



Flourishing Together...

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Flourishing Together...

At Convenience Foods, we strive for success in its highest form-not just in our business, but in the lives of our customers and their families. Over the past year, we have exceeded expectations, continuing to nourish households across the nation with wholesome, nutritious meals.

We believe that to truly thrive, we must do so together. That's why our commitment to operational excellence is rooted in delivering only the best to Sri Lankan consumers while integrating sustainability into everything we do.

As we embark on a new chapter of our legacy, we embrace an era of longevity, prosperity and security-for our Company, our people and the environment.

At CFL, we remain dedicated to flourishing, together.



OUR VISION, MISSION, PURPOSE AND VALUES

VISION

“Total and complete nutrition to enhance the quality of life of future generations”

MISSION

“To achieve total consumer satisfaction by maintaining consistently superior quality products that are innovative and nutritious while penetrating new markets to maintain market leadership in a competitive environment”

GROUP PURPOSE

“To create enriching moments of happiness for people, by being a caring global entity, with a true Sri Lankan identity”

GROUP CORE VALUES

CARING

We are considerate. We respect our stakeholders, community and planet.

QUALITY

We strive with passion to deliver higher value and satisfaction through our products and services.

INNOVATION

We constantly explore new possibilities to create happy moments for people.

INTEGRITY

We act honestly, responsibly and ethically.

ABOUT OUR INTEGRATED REPORT



Reporting Scope and Boundary

Our Integrated Annual Report is delivered through Company-wide collaboration and attempts to present a balanced and relevant articulation of the Company's performance and operations during 2024/25. This report includes content on current and future business contexts, combining Financial Reporting with Non-Financial Reporting elements covering Capitals, Sustainability, Risk Management and Corporate Governance. This report presents the progress made toward achieving our strategic priorities throughout the reporting year.

QUALITATIVE CRITERIA IN ANNUAL REPORT



Convenience Foods (Lanka) PLC (CFL) adopts a 12-month annual reporting cycle and this year's report covers the period from 1st April 2024 to 31st March 2025. Any material events after this date and up to the Board approval date of 31st July 2025 have also been included in this report. Our previous report (An Unbreakable Bond) was for the year ended 31st March 2024 and released on the 15th August 2024.

PERIOD CONSIDERED UNDER THE SCOPE OF THE REPORT

This Integrated Annual Report covers the performance of the Company for the 12-month period ended 31st March 2025 and material events up to the approval of the report by the Company's Board of Directors on 31st July 2025.



ABOUT OUR INTEGRATED REPORT

OUR REPORTING LANDSCAPE

The official website of CFL continues to serve as a key platform for enhancing corporate communications with a wide range of stakeholders. It offers improved transparency, accessibility and a direct channel for engagement between the Company and its shareholders. Shareholders and other stakeholders can conveniently access the Annual Report and receive timely updates through the website.

We remain committed to leveraging digital tools to enrich the user experience and ensure stakeholders have seamless access to the latest corporate information throughout the year. QR code integrations between the website and the Annual Report continue to facilitate targeted content access, catering to the diverse needs of our stakeholders.

Visit us at www.conveniencefoodslanka.com for more information.

About Us



CFL Brands



Contact Us



ESG



Investor Relations



INTEGRATED THINKING AND REPORTING PROCESS OF THE COMPANY

We adopt integrated thinking, a holistic approach to business management and corporate reporting that connects financial and non-financial performance, to identify elements that could affect our ability to create value sustainably over the long-term. These factors nourish our strategy, with the goal of minimizing risks and leveraging emerging opportunities. The thinking is converted into a written document during our reporting process within the reporting standards, statutes and principles, outlined with information integrity verification and quality assurance.

TARGETED AUDIENCE

The report is designed to meet the information needs of our shareholders, potential investors and covers interests of broader stakeholders of customers, employees, suppliers, business partners and communities, enabling them to make informed decisions about the

organization’s growth, strength, stability and sustainability aspects. We have taken responsibility for providing mandatory disclosures as well as voluntary information as may be deemed necessary and important by relevant regulatory and statutory bodies.

STRATEGIC DIRECTION

The Annual Report details the Company’s current and future business strategies focused on achieving sustainable growth, offering valuable insights for its stakeholders.

NON-FINANCIAL INFORMATION

This report discloses non-financial information where relevant and appropriate.

COMPARATIVE INFORMATION

This report provides comparative data for the year ending 2023/24. Reclassifications and restatements have been conducted as needed to improve clarity in presentation and adhere to regulatory requirements.

CONNECTIVITY WITH FINANCIAL STATEMENTS

The non-financial information, where applicable, should be read in conjunction with the Company’s financial statements prepared in accordance with Sri Lanka Accounting Standards.

DISCLOSURES UNDERLINED BY SLFRS S1 AND S2

The sustainability disclosures have been developed in the pathway towards compliance with the SLFRS Sustainability Disclosure Standards issued by CA Sri Lanka. In addition, the principles of relevant disclosure topics from the Sustainability Accounting Standards Board (SASB) standards have been reviewed and integrated into the report.

INDEPENDENT ASSURANCE

Independent assurance of CFL’s financial statements has been obtained from Messrs. Ernst & Young, the external auditors. The financial statements and independent auditor’s report, which span from Pages 193-247, have been included.

REPORTING STANDARDS

The following mandatory and voluntary reporting frameworks and guidelines were used to prepare the report.

REPORTING FRAMEWORK

| Mandatory Reporting Standards, Frameworks and Guidelines | Voluntary Reporting Frameworks and Guidelines |
|---|--|
| Financial Reporting <ul style="list-style-type: none"> Sri Lanka Accounting Standards (SLFRSs/LKASs) Companies Act No. 07 of 2007 and amendments thereto Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 | Integrated Reporting <ul style="list-style-type: none"> Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) 'Guidelines for Presentation of Annual Reports' issued by the Institute of Chartered Accountants of Sri Lanka Handbook on Integrated Corporate Reporting by the Institute of Chartered Accountants of Sri Lanka |
| Corporate Governance Reporting <ul style="list-style-type: none"> Listing Rules of the Colombo Stock Exchange Laws and Regulations of the Companies Act No. 7 of 2007 Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended) | Sustainability Reporting <ul style="list-style-type: none"> GRI Standards – Revised 2021 issued by the Global Sustainability Standards Board (GSSB) Sustainable Development Goals (SDGs) United Nations Global Compact (UNGC) Sri Lanka Sustainability Disclosure Standards S1 – General Requirements of Sustainability-Related Financial Information* Sri Lanka Sustainability Disclosure Standards S2 – Climate Related Disclosures* |
| Assurance <ul style="list-style-type: none"> Sri Lanka Auditing Standards (SLAuSs) Internal Auditing Framework of Institute of Internal Auditors | <p>* S1 and S2 standards will be mandatory for CFL from 2026/27.</p> Corporate Governance Reporting <ul style="list-style-type: none"> Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka |

MATERIALITY

We followed a structured approach to identify key material matters that are essential to our reporting disclosures. This approach incorporates financial and non-financial material matters, which addresses issues that influence our ability to create and sustain value and impact materiality, which are financially relevant to the stakeholders, as per management's judgement and which reflects the effects of our operations on the environment, communities and broader society over the short, medium and long term. Details of how we determine these material topics and align them with relevant reporting metrics are presented in the Material Matters Section on Pages 64-67.

ABOUT OUR INTEGRATED REPORT

IMPROVEMENTS TO THE REPORT

Content Improvements

- Enhanced and detailed notes to the financial statements
- Enhanced and detailed sustainability disclosures
- Enhanced and detailed non-financial disclosures including governance and risk management
- Disclosures related to SLFRS S1 and SLFRS S2 are detailed in a separate section
- Included SLFRS S1 and S2 disclosure index

User-Friendliness Improvements

- Improved accessibility through Company website
- Enhanced graphical presentation for user-friendly experience
- QR code linkage created between the Annual Report and the Company website
- Restructured content layout to provide a clear and comprehensive presentation of the Company's operating results

Transparency Improvements

- Presentation of statistical disclosures with comparative data for non-financials to improve credibility of the content
- Content improvements for greater visibility
- Disclosure of full GRI Index
- Disclosure of Index to Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka
- Disclosure of sustainability metrics

DISCLAIMER

This report may contain forward-looking statements concerning the Company's future performance and outlook. Although these statements represent our anticipated future developments, it is important to recognize that various risks, uncertainties and significant factors could cause actual results to differ materially from our expectations.

BOARD RESPONSIBILITY

The Board takes responsibility and assures you of the credibility of our Annual Report 2024/25. The Board also assures the report gives a fair and transparent account of material issues underlining the sustainability of Convenience Foods (Lanka) PLC.

Signed for and on behalf of the Board:



R. S. A. Wickramasingha
Chairman

31st July 2025

NAVIGATION OF OUR ANNUAL REPORT

CAPITALS



Financial Capital



Manufactured Capital



Human Capital



Intellectual Capital



Social and Relationship Capital



Natural Capital

STAKEHOLDERS



Shareholders



Employees



Customers



Suppliers and Business Partners



Government and Regulatory Bodies



Communities

FEEDBACK

We understand that integrated reporting is an ongoing learning process. Hence, we welcome your feedback and suggestions to improve our 2024/25 Annual Report along with any queries and clarifications.

Please contact:

S. K. I. Sameera Senarathne
General Manager - Finance
Convenience Foods (Lanka) PLC, No. 133, 7th Lane,
Off Borupana Road, Kandawala, Ratmalana.
Email: sameeras.cf@cblk.com



ABOUT THE COMPANY



Convenience Foods (Lanka) PLC (CFL), a subsidiary of the CBL Group, was the pioneer to introduce Textured Soya Protein (TSP) to the Sri Lankan market under the 'Lankasoy' brand and subsequently expanded its product range to include Cereals, Snacks, Salt, Coconut Milk and Spices. With over 100 Product Offerings/ SKUs CFL has a strong market presence, adhering to global quality standards. The Company remains committed to innovation, sustainability and fostering a high-performance workplace.

HISTORY OF CFL

Foundation

1991

CFL entered the Sri Lankan business arena and commenced operations, named as Soy Foods (Private) Limited, a subsidiary of Forbes and Walker Limited

1

2

Listed on CSE

1992

CFL was listed on the Colombo Stock Exchange

Acquired by CBL

2000

Ceylon Biscuits Limited (CBL) acquired the Company which was renamed as Soy Foods (Lanka) Limited

3

4

Changed the name to Convenience Foods (Lanka) PLC

2008

Company changed the name to Convenience Foods (Lanka) PLC, to reflect its growth plans of diversification beyond soya-based foods, into the convenience foods segment

Acquired by CBL Investments Limited

2017

CBL Investments Limited purchased majority of the issued share capital of CFL from Ceylon Biscuits Limited, thereby transferring majority ownership of CFL to CBL Investments Limited

5

Certifications

- ISO 9001, 14001, 22000, 45001, 50001
- GMP
- HACCP
- Sri Lanka Standards (SLS) certification for soy food products

Brands

- Lankasoy
- Sera
- Tetos
- Nutriline

Economic Contribution

Tax Contribution

Rs. 1,502.9_{Mn}

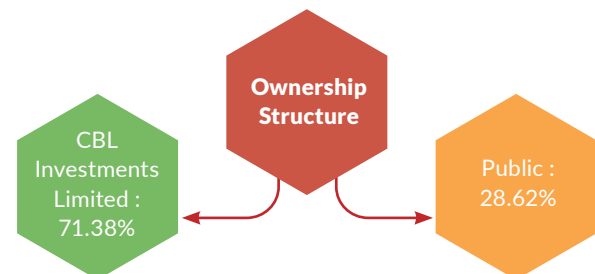
Diversified Product Portfolio

Brands

4

Product Offerings

Over 100 SKUs



Registered Office

No. 555, High Level Road, Makumbura, Pannipitiya, Sri Lanka.

Principal Place of Business

No. 133, 7th Lane, Off Borupana Road, Kandawala, Ratmalana.

Web:

www.conveniencefoodslanka.com

OUR PRODUCT RANGE



As the pioneer in introducing soy nuggets to Sri Lankan consumers, Lankasoy has played a key role in developing and shaping the textured soya protein category. Over the years, the brand has revolutionized the market with a variety of flavors, innovative nugget shapes and unique product offerings.

Establishing itself as a trendsetter and an inspiration within the industry, Lankasoy offers a diverse range of products under its original range: Malusoy, Chickosoy, Vegesoy, Meatysoy, Minced Mix and novel creations such as Kiri Malu, Polos, Miris Malu, Jumbo Pack, Mango Curry and more.

With its extensive product portfolio, rich taste profiles and continuous innovation, Lankasoy has earned its position as the market leader, winning the hearts of consumers. Our commitment to excellence is reflected in both local and international accreditations, including ISO 22000, HACCP, SLS, ISO 9001, ISO 14001 and GMP certifications, alongside annual audits to ensure the highest quality standards.



Sera, the gastronomic brand under CFL, has swiftly become a trusted household name in Sri Lanka. In response to the fast-paced lifestyles, Sera offers an exceptional range of high quality and convenient food products designed to simplify one's culinary experience. With an unwavering commitment to quality, Sera aspires to be the ultimate kitchen partner for the modern homemaker, making everyday cooking memorable without compromising on its goodness and quality.

To meet the demands of modern, fast-paced lifestyles, Sera offers innovative and dependable solutions that reflect our commitment to high quality and the trusted legacy of the CBL Group spanning over 50 years. With a vision to become the aspirational kitchen partner for the convenience-seeking homemaker, Sera continually expands its portfolio to include new categories, addressing continuously evolving consumer needs. Today, the Sera portfolio within CFL includes cooking aids such as Spices, Coconut Milk and Salt, as well as meal solutions of Soups, providing a comprehensive array of options for families.



Nutriline is a dynamic and progressive nutrition brand under CFL, enjoyed as a wholesome breakfast option catering to both children and teenagers alike.

Enriched with multi-grains for balanced nutrition, Nutriline offers a delicious and affordable breakfast solution, ensuring a healthy start to the day. Every pack of Nutriline is created using locally produced grains and manufactured in a facility that adheres to stringent quality standards.

Designed to appeal to mothers seeking nutritious meal options and loved by children for their taste, Nutriline continues to make mornings convenient and healthy.

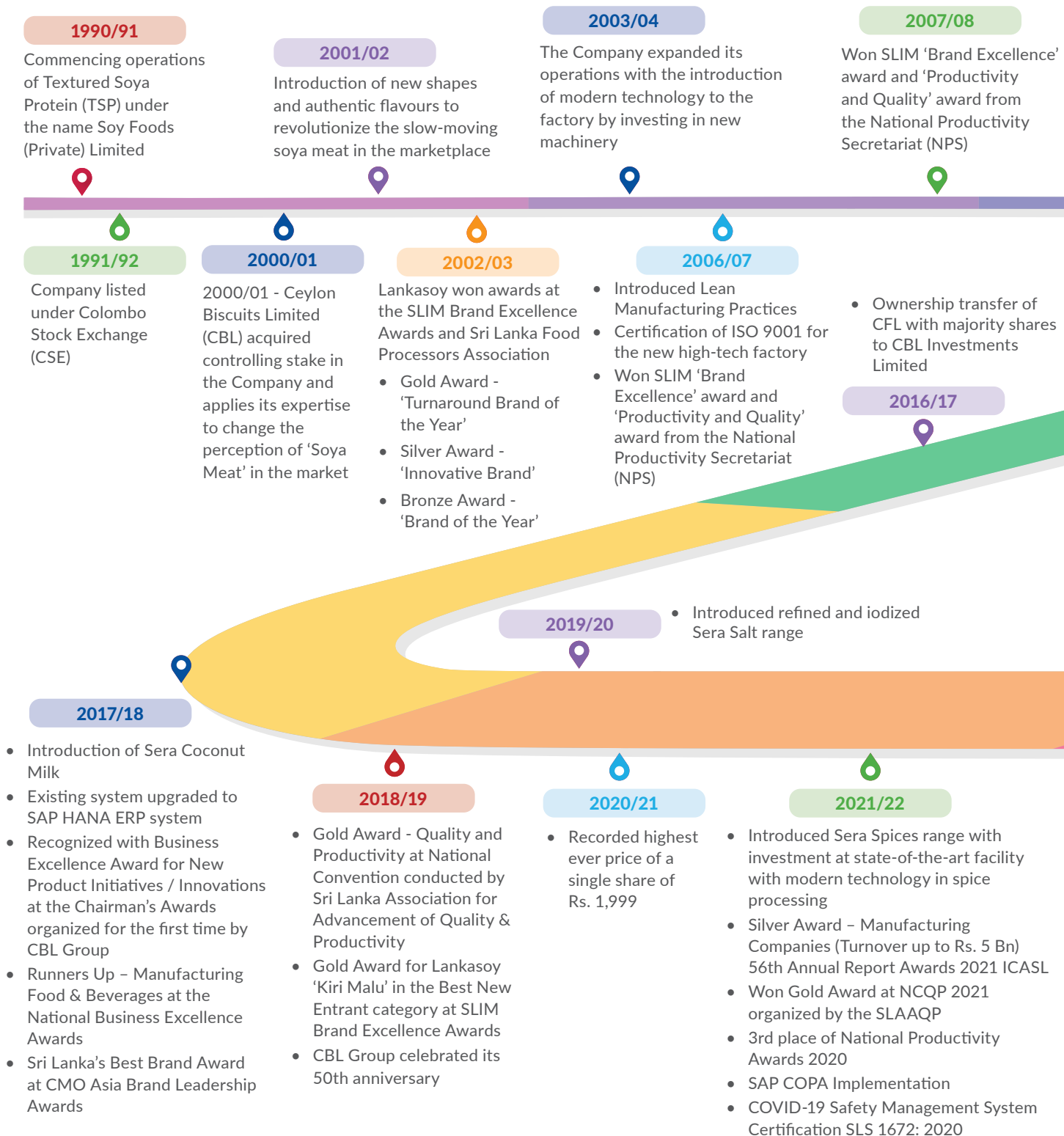
CFL
Tetos



Tetos continues to excite young snack lovers with bold flavors and an irresistible crunch. Rooted in a rich potato experience and crafted to the highest quality standards, Tetos is the go-to snack for fun moments, whether it's movie watching, get togethers, sharing with friends or simply satisfying a craving. Tetos brings even more unforgettable moments with exciting flavors and more crunch.

OUR JOURNEY OF 34 YEARS

CFL has a history spanning more than three decades. We have continued to grow and innovate, capitalizing on our expertise in textured soy products, other food product categories and our commitment to quality, consumer satisfaction and sustainability.



2008/09

- Soy Foods (Lanka) PLC was transformed to Convenience Foods (Lanka) PLC as the Company expanded with a diverse range of food products
- Won SLIM 'Brand Excellence' award and 'Productivity and Quality' award from the National Productivity Secretariat (NPS)

2010/11

Certified with ISO 22000, GMP and HACCP

2011/12

Bronze award and secured position among the Top 10 Awards of Extra-Large category at the CNCI Achievers awards

Introduction of state-of-the-art machinery for production of variety of flavours and snack range

Won the following at SLIM Brand Excellence Awards

- Brand of the Year
- Gold Award for 'Product Brand of the Year'
- Local Brand of the Year
- Gold Award 'Innovative Brand of the Year'

2009/10

Certified with SLS certification for Soy food products by making Lankasoy the first Soya food brand to qualify for the certification

2012/13

- Silver Quality Circle Award at the National Business Excellence Summit
- Bronze Award - Brand of the Year at SLIM Brand Excellence Awards
- Gold Award - Manufacturing Food and Beverages at National Business Excellence Awards

2013/14

2014/15

- Implementation of the SAP ERP system and HRIS platform
- Introduced Nutriline Cereal with three different varieties
- Certification of ISO 14001 - Environment Management System
- Gold Award - Manufacturing Food & Beverages at National Business Excellence Awards

2015/16

- Introduction of Tetos Snack range

2023/24

- Won Compliance Award at TAGS Awards 2023
- CFL website implementation
- Established the Nominations and Governance Committee and extended governance policies
- Certification of ISO 45001:2018 Occupational Health and Safety Management Systems

2022/23


- Won the following awards at The Effie Awards 2023
 - The Most Effective Marketer of the Year
 - Packaged Food category - Gold
 - Media Innovation in social media - Gold
 - Youth Product Marketing Category - Bronze
- Compliance Award at TAGS Awards 2022
- Sera has achieved remarkable success at SLIM DIGIS 2.2. The campaign has secured a total of six prestigious awards
 - Gold Award for Digital in Food & Beverage
 - Silver Awards for Best Use of Experiential Digital Marketing, Small Budget Impact, Cross Digital Platform Integration and Gaming, Gamification and Use of E-Sports
 - Bronze Award for Best Digital Marketing Innovation
- Sera makes history as the first brand in Sri Lanka to win an APAC Award for Best Innovative Idea or Concept in Gaming, at the 2022 Dragons of Asia
- Honored with the PROMISE Sustainability Awards 2023

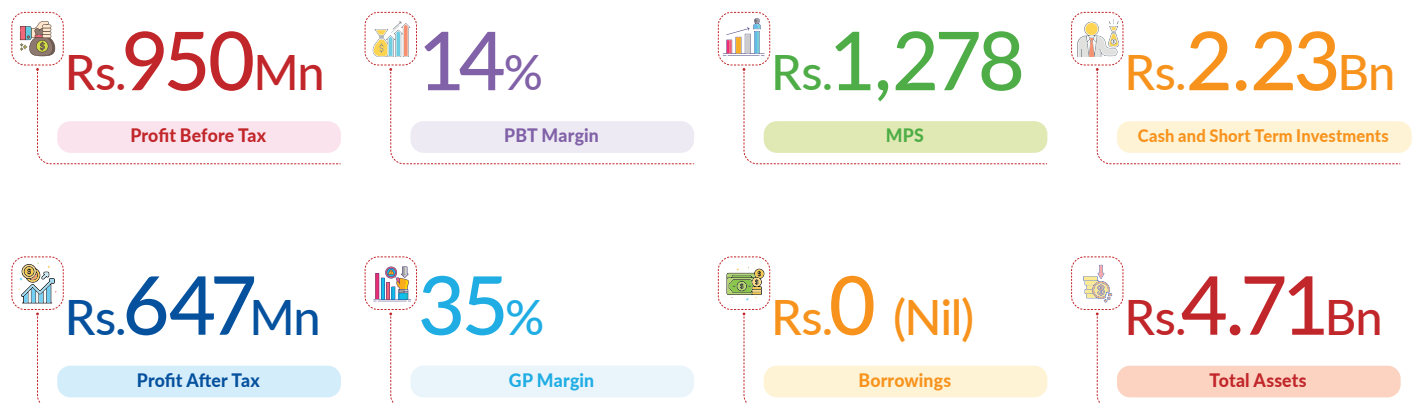
2024/25

- Runner Up - ACCA Sri Lanka Sustainability Reporting Awards 2024 in the Food and Beverages Category
- Certificate of Compliance - Manufacturing Sector (Group Turnover Up to Rs.20 Bn) at TAGS Awards 2024 by ICASL
- Certificate of Compliance at CMA Excellence in Integrated Reporting Awards 2024
- Achieved ISO 50001:2018 certification for Energy Management System
- Honored with the PROMISE - Sustainability Performance Certificate
- Recorded highest ever profit before tax and profit after tax


PERFORMANCE HIGHLIGHTS


FINANCIAL HIGHLIGHTS


| Financial Capital | | Metric | 2024/25 | 2023/24 | Change |
|---|--------------------------------------|------------|---------------|---------------|--------|
|  | Financial performance | | | | |
| | Revenue | Rs. | 6,832,724,237 | 6,298,075,059 | 8% |
| | Results from operating activities | Rs. | 821,272,603 | 397,479,699 | 107% |
| | Finance income | Rs. | 142,263,459 | 40,342,710 | 253% |
| | Finance expenses | Rs. | 13,622,954 | 69,533,778 | -80% |
| | Profit before tax | Rs. | 949,913,108 | 368,288,631 | 158% |
| | Income tax expense | Rs. | 302,762,038 | 141,624,421 | 114% |
| | Profit for the year | Rs. | 647,151,070 | 226,664,210 | 186% |
| | Return on capital employed | Percentage | 25.19 | 15.01 | 68% |
| | Pre-tax profit margin | Percentage | 13.90 | 5.85 | 138% |
| | Financial Position | | | | |
| | Non current assets | Rs. | 800,774,484 | 720,558,936 | 11% |
| | Current assets | Rs. | 3,909,473,133 | 2,850,306,538 | 37% |
| | Non current liabilities | Rs. | 334,252,226 | 214,886,482 | 56% |
| | Current liabilities | Rs. | 1,116,203,765 | 707,405,310 | 58% |
| | Capital and reserves | Rs. | 3,259,791,626 | 2,648,573,682 | 23% |
| | Current ratio | Times | 3.50 | 4.03 | -13% |
| | Quick assets ratio | Times | 2.93 | 2.78 | 5% |
| | Shareholder information | | | | |
| | No of shares in issue | Number | 2,750,000 | 2,750,000 | 0% |
| | Market value per share (closing MPS) | Rs. | 1,278.25 | 920.00 | 39% |
| | Earnings per share (EPS) | Rs. | 235.33 | 82.42 | 186% |
| | Net assets per share | Rs. | 1,185.38 | 963.12 | 23% |
| | Price-Earnings Ratio (P/E Ratio) | Times | 5.43 | 11.16 | -51% |





CAPITAL RELATED HIGHLIGHTS

| Manufactured Capital | | Metric | 2024/25 | 2023/24 | Change |
|---|-------------------------------------|--------|-------------|-------------|--------|
|  | Property, plant and equipment (NBV) | Rs. | 564,125,018 | 609,256,990 | -7% |
| | Capital expenditure | Rs. | 28,081,262 | 87,710,468 | -68% |
| | Depreciation of PPE | Rs. | 92,779,916 | 93,194,319 | -0.4% |
| | Total food products produced | MT | 6,916 | 5,681 | 22% |
| | Energy intensity (average annual) | MJ/Kg | 2.62 | 2.75 | -5% |

| Human Capital | | Metric | 2024/25 | 2023/24 | Change |
|---|---|------------|-------------|-------------|--------|
|  | Employee count | Number | 364 | 351 | 4% |
| | Remuneration & post employment benefits | Rs. | 938,036,029 | 757,750,065 | 24% |
| | Female representation | Number | 52 | 49 | 6% |
| | Investment in training & development | Rs. | 8,777,240 | 7,566,738 | 16% |
| | Total training hours | Hours | 6,690 | 6,900 | -3% |
| | Average training hours/employee | Hours | 18 | 20 | -10% |
| | No. of injuries | Number | 8 | 3 | 167% |
| | Women in workforce | Percentage | 14.29 | 13.96 | 2% |
| | Employee retention (monthly) | Percentage | 98 | 98 | 0% |
| | Staff representation outside Western Province | Percentage | 60 | 59 | 2% |
| | New recruitments | Number | 117 | 82 | 43% |

| Intellectual Capital | | Metric | 2024/25 | 2023/24 | Change |
|---|--|--------|------------|------------|--------|
|  | New Product Developments (NPDs) | Number | 2 | 4 | -50% |
| | Existing number of products (SKUs) | Number | 101 | 104 | -3% |
| | Investment in R&D (including related remuneration) | Rs. | 27,291,124 | 21,609,619 | 26% |
| | Certificates and accreditations complied | Number | 10 | 8 | 25% |
| | No. of existing product categories | Number | 7 | 7 | 0% |

| Social & Relationship Capital | | Metric | 2024/25 | 2023/24 | Change |
|---|---|------------|---------------|---------------|--------|
|  | Individuals contracted for fixed services | Number | 7 | 7 | 0% |
| | Tax and duty payments to government | Rs. | 1,502,942,989 | 1,152,686,762 | 30% |
| | Outlet presence | Number | 110,000 | 100,000 | 10% |
| | Sales staff | Number | 167 | 161 | 4% |
| | Investment in social initiatives | Rs. | 1,622,600 | 5,680,365 | -71% |
| | Settlement of dues to suppliers | Percentage | 100 | 100 | 0% |

| Natural Capital | | Metric | 2024/25 | 2023/24 | Change |
|---|-------------------------------------|----------------------|-----------|-----------|--------|
|  | Electricity consumption | kWh | 2,297,299 | 2,004,736 | 15% |
| | Furnace oil usage | Liters | 190,392 | 164,273 | 16% |
| | Diesel consumption | Liters | 25,091 | 16,301 | 54% |
| | Liquefied petroleum gas (LPG) usage | Kg | 15,375 | 15,600 | -1% |
| | Greenhouse Gas (GHG) emissions | CO ₂ e/kg | 0.24 | 0.25 | -4% |
| | Water consumption | m ³ | 17,137 | 16,057 | 7% |

YEAR AT A GLANCE

SINHALA AND TAMIL NEW YEAR CELEBRATION - APRIL 2024

We celebrated the Sinhala and Tamil New Year 2024 with enthusiastic participation from all levels of staff. This lively event celebrated our cultural heritage through traditional activities, games and a festive feast, bringing people together in a spirit of unity and joy. It strengthened team bonds and showcased our commitment to a positive workplace culture and a cohesive and motivated team.



FOOD CLUSTER STRATEGY CASCADE SESSION - APRIL 2024

The Strategic Cascade Session brought together all leaders to align on the Food Cluster's vision and priorities for 2024/25. The session focused on how each team intends to execute the business strategy through clearly defined plans and objectives. It also provided valuable insights into how the overarching strategy is translated into team-level actions, enhancing awareness of how individual teams contribute to the broader organizational goals. Additionally, team leaders were encouraged to communicate the strategy to their teams and seek their active involvement and support in achieving the overall business objectives.



FOOD CLUSTER SALES STRATEGY CASCADE - MAY 2024

This session served as a platform to communicate the sales strategy for CBL Food Cluster, focusing on growth levels, market expansion and customer engagement. Sales teams were equipped with actionable insights and tools to execute the strategy effectively across regions.



NATIONAL SALES CONFERENCE - MAY 2024

The National Sales Conference was a dynamic gathering of sales force staff. The event featured keynote speakers, performance reviews and recognition of top achievers, fostering motivation and a shared vision for future success.

ANNUAL PIRITH CEREMONY - MAY 2024

CFL held the Annual Pirith ceremony, a tradition focused on the spiritual well-being of our employees and Company. This special event brought everyone together to join in social harmony, creating a peaceful and reflective atmosphere. The ceremony featured offerings, prayers and shared blessings, fostering a sense of unity and calm among our team.



WORLD ENVIRONMENT DAY TREE PLANTING - JUNE 2024

In celebration of World Environment Day, our teams participated in a tree planting initiative promoting sustainability and environmental stewardship.



POSON DANSALA, RATMALANA - JUNE 2024

During the Poson Poya day 2024, we continued to host the Poson Dansala, a traditional alms-giving event. We served Sera Noodles with Soya Meat (Lankasoy) to over 1,000 visitors and our employees. The event was a testament to our commitment to generosity and community spirit. Our employees ensured that the food was prepared and served hygienically, welcoming people of all backgrounds to share in this meaningful tradition.



KATARAGAMA PAADHA YATHRA - JULY AND AUGUST 2024

During July and August, thousands of devotees from the North undertake a 3-4 day pilgrimage on foot through the Yala National Forest to Kataragama for the annual Perahera and its religious observances. They are met with several difficulties including the availability of clean drinking water. In support of this

tradition, Lankasoy, in collaboration with government bodies, provided clean drinking water throughout the route from Kumbukkan Oya to Yala by placing 10 branded water tanks offering free access to safe hydration. At the end of their journey, pilgrims were welcomed with a freshly prepared sample of Lankasoy, allowing them to experience the product firsthand. This 15-day activation reached nearly 50,000 devotees.



CHILDREN'S DAY CELEBRATION – OCTOBER 2024

We celebrated Children's Day with joy and compassion, organizing fun-filled activities and meaningful engagements for the children of employees.

ANNUAL STAFF EXCURSION TO THISSAMAHARAMA - OCTOBER 2024

CFL Management organized an annual staff excursion to Tissamaharama which was a great opportunity for team engagement, relaxation and a much-needed break. This event was a reward for our dedicated team, fostering stronger connections and creating unforgettable memories.



FOOD SAFETY, QUALITY AND HYGIENE AWARENESS AND OHS TRAINING - NOVEMBER 2024

A comprehensive training session was conducted to reinforce the best practices in food safety, hygiene and occupational health and safety (OHS). The program emphasized our zero-compromise approach to quality and the well-being of our workforce.

SHEQ WEEK 2024 – NOVEMBER 2024

A successful SHEQ week was held with a range of impactful activities across all employee segments, including audits, competitions, awareness sessions and SHEQ Day events. Highlights included expert sessions on resilience, packaging technology and regulatory compliance, as well as the introduction of the Distributor Compliance Index (DCI). The week strengthened awareness on ESG, energy conservation and continuous improvement through quality circles and KAIZEN practices, reinforcing our commitment to a culture of safety, health, environment and quality.

Further, multiple staff competitions were organized to involve all staff, such as Quiz Competition for factory and office staff, Art Competition for children of factory and office staff, Steps Challenge and SHEQ Questionnaire.



FIRST AID TRAINING – NOVEMBER 2024

Coinciding with the fire drill, a first aid training session was held to empower employees with life-saving skills. The training covered essential first aid techniques and emergency response protocols, enhancing our safety culture.

MEDICAL SCREENING FOR FOOD HANDLERS – NOVEMBER 2024

A comprehensive medical screening was conducted for all food handlers. This proactive initiative ensured compliance with health regulations and ensured our commitment to delivering safe, hygienic food to our customers.

ANNUAL GET-TOGETHER - DECEMBER 2024

CFL held its annual get-together, at the Barnhouse Studio, Panadura, bringing senior managers, managers and employees with their families together for a day of fun, engagement and connection. This event was a great chance for everyone to mingle in a relaxed setting, helping to build a stronger team and enhance our Company culture.



SECRET SANTA – DECEMBER 2024

The annual Secret Santa event brought festive cheer and camaraderie to the workplace. Through thoughtful gift exchanges and joyful celebrations, employees strengthened bonds and embraced the spirit of giving.

YEAR AT A GLANCE

NEW YEAR CELEBRATION 2025 - JANUARY 2025

CFL celebrated the dawning of 2025 at our New Year celebration attended by the employees. Religious dignitaries representing multiple religions joined to offer blessings, creating a harmonious and inclusive atmosphere. This celebration not only marked the start of a new year but also reinforced our commitment to diversity and unity within our team.



SPEECH CRAFT PROGRAM - JANUARY 2025

The Speech Craft Program provided an opportunity for employees to enhance their speaking and communication skills. Facilitated by experienced mentors, the program boosted confidence and encouraged personal and professional growth.



STAR PROGRAM LAUNCH - MARCH 2025

The STAR (Skills, Talent, Attitude, Results) Staff Development Program was officially launched to recognize and nurture high-potential employees at Staff level in the Company. This initiative aimed to build a leadership pipeline and develop a culture of excellence and continuous development.



WOMEN'S DAY CELEBRATION - MARCH 2025

CFL celebrated International Women's Day honoring our female employees with tokens of appreciation. This event recognized the invaluable contributions of women in our workforce, emphasizing our commitment to gender equality and appreciation for their hard work and dedication.



EXHIBITIONS AND TRADE FAIRS

Lanka Soy actively participated in major exhibitions and trade fairs throughout the year, including prominent events such as the Jaffna International Trade Fair (JITF), Industry Exhibition (IDB), ProFood ProPack, Colombo Shopping Festival and Culinary Arts Exhibition. These platforms served as valuable opportunities for direct

consumer engagement, enabling product sampling, sales and brand education. A total of 7 key events were leveraged through 35 activations, resulting in direct contact with over 140,000 individuals and generating sales exceeding Rs.6 Mn, further strengthening brand visibility and market presence.



MODERN TRADE AND SHOPPER ACTIVATION

CFL's brands benefit from year-round, strategically tailored modern trade and shopper activation programs aimed at driving product trials and boosting brand presence. The Sera Shopper Activation travels across towns, engaging consumers at top-tier and Small Medium Modern Trade (SMMT) outlets through education-led sampling and interactive brand experience.

Similarly, Lanka Soy's Nagara Charika and Nutriline activations follow this model, creating widespread consumer touchpoints. During 2024/25, a total of 2,010 activations were carried out, reaching over 250,000 direct contacts contributing to brand growth and market penetration.



ACHIEVEMENTS AND AWARDS

CFL WON THE RUNNER-UP AT ACCA SRI LANKA SUSTAINABILITY REPORTING AWARDS 2024 IN THE FOOD AND BEVERAGES CATEGORY



CFL's Annual Report 2023/24 won the Runner-up in the Food & Beverages category, at the ACCA Sustainability Reporting Awards 2024. The recognition highlighted CFL's commitment to sustainability reporting, supported by voluntary standards and frameworks and presentation of solid coverage on sustainability aspects of the Company.

The ACCA Sustainability Reporting Awards 2024 (Sri Lanka) recognized annual reports that effectively acknowledged and explained a business's economic, environmental and social impacts to both internal and external stakeholders.

CFL RECEIVED CERTIFICATE OF COMPLIANCE AT TAGS AWARDS 2024

CFL was awarded a Certificate of Compliance in the Manufacturing Sector (Group Turnover up to Rs. 20 Bn) at the Institute of Chartered Accountants of Sri Lanka's TAGS Awards 2024.

TAGS Awards recognized top corporations, multinationals, small businesses and non-profit organizations for their insightful and transparent Annual Reports that met the rising demands of stakeholders, including investors.



ACHIEVEMENTS AND AWARDS

CFL RECEIVED CERTIFICATE OF COMPLIANCE AT CMA EXCELLENCE IN INTEGRATED REPORTING AWARDS 2024

CFL was awarded with the Certificate of Compliance in the Manufacturing, Food & Beverages Sector at the CMA Excellence in Integrated Reporting Awards 2024.

The CMA awards aimed to foster the adoption of integrated reporting by Sri Lankan companies, underscoring its importance in providing a holistic view of an organization's value creation process. The event reaffirmed the role of integrated reporting in promoting transparency and accountability within the corporate sector.



PROMISE - SUSTAINABILITY PERFORMANCE CERTIFICATE



CFL is honored to receive the Platinum Sustainability Performance Certificate from the Prevention of Marine Litter Lakshadweep Sea (PROMISE) Project. Launched in 2020 and running through 2024, the PROMISE Project recognizes members from the FMCG and tourism sectors across Sri Lanka, India and the Maldives. As part of this initiative, we actively participated in audits, awareness sessions and training programs aimed at waste reduction and resource conservation. We are grateful for the opportunity to contribute to this meaningful cause.

ISO 50001:2018 ENERGY MANAGEMENT CERTIFICATION

CFL successfully achieved ISO 50001:2018 certification for our Energy Management System, marking a significant milestone in our commitment to energy efficiency and sustainability. This certification reflects optimizing energy performance, reducing environmental impact and integrating best practices into our operations to drive long-term sustainability.



MANAGEMENT DISCUSSION AND ANALYSIS

In a year marked by shifting consumer trends and rising input costs, CFL remained resilient while driving growth through innovation, operational efficiency and a strong focus on customer value



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CHAIRMAN'S MESSAGE



R. S. A. Wickramasingha

Chairman
Convenience Foods (Lanka) PLC

Dear Stakeholders,

It is with great pride that I present to you the Annual Report for the financial year ended 31st March 2025, marking a milestone year for Convenience Foods (Lanka) PLC (CFL). Despite a challenging economic and industry environment, CFL delivered its highest-ever profit before and after tax, a remarkable achievement that reflects the strength of our strategy, the commitment of our team and the resilience of our business model.

A YEAR OF RECOVERY AND OPPORTUNITY

The financial year 2024/25 was shaped by a complex external landscape. Yet,

amidst ongoing global and local challenges, Sri Lanka showed encouraging signs of recovery. Improved macroeconomic stability, including successful debt restructuring, a strengthened rupee and a more favorable fiscal environment, created the foundation for renewed business confidence and consumer demand.

These developments positively influenced our operating environment and CFL remained agile in navigating the shifting landscape. We focused on prudent financial management, disciplined operational execution and strategic investments, all of which contributed to our record-breaking performance.

FINANCIAL PERFORMANCE HIGHLIGHTS

CFL achieved a 158% increase in Profit Before Tax, rising from Rs.368.29 Mn to Rs.949.91 Mn and a 186% increase in Profit After Tax, reaching Rs.647.15 Mn, the highest in our history. Operating profit rose by 107% to Rs.821.27 Mn, while revenue grew by 8% to Rs.6,832.72 Mn. These outcomes were supported by strong cost optimization, efficient sourcing and targeted use of advertising and promotional budgets.

Our improved gross profit margins are a direct result of these efforts, reflecting enhanced operational efficiency and financial discipline.

COMMITMENT TO CONSUMERS

Staying true to our corporate vision to provide complete and affordable nutrition to uplift the lives of future generations we continued to strengthen our flagship Lankasoy and other brands. Through streamlined operations and effective cost controls, we were able to reduce retail prices, making high-protein, soy-based products more accessible to consumers across the country.

We also deepened our engagement with local communities by supporting large-scale events and initiatives that resonate with our brand promise.

OUR COMPETITIVE STRENGTH

With over three decades of experience, CFL remains a leader in the nutritional food category. Our commitment to product quality, nationwide accessibility and responsible production practices sets us apart. During the year, we maintained strict compliance with international quality and hygiene standards, ensuring that our products are safe and suitable for all age groups.

RECOGNITION AND AWARDS

CFL's dedication to excellence was recognized with several prestigious accolades:

- Runner-up – ACCA Sustainability Reporting Awards 2024 (Food & Beverage Category)
- Compliance Award – CA Sri Lanka TAGS Awards 2024 (Manufacturing Sector, turnover up to Rs.20 Bn)
- Compliance Award – CMA Excellence in Integrated Reporting Awards 2024

These awards highlight our focus on transparency, sustainable reporting and strong governance.

STRENGTHENING OUR SUSTAINABILITY COMMITMENT

We made further progress in embedding sustainability across all aspects of our operations. Guided by the principles of Reduce, Reuse and Recycle, we enhanced waste management practices, adopted cloud-based systems to minimize paper

use and transitioned to online banking processes.

Achieving ISO 50001:2018 certification for our Energy Management System was a notable milestone, underscoring our dedication to responsible energy consumption. We also re-engineered product recipes to minimize waste and optimize inputs, ensuring that sustainability is ingrained in every stage of the value chain.

On the social front, CFL expanded its impact through job creation, youth training programs and support for graduate development. We are especially proud to have received the Platinum Sustainability Performance Certificate from the PROMISE Project for our efforts in marine conservation and environmental stewardship.

GOVERNANCE AND ACCOUNTABILITY

Strong corporate governance continues to be a cornerstone of CFL's ethos. In addition to complying with CSE Listing Rules, we voluntarily adopted the Code of Best Practice on Corporate Governance 2023 by CA Sri Lanka, with detailed disclosures presented in this Report.

A robust Code of Conduct ensures ethical behavior across all levels of the Company and I am pleased to report that there were no material violations during the year.

TRANSPARENT AND INTEGRATED REPORTING

This Integrated Annual Report has been prepared in line with the IFRS Foundation's Integrated Reporting Framework. The Board of Directors assumes responsibility for its accuracy and completeness. We have strived to deliver a report that reflects not just our financial performance but also our broader impact and value creation.

DIVIDEND DECLARATION

The Company has declared a first and final dividend of Rs.6.70 per share for the year, amounting to a total shareholder payout of Rs.18,425,000 (2023/24: Rs.4.70 per share; Rs.12,925,000).

LOOKING AHEAD

With the national economy on a path of steady recovery bolstered by fiscal reforms, stable inflation and improved external resilience, we are optimistic about the future. The FMCG sector stands to benefit from increased consumer spending, stable input costs and greater economic confidence.

CFL is well-positioned to capitalize on these trends. As we move forward, we aim to expand our brand portfolio, enter new markets and accelerate innovation. We remain committed to maintaining the highest standards of quality, governance and sustainability, while continuing to deliver value to our stakeholders.

ACKNOWLEDGEMENTS

To our valued customers, thank you for your unwavering loyalty and trust.

To our employees, your dedication and passion have made this success possible.

To our Board of Directors and newly appointed Managing Director/CEO, your leadership has been instrumental in steering CFL to new heights.

To our shareholders, partners and auditors, thank you for your continued support and confidence.

Together, we look forward to building a future marked by excellence, innovation and sustainable growth.

Warm regards,



R. S. A. Wickramasingha
Chairman

Convenience Foods (Lanka) PLC

31st July 2025

MANAGING DIRECTOR'S MESSAGE



Rs.2,382 Mn

2023/24: Rs.1,601 Mn

Gross Profit

49%



34.86%

2023/24: 25.42%

Gross Profit Margin

37%



Rs.821 Mn

2023/24: Rs.397 Mn

Operating Profit/EBIT

107%



Rs.950 Mn

2023/24: Rs.368 Mn

Profit Before Tax

158%



Manjula Dahanayake

Managing Director/ CEO

Dear Stakeholders,

I am pleased to present the Annual Report for Convenience Foods (Lanka) PLC and the Audited Financial Statements for the year ended 31st March 2025.

It is my pleasure to report that this year the Company has achieved annual targets set at the onset of the Financial Year (FY) 2024/25, despite market volatility and stiff competition, owing to sheer fortitude.

I am proud to share that the Company recorded its historical highest net profit of Rs.647.15 Mn during the year, a 186% growth compared with FY 2023/24,

along with the highest ever Gross Profit and Profit Before Tax. Our key brands Lankasoy, Sera, Nutriline and Tetos performed exceptionally with increased volumes and market share reinforcing consumer confidence in CFL's product portfolio amidst pressures on consumer food basket and household expenditure. Nonetheless, this stands as a noteworthy achievement in the times of tightening consumer wallets and shrinking food baskets, where the FMCG sector had the daunting task of staying relevant and affordable amid volatile costs of production and plummeting consumer spending on food.

GROWTH REIMAGINED: A YEAR OF ECONOMIC RENEWAL: WHAT SHAPED 2024/25

It is noteworthy that the FY under review showed a steady rebound from the economic impact of the previous year. Sri Lanka's economy achieved a strong recovery marking a 5 % real economic growth, after two years of economic contraction. The recovery was steady throughout the year with all four quarters posting positive GDP (Gross Domestic Product) growth rates for the first time since 2017, according to the Central Bank.

GDP per capita also increased during the year to USD 4,516 in 2024 compared with USD 3,801 in 2023. GNI (Gross National Income) per capita followed a similar trend and increased to USD 4,404 in 2024 from USD 3,685 in 2023, due to Sri Lankan Rupee appreciation against the US Dollar in 2024 in addition to the increase in nominal GDP in rupee terms and the decline in mid-year population.

The year saw prices of food and non-food items decline driven by multiple factors including subdued demand due to low disposable income, downward revision of energy and transport prices and appreciation of the Sri Lanka Rupee. However, non-essential food items considerably increased due to VAT (Value Added Tax) amendments, as cited by the Central Bank.

Reflecting on the annual average change in Consumer Price Indices, cost of living exhibited a marginal increase in 2024 compared to 2023. The estimated average monthly household consumption increased by 1.2% from Rs.176,253 in 2023 to Rs.178,438 in 2024 based on CCPI (Colombo Consumer Price Index) and the NCPI (National Consumer Price Index) increased by 1.6% from Rs.103,383 in 2023 to Rs.105,063 in 2024. The Central Bank reports that the estimated average monthly consumption expenditure for a household in both CCPI baskets, the proportion allocated to the food category was at 32.1% in 2024.

Further, the economically active population (labor force) decreased to 8.32 Mn in 2024 from 8.41 Mn in 2023. Foreign Employment Bureau reported an increase of 5.8% in foreign employment in 2024, with departures of male and female workers for foreign employment accounting for 59.3% and 40.7% respectively. As a result, the mid-year population also declined by 0.5% in Sri Lanka. All factors combined impacted the availability of labor especially technical staff and cost of wages.

According to the Central Bank, industry activities reported a strong growth of 11% in 2024, a sharp recovery from the 9.2% contraction in 2023, driven by the growth in manufacture of food, beverages and tobacco products, along with the recovery of manufacture of textiles, leather and related products.

STRATEGIC FOCUS AND APPROACH: EXPLORE OPPORTUNITIES

Despite the increase in the country's GDP and overall macroeconomic indicators, the market sentiments and consumer behavior did not reflect the positivity of the economy at the same rate and was slow to embrace and act on economic progress. Consumers showed caution on household purchases mostly due to unstable price fluctuations and increase in overall household expenditure.

Furthermore, the enduring impact of the post-pandemic period, especially the decline in disposable income, continued to hinder a swift economic recovery that could generate household demand. This directly impacted and limited the household food basket as consumers prioritized their purchases of essential foods during period under review.

In addressing these challenges, the Company took proactive measures to mitigate the impact. Our strategy focused on streamlining and improving the efficiency of the internal processes to pass down some of the benefits to the consumers to soften pricing and strengthen distribution to make our products better available at affordable prices.

CFL also noted an increase in competition for Lankasoy from mid to regional small-scale entrepreneurs vying for market share in different regions. We overcame stiff competition and retained market leadership by staying relevant, improving accessibility and availability at affordable prices despite fluctuating operational costs, increased competition and cautionary consumer spending.

Staying focused on the strategy, marketing and branding efforts focused on our market presence to stand out from the competition. The marketing strategy reiterated the nutritional and quality values of products that provide essential daily protein and nutrition intake requirement for the whole family and the uncompromised quality of ingredients. We continuously monitored the shifting consumer demands and adapted strategies to meet needs on the ground. The on-ground market research supported the company to address consumer preference and to remain affordable and relevant.

Stringent measures were taken to identify and streamline all operational activities from purchasing to production. This included re-negotiation of supplier goods, reducing waste, optimizing machine and resource usage and improving the efficiency of supply chain and production process. The Company also implemented internal measures to mitigate and manage costs, following a comprehensive review of operational expenditure. This enhanced the efficiency of our entire supply chain, ensuring optimal management and cost-effectiveness across sections. It is reassuring that our combined team efforts contributed towards another year of exceptional performance whilst enhancing consumer confidence and trust in our products.

AN EXCEPTIONAL YEAR OF FINANCIAL RESULTS

During the year, CFL's revenue increased by 8.49%, rising from Rs.6.30 Bn to Rs.6.83 Bn, owing to strategic marketing, sales efforts combined with operational efficiencies that paved the way for better pricing and increased sales volumes. Sales volumes grew by 4.7% over the last financial year.

Gross profit increased significantly by nearly 48.7%, from Rs.1.60 Bn to Rs. 2.38 Bn, with the gross profit margin improving from 25.4% in FY 2023/24 to 34.9% in FY 2024/25. This growth reflects the Company's proactive pricing

MANAGING DIRECTOR'S MESSAGE

strategies, negotiated sourcing and procurement practices and sustained focus on operational efficiencies. The cost of sales decreased by 5.2%. Key initiatives included strategic negotiations with suppliers, optimizing the supply chain and better inventory management. While the gradually improving economic conditions provided a supportive backdrop, the substantial improvement in gross profitability was primarily attributable to the Company's proactive and far sighted internal efforts and negotiations. CFL achieved an operating profit of Rs.821.27 Mn and net profit increase of 186% from Rs.226.66 Mn to Rs.647.15 Mn indicating effective cost control amidst economic challenges. Finance costs declined significantly from Rs.69.53 Mn to Rs. 13.62 Mn, redirecting internally generated funds for operational needs.

GETTING STRONGER IN THE WAY FORWARD

Company's current assets stood at Rs.2,850.3 Mn and current liabilities stood at Rs.707 Mn respectively at the start of the year. The FY 2024/25 closed with a 37.2% rise in current assets at Rs.3,909.5 Mn, boosting net working capital and maintaining a current ratio above 3, reflecting short-term financial stability and effective resource management. Short-term fixed deposits doubled from Rs.963.9 Mn to Rs.2,027.9 Mn by year-end, boosting interest income to Rs.139.4 Mn.

The Company has monitored the inventory days to minimize excess stocks and improve operational efficiency. Customer credit policies and practices are tightened to accelerate the collection of receivables, while continuous efforts are made to shorten the cash conversion cycle through demand forecasting.

BEST IN CLASS QUALITY

At CFL, we place the highest priority on delivering products that consistently meet quality standards. Our quality control systems are embedded from the

careful selection and procurement of raw materials, through production processes, ensuring availability of our products to the consumers. Our efforts are validated by a comprehensive range of internationally recognized certifications, including SLS 898:2017 - Specification for Textured Soya Protein, SLS ISO 9001:2015 - Quality Management System, ISO 14001:2015 - Environmental Management System, ISO 22000:2018 - Food Safety Management System, GMP - SLS 143:1999, HACCP - Hazard Analysis and Critical Control Points System, HAC - Halal Accreditation Council and ISO 45001:2018 - Occupational Health and Safety Management Systems.

We are also proud to announce that during the year, CFL was awarded the ISO 50001:2018 - certification for our Energy Management System.

BRAND PERFORMANCE

CFL brands enhanced the brand equity and top of mind recall, winning consumer heart-share driven by concentrated efforts on strategic brand plans and on time seamless executions in trade.

Lankasoy: Nourishing the Nation with Pride

Lankasoy, the flagship brand of CFL continued to lead the market in the textured soya protein category, trusted by millions of Sri Lankans for delivering high-quality nutrition at an affordable price. Providing nearly 50% of the daily protein requirement, Lankasoy remains a staple in households across the country, an achievement that speaks volumes about the loyalty of our consumers towards the brand.

Lankasoy volumes grew in this financial year propelled by strengthened brand equity and higher market reach supported by the strong distribution network. This accomplishment is a testament to our continued market leadership and consumer trust on Lankasoy.

Sera: A Taste of Home, A Promise of Quality

The dynamic culinary brand Sera continued to gain momentum during the year. Despite facing stiff competition, Sera Spices recorded an impressive high double digit volume growth during the year, a testament to consumer's growing confidence and trust in the Sera brand. Sera's market positioning was boosted by marketing efforts such as the Sera Master Brand Campaign that aimed at positioning Sera as the choice of millennials who seek convenience without compromising quality. Sera Spices were re-launched as the 'Best Spices, trustworthy as homemade spices', that is gradually gaining heart share among Sri Lankan consumers.

Sera liquid coconut milk and salt both held strong despite challenging market conditions for sourcing and pricing. These achievements were further amplified by bold marketing initiatives and strategic sales initiatives that elevated Sera's presence in the competitive retail landscape.

Nutriline and Tetos: Winning Hearts, One Bite at a Time

In a year when consumers showed caution on their food choices, Nutriline and Tetos performed exceptionally grabbing market share and shelf space in leading supermarkets and retail stores. This is encouraging given the challenging landscape the snacks operate in. Both Nutriline and Tetos brands grew volumes by double digit reflecting the brands' growing popularity especially amongst a younger consumer market. CFL's focus on brand-building and responsive approach to meeting consumer expectations, helped us to stay connected with our consumers, understand their need and create products that resonate emotionally.

EMPOWERING PEOPLE, SHARED PURPOSE: FLOURISHING TOGETHER

Our people are the most valuable resource at CFL and nurturing the continuous development and well-being of our

employees is a priority for the Company. The driving force that has challenged norms to enable CFL to come out on top has been our employees, a team that is agile and committed wholeheartedly to the business. During the financial year, CFL re-strategized our training initiatives to include succession and leadership training and career planning. These aim to ensure a smooth future transition to the next generation of leaders at CFL.

During the past year, CFL successfully identified and retained critical talent across our organization, driven by our strong belief in people. This principle resonates throughout our Company, reinforcing our commitment to prioritizing recognition, support and ample career advancement opportunities for those who excel with us. CFL launched new training initiatives aimed at enhancing the capabilities of our workforce. These initiatives include tier-based learning interventions such as Executive Leadership Development Programs, Staff Development Programs, Middle Manager Development Programs that focus on leadership competency development and knowledge enhancement for middle management. These efforts ensure the readiness of our bench strength to achieve and surpass business objectives.

During the year, our recruitment processes were enhanced to focus on skills-based hiring with diverse interview panels as a strategy to attract and screen applicants. We expect this initiative to strengthen CFL's recruitment efforts and facilitate the identification of talent across Sri Lanka. Creating a culture that is welcoming is a key priority for CFL. We value diverse backgrounds, accommodate various needs and encourage open dialogue which contributes to an environment where all employees feel appreciated.

CFL has taken initiatives to drive employee well-being through the recent session series of "My Life" as part of the total wellbeing agenda. This agenda covers five dimensions: mental, physical, financial, relationship and spiritual, ensuring that life balance is promoted and maintained.

We remain committed to nurturing our employees' potential and ensuring their holistic development and well-being.

BEYOND THE SURFACE: ESG THAT MATTERS

Recognizing that embedding ESG principles requires more than isolated efforts, this year we introduced a Three-Year Sustainability Roadmap. This roadmap marks a significant step in institutionalizing our sustainability efforts, offering a clear and structured framework to guide our teams across functions.

The realities of climate change and the alarming loss of biodiversity are becoming more evident posing risks not only to the environment but also to the economic systems that depend on nature's fragile ecological services. As a Company rooted in responsible operations and strong corporate citizenship, sustainability is not a choice, it is a necessity that guides our every step.

Over the past 34 years, CFL has grown hand in hand with the communities we serve creating not only a Company, but an ecosystem of shared value. Embracing transparency, we have significantly expanded our voluntary disclosures this year, reaffirming our dedication to accountability and continuous improvement.

FUTURE OUTLOOK: DEFINING TOMORROW THROUGH EXCELLENCE

In this journey, we have grown bigger and stronger, building sturdier bonds and partnerships and delivering exceptional results. We see great potential for growth across all categories led by volume growth. CFL aims to focus on scaling operations, enhancing brand awareness and ensuring high quality, value-added product offerings in emerging sectors.

In achieving these goals, we are mindful of our need to invest in technology, people and sustainability as the key forces that underpin our success and will take

measures to strengthen our people, planet and product.

APPRECIATION

The success we celebrate was achieved thanks to the hard work and commitment of all the teams who have overcome great challenges to achieve another successful year. I extend my sincere appreciation for the support and hard-work of each one of the CFL team.

The strategies we executed and the risks we undertook could only be possible with the continued trust, confidence and unwavering support of the Chairman and the Board. Thank you for your expert guidance throughout the year and the confidence placed.

Throughout our streamlining and re-strategizing efforts, our business partners remained true to the Company and offered solutions and support that contributed to the overall productivity and efficiency growth CFL achieved. I thank our business partners for their unwavering support which has been a strength to the Company and a support to our growth.

Finally, I thank our consumers who have continued to place their trust in our brands and product offerings. Their trust has been placed in our promise of quality, which we promise to maintain. The customers remain the core of every CFL brand, as we strive to meet their needs on our journey towards excellence.

Thank you.



M.C. Dahanayake
Managing Director / CEO

31st July 2025

OUR OPERATING ENVIRONMENT

OVERVIEW – FINANCIAL YEAR 2024/25

Sri Lanka's economy showed a gradual recovery in 2024/25 after going through a serious downturn in earlier years. The recovery was quicker than many other debt-distressed nations, mainly due to successful post-crisis reforms. Economic activities, purchasing power and investor confidence improved, aided by the near completion of debt restructuring and the country's exit from default status.

Growth exceeded expectations, fueled by deflation due to energy price reductions, debt restructuring, low interest rates and increased credit to businesses and households. The external sector performed well, with strong foreign exchange inflows and a surplus in the current account. The Rupee appreciated, benefiting consumers through lower import prices. Fiscal performance also improved, recording a surplus in the primary balance for the second consecutive year. The Central Bank focused on maintaining price stability and supporting the stability of the financial system.

Continued fiscal consolidation and structural reforms remain critical to achieving long-term growth and stability. While the consistent efforts of the Government and Central Bank are underpinned by the IMF-EFF program, it has laid a foundation for recovery, further reforms are necessary to secure lasting economic prosperity.

EXTERNAL ENVIRONMENT

Impacts from the Global Economy Geopolitical Tensions

Monitoring geopolitical tensions is crucial, as they can rapidly impact global markets, trade flows and commodity prices. Sudden shifts in political relations or conflicts can disrupt supply chains

(Middle East, India-Pakistan and Thailand-Cambodia border conflicts etc.) and create economic volatility. Staying alert enables governments, businesses and investors to manage risks proactively and make informed decisions.

U.S. Tariffs and Trade War with China

The U.S.-China trade war has significantly disrupted global supply chains, increasing production costs and creating uncertainty for businesses worldwide. Tariffs on key goods have contributed to inflationary pressures, especially in consumer and industrial sectors. Emerging markets dependent on trade have experienced slower growth, while global investor sentiment remains cautious due to ongoing geopolitical and economic tensions.

Impacts on Sri Lanka's Economy and Trade

Sluggish global growth and geopolitical tensions may impact global trade flows, including Sri Lanka's export market, in turn reducing the foreign exchange inflows to the country. Sri Lanka is seeking to diversify its trade partners and reduce over-reliance on a few markets, especially in garments and tea exports.

India's New Port Opens at Vizhinjam – Kerala

Vizhinjam Port in Kerala, developed by Adani Ports under a 40-year Public-Private Partnership (PPP) with the Kerala Government, is poised to enhance India's maritime trade. Strategically located near global shipping lanes and equipped with AI-driven systems and advanced cranes, it can handle ultra-large vessels.

POLITICAL ENVIRONMENT

Improvement in political stability and increased expectations for better governance enhance investor confidence and economic prospects. However, the Company must remain vigilant to policy changes that may affect operational aspects, such as taxation, import

regulations and labor laws. Additionally, aligning business strategies with national priorities will be essential for navigating the evolving political environment.

Domestic Political Stability and Foreign Perception

The Sri Lankan government's recent policy reforms have introduced several regulatory and fiscal changes impacting the FMCG sector. Notably, the implementation of the Food Labellings and Advertising Regulations 2022 has imposed stricter guidelines on product labeling and advertising, particularly for products marketed to children under 12 years of age. Full enforcement of the Personal Data Protection Act No. 9 of 2022 necessitates enhanced data privacy measures across all business operations. While these policies aim to ensure consumer safety and data security, they also require companies to adapt swiftly to maintain compliance.

Impact on CFL

The new labeling and advertising regulations necessitate revisions in packaging designs and marketing strategies for many of our product categories popular among consumers. Compliance with the Personal Data Protection Act requires the Company to enhance the data management systems to safeguard customer information, impacting both operational processes and resource allocation.

CFL's Response

CFL is proactively aligning its operations with the new regulatory landscape. The Company is undertaking comprehensive reviews of its product packaging and marketing materials to ensure adherence to updated labeling and advertising standards. Investments are being made to enhance data security infrastructure, ensuring robust protection of customer data in compliance with the Personal Data Protection Act.

ECONOMIC ENVIRONMENT

Sri Lanka's economic environment continued to stabilize during the financial year, building on the recovery initiated in the prior year. While the overall macroeconomic backdrop remains more conducive to business, continued vigilance is required in navigating price volatility, inflation, interest rate fluctuations and currency exposure.

Key highlights of Sri Lanka's economy during 2024/25 are as follows:

- Inflation moved into negative territory
- Central Bank of Sri Lanka (CBSL) introducing a single policy rate: the Overnight Policy Rate (OPR)
- Recovery of credit to private sector (Highest growth in absolute amount of credit to private sector after 2018)
- GDP growth in Q3 of 2024 was the highest since Q2 of 2021
- Growth in earnings from tourism and workers' remittances
- Recovery of textile and garment exports
- Rupee appreciation and credit rating upgrades
- ASPI breaching the 15,000 mark for the first time in history
- Completion of External Debt Restructuring (EDR)
- Government achieving IMF reserves target and primary balance target (with a 9-Months primary balance of: 3.53% of GDP (Central Bank of Sri Lanka, 2024))

Please refer to Pages 27-29 for further details.

External Sector

Sri Lanka's external sector demonstrated notable resilience and positive developments in 2024, continuing the momentum from the previous year. This

stability was significantly aided by ongoing reforms under the IMF-EFF program, which commenced in March 2023.

In terms of overall performance, Sri Lanka's external sector recorded a surplus of USD 1.2 Bn in 2024 (1.2% of GDP), compared to a surplus of USD 1.4 Bn in 2023 (1.7% of GDP). This surplus was supported by improved trade in services, particularly from tourism and a steady rise in workers' remittances. This is further expected to be improved in 2025.

GDP

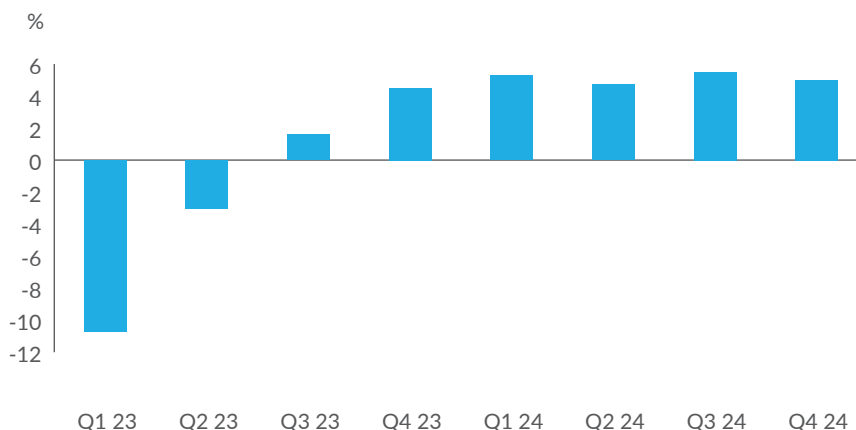
The economy rebounded with a strong 5.0% growth rate in 2024.

2024

- GDP grew by 5.2% during the first nine months, compared to last year, with solid growth across all three reported quarters of 2024
- Overall GDP growth for 2024 is estimated at approximately 5.0% (CBSL, 2024)

2025

- The Economy is expected to maintain its growth momentum in 2025
- Growth will be supported by stronger macroeconomic conditions and improved fiscal discipline



(Central Bank of Sri Lanka, 2024)

Impact on CFL

For CFL, this created a more favorable operating environment, particularly in urban and semi-urban areas where discretionary food spending began to improve and recover gradually. However, the pace of recovery remained uneven across regions and consumer segments, requiring a calibrated approach to demand forecasting and distribution planning.

CFL's Response

The Company's goal is to continuously be considered by consumers in their purchasing decisions and secure a consistent place in their shopping baskets. We aim to introduce product innovations and extend our portfolio to better match changing consumer preferences.

OUR OPERATING ENVIRONMENT

Inflation

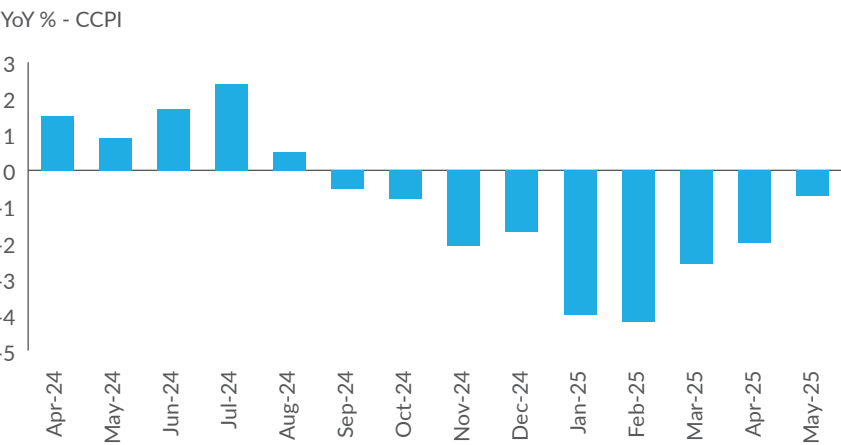
Deflationary conditions have been easing since March 2025.

2024

- Inflation remained within IMF program targets during the early part of the year
- From September onwards, deflation occurred mainly due to:
 - Reductions in electricity tariffs
 - Appreciation of the Sri Lankan Rupee
 - Decline in global commodity prices

2025

- A gradual movement toward CBSL's target range is anticipated from the negative territory
- The shift will be supported by:
 - Recovery in domestic demand
 - Rising external inflationary trends



(Central Bank of Sri Lanka, 2024 & 2025)

Impact on CFL

The decline in inflation during the year eased pressure on household budgets, leading to a slight increase in demand for items like ready-to-eat meals, snack products and soy-based protein. Looking ahead, deflationary conditions are expected to reduce and give rise to inflationary targets of 5%.

CFL's Response

CFL focuses on maintaining value through flexible pricing, promotional activities and pack-size variations across key product lines. Operational cost control and efficient sourcing have helped to manage the product margin pressure in a low-price environment.

Exchange Rate

The exchange rate remained stable, supported by strong tourism receipts and workers' remittances.

2024

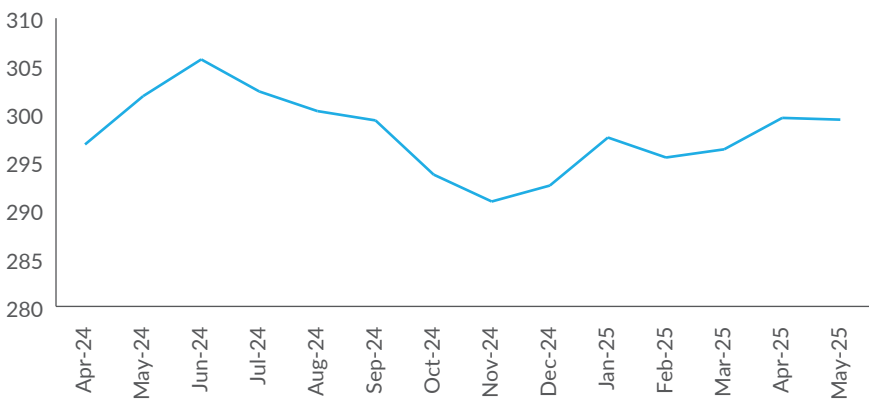
- The Sri Lankan Rupee appreciated against the US Dollar for the second consecutive year
- Appreciation was supported by:
 - A current account surplus
 - Strong inflows from remittances, tourism and merchandise exports

2025

- Depreciation is likely to be moderate, supported by:
 - Sustained tourism inflows
 - Rising remittances

- Continued multilateral funding support
- Improving investor confidence, driven by ongoing reforms and potential credit rating upgrades

USD/LKR Exchange Rate



(Central Bank of Sri Lanka, 2024 & 2025)

Impact on CFL

The relatively stable exchange rate environment during the year supported more predictable prices of imported ingredients and packaging materials.

CFL's Response

The management made more predictable procurement decisions, with better confidence in the costs, particularly for imports. Looking ahead, we remain vigilant about potential currency fluctuations, especially those driven by global macroeconomic uncertainties.

Export Performance

In 2024, Sri Lanka's export sector demonstrated significant growth, with earnings reaching USD 12.8 Bn, a 7.2% increase compared to 2023. Despite this growth, export earnings as a percentage of GDP declined to 12.9% in 2024, compared to 14.2% in 2023. However, this remains above the pre-pandemic average, underscoring the resilience of the export sector amid global economic challenges.

Significance of Retaining the European Union GSP+ Facility

GSP+ trade benefits from the EU grants preferential access to a market of 450 Mn consumers. While merchandise exports reached USD 12.8 Bn in 2024 and continued to grow in early 2025, any disruption to GSP+ which expires in 2026 and requires reapplication with compliance to over 27 international conventions could severely impact foreign exchange inflows at a time when the country begins repaying its sovereign debt. With over 20% of Sri Lanka's exports going to the EU and many tariff lines still underutilized, securing GSP+ is crucial to preserve momentum in exports, stabilize economic recovery and support private sector-led growth without adding to debt.

Interest Rate

Market interest rates stabilizing at lower levels.

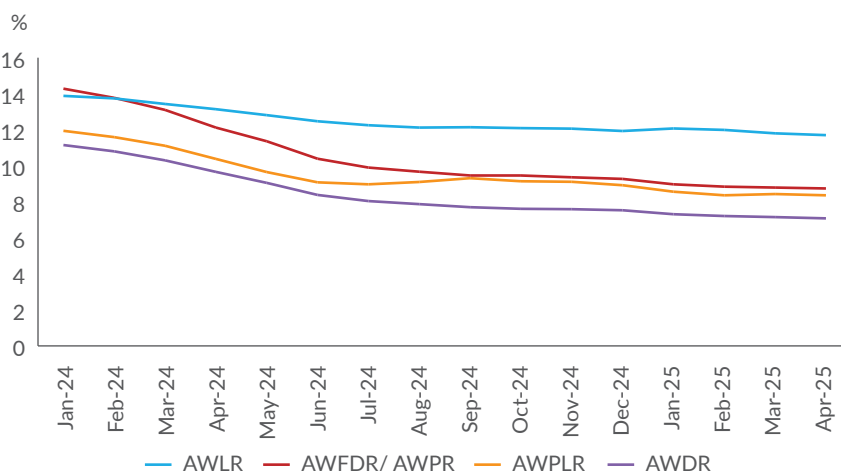
2024

Key interest rates by year-end:

- AWCMR settled at 8.0%
- AWDR and AWFDR declined to a range of 4.1%–5.6%

Lending rates (AWPR, AWLR, AWNLR) also declined, though at a slower pace in some sectors

(Central Bank of Sri Lanka, 2024)



- AWPLR - Average Weighted Prime Lending Rate
- AWLR - Average Weighted Lending Rate
- AWDR - Average Weighted Deposit Rate
- AWFDR - Average Weighted Fixed Deposit Rate

Impact on CFL

The continuous decline in both lending and deposit rates during the year has created a more favorable financing environment for businesses.

CFL's Response

Looking ahead, continued rate cuts may support overall economic activity. However, the impact on consumer demand will depend on income levels and financial behavior. Further, ongoing efforts are made to enhance the affordability of the products to the consumer.

OUR OPERATING ENVIRONMENT

SOCIAL ENVIRONMENT

| Factor | Social Impact | Impact to CFL | Opportunity/Risk |
|---------------------------|--|---------------|---|
| Changing lifestyles | The fast-paced nature of modern life continues to increase demand for convenient solutions that fit into busy routines | High | CFL can leverage this trend by offering ready-to-eat, nutritious products with innovative packaging, catering to on-the-go consumption and time-conscious consumers |
| Evolving food preferences | Consumer interest in sustainable food sources, driven by environmental and ethical concerns, continues to grow | High | CFL can expand its portfolio to align with eco-conscious consumer segments, thereby enhancing brand relevance and appeal |
| Health and wellness focus | Increased awareness of nutrition and wellness is shaping consumer choices, with growing trends | High | This trend presents an opportunity for CFL to innovate by offering fortified products with added health benefits |

The social impact of our Company is outlined in the Social and Relationships Capital Section on Pages 107-116 and Sustainability Section on Pages 33-43.

Labor Force

According to the Sri Lanka Labour Force Survey conducted by the Department of Census and Statistics (DCS), the economically active population (labour force) declined to 8.316 Mn in 2024 from 8.408 Mn in 2023. Correspondingly, the Labour Force Participation Rate (LFPR) fell to 47.4% in 2024 from 48.6% in the previous year. Despite the overall decline in both the employed and unemployed populations, the unemployment rate recovered slightly, decreasing to 4.4% in 2024 from 4.7% in 2023. Meanwhile, the Sri Lanka Bureau of Foreign Employment reported a 5.8% increase in departures for foreign employment, which rose to

314,828 in 2024, compared to 297,656 in 2023, whereas of the total departures, 59.3% were male and 40.7% were female (Central Bank of Sri Lanka, 2024).

Labor Market and Migrations

Increased outmigration for foreign employment, driven by aspirations for higher incomes and greater economic stability, has further intensified the labor shortages across key sectors. These structural shifts were particularly evident in the manufacturing and FMCG sectors, which rely heavily on semi-skilled and skilled labor.

Impact on CFL

The growing trend of labor migration, especially among younger workers, poses long-term risks to talent continuity, institutional knowledge and productivity.

CFL's response

We are strengthening our workforce development framework by investing in upskilling programs, cross-functional training and automation in selected operational areas. We are also reviewing our employee value proposition to enhance retention, especially among early-career talent.

TECHNOLOGICAL ENVIRONMENT

Evolution in Advanced Technology

The rapid evolution of artificial intelligence, digitalization and information technology continue to reshape the business landscape. The FMCG sector, characterized by fast-paced consumer trends and competitive pressures, must continuously adapt to leverage these technologies effectively.

| Factor | Technology Impact | Impact to CFL | Opportunity/Risk |
|---------------------------------------|--|---------------|--|
| Automation of Reporting and Processes | Adopting digital tools to automate regular reporting, data analysis and routine administrative tasks | High | This shift improves decision-making speed, reduces manual workload and enhances accuracy, allowing staff to focus more on value adding initiatives |
| Focus on Digitalization | Key business functions are becoming more connected through digital systems that improve the flow and accuracy in processes | High | Strengthens operational efficiency and helps respond faster to changing business needs, while supporting better collaboration and performance tracking |
| Cybersecurity Risk | Failure to manage rising cyber threats could result in data breaches, operational disruptions and financial losses | High | Mitigate rising cyber threats through ongoing investment in secure technologies and employee awareness |

The technological impact of our Company is outlined in the Intellectual Capital Section on Pages 97-106, the Corporate Governance Section on Page 161 and the Risk Management Section on Pages 165-174.

ENVIRONMENTAL FACTORS/ NATURAL ENVIRONMENT

During the year, as a responsible manufacturer, we enhanced our efforts to optimize energy consumption, manage waste efficiently and promote circular economy practices.

The environmental impact of our Company is outlined in the Natural Capital Section on Pages 117-124, SLFRS S1 S2 on Pages 44-56 and Sustainability Section on Pages 33-43.

LEGAL ENVIRONMENT

We remain fully committed to complying with all applicable legal and regulatory requirements. During the year, our operations adapted to several new policy frameworks and we have taken steps to

embed these regulatory requirements into our processes.

Our continued focus on legal compliance not only ensures operational continuity but also demonstrates our commitment to corporate integrity and responsible governance.

Please refer to the Corporate Governance Section on Pages 125-190 for information on compliance and the status of legal and regulatory requirements.

THE FOOD AND BEVERAGE INDUSTRY IN 2024/2025 INCLUDING TRENDS

During 2024/25, Sri Lanka's food and beverage sector began to stabilize following the economic crisis, supported by supply-side improvements in

mid-2024. There has been a growing uptake of smaller pack sizes, particularly in quick-to-prepare, yet healthy food items, as shoppers seek affordability and convenience. In 2024, industry activities rebounded strongly, recording 11.0% growth, a significant improvement from the 9.2% contraction in 2023. This growth was largely driven by a steady revival in both domestic and external demand.

For CFL, this evolving landscape presents both opportunities and challenges. CFL is enhancing its product portfolio with quality ingredient claims and flexible sizing to align with consumer demand for value and nutrition. Ongoing focus on ingredient quality and packaging innovation will support CFL's ability to compete in a market where consumers are increasingly selective about product benefits and convenience.

SWOT ANALYSIS

| S Strengths | W Weaknesses | O Opportunities | T Threats |
|---|--|---|--|
| <ul style="list-style-type: none"> CFL maintains cost efficiency through productive use of resources Benefits from a dedicated and experienced workforce Has the strength and flexibility to negotiate favorable terms as a subsidiary of a food conglomerate (CBL) Has achieved strong brand recognition and acceptance Has a strong distribution network with wider product availability Demonstrates fast-paced product development and innovation Possesses the ability to adapt to changing consumer trends and preferences Operates well-equipped production facilities | <ul style="list-style-type: none"> Cost pressures may affect margins Differentiating product attributes in a crowded market Passing on cost increases for price elastic demand products Dependency on some imported raw materials Large-scale operations may struggle to adapt quickly to market trends or sudden changes in consumer preferences | <ul style="list-style-type: none"> Opportunity to expand its market presence by entering new local and overseas markets Increasing demand for quick and convenient products Growing popularity of e-commerce and online channels Deeper consumer insights through data analytics to enhance marketing strategies Developing strategic partnerships with retailers or distributors Exploring potential acquisitions to support expansion Capitalizing on emerging trends for a competitive edge Engaging in corporate social responsibility initiatives Explore launching nutritional products to health-conscious consumers Opportunity to cater to the specific needs and preferences of consumers | <ul style="list-style-type: none"> Building long-term customer loyalty is challenging due to substandard substitutes Aggressive competitor promotional activities Vulnerability to economic downturns impact consumer spending Exposure to volatile currency exchange rates Negative impact of social media, where negative false news can quickly harm brand reputation Shift in consumer preferences |

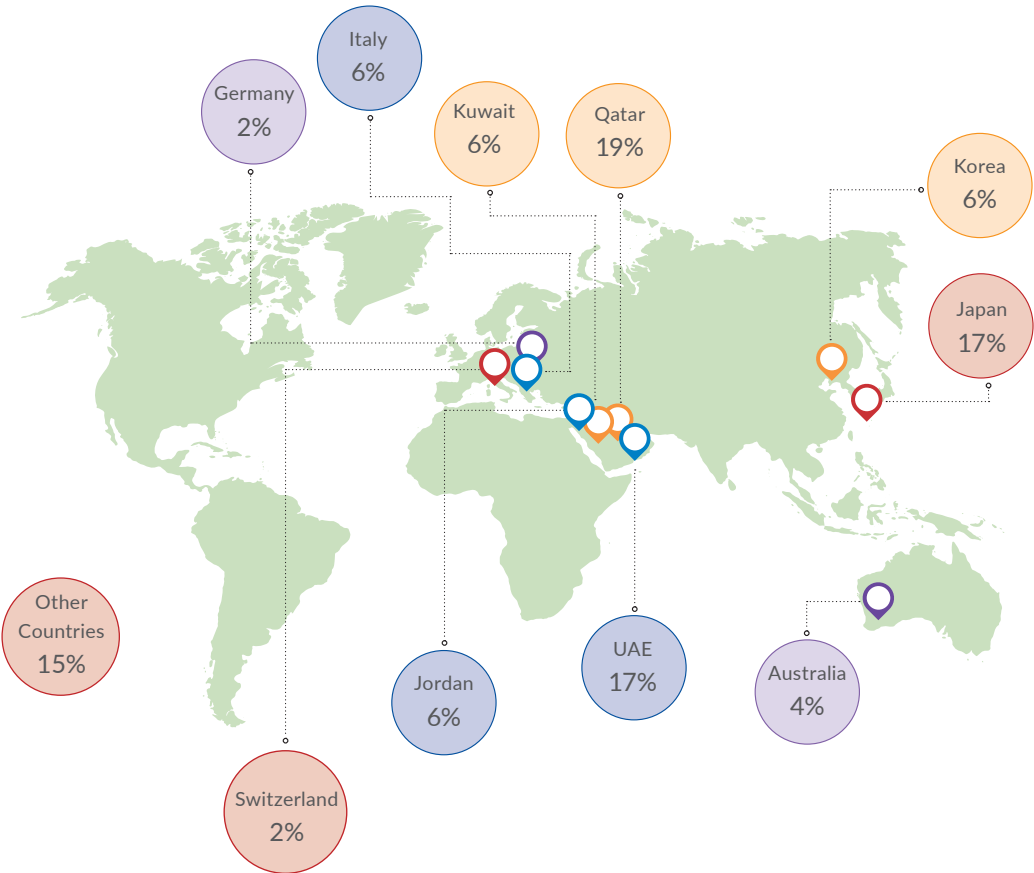
OUR OPERATING ENVIRONMENT

FIVE FORCES ANALYSIS

| Threat of New Entrants | Threat of Substitutes | Bargaining power of Suppliers | Bargaining power of Buyers | Industry Rivalry |
|---|---|---|--|---|
| Moderate <ul style="list-style-type: none"> High investment in machinery and expertise required for manufacturing High quality standards and food safety regulations Brand recognition and customer loyalty established Economies of scale with current market share | Moderate <ul style="list-style-type: none"> Low quality substitutes Less number of protein-based alternatives Higher substitutes for cereals and snacks Shifts in consumer preferences | High <ul style="list-style-type: none"> Lack of strong local suppliers and dependency on imports Quality and consistency required for food products make long-term supplier relationships valuable | Moderate <ul style="list-style-type: none"> Choices with cheaper alternatives Price-sensitivity due to less disposable income | High <ul style="list-style-type: none"> Many players ranging from large corporations to small players Growth in plant-based and healthy snacks Compete heavily on product quality, branding, price and innovation to capture market share |

OUR GLOBAL MARKETS

Convenience Foods (Lanka) PLC, through its trusted brands Lankasoy, Tetos, Nutriline and Sera, has expanded its global footprint, contributing to the growth of CBL Group’s export portfolio while catering to the evolving preferences of consumers around the world. We take pride in our achievements and remain committed to providing high quality food products while continuously adapting to the changing needs of our valued customers, both locally and globally.



Note: The above data is for export revenue and reflects the Country share as a percentage.

SUSTAINABILITY FOR GROWTH

STATEMENT OF ESG PERFORMANCE

| For the financial year ended on 31st March | Note | 2025 | 2024 |
|--|------|-----------|-----------|
| Environmental Performance | | | |
| Energy Consumption | | | |
| • Electricity - kWh | 2.1 | 2,297,299 | 2,004,736 |
| • Furnace Oil - Liters | 2.1 | 190,392 | 164,273 |
| • Diesel - Liters | 2.1 | 25,091 | 16,301 |
| • LPG - kg | 2.1 | 15,375 | 15,600 |
| Energy Intensity (MJ/kg) | 2.1 | 2.6 | 2.8 |
| Water Withdrawal - No. of Units m ³ | 2.2 | 17,137 | 16,057 |
| Total Raw Material and Wrapper Waste (kg) | 2.3 | 63,765 | 56,159 |
| Total CO ₂ Emission CO ₂ e/kg Production | 2.4 | 0.24 | 0.25 |
| Social Performance | | | |
| Total Employees as of 31st March | 3.1 | 364 | 351 |
| Employee Turnover (Monthly %) | 3.2 | 2 | 2 |
| Female Employees as a Percentage of Total Employees (%) | 3.3 | 14 | 14 |
| Total Number of Injuries | 3.4 | 8 | 3 |
| Average Training Hours Per Employee | 3.5 | 18 | 20 |
| Total Employee Benefits Distributed (Rs. Mn) | 3.6 | 938.04 | 757.75 |
| Duty and Tariff Paid (Rs. Mn) | 3.7 | 1,502.94 | 1,152.69 |
| Investment in Sustainability Initiatives (Rs. Mn) | 3.8 | 1.62 | 5.68 |
| Governance Performance | | | |
| Number of Whistle-blower Cases Reported and Solved | 4.1 | 0 | 0 |
| Anti-harassment Helpline Cases Reported and Solved | 4.2 | 0 | 0 |
| Number of Total Audits Conducted on Management Systems | 4.3 | 5 | 5 |
| Number of Major Non-compliances Reported in Management Systems | 4.4 | 0 | 0 |
| Number of Major Data Breaches and Incidents | 4.5 | 0 | 0 |

NOTES TO THE ESG STATEMENT

Section 01 – Basis of Preparation

General Reporting Standards and Principles

The Company's sustainability disclosures follow global and local guidelines, including GRI Standards, the 2021 International Integrated Reporting Framework, SASB Standards, SLFRS S1 and S2 for sustainability and climate-related disclosure and the 2023 Code of Best Practices in Corporate Governance. CFL ensures accurate reporting by following these principles.

Materiality

The Company's materiality assessment focuses on information relevant to financial capital providers in evaluating value creation over time. It also incorporates insights from stakeholder engagement and management. The operating environment and outlook sections provide further context on external factors, risks, opportunities and expected future developments.

Please refer to Page 64 on Material Matters and to Page 47 on Sustainability-related Risks and Opportunities for further information.

Data Integrity, Transparency and Reliability

Accuracy, completeness and verifiability of information are ensured through the management systems that undergo annual audits.

Please refer to Page 104 in the Intellectual Capital Section for details on the management systems at CFL.

Comparability

The indicators presented in this statement are calculated in accordance with the guidelines set out in the GRI and SASB sustainability standards.

OUR FOCUS ON SUSTAINABILITY

Section 02 – Environmental Performance

2.1 Energy Consumption for Operations

Basis of Measurement

CFL's energy consumption comprises both electricity power and fossil fuels used for its operations. Energy usage is measured based on meter readings and utility invoices.

Please refer to details of energy and electricity consumption for operations on Page 119 in Natural Capital.

2.2 Water Withdrawal for Operations

Basis of Measurement

The Company primarily relies on National Water Supply and Drainage Board supplied water as its main source. Water used at the Ratmalana factory is measured from records from the Water Board's meters.

Please refer to details of water consumption for operations on Page 119 in Natural Capital.

2.3 Waste from Operations

Basis of Measurement

Waste is collected and segregated using color-coded bins placed at CFL's premises. Waste is measured as the sum of all the waste disposed of based on the weight logs and invoices received for paid waste disposal and collectors. Waste is disposed of by reusing, recycling or energy recovery through incineration, using suppliers approved by the Central Environmental Authority (CEA).

Please refer to details of waste on Page 121 in Natural Capital.

2.4 Carbon Emission from Operations

Basis of Measurement

Carbon emissions are measured based on internationally accepted standards, primarily focusing on Scope 1 and Scope 2 emissions.

- Scope 1 includes direct emissions from sources owned or controlled by the organization, such as fuel used in Company vehicles, boilers, generators and LPG ovens.
- Scope 2 covers indirect emissions from the consumption of purchased electricity. All emissions are calculated in kilograms of carbon dioxide equivalent (kg CO₂e) by applying relevant emission factors to activity data, ensuring consistency and comparability in reporting.

Please refer to details of Carbon Emission from Operations on Page 122 in Natural Capital.

Section 03 – Social Performance

3.1 Total Employees

Basis of Measurement

Employee composition data is obtained based on the Company's Human Resource Information System (HRIS) as at the reporting date.

Refer to details of Employee Composition on Page 85 in Human Capital.

3.2 Employee Turnover

Basis of Measurement

Monthly employee turnover is calculated by dividing the number of employee separations during the month by the average number of employees for the same month, expressed as a percentage.

3.3 Gender Composition of Employees

Basis of Measurement

Gender composition is reported based on the headcount of employees as recorded in the Company's Human Resource Information System (HRIS) as at the reporting date.

Refer to details of Gender Composition of Employees on Page 85 in Human Capital.

3.4 Employee Health and Safety

Basis of Measurement

Lost hours due to injuries are measured based on the total number of scheduled work hours missed by employees as a result of work-related injuries or illnesses that prevent them from performing their normal duties. The calculation considers the actual number of workdays lost multiplied by the standard number of work hours per day. This metric provides insight into the impact of workplace incidents on productivity and is a key indicator of occupational health and safety performance.

Please refer to details of employee health and safety on Page 94 in Human Capital.

3.5 Employee Training and Development

Basis of Measurement

Average training hours by category are calculated by the total training hours delivered to each employee category. These figures are tracked using training records maintained by the HR Division.

Refer to details of Employee Training and Development on Page 91 in Human Capital.

3.6 Total Employee Benefits Distributed

Refer to details of total employee benefits distributed on Page 95 in Human Capital.

3.7 Outflows to Government by Way of Duty and Taxes

| (Rs. Mn) | 2024/25 | 2023/24 | 2022/23 |
|---------------------------------------|---------|---------|---------|
| Duty on imports | 429.0 | 245.0 | 597.0 |
| Corporate income tax | 302.8 | 141.6 | 126.9 |
| Other taxes including value added tax | 771.1 | 766.1 | 355.9 |
| Total | 1,502.9 | 1,152.7 | 1,079.9 |

Basis of Measurement

Import duty refers to the customs tariffs paid by the Company upon clearing imported goods into Sri Lanka. Corporate income tax represents the direct income tax paid to the government on the Company's taxable income for the financial year. The basis for the income tax calculations is detailed on Pages 210-212 of the financial statements. Tax amounts are derived from the financial accounting systems (SAP ERP) and recorded based on supporting invoices.

3.8 Investments for Sustainability Initiatives

Basis of Measurement

Investments in sustainability initiatives encompass the Company's expenditure on both environmental and social projects, along with other charitable donations.

The financial data are maintained within the SAP ERP system and other internal management records.

Section 04 – Governance Performance

4.1 Whistle-Blower Policy Cases Reported and Solved

Basis of Measurement

This policy allows employees to report any misconduct, illegal activities or ethical violations without the risk of retaliation. By offering a confidential and secure reporting mechanism, the Company fosters a culture of integrity and ensures that issues are addressed swiftly and appropriately. The basis of measurement is the cases reported and solved during a financial year.

Further, the Company continues to promote awareness of these channels to ensure employees are aware of and comfortable using grievance mechanisms.

4.2 Reported and Resolved Cases via Anti-Harassment Helpline

Basis of Measurement

The Company respects the dignity of every individual and is committed to providing a positive work environment for all employees devoid of all forms of discrimination and conduct which can be considered harassing, coercive or disruptive. The Anti-Harassment Policy provides a clear framework for the resolution of employees' complaints relating to discrimination or harassment. The basis of measurement is the cases reported and solved.

4.3 - 4.4 Management Systems

Management systems are the processes, procedures and methodology in place with defined KPIs to ensure that the desired results are delivered in each area managed by the system.

Please refer to Page 104 in the Intellectual Capital Section for details on the management systems at CFL.

Apart from that, the Company follows mandatory and voluntary frameworks as mentioned on Page 5 on About Our Integrated Report.

Basis of Measurement

The Company integrates environmental, social, quality and safety standards into daily operations through certified management systems. Performance is measured using defined KPIs and verified via annual internal and external audits. The Company oversees system effectiveness and audit findings including non-compliances are tracked and used for continuous improvement and informed decision-making.

4.5 Data Breaches and Incidents

Basis of Measurement

The CBL Group has deployed IT and cybersecurity controls as a component of Corporate Governance. The basis of measurement is the cases reported and solved.

Please refer to Page 161 in the Corporate Governance Section for further details.

Please further refer to Pages 55-56 for metrics and targets on Sustainability-related Risks and Opportunities on the above areas.

OUR FOCUS ON SUSTAINABILITY

SUSTAINABILITY IN ACTION: A COMMITMENT TO MEANINGFUL IMPACTS

We are committed to embedding sustainability across our business operations. We understand that sustainable practices are vital for ensuring long-term continuity, maintaining

credibility and strengthening stakeholder trust in our Company and products.

LEADING WITH PURPOSE: DRIVING SUSTAINABLE GROWTH

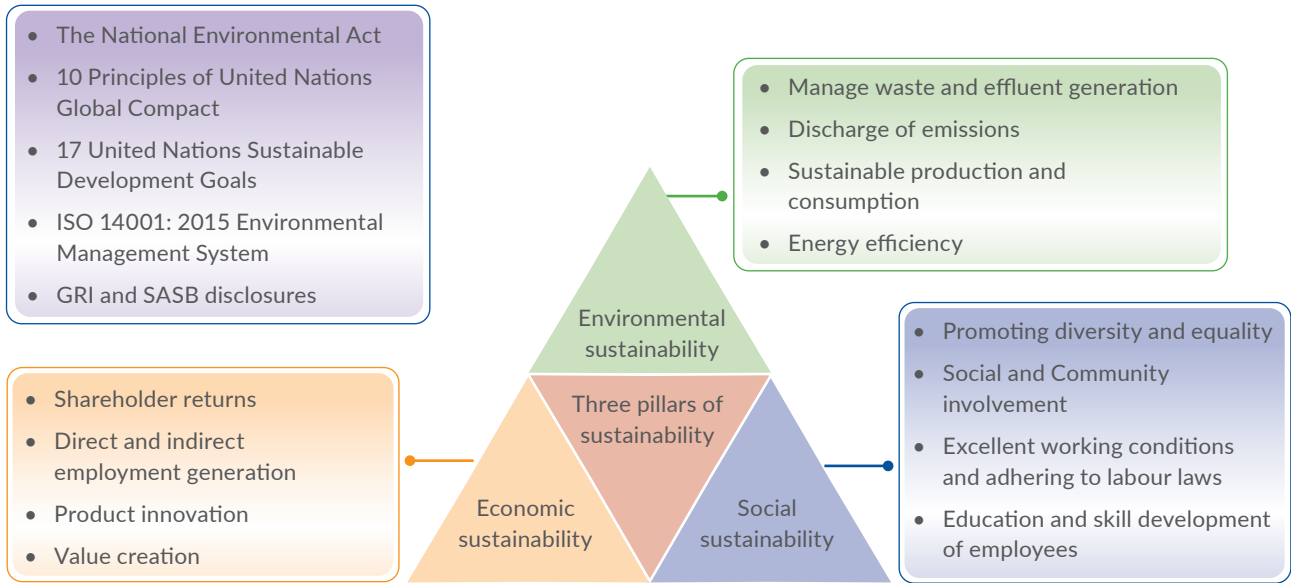
We incorporate Environmental, Social and Governance (ESG) principles into our strategic decision-making, through KPIs

and as a consideration, with our leadership promoting accountability, transparency and innovation. This approach guides us to reduce environmental impact, strengthen social responsibility and uphold ethical governance.

Please refer to Metrics on Pages 55-56.

OUR STRATEGY

Our strategy is anchored in the three interdependent pillars of Environmental, Social and Governance (ESG). Each pillar outlines our key focus areas to drive responsible and long-term value creation.



PAVING OUR WAY TO SUSTAINABILITY



2017

Fostering a Safe and Responsible Workplace

- Adopted OHSAS 18001

2020-2021

Integrated Thinking and ESG Commitment

- Transitioned to Integrated Reporting (GRI and Capitals Reporting)
- Developed ESG Framework

2022-2023

Recognition for efforts

- Honored with PROMISE Sustainability awards for resource efficiency and cleaner production concept

2023-2024

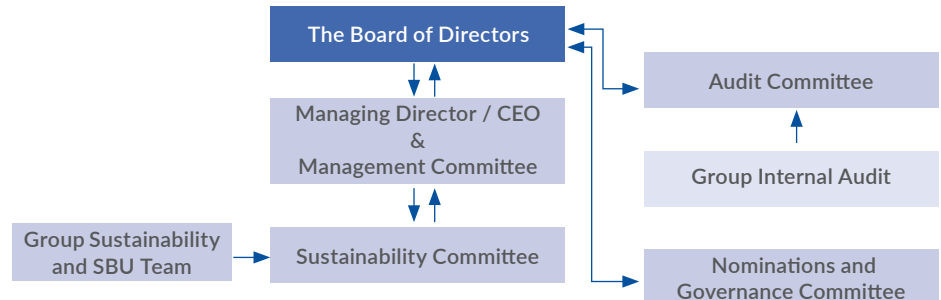
Accelerating Towards a Sustainable Future

- Certified with ISO 50001 Energy Management System
- Developed a formal Sustainability Framework and Policy
- Adoption of full GRI disclosure index, with enhanced transparency

2024-2025

Climate Leadership Commitment

- Use of principles in SLFRS S1 and S2 for sustainability reporting
- Launched a 3-Year Sustainability Roadmap

CFL SUSTAINABILITY GOVERNANCE STRUCTURE**OUR SUSTAINABILITY FRAMEWORK: GUIDED BY PURPOSE**

Our sustainability framework is built on five (5) key pillars 1. Planet Positive Action, 2. Food with Purpose, 3. Empowered Communities, 4. Responsible Sourcing and 5. Good Governance each designed to drive meaningful changes and foster resilience across our operations and supply chains.



OUR FOCUS ON SUSTAINABILITY

1. PLANET POSITIVE ACTION

Under Planet Positive Action, we aim to reduce our environmental footprint by cutting emissions, enhancing energy and water efficiency, minimizing food loss, managing waste sustainably and adopting circular economy practices.

Climate Action

CFL integrates climate risk into its sustainability strategy, with KPIs and metrics to address environmental concerns while reducing its carbon footprint. As a responsible organization, we adopt initiatives that enhance water efficiency, safeguard water quality and promote a greener business model. CFL's key approaches to achieving greenhouse gas emission targets include:

- Implementing effective data collection and review mechanisms
- Continuously improving energy efficiency
- Transitioning to green energy sources

Please refer to Pages 55-56 for metrics and targets.

Please refer to Pages 44-56 for Governance, Strategy and Risk Management over Climate related Risks and Opportunities.

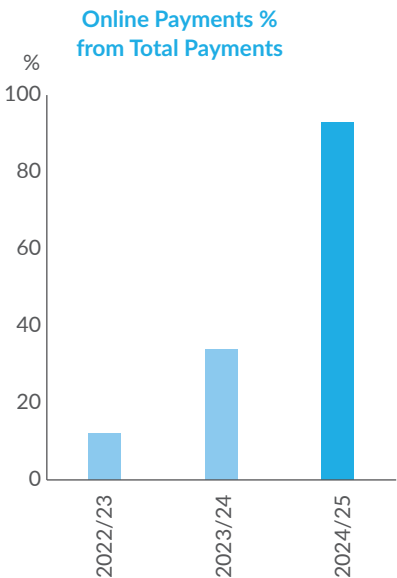
Digital Initiatives



Online Payments Processing Initiative

The Company took a bold step by transitioning over 90% of its transactions to online banking. This digital shift was not just about convenience, it marked a meaningful move to reduce paper use, cut printing costs and minimize the carbon footprint from regular bank visits. More

than a process change, it was a reflection of the Company's focus on sustainable business practices.



Accordingly, the Company saved 4,360 cheque leaves printing during 2024/25 (2023/24: 1,363).

Online Banking: Trade Finance Processing Initiative

Adopting online trade finance platforms helps the Company's goals by reducing paper use, cutting emissions from bank visits and enhancing efficiency. Digital processing enables faster, more secure transactions and governance (audit trail and internal controls) while supporting environmentally responsible business operations.

The Company has enrolled with three (3) bankers for online trading, starting June 2024 onwards (2023/24 and prior: Nil).

Cheque Warehousing Facilities - Reducing Cheques Transit by 80%

By adopting banking facilities for cheque warehousing*, the Company reduced bank transit by 80% (i.e. limiting the transit

to one day per week). This change cuts fuel use, labor costs and lowers paper consumption and carbon emissions.

**Cheque warehousing is a service offered by banks where they safely store and manage cheques.*

Launched CFL Website and QR Code Access

With the launch of the Company's corporate website, printed CDs were discontinued and Annual Reports were provided through the website and other digital formats. This eco-friendly move eliminated 1,623 CD prints in 2024 (with over 1,700 expected saving of CDs in 2025), reducing e-waste printing and postage costs while enhancing accessibility and reflecting commitment to sustainability.

Cloud-based Storage Facilities and Reduction of Printed Copies

The Company's expanded use of cloud storage has reduced reliance on printed documents, cutting paper usage and printing costs. This eco-friendly shift conserves resources, minimizes physical storage and enhances document security.

2024/25: 3 Departments have moved files to cloud-based SharePoint storage (2023/24: 3 Departments).

Trees for Life Project

Under the theme "Save for Environment," our sales team initiated a tree planting project at retail outlets nationwide. The initiative also promotes environmental education, focusing on conservation, emission control and climate impact reduction. To date, the Company has planted a total of 9,905 trees.

Waste Management

As a responsible organization, we are highly concerned about all types of waste generation and sustainable disposal of waste. We manage various waste types including food waste, packaging waste, paper waste, wastewater, general waste and e-waste by identifying critical waste points and promoting reduction, reuse and recycling. As a leading food manufacturer, we are committed to minimizing food loss throughout the supply chain from farm to table, unlocking long-term savings and supporting national food security.

Eco Bag Campaign by Sera and Lankasoy (Replacing Polythene)

In 2024/25, Sera and Lankasoy launched a joint eco-conscious campaign distributing 35,000 reusable non-woven bags at a cost of Rs.3.64 Mn to reduce plastic use and promote sustainability. These bags, shared during activations, symbolized the brands' commitment to environmental responsibility, with another 35,000 planned for 2025/26 to further encourage eco-friendly consumer habits.

Further these activities contribute to shifting long-term consumer behavior to use bio-degradable bags, replacing polythene.



Used Ballpoint Pen Collection Initiative

We launched the Used Ballpoint Pen Collection Initiative, placing collection boxes at our offices for pens, markers and highlighters. In partnership with an eco-friendly products creator, we began refurbishing and refilling used pens for office use, encouraging eco-conscious disposal habits. This initiative fosters a culture of sustainability through small yet impactful actions.

In 2024/25, a total of 240 pens were collected and reused.



Impact Highlights:

- Diverting plastic stationery waste from landfills
- Increasing awareness of sustainable office practices
- Encouraging circular economy thinking among stakeholders

Beach Cleaning

CFL supported the Clean Sri Lanka Program and the Marine Environment Protection Authority for a beach cleanup at Uswetakeiyawa, collecting over 782 kg of waste. The debris, sorted into plastics, glass and other materials, was properly disposed through collective action.



CBL Haritha Piyawara

CBL's Haritha Piyawara School Project, launched in December 2022, focuses on collecting wrappers and PET bottles while raising awareness on waste collection, recycling and resource conservation. We have engaged with 8 schools since 2022 and provided 10 bins to support this initiative. The project aims to drive post-consumer waste management and promote environmental awareness among students and teachers.



Protecting Lagoon: Lunawa Marine Conservation Project - Our Next Initiative for 2025/26

CFL supported the marine conservation initiative at Lunawa Lagoon. The project aims to reduce plastic pollution in the lagoon through the installation of four ocean strainers, supporting sustainable marine ecosystems. This collaborative initiative highlights CFL's commitment to environmental stewardship and inter-organizational partnerships for long-term impact.

The total investment for the project is Rs.1.39 Mn over a three-year period starting from 2025/26.



OUR FOCUS ON SUSTAINABILITY

Please refer to Page 38 in Natural Capital for further initiatives on Planet Positive Actions.

2. FOOD WITH PURPOSE

Through our Food with Purpose initiative, we deliver safe, high-quality products that support balanced nutrition and healthier lifestyles. As a trusted food manufacturer, we prioritize quality and customer satisfaction by using premium ingredients and rigorous quality controls. We are committed to taking the necessary steps to meet consumer expectations and improve the overall health and well-being of our customers.

We are focusing on this pillar through three key areas:

- Products that address the food and nutrition needs of our consumers
- Improving access to balanced nutrition through our products
- Supporting better nutritional habits in our community

Please refer to Pages 55-56 for metrics and targets.

SHEQ Week

CBL's SHEQ Week promotes Safety, Health, Environment and Quality through interactive activities like quizzes, awareness sessions, defensive driving, stage dramas and wellness challenges. Employees also engaged in mental health programs, health campaigns and plant visits. The Company shared its sustainability framework, reinforcing shared responsibility for a safer, sustainable workplace.

Participation in the UNGC SDG Innovation Accelerator Program

As part of our continued commitment to the United Nations Sustainable Development Goals (SDGs), CFL

participated in the 2024 SDG Innovation Accelerator Program conducted by the UN Global Compact Sri Lanka Network. CFL presented an innovative vegetarian food alternative, aimed at promoting sustainable consumption and responsible production (SDG 12) while also supporting good health and well-being (SDG 3).

Please refer to Page 97 in Intellectual Capital and Page 107 in Social and Relationship Capital for further initiatives.

3. EMPOWERED COMMUNITIES

We are committed to fostering an inspired workforce by investing in employee growth, well-being and inclusive development. Through training programs, a strong focus on health and safety and CSR-led initiatives, we nurture a thriving workforce and deliver meaningful social impact.

Our Group's corporate culture has supported community growth. We aim to strengthen our platforms to support stakeholders, manage key risks and create practical benefits for consumers and partners.

Furthermore, we recognize that rural infrastructure is key to better living standards and access to basic needs. Our programs, both at Company and Group level, focus on improving this through collaboration and active community involvement.

This pillar is structured around three primary focus areas:

- Inspired workforce
- Support equal access to growth for our communities
- Diverse and inclusive communities

Please refer to Page 56 for metrics and targets.

Graduate and Vocational Training

The Company supports industry-ready graduates by offering internships, academic interviews and site visits, enhancing student employability and research exposure. Further, it provides hands-on training for vocational students, especially in operations, creating pathways to permanent employment and fostering skills development, contributing to a more capable and inclusive workforce.

2024/25: 12 internships

2023/24: 12 internships

Employment Opportunities Across the Country

Although based in Ratmalana, the Company recruits nationwide, with 60% of staff in 2025 (59% in 2024) from outside the Western province. This inclusive approach creates rural employment supporting reduced regional disparities through broader job access.

Please refer to Human Capital on Page 89 for further details.

Creating Sustainable Income for Individual Contractors

The Company has directly contracted individuals to provide transport services in addition to partnering with corporate providers. These contracts offer a steady monthly income, supporting the livelihoods of the contractors and their families. This initiative enhances economic inclusion by empowering small-scale service providers.

The individuals are paid over Rs.3 Mn for the services provided monthly (annually over Rs.36 Mn).

2024/25: 7 Contractors

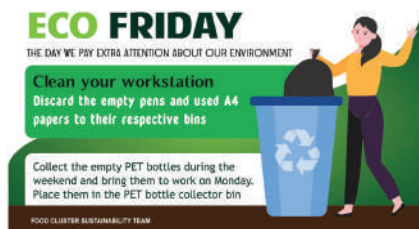
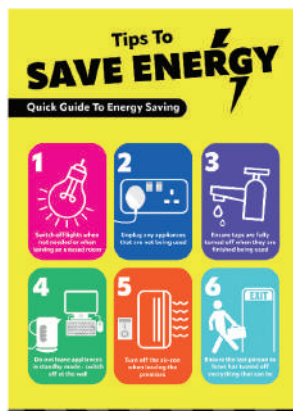
2023/24: 7 Contractors

Eco-Friday Company Internal Communication Initiative

Eco Friday is the Company's weekly internal initiative promoting sustainable habits among employees. It features engaging themes like energy saving and waste reduction through quizzes, challenges, themed dress days and tips shared internally. It fosters a workplace culture rooted in environmental awareness and responsibility.

2024/25: 20 flyers

2023/24: 06 flyers



Manusith Sathkaraya: Kataragama Paadha Yathra

During July and August, thousands of devotees from the North undertake a 3-4 day pilgrimage on foot through the Yala National Forest to Kataragama for the annual Perahera and its religious

observances. They are met with several difficulties including the availability of clean drinking water. In support of this tradition, Lankasoy, in collaboration with government bodies, during 2024 as well, provided clean drinking water throughout the route from Kumbukkan Oya to Yala by placing water tanks offering free access to safe hydration. At the end of their journey, pilgrims are welcomed with a freshly prepared sample of Lankasoy, allowing them to experience the product firsthand. This was a 15-days activity reaching nearly 50,000 devotees.

Please refer to Page 115 for Social and Relationship Capital for further initiatives on empowered communities.

4. RESPONSIBLE SOURCING

Responsible sourcing is central to our sustainability approach, as we uphold ethical standards and ensure food safety throughout the supply chain. We strengthen supplier partnerships and our efforts focus on improving supplier engagement for long-term relationships. We focus on two different areas under this pillar:

- Responsible sourcing of materials and services
- Responsible and sustainable operations (and agriculture)

The Coconut Spoons Initiative (Bio-degradable, Replacing Plastic)

Lankasoy and Sera empower a self-employed female entrepreneur by sourcing 20,000 handcrafted coconut spoons annually, generating over Rs.4 Mn in stable income for her family. This initiative promotes eco-friendly practices

at brand events while supporting economic independence, skill development and a sustainable family-run livelihood.



Used PET Bottles Collection Initiative

We continued the Used Polyethylene Terephthalate (PET) Bottles Collection Initiative by collecting bottles from offices and SPAR stores for recycling as raw materials. Annually, the cash generated through recycling is used to donate school shoes to a Primary School nearby and raises awareness about responsible plastic disposal. It reduces plastic waste, promotes recycling and positively impacts local communities.

PET bottles collected till 31st March 2025: 85,830 bottles (2,861 kg) collected since launch of project.

Expected target: Cumulative 90,000 bottles collected by 31st March 2026 (3,000 kg equivalent).

Impact Highlights:

- Diverting single-use plastics from landfills and natural ecosystems
- Supporting local recycling and manufacturing industries
- Promoting sustainable consumer behavior

Please refer to Page 113 in Social and Relationship Capital for further initiatives on Responsible Sourcing.

OUR FOCUS ON SUSTAINABILITY

5. GOOD GOVERNANCE

Good Governance forms the foundation of our framework, with a strong commitment to integrity, transparency and ethical business conduct. Guided by policies and our purpose statement, sustainability is integrated into strategic decisions through structured leadership and coordinated efforts.

Please refer to Page 146 for Compliance Summary for the adherence to best practices and Listing Rules.

Please refer to Page 56 for key metrics and targets.

Please refer to Pages 125-190 on Corporate Governance for detailed information.

Please refer to Page 37 for Governance over Sustainability-related Risks and Opportunities.

CFL Sustainability 3-Year Road Map

Our 3-Year Sustainability Road Map outlines our approach to create a positive environmental and social impact while ensuring business resilience. Guided by global sustainability benchmarks, the road-map focuses on climate action, resource efficiency, social wellbeing and ethical governance.

SUSTAINABILITY ROAD MAP
2025/26-2027/28

The Company has set up a 3-year Sustainability Road Map with below key milestones.

| ESG Pillar: E : Environment |
|--|
| Planet Positive Action |
| KPI: Reduce Raw and Packing Materials Wastage |
| <ul style="list-style-type: none">2025/26: Continue with focused waste reduction initiatives2026/27: Continue improvement drive across operations2027/28: Sustain efforts and scale best practices |

| |
|--|
| KPI: Zero Waste to Landfill |
| <ul style="list-style-type: none">2025/26: Map waste streams, raise employee awareness and implement reduction programs2026/27: Partner with recyclers, introduce major waste recycling projects2027/28: Advance towards circular economic solutions |
| KPI: Reduce Energy Intensity |
| <ul style="list-style-type: none">2025/26: Sustain Energy Management System2026/27: Install monitoring systems and energy saving technologies2027/28: Strengthen energy awareness and sustain efficiency gains |
| KPI: Increase Renewable Energy Share |
| <ul style="list-style-type: none">2025/26: Feasibility study on solar installations2026/27: Scale solar at warehouse level2027/28: Invest in renewable energy share further |
| KPI: Measure and Reduce Scope 1/2/3 Emissions |
| <ul style="list-style-type: none">2025/26: Baseline and streamline Scope 1 and 2. Identify Scope 32026/27: Set Scope 3 targets2027/28: Seek certifications and external validation |
| KPI: Water Intensity Reduction by 5% |
| <ul style="list-style-type: none">2025/26: Conduct assessments and awareness sessions2026/27: Deploy selected water saving technologies2027/28: Implement full water footprint calculation and reductions |

| |
|--|
| KPI: Sustainable Packaging Implementation |
| <ul style="list-style-type: none">2025/26: Assess current packaging materials for recyclability2026/27: Research recyclable/ compostable/biodegradable alternatives2027/28: Apply circular economy models and expand sustainable packaging |
| KPI: Forest Restoration – 2x Land Footprint |
| <ul style="list-style-type: none">2025/26: Identify project site with government support2026/27: Execute tree planting and monitoring2027/28: Continue planting and restoration work |
| Responsible Sourcing |
| KPI: Supplier Code of Conduct and Adherence |
| <ul style="list-style-type: none">2025-26: Introduce Supplier Code of Conduct (100% coverage)2026-27: Maintain compliance and promote supplier awareness2027-28: Strengthen enforcement and Sectioning mechanisms |
| KPI: Ocean Strainer Initiative – Sustainable Waste Management Practices |
| <ul style="list-style-type: none">2025/26: Installed four ocean strainers at key locations2026/27: Ongoing monitoring, maintenance and data collection2027/28: Continue waste interception and support sustainable waste management |

ESG Pillar: S : Social**Inspired Workforce**

KPI: Succession Bench Strength (80%) and Employee Satisfaction

- 2025/26: Create action plans with defined roles and timelines
- 2026/27: Establish decentralized decision-making and leadership training
- 2027/28: Define and track KPIs

KPI: Sustainability Culture & Employee Communication

- 2025/26: Launch digital signage, 'ECO Friday' and awareness activities
- 2026/27: Conduct sustainable ideas contest across departments
- 2027/28: Institutionalize sustainability mindset Company-wide

KPI: Wellbeing Index Implementation

- 2025/26: Educate well-being dimensions; assess current state
- 2026/27: Build a well-being model and inclusion strategy
- 2027/28: Foster a wellbeing culture with employee resource groups

KPI: Injury Reduction (50%) and ISO 45001 Certification

- 2025/26: ISO 45001 implementation, audits, safety training
- 2026/27: Launch safety app, dashboard, continuous monitoring
- 2027/28: Uplift and ongoing culture building

KPI: Career Development & Inclusion

- 2025/26: Launch skill-building and assess family-friendly policies
- 2026/27: Expand leadership planning and educational assistance
- 2027/28: Strengthen engagement and support for employee families

Food with Purpose

KPI: Launch Purpose-Driven Food Products (14 NPDs*)

- 2025/26: Launch new products addressing nutrition and food habits
- 2026/27: Promote good food habits
- 2027/28: Expand product offerings to fulfill diverse nutrition needs

*NPD refers to New Product Development

ESG Pillar: G : Good Governance

KPI: Improved ESG and SLFRS S1 and S2 Disclosures with Assurance

- 2025/26: Further improved disclosures with conduct of awareness and training on ESG and SLFRS S1 and S2
- 2026/27: Setting long-term targets
- 2027/28: Apply with assurance

DISCLOSURES OF SLFRS S1 AND S2

GENERAL REQUIREMENTS

1.1 Our Approach for SLFRS S1 and SLFRS S2

This Section should be read in conjunction with the Company's other sustainability disclosures, non-financial information and financial statements, presented in this report, for a full view of our performance.

The Council of the Institute of Chartered Accountants of Sri Lanka declared the application and implementation of SLFRS S1 and S2 standards in Sri Lanka to be effective as follows, subject to the transitional relief in the following manner.

| Adoption of SLFRS S1 and S2 | For Annual Reporting Periods Beginning | Application |
|-----------------------------|--|---|
| Voluntary adoption | On or after 1 January 2024 | Any entity |
| Mandatory adoption | On or after 1 January 2025 | The first 100 listed entities of the Colombo Stock Exchange, based on respective entities' market capitalization as of 1 January 2025 |
| | On or after 1 January 2026 | All listed entities on the Main Board of the Colombo Stock Exchange (Which applies to CFL) |
| | On or after 1 January 2027 | All listed entities on the Colombo Stock Exchange, except for those on the Empower Board |

1.2 Presentation of Information

This information is neutral, accurate and quantitative metrics are disclosed, where applicable, in line with SLFRS S1 and S2. While preparing, the Company aimed the below matters.

- Presented information free from material errors with precise corresponding descriptions
- Reasonable assertions and inputs used in developing estimates; based on information of sufficient quality and quantity
- Information on judgements and assumptions about the future transparently reflecting both those judgements and the information on which they are based
- In the case of commercially sensitive information, which may be related to sustainability-related opportunities, the Company has assessed whether the disclosure of such information may potentially impact the Company's advantage in pursuing the said opportunity and has prepared the disclosures accordingly

1.3 Connected Information

To ensure consistency, sustainability related financial disclosures use the same data, assumptions, accounting policies, estimates and reporting boundaries as the 2024/25 financial statements, presented in Sri Lankan Rupees.

1.4 Comparative Information

The Company has presented comparative information where applicable and reliable information can be found and subject to the exceptions from the standard.

1.5 Disclosure Period

The information presented in this Section represents a time frame corresponding to the financial year 2024/25, compared to 2023/24, where applicable.

1.6 Business Model and Value Chain

Please refer to Page 58 for the details on Business Model and Value Chain.

CFL's business model is based on the Company's vision, mission, Group purpose and core values of Caring, Quality, Innovation and Integrity. It is built on the

business strategy, sustainability framework including SRROs and CRROs, corporate governance framework and integrated risk management.

Sustainability practices and value addition are applied across the value chain, from sourcing to production and distribution, as part of day-to-day operations.

1.7 Sources of Guidance

This Section follows the standards below in preparation and presentation of the information.

- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 – Climate-related Disclosures
- SASB Standards - Processed Foods
- Global Reporting Initiative (GRI) guidelines and disclosures
- Industry-based guidance (Internal Metrics)
- Task Force on Climate-related Financial Disclosures' (TCFD) Practices

1.8 Materiality Assessment

The materiality assessment identifies issues that matter to shareholders and other stakeholders.

The Company has identified 8 key material matters which are classified into a matrix based on the impact towards people, environment and business success. Please refer to Metrics on Page 55.

GOVERNANCE

2.1 Overview

The Company remains adaptable to market changes while staying true to our CBL core values.

This Section details the Company's governance over sustainability and climate-related risks and opportunities, the strategies including the targets and metrics used to manage them.

The Corporate Governance Section on Page 127, further outlines the Company's mandatory and voluntary governance frameworks.

Governance Bodies



Risk Identification



Opportunity Identification

Please refer to Page 167 on Integrated Risk Management and Page 37 on Sustainability Section for detailed information on governance bodies.

2.2 The Role of the Board of Directors, Committees and the Management, including Policies and Frameworks to Monitor, Manage and Oversee SRROs and CRROs

SRROs

The Board sets the overall direction and delegates governance responsibilities to management to monitor, manage and oversee sustainability-related risks and opportunities through the governance processes, controls and procedures.

The Managing Director/CEO and senior management carry out these tasks through defined Terms of Reference and established controls. Cross-functional heads are appointed to lead key committees: Sustainability Committee, Internal Risk Committee and Energy Team ensuring ESG matters are integrated into business operations.

The Board assesses sustainability and climate-related risks and opportunities during annual strategic and financial planning sessions and reviews progress quarterly.

A formal Sustainability Policy and the CBL's Sustainability Framework guide all related activities.

CRROs

As a food manufacturer, CFL acknowledges that climate change poses risks to its operations, supply chain and long-term resilience. The Board has therefore prioritized understanding and addressing these impacts. Climate-competence

assessments are conducted by the sustainability team to identify gaps and recommend initiatives, initially focusing on waste, emission, water and energy management.

The Managing Director/CEO, who holds overall responsibility for sustainability and climate matters, is a permanent member of the Sustainability Committee. To support informed and objective decision-making, there is a dedicated employee with these responsibilities at the Company who reports to the Group sustainability team, ensuring diverse representation and providing ongoing training. Climate governance is also reviewed through annual evaluation.

Please refer to Page 135 of Corporate Governance Section and Page 51 of Sustainability Section for more information.

2.3 Role of Risk Management

Please refer to Pages 165-174 of Integrated Risk Management for detailed information.

2.4 Integration of Three Lines of Defense

A key component of the governance framework for sustainability and climate-related risks is the Three Lines of Defense model. Please refer to Page 168 of Integrated Risk Management for detailed information.

2.5 Meeting Frequency

The Directors and management in charge meet as follows, to discuss sustainability-related risks and opportunities.

| Governance Body Meeting | Meeting Frequency |
|-----------------------------------|-------------------|
| The Board Meetings | Quarterly |
| Sustainability Committee Meetings | Every two months |

DISCLOSURES OF SLFRS S1 AND S2

2.6 Our Governance Model

In 2024/25, the Company refreshed the sustainability road map for the Company and adopted a formalized and planned approach to follow sustainability best practices as described on Pages 37, 42 and 133.

STRATEGY

3.1 Overview

CFL's sustainability strategy incorporates ESG priorities to support sustainable growth, manage risks and deliver measurable outcomes.

Vision of the Sustainability Policy/ ESG Strategy

"Sustainability vision is to lead the food manufacturing industry by leveraging our local agricultural heritage to create a sustainable business entity by embedding environmental stewardship, social responsibility and economic viability into every step of our value chain, ensuring a positive impact on our stakeholders, community and the planet."

Mission of the Sustainability Policy/ ESG Strategy

"Our mission is to drive innovation in our products, operations and agriculture to minimize environmental impact, promote social well-being, stakeholder awareness and ensure economic viability. We are committed to reducing waste, conserving resources, sustainable agriculture practices and supporting our communities, all while delivering high-quality, sustainable products to our customers."

Group Sustainability Framework

The strategy aligns with CBL Group's Sustainability Framework.

Please refer to Page 37 for detailed information on the Company's application of the Sustainability Framework.

| Our Sustainability Strategy and 5 pillars | | | | |
|---|--|---|--|--|
| Planet Positive Action | Food With Purpose | Empowered Communities | Responsible Sourcing | Good Governance |
|  |  |  |  |  |
| Achievement: Climate Action Reduce our environmental footprint | Achievement: Deliver safe and high-quality products | Achievement: Nurture a thriving workforce and deliver meaningful social impact | Achievement: Uphold ethical standards and ensure food safety throughout the supply chain | Achievement: Demonstrate strong commitment to integrity, transparency and ethical business conduct |
| Focus: <ul style="list-style-type: none"> Implementing effective data collection and review mechanisms Continuously improving energy efficiency Transitioning to green energy sources | Focus: <ul style="list-style-type: none"> Products that address the food and nutrition needs Improving access to balanced nutrition Supporting better nutritional habits | Focus: <ul style="list-style-type: none"> Inspired workforce Support equal access to growth for our communities Diverse and inclusive communities | Focus: <ul style="list-style-type: none"> Responsible sourcing of materials and services Responsible and sustainable operations (and agriculture) | Focus: <ul style="list-style-type: none"> Strengthening governance policies and frameworks Integrating sustainability into strategy Enhancing stakeholder engagement and risk management |
| Metrics and Targets: Please refer to Pages 55-56 of this Section | Metrics and Targets: Please refer to Pages 55-56 of this Section | Metrics and Targets: Please refer to Pages 55-56 of this Section | Metrics and Targets: Please refer to Pages 55-56 of this Section | Metrics and Targets: Please refer to Pages 55-56 of this Section |

Please refer to Page 36 for our Sustainability Journey.

3.2 Sustainability-related Risks and Opportunities

Sustainability and ESG considerations underpin the Company's approach to responsible sourcing, managing internal operations and engaging with the stakeholders.

Across all facets of business and operations, the Company seeks to mitigate associated risks while delivering measurable outcomes that create a positive impact for consumers, suppliers, employees and other stakeholders.

The conceptual model of our business value chain is depicted below. This model provides the base framework for undertaking ESG risks and opportunity analysis.

UPSTREAM ACTIVITIES

| Activity | Linkage to Sustainability Pillar | Sustainability Risks | Sustainability Opportunities |
|-----------------------------|----------------------------------|---|--|
| Raw Material Sourcing | Responsible Sourcing | Potential disruptions in our ability in sourcing and ensuring quality | Potential opportunities of risk dilution and attaining cost efficiencies |
| Supplier Management | Responsible Sourcing | | |
| Inbound Logistics | Responsible Sourcing | | |
| Quality & Safety Compliance | Food With Purpose | | |

OPERATIONAL ACTIVITIES

| Activity | Linkage to Sustainability Pillar | Sustainability Risks | Sustainability Opportunities |
|-----------------------------------|----------------------------------|---|---|
| Research and Development | Food With Purpose | Operational risks within the internal part of the value chain refer to risks that can impact the functioning of everyday business | Operational opportunities refer to ways to improve efficiency, reduce environmental impact and boost business resilience through sustainability |
| Production Planning | Food With Purpose | | |
| Manufacturing and Processing | Food With Purpose | | |
| Quality Assurance and Food Safety | Food With Purpose | | |
| Packaging | Responsible Sourcing | | |
| Corporate Governance and Ethics | Good Governance | | |
| Waste Management | Planet Positive Action | | |

DOWNSTREAM ACTIVITIES

| Activity | Linkage to Sustainability Pillar | Sustainability Risks | Sustainability Opportunities |
|--|----------------------------------|--|--|
| Outbound Logistics | Planet Positive Action | Downstream risks refer to the potential risks of the Company's products and their impact on the Company's financial stability and society at large | Downstream opportunities refer to ways the Company's products can enhance nutrition, convenience, affordability, financial performance and benefit society through sustainable consumption and consumer engagement |
| Intermediaries and Partnerships Management | Empowered Communities | | |
| Sales and Channel Management | Empowered Communities | | |
| Marketing and Branding | Empowered Communities | | |
| Consumer Survey and Feedback | Empowered Communities | | |
| Regulatory Compliance | Good Governance | | |

Further, please refer to end-to-end depiction illustration of CFL business model in Pages 58-59, which is linked with Capitals.

DISCLOSURES OF SLFRS S1 AND S2

Time Horizons Considered for ESG Risk and Opportunity Analysis

- Short-Term (Up to 2030):**

Focused on immediate sustainability actions and the integration of ESG criteria into our near-term operations and decision-making processes.



- Medium to Long Term**



Dedicated to deepening our sustainable finance initiatives, with an emphasis on transformative projects that will shape our progress in the next decade.

3.3 Strategic Management of Sustainability-related Risks and Opportunities across Our Value Chain


We have undertaken an analysis of the key sustainability and climate-related risks and opportunities across our value chains, as detailed below.

In identification of SRROs, the Company also refers to SASB standards (Processed Foods), industry practices and internal KPIs.

| 5 Pillars of Sustainability | Main Activities | Sustainability-related Risks (SRR) | Term | Impact | Sustainability-related Opportunities (SRO) | Term | Assessment, Management/ Mitigation |
|--|---|--|-------------------|--------|---|--------------------|--|
| A. Planet Positive Action  | 1. Climate action | Please refer to Page 173 for risk mitigation. | | | | | |
| | 2. Managing our waste Focus areas: <ul style="list-style-type: none"> Waste, energy, water and emission management Explore packaging transition solutions Digital transformation initiatives Carbon offsetting | 1. Regulatory non-compliance and financial penalties 2. Brand and reputation risk 3. Increased operational costs | Short - Long Term | High | 1. Cost savings through waste reduction and circularity 2. Enhanced brand value and market differentiation 3. Reduced pollution | Medium - Long term | 1. Materiality assessment 2. Waste data tracking and targets 3. Supplier and partner collaboration |
| B. Food with Purpose  | 1. Products that address the food and nutrition needs | 1. Health and nutrition mislabelling or non-compliance | Short - Long Term | High | 1. Strengthening consumer loyalty through transparency | Medium - Long term | 1. Strengthen regulatory compliance and food safety systems |
| | 2. Improving access to balanced nutrition 3. Supporting better nutritional habits Focus areas: <ul style="list-style-type: none"> Convenient products Product innovation, quality and consistency Affordability, value, relevance, brand perception and equity Customer satisfaction, feedback, insights and market trends | 2. Challenges in improving and preserving nutrition of food products while enhancing convenience 3. Changing consumer preferences and nutrition trend | | | 2. Strategic partnerships for preserving and improving nutritional impact 3. Product innovation for diverse dietary needs | | 2. Enhance supply chain quality assurance 3. Monitor trends and invest in R&D 4. Accelerate nutrition-focused innovation |

| 5 Pillars of Sustainability | Main Activities | Sustainability-related Risks (SRR) | Term | Impact | Sustainability-related Opportunities (SRO) | Term | Assessment, Management/ Mitigation |
|--|--|---|-------------------|--------|--|---------------------|--|
| C. Empowered Communities  | 1. Inspired workforce 2. Support equal access to growth for our communities 3. Diverse and inclusive communities Focus areas: <ul style="list-style-type: none"> Tax compliance Alignment with SDGs Invest in employee development, employee engagement and wellbeing Promote community-led initiatives | 1. Challenges in workforce retention and talent acquisition 2. Perception of inequality 3. Reputational risks 4. Social license related risks to operate | Short - Long Term | Medium | 1. Inclusive hiring and diversity 2. Enhanced brand loyalty through social impact 3. Strengthening local economic ecosystems 4. Infrastructure and livelihood support | Short - Medium Term | 1. Conduct stakeholder mapping 2. Perform impact assessments 3. Integrate social risk into enterprise risk management 4. Establish diversity, equity and inclusion policies |
| D. Responsible Sourcing  | 1. Responsible sourcing of materials and services 2. Responsible and sustainable operations (and agriculture) Focus areas: <ul style="list-style-type: none"> Material quality assurance Ethical and transparent supply chains Code of business principles for suppliers Supplier audits and compliance | 1. Regulatory non-compliance across the value chain 2. Rising input costs due to farming challenges 3. Supply chain disruption due to environmental or climate events | Short - Long Term | Medium | 1. Improved supply chain resilience and continuity 2. Innovation through supplier collaboration 3. Diversification of the product portfolio 4. Strengthened supplier governance and due diligence | Long Term | 1. Maintain a responsible sourcing policy 2. Conduct supplier risk assessments and audits 3. Integrate sustainability criteria in procurement decisions |

DISCLOSURES OF SLFRS S1 AND S2

| 5 Pillars of Sustainability | Main Activities | Sustainability-related Risks (SRR) | Term | Impact | Sustainability-related Opportunities (SRO) | Term | Assessment, Management/ Mitigation |
|---|--|---|------------|--------|---|------------|---|
| E. Good Governance  | 1. Compliance with Listing Rules 2. Compliance with laws and regulations 3. Voluntary adoption of best practices Focus areas: <ul style="list-style-type: none"> Accountability and transparency Code of conduct compliance Risk assessment, identification, quantification, mitigation and control Internal process compliance | 1. Regulatory breaches and legal penalties 2. Ineffective risk oversight and internal controls 3. Internal process failures | Short Term | High | 1. Improved decision-making via ESG integration 2. Stronger risk management and business resilience 3. Competitive edge | Short Term | 1. Enhance internal controls and whistleblower mechanisms 2. Implement transparent disclosure practices 3. Monitor and review governance performance and sustainability metrics |

3.4 Other Sustainability Initiatives

Please refer to Page 38 of the Sustainability Section for the facts and details of Company's focus on sustainability promoting initiatives.

3.5 Sustainability Linked Strategy and Decision-Making

CFL is making efforts to integrate environmental and social considerations into its strategy and decision-making processes within the organizational structure (Refer to the Sustainability Section on Page 37 for the hierarchy and governance bodies involvement).

Managing Trade-Offs during Strategic Decision Making

The trade-offs between sustainability-related risks and opportunities are considered based on the policies and frameworks specific to each line of business.

Social and environmental benefits are weighed against financial returns, while potential negative impacts are considered to avoid causing negative environmental and social harm.

3.6 Current and Future (Anticipated) Impact on Financial Performance, Position and Cash Flow

Environmental, Social and Governance (ESG) Risks and Opportunities

CFL is on a continuous journey to refine the ESG strategy in line with both local and international standards and is assessing the impact of ESG related material risks and opportunities that could potentially have an impact on the Company's cash flow, access to finance or cost of capital over the short, medium or long term.

For the current year, the Company focused on qualitative disclosures and stand-alone

numbers that offer insights into these impacts.

Please refer to Metrics and Targets on Pages 55-56 and ESG Statement in Sustainability Section on Page 33.

3.7 Resilience

CFL's sustainability strategy supports communities, strengthens the business and aligns with its core values stemming from CBL Group. Governance policies promote diversity, ethics and skills development. Internal sustainability and governance frameworks address environmental and social risks, while supplier policies ensure value alignment. The Company intends to further disclose quantitative data on climate-related financial impacts and assess the resilience of its business strategy in the future.

3.8 Climate Change

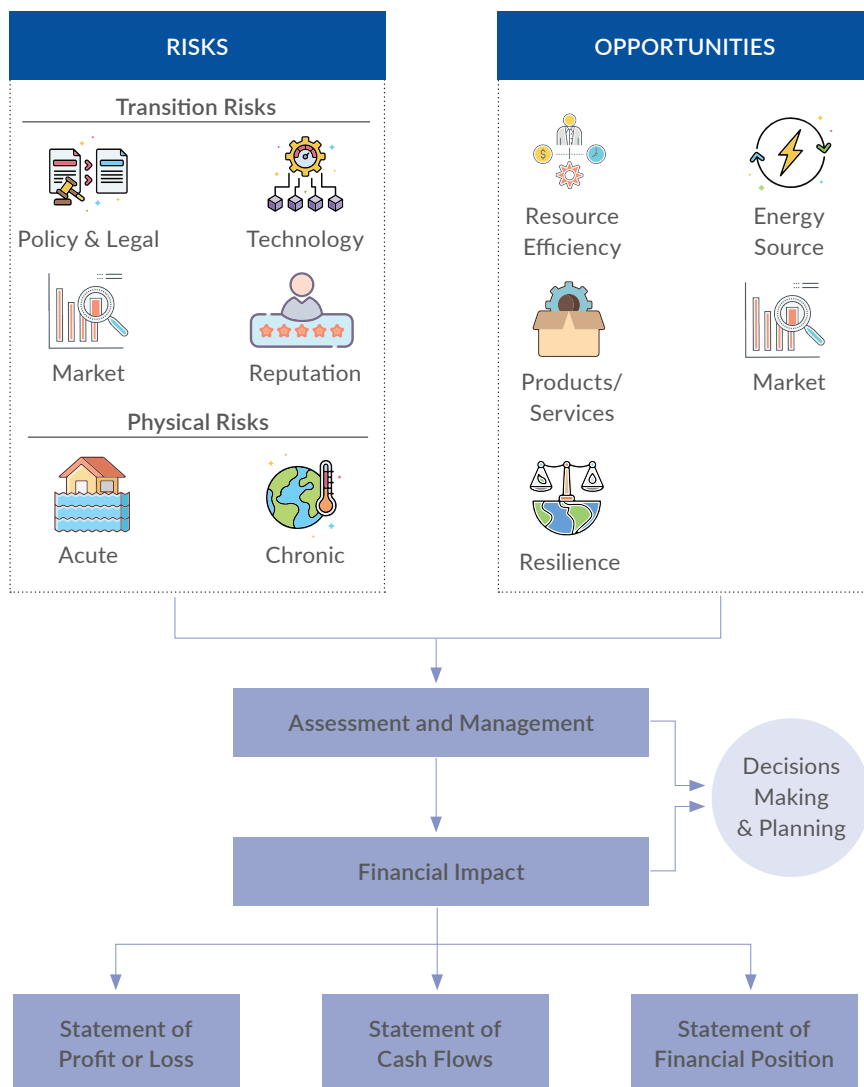
"ASIA IS WARMING TWICE AS FAST AS THE REST OF THE WORLD"

Asia is warming twice as fast as the global average due to its large landmass, with land temperatures rising faster than sea temperatures. In 2024, the Indian and Pacific Oceans also saw record-high surface temperatures. Prolonged heatwaves have caused widespread disruption, including glacier melting and rising sea levels.

(Source: World Meteorological Organization. Rising temperatures and extreme weather hit Asia hard. Press Release, 23 June 2025).



3.9 Climate-related Risks and Opportunities



(Developed based on Task Force on Climate-related Financial Disclosures (TCFD) (2017). *Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures*. Financial Stability Board.)

There are two categories of climate-related risks as follows:

1. Transition Risks

Transition risks are associated with efforts to transition to a lower-carbon economy.

Transitioning requires policy and legal, technology and market changes to address mitigation and adaptation requirements related to climate change.

2. Physical Risks

These result from climate change and environmental factors that are events driven (acute) or longer-term shifts (chronic) in climatic patterns.

DISCLOSURES OF SLFRS S1 AND S2

Climate-related risks identified as Transition Risks and Physical Risks:

| A. Planet Positive Action | Climate-related Risks (CRR) | Term | Impact | Assessment, Management/Mitigation |
|------------------------------|---|--------------------|--------|--|
| 1. Climate Action | | | | |
| 1.1 Transition Risks Related | | | | |
| Focus Areas: | | | | |
| Policy & Legal | <ul style="list-style-type: none"> Requirements for monitoring and reducing emissions Exposure to litigation Regulatory and government policy changes | Medium - Long Term | High | <ul style="list-style-type: none"> Emissions monitoring Upgrading infrastructure Regularly review local and global climate regulations |
| Technology | <ul style="list-style-type: none"> Cybersecurity vulnerabilities from increased tech adoption High capital costs for low-carbon technology integration Obsolescence of existing equipment and systems | Medium - Long Term | Medium | <ul style="list-style-type: none"> Energy risk and infrastructure assessments Upgrade and monitor energy systems Technology-enabled supply chain transparency |
| Market | <ul style="list-style-type: none"> Changing consumer preferences and growing demand for sustainable products Loss of market access due to stricter environmental regulations Price volatility in low-emission alternatives | Medium - Long Term | Medium | <ul style="list-style-type: none"> Conduct carbon footprint assessments across product portfolios Monitor market trends and climate policies in markets Brand communication on climate commitments and progress |
| Reputation | <ul style="list-style-type: none"> Negative public perception from failure to meet climate targets Adverse impact on brand value due to climate-related regulatory non-compliance Reputational risk from climate-inactive brand perception | Medium - Long Term | High | <ul style="list-style-type: none"> Climate reporting frameworks to build trust Embed climate leadership into corporate strategy Climate risk assessments and scenario analysis |
| 1.2. Physical Risks Related | | | | |
| Acute | <ul style="list-style-type: none"> Extreme weather events disrupting operations Damage to manufacturing facilities and assets from natural disasters Increased insurance costs due to heightened risk exposure | Medium - Long Term | Low | <ul style="list-style-type: none"> Develop employee health and safety programs and climate awareness training Invest in facility upgrades and protective infrastructure Enterprise Risk Management |
| Chronic | <ul style="list-style-type: none"> Extreme variability in weather patterns Rising mean temperatures Severe rainfall or no rainfall | Medium - Long Term | Medium | <ul style="list-style-type: none"> Secure alternative raw material sourcing channels Integrate environmental factors into expansion plans Conduct climate exposure mapping for all operational sites |

Climate-related Opportunities in Our Business

| A. Planet Positive Action | Climate-related Opportunities (CRO) | Term |
|---------------------------|--|--------------------|
| 1. Climate Action | | |
| Focus Areas: | | |
| Resource Efficiency | <ul style="list-style-type: none"> Optimising energy, water and material usage Gains from switching to energy-efficient equipment and technology Engaging suppliers on resource efficiency goals | Medium - Long Term |
| Energy Source | <ul style="list-style-type: none"> Improving energy efficiency of existing systems/technologies Savings from adopting new technologies Smart metering and energy dashboards for informed energy decisions | Medium - Long Term |
| Market | <ul style="list-style-type: none"> Sustainable revenue generation Creation of brand loyalty and improved market position Collaborating with climate-conscious partners | Medium - Long Term |
| Resilience | <ul style="list-style-type: none"> Diversifying suppliers and sourcing locations Strengthening risk management and contingency planning Leveraging technology | Medium - Long Term |

3.10 Impact of Climate Risks on Strategy and Decision-Making

CFL is putting efforts into integrating climate risks into its strategy and decision-making. As global standards evolve, we monitor developments and adapt accordingly. The Company acknowledges the global impact of climate change and is committed to reducing its environmental footprint. It sees clear climate action as key to managing risks and showing stakeholders its commitment to sustainability.

The Company's current and future climate change strategy focuses on:

- Initiatives to manage climate-related risks and opportunities
- Developing a culture of climate awareness and response
- Supporting emissions reduction in our value chains

3.11 Financial Effects of Climate-related Risks and Opportunities

Key Financial Impacts:

1. Financial Performance:

- Physical risks leading to increased raw material costs and pressure on profit margins
- Transition opportunities create new revenue streams and improve brand value

2. Financial Position:

- Compliance with emerging carbon reporting and environmental regulations may necessitate capital investment in clean technologies and reporting systems

- Adoption of energy-efficient infrastructure and waste reduction practices improves asset quality and long-term financial resilience

3. Cash Flows:

- Short-term cash outflows may increase due to investments in sustainability-driven projects
- In the medium to long term, operational efficiencies and reduced energy costs are expected to generate positive cash flow benefits

3.12 Managing Trade-Offs in Strategic Decision-Making

Although no material trade-offs have been reported yet, potential areas include balancing investments in green technologies with profitability and aligning operational capacities with evolving stakeholder expectations. CFL continues to monitor regulatory developments and will disclose trade-off impacts as the climate strategy evolves.

3.13 Resource Allocation for Strategy Execution

A structured approach to resource allocation helps bridge the gap between planning and execution, supporting both short-term operational efficiency and long-term value creation.

Key resource types include skilled human resources, targeted financial allocations for priority projects, technological investments in digital tools and automation and physical assets such as manufacturing facilities and infrastructure.

3.14 Current and Anticipated Changes in Business Model

Evolving sustainability expectations, digital transformation and shifting consumer demands are driving the Company to adapt its business model and resource use to remain resilient and competitive.

Please refer to Page 58 on Our Value Creation Model.

DISCLOSURES OF SLFRS S1 AND S2

RISK MANAGEMENT

4.1 Sustainability-related Risk Management Overview

As a manufacturer, the Company faces financial and non-financial risks across its value chain, including ESG and climate-related risks. These are partially integrated into its risk management processes through formal policies and frameworks.

Please refer to Page 166 on Integrated Risk Management for our risk framework, governance and to understand our processes to identify, assess, prioritize and monitor SRROs and CRROs, including how those processes are integrated into and inform the entity’s overall risk management process.

4.2 Management of Upstream, Operational and Downstream Sustainability Risks

| Risk Management of Upstream, Operational and Downstream Activities | |
|--|---|
| Activity | Risk Management Approach |
| Upstream Activities | |
| Raw Material Sourcing | Diversify suppliers, establish long-term contracts and conduct regular supplier audits |
| Supplier Management | Implement supplier business principles, ESG screening and compliance monitoring |
| Inbound Logistics | Optimize transport routes and consolidate loads |
| Quality & Safety Compliance | Strict supplier QA checks, sample testing and quality certification |
| Operational Activities | |
| Research and Development | Allocate R&D budgets to sustainable innovations and monitor R&D projects |
| Production Planning | Use SAP tools, scenario planning and maintain buffer stocks |
| Manufacturing and Processing | Adopt Lean manufacturing, 3R processes and conduct preventive maintenance |
| Quality Assurance & Food Safety Compliance | Follow HACCP/ISO standards, traceability systems and periodic audits |
| Packaging | Source from certified suppliers and conduct performance testing |
| Corporate Governance & Ethics | Enforce Code of Conduct, regular ethics training and internal whistleblowing mechanisms |
| Waste & Sustainability Management | Implement recycling, track emissions and conduct internal audits against sustainability KPIs |
| Downstream Activities | |
| Outbound Logistics | Use right capacity vehicles, schedule efficient deliveries and optimize routes |
| Intermediaries & Partnerships | Implement partner principles code |
| Sales & Channel Management | Implement responsible sales incentives, monitor inventory and enforce retail governance |
| Marketing & Branding | Review sustainability claims through internal checks, use verified data and ensure transparency |
| Consumer Survey & Feedback | Analyze feedback regularly, escalate issues and integrate insights into product development |
| Regulatory Compliance | Maintain traceability systems, stay updated with legal changes and train teams |

4.3 Climate-related Risk Management

The Company is making efforts to integrate climate-related risks into the enterprise risk management framework to address both physical and transition impacts on operations, supply chains and financial performance. Governance is anchored at the Board level, with regular updates supporting strategic decisions.

METRICS AND TARGETS

5.1 Overview

Sustainability and strategic KPIs are assigned to Heads of Departments and progress is monitored. During quarterly Board and Sub Committee

meetings, performance is reviewed in light of operational developments and management receives directives to ensure targets are met effectively.

5.2 Sustainability and Climate-related Metrics and Targets

Key sustainability metrics are aligned with the most material impacts, supported by targets and improvement strategies.

Key metrics have been derived with reference to SLFRS S1, SLFRS S2, SASB standards - processed foods and industry-based guidance (internal metrics). Internal metrics are referred to the Company’s

internal KPIs and currently validated internally.

Work is ongoing to strengthen data on how sustainability and climate risks affect business outcomes, with enhanced SLFRS S1 and S2 aligned disclosures.

Details on managing trade-offs during strategic decision-making are on Page 50 of this Section.

Sustainability Metrics and Targets

| Topic | Metric | Source | Unit of Measure | Target by 2030 | Actual Value 2024/25 | Actual Value 2023/24 | Page: Further References |
|--------------------------------|--|----------|--|--------------------------------------|----------------------|----------------------|--------------------------|
| Energy Management | Total energy consumed | SASB | Gigajoules (GJ) | 10% reduction in energy intensity | 18,116 | 15,596 | 119 |
| | % of electricity from grid | SASB | Percentage (%) | 85 | 100 | 100 | 119 |
| | % of electricity from renewable sources | SASB | Percentage (%) | 15 | 0 | 0 | 119 |
| | Energy intensity | Internal | Megajoules per kilogram (MJ/kg) | 10% reduction from base year 2024/25 | 2.62 | 2.75 | 122 |
| Water Management | Total water withdrawn/Consumed | SASB | Cubic meters (m ³) | 5% reduction in water intensity | 17,137 | 16,057 | 119 |
| | Percentage of water withdrawn from water-stressed areas | SASB | Percentage (%) | - | 3 | - | - |
| | Number of incidents of non-compliance associated with water quality permits, standards and regulations | SASB | Number | 0 | 0 | 0 | - |
| | Water management risks and mitigation strategies/practices | SASB | Please refer Natural Capital on Page 121 | | | | |
| | Water intensity | Internal | Liters per kg (L/kg) | 5% reduction from base year | 2.48 | 2.83 | - |
| Food Safety | Food Safety Management System certifications with audits | Internal | Number | 3 | 1 | 1 | - |
| | (1) Non-conformance rates: major | Internal | Number | 0 | 0 | 0 | - |
| | (2) Associated corrective action | Internal | Percentage (%) | 100 | 100 | 100 | - |
| | (1) Number of recalls issued and (2) Total amount of food product recalled | SASB | Number, MT (t) | 0 | 0 | 0 | - |
| Health and Nutrition | Revenue from products labelled or marketed to promote health and nutrition attributes | SASB | Percentage (%) by total revenue | 65 | 62 | 62 | - |
| | Reviews to identify and manage products related to nutritional and health concerns | SASB | N/A | N/A | N/A | N/A | 102 |
| Product Labeling and Marketing | Revenue from products labelled as (1) Containing Genetically Modified Organisms (GMOs) and (2) Non-GMO | SASB | Percentage (%) | 100% Non-GMO | 100% Non-GMO | 100% Non-GMO | 102 |
| Packaging Lifecycle Management | Total weight of packaging | SASB | Metric tons (t) | N/A | 375 | 328 | - |
| | Percentage of packaging made from recycled/renewable materials | SASB | Percentage (%) | 0 | 0 | 0 | 102, 110, 123 |
| | Percentage of packaging that is recyclable/reusable/compostable | SASB | Percentage (%) | 50 | 37 | 38 | 39,42 |

DISCLOSURES OF SLFRS S1 AND S2

| Topic | Metric | Source | Unit of Measure | Target by 2030 | Actual Value 2024/25 | Actual Value 2023/24 | Page: Further References |
|-------------------------------------|---|------------|-----------------|--------------------------------------|----------------------|----------------------|--------------------------|
| Packaging Lifecycle Management | Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle | SASB | N/A | Continuous R&D efforts are made | N/A | N/A | 97 |
| Food and Packaging Waste Management | Percentage of waste diverted from landfill | Internal | Percentage (%) | 100 | 100 | 100 | 42 |
| | Waste disposal by reuse/ recycle/other recovery operations | internal | Percentage (%) | 100 | 100 | 100 | 121 |
| Climate - Emissions | GHG emissions | Internal | Scope 1 and 2 | 10% reduction from base year 24 - 25 | 0.24 | 0.25 | 33, 34, 42 |
| | GHG emissions | Internal | Scope 3 | Process to be adopted | N/A | N/A | 33, 34, 42 |
| Governance | Listing Rules Section 7 | Internal | Narrative | Continue to comply | Complied | Complied | 127, 146 |
| | Listing Rules Section 9 | Regulation | Narrative | Continue to comply | Complied | Complied | 127, 147 |
| | Companies Act 7 of 2007 guidelines | Regulation | Narrative | Continue to comply | Complied | Complied | 5, 127 |
| | SEC Act guidelines | Regulation | Narrative | Continue to comply | Complied | Complied | 127 |
| | Board Independence | Regulation | Narrative | Continue to comply | Complied | Complied | 141 |
| | Board Meeting Attendance | Regulation | Number | Continue to comply | Complied | Complied | 144 |
| | Gender Diversity at Board Level | Regulation | Narrative | Continue to follow | Followed | Followed | 131 |
| | Number of Board and Committee Meetings | Regulation | Number | Continue to comply | Complied | Complied | 144 |
| Employees | Workforce Gender Composition Male : Female | Internal | Ratio | 80:20 | 86:14 | 86:14 | 85 |
| | Employee Turnover | Internal | Percentage (%) | 2 | 2.5 | 2.5 | 89 |
| | Incidents, complaints and severe human rights impacts and incidents | Internal | Number | 0 | 0 | 0 | 65 |
| | Critical talent and high-potential (HiPo) employees retention | Internal | Percentage (%) | 98 | 90 | 85 | 89 |
| | Average training hours per employee per year | Internal | Number | 40 | 18 | 20 | 96 |

The Company plans to incorporate the full SASB index for Processed Foods, supplemented by additional internal and industry-specific metrics in future disclosures. Launched in 2024/25, the Road Map sets clear sustainability targets for the period 2025/26 to 2027/28. Further details are available on Page 42.

5.3 Monitoring Framework for Strategy and KPIs

KPIs are cascaded to departments, monitored and reviewed quarterly by the Board, which provides guidance to ensure targets are achieved.

APPENDIX:

SLFRS S1 Index

| Topic | SLFRS Index | Location in Section |
|----------------------|-------------|---------------------------------|
| General Requirements | SLFRS S1.54 | Section 1: General Requirements |
| | SLFRS S1.55 | 1.7 |
| | SLFRS S1.56 | 1.7 |
| | SLFRS S1.57 | 1.7 |
| | SLFRS S1.58 | 1.7 |
| | SLFRS S1.59 | 1.7 |
| | SLFRS S1.60 | 1.2 |
| | SLFRS S1.61 | 1.2 |
| | SLFRS S1.62 | 1.1 - 1.5 |
| | SLFRS S1.63 | Note 1 |
| | SLFRS S1.64 | 1.5 |
| | SLFRS S1.65 | Note 1 |
| | SLFRS S1.66 | Note 1 |
| | SLFRS S1.67 | Note 1 |
| | SLFRS S1.68 | Note 1 |
| | SLFRS S1.69 | Note 1 |
| | SLFRS S1.70 | 1.4 |
| | SLFRS S1.71 | 1.4 |
| | SLFRS S1.72 | To be complied in future |
| | SLFRS S1.73 | Note 1 |
| Governance | SLFRS S1.26 | Section 2: Governance |
| | SLFRS S1.27 | 2.1 - 2.6 |
| Strategy | SLFRS S1.28 | Section 3: Strategy |
| | SLFRS S1.29 | 3.1 - 3.7 |
| | SLFRS S1.30 | 3.2 |
| | SLFRS S1.31 | 3.2 |
| | SLFRS S1.32 | 3.2 - 3.3 |
| | SLFRS S1.33 | 3.5 |
| | SLFRS S1.34 | 3.5 - 3.6 |
| | SLFRS S1.35 | 3.6 |
| | SLFRS S1.36 | Note 1 |
| | SLFRS S1.37 | Note 1 |
| | SLFRS S1.38 | Note 1 |
| | SLFRS S1.39 | Note 1 |
| | SLFRS S1.40 | 3.6 |
| | SLFRS S1.41 | 3.7 |
| Risk Management | SLFRS S1.42 | Note 1 |
| | SLFRS S1.43 | Section 4: Risk Management |
| | SLFRS S1.44 | 4.1 - 4.2 |
| Metrics and Targets | SLFRS S1.45 | Section 5: Metrics and Targets |
| | SLFRS S1.46 | 5.2 |
| | SLFRS S1.47 | Note 1 |
| | SLFRS S1.48 | 5.2 |
| | SLFRS S1.49 | 5.2 |
| | SLFRS S1.50 | 5.2 |
| | SLFRS S1.51 | 5.2 |

| Topic | SLFRS Index | Location in Section |
|-------|-------------|---------------------|
| | SLFRS S1.52 | 5.2 |
| | SLFRS S1.53 | 5.2 |

SLFRS S2 Index

| Topic | SLFRS Index | Location in Section |
|---------------------|-------------|----------------------------|
| Governance | SLFRS S2.5 | Section 2: Governance |
| | SLFRS S2.6 | 2.1 - 2.6 |
| | SLFRS S2.7 | Note 1 |
| Strategy | SLFRS S2.8 | 3.7 - 3.14 |
| | SLFRS S2.9 | 3.7 - 3.14 |
| | SLFRS S2.10 | 3.7 - 3.14 |
| | SLFRS S2.11 | Note 1 |
| | SLFRS S2.12 | Note 1 |
| | SLFRS S2.13 | 3.14 |
| | SLFRS S2.14 | 3.10 |
| | SLFRS S2.15 | 3.11 |
| | SLFRS S2.16 | 3.11 |
| | SLFRS S2.17 | Note 1 |
| | SLFRS S2.18 | Note 1 |
| | SLFRS S2.19 | Note 1 |
| | SLFRS S2.20 | Note 1 |
| | SLFRS S2.21 | To be disclosed in Future |
| | SLFRS S2.22 | 3.7 |
| | SLFRS S2.23 | Note 1 |
| Risk Management | SLFRS S2.24 | Section 4: Risk management |
| | SLFRS S2.25 | 4.3 |
| Metrics and Targets | SLFRS S2.26 | Note 1 |
| | SLFRS S2.27 | 5.1 |
| | SLFRS S2.28 | 5.2 |
| | SLFRS S2.29 | 5.2 |
| | SLFRS S2.30 | Note 1 |
| | SLFRS S2.31 | Note 1 |
| | SLFRS S2.32 | 5.3 |
| | SLFRS S2.33 | 3.1, 5.2 |
| | SLFRS S2.34 | 2.2 |
| | SLFRS S2.35 | Note 1 |
| | SLFRS S2.36 | 5.3 |
| | SLFRS S2.37 | Note 1 |

Note 1: Additional guidance : no separate disclosure requirement

OUR VALUE CREATING BUSINESS MODEL



OUTPUT

Financial Capital

- Profit After Tax of **Rs. 647 Mn**
- Return on Equity (ROE) of **19.85%**
- Share price appreciation of **38.94%**
- Declared total dividends of **Rs. 6.70**
- Sustainable growth with zero interest burden
- Total assets base **Rs. 4,710 Mn**
- Refer Page **68** for Financial Capital

Balances as at 31 March 2025

Manufactured Capital

- Capital infra additions: **Rs. 28 Mn**
- Assets turnover ratio: **1.45**
- Over 4,000 MT** of soy protein food produced
- Over 290 MT** of cereal food produced
- Over 1,100 MT** of spices produced
- Over 100 MT** of snacks produced
- Refer Page **76** for Manufactured Capital

Human Capital

- Training investment increased by **16%**
- Average training hours per employee: **18**
- Employee turnover: **2%**
- Improvement in diversity indicators
- Total employees: **364**
- Refer Page **83** for Human Capital

Intellectual Capital

- New products developed: **02**
- Commenced digital transformation processes
- Spent in R&D: **Rs.27.29 Mn**
- Refer Page **97** for Intellectual Capital

Social and Relationship Capital

- Spent in CSR: **Rs. 1.6 Mn**
- Community development programs focused on income generation: **05**
- Improvement in customer satisfaction levels
- Jobs created: **117**
- Refer Page **107** for Social and Relationship Capital

Natural Capital

- Emissions generated from operations: **0.24 CO₂/kg**
- Wastewater treated before discharge: **100%**
- Energy intensity (MJ per kilogram of production) **2.62**
- Fully compliant with all relevant environmental regulations
- Refer Page **117** for Natural Capital

OUTCOME

Shareholders



Sustainable shareholder returns and value creation commensurate with the risk undertaken (Page 61)

Customers



Ensuring access to affordable, high-quality products manufactured through sustainable practices and delivered via a comprehensive nationwide distribution network (Page 62)

Employees



Secure employment, equal treatment and competitive rewards, along with comprehensive training and career development opportunities within a safe, dynamic and inclusive work environment that fosters growth and well-being (Page 61)

Suppliers & Business Partners



Mutual business growth through continuous demand for supplier products, services and know-how, while fostering long-term partnerships built on collaboration in material development, sourcing high-quality inputs to ensure product safety and offering volumes that enable our suppliers to maintain healthy margins and grow alongside us (Page 62)

Government & Regulatory Bodies



Contribute to job creation and socio-economic development through employment generation and tax contributions that support government income (Page 63)

Communities



Support the fulfilment of community needs by contributing to improved standards of living, local employment, health and well-being, affordable nutrition, environmental stewardship and inclusive economic development. (Page 63)

APPLICABLE SDGs

Financial capital



Manufactured capital



Human capital



Intellectual Capital



Social and Relationship Capital



Natural Capital



STAKEHOLDER ENGAGEMENT

Stakeholder engagement plays a vital role in advancing sustainable growth. By actively involving stakeholders in meaningful dialogue, CFL is able to address key concerns and priorities, reinforcing its reputation as a responsible corporate entity. A strong understanding of the material issues impacting stakeholders enables CFL to take proactive measures to meet their expectations.

GOVERNANCE OF STAKEHOLDER ENGAGEMENT

Our governance over the Company’s engagement with stakeholders includes defined policies and procedures covering supplier standards, product quality assurance and regulatory compliance, supporting stakeholder relationships and consistent operations in the FMCG sector.

The Board of Directors and management consider stakeholder concerns to ensure they are identified, monitored and addressed, supporting alignment with regulations, market needs and consumer expectations.

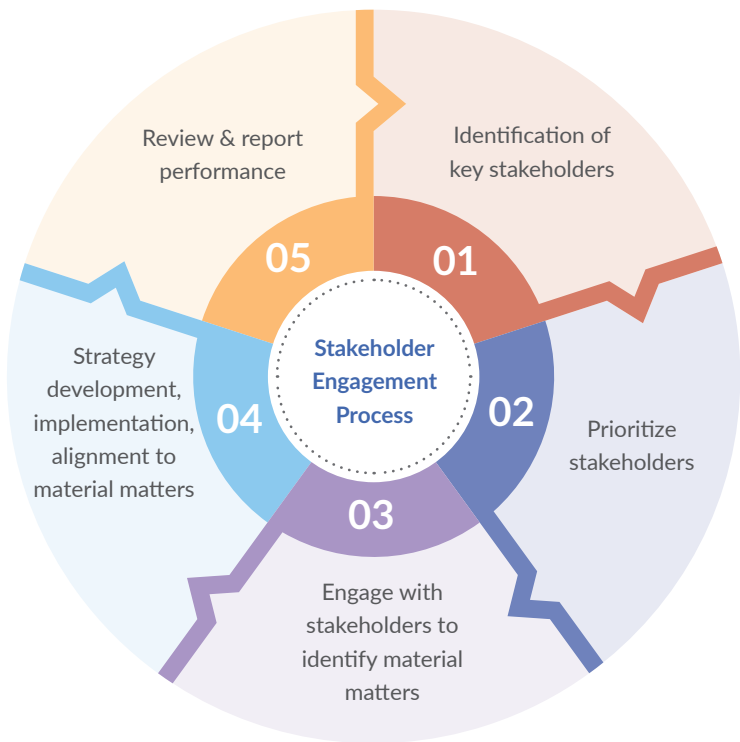
KEY STAKEHOLDER GROUPS

CFL acknowledges the vital role stakeholders play in shaping the Company’s economic, environmental and social performance. Stakeholders are identified through a comprehensive internal process that considers associated risks, opportunities and alignment with the Company’s strategic objectives and overall business direction.

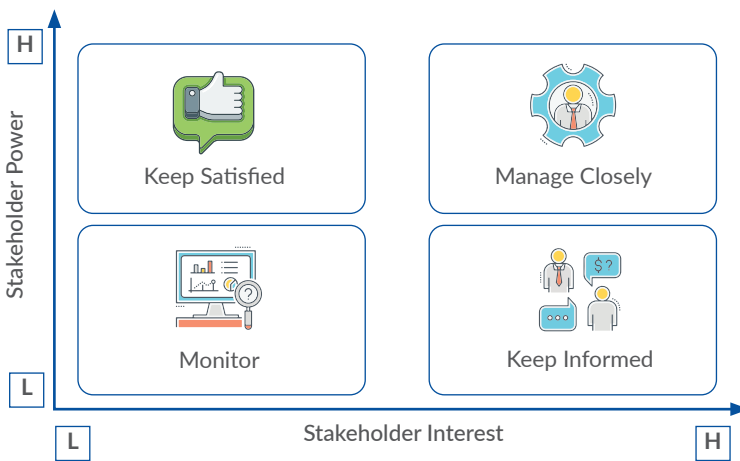
Key stakeholder groups include shareholders, employees, customers, suppliers, business partners, government, regulatory bodies and communities. CFL engages with these groups through various channels to understand their priorities and maintain an open and productive dialogue.

STAKEHOLDER ENGAGEMENT PROCESS

To ensure inclusivity, transparency, accountability and follow-through, CFL has established a five-step engagement process.



STAKEHOLDER IDENTIFICATION AND PRIORITIZATION





SHAREHOLDERS

| Key Deliverable | Key Concerns and Our Response | Method of Engagement |
|---|--|--|
| Rs. 4.70 Dividends paid per share (2023/24: Rs. 4.70) | <ul style="list-style-type: none"> Achieving sustainable returns and financial stability Ensuring compliance with regulations and industry standards Promoting transparency in operations Fostering the creation of wealth Delivering a sustainable strategy that meets shareholder expectations Adhering strictly to laws and regulations Fulfilling information expectations in a timely manner Ensuring transparency in all aspects of operations | <ul style="list-style-type: none"> Annual general meeting Annual report Interim financial statements Audited financial statements Announcements to the Colombo Stock Exchange (CSE) Engaging in dialogue with investors and analysts Company's website Investor relations officer and registrars' involvement Company secretary's involvement |
| 19.9% Return on equity (2023/24: 8.6%) | | |
| Rs. 235.33 Earnings per share (2023/24: Rs. 82.42) | | |
| Rs. 1,185.38 Net assets per share (2023/24: Rs. 963.12) | | |
| | More information: Social and Relationships Capital - Page 116 Shareholder Information - Page 249 | |

Strategic Direction

We anticipate leveraging expansion opportunities to drive business growth while integrating additional sustainability practices into our processes.



EMPLOYEES

| Key Deliverable | Key Concerns and Our Response | Method of Engagement |
|--|---|--|
| Rs. 938.04 Mn Salaries and other benefits (2023/24: Rs. 757.75 Mn) | <ul style="list-style-type: none"> Nurturing a positive and supportive workplace culture Enabling a value-driven ethical workplace Emphasizing job security and job satisfaction for a thriving workforce Prioritizing rewards and recognition to appreciate employee contributions Providing fair pay and comprehensive benefits Increasing employee engagement through various activities to foster a sense of belonging and commitment Promoting diversity and inclusion Prioritizing training and professional development opportunities to enhance skills and career advancement | <ul style="list-style-type: none"> Intranet Performance evaluations and compliance Meetings and email communications Special staff events Training and development programs Employee surveys and feedback mechanisms Career development programs Organization's events |
| 18.38 Training hours per employee (2023/24: 19.66 hours) | | |
| 14.3% Female participation (2024: 14.0%) | | |
| 98% Employee retention (2023/24: 98%) | | |
| 364 Permanent employments (2024: 351) | More information: Human Capital - Page 83 | |

Strategic Direction

Creating, maintaining and enhancing an ethical, inclusive and supportive workplace that values employees, promotes growth and enhances engagement for collective success.

STAKEHOLDER ENGAGEMENT



CUSTOMERS

| Key Deliverable | Key Concerns and Our Response | Method of Engagement |
|--|---|---|
| 02 New products launched (2023/24: 04) 17.99 Mn Customer reach through digital platforms (2023/24: 9.73 Mn) 103.40 Mn Impressions through digital platforms | <ul style="list-style-type: none"> Emphasizing nutrition of products, value addition and customer satisfaction Providing reliable, high-quality products to attract and retain customers, build trust and drive long-term growth Enhancing quality standards and the product development process to focus on customer needs Aligning product development with customer expectations and preferences Regularly following customer satisfaction metrics and conducting feedback surveys Using insights from feedback to improve product offers Maintaining a customer-centric approach to ensure products meet expectations and result in higher satisfaction levels <p>More information: Social and Relationship Capital - Page 108</p> | <ul style="list-style-type: none"> Corporate website Media campaigns and advertisements Social media engagement Touch points of the value chain of the business Customer satisfaction/feedback surveys Content marketing Community building (forums, groups) Product demonstrations |

Strategic Direction

Focus on delivering high-quality, customer-focused products by enhancing nutrition, value, affordability and trust, while making ongoing improvements based on feedback and innovation.



SUPPLIERS AND BUSINESS PARTNERS

| Key Deliverable | Key Concerns and Our Response | Method of Engagement |
|---|---|---|
| 03 Minimum registered suppliers for critical materials (2023/24: 03) 500+ Active registered suppliers (2023/24: 500+) 100% Quality Assurance Supplier Compliance Rate (2023/24: 100%) 93% Supplier payments through online channels (2023/24: 34%) | <ul style="list-style-type: none"> Building strong partnerships and collaborating effectively with suppliers and business partners Optimizing operations, expanding reach and achieving long-term growth and success in the market Ensuring timely settlements and maintaining strong relationships with suppliers and business partners Upholding trust and maintaining integrity in business dealings Promoting transparency, ethical practices and long-term partnerships Strengthening the supplier and partner network <p>More information: Social and Relationship Capital - Page 112</p> | <ul style="list-style-type: none"> Supplier screening and procurement process Business meetings Engaging in negotiations Creating awareness and engaging with suppliers Contracts and agreements Technology integration Supply chain transparency Full settlement of dues |

Strategic Direction

Building ethical and transparent partnerships with suppliers and business partners, grounded in trust and operational efficiency, to support long-term mutual success.



GOVERNMENT AND REGULATORY BODIES

| Key Deliverable | Key Concerns and Our Response | Method of Engagement |
|--|---|--|
| Rs. 1,502.9 Mn Total duty and tax payments (2023/24: Rs. 1,152.7 Mn) | <ul style="list-style-type: none"> Complying with relevant laws and regulations and practicing good corporate governance Adhering to applicable laws and regulations to demonstrate commitment to ethical conduct and responsible operations Implementing best corporate practices to promote transparency, accountability and sound decision-making Fulfilling tax obligations and making timely payments and completeness Committing to compliance by following directives and circulars appropriately to adhere to regulatory guidelines Promoting transparency, minimizing risks and upholding legal responsibilities | <ul style="list-style-type: none"> Regulatory filings and compliance reporting Directives and circulars Formal correspondence and reporting Transparency and disclosure practices Adherence to ethical standards and codes of conduct |
| 10 Compliance certifications maintained (2023/24: 8) | | |
| 100% Due taxes paid (2023/24: 100%) | | |
| 100% Tax returns filed (2023/24: 100%) | More information: Social and Relationship Capital - Page 116 Financial Capital - Page 70 Corporate Governance - Page 162 | |

Strategic Direction

Upholding integrity through strict compliance with laws, regulations and governance standards while ensuring transparency, accountability and responsible operations.



COMMUNITIES AND ENVIRONMENT

| Key Deliverable | Key Concerns and Our Response | Method of Engagement |
|---|---|---|
| 117 No. of new staff recruits (2023/24: 82) | <ul style="list-style-type: none"> Mitigating social and environmental damage through effective planning and monitoring operations Making corporate contributions to the community Actively addressing social and environmental impact with a commitment to sustainability Implementing waste and paper recycling Adopting eco-friendly practices and prioritizing energy efficiency Contributing to environmental sustainability and resource conservation Committing to reducing the ecological footprint Conserving resources and reducing greenhouse gas emissions Contributing to a greener and more sustainable future | <ul style="list-style-type: none"> Environmental impact assessments and mitigation strategies Community projects and CSR programmes Social media and corporate website |
| 07 Individual contractors engaged (2023/24: 07) | | |
| 05 No. of community engagement activities (2023/24: 21) | | |
| | More information: Social and Relationship Capital - Page 114 | |

Strategic Direction

Promoting sustainability by using resources responsibly, adopting eco-friendly practices and supporting community initiatives to reduce environmental impact.

IDENTIFYING MATERIAL MATTERS AND CONDUCTING MATERIALITY ASSESSMENTS

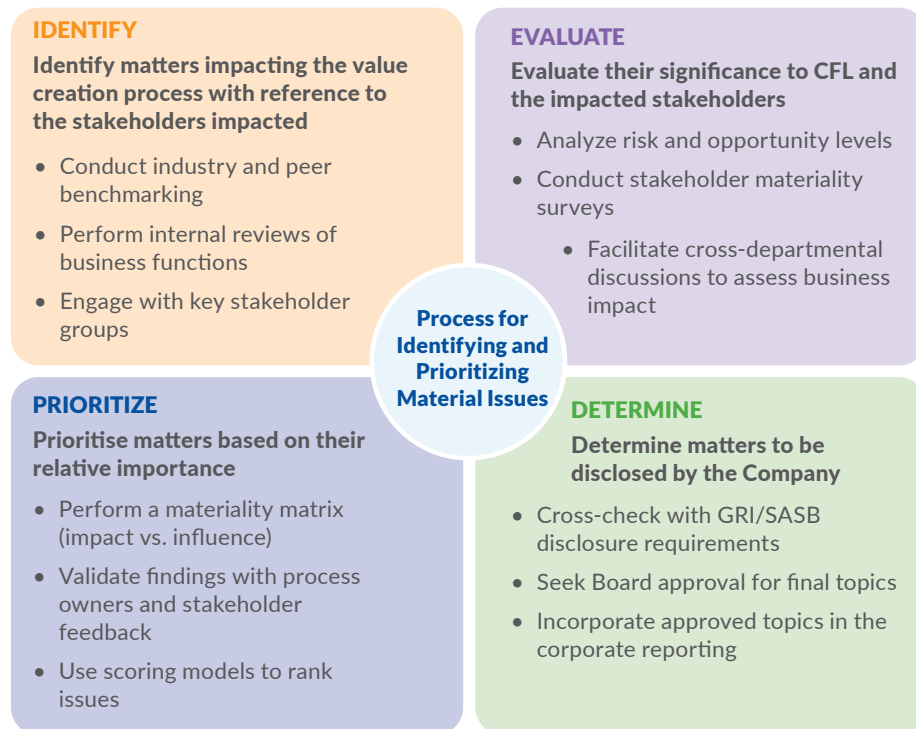
IDENTIFYING MATERIAL MATTERS

Our materiality assessment aligns with the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) frameworks and the Financial Reporting Framework helping us address Environmental, Social and Governance (ESG) priorities as well as stakeholder expectations. This structured approach ensures we identify key concerns, prioritize initiatives and allocate resources effectively. By integrating stakeholder perspectives with global standards, we strengthen our ability to manage sustainability challenges and create long-term value through informed, transparent and responsible decision-making.

OUR PROCESS TO IDENTIFY MATERIAL TOPICS

At CFL, material topics are identified through a process integrated across our operations. Guided by reporting principles, we combine stakeholder input, feedback and reviews to assess ESG impacts, prioritise key issues and support informed, value-driven strategic decisions across our value chain.







The process for identifying and prioritizing material issues are as follows:











MATERIALITY ASSESSMENT



At CFL, strategy execution is guided by eight (8) material matters that drive sustainable value creation.

| 1. Sustainable Financial Performance | | Impact – Critical | |
|--|-------------------|---|---|
| Generation of sustainable financial performance | | Risk of high volatility in shareholder return in the current business environment | |
| Focus | | Resource Allocation | Key Result Areas (KRAs) |
| Achieving financial results and targets <ul style="list-style-type: none"> Revenue achievement Gross profit margin Net profit margin Operating profit Net finance cost/income Net profit | UNSDGs | Please refer to Financial Capital on Page 69 | <ul style="list-style-type: none"> Growth in revenue 8.5% (2023/24: -21.7%) GP margin 34.9% (2023/24: 25.4%) NP margin 9.5% (2023/24: 3.6%) OP Rs. 821.3 Mn (2023/24: Rs. 397.5 Mn) Net finance income Rs. 128.6 Mn (2023/24: Net finance cost Rs. 29.2 Mn) Profit after tax Rs. 647.2 Mn (2023/24: Rs. 226.7 Mn) |
| Continued KPI-based performance rewards to drive results | | Capitals Impacted: | |
| Strengthened risk management to support drive performance | | Pages: 68-75 | |
| Maintained a strong financial position to support long term sustainability | | | |

| 2. Sustainable Manufacturing Methods | | Impact - Significant | |
|---|--|--|---|
| Development of sustainable manufacturing methods | | Minimizing negative environmental and social impacts from business activities | |
| Focus | | Resource Allocation | Key Result Areas (KRAs) |
| <ul style="list-style-type: none"> Waste management Energy conversion and carbon footprint Water management Emission management Explore packaging transition solutions Manage climate-related risks and opportunities Planet positive action Digital transformation initiatives | <p>UNSDGs</p>  | <p>Please refer to Natural Capital on Page 119 and Manufactured Capital on Page 77</p> <p>Capitals Impacted:</p>  <p>Pages: 76-82 Pages: 117-124</p> | <ul style="list-style-type: none"> Energy intensity reduction 5% Total CO₂ Emission reduction 4% |
| 3. Diverse, Employee Health & Engagement | | Impact - High | |
| Availability of an increasingly engaged, diverse and capable workforce | | Mitigate challenges of workforce capabilities | |
| Focus | | Resource Allocation | Key Result Areas (KRAs) |
| <ul style="list-style-type: none"> Talent acquisition and retention Incidents, complaints and severe human rights impacts and incidents Share of women as a % of total workforce Total training hours delivered Employee engagement Minimize workplace hazards | <p>UNSDGs</p>  | <p>Please refer to Human Capital Section on Page 84</p> <p>Capitals Impacted:</p>  <p>Pages: 83-96</p> | <ul style="list-style-type: none"> Employee retention 98% (2023/24: 98%) Incidents, complaints and severe human rights impacts and incidents 0% (2023/24: 0) Share of women as a % of total workforce: 14.3% (2024: 14.0%) Total training hours delivered: 6,690 (2023/24: 6,900) Investment in training increased by 16% and training hours by 3% 7 occupational health and safety initiatives |
| 4. Brand Building and Certification | | Impact - Critical | |
| Following customer trends, changing patterns and benchmark our products against international brands | | Ability to serve the consumers' needs and create value | |
| Focus | | Resource Allocation | Key Result Areas (KRAs) |
| <ul style="list-style-type: none"> Market share Brand awareness and consumer reach Convenient products Brand perception and equity Brand engagement and experience Labelling and regulatory compliance | <p>UNSDGs</p>  | <p>Please refer to Intellectual Capital on Page 98 and Social and Relationship Capital on Page 108</p> <p>Capitals Impacted:</p>  <p>Pages: 97-106 Pages: 107-116</p> | <ul style="list-style-type: none"> Maintained 39% market share for Lankasoy 55% Sera liquid coconut milk market share (modern trade) 20% Sera (spices) household penetration 37% Nutriline market share (modern trade) 13% Tetos market share (modern trade) |

IDENTIFYING MATERIAL MATTERS AND CONDUCTING MATERIALITY ASSESSMENTS

| 5. Consumer Expectations | | Impact - Critical | |
|--|--|--|--|
| Dependent on garnering a wide consumer base by offering competitive offers to achieve consumer requirements | | Ability to improve consumer satisfaction and create brand loyalty | |
| Focus | | Resource Allocation | Key Result Areas (KRAs) |
| <ul style="list-style-type: none"> Food with purpose Product quality and consistency Consumer satisfaction and loyalty Speed and convenience Value and relevance Customer feedback Consumer insights and market trends Product innovation | UNSDGs  | Please refer to Intellectual Capital on Page 98 and Social and Relationship Capital on Page 108 Capitals Impacted:  Pages: 107-116  Pages: 97-106 | <ul style="list-style-type: none"> Consumer reach <ul style="list-style-type: none"> Lankasoy: 4 Mn Sera smart kitchen: 5 Mn Nutriline: 4 Mn Tetos: 3 Mn Rs. 9 Mn spent on digital engagement 167 field sales staff 10 compliance certifications |
| 6. Sound Corporate Governance, Internal Controls and Risk Management | | Impact - Significant | |
| Availability of strong corporate governance, internal controls and risk management practices | | Mitigating impacts on reputational risk and financial losses | |
| Focus | | Resource Allocation | Key Result Areas (KRAs) |
| Good governance <ul style="list-style-type: none"> Accountability and transparency Code of conduct compliance Compliance Internal controls <ul style="list-style-type: none"> Segregation of duties Internal process compliance Risk management <ul style="list-style-type: none"> Risk assessment, identification, quantification, mitigation and control Digitization - data privacy and cyber security <ul style="list-style-type: none"> Incident monitoring IT helpdesk Security systems | UNSDGs    | Please refer to Page 126 in Corporate Governance and Page 165 on Integrated Risk Management Sections Capitals Impacted:  Pages: 97-106  Pages: 107-116 | <ul style="list-style-type: none"> 0 whistle-blowers cases reported and solved 0 anti-harassment helpline cases reported and solved 5 audits on management systems 0 major non-compliances in management systems 4 Board meetings held 11 Board Committee meetings 3/8 Directors on the Board are independent |

| 7. Community Involvement | | Impact - High | |
|--|---|---|--|
| Adaptation of strategic approach towards sustainability and strives to embed the principles of sustainability into its strategic agenda and daily operations | | Ability to recognize the organization as a socially responsible entity | |
| Focus | | Resource Allocation | Key Result Areas (KRAs) |
| <ul style="list-style-type: none"> Tax compliance Alignment with SDGs Nutritious food Carbon or environmental impact reduction Empowering communities | UNSDGs     | Please refer to Social and Relationship Capital on Page 108 Capitals Impacted:  Pages: 107-116 | <ul style="list-style-type: none"> 5 community development programs Rs.451 Mn income tax and SSCL payments to government 117 job opportunities created during the year Rs.1.6 Mn investment in social initiatives 7 individuals contracted for fixed services |
| 8. Product Quality and Innovation | | Impact - Significant | |
| Creation of a center of innovation and greater balance in its product portfolio with food quality and certification | | Ability to meet consumer expectations for quality standards and food safety | |
| Focus | | Resource Allocation | Key Result Areas (KRAs) |
| <ul style="list-style-type: none"> Responsible sourcing Compliance with certifications Accurate labeling New product development | UNSDGs  | Please refer to Intellectual Capital on Page 98 Capitals Impacted:  Pages: 97-106  Pages: 107-116 | <ul style="list-style-type: none"> 2 new compliance certifications obtained during the year 5 audits on management systems 0 major non-compliances in management systems 10 compliance certifications |



FINANCIAL CAPITAL



HIGHLIGHTS

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 08 - Decent Work and Economic Growth



- Income tax, VAT and SSCL contribution to national economic growth Rs.1.50 Bn during the year.
- Timely and accurate payment of other direct and indirect taxes and duties.
- Promoting fair wages and timely disbursement of Rs.938.04 Mn.
- Payment of bonuses to encourage the employees.
- Invested Rs.8.78 Mn in employee training and development to enhance skills and productivity.

SDG 09 - Industry, Innovation and Infrastructure



- Property, Plant and Equipment additions during the year Rs.28.1 Mn.
- Investment decisions to acquire and development Rs.0.14 Mn in building, Rs.20.47 Mn in machinery, Rs.1.38 Mn in furniture fittings and fixtures and Rs.6.09 Mn in tools and equipment.
- Invested Rs.27.29 Mn in research and development projects (including R&D staff employee remuneration) that drive innovation and technological advancements.

Financial Capital Value Creation

01. Resources

- 1.1 Capital structure
- 1.2 Asset base and funding profile
- 1.3 Working capital and trade credit
- 1.4 Credit and financing facilities arrangements
- 1.5 Investments
- 1.6 Internal operating cashflows

1. RESOURCES

1.1 Capital Structure: Equity-rich Financial Foundation

CFL maintained a strong, fully equity-financed capital structure with no interest-bearing debt.

1.2 Asset Base and Funding Profile: Strengthened Asset Position Year-On-Year

Asset Base

The Company's financial position strengthened with 31.9% asset growth to Rs.4.71 Bn, mainly driven by an investment of Rs.1.06 Bn in short-term deposits from positive cash flows. Despite a 57.3% rise in liabilities due to leases and payables, net current assets and resource optimization supported continued value creation.

Funding Profile

The Company is fully equity-funded with no external debt, relying solely on internal resources and profits for growth, highlighting the financial strength and resilience to sustain and accelerate future expansion.

02. Activities

- 2.1 Budgeting and financial planning
- 2.2 Capital allocation to operations
- 2.3 Working capital management
- 2.4 Management of investments
- 2.5 Management of cash flows and liquidity position
- 2.6 Management of tax impact
- 2.7 Risk management and financial controls

| Year | Shareholders' Funds (Rs. Mn) | Borrowings (Rs. Mn) |
|------|------------------------------|---------------------|
| 2021 | 1,714 | - |
| 2022 | 2,076 | - |
| 2023 | 2,440 | 1,040 |
| 2024 | 2,649 | - |
| 2025 | 3,260 | - |

1.3 Working Capital and Trade Credit: Strengthening Liquidity Through Working Capital Discipline

At year-start, the Company held Rs.2,850.3 Mn in current assets against Rs.707.4 Mn current liabilities. By the end of the year, current assets rose 37.2% to Rs.3,909.5 Mn, boosting net working capital and maintaining a current ratio above 3, reflecting short-term financial stability and effective resource management.

1.4 Credit and Financing Facilities Arrangements

The Company has secured credit facilities with five leading Sri Lankan commercial banks to support short-term borrowing and imports.

Further, the Company maintains trusted relationships with over 500 active suppliers who enable sourcing materials and supplies on a credit basis.

03. Outputs and Outcomes

- 3.1 Financial performance and return on investment
- 3.2 Sustained and improved cash flow
- 3.3 Shareholder value creation (dividends and share price appreciation)
- 3.4 Sustainable financial position
- 3.5 Working capital outcome

1.5 Investments: Liquid Portfolio Driving Interest Income

Short-term fixed deposits, already substantial at the year's start, doubled from Rs.963.88 Mn to Rs.2,027.88 Mn by year-end. This investment of surplus cash boosted interest income to Rs.139.41 Mn, significantly contributing to the Company's highest-ever profit before tax.

1.6 Internal Operating Cash Flows: Resilient Operating Cash Stream Demonstration

The Company generated strong operating cash flows amounting to Rs.1,057.6 Mn, reflecting healthy profitability and efficient operational management. Profit before tax more than doubled to Rs.949.9 Mn from Rs.368.3 Mn, supported by higher operating profits and attentive cost controls.

2. ACTIVITIES

2.1 Budgeting and Financial Planning

The Company establishes clear financial goals aligned with its strategic objectives and analyses historical data to identify trends and inefficiencies. Departmental heads actively contribute to creating realistic budgets. This activity forecasts revenues and costs, prepares budgets using cross functional inputs, assesses risks, regularly monitors KPIs and ensures effective communication and staff training throughout the process.

FINANCIAL CAPITAL

2.2 Capital Allocation to Operations

The Company evaluates operational capital requirements for production activities and operational improvements, prioritizing investments based on strategic value and risk. It develops detailed budgets, explores funding options and enforces the approval processes. Capital utilization is monitored and adjusted as needed to ensure alignment with the Company's overall strategy and operational objectives.

2.3 Working Capital Management

The Company monitors inventory days to minimize excess stock and improve operational efficiency. Customer credit policies and practices are monitored to accelerate collection of receivables, while supplier negotiations focus on securing extended payment terms to optimize outflows. Continuous efforts are made to shorten the cash conversion cycle through demand forecasting and product portfolio

rationalization. Key performance indicators are tracked through regular working capital reviews.

2.4 Management of Investments

The Company establishes clear investment objectives supported by defined approval criteria and ROI thresholds, ensuring alignment with strategic priorities. Capital expenditure is directed toward enhancing efficiency, driving innovation and supporting sustainability goals. Investment decisions are evaluated using metrics such as NPV, IRR and payback periods, with ongoing performance monitoring in place. ESG considerations are embedded in decision-making.

2.5 Management of Cash Flows and Liquidity Position

The Company enhances its cash flow management by implementing short-and long-term forecasting of inflows and

outflows, while optimizing receivables and payables. Adequate cash reserves were maintained to ensure financial stability and improved inventory turnover helped release locked-up capital. Discretionary spending was closely monitored and key liquidity ratios were regularly assessed to track financial health.

2.6 Navigating the Tax Landscape: Strategic Impact Management

The Company closely monitors changes in tax regulations and engages tax advisors to gain insights, where necessary. An emphasis is placed on ensuring timely and accurate tax compliance. Transfer pricing practices are maintained in accordance with applicable regulations. Comprehensive documentation and continuous staff training initiatives enhance internal tax awareness and support organization-wide compliance.

| Change in Taxes | Timeline | Impact on Our Business |
|--|-----------------------|--|
| Financial Year (Year of Assessment) 2023/24 | | |
| VAT rate increased from 15% to 18%, Removal of VAT Exempted Goods | From January 01, 2024 | All of our product margins were affected by a 3% increase due to VAT. Additionally, coconut milk products, which were previously exempt, are now impacted by 18% VAT increase. |
| Reduction of VAT and SSCL Registration Thresholds for Business | From January 01, 2024 | Intermediaries are liable to pay VAT and SSCL. The VAT threshold reduced to an annual turnover of Rs. 60 Mn (from Rs. 80 Mn) and Rs. 15 Mn per taxable period (from Rs. 20 Mn). |
| Financial Year (Year of Assessment) 2024/25: No significant impactful change | | |
| Financial Year (Year of Assessment) 2025/26: Expected to impact CFL as follows | | |
| Personal relief for individual income tax increased to Rs. 1.8 Mn per annum | From April 01, 2025 | Consumers' disposable income is expected to rise, leading to increased demand for products. |
| Advanced income tax on interest increased | From April 01, 2025 | The Company will incur an additional 5% withholding tax, which will be claimable as credit against corporate income tax. |

2.7 Safeguarding Success: Integrated Risk Management and Finance Controls

Risk management and financial controls are essential components of financial capital management. By identifying, assessing and mitigating financial risks and ensuring compliance with internal controls, the Company safeguards its assets and drives sustainable value creation. Please refer to our detailed Section on Risk Management in Pages 165-174.

3. OUTPUTS AND OUTCOMES

3.1 Financial Performance and Return on Investment

| Source | Unit | 2024/25 | 2023/24 | % |
|------------------------------|--------|----------|----------|-----|
| Revenue | Rs. Mn | 6,832.72 | 6,298.08 | 8 |
| Gross Profit | Rs. Mn | 2,381.67 | 1,601.28 | 49 |
| Operating Profit/EBIT | Rs. Mn | 821.27 | 397.48 | 107 |
| Net Finance Income/(Expense) | Rs. Mn | 128.64 | (29.19) | 541 |
| Profit Before Tax | Rs. Mn | 949.91 | 368.29 | 158 |
| Profit After Tax | Rs. Mn | 647.15 | 226.66 | 186 |
| Gross Profit Margin | % | 34.86 | 25.42 | 37 |
| Net Profit Margin | % | 9.47 | 3.60 | 163 |
| Earnings Per Share | Rs. | 235.33 | 82.42 | 186 |

This section reflects the Company's overall financial performance. It offers management and shareholders insights into how the strategies and efforts of the year have influenced the Company's profitability.

We focus on the areas below in our business operations.

- Financial Planning
- Financial Controls
- Continuous Improvement
- Investment Decisions, Financing Decisions and Working Capital Management

Revenue

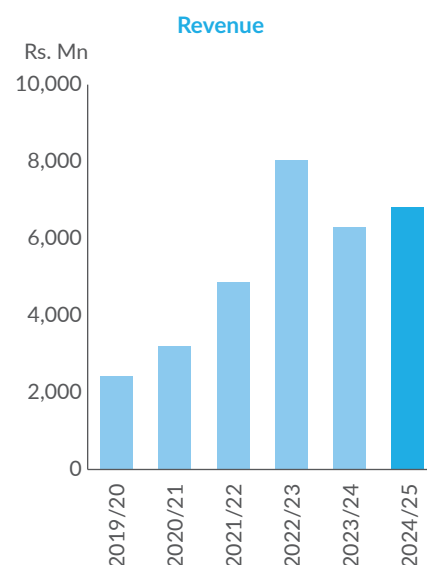
The Company recorded a total net revenue of Rs.6,832.72 Mn for the year, reflecting an 8.5% growth in value compared to the previous year.

Lankasoy generated 16% volume growth over last year, maintaining its position as the market leader in the soya meat category. The Company made efforts to ensure product availability nationwide, reaching all communities at affordable prices through our sales and distribution strategy. The Company maintained a pricing strategy for soya protein products to enhance affordability and gain sales volumes, while improving accessibility for a broader customer base.

Sera range sales grew by 55% in terms of value and contributed 25.9% to the sales value (2024: 18.1%).

The Snacks and Cereal categories accounted for 10.6% of total revenue, consistent weight with the previous year (2024: 10.6%). However, their sales value increased by 8.5% during the year.

Export revenue increased by 25.9%, while local sales made an 8.1% rise.



Gross Profit and Operating Profit

The increase in revenue and decrease in cost of sales boosted profit achievement for the year. The Company reported a total gross profit of Rs.2,381.67 Mn, reflecting a 48.7% increase compared to the previous year. The gross profit margin percentage increased to 34.9% (2023/24: 25.4%) indicating improved efficiencies in internal processes and successful sourcing negotiations. To address external challenges affecting performance, we implemented raw and packing materials sourcing strategies, including negotiating better prices with suppliers and diversifying our supplier base.

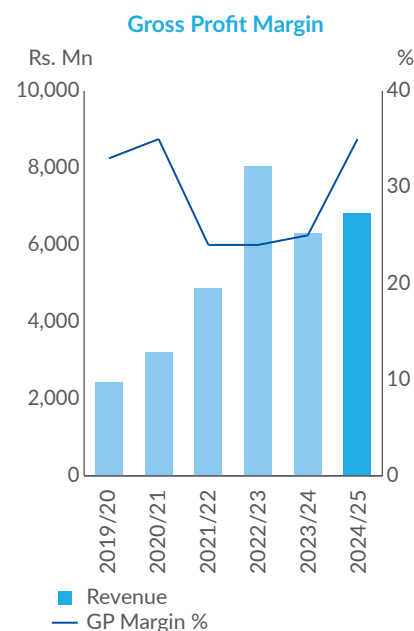
Operating profit showed substantial improvement during the year due to the improvement in gross profit.

A portion of the profit was allocated to enhance brand visibility and equity, aiming to support long-term revenue growth. This is reflected in the increase in selling and distribution expenses.

The increase in administrative costs includes variable performance-based payments such as employee incentives, bonuses tied to KPI-based performance schemes and provisions made for inventory.

FINANCIAL CAPITAL

Revenue vs. Gross Profit



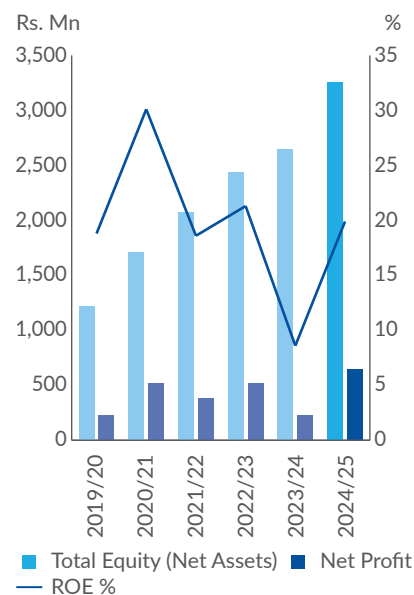
borrowings and overdrafts during 2023/24. As a result, net finance shifted from a Rs. 29.19 Mn expense to a Rs. 128.64 Mn income, marking a 540.7% improvement year-on-year.

Net Profit

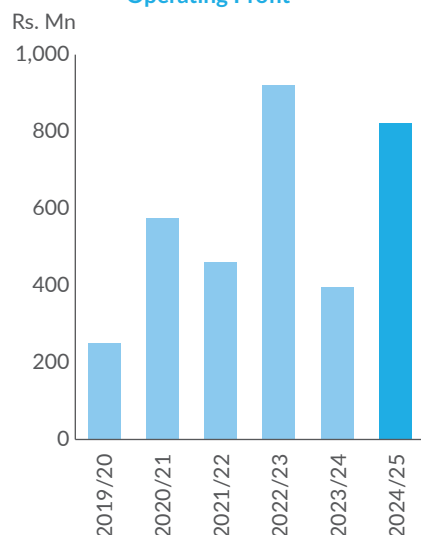
The Company delivered the highest bottom-line performance, with Profit After Tax (PAT) reaching Rs. 647.15 Mn, reflecting a growth of 185.5% compared to Rs. 226.66 Mn recorded in the previous year. The significant growth in gross profit and operating profit contributed directly to this improvement, further supported by the net finance income. Provisional income taxes reflected an effective rate of 32% (2023/24: 38%).

Earnings Per Share (EPS) also rose sharply to Rs.235.33, compared to Rs.82.42 in the prior year, a 185.5% increase.

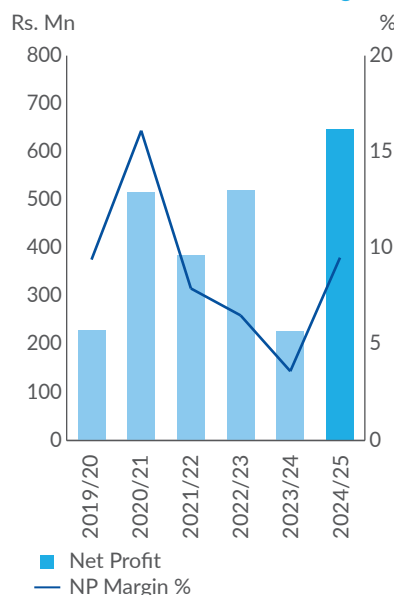
ROE



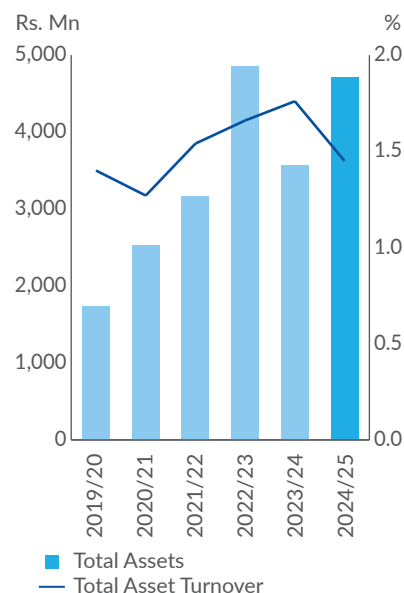
Operating Profit



Net Profit and Net Profit Margin



Total Assets Vs Total Asset Turnover



Net Finance Cost

In 2024/25, CFL recorded a 252.6% surge in finance income to Rs. 142.26 Mn (2023/24: Rs. 40.34 Mn), by investing surplus cash in short-term fixed deposits. Finance costs dropped by 80.4% to Rs. 13.62 Mn (2023/24: Rs. 69.53 Mn), with Rs. 13.52 Mn related to long-term lease interest, following the full settlement of

Return on Equity (ROE)

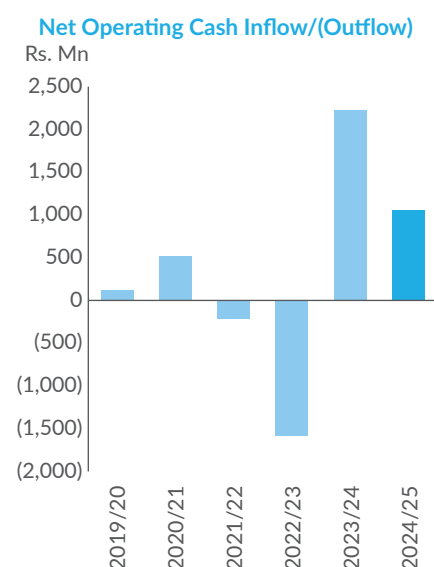
In 2024/25, the Company achieved a Return on Equity (ROE) of 19.85%, a significant increase from 8.56% in the previous year, reflecting enhanced efficiency in capital utilization. The growth resulted from the substantial increase in Profit After Tax (PAT) for the year.

3.2 Solid Cash Flow – A Pillar of Stability

The Company improved net cash flow from operating activities amounting to Rs.1.06 Bn in 2024/25, driven by solid profitability and stable working capital management. Despite increased income tax and gratuity payments, operating cash flows remained sound.

Strategic investments and controlled financing outflows were efficiently managed, resulting in a healthy year-end cash and cash equivalent balance of Rs. 203.98 Mn, a 58.4% increase from the previous year, underscoring sustained liquidity strength and prudent cash flow discipline.

Overall, the cash flow remained stable with minimal fluctuations, a trend expected to continue in the coming year.



3.3 Shareholder Value Creation

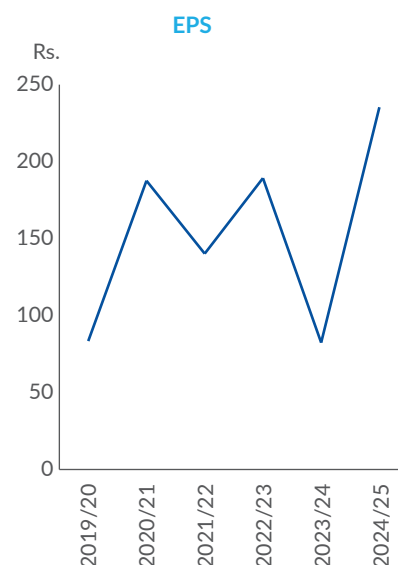
Earnings Per Share (EPS) and Dividend Per Share (DPS)

The Company announced a dividend of Rs.6.70 per share (DPS) for the financial year ending March 31, 2025, to be approved at the annual general meeting.

The Earnings per share increased by 185.5% to Rs.235.33 per share, from Rs.82.42 last year.

Performance of the Share

During the year, the highest trade share price was Rs.1,400.00 and the lowest trade share price was Rs.729.00. The year-end share price of the Company as of 31st March 2025 was Rs.1,278.25 per share as compared with the same period last year, which was Rs.920.00. CFL recorded a market capitalization value of Rs.3,515.19 Mn as of 31st March 2025, compared to Rs.2,530.00 Mn at the end of the previous financial year.



3.4 Sustainable Financial Position

| Extracts/Key Lines (Rs. Mn) | 2024/25 | 2023/24 | Change |
|--|----------|----------|--------|
| Property, Plant and Equipment | 564.13 | 609.26 | -7% |
| Total Non-Current Assets | 800.77 | 720.56 | 11% |
| Inventories | 634.03 | 885.04 | -28% |
| Short Term Investments | 2,027.88 | 963.88 | 110% |
| Cash and Cash Equivalents/(Overdrafts) | 203.98 | 128.79 | 58% |
| Total Current Assets | 3,909.47 | 2,850.31 | 37% |
| Total Assets | 4,710.25 | 3,570.87 | 32% |
| Total Equity | 3,259.79 | 2,648.57 | 23% |
| Total Non-Current Liabilities | 334.25 | 214.89 | 56% |
| Total Current Liabilities | 1,116.20 | 707.41 | 58% |

Total assets increased by 31.9%, rising from Rs. 3,570.87 Mn in 2023/24 to Rs. 4,710.25 Mn in 2024/25. This growth was driven by a 37.2% increase in current assets, primarily attributed to a 110.4% surge in short-term investments and a 58.4% increase in cash and cash equivalents.

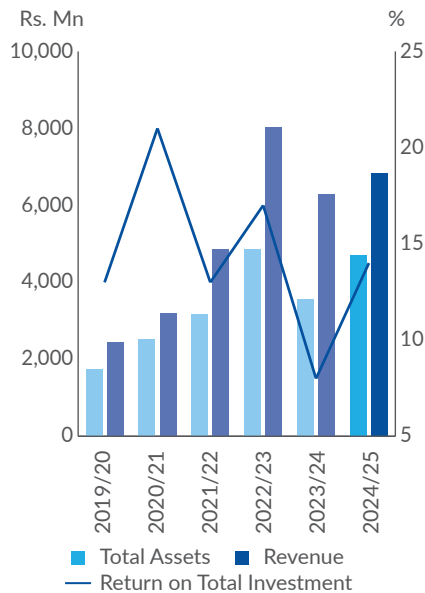
The Company also achieved a 28.4% reduction in inventories, improving inventory turnover and reducing holding costs, contributing to enhanced operational efficiency.

While stated capital, inclusive of equity reserves remained unchanged, retained earnings grew from Rs. 2,554.44 Mn to Rs. 3,165.66 Mn—marking a 23.9% increase. This growth was primarily driven by CFL recording its highest-ever net profit of Rs. 647.15 Mn in the 34-year history.

The current liabilities at the end of the year was mainly due to increased provisions made for bonuses, advertising and promotional expenses.

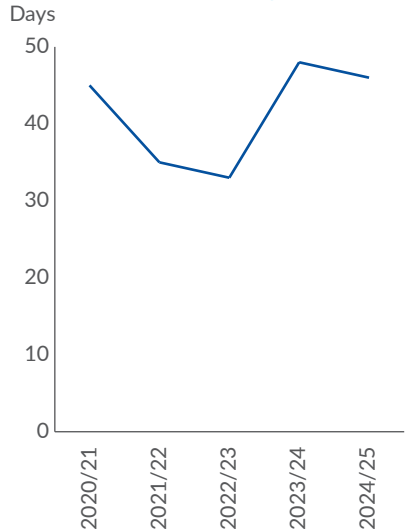
FINANCIAL CAPITAL

Return on Total Assets

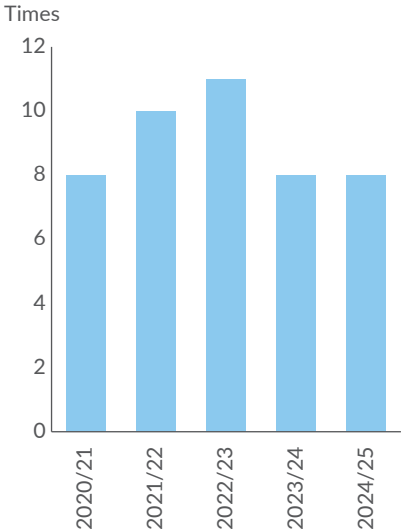


3.5 Working Capital Outcome

Days Sales Outstanding (DSO)



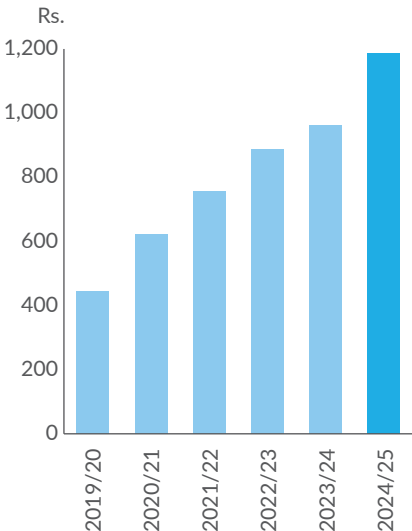
Debtor Turnover Times



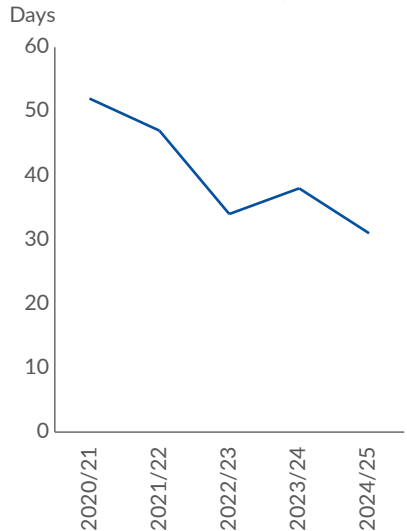
The Company's focused debtor strategy is reflected in the DSO, indicating effective customer credit control and timely collections.

In 2022/23, the Company recorded its highest-ever debtors' turnover with the fastest collections to date. Efforts are ongoing to maintain and improve this trend. A stable ratio reflects strong collection efficiency, customer focus and cash flow stability.

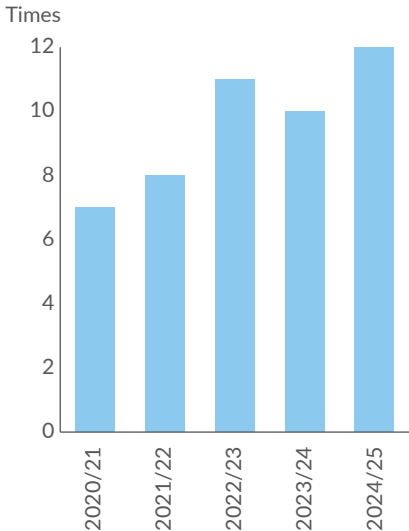
Net Asset Per Share



Days Payable Outstanding (DPO)

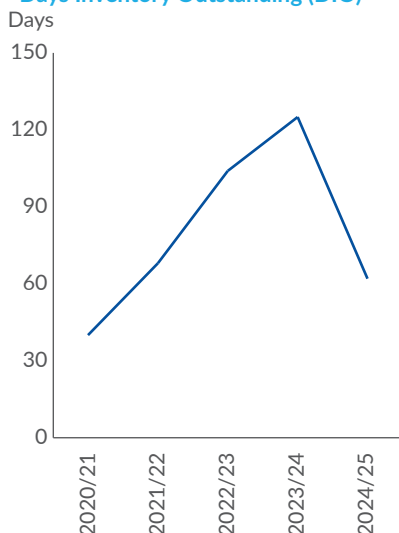


Creditor Turnover Times

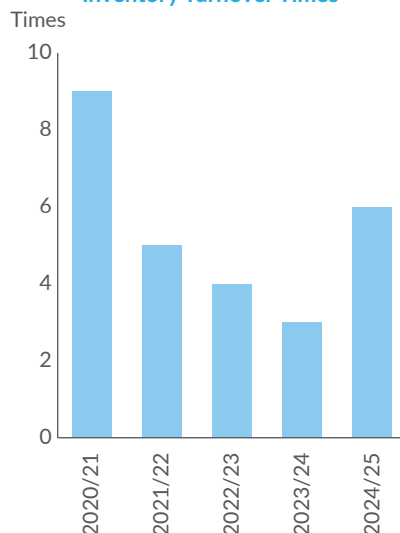


The Company maintains strong supplier relationships through timely payments and disciplined payables management. The drop in DPO from 52 to 31 days and rising creditor turnover signal faster settlements, improved liquidity and greater operational efficiency.

Days Inventory Outstanding (DIO)



Inventory Turnover Times

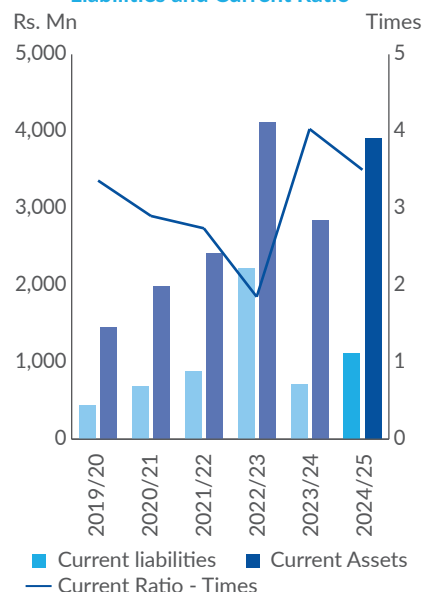


Improved inventory turnover and lower DIO in 2024/25 reflect strengthened working capital management and a more agile supply chain. This was supported by enhanced demand forecasting and inventory management strategies. The risk of obsolescence and holding cash in inventories has reduced over the years.

Total Current Assets, Total Current Liabilities and Current Ratio

Over the last two years, the Company's liquidity position remained strong, with the current ratio at 4.03 times in 2024 and 3.50 times in 2025. This was supported by a healthy current asset base of Rs. 2.9 Bn and Rs. 3.9 Bn, respectively, despite an increase in current liabilities in 2025. This reflects controlled short-term financial management and the Company's ability to comfortably meet the obligations.

Total Current Assets, Total Current Liabilities and Current Ratio





MANUFACTURED CAPITAL



HIGHLIGHTS

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 02 - Zero Hunger



- Over 4,000 MT of Lanka Soy protein food produced
- Over 290 MT of Cereal produced
- Over 1,100 MT of Spices produced
- Over 100 MT of Snacks produced

SDG 07 - Affordable and Clean Energy



- Energy intensity reduced by 4.7%
- Resource Efficiency and Cleaner Production (RECP) audits to identify the viable solutions
- Certified with ISO 50001:2018 Energy Management System

SDG 09 - Industry, Innovation and Infrastructure



- Property, plant and equipment value Rs.564.1 Mn
- Investment in infrastructure development (CAPEX) of Rs.28.1 Mn
- Investment in machinery installation Rs.20.4 Mn
- 2 new products introduced
- Investment in spice grinding machinery to minimize moisture

SDG 12 - Responsible Consumption & Production



- Providing mass scale affordable protein foods to nearly 3.3 Mn of population

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 13 - Climate Action



- Tracking and reporting Scope 1 and 2 emissions from manufacturing operations

DRIVING OPERATIONAL EXCELLENCE

Our Manufactured Capital comprises the physical infrastructure and assets that power our operations, which include factories, machinery, equipment, logistics vehicles and tools. We invested Rs.28.1 Mn in upgrading production infrastructure, machinery and supply chain capabilities. Through asset management and improvements, we continued to drive productivity, mitigate external pressures and deliver value to our stakeholders throughout the year. Key activities are as follows.

- Targeted Capital Investments

Continuous investment in manufacturing assets to enhance capacity, efficiency and product quality.

- Lifecycle Management

Monitoring and maintenance of assets, ensuring extended product life and reduced downtime. Annual physical asset verification is independently conducted by the Finance Department to confirm asset existence.

- Cost Optimization and Supplier Diversification

Replacing machine parts cost-effectively and fabricated alternatives to reduce maintenance costs. The supplier base was diversified to manage consistency and uninterrupted supply.

- Digital Integration

All assets are maintained in the SAP ERP asset register. Capital asset purchase approvals are processed via an e-form system, through a set workflow.

- Sustainability Alignment

Prioritized investments in energy-efficient and low-waste technologies, supporting the Company's overall environmental and cost saving strategies.

- Energy Management

Energy management procedures and systems were put in place to manage energy usage and reduce waste. The Company is certified under ISO 50001:2018, an internationally recognized standard that provides a framework for establishing, implementing, maintaining and improving an Energy Management System (EnMS).

- Employee Training

Conducted training programs to equip employees with the skills and knowledge required to meet future needs whilst including KPIs to drive training compliance.

Manufactured Capital Value Creation

01. Resources

- 1.1 Manufacturing facilities
- 1.2 Machinery and equipment
- 1.3 Supply chain and distribution networks
- 1.4 Infrastructure
- 1.5 Energy and utility systems
- 1.6 Technology platforms

02. Activities

- 2.1 Capacity enhancement
- 2.2 Efficient production systems
- 2.3 Manufacturing methods
- 2.4 Network and distribution
- 2.5 Maintaining productivity
- 2.6 Overseas network expansion
- 2.7 Ensuring health and safety
- 2.8 Quality assurance and safety compliance
- 2.9 Waste management initiatives

03. Outputs and Outcomes

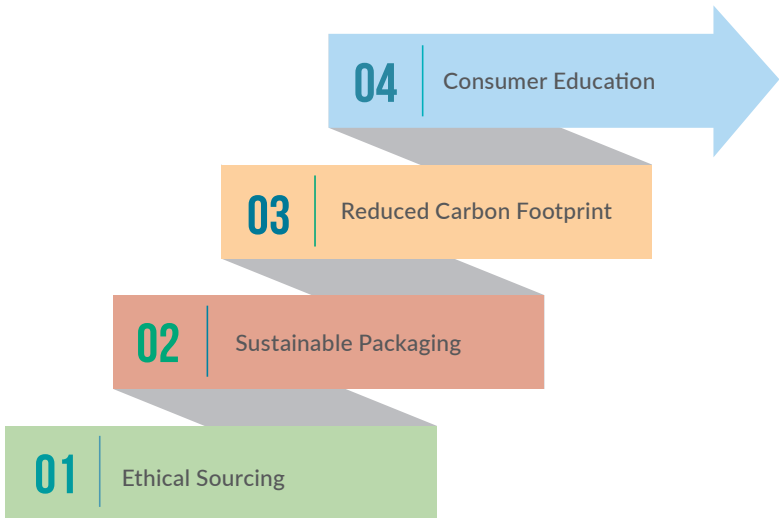
- 3.1 Increased production efficiency
- 3.2 Enhanced product quality
- 3.3 Optimized cost management
- 3.4 Reduced operational downtime
- 3.5 Extended asset lifespan
- 3.6 Strengthened market position
- 3.7 Improved sustainability metrics
- 3.8 Diversified product portfolio
- 3.9 Consumer satisfaction
- 3.10 Operational excellence/ Overall Equipment Effectiveness (OEE)

MANUFACTURED CAPITAL

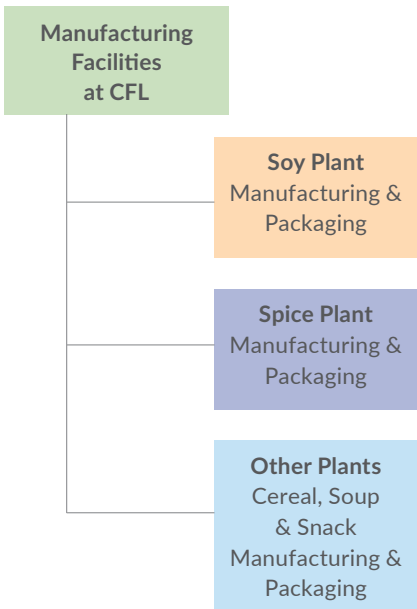
During the financial year, the Company continued to upgrade and maintain the manufacturing facilities to align with current and future demands. The funds spent on Manufactured Capital for 2024/25 were managed within the approved budget values in terms of new additions and maintenance while the budget for 2025/26 was approved in March 2025.

The Company plans to invest in and improve the existing manufactured capital in the near future, which is supported by the short-term investment reserves.

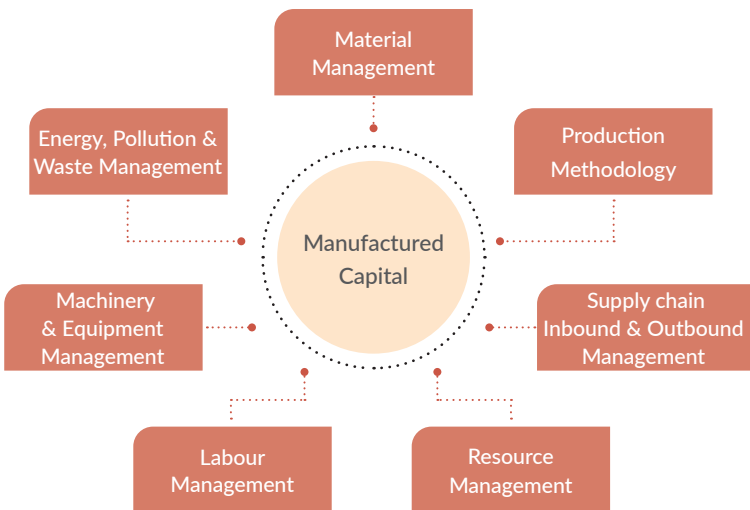
SUSTAINABLE MANUFACTURING OUTLOOK



1. RESOURCES Strengthening Our Manufacturing Capabilities



OUR MANUFACTURED CAPITAL APPROACH



| Manufacturing Facilities | | 2024/25 | 2023/24 | 2022/23 | Change % (24/25 and 23/24) |
|---|--------|---------|---------|---------|-------------------------------|
| Property, Plant and Equipment (PPE) at NBV | Rs. Mn | 564 | 609 | 620 | -7 |
| Property, Plant and Equipment (PPE) at Cost | Rs. Mn | 1,181 | 1,175 | 1,119 | 1 |
| Capital Expenditure | Rs. Mn | 28 | 88 | 85 | -68 |
| Depreciation of PPE | Rs. Mn | 93 | 93 | 78 | 0 |

1.1. Manufacturing Facilities

Ensuring that manufacturing facilities remain efficient and aligned with the latest technology is crucial to succeeding in the FMCG sector. CFL's manufacturing and warehousing facilities are developed to ensure efficiency, scalability and product quality.

The Sera Spices range was introduced following an investment in a state-of-the-art spice processing facility equipped with modern technology in the financial year 2021/22.

1.2. Machinery and Equipment

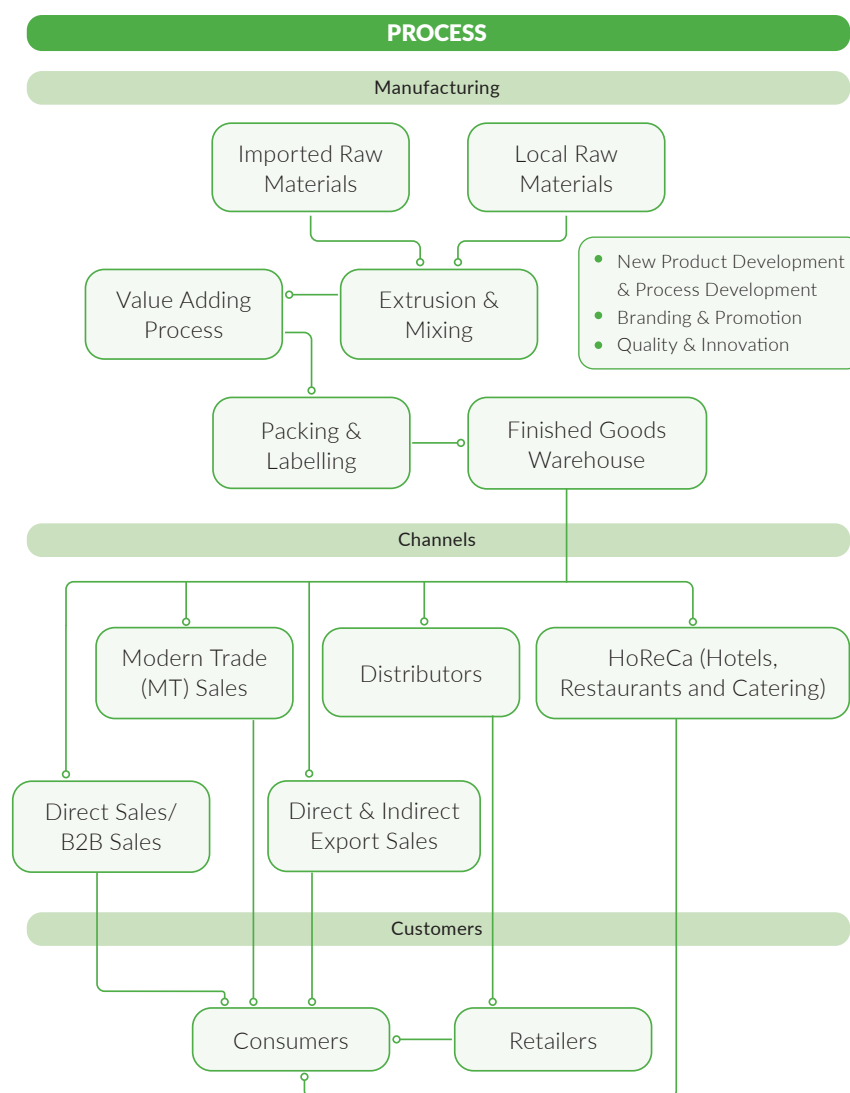
In our pursuit of operational excellence, we prioritize the regular maintenance and timely upgrading of equipment to ensure optimal performance, reliability and compliance with evolving industry standards.

During the year, CFL invested a total of Rs.20.5 Mn in the replacement of existing machinery.

1.3. Supply Chain and Distribution Networks

CFL's supply chain and distribution networks support the manufactured capital, enabling the efficient, timely flow of materials and products. They support production continuity, reduce lead times and enhance responsiveness to market demand, contributing directly to operational efficiency and value creation.

SUPPLY CHAIN PROCESS AND DISTRIBUTION NETWORK



MANUFACTURED CAPITAL

1.4. Infrastructure

The Company prioritizes energy-efficient and responsible manufacturing practices to reduce its carbon footprint. Manufactured capital assets and investments incorporate energy efficient systems and waste management solutions during implementation to enhance resource efficiency and ensure regulatory and sustainability compliance.

1.5 Energy and Utility Systems

The Company uses electricity, furnace oil, diesel and Liquefied Petroleum Gas (LPG) as energy sources to run the manufacturing process. Please refer to Natural Capital Page 119 for further details.

1.6 Technology Platforms

The Company leverages the SAP ERP system to support production management, including production planning, material requirement planning, usage monitoring and performance reporting. This enables data-driven decision-making and real-time visibility across the value chain.

2. ACTIVITIES

2.1 Capacity Enhancement

CFL's manufacturing facility located in Ratmalana occupies a space of over 55,000 square meters. As the Company expands its product range and market reach, enhancing and efficiently utilizing production capacity remains a key focus.

New investments and additions to the asset base during 2024/25 were as follows.

| Assets | Value (Rs. Mn) |
|--------------------------------|----------------|
| Factory Buildings | 0.14 |
| Plant and Machinery | 20.47 |
| Factory Equipment | 6.09 |
| Computers | 1.27 |
| Other Intangible Assets | 3.12 |
| Furniture and Office Equipment | 0.11 |

2.2 Efficient Production Systems

The manufacturing facility in Ratmalana is fully equipped with machinery and tools that support the entire product lifecycle from raw material intake to the final packaging of finished goods. Systematic production methods help improve product quality, uphold food safety and enhance factory productivity and cost-efficiency.

Initiatives were implemented during the year to enhance operational performance, including the following:

- Cost-saving measures were introduced to reduce overall production expenditure
- Waste reduction strategies were adopted, following the Resource Efficiency and Cleaner Production (RECP) assessment and its subsequent implementation
- Efficiency in spice processing was improved through enhancements in the chilli drying process, resulting in better throughput and quality
- Local sourcing of machine parts replaced selected imported components, effectively lowering procurement costs and reducing lead times

2.3 Manufacturing Methods

CFL continues to contribute eco-friendly practices that optimize energy, material and water use while minimizing environmental impact. Towards this goal, CFL focused efforts on key sustainability initiatives:

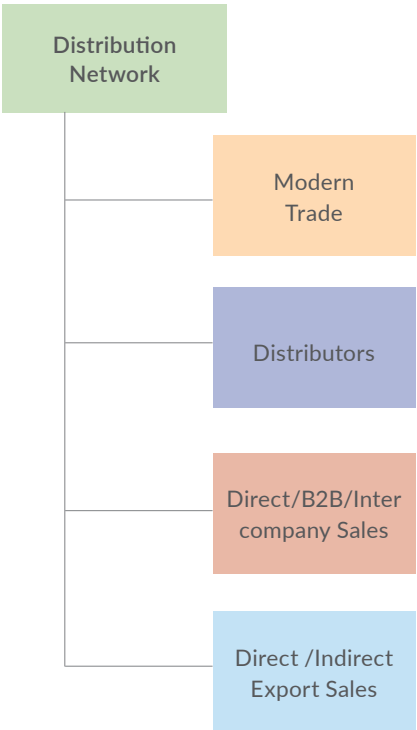
- Adoption of the 3R principles (Reduce, Reuse, Recycle), which form the foundation of our waste management strategy. Material flows and energy consumption have been optimized to reduce waste generation
- Implementation of Key Performance Indicators (KPIs) for waste and efficiency metrics for improvements in safety performance, product quality and cost management

- Investment in employee training and awareness builds a culture that prioritizes safety and quality

Please refer to Pages 119-124 for details on energy usage and waste generated.

2.4 Network and Distribution

Timely product delivery and market responsiveness through a structured distribution network have helped CFL remain competitive. These networks, built on trusted partnerships, play a vital role in bridging the gap between production and consumers.



The Company implemented initiatives to strengthen the integration between manufacturing and distribution which include:

- **Integrated Manufacturing Facilities:** The operation of three specialized manufacturing plants dedicated to soy, snack and spice products enabled focused production and consistent quality output

- **Optimized Material Handling:**
Upgraded systems for internal material movement and packaging ensured a smooth transition from production to dispatch, reducing lead times

- **Country-wide Spread Distribution Network:**

CFL sustained a reliable distribution framework throughout the country, supported by a network of established intermediaries, ensuring prompt delivery to retail outlets and direct consumers

- **Expansion of Export Channels:**
Strengthened collaboration with international partners and distributors enabled improved logistics efficiency

2.5 Maintaining Productivity

During the year, the Company enhanced productivity through investments in technology, lean practices and structured employee engagement.

Key initiatives towards maintaining productivity include:

- **Process Automation:**
Automation of key production lines, including the chilli drying process, significantly reduced manual intervention and enhanced production consistency
- **Increasing ERP System Utilization:**
The increased usage of ERP system improved real-time visibility across the supply chain, streamlined coordination between production and logistics teams and enhanced data-driven decision-making
- **Employee Development and Engagement Enhancement:**
Employee collaboration in productivity enhancement was a key focus during the year, engaging employees through awareness, training, KPI setting, rewards and recognition

Supplementing these efforts, CFL continued to rely on the policies below to manage and monitor productivity:

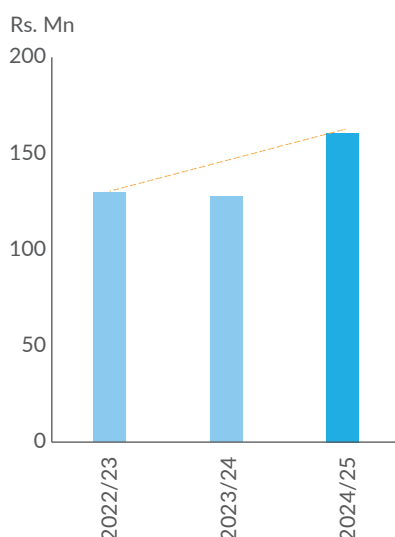
Policies Towards Increased Productivity

| Policy Implemented and Followed | Impact Created |
|---------------------------------|---|
| Kaizen | <ul style="list-style-type: none"> • Continuous improvement and cross-functional teams' input • Empowering employees with responsibility and accountability, they actively engage in projects |
| Lean Manufacturing Principles | <ul style="list-style-type: none"> • Eliminating non-value-adding activities • Minimizing waste and overproduction • Improving management of inventory, defects, over-processing, etc. |
| Total Productive Maintenance | <ul style="list-style-type: none"> • Increase in machine utilization and performance |
| Key Performance Indicators | <ul style="list-style-type: none"> • Set periodic goals to guide production and improve efficiency |
| Progress Review Meetings | <ul style="list-style-type: none"> • Structured performance review to assess progress in production • Targets are set, analysed and corrective actions are taken if necessary |

2.6 Overseas Distribution Network Expansion

During the year, CFL made efforts to strengthen international distribution. CFL grew exports through a wider network of export partners.

Export Sales



2.7 Ensuring Health and Safety

We place great value on the health and safety of our manufacturing workforce. We regularly conduct health and safety initiatives across the organization, ensuring a culture of safety.

The Company's Occupational Health and Safety (OHS) committees engage with the manufacturing staff regularly to ensure workplace safety and health. The committees actively engage with employees to identify potential hazards, implement preventive measures and ensure adherence to established safety protocols.

To ensure the development of a safety-conscious culture, OHS related Key Performance Indicators (KPIs) have been integrated into employee performance evaluations.

Please refer to Page 94 of Human Capital for employee health and safety details.

MANUFACTURED CAPITAL

2.8 Quality Assurance and Safety Compliance

Quality assurance and safety compliance are integral to our manufacturing operations and a core value across CBL Group which ensures all products meet stringent quality standards and regulatory requirements.

Regular audits, process controls and continuous improvements help maintain consistency, safety and consumer trust.

Please refer to Page 104 in Intellectual Capital for further details.

2.9 Waste Management Initiatives

Waste reduction initiatives focus on minimizing production waste through improved process controls and responsible disposal practices. These efforts support environmental compliance and contribute to the Company's broader sustainability goals.

Please refer to Page 56 in Sustainability Metrics and Targets of the Company.

3. OUTPUTS AND OUTCOMES

| | Output | Details |
|---|---|---|
| 3.1 Increased Production Efficiency | Higher output with reduced resource consumption | <ul style="list-style-type: none"> Gross profit margin improved to 35% (2023/24: 25%), with reference to efficiency in production and procurement |
| 3.2 Enhanced Product Quality | Consistent, safe and nutritious food offerings | <ul style="list-style-type: none"> There were no recorded significant breaches during the year (2023/24: Nil) Adherence was maintained with 10 compliance certifications (2023/24: 8) |
| 3.3 Optimized Cost Management | Reduced operational costs through process efficiencies | <ul style="list-style-type: none"> Optimized machine and facility use Reduced cost of products enabled price reductions to make them affordable to more consumers Improved overall cost of production |
| 3.4 Reduced Operational Downtime | Ability to meet the production targets set during the year | <ul style="list-style-type: none"> 20% reduction in downtime recorded in 2024/25 compared to previous year |
| 3.5 Extended Asset Lifespan | Reduced asset obsolescence and increased return on initial investment over the time | <ul style="list-style-type: none"> Improved output with the existing assets base (with a 2.4% increase in assets' cost) |
| 3.6 Strengthened Market Position | Wider distribution network and improved brand presence | <ul style="list-style-type: none"> Brand positioning and market share maintained 39% for soya Sera range doubled the volumes Nutriline and Coconut milk market share was improved |
| 3.7 Improved Sustainability Metrics | Lower carbon footprint and higher resource efficiency | <ul style="list-style-type: none"> Lowered carbon emissions by 4% Energy intensity reduced by 4.7% Increased efficiency of production Obtained ISO 50001:2018 certificate for Energy Management Systems |
| 3.8 Diversified Product Portfolio | Ability to deliver different product mixes to facilitate the market demand | <ul style="list-style-type: none"> 101 SKU s maintained (2023/24: 104) |
| 3.9 Consumer Satisfaction | Sales growth through customer satisfaction | <ul style="list-style-type: none"> Sales revenue growth 8.5% Sales volume growth 4.7% Customer impressions through social media: 103 Mn |
| 3.10 Operational Excellence/ Overall Equipment Effectiveness (OEE) | Enhanced utilization of manufacturing assets, reflecting higher availability, performance and quality | <ul style="list-style-type: none"> 1.8% OEE improvement |



HUMAN CAPITAL



HIGHLIGHTS

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 01 No Poverty



- Employment provided for 364 permanent staff (2023/24: 351)
- New recruitments and replacements during the year: 117 (2023/24: 82)
- Total employee remuneration and post-employment benefits: Rs. 938.04 Mn (2023/24 Rs. 757.75 Mn)
- No. of direct individual service providers contracted: 7 (2023/24: 7)

SDG 03 Good Health & Well-Being






- Special policy for Health and Safety within factories
- Allocation for employee health improvement: Rs.15.07 Mn
- No. of staff welfare activities conducted: 11
- ISO 45001:2018 Occupational Health and Safety Management System Certificate
- Comprehensive health and insurance policy for employees
- Staff covered under health insurance: 100% full-time (2023/24: 100% full-time)

SDG 04 Quality Education



- Employee Trainings – 6,690 hours (2023/24: 6,900 hours)
- Skill Development Workshops - 168 hours
- Education funding for employees
- Number of internal promotions supported by Learning & Development: 10 (2023/24: 5)

HUMAN CAPITAL

| SUSTAINABLE DEVELOPMENT GOALS (SDGs) | |
|---|---|
| SDG 05 Gender Equality  | <ul style="list-style-type: none"> • Workforce gender ratio: 52 women to 312 men (2023/24: 49 to 302) • Women in management positions: 21% (2024: 19%) • Women leadership on the Board: 3/8 Directors are women (2024: 3/8) • During the reporting period, there were no incidents of discrimination reported • Gender equality in pay |
| SDG 08 Decent Work & Economic Growth  | <ul style="list-style-type: none"> • Employee retention rate (monthly) - 98% (2023/24: 98%) • Annual performance-based recognition and promotions • Welfare scheme to support staff • Zero tolerance – no child labour recorded • Non compliances reported against labor laws, health and safety regulations: 0 (2023/24: 0) |
| SDG 10 Reduced Inequalities  | <ul style="list-style-type: none"> • Maintain equal and fair HR and recruitment policies across employment grades • Staff representation beyond the Western province 60% (2024: 59%) |

Our human capital is a vital pillar of our business success and long-term growth. Over the years, CFL has navigated various human resource challenges and opportunities that have led the Company to define and develop an appropriate and rewarding approach to managing human capital as well as to create space for learning and growth in the ever-evolving human capital arena. The Company's human capital approach fosters an inclusive and engaging work environment that values and promotes professional development, mental well-being and a corporate culture that is fulfilling for all team members.

CFL's human capital initiatives in the year under review continued to uphold an overarching objective of sustainability and people-centric HR across the business operations. The Company implemented knowledge enhancement, leadership development, technical skills development, employee retention and technology integration as the key growth areas during the year, streamlining processes and creating improved employee experiences.

Human Capital Value Creation



1. RESOURCES

Our human capital is supported by a well-structured and strategically aligned framework of resources that guide effective human capital management and development.

1.1 Management Approach

Our human resource management is governed by a Group-level strategic HR framework that covers all subsidiaries of the Ceylon Biscuits Limited (CBL)

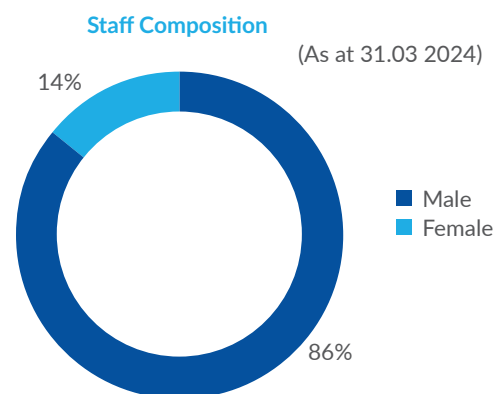
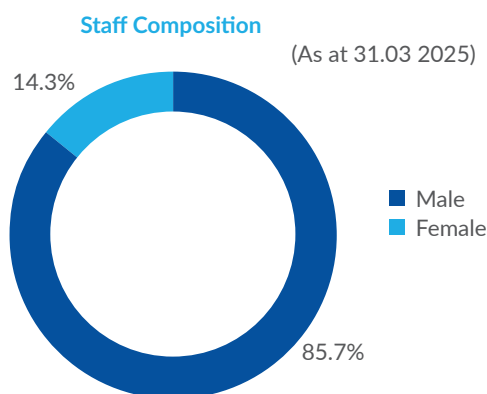
Group. CFL's human resources department functions in alignment with the overarching vision of the CBL Group HR function. This integrated approach respects the diversity and relative autonomy of individual companies within the Group while maintaining a unified and coherent HR framework.

in the management and executive roles have increased in the year reflecting the Company's commitment to provide equal opportunities and open recruitment policies. As a responsible organization, the Company takes measures to ensure that inclusivity is encouraged at all grades and categories of employment.

1.2 Team Profile

During the year, CFL's total full-time employee base grew by 3.70% to 364. It is noteworthy that CFL's female participation

| Category | As at 31.03.2025 | | | As at 31.03.2024 | | |
|--------------------------------|------------------|--------|--------------------------|------------------|--------|--------------------------|
| | Male | Female | Female/ Total Employees% | Male | Female | Female/ Total Employees% |
| Management and Executive Staff | 51 | 14 | 21.5% | 45 | 16 | 26.2% |
| Non-Executive - Support Staff | 164 | 8 | 4.7% | 163 | 5 | 3.0% |
| Non-Executive - Factory Staff | 97 | 30 | 23.6% | 94 | 28 | 23.0% |
| Total | 312 | 52 | 14.3% | 302 | 49 | 14.0% |



A substantial portion (95.3%) of the non-executive category support staff are male employees and comprise the field sales force. Due to the practical nature and physical demands of these roles, they are held by male employees. The sales force team is deployed across all provinces of Sri Lanka, ensuring widespread geographic sales coverage.

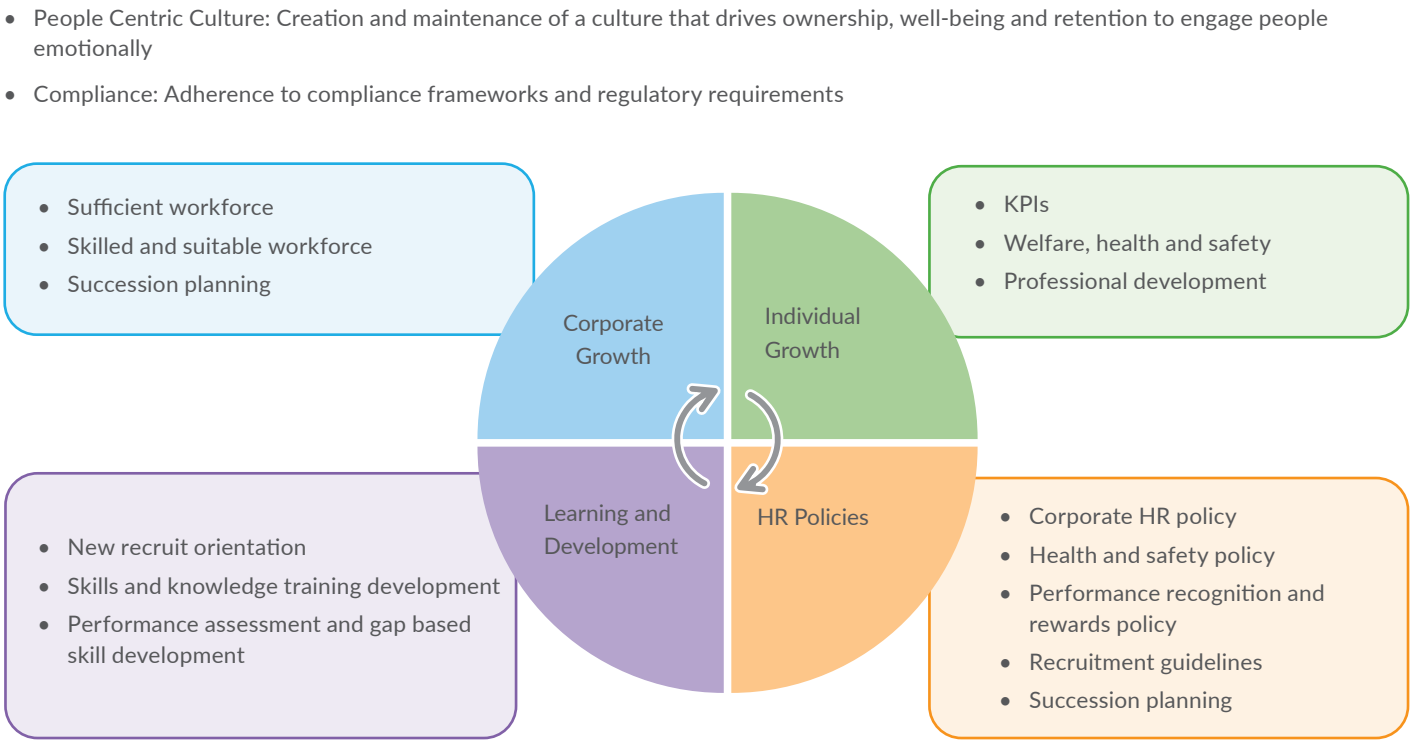
1.3 HR Framework

CFL's HR framework guides all human capital management activities within the organization. The HR framework is designed to ensure:

- Standardization: Standardization of HR, administrative systems and policies across the Company

- Strategic Goals Achievement: To achieve the organization's long-term objectives and performance targets in a sustainable manner
- Talent Development and Retention: Implementation and ongoing management of a talent acquisition, development and retention framework to ensure a skilled, high-performing and engaged workforce

HUMAN CAPITAL



1.4 HR Governance

The Group HR Framework of CBL is the guideline on which CFL's human resource policies are aligned. The HR policies and strategies are closely tied to the overall governance efforts of the Company.

During the year, the Company's governance initiatives were further strengthened through the automation of HR processes and improvements to communication networks. The CFL Human Resource Department updated the Company's HR manual to map the complete HR process into the automated system for streamlined processes and access to HR policies and guidelines.

In addition, the Company maintains transparent and effective communication channels such as regular communication through staff meetings, email communication, Company intranet, e-learning platforms and one-on-one manager-employee discussions.

1.5 Our HR Policies



| Policy | Description |
|--|--|
| Anti-Harassment Policy | Allegations of harassment will be investigated and appropriate corrective action will be taken. |
| Anti-Corruption Policy | To ensure ethical conduct and prevent any form of corruption within its operations. |
| Whistle-blowing Policy | To enable employees to report any misconduct, illegal activities or ethical violations without fear of retaliation. By providing a confidential and secure mechanism for reporting, the Company promotes a culture of integrity. |
| Occupational Health and Safety Policy | Sets out guidelines, protocols and targets aimed at achieving zero accidents in the workplace and to create a safe working environment for all employees. |
| Equal Opportunity Employer | To provide a workplace that is free from gender or racial discrimination. |
| Disciplinary Policy | To establish a clear and transparent framework for maintaining discipline and to ensure a structured internal process. |
| Employee Movement Policy | To establish a transparent and structured process for facilitating employee movements, whether interdepartmental within CFL or across the CBL Group, both locally and internationally. |
| Employee Recognition Policy | To promote and recognize exemplary behavior, core values, contributions to business excellence, sustainability efforts and outstanding performance across the Company. |
| Grievance Handling Policy | To establish clear guidelines for the grievance handling process, ensuring a transparent and structured mechanism for addressing employee concerns. |
| No Child Labor, Forced Labor or Unethical Employment Practices | Strong commitment to complying with employment regulations and upholding ethical labor practices. The Company strictly prohibits child labor, underage employment, forced labor and any other form of unfair or unethical labor practices. CFL adheres to the labor laws of Sri Lanka. |
| Diversity and Inclusion | As an organization with a wide customer base, we recognize the significance of fostering a diverse team, which aligns with our commercial and social goals. |

1.6 HR Budget Allocations

The management allocates a dedicated budget for HR initiatives during the annual budget setting and gets approved through the Board. Key areas of focus include employee remuneration, welfare and medical support, staff transport, training and development, employee events and the provision of uniforms—each designed to support well-being, encourage professional growth and nurture a culture of inclusivity and care. These budgeted allocations are utilized throughout the year with financial discipline, ensuring alignment with cash flow priorities, profitability targets and expected outcomes.

1.7 Employee Time and Effort

We cultivate a performance-driven culture that recognizes and rewards dedication, productivity and initiative. Continuous process improvements and workload optimization further support efficient time utilization, enabling employees to focus on value-adding tasks.

1.8 Workplace Arrangements

Our workplace arrangements are designed to ensure accessibility, comfort and flexibility—ranging from ergonomic workstations and structured shift schedules to collaborative spaces and digital tools that enhance productivity.

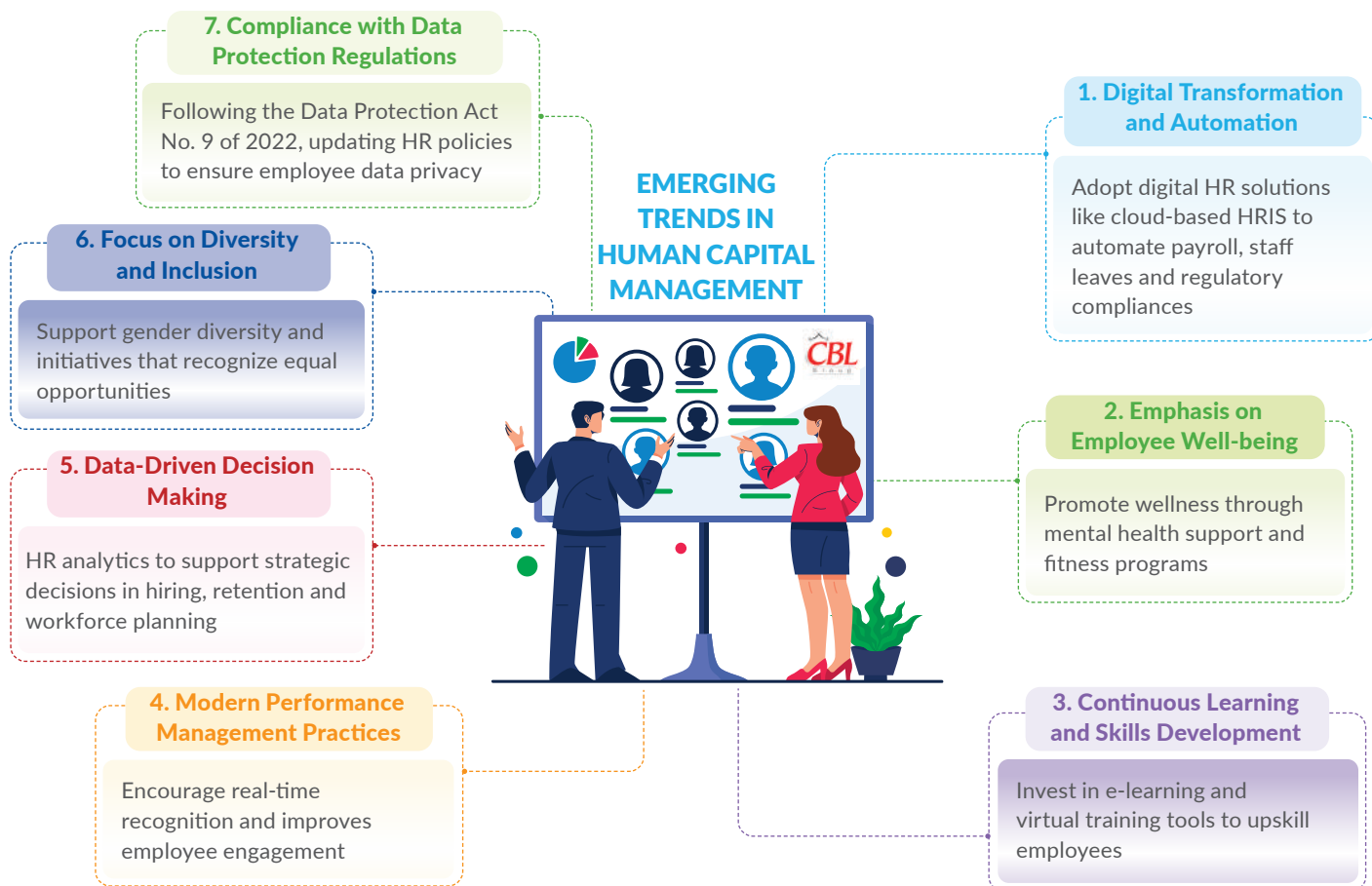
1.9 Human Resource Information Systems

CBL's cloud-based Human Resource Information System (HRIS) continues to provide facilities to record employee attendance, apply and approve staff leaves and overtime and process the payrolls. Employees can access the HRIS with their user logins and dashboards have been included for easy reading of information. The HRIS has replaced most of the manual administrative work and has increased the accuracy of employee data processing.

HUMAN CAPITAL

2. ACTIVITIES

Global trends are shaping workplaces underscoring the need to maintain agile and adaptable people strategies. CFL has embraced and integrated a number of initiatives aimed at addressing these dynamic needs during the year under review.



2.1 HR Strategy 2024/25

In 2024/25, our Human Resources strategy focused on building a resilient and future-ready workforce aligned with the Company's long-term vision and operational priorities.

Key strategic priorities during the year included:



2.2 Employee Relations Management

The Company prioritizes employee relations by promoting open communication, mutual respect, creating a positive work culture and fair treatment. Regular engagement and feedback mechanisms support a collaborative work environment, helping to maintain workforce harmony and drive employee engagement.

2.3 Talent Attraction, Acquisition and Onboarding

We strive to attract the best talent in the market by offering a compelling value proposition, promising career growth, advancement opportunities and a collaborative work environment.

During FY 2024/25, the Company successfully sustained an employee retention rate of 98%.

This year, CFL's HR department implemented new recruitment and orientation processes to improve the recruitment experience. Through an automation process, new recruits are able to upload their required documents to the Company at ease. Further, their stationery, IT hardware and software and all other logistics and requirements were streamlined to be made available upon their arrival, making their entry into the Company pleasant and welcoming.

CFL made significant progress in expanding its workforce, with a 120% rise in female recruits and a 51% increase in youth hires, driven by career drives and roles aligned with youth aspirations and business needs.

Employee Recruitments (count) by Gender and Age

| Financial Year | Male | Female | Less than 30 years | 30-60 years |
|----------------|------|--------|--------------------|-------------|
| 2024/25 | 106 | 11 | 91 | 26 |
| 2023/24 | 77 | 5 | 60 | 22 |

Recruitment by Region

| Province | Recruitment in Numbers | |
|---------------|------------------------|-----------|
| | 2024/25 | 2023/24 |
| North | 5 | 2 |
| Northwestern | 5 | 10 |
| Western | 37 | 20 |
| Sabaragamuwa | 11 | 10 |
| Eastern | 4 | 1 |
| North Central | 4 | 3 |
| Central | 29 | 17 |
| Uva | 4 | 9 |
| Southern | 18 | 10 |
| Total | 117 | 82 |

The recruitment data shows an overall increase in hiring across all provinces, rising from 82 in 2023/24 to 117 in 2024/25 to maintain the employee carder, in a situation where the Company had comparatively more employee movements during the year. CFL expanded its recruitment drives during the year into the regions attracting a higher number of recruits from Sabaragamuwa, Central and Southern provinces, apart from Western province.

Employee Turnover by Gender and Age

| Financial Year | Male | Female | Less than 30 years | 30-60 years | Above 50 Years |
|----------------|------|--------|--------------------|-------------|----------------|
| 2024/25 | 89 | 9 | 71 | 27 | 0 |
| 2023/24 | 81 | 2 | 47 | 33 | 3 |

Employee turnover increased in 2024/25 compared to the previous year, with a rise from 83 (81 male, 2 female) to 98 (89 male, 9 female). The increase is particularly noticeable among employees under 30 years, where turnover jumped from 47 to 71, indicating higher attrition among younger staff. While turnover among those aged 30-49 slightly declined, there were no departures in the above 50 age group in 2024/25, compared to 3 in 2023/24. The Company continuously attempts to retain the staff, amidst the post-pandemic economic situations in the country.

2.4 Diversity and Inclusion

By following the best practices in recruitment, the Company has ensured that all applicants are offered equal opportunities irrespective of race, religion, gender and other demographics, which is a priority in the HR framework.

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Diversity Spread Across Sri Lanka

| Province | 31 March 2025 | | | 31 March 2024 | | |
|---------------|------------------|------|--------|------------------|------|--------|
| | No. of Employees | Male | Female | No. of Employees | Male | Female |
| Central | 62 | 57 | 5 | 53 | 50 | 3 |
| Eastern | 5 | 5 | 0 | 4 | 4 | 0 |
| North Central | 14 | 12 | 2 | 15 | 14 | 1 |
| Northwestern | 22 | 20 | 2 | 25 | 23 | 2 |
| Northern | 5 | 5 | 0 | 5 | 5 | 0 |
| Sabaragamuwa | 35 | 31 | 4 | 32 | 29 | 3 |
| Southern | 48 | 43 | 5 | 44 | 39 | 5 |
| Uva | 27 | 25 | 3 | 29 | 26 | 3 |
| Western | 146 | 115 | 31 | 144 | 112 | 32 |
| Total | 364 | 312 | 52 | 351 | 302 | 49 |

Although operations are based in Ratmalana, Western province, it is noteworthy that over 60% of the staff have been recruited from outside the Western province. Most provinces recorded a slight increase in staff numbers compared to 2024, reflecting the Company's continued effort to create employment opportunities beyond its operational base in the Western province.

Employee Grade-wise Diversity

| Employee Grade | 31 March 2025 | | | 31 March 2024 | | |
|--------------------------|---------------|--------|----------|---------------|--------|----------|
| | Male | Female | Female % | Male | Female | Female % |
| Senior Manager and above | 4 | 1 | 20% | 4 | 1 | 20% |
| Manager | 13 | 1 | 7% | 12 | 2 | 14% |
| Assistant Manager | 5 | 4 | 44% | 5 | 2 | 29% |
| Executives | 29 | 8 | 22% | 24 | 11 | 31% |
| Staff (Junior Staff) | 18 | 8 | 31% | 21 | 5 | 19% |
| Staff (TSO) | 146 | 0 | 0% | 142 | 0 | 0% |
| Associates | 97 | 30 | 24% | 94 | 28 | 23% |
| Total | 312 | 52 | 14% | 302 | 49 | 14% |

The employee grade data shows a marginal improvement in overall female representation, rising from 14.0% in 2024 to 14.3% in 2025. Notably, the proportion of women in the Assistant Manager category increased from 29% to 44%, indicating significant progress in promoting women into mid-level leadership roles.

Female participation also increased among Junior Staff (from 19% to 31%) and slightly among Associates (from 23% to 24%).

However, by nature of the business operations, male participation tends to be higher due to type of job roles and work demands that the sector holds. The Staff (TSO) category continues to have no female representation for both years, highlighting the physical and job requirements of the category.

Women in Board of Directors

| No of Female Directors | Board | Independent Directors |
|------------------------|-------|-----------------------|
| 2024/25 | 3/8 | 1/3 |
| 2023/24 | 3/8 | 1/3 |

It is encouraging to note that three women continue to serve as Directors (non-executive) on the Board and one woman represents the independent Directors, representing a positive step toward gender diversity in governance.

Diversity of Workforce in Terms of Age Distribution

Employees by Age Distribution

| Age category | 2024/25 | | | 2023/24 | | |
|--------------|---------|--------|-------|---------|--------|-------|
| | Male | Female | Total | Male | Female | Total |
| 18<Age<=25 | 48 | 3 | 51 | 44 | 1 | 45 |
| 25<Age<=30 | 77 | 7 | 84 | 82 | 10 | 92 |
| 30<Age<=35 | 70 | 15 | 85 | 62 | 15 | 77 |
| 35<Age<=40 | 48 | 7 | 55 | 45 | 4 | 49 |
| 40<Age<=45 | 24 | 5 | 29 | 27 | 7 | 34 |
| 45<Age<=50 | 18 | 6 | 24 | 17 | 3 | 20 |
| 50<Age<=55 | 15 | 8 | 23 | 18 | 8 | 26 |
| 55<Age<=60 | 12 | 1 | 13 | 7 | 1 | 8 |
| Total | 312 | 52 | 364 | 302 | 49 | 351 |

CFL holds a young staff portfolio with over 75% of the staff representing the below 40-year age category and 83% of the Company's staff falling below the 45-year age category.

Diversity in Years of Experience

| Age category | 2024/25 | | | | 2023/24 | | | |
|---------------|---------|--------|-------|------|---------|--------|-------|------|
| | Male | Female | Total | % | Male | Female | Total | % |
| Below 5 | 174 | 23 | 197 | 54% | 163 | 20 | 183 | 52% |
| Between 5-10 | 62 | 14 | 76 | 21% | 61 | 13 | 74 | 21% |
| Between 10-15 | 29 | 5 | 34 | 9% | 32 | 8 | 40 | 11% |
| Between 15-20 | 21 | 2 | 23 | 6% | 23 | 2 | 25 | 7% |
| Between 20-25 | 7 | 2 | 9 | 3% | 5 | 1 | 6 | 2% |
| More than 25 | 19 | 6 | 25 | 7% | 18 | 5 | 23 | 7% |
| Total | 312 | 52 | 364 | 100% | 302 | 49 | 351 | 100% |

36% of the Company's experienced employees have remained in the organization for an average of 5 to 20 years. It is also noteworthy that 9% of CFL staff account for over 20 years of experience with the Company.

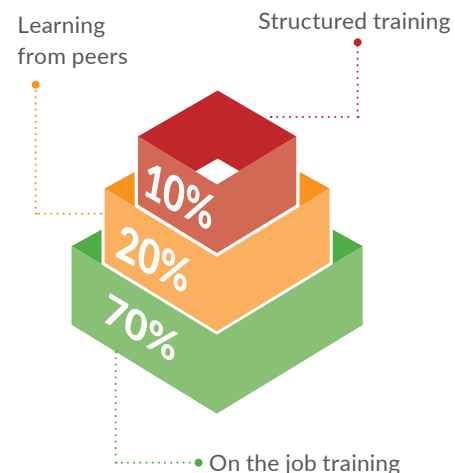
2.5 Talent Development

CFL provides employees with opportunities to acquire new skills while enhancing organizational tacit knowledge, productivity and innovation.

The Company conducted a 'Training Needs Analysis' in line with Company goals and objectives to enhance the learning culture.

The new training and development model includes:

- Objective setting
- Mid-year and year-end performance review
- Individual personal development plans
- Succession plans



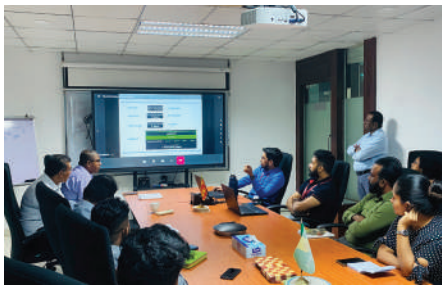
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CFL's training model operates on the basis of 70:20:10 model (70 – On-the-Job-training, 20 - Learning from others, 10 - Structured training). The Company implemented tier-based training and development initiatives. Accordingly, CFL's key training and development initiatives in 2024/25 focused on:

- Staff Orientation: Re-structured the induction program for new recruits
- Focused and Customized Training: One-on-one sessions between department heads and HR department to re-design the training program structure to meet specific training needs
- Structured Approach: Tier-based training and development program
- Up-skilling Field Staff: Introduction of training programs for field staff
- Better Access to Learning: Introduction of the E-Learning platform

In developing employee soft skills and technical knowledge, the HR department conducted the following training programs

| Type of Training | Trainings Held |
|-------------------------------------|--|
| Technical Trainings | <ul style="list-style-type: none">• Energy Management Systems (EnMS) expert training• Food Safety Management System• HACCP• British Retail Consortium training program• Seminar on Extrusion Technology• IFRS S1 and IFRS S2 EY webinar series on International Sustainability Standards• CAPEX training conducted by finance team• Basic excel training• HR strategies to win business goals in 2024 |
| Behavioral and Leadership Trainings | <ul style="list-style-type: none">• Presentation skills and public speaking• Strategic thinking and planning training• Leadership and change management role• Emerging Leadership Development Program (ELDP)• Well-being programs• Coaching and mentoring training• Problem solving and decision-making training• Being resilient training• Kaizen and Quality Circle training• Emotional Intelligence training |



2.6 Employee Engagement and Well-being

CFL has implemented a variety of initiatives to enhance employee morale, foster team spirit and boost motivation. The Company invests in improving overall welfare and satisfaction among the staff. Staff receive insurance and OPD cover benefits, which are reviewed annually to be upgraded as needed. Further, the Company provides subsidized meals to

factory staff, ensuring they have access to affordable and nutritious food during their workday.

These efforts have strengthened employee and management collaborations, encouraging staff active support in achieving organizational goals.

- Celebration of Sinhala New Year (April 2024) and Awurudu Uthsawaya
- Pirith Pinkama Ceremony (May 2024)
- Observance of Poson Dansala (June 2024)
- Annual excursion for employees (July 2024)
- SHEQ (Safety, Health, Environment and Quality) Week and Children's Day Art Competition (October 2024)
- Christmas Celebration (December 2024)
- Annual get-together, where employees and their families gather in a star-class hotel (December 2024)
- Long Service Award Ceremony (December 2024)
- 1st January New Year Celebration with all religious priests (January 2025)
- Women's Day Celebration event (March 2025) to appreciate the women at work
- Employee well-being program organized during the first week of each month

Employee welfare programs conducted

| | 2024/25 | 2023/24 |
|------------------|---------|---------|
| No of Activities | 11 | 7 |
| Amount Spent | 7.42 Mn | 5.97 Mn |

2.7 Performance Management and Appraisals

The Employee Performance Management System (EPMS) has set measurable objectives for employees in line with the Company's strategic goals for the year. Performance is evaluated bi-annually and annually to ascertain progress of the goals and indicators established.

During the year under review, performance evaluations of all permanent employees were conducted.

The EPMS evaluation process takes into account individual performance in relation to:

- Objectives
- Competencies
- Adherence to corporate values

As part of the appraisal process, employees are granted relevant salary increments and promotions based on their individual performance during the year. This merit-based approach ensures fairness, transparency and motivation within the workforce.

A Long Service Award Ceremony was conducted to appreciate those who have rendered extended years of service to the organization. This initiative reinforces the Company's dedication to employee retention and long-term engagement.

The Company maintained open communication with employees, providing adequate notice of operational or employment changes. No major disputes, work stoppages occurred or instances that led to any significant terminations happened during the year under review.

2.8 Career Development and Succession Planning

The Company maintains a performance management system, integrating critical role identification through the 9-box scientific method. This helps the management to identify high-performing employees and offer career development opportunities within the Company.

| Type of benefit | Description |
|----------------------|--|
| Financial assistance | <ul style="list-style-type: none"> • Distress loans and welfare loan facilities for employees in need |
| In-kind assistance | <ul style="list-style-type: none"> • Distribution of food packs containing a range of Company products in January and April |

The Company's HR policies are geared to retain high performers and critical talent through strategic career progression pathways.

2.9 Remuneration and Rewards

The remuneration policy ensures equitable remuneration for all employees. Rewards are tied to performance as determined at the annual and mid-year performance appraisal.

The Company invested Rs.938.04 Mn during the year under review on employee wages, benefits and rewards and raised the minimum wage for all categories of employees. Refer Note 8 in Financial Statements on Page 209 for further details. During the year, CFL awarded employees with a competitive pay increase combined with welfare schemes. Refer Note 24.4 in the Financial Statements on Page 230 for salary escalation rates. The Company adheres to all remuneration-related statutory requirements.

Employees are kept informed of remuneration and benefit policies. These include monthly staff meetings, newsletters, Company intranet, E-Learning platform and direct discussions. Open and transparent communication on remuneration packages and performance reviews was practiced.

CFL fosters a sense of value, recognition and reward among employees by offering a competitive compensation package, comprehensive benefits and flexible work arrangements.

CFL further provides the following additional benefits to its full-time employees.

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| Type of benefit | Description |
|------------------------|---|
| Assistance to families | <ul style="list-style-type: none"> Aid provided in the event of the death of a staff member or their immediate family members, offering support during difficult times Scholarships for students who pass with higher grades in grade 5 scholarship exam/ Ordinary Level Exam and Advanced Level Exam |
| Health assistance | <ul style="list-style-type: none"> Deployment of a nurse aid to provide assistance to employees Free medical assistance and medicine through a visiting doctor Vision and hearing checkup events |
| Food and Logistics | <ul style="list-style-type: none"> Free shuttle transport services to main roads from factory premises Provision of subsidized lunch/dinner options for factory staff |

| Maternity Leave | 2024/25 | 2023/24 |
|--|---------|---------|
| In compliance with the Shop and Office Employees Act of 1954, female employees are entitled of 84 days paid maternity leave, post-delivery as well as two-hour nursing time till the child reaches one year of age | | |
| Maternity leave availed during the year | 2 | 2 |
| Returned to work during the year after obtaining maternity leave during the previous year | 2 | 2 |
| Resignations during the year after obtaining maternity leave during the previous year | 1 | - |

CFL is an ISO 45001:2018 Occupational Health and Safety management system certificated Company with an integrated OHS management system. This certification ensures that the Company provides a safe and healthy working environment for all employees.

In addition, the Company conducts regular risk assessments, provides safety training, suitable Personal Protective Equipment (PPE) and enforces strict adherence to safety guidelines. In turn, this has helped to reduce absenteeism and workplace accidents.

The implementation of OHS guidelines has been tasked under multiple internal committees consisting of representatives from all grades and divisions of the Company. As a means of integrating OHS into day-to-day work culture, it is incorporated into key performance indicators (KPIs) and employee performance evaluations.

| OHS Initiatives | |
|---|---|
| Annual Fire Awareness Program | Live fire demonstrations and fire evacuation drills are conducted to aware employees. |
| Training for Emergency Focal Points | To refresh skills and knowledge of safety committee members, fire team and the first aid teams. |
| Safety and Health Awareness | Regularly held for all staff members. |
| Emergency Activations and Preparedness | Emergency procedures and evacuation plans are practiced at regular intervals to ensure employees are well prepared. |
| Onsite Emergency Medical Services and Support | Deploying emergency vehicles onsite, establishment of medical centers and appointment of nurses or medical representatives at our facilities. |

2.10 Innovation and Digital Transformation

CFL has implemented an ERP solution, intranet and e learning platforms, as well as automation of the HR management systems and processes for better accessible HR governance.

Similarly, during the year the HR department has integrated the following initiatives that encourage staff to collaborate on projects such as,

- Power BI training and its usage
- Cybersecurity training and its awareness
- Training and awareness on threats about phishing websites

2.11 Occupational Health and Safety (OHS)

CFL implements a comprehensive occupational health and safety (OHS) framework to safeguard all employees from workplace hazards, in keeping with the Company's commitment to creating a safe and injury-free work environment.

OHS Initiatives

| | |
|--------------------|---|
| Health Screening | A visiting doctor is engaged weekly to attend to the medical needs of our workforce. |
| Wellness Campaigns | Regular eye and hearing checkups, dental screenings and health screenings are consistently conducted, especially for factory staff. |

Our OHS Policy, integrated within our SHEQ (Safety, Health, Environment and Quality) Policy, outlines guidelines, protocols and targets aimed at achieving zero accidents.

CFL prioritizes occupational health and safety, nurturing a culture of safety awareness and providing the necessary resources to safeguard our employees' well-being.

| Health and Safety at the Workplace | 2024/25 | 2023/24 | 2022/23 |
|--|---------|---------|---------|
| Injuries (Occurring within the Organization) | 8 | 3 | 1 |
| Lost Time Accidents during the year | | | |
| Lost (Hours) | 616.5 | 288 | 18 |
| Lost (Days) | 68.5 | 32 | 2 |

3. OUTPUTS AND OUTCOMES

3.1 Evaluating Achievement

During the year, despite human resource challenges arising from increased skilled migration, CFL has maintained a positive overall retention of employees whilst investing in recruiting 117 new employees in multiple capacities to support the manufacturing and operational processes.

The Company has successfully progressed on many fronts including greater female participation, investments in training and development, improved employee retention and attracting new employees to the Company. These are direct outputs of the HR initiatives implemented to develop and nurture the human capital of the Company.

| | 2024/25 | 2023/24 | % |
|---|---------|---------|-------|
| Total employees | 364 | 351 | 3.7 |
| Employee retention (monthly) | 98% | 98% | 0.0 |
| Salaries and benefits (Rs. Mn) | 938.04 | 757.75 | 23.8 |
| Investments in training and developments (Rs. Mn) | 8.78 | 7.57 | 16.0 |
| Investments in employee health and safety (Rs. Mn) | 15.07 | 17.70 | -14.7 |
| Number of training hours | 6,690 | 6,900 | -3.0 |
| Female employee participation in performance evaluation | 34 | 49 | -30.6 |
| New recruitments | 117 | 82 | 42.7 |

Skilled employees, effective knowledge transfer, innovative product development and a satisfied workforce have all played a key role in making the Company a better place to work. Please refer to Page 17 for achievements and awards obtained during the year.

3.2 Long Term Value and Impact Created Through Human Capital Investments

CFL creates long-term value by investing in employee development, well-being and leadership, fostering a skilled, engaged workforce that drives performance, innovation and sustainable growth.

3.3 Empowered Workforce, Inclusive Culture and Future Ready Leadership

The Company's initiatives on inclusivity, performance recognition, succession planning and creating a workforce empowerment have strengthened CFL's industry position and provided stability to ensure business continuity within a culture of inclusivity and strong work ethics.

3.4 Resilient, Innovative and High Performing Workforce

CFL continues to promote innovation and creativity, which is one of the Company's success factors. These efforts have helped create a high-performing, innovative and resilient workforce that reflects the Company's commitment to excellence.

3.5 Employee Retention and Turnover

As a result of the Company's strategic focus on employee engagement, development and well-being, it successfully maintained a low employee turnover rate during a period marked by significant

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economic and social challenges. The introduction of tier-based training programs and career progression plans led to enhanced employee growth and internal mobility, with a notable number of vacancies filled through internal promotions and transfers.

| | 2024/25 | 2023/24 | % |
|------------------------------|---------|---------|---|
| Employee retention (monthly) | 98% | 98% | 0 |
| Employee turnover (monthly) | 2% | 2% | 0 |

3.6 Number of Promotions and Internal Transfers

During the year, promotions were granted following annual performance evaluations, as per the organization's focus on performance-based advancement and employee growth.

| Category | Number of Promotions | |
|-------------------|----------------------|---------|
| | 2024/25 | 2023/24 |
| Executive | 2 | 1 |
| Senior Executive | 4 | 1 |
| Assistant Manager | 1 | 1 |
| Manager and above | 3 | 2 |
| Total | 10 | 5 |

3.7 Training Hours of Employees

In 2024/25, CFL recorded 6,690 total training hours, slightly lower than 6,900 hours in the previous year. The average training hours per employee decreased from 20 to 18 hours.

| Training Details | 2024/25 | 2023/24 |
|---------------------------------|---------|---------|
| Total training hours | 6,690 | 6,900 |
| Average training hours/employee | 18 | 20 |



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HIGHLIGHTS

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 02 - Zero Hunger



- Development of affordable and nutritious food products
- Lankasoy is an affordable plant-based protein alternative
- Continuous investment in R&D to develop plant-based food alternatives, which are more affordable

SDG 03 - Good Health and Well-being





- In-house nutrition research with a dedicated team assigned on a full-time basis
- Soy and cereal lines are nutrition-focused food products

SDG 04 - Quality Education



- 6,690 hours were allocated for staff training
- Operation of SharePoint based Internal knowledge management platforms
- Tier-based employee development programs
 - ♦ Emerging Leadership Development Program
 - ♦ STAR Training Program
 - ♦ Middle Manager Development Series
 - ♦ Senior Management Development Sessions

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| SUSTAINABLE DEVELOPMENT GOALS (SDGs) | |
|--|---|
| SDG 08 - Decent Work and Economic Growth  | <ul style="list-style-type: none"> • Commitment to global best practices • Complied with 10 certificates and accreditations |
| SDG 09 - Industry, Innovation and Infrastructure  | <ul style="list-style-type: none"> • New products developed and relaunched – 2 • Technology investments of Rs.5.06 Mn • Investment in research and development of Rs.27.29 Mn • No. of compliance certifications – 10 |
| SDG 12 - Responsible Consumption and Production  | <ul style="list-style-type: none"> • Continuous research is performed to extend the shelf life of food to reduce waste |

We believe that in a contemporary knowledge driven economy, intellectual capital is a critical asset that significantly influences organizational performance, innovation, long-term sustainability and delivers consistent value to stakeholders.

Intellectual capital refers to the intangible value of the Company, encompassing the knowledge, experience, brand equity, systems and processes and intellectual property that contribute to its competitive advantage and enable the business to function, evolve and thrive.

Effective management and development of intellectual capital are strategic priorities for CFL to sustain growth and adapt in a rapidly evolving global marketplace.

Intellectual Capital Value Creation



1. RESOURCES

1.1 Relationships with Stakeholders

CFL recognizes that enduring, trust-based stakeholder relationships are not just part of operations, but also a strategic asset and a core driver of our intellectual capital. These relationships fuel collaboration, generate insights and provide the foundation for co-creating sustainable value across our business ecosystem.

CFL adopts a proactive and inclusive approach to stakeholder engagement, fostering strong, purpose-driven relationships across the Company's network. By integrating stakeholder insights into decision-making, CFL enhances trust, drives innovation and builds resilience. These partnerships enable knowledge exchange, mutual learning and sustained competitive advantage in a dynamic business environment.

For a detailed overview of our stakeholder engagement framework, refer to the Stakeholder Engagement Section on Page 60.

1.2 Experience, Knowledge, Skills and Expertise

Convenience Foods (Lanka) PLC is built on the strength of the parent Company, Ceylon Biscuits Limited (CBL), which has been recognized for more than three decades of excellence and a superior brand portfolio trusted by consumers the world over.

Experience

- 34 years of industry existence
- Strategic leadership
- More than 25% of staff with over 10 years of experience and another 9% staff with more than 20 years of experience

Knowledge

- Technical knowledge in food manufacturing
- Market knowledge in consumer food patterns, trends and needs
- International best practices
- Operational and management knowledge

Skills

- Product development
- Stakeholder management
- Productivity and efficiency management
- Machinery and equipment maintenance

Expertise

- Research and development
- Quality assurance
- Marketing Insights
- Technical know-how

1.3 Digital and Technology Infrastructure

CFL implements a comprehensive IT policy that addresses all operational aspects as well as stakeholder needs.

The Group's IT Policy focuses on the key areas below:

- Information Security Policy
- Acceptable Usage Policy
- Access Control Policy

- IT Operations Security Procedure
- IT Incident Management Procedure
- Malware Control Procedure
- Risk Assessment and Risk Treatment Procedure
- Physical and Environmental Security Procedure

1.4 Market Intelligence and Consumer Insights

Market intelligence and consumer insights are key intellectual assets that drive the growth and relevance of CFL's diverse brand portfolio. Each brand operates with a tailored marketing strategy aligned with specific consumer preferences, supported by research methods such as focus groups, retail audits and internal and external market analyses. These insights guide product development and strategic planning, helping the marketing division align offerings with consumer needs and corporate goals. By setting SMART objectives and tracking key performance indicators, CFL ensures its marketing efforts are effective and adaptive. This customer-centric approach fosters brand loyalty, satisfaction and long-term relevance in a dynamic market.

1.5 Knowledge Databases

CFL's digitized and manual knowledge systems comprise SOPs, safety manuals and quality protocols to ensure consistency, regulatory compliance and knowledge retention, enhancing operational excellence and supporting sustainable, high-quality product delivery.

1.6 Innovation-focused Culture and Leadership Commitment

CFL fosters an innovation-driven culture by empowering employees, promoting cross-functional collaboration and aligning innovation with sustainability and strategy by enhancing product, process and customer value in a dynamic market.

Investment in R&D Rs.27.29 Mn (2023/24: Rs.21.61 Mn) including R&D staff remuneration.

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2. ACTIVITIES

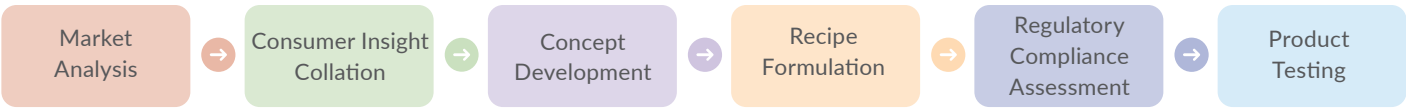
In growing and retaining intellectual capital forte, CFL implements a structured and well-strategized series of activities. These not only support operational success, but also aim to achieve sustainable and globally recognized best practices, creating a strong brand presence.

2.1 Driving Innovation through Research and Development

CFL’s R&D initiatives drive product evolution, aligning with market trends, consumer needs and sustainability goals. Increased R&D investment has enabled product innovation, packaging improvements and operational efficiencies. These efforts support growth, competitiveness and the Company’s leadership in the dynamic food industry. All amounts spent on R&D were considered as expenses for the period as per the accounting guidelines of LKAS 38.

During the year under review, CFL increased R&D funding by 26% which supported the enhancement of current products, expansion of production range, launching of new products and innovations into manufacturing and packaging and operational efficiencies.

The research and development process follows a structured and systematic approach:



Cross-functional collaboration ensures products meet regulatory standards, quality benchmarks and customer expectations. This strengthens CFL’s commitment to delivering value through innovation, quality, taste and affordability by reinforcing consumer trust and brand strength. CFL’s research and innovations focus on creating value for all stakeholders. Therefore, innovations and R&D are guided by improvements in:



Strategic Research and Innovation Focus

The strategic research and innovation serve as key pillars in driving sustainable growth and competitive advantage. The following table outlines CFL’s focus areas that guide its research and innovation agenda, emphasizing customer-centricity, product leadership, collaborative development and process efficiency.

| Strategic Research and Innovation Focus | | |
|---|------------------------------|--|
| Consumer | Consumer-centric Products | Consumers and their needs are at the core of product development and therefore innovations consider consumer needs, preferences, nutritional values and convenience. |
| | Value for Money | Ensuring that pricing offers value for money and aligns with consumer expectations is a top priority. |
| Company | Market Presence | CFL enjoys wider market coverage in our product segments. |
| Research and Innovation | Investment in Innovation | CFL remains steadfast in its commitment to innovation, evident through strategic investments in research and development, technology and inventive solutions. |
| | Collaboration for Innovation | Partnerships with esteemed research institutions enhance CFL’s innovative potential, fostering advancements in our product offerings. |

Strategic Research and Innovation Focus

| | | |
|--------------------|---------------------------------|---|
| Process Excellence | Efficient Development Framework | Our six-stage plan for new product development ensures efficiency and effectiveness throughout the process. |
| | Production Excellence | CFL maintains production efficiency while challenging conventional boundaries through continuous improvement. |

2.2 Strategic IT Initiatives and Digital Transformation

CBL Security Operations Center (SOC)

CBL Group IT has implemented a SOC, which is responsible for incident monitoring, analysis, recommendations and remediation of identified security threats. These operations are supported by CrowdStrike XDR and Microsoft Sentinel, the security solutions adopted by the CBL Group. As a renowned 24/7 SOC team, they enhance overall security by ensuring a rapid and effective response to evolving threats.

Azure AD Implementation

Azure Active Directory (AD) has been implemented in the CBL IT environment to optimize the AD setup by decommissioning existing on-premises AD servers, retaining only one server at the head office as an Additional Domain Controller (ADC). Additionally, a new Virtual Machine will be deployed in Azure to function as the Primary Domain Controller. This solution is designed to enhance operational efficiency, reduce on-premises infrastructure and leverage cloud capabilities for improved scalability, security and management of the AD environment.

Privileged Access Management (PAM) Implementation

CBL Group IT has implemented a PAM solution to control and secure access to sensitive systems by managing privileged accounts, such as IT and functional administrator accounts. It ensures that only authorized users can access critical production application resources, thereby reducing the risk of cyberattacks and supporting security compliance.

Rasa Recipe Website Development

The website: www.rasarecipe.com was developed as an online platform for sharing recipes, culinary tips and cooking techniques with the community.

Continued Improvements to CBL Focus App and New Features for C-Range

During the year, significant enhancements were made to the CBL Focus app, improving its functionality and overall user experience. Key updates included the introduction of new features and the release of various reports, allowing users to access critical data instantly while in the field. A major such report enhancement was the ability to categorize outlets by channel and sub-channel, which, upon completion of the outlet reclassification process, will enable more granular data analysis and informed decision-making.

Continued Enhancements to Business Intelligence (BI)

Continued enhancements were made to the BI tools, with customized reports developed to deliver more tailored insights. Since the revamp of the BI platform, significant improvements have been implemented both at the platform level and within individual reports.

2.3 Brand Building and Reputation Management

CFL's brand portfolio has thrived across generations through consistent product innovation, quality assurance, strategic cost management, impactful marketing, strong leadership and transparent customer communication, earning trust and lasting consumer loyalty. The brands' market share also solidified during the year, penetrating retail outlets and households through intensive marketing and distribution efforts.

| Source | Product | Market Share Achievement |
|-----------------------------|--------------------------|--------------------------|
| PepperCube | Lankasoy | 39% |
| Household Penetration | Lankasoy | 84% |
| | Sera | 20% |
| Market Share (Modern trade) | Nutriline | 37% |
| | Sera liquid coconut milk | 55% |
| | Tetos | 13% |

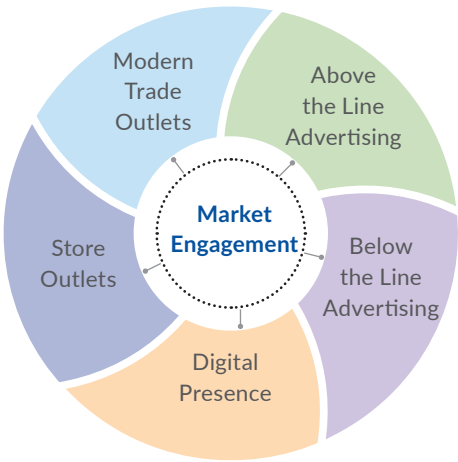
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Through targeted, data-driven campaigns and a customer-centric approach, CFL's marketing efforts enhanced brand visibility, engagement and loyalty by driving higher sales, revenue growth and doubling Sera Spice range's market presence. These approaches have proved successful in reaffirming consumer confidence and top-of-mind recall for the product categories and have also strengthened the brand's position in the market.

Effective branding involves strong identity creation, ATL advertising, trade promotions and multi-channel distribution. Consumer engagement through social media, loyalty programs and service strengthens relationships, driving visibility, accessibility and repeat purchases. Please refer to Page 109 for details on customer reach through digital platforms and shopper activations and Page 111 under Social and Relationship Capital for key market engagement initiatives.

2.4 Product Development Process

CFL enhances its product portfolio by leveraging innovation, market insights and expert input, prioritizing consumer perspectives, health benefits, convenience and fair pricing to meet evolving needs and market opportunities.



The Company implements a strategic product development process that integrates market insights and consumer preferences and global manufacturing benchmarks as follows.



2.5 Employee Up-skilling and Knowledge Management

CFL's HR implements structured strategies to capture skills, identify gaps and provide training and mentorship, ensuring employee competence, career growth and effective knowledge management to meet evolving business needs.

| Resource | Initiatives implemented by the Company |
|--------------------------------------|---|
| Experience and knowledge sharing | <ul style="list-style-type: none"> Mentorship programs, internal networking events, on the job training and encouragement of cross-functional project teams to enhance knowledge blending/sharing in development programs |
| New skills and knowledge development | <ul style="list-style-type: none"> Training opportunities, facilitation of continuous learning, investment in and support for staff further education |
| Systems and process sharing | <ul style="list-style-type: none"> Operational manuals and guidelines are developed and made available online for employee reference and accessibility |
| Retaining expertise | <ul style="list-style-type: none"> Systems are in place to capture and document workforce knowledge and experience Incentives are provided to retain experienced staff, alongside structured career development plans and internal mobility opportunities |
| External knowledge transfers | <ul style="list-style-type: none"> Exposure to global best practices is enhanced through technology study tours and participation in industry events and conferences |

Please refer to Human Capital on Pages 91-96 for more details.

3. OUTPUTS AND OUTCOMES

CFL's intellectual capital initiatives have successfully contributed to strengthening the Company and firming its future growth. The Company has benefited directly through system and process standardization, achieving industry benchmarks whilst contributing to sustainable growth efforts across operations.

3.1 Standardized Systems and Processes Alignment

CFL's commitment to standardization of systems and processes at every level of business contributes towards a better working environment and the development of superior products.

By embedding structured systems and clearly defined processes at every operational level, the Company creates a work environment that is organized, transparent and performance-driven. This disciplined approach not only enhances collaboration and governance but also enables better outcomes in product quality, workforce well-being, ethical partnerships, innovation and sustainability as reflected across multiple functional areas in the table below.

| Systems and Processes | Impact |
|---------------------------|---|
| Manufacturing | <ul style="list-style-type: none"> Ensures consistent and high-quality product output Retains and improves process know-how for sustained product quality |
| HR management | <ul style="list-style-type: none"> Satisfied, productive and healthy workforce |
| Suppliers and consultants | <ul style="list-style-type: none"> Ethical and transparent practices, including ethical sourcing |
| Information technology | <ul style="list-style-type: none"> Improves efficiency, transparency and governance Centralized knowledge systems and digital tools to enhance learning and decision-making |

2.6 Training Programs for Staff in Quality, Food Safety, Environment and Occupational Health and Safety

CFL conducts structured quality, food safety, environment and occupational health and safety trainings for employees at every level, using training needs analysis, internal and external sessions, evaluations and knowledge-sharing forums to ensure compliance and continuous improvement.

2.7 Protection of Intellectual Property

CFL safeguards its extensive intellectual property including products recipe, trademarks, processes and knowledge through proper registration and ethical policies, ensuring compliance with laws and respecting others' intellectual rights to maintain uniqueness and integrity.


INTELLECTUAL CAPITAL




| Systems and Processes | Impact |
|----------------------------------|--|
| Occupational Health & Safety | <ul style="list-style-type: none"> Ensures workforce health and safety Institutional knowledge of standards and practices that safeguard health and processes |
| Research and Development (R&D) | <ul style="list-style-type: none"> Provides well-researched and tested products Accumulation of proprietary knowledge and technical expertise in food innovation |
| Sustainability Management | <ul style="list-style-type: none"> Reduces waste and optimizes resource use while conserving the environment and supporting community welfare |
| Quality Assurance & Food Safety | <ul style="list-style-type: none"> Codified product standards and compliance knowledge embedded into operations to ensure quality assurance and food safety |
| Finance | <ul style="list-style-type: none"> Standardized budgeting, forecasting and reporting processes ensure financial accuracy and compliance Enhanced decision-making through consistent financial data, controls and governance Institutionalized cost discipline and financial risk management across the organization |
| Documentation & SOP Management | <ul style="list-style-type: none"> Enable knowledge capture, access and retention through standard operating procedures |
| Internal Communication Platforms | <ul style="list-style-type: none"> Facilitates knowledge sharing, collaboration and cross-functional learning |
| Performance Management Systems | <ul style="list-style-type: none"> Provides insight into employee competencies and alignment with organizational goals |

The systems and processes in place at Convenience Foods (Lanka) PLC are discussed in detail under the relevant capitals i.e. Human Capital, Manufactured Capital and Natural Capital on Pages 88, 77 and 120 respectively.

3.2 Accomplishing Industry Benchmarks

The Company takes pride in being certified and recognized for its commitment to excellence and best practices. Over the years, CFL has established systems, processes and strategies that abide by global benchmarks in food manufacture, management and operations, energy and resource efficiency, enhanced productivity, high quality food products and hygienic and safe working environments.

| Certificate | Description |
|---|---|
|  | SLS 898:2017 (Specification for Textured Soya Protein) |
|  | This product certification assures compliance with the specifications declared under SLS 898:2017 and ensures product quality. |
|  | This quality management system demonstrates the organization's commitment to consistently providing products that meet customer and regulatory requirements while striving for continual improvement. |
|  | This standard focuses on helping organizations identify and control their environmental impact, comply with applicable laws and regulations, prevent pollution and improve resource efficiency. Ultimately, the system enhances the Company's environmental performance and contributes to the environmental pillar of sustainability. |
|  | ISO 22000:2018 (Food Safety Management Systems - FSMS) |
| | This standard outlines requirements for identifying and controlling food safety hazards, ensuring the food safety status of the products being manufactured, compliance with regulatory requirements and continually improving food safety performance. This system is also a risk-based preventive approach, which is continually reviewed and updated by evaluating internal and external changing factors. |

| Certificate | | Description |
|--|---|--|
|  | Good Manufacturing Practices (GMP) (SLS 143:2022) | GMP standards cover aspects such as manufacturing processes, facility cleanliness, personnel training, documentation, quality control and product testing. By this certification manufacturing processes are assured to be on par with the Sri Lanka standards on codes of practice available in the related discipline and SLS 143. |
|  | Hazard Analysis and Critical Control Points System (HACCP) | This is a system that analyses the physical, biological and chemical hazards which may impact the food safety nature of the product throughout the supply chain and eliminates the risks. |
|  | Halal Accreditation Council (HAC) | This certification ensures that the products that are manufactured comply with the Halal certification terms and conditions and standards of HAC. |
|  | ISO 45001:2018 (Occupational Health and Safety (OH&S) Management Systems) | This certification specifies requirements for and provides a framework to manage risks and improve OH&S performance within the organization. |
|  | ISO 50001:2018 (Energy Management Systems) | This certification ensures that the Company has a healthy energy management system, reducing energy consumption, environmental impact and increasing profitability. |
|  | GSO Halal Certificate | GSO Halal certificate is based on Gulf Standard Organization (GSO) standards, verifies that food and other products meet Islamic dietary laws and are permissible for consumption by Muslims. It's a mandatory requirement for businesses in the Halal food industry within the Gulf Cooperation Council (GCC) countries. |

3.3 Contribution to Sustainable Growth

CFL takes efforts to ensure that the Company's sustainable growth is firm. Intellectual capital efforts over the years have contributed to solidifying CFL's operations through better systems and processes, an empowered workforce, an enhanced product portfolio and a strong market presence.

Whilst ensuring business success, CFL has made certain to integrate ethical, environmentally friendly and sustainable practices across the entire product lifecycle. The Company is committed to sustainability and pursuing an ESG compliant progression.

3.4 New Product Development and Innovation

Our innovation-driven product development has launched high-quality, consumer-focused products that meet market demands with rigorous research, safety compliance, improved nutrition, extended shelf life and sustainable packaging enhancing market position and customer trust. During the year, CFL also succeeded in launching new products and re-launching existing products:

Lankasoy – Mango Curry Taste 80g

The Sri Lankan Mango Curry variant delivers a unique and authentic flavour experience by combining the tangy sweetness of mango with a harmonious blend of traditional Sri Lankan spices. Developed under the 'Authentic Flavour Range', this product pays tribute to local culinary heritage while meeting the growing consumer demand for culturally inspired taste profiles. Packaged in a convenient 80g format, it is designed to serve a family of four for a single meal occasion-offering an affordable, flavourful and nutritious solution for everyday consumption.



INTELLECTUAL CAPITAL

Lankasoy – Maldive Fish Taste 65g (Relaunched)

The Maldive Fish 65g variant has been relaunched with an enhanced recipe that more authentically captures the rich, savoury essence of traditional Maldive fish flavor. Infused with a carefully balanced spice blend, it is tailored to suit local taste preferences while delivering a convenient and nutritious plant-based protein option. Offered in a 65g pack, providing approximately 4 servings, it presents a convenient and affordable solution for everyday meals. This relaunch reflects our commitment to familiar and culturally resonant flavours while addressing evolving consumer expectations for taste and quality.



3.5 Brand Recognition in the Market

CFL's trusted brands Lanka Soy, Sera, Nutriline and Tetos drive consumer trust and market relevance through consistent quality, evolving portfolios and strong emotional connections. Together, they reflect CFL's commitment to delivering value-driven products that build lasting brand equity, loyalty and strong presence across Sri Lanka's FMCG sector.

3.6 Reduction in Product Recalls and Market Returns

Our comprehensive QA framework spans every stage of the value chain—from the careful selection and inspection of raw materials to continuous monitoring during production and final product evaluation.

As a result, CFL has achieved zero product recalls and reduction in market returns, reinforcing customer trust

and safeguarding brand reputation.

This reduction not only reflects the effectiveness of our QA systems but also translates into cost savings by avoiding the operational disruptions and expenses associated with recalls.

3.7 Employee Retention

CFL fosters a culture that promotes ownership, happiness and emotional engagement among employees, resulting in a continued retention rate of 98% (2024: 98%). This strong focus on human capital ensures a motivated and committed workforce.

For more details, please refer to the Human Capital Section on Page 95.



SOCIAL AND RELATIONSHIP CAPITAL



HIGHLIGHTS

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 01 - No Poverty



- Rs.938.0 Mn of employee benefits paid (2023/24 - Rs.757.8 Mn)
- Over 6,900 MT of total food production
- Spent over Rs.1.6 Mn on community development initiatives
- 7 No. of individual contractors providing services
- 5 No. of community development programs focused on income generation
- Indirect job creations through supply chain

SDG 02 - Zero Hunger






- Over 4,000 MT of Lankasoy protein food produced
- Over 290 MT of cereal food produced
- Sera range sales increased by 55%

SDG 03 - Good Health and Wellbeing

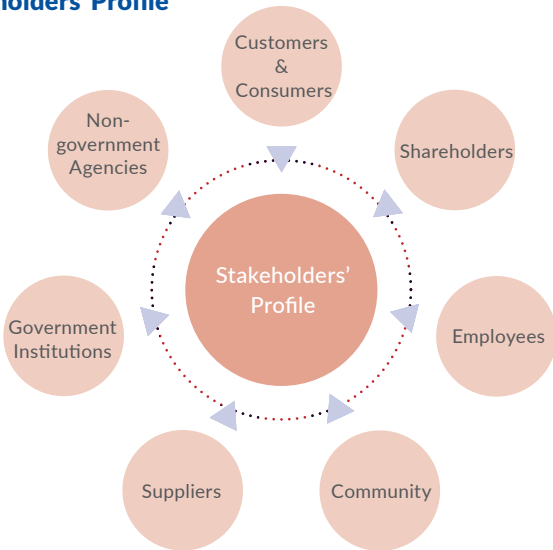


- Rs.15.1 Mn spent on employee wellbeing and health (2023/24 - Rs.17.7Mn)
- 7 certifications obtained to ensure the product quality

SOCIAL AND RELATIONSHIP CAPITAL

| Sustainable Development Goals (SDGs) | |
|---|---|
| <div>SDG 08 - Decent Work and Economic Growth</div> <div>  </div> | <ul style="list-style-type: none"> Income tax and SSCL Contribution to national economic growth over Rs.451.3 Mn during the year Continuous direct/permanent employment opportunities provided for 364 individuals 0% credit defaults to suppliers and complete assurance of paying debt |
| <div>SDG 11 – Sustainable Cities and Communities</div> <div>  </div> | <ul style="list-style-type: none"> Implement effective waste management practices in production facilities Support community waste management initiatives, such as recycling programs (Ex: PET bottle collection project, consumer wrapper collection, PP board collection project) |
| <div>SDG 12 – Responsible Production and Consumption</div> <div>  </div> | <ul style="list-style-type: none"> Transparency - product labelling standards Efficient use of resources in production processes Product compliance, quality and responsibility Ensure proper handling and disposal of waste to prevent environmental contamination |

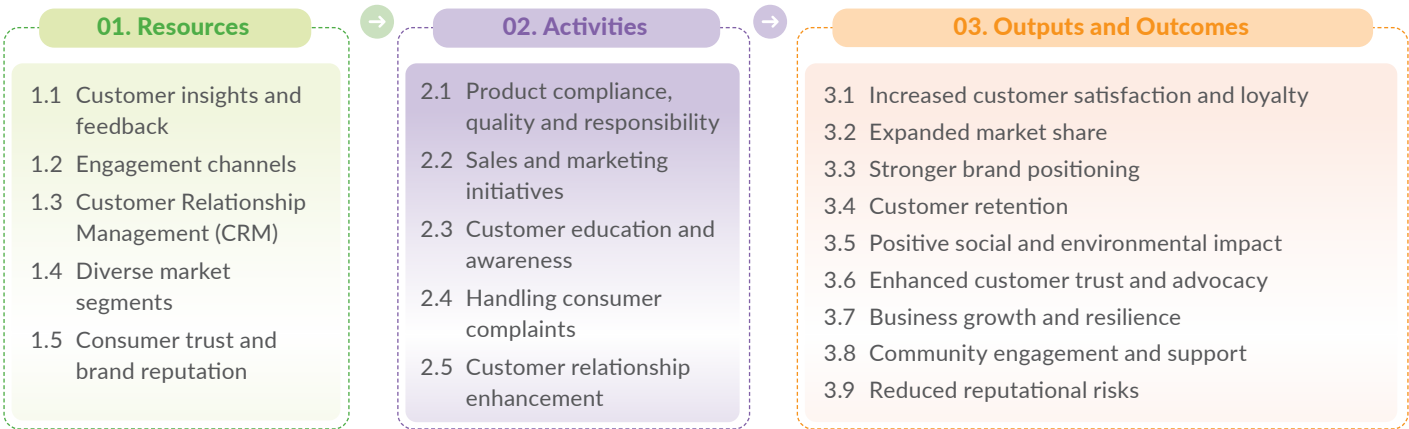
Stakeholders' Profile



CUSTOMERS AND CONSUMERS

The customers and consumers are the drivers of business growth, strategic planning and product development. CFL is dedicated to meeting customer requirements, expectations and fostering strong relationships.

Customer Value Creation



1. RESOURCES

1.1 Customer Insights and Feedback

One of the Company's main sources of knowledge for product development is customer insights and feedback. Regular insight and feedback generation activities are conducted to understand consumer behavior, market trends and dynamics.

1.2 Engagement Channels

Engaging with the customer using a range of platforms has enabled the Company to reach a large segment of the customer base. CFL uses digital tools, social media and customer service platforms to foster meaningful, sustainable customer interactions and provide real-time support.

Consumer engagement through digital platforms

| Brand Name | Amount spent (LKR) | Reach | Impressions | Frequency | *ThruPlays |
|--------------------|--------------------|-----------|-------------|-----------|------------|
| Lankasoy | 2,860,392.08 | 4,439,160 | 30,903,588 | 7.0 | 1,343,207 |
| Nutriline | 1,825,857.84 | 4,666,024 | 23,809,491 | 5.1 | 440,169 |
| Sera smart Kitchen | 3,278,262.42 | 5,451,105 | 37,976,218 | 7.0 | 2,297,631 |
| Tetos | 941,588.09 | 3,434,013 | 10,710,458 | 3.1 | 513,953 |

*ThruPlay is a video ad metric and optimization setting in Meta Ads Manager, primarily used for video ads targeting awareness or engagement objectives.

| Product | Market Segment | Impact |
|-------------|----------------|--|
| Lankasoy | Households | Lankasoy upheld its market leadership position, enduring popularity and the trust of consumers who continue to choose Lankasoy as their No. 1 brand. |
| Sera Spices | Households | Sera is the culinary food brand under the CFL portfolio, known for its quality and trusted convenience. With a vision to be the kitchen partner for the convenience-seeking homemaker, Sera continuously expands its portfolio into new categories. The Sera portfolio comprises spices, coconut milk and salt whilst venturing into meal solutions including soups to provide a wholesome meal filled with goodness for the whole family. |
| Nutriline | Kids and youth | Nutriline, has secured a top position among local competitors in the extruded cereal category. This achievement underscores the brand's success in capturing customer attention, loyalty and establishing a strong presence in the marketplace. |
| Tetos | Kids and youth | A loved snack brand among teens and youth, Tetos has secured a top position among the extruded snack products in the market. Engaging effectively with the target audience, Tetos focuses on fostering connections that transcend the product and resonate with current trends. |

1.5 Consumer Trust and Brand Reputation

CFL has built lasting consumer trust by delivering safe, high-quality products under its trusted brands, Lankasoy, Sera, Tetos and Nutriline. We ensure transparency through clear labelling in compliance with Ministry of Health regulations, empowering informed choices.

1.3 Customer Relationship Management (CRM)

Managing the Company's customer relationships is crucial in maintaining customer loyalty and market growth. Therefore, the Company engages in well-structured and monitored CRM initiatives. (more details of this process are given in Intellectual Capital on Page 100)

1.4 Diverse Market Segments

Over the years, CFL's market reach has expanded to include consumers across many age groups from the young to the elderly. The Company also caters to a significant segment of the market seeking affordable nutrition and healthy options. During the year, CFL effectively met these diverse needs through its broad and inclusive product range.

SOCIAL AND RELATIONSHIP CAPITAL

2. ACTIVITIES

2.1 Product Compliance, Quality and Responsibility

CFL product compliance, quality and responsibility have been the foundation of customer trust, loyalty and confidence built over the last three decades. The Company complies with the Food Act, No. 26 of 1980 which includes labeling and advertising regulations mandated by gazette notifications from the Ministry of Health of the government and ensures that all relevant information is accurately included on product labels. These include details such as,

- Common name, brand name, Company name and address
- Net weight
- Manufacturing and expiry dates and batch number of the product
- Product composition
 - Ingredients including food additives
 - Nutrition information
 - Colour coding
- Other relevant Unique Selling Point (USP)

CFL complies with the quality standards of industry and global FMCG benchmarks and places utmost importance on the quality and food safety of products.

Key activities performed in relation to the product quality assurance:

| Key Activities | Description |
|-------------------------------|---|
| Certifications and Compliance | <ul style="list-style-type: none">• Continuously complies with certifications such as ISO 22000, GMP, HACCP, ISO 9001, ISO 14001• CFL's products are manufactured in accordance with Halal certification requirements and the standards set by HAC• Holds SLS certification, fulfilling the requirements and the standards set by the Sri Lanka Standards Institution, where relevant |
| High-Quality Raw Materials | Prioritizes the use of high-quality raw materials sourced both domestically and internationally |
| Compliance | Raw materials, packaging materials, semi-finished and finished products comply with local legal and regulatory requirements |
| Packaging Safety | Packaging materials are safe for food packaging, meeting local and international standards |
| Qualified Suppliers | Suppliers are selected based on the supplier assessment procedure and listed as qualified suppliers, based on stringent criteria to ensure product quality and food safety |
| Pre-scheduled Audits | Supplier audits are conducted based on the risk-based approach on a regular basis to assess their manufacturing quality, food safety standards and compliance |
| Continuous Improvement | Feedback is provided to suppliers to support their development and improvement |

Key activities performed in relation to quality inspection and testing:

| Key Activities | Description |
|-----------------------------|--|
| Stringent Quality Assurance | Raw materials and packaging materials, semi-finished and finished products undergo quality inspections procedures |
| Hygiene Practices | Stringent hygiene practices are enforced within CFL's manufacturing process to maintain product quality and food safety |
| Employee Training | Employees receive regular training on Good Manufacturing Practices (GMP), quality, food safety and other aspects to ensure quality and consistent food production |
| Laboratory Testing | Products undergo testing to assess their quality and compliance with food safety standards. These tests are conducted in a well-equipped in-house laboratory. Additionally, samples are sent to third-party accredited laboratories for verification |
| Microbiological Tests | Qualified microbiologists perform microbiological tests to check for microbial contaminants |
| Continuous Improvement | We strive to enhance both product and packaging quality to ensure customer satisfaction |

CFL has obtained quality certifications to ensure consistent product quality and compliance with industry standards. Further details are available in the Intellectual Capital Section on Page 104.

2.2 Sales and Marketing Initiatives

CFL performed a series of identified marketing initiatives in line with the Company's overall values and objectives. Marketing efforts often are designed to strengthen consumer trust and loyalty toward the products. Some of these include:

- **Quality improvement of Sera Spices:** Using low temperature grinding technology to process chili, Sera offers customers consistent taste, aroma and quality spices
- **Exhibitions and Trade Fairs:** Lankasoy actively participated in major exhibitions and trade fairs. A total of 7 key events were leveraged through 35 activations, resulting in direct contact to strengthen consumer education, awareness, brand visibility and market presence. These include:
 - Jaffna International Trade Fair (JITF),
 - Industry Exhibition (IDB),
 - ProFood ProPack,
 - Colombo Shopping Festival,
 - Culinary Arts Exhibition.
- Lankasoy's Nagara Charika and Nutriline activations created widespread consumer touchpoints. During the year, a total of 2,010 activations were carried out, reaching over 250,000 direct contacts significantly contributing to brand growth and market penetration
- Ethical and transparent marketing practices are followed, ensuring honest product claims, responsible advertising and culturally sensitive communication

- Enhanced digital engagement and accessibility through an active social media presence that fosters community interaction



2.3 Customer Education and Awareness

During the year, CFL's brands conducted tailored modern trade and shopper activation programs aimed at driving product trials and boosting brand presence.

Modern Trade Campaigns:

- Sera Shopper Activation travelled across towns, engaging consumers at top-tier and Small Medium Modern Trade (SMMT) outlets through education-led sampling and interactive brand experiences

- **Lankasoy Protein Goodness Campaign:** Lankasoy launched a campaign to promote nutrition and community well-being. This initiative raised awareness about the nutritional benefits of soy and high-protein foods through collaborations with experts, digital platforms and media channels, reaching over 1 Mn consumers



2.4 Handling Customer Complaints

The Company places high importance in addressing customer complaints. These are considered as opportunities for improvement and customer confidence building. A dedicated quality assurance team ensures that customer complaints are promptly addressed.

2.5 Consumer Relationship Enhancement

To cultivate deeper connections with consumers, CFL has enacted active social media, brand promotions and regular satisfaction surveys. These endeavors are aimed at fortifying CFL's relationship with its customers, delivering exceptional products and fostering a positive customer journey.

SOCIAL AND RELATIONSHIP CAPITAL

3. OUTPUTS AND OUTCOMES

3.1 Increased Customer Satisfaction and Loyalty

During the year, CFL has seen a growth in customer confidence in our product range. Despite market challenges and tight food baskets, customers have opted to include CFL products in their daily consumption basket. Increased product volumes and demand for products in the retail markets are clear indications of customer satisfaction.

3.2 Expanded Market Share

CFL's key products, Lankasoy, Nutriline, Sera and Tetos, have all recorded an increased market share in their product category.

Lankasoy market share was maintained at 39% during the year, continuing to be the market leader in the soy category, while Sera products' market share doubled together with Nutriline cereal products.

3.3 Stronger Brand Positioning

While Lankasoy continues to lead the market in its product category, the brand positioning of Sera, Nutriline and Tetos improved during the year.

3.4 Customer and Consumer Retention

Continuous awareness of product quality and sustainability efforts have contributed to consumer retention.

3.5 Positive Social and Environmental Impact

CFL's operations generate outcomes that extend beyond meeting consumer needs, contributing positively to both society and the environment through responsible business practices.

3.6 Enhanced Customer Trust and Advocacy

The Company's commitment to quality and transparency has fostered a strong and trust-based relationship with consumers. This has resulted in increased customer

loyalty, positive word-of-mouth and brand advocacy across all major product lines.

3.7 Business Growth and Resilience

Strong marketing initiatives combined with credible customer engagement practices allowed the Company to overcome the hardships and challenges of the macro economy and market competition, demonstrating resilient growth.

3.8 Community Engagement and Support

Continuous commitment and contribution towards the well-being of local communities through targeted social responsibility initiatives and sustainable practices have in turn strengthened stakeholder relationships.

3.9 Reduced Reputational Risks

CFL has built a strong reputation for its products over the 34 years of history. Through continuous adherence to quality controls, regulatory compliance, transparent labelling and ethical business practices, CFL minimizes reputational risks.

SUPPLIERS

Suppliers are the lifeline that ensures the continuous functioning of the manufacturing process. Maintaining healthy relationships with suppliers provides the strong bond and trust needed for an uninterrupted supply chain. Special attention is given to communicating our sustainability policies and complying with them. No suppliers were found to have significant adverse environmental or social impacts during the year under review.

Suppliers Value Creation



1. RESOURCES

1.1 Reliable and Diverse Supplier Base (Local and International)

The Company has established a reliable and diverse supplier network, with over 500 recurrent suppliers, including both local and international partners to enhance supply chain resilience, continuity of operations and supports local economic development while maintaining access to globally sourced, high-quality raw materials.

1.2 Skilled Procurement and Supply Chain Team

The procurement and supply chain team plays a vital role in maintaining operational efficiency and cost-effectiveness. Their expertise in sourcing, negotiations and logistics management enables the Company to respond swiftly to market changes while upholding quality and compliance standards.

1.3 Digital Systems and Automation Tools

The integration of the SAP ERP system across the supply chain has improved process visibility, real-time decision-making and overall efficiency. These technologies support accurate demand forecasting, inventory optimization and reduce manual errors, contributing to a streamlined and responsive supply chain.

Please refer to Page 101 of Intellectual Capital Section for more details on the digital systems and automation tools.

1.4 Ethical Sourcing and Food Safety Standards

The Company is committed to ethical sourcing practices and adheres to stringent food safety standards to ensure responsible procurement. Suppliers are carefully treated for compliance with regulatory, ethical and sustainability criteria, reinforcing the Company's values and reputation for quality and integrity.

Please refer to Page 104 of the Intellectual Capital Section for more details on the food safety standards.

1.5 Supplier Relationships

CFL's proactive engagement with key suppliers has resulted in improved service levels, shorter lead times and more favorable credit terms, contributing to a more agile and resilient supply chain. By conducting regular supplier assessments and on-site visits, we have reinforced our commitment to ethical sourcing, transparency and long-term, value-driven partnerships.

2. ACTIVITIES

2.1 Strategic Supplier Engagement and Relationship Management

Rigorous supplier screening processes were conducted to ensure procurement from credible, high-quality sources. Suppliers were continuously engaged in product quality requirements, compliance expectations and the Company's sustainability policies.

2.4 Supply Chain Improvement

The procurement team continues to drive the success of our sourcing strategy by managing supplier relationships and optimizing costs.

Key Initiatives in Supply Chain Strengthening

| | |
|--|--|
| Cost Optimization | Through sourcing and negotiation, we drive cost savings |
| Supplier Relationship Management (SRM) | Strengthened partnerships with key suppliers, resulting in improved service levels, reduced lead times, better credit terms and enhanced supply chain resilience |
| Innovation | Led initiatives to identify and onboard innovative suppliers, developing a culture of innovation and collaboration across the supply chain |
| Risk Management | Developed and implemented risk management strategies to mitigate supply chain disruptions |
| Information Management | Effective information management for timely decision-making |
| Automation | Use of robotic process automation for supplier payment processing, thereby reducing manual effort and improving accuracy |

2.5 Supplier Portfolio Risk Assessment

We evaluate the supplier portfolio to identify and mitigate potential risks related to supply continuity, quality, compliance and ethical standards. This assessment enables the Company to ensure supply chain stability and maintain uninterrupted operations which ultimately enhances overall supply chain resilience.

2.2 Supplier Selection and Onboarding

CFL ensures a structured and transparent supplier selection and onboarding process focused on quality, reliability and ethical standards. This approach supports consistent product quality, ethical sourcing and long-term value creation.

2.3 Procurement optimization Through Cost Negotiation

The procurement function focused on cost optimization and efficiency improvements through effective negotiation strategies, order planning, timely sourcing decisions and the integration of digital automation tools. During the year, cost-saving initiatives were executed by renegotiating contracts, consolidating orders, planning the timing of orders and leveraging supplier competition.

SOCIAL AND RELATIONSHIP CAPITAL

2.6 Ethical Sourcing and Fair-Trade Policies

CFL upholds ethical sourcing and fair trade principles by partnering with suppliers who demonstrate compliance with labor rights, fair wages, safe working conditions and environmentally responsible practices.

3. OUTPUTS AND OUTCOMES

3.1 Reliable Delivery of High-Quality Raw Materials

The Company achieved consistent reliability in the on-time delivery of high-quality raw materials, enabling continuous and credible production operations and reducing downtime.

3.2 Streamlined Procurement Processes with Greater Efficiency

Automation of routine tasks such as purchase order generation, supplier communications and invoice processing led to faster cycle times and greater transactional transparency. These efficiencies reduced manual errors, improved data accuracy and allowed procurement teams to focus on strategic sourcing.

3.3 Improved Access to Innovation and Alternative Sourcing Options

The expansion and diversification of the supplier network opened access to improved sourcing of raw materials. This

agility in sourcing enhanced the Company's ability to respond quickly to supply disruptions, changing consumer demands and regulatory requirements.

3.4 Stable and Resilient Supply Chain

Through risk assessments and long-term supplier partnerships, the Company strengthened the resilience and stability of the supply chain. These efforts proved especially effective during periods of market volatility, ensuring uninterrupted supply, mitigating risks of shortages and maintaining production continuity.

3.5 Cost Savings and Operational Efficiency

Procurement initiatives, including volume-based negotiations and supplier consolidation generated measurable cost savings during the year. In parallel, automation and lean practices in procurement operations led to improved operational efficiency, reducing waste and overheads.

3.6 Empowerment of Local Suppliers and Contribution to Rural Economies

CFL supports local economic development by engaging with rural and community-based suppliers, providing them with

stable demand, training and fair trade opportunities.

3.7 Supplier Compliance with Laws, Regulations and Company's Quality Standards

As part of the supplier onboarding process, the Company reviews regulatory documentation and assesses compliance with quality standards, including on-site inspections where applicable. To ensure the desired quality of its food products, evaluations are conducted at the sourcing stage.

3.8 Cost Efficiency

Supplier partnerships, improved procurement planning and negotiation of favorable terms have enhanced cost efficiency across the supply chain. The improvement in the gross profit margin during 2024/25 (2025: 34.86% and 2024: 25.42%) was largely driven by such activities.

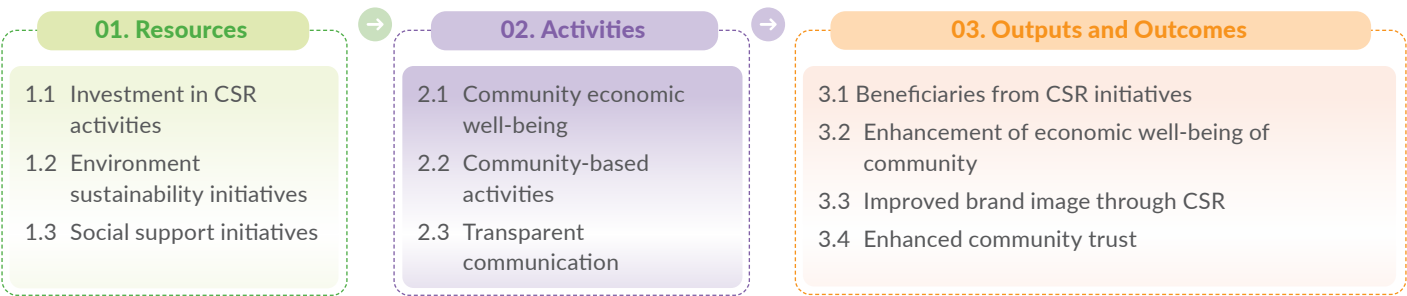
3.9 Strengthened Supplier and Distributor Networks

CFL has enhanced its end-to-end value chain by strengthening relationships with both suppliers and distributors. The outcome is a more responsive and distribution system capable of supporting market demand while ensuring timely product availability.

COMMUNITY

The community is a key influencer and contributor to a stable and peaceful working environment across our manufacturing, warehousing and administrative locations. These relationships have been helpful to ensure mutual trust, benefits and sustainability of the business operations.

Community Value Creation



1. RESOURCES

1.1 Investment in CSR

In the financial year 2024/25, the Company allocated Rs.1.6 Mn towards CSR activities, with Rs.0.6 Mn directed towards social initiatives, more than double the previous year's investment of Rs.0.3 Mn.

Investment in environmental initiatives was recorded at Rs.0.7 Mn, introduced as a distinct category to support the Company's environmental stewardship goals and promote eco-friendly operational practices.

1.2 Environmental Sustainability Initiatives

In alignment with its environmental stewardship agenda, the Company implemented a series of eco-conscious initiatives to reduce waste, lower its carbon footprint and promote circular practices. Key efforts included the Coconut Spoons Initiative, Eco Bag Campaigns by Sera and Lankasoy and recycling drives such as the Used Ball-Point Pen and PET Bottle Collection Initiatives. Additionally, digital advancements included launching the CFL website with QR code access to the Annual Report, cloud-based shared folders and optimized online banking processes to reduce e-waste and paper usage.

Please further refer to Sustainability related disclosures on Page 38.

1.3 Social Support Initiatives

As part of its commitment to strengthening community ties and enhancing social well-being, the Company conducted impactful CSR activities during the year. Key initiatives included:

- Manusith Sathkaraya – a humanitarian outreach promoting compassion and social responsibility
- Poson Dansala in Ratmalana – a religious and cultural event that fostered community unity and spiritual engagement

- Kataragama Paadha Yathra – supporting spiritual pilgrims, reflecting respect for religious diversity and cultural traditions
- Children's Day Celebration on October 21st – organized to bring joy and recognition to children of our staff

2. ACTIVITIES

2.1 Community Economic Well-Being

Our organization is deeply committed to the economic well-being of the community. One key contribution is the timely and accurate payment of taxes. Please refer to Page 70 for further references.

We also prioritize providing affordable nutritious food options to ensure that all members of the community, regardless of income level, have access to healthy and balanced diets. By making nutrition accessible and affordable, we support public health and help reduce food insecurity, contributing to a more resilient and productive community. Please refer to Page 82 for further references.

By sourcing raw materials and products from Small and Medium-sized Enterprises (SMEs), we contribute to foster local entrepreneurship and create a ripple effect of economic benefits. Please refer to Page 79 for further references.

Furthermore, we are dedicated to creating meaningful employment opportunities for community members. Our inclusive hiring policies also focus on creating opportunities for underrepresented groups, ensuring that the economic benefits of our operations are shared broadly. Please refer to Page 95 for further references.

2.2 Community-Based Activities

As part of the Company's stakeholder engagement initiatives, CFL has identified community events that are in line with the corporate values and goals. With the intention of supporting nutrition, growth and harmony, the Company annually supports significant community initiatives.

Please refer to Pages 38-41 on Sustainability Section for community initiatives conducted during the year.

2.3 Transparent Communication

CFL fosters trust and accountability within communities through transparent communication. The Company voluntarily discloses sustainability and governance-related information, going beyond regulatory requirements.

3. OUTPUTS AND OUTCOMES

3.1 Beneficiaries from CSR Initiatives

The CSR initiatives have directly benefited a wide range of stakeholders. Through programs focused on education, health, nutrition and skill development, many individuals have experienced tangible improvements in their quality of life.

3.2 Enhancement of Economic Well-Being of Community

The provision of local employment opportunities generated by our operations and supplier partnerships has contributed to household income and reduced unemployment rates. Affordable nutritious food provided through our channels has improved food security and health outcomes.

3.3 Improved Brand Image Through CSR

Our commitment to social responsibility has strengthened CFL's reputation as a trusted, ethical and community-focused brand, enhancing customer loyalty, stakeholder engagement and investor confidence.

3.4 Enhanced Community Trust

Consistent and transparent CSR efforts have built trust and goodwill with communities, fostering mutual respect, smoother operations and stronger stakeholder collaboration.

SOCIAL AND RELATIONSHIP CAPITAL

SHAREHOLDERS

CFL's shareholders have been the foundation of the business, investing in the growth and substance of the business amidst challenges. The Company engages with shareholders through mechanisms such as quarterly reports and AGM. Keeping them informed of information with great transparency and accountability has been a continued practice at CFL.

Further details are provided under Financial Capital (Page 69) and Shareholder and Investor Information (Page 249) in this report.

EMPLOYEES

CFL strengthens employee - employer relationships through holistic initiatives that support physical, mental, professional and social well-being. Employee

engagement initiatives are detailed under the Human Capital Section of this report on Page 83-96.

Government, Other Partnering Organizations and Regulatory Bodies

CFL interacts with numerous government authorities, regulatory bodies and other partnering organizations in business operations.

| Category | Organization | Type of Engagement |
|--|---|--|
| Governmental Organizations | Sri Lanka Standards Institution (SLS) | To ensure our products are within the quality standards stipulated by the government |
| | Central Environmental Authority (CEA) | Adherence to environmental regulations |
| | Ministry of Labour, EPF and ETF Offices | Provide labour-related guidance and support |
| | Inland Revenue Department | Payment of taxes |
| | Central Bank of Sri Lanka | Payment of EPF and ETF |
| | Urban Development Authority | Payment of rent |
| | Municipal Council | Payment of rates, trade license, waste disposals |
| | Fire Service Department | Fire certifications |
| | Industrial Technology Institute (ITI) | Testing and calibration, technology transfer, training and consultancy |
| | Ministry of Health | Consultancy on public health, regulatory compliance |
| Other Partnering Organizations and Regulatory Bodies | Sri Lanka Customs | Import clearance and duty payments |
| | Banks | Banking and investments |
| | Insurance Companies | Purchase of insurance covers |
| | Statutory Auditors | Obtaining statutory (external) audit services |
| | Colombo Stock Exchange (CSE) | Investor relations and corporate announcements/publishing |
| | SGS Lanka Private Limited | Auditing, verifications of ISO standards and trainings |
| | Bureau Veritas | Testing and consultancy on test methodologies |
| | Translation Agencies | Translations relevant to packaging development |

The Company made no significant political contributions, either monetary or in-kind, during the reporting period other than statutory payments disclosed on Page 35 or received from government.

INDUSTRY ASSOCIATIONS

- Sri Lanka Food Processors Association (SLFA)
- The Employers' Federation of Ceylon (EFC)
- Industrial Association of Sri Lanka (IASL)
- Lanka Confectionery Manufacturers' Association (LCMA)

As a leader and pioneer in the FMCG industry, CFL is a member of industry and corporate communities and associations, enriching industry growth and supporting new entities. CFL remains committed to obtaining industry inclusion by improving cooperation with the industry community. The Company believes in making a positive impact on the industry whilst upholding CFL values of integrity, quality and customer satisfaction in all our endeavors.



NATURAL CAPITAL



HIGHLIGHTS

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SDG 06 - Clean Water and Sanitation



- Access to clean drinking water for all employees at office place
- Total water withdrawal: 17,137 m³/year
- 100.0% of wastewater treated before discharge
- Providing a clean and sanitary working environment for staff

SDG 07 - Affordable and Clean Energy







- Total energy consumption: 18,115,976 (MJ/year)
- Energy intensity (MJ per kilogram of production): 2.62
- Resource Efficiency and Cleaner Production (RECP) audit

SDG 11 - Make Cities and Human Settlements Inclusive, Safe, Resilient and Sustainable



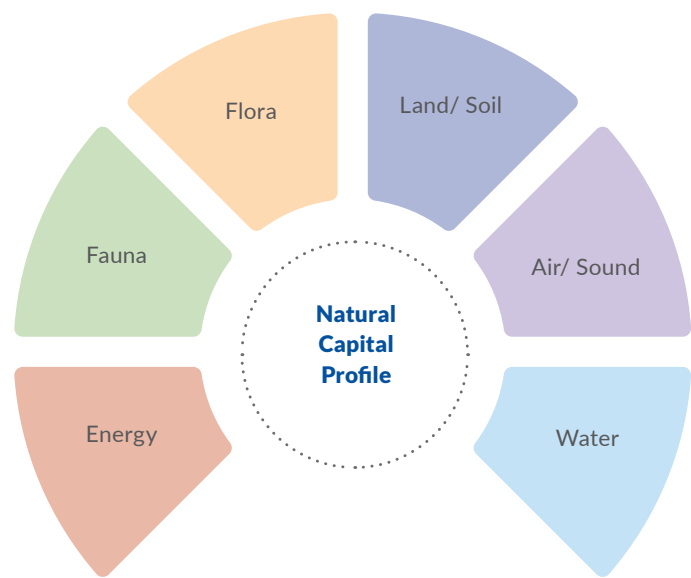
- Investments of Rs.15.07 Mn in staff welfare and health care
- 1 event organized for gender and social inclusion appreciation and awareness during the year
- 20 sustainability initiatives during the year
- Annual fire safety and first aid awareness program conducted
- Assessments and mitigations of industrial noise pollution conducted to benefit surrounding communities
- Zero (0) complaints logged during the year related to noise, air, water or waste
- The Company has set out 2 shuttles for staff travel, during morning, evening and night
- 1 full time dedicated shuttle as an emergency vehicle in Company premises

NATURAL CAPITAL

| Sustainable Development Goals (SDGs) | |
|---|---|
| <div>SDG 12 - Responsible Consumption and Production</div> <div>  </div> | <ul style="list-style-type: none"> • Creating awareness of nutritional values and additives or preservatives on the packaging of all edible products • All raw materials are sourced from responsible agrarian practitioners • No child labor is employed and no animal harm is caused in the production of any product • Sustainable Consumption and Production (SCP) • Quality assurance certified manufacturing processes • Waste generated: 0.002 kg per unit of production • 2.5 Liters of water used per Kg of product |
| <div>SDG 13 - Climate Action</div> <div>  </div> | <ul style="list-style-type: none"> • Compliance with ISO 14001:2015 • ISO 50001:2018 Energy Management Systems certified • Resource Efficiency and Cleaner Production (RECP) audits performed • 0.24 CO₂kg per kg of food product • An area for future consideration is to generate energy from renewable sources (solar, wind, biogas) |
| <div>SDG 14 - Life Below Water</div> <div>  </div> | <ul style="list-style-type: none"> • Microplastic leakage prevention initiatives • 100.0% Wastewater treatment rate • Zero incidents of non-compliance with water-related regulations |
| <div>SDG 15 - Life on Land</div> <div>  </div> | <ul style="list-style-type: none"> • Plastic reduction projects • 2+ Acres of land used for production and operations • Total of 9,905 trees planted to date |

CFL’s holistic approach to natural capital emphasizes environmental sustainability as a shared responsibility and innovation driver. By integrating sustainable practices across people, processes and products, the Company commits to protecting and restoring the environment while promoting responsible growth, ensuring a greener and healthier future for all stakeholders.

Natural Capital Profile



Natural Capital Value Creation

Our natural capital initiatives are implemented through a value-creation model that ensures the Company's continuous monitoring of sustainability efforts.



1. RESOURCES

Convenience Foods (Lanka) PLC leverages essential resources and management policies to produce high-quality, nutritious foods, ensuring sustainable and efficient utilization that supports the Company's commitment to responsible resource management.

1.1 Water Consumption

Water is vital for CFL's production and the water usage or the usage of water rose by 1,080 liters this year.

Internal campaigns such as posters, emails and infographics have promoted responsible water use across all Company divisions.

| Water Consumption | | | | |
|-------------------|----------------|---------|---------|---------|
| | Unit | 2024/25 | 2023/24 | 2022/23 |
| Water consumed | m ³ | 17,137 | 16,057 | 13,749 |

Water consumption rose 6.7% in 2024/25 due to higher production and increased human activity, though water usage per kg dropped from 2.8 to 2.5 liters. Lower usage in the year 2022/23 reflected pandemic-related reduced factory activity.

1.2 Energy Consumption

CFL's operations depend heavily on energy, mainly from the national grid. With rising production, energy use grew by 14.6%, due to higher consumption as a result of peak production volumes.

| Energy Consumption | | | | |
|----------------------|--------|-----------|-----------|-----------|
| | Unit | 2024/25 | 2023/24 | 2022/23 |
| Electricity consumed | kWh | 2,297,299 | 2,004,736 | 2,407,670 |
| Furnace Oil | Liters | 190,392 | 164,273 | 123,433 |
| Diesel | Liters | 25,091 | 16,301 | 85,218 |
| LPG | Kg | 15,375 | 15,600 | 24,525 |

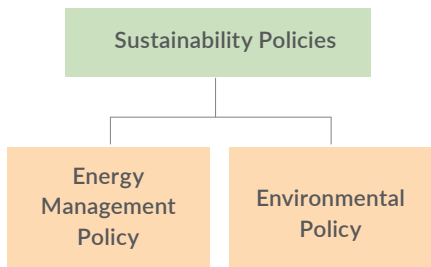
Total electricity consumption increased due to higher production volumes. However, electricity usage per kilogram improved, decreasing to 0.33 kWh/kg in 2024/25 from 0.35 kWh/kg in 2023/24.

1.3 Sustainability Policies and Frameworks

CFL's environmental and sustainability efforts are guided by comprehensive policies, including its environment and energy management policies, ensuring operational efficiency

NATURAL CAPITAL

while promoting responsible resource use and long-term ecological balance across all activities.



1.3.1 Environmental Policy

CFL’s environmental policy, aligned with the ISO 14001:2015 Environmental Management Systems (EMS) standard, provides a structured and adaptive framework for minimizing environmental impact, ensuring regulatory compliance and promoting sustainability through continuous improvement in environmental performance.

Under ISO 14001:2015 certification, CFL is committed to:

- Implementing proactive measures to minimize our environmental footprint
- Ensuring full compliance with legal and regulatory requirements
- Enhancing resource efficiency and waste management
- Continuously monitoring and improving environmental performance
- Engaging stakeholders in our environmental commitments

In furtherance of the ISO 14001:2015, CFL’s sustainability efforts extend to Resource Efficiency and Cleaner Production (RECP) which identifies gaps within the manufacturing processes with room for improvement in increasing the efficiency of resource usage and improvement on cleaner production processes.

1.3.2 Energy Management Policy

The Company’s energy management policy ensures that the consumption of energy across the organization is governed by a framework of responsible energy consumption. Built on the principles of continuous improvement and sustainability, the policy aligns with the ISO 50001:2018 standard.

2. ACTIVITIES

2.1 Sustainable Consumption and Production (SCP)

CFL prioritizes sustainable consumption and production by monitoring resources and waste, leading to optimized usage and reduced pollution, while aligning with the Company’s vision of sustainable products.

| Initiative | Description/Impact |
|--|---|
| Sustainability Integration | Sustainability principles in our core operational functions |
| Environmental Protection | Measures to preserve natural resources while mitigating adverse impacts stemming from the operations |
| Priority Areas | Focus on waste management, energy efficiency, water conservation and emission reduction to manage our environmental footprint |
| Continuous Improvement | Enhance our environmental performance by regularly assessing and refining practices and policies |
| Quality Assurance Across the Full Production Process | Quality assurance across the full production process supports sustainable consumption by minimizing waste, ensuring resource efficiency and delivering safe and consistent products |
| Food Waste Reduction | Continuous Resource Efficient and Cleaner Production (RECP) and R&D efforts to search for ways to minimize waste in production |

2.2 Water Management

CFL has incorporated water management into the environmental policy.

The Company’s wastewater treatments are linked to the National Water Supply and Drainage Board recycling plant which assures that CFL maintains a zero release of water related environmentally hazardous waste.

| Initiative | Description/Impact |
|----------------------------------|---|
| Awareness Campaigns | Awareness campaigns amongst staff on misuse of water and wastage. Visual and digital awareness sessions on water conservation |
| Routine Maintenance and Checkups | Conduct maintenance and check-ups routinely to identify any leakages and ensure water systems function efficiently |
| Water based KPIs | Setting KPIs on water management as part of divisional performance assessments |
| Waste Water Recycling | Connected wastewater to the waterboard recycling plant to ensure no hazardous wastewater release to the environment |

2.3 Effluents, Emissions and Waste Management

The Environmental Policy of CFL provides a framework for various types of emission and waste management that the organization encounters in its manufacturing and operational processes. CFL's waste management efforts advocate recycling and reusing materials, effectively implementing SCP practices in waste management. As a responsible corporate citizen, CFL has continued to comply with state environmental protection regulations and abide by its guidelines. As a result, we have consistently received (and complied) the environment protection license requirements by the Central Environmental Authority (CEA).

| Year | Total Raw material waste (Kg) | Total wrapper waste (Kg) |
|---------|-------------------------------|--------------------------|
| 2024/25 | 61,123 | 2,642 |
| 2023/24 | 53,335 | 2,824 |
| 2022/23 | 95,331 | 3,287 |

During the last three years, CFL has managed to lower the release of CO₂ emissions whilst maintaining the industry's approved noise level. There were no significant emissions of Nitrogen Oxides (NOx), Sulphur Oxides (SOx), or other hazardous air pollutants during the year under review. Further, the Company has shared 139 metric tons of solid waste for recycling.

| Management | Approach | Achievement |
|-----------------------------------|--|--|
| Solid Waste | <ul style="list-style-type: none"> Partnered with recycling partners for efficient waste management for daily solid waste generated | Compliance with parameters set by CEA |
| Sound Pollution | <ul style="list-style-type: none"> Installation of machinery with minimal risk of sound pollution Monitoring noise levels (annually) with the involvement of external experts | Obtained test reports to monitor noise levels |
| Effluents and Emission Management | <ul style="list-style-type: none"> Testing of effluents and waste before releasing to the environment Periodically testing the boiler emissions Compliance with regulations set by the Environmental Protection Authority | Obtained annual third-party inspection reports to ensure emissions are within efficient levels and carrying out necessary tune-ups accordingly |

| Initiative | Description/Impact |
|----------------------|---|
| Awareness Campaigns | Creating awareness amongst the public and staff on the importance of waste management |
| Workforce Engagement | Developing projects to motivate the workforce towards maintaining a waste-free environment |
| Resource Management | Reduction of raw material waste and managing resource consumption at lower levels |
| Recycling | Partnering with CEA approved recycling partners for efficient waste disposal Directing factory generated waste such as packaging material to environmentally safe waste management |

NATURAL CAPITAL

Emissions from Operations

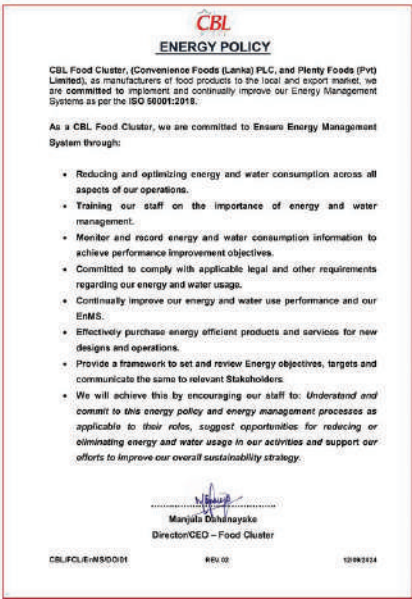
| | 2024/25 | 2023/24 |
|---------------------------------------|-----------|-----------|
| LPG/ Fuel (CO ₂ /kg) | 691,154 | 588,474 |
| Electricity (CO ₂ /kg) | 932,785 | 810,983 |
| Owned Transport (CO ₂ /kg) | 14,529 | 11,500 |
| Total Emission (CO ₂ /kg) | 1,638,468 | 1,410,957 |

2.4 Energy Management

The Company took measures to optimize energy management through continuous monitoring and efficiency improvement initiatives.

Achieving the ISO 5001:2018 certification for energy management contributed to a significant improvement in CFL's energy performance. Through targeted efficiency measures, the Company aims to optimize energy consumption across facilities and reduce waste.

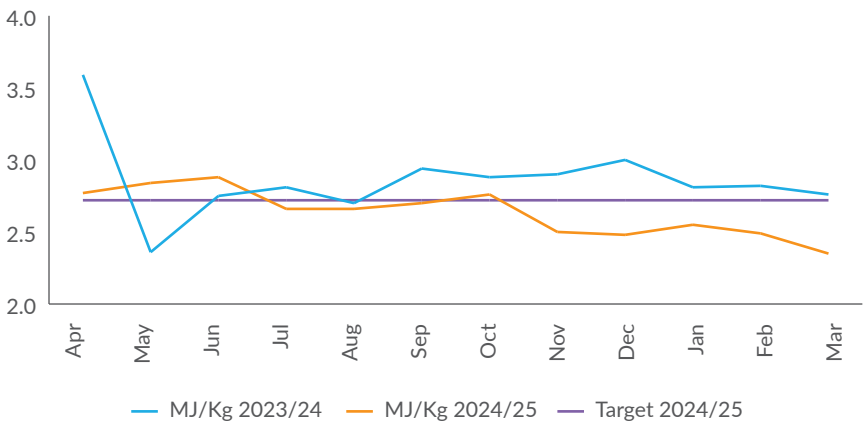
Moreover, this certification reaffirms CFL's commitment to environmental stewardship and responsible business practices.



Energy Intensity

During the year, CFL took measures to manage the energy intensity of our manufacturing processes through numerous activities. Compared to the previous year, energy intensity during the year under review remained below the targeted levels, indicating improved energy efficiency.

Energy Intensity



CFL implemented activities to support energy management through resource management, improvements to operational efficiency, machine operator training, maintaining routine checkups, developing stakeholder and employee awareness campaigns and including KPIs in energy management.

| Initiative | Description/Impact |
|------------------------------------|---|
| Awareness Campaigns | Awareness sessions for employees on energy management. |
| Operational Efficiency Improvement | Optimization of the fuel purchase process from transportation to factory usage. RECP audits to pinpoint operational gaps and propose viable solutions. |
| Resource Management | Energy meter calibration to obtain accurate data. |
| Routine Maintenance | Periodic boiler tune-ups. Boiler inspection by a third-party for emission testing. Compressed air leakage test by a third-party service provider. |
| Energy Based KPIs | Integration of energy related Key Performance Indicators (KPIs) for continuous monitoring. |

2.5 Environmental Sustainability Initiatives

CFL's environmental policy extends beyond mere conservation to education and awareness creation, protecting the supply chain and ensuring sustainability of all stakeholders. The Company has aspired to lead the industry in its efforts in carbon emission reduction and environmental safeguards as well as transparency and accountability.

As an advocate for ESG, CFL diligently engages in impactful awareness campaigns focused on sustainability and has incorporated sustainable practices into the corporate culture. Awareness campaigns provided an effective platform to share knowledge, encourage environmentally friendly behavior and highlight the importance of Safety, Health, Environment and Quality (SHEQ) principles.

| Environmental and Sustainability Initiatives | | |
|--|---------------------------------------|--|
| Internal | Biodegradable Materials and Packaging | Conducted trials using compostable materials to test outcomes in terms of machinability. Further improvements and opportunities are being explored, particularly regarding barrier properties |
| | PLASTIC – Project SWITCH Asia | The project supports the Company by applying circular economy practices including RECP (Resource Efficiency and Cleaner Production) Industrial Services Bureau, Biodiversity Sri Lanka (BSL), STENUM Asia and The Energy and Resources Institute (TERI) are consortium partners with the ACTED organization in this project |
| | SHEQ Week | A SHEQ (Safety, Health, Environment and Quality) Initiative Energy management, conservation and awareness on the sustainability framework and initiatives were shared |
| | ECO Friday | Internal awareness campaign to inculcate the culture of environmental sustainability |
| | Consumer Wrapper Collection | The “CBL Haritha Piyawara” school project promoted waste collection and recycling by engaging 8 schools, providing 10 bins and raising awareness among students and teachers to foster environmental responsibility and resource conservation |
| External | Environment Day Celebrations | Development of a video to raise awareness on plastic pollution |
| | Trees for Life Project | Under the theme “Save for Environment,” our sales team continued the nationwide tree planting initiative, promoting conservation, climate action and sustainability through environmental education and best practices across retail outlets. To date 9,905 trees have been planted |

| Waste Management Initiatives | |
|--|--|
| Introduction of Recyclable Materials for Soy Packaging | <ul style="list-style-type: none"> Homogeneous material was tested for triple-laminating packaging in order to enable the recycling of the packing material. Samples have been retained for further testing Recyclability-tested with the recycling Company, ‘Pio Plastic’ for melting and pelletizing |
| Used Pen Collection Project | <ul style="list-style-type: none"> Used ballpoint pens and marker pens at the office are gathered for recycling purposes |
| PET Bottle Collection Project | <ul style="list-style-type: none"> Company’s in-house PET (polyethylene terephthalate) bottle collection through the Eco Friday Campaign Partnered with SPAR Supermarket PET bottle collection project Recycling with Eco Spindles |
| Wrapper Wastage | <ul style="list-style-type: none"> Reduction of the dimensions of the spices master bags Reusing and recycling poly sacks and other polythene, corrugated boards, cardboards and used paper Inculcate a waste-free environment through training and awareness for employees Polythene waste is sent to waste to energy converting plants |
| Raw Material Wastage | <ul style="list-style-type: none"> Raw material off grades are grinded and reused Food waste sent for “Mihisaru” compost fertilizer project |

| Waste Management Initiatives | |
|------------------------------|---|
| Paper Wastage | <ul style="list-style-type: none">• Implement document management system and reduce paper usage and wastage• Old newspapers, corrugated boxes, thread cones, toilet paper rolls collected for recycling• Use of Cloud facilities to store files, reducing hard copy printing• Use online based platforms to replace the printed processes, reducing the requirements to use hard paper |

3. OUTPUTS AND OUTCOMES

3.1 Managed and Recycled Solid Waste

CFL manages and recycles solid waste through structured waste segregation, responsible disposal practices and collaboration with certified recyclers, contributing to reduced environmental impact and promoting a circular economy.

3.2 Recycled Water Discharge

Wastewater generated from operations was effectively managed and safely discharged in compliance with regulatory standards. Please refer to Page 119 for the statistics.

3.3 Improved Energy Efficiency and Resource Conservation

The Company continuously monitors energy consumption and the introduction of energy audits within our facilities has strengthened efforts toward energy efficiency. This combined with the efficient resource conservation from raw material, water and other contributory sources as described above has strengthened CFL's standing in the ESG and sustainability efforts.

Please refer to Page 119 for the statistics.

3.4 Enhanced Compliance with Environmental Regulations

CFL remains steadfast in its commitment to environmental stewardship by adhering to national and international environmental standards. The Company

ensures full compliance with the regulatory requirements of the CEA to minimize the impact on the environment.

As part of the structured sustainability efforts, the Company has obtained the ISO 14001:2015 Environmental Management Systems certification, demonstrating a proactive approach to managing environmental responsibilities. Additionally, the Company is certified under ISO 50001:2018 Energy Management Systems, underscoring its dedication to improving energy efficiency and reducing environmental footprints across all operational processes.

These certifications and regulatory alignments reflect the Company's continued focus on enhancing compliance with environmental regulations and its long-term commitment to responsible and sustainable business practices.

3.5 Reduction in Environmental Footprint

CFL strives to reduce environmental impact and enhance waste management efficiency across all operations through continuous improvement and sustainable practices.

Please refer Pages 38-41 of the Sustainability Section for details on the initiatives undertaken to minimize the harmful impact to the environment.

3.6 Contribution to Climate Action and SDGs

CFL actively implements numerous United Nations Sustainable Development Goals (SDGs). As indicated in the table on Pages 117-118, our initiatives cut across all major SDGs that address sustainability and natural capital.

3.7 Strengthened Brand Reputation and Stakeholder Trust

CFL's sustainability efforts have enhanced product quality and reliability, strengthening consumer and stakeholder trust, which is reflected in the improved market reception and growing confidence in its brands and products.

3.8 Cost Savings Through Efficiency Improvements

CFL's resource management initiatives have reduced production costs by improving operational efficiencies, minimizing waste and maximizing resource utilization, leading to enhanced productivity, effectiveness and a better product-to-waste ratio.

3.9 Resilient and Sustainable Business Operations

Throughout the year, CFL prioritized enhancing business resilience and sustainability, yielding significant financial and non-financial benefits while reinforcing operations and paving the way for a more sustainable future.

LEADERSHIP AND GOVERNANCE

Strong leadership and sound governance form the backbone of our sustainable growth and long-term stakeholder trust



| | | | | | |
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| Board of Directors | 128 | Integrated Risk Management | 165 | The Statement of Directors' Responsibilities for Financial Statements | 189 |
| Organizational Structure | 132 | Audit Committee Report | 175 | Responsibility Statement of Managing Director/ CEO and General Manager | 190 |
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| Fostering an Ethical Organizational Culture | 158 | | | | |

CORPORATE GOVERNANCE STATEMENT

GOVERNANCE WITHIN A DYNAMIC AND RAPIDLY EVOLVING BUSINESS ENVIRONMENT

The business landscape is evolving at an unprecedented pace, demanding a steadfast commitment to the highest standards of governance. Our commitment has extended beyond mere compliance, to the adoption of best practices and voluntary standards in governance. As industries transform and regulatory expectations rise, governance frameworks must be both strong and agile to ensure resilience and adaptability. In this era of heightened accountability, we go beyond mere compliance, proactively demonstrating our dedication to long-term value creation.

THE BOARD OF DIRECTORS AND BOARD COMMITTEES

CFL is governed by the Company's Board of Directors comprising eight (08) members. This includes one (01) Executive Director, who serves as the Managing Director/CEO, four (04) Non-Executive Directors and three (03) Independent Non-Executive Directors. We, the Board of Directors, hereby affirm our commitment to the highest standards of corporate governance, transparency and accountability. In accordance with our fiduciary responsibilities, we have provided leadership and hold overall responsibility and accountability for managing the Company's affairs, ensuring the implementation of risk management practices and protecting stakeholder interests. To effectively carry out the duties, the Board has established Committees to perform specific governance tasks and activities. These include the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committee. For detailed information on the profiles of the Directors, the functions, Committee reports and responsibilities of the Committees, please refer to Pages 128-183.

INTEGRITY AND COMPLIANCE

The Board of Directors and Committees at CFL uphold the principles of openness and engagement by adhering to a comprehensive code of conduct. This code, along with the Company's policies, rules and procedures, forms the foundation of the corporate governance framework. It aims to foster a culture of good governance, consistency and operational excellence. We are pleased to report that throughout the period of 2024/25, there were no reported violations of the provisions outlined in the code of conduct and ethics by any of the Directors serving on the Board. This highlights the commitment of the Directors to uphold the highest standards of ethical conduct and reinforces CFL's dedication to maintaining a sound governance framework as illustrated on Page 133.

VOLUNTARY ADOPTION OF BEST PRACTICES OF GOVERNANCE, BEYOND COMPLIANCE

We integrate principles of the Code of Best Practice on Corporate Governance 2023 of CA Sri Lanka, our Internal Code of Conduct, Standard Operating Procedures, Terms of Reference, as well as global frameworks such as the UN Sustainable Development Goals (UNSDGs) and GRI Guidelines.

We are adhering to the principles of SLFRS S1 and S2, which are in the process of becoming mandatory. This marks a significant transformation in the Company's corporate reporting practices. As we progressively integrate the era of Artificial Intelligence (AI) into business, we are strengthening our systems, cybersecurity and data governance frameworks.

It is declared that the following governance aspects and voluntary compliances have been met by the Board during the year.

- The Company has not engaged in any activity which contravenes laws and regulations, the Directors have declared all material interest in contracts involving the Company and refrained from voting on matters in which they were materially interested,
- The Company has made endeavors to ensure the equitable treatment of shareholders,
- Assessed the business's ability to continue as a going concern and such conclusions were made as disclosed on Pages 164, 187, 189 and 205.
- Company shares have not been purchased by any Director, key management personnel or any other employee involved in financial reporting as disclosed on Page 250.

OPERATIONAL GOVERNANCE

The Board reviews and meets periodically to evaluate the execution of the Company's strategy, conduct performance reviews and address pertinent matters on their agendas. The Board also assesses the Company's long-term outlook, taking into consideration potential risks and opportunities. The Board discusses and decides on the steps to be taken when strategic issues or challenges arise that need to be addressed at a higher level and considers potential situations or events that could impact the organization, adversely or positively, while overseeing the achievement of key deliverables and performance indicators. In cases where necessary, appropriate corrective actions are taken. For more detailed information, please refer to the Corporate Governance Section from Pages 133-145.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Company has implemented comprehensive mechanisms to ensure the effectiveness of the internal control environment. The Board of Directors and Committees have developed a defined process for conducting regular internal audit reviews and managing risks to

mitigate any potential adverse impacts. For more detailed information regarding the Company's internal controls and risk management practices, please refer to the corresponding sections from Pages 165-174.

DECLARATION OF COMPLIANCE

We are committed to safeguarding the interests of our stakeholders, continuously enhancing the effectiveness of our governance practices and adhering to the latest regulatory and statutory developments and ensuring compliance with the Listing Rules of CSE. Please refer to Pages 146-150 for details on compliance. We have complied with statutory and regulatory requirements applicable to our operations. The extent of our compliance at CFL is detailed on Page 133. In addition to statutory requirements, CFL has adopted the principles, to an extensive extent, outlined in the Code of Best Practice on Corporate Governance issued by CA Sri Lanka 2023 to improve the current governance practices. The detailed adoption of the Code is outlined from Pages 150-157.

VOLUNTARY EXTERNAL GOVERNANCE

- UN Global Compact
- United Nations Sustainable Development Goals (UNSDGs)
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka
- SLFRS S1 and SLFRS S2
- Integrated Reporting (IR) Framework

INTERNAL GOVERNANCE

- Food Safety Compliance Certifications
- Environmental Policy
- Human Resource Policies
- Employee Code of Conduct
- Best Practice Governance Policies
- Standard Operating Procedures across every function
- Policies Established in accordance with Listing Rules

- Articles of Association
- Terms of Reference and Charters of Board, Board Committees and Management Committees
- The CBL Group Sustainability Framework
- Integrated Risk Management Framework
- Related Party Transactions Policy

MANDATORY EXTERNAL GOVERNANCE

- Companies Act No. 07 of 2007 and amendments thereto
- CSE Listing Rules requirements of Section 7 and Corporate Governance rules of Section 9, Applicable Laws, Acts, Circulars and Gazettes issued by the Taxation Authorities and Government Regulatory Bodies
- Compliance with Sri Lanka Accounting Standards (SLFRSs/LKASs)

Compliance Summary

Mandatory Regulatory Frameworks - Fully Compliant

The Companies Act No. 7 of 2007 including applicable regulations
Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circulars
Listing Rules of the Colombo Stock Exchange (CSE), including circulars Code of Best Practices on Related Party Transactions (2013) advocated by the SEC

Voluntary Frameworks and Standards

Code of Best Practice on Corporate Governance (2023) issued by Chartered Accountants (CA) Sri Lanka - compliant to the extent of business exigency and as required by the Group
Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka - compliant to the extent of business exigency and as required by the Group
Transparency International Sri Lanka assessment criteria on transparency in corporate reporting

Reporting Frameworks

International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)
Global Reporting Initiative (GRI) Standards

Internal Mechanisms

Articles of Association
Board Charter and Board Sub-Committee Charters
Internal Policies, which includes the Code of Conduct

CLOSING REMARKS

I extend my sincere gratitude to the Board of Directors, management team, employees and other stakeholders for their commitment and trust in the Company. As we navigate an ever-evolving business landscape, we remain committed to upholding the highest

standards of governance, transparency and accountability, ensuring long-term sustainable growth.



R.S.A. Wickramasingha
Chairman

31st July 2025
Colombo

BOARD OF DIRECTORS



Mr. R.S.A. Wickramasingha
Chairman / Non-Executive Director



Mr. M.C. Dahanayake
Managing Director (ED) / CEO



Ms. D.S. Wickramasingha
Non-Executive Director



Ms. N.K. Wickramasingha
Non-Executive Director



Mr. L.J.M. De Silva
Non-Executive Director



Mr. I.S. Fonseka
Independent Non-Executive Director



Mr. M. E. Wickremesinghe
Independent Non-Executive Director



Ms. S.T. Ratwatte
Independent Non-Executive Director

MR. R. S. A. WICKRAMASINGHA

Chairman

(Appointed to the Board on 10th May 2000)

Mr. R. S. A. Wickramasingha was appointed as the Chairman of Convenience Foods (Lanka) PLC, a subsidiary of the CBL Group, on 24th June 2015, having served on the Board since 10th May 2000. He is the Chairman of the CBL Group, a leading diversified FMCG conglomerate that manufactures biscuits, chocolates, cakes, cereals, snacks, textured soy, coconut products, spices and processed organic fruits for local and export markets, with market leadership in many brands. The CBL Group exports its products to over 65 countries around the world and has an overseas manufacturing facility located in Ghana. The Group is among Sri Lanka's largest exporters of confectionery and coconut milk.

The Chairman possesses vast and varied experience in the food industry. He qualified in food technology at Borough Polytechnic, now known as London South Bank University, UK. He drives the Group's continuous focus on product innovation and quality, overseeing R&D, quality control, manufacturing and procurement processes across the CBL Group.

Other Current Appointments

Mr. Wickramasingha is the Chairman of Ceylon Essence and Beverage Company and Patron of the Lanka Confectionery Manufacturers Association. In addition to his directorship at CFL, Mr. Wickramasingha also serves as a Director of the following companies:

CBL Foods International (Pvt) Ltd, CBL Agroprocessors (Pvt) Ltd, Ceylon Biscuits Ltd, CBL Exports (Pvt) Ltd, CBL Corporate Services (Pvt) Ltd, CBL Marketing (Pvt) Ltd, CBL Canned Products (Pvt) Ltd, CBL Natural Foods (Pvt) Ltd, Ritzbury Lanka (Pvt) Ltd, Plenty Foods (Pvt) Ltd, Soy Products (Pvt) Ltd, CBL Global Foods Ltd, CBL Cocos

(Pvt) Ltd, CBL Investments Ltd, CBL Nenamedura, Ceylon Biscuits Bangladesh (Pvt) Ltd, CBL Myanmar (Pvt) Ltd, CBL West Africa Ltd, Northern Food Processing (Pvt) Ltd, Ceylon Essence & Beverage Co. Ltd and Sahan Sevana.

MR. M. C. DAHANAYAKE

Managing Director/CEO

(Appointed to the Board on 01st January 2024)

Mr. Manjula Dahanayake, with experience of over 34 years in the FMCG, Food and Beverage, Dairy and Telecommunication Industries, has been appointed to the Convenience Foods (Lanka) PLC Board as the Managing Director/CEO, effective 1st January 2024.

Mr. Dahanayake, with extensive experience and knowledge in the fields of Sales and Marketing and in Management and Administrative areas, will contribute immensely to CFL business.

Mr. Dahanayake earned his MBA from the University of Sri Jayewardenepura and holds a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (UK).

Mr. Manjula Dahanayake's professional journey commenced in 1989 and he has expertise in working for some of the largest Multinationals and Local conglomerates including Unilever Sri Lanka, Coca Cola Beverages Sri Lanka, Airtel Lanka, Nestle Lanka PLC and Lanka Milk Foods Group (PLC).

He held various key roles at Unilever, including Senior Brand Manager in Marketing and was one of the key personnel to lead the transformation of Modern Trade business while accumulating over 14 years of experience. Mr. Dahanayake later joined Coca-Cola Beverages Sri Lanka Ltd as a Senior Brand Manager, progressing through roles such

as Market Development Manager, Regional Market Execution Manager and ultimately serving as the Head of Modern Trade and Key Accounts where he took the Coca-Cola business to the next level.

Mr. Dahanayake later was offered to join Bharti Airtel Lanka (Pvt) Ltd, where he assumed the position of Zonal Business Head in 2007 to start up the Airtel operations in Sri Lanka where he was instrumental in setting up the sales and marketing operations whilst having a stint in Airtel Mumbai for 5 months. In 2010, he joined Capital Maharaja Organization, initially as the General Manager Sales and Marketing, rising to the role of Director Sales in Pepsi and ICL Marketing. His experience includes serving as the Country Head of Samsung India Electronics which is the parent company of Samsung Sri Lanka between 2013 and 2014.

Mr. Dahanayake has also contributed significantly to Nestle Lanka PLC for over five years working as the Channel Head and as the Head of Modern Trade and National Key Accounts before joining Lanka Milk Foods PLC (LMF Group) as the Group CEO. At LMF Group, he excelled in managing six subsidiary companies and was instrumental in tripling the revenue and profits within a period of 4 years.

Other Current Appointments

Mr. Manjula Dahanayake is a Director of Plenty Foods (Pvt) Ltd.

MS. D. S. WICKRAMASINGHA

Non-Executive Director

(Appointed to the Board on 10th May 2000)

Ms. Sheamalee Wickramasingha is the Group Managing Director of the CBL Group and an Executive Director on the board of CBL Investments Ltd. She also serves on the board of the subsidiary companies of CBL Investments Ltd.

BOARD OF DIRECTORS

She holds an MSc degree in Food Chemistry from Purdue University, USA and a BSc Degree in Food Science & Industry, from Kansas State University, USA. Having joined CBL in 1991 as a Food Technologist, she worked in various management positions in the Company and was invited to join the Board of CBL in 1996.

Presently she is a member of the main committee of the Ceylon Chamber of Commerce, the Export Development Board (EDB) and the UNICEF Business Council in Sri Lanka.

Other Current Appointments

Ms. Wickramasingha also serves as the Group Managing Director of CBL Investments Ltd, Chairman of Modern Pack Lanka (Pvt) Ltd, a company she formed in 1994. In addition, Ms. Wickramasingha holds Directorships in Plenty Foods (Pvt) Ltd, Ceylon Biscuits Ltd, CBL Foods International (Pvt) Ltd, Ritzbury Lanka (Pvt) Ltd, CBL Natural Foods (Pvt) Ltd, CBL Exports (Pvt) Ltd, CBL Cocos (Pvt) Ltd, CBL Global Foods Ltd, CBL Agroprocessors (Pvt) Ltd, CBL Myanmar (Pvt) Ltd, CBL Corporate Services (Pvt) Ltd, CBL Canneries (Pvt) Ltd, SPAR SL (Private) Ltd, CBL Marketing (Pvt) Ltd, CBL West Africa Ltd, CBL Nena Medura, Northern Food Processing (Pvt) Ltd, Coconut Milk Manufacturers' Association, JF&I Packaging (Pvt) Ltd, Cinnamon Beach House (Pvt) Ltd, Food Revolution (Pvt) Ltd and M.S.J. Investment Holdings (Pvt) Ltd.

MS. N. K. WICKRAMASINGHA

Non-Executive Director

(Appointed to the Board on 14th July 2016)

Ms. Nishka Wickramasingha is an Executive Director of CBL Investments Ltd and serves on several Boards of subsidiary companies of the CBL Group.

She holds a BSc degree in Food Science from Purdue University, USA and is CIM qualified. Ms. Wickramasingha joined CBL as a Management Trainee (R&D)

in 1993 and worked across various management positions in the company. Ms. Wickramasingha was appointed to the Board of CBL in 1999 and counts 32 years of experience with the CBL Group.

Other Current Appointments

Ms. Wickramasingha also holds Directorships in Ritzbury Lanka (Pvt) Ltd, Modern Pack Lanka (Pvt) Ltd, Plenty Foods (Pvt) Ltd, Back of Beyond Sigiriya (Pvt) Ltd, CBL Investments Ltd and CBL Corporate Services (Pvt) Ltd.

MR. L. J. M. DE SILVA

Non-Executive Director

(Appointed to the Board on 19th September 2018)

Mr. De Silva is a Fellow of the Institute of Chartered Accountants of Sri Lanka (FCA) and completed his articles at Turquand Young's (now Ernst & Young) and qualified as a Chartered Accountant in June 1970.

Mr. L. J. M. De Silva joined Ceylon Biscuits Ltd Group as the Group Managing Director in October 1999 and completed 14 years with the Group. Prior to that period, he served as the Managing Director of Delmege Forsyth and Co, Group Commercial Controller of Al-Futtaim Trading, Finance Manager of Reckitt and Colman, Finance Manager of Richard Pieris and Co. Ltd. and Group Accountant of Rowlands Group of Companies.

Other Current Appointments

At present, in addition to serving as a Non-Executive Group Director of CBL Investments Ltd, he is also a Non-Executive Director of Plenty Foods (Pvt) Ltd.

MR. I. FONSEKA

Independent Non-Executive Director

(Appointed to the Board on 31st March 2024)

Mr. I. Fonseka is a Member of the Chartered Institute of Marketing (UK) and a Certified Management Accountant (AUS). He had his post-graduate education at

the Indian School of Business, the Kellogg School of Management (Northwestern University), University of Pennsylvania Wharton School and Fundação Dom Cabral (Brazil).

He was the Chairman of Multi Finance PLC, CEO of Ceylon Biscuits Ltd and Managing Director of Hemas Consumer Brands. Mr. Fonseka has worked with multinationals such as JWT, Unilever, GlaxoSmithkline, Coca-Cola and Chevron in the Middle East, in Southeast Asia and in the Sub-continent.

Other Current Appointments

He holds Directorships at Taurus Concepts (Pvt) Ltd. and Food Revolution (Pvt) Ltd.

MR. M. E. WICKREMESINGHE

Independent Non-Executive Director

(Appointed to the Board on 31st March 2024)

Mr. M. E. Wickremesinghe is a President's Counsel and a Fellow of the Chartered Institute of Management Accountants of the United Kingdom. Mr. Wickremesinghe who holds an LL.B. (with honours) from the University of Colombo has lectured and examined at the University of Colombo, and the University of Moratuwa and has functioned as an examiner for the Institute of Chartered Accountants of Sri Lanka.

He has previously functioned as the Senior Independent Director, the Chairman of the Board Audit Review Committee and the Chairman of the Board Nominations Committee of a licensed commercial bank. He has also been an Independent Director and the Chairman of the Board Audit Committee of a conglomerate listed on the Colombo Stock Exchange.

Other Current Appointments

He is the Chairman of the University Services Appeals Board, a member of the Governing Council of HelpAge Sri Lanka and a trustee of Ayati Trust Sri Lanka.

MS. S. T. RATWATTE

Independent Non-Executive Director

(Appointed to the Board on 31st March 2024)

Ms. Sharmini Ratwatte is a Fellow of the Chartered Institute of Management Accountants, UK and holds an MBA from the University of Colombo. She was recognized as the Zonta “Woman of Achievement - Management” in 2004.

Ms. Ratwatte formerly worked at MAS Holdings, Sri Lanka for over 16 years in Senior Finance, Management and C-suite roles.

She was a Non-Executive Director at John Keells PLC, the tea and stock broking arm of the John Keells Group in Sri Lanka.

She serves as a Non-Executive Director at Ceylon Cold Stores PLC, a member of the JKH, operating in consumer foods and retail and BPPL Holdings PLC, a manufacturer and exporter of domestic and industrial cleaning equipment. Her term on these Boards ends in Q1 2025/26.

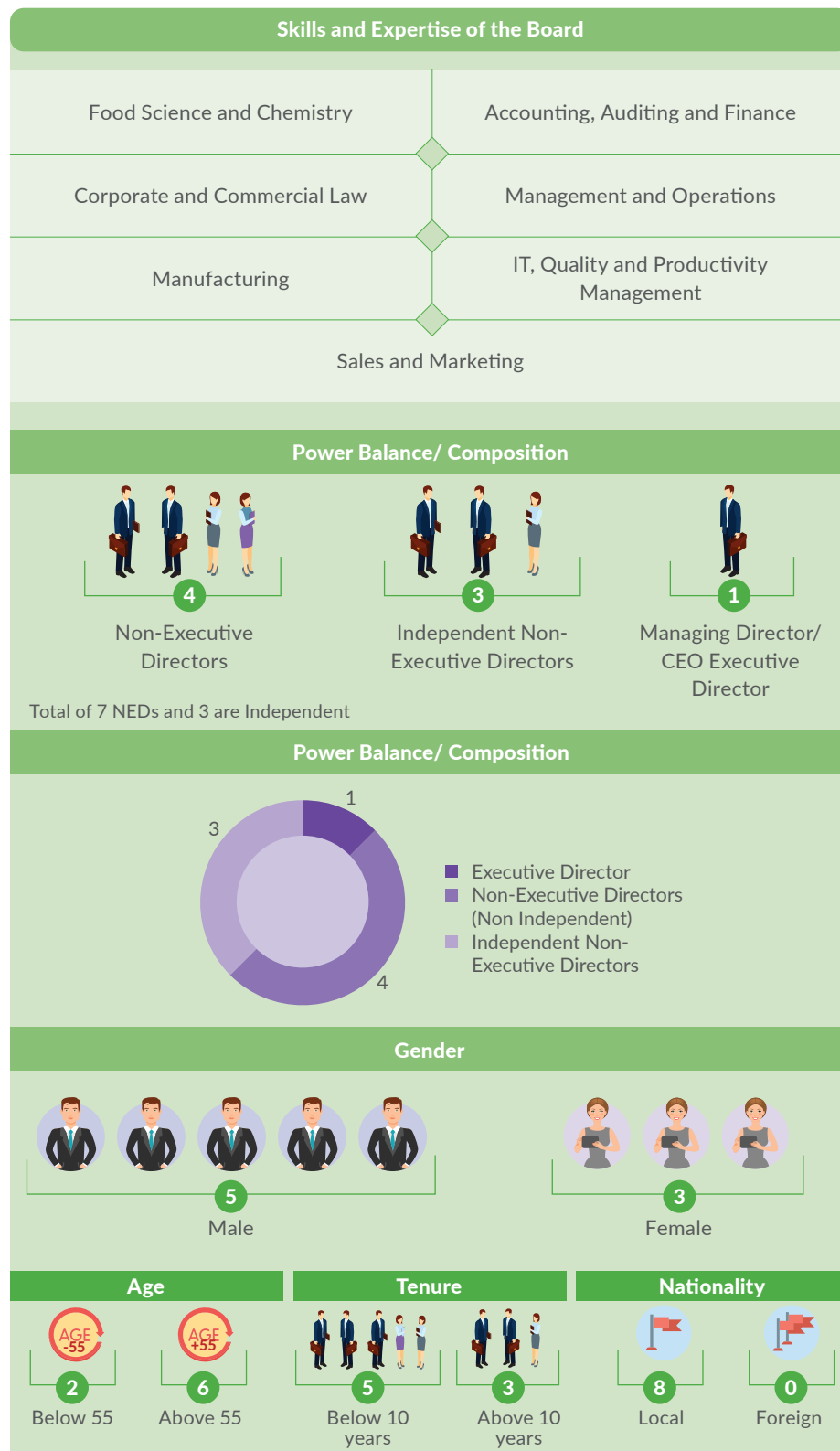
Ms. Ratwatte was a former Chairperson of the Environmental Foundation Ltd - a non-profit organization working in promoting sustainable development and justice for the environment. She was a Founder Trustee and Chairperson of the Federation of Environmental Organizations, a non-profit organization engaging and building collaboration within the environmental space in Sri Lanka.

Other Current Appointments

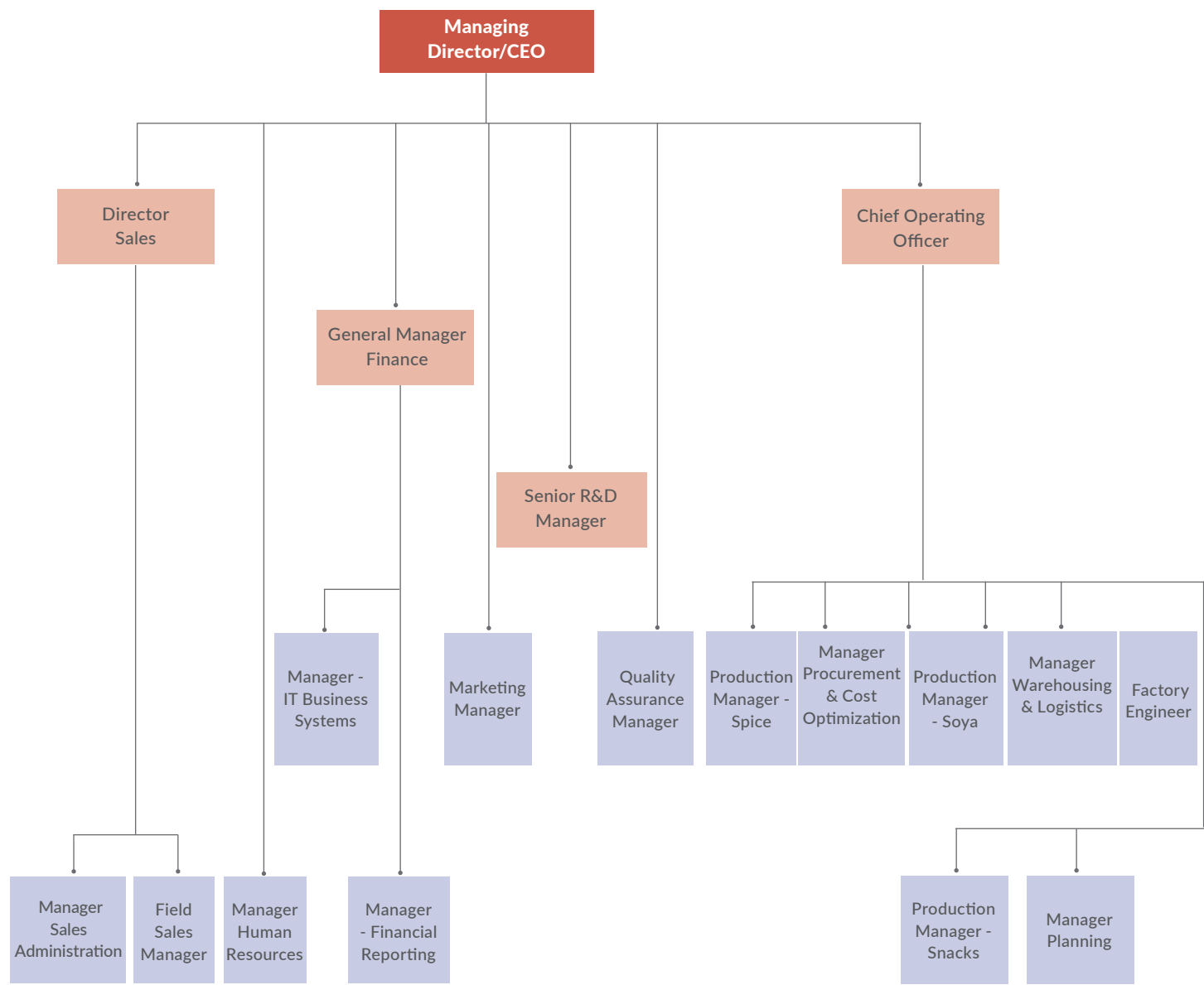
Ms. Ratwatte is a Non-Executive Director of the National Credit Guarantee Institution Ltd, a public private collaboration with the GOSL and 13 banks and NBFIs to support and grow the SME businesses in Sri Lanka.

She is a Non-Executive Director on the Board of Greenpeace Asia Ltd and also a Trustee of the Sunera Foundation, a non-profit organization working in theatre and arts with the differently abled.

COMPOSITION OF THE BOARD

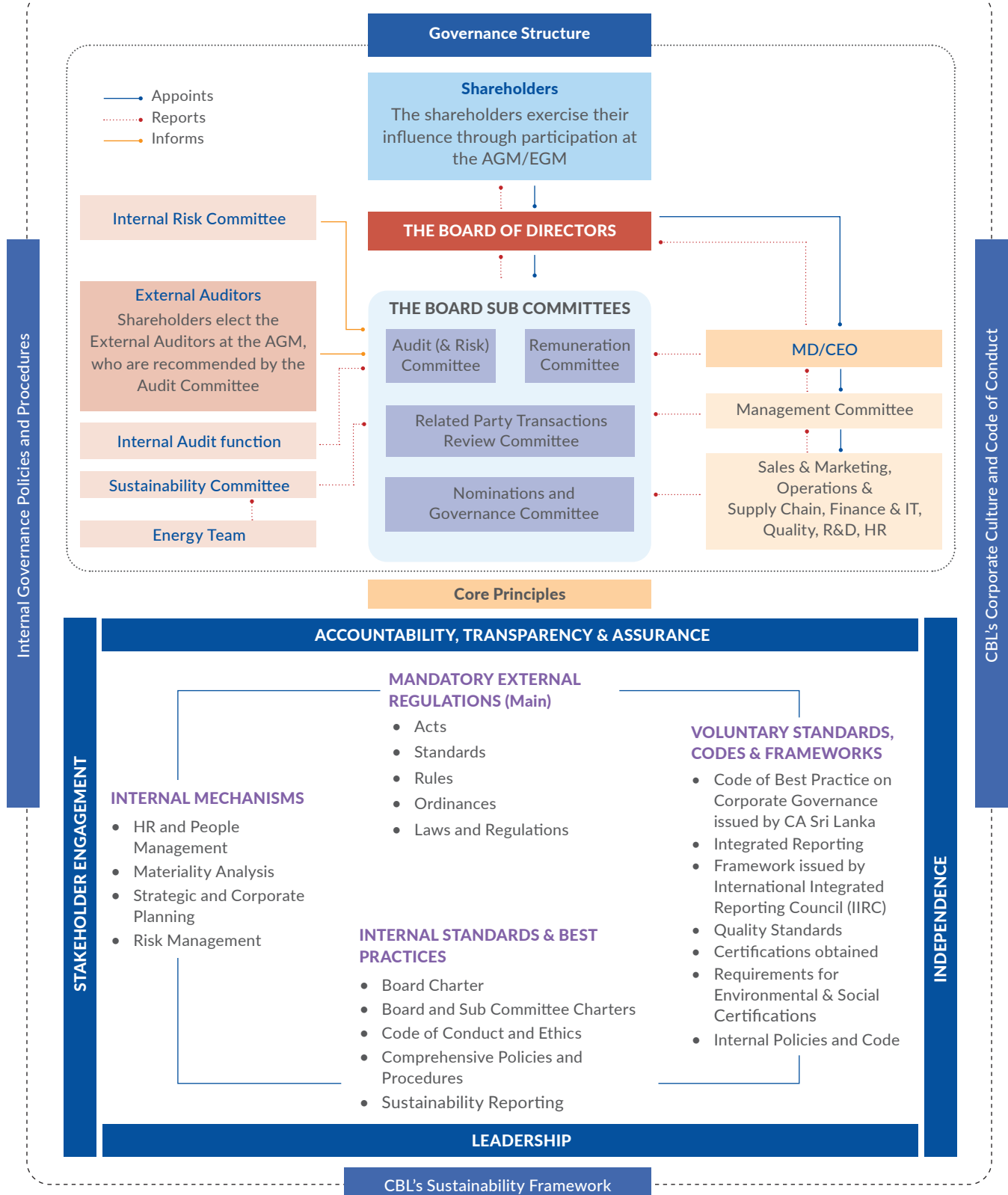


ORGANIZATIONAL STRUCTURE



OUR FRAMEWORK AND APPROACH TO BETTER GOVERNANCE

Our Corporate Governance Framework



OUR FRAMEWORK AND APPROACH TO BETTER GOVERNANCE

OUR COMMITMENT TO BEST PRACTICES

At Convenience Foods (Lanka) PLC, we recognize that strong governance is essential for building trust and ensuring the long-term success of our business. We acknowledge our significant responsibility in managing shareholder funds, ensuring their prudent and effective utilization.

Public trust and confidence are at the heart of everything we do, guiding our decisions and actions. We see governance as more than just a compliance requirement, it is a shared responsibility that goes beyond legal and regulatory obligations. It embodies our commitment to excellence, transparency and ethical business practices.

The Board of Directors is committed to upholding the best practices of corporate governance throughout the organization and stems from our responsibility towards our shareholders, employees, customers and other stakeholders.

We believe that responsible behavior and integrity at every level of our organization are crucial to maintaining effective governance. Every individual in the organization's hierarchy plays a vital role in upholding the principles of accountability and ethical conduct that define our governance within the organization. A stronger corporate governance framework, supported by structured processes and guidelines, reinforces this commitment, ensuring that good governance is upheld and stakeholders' interests are effectively safeguarded. We strive to achieve our business objectives with the utmost integrity and professionalism.

Our governance framework is regularly reviewed and updated to stay aligned with evolving regulations and corporate best practices, ensuring we uphold the highest standards of integrity and transparency.

OUR GOVERNANCE FRAMEWORK

Our governance framework is illustrated to portray the functioning of Shareholders, the Board, Board Committees, Internal and External Audit functions, Management Team and their departments. The internal governance policies and procedures uphold financial integrity and operational efficiency, further strengthened by the CBL Group's Code of Conduct. The framework ensures adherence to legal and industry requirements, as well as voluntary adoption of best practices in governance.

The Board

During the financial year of 2024/25, the Board of Directors comprised eight (08) Directors, with no changes during the period. The Board sets the Company's strategic direction, defines risk appetite and oversees performance, resource use and compliance. The Board ensures strong internal controls and risk management aligned with strategic goals, while integrating ESG priorities into decisions.

Our composition adheres to the mandate set forth by the Listing Rules of the Colombo Stock Exchange, which stipulates a minimum of two or one-third of Non-Executive Directors must be Independent. With a majority of Non-Executive Directors (7 out of 8), their views and opinions have significant influence, while the three (3) Independent Non-Executive Directors ensure impartiality in decision-making. Detailed profiles of the Board of Directors are provided from Pages 128-131.

Management Structure

Executive responsibilities are managed by a team of senior managers who work within the governance framework set by the Board. Regular management review meetings are held to focus on performance and operations under the Board's guidance and supervision. During these meetings, the Board reviews strategic direction, risk management and other relevant issues.

The senior management team provides the Board with reports on the achievements of Key Performance Indicators (KPIs). These KPIs are regularly discussed in monthly internal meetings, as well as in management reviews with functional heads. For a detailed understanding of the organizational structure, please refer to Page 132.

Core Principles

Our governance framework is built on the following core principles:

- **Leadership:** CFL is governed by the Board, which plans, directs, leads and controls the Company. The Board meets quarterly to fulfill its responsibilities and receive structured, regular information. The Board ensures a sound business strategy, appoints key roles, approves budgets and sets authority limits. The Board maintains the integrity of information, internal controls, compliance and IT alignment. The Board also considers stakeholder interests, sustainability, ESG factors and integrated reporting while monitoring strategy implementation and corporate reporting
- **Accountability, Transparency and Assurance:** We uphold the principles of accountability, transparency and assurance in our governance practices. We strive for operational effectiveness and ensure the comprehensive governance practices throughout the organization
- **Stakeholder Engagement:** We actively participate in effective communication and management of stakeholders. By understanding and addressing their needs and concerns, we foster strong relationships with our stakeholders
- **Independence:** Our Board of Directors comprises a balanced mix of Independent and Non-Independent Directors. This composition ensures objective decision making

For an overview of our Corporate Governance Framework, please refer to the detailed illustration on Page 133.

POLICIES FRAMEWORK

HR Policies

- Anti-Harassment Policy
- Anti-Corruption Policies
- Whistle-blowing Policy
- Occupational Health and Safety Policy
- Recruitment: Equal Opportunity Employer
- Disciplinary Policy
- Employee Movement Policy
- Grievance Handling Policy

Please refer Human Capital Section on Page 87

Sustainability Policies

- Environmental Policy
- Energy Management Policy

Please refer Natural Capital Section on Page 120

Corporate Governance Policies

- Policy on the Matters Relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance, Nominations and Re-election
- Policy on Remuneration
- Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's Listed Securities
- Policy on Risk Management and Internal Controls
- Policy on Relations with Shareholders and Investors
- Policy on Environmental, Social and Governance Sustainability
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosures
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption

The policy extracts are available on the Company's official website: www.conveniencefoodslanka.com

CONTINUOUS IMPROVEMENTS AND COMPANY'S RESPONSE TO EMERGING TRENDS

Ensuring that we uphold transparency, accountability and stakeholder inclusiveness, the Global Reporting Initiative (GRI) full disclosures index have been adopted and explanations are provided where omissions are made. Please refer to Pages 254-261.

While the compliance timeline effects the 2026/27 financial year, the Company has made voluntary disclosures required by SLFRS S1 and S2 explaining the material sustainability-related risks and opportunities relevant to the business. Sustainability-related opportunities and risks are evaluated and reported to the Sustainability Committee, Cluster Level Board, Board Audit Committee and the Main Board. Please refer further to Page 44.

We focused on the Risk Management Framework to align with SLFRS S1 and S2, incorporating sustainability and climate-related risks while integrating ESG tagging to ensure a more holistic and forward-looking approach to risk. By integrating ESG considerations into the risk framework, the Company enhances the ability to categorize risks effectively and align them with broader ESG objectives. Mitigation actions are designed to address these risks, minimizing potential adverse effects on the business. Please refer further to Page 173.

Another key trend is the growing emphasis on ESG principles. We consider ESG impacts when making business decisions and in supporting sustainable growth.

The Company adopted the revised Section 9 of the Listing Rules of the Colombo Stock

Exchange (CSE) for Corporate Governance and throughout 2024/25, we have fully adhered to these regulations. Please refer further to Page 147.

The Company follows the IT roadmap adopted by the Parent Company (CBL Investments Ltd), aiming for technological advancements within the business. Please refer further to Page 139.

The Company has strengthened its policies and procedures to ensure that suppliers and outsourced service providers comply with the social governance norms of the Company through assessment of quality certifications, compliance with relevant standards, ethical business practices, conflict of interests, fair and transparent selection procedures.

BOARD LEADERSHIP IN GOVERNANCE

BOARD OVERVIEW

Balanced Governance Structure

The majority of the Board, consisting of seven (07) out of eight (08) Directors, holds non-executive positions. Please refer to the Directors' profiles and illustration of expertise and composition on Pages 128-131.

Separation of the Roles of Chairman and Managing Director/CEO

The roles of Chairman and Managing Director/CEO are held by separate individuals to ensure a balanced distribution of decision-making power, authority and accountability. This structure upholds checks and balances, preventing any single individual from exerting undue control over the Board. The specific responsibilities and duties of the Chairman and Managing Director/CEO are outlined in detail on Page 137.

Board Expertise

The Board draws on a rich blend of decades of experience and expertise across the food manufacturing industry, sparking insightful discussions, fresh thinking and informed decisions. This collective wisdom empowers the Company to navigate challenges with agility, seize new opportunities and drive sustainable growth in an evolving business landscape.

Independence of the Directors

Three (03) out of the eight (08) Directors are Independent Non-Executive Directors, who provide unbiased judgement and are not influenced by the Company's interests. Independence of the Board members is determined based on Section 9 of the CSE Listing Rules and the CA Sri Lanka Corporate Governance Code 2023, to ensure compliance with the required criteria. This approach ensures that the Board maintains a balance of experience, expertise and impartiality, enabling effective governance and decision-making processes within the Company.

Independent Directors are required to conduct a self-assessment, annually, to identify any compromises or threats to their independence. This assessment includes evaluating any personal or professional relationships or material interests that may create, or appear to create, a conflict of interest or impair their ability to exercise unbiased judgment. Please refer to the table on Page 142.

The Directors have declared all material interests in contracts involving the Company in terms of the Companies Act and the Articles of the Association of the Company and have acted as prescribed therein and where relevant have refrained from voting on matters in which they were materially interested.

Financial Acumen of the Board

The Board consists of members who possess financial expertise in the areas of auditing, financial reporting and corporate finance. Their strong financial acumen contributes to the overall financial health and stability of the Company while ensuring financial governance. Detailed information regarding the expertise of Directors is provided in their profiles on Pages 128-131.

Fitness of Directors and CEO

The Company Secretaries obtain the annual declarations from the Board of Directors indicating if the Director satisfies the said criteria as at the date of such confirmation.

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year under review and as at the date of such Declarations.

Accordingly, every member of the Board has been confirmed as fit and proper to serve as a Director, including the Managing Director/CEO.

Independent Advice

The Directors have access to the necessary expertise and resources to make informed decisions and fulfill their responsibilities effectively.

Provisions are in effect to facilitate Directors seeking professional guidance as necessity arises, which is covered by the Company's expenses upon their request.

POWERS, ROLES AND RESPONSIBILITIES OF THE BOARD

The Company entrusts the Board with substantial authority to govern effectively, in line with its roles and responsibilities outlined in the Articles of Association and the Companies Act No. 7 of 2007. This empowers the Board to carry out its duties with both efficiency and accountability.

Key Roles of the Board

- Formulating and overseeing business strategy
- Appointing key management leadership roles
- Ensuring capable leadership and succession planning
- Approving budgets and major investments
- Defining authority limits and delegations
- Overseeing internal controls, cybersecurity and risk management
- Aligning IT with business strategy and monitoring progress
- Ensuring legal, regulatory and ethical compliance
- Balancing stakeholder interests

- Integrating sustainability and ESG into strategy
- Upholding Company values and financial integrity
- Monitoring strategic execution and performance
- Ensuring timely and accurate corporate reporting
- Addressing other governance needs relevant to the business

Key Roles of Major Governance Positions within the Company

The key responsibilities of the Board positions include, but are not limited to, the following:

The Role of the Chairman

- Provides strong, impartial leadership to guide the Board, uphold governance and ensure effective oversight
- Initiates self-assessment of the Board to enhance Board effectiveness and maintain the balance of power between Executive and Non-Executive Directors
- Promotes and upholds the principles of good governance, acting in the best interests of the Company
- Preserves order within the Board and facilitates the effective discharge of its functions to ensure the efficient and effective fulfillment of the Board's duties and responsibilities
- Presides over Directors' and shareholders' meetings, ensuring active participation of Directors and adherence to proper procedures
- Ensures Board operations run smoothly and align with governance principles to protect stakeholder interests

A full profile of the Chairman, Mr. R. S. A. Wickramasingha, is available on Page 129.

The Role of Managing Director/CEO

- Executes strategies approved by the Board through actionable plans, ensuring efficient and profitable daily operations
- Develops and implements the Company's strategy in alignment with the Board's vision
- Holds executive responsibility for the overall management of the Company
- Oversees and monitors the execution of key initiatives to achieve the Company's objectives
- Provides leadership and direction to the executive management team in delivering corporate objectives set by the Board and as detailed in the Company's corporate plan
- Leads, motivates and manages the executive team and staff to drive business success
- Develops and executes corporate, business and operational strategies
- Oversees performance management across the business
- Champions the Company's values, promoting diversity, inclusion and sustainability
- Leads the Company's risk management, compliance and internal controls efforts, reporting significant matters to the Board
- Works closely with the Board to ensure transparent communication and alignment between Company's activities, stakeholder expectations and Environmental, Social and Governance (ESG) priorities

A full profile of Mr. M. C. Dahanayake, Managing Director/CEO, is available on Page 129.

The Role of Independent Non-Executive Directors

- Promote objective decision-making and safeguard stakeholder interests. Serve with impartiality, particularly in situations where conflicts of interest may arise
- Offer impartial perspectives to help manage conflicts of interest and support the Company's long-term sustainability
- Provide independent oversight and monitor Company activities to ensure adherence to good governance practices
- Represent the interests of shareholders and stakeholders, ensuring their views are reflected in Board decisions
- Constructively challenge management, foster accountability and provide strategic insights. Also, provide constructive support to the management team in assessing their performance
- Strengthening governance and enhancing credibility through active participation in risk, audit and compliance committees
- Contribute to the continuous improvement of governance standards within the Company
- Report key matters discussed in Sub Committee meetings to the Board
- Ensure that effective systems are in place for monitoring and managing risk

Full profiles of the Non-Executive Directors: Mr. R. S. A. Wickramasingha, Ms. D. S. Wickramasingha, Ms. N. K. Wickramasingha, Mr. L. J. M. De Silva, Mr. I. Fonseka, Mr. M. E. Wickremesinghe and Ms. S.T. Ratwatte are available on Pages 130-131.

BOARD LEADERSHIP IN GOVERNANCE

The Role of Company Secretary and Registrars

- Facilitate clear and timely communication between the Board, management, shareholders and regulators
 - Coordinate Board and shareholder meetings, ensuring compliance with governance requirements, the Articles of Association, the Board Charter and relevant laws and regulations
- Prepare meeting agendas and materials, aligning discussions with the Company's strategic objectives
 - Accurately record and document meeting proceedings through detailed minutes
 - Maintain statutory records, registers and ensure timely filing of statutory returns in accordance with legal requirements
- Act as a principal liaison between the Company, regulatory authorities and shareholders
 - Assist in monitoring and updating corporate governance policies and procedures to ensure best practices are maintained
- P W Corporate Secretarial (Pvt) Ltd serves as the Company Secretary, while the Registrar's functions are carried out by S S P Corporate Services (Pvt) Ltd.

DISCHARGE OF RESPONSIBILITIES OF THE BOARD

| Responsibility | 2024/25 Update |
|---|---|
| Strategy | |
| <ul style="list-style-type: none">Ensuring the formulation and implementation of corporate and business strategyApproving budgets and major capital expenditureEstablishing a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks | <ul style="list-style-type: none">Variable performance targets were set and rewarded accordinglySet KPIs were reviewed periodically and corrective actions were takenThe annual budget was reviewed and performance/achievements monitored against set targetsFinancial performance, KPIs and budget achievements were reviewed at Board meetingsAnnual operating plan reviewed monthly at the Cluster Board for action plans.The Cluster Board reviewed operations and performance and was involved in strategic plan development |
| Governance | |
| <ul style="list-style-type: none">Determining the matters expressly reserved to the Board and those delegated to the management including limits of authority and financial delegationsAppointing the Chair and the Senior Independent Director (SID) if relevant | <ul style="list-style-type: none">Reviewed and updated the Standard Operating Procedures (SOPs) and policiesThe corporate governance section includes aspects of shareholders' stewardshipSID not applicable as Chairman of the Board and CEO were two different personsContinued to make sure corporate governance framework is followed |
| People | |
| <ul style="list-style-type: none">Ensuring that the CEO and management team possess the skills, experience and knowledge to implement the strategyEnsuring the adoption of an effective CEO and key management personnel succession strategy | <ul style="list-style-type: none">Continued to develop, implement and monitor the Company's HR strategyActivities performed during this year in this regard have been included in the Human Capital from Pages 83-96Next level leaders were identified. Training and development plans were assigned |

| Responsibility | 2024/25 Update |
|--|--|
| Internal Controls and Risk Management | |
| <ul style="list-style-type: none"> Ensuring the availability of Information Communication Technology (ICT) roadmap in line with the business strategy of the Company and monitor the progress of implementation through the ICT dashboard Ensuring effective systems to secure integrity of information, internal controls, cybersecurity, business continuity and risk management | <ul style="list-style-type: none"> Reviewed IT strategy in place, with suggested amendments, as a part of the Company's IT governance Upgraded existing IT security systems (Refer IT governance on Page 161) Data integrity and controls over ERP were enhanced to ensure timely and accurate information Internal controls assessment was conducted by Messrs. KPMG and Group Internal Audit team as per the assigned scope during the year Standard operating procedures were updated periodically Financial outcome of major capital projects were reviewed before approving to ensure the feasibility |
| Sub-Committees | |
| <ul style="list-style-type: none"> Fulfilling the Board Sub Committee functions are vital, given the scale, nature and complexity of the business concerned | <ul style="list-style-type: none"> Refer Sub-Committee reports from Page 175 onwards |
| Sustainability | |
| <ul style="list-style-type: none"> Recognizing sustainable business development and ESG risks and opportunities in corporate strategy, decisions and activities and consider the need for adopting "integrated reporting" | <ul style="list-style-type: none"> Refer Sustainability Section from Page 33 and About Our Integrated Report on Pages 3-6 |
| Compliance Monitoring | |
| <ul style="list-style-type: none"> Ensuring compliance with laws, regulations and ethical standards Ensuring all stakeholder interests are considered in corporate decisions Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies Ensuring the establishment of a process for corporate reporting annually and quarterly for statutory requirements and monthly for internal management purposes | <ul style="list-style-type: none"> Kept the Board informed on statutory and non-statutory compliance statements and checklists, as well as ongoing legal matters, including any instances of non-compliance. Compliance checklists were monitored and reviewed to ensure adherence to legal and regulatory requirements Ensured adherence with code of conduct and business principles Refer stakeholder engagement from Pages 60-63 for stakeholder interests considered in decisions Refer the Directors' Responsibility for financial statements on Page 189 Timely and transparent disclosure of the Annual Report information and quarterly financial statements were prepared |

2024/25 Key Updates of Board's Execution of the Roles and Responsibilities

- The Board has implemented a short term (1-year), medium term (3-years) and a long-term strategy that aligns with business financial performance and ESG risks, ensuring sustainable value creation. Further reference on Page 42

- The governance framework has been reviewed and maintained, supported by the Board Sub-Committees. Further reference on Page 133
- Legal and compliance matters were reviewed during Board meetings, quarterly with oversight by the Audit Committee and Internal and External Audit Functions. The Board conducted reviews of the internal controls covering financial, operational and compliance

controls and risk management through internal audits and obtained reasonable assurance of their effectiveness and successful adherence therewith

- Have made arrangements to make the Board aware of applicable laws, rules and regulations and to remain aware of changes particularly to Listing Rules and applicable capital market provisions through quarterly compliance and non-compliances assessments

BOARD LEADERSHIP IN GOVERNANCE

- In the Board's view, there were no material non-compliances with laws or regulations, nor were any material fines imposed by any government or regulatory authority in any jurisdiction where the Company operates, which in the Board's view, required separate disclosures
- Major capital investments, both executed and planned, were evaluated and approved through Board meetings
- Interim and annual financial statements were approved and timely published on the CSE. Further reference on Page 192
- Reviews of financial performance, KPIs and budgets were presented at Board meetings throughout the year
- Performance evaluations of the Managing Director/CEO and key management personnel were completed and documented
- Succession planning was reviewed and acted upon by the Nominations and Governance Committee
- Training and leadership development programs were delivered to strengthen employee capabilities across the Company
- A Sustainability roadmap was developed to support business and broader (mass) community growth. Further reference on Page 42
- Resolutions suggested for the Thirty-Third (33rd) Annual General Meeting were approved on 9th September 2024

APPRAISAL OF BOARD PERFORMANCE

The Board conducts an annual performance review for the Executive Director. Additionally, the Board members carry out a separate evaluation for each Non-Executive Director and the Committees (in line with Principle A.9

of the ICASL's Code of Best Practice on Corporate Governance 2023). The Company Secretary compiles the results and submits them to the Nominations and Governance Committee, which reviews the findings and makes recommendations to the Board. This includes insights on skills balance, governance practices, Director engagement and strategic oversight to ensure Board composition aligns with Company needs.

BOARD COMPETENCY EVALUATION Evaluation of the Board

The Board regularly evaluates its performance to ensure it adheres to the responsibilities outlined in the Company's corporate governance policies. This evaluation process includes a self-assessment conducted by the Board of Directors. The Company Secretary coordinates with each Director to complete the evaluations and conclusions.

Evaluation of Managing Director/CEO

At the start of each financial year, the Board sets financial and non-financial targets with the Managing Director, aligned with the Company's strategic goals. These targets are aligned with the corporate strategy's short, medium and long-term objectives. At year-end, the Board assesses the MD's performance, considering the achievement of set objectives. Based on this, the Remuneration Committee reviews and recommends appropriate compensation, ensuring alignment with performance, strategy and shareholder expectations.

Key Focus Areas of the Annual Corporate Plan:

- Market share growth
- Increased revenue generation
- Profitability

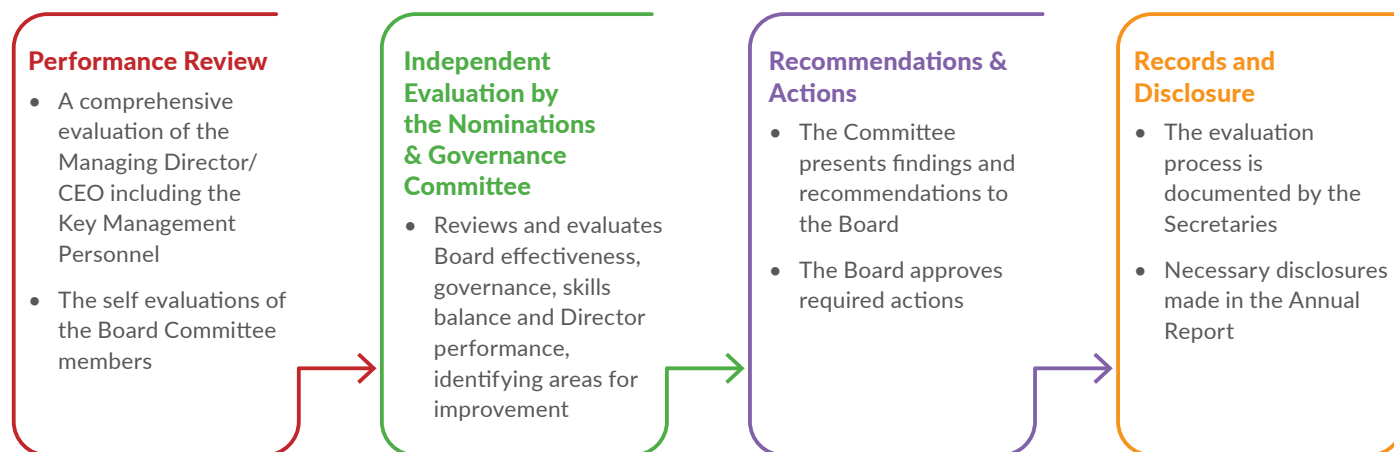
- Employee retention and remuneration
- Integrating sustainability and ESG principles into corporate strategy

Evaluation of Board Sub-Committees

The Company evaluates its Board Sub-Committees to ensure they function effectively and efficiently as outlined in their charters. The annual review assesses the structure, composition and effectiveness, ensuring compliance with the Corporate Governance Code 2023 and CSE Listing Rule Section 9. The Nominations and Governance Committee reviews the results and recommends improvements to the Board. Please refer to the Committee reports on Pages 175-183 for the activities performed during the year.

Performance Evaluation of the Senior Management Team

The Corporate Management Team operates through a structured, transparent process aligned with the Company's strategic goals and governance standards. The Managing Director evaluates their performance against the annual objectives, which are set to align with/reflect Board-approved targets. Assessments consider key achievements and external factors that affected the performance achievements. Future actions are agreed upon and taken upon completion of these appraisals.



BOARD REMUNERATION

The Board Remuneration Committee structures the remuneration framework for both Executive and Non-Executive Directors, regularly benchmarking it against the market to ensure that remuneration levels including performance-based incentives and post-employment benefits remain competitive. The Committee operates under defined terms of reference and follows structured procedures in determining remuneration.

The Committee consults with the Chairman when setting remuneration and seeks professional advice as necessary for determining Executive Directors' remuneration. The remuneration of the Remuneration Committee members is determined by the other Board members, thereby eliminating any potential conflict of interests. These processes ensure that no Director is involved in deciding on their own remuneration.

This policy helps to maintain the objectivity of the Independent Non-Executive Directors.

Please refer to the Remuneration Committee Report on Pages 178-179.

Level and Structure of Remuneration

The remuneration provided to Executive Directors reflects their skills, experience, knowledge and participation in Board activities and is determined based on the Company's remuneration policies.

All Independent Non-Executive Directors and Non-Executive Directors (Non-Independent) receive a fixed fee for their participation in Board and Sub-Committee meetings with no variable component.

Disclosure of Remuneration

The Company recognizes all Directors and senior management as Key Management Personnel (KMPs). The aggregate remuneration of the KMPs has been disclosed in Note 31.1 on Page 234.

Remuneration Policy and other key related aspects are disclosed on Pages 93, 141 and 178.

Directors and Officers (D&O) Liability Insurance

The Company has obtained Directors and Officers (D&O) Liability Insurance at CBL Group level, providing coverage for all Directors against potential liabilities

arising from the discharge of their duties. This insurance is intended to safeguard Directors from personal losses while ensuring their continued commitment to effective governance and decision-making.

MAINTAINING THE INDEPENDENCE AND OBJECTIVITY

Submission of Independence Declaration

The formal declaration of independence is made annually by the Independent Directors. The Board and the Company Secretary evaluate these declarations, along with other information, to ensure compliance with the criteria for determining independence as per the Listing Rules' requirements.

Actions Taken to Ensure Compliance with the Criteria for Determining Independence for Independent Directors

The three Independent Non-Executive Directors are fully compliant with independence criteria detailed under the revised Listing Rules Section 9 as follows,

BOARD LEADERSHIP IN GOVERNANCE

| Name of the Director | Employment By the Company | Material Business Relationship | Close Family Member is a KMP | Significant Shareholding | Consecutive Service of Nine or More Years | Business Relationship | Director of another Company | Shareholder in another Company | 70 Years of Age |
|-------------------------|---------------------------|--------------------------------|------------------------------|--------------------------|---|-----------------------|-----------------------------|--------------------------------|-----------------|
| Mr. I.S. Fonseka | X | X | X | X | X | X | X | X | X |
| Mr. M.E. Wickremesinghe | X | X | X | X | X | X | X | X | X |
| Ms. S.T. Ratwatte | X | X | X | X | X | X | X | X | X |

x refers to complied and there is no conflict

Assessment of Objectivity

Directors are tasked with self-assessment to identify any potential or actual conflicts of interest that could compromise their objectivity, stemming from personal or professional relationships that may affect their impartial judgement on material matters.

Review and Dealing with Conflict

The Board reviews conflicts of interest to determine each Director's independence. Before appointing or reappointing Directors, the Board assesses and addresses any identified conflicts of interest.

Maximum Number of Directorships Board Members shall be Permitted to Hold

The Company takes steps to specify the maximum number of Directorships in the Listed Entity's annual declaration that may

be held by Directors at the discretion of the Board. This is monitored through the annual declaration procedures.

PROFESSIONAL DEVELOPMENT OF THE BOARD

The Board regularly assesses the need for ongoing development to enhance their knowledge and skills. Directors have access to seek independent professional advice as needed. They also have access to Company secretaries, corporate and sales management, auditors, experts and external service providers, along with essential financial plans, performance reports, regulatory updates, best practices and presentations on the business environment.

APPOINTMENT, RE-ELECTION AND RESIGNATION OF DIRECTORS

Appointments to the Board

New Board appointments follow a formal, transparent and structured process, governed by the Articles of Association and the Company's corporate governance policies (also as per Listing Rules Section 9).

No new appointments were made to the Board of Directors during the year.

Re-election to the Board

The re-election of Directors is conducted in accordance with the Articles of Association and governance policies, through approving and passing resolutions at the Annual General Meeting. The following disclosures have been made for the Directors who are re-elected or being proposed for re-election during the year.

The table below indicates the Directors who were re-elected during the 33rd AGM in September, 2024 and are being proposed for re-election during 34th AGM to be held in August, 2025.

| Name of the Director | Board Committees served on as the Chairperson | Date of first appointment as a Director | Date of last re-appointment as a Director | Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities | Any relationships including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity |
|---------------------------|---|---|---|---|---|
| Mr. R.S.A. Wickramasingha | N/A | 10.05.2000 | 09.09.2024 | Refer profile on Page 129 | Is a Director of CBL Investments Limited, which holds 71.38% of the issued shares of the Company |
| Mr. L.J.M. De Silva | N/A | 19.09.2018 | 09.09.2024 | Refer profile on Page 130 | Is a Director of CBL Investments Limited, which holds 71.38% of the issued shares of the Company |

The table below indicates the other Directors who were re-elected during the 33rd AGM in August, 2024.

| Name of the Director | Board Committees served on as the Chairperson | Date of first appointment as a Director | Date of last re-appointment as a Director | Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities | Any relationships including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity |
|-------------------------|--|---|---|---|---|
| Mr. M.E. Wickremesinghe | Remuneration Committee, Nominations and Governance Committee | 31.03.2024 | 09.09.2024 | Refer profile on Page 130 | N/A |
| Ms. S.T. Ratwatte | Audit Committee | 31.03.2024 | 09.09.2024 | Refer profile on Page 131 | N/A |
| Mr. I.S. Fonseka | Related Party Transactions Review Committee | 31.03.2024 | 09.09.2024 | Refer profile on Page 130 | N/A |

Involvement of the Nominations and Governance Committee

As a part of the Terms of Reference and Policies, the Nominations and Governance Committee's involvement is as follows per the Committee's key responsibilities and duties.

- Evaluate and recommend appointments to the Board and its Committees, excluding decisions on their own appointments. However, a member of the Committee does not participate in decisions relating to his/her own appointment
- Assess and recommend the re-appointment/re-election of current Directors based on their contributions, knowledge and external commitments
- Establish and maintain a formal procedure for evaluating, selecting and appointing/re-appointing Directors considering qualifications, skills, experience and industry-specific needs
- Implement processes for the periodic evaluation of the Board and the CEO to ensure that their responsibilities are satisfactorily discharged

- Develop succession plans for the Board and KMP
- Review and recommend changes to the structure, size and composition of the Board and its Committees, for effective governance and discharge of duties and responsibilities

Resignations from the Board

In the event that a Director resigns before completing their appointed term, the resigning Director must submit a formal written communication to the Board, stating their decision to resign and providing a clear justification for the resignation. The Board reviews the resignation, ensuring that any governance, regulatory or succession planning implications are addressed and the resignation will be promptly disclosed to CSE and regulatory bodies, as required.

Board Induction

Newly appointed Directors undergo an induction program facilitated by the management team and the Company Secretary. They are introduced to the business, senior management team and the Company's values, culture and code of

conduct. Directors receive orientation on governance frameworks including articles of association, charters, policies and procedures, Listing Rules, securities market regulations and other applicable laws and regulations or an appropriate negative statement alongside their responsibilities within the regulatory landscape. They are also briefed on CFL's operations, strategy, risk management approach and internal controls.

BOARD MEETINGS

The Board meets periodically to discuss various topics, leveraging their diverse expertise. At the start of each year, all Board meetings are scheduled, allowing each Director the opportunity to raise pertinent agenda items and contribute their insights.

Information for the Board is uploaded into an application, prior to the meetings, through which Directors can view the Board papers and other related content provided by the management. Refer to the Section of Supply of Information to the Board and Board Committees on Page 144 for details on submission of details for Board meetings and decisions.

BOARD LEADERSHIP IN GOVERNANCE

The Board has access to Key Management Personnel during the Board meeting, who are called in for matters relating to their respective areas, if required.

The Directors are also able to join virtually via video conference calls, in case if they are unable to attend in person.

Information Supply to the Board

The Board is provided with timely, relevant and substance-quality information essential for decision-making. Directors have independent access to the Company Secretary and can seek external advice at their discretion to fulfill their duties effectively.

Supply of Information to the Board and Board Committees

The Board and Sub Committees enhance its decision-making capabilities by receiving comprehensive information, including budgets, periodic financial statements, market reports and other relevant reports, in line with the

meeting agendas. Such communication includes changes in relevant regulations, corporate governance best practices, risk management principles and emerging industry trends, regulatory changes and governmental policies, if any, that may impact business operations that require Board attention.

The Chairman ensures that all Directors are well informed about the matters to be discussed and keeps them updated on the Company's activities.

Further, the Board has direct access to the Company Secretary, Senior Management Team, External and Internal Auditors and other external professional service providers, if required, for insights and guidance.

The Board Meeting Preparation Process

The Company upholds an efficient and effective process for conducting Board meetings. The Company Secretary ensures timely circulation of the notice

of meeting, agenda and Board papers to Board members, allowing them a period to review, seek further details, deliberate on the agenda and adequately prepare for each meeting.

Meeting agendas are circulated to Board and Sub-Committee members in advance. During Board meetings issues are deliberated upon, with management present to provide input where necessary. The Chairman fosters constructive communication among Directors, ensuring a balance of power. Following the meeting, the Board requests any necessary follow-up information through the Company Secretary, with support from the management team as required.

Board Attendance During the Year

The Board is satisfied that Directors allocated sufficient time to enable them to discharge their responsibilities at CFL effectively. The Board and Sub-Committees met during the year as referred to on the table below.

| Name of the Director | Designation | Age | Date of Appointment | Tenure on the Board (Years) | Membership Status | AGM | Board Meetings | Audit Committee | Remuneration Committee | Related Party Transactions Review Committee | Nominations and Governance Committee |
|-----------------------------|-----------------------|-----|---------------------|-----------------------------|-------------------|-----|----------------|-----------------|------------------------|---|--------------------------------------|
| Mr. R. S. A. Wickramasingha | Chairman | 78 | 10.05.2000 | 24 | NED/NID | 0/1 | 3/4 | - | - | - | - |
| Mr. M. C. Dahanayake | Managing Director/CEO | 54 | 01.01.2024 | 1 | ED/NID | 1/1 | 4/4 | - | - | - | - |
| Ms. D. S. Wickramasingha | Director | 59 | 10.05.2000 | 24 | NED/NID | 1/1 | 4/4 | - | - | - | - |
| Ms. N. K. Wickramasingha | Director | 54 | 14.07.2016 | 8 | NED/NID | 1/1 | 2/4 | - | 1/1 | - | 1/1 |
| Mr. L. J. M. De Silva | Director | 80 | 19.09.2018 | 6 | NED/NID | 1/1 | 4/4 | - | - | - | - |
| Mr. I. Fonseka | Director | 56 | 31.03.2024 | 1 | NED/ID | 1/1 | 3/4 | 4/5 | - | 4/4 | - |
| Mr. M. E. Wickremesinghe | Director | 62 | 31.03.2024 | 1 | NED/ID | 1/1 | 4/4 | 4/5 | 1/1 | 3/4 | 1/1 |
| Ms. S. T. Ratwatte | Director | 64 | 31.03.2024 | 1 | NED/ID | 1/1 | 4/4 | 5/5 | 1/1 | 4/4 | 1/1 |

NED – Non-Executive Director
 NID – Non-Independent Director
 ED – Executive Director
 ID – Independent Director

Age calculated as at 31st March 2025.

In January 2025, the Board convened a meeting with only the Non-Executive Directors, in the absence of the Executive Director. Such meetings shall be held as needed, with a minimum requirement of once per year.

Key Activities of the Board during 2024/25

Key activities carried out by the Board during FY 2024/25 have been discussed on Page 139.

BOARD SUB-COMMITTEES

The Board has formed four (4) Committees, which consist of the Audit Committee (including Risk Committee), Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committee. Details regarding their composition are outlined below.

| Board Committee and Composition | Further Information |
|--|--|
| Audit Committee (including Risk Committee) | |
| Comprises of three (03) Independent Non-Executive Directors | The report of the Audit Committee is published on Page 175 |
| Related Party Transactions Review Committee | |
| Comprises three (03) Independent Non-Executive Directors | The report of the Related Party Transactions Review Committee is published on Page 180 |
| Remuneration Committee | |
| Comprises two (02) Independent Non-Executive Directors and one (01) Non-Executive Director (Non-Independent) | The report of the Remuneration Committee is published on Page 178 |
| Nominations and Governance Committee | |
| Comprises two (02) Independent Non-Executive Directors and one (01) Non-Executive Director (Non-Independent) | The report of the Nominations and Governance Committee is published on Page 182 |

BOARD INVOLVEMENT IN SUSTAINABILITY

The Board considers sustainability essential for managing governance, economic, social and environmental risks. By taking an active role in sustainability governance, the Board ensures that Environmental, Social and Governance (ESG) considerations are integrated into all levels of decision-making.

To comprehensively address sustainability impacts, the Company has implemented the following strategies:

- Integrating sustainability into strategy and execution
- Managing sustainability-related risks and opportunities
- Promoting transparency and stakeholder engagement in doing business
- Reporting and disclosing sustainability matters

Please refer Sustainability Section on Page 33

Please refer SLFRS S1 and S2 Section on Page 44

COMPLIANCE SUMMARY

STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON ANNUAL REPORT DISCLOSURES

This Section summarizes the degree to which Convenience Foods (Lanka) PLC complies with the Colombo Stock Exchange's Continuing Listing Requirements, specifically Section 7.6 on Annual Report Contents for Listed Companies.

| | CSE Rule | Compliance Status | Reference in the Report | Page(s) Ref. |
|-------------|--|-------------------|--|----------------------|
| (i) | Names of persons who were Directors of the entity during the year. | ✓ | Board of Directors | 128 |
| (ii) | Principal activities of the entity and its subsidiaries during the year and any changes therein. | ✓ | About the Company | 184 |
| (iii) | The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held. | ✓ | Shareholder and Investor Information | 249-251 |
| (iv) | The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement for voting and non-voting shares. | ✓ | | |
| (v) | A statement of each Director's holding and the CEO's holding in shares of the entity. | ✓ | | |
| (vi) | Information pertaining to material foreseeable risk factors of the entity. | ✓ | Risk Management | 165-174 |
| (vii) | Details of material issues pertaining to employees and industrial relations of the entity. | ✓ | The Capital Reports, Stakeholder Engagement and Materiality Assessment | 60-63, 64-67, 68-124 |
| (viii) | Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties. | ✓ | Notes to the Financial Statements | 216, 217 |
| (ix) | Number of shares representing the entity's stated capital. | ✓ | Shareholder and Investor Information | 249-251 |
| (x) | A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holdings. | ✓ | | |
| (xi) | Financial ratios and market price information. | ✓ | Decade at a Glance & Share Information | 248, 250 |
| (xii) | Significant changes in the entity's fixed assets and the market value of land, if the value differs substantially from the book value. | ✓ | Note 12.4 of the Financial Statements | 216 |
| (xiii) | Details of funds raised through a public issue and/or a further issue of securities during the year. | ✓ | No public issue, rights issue or private placement took place during the year | - |
| (xiv) | Information in respect of employee share options and purchase schemes. | ✓ | No Employee Share Ownership or Stock Option Schemes offered at the Company | - |
| (xv) | Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules. | ✓ | Refer to Section 9 | 147-150 |
| (xvi) | Related party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower. | ✓ | Refer to Related Party Transactions Review Committee Report & Note 31 of the Notes to the Financial Statements | 180, 234 |
| (xvii) | Disclosures on foreign currency denominated securities listed on the CSE. | N/A | N/A | - |
| (xviii) | Disclosures on the GSS + Bonds listed on the CSE. | N/A | N/A | - |
| (xix) | Disclosures on the Perpetual Debt Securities listed on the CSE. | N/A | N/A | - |
| (xx)-(xxii) | Disclosures on the Infrastructure Bonds, Shariah Compliant Debt Securities and High Yield Corporate Debt Securities listed on the CSE. | N/A | N/A | - |

STATEMENT OF COMPLIANCE UNDER SECTION 9 OF THE LISTING RULES OF THE CSE ON CORPORATE GOVERNANCE

| Rule | Compliance and Implementation | Page(s) Ref. | Compliance Status |
|---------------|---|--------------|-------------------|
| 9 | Corporate Governance | | |
| 9.1 | Applicability of Corporate Governance Rules | | |
| | Complied with the requirements set out in Listing Rules 9.2 to 9.16, on a continuous basis. Refer to the Annual Report of the Board of Directors. | 184 | ✓ |
| 9.2 | Policies | | |
| 9.2.1 | The Company has established and continues to maintain the policies on Matters relating to the Board, Board Committees, Corporate Governance, Nominations and Re-election, Remuneration, Internal Code of Business Conduct and Ethics, Risk Management and Internal Controls, Relations with Shareholders and Investors, Environment, Social and Governance Sustainability, Control and Management of Company Assets and Shareholder Investments, Corporate Disclosures, Whistleblowing and Anti Bribery and Corruption. Please visit https://conveniencefoodslanka.com for policy details. | 135 | ✓ |
| 9.2.2 | The Company has complied with the internal code of business conduct and ethics. Please refer to Ethics and Integrity Practices. No waivers from compliance with the internal code of business conduct and ethics or exemptions granted during the year. | 158 | ✓ |
| 9.2.3-9.2.5 | Disclosed in the Annual Report: a list of corporate governance policies with website reference, details of any changes to those policies and make those available to shareholders upon written request. Actions to be taken if failed to comply with Rule 9.2.1. | 135 | ✓ |
| 9.3 | Board Committees | | |
| 9.3.1-9.3.2 | The Company maintains the Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee. The composition, responsibilities and disclosures required of the above Board Committees have been complied with and disclosed. Please refer to respective Committees Reports for more details. | 175-183 | ✓ |
| 9.3.3 | The Chairperson of the Board of Directors is not the Chairperson of any Board Committees. | 136 | ✓ |
| 9.4 | Meeting Procedures and the Conduct of all General Meetings with Shareholders | | |
| 9.4.1 | The Company maintains information of resolutions with copies and related information been provided to the Exchange and/or the SEC upon request. | 138 | ✓ |
| 9.4.2 | The Company has a Shareholder Communication and Relations policy and its existence is published on the Annual Report and corporate website. The contact person is mentioned. The policy includes a process whereby Directors are informed of major issues and concerns of shareholders. The shareholder meetings through virtual means are complied with the CSE guidelines. | 163 | ✓ |
| 9.5 | Policy on Matters Relating to the Board of Directors | | |
| 9.5.1 - 9.5.2 | The Company maintains a Policy on Matters relating to the Board of Directors which addresses the requirements in Rules 9.5.1 and 9.5.2. | 135, 185 | ✓ |
| 9.6 | Chairperson and CEO | | |
| 9.6.1 - 9.6.4 | The roles of Chairperson and MD/CEO are occupied by distinct individuals; hence the Company has not designated a Senior Independent Director (SID). The Chairperson is a Non-Executive Director. | 136 | ✓ |
| 9.7 | Fitness of Directors and CEOs | | |
| 9.7.1 - 9.7.5 | Every member of the Board is a fit and proper person to act as Director and MD/CEO. | 136 | ✓ |
| 9.8 | Board Composition | | |
| 9.8.1-9.8.2 | The Board consists of eight (8) Directors and three (3) are independent. Hence 1/3 of the total number of Directors are independent, as required. | 134 | ✓ |

COMPLIANCE SUMMARY

| Rule | Compliance and Implementation | Page(s) Ref. | Compliance Status |
|-----------------|--|--------------|-------------------|
| 9.8.3-9.8.4 | The criteria for determining independence have been disclosed. Please refer to the Section - Maintaining Independence and Objectivity. | 141 | ✓ |
| 9.8.5 - 9.8.6 | Directors have annually submitted the formal declaration of independence/non-independence. The Board has reviewed these annual declarations and other available information to verify adherence to the criteria for assessing independence. No non-compliances with Rules 9.8.1 and 9.8.2. | 141 | ✓ |
| 9.9 | Alternate Directors | | |
| | The Company was not required to appoint Alternate Directors. | 185 | ✓ |
| 9.10 | Disclosures Relating to Directors | | |
| 9.10.1 | The maximum number of Directorships the Board members can hold is in line with the policy on matters relating to the Board of Directors as per Rule No 9.5.1. | 142 | ✓ |
| 9.10.2 | There were no new appointments to the Board. | 142 | ✓ |
| 9.10.3 | There were no changes to the composition of the Board and Board Committees. Please refer to Sub-committee Reports for more details. | 142, 175-183 | ✓ |
| 9.10.4 | All the information required under Rule no. 9.10.4 has been disclosed. Ms. D.S. Wickramasingha and Ms. N.K. Wickramasingha are close family members and Mr. R.S.A. Wickramasingha is relative to those Directors. | 185 | ✓ |
| 9.10.5 | No non-compliances with Rules 9.10.2 and 9.10.3. | 140, 184 | ✓ |
| 9.11 | Nominations and Governance Committee (NGC) | | |
| 9.11.1-9.11.3 | Entity to have a NGC, which follows Rule 9.11 and maintains a formal procedure for appointing and re-electing Directors. This Committee has written terms of reference outlining its scope, authority, duties and meeting quorum requirements. | 182 | ✓ |
| 9.11.4 | Composition of the Committee: (1) The NGC comprises three Directors, two of whom are Independent and does not include any Executive Directors. (2) An Independent Director is the Chairperson of the Committee. (3) The Chairperson and the Committee members are disclosed in the Annual Report. Please refer to the NGC report. | 182 | ✓ |
| 9.11.5 | Functions of the Committee: The Committee fulfils its duties in accordance with Rule 9.11.5. | 143, 182 | ✓ |
| 9.11.6 | Disclosures: The Annual Report contains a report of the NGC signed by its Chairperson with the required disclosures. | 182-183 | ✓ |
| 9.12 | Remuneration Committee | | |
| 9.12.1 - 9.12.5 | The Company has a Remuneration Committee with a formal, transparent process for setting Executive Directors' remuneration policies and packages, excluding any Director from determining their own pay. The Committee operates under written terms of reference detailing its scope, authority, duties and quorum requirements. Please refer to Remuneration Committee Report. | 178 | ✓ |
| 9.12.6 | Composition of the Committee: (1) The Committee consists of three Directors, two of whom are Independent, one Non Executive Director and does not include any Executive Directors. (2) An Independent Director is the Chairperson of the Committee. Please refer to Remuneration Committee Report. | 178 | ✓ |
| 9.12.7 | Functions of the Committee: The Committee recommends and assesses the remuneration payable to the Executive Directors. | 178 | ✓ |
| 9.12.8 | Disclosures: The Annual Report contains a report of the Remuneration Committee signed by its Chairperson with the required disclosures. | 178-179 | ✓ |

| Rule | Compliance and Implementation | Page(s) Ref. | Compliance Status |
|--------------------|---|--------------|-------------------|
| 9.13 | Audit Committee | | |
| 9.13.1 | The Audit Committee also performs the risk functions and the Company does not maintain a separate Risk Committee. | 176 | ✓ |
| 9.13.2 | The Committee has written terms of reference clearly defining its scope, authority and duties. | 175 | ✓ |
| 9.13.3 | Composition of the Committee: (1) The Committee consists of three Directors who are Independent and excludes Executive Directors. (2) An Independent Director is the Chairperson of the Committee. (3) The Chairperson and the Committee members are disclosed in the Annual Report. Refer to Audit Committee Report for detailed information. | 175 | ✓ |
| 9.13.4 | Functions of the Committee: The Committee fulfils its duties and functions in accordance with Rule 9.13.4. | 175 | ✓ |
| 9.13.5 | Disclosures: The Annual Report contains a report of the Audit Committee signed by its Chairperson with the required disclosures. | 175-177 | ✓ |
| 9.14 | Related Party Transactions Review Committee (RPTRC) | | |
| 9.14.1 | The Company has a RPTRC that complies with Rule 9.14. The Committee operates under written terms of reference that define its scope, authority and duties. | 180 | ✓ |
| 9.14.2 | Composition of the Committee: (1) The RPTRC includes three Directors, with two being Independent and one Non Executive Director. (2) An Independent Director is the Chairperson of the Committee. (3) The Chairperson and the Committee members are disclosed in the Annual Report. | 180 | ✓ |
| 9.14.3 | Functions of the Committee: The Committee fulfils its duties in accordance with Rule 9.14.3. Refer the Related Party Transactions Review Committee Report. | 180 | ✓ |
| 9.14.4 | General requirements: The RPTRC meets quarterly, documents meeting minutes and communicates to the Board. Members have the expertise to assess transactions and may seek expert advice, if required. Where necessary, the Committee requests the Board to approve the Related Party Transactions (RPT). Interested Directors abstain from meeting participation and voting. | 180 | ✓ |
| 9.14.5 - 9.14.6 | The RPTRC reviews all proposed RPT in advance, including any material changes to previously reviewed transactions and ensure that all relevant details are provided by senior management. Shareholder approval is required for significant RPT, either before or conditionally on completion, with specific thresholds for non-recurrent and recurrent transactions and the RPTRC evaluates whether transactions are on terms favorable to the related party than those available to the public. | 180 | ✓ |
| 9.14.7 | Disclosures: There were no non-recurrent RPT which exceeded the aggregate value of 10% of the equity or 5% of the total assets. The Board confirms that the Company has disclosed transactions with related parties in terms of the Sri Lanka Accounting Standard (LKAS 24) and has complied with requirements as per the CSE Listing Rules. | 180, 234 | ✓ |
| 9.14.8 | Disclosures in the Annual Report: There were no 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. There were no transactions in the aggregate value of the recurrent related party transactions, exceeding 10% of the gross revenue of the Company, as per the latest audited financial statements. Rules pertaining to RPT have been complied with. | 180, 234 | ✓ |
| 9.14.9 | No acquisitions or disposals of substantial assets occurred during the year from/to related parties. | 234 | ✓ |

COMPLIANCE SUMMARY

| Rule | Compliance and Implementation | Page(s) Ref. | Compliance Status |
|-------------|---|---------------|-------------------|
| 9.14.10 | Exempted Related Party Transactions: The Company has considered the exempted RPT when determining the compliances. | 180 | ✓ |
| 9.15 | There had been no non-compliances with Board Committee composition requirements or penalties involved on the same during the year. | 180 | ✓ |
| 9.16 - 9.17 | Additional Disclosures by the Board of Directors | | |
| | i) The Board has disclosed all material interests in entity contracts and refrained from voting on such matters. | 126, 136, 180 | ✓ |
| | ii) The Board has reviewed internal controls and obtained reasonable assurance of effectiveness. Any inability to declare is explained. | 176, 187 | ✓ |
| | iii) The Board stays informed about applicable laws, rules and regulations. | 187 | ✓ |
| | iv) The Board discloses instances of non-compliance and material fines in the jurisdictions entity operated. Please refer to Annual Report of Board of Directors. | 140, 184, 187 | ✓ |

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

| Code Ref. | Best Practices followed by Convenience Foods (Lanka) PLC | Page(s) Ref. | Compliance Status |
|-----------|---|--------------|-------------------|
| A | DIRECTORS | | |
| A.1 | An Effective Board Should Direct, Lead and Control the Company | | |
| | The Company is headed by an effective Board, which directs, leads and controls the Company. It comprises 7 NEDs including 3 Independent Directors and 1 ED who are eminent professionals drawn from multiple fields. Refer Board Composition. | 131, 134 | ✓ |
| A.1.1 | Regularity and Documentation of Board Meetings | | |
| | The Board met four (4) times, during the year, to effectively fulfill its responsibilities. Information was provided on a structured basis, regularly. The agreed frequency and process for meetings and submission of information were followed. Refer Board Meetings and Attendance Report. | 144 | ✓ |
| A.1.2 | Roles and Responsibilities of the Board | | |
| | The Board provides entrepreneurial leadership within a framework of effective controls to assess and manage risk while overseeing roles and responsibilities. Refer 'Responsibilities of the Board' in the Board of Directors Report. | 136 | ✓ |
| A.1.3 | Act in Accordance with the Laws of the Country | | |
| | The Board collectively and individually acts in accordance with national laws. Directors can request independent professional advice at the Company's expense where it is considered necessary. | 141, 142 | ✓ |
| A.1.4 | Access to Company Secretary's Advice and Services | | |
| | P W Corporate Secretarial (Private) Limited ensures Board procedures comply with relevant rules and regulations. The Company has obtained D&O Liability Insurance for the Board. | 141, 144 | ✓ |
| A.1.5 | Independent Judgement | | |
| | The Board consists of diverse high-caliber professionals, capable of exercising independent judgement in the effective discharge of their duties and responsibilities. The Board's composition ensures a balanced distribution of power and input from all Directors, preventing anyone individual or a small group from dominating the Board's processes or decision-making. | 136 | ✓ |

| Code Ref. | Best Practices followed by Convenience Foods (Lanka) PLC | Page(s) Ref. | Compliance Status |
|---------------|--|--------------|-------------------|
| A.1.6 | Dedicate Adequate Time and Effort to Matters of the Company | | |
| | Directors dedicate sufficient time to Board and Company matters, including reviewing papers, seeking clarifications, following up on issues and familiarizing themselves with business operations, risks and controls. | 144 | ✓ |
| A.1.7 | Calls for Resolutions | | |
| | One third of the Directors can call for a resolution to be presented to the Board if deemed necessary. | - | ✓ |
| A.1.8 | Board Induction and Training | | |
| | Directors undergo initial and ongoing training to support continuous learning and effectively fulfill their duties. The Board periodically evaluates their training needs. | 143 | ✓ |
| A.2 | Position of Chairman and Managing Director/CEO Vested by Separate Persons | | |
| | The roles of Chairman and Managing Director/CEO are distinct and separated to maintain a balance in power and authority. | 136 | ✓ |
| A.3 & A.3.1 | Chairman's Role in Preserving Good Corporate Governance and Conduct of Board Meetings | | |
| | The Chairman provides leadership and facilitates the effective discharge of duties in the best interests of the Board, maintains smooth functioning of the Board, presides at the Directors' and Shareholders' meetings to ensure Director participation (both Executive and Non-Executive) and proper execution of Board proceedings. Further, Chairman ensures the balance of power between both Executive and Non-Executive Directors are maintained. | 137 | ✓ |
| A.4 | Financial Acumen and Knowledge within the Board | | |
| | The Board comprises a Fellow Member of CIMA, UK and a Fellow Member of ICASL. | 128-131, 136 | ✓ |
| A.5 | The Board Balance | | |
| A.5.1 | Presence of Non-Executive Directors | | |
| | The Board maintains a balance of Executive and Non-Executive Directors to prevent dominance by any individual or group. The Board consists of four (4) Non-Executive Directors, three (3) Independent Non-Executive Directors and one (1) Executive Director. | 131, 136 | ✓ |
| A.5.2 - A.5.5 | Independence of Non-Executive Directors and Annual Declarations | | |
| | Three (3) out of seven (7) Non-Executive Directors are Independent. Independence is maintained and declarations are made in the Annual Report. | 141 | ✓ |
| A.5.6 | Alternate Directors | | |
| | No Alternate Directors were appointed during the financial year. | 185 | ✓ |
| A.5.7 & A.5.8 | Appointment of Senior Independent Director and Confidential Discussions | | |
| | This is not applicable. The Chairman and Managing Director/CEO is not the same person. | 138 | ✓ |
| A.5.9 | Chairman's meeting with Non-Executive Directors | | |
| | The Chairman meets with the Non-Executive Directors without the presence of the Executive Director, as necessary and at least once each year. | 145 | ✓ |
| A.5.10 | Directors' concerns about the matters of the Company | | |
| | Recording of dissent in minutes. | 138 | ✓ |
| A.6 | Supply of Information | | |
| | The Board was provided with appropriate and timely information to discharge its duties. | 144 | ✓ |

COMPLIANCE SUMMARY

| Code Ref. | Best Practices followed by Convenience Foods (Lanka) PLC | Page(s) Ref. | Compliance Status |
|-----------|---|--------------|-------------------|
| A.6.1 | Management Obligation to Provide Appropriate and Timely Information to the Board | | |
| | The Board was provided with timely and appropriate information by the management by way of Board papers, internal memos and proposals. | 144 | ✓ |
| A.6.2 | Adequate Time for Effective Board Meetings | | |
| | The minutes, agenda and papers are circulated in advance to facilitate effective conduct of meetings. | 144 | ✓ |
| A.7 | Appointments to the Board: Nominations and Governance Committee | | |
| | The details are set out in the Nominations and Governance Committee report. | 182 | ✓ |
| A.8 | Re-election and Resignation of Directors | | |
| | The re-election of Directors is governed by the Articles of Association and is performed at the AGM. In the event of a resignation, the Director must submit a resignation letter, including reasons for decision which will be presented at the immediate Board meeting. | 142 | ✓ |
| A.9 | Appraisal of Board Performance | | |
| | The Board and Committees conduct their performance evaluation annually to review the participation, contribution and engagement of each Director in discharging their duties and responsibilities satisfactorily. Outcomes identified during the process are submitted to the Nominations and Governance Committee to make further improvements in Board effectiveness. | 140 | ✓ |
| A.10 | Disclosure of Information in Respect of Directors | | |
| | The Annual Report sets out the specified information on each Director as outlined in the code. | 128-131, 144 | ✓ |
| A.11 | Appraisal of the Managing Director/CEO | | |
| | The performance of the Managing Director/CEO is evaluated annually based on the agreed objectives set by the Board. | 140 | ✓ |
| B | DIRECTORS' REMUNERATION | | |
| B.1 | Remuneration Procedure | | |
| | The Company follows a transparent process for setting executive remuneration policies and Directors' packages, while ensuring no Director is involved in deciding their own remuneration. | 141 | ✓ |
| B.2 | Remuneration Committee | | |
| | Refer to the Remuneration Committee Report. | 178 | ✓ |
| B.3 | Disclosure of Remuneration | | |
| | Please refer to the Remuneration Committee Report. Remuneration paid to Board of Directors – Please refer Note 8 of the Financial Statements. | 178, 209 | ✓ |
| C | RELATIONS WITH SHAREHOLDERS | | |
| C.1 | Constructive Use of the AGM and Conduct of General Meetings | | |
| C.1.1 | Dispatch of Notice of AGM and Related Papers to Shareholders | | |
| | The notice and agenda of the AGM, along with the Annual Report and all other relevant documents are distributed to shareholders 15 working days before the AGM. | 163 | ✓ |
| C.1.2 | Separate Resolution for Substantially Separate Issues | | |
| | A separate resolution is proposed at an AGM on each substantially separate issue where necessary. | 264 | ✓ |
| C.1.3 | Votes and Use of Proxy | | |
| | The Company ensures that all proxy votes are properly recorded and counted. | 267 | ✓ |

| Code Ref. | Best Practices followed by Convenience Foods (Lanka) PLC | Page(s) Ref. | Compliance Status |
|---------------|---|---------------|-------------------|
| C.1.4 | Availability of all Sub-Committee Chairpersons at the AGM | | |
| | The Board arranges for the Chairpersons of the Audit, Remuneration, Nominations and Governance and Related Party Transactions Review Committees to be available to address questions at the AGM. | 163 | ✓ |
| C.1.5 | Procedure of Voting at General Meeting | | |
| | A summary of the procedures for voting at general meetings is included with each Notice of the General Meeting and circulated to shareholders. | 264 | ✓ |
| C.2 | Communication With Shareholders | | |
| C.2.1 | Effective Communication with Shareholders | | |
| | The AGM and website serve as the primary communication channels between the Company and its shareholders. Shareholders are provided with timely information in advance of the AGM. | 163 | ✓ |
| C.2.2 | Policy Methodology for Communication with Shareholders | | |
| | The policy and methodology for communication with shareholders are disclosed in the Annual Report. Please refer to Relations with Shareholders Section. | 163 | ✓ |
| C.2.3 | Implementation of the Policy and Methodology for Communication with Shareholders | | |
| | The implementation of the policy and methodology for communication with shareholders are disclosed in the Annual Report. Please refer to Relations with Shareholders Section. | 163 | ✓ |
| C.2.4 & C.2.6 | Contact Person for Communication | | |
| | Details of contact persons are disclosed in the Annual Report, CSE and Company's website. | Inner Cover | ✓ |
| C.2.5 | Process to Make Directors Aware of Major Issues and Concerns of Shareholders | | |
| | All major shareholder issues and concerns are conveyed to the Board of Directors by the Company Secretary, along with the management's perspectives and the process is disclosed. | 164 | ✓ |
| C.2.7 | Responding to the Shareholders Matters | | |
| | The process for responding to shareholder matters has been formulated by the Board and disclosed. Such matters are responded to at the shareholder meetings, publications at the Colombo Stock Exchange or through the Company Secretary. | 163 | ✓ |
| C.3 | Major and Material Transactions | | |
| C.3.1 | Disclosure on Proposed Major Transaction | | |
| | During the year there were no any major and material transactions which affected the Company's net asset base and all related party transactions as defined in the LKAS 24, SEC and Listing Rules are disclosed in the Annual Report. | 180 | ✓ |
| C.3.2 - C.3.3 | Shareholders' Approval by Special Resolution | | |
| | During the year under review, no transactions or events occurred that required approval through a special resolution. | 180 | ✓ |
| D | ACCOUNTABILITY AND AUDIT | | |
| D.1 | Financial and Business Reporting | | |
| D.1.1 & D.1.2 | Board's Responsibility to Present a Balanced and Understandable Assessment of the Company's Financial Position, Performance and Price-sensitive Public Reports | | |
| | The Company has presented balanced and understandable quarterly financial statements, along with a compliant Annual Report, presenting a true and fair view of the Company's performance. | 139, 176, 189 | ✓ |

COMPLIANCE SUMMARY

| Code Ref. | Best Practices followed by Convenience Foods (Lanka) PLC | Page(s) Ref. | Compliance Status |
|-------------------------------------|--|--------------|-------------------|
| D.1.3 | Declaration by Managing Director/CEO and General Manager Finance on the Financial Reporting | | |
| | The Board obtains confirmation from the Managing Director/CEO and the General Manager-Finance confirming that financial records are properly maintained, the financial statements comply with standards and present a true and fair view and risk management and internal control systems are effective before approving the financial statements. | 176 | ✓ |
| D.1.4 | Declarations by Board | | |
| | Directors have made necessary declarations. Refer Annual Report of the Board of Directors on the Affairs of the Company. | 184 | ✓ |
| D.1.5 | Statement of Directors Responsibility, Risk Management, Internal Controls and External Auditor's Report | | |
| | The Annual Report includes the Board's responsibilities for financial statements, the auditor's reporting responsibilities and a statement on risk management and internal control. | 184 | ✓ |
| D.1.6 | Management Discussion and Analysis | | |
| | Refer Management Discussion and Analysis. | 19 | ✓ |
| D.1.7 | Summon an Extra Ordinary General Meeting (EGM) to Notify Serious Loss of Capital | | |
| | No circumstances occurred during the year that warranted an EGM. | N/A | N/A |
| D.1.8 | Disclosure of Related Party Transactions | | |
| | A process to capture, document and disclose related party transactions is in place, to ensure compliance with relevant regulations. Refer Related Party Transactions Review Committee Report. | 180 | ✓ |
| D.2 | Risk Management and Internal Control | | |
| D.2.1 | Risk Management Framework, Process, Policy and Sound Internal Control System | | |
| | The Board and Management Committee have established a risk management framework and formed Board Committees to oversee its implementation. The design and operational effectiveness of internal controls are independently reviewed by third-party specialists, with their findings submitted directly to the Group's internal audit function for presentation at the Audit Committee. Refer to the Integrated Risk Management Section and the Audit Committee (and Risk Committee) Report. | 165-177 | ✓ |
| D.2.2 | Processes to Ensure Effective and Efficient Internal Controls are Designed, Implemented and Monitored | | |
| | The Board and Management are responsible for managing the risks associated with our activities. Refer Integrated Risk Management Section and Audit Committee (and Risk Committee) Report. | 165-177 | ✓ |
| D.2.2.1, D.2.2.2, D.2.2.3 & D.2.2.4 | Effective System of Internal Controls, Internal Audit Function and Audit Committee Review of Internal Controls and Disclosures | | |
| | The Company has deployed an outsourced internal audit firm to review the design and operating effectiveness of the business process periodically. In addition, the Group Internal Audit team overlooks the internal audit matters of the Company. The risk management process has been designed on a standardized, holistic and integrated approach to manage risks. Refer to the Integrated Risk Management Section. The Board Audit Committee ensures the carrying out of reviews of the process and effectiveness of internal controls and reports recommendations to the Board. The Board makes disclosures on internal controls in the Annual Report. Refer to the Audit Committee Report. | 165-177 | ✓ |

| Code Ref. | Best Practices followed by Convenience Foods (Lanka) PLC | Page(s) Ref. | Compliance Status |
|-----------|--|--------------|-------------------|
| D.3 | Audit Committee | | |
| D.3.1 | Composition of the Audit Committee | | |
| | (1) The Committee consists of 3 Directors, all are Independent and excludes Executive Directors. (2) An Independent Director is the Chairperson of the Committee. (3) The Chairperson and the Committee members are disclosed in the Annual Report. (4) The Chairperson is a Fellow of the Chartered Institute of Management Accountants, UK. Refer Audit Committee Report for detailed information. | 175 | ✓ |
| D.3.2 | Duties of the Audit Committee and Written Terms of Reference | | |
| | The Audit Committee has set written terms of reference, dealing clearly with its authority and duties, scope of work, duties and responsibilities. Refer Audit Committee Report. | 175 | ✓ |
| D.3.3 | Disclosures of the Work of the Audit Committee | | |
| | Refer Audit Committee Report for the detailed disclosures. | 175 | ✓ |
| D.4 | Risk Committee | | |
| D.4.1 | Composition of the Risk Committee | | |
| | The Audit Committee, consisting of three (3) Independent Non-Executive Directors, plays the role of the Risk Committee. Members of the management including MD/CEO and General Manager Finance attend the meetings by invitation. | 175 | ✓ |
| D.4.2 | Duties of the Risk Committee and Written Terms of Reference | | |
| | The Audit Committee plays the role of the Risk Committee and has written terms of reference. | 175 | ✓ |
| D.4.3 | Meetings of the Risk Committee | | |
| | The Committee met four (4) times. Refer Board Attendance during 2024/25. | 175 | ✓ |
| D.4.4 | External Professional Advice | | |
| | The Committee has authority to seek external professional advice if required. | 175 | ✓ |
| D.4.5 | Report of the Risk Committee | | |
| | Refer Audit Committee Report and Integrated Risk Management Report. | 165-177 | ✓ |
| D.5 | Related Party Transactions Review Committee (RPTRC) | | |
| D.5.1 | Related Party Transactions (RPT) | | |
| | The Company is adhering to LKAS 24. Transactions entered with related parties during the year are disclosed in Note 31 of the Financial Statements. | 234 | ✓ |
| D.5.2 | Composition of RPTRC | | |
| | RPTRC consists of three (3) Independent Non-Executive Directors. | 180 | ✓ |
| D.5.3 | Terms of Reference | | |
| | The RPTRC has set written terms of reference, dealing clearly with its authority and duties, scope of work, duties and responsibilities. Refer Related Party Transactions Review Committee Report. | 180 | ✓ |
| D.6 | Code of Business Conduct and Ethics | | |
| D.6.1 | Adoption of a Code of Business Conduct and Ethics | | |
| | The Company follows a Code of Conduct applicable to Directors, Key Management Personnel (KMP) and employees, which has been adhered to throughout the year. | 158 | ✓ |
| D.6.2 | Material and Price Sensitive Information | | |
| | Material and price sensitive information is promptly identified and reported to the shareholders through the Colombo Stock Exchange. Further, financial statements are published to CSE as per stipulated timeframe in the regulations. | 163 | ✓ |

COMPLIANCE SUMMARY

| Code Ref. | Best Practices followed by Convenience Foods (Lanka) PLC | Page(s) Ref. | Compliance Status |
|-----------|--|--------------------|-------------------|
| D.6.3 | Shares Purchased by Directors, KMP and Employees Involved in Financial Reporting | | |
| | The Company has a policy and a process for monitoring and disclosure of shares purchased by any Director, KMP and employees involved in financial reporting. | 126 | ✓ |
| D.6.4 | Procedure to Deal with Complaints Received from Whistle-Blowers | | |
| | Refer policy on whistleblowing under Fostering an Ethical Organizational Culture Section. | 135, 159 | ✓ |
| D.6.5 | Training on the Code of Business Conduct and Ethics | | |
| | The Business code of conduct and ethics is introduced as part of the induction training of new employees. | 159 | ✓ |
| D.6.7 | Affirmation of Code in the Annual Report by the Chairman | | |
| | Refer the Corporate Governance Statement by the Chairman. | 126 | ✓ |
| D.7 | Corporate Governance Disclosures | | |
| D.7.1 | Disclosure of Corporate Governance | | |
| | A corporate governance report is included in the Annual Report detailing how the Company has complied with the principles and provisions of the Code. Refer to the Corporate Governance Section. | 125-149 150-157 | ✓ |
| E. | INSTITUTIONAL INVESTORS | | |
| E.1 | Shareholder Voting | | |
| E.1.1 | Dialogue with Shareholders | | |
| | To prevent conflicts of interest and foster mutual understanding, the Board engages in dialogue with shareholders during General Meetings. | 163 | ✓ |
| E.2 | Evaluation of Governance Disclosures | | |
| E.2 | Institutional Investors | | |
| | Institutional investors are encouraged to consider all relevant factors when assessing the Company's governance, especially Board structure and composition. | 164 | ✓ |
| F. | OTHER INVESTORS | | |
| F.1 | Investing/Divesting Decision | | |
| | Individual shareholders are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. | 163 | ✓ |
| F.2 | Shareholder Voting | | |
| | Individual shareholders are encouraged to participate in the General Meetings of the Company and exercise their voting rights. | 163 | ✓ |
| G | INTERNET OF THINGS AND CYBERSECURITY | | |
| G.1 | Internal and External IT Devices Connected to the Business | | |
| | Internal and external IT devices are connected to the corporate network in compliance with the IT and access control policies. Refer IT and Cybersecurity Risk Governance Section. | 161, 172, 176 | ✓ |
| G.2 | Chief Information Security Officer (CISO) and Cybersecurity Risk Management Policy | | |
| | The Group CIO is responsible for implementing and driving the cybersecurity risk management policy. | 161 | ✓ |
| G.3 | Discussions on Cyber Risk Management at the Board Meetings | | |
| | The Company's cybersecurity and risk management have been regularly reviewed and given due attention during discussions. | 161 | ✓ |
| G.4 | Independent Periodic Review and Assurance of the Cybersecurity Risk Management | | |
| | Periodic reviews are carried out by the Internal Information Security/IT Auditor and annual security assessments are carried out by external security consultants. | 161 | ✓ |

| Code Ref. | Best Practices followed by Convenience Foods (Lanka) PLC | Page(s) Ref. | Compliance Status |
|-------------|--|--------------|-------------------|
| G.5 | Disclosure of Process to Identify and Manage Cyber Security Risks | | |
| | Refer IT and Cybersecurity Risk Governance Section for disclosures. | 161 | ✓ |
| H. | SUSTAINABILITY: ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISK AND OPPORTUNITIES | | |
| H.1.1 | ESG Reporting | | |
| | The Company has integrated ESG initiatives into the business and strategic plans and actively performed. ESG disclosures are provided in the Annual Report. Additionally, the Company is making efforts to fulfill its commitments to the UN Sustainability Goals. | 33-57 | ✓ |
| H.2 & H.2.1 | Stakeholder Engagement on ESG Matters | | |
| | The Board and KMP actively engage with stakeholders to understand and manage sustainability and ESG risks and opportunities, ensuring the Company recognizes significant stakeholders and material matters. | 33-57 | ✓ |
| H.3 - H.4 | ESG Governance Framework and Structure | | |
| | Company establishes a governance framework that integrates conformance, performance and sustainability/ESG factors, addressing sustainability through environmental and social governance with an integrated approach to economic, social, health and environmental implications on business strategies and fostering community, customer, employee, supplier and outsourced provider relationships for sustainable growth and corporate social responsibility. Refer to Sustainability Section. | 33-57 | ✓ |
| H.5 | ESG Related Disclosures | | |
| | The Annual Report includes sustainability-related financial and non-financial disclosures aligned to the SLFRS Sustainability Reporting Disclosure Standards. Information on the business impacts of sustainability-related risks and opportunities is also included across the Annual Report to provide sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported. | 33-57 | ✓ |
| I | SPECIAL CONSIDERATIONS FOR LISTED ENTITIES | | |
| | The Company upholds governance policies and oversees the implementation details as per Section 9.2.1 in CSE Listing Rules. Refer Company website: www.conveniencefoodslanka.com | 147 | ✓ |

FOSTERING AN ETHICAL ORGANIZATIONAL CULTURE

Our Code of Conduct and internal policies establish ethical standards for us and are consistently embedded in our leadership, policies and day-to-day operations, promoting accountability across all levels. These also uphold compliance with laws and regulations while ensuring professionalism in decision-making.

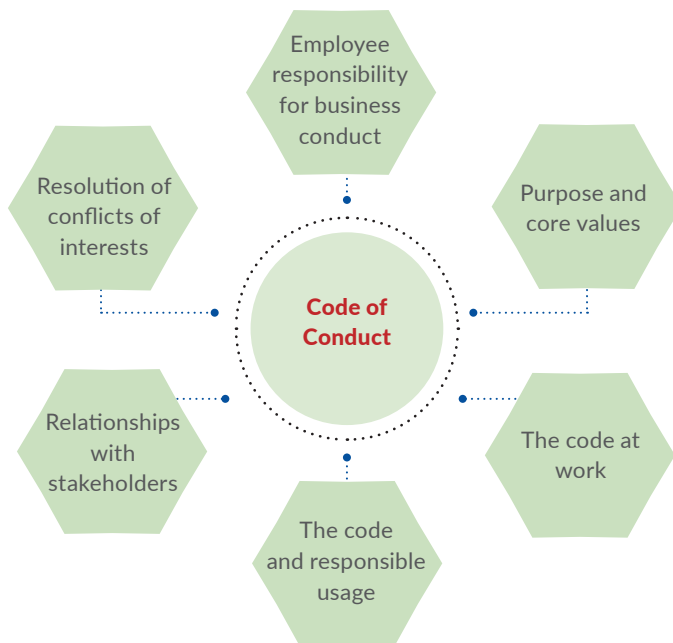
The Board of Directors, the management team and all employees are required to strictly adhere to the Code of Conduct and Ethics and internal policies at all times and foster a fair work environment when engaged in official duties, as well as during personal business activities and ensure that no harm is made to the Company's reputation from their actions. The Board collectively establishes the ethical tone from the top, guiding the senior management team and the employees to uphold ethical conduct. The Code of Conduct includes policies related to gifts, entertainment, facilitation payments and proprietary and confidential information.

Key elements of the Company's ethical governance execution include:

1. Code of Business Conduct and Ethics
2. Internal Policies for Ethical Business Conduct
 - a. Whistleblowing Policy
 - b. Anti-bribery and Corruption Policy
 - c. Employee Integrity Policy
 - d. Environmental Policy
3. Assurance Mechanisms
4. Internal Controls
5. Regulatory and Statutory Governance
6. IT and Cybersecurity Risk Governance
7. Tax Governance

CODE OF BUSINESS CONDUCT AND ETHICS

All Directors and employees must adhere to the Company's Code of Business Conduct and Ethics. The declaration of the Board's compliance with the Code of Conduct is presented on Page 186.



01. Employee responsibility for business conduct

All employees are required to comply with the Code of Conduct, which defines expected standards of behavior and professionalism, without any waivers. Compliance with legal, ethical and cultural norms is mandatory at all times. The suitability of employees is to be assessed by HR Leads and Line Managers during recruitment and periodic reviews. Department-specific rules may be implemented with prior approval, provided they align with this Code. Any conduct that brings an employee's integrity into question, whether on or off duty, will be addressed in accordance with this policy.

02. Purpose and core values

The Code underscores the importance of the Group's purpose:

"To create enriching moments of happiness for people, by being a caring global entity, with a true Sri Lankan identity".

It also outlines the Group's four (4) core values: Caring, Quality, Innovation and Integrity.

03. The code at work

The employee code at work outlines the expected standards of behavior and professional conduct. It covers key areas including general workplace conduct, fair competition, commitment to high standards and respect for diversity and inclusion. Equal treatment, non-discrimination and zero tolerance for harassment are reinforced, along with clear expectations regarding criminal convictions, workplace safety, attendance, punctuality and overall fitness for duty. This also includes policies to ensure a respectful, safe and efficient work environment.

04. The Code and Responsible Usage

The code guides employees on the responsible use of the privileges and resources provided by the Company.

05. Relationships with Stakeholders

This describes how to engage with our stakeholders in compliance with the code.

06. Resolution of Conflicts of Interests

This helps employees to identify conflicts of interest and avoid situations that may cause such conflicts in the workplace.

INTERNAL POLICIES FOR ETHICAL BUSINESS CONDUCT

Policy on Whistleblowing

This policy provides employees with a safe and confidential channel to report misconduct, unlawful activities or breaches of ethical standards without fear of retaliation. By establishing a secure reporting mechanism, the Company promotes a culture of integrity and ensures that concerns are addressed promptly and appropriately. CFL's Whistleblowing Policy supports transparency and accountability while encouraging employees to raise concerns or seek clarification with confidence and trust.

Policy on Anti-Bribery and Corruption

CFL emphasizes its commitment to ethical conduct and integrity through a foundational policy that unequivocally prohibits all forms of corruption, including bribery, extortion and embezzlement. To mitigate these risks and ensure transparency and fairness in all business practices, CFL enforces stringent procedures. Any breach of this policy in connection with our business must be prevented, underscoring our dedication to accountability and ethical behavior.

Objectives of the Policy on Anti-Bribery and Corruption

- **Prohibition of Corruption:** The primary objective of this policy is to unequivocally prohibit all instances of corruption, encompassing bribery, extortion and embezzlement
- **Compliance and Legal Obligations:** CFL is committed to full compliance with all applicable anti-bribery and corruption laws and regulations
- **Ethical Business Practices:** This policy underscores our dedication to ethical business practices by strictly prohibiting the solicitation or acceptance of bribes or any other unethical advantage-seeking behavior by CFL employees. Any such behavior is treated with zero tolerance
- **Transparency and Reporting:** CFL emphasizes transparency and encourages the reporting of any instances where employees attempt to solicit bribes from our business partners or engage in unethical conduct
- **Conflict of Interest Management:** We are committed to managing conflicts of interest effectively to ensure fair and transparent business dealings
- **Financial Integrity:** Our financial procedures are designed to accurately record all financial transactions

Operation of Company Tender Committee

A dedicated Tender Committee, governed by Terms of Reference (TOR), comprises cross-functional members to ensure transparency in its operations. Its scope covers all tender-related items and any external sales activities beyond regular business sales transactions.

Internal Policies to Uphold Employee Integrity

- Recruitment: Equal Opportunity Employer
- Training and Development Policy
- Remuneration Policy
- Anti-Sexual Harassment Policy
- Occupational Health and Safety Policy

Overall, these policies and practices reflect the Company's commitment to ethical conduct, fairness, inclusivity, employee well-being and fostering a positive work environment.

Please refer to Page 86 for an overview of employees related policies.

Environmental Policy

CFL's Environmental Policy helps to guide our operations in minimizing the environmental impact of our business whilst promoting conservation and fostering a culture of sustainability.

Please refer to Natural Capital on Page 120 for an overview of Environmental Policy.

ASSURANCE MECHANISMS

Evaluation of Effectiveness of Internal Controls

The evaluation of the effectiveness of internal controls is an important process in ensuring the reliability and integrity of financial reporting, compliance with laws and regulations and the achievement of operational objectives.

Internal audit plays a key role in this evaluation by conducting regular reviews and assessments of internal control systems, identifying weaknesses and recommending improvements.

External audit complements this by providing an independent assessment of the effectiveness of internal controls, particularly those related to financial reporting.

FOSTERING AN ETHICAL ORGANIZATIONAL CULTURE

Internal Audit Function

Objectives of the Internal Audit Function

The internal audit function of the Company operates with the following key objectives:

- Risk Assessments: Identify and evaluate the organization’s risk exposure
- Internal Controls Evaluations: Assess the efficiency and effectiveness of internal control systems
- Compliance Audits: Ensure adherence to laws, regulations and internal policies
- Operational Audits: Evaluate the efficiency and effectiveness of operational processes
- Fraud Detection and Prevention: Identify potential fraud risks and investigate suspected incidents
- IT Audits: Assess the security and effectiveness of information technology systems and infrastructure
- Special Investigations: Targeted, in-depth inquiries conducted to examine suspected misconduct, ethical breaches or other violations within the organization. These investigations go beyond routine audits or reviews and are typically initiated when there are identified matters of concern that require focused attention
- Corporate Objective Monitoring: Review implementation of corporate goals
- Asset Safeguarding: Review controls in place to protect Company assets
- Reporting: Prepare and present audit findings to management and the Board

INTERNAL AUDIT PROCESS



The Internal Audit Strategy

The internal audit function conducts a risk-based internal audit strategy, outlining its planned approach based on the risks inherent in each process that supports the Company’s strategic objectives.

The internal audit function operates autonomously under the Audit Committee’s supervision and is led by the Head of Group Internal Audit (General Manager of Group Governance, Risk and Control) ensuring independence from operational management. Leveraging the internal audit team of Messrs. KPMG, Chartered Accountants as needed, this function delivers impartial assurance to the Audit Committee on the adequacy and sustainability of the Company’s internal control framework for risk management.

Serving as the third line of defense, it conducts objective reviews based on a risk-focused audit plan and methodology endorsed by the Audit Committee, ensuring that risk management processes are designed and efficiently executed.

This process also checks the timeliness with which management takes action to address reported control deficiencies, for which Internal Audit has implemented management actions follow up process through Microsoft SharePoint, a web-based approach to collaborate with multiple departments’ responses.

External Assurance (External Audit)

The External Auditors are responsible for reporting to the Board Audit Committee on whether the Financial Statements, prepared by the Management, are fairly presented in accordance with SLFRSs and LKAs. They also provide recommendations for corrective actions, highlight areas for improvement and note any significant observations identified based on the audit findings.

Appointment of Auditors and Their Responsibilities

The Company’s external audit is conducted by Messrs. Ernst & Young, Chartered Accountants. The Audit Committee recommended the re-appointment of external auditors and their remuneration to the Board of Directors, subject to shareholder approval.

Messrs. Ernst & Young were re-appointed as External Auditors at the Annual General Meeting held on 9th September 2024 and the Directors were authorized to determine their remuneration.

Independence of the Auditors

As of the reporting date, there are no identified threats compromising independence and steps have been taken to mitigate any such threats to an acceptable level. The engagement team and other relevant personnel have complied with ethical requirements concerning independence, including those outlined by Messrs. Ernst & Young, Chartered Accountants, where applicable.

Evaluation of the Independence of External Auditors

The Board Audit Committee conducts an annual assessment of the independence and objectivity of the external auditors. The Committee also establishes guidelines for recommending the engagement of external auditors for non-audit services.

INTERNAL CONTROLS

Maintaining a comprehensive internal control system to safeguard shareholders' investments and Company assets as well as to ensure ethical business conduct is a key responsibility of the Board and Senior Management. Management is responsible for designing, implementing, operating and monitoring an effective internal control system in accordance with the policies set by the Board. Accordingly, the Management has set up clear procedures, accountability mechanisms and oversight structures to prevent and detect misconduct, ensure compliance with laws and policies and safeguard the integrity of financial and operational activities.

REGULATORY AND STATUTORY GOVERNANCE

CFL operates in compliance with applicable laws, regulations and the industry's best practices. The Company maintains compliance checklists, which are signed off periodically. Any statutory or non-

statutory non-compliances (if any) are reported along with recommended corrective actions and timelines for implementation.

IT AND CYBERSECURITY RISK GOVERNANCE

Board Involvement in IT Governance

The Board has entrusted IT governance related matters to the Board Audit Committee, which also functions as the Risk Committee, overseeing risk management, compliance and cybersecurity.

The Audit Committee oversees the maintenance of an effective system that secures the integrity of information, manages cybersecurity risks and monitors the process regularly.

The IT team, led by the Group Chief Information Officer (CIO), is the management body responsible for overseeing and advancing the Company's IT interests and ensuring the effective implementation of the IT Governance Framework. The CIO also provides regular updates to the Audit Committee on IT-related issues and major projects, enabling the Committee to ensure that risk monitoring and assurance processes are sufficient to address emerging IT risks.

All IT expenditure falls within the Board-approved budget and in line with the strategic objectives of the business.

IT Policies and Procedures

The IT policies and procedures include the:

- Information Security Policy,
- Acceptable Usage Policy,
- Access Control Policy,
- Clear Desk and Clear Screen Policy,
- Information Asset Management Procedure,
- IT Operations Security Procedure,
- IT Incident Management Procedure,
- Malware Control Procedure,

- Risk Assessment and Risk Treatment Procedure and
- Physical and Environmental Security Procedure.

Communication and Awareness

IT security policies, standards, procedures and guidelines of the CBL Group are published on the Company's intranet and are accessible to all employees. Employees are required to read and comply with those guidelines. Additionally, emails and flyers are distributed to employees to raise awareness of cybersecurity threats. The IT team also organizes awareness sessions to educate the employees on information security.

Device Control

The Company's IT governance framework manages potential threats and IT risks relating to connectivity of devices, while considering stakeholder interests and connectivity requirements. All internal and external IT devices comply with the CBL Group's Access Control Policy, which outlines access criteria, authorization roles and approval levels. Connectivity is secured through firewalls and continuously monitored via access control systems.

Monitoring Cybersecurity Risks / Cyber Risk Management

Security Operations Center (SOC) continuously monitors and reviews cybersecurity risks. The Company has also established an IT incident management procedure to effectively handle and mitigate cybersecurity risks.

The Board Audit Committee regularly includes IT and cyber risk management on its agenda. The Group Chief Information Officer (CIO) also provides periodic updates to the Committee on cyber risk management and governance matters.

Regular emails are circulated to the employee base creating awareness of cybersecurity threats.

FOSTERING AN ETHICAL ORGANIZATIONAL CULTURE

In the event of a cybersecurity threat, the CIO-led team promptly issues group-wide communications to raise awareness and advise precautionary measures. Simultaneously, technical mitigation actions are carried out in coordination with IT teams to protect data integrity and ensure operational continuity.

Independent Periodic Security Reviews

Periodic reviews are conducted by internal IT teams, while the Group (and the Company) engage independent consultancy firms to obtain objective and impartial evaluations of security risks.

TAX GOVERNANCE

We adhere to core principles of compliance, transparency and accountability in our tax management. It emphasizes our responsibility to meet the tax obligations as required by tax regulations, while also safeguarding value for stakeholders.

The Company's approach to tax governance is closely aligned with its commitment to the sustainable growth and integrity of its business operations. This strengthens our operational resilience, supports stakeholder confidence and contributes to the long-term sustainability of the Company.

Our tax governance framework enables us to:

- Effectively manage tax exposures by optimizing the Company's tax position within the framework of applicable laws and regulations
- Mitigate tax-related risks and protect the Company's reputation through the establishment of clear policies, rigorous internal controls and proactive engagement strategies with tax authorities

- Foster strong and transparent relationships with key stakeholders, including government bodies, regulatory agencies and the broader community, promoting mutual trust and collaboration
- Uphold the integrity of financial reporting by ensuring the accuracy of tax-related disclosures and maintaining full compliance with tax obligations in a timely and ethical manner

| | |
|--|--|
| Governance Structure | The Company's tax governance activities focus on compliance and management of tax obligations, ensuring consistency and accurate settlements |
| Policies on Tax Governance | <div>The Company's taxation policies and standard operating procedures require us to:</div> <ul style="list-style-type: none">• Ensure the integrity of tax disclosures• Maintain controls and processes to manage tax obligations• Uphold openness, honesty and transparency in tax-related dealings• Perform the calculations accurately and settle the obligations timely• Maintain the records of the transactions for future references |
| Roles and Responsibilities in Tax Governance | <div>The management performs the tasks below:</div> <ul style="list-style-type: none">• Implement and sustain compliance processes including checklists• Analyze and communicate the business implications of changes in tax legislation for informed decision-making• Ensure documentation of tax computations and payments• Seek independent/external opinions when the law is unclear or open to interpretation |
| Review and Monitoring | <ul style="list-style-type: none">• Digital platforms:<ul style="list-style-type: none">• SAP/ERP systems to support and record the provided inputs for tax computations which allows audit trial• Digital banking to settle tax payments• RAMIS to report on tax compliance and filing returns• Board Updates: Provide periodic updates on the Company's tax positions to the Board of Directors in a timely manner |

The taxes paid are disclosed on Page 35.

Outcomes of the Tax Governance Framework and Its Effective Implementation in 2024/25

Our tax governance framework directly contributed to the continuation of the Company's business operations by ensuring the following:

- Efficient management of tax exposures within the scope of applicable laws

- Effective management of tax risks and protection of the Company's reputation through adequate policies and proactive internal communication
- Fostered transparent engagements with tax authorities and government institutions
- Ensured the integrity of reported numbers and timely compliance

SHAREHOLDER ENGAGEMENT

GOVERNANCE OF SHAREHOLDERS ENGAGEMENT

Relations with Shareholders



The Board and Senior Management acknowledge their responsibility to represent the interests of all shareholders and to maximize long-term shareholder value of the Company.

These interests cover creating sustainable returns on investment, timely communication of key information, compliance with statutory and regulatory requirements and managing risk, facilitating transparency, maintaining fairness and protecting the rights of shareholders. Please refer to Page 61 for further information addressing shareholder expectations.

The Company has implemented multiple methods of communication to maintain an effective relationship with the shareholders of the Company, where the Annual General Meeting (AGM) takes prominence.

Annual General Meeting (AGM)

The AGM provides a forum for all shareholders to directly communicate with the Board of the Company and participate in the decision-making process reserved for the shareholders.

In compliance with the Companies Act, the notice of the AGM is circulated at least 15 working days in advance, along with instructions on the voting procedure, including the process for voting via a proxy.

Separate resolutions are proposed for each substantially distinct decision to be made.

Shareholders are encouraged to participate in the AGM, for which notice is provided in a timely manner. The Company arranges for the Board members including the Chairpersons of the Board Committees, General Manager – Finance, Company Secretary and statutory auditor to be available to address questions at the AGM.

Corporate Website

www.conveniencefoodslanka.com

Secretaries

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Fax: +94 11 474 0588

Email: pwcs@pwcs.lk

Registrars

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Investor Relations Officer

Mr. Randika Gamhewage
Manager - Financial Reporting
Tel: +94 11 500 3000 Ext. 3062
Email: randikag.cf@cblk.com

SHAREHOLDERS ENGAGEMENT

33rd AGM held on 09th September 2024

The Company held a virtual AGM on the 09th September 2024 via an online platform hosted from Ceylon Biscuits Limited, High-Level Road, Makumbura, Pannipitiya. All resolutions that were on the agenda were unanimously passed at the AGM.

FINANCIAL REPORTING

The Annual Report includes the Chairman's and Managing Director's Messages, Management Discussion and Analysis, Capital Reports, Sustainability Disclosures, Corporate Governance Commentary and the Audited Financial Statements.

Quarterly interim financials are also published on the CSE and on the official CFL website for shareholders' review. These reports provide a clear overview of the Company's performance throughout the year. The Board is fully committed to maintaining transparency in disclosing both financial and non-financial information to shareholders.

MAJOR SHAREHOLDER COMMUNICATIONS DURING 2024/25

There exists a Company policy on relations with shareholders and investors, covering AGM, communication with shareholders, major and material transactions and relationships with institutional and individual shareholders.

May 2024

Reconstitution of Board Sub-Committees effective 01st April 2024.

July 2024

Declaration of the First and Final Dividend for the year ended 31st March 2024.

August 2024

Notice of 33rd AGM.

Publication of Annual Report.

September 2024

Publication of the AGM results.

PROCESS ESTABLISHED TO MAKE THE BOARD AWARE OF MAJOR ISSUES AND CONCERNS OF SHAREHOLDERS

The Company Secretary tables and discusses any significant concerns raised by shareholders for the attention of the Board. Shareholders are encouraged to maintain direct communication with the Board of Directors by contacting the Company Secretary or in their absence, via the Investor Relations Officer.

MAJOR TRANSACTIONS

No major transactions have occurred during the year, which falls within the definition of the Companies Act.

GOING CONCERN REVIEW

After conducting a thorough examination, the Board is confident that the Company possesses adequate cash flows to sustain its operations as a going concern for the foreseeable future.

INTEGRATED RISK MANAGEMENT

The Company's risks and opportunities landscape is shaped by a broad range of political, economic, social, technological and environmental factors impacting the FMCG sector. In 2024/25, the global context was marked by geopolitical tensions, conflicts and worsening climate risks, while Sri Lanka showed signs of recovery from its economic crisis through declining inflation, improved reserves and currency appreciation. Recognizing that risks extend beyond internal operations to external forces affecting quality, consumer trust and competitiveness, the Company has adopted a proactive and agile risk management approach. A robust framework of controls is in place to mitigate both current and emerging risks effectively.

Understanding that we operate in a dynamic and challenging environment, we emphasize the continuous evaluation and management of risks. To meet the expectations of our stakeholders, we rigorously identify key risks, establish effective control measures and develop procedures to manage these risks within acceptable tolerance levels.

This Section outlines our risk management processes, covering our approach and methods for identifying and reporting business risks. It explains how we prioritize and mitigate these risks through the use of structured tools and frameworks for ongoing monitoring and assessment, while also outlining the actions taken to address key risks and capitalize on emerging opportunities.

BROADENING THE LENS ON RISK MANAGEMENT: STRATEGIC ENHANCEMENTS TO THE ANNUAL REPORT'S RISK NARRATIVES

In line with the upcoming SLFRS S1 and S2 standards, we have introduced a dedicated voluntary disclosures Section on Sustainability and Climate-Related Risk Management. The Section outlines our approach to identifying, assessing and managing sustainability and climate-related

risks and integrating them into our broader risk management framework. Please refer to Page 44.

RISK MANAGEMENT APPROACH

Risk Management Strategy

We emphasize continuous risk monitoring and reporting mechanisms, enabling timely adjustments to our strategies, ensuring alignment with our business objectives and evolving market dynamics.

Risk Management Process

We have implemented a proactive risk management process, tailored to our operations and embedded within corporate governance and strategy. This promotes early risk identification and mitigation of risks, while fostering organizational awareness of business risks and internal controls, strengthening transparency and trust. We integrate risk

reviews into our culture by defining clear roles and responsibilities: departmental heads collaborate to identify key risks, relevant to their areas, which are then analysed and evaluated by designated risk champions and logged in a risk register with treatment plans. Response plans are developed and monitoring and reporting mechanisms are established. Oversight is provided by the Board and Audit Committee, with the Group Internal Audit department reviewing risks and mitigation plans.

Resource Allocation

We have allocated resources to enhance our risk management efforts, focusing on technologies, data analytics and talent development. By collaborating with industry experts and regulatory bodies, we ensure our processes are adaptive to the dynamic FMCG landscape.

| Focus Area/Resource | Strategy |
|----------------------------|--|
| Investments | <ul style="list-style-type: none"> Prioritizing investments that foster sustainable growth and profitability Invest in new product lines Establish metrics to regularly review the performance |
| Market Development | <ul style="list-style-type: none"> Expanding our presence in the market through targeted market development initiatives Utilize market research to identify opportunities Analyse consumer feedback to refine market strategies |
| Product Development | <ul style="list-style-type: none"> Innovation and enhancement of our product line offerings Develop new products that address evolving customer needs Cross-functional teams to foster diverse perspectives and solutions |
| Finance and Operations | <ul style="list-style-type: none"> Financial management and operational excellence Streamline operations to improve efficiency Conduct/evaluate performance reviews to measure achievements |
| Human Resource Development | <ul style="list-style-type: none"> Develop targeted recruitment to attract talent Continuous learning and development for employees Enhance employee satisfaction and retention |
| Information Technology | <ul style="list-style-type: none"> Leveraging technology to drive operational efficiency Invest in IT infrastructure to support business operations and enable growth and continuity Implement cybersecurity measures to protect data |

INTEGRATED RISK MANAGEMENT

Organizational Culture Towards Risk Management

We foster a culture where the following principles are adhered to,

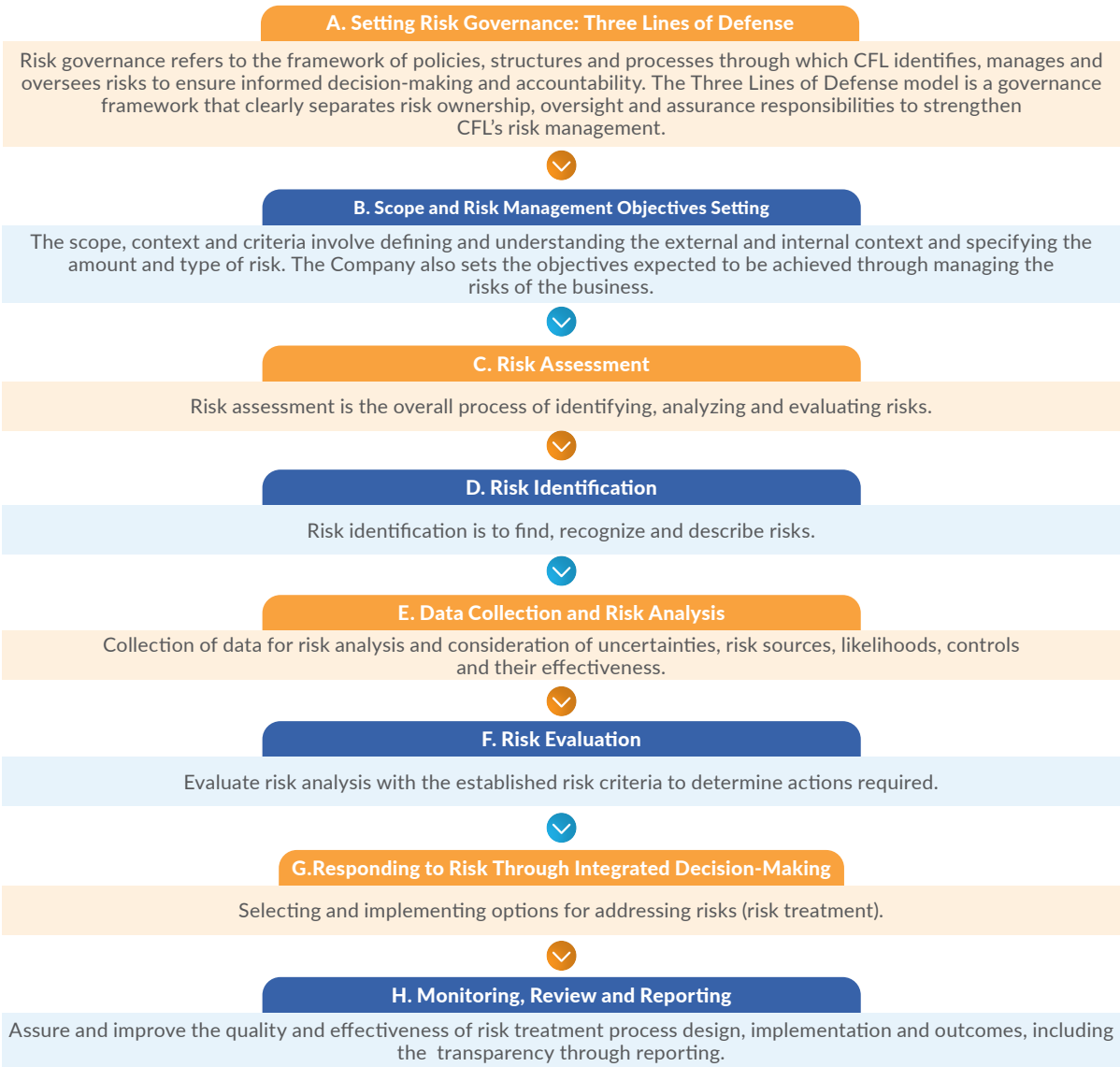
- Leadership: Committed to setting the right tone at the top by setting and continuously improving the policy framework and actively exercising its oversight responsibility
- Risk awareness: Creating awareness of business risks and integrating risk considerations into operational decision-making

- Proactivity: Simulating significant risks to minimize the negative impact on the organization
- Continuous improvement through active participation: Encouraging internal stakeholders to contribute to improving risk management practices through active participation

The Company records key risks in a risk register as per policy guidelines. A risk heat map is created and presented at Board meetings. A risk matrix assesses risk levels by probability and severity.

Approach to Risk Management

Our structured risk management approach is embedded in governance and operations, fostering a proactive risk culture that supports informed decision-making and long-term sustainability. Through an Integrated Risk Management framework, we identify, assess and mitigate risks across strategic, financial, operational, compliance and emerging categories that impact our business performance.



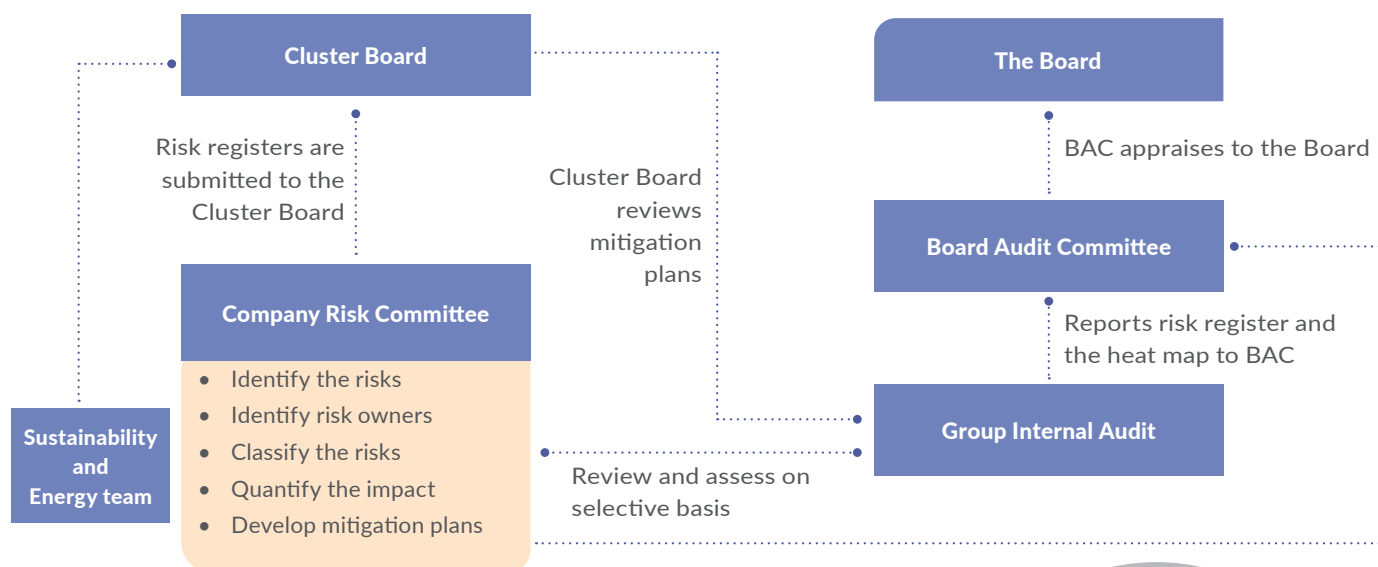
A) SETTING RISK GOVERNANCE

The key components of our risk governance approach are outlined below.

| | |
|---|--|
| The Board of Directors | Holds ultimate accountability for risk governance and providing strategic guidance to ensure alignment with regulatory and corporate objectives |
| The Board Audit Committee | Reviews key risks, oversees mitigation strategies and keeps the Board informed of emerging threats |
| Group Internal Audit Function | Checks for compliance with policies and procedures and the effectiveness of the internal control system on an ongoing basis using samples and rotational procedures and highlights significant findings in respect of any non-compliance |
| Internal Risk Committee/Cluster Members | Operating at the senior management level, assesses key risks, determines necessary actions and advises on mitigation strategies |
| Sustainability Committee | Assesses, monitors and manages sustainability, climate and ESG risks, aligning them with corporate objectives |
| Internal Risk Owners | Include frontline managers and staff who identify, assess, control and mitigate risks as part of their daily responsibilities |

RISK MANAGEMENT REPORTING STRUCTURE AT CFL

Terms of References, Policies and Procedures



INTEGRATED RISK MANAGEMENT

THREE LINES OF DEFENSE IN RISK MANAGEMENT FRAMEWORK

The Company adopting the above approach, enables the three-line defense in risk management within the business.

| 1st Line of Defense | 2nd Line of Defense | 3rd Line of Defense |
|--|--|---|
| Owning and Managing Risks | Oversight and Support | Independent Assurance |
| <ul style="list-style-type: none"> Risk Owners (Internal Operational Management) | <ul style="list-style-type: none"> Sustainability Committee Internal Risk Committee Risk Champion (CEO) Cluster Board | <ul style="list-style-type: none"> Board Audit Committee Group Internal Audit Function |
| The first line of defense comprises risk owners who are responsible for implementing and adhering to policies and procedures to manage risks within their daily operations. They are directly involved in identifying, assessing and addressing risks as they arise. | The second line of defense supports and oversees the first line by establishing the risk management framework, governance structures and conducting regular policy reviews. It is responsible for monitoring risks, analyzing relevant data and initiating corrective actions where necessary. | The third line of defense delivers independent evaluations through internal audit functions and the Board Audit Committee. It ensures the effectiveness of risk controls and provides recommendations for continuous improvement. |

B) SCOPE AND RISK MANAGEMENT OBJECTIVES SETTING

Integrated Risk Management is a comprehensive and structured approach to managing different types of risks across the Company in a coordinated and strategic manner. Please refer principal risks and mitigation plans on Page 170.

The key objectives the Company expects to achieve are as follows:

| | | |
|--|---|--|
| Establish a comprehensive risk management framework, including strategy, policies, procedures and governance structures. | Promote a strong risk-aware culture across all levels of the organization through continuous education and engagement. | Annually define and review the Company's risk appetite, ensuring alignment with strategic objectives and operational goals. |
| Integrate environmental, social and governance (ESG) risks into the overall risk reporting and management framework. | Align risk management practices with the Company's core business competencies, strategic priorities and decision-making processes. | Enhance and maintain robust systems, policies, processes and analytical tools to support proactive risk identification and mitigation. |
| Implement a structured, continuous process for risk identification, assessment, control and monitoring, covering both existing and emerging risks. | Adapt risk mitigation strategies dynamically in response to evolving internal conditions and external market, regulatory and environmental changes. | Ensure timely and transparent risk reporting to stakeholders, enabling informed decision-making at all levels of the organization. |

C) RISK ASSESSMENT

The Company uses a structured, data-driven risk assessment approach, integrating internal data from SAP ERP and management reports with external inputs like regulatory benchmarks, macroeconomic, climate and social data.

It evaluates risks across its value chain, maintains a prioritized risk register with expert input and continuously develops mitigation measures for short and long-term challenges. Details are in Note 33 of the financial statements.

D) RISK IDENTIFICATION

The Company adopts a structured and systematic approach to identifying both internal and external risks using methods such as

- direct observations
- incident analysis

- scenario analysis
- brainstorming sessions.

This collaborative process involves risk owners, Risk Committees and the Internal Audit function, ensuring a comprehensive understanding at both business unit and organizational levels. A risk event is any uncertain occurrence that may prevent achieving objectives. Identified risks are recorded in a Risk Register, enabling prioritization based on materiality and guiding risk owners on urgent issues. Risks are categorized as Common Risks, Business-Specific Risks or Core Sustainability Risks, with significant common risks reported to Group Internal Audit and relevant departments.

Following identification, risks undergo preliminary assessment and may be escalated for further review. The Internal Risk Committee conducts initial evaluations and forwards findings to the Board Audit Committee, ensuring thorough oversight, governance and strategic alignment in risk management.

E) DATA COLLECTION AND RISK ANALYSIS

Each identified risk is evaluated based on its impact severity and likelihood of occurrence. Impact is categorized as Low, Medium or High, considering business continuity, profitability, regulatory effects and reputational damage.

Likelihood is rated as Rare, Likely or Almost Certain, based on historical data, market trends and future forecasts.

Data is sourced from SAP, audit findings, stakeholder input, incident records and market intelligence. Scenario analysis, benchmarking and industry reviews support risk understanding.

The Company's risk appetite, defined by the Internal Risk Committee and approved by the Audit Committee, ensures strategic alignment and compliance. Continuous monitoring is conducted by the Internal Risk Committee.

| Probability | Severity/Consequence | | | |
|---|---|--|--------|------|
| | Rating | Low | Medium | High |
| | | Based on the financial impact quantification | | |
| | | 1 | 2 | 3 |
| | Almost Certain The event is already happening or has the possibility of happening at least one time within the next 12 months | 3 | 3 | 6 |
| Likely Probability of the event occurring at least once within the next 12 months | 2 | 2 | 4 | 6 |
| Rare Probability of the event not occurring within the next 3 years | 1 | 1 | 2 | 3 |

| Rating | Description |
|---------------|--|
| High | <ul style="list-style-type: none"> • Board attention is required • Immediate action should be taken by the senior management • Detailed review to be conducted and risk treatment plan should be prepared |
| Medium | <ul style="list-style-type: none"> • Senior management attention is required • Management responsibility specified • Risks should be treated using one or more of risk treatment options |
| Low | <ul style="list-style-type: none"> • Risk is accepted with minimal treatment • Monitored and periodically reviewed to ensure they remain acceptable |

INTEGRATED RISK MANAGEMENT

F) RISK EVALUATION

Functional heads are responsible for mitigating risks by developing and executing targeted action plans for priority risks. The Company's governance structure includes policy frameworks that embed risk controls into core operations, enhancing resilience. Action plans may involve process improvements, system upgrades, compliance measures and continuity strategies. Climate-related risks are managed through existing controls and oversight, ensuring they are assessed and addressed alongside other material risks through an integrated, organization-wide approach.

G) RESPONDING TO RISK

The Company follows a structured, proactive and adaptive approach to risk response, integrating identification, assessment, mitigation and monitoring within a defined governance framework. A dynamic Risk Register is central to this process, capturing the nature of each risk, mitigation actions, control measures and elimination strategies. It is reviewed quarterly to ensure continuous and responsive management. Department

heads are responsible for mitigating risks in their areas through tailored action plans, including operational improvements, system upgrades, compliance enhancements and continuity strategies, all with set timelines and performance indicators. Risk controls are embedded in operations via policy frameworks, promoting enterprise-wide integration. Climate-related and ESG risks are also managed within this structure, ensuring sustainability is considered in risk reviews and decisions. This comprehensive and forward-looking approach strengthens resilience, ensures regulatory alignment and supports long-term value creation for the organization.

Internal Controls

The Board, Audit Committee and management have implemented key risk management and compliance measures, ensuring internal controls. Detailed information is on Pages 170-174 and 176.

H) MONITORING AND REVIEW

To ensure the quality, effectiveness and continuous improvement of its risk management framework, the Company

has implemented a structured monitoring and review process. This process validates the accuracy of risk identification, the efficiency of mitigation strategies and alignment with strategic objectives and evolving risk conditions. The Internal Risk Committee and Internal Audit function conduct independent evaluations to confirm that risks are appropriately managed in line with the Company's risk appetite and governance standards. Action plans developed in response to identified risks are routed through department heads to the Internal Risk Committee or Internal Audit, with progress tracked and updates submitted to the Board or Board Audit Committee. Risk owners are responsible for monitoring mitigation efforts, updating the Risk Register and reporting changes in risk status quarterly. Key elements include regular reporting to the Board, periodic policy reviews and performance assessments of controls. The Internal Risk Committee and when required, the Board Audit Committee issue directives, which are implemented by executive management using their expertise.

PRINCIPAL RISKS AND MITIGATION PLANS

| No. | Risk Exposure | Description | Risk Mitigation |
|----------------------------|----------------|--|--|
| Strategic and Market Risks | | | |
| 1 | Market Risk | <ul style="list-style-type: none">Economic conditions and government policies, competition, new entrants and changes to customer preference in the market cause loss of market share | <ul style="list-style-type: none">Forecast assessmentContinuous focus on innovation and consumer trendsEnhancing productivity to improve price competitiveness |
| 2 | Economic Risk | <ul style="list-style-type: none">High inflation, currency depreciation and economic instability reduce consumer purchasing power and increase input costs, affecting profitability | <ul style="list-style-type: none">Cost control measuresFlexible pricing strategiesCollaboration with stakeholders to ensure operational resilience |
| 3 | Political Risk | <ul style="list-style-type: none">Political and policy uncertainty remained high in 2024 due to Presidential and Parliamentary elections. The calm resolution of the elections led to a stable government, boosting confidence | <ul style="list-style-type: none">Maintain engagement with industry bodiesAdjust business plans based on political climateManage operations to mitigate risks from political instability |

| No. | Risk Exposure | Description | Risk Mitigation |
|--------------------------|-------------------------|---|---|
| 4 | Reputational Risk | <ul style="list-style-type: none"> Potential losses due to damages to our credibility | <ul style="list-style-type: none"> Maintenance of the highest ethical standards at all times in business activities Prompt follow-up actions on complaints and taking corrective actions |
| 5 | Social Risk | <ul style="list-style-type: none"> Labor and human rights violations, environmental degradation, corruption and social or economic marginalization harm local communities and threaten long-term business sustainability | <ul style="list-style-type: none"> Caring for society and the communities in which we operate is a vital part of our activities through the social projects we run at CFL Focused on educating, mentoring and training future generations, unlocking possibilities for people Implementation of CSR projects |
| Operational Risks | | | |
| 6 | Competitor Risk | <ul style="list-style-type: none"> Potential negative impact on Company's performance due to actions by existing or new competitors in terms of pricing strategies, product innovations or market expansions that can affect market share, profitability and brand positioning | <ul style="list-style-type: none"> Continuous market intelligence to monitor competitor activities Invest in innovation to differentiate products Enhance customer loyalty through quality, service and value-added offerings Agile pricing strategies to remain competitive |
| 7 | Business Operating Risk | <ul style="list-style-type: none"> Potential losses due to inadequate internal controls, failures of internal processes, people and systems | <ul style="list-style-type: none"> Internal audits on internal controls and compliance Establish quality control processes to prevent defects and ensure product consistency Ongoing training for employees on safety protocols |
| 8 | Product Risk | <ul style="list-style-type: none"> Probability of new products failing or demand to decline for existing products | <ul style="list-style-type: none"> Investment in sales capability and deployment of commercial excellence programs Driving demand planning and supply chain agility |
| 9 | Quality Risk | <ul style="list-style-type: none"> Potential quality issues in products | <ul style="list-style-type: none"> Adequate and continuous quality control checks to assure quality throughout our process |
| 10 | Health and Safety Risk | <ul style="list-style-type: none"> The likelihood that an individual may be harmed or suffer from adverse health effects | <ul style="list-style-type: none"> Safety guidelines for our staff updated in real-time, based on local regulations/guidance |
| 11 | Distribution Risk | <ul style="list-style-type: none"> Risks arising from reduced distributor cash flows and increased operating costs due to economic pressures and tax impact | <ul style="list-style-type: none"> Distribution channels are continuously monitored Weekly credit review meetings are conducted |
| 12 | Supply Chain Risk | <ul style="list-style-type: none"> Supply disruptions due to supply shortages and price change impact on the supplier side require continuous attention to protect our offerings to customers | <ul style="list-style-type: none"> Roll out raw material plan and stocking through business planning Test product quality control of supplies Review key suppliers to ensure they meet rigorous quality standards |
| Financial Risks | | | |
| 13 | Liquidity Risk | <ul style="list-style-type: none"> Adverse impact on the liquidity position as a result of payment delays by debtors, long stock holding period and early payment for creditors | <ul style="list-style-type: none"> Continuous reviewing working capital management Strong relationships with banks Consistently monitoring of assets and liabilities maturity gaps |

INTEGRATED RISK MANAGEMENT

| No. | Risk Exposure | Description | Risk Mitigation |
|---|---|---|---|
| 14 | Credit Risk | <ul style="list-style-type: none"> Potential losses arising due to default by the debtors | <ul style="list-style-type: none"> Debt follow-up and collection practice Where necessary, bank guarantees have been placed to cover up high volume transactions |
| 15 | Exchange Rate Risk | <ul style="list-style-type: none"> Potential losses due to adverse fluctuation of exchange rates | <ul style="list-style-type: none"> Action is taken to provide more focus on exports to bring foreign currencies to the country Focus on locally procured raw materials to reduce dependency on imported materials |
| 16 | Interest Rate Risk | <ul style="list-style-type: none"> Fluctuations in market interest rates have an impact on profitability and funding | <ul style="list-style-type: none"> Trends and outlook are monitored consistently and in house fund management |
| Compliance and Regulatory Risks | | | |
| 17 | Regulatory and Compliance Risk | <ul style="list-style-type: none"> Losses and fines arising due to violations or non-conformance with laws and regulations | <ul style="list-style-type: none"> Group regulatory affairs division supports in compliance with existing and new laws and regulations Finance and non-finance compliance requirements are monitored on regular basis |
| 18 | Product and Consumer Compliance Risk | <ul style="list-style-type: none"> Non-compliance with product safety, labeling, advertising and consumer protection regulations | <ul style="list-style-type: none"> Strengthen quality assurance systems and food safety standards Implement regulatory compliance reviews for product labels and marketing materials Conduct regular compliance training for staff |
| Technological and Systemic Risks | | | |
| 19 | System Risk, IT and Cybersecurity | <ul style="list-style-type: none"> Increasing frequency and magnitude of cybersecurity threats, require additional measures to strengthen our security to be better able to respond and recover as quickly as possible in the event of an incident | <ul style="list-style-type: none"> Continually reinforcing a cybersecurity culture (Training and awareness creation) Increasing collaboration with IT vendors Regular system audits are conducted to cover the key risks Disaster recovery plans are identified and tested on regular basis |
| 20 | Obsolescence of Technology Infrastructure | <ul style="list-style-type: none"> Aging IT infrastructure and legacy systems may not support scalability, integration or emerging technology adoption | <ul style="list-style-type: none"> Conduct technology lifecycle assessments and upgrades Gradually migrate to cloud-based platforms for flexibility Align tech strategy with digital transformation roadmap |
| Environmental, Social and Governance (ESG) Risks | | | |
| 21 | Environmental and Climate Related Risk Please refer to Page 173 for Targeted Sustainability and Climate-Related Risks mitigation actions aligned with our capitals | <ul style="list-style-type: none"> Potential financial and operational impact that the Company may face due to environmental factors and climate change | <ul style="list-style-type: none"> Enforcing compliance policies to adhere to environmental regulations and standards Conducting environmental risk assessment and audits to identify potential vulnerabilities Implementing environmentally friendly practices such as reducing carbon emissions, conserving water and minimizing waste |

| No. | Risk Exposure | Description | Risk Mitigation |
|----------------------------|---------------------------------------|--|---|
| Human Capital Risks | | | |
| 22 | Human Resource Risk | <ul style="list-style-type: none"> Ability to attract and retain talent in a competitive job market and rapidly evolving business environment | <ul style="list-style-type: none"> Strengthening CFL's employer value proposition, based on our commitment to employee growth Talent management, leadership development and succession planning |
| 23 | Skill Gaps and Workforce Obsolescence | <ul style="list-style-type: none"> Employees may lack the digital, analytical or technical skills required for evolving roles in automation, AI or sustainability | <ul style="list-style-type: none"> Continuous learning and upskilling programs Conduct periodic skills gap assessments aligned to business strategy Encourage cross-functional training to build agile and future-ready teams |
| 24 | Health, Safety and Wellbeing Risk | <ul style="list-style-type: none"> Inadequate health and safety protocols can lead to accidents, absenteeism or regulatory penalties | <ul style="list-style-type: none"> Enforce occupational health and safety (OHS) procedures and audits Train staff in emergency response, machinery use and safe handling Promote employee wellbeing programs including mental health support |
| 25 | Leadership Pipeline Risk | <ul style="list-style-type: none"> A lack of future-ready leaders may slow down strategic execution and business continuity | <ul style="list-style-type: none"> Identify high-potential talent early and provide mentorship and development Implement structured succession planning for key roles Use leadership assessments to guide development |

SUSTAINABILITY AND CLIMATE-RELATED RISKS AND MITIGATIONS

We recognize that sustainability and climate-related risks have far-reaching implications across all aspects of our business. To build long-term resilience and drive value creation, we have implemented targeted risk mitigation actions aligned with our six (06) capitals framework.



These actions are designed to safeguard our resources, enhance stakeholder trust and ensure continuity and adaptability in a rapidly changing environmental and regulatory landscape.

The Cluster Sustainability Committee is formed for the management of sustainability and climate-related risks


and opportunities including formulating response strategies and assessing progress against CFL's ESG road map.

Please refer to Page 44 for detailed information.

Targeted Sustainability and Climate-Related Risks Mitigation Actions Aligned with Our Capitals

| | |
|--|---|
| FINANCIAL CAPITAL  | <ul style="list-style-type: none"> Allocate dedicated budgets for sustainability initiatives and climate adaptation investments Integrate ESG criteria into financial planning, investment decisions and risk forecasting Maintain insurance coverage for climate-related disruptions (e.g. floods, droughts, supply chain shocks) Investments in upgrading machinery |
| MANUFACTURED CAPITAL  | <ul style="list-style-type: none"> Upgrade facilities to improve energy and water efficiency and reduce emissions Shift towards circular economy models – reuse, recycling and minimal waste generation in production Machinery upgrades to accommodate low-carbon fuels and energy monitoring |

INTEGRATED RISK MANAGEMENT

| | |
|---|---|
| HUMAN CAPITAL  | <ul style="list-style-type: none"> • Train employees in climate awareness and sustainability practices • Promote a sustainability-oriented culture across all levels of the organization • Strengthen occupational health and safety measures for climate-related risks • Integrate climate resilience into workforce planning and disaster preparedness protocols |
| INTELLECTUAL CAPITAL  | <ul style="list-style-type: none"> • Attend to develop climate-smart product innovations (e.g. low-carbon, eco-packaged goods) • Explore best practices and tailor implementation to align with the Company's context and operational needs • Environmental and social certifications • Strengthen internal policies and guidelines to embed climate resilience in product development and operations |
| SOCIAL & RELATIONSHIP CAPITAL  | <ul style="list-style-type: none"> • Collaborate with suppliers to improve climate risk transparency and reduce emissions across the value chain • Engage communities in environmental initiatives (e.g. plastic recycling, tree planting, climate education) • Foster partnerships with NGOs, regulators and industry groups to advocate for sustainable policies • Maintain transparent sustainability reporting to build stakeholder trust |
| NATURAL CAPITAL  | <ul style="list-style-type: none"> • Measure and manage the Company's environmental footprint (carbon, water, waste) • Implement resource conservation practices across all operations • Promote sustainable sourcing (e.g. certified raw materials) |

Sustainability and Climate-Related Opportunities

Opportunities often arise alongside risks which are identified within the principal areas.

| | |
|---|--|
| Product Innovations | <ul style="list-style-type: none"> • Develop nutritious and protein-based products to meet the growing demand for sustainable alternatives • Create a new product line focused on health, wellness and environmental consciousness |
| Circular Economy Initiatives | <ul style="list-style-type: none"> • Launch a recycling and reward program to collect plastic waste from consumers and promote brand engagement |
| Energy Efficiency and Renewable Integration | <ul style="list-style-type: none"> • Respond to increasing demand for clean energy and the country's commitment to a low-carbon economy |
| Digital Transformation and Data Analytics | <ul style="list-style-type: none"> • Leverage technology to enhance supply chain resilience, demand forecasting and competitor tracking • Use of dashboards for real-time risk monitoring and strategic planning |
| Strategic Brand Positioning | <ul style="list-style-type: none"> • Position as a climate-conscious leader through transparent sustainability reporting and community impact programs • Explore new markets and leverage synergies within the Group to expand, especially overseas destinations |
| B2B Climate Partnerships | <ul style="list-style-type: none"> • Collaborate with retail chains and logistics partners to optimize distribution routes |
| Supply Partnerships | <ul style="list-style-type: none"> • Support local suppliers and co-create sustainable supply chain ecosystems |

AUDIT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Audit Committee (the “Committee”) comprises three (03) Independent Non-Executive Directors and is tasked with assisting the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and other stakeholders in relation to the integrity of Financial Statements of the Company.

The powers and responsibilities of the Committee are governed by the Audit Committee Charter approved by the Board of CFL and in conformity with the requirements of the Listing Rules of the Colombo Stock Exchange (CSE) and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Committee also assumes and carries out the responsibilities of the Risk Committee as specified in the Listing Rules.

During the financial year ending 31st March 2025, the Committee convened five (05) meetings. Members of the management attended these meetings by invitation to provide insights and clarifications on specific matters.

Additionally, the Committee met with the External Auditor, Messrs. EY Sri Lanka, Chartered Accountants, to understand the nature, scope and approach of the external audit function and to review the financial statements and related management reports.

The profiles of the Committee members, along with their attendance and Directorship status, are provided in the table below.

| Name | Directorship | Membership | Attendance | Date of Appointment to the Committee |
|--------------------------|------------------------------------|-------------|------------|--------------------------------------|
| Ms. S. T. Ratwatte | Independent Non-Executive Director | Chairperson | 5/5 | 01.04.2024 |
| Mr. I. S. Fonseka | Independent Non-Executive Director | Member | 4/5 | 01.04.2024 |
| Mr. M. E. Wickremesinghe | Independent Non-Executive Director | Member | 4/5 | 01.04.2024 |

INVITEES

The Managing Director/CEO, General Manager Group Internal Audit and General Manager Finance are permanent invitees to the Committee meetings.

SECRETARY TO THE COMMITTEE

Messrs. P W Corporate Secretarial (Pvt) Ltd. acts as the Secretary to the Committee.

EXPERTISE OF THE COMMITTEE

The members contributed a diverse array of expertise and knowledge to the Committee, facilitating the efficient execution of its operations. The Chairperson of the Committee is a Fellow of the Chartered Institute of Management Accountants, UK. Detailed information about the members' experience, qualifications and expertise can be found in their brief profiles on Pages 128-131 of the Annual Report.

CHARTER OF THE COMMITTEE

The Committee Charter of the Company has been reviewed and approved by the Board to ensure its alignment with the principles of the 'Code of Best Practice on Corporate Governance' issued by CA Sri Lanka and compliance with the Rules on Corporate Governance under the Listing Rules of CSE. The charter clearly defines the terms of reference of the Committee, to ensure effective oversight of financial reporting, internal controls, compliance with laws and regulations, risk management and external audit. The charter covers the functions of a Risk Committee as well.

PURPOSE AND OBJECTIVES

The Committee's primary responsibility is in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and other stakeholders in relation to the integrity of Financial Statements of the Company.

Additionally, the Committee is to provide a structured, systematic oversight of the organization's governance, risk management and internal control practices. The Committee also assists the Board and management by providing advice and guidance on the adequacy of the organization's initiatives for:

- Values and ethics
- Governance structure
- Risk management
- Internal controls framework
- Oversight of the internal audit activity, external auditors and other providers of assurance
- Financial statements and public accountability reporting

In broader terms, the Committee reviews each of the items noted above and provides the Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

AUDIT COMMITTEE REPORT

KEY ACTIVITIES IN 2024/25

1. Meetings

The Committee meets periodically and during the year met five (5) times in total. The attendance of the Committee members at each of these meetings is given on Page 144.

2. Financial Reporting

The Committee ensured the establishment and maintenance of a reliable financial reporting system to deliver precise and timely information to management, regulatory authorities and shareholders. It conducted thorough reviews and discussions with management on both unaudited quarterly financial statements and annual audited financial statements. These reviews focused on ensuring high standards of quality, transparency, integrity, accuracy and compliance with relevant standards and regulations throughout the reporting period.

The Committee reviewed the following areas, in discussion with the management and External Auditors (where necessary):

- Reviewed the interim financial statements for all four quarters and the annual financial statements for the year 2024/25 prior to publication. This review included evaluating the acceptability of accounting principles, selection and application of accounting policies, compliance with Listing Rules and Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007 and assessing the reasonableness of significant estimates and judgments
- Evaluated the implications of new accounting standards and significant accounting and financial reporting matters
- Obtained and reviewed assurance received from the management (Managing Director/CEO and the General Manager Finance) that the financial records have been properly

maintained and the financial statements give a true and fair view of the Company's operations and finances, along with the Company's assessment of its ability to continue as a going concern in the foreseeable future, compliance with financial reporting and information requirements under Listing Rules, the Companies Act and the SEC Regulations and other relevant financial reporting related regulations and requirements and on the adequacy and effectiveness of the risk management and internal control systems

3. Cybersecurity Review

The Committee assessed the advancements made by CFL in implementing various technical solutions and operational improvements to address cybersecurity threats, reviewing the progress of cybersecurity threats evaluations and improvement measures.

4. Compliance

The Committee reviewed and evaluated compliance with laws, government regulations, the Companies Act, SEC Act, taxation regulations, CSE Listing Rules and Company policies on a quarterly basis. This also included processes to ensure compliance with non-financial (ESG/ Sustainability) laws and regulations which can have a bearing on the reported results of the Company.

5. Internal Audit

The Committee assessed the execution of CFLs' annual internal audit plan and reviewed findings pertaining to internal controls, encompassing IT controls and management's responses. Additionally, the Committee conducted an evaluation of the internal audit function, focusing on its independence, authority and audit strategy while assessing the ability to meet the requirements of the Sri Lanka Auditing Standards.

The CBL Group Internal Audit function presents their findings on a quarterly basis on the general and specific work done for

CFL to both Company's Audit Committee and CBL Group Audit Committee. The internal audit function plays a pivotal role in delivering risk-based, impartial assurance, guidance and strategic insights aimed at strengthening the organization's internal control framework. Further details are given on the Company's risk management functions on Page 167.

6. Internal Controls and Risk Management

The Committee conducts procedures aimed at identifying, evaluating and monitoring enterprise-level risks. This included assessing the effectiveness of the organization's control framework and analysing the Company's risk management process, encompassing the overall control environment and key risk controls. This will also include a review of the risk policies on an annual basis.

The Committee actively monitors management's efforts to uphold an effective enterprise-wide risk management process. This includes ensuring an appropriate risk appetite, fostering a strong risk culture and properly identifying, classifying and rating risks. This will also include prompting corrective actions to mitigate the effects of specific risks identified at levels beyond the prudent levels decided by the Committee.

The Group Chief Information Security Officer (CISO) is invited to meetings as needed. During the year, the CISO presented updates on IT infrastructure availability, cybersecurity risk assessments and the progress made on planned IT projects in the pipeline. Further details of the Company's risk management functions are detailed on Page 172.

7. Performance of Risk Committee Functions by the Audit Committee

The Committee has reviewed the risk management process and procedures adopted by the Company and the process implemented by the Group Internal Audit team to manage and mitigate the effects

of such risks and observe that the risk analysis exercise has been conducted within the Company. The key risks that could impact operations had been identified and appropriate actions have been taken to mitigate their impact to the minimum extent by the management.

The Audit Committee performs the risk functions, assuming the responsibilities and role of the Risk Committee which includes activities and procedures below.

- Establishment, maintenance and improvement of procedure for risk management including determination of risks, risk culture, risk appetite, risk identification and classification, rating and management of risk
- Review of the risk management outcomes, impacts, implications and mitigation actions on a regular basis
- Receive and review reports from management on new and emerging risks, sources of risk and control and mitigation measures
- Evaluate Company's process to monitor information system security measures and backup procedures

8. External Audit

The Committee reviewed external audit reports and evaluated management's responses to ensure prompt and suitable actions were taken. It also assessed the independence of the external auditor and oversaw their operations to prevent any conflicts of interest.

Based on their qualifications, expertise, resources and independence, the Committee recommended to the Board the re-appointment of Messrs. EY Sri Lanka as the external auditor, along with their revised remuneration and terms of engagement for 2024/25.

The Committee also discussed the audit plan, key audit issues, their resolution and management responses for the reporting period prior to publication of the Annual Report.

Independence and Objectivity of the External Auditors

As of the reporting date, there were no identified threats compromising independence and steps have been taken to mitigate any such threats to an acceptable level. The engagement team and other relevant personnel have complied with ethical requirements concerning independence, including those outlined by Messrs. Ernst & Young Sri Lanka, Chartered Accountants, where applicable.

The Committee has reviewed and determined the independence of the external auditors, including their provision of non-audit services such as transfer pricing and income tax consultancy. The Committee is satisfied that appropriate safeguards are in place to ensure that the objectivity and independence of the auditors are not compromised, taking into account the fees paid for those services.

Written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Further, all auditing practitioners involved in CFL's external audit adhered to the ethical standards, ensuring compliance with relevant codes.

The external auditor has been engaged with the Company for 2 years and the current audit partner has served in this role for 2 years and this in compliance with the rotation requirements stipulated by applicable regulations.

SUPPORT TO THE COMMITTEE

The Committee received the necessary support and information from the management of the Company and CBL Group during the year to enable the Committee members to carry out their duties and responsibilities effectively.

EVALUATION OF THE COMMITTEE

The Committee members formally evaluated the performance of the Committee as well as the individual contribution of each member. Steps have been taken to address the matters highlighted following such an evaluation.

CONCLUSION

The Committee is satisfied that the effectiveness of the Company's financial reporting process, the accounting policies and operational controls provide reasonable assurance that the affairs of the Company are managed in accordance with Company policies and that Company assets are properly accounted for and adequately safeguarded. The Committee concludes there were no significant issues in relation to the financial statements which need to be disclosed in this Committee report.



S. T. Ratwatte

Chairperson of the Audit Committee

31st July 2025
Colombo

REMUNERATION COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Remuneration Committee (the “Committee”) comprises of three (03) Non-Executive Directors out of which two (02) are Independent Non-Executive Directors. The composition and functions of the Committee are governed by the Listing Rules of the Colombo Stock Exchange (the “Listing Rules”), the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (the “Code of Best Practice”) and the Charter of the Committee approved by the Board (the “Charter”). The Chairperson of the Committee is an Independent Non-Executive Director appointed by the Board.

During the financial year ending 31st March 2025, the Committee held one meeting attended by all the members of the Committee.

The identity of the members of the Committee, their status as directors and as members of the Committee, their attendance and date of appointment are set out in the table below.

| Name | Directorship | Membership | Attendance | Appointment date |
|--------------------------|------------------------------------|-------------|------------|------------------|
| Mr. M. E. Wickremesinghe | Independent Non-Executive Director | Chairperson | 1/1 | 01.04.2024 |
| Ms. S. T. Ratwatte | Independent Non-Executive Director | Member | 1/1 | 01.04.2024 |
| Ms. N. K. Wickramasingha | Non-Executive Director | Member | 1/1 | 22.09.2017 |

INVITEES

The Managing Director and General Manager Finance are permanent invitees to meetings of the Committee. Others are invited by the Committee to make presentations and provide clarifications as and when required by the Committee.

SECRETARY TO THE COMMITTEE

Messrs. P W Corporate Secretarial (Pvt) Ltd. functions as the Secretary to the Committee.

EXPERTISE OF THE COMMITTEE

The members of the Committee contributed a diverse array of expertise and knowledge to the activities of the Committee. Detailed information about the experience, qualifications and expertise of the members of the Committee can be found in their brief profiles on Pages 128-131 of the Annual Report. The Committee is authorized by the Board to seek appropriate professional advice on matters within its purview when it considers necessary.

CHARTER OF THE COMMITTEE

The Committee is tasked with establishing and maintaining a formal and transparent procedure for developing and implementing a policy on remuneration for employees and directors of the Company. The Committee is governed by the Charter which delineates in writing the membership, scope, authority, duties and matters relating to meetings of the Committee.

REMUNERATION POLICY

The Committee has established and maintained a formal and transparent procedure for developing the remuneration policy for Executive Directors and determining the Directors' remuneration packages, ensuring impartiality by excluding Directors from setting their own remuneration. The Remuneration Policy is intended to drive sustained performance and long-term value creation for the Company's stakeholders. The remuneration referred to in the policy and applied by the Committee includes cash and non-cash benefits whatsoever received from the Company by the recipient of the remuneration.

During the reporting period, the Committee operated within the guidelines outlined by the Listing Rules.

The remuneration of the Chairman and Non-Executive Directors of the Board is determined by the Board.

Remuneration for Non-Executive Directors is a fixed fee for their participation in Board and Sub Committee meetings, with no variable component to ensure that their independence is not impaired. The fee so paid adopts the principle of non-discriminatory remuneration practices and is set based on market rates.

The Remuneration Policy is designed to achieve several key objectives. It aims to attract top-tier talent and retain employees essential to the Company's operations. It focuses on rewarding employees based on their performance and adherence to criteria aligned with the Company's overarching goals, fostering a culture of accountability and motivation.

The policy ensures that the Company's salary and benefit structures are competitive with industry standards and best practices. A proportion of the

Managing Director/CEO's remuneration is structured to link rewards to corporate and individual performance, ensuring a balance between short, medium and long-term perspectives of the performance outcomes.

No Director had been granted any share options of the Company.

KEY ACTIVITIES IN 2024/25

- Assessed the remuneration policy, remuneration, incentive framework and its specific application to the Managing Director/ CEO and Key Management Personnel (KMPs)
- The Committee recommended the annual salary increase of the employees based on established criteria and performance
- The Committee assessed the performance of Key Management Personnel, including the Managing Director/ Chief Executive Officer (the "MD/CEO")
- The Committee recommended that the remuneration of the MD/CEO be determined in terms of the criteria set out by the Board
- Evaluation of the organizational structure, strategic human resources policies and succession planning for critical functions in the organization
- The Committee reviewed and authorized employee benefits revisions for the year

REMUNERATION OF DIRECTORS

The aggregate remuneration of the Executive Directors and Non-Executive Directors of the Company in the financial year ending 31st March 2025 was LKR 52.0 Mn compared to LKR 51.3 Mn in the previous financial year.

REMUNERATION OF EMPLOYEES

The Company has established a remuneration structure that aims to provide equitable and competitive compensation packages for employees across all levels of the organization. The structure comprises a combination of fixed element - a basic salary, as well as both other fixed and variable components such as an annual bonus and a performance based bonus. This allows employees to be recognized and rewarded for their individual and team accomplishments. The remuneration structure undergoes regular review to ensure alignment with market trends, industry standards and best practices, thus ensuring competitiveness and fairness.

CONCLUSION

The Committee is satisfied that the Company adheres to proper human resource management procedures and compensation guidelines intended to attract, develop and protect employees with professional, managerial and operational expertise who can fill leadership positions within the Company to meet strategic and operational goals. The Committee acknowledges that the Company's human capital is valued and respected due to its existing performance evaluation, career development, rewards and recognition processes.



M. E. Wickremesinghe

Chairperson of the Remuneration Committee

31st July 2025
Colombo

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Related Party Transactions Review Committee (the “Committee”) comprises three (03) Independent Non-Executive Directors, in conformity with the requirements of the Listing Rules of the Colombo Stock Exchange (CSE) and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

During the financial year ended 31st March 2025, the Committee convened four (04) meetings, held quarterly. Members of the management attended these meetings by invitation to provide insights and clarifications on specific matters.

The attendance and Directorship status are detailed in the table below.

| Name | Directorship | Membership | Attendance | Date of Appointment to the Committee |
|--------------------------|------------------------------------|-------------|------------|--------------------------------------|
| Mr. I. S. Fonseka | Independent Non-Executive Director | Chairperson | 4/4 | 01.04.2024 |
| Ms. S. T. Ratwatte | Independent Non-Executive Director | Member | 4/4 | 01.04.2024 |
| Mr. M. E. Wickremesinghe | Independent Non-Executive Director | Member | 3/4 | 01.04.2024 |

INVITEES

The Managing Director/CEO and General Manager - Finance - are permanent invitees to the Committee meetings.

SECRETARY TO THE COMMITTEE

Messrs. P W Corporate Secretarial (Pvt) Ltd. acts as the Secretary to the Committee.

CHARTER OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The primary responsibility of the Committee is to review all Related Party Transactions (RPTs) of the Company, ensuring compliance with the Securities and Exchange Commission of Sri Lanka (SEC) Code of Best Practice on Related Party Transactions and the Listing Rules of the CSE.

In exercising its mandate, the Committee gives precedence to the economic and commercial substance of transactions over their legal form, thereby ensuring that the interests of all shareholders are protected and that no undue advantage is derived by Directors, Key Management Personnel (KMP), related parties or major shareholders.

The Committee establishes comprehensive guidelines for the identification, management, reporting and disclosure of RPTs. Management is required to furnish full details and supporting information for the Committee to carry out its evaluation effectively.

The Committee remains committed to maintaining transparency, fairness and integrity in its oversight of RPTs and ensures that disclosures are timely and consistent with applicable regulations. It draws on best practices issued by CA Sri Lanka and adheres to the Company’s internal governance frameworks and policies. Where required, the Committee may also seek independent professional advice to ensure informed decision-making.

In cases where Board approval is necessary, the Committee recommends appropriate action. If any Director has a material personal interest in a transaction under review, they are excluded from both discussion and voting. For transactions requiring shareholder approval or immediate market disclosure under the CSE Listing Rules, the Committee takes timely and appropriate steps.

KEY ACTIVITIES IN 2024/25

- The Committee met four (4) times during the year to review RPT transactions and reported the meeting outcomes to the Board of Directors
- Reviewed all RPT across the four quarters and verified that these transactions were conducted on an arm's length basis
- Reviewed and approved RPT that took place periodically and communicated comments and observations to the Board where necessary
- Reviews to identify RPT which require immediate disclosure or shareholder approvals as per the CSE Listing Rules
- Establishment and review of guidelines, policies and procedures for the management to follow in its ongoing dealings with the Related Parties, including disclosures to be made

KEY MANAGEMENT PERSONNEL

Key Management Personnel include members of the Board of Directors and designated senior management of the Company. The Committee ensures that no individual with a direct interest in an RPT participates in its deliberation or decision-making, except for providing factual information when required.

DISCLOSURES DURING THE YEAR

There were no RPTs, either recurrent or non-recurrent, that required immediate market disclosure to the CSE during the

financial year under review. The Company fully complied with the relevant provisions under Section 9.14 and 7.6 of the CSE Listing Rules.

A comprehensive disclosure of all RPTs including those required under Section 9.14 of the Listing Rules has been provided in Note 31 of the financial statements on Pages 234-235. In line with regulatory requirements, all transactions exceeding 10% of the Company's equity or 5% of its total assets (whichever is lower) have also been disclosed therein.

CONCLUSION

The Committee affirms that the Company has complied with all applicable requirements of the Colombo Stock Exchange in relation to Related Party Transactions for the financial year ended 31st March 2025.



I. S. Fonseka

Chairperson of the Related Party
Transactions Review Committee

31st July 2025
Colombo

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Nominations and Governance Committee (the “Committee”) comprises three (03) Non-Executive Directors out of which two (02) are Independent Non-Executive Directors. The composition and functions of the Committee are in accordance with the Listing Rules of the Colombo Stock Exchange (the “Listing Rules”) and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (the “Code of Best Practice”) and the Charter of the Committee (the “Charter”).

The Chairperson of the Committee is an Independent Non-Executive Director appointed by the Board.

During the financial year ending 31st March 2025, the Committee held one meeting.

The identity of the members of the Committee, their status as directors and as members of the Committee, their attendance and date of appointment are contained in the table below.

| Name | Directorship | Membership | Attendance | Date of Appointment to the Committee |
|--------------------------|------------------------------------|-------------|------------|--------------------------------------|
| Mr. M. E. Wickremesinghe | Independent Non-Executive Director | Chairperson | 1/1 | 01.04.2024 |
| Ms. S. T. Ratwatte | Independent Non-Executive Director | Member | 1/1 | 01.04.2024 |
| Ms. N. K. Wickramasingha | Non-Executive Director | Member | 1/1 | 01.04.2024 |

Please refer to Page 128 onwards under Corporate Governance for the individual profile information of the Directors (including Directors who are re-elected or being proposed for re-election), their experience, periodic evaluation, communication to Directors, induction programs conducted, their independence and compliance with CSE continuing Listing Rules.

The Company, through the Managing Director/Chief Executive Officer (the “MD/CEO”), is required to inform the Independent Directors of major issues relating to the Company. A periodic evaluation is required to be conducted on the performance of the Board of Directors and the MD/CEO.

INVITEES

The MD/CEO and General Manager Finance of the Company are invitees to meetings of the Committee. Others are invited as and when required by the Committee.

SECRETARY TO THE COMMITTEE

Messrs. P W Corporate Secretarial (Pvt) Ltd. functions as the Secretary to the Committee.

THE CHARTER OF THE COMMITTEE

The Committee was established by the Board to ensure the Board’s oversight and control over the selection of Directors, the MD/CEO and Key Management Personnel of the Company and to exercise the functions enumerated in Rule 9.11.5 of the Listing

Rules. The Committee is governed by the Charter, which delineates in writing the membership, scope, authority, duties and matters relating to meetings of the Committee, including provisions relating to the process to be followed in nominating Directors.

The Committee recommends the appointment/election/re-election/re-appointment of Directors to the Board after evaluating their suitability, taking into consideration the matters listed in Rule 9.11.5(ii) of the Listing Rules. Non-Executive Directors who are recommended for re-election by the Committee are required to submit themselves for re-election once every three (3) years.

Induction Programs/Orientation Programs are conducted for newly appointed Directors on Corporate Governance, Listing Rules, Securities Market Regulations and other applicable laws and regulations as appropriate.

The key responsibilities and duties of the Committee are further disclosed at Page 143 of the Annual Report.


KEY ACTIVITIES IN 2024/25

- Recommending re-election of Directors to the Board after evaluating their suitability, taking into consideration the requirements contained in the Listing Rules and the Charter
- The diversity, in the range of experience, skill, age and gender of the members of the Board (contained in their individual profiles at Pages 128-131 of the Annual Report) were considered by the Committee as essential factors for Board performance
- The Committee obtained declarations from all Directors through a prescribed format confirming their status of independence

- The Committee took cognizance of Corporate Governance, Listing Rules, securities market regulations and other applicable laws and regulations
- The Committee reviewed and recommended actions to improve the overall Corporate Governance framework
- The Committee continued to work closely with the Board on matters assigned to it and duties and responsibilities delegated to it and reported back to the Board with its recommendations

CONCLUSION

The Committee is satisfied that the Company has adhered to Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange. The Directors meet the criteria for determining independence set out in the Listing Rules. The Committee concludes that there were no significant issues in relation to the activities scoped under the Committee which need to be separately disclosed.



M. E. Wickremesinghe

Chairperson of the Nominations and Governance Committee

31st July 2025
Colombo

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

1. GENERAL

The Board of Directors of Convenience Foods (Lanka) PLC is pleased to present the Annual Report on the affairs of the Company and the Audited Financial Statements for the financial year ended 31 March 2025. The details set out herein provide the pertinent information requested under Section 168 of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Convenience Foods (Lanka) PLC is a public limited liability company incorporated on 27th March 1991 as a private limited liability company under the Companies Act No. 17 of 1982, under the name Soy Foods (Private) Limited. The Company was converted to a public limited liability company on 11th March 1992 and was listed on the Main Board of the Colombo Stock Exchange in May 1992.

Subsequently, the Company was re-registered under the Companies Act No. 7 of 2007 on 25th June 2008, under Registration No. PQ 164. The name of the Company was changed to Convenience Foods Lanka PLC on 21st August 2008.

The Registered Office of the Company is situated at No. 555, High Level Road, Makumbura, Pannipitiya.

Where applicable, this Report has been prepared in accordance with the Guiding Principles and Content Elements outlined in the Integrated Reporting (IR) Framework issued by the International Integrated Reporting Council (IIRC), as well as the GRI Standards published by the Global Reporting Initiative.

The Company demonstrated its commitment to long-term value creation for all stakeholders through its business model. The evaluation of Environmental, Social and Governance

(ESG) factors encompassing both risks and opportunities, is central to understanding their influence on the Company and its stakeholders. This approach ensures the integration of critical ESG considerations into decision-making processes. Further details on the Sustainability Framework, strategic priorities, key business strategies, operations and the capital reports are presented on Pages 33-57.

2. REVIEW OF BUSINESS

2.1 Vision, Mission and Values

The Company's Vision and Mission Statements are detailed on Page 2 of the Annual Report. Our business operations ensure firm adherence to ethical values consistently to fulfill these objectives, reflecting our dedication to outstanding business conduct and ethics.

2.2 Principal Activity

The principal activity of the Company involves manufacturing and marketing of Textured Soya Protein (TSP) and other food products. There were no material changes to the core operations of the Company during the financial year of 2024/25.

2.3 Review of Operations of the Company

The financial and non-financial activities of the business for the year are outlined in the Chairman's Message, Managing Director's Message (Pages 20-25) and the Capital Reports (Pages 68-124). These documents collectively provide a comprehensive assessment of the Company's operational performance.

3. FINANCIAL STATEMENTS

The Financial Statements of the Company for the year ended 31 March 2025 have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) laid down by The Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act No.7 of 2007. The

aforesaid Financial Statements, given on Pages 196-247, duly signed by the General Manager – Finance and two (2) Directors on behalf of the Board forms an integral part of this Annual Report.

3.1 Independent Auditor's Report

The Auditor's Report on the Company's Financial Statements is provided on Pages 193-195

3.2 Accounting Policies

The accounting policies adopted by the Company in the preparation of the Financial Statements are given on Pages 200-247, which are consistent with those of the previous period. There have been no changes in the Company's Accounting Policies during the year under review that require disclosure.

4. DIRECTORS OF THE COMPANY

4.1 Information of the Directors of the Company

The Board of Directors of the Company as at 31st March 2025 consisted of eight (8) Directors (2024 : 8). The names of the Directors who held office at the end of the accounting period with their brief profiles are featured on Pages 128-131.

4.2 New Appointments and Resignations of the Directors

There were no new appointments nor resignations of Directors during the year under review.

4.3 Retirement and Re-election/Re-appointment of Directors

Mr. R. S. A. Wickramasingha who is 78 years of age vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2) (b) of the Companies Act No.7 of 2007 and is recommended by the Board for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Mr. L. J. M. De Silva who is 81 years of age vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2) (b) of the Companies Act No.7 of 2007 and is recommended by the Board for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

4.4 Interest Register

The Company maintains an Interest Register in terms of the Companies Act No.07 of 2007. The relevant interests of Directors in the shares of the Company as of 31st March 2025 as recorded in the interest register are given in this report under Directors' Interest in Shares.

The Directors declare that all the material interest in contracts involving the Company have been disclosed to the Board and wherever any Director was materially interested in a contract or a proposed contract with the Company, they have refrained from voting on such contracts. It is further stated that during the year under review, the Company did not enter into any contracts in which any Director was materially interested.

4.5 Directors' Interest in Shares

The relevant interests of Directors in the shares of the Company as of 31st March 2025 and 31st March 2024 are as follows:

| Director's Name | 31st March 2025 | 31st March 2024 |
|-----------------------------|-----------------|-----------------|
| Mr. R. S. A. Wickramasingha | Nil | Nil |
| Ms. D. S. Wickramasingha | Nil | Nil |
| Mr. M. C. Dahanayake | Nil | Nil |
| Mr. L. J. M. De Silva | Nil | Nil |
| Ms. N. K. Wickramasingha | Nil | Nil |
| Mr. M.E. Wickremesinghe | Nil | Nil |
| Ms. S.T. Ratwatte | Nil | Nil |
| Mr. I.S. Fonseka | Nil | Nil |

4.6 Directors' Remuneration

Directors' remuneration, in respect of the Company for the financial year 2024/25 is Rs. 52.0 Mn (2023/24 - Rs.51.3 Mn).

4.7 Additional Disclosures Pertaining to the Directors

4.7.1 Material Business Relationships

None of the Directors or their close family members have any material business relationships with other Directors of the Company except as disclosed below:

Mr. R.S.A. Wickramasingha, Ms. D.S. Wickramasingha, Ms. N.K. Wickramasingha and Mr. L. J. M. De Silva served as Directors of CBL Investments Limited, which held 1,962,977 shares representing 71.38% of the shares constituting the Stated Capital of the Company.

4.7.2 Other Directorships held by the Directors

The other Directorships held by the Directors are mentioned on Pages 129-131.

4.7.3 Classification of Directors

The basis on which Directors are classified as Independent Non-Executive is discussed in the Corporate Governance Report Page 142.

4.7.4 Alternate Directors

No Alternate Directors were appointed during the year.

4.7.5 Insurance and Indemnity

The Company has obtained Directors' Liability insurance cover. This covers the liabilities of the Directors arising from past, present and future negligence, subject to the terms and conditions of the policy.

4.8 Policy on Matters Relating to the Board of Directors

The Company has in terms of the above Policy, acted in compliance with the requirements set out in Rule 9.5.1 of the Listing Rules.

5. FINANCIAL RESULTS AND APPROPRIATIONS

5.1 Revenue

Revenue generated by the Company amounted to Rs.6.83 Bn (2023/24 - Rs.6.30 Bn)

5.2 Profits

The Profit After Tax of the Company was Rs.647.15 Mn (2023/24 - Rs.226.66 Mn)

5.3 Reserves

The movements of reserves during the year are given under the Statement of Changes in Equity on Page 198.

5.4 Capital Expenditure

The total capital expenditure during the year was Rs.28.08 Mn. Details of the movements in property, plant and equipment are given in Note 12 to the Financial Statements on Page 215.

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

5.5 Land Holdings

The Company does not own any freehold land. The business operations are conducted on leased premises.

5.6 Investments

Details of the Company's investment as of 31st March 2025 are given in Note 18 to the Financial Statements on Page 223.

5.7 Contingent Liabilities

The Contingent Liabilities as of 31st March 2025 are given in Note 29 to the Financial Statements on Page 232.

5.8 Financial Ratios

The Earnings Per Share and other financial ratios are given under the Performance Highlights on Page 12.

5.9 Donations

The total amount of donations made during the year under review amounted to Rs.0.30 Mn.

5.10 Research and Development

The Company has an active approach to research and development and recognizes the contribution that it can make to intellectual property and the Company's operations. Further details are presented on Page 97.

5.11 Future Developments

Future developments are discussed in the Managing Director's Message on Pages 22-25.

6. INVESTOR RELATIONS

The Company has at all times ensured that all shareholders are treated equitably.

6.1 Stated Capital

The Stated Capital of the Company is Rs. 52,521,178 represented by 2,750,000 Ordinary Shares.

6.2 Dividends

Declaration of a first and final dividend of Rs.6.70 per share as recommended by the Board of Directors will be proposed at the Annual General Meeting.

As required by Section 56(2) of the Companies Act No 7 of 2007, the Board of Directors ensures that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No 7 of 2007 and obtains a certificate from the auditors prior to declaring any dividends.

6.3 Share Information

The Company has not issued any new shares during the financial year ended 31st March 2025. Hence the total number of shares remained at 2,750,000 (2024: 2,750,000).

6.4 Major Shareholders

Details concerning the twenty-five (25) largest shareholders of the Company, the distribution schedule of shareholders, the percentage of shares held by the public and market values per share, as stipulated by the Listing Rules of the Colombo Stock Exchange are provided under Shareholder and Investor Information on Page 251.

6.5 Public Holding

There were 1,752 (2024: 1,623) registered shareholders as of 31st March 2025. The percentage of shares held by the public, as per the Colombo Stock Exchange rules was 28.62% (2024: 28.62%).

6.6 Employee Share Ownership Plans

The Company does not operate any share option schemes.

6.7 Communication with Shareholders

The Company is committed to ensuring equitable treatment of all shareholders. Its policy on shareholder and investor relations is available on the Company's website: www.conveniencefoodslanka.com.

Details of the designated contact person for shareholder communication can be found on the Corporate Information on Page 163 of this Report.

Additionally, the Board has implemented a process to keep Directors informed of any significant shareholder concerns, as outlined in the Governance Report on Page 163.

7. CORPORATE GOVERNANCE

The Board of Directors confirms that the Company is compliant with the Rules on Corporate Governance contained in the Listing Rules of the Colombo Stock Exchange.

This Report also provides the information and disclosures on mandatory Corporate Governance regulations required by the Companies Act No. 07 of 2007 and amendments thereto, the Listing Rules of the Colombo Stock Exchange (CSE) and the information and disclosures on voluntary adoption of the Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka.

Please refer to the Corporate Governance Report on Pages 126-183.

8. CODE OF CONDUCT AND ETHICS

The Company has implemented a Code of Business Conduct and Ethics applicable to all employees, mandating strict adherence without exceptions. Additionally, the Directors and Key Management Personnel have declared compliance with this Code of Conduct and Ethics. No violations of the code were reported during the year. For more details, refer to Pages 158-162 for the Code of Conduct for Directors and Employees.

9. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's CSR initiatives are outlined in the Social and Relationship Capital on Page 107 of the Annual Report.

10. SUSTAINABILITY

The Company has incorporated sustainability aspects into the business strategies. Please refer Pages 33-57 for more details.

11. ENVIRONMENTAL PROTECTION

The Directors are confident that the Company operated in a manner that minimizes its adverse effects on the environment and delivers products and services that enrich its consumers and the communities in which it operates. Please refer to the Natural Capital Section on Page 117.

12. STATUTORY PAYMENTS

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 employees of the Company and all other known statutory dues as were due and payable by the Company in the reporting period have been paid or where relevant provided for, except for certain assessments where appeals have been lodged. For more details, please refer to Tax Governance on Page 162.

13. COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS

The Board discloses any instances of non-compliance and material fines in the Annual Report. The Board conducts a quarterly review and evaluation of compliance with laws, government regulations, CSE listing rules and Company policies.

For the year ended 31st March 2025, no material fines were incurred or required disclosure. For more details, please refer to Page 127.

14. INTEGRATED RISK MANAGEMENT AND INTERNAL CONTROLS

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee. There were no material issues pertaining to the employees and industrial relations of the Company during the year.

Please refer to Page 165 for Integrated Risk Management details.

15. BOARD SUB COMMITTEES

The Board has established and maintains the following sub committees;

- Audit Committee
- Related Party Transactions Review Committee
- Nominations and Governance Committee
- Remuneration Committee

Please refer to Pages 175-183 for the Board Sub-Committee Reports.

16. GOVERNANCE POLICIES

The Company has established the policies mandated by the Listing Rules of the Colombo Stock Exchange (CSE), in addition to its own internal policies. Please refer to Pages 127, 133 and 135 of the Corporate Governance Section for the policies available at CFL.

These policies are also available on the Company's website: www.conveniencefoodslanka.com

17. GOING CONCERN

After making adequate inquiries from the Management, the Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future.

18. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no events subsequent to the reporting period, which would have any material effect on the Company other than those disclosed in Note 30 to the Financial Statements on Page 233.

19. INDEPENDENT AUDITORS

Messrs. Ernst & Young, Chartered Accountants, served as the auditors for the year under review. The fee payable to the auditors for this period is Rs. 1,253,563 (2023/24: Rs. 1,022,000). Additionally, Messrs. Ernst & Young provided tax services during the year, with a fee payable amounting to Rs. 262,969 (2023/24: Rs. 399,221).

Independence confirmation has been provided by Messrs. Ernst & Young as required by Section 163 (3) of the Companies Act No 07 of 2007, in connection with the audit for the year ended 31st March 2025.

The opinion expressed by Messrs. Ernst & Young is provided in the Independent Auditor's Report on Pages 193-195.

Based on the recommendations of the Audit Committee, the Board recommends to the shareholders the re-appointment of Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company to hold office from the conclusion of the forthcoming Annual General Meeting.

20. RELATED PARTY TRANSACTIONS (RPT) WITH THE COMPANY

All RPT which encompass the transactions of Directors who were directly or indirectly interested in a contract or a RPT with the Company during the accounting period are recorded in the Interests Register in due compliance with the applicable rules and regulations of the relevant regulatory authorities. Transactions of related parties (as defined in LKAS 24 - Related Party

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

Disclosures) with the Company are set out in Note 31 to the Financial Statements. The Directors declare that the Company is in compliance with the Listing Rules of the CSE pertaining to related party transactions during the financial year ended 31st March 2025. For more details, please refer to Note 31 on Page 234 of the Financial Statements and Related Party Transactions Review Committee report on Page 180.

21. SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING - AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The "Special Business" set out as Item 2 of the Notice of Annual General Meeting contains amendments to certain Articles of the Articles of Association of the Company, as recommended by the Directors, to be adopted by way of Special Resolutions. The key amendments proposed are:

- (a) The current Articles provide that the number of Directors shall not be less than two (02). Recent amendments to the Listing Rules require the minimum number to be increased to five (05). The proposed amendment seeks to align the Articles with the revised Listing Rules.
- (b) The Listing Rules have introduced specific provisions regarding the circumstances under which, and the duration for which, an Alternate Director may be appointed. The proposed amendment aims to align the relevant provisions of the Articles with these requirements.
- (c) Additional methods were brought in, to provide flexibility in relation to certain provisions concerning the conduct of meetings such as voting at meetings and with regard to providing notices to shareholders.

- (d) To align the provisions relating to the re-election of Directors who retire by rotation with the best practices on Corporate Governance, certain amendments are proposed to the existing Articles.

22. ANNUAL GENERAL MEETING

The Annual General Meeting will be held by electronic means (online platform) on 27th August 2025 at 3.30 p.m. centered at Ceylon Biscuits Limited at No.555, High Level Road, Makumbura, Pannipitiya. The Notice of the Annual General Meeting appears on Page 262.

23. ACKNOWLEDGMENT

The Board of Directors has approved the Audited Financial Statements together with the Annual Report of the Board of Directors and the reviews which form part of the Annual Report. This Annual Report is signed for and on behalf of the Board of Directors by



R. S. A. Wickramasingha
Chairman



M. C. Dahanayake
Managing Director/ CEO



P W Corporate Secretarial (Pvt) Ltd.
Secretaries

31st July 2025
Colombo

THE STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

This statement outlines the Directors' responsibilities in relation to Financial Statements of Convenience Foods (Lanka) PLC.

The Directors are responsible under Sections 150 (1) and 151 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein to prepare and present Financial Statements for each financial year.

The Financial Statements comprise the Statement of Financial Position as at 31st March 2025, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the financial year then ended, together with the accompanying Notes, which form an integral part of these Financial Statements.

The Directors confirm that the Company's Financial Statements present a true and fair view of:

- The financial position of the Company as of 31st March 2025 and
- The financial performance of the Company for the financial year ended 31st March 2025.

In preparing and presenting financial statements the Directors are responsible for ensuring that,

- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, as applicable have been adhered to
- Appropriate accounting policies have been selected and applied consistently
- Companies Act No. 07 of 2007 and amendments thereto, as applicable, have been followed
- Reasonable prudent judgements and estimates have been made
- Listing rules of Colombo stock exchange have been complied with
- Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka, as applicable has been followed

The Directors are also responsible, under Section 148, for ensuring that proper accounting records are kept, to enable

the determination of financial position with reasonable accuracy, preparation of financial statements and audit of such statements to be carried out readily and properly. The Board accepts responsibility for the integrity and objectivity of the financial statements presented.

The Directors confirm that in preparing the financial statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected. The Board of Directors also approves the Interim Financial Statements prior to their release, following a review and recommendation by the Audit Committee.

The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries, that adequate resources exist to support the Company on a going concern basis over the next year. These financial statements have been prepared on that basis. The Directors have taken reasonable measures to safeguard the assets of the Company and in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The External Auditors, Messrs. Ernst & Young Chartered Accountants were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the financial statements. The Interdependent Auditor's Report shown on Pages 193-195 sets out their responsibilities in relation to the financial statements.

As required by Sections 166 (1) and 167 (1) of the Companies Act No. 07 of 2007, the Company has prepared this Annual Report on time and ensured that a copy thereof is sent to every shareholder of the Company, who has expressed a desire to receive a hard copy.

The soft copy version is available on the CSE website "www.cse.lk" and Company's official website "www.conveniencefoodslanka.com". These have

been complied within the stipulated period of time as required by Rule No. 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the CSE.

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 all other known statutory dues as were due and payable by Company as at the reporting date have been paid or, where relevant, provided for. The Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, we continue to adopt the Going Concern basis in preparing the Financial Statements.

The Directors also confirm that there are no material litigations that are pending against the Company other than those disclosed in the Note 29.3 to the Financial Statements in this Annual Report.

The Financial Statements of the Company have been certified by the Company's General Manager-Finance, the officer responsible for their preparation, as required by the Sections 150 (1) (b) of the Companies Act No. 07 of 2007 and also have been signed by two Directors of the Company on Page 197 as required by the Sections 150 (1) (c) of the Companies Act No. 07 of 2007 and other regulatory requirements.

By order of the Board,

Convenience Foods (Lanka) PLC.



P W Corporate Secretarial (Pvt) Ltd.
Secretaries

31st July 2025
Colombo

RESPONSIBILITY STATEMENT OF MANAGING DIRECTOR/ CEO AND GENERAL MANAGER FINANCE

The financial statements of Convenience Foods (Lanka) PLC for the year ended 31st March 2025, are prepared and presented in conformity with the requirements of the following:

1. Sri Lanka Accounting Standards, issued by the Institute of Chartered Accountants of Sri Lanka
2. The Companies Act No. 07 of 2007
3. The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
4. Listing Rules of the Colombo Stock Exchange
5. Code of Best Practice on Corporate Governance – 2023 issued by CA Sri Lanka

The Company presents the financial results to its shareholders on a quarterly basis.

We confirm that the significant accounting policies used in the preparation and presentation of the financial statements are appropriate and are consistently applied unless otherwise stated in the Notes to the Financial Statements. The significant accounting policies and estimates that involved a high degree of judgement and complexity were discussed with the Audit Committee and with the external auditors.

We confirm that to the best of our knowledge, the Financial Statements, Significant Accounting Policies and other financial information included in this Annual Report, fairly present in all material respects; the financial condition, results of the operations and the cash flows of the Company during the year under review.

We have taken proper and sufficient measures to implement systems of internal control and maintain accounting records to safeguard assets and prevent and detect

fraud and other irregularities. These systems are regularly reviewed, evaluated and updated. We confirm, based on our evaluations, that there were no significant deficiencies and material weaknesses in the design or operation of internal controls or fraud that involves management or other employees. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal control and accounting.

Periodic audits conducted by the Group internal audit function provide reasonable assurance that the Company's established policies and procedures are consistently followed.

The Audit Committee of the Company meets periodically with the internal auditors and the independent auditors to review the effectiveness of audits and to discuss auditing, internal control and financial reporting issues. The continuous inspection and audit functions, engagement of firms of Chartered Accountants and effective functioning of the Audit Committee, ensure that the Internal Controls and Procedures are followed consistently. The independent auditors and the internal auditors have been provided full and free access to the Audit Committee to discuss any matter of substance. The details of the Audit Committee's activities are given in the 'Audit Committee Report' appearing on Pages 175-177.

The Financial Statements were audited by the independent external auditors, Messrs. Ernst & Young, Chartered Accountants and their Report is given on Pages 193-195. The Audit Committee approved the audit and non-audit services provided by the external auditor, in order to ensure that the provision of such services does not impair their independence.

We confirm that

- The Company has complied with all applicable laws, regulations and prudential requirements
- All taxes, duties, levies and all statutory payments by the Company and all contributions, levies and taxes payable on behalf of and respect of the employees of the Company as of 31st March 2025 have been paid, or where relevant provided for
- There are no material non-compliances; and
- There are no material litigations that are pending against the Company other than what is disclosed in Note 29.3 of financial statements.



M.C. Dahanayake
Managing Director/CEO



S.K.I. Sameera Senarathne
General Manager Finance

31st July 2025
Colombo

FINANCIAL STATEMENTS

Our financial statements reflect a commitment to transparency, accountability and delivering long-term value to stakeholders

ஹோட்டல் சுவை
Spices



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FINANCIAL CALENDAR

| | 2024 | | | 2025 | | 2026 | |
|---|------|--------|-----------|------|--------|------|--------|
| Annual General Meeting Calendar | July | August | September | July | August | July | August |
| 2023/24 and 2024/25 Audited Financial Statements submitted on | 31st | | | 31st | | | |
| 33rd Annual Report submitted on | | 15th | | | | | |
| 33rd Annual General Meeting held on | | | 9th | | | | |
| 34th Annual Report submitted on | | | | 31st | | | |
| 34th Annual General Meeting to be held on | | | | | 27th | | |
| 35th Annual Report to be submitted on or before | | | | | | 31st | |
| 35th Annual General Meeting to be held on or before | | | | | | | 31st |

| | 2024 | | 2025 |
|----------------------------|------|-----------|------|
| Dividend Calendar | July | September | July |
| Final Dividend proposed on | 29th | | 21st |
| Final Dividend paid on | | 30th | |

| | Published on (2024/25) | | | | To be published on or before (2025/26) | | | |
|---|------------------------|---------|---------|------|--|----------|----------|------|
| | July | October | January | May | August | November | February | May |
| Interim Financial Statements Calendar | | | | | | | | |
| Submission to the Colombo Stock Exchange (CSE): | | | | | | | | |
| For the three months ended/ending June 30th | 30th | | | | 15th | | | |
| For the six months ended/ending September 30th | | 25th | | | | 15th | | |
| For the nine months ended/ending December 31st | | | 29th | | | | 15th | |
| For the year ended/ending March 31st | | | | 26th | | | | 31st |

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
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Colombo 03, Sri Lanka

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TO THE SHAREHOLDERS OF CONVENIENCE FOODS LANKA PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Convenience Foods Lanka PLC ("the Company"), which comprise the statement of financial position as at 31 March 2025, 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 gives a true and fair view of the financial position of the Company as at 31 March 2025, 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 Company in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of

our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Perenavithane ACA ACMA LLB (Colombo), B Vasanthen ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudan ACMA, D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS MSc - IT, V Shakthivel B.Com (Sp), M U M Mansoor ACA

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT



| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| <p>Revenue</p> <p>The Company recognized revenue amounting to Rs. 6,832 Mn in accordance with the Company accounting policies as disclosed in Note 5.</p> <p>Revenue was a key audit matter due to Materiality of revenue recorded by the Company during the year.</p> | <p>Our audit procedures to address this area of focus included the following:</p> <ul style="list-style-type: none"> • tested the relevant key controls over revenue. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to revenue • performed analytical procedures to understand and assess the reasonableness of the reported revenues • tested revenue transactions to sales invoices, dispatch documents and other supporting documents. Our procedures included testing: revenue transactions at the year-end to determine whether sales transactions and sales returns have been recorded in the proper period and to the proper accounts. <p>We also assessed the adequacy of the related disclosures set out in notes 5 to the financial statements.</p> |
| <p>Carrying value of Inventories</p> <p>As at 31 March 2025, the carrying value of inventory amounted to Rs. 634 Mn net of provision for slow moving inventories of Rs. 129 Mn as disclosed in note 15 to the financial statements.</p> <p>Carrying value of inventories was a key audit matter due to:</p> <ul style="list-style-type: none"> • the materiality of the reported inventory balance which represented 13% of the Company's total assets as of the reporting date; and • judgements applied by the management on the condition of inventory due to wastage, spoilages, shelf life of products and slow-moving items as disclosed in note 15 to the financial statements. | <p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> • 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 • assessed the reasonableness of management judgements applied in determining that the provision for slow moving and obsolete inventories is based on the condition of inventory in relation to wastage, spoilages, shelf life of products and slow-moving items <p>We also evaluated the adequacy of the disclosures in note 15 to the financial statements.</p> |

Other Information included in the 2024/25 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Company'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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's 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 Company 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.

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 2097.

31 July 2025
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| For the year ended 31st March | | 2025 | 2024 |
|--|------|-----------------|-----------------|
| | Note | Rs. | Rs. |
| Revenue | 5 | 6,832,724,237 | 6,298,075,059 |
| Cost of Sales | | (4,451,056,105) | (4,696,794,796) |
| Gross Profit | | 2,381,668,132 | 1,601,280,263 |
| Administrative Expenses | | (464,156,080) | (327,246,462) |
| Selling and Distribution Expenses | | (977,904,026) | (707,223,996) |
| Other Operating Income | 6.1 | 38,042,671 | 29,815,990 |
| Other Operating Expenses | 6.2 | (156,378,094) | (199,146,096) |
| Results from Operating Activities | | 821,272,603 | 397,479,699 |
| Finance Income | 7 | 142,263,459 | 40,342,710 |
| Finance Cost | 7 | (13,622,954) | (69,533,778) |
| Net Finance Cost | | 128,640,505 | (29,191,068) |
| Profit Before Tax | 8 | 949,913,108 | 368,288,631 |
| Income Tax Expense | 9 | (302,762,038) | (141,624,421) |
| Profit for the Year | | 647,151,070 | 226,664,210 |
| Other Comprehensive Income | | | |
| Items that will not be Reclassified Subsequently to Profit or Loss | | | |
| Actuarial Gain/ (Loss) on Retirement Benefit Obligations | 24 | (32,868,751) | (7,850,507) |
| Tax on Other Comprehensive Income | | 9,860,625 | 2,355,152 |
| Total Other Comprehensive Income for the Year | | (23,008,126) | (5,495,355) |
| Total Comprehensive Income for the Year | | 624,142,944 | 221,168,855 |
| Basic and Diluted Earnings Per Share | 10 | 235.33 | 82.42 |
| Dividend Per Share | 11 | 4.70 | 4.70 |

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on Pages 200 to 247

STATEMENT OF FINANCIAL POSITION

| As at 31st March | | 2025 | 2024 |
|--------------------------------------|------|----------------------|----------------------|
| | Note | Rs. | Rs. |
| Assets | | | |
| Non Current Assets | | | |
| Property, Plant and Equipment | 12 | 564,125,018 | 609,256,990 |
| Right of Use Assets | 13 | 228,043,909 | 106,115,513 |
| Intangible Assets | 14 | 6,650,792 | 5,186,433 |
| Deferred Tax Asset | 22 | 1,954,765 | - |
| Total Non Current Assets | | 800,774,484 | 720,558,936 |
| Current Assets | | | |
| Inventories | 15 | 634,034,074 | 885,042,049 |
| Trade and Other Receivables | 16 | 1,008,611,884 | 846,953,160 |
| Amounts due from Related Companies | 17 | 34,960,048 | 25,641,653 |
| Short Term Deposits | 18 | 2,027,882,981 | 963,880,860 |
| Cash and Cash Equivalents | 19 | 203,984,146 | 128,788,816 |
| Total Current Assets | | 3,909,473,133 | 2,850,306,538 |
| Total Assets | | 4,710,247,617 | 3,570,865,474 |
| Equity and Liabilities | | | |
| Equity | | | |
| Stated Capital | 20 | 52,521,178 | 52,521,178 |
| Other Reserves | 21 | 41,613,945 | 41,613,945 |
| Retained Earnings | | 3,165,656,503 | 2,554,438,559 |
| Total Equity | | 3,259,791,626 | 2,648,573,682 |
| Liabilities | | | |
| Non Current Liabilities | | | |
| Deferred Tax Liabilities | 22 | - | 9,870,928 |
| Lease Liabilities | 23 | 227,273,975 | 113,408,973 |
| Employee Benefit Liabilities | 24 | 106,978,251 | 91,606,581 |
| Total Non Current Liabilities | | 334,252,226 | 214,886,482 |
| Current Liabilities | | | |
| Trade and Other Payables | 25 | 916,211,592 | 521,349,190 |
| Lease Liabilities | 23 | 24,764,361 | 11,756,853 |
| Current Tax Liabilities | 26 | 100,889,028 | 66,087,731 |
| Amounts due to Related Companies | 27 | 74,338,784 | 108,211,536 |
| Total Current Liabilities | | 1,116,203,765 | 707,405,310 |
| Total Liabilities | | 1,450,455,991 | 922,291,792 |
| Total Equity and Liabilities | | 4,710,247,617 | 3,570,865,474 |
| Net Assets Value per Share | | 1,185.38 | 963.12 |

The financial statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on Pages 200 to 247.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



S.K.I.S. Senarathne
General Manager - Finance

The Board of Directors is responsible for these financial statements. Approved and signed for and on behalf of the Board;



D.S. Wickramasingha
Director



M.C. Dahanayake
Managing Director

31st July 2025
Colombo

STATEMENT OF CHANGES IN EQUITY

| | Stated Capital Rs. | Other Reserves Rs. | Retained Earnings Rs. | Total Rs. |
|--|--------------------------|--------------------------|-----------------------------|---------------|
| Balance as at 1st April 2023 | 52,521,178 | 41,613,945 | 2,346,194,704 | 2,440,329,827 |
| Comprehensive Income for the Year | | | | |
| Profit for the Year | - | - | 226,664,210 | 226,664,210 |
| Other Comprehensive Income | - | - | (5,495,355) | (5,495,355) |
| Total Comprehensive Income for the Year | 52,521,178 | 41,613,945 | 2,567,363,559 | 2,661,498,682 |
| Transactions with Owners of Equity | | | | |
| Dividends to Equity Holders -2022/23 | - | - | (12,925,000) | (12,925,000) |
| Balance as at 31st March 2024 | 52,521,178 | 41,613,945 | 2,554,438,559 | 2,648,573,682 |
| Balance as at 1st April 2024 | 52,521,178 | 41,613,945 | 2,554,438,559 | 2,648,573,682 |
| Comprehensive Income for the Year | | | | |
| Profit for the Year | - | - | 647,151,070 | 647,151,070 |
| Other Comprehensive Income for the Year | - | - | (23,008,126) | (23,008,126) |
| Total Comprehensive Income for the Year | 52,521,178 | 41,613,945 | 3,178,581,503 | 3,272,716,626 |
| Transactions with Owners of Equity | | | | |
| Dividends to Equity Holders - 2023/24 | - | - | (12,925,000) | (12,925,000) |
| Balance as at 31st March 2025 | 52,521,178 | 41,613,945 | 3,165,656,503 | 3,259,791,626 |

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on Pages 200 to 247.

STATEMENT OF CASH FLOWS

| For the year ended 31st March | | 2025 | 2024 |
|---|------|----------------------|------------------------|
| | Note | Rs. | Rs. |
| Cash Flows from Operating Activities | | | |
| Profit Before Tax | | 949,913,108 | 368,288,631 |
| Adjustments for: | | | |
| Depreciation of Property, Plant and Equipment | 12 | 92,779,916 | 93,194,319 |
| Amortization of Intangible Assets | 14 | 1,657,114 | 1,650,495 |
| Depreciation of Right of Use Assets | 13 | 25,616,598 | 13,638,273 |
| (Gains)/ Losses from Disposal of Property, Plant and Equipment | 6 | (21,992,163) | 4,768,807 |
| Finance Income | 7 | (142,263,459) | (40,342,710) |
| Finance Costs | 7 | 13,622,954 | 69,533,778 |
| (Reversal) / Provision for Impairment of Trade Receivables and Write Offs | 16.2 | (3,889,424) | (2,525,088) |
| Provision for Retirement Benefit Obligation | 24 | 21,204,653 | 21,237,940 |
| Operating Profit before Working Capital Changes | | 936,649,297 | 529,444,445 |
| Changes in Working Capital | | | |
| (Increase) / Decrease in Inventories | | 251,007,975 | 1,450,578,143 |
| (Increase) / Decrease in Trade and Other Receivables | | (157,769,300) | 738,675,857 |
| (Increase) / Decrease in Amount due from Related Companies | | (9,318,395) | 18,756,184 |
| Increase / (Decrease) in Amount due to Related Companies | | (33,872,752) | (23,847,995) |
| Increase / (Decrease) in Trade and Other Payables | | 394,862,402 | (316,271,398) |
| Cash (Used in) / Generated from Operations | | 1,381,559,227 | 2,397,335,236 |
| Gratuity Paid | 24 | (38,701,733) | (6,664,712) |
| Interest Paid | 7.2 | (13,622,954) | (69,533,778) |
| Income Tax Paid | 26 | (269,925,809) | (92,878,560) |
| Stamp Duty Paid | | (1,741,302) | - |
| Net Cash Flows (Used in) / from Operating Activities | | 1,057,567,429 | 2,228,258,186 |
| Cash Flows from Investing Activities | | | |
| Purchase of Property, Plant and Equipment | 12 | (47,655,781) | (87,710,471) |
| Purchase of Intangible Assets | 14 | (3,121,473) | - |
| Sale of Property, Plant and Equipment | 12 | 22,000,000 | 96,145 |
| Interest Received | 7 | 142,263,459 | 40,342,710 |
| Withdrawal of / (Investment in) Fixed Deposits | | (1,064,002,121) | (963,880,860) |
| Net Cash Flows (Used in) / from Investing Activities | | (950,515,916) | (1,011,152,476) |
| Cash Flows from Financing Activities | | | |
| Repayment of Lease | 23 | (18,931,183) | (7,090,277) |
| Repayment of Borrowings | | - | (1,040,000,000) |
| Dividend Paid to Shareholders | 11 | (12,925,000) | (12,925,000) |
| Net Cash Flows (Used in) / from Financing Activities | | (31,856,183) | (1,060,015,277) |
| Net (Decrease) / Increase in Cash and Cash Equivalents | | 75,195,330 | 157,090,434 |
| Cash and Cash Equivalents at the Beginning of the Year | | 128,788,816 | (28,301,618) |
| Cash and Cash Equivalents at the End of the Year | 19 | 203,984,146 | 128,788,816 |

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on Pages 200 to 247.

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

1.1 Reporting Entity

Convenience Foods (Lanka) PLC ("the Company") is a public limited liability Company incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office of the Company is located at No. 555, High Level Road, Makumbura, Pannipitiya and the principal place of business is situated at No. 133, 7th Lane, Off Borupana Road, Kandawala, Ratmalana.

1.2 Principal Activities and Nature of Operations

The Company is engaged in the manufacturing and marketing of Textured Soya Protein (TSP) and other food products.

1.3 Parent Company

The Company's parent undertaking is CBL Investments Limited which owns 71.38% (2024: 71.38%) of its ordinary shares listed in the Colombo Stock Exchange.

The Directors are of the opinion that the Company's ultimate parent undertaking and controlling party is CBL Investments Limited which is incorporated in Sri Lanka.

1.4 Date of Authorization for Issue

The Financial Statements of the Company for the year ended 31st March 2025 were authorized for issue under a resolution of the Board of Directors on 31st July 2025.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows, together with the Accounting Policies and Notes (the "Financial Statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of

Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

2.2 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of Financial Statements as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

2.3 Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for:

- Financial instruments reflected as fair value through profit or loss which are measured at fair value.
- Financial instruments designated as fair value through other comprehensive income which are measured at fair value.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Financial Statements.

2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Company's functional currency and presentation currency. All financial information presented in Sri Lankan Rupees are rounded to the nearest rupee unless otherwise stated.

2.5 Comparative Information

The accounting policies have been consistently applied by the Company with those of the previous financial year. The presentation and classification of the financial statements for the previous year have been amended, where relevant, for

better presentation and to be comparable with those of the current period. The management has reasonable evidence that such a presentation would be more relevant for the understanding of the Company's financial performance and financial position.

2.6 Materiality and Aggregation

In compliance with LKAS 01 on presentation of Financial Statements, each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately if they are material.

2.7 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of significant accounting policies have been disclosed along with the relevant individual notes in the subsequent Pages.

Those accounting policies presented with each note, have been applied consistently to all periods presented in these Financial Statements unless otherwise is indicated.

3.1 Foreign Currency Transactions and Balances

All foreign currency transactions are translated into the functional currency, which is Sri Lankan Rupees, using the exchange rates prevailing at the dates the transactions were affected.

At each reporting date, monetary items denominated in foreign currencies are translated into local currencies at the rates of exchange prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the Statement of Profit or Loss.

Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates 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 items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item.

3.2 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.2.1 Financial Assets

Initial Recognition and Measurement

At initial recognition, financial assets within the scope of SLFRS 9 are classified into categories that are subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. This assessment is referred to as the Solely Payment of Principal and Interest (SPPI) test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to

cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss irrespective of the business model.

Therefore, at initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to its acquisition, except for financial assets measured at FVPL, for which transaction costs are expensed in profit or loss.

The Company's financial assets include cash, short-term deposits, trade and other receivables.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Financial Assets at Amortised Cost (Debt Instruments)

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective of holding financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets at amortised cost include trade receivables, amounts due from related parties and short term investments. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial Assets - Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Impairment of Financial Assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the Company's effective interest rate.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company has established a provision matrix based on its historical credit loss experience. It also considers the time value of money for receivables overdue beyond the set credit period, discounted using the Company's borrowing rates and adjusts for forward looking information related to specific debtors and the broader economic environment.

NOTES TO THE FINANCIAL STATEMENTS

3.2.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities may include trade and other payables, amounts due to related parties, short-term borrowings and bank overdrafts.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at Fair Value Through Profit or Loss (FVPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit or Loss.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the

Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit or Loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Income Statement.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

3.3 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company 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 Statement of Profit or Loss net of any reimbursement.

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

3.4 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the indirect method, as stipulated in LKAS 7- Statement of Cash Flows. Cash and cash equivalents comprise of cash in hand, cash at bank and bank overdrafts. Interest income is classified as cash flows from investing activities. Dividends paid are classified as financing cash flows.

3.5 Segmental Information

A segment is a distinguishable component engaged in providing services and that is subject to risks and returns that are different to those of other segments. The Company does not have distinguishable components to be identified as a segment, as all operations are treated as one segment.

3.6 Other Significant Accounting Policies Not Disclosed with Individual Notes

The following accounting policies, which have been applied consistently by the Company, are considered to be significant but not covered in any other sections.

3.6.1 Current versus Non Current Classification

The Company presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle

- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalents 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 considered as 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
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non current assets and liabilities accordingly.

3.7 Changes in Accounting Standards

3.7.1 New and Amended Standards and Interpretations

No significant impact resulted on the financial statements of the Company due to changes in Accounting Standards and disclosures during the year.

3.7.2 New Accounting Standards and SLFRS Sustainability Disclosure Standards Issued but not Effective as at the Reporting Date

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the

Company's financial statements are disclosed below. The Company intends to fully adopt these new and amended standards and interpretations, if applicable, when they become effective.

| New SLFRSs/ Amendment to the Existing SLFRSs and the Effective Date | Summary of the Requirements | Possible Impact to the Financial Statements |
|---|--|---|
| Lack of Exchangeability (Amendments to LKAS 21). | These disclosures might include: a. nature and financial impact of the currency not being exchangeable; spot exchange rate used; b. estimation process; and c. risks to the Company because the currency is not exchangeable. | Companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the Financial Statements. The amendment is not expected to have a material impact on the Financial Statements of the Company since the Company has not entered into transactions in terms of the currencies that have lack of exchangeability. |
| SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information. | SLFRS S1 outlines the general requirements for companies to disclose sustainability-related financial information, focusing on Environmental, Social and Governance (ESG) factors. It emphasises the integration of sustainability-related disclosures into financial reporting, ensuring that stakeholders have comprehensive information on how sustainability risks and opportunities affect the financial performance and position of an organisation. | Disclosures will be expanded to include sustainability-related financial information, offering greater transparency of ESG risks and opportunities. The Company will be required to account for sustainability risks and opportunities that could influence asset impairments, liabilities and cash flow projections. Costs related to sustainability initiatives, such as compliance and carbon credits, will affect both the Income Statement and Cash Flow Statement. Additionally, governance and internal control structures surrounding sustainability will be disclosed, which will shape the overall perception of the Company's financial health. Ultimately, SLFRS S1 seeks to integrate sustainability into financial reporting, making it a crucial standard for businesses aiming to ensure long-term value creation and transparency in the Financial Statements. |

NOTES TO THE FINANCIAL STATEMENTS

| New SLFRSs/ Amendment to the Existing SLFRSs and the Effective Date | Summary of the Requirements | Possible Impact to the Financial Statements |
|--|--|--|
| SLFRS S2 - Climate- related Disclosures. Effective on or after 01 January 2026 with early adoption permitted. | SLFRS S2 is a standard that aligns with the global drive for transparency regarding the financial impacts of climate-related risks and opportunities. This standard is designed to support companies disclose how climate-related factors affect their financial performance, position and cash flows. | It requires disclosing the financial impact of climate risks and opportunities on the Financial Statements. It affects the Statement of Financial Position by potentially impairing assets and recognising climate-related liabilities, the Income Statement through increased expenses for compliance and sustainability investments and the Cash Flow Statement by reflecting cash flows from climate-related activities. The standard also mandates enhanced disclosures for transparency on how climate risks influence financial performance and decision-making, helping stakeholders better understand the Company's climate-related financial exposure and strategies. |

The items which have the most significant effect on accounting, judgements, estimates and assumptions are as follows:

- a) Impairment of non-financial assets – Note 12, 13 and 14
- b) Key actuarial assumptions relating to defined benefit obligation – Note 24
- c) Provision for expected credit losses of trade receivables – Note 16
- d) Leases – estimating the incremental borrowing rate – Note 23
- e) Going concern – Note 4.2
- f) Recognition of deferred taxes and deferred tax assets/liabilities - Note 22
- g) Useful lifetime of the long term assets - Note 12 and 14
- h) Provisions for stock obsolescence - Note 15
- i) Estimating the incremental borrowing rate - for leases - Note 23
- j) Provisions for liabilities, commitments and contingencies - Note 29
- k) Events after the reporting period - Note 30

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements requires the application of certain critical accounting assumptions relating to the future. Further, it requires the management of the Company to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, management has made various judgements. Those which management has assessed have the most significant effect

on the amounts recognized in the financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the Financial Statements. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The Company performed impairment testing for non-current assets with the indicators of impairment in accordance with the accounting policies stated in Note 12: Property, Plant and Equipment, Note 13: Right of Use Assets and Note 14: Intangible Assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amounts of cash generating units are the higher of asset's fair value less costs of disposals and value in use. These calculations require the use of estimates, assumptions and judgements. The discount rate used is the risk-free rate, adjusted by the addition of an appropriate risk premium.

The Company reviewed its debtors to identify those at risk of default, then conducted impairment testing to assess their financial status and payments history. The Company estimated the amounts as likely to be uncollectible, resulting in a total impairment amount of Rs. 3,334,104 (2023/24 Rs.7,223,528) as mentioned in Note 16.2.

4.1 Income Tax and Deferred Tax Assets / Liabilities

The Company recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters could be different from the amounts that were initially recorded, such differences will impact the net profit in the period in which the determination is made.

Deferred tax assets are recognized for all deductible temporary differences and tax credits to the extent it is probable that taxable profits will be available against which these losses/credits can be utilized. Management judgements are required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies.

4.2 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects from the present macro-economic conditions, the circumstances of the external environment or are inconsistent with historical trends. Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and the management do

not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

4.3 Loss Allowance on Financial Assets

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company makes impairment for receivables as per SLFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

In assessing collective impairment, the Company uses historical information on the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current and forward-looking economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends.

4.4 Defined Benefit Plans

The cost of defined benefit plans is determined by using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases, mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and their long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the yield of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Company.

NOTES TO THE FINANCIAL STATEMENTS

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

Accounting Policy

Revenue principally comprises sales of products to customers. Revenue is measured at the fair value of the consideration received or receivable and excludes taxes collected on behalf of third parties, rebates, discounts and certain marketing expenses which are not distinctive from sales.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

5.1 Sale of Goods

Revenue from the 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 Company 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. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

Under the Company's standard practice, customers have a right to return damaged and/or expired goods. At the time of return, adjustment to revenue is recognized in the financial statements with a corresponding adjustment against trade receivables.

The credit terms are established competitively in line with market standards for all customers, including related parties. Additionally, there are no significant financing components in any customer contracts.

The Company has not applied any significant judgements or made any changes in the judgements, that significantly affects the determination of the amount and timing of revenue from contracts with customers.

5.2 Disaggregation of Revenue

| For the year ended 31st March | 2025 Rs. | 2024 Rs. |
|--|---------------|---------------|
| The Company presents disaggregated revenue based on local / export customers | | |
| Local Sales | 6,672,084,172 | 6,170,440,330 |
| Export Sales | 160,640,065 | 127,634,729 |
| Total Revenue from Contracts with Customers | 6,832,724,237 | 6,298,075,059 |
| Manufacturing | 6,424,442,724 | 5,839,851,106 |
| Trading | 408,281,513 | 458,223,953 |
| Total Revenue from Contracts with Customers | 6,832,724,237 | 6,298,075,059 |

The Company generates revenue primarily from the sale of product lines of soya meat, spices, snacks and cereal etc.

5.3 Contract Balances

Contract Assets

Contract assets are the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer, with rights that are conditional on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables.

Contract Liabilities

Contract liabilities are the Company's obligations to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services (whereas applicable) as well as transaction price allocated to unexpired service warranties and loyalty points not yet redeemed.

There are no contract assets or contract liabilities to be recognized as at 31st March 2025.

6 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSE

6.1 Other Operating Income

Accounting Policy

6.1.1 Gains and Losses

Gains and losses on disposal of property, plant and equipment are determined by comparing the net sales proceeds with the carrying amount of property, plant and equipment and are recognized in profit or loss.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a Company of similar transactions, which are not material, are aggregated, reported and presented on a net basis.

6.1.2 Other Operating Income

| For the year ended 31st March | 2025 Rs. | 2024 Rs. |
|---|-------------|-------------|
| Net Scrap Sales Income | 11,111,806 | 11,765,621 |
| Gain on Sale of Property, Plant and Equipment | 22,000,000 | 22,395 |
| Sundry Income | 4,930,865 | 26,415 |
| Exchange Gains | - | 18,001,559 |
| | 38,042,671 | 29,815,990 |

Other income is recognized on an accrual basis.

6.2 Other Operating Expense

| For the year ended 31st March | 2025 Rs. | 2024 Rs. |
|---|-------------|-------------|
| Social Contribution Levy | 148,491,443 | 134,668,780 |
| Market Returns | - | 59,686,114 |
| Loss on Sale of Property, Plant and Equipment | 7,837 | 4,791,202 |
| Exchange Losses | 7,878,814 | - |
| | 156,378,094 | 199,146,096 |

NOTES TO THE FINANCIAL STATEMENTS

7 FINANCE INCOME / COST

Accounting Policy

7.1 Finance Income

Finance income comprises interest income on funds invested and cheque returned interest charged to distributors that are recognised in the Statement of Profit or Loss.

Interest income is recorded as it accrues using the Effective Interest Rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the Statement of Profit or Loss.

7.2 Finance Cost

Finance cost comprises interest expense on borrowings and leases that are recognised in the Statement of Profit or Loss.

Interest expense is recorded as it accrues using the Effective Interest Rate, which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

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 respective assets. All other borrowing costs are expensed in the period they occur.

| For the year ended 31st March | 2025 | 2024 |
|---|-------------|--------------|
| | Rs. | Rs. |
| Net Finance Income | | |
| Finance Income | | |
| Interest Income | 139,411,485 | 38,450,718 |
| Return Cheque Interest | 2,851,974 | 1,891,992 |
| Total Finance Income | 142,263,459 | 40,342,710 |
| Finance Cost | | |
| Interest Expense on Borrowings | 15,620 | 59,114,764 |
| Interest Expense on Short Term Deposit Advances | 89,633 | 72,667 |
| Finance Charge on Lease Liabilities | 13,517,701 | 10,346,347 |
| Total Finance Cost | 13,622,954 | 69,533,778 |
| Net Finance Income/(Cost) | 128,640,505 | (29,191,068) |

8 PROFIT BEFORE TAX

8.1 Expenditure Recognition

Accounting Policy

Expenses are recognised in the Statement of Profit or Loss 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 and equipment in a state of efficiency has been charged to the income statement.

For the purpose of presentation of the income statement, the “Expenses by function” method has been adopted, on the basis that it presents fairly the elements of the Company’s performance.

Profit before tax is stated after charging all expenses including the following:

| For the year ended 31st March | 2025 Rs. | 2024 Rs. |
|--|-------------|-------------|
| Employee Related Costs | 757,172,978 | 596,754,574 |
| Contributions to Employees' Provident Fund | 39,352,443 | 33,844,247 |
| Contributions to Employees' Trust Fund | 9,800,511 | 8,388,385 |
| Defined Benefit Plan Contribution | 21,204,653 | 21,237,940 |
| Staff Welfare | 58,485,833 | 46,180,495 |
| Directors Remuneration | 52,019,611 | 51,344,425 |
| Depreciation of Property, Plant and Equipment | 92,779,916 | 93,194,319 |
| Amortisation of Intangible Assets | 1,657,114 | 1,650,495 |
| Depreciation of Right of Use Assets | 25,616,598 | 13,638,273 |
| Auditors' Remuneration | | |
| Audit Services | 1,253,563 | 1,022,000 |
| Non Audit Services | 262,969 | 399,221 |
| Investment in Research & Development | 4,734,625 | 2,294,620 |
| Investment in Training & Development | 8,777,240 | 7,566,738 |
| (Reversal) / Charge of Impairment for Trade Receivables | (3,787,127) | (2,525,088) |
| (Reversal) / Charge of Impairment for Obsolete Inventories | 108,673,813 | 1,565,363 |
| Donations | 300,810 | 5,414,733 |

NOTES TO THE FINANCIAL STATEMENTS

9 TAXES

9.1 Income Tax

Income tax expense comprises current and deferred tax, following the guidelines of LKAS 12. Income tax expense is recognized in profit or loss except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet definition of income taxes. Therefore, they have been accounted for under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

9.1.1 Current Tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. 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.

Management has used its judgment on the application of tax laws including transfer pricing regulations involving estimation of the respective arm's length prices and selection of appropriate pricing mechanisms. 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.

9.1.2 Deferred Tax

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

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

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent 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. Un-recognised deferred tax assets are re-assessed at each Statement of Financial Position date and are recognised to the extent that it is probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the OCI. 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 tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

9.1.3 Sales Tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on 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, and;
- When 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.

9.1.4 Social Security Contribution Levy (SSCL)

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of manufacturing, supply of services or whole/ retail sales, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No. 25 of 2022, at the rate of 2.5%, with effect from 1st October 2022 and subsequent amendments thereto.

9.2 Income Tax Expenses

| For the year ended 31st March | 2025 Rs. | 2024 Rs. |
|--|-------------|-------------|
| Income Tax for the Year (Note 9.2.1) | 303,285,037 | 114,935,161 |
| (Over) / Under Provision of Previous Year's Income Taxes | 1,442,069 | 29,888,308 |
| Deferred Tax Recognized During the Year (Note 22.1) | (1,965,068) | (3,199,048) |
| | 302,762,038 | 141,624,421 |

9.2.1 Reconciliation Between Accounting Profit and Taxable Income

| For the year ended 31st March | 2025 Rs. | 2024 Rs. |
|--|----------------------|--------------------|
| Accounting Profit Before Tax | 949,913,108 | 368,288,631 |
| Disallowable Expenses and Deductions Not Allowed | 270,201,137 | 153,720,328 |
| Allowable Deductions | (186,906,013) | (150,683,793) |
| Investment Income and Other Income | (180,306,130) | (40,342,710) |
| Business Income | 852,902,102 | 330,982,456 |
| Investment Income | 142,005,350 | 40,342,710 |
| Other Income | 16,042,671 | 11,792,036 |
| Total Taxable Income | 1,010,950,123 | 383,117,202 |
| Taxable Income at 30% (2024-30%) | 1,010,950,123 | 383,117,202 |
| | 1,010,950,123 | 383,117,202 |
| Income Tax | | |
| Tax at 30% | 303,285,037 | 114,935,161 |
| Income Tax for the Year | 303,285,037 | 114,935,161 |

Applicable Rate of Income Tax

The tax liability of the Company is computed at the standard rate of 30%.

NOTES TO THE FINANCIAL STATEMENTS

9.3 Reconciliation Between the Average Effective Tax Rate and the Applicable Tax Rate

| For the year ended 31st March | 2025 Rs. | 2024 Rs. |
|--|--------------|--------------|
| Accounting Profit Before Tax | 949,913,108 | 368,288,631 |
| At Statutory Income Tax Rate of 30% (2024: 30%) | 284,973,932 | 110,486,589 |
| Tax Effect of Disallowable Expenses and Deductions | 81,060,341 | 46,116,098 |
| Tax Effect of Allowable Deductions | (56,071,804) | (45,205,138) |
| Tax Effect of Investment Income and Other Income | (6,677,433) | 3,537,611 |
| (Over) / Under Provision of Previous Year's Income Taxes | 1,442,069 | 29,888,308 |
| Deferred Tax Recognized During the Year (Note 22.1) | (1,965,068) | (3,199,048) |
| Income Tax Expense Reported in the Statement of Profit or Loss | 302,762,038 | 141,624,421 |
| Effective Tax Rate | 32% | 38% |

There are no income tax consequences attached to the payment of dividends in either 2025 or 2024 by the Company to its shareholders.

9.4 Reconciliation Between Current Tax Expense and the Product of Accounting Profit

| For the year ended 31st March | 2025 Rs. | 2024 Rs. |
|---|--------------|--------------|
| Adjusted Accounting Profit Chargeable to Income Taxes | 949,913,108 | 368,288,631 |
| Tax Effect on Chargeable Profits | 230,882,093 | 98,383,776 |
| Tax Effect on Non Deductible Expenses | 81,060,341 | 46,116,098 |
| Tax Effect on Deductions Claimed | (51,259,003) | (41,667,527) |
| Tax Effect on Investment Income | 42,601,605 | 12,102,813 |
| Tax Expense | 303,285,037 | 114,935,161 |

10 BASIC AND DILUTED EARNINGS PER SHARE

Accounting Policy

The Company presents Basic Earnings Per Share (EPS) based on profit or loss attributable to ordinary shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

There were no potentially diluted shares outstanding at any time during the year. Therefore, the Diluted Earnings Per Share are equal to the Basic Earnings Per Share.

The following table reflects the income and shares data used in the basic EPS calculation:

| For the year ended 31st March | 2025 | 2024 |
|---|-------------|-------------|
| Profit for the Year Attributable to Ordinary Shareholders (Rs.) | 647,151,070 | 226,664,210 |
| Weighted Average Number of Ordinary Shares | 2,750,000 | 2,750,000 |
| Basic / Diluted Earnings per Share (Rs.) | 235.33 | 82.42 |

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

11 DIVIDENDS PER SHARE

| For the year ended 31st March | 2025 | 2024 |
|--------------------------------|------------|------------|
| First and Final Dividend (Rs.) | 12,925,000 | 12,925,000 |
| Number of Ordinary Shares | 2,750,000 | 2,750,000 |
| Dividend per Share (Rs.) | 4.70 | 4.70 |

Dividends are subjected to taxes at the time of payment as per the regulations, where applicable.

12 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

The Company applies the requirements of LKAS 16 on "Property, Plant and Equipment" in accounting for its owned assets which are held for and use in the provision of the service or for administration purpose and are expected to be used more than one year.

Basis of Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 - Property, plant and equipment.

Basis of Measurement

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment loss. The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and includes the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognises 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 carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Capital Work-in-Progress is stated at cost including borrowing cost capitalised where applicable.

NOTES TO THE FINANCIAL STATEMENTS

Derecognition

An item of property, plant and equipment is derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the income statement under other income in the year the asset is derecognized. Gains are not classified as revenue.

Useful Lifetime of the Property, Plant and Equipment

The Company reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Judgement of the management is exercised in the estimation of these values, rates and methods: therefore they are subject to uncertainty.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment, other than freehold land, to their residual values over their estimated useful lives.

Depreciation commences in the month of the purchase/available for use of the assets and ceases in the month of disposal/scrapped.

The rates of depreciation are based on the estimated useful lives indicated below:

| Asset | Years |
|--------------------------|-------|
| Factory buildings | 25 |
| Machinery | 8 |
| Tools and equipment | 6 - 7 |
| Motor vehicle | 4 |
| Furniture and fittings | 5 |
| Electrical installations | 6 - 7 |
| Office equipment | 6 - 7 |
| Computers | 4 |
| Point of sale equipment | 2 |

The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at the end of each financial year with the effect of any changes in such estimates accounted for prospectively.

Impairment of Property, Plant & Equipment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's 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 Company's of assets. Where the carrying amount of an asset 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.

Impairment losses are recognised in the income statement, except that impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve through the statement of other comprehensive income to the extent that it reverses a previous revaluation surplus.

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 an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 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 a reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Property, Plant and Equipment

| | Buildings | Machinery | Furniture, Fittings & Office Equipment | Motor Vehicles | Installation, Tools & Equipment | Point of Sale Equipment | Total |
|--|--------------|--------------|---|-------------------|---------------------------------------|----------------------------|---------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Cost | | | | | | | |
| Balance as at 1st April 2023 | 378,770,999 | 538,705,707 | 69,875,743 | 53,749,776 | 46,230,794 | 31,524,955 | 1,118,857,974 |
| Additions During the Year | 44,907,576 | 23,027,428 | 8,231,067 | - | 1,263,436 | 10,280,961 | 87,710,468 |
| Disposals and Derecognitions During the Year | (11,517,006) | (10,035,980) | (5,223,381) | - | (5,154,827) | - | (31,931,194) |
| Balance as at 31st March 2024 | 412,161,569 | 551,697,155 | 72,883,430 | 53,749,776 | 42,339,403 | 41,805,916 | 1,174,637,248 |
| Balance as at 1st April 2024 | 412,161,569 | 551,697,155 | 72,883,430 | 53,749,776 | 42,339,403 | 41,805,916 | 1,174,637,248 |
| Additions During the Year | 137,736 | 20,468,431 | 1,384,576 | - | 6,090,519 | - | 28,081,262 |
| Disposals and Derecognitions During the Year | - | (742,000) | (947,006) | (12,957,000) | - | (6,975,720) | (21,621,725) |
| Balance as at 31st March 2025 | 412,299,305 | 571,423,585 | 73,321,000 | 40,792,776 | 48,429,922 | 34,830,196 | 1,181,096,785 |
| Accumulated Depreciation | | | | | | | |
| Balance as at 1st April 2023 | 116,828,279 | 233,744,705 | 51,048,757 | 52,013,593 | 32,702,187 | 12,914,662 | 499,252,183 |
| Charge for the Year | 15,156,493 | 50,396,315 | 7,721,319 | 1,183,771 | 3,068,063 | 15,668,358 | 93,194,319 |
| Disposals and Derecognitions During the Year | (6,740,804) | (10,035,980) | (5,134,631) | - | (5,154,828) | - | (27,066,242) |
| Balance as at 31st March 2024 | 125,243,968 | 274,105,040 | 53,635,445 | 53,197,364 | 30,615,422 | 28,583,020 | 565,380,260 |
| Balance as at 1st April 2024 | 125,243,968 | 274,105,040 | 53,635,445 | 53,197,364 | 30,615,422 | 28,583,020 | 565,380,260 |
| Charge for the Year | 15,748,130 | 52,891,687 | 8,063,713 | 428,454 | 3,533,067 | 12,114,865 | 92,779,916 |
| Disposals and Derecognitions During the Year | - | (742,001) | (939,167) | (12,957,000) | - | (6,975,720) | (21,613,888) |
| Balance as at 31st March 2025 | 140,992,098 | 326,254,726 | 60,759,991 | 40,668,818 | 34,148,489 | 33,722,165 | 636,546,287 |
| Carrying Value | | | | | | | |
| Net Book Value | 271,307,207 | 245,168,859 | 12,561,009 | 123,958 | 14,281,433 | 1,108,031 | 544,550,498 |
| Capital Work - In Progress | - | 19,574,520 | - | - | - | - | 19,574,520 |
| As at 31st March 2025 | 271,307,207 | 264,743,379 | 12,561,009 | 123,958 | 14,281,433 | 1,108,031 | 564,125,018 |
| As at 31st March 2024 | 286,917,601 | 277,592,115 | 19,247,985 | 552,412 | 11,723,981 | 13,222,896 | 609,256,990 |

NOTES TO THE FINANCIAL STATEMENTS

12.1 Property, Plant and Equipment amounting to Rs. 297,011,330 (2023/2024 - Rs. 281,716,608), which were fully depreciated are still in use as at the end of the reporting date.

12.2 There are no restrictions that exist on the title of the Property, Plant and Equipment of the Company as at the reporting date.

Collateral

The Company has not pledged its Property, Plant and Equipment as collateral for any short or long term borrowings at 31st March 2025 and 2024.

12.3 Capital Expenditure Commitments

There are no capital expenditure commitments that require a provision in the Financial Statements as of 31st March 2025 (2024: NIL).

12.4 Fair Value of Property, Plant and Equipment

The Company operates on leased land, with related disclosures provided in Note 13.1 – Right-of-Use Assets. Property, plant, and equipment owned by the Company are stated at cost, as any appreciation in value is considered insignificant.

12.5 Further Disclosures

During the reporting period, there were no capitalised borrowing costs related to the acquisition of property, plant and equipment.

There were no contractual commitments for acquisition of property, plant and equipment as at the reporting date.

There were no temporary idle property, plant or equipment as at the reporting date.

There were no assets classified as held for sale or included in a disposal group classified as held for sale in accordance with SLFRS 5 (2024-NIL) or any idle/ retired assets as of reporting date.

There were no assets acquisitions through business combinations.

Except for the assets disposed and de-recognised of during the year, no impairment losses were recognized during 2024/25 (2023/24: NIL).

The Company disposed assets with a total net carrying amount of Rs. 7,837 for a cash consideration of Rs.22,000,000. The net gains on these disposals were recognised as part of other operating income in the statement of profit or loss (Note 6.2).

13 RIGHT OF USE ASSETS

Accounting Policy

Leases

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

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date (the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Information about leases for which the Company is a lessee is presented below.

Following mentioned the carrying amounts of the Company's right of use assets and the movements for the year ended 31st March 2025.

| | Land Rs. | Motor Vehicles Rs. | Buildings Rs. | Total Rs. |
|--|-------------|-----------------------|------------------|--------------|
| Cost | | | | |
| Balance as at 1st April 2023 | 6,580,075 | 34,810,055 | 110,207,724 | 151,597,854 |
| Additions During the Year | - | - | - | - |
| Disposals and Derecognitions During the Year | - | (12,566,834) | - | (12,566,834) |
| Balance as at 31st March 2024 | 6,580,075 | 22,243,221 | 110,207,724 | 139,031,020 |
| Balance as at 1st April 2024 | 6,580,075 | 22,243,221 | 110,207,724 | 139,031,020 |
| Additions During the Year | - | 147,544,994 | - | 147,544,994 |
| Disposals and Derecognitions During the Year | - | (15,705,774) | - | (15,705,774) |
| Balance as at 31st March 2025 | 6,580,075 | 154,082,441 | 110,207,724 | 270,870,240 |
| Accumulated Depreciation | | | | |
| Balance as at 1st April 2023 | 1,847,681 | 21,179,769 | 8,816,618 | 31,844,068 |
| Charge During the Year | 69,588 | 9,160,376 | 4,408,309 | 13,638,273 |
| Disposals and Derecognitions During the Year | - | (12,566,834) | - | (12,566,834) |
| Balance as at 31st March 2024 | 1,917,269 | 17,773,311 | 13,224,927 | 32,915,507 |
| Balance as at 1st April 2024 | 1,917,269 | 17,773,311 | 13,224,927 | 32,915,507 |
| Charge During the Year | 69,588 | 21,138,701 | 4,408,309 | 25,616,598 |
| Disposals and Derecognitions During the Year | - | (15,705,774) | - | (15,705,774) |
| Balance as at 31st March 2025 | 1,986,857 | 23,206,238 | 17,633,236 | 42,826,331 |
| Carrying Value | | | | |
| As at 31st March 2025 | 4,593,218 | 130,876,203 | 92,574,488 | 228,043,909 |
| As at 31st March 2024 | 4,662,806 | 4,469,910 | 96,982,797 | 106,115,513 |

13.1 The details of the leasehold land are as follows:

| Leasehold Land Location | Lease Period | Lessor | Extent | Number of Buildings |
|---|--|-----------------------------|---------------|---------------------|
| No. 133, 7th Lane, Off Borupana Road, Kandawala, Ratmalana. | 99 Years commencing from 23 March 1994 | Urban Development Authority | 2A- 2R- 5.50P | 2 |

NOTES TO THE FINANCIAL STATEMENTS

13.2 This land which has been leased for 99 years of lease term. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The leasing of motor vehicles includes hiring of cars for field sales officers.

The leasing of the building includes the hiring of a building from Ritzbury Lanka (Private) Limited.

As required by LKAS 24, the key terms and conditions of the agreement with Ritzbury Lanka (Private) Limited are disclosed as follows.

A lease agreement was executed for a term of twenty-five (25) years, with effect from 01st April 2021, granting the right to occupy premises measuring 13,800 square feet. The annual rent is subject to revision every two (2) years. The agreement expressly prohibits the subletting of the premises, in whole or in part, to any individual or entity. The Company is responsible for maintenance expenses up to a maximum of Sri Lankan Rupees Fifty Thousand (Rs. 50,000) per incident.

13.3 During the reporting period the total cash outflow for leases (including interest) Rs. 32,448,883 and Rs. 18,931,183 excluding interest.

13.4 The Company also has certain leases of building rent with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Expenses relating to short term leases and leases of low value assets was Rs. 21,408,004 (2024 Rs. 26,698,050).

13.5 There are no sub leases or sale and lease back during the reporting period.

14 INTANGIBLE ASSETS

Accounting Policy

Basis of Recognition

An intangible asset is recognised if it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the asset can be reliably measured.

Basis of Measurement

Intangible assets purchased separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

Useful Economic Lives and Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life 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 are 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 are 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 Statement of Profit or Loss in the expense category consistent with the function of the intangible assets.

| Description | Periods in Years |
|------------------------------------|------------------|
| Software Applications and Licenses | 10 |

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

De-recognition of Intangible Assets

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from their use. Gains or losses arising from de-recognition 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 Statement of Profit or Loss when the asset is derecognised.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the Statement of Profit or Loss as incurred.

a) Licenses and Computer Software

Licenses and Computer Software are shown at historical cost.

Purchased computer software is stated at cost less accumulated amortization and any accumulated impairment losses. It is amortized over its estimated life of ten years using the straight-line method. If there is any indication that there has been a significant change in amortization rate, useful life or residual value of an intangible asset, the amortization of the asset is revised prospectively to reflect the new expectations.

Licenses have a finite useful life and are subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method, from the effective date of commercialization of services, subject to impairment, to the end of the assignment period of the license. Licenses are not subjected to revalue.

b) Research and Development Costs/ Internally Generated Intangible Assets

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised as an intangible asset, when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- its intention to complete and its ability to use or sell the assets,
- how the assets will generate future economic benefits,
- the availability of resources to complete the assets,
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure of an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit from the use or expected future sales from the related project. During the period of development, the asset is tested for impairment annually.

NOTES TO THE FINANCIAL STATEMENTS

The Company has recognised Rs. 4,734,625 as research and development expenditure expense (2023/24 Rs 2,294,620).

| | 2025 | 2024 |
|---------------------------------|------------|------------|
| | Rs. | Rs. |
| Computer Software | | |
| Cost | | |
| Balance as at 1st April | 16,905,178 | 16,905,178 |
| Additions During the Year | 3,121,473 | - |
| Balance as at 31st March | 20,026,651 | 16,905,178 |
| Accumulated Amortization | | |
| Balance as at 1st April | 11,718,745 | 10,068,250 |
| Charge for the Year | 1,657,114 | 1,650,495 |
| Balance as at 31st March | 13,375,859 | 11,718,745 |
| Carrying Value | 6,650,792 | 5,186,433 |

The amortization expense on intangible assets (Computer Software) with finite life is recognised in the Statement of Profit or Loss under administration expenses.

Intangible Assets amounting to Rs. 1,333,049 (2024 - Rs.421,686), which were fully amortized are still in use as at the end of the reporting date.

There are no restrictions that exist on the title of the intangible assets of the Company as at the reporting date.

There were no contractual commitments for acquisition of intangible assets as at the reporting date.

The Company has not pledged any of the intangible assets as collateral for any short or long term borrowings at 31 March 2025 and 2024.

15 INVENTORIES

Accounting Policy

Inventories are valued at the lower of cost and Net Realisable Value (NRV). NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. Costs incurred in bringing inventories to their present conditions and locations are determined as follows:

All inventory items, except manufactured inventories and work-in-progress are measured at weighted average directly attributable cost.

Manufactured inventories and work-in progress are measured at weighted average factory cost which includes all direct expenditure and appropriate share of production overhead based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

| | |
|------------------------------|---|
| Raw Materials and Consumable | At actual cost on weighted average basis. |
| Finished Goods | At actual cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity. |
| Spares and Accessories | At actual cost on weighted average basis. |

Inventory provisions are recognized when the expected net realizable value of inventory is lower than its carrying amount. The provision is determined through periodic reviews and assessments performed by the Company. Professional judgment is required and applied to assess the impact of factors such as wastage, spoilage, inventory damages, product shelf-life, slow-moving items and any compliance requirements affecting the condition of the inventory.

| As at 31st March | 2025 Rs. | 2024 Rs. |
|--|---------------|--------------|
| Raw Materials and Consumables | 412,338,685 | 601,155,156 |
| Finished Goods | 150,155,588 | 136,330,452 |
| Semi Finished Goods | 48,413,457 | 63,069,122 |
| Spares and Accessories | 152,417,310 | 142,550,591 |
| Total Gross Value of Inventories | 763,325,040 | 943,105,321 |
| Provision for Slow Moving and Obsolete Inventories (Note 15.1) | (129,290,966) | (58,063,272) |
| Total Value of Inventories at Lower of Cost and Net Realizable Value | 634,034,074 | 885,042,049 |

During the financial year, Rs. 3,709,687,487 (2024: Rs. 4,033,645,126) was recognised as an expense under cost of sales as raw and packing material costs.

Collateral

The Company has not pledged its inventories as collateral for any short term or long term borrowings as at 31st March 2025 and 2024.

15.1 Provision for Slow Moving and Obsolete Inventories

| | 2025 Rs. | 2024 Rs. |
|----------------------------------|--------------|-------------|
| Balance as at 1st April | 58,063,272 | 56,497,909 |
| Provision Charge during the year | 108,673,813 | 1,565,363 |
| Write-down of Inventories | (37,446,120) | - |
| Balance as at 31st March | 129,290,966 | 58,063,272 |

Climate-related Matters

Inventories might be impacted by climate-related matters in multiple ways. Due to the short-term nature of inventories, they would typically be more exposed to physical risks than transition risks.

NOTES TO THE FINANCIAL STATEMENTS

16 TRADE AND OTHER RECEIVABLES

Trade Receivables

| As at 31st March | 2025 | 2024 |
|---|-------------|-------------|
| | Rs. | Rs. |
| Trade Receivables | 941,634,769 | 797,757,662 |
| Provision for Impairment of Trade Receivables (Note 16.2) | (3,334,104) | (7,223,528) |
| | 938,300,665 | 790,534,134 |
| Related Parties (Note 17) | 34,960,048 | 25,641,653 |
| Net Carrying Value (Including Related Parties) | 973,260,713 | 816,175,787 |

| As at 31st March | 2025 | 2024 |
|---|-------------|-------------|
| | Rs. | Rs. |
| Trade Receivable Age | | |
| Neither Past Due | | |
| 0 - 30 Days | 694,346,471 | 578,065,649 |
| 31 - 60 Days | 125,376,472 | 121,400,371 |
| 61- 90 Days | 77,605,827 | 78,865,506 |
| Past Due | | |
| 91 - 120 Days | 37,872,906 | 28,511,895 |
| 121 - 150 Days | 21,354,820 | 10,279,630 |
| >151 Days | 20,038,321 | 6,276,264 |
| Gross Carrying Value | 976,594,817 | 823,399,315 |
| Provision for Impairment of Trade Receivables | (3,334,104) | (7,223,528) |
| Net Carrying Value | 973,260,713 | 816,175,787 |
| Related Parties (Note 17) | 34,960,048 | 25,641,653 |
| Other Trade Receivables | 941,634,769 | 797,757,662 |
| Gross Carrying Value | 976,594,817 | 823,399,315 |
| Provision for Impairment of Trade Receivables | (3,334,104) | (7,223,528) |
| Net Carrying Value (Including Related Parties) | 973,260,713 | 816,175,787 |

16.1 Other Receivables

| As at 31st March | 2025 | 2024 |
|--|---------------|-------------|
| | Rs. | Rs. |
| Staff Loans | 4,512,623 | 4,384,285 |
| Advances | 36,922,027 | 33,184,745 |
| Prepayments | 28,876,569 | 18,849,996 |
| | 70,311,219 | 56,419,026 |
| Total Trade and Other Receivables (Excluding Related Parties) | 1,008,611,884 | 846,953,160 |

16.2 Provision for Impairment of Trade Receivables

| | 2025 | 2024 |
|-------------------------------------|------------------|------------------|
| | Rs. | Rs. |
| Balance as at 1st April | 7,223,528 | 9,748,616 |
| Charge / (Reversal) During the Year | (3,787,127) | (2,525,088) |
| Write Off | (102,297) | - |
| Balance as at 31st March | 3,334,104 | 7,223,528 |

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are non-interest bearing and are generally on terms of 21 to 90 days. The reversal of charge during the year for expected credit losses on trade receivables was recognized as Rs.3,787,127.

The provision for trade receivables as at the reporting date does not include any amounts due from related parties.

The Company considers a financial asset to be in default when contractual payments are overdue beyond the agreed and re-negotiated terms, are not covered by a guarantee, and such status is identified through trade credit control procedures.

Collateral

The Company has not pledged its trade receivables as collateral for any short term or long term borrowings at 31st March 2025 and 2024.

17 AMOUNTS DUE FROM RELATED COMPANIES

| As at 31st March | 2025 | 2024 |
|---|-------------------|-------------------|
| | Rs. | Rs. |
| Ceylon Biscuits Limited | 1,870,781 | 4,072,750 |
| CBL Foods International (Private) Limited | 502,824 | - |
| Plenty Foods (Private) Limited | 23,245,859 | 9,061,646 |
| SPAR SL (Private) Limited | 9,340,583 | 12,507,257 |
| | 34,960,048 | 25,641,653 |

18 SHORT TERM DEPOSITS

Short-term investments are liquid assets or cash, which are being held for a short period of time, in board-approved local banks.

| As at 31st March | 2025 | 2024 |
|------------------------------|----------------------|--------------------|
| | Rs. | Rs. |
| Investment in Fixed Deposits | 2,027,882,981 | 963,880,860 |
| | 2,027,882,981 | 963,880,860 |

Short-term deposits are made for varying periods of between three to twelve months depending on the immediate cash requirements and investment decisions of the Company and earn interest at the respective term deposit rates.

The Company has not pledged any of its short-term deposits to fulfil collateral requirements.

NOTES TO THE FINANCIAL STATEMENTS

19 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents include cash in hand/bank and highly liquid financial assets with original maturity within three months or less from the date of acquisition, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. This excludes the investment in fixed deposits, which are intended for investment/re-investment purposes.

These items are brought to Financial Statements at face values or the gross values, where appropriate. Cash and cash equivalents are carried at amortized cost in the Statement of Financial Position.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash in hand and bank, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

| As at 31st March | 2025 | 2024 |
|---|-------------|-------------|
| | Rs. | Rs. |
| Favorable Cash & Cash Equivalents Balances | | |
| Cash at Bank | 203,834,146 | 128,638,816 |
| Cash in Hand | 150,000 | 150,000 |
| | 203,984,146 | 128,788,816 |
| Unfavorable Cash & Cash Equivalents Balances | | |
| Bank Overdraft (Book Balance With a Right of Set-Off) | - | - |
| Cash and Cash Equivalents for the Purpose of Cash Flows | 203,984,146 | 128,788,816 |

Cash at banks is mostly held in money market accounts and earns interest based on market rates prevailing.

The Company has not pledged any of its cash and cash equivalents to fulfil collateral requirements.

20 STATED CAPITAL

Accounting Policy

Ordinary shares are classified as equity. The equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

| As at 31st March | 2025 | 2024 |
|--|------------|------------|
| | Rs. | Rs. |
| Issued and Fully Paid up Shares | | |
| 2,750,000 Number of Ordinary Shares | 52,521,178 | 52,521,178 |
| | 52,521,178 | 52,521,178 |

20.1 The ordinary shares of Convenience Foods (Lanka) PLC are listed at the Colombo Stock Exchange.

20.2 The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company.

20.3 Public holding percentage as at 31st March 2025 was 28.62% (2024 - 28.62%) and comprised of 1,751 shareholders (2024: 1,622).

20.4 The float adjusted market capitalization of the company as at 31st March 2025 was Rs. 1,006,012,150 (2024- Rs. 724,061,160)

20.5 The Float adjusted market capitalization of the company falls under Option 5 of Rule 7.13.1 (i) (a) of the Listing rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under said option.

20.6 The total of 2,750,000 shares excludes the shares disposed of by the Trust.

21 OTHER RESERVES

| As at 31st March | 2025 | 2024 |
|---------------------------------|------------|------------|
| | Rs. | Rs. |
| Gain on Disposal of Share Trust | 41,613,945 | 41,613,945 |
| | 41,613,945 | 41,613,945 |

On 25 February 1992 and 25 June 1993, a total of 168,004 (One Hundred Sixty Eight Thousand and Four) shares of the Company were purchased at a cost of Rs. 1,386,055 for the Share Trust setup by the Company. During the year ended 31st March 2015, the shares held by the trust were sold and the Company recognised the gain on disposal of shares held by trust. When these shares were disposed of by the Trust, the amounts received were recognised as an increase in equity and the resulting surplus from the transaction were transferred to a reserve without recognising any adjustments to the profit or total comprehensive income for the respective year.

22 DEFERRED TAX ASSETS / LIABILITIES

Accounting Policy

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:

- Where the deferred tax liability arising 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 the taxable profit or loss; and
- 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, and unused tax credits and tax losses carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised except:

- Where the deferred income tax assets 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; and
- 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 assets 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 profit will allow the deferred tax assets to be recovered.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

| | 2024/25 | 2023/24 |
|---|-------------|--------------|
| | Rs. | Rs. |
| Deferred Tax Asset / (Liability) as at 1st April | (9,870,928) | (15,425,128) |
| Reversed / (Charged) During the Year - Recognized in Profit or Loss (Note 22.1) | 1,965,068 | 3,199,048 |
| Reversed / (Charged) During the Year - Recognized in Other Comprehensive Income (Note 22.1) | 9,860,625 | 2,355,152 |
| Deferred Tax Asset / (Liability) as at 31st March | 1,954,765 | (9,870,928) |

22.1 The Recognised Deferred Tax (Asset) / Liability of the Company is Attributable to the Following;

| As at 31st March | 2025 | | 2024 | |
|----------------------------------|----------------------|--------------|----------------------|--------------|
| | Temporary Difference | Tax Effects | Temporary Difference | Tax Effects |
| | Rs. | Rs. | Rs. | Rs. |
| On Property, Plant and Equipment | (254,886,974) | (76,466,092) | (213,509,595) | (64,052,878) |
| On Net Lease Liability | 23,994,428 | 7,198,328 | 23,713,120 | 7,113,936 |
| On Inventory Provision | 129,290,966 | 38,787,290 | 58,063,272 | 17,418,982 |
| On Trade Receivable Provision | 1,139,212 | 341,764 | 7,223,528 | 2,167,058 |
| On Retirement Benefit Obligation | 106,978,251 | 32,093,475 | 91,606,581 | 27,481,974 |
| | 6,515,883 | 1,954,765 | (32,903,094) | (9,870,928) |

| | Reflected in Statement of Financial Position | | Reflected in Statement of Profit or Loss | | Reflected in Statement of Comprehensive Income | |
|-------------------------------|---|--------------|---|-------------|---|-----------|
| | 2025 | 2024 | 2024/25 | 2023/24 | 2024/25 | 2023/24 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Property, Plant and Equipment | (76,466,092) | (64,052,879) | (12,413,214) | (2,828,526) | - | - |
| Net Lease Liability | 7,198,328 | 7,113,936 | 84,392 | 1,943,523 | - | - |
| Inventory Provision | 38,787,290 | 17,418,982 | 21,368,308 | 469,609 | - | - |
| Trade Receivable Provision | 341,764 | 2,167,058 | (1,825,295) | (757,526) | - | - |
| Retirement Benefit Obligation | 32,093,475 | 27,481,974 | (5,249,124) | 4,371,968 | 9,860,625 | 2,355,152 |
| | 1,954,765 | (9,870,928) | 1,965,068 | 3,199,048 | 9,860,625 | 2,355,152 |

According to the Inland Revenue (Amendment) Act No.45 of 2022, the deferred taxes of the Company is computed at the rate of 30% (2024 - 30%).

In calculating the deductible temporary differences, all unused tax losses and unused tax credits, if available, had been considered.

23 LEASE LIABILITIES

Accounting Policy

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

| | 2024/25 | 2023/24 |
|---------------------------------------|--------------|--------------|
| | Rs. | Rs. |
| Balance as at 1st April | 125,165,826 | 132,256,103 |
| Additions/ Modification of New Leases | 145,803,692 | - |
| Interest Expense for the Year | 13,517,700 | 10,346,347 |
| Payments Made During the Year | (32,448,883) | (17,436,624) |
| Balance as at 31st March | 252,038,335 | 125,165,826 |
| Payments Made During the Year | | |
| Payment of Principle | 18,931,182 | 7,090,277 |
| Payment of Interest | 13,517,701 | 10,346,347 |
| | 32,448,883 | 17,436,624 |
| Amount Payable Within One Year | 24,764,361 | 11,756,853 |
| Amount Payable After One Year | 227,273,975 | 113,408,973 |
| | 252,038,335 | 125,165,826 |

23.1 Following are the Amounts Recognised in Profit or Loss:

| For the year ended 31st March | 2025 | 2024 |
|--|------------|------------|
| | Rs. | Rs. |
| Depreciation Charge on Right-of-Use Assets | 25,616,598 | 13,638,273 |
| Interest Expense on Lease Liabilities | 13,517,700 | 10,346,347 |
| Short Term Leases | 21,408,004 | 26,698,050 |
| Total Amount Recognised in Profit or Loss | 60,542,302 | 50,682,670 |

NOTES TO THE FINANCIAL STATEMENTS

23.2 Maturity Analysis

The maturity analysis shows the remaining contractual maturities for lease payment liabilities, to demonstrate the timing of the long-term contractual cash outflows.

| As at 31st March | 2024/25 | 2023/24 |
|--------------------------------------|-------------|-------------|
| | Rs. | Rs. |
| Based on Discounted Cashflows | | |
| Less Than 1 Year | 24,764,361 | 3,764,757 |
| Between 1 - 2 Years | 26,851,126 | (1,166,442) |
| Between 2 - 5 Years | 74,896,761 | (2,637,579) |
| More than 5 Years | 125,526,087 | 125,205,091 |
| | 252,038,335 | 125,165,826 |

24 EMPLOYEE BENEFIT LIABILITIES

Accounting Policy

Employee Defined Benefit Plan – Gratuity

The liability recognised in the Statement of Financial Position is the present value of the defined benefit obligation as at the reporting date using the projected unit credit method as recommended by LKAS 19 – Employee Benefits. Any actuarial gains or losses arising are recognised immediately in other comprehensive income. Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The obligation is not externally funded.

Accounting Judgements, Estimates and Assumptions used in the Employee Defined Benefit Plan – Gratuity

The employee benefit liability of the Company is based on the actuarial valuation carried out by independent actuarial specialists. The actuarial valuations are involved in making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Management tested several scenarios-based calculations on possible changes of the assumptions due to the prevailing macroeconomic conditions. Based on those calculations, the management has concluded that there is no material impact to retirement benefit obligation liability of the Company.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss as in the periods during which services are rendered by employees.

a) Employees' Provident Fund

The Company and employees contribute 12% and 8% respectively on the salary of each employee to the approved Provident Fund.

b) Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

Defined Benefit Plan – Gratuity

| | 2024/25 | 2023/24 |
|--------------------------|--------------|-------------|
| | Rs. | Rs. |
| Balance as at 1st April | 91,606,581 | 69,182,846 |
| Current Service Cost | 10,992,790 | 8,785,028 |
| Interest Cost | 10,211,862 | 12,452,912 |
| Actuarial (Gain)/ Loss | 32,868,751 | 7,850,507 |
| Payments During the Year | (38,701,733) | (6,664,712) |
| Balance as at 31st March | 106,978,251 | 91,606,581 |

The amount recognized in the Statement of Profit or Loss and Other Comprehensive Income is as follows:

| For the year ended 31st March | 2025 | 2024 |
|---|------------|------------|
| | Rs. | Rs. |
| Recognized in Statement in Profit or Loss | | |
| Current Service Cost | 10,992,790 | 8,785,028 |
| Interest Cost | 10,211,862 | 12,452,912 |
| Recognized in Other Comprehensive Income | | |
| -Actuarial (Gain)/ Loss | 32,868,751 | 7,850,507 |
| | 54,073,403 | 29,088,447 |

24.1 An actuarial valuation of the retirement benefit obligation was carried out as at 31st March 2025 by Messrs. Actuarial & Management Consultants (Private) Limited, a firm of professional actuaries. The actuarial valuation involves making assumptions as stated in the notes below.

24.2 The Assumptions used for this Purpose are as Follows:

| For the year ended 31st March | 2025 | 2024 |
|--|-------------|------|
| Principal Assumptions | | |
| Discount Rate | 11% | 12% |
| Future Salary Increment Rate | 10% - 11.5% | 12% |
| Other Assumptions | | |
| Retirement Age (Years) | 60 | 60 |
| Average Expected Future Services (Years) | 6.99 | 8.36 |

- It is also assumed that the Company will continue in business as a going concern.
- The liability was not externally funded.

24.3 Assumptions regarding the future mortality are based on A1967/70 Mortality table, issued by the Institute of Actuaries, London, United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

24.4 The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

| As at 31st March | 2025 | 2025 | 2024 | 2024 |
|---|-------------|-------------|-------------|-------------|
| | Rs. | Rs. | Rs. | Rs. |
| | -1% | +1% | -1% | +1% |
| Sensitivity Analysis - Discount Rate | | | | |
| Increase / (Decrease) of Obligation | 7,853,744 | (6,979,374) | 7,558,314 | (6,647,543) |
| Sensitivity Analysis - Salary Increment Rate | | | | |
| Increase / (Decrease) of Obligation | (7,438,061) | 8,339,732 | (7,104,081) | 7,955,210 |

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

24.5 Maturity Analysis of the Payments

The following payments are expected on employee benefit plan - gratuity in future years

| As at 31st March | 2025 | 2024 |
|---------------------------|-------------|------------|
| | Rs. | Rs. |
| Within the next 12 Months | 8,415,725 | 6,445,573 |
| Between 1 and 2 Years | 15,758,755 | 10,888,150 |
| Between 2 and 5 Years | 23,063,309 | 19,193,028 |
| Between 5 and 10 Years | 32,289,279 | 28,334,726 |
| Beyond 10 Years | 27,451,183 | 26,745,104 |
| Total Expected Payments | 106,978,251 | 91,606,581 |

25 TRADE AND OTHER PAYABLES

Accounting Policy

Trade payables are the aggregate amount of obligation to pay for goods or services, that have been acquired in the ordinary course of business.

| As at 31st March | 2025 | 2024 |
|---------------------------------|-------------|-------------|
| | Rs. | Rs. |
| Trade Payables | 385,151,250 | 322,238,402 |
| Other Payables | 138,373,427 | 110,853,786 |
| Accrued Expenses and Provisions | 392,686,915 | 88,257,002 |
| | 916,211,592 | 521,349,190 |

Trade and other payables are non-interest bearing and expected to be settled within one year or within the normal operating cycle.

Accrued Expenses and Provisions

| | 2024/25 | 2023/24 |
|---|-------------|--------------|
| | Rs. | Rs. |
| Balance as at 1st April | 88,257,002 | 186,718,443 |
| Net Additions/ (Reversal) During the Year | 304,429,913 | (98,461,441) |
| Balance as at 31st March | 392,686,915 | 88,257,002 |

Accrued expenses are amounts accumulated for ongoing business operations that have not yet been settled by the reporting date and expected to be settled within the business operating cycle.

There are no onerous contracts existing as of the reporting date (2024 Nil).

26 CURRENT TAX LIABILITIES

| | 2024/25 | 2023/24 |
|--|---------------|--------------|
| | Rs. | Rs. |
| Balance as at 1st April | 66,087,731 | 14,142,822 |
| (Over) / Under Provision for Prior Year Income Taxes | 1,442,069 | 29,888,309 |
| Provision for the Period | 303,285,037 | 114,935,161 |
| | 370,814,837 | 158,966,292 |
| Tax Credit | | |
| Tax Payments | | |
| Quarterly Tax Payments | (197,478,585) | (48,016,284) |
| Final Payments relevant to Previous Year | (67,529,800) | (44,031,130) |
| Withholding Tax Claimed Against Income Tax Liability | (4,917,424) | (831,145) |
| Balance as at 31st March | 100,889,028 | 66,087,731 |

NOTES TO THE FINANCIAL STATEMENTS

27 AMOUNTS DUE TO RELATED COMPANIES

| As at 31st March | 2025 | 2024 |
|---|------------|-------------|
| | Rs. | Rs. |
| CBL Foods International (Private) Limited | 7,561,570 | 6,086,720 |
| Plenty Foods (Private) Limited | 3,777,916 | 3,619,930 |
| CBL Global Foods Limited | 53,657,055 | 71,573,599 |
| Ceylon Biscuits Limited | 9,342,243 | 11,951,598 |
| CBL Corporate Services (Private) Limited | - | 13,572,089 |
| Ritzbury Lanka (Private) Limited | - | 1,407,600 |
| | 74,338,784 | 108,211,536 |

28 SHORT AND LONG TERM BORROWINGS

There were no borrowings outstanding as at the end of the year 2025 (2024: Nil). Further, no borrowings were obtained during the year.

29 COMMITMENTS AND CONTINGENT LIABILITIES

29.1 Financial Commitments

Commitments on account of Letters of Credit as at 31st March 2025 were Rs. 265,774,074 (31st March 2024: Rs.274,555,318); Shipping Guarantees as at 31st March 2025 was Nil. (31st March 2024: Rs.91,264,000); Import Bills as at 31st March 2025 was Rs. 20,733,000 (31st March 2024: Nil).

29.2 Capital Commitments

There were no significant capital commitments as at reporting date.

29.3 Contingent Liabilities

Accounting Policy

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, such reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks 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.

If the Company has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognizes any impairment loss that has occurred on assets dedicated to that contract.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable.

The contingent liabilities of the Company as at 31st March 2025, relates to the following:

Income Tax Assessment

An appeal is pending in the Supreme Court against the judgment delivered by the Court of Appeal in favour of the Company, relating to the income tax assessment for the year of assessment 1991/1992.

Based on information currently available, the Management is of the view that the ultimate resolution of this legal matter is unlikely to have a material adverse impact on the Company's financial position, results of operations, or liquidity. Accordingly, no provision has been recognised in these Financial Statements.

Due to the sensitivity and confidentiality of the ongoing legal proceedings, as permitted under LKAS 37, the values are not disclosed.

30 EVENTS AFTER THE REPORTING PERIOD

If the Company receives information after the reporting period, but prior to the date of authorization for issue, about conditions that exist at the end of the reporting period, an assessment will be made to identify the effects on the amounts that are recorded in financial statements.

The Company will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information.

For non-adjusting events after the reporting period, the Company will not change the amounts recognized in the financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, where applicable.

Other than what is mentioned below, no other circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the Financial Statements.

The Board of Directors of the Company has declared a final dividend of Rs. 6.70 per share for the financial year ended 31st March 2025. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007 and has obtained a certificate from auditors.

In accordance with LKAS 10, Events after the reporting period, the final dividend and related withholding tax had not been recognised as a liability in the financial statements as at 31st March 2025.

There are no income tax consequences attached to the payment of dividends in either 2025 or 2024 by the Company to its shareholders.

NOTES TO THE FINANCIAL STATEMENTS

31 RELATED PARTY DISCLOSURES

31.1 Transactions with Key Management Personnel

Key management personnel are the directors and senior management (whether executive or otherwise) of the Company and immediate parent, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Compensation to key management personnel is as follows:

| For the year ended 31st March | 2025 | 2024 |
|-------------------------------|-------------|-------------|
| | Rs. | Rs. |
| Short Term Employee Benefits | 109,762,591 | 120,574,515 |
| Post Employment Benefits | 10,129,188 | 10,841,173 |
| | 119,891,779 | 131,415,688 |

There were no other termination benefits or share-based payments apart from the benefits indicated above paid to the key management personnel.

There were no borrowings obtained or given to the key management personnel during the year (2023/24 Nil).

The amounts disclosed above have been recognised as an expense during the reporting period.

31.2 Transactions with Related Companies

Terms and Conditions of Transactions with Related Parties

The Company carried out transactions in the ordinary course of business with the following related entities. Governance structure, nature of the entity's relationships, principal place of business and the country of incorporation have been disclosed in the "Report of the Related Party Transaction Review Committee". Transactions with related parties are carried out in the ordinary course of business.

Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Related party transactions are made at market rates, on terms equivalent to those that prevail in arm's length transactions.

There have been no guarantees provided or received for any related party receivables or payables.

Non Recurrent Related Party Transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower of the Company as per financial statements ending March 31, 2025, which require additional disclosures in the 2024/25 Annual Report under the Colombo Stock Exchange Listing Rule 9.14.7 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under section 13(c) of the Securities and Exchange Commission Act.

Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the Company's revenue as per financial statements ending March 31, 2025, which require additional disclosures in the 2024/25 Annual Report under the Colombo Stock Exchange Listing Rule 9.14.8 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under section 13(c) of the Securities and Exchange Commission Act.

No provision or bad debt has been made in respect of amounts receivable from related parties in 2024/25 (2023/24 Nil).

No security has been obtained for related party receivables.

| Name of the Company | Relationship | Nature of Transaction | Transaction Value | | Balance as at | |
|---|------------------------------------|--|-------------------|------------|---------------|--------------|
| | | | Rs. | Percentage | 2025 Rs. | 2024 Rs. |
| CBL Investment Limited | Parent Company | Dividend Payment (WHT deducted) | 7,842,093 | 0.11% | - | - |
| Ceylon Biscuits Limited | Subsidiary of the Parent Entity | Sales | 19,657,459 | 0.29% | 1,870,781 | 4,072,750 |
| | | Purchase of Raw Materials | 17,218,760 | 0.25% | (4,123,873) | (10,031,272) |
| | | Corporate Services Charges | 5,439,449 | 0.08% | (453,287) | - |
| | | IT Recovery Expenses | 10,755,315 | 0.16% | (3,725,479) | - |
| | | Reimbursement of Expenses to the Related Company | - | 0.00% | (1,039,603) | (1,523,902) |
| | | Excess Payment to be Paid | - | 0.00% | - | (396,424) |
| Plenty Foods (Private) Limited | Subsidiary of the Parent Entity | Sales | 130,026,719 | 1.90% | 23,245,859 | 9,061,646 |
| | | Purchase of Raw Materials | 51,164,656 | 0.75% | (3,777,916) | (3,619,930) |
| | | Reimbursement of Expenses from the Related Company | 61,601,702 | 0.90% | - | - |
| | | Reimbursement of Expenses to the Related Company | 3,841,081 | 0.06% | - | - |
| CBL Foods International (Private) Limited | Subsidiary of the Parent Entity | Sales | 2,627,460 | 0.04% | 502,824 | - |
| | | Purchase of Raw Materials | 69,437,143 | 1.02% | (7,561,570) | (6,086,720) |
| Ritzbury Lanka (Private) Limited | Subsidiary of the Parent Entity | Stores Rent Expenses | 6,292,800 | 0.09% | - | (1,407,600) |
| CBL Corporate Services (Private) Limited | Subsidiary of the Parent Entity | Internal Group Services | 59,512,431 | 0.87% | - | (13,572,089) |
| CBL Global Foods Limited | Subsidiary of the Parent Entity | Purchase of Finished Goods | 407,461,115 | 5.96% | (53,657,055) | (71,573,599) |
| SPAR SL (Private) Limited | Joint Venture of the Parent Entity | Sales | 72,247,794 | 1.06% | 9,340,583 | 12,507,257 |

% represent the aggregate transaction value as a percentage of revenue.

Items of a similar nature are disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.

Figures in brackets indicate payables from the Company to the related party.

Amounts indicated are inclusive of taxes, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

32 RECLASSIFICATIONS OF COMPARATIVE FIGURES

Certain reclassifications have been made to the comparative figures to improve the comparability and fair presentation of these financial statements. As a result, the following balances have been amended in the statement of profit or loss and other comprehensive income as shown below. These reclassifications have not resulted in changes to the profit for the year or total net assets previously reported as at 31st March 2024.

| For the year ended 31st March 2025 | As previously reported | Adjustment | Reclassified Amount |
|---|------------------------|---------------|---------------------|
| | Rs. | Rs. | Rs. |
| Statement of Profit or Loss and Other Comprehensive Income | | | |
| Cost of sales | 4,679,625,039 | 17,169,757 | 4,696,794,796 |
| Selling and Distribution Expenses | 841,892,775 | (134,668,779) | 707,223,996 |
| Other Operating Income | 12,623,838 | 17,192,152 | 29,815,990 |
| Other Operating Expenses | 64,454,921 | 134,691,175 | 199,146,096 |

(Stock provision presented within cost of sales during the year 2023/24 had been classified under administrative cost.)

33 RISK MANAGEMENT FRAMEWORK, OBJECTIVES AND POLICIES

Risk management at Convenience Foods (Lanka) PLC involves a systematic approach to identifying, assessing and managing all risks and opportunities that could impact on the company's ability to achieve its strategic and financial objectives. The Company has established a sound risk management framework to identify and mitigate risk exposures.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company risk management processes/guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Financial instruments held by the Company, principally comprise of cash, trade receivables, trade payables, related party receivable and payable balances and investments held under amortized cost category. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Company.

The Company has trade and other receivables and cash and short-term deposits that arise directly from its operations. The Company's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to manage the Company's operations. The financial risk governance of the Company provides assurance to the management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Company has identified 3 critical types of risk which can affect the Company's operations adversely as Credit risk, Liquidity risk and Market risk.

33.1 Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), and from its financing activities, foreign exchange transactions and other financial instruments.

The Company's exposure to credit risk is influenced by the individual characteristics of each customer.

The Company trades with recognised, creditworthy third parties. It is the Company's policy that distributors who do business are subject to credit verification procedures. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management; these limits are reviewed timely.

The individual receivable balances were re-assessed and specific provisions were made where necessary. The existing provisioning policy for trade receivables was also revisited and adjusted, as appropriate. Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low. The Company has obtained bank guarantees from major customers by reviewing their past performance and credit worthiness, as collateral.

a) The Maximum Exposure to Credit Risk at Reporting Date

| As at 31st March | 2025 | 2024 |
|-----------------------------------|---------------|---------------|
| | Rs. | Rs. |
| Cash at Bank | 203,834,146 | 128,638,816 |
| Short Term Investments | 2,027,882,981 | 963,880,860 |
| Trade Receivables | 938,300,665 | 790,534,134 |
| Amount due from Related Companies | 34,960,048 | 25,641,653 |
| | 3,204,977,840 | 1,908,695,463 |

b) Management of Credit Risk

- Formulating credit policies encompassing aspects like collateral prerequisites, credit evaluation, risk categorization, reporting, documentary and legal processes and adherence to regulatory and statutory mandates.
- Setting up an authorization framework for approving and renewing credit facilities aligned with credit policies.
- Restricting concentrations of risk exposure related to counterparties, industries, credit rating bands and market liquidity.
- Offering advice, direction and specialized expertise to foster optimal credit risk management practices across the company.
- Consistently evaluating and appraising credit risk.

33.1.1 Credit Risk on Trade Receivables

Trade receivables consist of local and overseas customers. The Company does not have a significant credit risk exposure to any single counterparty or any Company of counterparties. The Company has established policies and procedures to evaluate the clients before approving credit terms. Debtor balance as at 31st March 2025 comprises distributors, direct dealers and modern trade representing 49.5%, 10.5% and 40.0% respectively (31st March 2024 distributors (51.6%), direct dealers (5.5%) and modern trade representing (42.9%)).

NOTES TO THE FINANCIAL STATEMENTS

33.1.1.a Risk Response to Credit Risk of Trade Receivables

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sales limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

- Review credit worthiness of counterparties and take necessary actions if required.
- Management assesses the credit worthiness of receivables to ascertain the suitable allowance for impairment.
- Consistently monitoring and follow ups for outstanding receivables balances.
- Based on the review of distributors past performance and credit worthiness, the Company has obtained bank guarantees from its distributors.

33.1.1.b Trade Receivables at the Reporting Date

| As at 31st March | 2025 | | 2024 | |
|--|---------------|-------------|---------------|-------------|
| | Gross balance | Impairment | Gross balance | Impairment |
| | Rs. | Rs. | Rs. | Rs. |
| Trade Receivables (including related parties) | 976,594,817 | (3,334,104) | 823,399,315 | (7,223,528) |
| Days Due | | | | |
| 0 Days - 360 Days | 976,594,817 | (3,334,104) | 823,399,315 | (7,223,528) |
| Over 360 Days | - | - | - | - |
| | 976,594,817 | (3,334,104) | 823,399,315 | (7,223,528) |

The Company grants credit approvals to its customers subjected to the internal credit limits which are regularly reviewed and controlled by the Management. The average credit period granted to such debtors are 30 days.

The requirement for impairment is analysed at each reporting date on an individual basis for all customers.

Please refer Note 16 for the analysis by past due status of trade receivable balances.

33.1.1.c Movement in the Loss Allowances

| | 2024/25 | 2023/24 |
|--------------------------------------|-------------|-------------|
| | Rs. | Rs. |
| Balance at the Beginning of the Year | 7,223,528 | 9,748,616 |
| Charge/ (reversal) During the Year | (3,787,127) | (2,525,088) |
| Write off | (102,297) | - |
| Balance at the End of the Year | 3,334,104 | 7,223,528 |

33.1.2 Credit Risk on Financial Assets

With respect to credit risk arising from the other financial assets of the Company, such as cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty. The Company manages its operations to avoid any excessive concentration of counterparty risk and the Company takes all reasonable steps to ensure that the counterparties fulfill their obligations.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts.

33.1.2.1 Risk Response to Credit Risk of Financial Assets

Cash and Cash Equivalents

- In order to mitigate settlements and operational risks related to cash and cash equivalents, the Company engages several banks with acceptable ratings for its deposits.

The Company held cash and cash equivalents of Rs. 204 Mn. (2024: 129 Mn)

As at 31st March 2025, cash and cash equivalents comprise 99.89% (2024 - 99.29%) were invested in banks rated "A" or better.

| As at 31st March | 2025 Rs. | 2024 Rs. |
|----------------------|-------------|-------------|
| Fitch Ratings | | |
| AAA | 7,611,233 | 773,861 |
| AA- | 42,115,881 | 125,807,508 |
| A | 154,039,040 | 1,289,055 |
| BBB- | 67,992 | 768,392 |
| Petty Cash | 150,000 | 150,000 |
| Total | 203,984,146 | 128,788,816 |

Short Term Investments

- In order to mitigate settlements and operational risks related to short term investments, the Company engages several banks with acceptable ratings for its deposits.

The Company held short term investments of Rs. 2,027.9 Mn (2024: 963.8 Mn).

As at 31st March 2025, fixed deposits comprise 100% (2024 - 100%) were invested in banks rated "A" or better.

| As at 31st March | 2025 Rs. | 2024 Rs. |
|----------------------|---------------|-------------|
| Fitch Ratings | | |
| AA- | 1,100,380,981 | 686,961,381 |
| A | 927,502,000 | 276,919,479 |
| Total | 2,027,882,981 | 963,880,860 |

33.2 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective when managing liquidity is to ensure, 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 Company's reputation.

NOTES TO THE FINANCIAL STATEMENTS

The Company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that there are available funds to meet its medium term capital and funding obligations, including organic growth and investment activities and to meet any unforeseen obligations and opportunities. The Company holds cash and undrawn committed facilities to enable the Company to manage its liquidity risk.

The Company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of the Company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Company does not concentrate on a single financial institution, thereby minimising the expose to liquidity risk through diversification of funding sources.

| | Carrying Amount Rs. | 0-12 Months Rs. |
|--|---------------------------|-----------------------|
| a) As at 31st March 2025 | | |
| Financial Liabilities (Non- derivative) | | |
| Trade and Other Payables | 916,211,592 | 916,211,592 |
| Amount Due to Related Companies | 74,338,784 | 74,338,784 |
| | 990,550,376 | 990,550,376 |

As at 31st March 2024

| | | |
|---|-------------|-------------|
| Financial Liabilities (Non - derivative) | | |
| Trade and Other Payables | 521,349,190 | 521,349,190 |
| Amount Due to Related Companies | 108,211,536 | 108,211,536 |
| | 629,560,726 | 629,560,726 |

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

| | Within 1 Year | Between 1 and 2 Years | Between 2 and 5 Years | Beyond 5 Years | Total |
|------------------------------|---------------|--------------------------|--------------------------|-------------------|---------------|
| As at 31st March 2025 | | | | | |
| Trade and Other Payables | 916,211,592 | - | - | - | 916,211,592 |
| Lease Liabilities | 41,777,036 | 41,946,646 | 125,065,662 | 204,019,200 | 412,808,544 |
| | 957,988,628 | 41,946,646 | 125,065,662 | 204,019,200 | 1,329,020,136 |
| As at 31st March 2024 | | | | | |
| Trade and Other Payables | 521,349,190 | - | - | - | 521,349,190 |
| Lease Liabilities | 7,872,936 | 6,951,190 | 39,081,600 | 212,961,600 | 266,867,326 |
| | 529,222,126 | 6,951,190 | 39,081,600 | 212,961,600 | 788,216,516 |

b) Management of Liquidity Risk

Below actions taken by management to mitigate liquidity risk:

- Maintaining a diversified funding base and appropriate contingency facilities.
- Carrying a portfolio of highly liquid assets that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows.
- Monitoring liquidity ratios and carrying out stress-testing of the Company's liquidity position.
- Monitoring of duration on fixed income portfolios.
- Regular reviews cash flow projections.
- Availability of standby overdraft facility to be used in the event of an emergency.

33.3 Market Risk

The market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns.

Market risk comprises of the following risks:

- Foreign currency risk
- Interest rate risk

33.3.1 Management of Market Risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- All such transactions are carried out within the guidelines set by the risk management policy.
- Monitoring market risk on a day-to-day basis.

33.3.2 Sensitivity Analysis

The sensitivity analyses in the following sections relate to the position as at 31 March in 2025 and 2024.

- All other variables have remained constant at the time of preparing sensitivity analysis.
- The sensitivity of the relevant Income Statement item is the effect of the assumed changes in respective market risks.
- This is based on the financial assets and financial liabilities held at 31st March 2025 and 2024.
- The sensitivity of the Statement of Financial Position item mainly relates to debt and equity instruments.
- The analysis excludes the impact of movements in market variables on the carrying values of other post-retirement obligations, provisions and the non-financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

a) Foreign Currency Risk

The foreign currency risk is the risk that the fair values or future cash flows of a financial instrument fluctuate due to changes in foreign exchange rates. The Company has exposure to foreign currency risk where it has cash flows in foreign currency transactions which are affected by foreign exchange movements.

The Sri Lankan Rupee experienced continuous appreciation during the financial year.

The Company is principally exposed to fluctuations in the value of the US Dollar (USD) against the Sri Lankan Rupee (LKR) on its pending letters of credit valued at Rs. 265,774,074 as at 31st March 2025 (2024 - Rs. 274,555,318).

Dollar Rate Sensitivity

The sensitivity analysis below, of the pending letters of credit, on the profit before tax, has been determined based on reasonably possible changes of the USD rate while holding all other assumptions constant.

| Future change in USD/LKR, resulting in | |
|--|-------------|
| 1% increase | 2,657,741 |
| 1% decrease | (2,657,741) |
| LKR 1 increase | 885,914 |
| LKR 1 decrease | (885,914) |

Mitigation Strategies

Foreign currency risk mitigation involves strategies and practices to protect against the potential negative impact of fluctuations in exchange rates on a company's financial performance.

- Analyses the market condition of foreign exchange and the utilisation of cash flows.
- Regularly review timing of foreign currency cash inflows and outflows and takes decisions on whether to reinvest the foreign cash flows or utilise to make the foreign currency payments.

As the Company does not have material foreign currency denominated financial assets and liabilities, there is no impact from foreign currency risk.

b) Interest Rate Risk

Interest rate risks mainly arises as a result of the Company having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. Most lenders grant loans under floating interest rates. The Central Bank of Sri Lanka (CBSL) began to further ease the monetary policy during the current financial year amid decelerating inflation, resulting in a downward trend in market interest rates throughout the financial year. The directions issued by the Central Bank to licensed banks to reduce interest rates and the significant reduction of risk premium on government securities, have accelerated the downward adjustment in market interest rates, both in lending and deposit rates. Downward pressures on inflation on account of many factors including decreases in global commodity prices, food supply and the appreciation of the currency have resulted in eased policy actions by the CBSL on monetary policy post the end of the reporting period.

The Company has managed the risk of volatile interest rates by having pre-agreed and signed borrowing facilities with banks and managing the internal funds to the most extent to run the business operations.

The Maximum Exposure to Interest Rate Risk at Reporting Date

The Company has secured overdraft and credit facilities with banks, which has a direct impact on the interest expense due to the fluctuation of the interest rates.

Other than the above, the Company does not have any financial instruments on which the realizable/market value will have significant effect by the movements of interest rates as at 31st March 2025.

Risk Response to Interest Rate Risk

Interest rate risk response involves strategies to manage the impact of fluctuating interest rates on a company's financial performance. This risk affects the cost of borrowing, investment returns and overall financial stability.

- The management monitors the sensitivities on a regular basis and ensures that such risks are managed in a timely manner.
- Regularly tracks the macroeconomic indicators together with their forecasts.
- Continuous attempts are made to avoid interest charges by distributing the funds between the multiple bank accounts.

Sensitivity Analysis for Interest Sensitive Liabilities

The Company is not exposed to significant interest rate risk as it does not have any interest-bearing borrowings.

| As at 31st March | 2025 | 2024 |
|------------------------------------|------|------|
| | Rs. | Rs. |
| Impact to Profit Before Tax | | |
| 100 basis point increase | - | - |
| 100 basis point decrease | - | - |

c) Commodity Risk

The Company is impacted by fluctuations in commodity prices, as its operating activities rely on the continuous purchase of raw materials for the manufacturing process. In response to the heightened volatility in commodity prices, management has developed and implemented a risk management strategy to mitigate commodity price risk. As part of this approach, the Management continuously monitor the material prices for market trends and make timely purchasing decisions. Additionally, management may adjust selling prices in accordance with commodity price changes, after careful consideration.

d) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Risk Response to Capital Management

Risk response to capital management involves strategies to ensure the Company maintains sufficient capital to meet its financial obligations and support growth.

- The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions.
- In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.
- Continuous training provided for the staff of the Company.
- Compliance with recommended action plans is supported by periodic reviews undertaken by the audit committee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

34 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 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 Company.

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 best economic interest.

A fair value measurement of a non-financial asset takes into account the market participants' 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 Company measures financial instruments and non-financial assets (where applicable), at fair value at each balance sheet date.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly - i.e. as prices or indirectly - i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There may be an increase in the amount of subjectivity involved in fair value measurements and as such, greater use of unobservable inputs will be required because relevant observable inputs are no longer available.

34.1 Fair Values Versus the Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows;

| As at 31st March 2025 | Carrying Value Rs. | Fair Value Rs. |
|---|-----------------------|-------------------|
| Financial Assets not Measured at Fair Value | | |
| Trade and Other Receivables | 1,008,611,884 | 1,008,611,884 |
| Amounts due from Related Companies | 34,960,048 | 34,960,048 |
| Cash and Cash Equivalents | 203,984,146 | 203,984,146 |
| | 1,247,556,078 | 1,247,556,078 |
| Financial Liabilities not Measured at Fair Value | | |
| Trade and Other Payables | 916,211,592 | 916,211,592 |
| Lease Liabilities | 252,038,335 | 252,038,335 |
| Amounts due to Related Companies | 74,338,784 | 74,338,784 |
| | 1,242,588,711 | 1,242,588,711 |
| As at 31st March 2024 | | |
| | Rs. | Rs. |
| Financial Assets not Measured at Fair Value | | |
| Trade and Other Receivables | 846,953,160 | 846,953,160 |
| Amounts due from Related Companies | 25,641,653 | 25,641,653 |
| Cash and Cash Equivalents | 128,788,816 | 128,788,816 |
| | 1,001,383,629 | 1,001,383,629 |
| Financial Liabilities not Measured at Fair Value | | |
| Trade and Other Payables | 521,349,190 | 521,349,190 |
| Lease Liabilities | 125,165,826 | 125,165,826 |
| Amounts due to Related Companies | 108,211,536 | 108,211,536 |
| | 754,726,552 | 754,726,552 |

NOTES TO THE FINANCIAL STATEMENTS

34.2 Financial Assets and Liabilities by Fair Value Hierarchy

The following table sets out the fair values of financial instruments not carried at fair value and analyses then by the level in the fair value hierarchy into which each fair value measurement is categorized.

| As at 31st March 2025 | Level 1 Rs. | Level 2 Rs. | Level 3 Rs. |
|------------------------------------|------------------------|------------------------|------------------------|
| Financial Assets | | | |
| Trade and Other Receivables | - | - | 1,008,611,884 |
| Amounts due from Related Companies | - | - | 34,960,048 |
| Cash and Cash Equivalents | - | 203,984,146 | - |
| | - | 203,984,146 | 1,043,571,932 |
| Financial Liabilities | | | |
| Trade and Other Payables | - | - | 916,211,592 |
| Lease Liabilities | - | - | 252,038,335 |
| Amounts due to Related Companies | - | - | 74,338,784 |
| | - | - | 1,242,588,711 |
| As at 31st March 2024 | Level 1 Rs. | Level 2 Rs. | Level 3 Rs. |
| Financial Assets | | | |
| Trade and Other Receivables | - | - | 846,953,160 |
| Amounts due from Related Companies | - | - | 25,641,653 |
| Cash and Cash Equivalents | - | 128,788,816 | - |
| | - | 128,788,816 | 872,594,813 |
| Financial Liabilities | | | |
| Trade and Other Payables | - | - | 521,349,190 |
| Lease Liabilities | - | - | 125,165,826 |
| Amounts due to Related Companies | - | - | 108,211,536 |
| | - | - | 754,726,552 |

34.3 Analysis of Financial Instruments by Measurement Basis

Financial Assets and Liabilities by Categories in Accordance with SLFRS 9

The fair values of financial assets and liabilities, together with carrying amounts shown in the Statement of Financial Position, are as follows.

| As at 31st March 2025 | Carrying Amount | |
|---|---|--|
| | Financial Assets at Amortized Cost Rs. | Other Financial Liabilities at Amortized Cost Rs. |
| | | |
| Financial Assets not Measured at Fair Value | | |
| Trade and Other Receivables | 1,008,611,884 | - |
| Amounts due from Related Companies | 34,960,048 | - |
| Cash and Cash Equivalents | 203,984,146 | - |
| | 1,247,556,078 | - |
| Financial Liabilities not Measured at Fair Value | | |
| Trade and Other Payables | - | 916,211,592 |
| Lease Liabilities | - | 252,038,335 |
| Amounts due to Related Companies | - | 74,338,784 |
| | - | 1,242,588,711 |
| As at 31st March 2024 | | |
| | Carrying Amount | |
| | Financial Assets at Amortized Cost Rs. | Other Financial Liabilities at Amortized Cost Rs. |
| | | |
| Financial Assets not Measured at Fair Value | | |
| Trade and Other Receivables | 846,953,160 | - |
| Amounts due from Related Companies | 25,641,653 | - |
| Cash and Cash Equivalents | 128,788,816 | - |
| | 1,001,383,629 | - |
| Financial Liabilities not Measured at Fair Value | | |
| Trade and Other Payables | - | 521,349,190 |
| Lease Liabilities | - | 125,165,826 |
| Amounts due to Related Companies | - | 108,211,536 |
| | - | 754,726,552 |

DECADE AT A GLANCE

| As at /Year Ended 31st March | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|---------------|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | | | | | | Restated | Restated | Restated |
| Operating Results (Rs.) | | | | | | | | | | |
| Revenue (Net) | 6,832,724,237 | 6,298,075,059 | 8,041,401,062 | 4,872,432,361 | 3,207,282,244 | 2,430,828,555 | 1,996,718,507 | 1,915,822,410 | 1,546,475,941 | 1,655,253,143 |
| Results from operating activities | 821,272,603 | 397,479,699 | 920,366,540 | 459,956,167 | 575,972,199 | 251,901,184 | 111,777,023 | 208,690,560 | 107,296,940 | 134,186,578 |
| Finance income | 142,263,459 | 40,342,710 | 21,835,598 | 40,957,256 | 62,158,719 | 65,956,787 | 58,659,794 | 48,963,876 | 32,916,502 | 18,966,947 |
| Finance cost | (13,622,954) | (69,533,778) | (294,758,455) | (11,679,300) | (5,183,148) | (1,850,860) | (376,329) | (327,338) | (1,943,100) | (3,110,807) |
| Profit before tax | 949,913,108 | 368,288,631 | 647,443,683 | 489,234,123 | 632,947,770 | 316,007,111 | 170,060,488 | 257,327,098 | 138,270,342 | 150,042,718 |
| Income tax expense | (302,762,038) | (141,624,421) | (126,938,121) | (103,644,723) | (117,042,986) | (86,567,859) | (51,456,080) | (86,944,533) | (51,155,944) | (54,307,886) |
| Profit for the year | 647,151,070 | 226,664,210 | 520,505,562 | 385,589,400 | 515,904,784 | 229,439,252 | 118,604,408 | 170,382,565 | 87,114,398 | 95,734,832 |
| Capital Employed (Rs.) | | | | | | | | | | |
| Stated capital | 52,521,178 | 52,521,178 | 52,521,178 | 52,521,178 | 52,521,178 | 52,521,178 | 52,521,178 | 52,521,178 | 52,521,178 | 52,521,178 |
| Other reserves | 41,613,945 | 41,613,945 | 41,613,945 | 41,613,945 | 41,613,945 | 41,613,945 | 41,613,945 | 41,613,945 | 41,613,945 | 41,613,945 |
| Retained earnings | 3,165,656,503 | 2,554,438,559 | 2,346,194,704 | 1,982,289,617 | 1,619,437,686 | 1,128,133,392 | 914,237,232 | 803,179,294 | 648,537,092 | 567,509,045 |
| Total equity | 3,259,791,626 | 2,648,573,682 | 2,440,329,827 | 2,076,424,740 | 1,713,572,809 | 1,222,268,515 | 1,008,372,355 | 897,314,417 | 742,672,215 | 661,644,168 |
| Assets Employed (Rs.) | | | | | | | | | | |
| Property, plant and equipment | 564,125,018 | 609,256,990 | 619,605,790 | 616,391,944 | 494,613,301 | 254,853,934 | 218,824,003 | 253,135,171 | 270,843,939 | 291,042,879 |
| Other non current assets | 236,649,466 | 111,301,946 | 126,590,714 | 124,153,052 | 46,714,523 | 21,048,672 | 13,474,732 | 14,156,862 | 14,071,315 | 14,762,271 |
| Current assets | 3,909,473,133 | 2,850,306,538 | 4,112,423,553 | 2,417,873,267 | 1,984,093,130 | 1,460,037,530 | 1,132,514,527 | 981,225,269 | 683,010,492 | 633,502,296 |
| Total assets | 4,710,247,617 | 3,570,865,474 | 4,858,620,057 | 3,158,418,263 | 2,525,420,954 | 1,735,940,136 | 1,364,813,262 | 1,248,517,302 | 967,925,746 | 939,307,446 |
| Total Liabilities | 1,450,455,991 | 922,291,792 | 2,418,290,231 | 1,081,993,523 | 811,848,145 | 513,671,621 | 356,440,907 | 351,202,885 | 225,253,530 | 277,663,278 |
| Cash Flows (Rs.) | | | | | | | | | | |
| Net Cash Flows (Used in) / from | | | | | | | | | | |
| Operating activities | 1,057,567,429 | 2,228,258,186 | (1,582,179,761) | (216,320,396) | 514,503,549 | 117,859,721 | 39,560,737 | 170,433,471 | 68,511,746 | 122,143,831 |
| Investing activities | (950,515,916) | (1,011,152,476) | 354,371,905 | 379,784,639 | (527,227,302) | (16,413,817) | (69,676,792) | (145,882,592) | 9,592,592 | (96,010,570) |
| Financing activities | (31,856,183) | (1,060,015,277) | 1,026,411,615 | (30,689,045) | (20,199,724) | (15,643,568) | (13,864,107) | (11,026,170) | (31,543,523) | (35,400,034) |
| Increase/(decrease) in cash and cash equivalents | 75,195,330 | 157,090,434 | (201,396,241) | 132,775,198 | (32,923,477) | 85,802,336 | (43,980,162) | 13,524,709 | 46,560,815 | (9,266,773) |
| Key Indicators | | | | | | | | | | |
| Revenue growth (%) | 8.49 | -21.68 | 65.04 | 51.92 | 31.94 | 21.74 | 4.22 | 23.88 | -6.57 | -5.01 |
| EPS (Rs.) | 235.33 | 82.42 | 189.27 | 140.21 | 187.60 | 83.43 | 43.13 | 61.96 | 31.68 | 34.81 |
| DPS (Rs.) | 4.7 | 4.7 | 3.5 | 10.0 | 5.5 | 4.5 | 5.0 | 4.0 | 4.0 | 5.5 |
| NAPS (Rs.) | 1,185 | 963 | 887 | 755 | 623 | 444 | 367 | 326 | 270 | 241 |
| MPS (Closed) (Rs.) | 1,278 | 920 | 1,208 | 1,182 | 1,245 | 337 | 400 | 430 | 310 | 365 |
| ROE (%) | 19.85 | 8.56 | 21.33 | 18.57 | 30.11 | 18.77 | 11.76 | 18.99 | 11.73 | 14.47 |
| ROCE (%) | 25.19 | 15.01 | 26.44 | 22.15 | 33.61 | 20.61 | 11.08 | 23.26 | 14.45 | 20.28 |
| PE (Times) | 5.43 | 11.16 | 6.38 | 8.43 | 6.64 | 4.04 | 9.27 | 6.94 | 9.79 | 10.49 |
| Interest cover (Times) | 60.29 | 5.72 | 3.12 | 39.38 | 111.12 | 136.10 | 297.02 | 637.54 | 55.22 | 43.14 |
| Dividend payout (%) | 2.00 | 5.70 | 1.85 | 7.13 | 2.93 | 5.39 | 11.59 | 6.46 | 12.63 | 15.80 |
| Current ratio (Times) | 3.50 | 4.03 | 1.85 | 2.74 | 2.90 | 3.36 | 3.98 | 3.53 | 4.18 | 2.95 |

SHAREHOLDER AND INVESTOR INFORMATION

TABLE 1 - DISTRIBUTION OF TOTAL NUMBER OF SHAREHOLDERS AND PERCENTAGE OF HOLDING

| No of Shares | | As at 31st March 2025 | | | As at 31st March 2024 | | |
|----------------|-----------|------------------------|------------------|-----------|------------------------|------------------|-----------|
| From | To | Number of Shareholders | Number of Shares | Holding % | Number of Shareholders | Number of Shares | Holding % |
| 1 | 1,000 | 1,693 | 148,867 | 5.41 | 1,580 | 123,580 | 4.49 |
| 1,001 | 10,000 | 52 | 181,902 | 6.62 | 34 | 115,651 | 4.21 |
| 10,001 | 100,000 | 4 | 55,811 | 2.03 | 6 | 113,792 | 4.14 |
| 100,001 | 1,000,000 | 2 | 400,443 | 14.56 | 2 | 434,000 | 15.78 |
| Over 1,000,000 | | 1 | 1,962,977 | 71.38 | 1 | 1,962,977 | 71.38 |
| | | 1,752 | 2,750,000 | 100.00 | 1,623 | 2,750,000 | 100.00 |

TABLE 2 - DISTRIBUTION OF NUMBER OF SHAREHOLDERS AND PERCENTAGE OF HOLDING BASED ON RESIDENCY (AS AT 31ST MARCH 2025)

| No of Shares | | Non Resident | | | Resident | | |
|----------------|-----------|------------------------|------------------|-----------|------------------------|------------------|-----------|
| From | To | Number of Shareholders | Number of Shares | Holding % | Number of Shareholders | Number of Shares | Holding % |
| 1 | 1,000 | 6 | 699 | 0.03 | 1,687 | 148,168 | 5.39 |
| 1,001 | 10,000 | 2 | 8,798 | 0.32 | 50 | 173,104 | 6.29 |
| 10,001 | 100,000 | 0 | 0 | - | 4 | 55,811 | 2.03 |
| 100,001 | 1,000,000 | 0 | 0 | - | 2 | 400,443 | 14.56 |
| Over 1,000,000 | | 0 | 0 | - | 1 | 1,962,977 | 71.38 |
| | | 8 | 9,497 | 0.35 | 1,744 | 2,740,503 | 99.65 |

TABLE 3 - COMPOSITION OF SHAREHOLDERS BASED ON RESIDENCY

| Composition | As at 31st March 2025 | | | As at 31st March 2024 | | |
|--------------|------------------------|------------------|-----------|------------------------|------------------|-----------|
| | Number of Shareholders | Number of Shares | Holding % | Number of Shareholders | Number of Shares | Holding % |
| Resident | 1,744 | 2,740,503 | 99.65 | 1,616 | 2,740,386 | 99.65 |
| Non Resident | 8 | 9,497 | 0.35 | 7 | 9,614 | 0.35 |
| | 1,752 | 2,750,000 | 100.00 | 1,623 | 2,750,000 | 100.00 |

TABLE 4 - COMPOSITION OF SHAREHOLDERS BASED ON CATEGORY

| Composition | As at 31st March 2025 | | | As at 31st March 2024 | | |
|---------------|------------------------|------------------|-----------|------------------------|------------------|-----------|
| | Number of Shareholders | Number of Shares | Holding % | Number of Shareholders | Number of Shares | Holding % |
| Individual | 1,675 | 312,552 | 11.37 | 1,565 | 279,125 | 10.15 |
| Institutional | 77 | 2,437,448 | 88.63 | 58 | 2,470,875 | 89.85 |
| | 1,752 | 2,750,000 | 100.00 | 1,623 | 2,750,000 | 100.00 |

SHAREHOLDER AND INVESTOR INFORMATION

TABLE 5 - SHARE TRADING INFORMATION

| Description | 2024/25 | 2023/24 |
|-------------------------------|-----------------------|-----------------------|
| Highest during the year (Rs.) | 1,400.00 (31.01.2025) | 1,299.75 (24.04.2023) |
| Lowest during the year (Rs.) | 729.00 (22.10.2024) | 855 (01.03.2024) |
| As at end of the year (Rs.) | 1,278.25 | 920.00 |
| | Year ended 31.03.2025 | Year ended 31.03.2024 |
| Trade Volume | 6,438 | 1,042 |
| Share Volume | 237,130 | 9,182 |
| Turnover (Rs.) | 218,221,106.75 | 9,140,753.50 |

TABLE 6 - PUBLIC SHAREHOLDING

| Composition | As at 31st March 2025 | | | As at 31st March 2024 | | |
|---------------------|------------------------|------------------|-----------|------------------------|------------------|-----------|
| | Number of Shareholders | Number of Shares | Holding % | Number of Shareholders | Number of Shares | Holding % |
| Public Shareholding | 1,751 | 787,023 | 28.62 | 1,622 | 787,023 | 28.62 |

TABLE 7 - FLOAT ADJUSTED MARKET CAPITALIZATION

| Description | As at 31st March 2025 | As at 31st March 2024 |
|--------------------------------------|-----------------------|-----------------------|
| Float Adjusted Market Capitalization | 1,006,012,150 | 724,061,160 |

The float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1 (i) (a) of the Listing rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under said option.

TABLE 8 - DIRECTORS' SHAREHOLDING

| Name | As at 31st March 2025 | | As at 31st March 2024 | |
|---------------------------|-----------------------|--------------------|-----------------------|--------------------|
| | No of shares | % of Total Holding | No of shares | % of Total Holding |
| Mr. R.S.A. Wickramasingha | Nil | Nil | Nil | Nil |
| Ms. D.S. Wickramasingha | Nil | Nil | Nil | Nil |
| Mr. L.J.M. De Silva | Nil | Nil | Nil | Nil |
| Ms. N.K. Wickramasingha | Nil | Nil | Nil | Nil |
| Mr. M.C. Dahanayake | Nil | Nil | Nil | Nil |
| Mr. M.E. Wickramasinghe | Nil | Nil | N/A | N/A |
| Ms. S.T. Ratwatte | Nil | Nil | N/A | N/A |
| Mr. I.S. Fonseka | Nil | Nil | N/A | N/A |

TABLE 9 - TWENTY FIVE LARGEST SHAREHOLDERS

| Name | 31.03.2025 | | 31.03.2024 | |
|---|--------------|-------|--------------|-------|
| | No of shares | % | No of shares | % |
| 1 CBL INVESTMENTS LIMITED | 1,962,977 | 71.38 | 1,962,977 | 71.38 |
| 2 J.B. COCOSHELL (PVT) LTD | 207,636 | 7.55 | 208,438 | 7.58 |
| 3 HATTON NATIONAL BANK PLC/DAWI INVESTMENT TRUST (PVT) LTD | 192,807 | 7.01 | 225,562 | 8.20 |
| 4 MR. A.M.DE.S. JAYARATNE | 18,570 | 0.68 | 18,570 | 0.68 |
| 5 EST.OF LAT K.C. VIGNARAJAH | 14,730 | 0.54 | 14,730 | 0.54 |
| 6 COCOSHELL ACTIVATED CARBON COMPANY (PVT) LTD | 11,400 | 0.41 | 12,526 | 0.46 |
| 7 DFCC BANK PLC/MR.P.PRANAVAN | 11,111 | 0.40 | 6,821 | 0.25 |
| 8 PEOPLE'S LEASING AND FINANCE PLC/U.L.B.ARIYARATNA | 10,000 | 0.36 | N/A | N/A |
| 9 MR. U.I. SURIYABANDARA | 9,451 | 0.34 | 10,209 | 0.37 |
| 10 MR. L.H.S. PEIRIS | 9,261 | 0.34 | 8,499 | 0.31 |
| 11 MR. G.W. AMARATUNGA | 8,677 | 0.32 | 8,677 | 0.32 |
| 12 MR E.D.K. WEERASURIYA & MR S. WEERASURIYA | 8,169 | 0.30 | 8,169 | 0.30 |
| 13 ASSETLINE FINANCE LIMITED/I.S.GURUSINGHE | 7,494 | 0.27 | N/A | N/A |
| 14 MR. R.J.S. JAYAMAHA | 7,000 | 0.25 | 7,000 | 0.25 |
| 15 MRS. D.R. COSTA | 6,930 | 0.25 | N/A | N/A |
| 16 MR. Z.G. CARIMJEE | 6,867 | 0.25 | 6,867 | 0.25 |
| 17 MR. A.J. RUMY | 6,400 | 0.23 | 3,900 | 0.14 |
| 18 MRS. M.M. UDESHI | 6,000 | 0.22 | 6,000 | 0.22 |
| 19 MR. M.D.C.P.K. GUNATHILAKE/MRS. R.B.J. TIRANAGAM | 5,000 | 0.18 | N/A | N/A |
| 20 MR. M.M.N. KUMAR | 4,866 | 0.18 | N/A | N/A |
| 21 DR. S. YADDEHIGE | 4,798 | 0.17 | 4,798 | 0.17 |
| 22 DAWI INVESTMENT TRUST (PVT) LTD | 4,329 | 0.16 | 42,757 | 1.55 |
| 23 MR U.C. BANDARANAYAKE & MRS L. BANDARANAYAKE | 4,023 | 0.15 | 4,023 | 0.15 |
| 24 MR. N.K. FLEMMING | 4,000 | 0.15 | 4,064 | 0.15 |
| 25 PEOPLE'S LEASING & FINANCE PLC/MR. IRESH SRIDAS GURUSINGHE | 3,888 | 0.14 | N/A | N/A |

GLOSSARY OF FINANCIAL TERMS

ACCRUAL BASIS

Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

ACTUARIAL GAINS AND LOSSES

Gains or losses arising from the difference between estimates and actual experience in the Company's pension plan.

AMORTIZATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

ASSET TURNOVER RATIO

Net sales divided by total assets.

CAPITAL EMPLOYED

Total of stated capital, other reserves, retained earnings and long-term interest-bearing borrowings (debt).

CASH EQUIVALENTS

Liquid investments with original maturity periods of three months or less.

CLIMATE-RELATED RISKS AND OPPORTUNITIES (CRRO)

Risks and opportunities that arise from climate-related events that could reasonably be expected to affect the entity's financial performance, position and prospects.

CONTINGENT LIABILITIES

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability.

CURRENT RATIO

Current assets divided by current liabilities. A measure of liquidity.

CURRENT SERVICE COST

The increase in the present value of the defined benefit obligation resulting from employee service in the current period.

DEBT-TO-EQUITY RATIO

Debt as a percentage of investors' funds (total equity attributable to equity holders).

DEFERRED TAXATION

The tax effect of timing differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date.

DIVIDEND COVER

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PER SHARE

Gross dividend is divided by the number of ordinary shares in issue at the year-end.

DIVIDEND PAYOUT RATIO

Ordinary dividend per share divided by earnings per share.

DIVIDEND PAYABLE

Final dividend per share multiplied by the latest available total number of shares as at the date of the Report.

EARNINGS PER SHARE

Profits attributed to ordinary shareholders divided by the number of shares in issue.

EBIT

Earnings before interest and tax (including other operating income).

EBITDA

Earnings before interest expense, tax, depreciation and amortization (includes other operating income). Note that EBITDA includes interest income.

EFFECTIVE TAX RATE

Income tax expense divided by profit before tax.

FAIR VALUE

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.

FINANCIAL ASSET

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

FINANCIAL LIABILITY

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

FLOAT ADJUSTED MARKET CAPITALIZATION

Public holding percentage multiplied by market capitalization.

INTEREST COVER

Interest cover measures Company's ability to meet the interest obligations from operating profit, calculated by dividing EBIT (Operating Income) by interest expense, without offsetting interest income.

KEY MANAGEMENT PERSONNEL (KMP)

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

MARKET CAPITALIZATION

Number of shares in issue multiplied by the market value per share at the reporting date.

MARKET VALUE (PRICE) PER SHARE

The price at which an ordinary share is traded in the market.

NET ASSETS

Total assets less current and long-term liabilities.

NET ASSETS PER SHARE

Total assets less total liabilities (net assets employed; i.e. total equity attributable to equity holders) divided by the number of shares.

NET PROFIT MARGIN

Profit after tax attributable to equity holders divided by total revenue.

PRICE EARNINGS RATIO

The market price of a share at the end of the financial year divided by the earnings per share for the financial year.

PUBLIC HOLDING

Percentage of shares held by the public calculated as per the Colombo Stock Exchange Listing Rules as at the reporting date.

QUICK ASSET RATIO

Cash plus short-term investments plus receivables, divided by current liabilities.

RETURN ON ASSETS

Profit after tax plus finance costs divided by total assets.

RETURN ON CAPITAL EMPLOYED

Earnings Before Interest and Tax (EBIT) divided by capital employed.

RETURN ON EQUITY

Profit after tax divided by shareholders' equity.

RETURN ON SALES

Operating profit divided by net sales.

SHAREHOLDERS' FUNDS/ TOTAL EQUITY

Total of stated capital, other components of equity and revenue reserves.

SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES (SRRO)

Risks and opportunities that arise from sustainability-related events that could reasonably be expected to affect the entity's financial performance, position and prospects.

TOTAL DEBT

The total of long and short-term (current) interest-bearing borrowings, including leases, accounted for as obligations on the statement of financial position.

WORKING CAPITAL

Capital required to finance day-to-day operations, computed as the excess of current assets over current liabilities.

GRI CONTENT INDEX

| | |
|-----------------------------------|--|
| Statement of Use | Convenience Foods (Lanka) PLC has reported in accordance with the GRI Standards for the period the period from 1st April 2024 to 31st March 2025 |
| GRI 1 Used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard(s) | Not applicable |

| GRI Standard/ Other Source | Disclosure | Location | Omission | | | SDG Goals |
|------------------------------------|--|-----------------|---------------------------|-----------------------------|--|--------------|
| | | | Requirement(S) Omitted | Reason | Explanation | |
| General disclosures | | | | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | 7 | | | | |
| | 2-2 Entities included in the organization's sustainability reporting | 3,44 | | | | |
| | 2-3 Reporting period, frequency and contact point | 3-6 | | | | |
| | 2-4 Restatements of information | 3-6,236 | | | | |
| | 2-5 External assurance | 4,193 | | | | |
| | 2-6 Activities, value chain and other business relationships | 58-59 | | | | |
| | 2-7 Employees | 83-96 | | | | 8,10 |
| | 2-8 Workers who are not employees | 40 | | | | 8 |
| | 2-9 Governance structure and composition | 125-145 | | | | 5,16 |
| | 2-10 Nomination and selection of the highest governance body | 182-183 | | | | 5,16 |
| | 2-11 Chair of the highest governance body | 20-21 | | | | 16 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 136-138 | | | | 16 |
| | 2-13 Delegation of responsibility for managing impacts | 37,132, 133,167 | | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | 37,45 | | | | |
| | 2-15 Conflicts of interest | 159 | | | | |
| | 2-16 Communication of critical concerns | 64-67, 164,182 | | | | |
| | 2-17 Collective knowledge of the highest governance body | 131 | | | | |
| | 2-18 Evaluation of the performance of the highest governance body | 140 | | | | |
| | 2-19 Remuneration policies | 93,178 | | | | |
| | 2-20 Process to determine remuneration | 93,178 | | | | |
| | 2-21 Annual total compensation ratio | - | 2 - 21 | Confidentiality constraints | Currently not disclosed due to confidentiality reasons | |
| | 2-22 Statement on sustainable development strategy | 20,33-56 | | | | |
| | 2-23 Policy commitments | 135 | | | | 16 |

| GRI Standard/ Other Source | Disclosure | Location | Omission | | | SDG Goals |
|------------------------------------|--|-----------------|---------------------------|------------------------------------|--|--------------|
| | | | Requirement(S) Omitted | Reason | Explanation | |
| | 2-24 Embedding policy commitments | 135 | | | | |
| | 2-25 Processes to remediate negative impacts | 158-162 | | | | |
| | 2-26 Mechanisms for seeking advice and raising concerns | 159, 163-164 | | | | |
| | 2-27 Compliance with laws and regulations | 127,187 | | | | |
| | 2-28 Membership associations | 116 | | | | |
| | 2-29 Approach to stakeholder engagement | 60 | | | | |
| | 2-30 Collective bargaining agreements | 87,89 | | | | 8 |
| Material topics | | | | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 64 | | | | |
| | 3-2 List of material topics | 64-67 | | | | |
| Biodiversity | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | - | | Information unavailable/incomplete | | |
| GRI 101: Biodiversity 2024 | 101-1 to 101-8 | - | | Information unavailable/incomplete | | |
| GRI 304: Biodiversity 2016 | 304-1 Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas | - | | Not applicable | | |
| | 304-2 Significant impacts of activities, products and services on biodiversity | - | | Not applicable | | |
| | 304-3 Habitats protected or restored | - | | Not applicable | | |
| | 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations | - | | Not applicable | | |
| Economic performance | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 12-13, 58-59 | | | | 8,9 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 51-53 | | | | 13 |
| | 201-3 Defined benefit plan obligations and other retirement plans | 228-230 | | | | |
| | 201-4 Financial assistance received from government | - | 201-4 | Not applicable | The Company did not receive any financial assistance from the Government during the year | |

GRI CONTENT INDEX

| GRI Standard/ Other Source | Disclosure | Location | Omission | | | SDG Goals |
|---|---|----------------|---------------------------|--------|-------------|--------------|
| | | | Requirement(S) Omitted | Reason | Explanation | |
| Market presence | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 202: Market Presence 2016 | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | 84,87, 89,93 | | | | |
| | 202-2 Proportion of senior management hired from the local community | 90 | | | | 8 |
| Indirect economic impacts | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | 38-41 | | | | |
| | 203-2 Significant indirect economic impacts | 38-41 | | | | |
| Procurement practices | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | 62,113 | | | | 12 |
| Anti-corruption | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | 159,170-174 | | | | 16 |
| | 205-2 Communication and training about anti-corruption policies and procedures | 86,87, 135,159 | | | | 16 |
| | 205-3 Confirmed incidents of corruption and actions taken | 33,159 | | | | 16 |
| Anti-competitive behavior | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 187 | | | | |
| Tax | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 207: Tax 2019 | 207-1 Approach to tax | 162 | | | | 17 |
| | 207-2 Tax governance, control and risk management | 162 | | | | 17 |
| | 207-3 Stakeholder engagement and management of concerns related to tax | 63 | | | | 17 |

| GRI Standard/ Other Source | Disclosure | Location | Omission | | | SDG Goals |
|-----------------------------------|--|--------------|---------------------------|----------------|--|-----------------|
| | | | Requirement(S) Omitted | Reason | Explanation | |
| | 207-4 Country-by-country reporting | - | 207 - 4 | Not applicable | The company operates only in Sri Lanka and has no foreign operations | |
| Materials | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | 115,121, 123 | | | | |
| | 301-2 Recycled input materials used | 115,121, 123 | | | | |
| | 301-3 Reclaimed products and their packaging materials | 115,121, 123 | | | | |
| Energy | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 119 | | | | 7,8, 12,13 |
| | 302-2 Energy consumption outside of the organization | 119 | | | | |
| | 302-3 Energy intensity | 122 | | | | 7,8, 12,13 |
| | 302-4 Reduction of energy consumption | 55,119 | | | | |
| | 302-5 Reductions in energy requirements of products and services | 55,122 | | | | |
| Water and effluents | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | 120 | | | | 6,12 |
| | 303-2 Management of water discharge-related impacts | 119 | | | | |
| | 303-3 Water withdrawal | 119 | | | | 6,15 |
| | 303-4 Water discharge | 120 | | | | |
| | 303-5 Water consumption | 119 | | | | 6,12 |
| Emissions | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 34,56,122 | | | | 3,12, 13,14, 15 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 34,56,122 | | | | 3,12, 13,14, 15 |

GRI CONTENT INDEX

| GRI Standard/ Other Source | Disclosure | Location | Omission | | | SDG Goals |
|---|--|------------|---------------------------|--------|-------------|--------------|
| | | | Requirement(S) Omitted | Reason | Explanation | |
| | 305-3 Other indirect (Scope 3) GHG emissions | 56 | | | | |
| | 305-4 GHG emissions intensity | 122 | | | | 13,14, 15 |
| | 305-5 Reduction of GHG emissions | 56 | | | | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | 121 | | | | |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 121 | | | | |
| Spills | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 306: Effluents and Waste 2016 | 306-3 Significant spills | 39,121,124 | | | | |
| Waste | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 121 | | | | |
| | 306-2 Management of significant waste-related impacts | 121 | | | | |
| | 306-3 Waste generated | 121 | | | | 12 |
| | 306-4 Waste diverted from disposal | 117,118 | | | | |
| | 306-5 Waste directed to disposal | 117,118 | | | | |
| Supplier environmental assessment | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | 112-114 | | | | |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | 112-114 | | | | |
| Employment | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 89,96 | | | | 5,8,10 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 93,95 | | | | 3,5,8 |
| | 401-3 Parental leave | 94 | | | | 5,8 |
| Labor/management relations | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |

| GRI Standard/ Other Source | Disclosure | Location | Omission | | | SDG Goals |
|---|---|----------|---------------------------|--------|-------------|--------------|
| | | | Requirement(S) Omitted | Reason | Explanation | |
| GRI 402: Labor/ Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | 93 | | | | |
| Occupational health and safety | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 94-95 | | | | 8 |
| | 403-2 Hazard identification, risk assessment and incident investigation | 94-95 | | | | |
| | 403-3 Occupational health services | 94-95 | | | | |
| | 403-4 Worker participation, consultation and communication on occupational health and safety | 94-95 | | | | |
| | 403-5 Worker training on occupational health and safety | 94-95 | | | | |
| | 403-6 Promotion of worker health | 94-95 | | | | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 94-95 | | | | |
| | 403-8 Workers covered by an occupational health and safety management system | 94-95 | | | | |
| | 403-9 Work-related injuries | 94-95 | | | | 9 |
| | 403-10 Work-related ill health | 94-95 | | | | |
| Training and education | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 56,96 | | | | 4,5,8, 10 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 92 | | | | 8 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 93 | | | | 5,8,10 |
| Diversity and equal opportunity | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 85,131 | | | | 5,8 |
| | 405-2 Ratio of basic salary and remuneration of women to men | 84,89 | | | | |

GRI CONTENT INDEX

| GRI Standard/ Other Source | Disclosure | Location | Omission | | | SDG Goals |
|--|--|--------------------|---------------------------|----------------|--------------|--------------|
| | | | Requirement(S) Omitted | Reason | Explanation | |
| Non-discrimination | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | 35,84 | | | | 5,8 |
| Freedom of association and collective bargaining | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 32,62,113, 171,187 | | | | |
| Child labor | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | 87 | | | | 5,8,16 |
| Forced or compulsory labor | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | 56,87,171 | | | | 8 |
| Security practices | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | - | | Not applicable | Not material | |
| GRI 410: Security Practices 2016 | 410-1 Security personnel trained in human rights policies or procedures | - | | Not applicable | Not material | |
| Rights of indigenous peoples | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | - | | Not applicable | Not material | |
| GRI 411: Rights of Indigenous Peoples 2016 | 411-1 Incidents of violations involving rights of indigenous peoples | - | | Not applicable | Not material | |
| Local communities | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments and development programs | 115 | | | | 10,11 |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | 49,67,114 | | | | |

| GRI Standard/ Other Source | Disclosure | Location | Omission | | | SDG Goals |
|--|---|---------------------------------|---------------------------|--------|-------------|--------------|
| | | | Requirement(S) Omitted | Reason | Explanation | |
| Supplier social assessment | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | 62,113 | | | | 8 |
| | 414-2 Negative social impacts in the supply chain and actions taken | 107-124,171 | | | | |
| Public policy | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 415: Public Policy 2016 | 415-1 Political contributions | 116 | | | | |
| Customer health and safety | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | 102,104, 105,110, 111,115 | | | | 3,12 |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 55,106 | | | | |
| Marketing and labeling | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | 26,48,55, 102,108, 109,110, 172 | | | | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | 106,109, 110 | | | | |
| | 417-3 Incidents of non-compliance concerning marketing communications | 55,107 | | | | |
| Customer privacy | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 64-67 | | | | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 108,187 | | | | 16 |

Area with horizontal lines for supplementary information.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty Fourth (34th) Annual General Meeting of Convenience Foods (Lanka) PLC will be held by electronic means on Wednesday, 27th August 2025 at 3.30 p.m. centered at Ceylon Biscuits Limited, High Level Road, Makumbura, Pannipitiya for the following purposes;

1. Ordinary Business

1.1 To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2025 and the Report of the Auditors thereon.

1.2 To declare a first and final dividend of Rs.6.70 per share for the year ended 31st March 2025.

1.3 To pass the ordinary resolution set out below to re-appoint Mr. R. S. A. Wickramasingha who is 78 years of age, as a Director of the Company;

"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr. R. S. A. Wickramasingha who is 78 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act, No.07 of 2007."

1.4 To pass the ordinary resolution set out below to re-appoint Mr. L. J. M. De Silva who is 81 years of age, as a Director of the Company;

"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr. L. J. M. De Silva who is 81 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act, No.07 of 2007."

1.5 To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.

1.6 To authorize the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.

2. Special Business

2.1 To consider and if thought fit, to pass the following Special Resolutions to amend the Articles of Association of the Company in line with and to comply with the Listing Rules of the Colombo Stock Exchange that are currently in force (special resolutions 2, 3 and 4) and to provide flexibility to certain provisions with regard to meetings such as voting at meetings and with regard to providing notices to shareholders (special resolutions 1, 5 and 6):

Special Resolution 1:

"IT IS HEREBY RESOLVED THAT Article 16(2) be deleted in entirety and be substituted with the following new Article 16(2):

16(2) In the case of a meeting of shareholders held under paragraph (b) of Article 13, unless a poll is demanded, voting at the meeting shall be by shareholders signifying individually their assent or dissent by a show of hands or voice or any other method of expression as may be used in the context of and allowed by the electronic platform and/or application used by the Company to conduct such meeting."

Special Resolution 2:

"IT IS HEREBY RESOLVED THAT

(i) Article 26(1) be deleted in entirety and be substituted with the following new Article 26(1):

26(1) Until otherwise determined by Special Resolution, the number of Directors shall not be less than five (5) and not be more than ten (10). The shareholders may by Special Resolution fix the number of Directors, subject to applicable law, of the Company.

(ii) the following be included as a new Article 26(7):

26(7) At each Annual General Meeting one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to (but not greater than) one-third shall retire from office. Provided that a Director appointed to the office of Chief Executive Officer, Managing or Joint Managing Director, or to any other Executive Office shall not, while holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. A Director retiring at a meeting shall retain office until the close of the meeting including any adjournment thereof.

(iii) the following be included as a new Article 26(8):

26(8) The Director(s) to retire in each year shall be such Director who, being subject to retirement by rotation, have been longest in office since their last election or appointment, but as between persons who became or were last re-elected Directors on the same day, the Director(s) to retire shall, unless they otherwise agree among themselves be determined by lot. A retiring Director shall be eligible for re-election."

Special Resolution 3:

"IT IS HEREBY RESOLVED THAT Article 28(5) be amended by the addition of the following proviso immediately pursuant to Article 28(5)(d):

Provided however that as long as the shares of the Company are listed on the Colombo Stock Exchange, a Director having a personal interest in a matter being considered at a Board meeting to approve a related party transactions (within the meaning of the Listing Rules of the Colombo Stock Exchange) shall not,

- (a) be present while the matter is being considered at the meeting; and
- (b) vote on the matter."

Special Resolution 4:

"IT IS HEREBY RESOLVED THAT

- (i) Article 30(1) be deleted in entirety and be substituted with the following new Article 30(1):

30(1) An Alternate Director shall only be appointed in exceptional circumstances. A Director may by notice in writing left at the registered office of the Company appoint any person approved by the Board to be an Alternate Director to act in his place and Article 30 in particular shall apply to any person so appointed. If the Board decides against the appointment of the Alternate Director, then the Board shall be obliged to notify the Appointor in writing within 14 days of the notice.

- (ii) Article 30(5) be deleted in entirety and be substituted with the following new Article 30(5):

30(5) An Alternate Director may be appointed for a maximum period of one (1) year, but he shall de facto cease to be an Alternate Director in any of the following events-

- (a) upon the resumption of duties as Director by the Appointor;
- (b) if his Appointor ceases to be Director, provided that if any Director retires by rotation or under the age rule/s if so required by the Articles, but is re-elected at a meeting at which such retirement took effect, any appointment made by his Appointor pursuant to such Article in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;
- (c) if Alternate Director be lunatic or become of unsound mind;

- (d) if the Alternate Director be declared bankrupt;
 - (e) if the appointment of the Alternate Director is revoked by notice in writing left at the registered office by his Appointor;
 - (f) if the Directors resolve that the appointment of the Alternate Director be terminated, provided that such termination shall not take effect until the expiration of 30 days after the date of the Meeting.
- (iii) the following be included as a new Article 30(8):
- 30(8) If an Alternate Director is appointed for a Non-Executive Director, such Alternate Director should not be an Executive of the Company.
- (iv) the following be included as a new Article 30(9):
- 30(9) If an Alternate Director is appointed by an Independent Director, such Alternate Director so appointed shall meet the criteria for independence of the Listing Rules of the Colombo Stock Exchange."

Special Resolution 5:

"IT IS HEREBY RESOLVED THAT

- (i) Article 48(1) be deleted in its entirety and be substituted with the following new Article 48(1):

48(1) Where the Company is required to send any notice, financial statement, report or other document to a shareholder, it shall be sufficient for the Company to send the notice, financial statement, report or other document by courier, by ordinary post or by registered post to his registered address or by electronic mail to an electronic mail account notified by the shareholder in writing to the Company. Any notice, financial statement, report or other document sent by courier or by registered post, is deemed to have been received by the shareholder within three (3) working days of the posting of a properly addressed letter containing the notice, financial statement, report or other document. Where electronic mail is used, the notice, financial statement, report or other document shall be deemed to have been received by the shareholder upon the dispatch of the same by the Company through electronic mail.

- (ii) Article 48(6) be deleted in its entirety and be substituted with the following new Article 48(6):

NOTICE OF MEETING

48(6) Any notice required to be given by the Company to the shareholders (or any of them) and any communication between the Company and the shareholders not expressly provided for by these Articles or by applicable law shall be deemed sufficiently given if the notice or communication is published on the official website of the Company and/or published on the official website of the Colombo Stock Exchange (if the Company is listed on the Colombo Stock Exchange) and/or published in Sinhala, Tamil and English national daily newspapers.

(iii) the following be included as Article 48(7):

48(7) A copy of every notice or document sent to the shareholders shall be sent to the Auditors of the Company."

Special Resolution 6:

"IT IS HEREBY RESOLVED THAT Article 50 be deleted in entirety and be substituted with the following new Article 50:

50. Subject to the provisions of the Companies Act, the Company shall at a general meeting convened for the purpose (whether as the sole or one of the stated purposes of such meeting), have the power to adopt, amend, alter, rescind, modify, suspend or add to the Articles of Association of the Company, as and when necessary from time to time."

By Order of the Board

CONVENIENCE FOODS (LANKA) PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

31st July 2025
Colombo

Notes:

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her by electronic means.
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 Registration Process for the Annual General Meeting attached hereto.

FORM OF PROXY

I/We*.....NIC/Passport/Company
 Reg. No.*.....of.....
 being a shareholder/s* of CONVENIENCE FOODS (LANKA) PLC hereby appoint
 NIC/Passport/Company Reg. No.*..... of.....
or failing him/her*;

| | |
|--|----------------------------|
| Mr. Ramya Sanath Wickramasingha | of Colombo or failing him* |
| Mr. Manjula Chulabhaya Dahanayake | of Colombo or failing him* |
| Ms. Dharshini Sheamalee Wickramasingha | of Colombo or failing her* |
| Ms. Nishka Kanya Wickramasingha | of Colombo or failing her* |
| Mr. Lakshman Joseph Mervin De Silva | of Colombo or failing him* |
| Mr. Maithri Evan Wickremesinghe | of Colombo or failing him* |
| Ms. Sharmini Tamara Ratwatte | of Colombo or failing her* |
| Mr. Imal Shamen Fonseka | of Colombo* |

as my/our* proxy to represent me/us* and to vote as indicated hereunder for me/us* and on my/our* behalf and/or* to speak at the Thirty Fourth (34th) Annual General Meeting of the Company to be held by electronic means on Wednesday, 27th August 2025 at 3:30 p.m. centered at Ceylon Biscuits Limited, High-Level Road, Makumbura, Pannipitiya and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

| | For | Against |
|--|-----|---------|
| 1. Ordinary Business | | |
| (1). Declare a first and final dividend of Rs.6.70 per share for the year ended 31st March 2025. | | |
| (2). To pass the ordinary resolution set out under item 1.3 of the Notice of Meeting for the re-appointment of Mr. R. S. A. Wickramasingha as a Director of the Company. | | |
| (3). To pass the ordinary resolution set out under item 1.4 of the Notice of Meeting for the re-appointment of Mr. L. J. M. De Silva as a Director of the Company. | | |
| (4). To re-appoint Messrs. Ernst & Young as the Auditors of the Company and to authorize the Directors to determine their remuneration. | | |
| (5). To authorize the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting. | | |
| 2. Special Business | | |
| (1) To pass the Special Resolutions listed below set out under item 2.1 of the Notice of Meeting: | | |
| Special Resolution 1 | | |
| Special Resolution 2 | | |
| Special Resolution 3 | | |
| Special Resolution 4 | | |
| Special Resolution 5 | | |
| Special Resolution 6 | | |

In witness my/our* hand this day of..... Two Thousand and Twenty Five.

.....
 Signature of Shareholder/s

*Please delete what is inapplicable.

Note:

1. Instructions as to completion appear on the reverse.
2. A Proxy need not be a shareholder of the Company.

FORM OF PROXY

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name, address and the National Identity Card number and signing in the space provided and filling in the date of signature.
2. If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your Proxy please insert the relevant details in the space provided.
3. If the appointor is a Company / Incorporated body this Form must be executed in accordance with the Articles of Association / Statute.
4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.
5. Please indicate with an 'X' in the space provided how your proxy is to vote on the resolution. If no indication is given, the proxy in his discretion will vote as he thinks fit.
6. The completed Proxy should be forwarded via e-mail to inquiry.cf@cblk.com or deposited at Convenience Foods (Lanka) PLC, 133, 7th Lane, Off Borupana Road, Kandawala, Ratmalana, no later than forty-eight (48) hours before the time appointed for the convening of the meeting (by 3.30 p.m. on 25th August 2025).
7. In forwarding the completed and duly signed Proxy to the Company, please follow the Guidelines and Registration Process for the Annual General Meeting attached to the Notice of Annual General Meeting.

CORPORATE INFORMATION

NAME OF COMPANY

Convenience Foods (Lanka) PLC

COMPANY REGISTRATION NO.

PQ 164

LEGAL FORM & LISTING

A Public Limited Company.
Incorporated in Sri Lanka on 27th March 1991.

Listed on the Colombo Stock Exchange.

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

PRINCIPAL BUSINESS ACTIVITY

Manufacture and Marketing of Textured Soya Protein (TSP) and other Food Products.

REGISTERED OFFICE

No. 555, High Level Road, Makumbura, Pannipitiya, Sri Lanka.

PRINCIPAL PLACE OF BUSINESS

No. 133, 7th Lane, Off Borupana Road, Kandawala, Ratmalana.
Tel: +94 11 5003000
E- mail: inquiry.cf@cbllk.com
Web: www.conveniencefoodslanka.com

DIRECTORS OF THE COMPANY

Mr. R.S.A. Wickramasingha -
Chairperson/NED
Mr. M.C. Dahanayake -
Managing Director/ED
Ms. D.S. Wickramasingha - NED
Ms. N.K. Wickramasingha - NED
Mr. L.J.M. De Silva - NED
Mr. M.E. Wickremesinghe - IND/NED
Ms. S.T. Ratwatte - IND/NED
Mr. I.S. Fonseka - IND/NED

AUDIT COMMITTEE

Ms. S.T. Ratwatte - Chairperson
Mr. I. S. Fonseka
Mr. M.E. Wickremesinghe

REMUNERATION COMMITTEE

Mr. M.E. Wickremesinghe - Chairperson
Ms. S.T. Ratwatte
Ms. N.K. Wickramasingha

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. I. S. Fonseka - Chairperson
Ms. S.T. Ratwatte
Mr. M.E. Wickremesinghe

NOMINATIONS AND GOVERNANCE COMMITTEE

Mr. M.E. Wickremesinghe - Chairperson
Ms. S.T. Ratwatte
Ms. N.K. Wickramasingha

AUDITORS

Ernst & Young,
Chartered Accountants,
Rotunda Towers, No. 109, Galle Road,
Colombo 03, Sri Lanka.

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd,
No. 3/17, Kynsey Road, Colombo 08,
Sri Lanka.
Telephone: +94 11 464 0360
Fax: +94 11 474 0588
Email: pwcs@pwcs.lk

REGISTRARS

S S P Corporate Services (Pvt) Ltd,
No.101, Inner Flower Road, Colombo 03,
Sri Lanka.
Telephone: 2573894/2576871
Fax: +94 11 2573609
Email: sspsec@sltnet.lk

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
People's Bank
Standard Chartered Bank
State Bank of India
Sampath Bank
Nations Trust Bank
DFCC Bank
National Development Bank PLC

INVESTOR RELATIONS OFFICER

Mr. Randika Gamhewage
Manager - Financial Reporting
Convenience Foods (Lanka) PLC
Email: randikag.cf@cbllk.com

IND/NED - Independent Non-Executive Director

ED - Executive Director

NED - Non-Executive Director

CONVENIENCE FOODS (LANKA) PLC

No. 133, 7th Lane, Off Borupana Road,
Kandawala, Ratmalana.

Tel: +94 11 5003000

Web: www.conveniencefoodslanka.com