	**30,610,101**	31,884,979	**30,610,101**	31,884,979
Total	**131,480,718**	102,899,380	**161,750,548**	111,937,731

The balances consist of credit card, rent and advertising debtor

18 OTHER FINANCIAL ASSETS

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Financial assets at fair value through profit and loss				
Investment in unit trust	**-**	248,959	**-**	248,959
Other Receivable				
Staff loan	**1,520,000**	1,141,737	**1,520,000**	1,141,737
Refundable deposit	**363,947,550**	265,751,737	**635,603,933**	499,627,204
	365,467,550	267,142,433	**637,123,933**	501,017,900
18.1 Total current	**18,406,445**	84,606,072	**18,406,445**	84,606,072
18.2 Total Non current	**347,061,105**	182,536,361	**618,717,488**	416,411,828
	365,467,550	267,142,433	**637,123,933**	501,017,900

19 OTHER NON CURRENT LIABILITIES

	Notes	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Retained from payments on constructions	19.1	**-**	-	**344,282,113**	344,282,113
Advances received on apartment sales	19.2	**-**	-	**159,879,010**	279,594,809
Refundable deposit	19.3	**-**	-	**5,123,106**	-
		-	-	**509,284,229**	623,876,922

19.1 The balance represents the retention amount on construction work carried out in relation to the mixed development project in progress by Odel Properties One (Pvt) Ltd.

19.2 The balance represents the advances received by Odel Properties One (Pvt) Ltd from the customers to reserve the apartments to be constructed under the mixed development project

19.3 Refundable deposit includes the security deposit received for cinema theatre form PVR Cinemas

20 INVESTMENT IN SUBSIDIARIES

20.1 Investment at Fair Value

		Company		Group	
	% Holding	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Softlogic Brands (Pvt) Ltd	100%	**14,072,037,505**	5,929,159,885	**-**	-
Cotton Collection (Pvt) Ltd	100%	**779,504,889**	156,500,476	**-**	-
Odel Properties One (Pvt) Ltd	100%	**2,225,623,035**	3,179,613,017	**-**	-
Odel Properties (Pvt) Ltd.	100%	**775,236,259**	718,983,866	**-**	-
Odel Information Technology Services (Pvt) Ltd	100%	**-**	-	**-**	-
Odel Lanka (Pvt) Ltd	100%	**762,337,237**	405,760,716	**-**	-
Odel Restaurant (Pvt) Ltd	100%	**7,903,166**	7,903,166	**-**	-
Odel Apparels (Pvt) Ltd	100%	**-**	-	**-**	-
Odel Apparel Holding Pvt Ltd	100%	**-**	-	**-**	-
Odel Apparel Lanka Pvt Ltd	100%	**-**	-	**-**	-
		18,622,642,090	10,397,921,126	**-**	-

20.2 Accounting Judgements, Estimates and Assumptions

Impairment of investment in subsidiaries

The Company measures the investment in subsidiaries at fair value at each balance sheet date using Discounted Cash Flow methodology (DCF) and Net Assets methodology.

Changes in fair value of quoted and unquoted investment in subsidiaries are recognised in the Statement of Other Comprehensive Income statement. The management has used either Discounted Cash Flow Methodology (DCF) or Net Assets Methodology approach in determining the fair value of each entity. Further details on fair value of quoted and unquoted investments are disclosed in the below note.

20 INVESTMENT IN SUBSIDIARIES (CONTD.)

20.3 Group Unquoted Investments

Investment made in	Valuation methodology used	Terminal Growth		Discount Rate	
		2026	2025	2026	2025
Softlogic Brands (Pvt) Ltd	Discounted Cash Flow	5%	5%	14.01%	12.05%
Cotton Collection (Pvt) Ltd	Discounted Cash Flow	5%	5%	13.59%	11.75%
Odel Properties One (Pvt) Ltd	Discounted Cash Flow	5%	5%	13.25%	13.15%
Odel Properties (Pvt) Ltd.	Net Assets	-	-	-	-
Odel Information Technology Services (Pvt) Ltd	Net Assets	-	-	-	-
Odel Lanka (Pvt) Ltd	Net Assets	-	-	-	-
Odel Restaurant (Pvt) Ltd	Net Assets	-	-	-	-
Odel Apparels (Pvt) Ltd	Net Assets	-	-	-	-
Odel Apparel Holding Pvt Ltd	Net Assets	-	-	-	-
Odel Apparel Lanka Pvt Ltd	Net Assets	-	-	-	-

20.4 Sensitivity Analysis

Entity	Significant Unobservable Inputs - Growth Rate		Sensitivity of the input to fair value	
	Increased rate	Decreased rate	At increased rate	At decreased rate
Softlogic Brands (Pvt) Ltd	15.01%	13.01%	12,420,820,400	16,131,513,460
Cotton Collection (Pvt) Ltd	14.59%	12.59%	670,591,494	917,847,091
Odel Properties One (Pvt) Ltd	14.25%	12.25%	668,479,449	4,220,963,292

21 AMOUNTS DUE FROM RELATED PARTIES

	Relationship	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Amount due from subsidiary companies					
Odel Properties One (Pvt) Ltd	Subsidiary	**842,871,375**	405,428,172	**-**	-
Odel Apparels (Pvt) Ltd	Subsidiary	**-**	1,407,132	**-**	-
Odel Lanka (Pvt) Ltd	Subsidiary	**-**	363,331,743	**-**	-
Cotton Collection (Pvt) Ltd	Subsidiary	**35,480,679**	8,624,695	**-**	-
Odel Apparel Holding (Pvt) Ltd	Subsidiary	**8,575,678**	8,430,118	**-**	-
Odel Apparel Lanka (Pvt) Ltd	Subsidiary	**550,856**	414,344	**-**	-
		887,478,588	787,636,204	**-**	-
Less: Provision for doubtful debt		**(18,876,289)**	(84,408,302)	**-**	-
		868,602,299	703,227,902	**-**	-
Amount due from Other companies					
Softlogic Retail (Pvt) Ltd	Other Related	**-**	-	**105,142,622**	77,065,959
Softlogic Mobile Distribution (Pvt) Ltd	Other Related	**-**	-	**2,000,000**	2,000,000
Softlogic BPO Services (Pvt) Ltd	Other Related	**-**	-	**1,694,380**	1,220,800
Softlogic Holdings PLC	Ultimate Parent	**-**	-	**1,510,394**	400,954
Softlogic Restaurants (Pvt) Ltd	Other Related	**24,121,943**	11,825,844	**40,480,635**	74,095,480
Softlogic City Hotels (Pvt) Ltd	Other Related	**-**	77,471	**-**	77,471
Softlogic Life Insurance PLC	Other Related	**282,894**	-	**296,241**	13,347
Ceysand Resorts (Pvt) Ltd	Other Related	**-**	-	**100,000**	100,000
Future Automobiles (Pvt) Ltd	Other Related	**-**	6,727,393	**-**	6,727,393
Softlogic Retail Holdings (Pvt) Ltd	Immediate Parent	**5,722,320**	11,167,465	**6,247,260**	11,534,545
Softlogic Supermarkets (Pvt) Ltd	Other Related	**-**	-	**897,372**	3,246,777
Softlogic Properties (Pvt) Ltd	Other Related	**315,000**	315,000	**1,378,736**	1,378,736
Central Hospital (Pvt) Ltd	Other Related	**-**	-	**-**	247,264
Softlogic Pharmaceutical (Pvt) Ltd	Other Related	**-**	-	**5,017,544**	3,856,811
Bata Shoe Company of Ceylon Ltd	Other Related	**-**	-	**-**	10,154,675
Suzuki Motors Lanka (Pvt) Ltd	Other Related	**-**	10,800,000	**-**	10,800,000
Asiri Academy Of Health Services (Pvt) Ltd	Other Related	**60,000**	-	**12,715,253**	-
Footwear Retailer Ltd	Other Related	**31,066**	2,066	**10,185,741**	2,066
		30,533,223	40,915,239	**187,666,179**	202,922,278
Less: Provision for doubtful debt		**(22,362,002)**	(22,362,002)	**(123,494,474)**	(123,494,474)
		8,171,221	18,553,237	**64,171,706**	79,427,805
		876,773,520	721,781,139	**64,171,706**	79,427,805

NOTES TO THE FINANCIAL STATEMENTS

22 INTEREST BEARING LOANS AND BORROWINGS

22.1 Company

	Notes	2026 Repayable within 1 year LKR	2026 Repayable after 1 year LKR	2026 Total LKR	2025 Repayable within 1 year LKR	2025 Repayable after 1 year LKR	2025 Total LKR
Bank loan	22.1.1	**4,122,057,158**	**1,929,346,117**	**6,051,403,275**	3,909,135,319	2,255,029,389	6,164,164,708
Interest payable		**1,394,030,945**	**-**	**1,394,030,945**	1,039,997,587	-	1,039,997,587
Bank overdraft	26.2	**1,126,138,455**	**-**	**1,126,138,455**	970,654,760	-	970,654,760
Related Party Loans	22.1.2	-	-	-	24,000,000	-	24,000,000
		6,642,226,558	**1,929,346,117**	**8,571,572,675**	5,943,787,666	2,255,029,389	8,198,817,055

22.1.1 Bank Loans

	2025 LKR	Obtained LKR	Repayment LKR	2026 LKR
Short term working capital loans	3,621,491,906	4,681,754,798	(4,516,092,663)	**3,787,154,041**
Medium term project loans	2,542,672,802	-	(278,423,568)	**2,264,249,234**
	6,164,164,708	4,681,754,798	(4,794,516,231)	**6,051,403,275**

22.1.2 Related Party Loans

	2025 LKR	Obtained LKR	Repayment LKR	2026 LKR
Short term working capital loans				
Softlogic Holdings PLC	24,000,000	-	(24,000,000)	-
	24,000,000	-	(24,000,000)	-

22.2 Group

	Notes	2026 Repayable within 1 year LKR	2026 Repayable after 1 year LKR	2026 Total LKR	2025 Repayable within 1 year LKR	2025 Repayable after 1 year LKR	2025 Total LKR
Bank loan	22.2.1	**5,886,020,367**	**11,501,699,439**	**17,387,719,806**	5,578,269,014	10,971,883,322	16,550,152,336
Interest payable		**1,854,961,629**	**-**	**1,854,961,629**	1,039,997,587	-	1,039,997,587
Bank overdraft	26.2	**1,432,387,144**	**-**	**1,432,387,144**	1,493,098,613	-	1,493,098,613
Related Party Loans	22.2.2	**956,367,944**	**-**	**956,367,944**	1,691,561,786	-	1,691,561,786
		10,129,737,084	**11,501,699,439**	**21,631,436,523**	9,802,927,001	10,971,883,322	20,774,810,322

22.2.1 Bank Loans

	2025 LKR	Obtained LKR	Repayment LKR	2026 LKR
Short term working capital loans	5,256,951,333	7,243,503,465	(6,991,011,816)	**5,509,442,982**
Medium term project loans	11,293,201,003	894,923,657	(309,847,836)	**11,878,276,824**
	16,550,152,336	8,138,427,122	(7,300,859,652)	**17,387,719,806**

22.2.2 Related Party Loans

	2025 LKR	Obtained LKR	Repayment LKR	2026 LKR
Short term working capital loans				
Softlogic Holdings PLC	1,002,039,749	-	(833,193,843)	**168,845,906**
Asiri Hospital Holdings PLC	264,522,038	27,000,000	-	**291,522,038**
Asiri Surgical Hospital PLC	425,000,000	-	-	**425,000,000**
Asiri Hospital Kandy (Pvt) Ltd	-	11,000,000	-	**11,000,000**
Central Hospital Limited	-	60,000,000	-	**60,000,000**
	1,691,561,786	98,000,000	(833,193,843)	**956,367,944**

NOTES TO THE FINANCIAL STATEMENTS

22 INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

22.3 Terms of the loan

22.3.1 Company

Lending institution	Year Obtained	Loan/ Facility value	Nature of facility	Security
Bank of Ceylon	2024/25	318.17Mn	Medium term loan	Existing mortgage over the property depicted as Lot No. 01 in Plan No.012166 dated 10.07.2012.
Bank of Ceylon	2024/25	200Mn	Short term Loan	Existing and additional mortgage over the property depicted as Lot No. 01 in Plan No.012166 dated 10.07.2012.
Cargills Bank PLC	2019/20	150Mn	Short term Loan	Corporate Guarantee for 250Mn to be obtained from Softlogic Holdings PLC together with the supporting board Resolution
Commercial Bank of Ceylon PLC		50Mn	Bank Overdraft	Primary Mortgage Bond over credit and debit card sales of all outlets of the Company(excluding the outlet at BIA) routed through 3 Acquiring Banks (HSBC, Sampath, NTB- (Amex)
DFCC Bank PLC	2018/19	6.5 Bn for Core Borrowers	Short term Loan	A corporate guarantee from Softlogic Holdings PLC having its registered office at No. 14, de Fonseka Place, Colombo 05 bearing registration No PV1536PB/PQ for Rs.5 Bn.
DFCC Bank PLC	2021/22	500Mn	Medium term loan	A Quadripartite Agreement dated 22.06.2021, 07.07.2021 and 04.08.2021 entered into between the DFCC Bank PLC, the company, Softlogic Holdings PLC and the Acuity Stockholders (Pvt) Ltd assigning 32,154,341 ordinary shares of Asiri Hospital Holdings PLC held by Softlogic Holdings PLC in favor of DFCC Bank PLC.
DFCC Bank PLC	2018/19	6.5Bn for Core Borrowers	Import Loan	A corporate guarantee from Softlogic Holdings PLC having its registered office at No. 14, de Fonseka Place, Colombo 05 bearing registration No PV1536PB/PQ for Rs.5 Bn.
DFCC Bank PLC		135/175Mn	Bank Overdraft	Primary Concurrent Mortgage Bond No. 1066/4744/1439/1174 for Rs. 210,000,000.00 over stocks
Hatton National Bank PLC		150Mn	Bank Overdraft	Board resolution
Hatton National Bank PLC	2019/20	1050Mn	Medium term loan	Existing Registered Primary Mortgage Over Credit Card Receivables for Rs. 1,050 Mn.
Hatton National Bank PLC	2020/21	430Mn	Short term Loan	Existing concurrent Mortgage Bond for Rs.860 Mn over stocks in trade held at all sale outlets and stores island wide with an assignment of book debts.
Hatton National Bank PLC	2025/26	325Mn	Import Loan	Clean
Indian Bank	2020/21	250Mn	Medium term loan	Asset Backed Trust Certificates secured by a primary mortgage over the Merchant Fee Income. A corporate guarantee from Softlogic Holdings PLC.

Repayment term	Interest Rate	Loan Balance as at 31 March 2026	Loan Balance as at 31 March 2025
Rs. 4,078,979.00 + Interest	AWPLR+ 2%	**245,197,823**	290,596,311
Maximum of 90 days (rollovers are allowed upto 12 months)	Rate will be quoted by treasury on case by case basis	**200,000,000**	200,000,000
Capital and interest will be paid as a bullet payment at maturity.	AWPLR +3% p.a	**145,000,000**	145,450,000
On demand	AWPLR+2.5% p.a., reviewed Monthly	**38,310,135**	35,901,864
The respective capital outstanding balances of the loans shall be repayable by the co-borrowers as a bullet payment on or before 10th January 2024 after an interim capital grace period from 1st January 2023 up to 10th January 2024.	The rate of interest applicable to the loans will be 20% per annum (fixed) with effect from 01st January 2023 up to 10th January 2024 and thereafter will be reverted back to the standard rates applicable by the bank.	**1,043,509,209**	1,045,293,304
The outstanding balance of the loan being a sum of Rs. 313, 840, 000/- shall be repaid in 60 equal monthly installments from January 2024 onwards after a capital interim grace period of 12 months from 01.01.2023 to 10.01.2024 and loan maturity date will be extended accordingly.	20% p.a	**313,840,000**	313,840,000
Maximum of 180 days	AWPLR+ 2% - review monthly	**306,477,321**	246,208,861
On demand	Revised every month and will be 2% per annum above the AWPR	**525,939,086**	372,257,990
On demand	AWPLR (Weekly Review)	**149,830,567**	179,916,926
To be repaid monthly in 34 installments of LKR 22,902,750/- and a final installment of LKR 22,902,734.30 after a moratorium period from April to September 2023. Interest to be repaid monthly after debt moratorium period from April to September 2023.	AWPLR (Weekly Review)	**752,213,464**	801,596,233
To be repaid in full in October after a capital moratorium period from April 2023 to September 202. Commencing from October 2023	AWPLR (Weekly Review)	**346,947,206**	350,057,526
Maximum of 90 days.	AWPLR +0.25% (Weekly Review)	**198,821,085**	-
48 Monthly after the grace Period (as per the schedule) - Starting from 18th August 2020	AWPLR+2.17% p.a	**-**	33,920,163

22 INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

22.3 Terms of the loan (Contd.)

22.3.1 Company (Contd.)

Lending institution	Year Obtained	Loan/ Facility value	Nature of facility	Security
Nations Trust Bank PLC	2020/21	100Mn	Short term Loan	Short Term Loan Agreement
Nations Trust Bank PLC		20Mn	Bank Overdraft	Mortgage Over Stocks & Book debts for Rs. 100Mn
Sampath Bank PLC	2020/21	50Mn	Short term Loan	Loan Agreement
Sampath Bank PLC	2018/19	25Mn	Import Loan	Import Loan Agreement
Sampath Bank PLC		75Mn	Bank Overdraft	Overdraft agreement for Rs. 75 Mn
Seylan Bank PLC	2019/20	1000Mn	Short term Loan	Corporate Guarantee of Softlogic Holdings PLC, Loan Agreement Form, Series of Loans, Accepted Facility Committed Letter
State Bank of India	2020/21	350Mn	Medium term loan	Asset Backed Trust Certificates secured by a primary mortgage over the Merchant Fee Income. A corporate guarantee from Softlogic Holdings PLC.
Union Bank of Colombo PLC	2024/25	1.114Bn	Medium term loan	Concurrent Mortgage over stocks and book debts among 6 banks (NTB - Rs.100Mn, Sampath Bank-Rs.150Mn, HNB-Rs.400Mn, DFCC-Rs.250Mn, Commercial Bank Ceylon - Rs.200Mn and UBC- Rs.450Mn) securing Union Bank of Colombo PLC for Rs. 450Mn.
Union Bank of Colombo PLC	2024/25	300Mn	Import Loan	Concurrent Mortgage over stocks and book debts among 6 banks (NTB - Rs.100Mn, Sampath Bank-Rs.150Mn, HNB-Rs.400Mn, DFCC-Rs.250Mn, Commercial Bank Ceylon - Rs.200Mn and UBC- Rs.450Mn) securing Union Bank of Colombo PLC for Rs. 450Mn.
National Development Bank PLC	2024/25	16.29Mn	Short term Loan	Corporate Guarantee from Softlogic Retail Holdings (Pvt) Ltd (PV 130551) for LKR 200,000,000/-
National Development Bank PLC	2024/25	26.74Mn	Medium term loan	Corporate Guarantee from Softlogic Retail Holdings (Pvt) Ltd (PV 130551) for LKR 200,000,000/-
National Development Bank PLC	2024/25	26.74Mn	Medium term loan	Corporate Guarantee from Softlogic Retail Holdings (Pvt) Ltd (PV 130551) for LKR 200,000,000/-
National Development Bank PLC	2024/25	195Mn	Short term Loan	Corporate Guarantee from Softlogic Retail Holdings (Pvt) Ltd (PV 130551) for LKR 200,000,000/-

Repayment term	Interest Rate	Loan Balance as at 31 March 2026	Loan Balance as at 31 March 2025
Maximum of 90 days subject to roll over	Monthly AWPLR+ 2.75% p.a	**33,966,405**	96,351,728
On demand	Weekly AWPLR+2.75% p.a	**19,916,900**	20,139,801.11
Each sub loan to be repaid within a maximum period of 150 days from the date of grant with own funds.	AWPLR+1.25% p.a	**47,950,000**	49,999,000
Each sub loan to be repaid within a maximum period of 150 days from the date of grant with own funds.	AWPLR+1.25% p.a	**25,005,914**	10,273,948
On demand	AWPLR+1.25% p.a	**69,344,822**	72,350,120.20
Bullet Payment within 90 days from the date of disbursement	Market rate reviewed monthly	**998,480,353**	998,480,353
48 Monthly after the grace Period (as per the schedule) - Starting from 18th August 2020	AWPLR+2.17% p.a	**-**	24,378,900
Capital recovery of 10% during the first three years of repayment, thereafter 15% during the fourth and fifth years and 20% thereafter, along with interest on a monthly basis to be serviced separately.	9% p.a	**914,898,584**	1,032,651,514
Maximum of 90 days.	AWPLR +1.75% p.a	**275,786,303**	225,550,000
Deferred until settlement of Term Loan - 05.	0% p.a	**16,291,641**	16,291,641
Capital shall be repaid in twenty three (23) equal monthly installments of Rs. 1,114,382/- followed by one (01) installment of Rs. 1,114,391.23 commencing from the date of disbursement. Interest shall be settled monthly.	5% p.a	**5,571,920**	18,944,504
Deferred until settlement of Term Loan - 01.	0% p.a	**26,745,177**	26,745,177
Maximum of 90 days.	To be negotiated at the time of granting the loan	**148,918,604**	171,290,101

22 INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

22.3 Terms of the loan (Contd.)

22.3.2 Group (together with No 22.3.1)

22.3.2.1 Odel Properties One (Pvt) Ltd

Lending institution	Year Obtained	Loan/ Facility value	Nature of facility	Security
Hatton National Bank PLC / Sampath Bank PLC / Bank of Ceylon	2018/19	5,400 Mn, 864 Mn , 1,950 Mn	Syndicated Term loan & Interest Capitalization Loan	Primary concurrent mortgage over the property marked lot A depicted in Plan No 016016 made by K.D Walter D Perera LS together with building and everything else standing thereon. 100% of ordinary shares of Odel Properties One (Pvt) Ltd. Corporate guarantee of Softlogic Holding PLC for 5.4 Bn. Document of the title of goods to be imported in respect of a LC / Shipping guarantee for the mixed development project.

22.3.2.2 Softlogic Brands (Pvt) Ltd

Lending institution	Year Obtained	Loan/ Facility value	Nature of facility	Security
Bank of Ceylon	2023/24	199 MN	Medium term loan	A mortgage over the property called "Madanagahawatta"
Seylan Bank PLC	2024/25	331 Mn	Medium term loan	Corporate Guarantee for LKR 331,000,000.00 from ODEL PLC, Negative Pledge over Stocks & Book debt
Union Bank of Colombo PLC	2025/26	300 Mn	Letter of credit/ Import loan	A Corporate guarantee from Odel PLC for 300 million and a negative pledge over stock & book debts
National Development Bank PLC	2024/25	200 Mn	Overdraft / Letter of credit / Short term Loan	A Corporate guarantee from Softlogic Retail Holdings (Pvt) Ltd for 200 million
Commercial Bank of Ceylon PLC	2025/26	200 Mn	Overdraft / Letter of credit / Short term Loan	Corporate guarantee of Rs 150 Mn executed by ODEL PLC
DFCC Bank PLC	2021/22	748 Mn	Overdraft / Letter of credit / Short term loan / Import loan	A corporate guarantee from Odel PLC for 150 million

22.3.2.3 Cotton Collections (Pvt) Ltd

Lending institution	Year Obtained	Loan/ Facility value	Nature of facility	Security
Nations Trust Bank PLC	2017/18	50 Mn	Import Loan	Primary Mortgage bond over Stocks

	Repayment term	Interest Rate	Loan Balance as at 31 March 2026	Loan Balance as at 31 March 2025
	Loan to be repaid over a period of 120 months inclusive of a grace period of 24 months.	AWPLR + 2%	**9,130,881,280**	8,235,957,623

	Repayment term	Interest Rate	Loan Balance as at 31 March 2026	Loan Balance as at 31 March 2025
	66 months including 6 months grace period	AWPLR + 2%	**148,256,220**	184,042,866
	60 months	AWPLR + 2%	**304,847,674**	330,527,712
	120 days AWPLR + Margin		**251,320,975**	262,529,538
	120 days AWPLR + Margin		**7,987,799**	39,854,242
	90 days	AWPLR + 1.5%	**148,200,000**	148,294,500
	180 days AWPLR + Margin		**1,337,036,323**	915,068,517

	Repayment term	Interest Rate	Loan Balance as at 31 March 2026	Loan Balance as at 31 March 2025
	Within 120 Days of granting each loan	AWPLR + 2.75%	**21,998,637**	23,248,654

23 RETIREMENT BENEFIT LIABILITY

	Notes	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Defined Benefit Plan Costs - Gratuity					
As at the beginning of the year		**121,539,641**	108,467,951	**167,467,054**	152,302,881
Transfers		**1,559,527**	-	**1,816,319**	-
Charge for the year	23.1	**23,194,382**	24,523,472	**31,589,980**	34,331,573
Payment made during the year		**(14,203,140)**	(22,038,417)	**(27,030,842)**	(29,332,864)
Actuarial loss/ (Gain) on obligation		**(3,480,837)**	10,586,634	**514,686**	10,165,464
Defined Benefit Obligation as at the end of the year		**128,609,573**	121,539,641	**174,357,194**	167,467,054

23.1 Charge for the year

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Current service cost	**11,694,421**	13,016,154	**16,476,934**	17,800,189
Interest cost	**11,499,961**	11,507,318	**15,113,045**	16,531,384
Gratuity	**23,194,382**	24,523,472	**31,589,980**	34,331,574

23.2 The Retirement benefit liability of Odel PLC is valued by M/S Actuarial & Management Consultants (Pvt) Ltd. Defined liability is valued as at 31st March 2026 and the principal actuarial assumptions used are as follows.

Principal actuarial assumptions

	Company		Group	
	2026	2025	2026	2025
Discount rate	**9.00%**	9.50%	**9.00%**	9.50%
Salary increases	**6.0%**	6.0%	**6.0%**	6.0%
Staff turnover	**41%**	32%	**41%**	32%
Retirement Age	**60 Years**	60 Years	**60 Years**	60 Years
Weighted average duration of define benefit obligation	**2.1**	2.7	**2.1**	2.7

23.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Comprehensive Income Statement and the Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit & loss and employment benefit obligation for the year.

Assumptions	Discount rate		Salary increment rate	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Impact on defined benefit obligation - Company	**2,417,946**	(2,533,430)	**(3,195,961)**	3,101,764
Impact on defined benefit obligation - Group	**3,403,601**	(3,570,588)	**(4,431,057)**	4,295,648

23.4 Maturity Analysis

Distribution of Present Value of Defined Benefit Obligation In Future Years (Rs.)

	Company	
	2026 LKR	2025 LKR
within the next 12 months	**48,566,459**	39,834,473
between 1 to 2 years	**50,763,195**	47,905,363
between 3 to 5 years	**22,498,988**	24,129,140
between 6 to 10 years	**6,253,646**	8,597,204
beyond 10 years	**527,285**	1,073,460
	128,609,573	121,539,641

The expected benefits are estimated based on the same assumptions used to measure the company's benefit obligation at the end of the year and include benefits attributable to estimated future employee service.

24 TRADE AND OTHER PAYABLES

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Financial Liabilities				
Trade payables	**724,584,683**	465,623,461	**1,656,056,909**	1,343,482,771
Sundry creditors	**1,225,295,297**	1,403,753,741	**2,189,951,552**	1,430,089,238
Accrued expenses	**336,183,558**	458,043,388	**336,183,558**	1,225,026,469
Unredeemed vouchers	**100,159,718**	38,144,445	**100,159,718**	38,144,445
Work certified on constructions	**-**	-	**1,166,154,335**	1,180,635,540
Deposits & Advances	**276,469,683**	232,245,554	**97,978,736**	47,762,822
	2,662,692,939	2,597,810,589	**5,546,484,807**	5,265,141,284

25 AMOUNTS DUE TO RELATED PARTIES

	Relationship	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Amount due to subsidiary companies					
Odel Properties (Pvt) Ltd	Subsidiary	**104,749,156**	88,757,241	**-**	-
Odel Information Technology Services (Pvt) Ltd	Subsidiary	**6,434,644**	6,648,486	**-**	-
Odel Apparels (Pvt) Ltd	Subsidiary	**38,472,007**	-	**-**	-
Odel Lanka (Pvt) Ltd	Subsidiary	**770,523,953**	-	**-**	-
Odel Restaurant (Pvt) Ltd	Subsidiary	**2,964,315**	4,495,948	**-**	-
Softlogic Brands (Pvt) Ltd	Subsidiary	**1,469,237,264**	1,925,238,181	**-**	-
		2,392,381,339	2,025,139,856	**-**	-
Amount due to other companies					
Softlogic Retail (Pvt) Ltd	Other related	**34,974,501**	37,185,080	**45,294,149**	105,580,943
Softlogic BPO Services (Pvt) Ltd	Other related	**323,857,912**	291,798,081	**422,820,109**	380,921,634
Softlogic Corporate Services (Pvt) Ltd	Other related	**17,276,152**	15,842,505	**31,478,043**	29,713,813
Softlogic Destination Management Ltd	Other related	**-**	213,000	**688,700**	901,600
Softlogic Holdings PLC	Ultimate parent	**225,241,183**	374,887,340	**761,586,411**	979,734,988
Softlogic Information Technologies (Pvt) Ltd	Other related	**3,191,919**	5,068,456	**3,973,337**	5,519,885
Softlogic Communications (Pvt) Ltd	Other related	**10**	10	**8,660**	8,660
Softlogic International (Pvt) Ltd	Other related	**-**	-	**2,500,000**	2,500,000
Softlogic Retail One (Pvt) Ltd	Other related	**-**	-	**70,792**	70,792
Nextage (Pvt) Ltd	Other related	**-**	40,710	**-**	40,710
Ceysand Resorts (Pvt) Ltd	Other related	**16,714,511**	13,074,423	**16,714,511**	13,074,423
Future Automobiles (Pvt) Ltd	Other related	**33,108,898**	-	**33,108,898**	-
Softlogic City Hotels (Pvt) Ltd	Other related	**1,599,314**	-	**1,599,314**	55,198
Softlogic Life Insurance Plc	Other related	**-**	2,299,124	**41,162**	3,710,427
Softlogic Mobile Distribution (Pvt) Ltd	Other related	**92,611,849**	98,111,849	**92,611,849**	98,111,849
Softlogic Supermarkets (Pvt) Ltd	Other related	**2,072,806,319**	860,603,325	**2,350,446,591**	945,407,307
Softlogic Automobiles (Pvt) Ltd	Other related	**-**	33,631	**-**	33,631
Central Hospital Limited	Other related	**-**	-	**7,828,970**	1,782
Softlogic Rewards (Pvt) Ltd	Other related	**20,171,542**	15,606,131	**37,632,812**	25,615,996
Softlogic Computers (Pvt) Ltd	Other related	**3,188,296**	2,707,410	**3,320,599**	2,860,127
Asiri Hospital Holdings PLC	Other related	**364,254,027**	123,949,600	**440,591,278**	176,515,596
Asiri Central Hospital Ltd	Other related	**79,120,270**	137,929,100	**79,120,270**	139,929,100
Asiri Surgical Hospital PLC	Other related	**256,434,902**	130,000,000	**455,675,651**	286,985,095
Softlogic Capital PLC	Other related	**11,490,373**	29,290,373	**291,811,083**	228,611,083
Asiri Hospital Matara (Pvt) Ltd	Other related	**23,940,271**	13,700,000	**23,940,271**	13,700,000
Asiri Hospital (Galle) (Pvt) Ltd	Other related	**19,952,518**	14,300,000	**19,952,518**	14,300,000
Asiri Hospital Kandy (Pvt) Ltd	Other related	**287,407,831**	25,000,000	**287,499,200**	25,000,000
Suzuki Motors Lanka (Pvt) Ltd	Other related	**16,700,000**	-	**16,700,000**	-
		3,904,042,598	2,191,640,148	**5,427,015,178**	3,478,904,638
		6,296,423,937	4,216,780,004	**5,427,015,178**	3,478,904,638

26 CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents

		Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
26.1	Favorable cash and cash equivalents balance Cash and bank balances	192,986,363	124,921,910	229,782,873	183,002,696
26.2	Unfavorable cash and cash equivalents balance Bank overdraft	(1,126,138,455)	(970,654,760)	(1,432,387,144)	(1,493,098,613)
		(933,152,092)	(845,732,850)	(1,202,604,271)	(1,310,095,917)

27 STATED CAPITAL

	2026 Number	2026 LKR	2025 Number	2025 LKR
Fully paid ordinary shares	538,369,934	6,030,335,731	538,369,934	6,030,335,731
	538,369,934	6,030,335,731	538,369,934	6,030,335,731

28 FINANCIAL ASSETS & LIABILITIES - FAIR VALUES

28.1 The fair value of the financial assets and liabilities is included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Investment in unit trust, cash and short-term deposits, staff loans, refundable deposits, trade receivables, trade payables, amount due to/from related party and other current liabilities approximate their carrying amounts.

The fair value of, obligations under finance leases, is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair value of loans from bank approximate the carrying value as loans have been obtained on floating rates.

28.2 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

28 FINANCIAL ASSETS & LIABILITIES - FAIR VALUES (CONTD.)

28.2 Fair value hierarchy (Contd.)

Company	Notes	Carrying Amount		Fair Value	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Interest bearing loans and Borrowings					
Floating Rate Borrowings	22.1	**6,051,403,275**	6,164,164,708	**6,051,403,275**	6,164,164,708
		6,051,403,275	6,164,164,708	**6,051,403,275**	6,164,164,708

Group	Notes	Carrying Amount		Fair Value	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Interest bearing loans and Borrowings					
Floating Rate Borrowings	22.2	**17,387,719,806**	16,550,152,336	**17,387,719,806**	16,550,152,336
		17,387,719,806	16,550,152,336	**17,387,719,806**	16,550,152,336

Company	Carrying Amount		Fair Value	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Loans and receivables				
Staff loan	**1,520,000**	1,141,737	**1,520,000**	1,141,737
Refundable deposit	**363,947,550**	265,751,737	**363,947,550**	265,751,737
	365,467,550	266,893,474	**365,467,550**	266,893,474

Group	Notes	Carrying Amount		Fair Value	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Loans and receivables					
Staff loan	18	**1,520,000**	1,141,737	**1,520,000**	1,141,737
Refundable deposit	18	**635,603,933**	499,627,204	**635,603,933**	499,627,204
		637,123,933	500,768,941	**637,123,933**	500,768,941

As at 31 March 2026, the Group held the following assets carried at fair value in the statement of financial position:

Assets measured at fair value - 2026	LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR
Financial Assets				
Investment in subsidiaries	**18,622,642,090**	**-**	**-**	**18,622,642,090**
Non-Financial Assets				
Free hold lands	**846,000,002**	**-**	**-**	**846,000,002**
Free hold buildings	**558,900,000**	**-**	**-**	**558,900,000**
Investment Property	**-**	**-**	**-**	**-**

Assets measured at fair value - 2025	LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR
Financial assets at fair value through profit and loss				
Investment in subsidiaries	10,397,921,126	-	-	10,397,921,126
Investment in unit trust	248,959	248,959	-	-
Non-Financial Assets				
Free hold lands	797,500,002	-	-	797,500,002
Free hold buildings	565,700,000	-	-	565,700,000
Investment Property	1,173,700,000	-	-	1,173,700,000

28.3 Unobservable inputs used in measuring the fair value of non-financial assets

Note numbers 10.3 & 11.3 set out information about significant unobservable inputs used as at 31st March 2026 in measuring non-financial assets categorised as level 3 in the fair value hierarchy

29 EARNINGS / LOSSES PER SHARE

Basic earnings per share is calculated by dividing the net profit / (loss) for the year attributable to equity holders of parent 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, without a corresponding change in the resources.

The following reflects the income and share data used in the basic earning per share computations

	2026 LKR	2025 LKR
Amounts used as the numerators:		
Net loss	**(2,469,246,258)**	(4,450,755,595)
Net loss attributable to ordinary shareholders for basic earnings per share	**(2,469,246,258)**	(4,450,755,595)
Number of ordinary shares used as denominators:		
Weighted average number of ordinary shares in issue applicable to basic earnings per share	**538,369,934**	427,436,391
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	**538,369,934**	427,436,391
Basic (loss)/earning per share	**(4.59)**	(10.41)

NOTES TO THE FINANCIAL STATEMENTS

30 ASSETS PLEDGED - (COMPANY/GROUP)

The following assets have been pledged as security for liabilities.

Nature of asset	Mortgage type	Bank	2026	2025	Address
Odel PLC					
Land & building	Primary	Bank of Ceylon	**518.17 Mn**	450 Mn	Property situated at No. 475/32, Kotte Road, Rajagiriya. Owned by Odel Properties (Pvt) Ltd
Stock & book debts	Primary Concurrent	Union Bank of Colombo PLC	**1,414 Mn**	100 Mn	
Stock & book debts	Primary Concurrent	Sampath Bank PLC	**-**	75 Mn	
Stock & book debts	Primary Concurrent	Hatton National Bank PLC	**1,805 Mn**	1,800 Mn	
Stock & book debts	Primary Concurrent	DFCC Bank PLC	**310 Mn**	310 Mn	
Stock & book debts	Primary Concurrent	Nations Trust Bank PLC	**120 Mn**	120 Mn	
Stock & book debts	Primary Concurrent	Commercial Bank of Ceylon PLC	**50 Mn**	50 Mn	
Softlogic Brands (Pvt) Ltd					
Land & building	Primary Concurrent	Bank of Ceylon	**199 Mn**	450 Mn	Property situated at No 29A, Jayathilaka Mawatha, Panadura, owned by Odel PLC
Cotton Collection (Pvt) Ltd					
Stock & book debts	Primary Concurrent	Nations Trust Bank PLC	**50 Mn**		
Odel Properties One (Pvt) Ltd					
Land & building	Primary Concurrent	Hatton National Bank PLC / Sampath Bank PLC / Bank of Ceylon	**9,131 Mn**	8,236 Mn	Property situated at Dr. C W W Kannangara Mw., Colombo - 07 owned by Odel PLC

31 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no significant capital commitments and contingent liabilities as of the Balance sheet date except for the amount disclosed below,

31.1 Capital Commitments

Odel Properties One (Pvt) Ltd which is a fully owned subsidiary, has entered into agreements with;

a) China Construction Third Engineering Bureau Co, Ltd for 9,811 Mn on commercial development at Ward Place. As at the reporting date, the estimated value of the work done is Rs 7,501 Mn

b) Non contracted capital commitments

Estimated non contracted commitment for the above project will be Rs 4,500 Mn.

31.2 Contingent Liabilities

a) Odel PLC has executed letter of credits for 41,004,878 LKR (131,426 USD)

b) Softlogic Brands (Pvt) Ltd has executed letter of credits for 18,159,346 LKR (74,558 SGD)

32 RELATED PARTY DISCLOSURES

The financial statements include the financial statements of the Group and the Subsidiaries listed in the following table:

Name	% of equity interest	
	2026	2025
Odel Apparels (Pvt) Ltd	100%	100%
Odel Information Technology Services (Pvt) Ltd	100%	100%
Odel Properties (Pvt) Ltd	100%	100%
Odel Lanka (Pvt) Ltd	100%	100%
Softlogic Brands (Pvt) Ltd	100%	100%
Odel Properties One (Pvt) Ltd	100%	100%
Odel Restaurants (Pvt) Ltd	100%	100%
Cotton Collections (Pvt) Ltd	100%	100%
Odel Apparel Holding (Pvt) Ltd	100%	100%
Odel Apparel Lanka (Pvt) Ltd	100%	100%

32.1 Transaction with the parent Entity

The following table provides the total amount of transactions that have been entered into with the above related parties for the relevant financial year and the information regarding outstanding balances as at balance sheet date

Transactions between the Company and subsidiaries

	2026 LKR	2025 LKR
Nature of Transaction		
Balance as at 1 April (Before Provision)	(1,237,503,652)	(1,189,114,436)
Purchase of Goods/Services	(363,218,521)	(252,246,765)
Sale of goods/services	716,186,739	437,916,453
Sister Store Sales	(1,189,972,068)	(847,450,895)
Settlement of liabilities on behalf of the Company	569,604,751	613,391,991
Balance as at 31 March (Before Provision)	(1,504,902,751)	(1,237,503,652)

32.2 Transactions between the Company and other related entities

	2026 LKR	2025 LKR
Nature of Transaction		
Balance as at 1 April (Before Provision)	(2,173,086,911)	(381,579,826)
Loan Granted/Advance Paid	(1,637,373,020)	(1,600,589,727)
Purchase of goods/services	(264,604,921)	(315,681,850)
Sale of goods/services	207,251,020	165,262,100
Settlements/Receipts	(28,057,545)	(40,497,607)
Balance as at 31 March (Before Provision)	(3,895,871,377)	(2,173,086,911)

32 RELATED PARTY DISCLOSURES (CONTD.)

32.2 Transactions between the Company and other related entities (Contd.)

Other related party transactions include,

32.2.1 Transactions with immediate parent company - Softlogic Retail Holding (Pvt) Ltd

	2026 LKR	2025 LKR
Purchase of goods/services	(5,445,145)	(3,657,307)

32.2.2 Transactions with immediate parent company - Softlogic Holding PLC

	2026 LKR	2025 LKR
Purchase of Goods/Services	(35,943,068)	(76,788,201)
Sale of goods/services	11,923,400	23,471,733
Settlements/Receipts	197,665,826	(21,343,877)

** Above balances are included in the amount due to / due from related parties. Balance outstanding as at the year end is disclosed in the Note 22.1.2 to the financial statements

Terms and conditions of transactions with related parties

** All trading transactions are at the arms length and interest has been charged on loans granted at the rate of AWPLR + 1%. All other amounts are due to/from on demand

32.3 Transactions with Key Management Personnel of the Company or its parent

The Key Management Personnel of the Company/Group are the members of its Board of Directors and that of its parent .

	2026 LKR	2025 LKR
a) Key Management Personnel Compensation		
Short-term employee benefits	30,925,000	26,206,000
	30,925,000	26,206,000
b) Advances received for purchase of goods/services	-	49,510,664
	30,925,000	75,716,664

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to market risk, credit risk and liquidity risk. The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The Group has loan and receivables, trade and other receivables, and cash and short-term deposits that are derived directly from its operations.

The Group's senior management oversees the management of the financial risks. The Board of Directors has the overall responsibility to manage risk effectively.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will adversely deviate because of changes in market movements. Market risk comprises three types of risk: interest rate risk and currency risk. Financial instruments are affected by market risk which include: borrowings and trade payables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates arise due to the borrowings with floating interest rates. The company work closely with the parent company to negotiate favorable terms and conditions for loan facilities obtained.

33.1 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	Effect on profit before tax	
		Company	Group
2026			
Loan interest	+100	(85,715,727)	(216,314,365)
Loan interest	-100	85,715,727	216,314,365
2025			
Loan interest	+100	(96,024,220)	(217,103,214)
Loan interest	-100	96,024,220	217,103,214

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a higher volatility than in prior years.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of adverse fluctuations in foreign exchange rates. The Group's exposure to the risk of fluctuations in foreign exchange rates relates primarily to the Group's operating activities and foreign currency borrowings.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group has minimal exposure to credit risk from operating activities due to nature of business. The risk from its financing activities, including deposits with banks and financial institutions is managed by dealing with institutions carrying high credit rating.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

33.2 Credit exposure

The Company's maximum exposure to credit risk for the components of the Statement of Financial Position as at balance sheet date is the carrying amounts of respective financial instruments.

33.2.1 Company

As at 31 March 2026	Neither past-due nor impaired					Past-due but not impaired	Total
	Risk free LKR	AAA to AA- LKR	A+ to A- LKR	BBB+ to BB- LKR	Non-rated LKR	LKR	LKR
Loans and receivables							
Trade debtors					108,652,616	22,828,102	131,480,718
Other debtors					63,924,625	-	63,924,625
Deposits & prepayments					345,319,090		345,319,090
Staff loan					1,520,000		1,520,000
Refundable deposit					363,947,550		363,947,550
Investment in unit trust					-		-
Amounts due from related parties					876,773,520		876,773,520
Total	-	-	-	-	1,760,137,401	22,828,102	1,782,965,503

As at 31 March 2025	Neither past-due nor impaired					Past-due but not impaired	Total
	Risk free LKR	AAA to AA- LKR	A+ to A- LKR	BBB+ to BB- LKR	Non-rated LKR	LKR	LKR
Loans and receivables							
Trade debtors					79,624,637	25,725,955	105,350,592
Other debtors					105,279,590	-	105,279,590
Deposits & prepayments					507,664,723		507,664,723
Staff loan					1,141,737		1,141,737
Refundable deposit					265,751,737		265,751,737
Investment in unit trust					248,959		248,959
Amounts due from related parties					721,781,139		721,781,139
Total	-	-	-	-	1,681,492,522	25,725,955	1,707,218,477

33.2.2 Group

As at 31 March 2026	Neither past-due nor impaired					Past-due but not impaired	Total
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated		
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables							
Trade debtors	-	-	-	-	137,345,024	24,405,524	161,750,548
Other debtors	-	-	-	-	266,379,183	-	266,379,183
Deposits & prepayments					637,555,799		637,555,799
Staff loan					1,520,000		1,520,000
Refundable deposit					635,603,933		635,603,933
Investment in unit trust					-		-
Amounts due from related parties					64,171,706		64,171,706
Total	-	-	-	-	1,742,575,645	24,405,524	1,766,981,168

As at 31 March 2025	Neither past-due nor impaired					Past-due but not impaired	Total
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated		
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables							
Trade debtors					132,933,733	30,078,302	163,012,034
Other debtors					199,623,902	-	199,623,902
Deposits & prepayments					927,693,595		927,693,595
Staff loan					1,141,737		1,141,737
Refundable deposit					499,627,204		499,627,204
Investment in unit trust					248,959		248,959
Amounts due from related parties					79,427,805		79,427,805
Total	-	-	-	-	1,840,696,934	30,078,302	1,870,775,236

33.3 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank Overdrafts and bank loans that will always have sufficient liquidity to meet its liabilities when due under normal and stressed conditions.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

33.3 Liquidity Risk (Contd.)

33.3.1 Company

Year ended 31 March 2026	On demand LKR	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 years LKR	Total LKR
Interest-bearing loans and borrowings	-	5,430,666,311	621,968,059	4,331,914,122	1,627,214,959	12,011,763,451
Bank Overdrafts	1,126,138,455	-	-	-	-	1,126,138,455
Lease liability	-	81,634,762	212,703,840	775,511,441	124,397,424	1,194,247,467
Amount due to related party	6,296,423,937	-	-	-	-	6,296,423,937
Trade and other payables	100,159,718	2,562,533,221	-	-	-	2,662,692,939
	7,522,722,110	8,074,834,293	834,671,900	5,107,425,563	1,751,612,383	23,291,266,249

Year ended 31 March 2025	On demand LKR	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 years LKR	Total LKR
Interest-bearing loans and borrowings	-	4,685,489,493	380,812,147	2,702,609,733	389,823,361	8,158,734,734
Bank Overdrafts	970,654,760	-	-	-	-	970,654,760
Lease liability	-	77,276,799	228,135,185	585,112,827	213,068,310	1,103,593,121
Amount due to related party	4,216,780,004	-	-	-	-	4,216,780,004
Trade and other payables	38,144,445	2,559,666,144	-	-	-	2,597,810,589
	5,225,579,209	7,322,432,436	608,947,332	3,287,722,560	602,891,671	17,047,573,208

33.3.2 Group

Year ended 31 March 2026	On demand LKR	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 years LKR	Total LKR
Interest-bearing loans and borrowings	-	8,609,963,850	736,656,692	12,617,277,289	6,270,750,071	28,234,647,903
Bank Overdrafts	1,432,387,144	-	-	-	-	1,432,387,144
Trade and other payables	100,159,718	5,446,325,089	-	-	-	5,546,484,807
Lease liability	-	197,523,282	583,124,704	1,495,577,038	544,613,035	2,820,838,059
Amount due to related party	5,427,015,178	-	-	-	-	5,427,015,178
Other non current liabilities	-	-	-	509,284,229	-	509,284,229
	6,959,562,040	14,253,812,221	1,319,781,396	14,622,138,557	6,815,363,107	43,970,657,320

Year ended 31 March 2025	On demand LKR	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 years LKR	Total LKR
Interest-bearing loans and borrowings	-	8,384,873,252	380,812,147	13,997,637,331	1,684,045,273	24,447,368,003
Bank Overdrafts	1,493,098,613	-	-	-	-	1,493,098,613
Trade and other payables	38,144,445	5,226,996,840	-	-	-	5,265,141,285
Lease liability	-	151,941,431	448,558,779	1,150,447,247	418,934,332	2,169,881,789
Amount due to related party	3,478,904,638	-	-	-	-	3,478,904,638
Other non current liabilities	-	-	-	623,876,922	-	623,876,922
	5,010,147,696	13,763,811,523	829,370,926	15,771,961,500	2,102,979,605	37,478,271,250

33.3.3 Net Current Debt

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Cash in hand and at bank	192,986,363	124,921,910	229,782,873	183,002,696
Total liquid assets	192,986,363	124,921,910	229,782,873	183,002,696
Current portion of interest bearing borrowings	5,516,088,103	4,973,132,906	8,697,349,940	8,309,828,388
Current portion of lease liability	305,411,984	305,411,984	561,900,136	523,555,438
Bank overdrafts	1,126,138,455	970,654,760	1,432,387,144	1,493,098,613
Total current liabilities	6,947,638,542	6,249,199,650	10,691,637,220	10,326,482,439
Net current debt	6,754,652,179	6,124,277,740	10,461,854,348	10,143,479,743

Further the Group will utilise excess liquidity through operating cycle, restructuring of short-term financial commitments, and revolving loan facilities as positive cash flows to manage the liquidity position of the Group. As at reporting date, liquid assets amounted to Rs. 229.8 Mn (2025 - Rs. 183.0 Mn) comprises of Cash and bank balances.

Liquidity risk management

The Company and the Group are making optimum use of cash inflows with the help of the Group treasury division, ensuring the Group-wide interest exposure is kept to a minimum & performing regular reviews of the actual performance against planned to ensure achievement of budgeted targets to mitigate the risk.

33.4 Capital Management

The Board's policy is to maintain healthy capital base so as to maintain lenders, investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retained earnings of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

The gearing ratio at the reporting date was as follows

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Interest bearing borrowings - Current	6,449,240,195	5,818,865,756	9,899,954,212	9,619,924,305
Interest bearing borrowings - Non-Current	1,929,346,117	2,255,029,389	11,501,699,439	10,971,883,322
Total Borrowings	8,378,586,312	8,073,895,145	21,401,653,651	20,591,807,627
Total Equity	9,704,871,839	5,621,878,623	(4,885,402,156)	(2,471,875,753)
Total Equity and Debt	18,083,458,151	13,695,773,768	16,516,251,494	18,119,931,874
Gearing Ratio (Total Debt/ Total Capital)	46%	59%	130%	114%

34 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no significant events subsequent to the date of the statement of financial position, which require disclosure in the financial statement.

35 SEGMENT INFORMATION

Odel group is organised into business units based on its products and services and has two reportable segments, as follows,

* Fashion Retailing Segment which offers various fashion related clothing, accessories and sport ware foot ware etc., to wide range of customers.
* The investment property segment consists of land that holds for capital appreciation purpose.

The Management team monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements

The methods of accounting for the reportable segments are the same as those stated in "2.6 Summary of material Accounting Policies".

35 SEGMENT INFORMATION (CONTD.)

Year ended 31 March 2026	Fashion Retail LKR	Investment Property LKR	Other LKR	Total Segments LKR	Adjustments and Elimination LKR	Consolidated Financial Statements LKR
Revenue						
External Customers	6,673,317,004		671,110,372	7,344,427,376	-	7,344,427,376
Inter Company	345,067,624		568,093,543	913,161,167	(913,161,167)	-
Total Revenue	7,018,384,628		1,239,203,916	8,257,588,543	(913,161,167)	7,344,427,376
Other Operating Income	5,600,506			5,600,506		5,600,506
EBIT	(1,192,816,977)			(1,192,816,977)		(1,192,816,977)
Amortisation and depreciation	971,495,031			971,495,031	(22,756,705)	948,738,326
Segment Profit	(2,994,086,529)	-		(2,994,086,529)		(2,994,086,529)
Non-Current Assets (excluding financial assets, goodwill and deferred tax assets)	24,268,574,992	-		24,268,574,992		24,268,574,992
Total Liabilities	36,361,721,837	638,765,623		37,000,487,460		37,000,487,460

Year ended 31 March 2025	Fashion Retail LKR	Investment Property LKR	Other LKR	Total Segments LKR	Adjustments and Elimination LKR	Consolidated Financial Statements LKR
Revenue						
External Customers	5,407,612,374		498,985,367	5,906,597,740	-	5,906,597,740
Inter Company	252,924,824		441,516,498	694,441,322	(694,441,322)	-
Total Revenue	5,660,537,198		940,501,865	6,601,039,062	(694,441,322)	5,906,597,740
Other Operating Income	9,552,408			9,552,408		9,552,408
EBIT	(1,502,974,014)			(1,502,974,014)		(1,502,974,014)
Amortisation and depreciation	1,105,894,457			1,105,894,457	(31,407,324)	1,074,487,133
Segment Profit	(3,905,595,595)	(545,160,000)		(4,450,755,595)		(4,450,755,595)
Non-Current Assets (excluding financial assets, goodwill and deferred tax assets)	23,601,299,986	1,173,700,000		24,774,999,986		24,774,999,986
Total Liabilities	33,231,929,622	669,245,623		33,901,175,244		33,901,175,244

Amount classified under "Other" category in above table, consists of commission / rental income earned by the Company from third parties.

INVESTOR INFORMATION

GENERAL

Stated Capital as at 31st March 2026 was Rs. 6,030,335,731.

STOCK EXCHANGE LISTING

The ordinary shares of Odel PLC were listed in the Colombo Stock Exchange of Sri Lanka on 04 August 2010 and the trading commenced on 12 July 2011.

PUBLIC SHAREHOLDING

- Public Holding Percentage was 1.19% as at 31 March 2026
- The number of public shareholders as at 31 March 2026 was 4,963
- Float adjusted market capitalisation as at 31 March 2026 was Rs. 77,519,886.80
- The Company is non-compliant with the Public Holding Percentage as specified in Rule 7.13.1 (i) (b) (1) of the Listing Rules.

DISTRIBUTION OF SHAREHOLDING AS AT 31 ST MARCH 2026

There were 4,968 registered shareholders as at 31st March 2026

No. of Shares Held	No. of Shareholders	% of Shareholders	Total Holding	% of Total Holding
1-1000	4,448	89.53	1,016,124	0.19
1001-10,000	435	8.76	1,444,750	0.27
10001-100,000	73	1.47	2,052,434	0.38
100001-1,000,000	8	0.16	2,014,890	0.37
Over- 1,000,000	4	0.08	531,841,736	98.79
Total	4,968	100.00	538,369,934	100.00

ANALYSIS REPORT OF SHAREHOLDERS AS AT 31ST MARCH 2026

Analysis of Share Holders According to the No. of Shares [Company/Member]

Category	No. of Shareholders	% of Shareholders	Total Holding	% of Total Holding
Individual	4,876	98.15	5,020,543	0.93
Institutional	92	1.85	533,349,391	99.07
Total	4,968	100.00	538,369,934	100.00

Analysis of Share Holders According to the No. of Shares [Local/Foreign]

Category	No. of Shareholders	% of Shareholders	Total Holding	% of Total Holding
Resident	4,945	99.54	538,343,913	100.00
Non-resident	23	0.46	26,021	0.00
Total	4,968	100.00	538,369,934	100.00

INVESTOR INFORMATION

TWENTY LARGEST SHAREHOLDERS OF THE COMPANY AS AT 31 MARCH 2026 ARE AS FOLLOWS

No.	Name	Shares	%
1	SOFTLOGIC RETAIL HOLDINGS (PRIVATE) LIMITED	531,841,736	98.79
2	MRS. ELAINE BRYNHILDE HELGA ANIL PERERA	527,000	0.10
3	MERCANTILE INVESTMENTS AND FINANCE PLC	300,000	0.06
4	MR. MOHAMED HUSSAIN NASSIM HUSSAIN	297,783	0.06
5	TANGERINE TOURS (PVT) LIMITED	225,600	0.04
6	PEOPLE'S LEASING & FINANCE PLC/MR.D.M.P.DISANAYAKE	210,958	0.04
7	Mr. CALISTUS NIMALANATHAN PAKIANATHAN	202,649	0.04
8	MR. AMARAKOON MUDIYANSELAGE WEERASINGHE	132,400	0.02
9	MR. MOHAMED YASEEN NAUSHARD ISSADEEN	118,500	0.02
10	MR. WEERASINGHE ARACHCHIGE SANTHUSHITHA CHATHUMADHURA	100,000	0.02
11	PEOPLES BANK/ASOKA KARIYAWASAM PATHIRAGE	96,584	0.02
12	PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	89,934	0.02
13	SAMPATH BANK PLC/ANDARADENIYA ESTATE PRIVATE LIMITED	79,501	0.01
14	ASSETLINE FINANCE PLC/M.S.HIRIPITIYA	70,000	0.01
15	MR. GONNAGE LUCIAN SENARATH LIVERA	64,600	0.01
16	MR. PULAHINGE KASUN ERANGA RODRIGO	57,995	0.01
17	ASHYAKI HOLDINGS (PVT) LTD	56,200	0.01
18	SAKUVI INVESTMENT TRUST (PRIVATE) LIMITED	55,000	0.01
19	MR. KADIRAPPULIGE LANKA PRIYADHARSHANA FERNANDO	52,000	0.01
20	MR. INDIKA PRASAD GALHENAGE	50,100	0.01

SHARE TRADING INFORMATION

	2025/26	2024/25
Highest	**16.50**	13.90
Lowest	**10.00**	10.00
Closing / Value as at the end of financial year	**12.10**	10.70

EQUITY INFORMATION

	2025/26	2024/25
Loss per share (Rs.)	**4.59**	10.41
Dividend per share (Rs.)	**-**	-
Net Asset Value per share (Rs.)	**(9.07)**	(4.59)

NOTES

NOTES

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ODEL PLC will be held on Tuesday, 29th September 2026 at 10:00 a.m. at the Auditorium of Central Hospital Limited (4th Floor), No. 114, Norris Canal Road, Colombo 10 for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the year ended 31st March 2026 together with the Report of the Auditors thereon.
2. To re-elect Dr. M.W.T.A. Mendis in terms of Article 23 (2) of the Articles of Association, as a Director of the Company.
3. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
4. To authorise the Directors to determine and make donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.
5. To discuss matters giving rise to an emphasis of matter on going concern contained in the Audited Financial Statements for year 2023/2024, 2024/2025 and 2025/2026 the remedial action intended to be adopted by the Company to ensure compliance with Rule 7.5 (d) (ii) of the Listing Rules of the CSE, the impact of such emphasis of matter on going concern not resolved for a period of 15 months from the date of transferring its securities to the Watch List.

By order of the Board of
ODEL PLC

(Sgd.)
Softlogic Corporate Services (Pvt) Ltd
Company Secretaries

31st August 2026
Colombo

Notes

1. A Shareholder who is entitled to participate, speak and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the Corporate Website of the Company and the Website of the Colombo Stock Exchange.

FORM OF PROXY

*I/We .....of .....

.....

being * member/members of ODEL PLC, do hereby appoint .....

.....

(holder of N.I.C No. .....) of ..... or (whom falling)

Mr. A.K. Pathirage	whom failing
Mr. H.K. Kaimal	whom failing
Mr. M.I. Furkan	whom failing
Mr. D.Y. Christostom	whom failing
Dr. M.W.T.A. Mendis	whom failing

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held on Tuesday the 29th day of September 2026 at 10:00 a.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

		For	Against
1.	To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company and of the Group for the year ended 31st March 2026 together with the Report of the Auditors thereon.	☐	☐
2.	To re-elect Dr. M.W.T.A. Mendis in terms of Article 23 (2) of the Articles of Association, as a Director of the Company.	☐	☐
3.	To re-appoint Messrs. Ernst & Young, as Auditors and to authorise the Directors to determine their remuneration.	☐	☐
4.	To authorise the Directors to determine and make Donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.	☐	☐
5.	To discuss matters giving rise to an emphasis of matter on going concern contained in the Audited Financial Statements for year 2023/2024, 2024/2025 and 2025/2026 and the remedial action intended to be adopted by the Company to ensure compliance with Rule 7.5 (d) (ii) of the Listing Rules of the CSE, the impact of such emphasis of matter on going concern not resolved for a period of 15 months from the date of transferring its securities to the Watch List.	☐	☐

....

Signature Date

Note:

1. *Please strike off the inappropriate words.
2. A proxy need not be a shareholder of the Company.
3. Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The completed Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, Softlogic Corporate Services (Pvt) Ltd, No. 14, De Fonseka Place, Colombo 05 marked "ODEL PLC - Annual General Meeting" or email corporateservices@softlogic.lk not later than 48 hours before the time appointed for the Meeting.

   In forwarding the completed and duly signed Proxy to the Company, please follow the Circular to Shareholders and Attendance Registration Process for the Annual General Meeting attached to the Notice of Annual General Meeting.

3. The Proxy shall -

   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a Company or Corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or Corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

4. Please indicate with a `X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

CORPORATE INFORMATION

NAME OF COMPANY
ODEL PLC

LEGAL FORM
Company was incorporated on 31st October 1990 under the name of Odel (Private) Limited and re-registered on 05th September 2008 under the Companies Act No. 7 of 2007. Changed to a Public Limited Liability Company on 24th February 2010. The shares of the Company were listed on the Colombo Stock Exchange on 04th August 2010.

COMPANY REGISTRATION NO:
PV 7206 PQ

REGISTERED OFFICE OF THE COMPANY
475/32, Kotte Road, Rajagiriya

AUDITORS
Ernst & Young Chartered Accountants
Rotunda Towers, No. 109,
Galle Road, Colombo 03,
Sri Lanka

DIRECTORS
Mr. A.K. Pathirage
Chairman/Executive Director

Mr. H.K. Kaimal
Non-Independent Non-Executive Director

Mr. M.I. Furkan
Independent Non-Executive Director

Mr. D.Y. Christostom
Non-Independent Non-Executive Director

Dr. M.W.T.A. Mendis
Senior Independent Non-Executive Director

AUDIT COMMITTEE
Mr. M.I. Furkan - Chairman
Mr. H.K. Kaimal
Dr. M.W.T.A. Mendis

REMUNERATION COMMITTEE
Dr. M.W.T.A. Mendis - Chairman
Mr. H.K. Kaimal
Mr. M.I. Furkan

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
Mr. M.I. Furkan - Chairman
Mr. H.K. Kaimal
Dr. M.W.T.A. Mendis

NOMINATIONS AND GOVERNANCE COMMITTEE
Dr. M.W.T.A. Mendis - Chairman
Mr. H.K. Kaimal
Mr. M.I. Furkan

SECRETARIES AND REGISTRARS
Softlogic Corporate Services (Pvt) Ltd
14, De Fonseka Place, Colombo 05,
Sri Lanka
Tel : +94 11 5575 000
Fax : +94 11 2508 291

BANKERS
Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC
Seylan Bank PLC
Union Bank of Colombo PLC
Cargills Bank PLC
National Development Bank PLC

INVESTOR RELATIONS
ODEL PLC
475/32, Kotte Road, Rajagiriya
Tel : 0115885000
Web : www.odel.lk

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Digital Plates & Printing by Softwave Printing and Packaging (Pvt) Ltd

