Impact Assessment

In pursuit of a structured and sustainable growth trajectory, Mercantile Investments has deepened its commitment to a multi-dimensional impact assessment framework, one that comprehensively evaluates MI's economic, social, and environmental footprint annually. This strategic foundation enabled us to measure, manage, and communicate our influence with greater precision, ensuring that our operations continue to deliver meaningful, long-lasting value across all stakeholder groups.

Through rigorous analysis of our business performance against broader macroeconomic trends, we successfully navigated a complex and evolving market environment during the financial year 2025/26. Our adaptive approach enabled us to capitalise on emerging opportunities while proactively mitigating risks that could otherwise impede operational continuity. Our methodology integrates both quantitative performance metrics and qualitative assessments, generating actionable insights to informed decision-making at every level of the organisation.

Responsible business conduct is integral to MI's long-term success, guiding every strategic decision and business interaction. By embedding robust governance, effective oversight, rigorous internal controls, and transparent practices across the organization, we reinforce ethical leadership, strengthen institutional accountability, and preserve the trust that underpins enduring stakeholder relationships and sustainable value creation. During FY 2025/26, we continued to fine tune our business processes and governance architecture to remain responsive to changing customer expectations, an evolving regulatory landscape, and increasingly sophisticated cyber risks. The strategic appointment of a Chief Information Security Officer (CISO) and a dedicated Data Protection Officer strengthened enterprise-wide technology risk governance, enhanced cyber resilience and data protection capabilities, and embedded a forward-looking, risk-based approach to safeguarding our digital ecosystem and stakeholder trust.

Recognising that responsible business extends beyond compliance, we take prompt and decisive action whenever we foresee any adverse impacts cascading to communities we deal, the environment, or the society at large. Our focus extends beyond resolving immediate issues to addressing systemic causes, embedding corrective insights into our governance and operational processes, and continuously enhancing the way we create sustainable value for all stakeholders.

As we expanded our branch network across the island, our investment decisions were guided by comprehensive feasibility assessments that extended beyond financial viability to evaluate the broader social, economic, and community impact of each location, ensuring that our growth contributes meaningfully to inclusive and sustainable development.

As we embark on the next phase of our journey, MI remains steadfast in its commitment to the principles that define our identity—integrity, innovation, accountability, responsible stewardship and an enduring commitment to social responsibility that extends well beyond the boundaries of our balance sheet. We uphold triple bottom line principle of creating meaningful impact to people, planet and profit to have accordingly embedded in the foundation across every level of our organization, to drive our pursuit of operational excellence. By doing so it ensures that MI's growth remains purposeful, inclusive, and aligned with the evolving expectations of the communities and stakeholders we serve.

Our Sustainability Pledge

Mercantile Investments stands firmly committed to a comprehensive sustainability agenda designed to foster a prosperous future for both our organisation and the broader society in which we operate. Our approach reflects the belief that lasting business success is inseparable from the responsible management of environmental, social, and governance priorities.

As we continue our sustainability journey, we remain steadfast in purpose, guided by the principles of integrity, inclusivity, and innovation By integrating these principles into our strategy and decision-making, we create sustainable value that benefits our stakeholders, the communities we serve, and the broader economy.Our sustainability agenda is anchored by strong governance frameworks, guided by clear oversight from the Board and executed through the Sustainability Governance Committee, which ensures effective delegation, strategic alignment, and accountability across all corporate management levels.

During the year, we broadened our sustainable financing portfolio with purpose-driven solutions that respond to emerging customer needs while addressing some of the most pressing environmental and social priorities of our time. More than expanding our product offering, this represents a strategic evolution in how we create value—embedding sustainability into every facet of our financing decisions and business strategy. By channeling capital towards initiatives that foster low-carbon growth, resource efficiency, financial inclusion, and community empowerment, we aspire to generate lasting economic, environmental, and social impacts whilst setting forth a clear sustainability front road map in the medium term to strengthen the product mix strategically at the same time.

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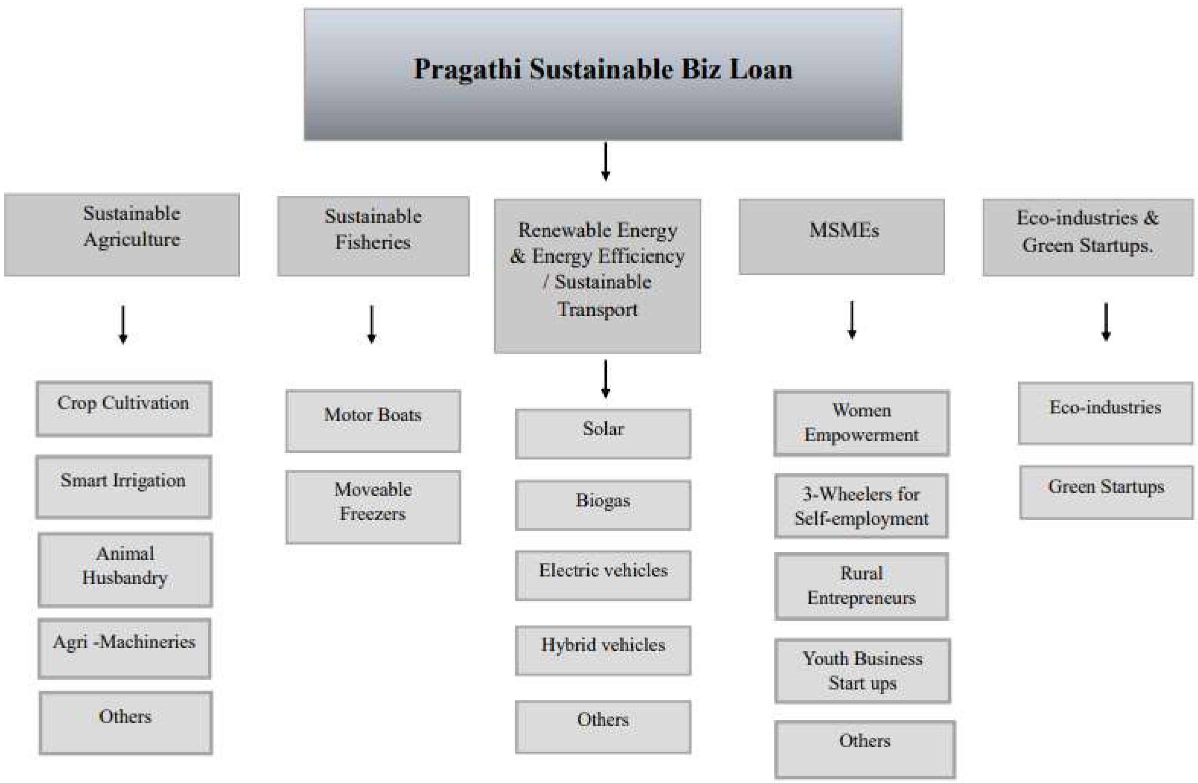


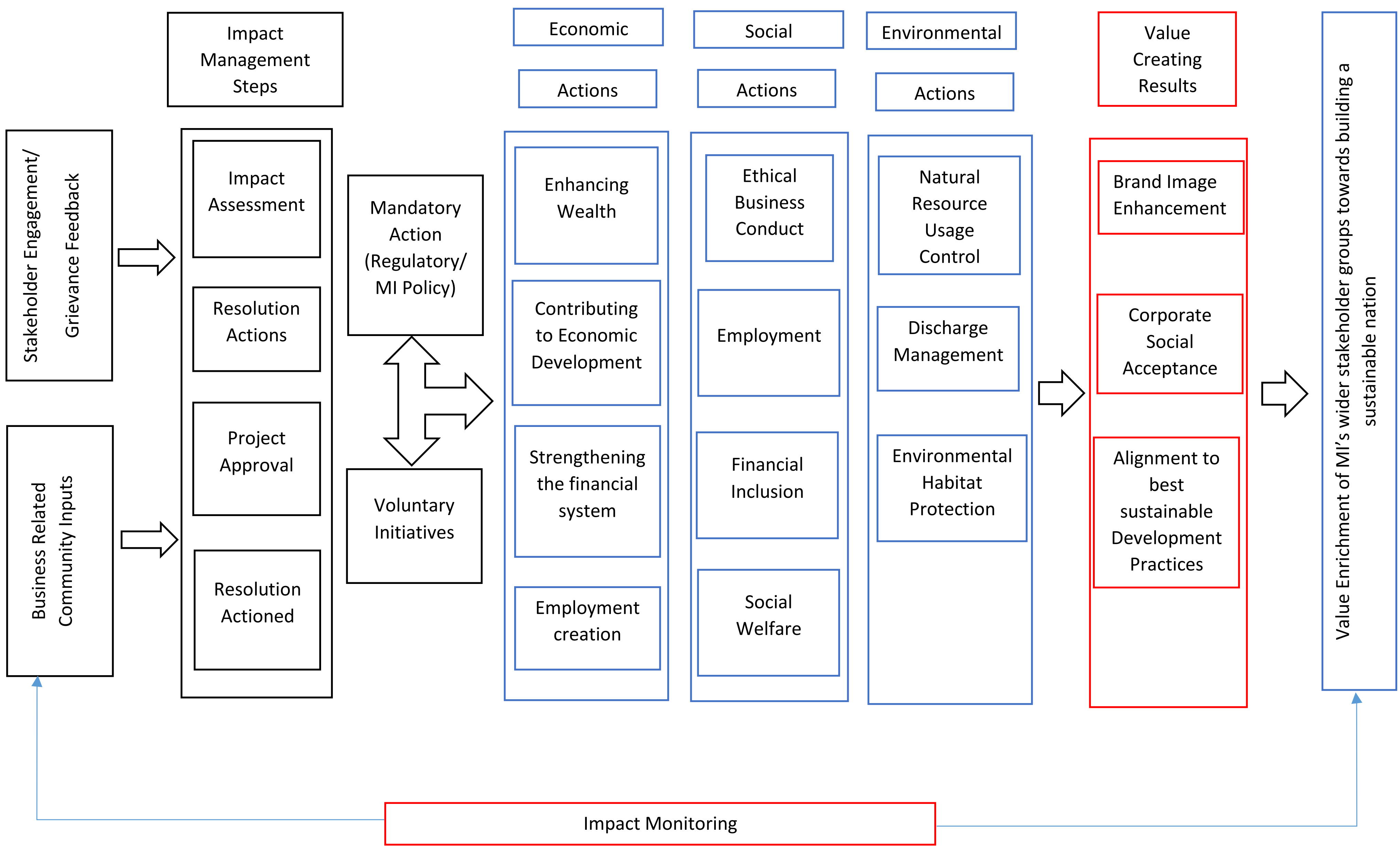
Impact Management Process Adopted

MI's impact management process is rooted in proactive and meaningful stakeholder engagement, ensuring that the evolving needs, expectations, and concerns of those we serve remain central to our decision-making. The insights gathered through this engagement directly shape our corporate strategy, which undergoes a rigorous periodic review to ensure continued alignment with stakeholder priorities, regulatory developments, and our broader sustainability objectives.

Across the dimensions of economic, social, and environmental impacts, we maintain continuous evaluation of our operations, proactively identifying areas where our actions may diverge from stakeholder expectations and implementing corrective measures to strengthen trust. Our commitment to transparency is reflected in our adherence to the globally recognised standards of the Global Reporting Initiative (GRI), ensuring that our disclosures are consistent, comparable, and comprehensive.

Our impact management efforts are purposefully aligned with the United Nations Sustainable Development Goals (SDGs), reinforcing our broader commitment to sustainable development and societal well-being. To ensure the integrity and reliability of the information presented, we have engaged Ernst & Young, Chartered Accountants, to conduct an independent GRI assurance review and report affirming the credibility of our disclosures and our commitment to transparency and reporting excellence.

Impact Management Process



Stakeholder Impacts Created During 2025/2026

Stakeholders	Our Sustainability Goals	UN Global Compact Consideration Principle	Aligned UN SDG	Our Achievements 2025/26
Shareholders	❖ Achieve steady growth in profitability supported by a strong and resilient financial position. ❖ Provided satisfactory shareholder returns whilst strengthening shareholder funds. ❖ Strengthened asset quality across the portfolio.		8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Reached the highest ever profitability in MI's history, with Profit Before Tax (PBT) of Rs. 2.1 billion and Profit After Tax (PAT) amounting to Rs. 1.1 billion, reflecting the strength of MI’s business model growing by 32% and 7% year on year. • Asset base surpassed the Rs. 100 Billion milestone, further strengthening MI’s position among the top-tier Non-Bank Financial Institutions (NBFIs) in the industry. • Shareholder funds further strengthened surpassing Rs. 15 billion as at 31 March 2026, recording a 14% year-on-year growth, reinforcing the Company’s solid capital position. • Asset quality continued to improve, with the 90-day

				NPL ratio declining to an impressive 3.23% outperforming the industry average of 4.4% as at March 2026, showcasing impeccable asset quality standards.
Our Clients and Business Partners	❖ Expanding customer outreach while delivering superior customer experiences. ❖ Recording robust growth across both deposit and lending customer bases. ❖ Enhancing trust and confidence among stakeholders. ❖ Capitalising on strategic business partnerships to support long-term sustainable growth.	Human Rights: Businesses should support and respect the protection of internationally proclaimed human rights Human Rights : Make sure that they are not complicit in human rights abuses Environment : Encourage the development and diffusion of environmentally friendly technologies		• Expanded branch network to 92, by launching 19 new branches across the island • Maintained steady growth in deposit base by 45% increase and reaching over Rs 62 Bn • Recorded a 91 % impressive growth in lending portfolio • Elevated customer service standards through personalized customer service, sophisticated digital solutions and extended operating hours

Staff	❖ Elevate employment opportunities though branch expansion ❖ Enrich employee job satisfaction levels across the organisation. ❖ Enhance employee wellbeing by offering attractive financial and non-financial benefits. ❖ Attract and retain high-calibre talent. ❖ Strengthen core competencies and continuously upgrade skill sets. ❖ Strengthen employee efficiency and productivity	Labour : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining Labour: The elimination of all forms of forced and compulsory labour Labour: The elimination of discrimination in respect of employment and occupation	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 15 LIFE ON LAND 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	• Strengthened workforce by 21% to 1949 with 899 new recruitments • Average employee training hours stood at 20.19 for which total investment in employee trainings was Rs 8.8 million • Improved employee motivation by increasing employee benefits by 27% offering carrier advancement and recognition • Performance appraisals over 800 are carried out to track progress and to reward

Society	❖ Enhance community wellbeing by implementing meaningful CSR initiatives. ❖ Support Sustainability Financing Drive by developing new products and solutions tailored to the evolving needs of society.	Environment : Businesses should support a precautionary approach to environmental challenges Human Rights : Make sure that they are not complicit in human rights abuses Human Rights: Businesses should support and respect the protection of internationally proclaimed human rights		• Sustainable Lending through - Pending
Regulators	❖ Demonstrate proactive adherence to evolving regulatory requirements. ❖ Sustain a zero-penalty status by upholding the	Anti-Corruption : Businesses should work against corruption in all its forms, including extortion and bribery		• Commenced implementation to fully embrace new industry regulations 1. Technological Regulations 2. Liquidity Management

	highest standards of regulatory compliance. ❖ Ensure prompt and accurate submission of all mandatory regulatory returns and reports.	Human Rights: Businesses should support and respect the protection of internationally proclaimed human rights		• Strengthened staff human resource code and whistle blowing policy • Zero penalty chargers incurred for the year arising from regulatory breaches

Economic Impact and Shared Value Creation

FY 2025/26 marked a year of strategic momentum and meaningful transformation for Mercantile Investments, as the company made significant projections strengthening its role as a catalyst for inclusive economic progress with breakthrough balance sheet growth. The expansion of our island wide branch network to 92 locations, alongside surpassing Rs. 100 billion in assets, represents far more than a growth milestone—it reflects our commitment to bridging financial accessibility gaps, reaching underserved communities, and enabling individuals and enterprises to participate more actively in Sri Lanka's economic development. Through purposeful expansion and responsible growth, we continue to build a more connected, resilient, and inclusive financial ecosystem.

Complementing our physical growth, we continued to broaden our sustainability-focused product portfolio, offering green financing solutions that empower customers to invest in environmentally responsible vehicles and technologies. Loan facilities were also restructured with affordable interest rates and flexible repayment terms, including tailored packages for small and medium enterprises, showcasing alignment with national economic development priorities.

Direct Economic Impacts (GRI 201-1, 201-4)

As a responsible financial institution, MI continues to serve as a meaningful contributor to the nation's economic progress, channeling financial resources toward businesses and individuals across a broad spectrum of sectors. Through our lending and investment activities, we actively stimulate productive economic activity, support entrepreneurial growth, and unlock new avenues for capital formation across the economy. Our deposit and savings products further reinforce this contribution by mobilizing national savings and providing communities with accessible pathways to financial security and improved living standards.

We remain deeply committed to expanding economic opportunity at the grassroots level. Our continued network expansion has brought formal financial services closer to underserved populations, while simultaneously generating employment across a wide range of skill sets and professional disciplines, contributing to lower unemployment and greater household financial resilience. Through deliberate product innovation and portfolio diversification, we have broadened our ability to serve an increasingly dynamic and diverse customer base, strengthening financial inclusion whilst supporting the economy and the and the sustainable national development drive.

EconomicValue Generated Distributed & Retained

FY 2025/26 marked a pivotal year in MI's growth trajectory, positioning the Company among the leading large-scale players in Sri Lanka's Non-Banking Financial Institution (NBFI) sector. Through disciplined execution, strategic expansion, and prudent capital and risk management, we delivered another year of robust financial performance despite an evolving operating landscape. The economic value of Rs. 1.6 billion generated during the year reflects not only the strength of our financial performance but also the effectiveness of our long-term strategy in creating sustainable, shared value for our stakeholders and supporting Sri Lanka's economic progress.

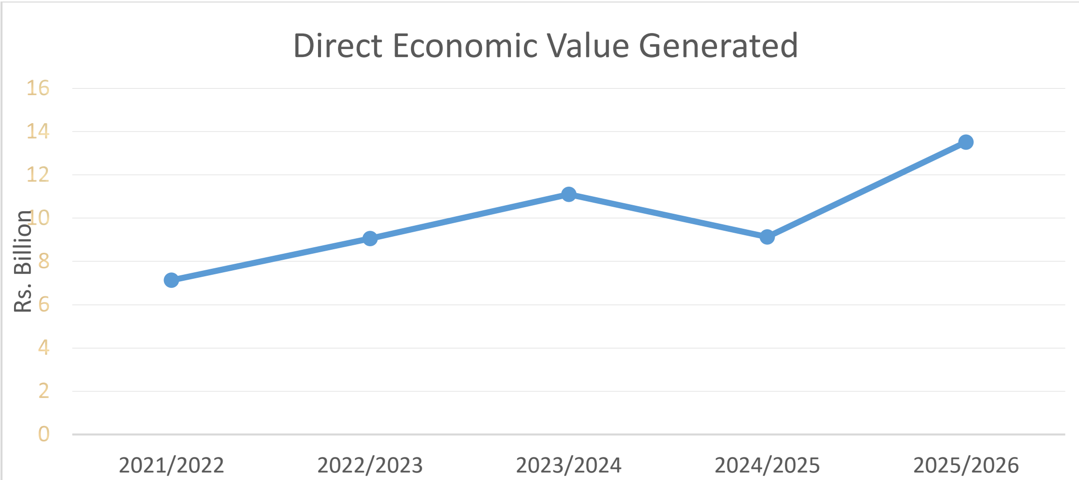
Our approach to value distribution reflects the principles of responsible stewardship and sustainable value creation. The economic value generated during FY 2025/26 was allocated in a manner that balanced strategic reinvestment with meaningful returns to our stakeholders. A significant share was reinvested to accelerate future growth, advance digital and operational capabilities, and build long-term organisational resilience. The balance was distributed among our key stakeholders, reinforcing our commitment towards creating shared prosperity and enduring economic value.

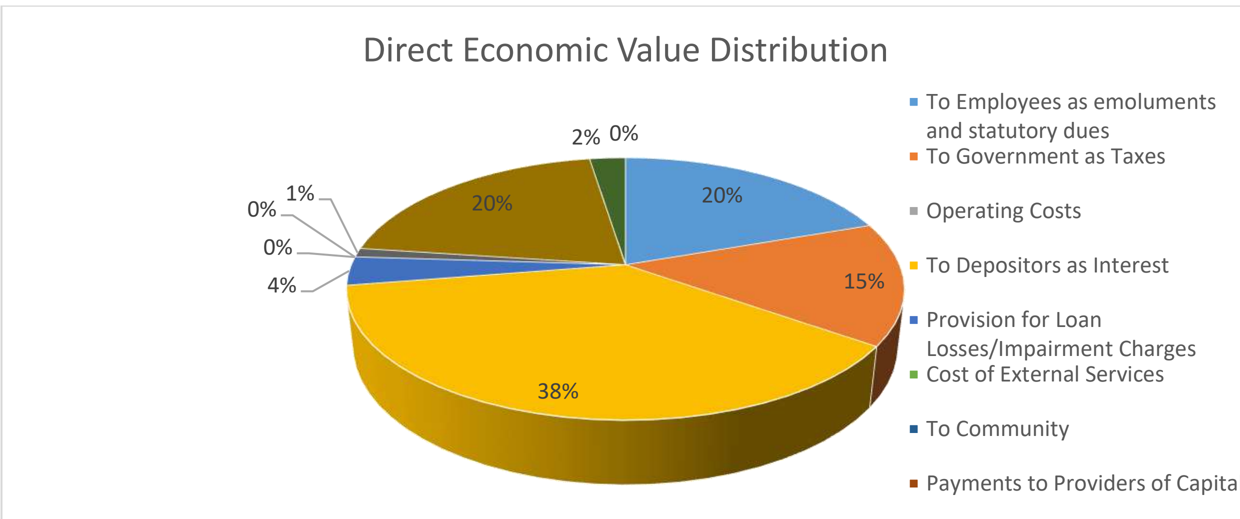
Accordingly, 20% of the total value addition was distributed for employees through salaries, benefits, and statutory contributions, recognising that our people remain the foundation of our success and competitive advantage. The Government received 15% through taxes and statutory levies, underscoring our role as a responsible corporate citizen and a meaningful contributor to national revenue and economic progress. Throughout the year, MI remained entirely self-reliant, generating sustainable growth through company's own operational strength without recourse to financial assistance or support from government entities. This reflects the resilience of our business model, prudent financial management, and disciplined capital stewardship.

For the Year ended March 31st	**2026**	**2025**	**2024**	**2023**	**2022**
	Rs 000'	**Rs 000'**	**Rs 000'**	**Rs 000'**	**Rs 000'**
Interest Income	15,832,103	10,998,708	10,628,251	8,749,868	6,759,925
Commission Income	109,803	92,626	75,732	75,568	67,496
Share of Associate Company Profit	212,050	199,266	151,837	19,365	2,504
Other operating income	112,293	179,952	244,975	210,288	300,285
Total	16,266,250	11,470,552	11,100,795	9,055,088	7,130,210

Direct Economic Value Distribution (Rs 000')

For the Year ended March 31st	2026		2025		2024		2023		2022	
To Employees as emoluments and statutory dues	2,659,751	20%	2,093,207	23%	1,592,749	14%	1,302,861	13%	1,346,538	19%
To Government as Taxes	2,040,125	15%	1,270,287	14%	823,504	7%	358,615	4%	1,158,865	16%
Operating Costs										
To Depositors as Interest	5,096,281	38%	4,546,630	50%	5,866,339	53%	5,105,237	55%	2,002,432	28%
Provision for Loan Losses/Impairment Charges	475,898	4%	224,648	2%	7911	0%	-		-	0%
Cost of External Services	2,012,899	0%	1,873,133	0%	1,516,172	14%	1,266,818	15%	1,224,360	17%
To Community	1,200	0%	100	0%	552	0%	287	0%	1,506	0%
Payments to Providers of Capital										
To Shareholders as Dividends	149,098	1%	75,150	1%	60,120	1%	-	-	345,690	5%
To Providers of Loans	2,759,147	20%	659,510	8%	575,264	5%	1,029,586	11%	583,787	8%
Economic Value Retained within the Business										
- as Depreciation/Amortization	334,994	2%	255,511	3%	162,490	1%	161,831	2%	156,759	2%
- as Reserves	590,072	0%	575,610	0%	495,694	4%	-170,146	-	310,271	4%
Direct Economic Value	13,515,294	100%	9,125,043	100%	11,100,795	100%	9,055,089	100%	7,130,210	100%





Economic Value Added (EVA)

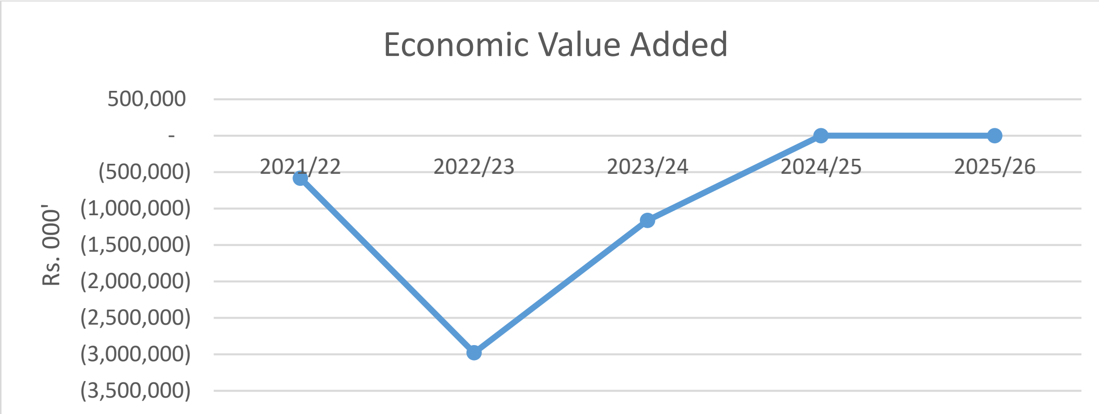
Unlike conventional profit metrics, Economic Value Addition accounts for the full cost of equity, offering a more complete picture of whether a business is genuinely creating or eroding shareholder wealth.

For FY 2025/2026, MI recorded an EVA of Rs. 1,618 million (FY 24/25 – Rs. 1,280 Million), marking a continued improvement from the prior year and reaffirming the Company's ability to generate returns that meaningfully exceed the cost of capital deployed. This positive performance was primarily supported by a sustained moderation in Treasury Bill rates, which served to reduce the benchmark cost of equity and favorably impact the EVA calculation.

Beyond the macroeconomic tailwinds, this result is also a reflection of MI's disciplined approach to capital allocation, operational efficiency, and the progressive strengthening of our earnings quality. As the business continues to scale and profitability deepens, we expect EVA to remain on an upward trajectory, reinforcing MI's commitment to delivering genuine, lasting value to its shareholders rather than simply reporting accounting profits.

The consistent improvement in EVA stands as a testament to the effectiveness of our long-term strategy and the soundness of the financial foundation we continue to build.

As at 31 March	**2025/26 (Rs. 000)**	**2024/25 (Rs. 000)**	**2023/24 (Rs. 000)**	**2022/23 (Rs. 000)**	**2021/22 (Rs. 000)**
Invested Equity					
Shareholders' funds	15,715,761	13,836,531	12,165,068	11,016,006	10,974,336
Add: Provision for impairment	2,134,500	1,689,939	1,498,895	1,614,850	1,961,619
Total	17,850,261	15,526,470	13,663,963	12,630,856	12,935,955
Earnings					
Net Profit after tax	1,148,565	1,074,666	555,814	106,053	1,011,550
Add: Impairment charge	475,898	224,648	7911	-	-
Less: Bad debt written off	-5,677	(18,506)	-45,208	-14,441	-147,318
Total	1,618,787	1,280,809	518,517	91,612	864,233
Cost of equity (based on 12 months Weighted Average					
Treasury Bill Rate plus 2% for the Risk Premium)	10.41%	10.25%	12.28%	24.31%	11.31%
Cost of average equity	1,636,010	1,591,463	1,677,935	3,070,561	1,445,758
Economic Value Added	1,618,787	1,280,809	-1,159,418	-2,978,949	-581,525



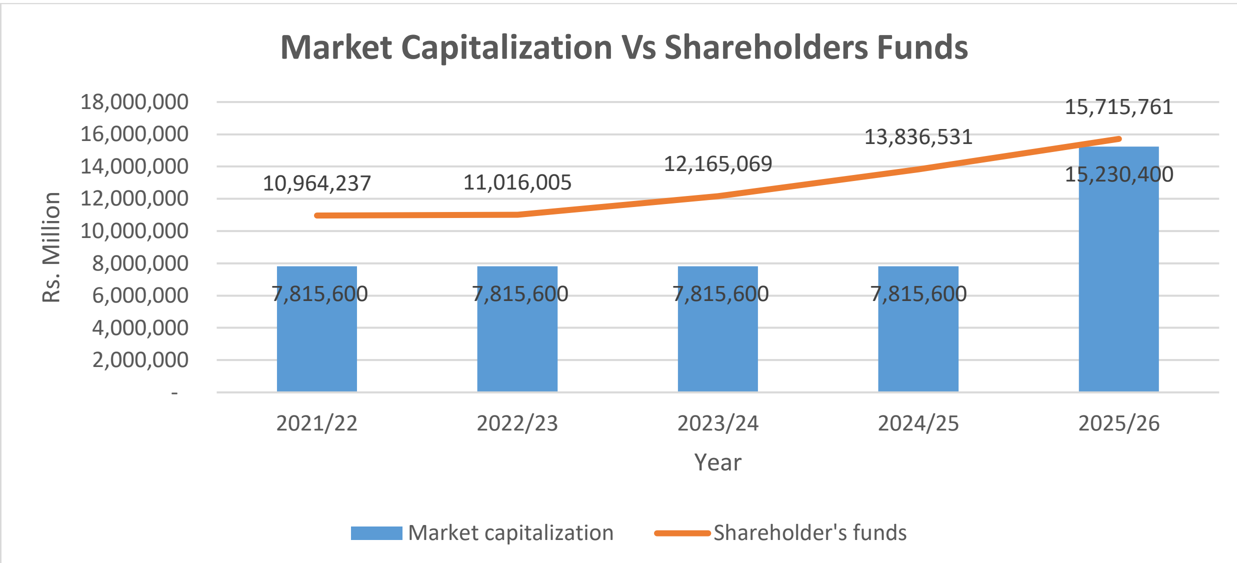
Market Value Added (MVA)

A growing Market Value Added (MVA) signifies that the Company is creating economic value in excess of the capital invested by its shareholders. This serves as a clear measure of prudent capital allocation, effective strategic execution, and the market's confidence in the Company's ability to deliver sustainable long-term returns.

Historically, MI's market valuation has not fully reflected the strength of its shareholders' funds, largely owing to the Company's concentrated ownership structure, which has constrained the free float and liquidity of its shares. During FY 2025/26, the broadening of our shareholder base represented a significant milestone, elevating MI into the top 100 listed companies on the Colombo Stock Exchange by market capitalisation. Nevertheless, adverse global geopolitical developments, trade-related uncertainties, and weaker capital market conditions exerted downward pressure on share prices across the market. As a result, MI's market capitalisation continued to remain below its intrinsic net asset value, notwithstanding the Company's robust financial performance and sustained value creation.

However, we remain confident that the current valuation gap is temporary and does not reflect MI's underlying strength or long-term potential. The Company's consistent profitability, expanding asset base, robust capital position, and disciplined execution continue to strengthen its long-term fundamentals. As market conditions normalise and investor participation broadens, we expect the Company's market valuation to better reflect its intrinsic value, reinforcing Market Value Added (MVA) and delivering sustainable long-term wealth creation for our shareholders.

Rs 000'	2025/26	2024/25	2023/24	2022/23	2021/22
Market capitalization/ Market value of equity	15,230,400	7,815,600	7,815,600	7,815,600	7,815,600
Less: Equity owner's funds					
Shareholder's funds	15,715,761	13,836,531	12,165,069	11,016,005	10,964,237
Total equity owners' funds	15,715,761	13,836,531	12,165,069	11,016,005	10,964,237
Market value added	-485,361	-6,020,931	-4,349,469	-3,200,405	-3,148,637



Indirect Economic Impact

MI continues to function as a meaningful driver of broad-based economic progress, channeling financial resources through its deposit-taking and lending operations to generate far-reaching impacts across investment, consumption, and sustainable growth. Our scale of operations creates powerful multiplier effects across interconnected economic ecosystems, influencing capital allocation, enhancing market liquidity, and reinforcing financial stability within the national economic framework.

Credit deployment across diverse sectors remains central to our indirect economic contribution, with targeted support extended to tourism, agriculture, commerce, and consumer-driven activities that collectively strengthen the foundations of sustained national prosperity. Our expanding gold-backed lending portfolio has further accelerated geographic reach, ensuring access to collateralized financing across all regions within our operational footprint. Alongside this, our commitment to sustainable financing solutions ensures that our economic contributions remain aligned with contemporary ESG principles, reflecting our role as a forward-thinking, responsible financial institution.

MI’s Accelerated Credit Drive Impacted on Economic Transformation

Driven by a clear vision for inclusive national development, MI's credit disbursement programs strategically channel financial resources across 15 vital economic sectors that underpin the country's growth and recovery. This deliberate diversification across multiple segments not only mitigates concentration risk but amplifies developmental impact, empowering businesses, uplifting communities, and positioning MI as a catalyst for comprehensive economic transformation. By addressing the specific growth needs of each sector through purposeful and inclusive lending, we continue to ignite sustainable engines of progress that benefit the broader national economy.

MI’s Contribution Towards Evolving Financial System Evolution (GRI 203-2)

MI's commitment to financial sector stability and development is reflected through active and meaningful participation in Finance Houses Association (FHA) initiatives, contributing to the establishment of industry best practices and the collective navigation of emerging regulatory and operational challenges. Our engagement in FHA working committees and policy forums reinforces our role as a thought leader in shaping progressive standards that elevate sector-wide competitiveness and compliance effectiveness.

At the heart of our institutional identity lies an unwavering commitment to integrity, transparency, and ethical conduct, values that are embedded across every layer of our organization, from front-line customer interactions to board-level decision-making. Rigorous compliance frameworks and robust internal control systems ensure that we consistently meet our statutory obligations while building enduring trust with regulators, customers, and the wider public. Sound governance structures, underpinned by clear accountability mechanisms, not only safeguard stakeholder interests but also set a standard of operational excellence that contributes to the long-term resilience and credibility of the financial services sector as a whole.

Creating Employment Opportunities (GRI 203-2)

In driving the envisaged growth trajectory, we invested strongly in building a workforce to maintain growth sound momentum to expand national footprint. We created creating meaningful employment opportunities across the country. Our people strategy is founded on the principles of diversity, equity, and inclusion, ensuring that talent is recognised and developed irrespective of gender or background while fostering a workplace where every individual can thrive and contribute.

At year-end, MI's workforce stood at 1,949 employees, reflecting our continued commitment to investing in people while contributing to inclusive economic growth. Through the creation of meaningful employment opportunities, we support household prosperity, strengthen communities, and contribute positively to reducing unemployment pressures within the national economy. Beyond expanding our workforce, we remained focused on developing the capabilities and potential of our people through structured learning and professional development initiatives. During the year, employees received an average of 20 hours of training, enabling them to enhance their knowledge, adapt to emerging industry demands, embrace digital transformation, and contribute more effectively to MI's continued growth journey. With 2.7 billion directed toward employee benefits and competitive compensation structures, MI continues to distinguish itself as an employer of choice, reinforcing our commitment to workforce welfare and professional fulfillment.

Social and Environmental Investment (GRI 203-1,413-1)

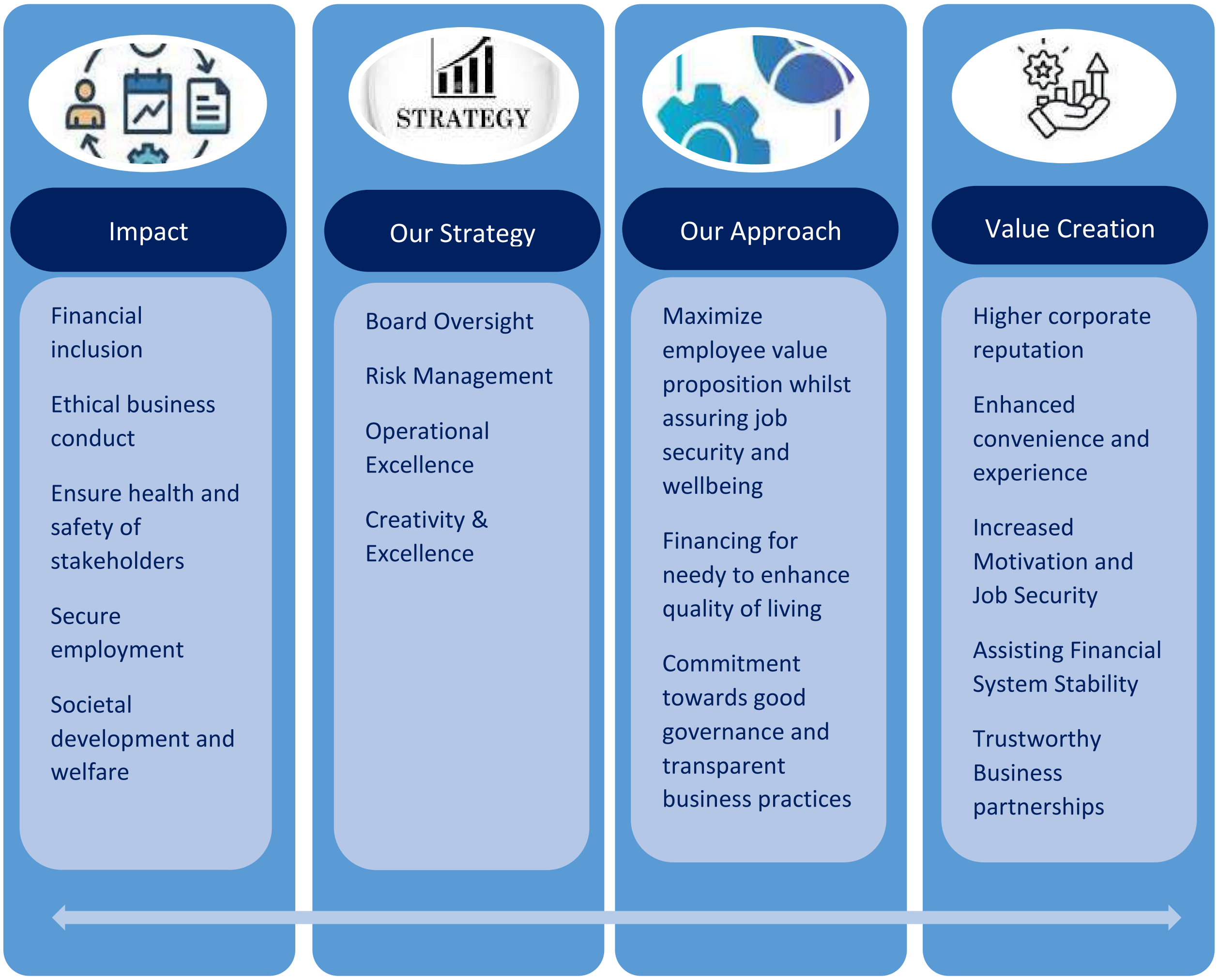
Through purposeful business initiatives and targeted Corporate Social Responsibility programs, MI continued to make measurable contributions to the well-being and resilience of the communities in which we operate. Our social investments are designed not only to generate direct economic benefit but also to foster stronger community cohesion and long-term social stability across our areas of presence.

This financial year, we have invested in the development of a new classroom at Mantreetenna School in Ragala, helping to ensure that children affected by Cyclone Ditwah continue to have access to education in a safe and supportive learning environment. Recognizing the growing impact of climate-related challenges on community livelihoods and economic stability, we intensified our environmental conservation efforts during the year. Resource efficiency initiatives, waste reduction strategies, and sustainable operational practices were further embedded into our day-to-day activities, reinforcing our institutional commitment to ecological responsibility. Our support for insurance coverage for employees engaged in Wildlife Conservation work continues to reflect the breadth of our environmental commitment, extending beyond operational boundaries to support those who dedicate their efforts to preserving the nation's natural ecosystems.

Social Impact Management (GRI 413-1)

MI's purpose-driven organizational framework continues to serve as the foundation for creating lasting and meaningful value for society while 42% of our total branch network has contributed in community investment activities to uplift the social development initiatives. Every aspect of our operations is guided by a higher commitment, to uplift lives, expand opportunity, and foster inclusive growth across the communities we serve. Through thoughtfully designed community engagement programs and a culture rooted in sustainability and social responsibility, we strive to enrich the human experience well beyond the immediate scope of financial services.

Our community development efforts are governed by the highest ethical standards and global best practices, ensuring that all initiatives are transparent, accountable, and genuinely impactful. By embedding social responsibility into our core strategy rather than treating it as a peripheral activity, we are building resilient frameworks that support shared prosperity and long-term development across every region we touch.



Responsible Business Practices

MI's approach to responsible business is grounded in a robust governance framework, a strong code of conduct, and an organizational culture that places integrity at the center of every decision. Our adherence to applicable legislation, including the Shop and Office Act, reflects our deep respect for regulatory obligations and employee welfare. During FY 2025/2026, MI contributed Rs. 262.7 million to statutory funds, towards employee welfare after retirement reaffirming our commitment to social security and the protection of our workforce. These contributions embody our philosophy that responsible business and human-centred practices are not competing objectives, but complementary drivers of sustainable success. By placing people and purpose at the heart of our operations, we continue to build a resilient organisation that creates lasting value for employees, stakeholders, and the communities we serve.

Job Stability and Worker Protection

Safeguarding job stability and nurturing a people-centric workplace culture remained a defining organizational priority throughout FY 2025/2026. MI's competitive and equitable remuneration policies continued to play a meaningful role in improving the quality of life for employees and their families, supporting household financial well-being, enabling upward social mobility, and fostering a culture of dignity and respect across all levels of the organization.

Fair pay practices, underpinned by transparency and industry alignment, contributed to sustained employee morale and job satisfaction. MI's commitment to protecting and enhancing the livelihoods of its workforce is a powerful expression of its broader social responsibility, championing equity, opportunity, and inclusive economic participation for all who are part of the MI family.

Financial Inclusion for Community Development

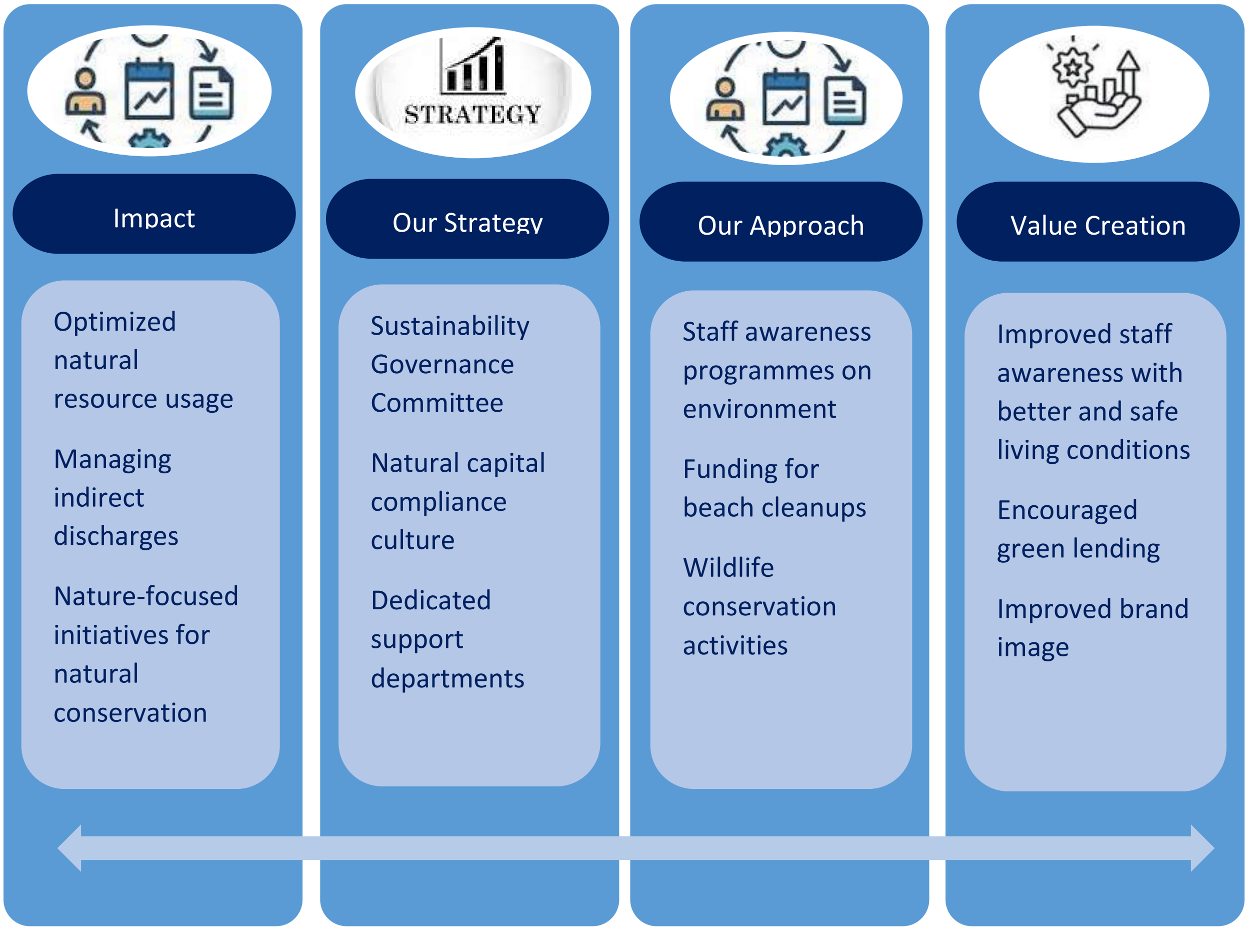
Broad basing MI’s operations across provinces paved the way further to meet financial needs of various sections of society driving financial inclusion remained a cornerstone of MI's community development strategy in FY 2025/2026. Through continuous product innovation and an unwavering commitment to service excellence, we worked to ensure that individuals and businesses, particularly those traditionally underserved by the formal financial system, have access to meaningful, life-changing financial solutions.

Our diversified product portfolio enabled us to reach a wider and more varied demographic, deepening community ties and expanding the boundaries of economic participation. By making financial services more accessible, affordable, and relevant, MI continues to lay the groundwork for long-term community resilience, individual empowerment, and sustainable national development.

Environmental Impact Management

As a responsible institution operating within the financial services sector, MI recognizes its duty to minimize environmental impact and integrate sustainability into the fabric of its operations. Our commitment to environmental stewardship goes beyond regulatory compliance, it reflects a genuine organizational conviction that the long-term health of our business is inseparable from the health of the natural environment.

During FY 2025/2026, we continued to strengthen our oversight of environmental risks and expand the reach of our mitigation strategies. Heightened focus was placed on reducing energy and resource consumption, managing waste responsibly, and ensuring that our operational practices align with both national environmental standards and global sustainability imperatives. As climate-related risks continue to intensify, MI remains committed to building an organizationally resilient and ecologically responsible institution, one that contributes constructively to a more sustainable and climate-resilient future for Sri Lanka.



Strategic Resource Management

Material (GRI 301-1)

Given the service-oriented nature of MI's business, material consumption, which are mostly nonrenewable matter, remains limited primarily to office consumables and administrative supplies required for day-to-day operational activities. Material costs constitute a modest proportion of overall operational expenditure, and our exposure to material-related supply chain risks remains low. Furthermore, through the implementation of our digital transformation roadmap, we have taken meaningful steps towards reducing material usage, minimising our environmental footprint, and creating more efficient, sustainable, and agile operating models.

Photocopy Papers	Usage KG
A4 Photocopy Paper (80gsm)	14,088.12
A4 Photocopy Paper (70gsm)	6,855.36
Legal Photocopy Paper	411.00
	21,354.48

Stationary Usage

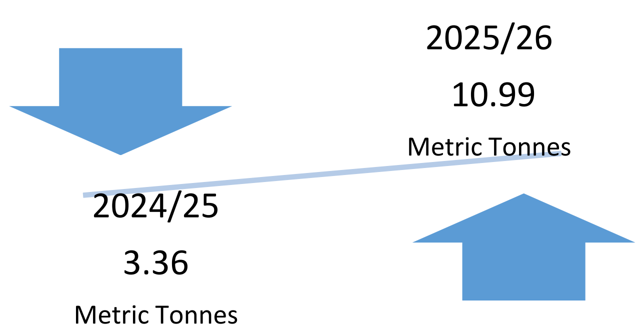
Item	FY 25'26	FY 24'25	FY 23'24	FY 22'23	FY 21'22
A4 Photocopy Paper (Units)	9,434	7,543	5,479	4,376	6,396
Legal Paper (Units)	137	136	110	98	160
A5 Paper (Units)	-	589	541	275	471
Total Paper	**9,571**	**8,268**	**6,130**	**4,749**	**7,027**
Ink Cartridges (units)	238	82	280	183	240
Printer Toners & Fax Toners (units)	2,572	2,506	1,988	1,782	2,400
Box Files (units)	1,663	1,432	783	653	825

Responsible Recycling Drive and Its Impact

Paper remains an essential consumable within MI's operations, supporting transaction processing, regulatory documentation, and internal communication. In recognition of this dependency, MI maintains a comprehensive recycling program designed to ensure that paper waste is managed responsibly and diverted from landfill wherever possible.

During FY 2025/2026, MI contributed 2,284 kilograms of paper to authorized recycling initiatives, reflecting continued progress in our environmental stewardship efforts. Simultaneously, our proactive measures to reduce overall paper consumption have yielded encouraging results, an outcome of deliberate digitization efforts and heightened resource awareness across the organization. Our dual approach of consumption reduction and responsible recycling ensures that environmental benefit is maximized at every stage of the paper lifecycle.

Total Wastage



Energy Consumption Management (GRI 302-1, 302-3, 302-4)

Electricity remains MI's primary energy source, underpinning the delivery of services across our branch network and head office operations. Our energy management approach encompasses both electrical infrastructure and transportation fuel requirements, ensuring a balanced and comprehensive strategy for responsible energy stewardship.

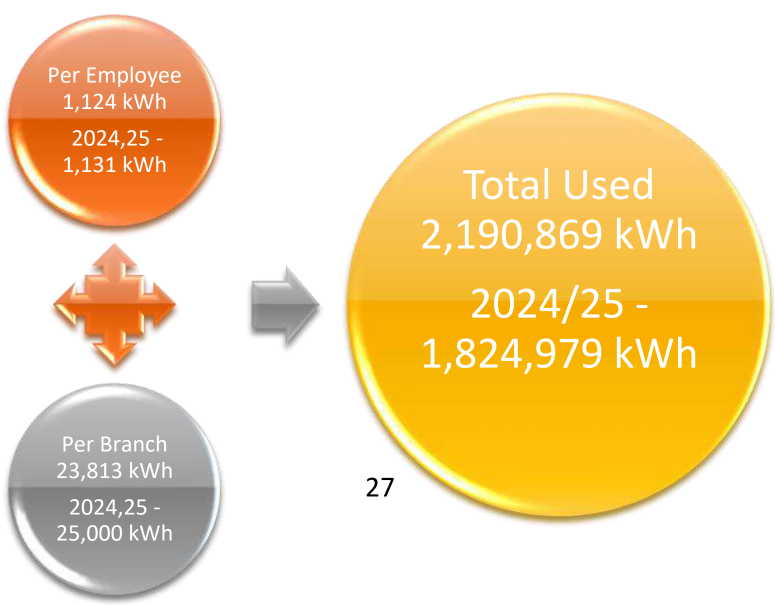
During the reporting period, total electricity consumption stood at 2,190,868.94 kWh, with electricity consumed per employee recorded at 1,124 kWh, reflecting the impact of our growing workforce alongside ongoing efforts to improve energy efficiency across all facilities. Fuel consumption associated with staff commuting, business travel, and logistics activities continues to be monitored and managed through established operational protocols.

Electricity (Kwh)	Petrol (ℓ)	Diesel (ℓ)	Total Energy Consumption (GJ) FY 2025/26
2,190,869	5,013	1,959	8,134

Total energy consumption (GJ) was calculated using conversion factors published by the Sri Lanka Sustainable Energy Authority (SLSEA)

Although the energy consumption has quantitatively increased by 20% YoY, we have reduced energy consumption in terms of energy efficiency as a result of inclusive energy management. Quantitative consumption growth is a result of rapid expansion of branch network.

Electricity and Fuel Usages



Energy Source	Consumption Levels			
	2025/26	2024/25	2023/24	2022/23
Electricity used within organization (kWh)	2,190,869	1,824,979	1,612,514	1,274,935
Total employees	1,949	1,613	1,198	1,097
Electricity consumed per employee (kWh per employee)	1,124	1,131	1,346	1,162

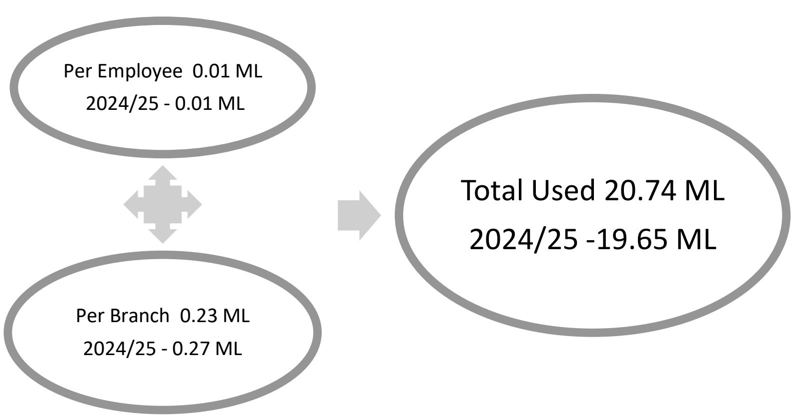
Water Utilization (GRI 303-1, 303-2, 303-3, 303-5)

MI's commercial operations maintain minimal water consumption requirements, with usage confined primarily to drinking and sanitation needs across our branch and head office network. The majority of our facilities are supplied through municipal water sources, ensuring that our direct impact on natural water resources remains limited and well within responsible thresholds.

All water discharge practices comply strictly with the protocols established by the National Water Supply and Drainage Board, ensuring hygienic and environmentally sound disposal across all operational locations. MI continues to monitor water consumption patterns diligently, maintaining full regulatory compliance while supporting broader water conservation objectives at the national level.

All the water withdrawn from third party water supplies has been consumed.

Water Usage in Mega liters	FY 25'26	FY 24'25	FY 23'24	FY 22'23	FY 21'22
Head Office	5.22	5.58	5.86	5.39	4.58
Branches	15.52	14.06	7.43	7.72	7.01
Total	20.74	19.65	13.30	13.10	11.59



Waste Management Protocols Adopted (GRI 306-1, 306-2, 306-3, 306-4, 306-5)

MI's solid waste management practices are guided by a commitment to minimizing environmental impact, preventing pollution, and ensuring full compliance with applicable national regulations and international frameworks including the Basel Convention. MI's operations do not produce any hazardous waste or do not involve the transportation of hazardous waste, and the company maintains a firm institutional policy against any practices that could contribute to marine or environmental pollution.

General waste disposal, excluding paper, is managed in accordance with Government regulations through a collaborative arrangement with the Colombo Municipal Council. Paper-based waste, e-waste, and food waste are each managed through dedicated disposal protocols designed to ensure responsible handling at every stage.

Type of Waste	Total Weight (Metric Tonnes)
Waste paper	3.83
Food	5.21
E waste	0.31
Damaged office equipment	0.80
Polythene	0.84
Total	**10.99**

Type of Waste	Disposal Frequency	Mode of Disposal
Paper Based Waste	Weekly	Waste paper was collected daily from the departments at Head Office and disposed to an authorized third party on a weekly basis.
E-Waste	Quarterly/Semi-Annually	A separate storage area was assigned to store e-waste. Periodically, an inventory was taken and quotations called for e-waste disposal with items being sold at best price.
Food and Related	Daily	Food waste was collected daily by the municipal council.

Driving Climate Resilience through Responsible Action

MI remains deeply conscious of the direct and indirect consequences of the escalating climate emergency on both society and business. Throughout FY 2025/2026, our commitment to climate action was sustained across all divisions, through energy reduction initiatives, responsible resource management, and the continued advancement of green lending strategies aligned with the United Nations Sustainable Development Goals.

Our integrated approach to climate resilience embeds environmental considerations into financial decision-making, ensuring that sustainability is not an afterthought but a core lens through which we evaluate opportunities and manage risk. Through consistent action and institutional accountability, MI continues to demonstrate leadership in addressing climate challenges while creating lasting value for our stakeholders and contributing to a more sustainable future for generations to come.

Structured Approaches to Impact Monitoring

Continuous and rigorous monitoring of economic, social, and environmental impacts remains fundamental to MI's commitment to responsible and transparent growth. Our Corporate Planning Unit continued to play a central role in evaluating progress against broader economic objectives, providing regular updates to the sustainability Governance Committee and the Board.

The Sustainability Governance Committee, working in close collaboration with the Finance Department and Internal Audit team, maintained comprehensive oversight of MI's social and environmental footprint, identifying priority areas, implementing targeted mitigation measures, and ensuring accountability to all stakeholders. This integrated monitoring framework enables management to make well-informed, impact-conscious decisions while upholding MI's commitment to transparency, responsible governance, and long-term value creation across our entire operational network.

Community Feedback including Grievances

MI's grievance management system remains deeply embedded across all levels of the organization, providing accessible and responsive channels through which stakeholders can raise concerns and seek resolution. Social and environmental grievances receive priority attention through the Sustainability Governance Committee, with engagement channels accessible via our island-wide branch network and dedicated officers at the Head Office.

Stakeholders are provided with meaningful avenues to share feedback, including through the comprehensive feedback form featured in our Annual Report, reflecting our commitment to open, transparent, and inclusive communication. As of the date of this report's publication, no formal social or environmental grievances or negative feedback have been communicated to the Company during FY 2025/2026. This outcome reflects the effectiveness of our proactive stakeholder engagement strategies and our sustained commitment to delivering responsible, community-centered operations across every dimension of our business.