



A Member of the CBL Group

Heart of Everyday Life

Convenience Foods (Lanka) PLC | Annual Report 2025/26

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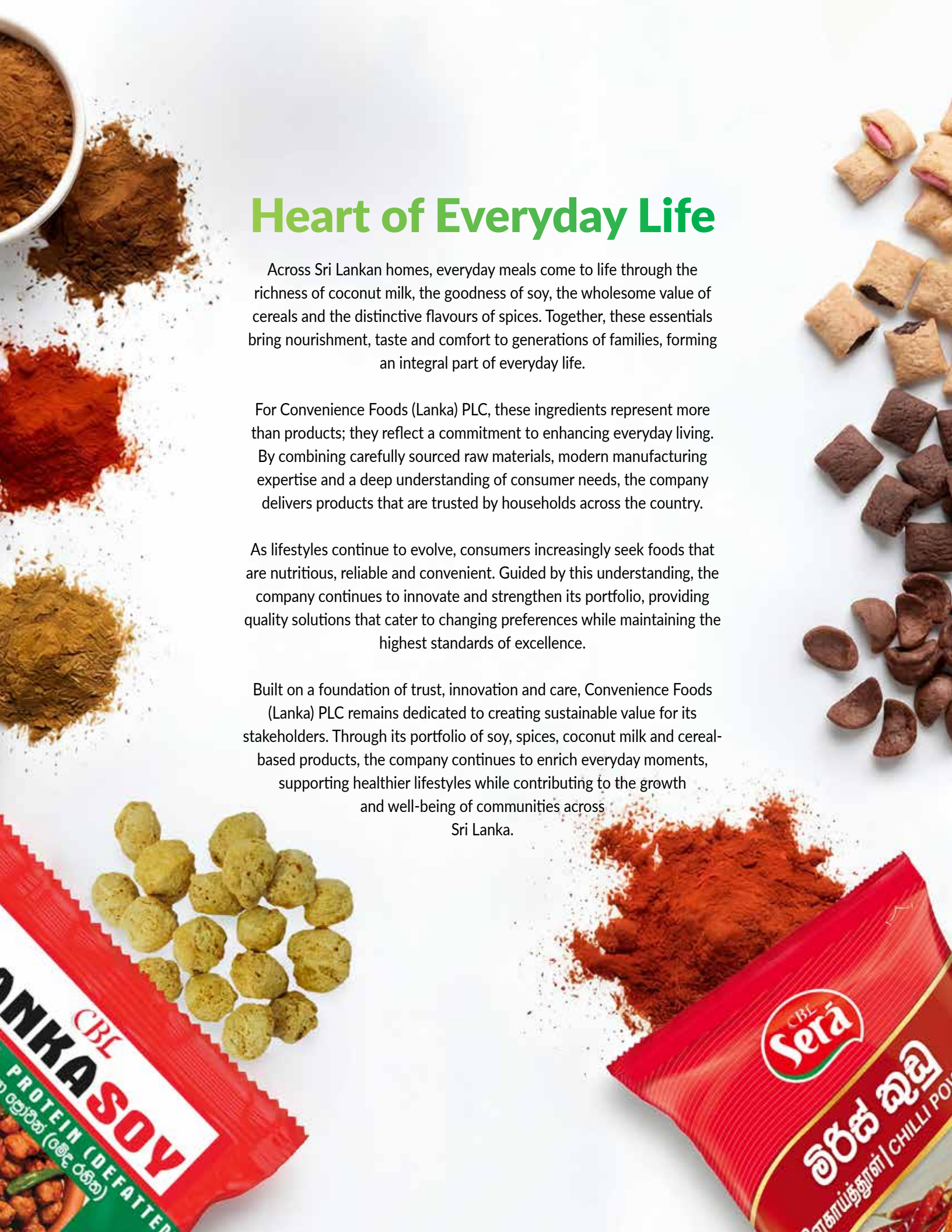
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Heart of Everyday Life

Across Sri Lankan homes, everyday meals come to life through the richness of coconut milk, the goodness of soy, the wholesome value of cereals and the distinctive flavours of spices. Together, these essentials bring nourishment, taste and comfort to generations of families, forming an integral part of everyday life.

For Convenience Foods (Lanka) PLC, these ingredients represent more than products; they reflect a commitment to enhancing everyday living. By combining carefully sourced raw materials, modern manufacturing expertise and a deep understanding of consumer needs, the company delivers products that are trusted by households across the country.

As lifestyles continue to evolve, consumers increasingly seek foods that are nutritious, reliable and convenient. Guided by this understanding, the company continues to innovate and strengthen its portfolio, providing quality solutions that cater to changing preferences while maintaining the highest standards of excellence.

Built on a foundation of trust, innovation and care, Convenience Foods (Lanka) PLC remains dedicated to creating sustainable value for its stakeholders. Through its portfolio of soy, spices, coconut milk and cereal-based products, the company continues to enrich everyday moments, supporting healthier lifestyles while contributing to the growth and well-being of communities across Sri Lanka.



ABOUT OUR INTEGRATED ANNUAL REPORT



REPORTING SCOPE AND BOUNDARY

This Report serves as the principal written communication with shareholders and capital providers. It also contains information relevant to other stakeholders and provides a balanced, transparent and comprehensive account of the Company’s approach to creating sustainable value for society, while enhancing enterprise value during the reporting period.

Our Integrated Annual Report is delivered through Company-wide collaboration and clear articulation of the Company's performance and operations during 2025/26. 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.

Strategic Direction

This Integrated Annual Report outlines the Company’s current and future strategic direction, highlighting initiatives aimed at achieving sustainable growth and providing meaningful insights for stakeholders. In addition, this Report presents the progress made towards achieving our strategic priorities throughout the reporting year.

Strategic priorities include:

- Financial performance and capital allocation
- Environmental and social impacts
- Risk management and governance effectiveness
- Stakeholder expectations and long-term sustainability

The Report demonstrates alignment between strategy, resource allocation, operations and performance outcomes over the short, medium and long term.

Financial Reporting Boundary	Non-Financial Reporting Boundary
• Financial Calendar (Page 232) • Independent Auditor’s Report (Pages 233-235) • Financial Statements (Pages 236-288)	• About the Company and the key highlights during the year (Pages 8-15) • Management Discussion and Analysis including Statement of the Board of Directors, Managing Director’s Message, Value Creation Model, Sustainability and ESG disclosures and Capital Reports (Pages 22-161) • Corporate Governance and Integrated Risk Management (Pages 163-197) • Other Supplementary Information (Pages 290-295)

PERIOD CONSIDERED UNDER THE SCOPE OF THE REPORT

This Integrated Annual Report covers the financial year from 1st April 2025 to 31st March 2026 and includes material events up to the date of Board approval (30th June 2026). Our previous report (Flourishing Together...) was for the year ended 31st March 2025 and released on 31st July 2025.



Reporting Landscape & Boundary

COMPANY ANNUAL REPORT

ABOUT US

- Company Overview
- Company Highlights

MANAGEMENT DISCUSSION AND ANALYSIS

- Our Focus on Sustainability
- Strategy and Capitals

SUPPLEMENTARY INFORMATION

- Stakeholder
- Engagement Data

LEADERSHIP AND GOVERNANCE

- Corporate Governance
- Board Sub Committee Reports
- Compliance Declaration

FINANCIAL REPORTING

- Independent Auditor's Report
- Audited Financial Statements

Reporting Boundary:

- Covers all operations within the control of the Company during the year

CONNECTIVITY WITH FINANCIAL STATEMENTS

The non-financial information presented in this Integrated Annual Report should be read in conjunction with the Company's financial statements, which have been prepared in accordance with Sri Lanka Accounting Standards. This integrated presentation promotes coherence between financial and non-financial disclosures and enables stakeholders to gain a holistic understanding of the Company's performance, financial position and long-term value creation.

NON-FINANCIAL DISCLOSURES

Relevant non-financial information is disclosed in this Integrated Annual Report to enhance stakeholders' understanding of the Company's environmental impacts, social performance, governance practices and sustainability outcomes.

QUALITATIVE CRITERIA IN OUR ANNUAL REPORT



OUR APPROACH TO DEVELOPING THE REPORT

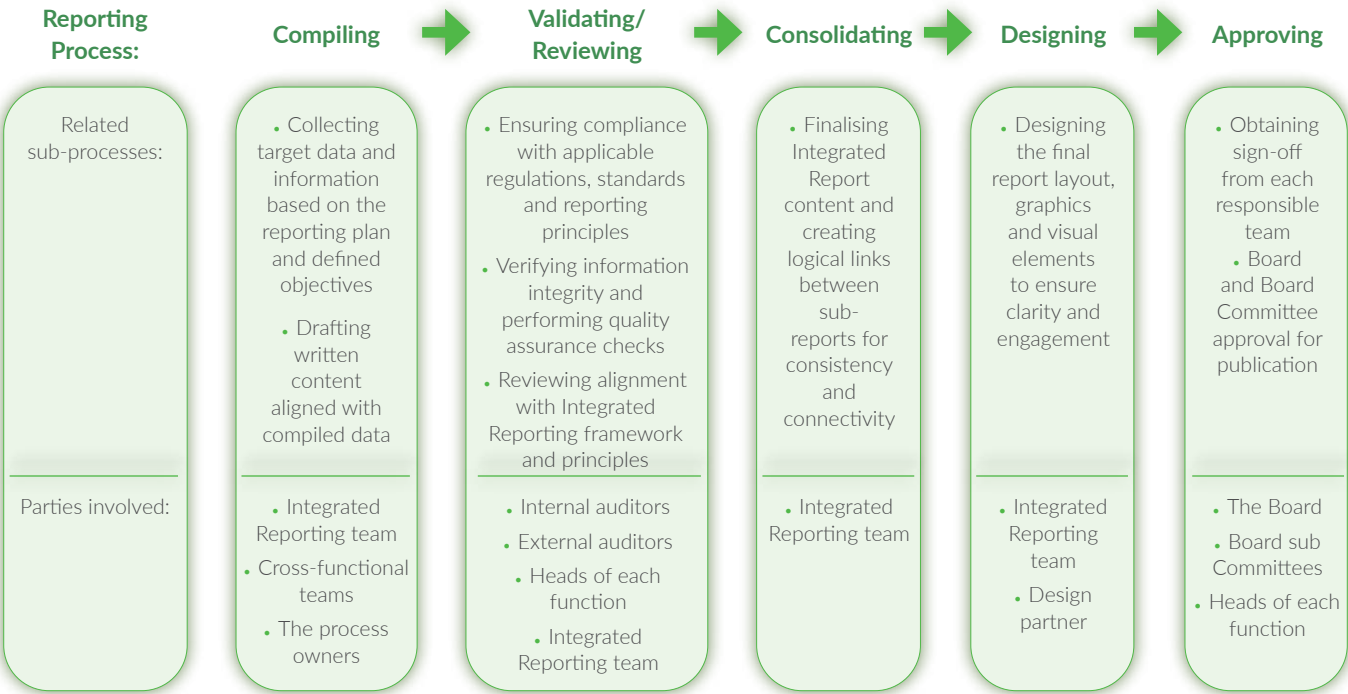
Basis of Preparation

The 2025/26 Integrated Annual Report has been prepared with contributions from the Board of Directors, the functional heads, process owners and the reporting team. It is informed by approved business plans, performance outcomes and applicable internal and external reporting requirements. The Report reflects evolving developments in financial, sustainability and climate related reporting frameworks. Information disclosed herein is based on management's materiality assessments and supported by internal control processes to ensure accuracy, completeness and balance. Accordingly, this Integrated Annual Report presents a true and fair view of the Company's performance, financial position and future outlook.

ABOUT OUR INTEGRATED ANNUAL REPORT

Integrated Reporting Process

Integrated thinking underpins the Company’s reporting process, ensuring clear linkage from strategy formulation through to performance measurement and disclosure.



Please refer to Page 6 for the reporting frameworks followed and Pages 77- 80 for the materiality assessments performed to address stakeholders’ information requirements.

Value Creation

This Integrated Annual Report explains how the Company creates, preserves and may potentially erode value over the short, medium and long term. Value creation is viewed through an integrated lens that considers the effective stewardship and interaction of multiple forms of capital, including Financial, Human, Intellectual, Manufactured, Natural, Social and Relationship and Digital capital. By integrating financial and non-financial performance, impacts and outcomes, the Report demonstrates how the Company’s strategy, operations and governance collectively support sustainable value creation over time.

Materiality Determination

A structured and systematic process has been applied to identify material matters relevant to the Company’s operations and reporting. These material matters encompass financial risks and opportunities that may affect enterprise value, as well as significant economic, environmental and social impacts arising from the Company’s activities. Materiality assessments are based on management judgment and stakeholder relevance, taking into consideration the potential effects on value creation over the short, medium and long term.

Stakeholder-Centric Value: Benefits to Stakeholders

This Integrated Annual Report is intended primarily for shareholders and potential investors, while also addressing the information needs of a wider range of stakeholders, including employees, customers, suppliers, business partners and the communities in which the

Company operates. The disclosures provided are designed to enable informed assessments of the Company’s resilience, stability, growth trajectory and long term sustainability.

Shareholders

Gain clear insights into the Company’s long-term sustainability strategy and risk management approach, enabling more informed and confident investment decisions

Employees

Strengthen understanding of the Company’s core values and strategic priorities, fostering a sense of purpose, engagement and motivation

Customers

Appreciate the Company's commitment to ethical practices and social responsibility, reinforcing trust and deepening brand loyalty

Regulators and Government Authorities

Receive assurance of compliance with regulations and adherence to responsible governance practices, supporting sustainable and transparent business operations

Business Partners

Align with the Company's long-term vision for shared value creation, paving the way for stronger partnerships and more effective collaboration

Communities

Assess the Company's environmental and social contributions at the local level, affirming its role as a responsible and impactful corporate citizen

Detailed disclosures and alignment with relevant metrics are presented in the Material Matters section on Pages 77-80.

OUR REPORTING LANDSCAPE

The Company's official website continues to serve as a key platform for effective corporate communication and stakeholder engagement. The Company remains committed to leveraging digital tools to enhance the user experience and ensure seamless, year round access to relevant and up to date corporate information. QR code integrations between the Annual Report and the website further facilitate targeted access to content, catering to the diverse information needs of stakeholders. Additional information can be accessed at www.conveniencefoodslanka.com.

About Us**CFL Brands****Contact Us****ESG****Investor Relations****Sustainability and Reporting Frameworks**

The sustainability disclosures in this Integrated Annual Report have been developed as part of the Company's progressive alignment with the Sri Lanka Financial Reporting Standards (SLFRSs/LKASs), Sustainability Disclosure Standards issued by CA Sri Lanka. Relevant disclosure principles from the Sustainability Accounting Standards Board (SASB) have also been reviewed and incorporated where appropriate to enhance the quality, consistency and decision usefulness of sustainability information.

This Integrated Annual Report has been prepared using a combination of mandatory and voluntary reporting frameworks and guidelines, reflecting prevailing regulatory requirements, leading best practices and evolving expectations in financial, sustainability and climate related reporting.

Climate and Sustainability Considerations

Climate-related risks and opportunities are identified and assessed in line with recognised sustainability and climate reporting frameworks. Both physical and transition climate risks and their potential impacts on the Company's strategy, operations and financial performance are considered. Sustainability and Climate-related matters are integrated into enterprise risk management and strategic planning processes to support long term value creation.

Comparative Information

Comparative information for the year ended 2024/25 has been included where relevant and available. Reclassifications and restatements have been made where necessary to enhance comparability, improve clarity and ensure compliance with applicable regulatory requirements.

Governance and Oversight

The Board of Directors has oversight responsibility for the Company's strategy, risk management, sustainability and climate-related matters and the integrity of corporate reporting. The governance framework promotes accountability, ethical conduct and effective oversight in support of long-term value creation. The Board approved the Integrated Annual Report on 30th June 2026 and the financial statements included herein are subject to independent external assurance.

Independent Assurance

Independent assurance over the Company's financial statements has been provided by Messrs. Ernst & Young, the external auditors. The audited financial statements together with the independent auditor's report, spanning Pages 233-288, form an integral part of this Integrated Annual Report.

ABOUT OUR INTEGRATED ANNUAL REPORT

REPORTING FRAMEWORK

Mandatory Reporting Standards, Frameworks and Guidelines	Voluntary Reporting Frameworks and Guidelines
Financial Reporting - 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 - Integrated Reporting Framework by the IFRS Foundation '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 - Listing Rules of the Colombo Stock Exchange - Laws and Regulations under the Companies Act No. 7 of 2007 - Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended)	Sustainability Reporting - 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* <i>* S1 and S2 standards will be mandatory for CFL from 2026/27</i>
Assurance - Sri Lanka Auditing Standards (SLAuSs) - Internal Auditing Framework of the Institute of Internal Auditors	Corporate Governance Reporting - Code of Best Practice on Corporate Governance 2013 issued by CA Sri Lanka - Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka, to the extent of business exigency and as required by the Company and CBL Group

IMPROVEMENTS TO THE 2025/26 REPORT

Content Improvements

- Enhanced and detailed notes to the financial statements (Pages 240-288)
- Enhanced and detailed Sustainability disclosures (Pages 39-47)
- Enhanced and detailed non-financial disclosures including governance and risk management (Pages 81-230)
- Disclosures related to SLFRS S1 and SLFRS S2 are detailed in a separate section (Pages 48-69)

User-Friendliness Improvements

- Enhanced graphical presentation for user-friendly experience
- Restructured content layout to provide a clear and comprehensive presentation of the Company's operating results
- Aligned with the overall reporting theme of the year

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 sustainability metrics (Pages 61-62, 66-67)
- Key financial and other information relevant to wider stakeholders/users

Timeliness Improvements

The timeline for publishing the Annual Report in CSE has progressively improved in recent years: strengthened internal processes and greater operational discipline as follows:

- 2025/26: 17th July 2026
- 2024/25: 31st July 2025
- 2023/24: 15th August 2024
- 2022/23: 16th August 2023

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 recognise that various risks, uncertainties and significant factors could cause actual results to differ materially from our expectations.

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

BOARD RESPONSIBILITY

The Board of Directors of Convenience Foods (Lanka) PLC presents this Integrated Annual Report for the financial year 2025/26 and accepts responsibility for its integrity. The Board confirms that the Report provides a fair, balanced and transparent representation of the material matters influencing the Company's ability to create value over the short, medium and long term. To the best of the Board's knowledge, due care and diligence have been exercised to ensure the accuracy,

completeness and reliability of the information disclosed, including the accompanying financial statements.

On behalf of the Board,

D. S. Wickramasingha
Director

30th June 2026

FEEDBACK

We understand that integrated reporting is an ongoing learning process. Hence, we welcome your feedback and suggestions to improve our 2025/26 Annual Report along with any queries and clarifications.

Please contact:

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ABOUT US

Convenience Foods (Lanka) PLC (CFL), a subsidiary of the CBL Group, was the pioneer in introducing 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.

CFL commenced operations in 1991, as Soy Foods (Private) Limited, a subsidiary of Forbes and Walker Limited. The Company was converted to a public limited liability company on 11th March 1992 and was listed on the Colombo Stock Exchange in May 1992, prior to the acquisition by CBL in 2000. Since then, the Company remains committed to innovation, sustainability and fostering a high-performance workplace.

With over 80 product offerings, CFL has a strong market presence, adhering to global quality standards.

Cultivating Trusted Partnerships that Enrich Lives

At CBL Group, through CFL, we believe that strong, meaningful relationships are the cornerstone of our sustained success and future growth. Guided by our commitment to enhancing lives through quality and innovation, we cultivate partnerships that reflect care, integrity and shared purpose.

We build lasting connections with our consumers by delivering food solutions that ensure superior quality and nutrition. Our consumers are treated with dignity and respect, embracing diversity in preferences and inclusion in everything we do.

Through collaborative and mutually rewarding relationships, we unlock new possibilities for innovation and growth: creating enriching moments of happiness for communities everywhere.

OUR VISION, MISSION, PURPOSE AND VALUES

OUR 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.

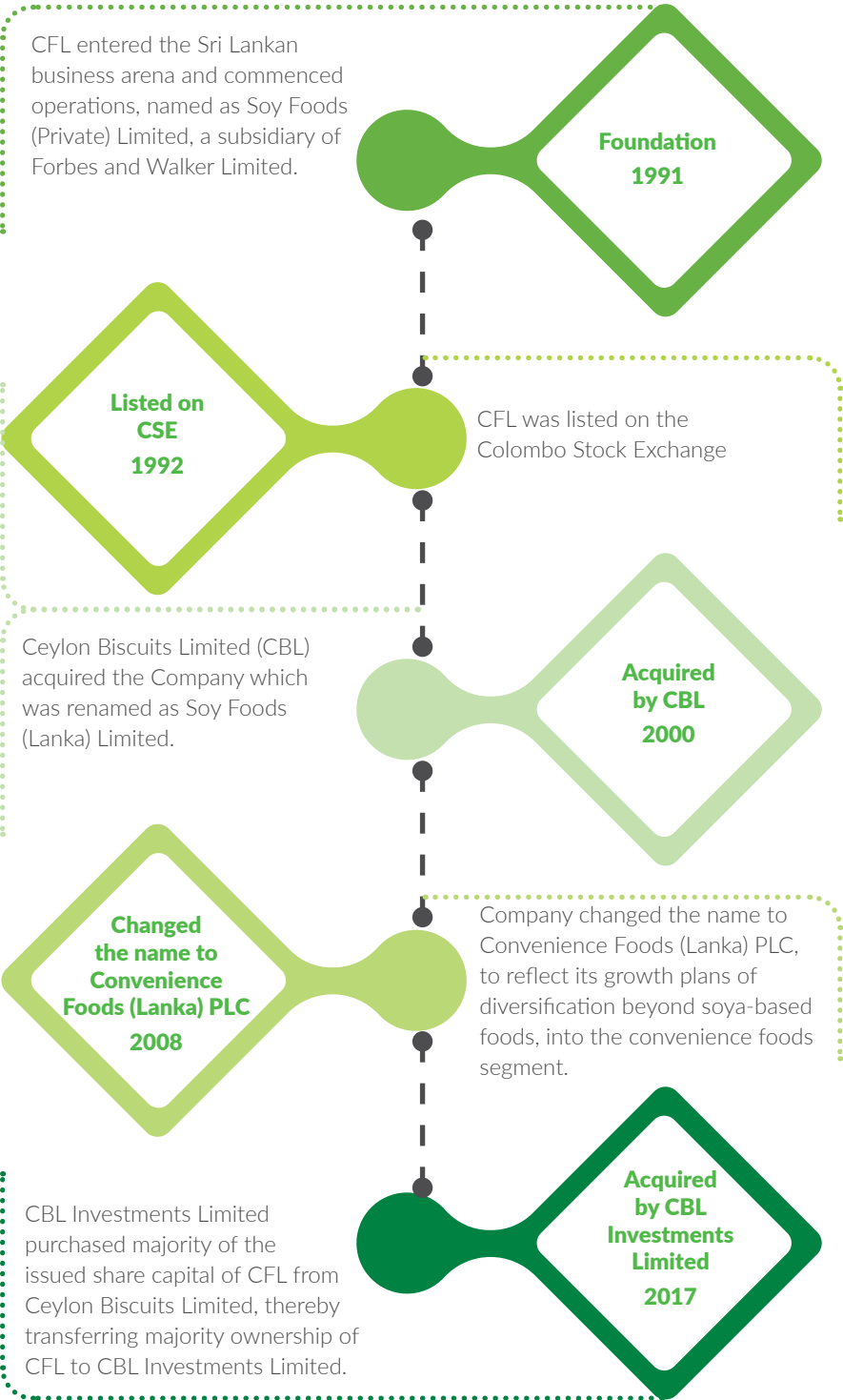
INTEGRITY

We act honestly, responsibly and ethically.

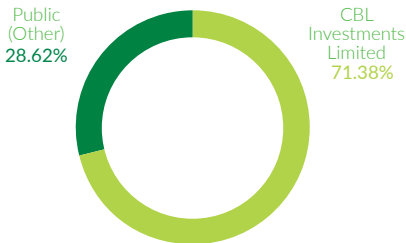


HISTORY OF CFL

CFL as an organisation goes way back to 1991 completing 35 years of continued business in Sri Lanka.



OWNERSHIP STRUCTURE OF THE COMPANY



OUR BUSINESS

- Consumer/Convenience Foods
- Strong market presence in fast moving consumer goods (FMCG) through the island-wide distribution network
- Product portfolio includes
 - **Lankasoy:** Textured Soya Protein (TSP)
 - **Sera:** Spices, Salt, Soups and Coconut Milk
 - **Nutriline:** Cereals
 - **Tetos:** Snacks

Diversified product portfolio	
4 brands	Over 80 SKUs/ product offerings

Economic contribution	
Tax contribution Rs.1,467.0 Mn	Export income generated Rs.182.5 Mn

OUR CERTIFICATIONS

- ISO 9001, 14001, 22000, 45001, 50001
- GMP
- HACCP
- Sri Lanka Standards (SLS)
- Certification for soy 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.

Web:

www.conveniencefoodslanka.com

ACHIEVEMENTS AND AWARDS



CFL won the Silver Award at CA TAGS Awards 2025 in the Food and Beverages Companies

CFL won the Silver Award in the Food and Beverage Companies Sector (Group/Company Turnover up to Rs.15 Bn), at the Institute of Chartered Accountants of Sri Lanka's TAGS Awards 2025.

TAGS Awards recognised organisations for their insightful and transparent Annual Reports that met the rising demands of stakeholders.



CFL Won the Best Integrated Report at CMA Excellence in Integrated Reporting Awards 2025 in the Food and Beverages/Supermarkets Sector

CFL's Annual Report 2024/25 won the Best Integrated Report in the Food and Beverages/Supermarkets sector, at the CMA Excellence in Integrated Reporting Awards 2025.

The CMA awards aimed to foster the adoption of integrated reporting by Sri Lankan companies, emphasising a comprehensive view of an organisation's value creation process.



LANKASOY Recognised at EFFIE Awards 2025

Lankasoy, a flagship brand of CFL was recognised at the Effie Awards Sri Lanka 2025 for its impactful influencer campaign “රස මතක අලුත් කරයි”.

This achievement highlights the Company's strength in delivering impactful, creative and insight-driven marketing initiatives.



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 revolutionised 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 and novel creations such as Kiri Malu, Polos, Jumbo Pack, Mango Curry, Soya Moju and many more.

With its extensive product portfolio, rich taste profiles and continuous innovation, Lankasoy has earned its position as the market leader, winning the consumer preference and loyalty. Our commitment to excellence is reflected in both local and international accreditations, including ISO 9001, ISO 14001, ISO 22000, SLS, HACCP 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 salts, 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-grain 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.

Nutriline has been relaunched with a modern, refreshed packaging design that enhances shelf appeal while complying with the latest labelling regulations.

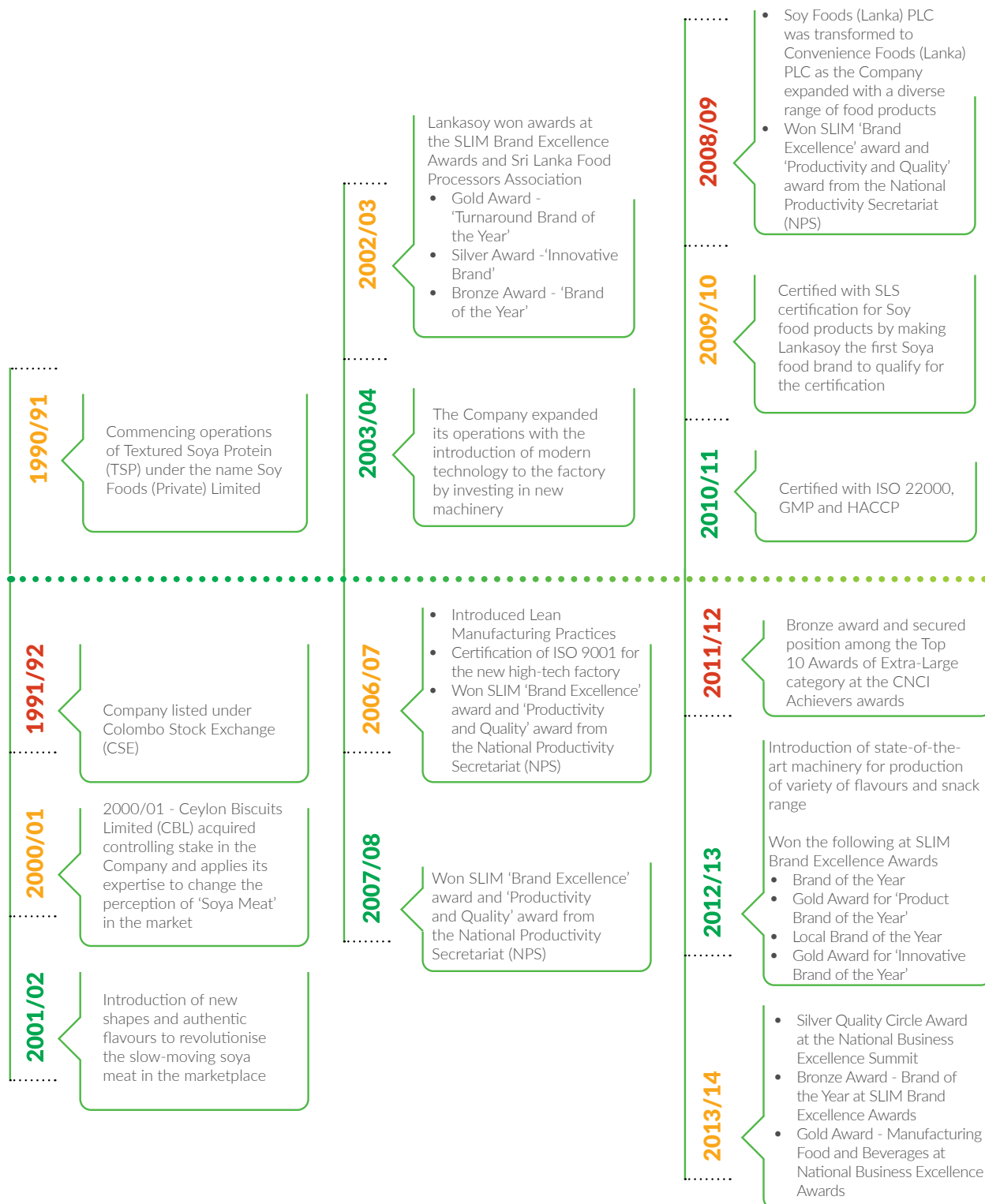


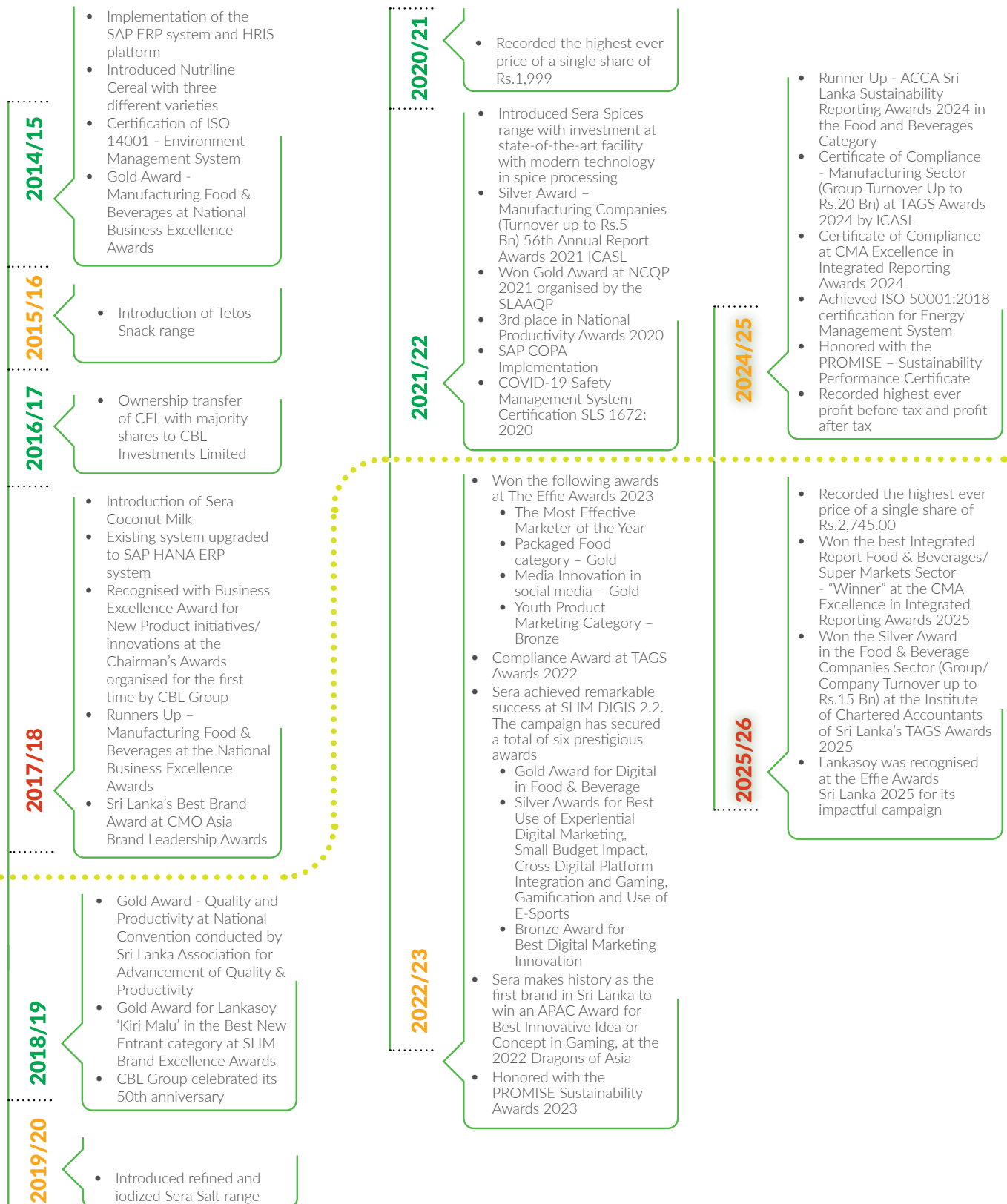
Tetos excite young snack lovers with bold flavors and an irresistible crunch. Rooted in a rich potato experience and crafted to the highest quality standards, Tetos is the go-to snack for fun moments whether it is movie watching, get-togethers, sharing with friends or simply satisfying a craving. Tetos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

Tetos has been relaunched with a vibrant, contemporary packaging design that enhances brand visibility and delivers a more engaging on-shelf presence in line with the latest labelling regulations.

OUR JOURNEY OF 35 YEARS

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





PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Financial Capital		Metric	2025/26	2024/25	Change
	Financial performance				
	Revenue	Rs.	6,921,906,365	6,838,638,927	1.2%
	Results from operating activities	Rs.	900,497,704	821,272,603	9.6%
	Finance income	Rs.	196,157,620	142,263,459	37.9%
	Finance expenses	Rs.	16,085,969	13,622,954	18.1%
	Profit before tax	Rs.	1,080,569,355	949,913,108	13.8%
	Income tax expense	Rs.	320,859,991	302,762,038	6.0%
	Profit for the year	Rs.	759,709,364	647,151,070	17.4%
	Return on capital employed	Percentage	22.5	25.2	-10.6%
	Pre-tax profit margin	Percentage	15.6	13.9	12.4%
	Net profit margin	Percentage	11.0	9.5	15.8%
Financial Position					
	Non-current assets	Rs.	1,022,586,403	800,774,484	27.7%
	Current assets	Rs.	4,246,538,664	3,909,473,133	8.6%
	Cash and term investments	Rs.	2,788,541,998	2,231,867,127	24.9%
	Non-current liabilities	Rs.	251,944,155	334,252,226	-24.6%
	Current liabilities	Rs.	1,016,374,806	1,116,203,765	-8.9%
	Capital and reserves	Rs.	4,000,806,106	3,259,791,626	22.7%
	Current ratio	Times	4.2	3.5	19.4%
	Quick assets ratio	Times	3.4	2.9	15.0%
Shareholder Information					
	No. of shares in issue	Number	2,750,000	2,750,000	0.0%
	Market value per share (Closing MPS)	Rs.	2,325.00	1,278.25	81.9%
	Market Capitalisation	Rs.	6,393,750,000	3,515,187,500	81.9%
	Earnings per share (EPS)	Rs.	276.26	235.33	17.4%
	Net assets per share	Rs.	1,454.84	1,185.38	22.7%
	Price-Earnings Ratio (P/E Ratio)	Times	8.4	5.4	55.1%



Rs. **1.08Bn**
Profit Before Tax



15.6%
PBT Margin



Rs. **2,325**
MPS



Rs. **2.79Bn**
Cash and Term Investments



Rs. **760Mn**
Profit After Tax



33.0%
GP Margin



Nil
Loans and Borrowings



Rs. **5.27Bn**
Total Assets

CAPITAL RELATED HIGHLIGHTS

Manufactured Capital		Metric	2025/26	2024/25	Change
	Property, Plant and Equipment (PPE) - NBV	Rs.	500,094,838	564,125,018	-11.4%
	Capital expenditure (PPE)	Rs.	40,564,821	28,081,262	44.5%
	Inventories	Rs.	824,811,763	634,034,074	30.1%
	Total production volume	MT	8,930	7,230	23.5%
	Production Facilities	Plants	3	3	0.0%

Human Capital		Metric	2025/26	2024/25	Change
	Employee retention (monthly)	Percentage	94.4	98.0	-3.7%
	Average training hours/employee	Hours	9.3	18.4	-49.5%
	Investment in training & development	Rs.	11,413,610	8,777,240	30.0%
	Female workforce representation	Percentage	15.1	14.3	5.7%
	No. of injuries	Number	12	8	50.0%
	Internal promotions	Number	9	10	-10.0%
	Total Employees	Number	311	364	-14.6%

Intellectual Capital		Metric	2025/26	2024/25	Change
	New Product Developments (NPDs)	Number	3	2	50%
	Investment in R&D (including related remuneration)	Rs.	27,606,906	23,586,714	17.0%
	Certificates and accreditations maintained	Number	10	10	0.0%
	System Uptime	Percentage	99.0	99.0	0.0%
	No. of existing product categories	Number	7	7	0.0%
	IT incident resolution rate	Percentage	100.0	100.0	0.0%

Social and Relationship Capital		Metric	2025/26	2024/25	Change
	Outlet presence	Number	110,000	110,000	0.0%
	Settlement of dues to suppliers	Percentage	100	100	0.0%
	Investment in social initiatives	Rs.	12,237,357	1,622,600	654.2%
	Tax and duty payments to government	Rs.	1,466,393,983	1,470,106,760	-0.3%
	Individuals contracted for fixed services	Number	7	7	0.0%

Natural Capital		Metric	2025/26	2024/25	Change
	Energy intensity	MJ/kg	2.5	2.6	-3.8%
	Water intensity	L/kg	2.0	2.5	-20.0%
	Scope 1 & 2 Greenhouse Gas Emissions Intensity	CO ₂ e/kg	0.22	0.24	-8.3%
	Municipal/Third-party water withdrawn	m ³	15,586	17,137	-9.1%
	Raw material and wrapper waste	Kg	68,521	63,765	7.5%

YEAR AT A GLANCE

Sinhala and Tamil New Year Celebration - April 2025

Employees across all levels came together to celebrate the Sinhala and Tamil New Year 2025 in high spirits. The event featured traditional games, cultural activities and a festive feast, celebrating our rich heritage while fostering unity, strengthening relationships and creating a positive workplace culture.



Poson Dansala, Ratmalana – June 2025

During Poson 2025, we continued our Poson Dansala tradition, serving Sera Noodles prepared with Lankasoy to over 1,000 visitors and employees under hygiene standards. The event brought people from walks of life together in a spirit of generosity, service and shared tradition.



Kataragama Paadha Yathra - July and August 2025

The Company continued its Manusith Sathkaraya initiative during the annual Kataragama Paadha Yathra, providing safe drinking water along the Yala route and serving freshly prepared Lankasoy to devotees at the end of the pilgrimage. Conducted over four days, the initiative reached many devotees and reflected the Company's commitment to community support and cultural preservation.



Annual Staff Excursion to Polonnaruwa - August 2025

CFL held its annual staff excursion at Sudu Araliya Hotel, Polonnaruwa, as part of employee engagement and recognition initiatives. The event contributed to teamwork, morale and organisational cohesion, while recognising employees' commitment during the year.



Advanced Coaching and Emotional Intelligence Workshop - September 2025

A workshop series on advanced coaching and emotional intelligence was conducted for the entire management team to develop leadership effectiveness and performance. It introduced the GROW Model and purposeful questioning, encouraging a coaching-oriented approach to team engagement and performance.



Stress Management Awareness Session – October 2025

A stress management session was held at CEWAS Ratmalana in October 2025 to build employee awareness and resilience. It highlighted the effects of unmanaged stress and promoted healthy coping techniques, supporting morale, work-life balance and workplace wellbeing.



SHEQ Week – November 2025

SHEQ Week was conducted through audits, competitions, awareness sessions and other SHEQ-focused initiatives across all employee segments. The programme strengthened awareness of ESG, energy conservation and continuous improvement, while engaging employees through quizzes, an art competition, a steps challenge and a SHEQ questionnaire.



Thai Pongal Celebration – January 2026

The Company celebrated Thai Pongal on 16th January 2026, following the festival which fell on 15th January. The employees attended office in traditional attire, while a Kolam design was created to mark the occasion, promoting cultural appreciation and employee engagement.



Women's Day Awareness Session – February 2026

As part of the Women's Day programme, a Breast Cancer Awareness Session was conducted on 9th February 2026 by the Indira Cancer Trust. The session focused on breast cancer symptoms, early detection and risk reduction, supporting the Company's commitment to employee wellbeing and health awareness.



Annual Get-Together – February 2026

CFL held its annual get-together at Sawingir Hills Hotel, Thalagala, welcoming senior management, managers and employees with their families for a lively day of fun and connection. The informal setting helped everyone mingle, build stronger relationships and enhance our Company culture.

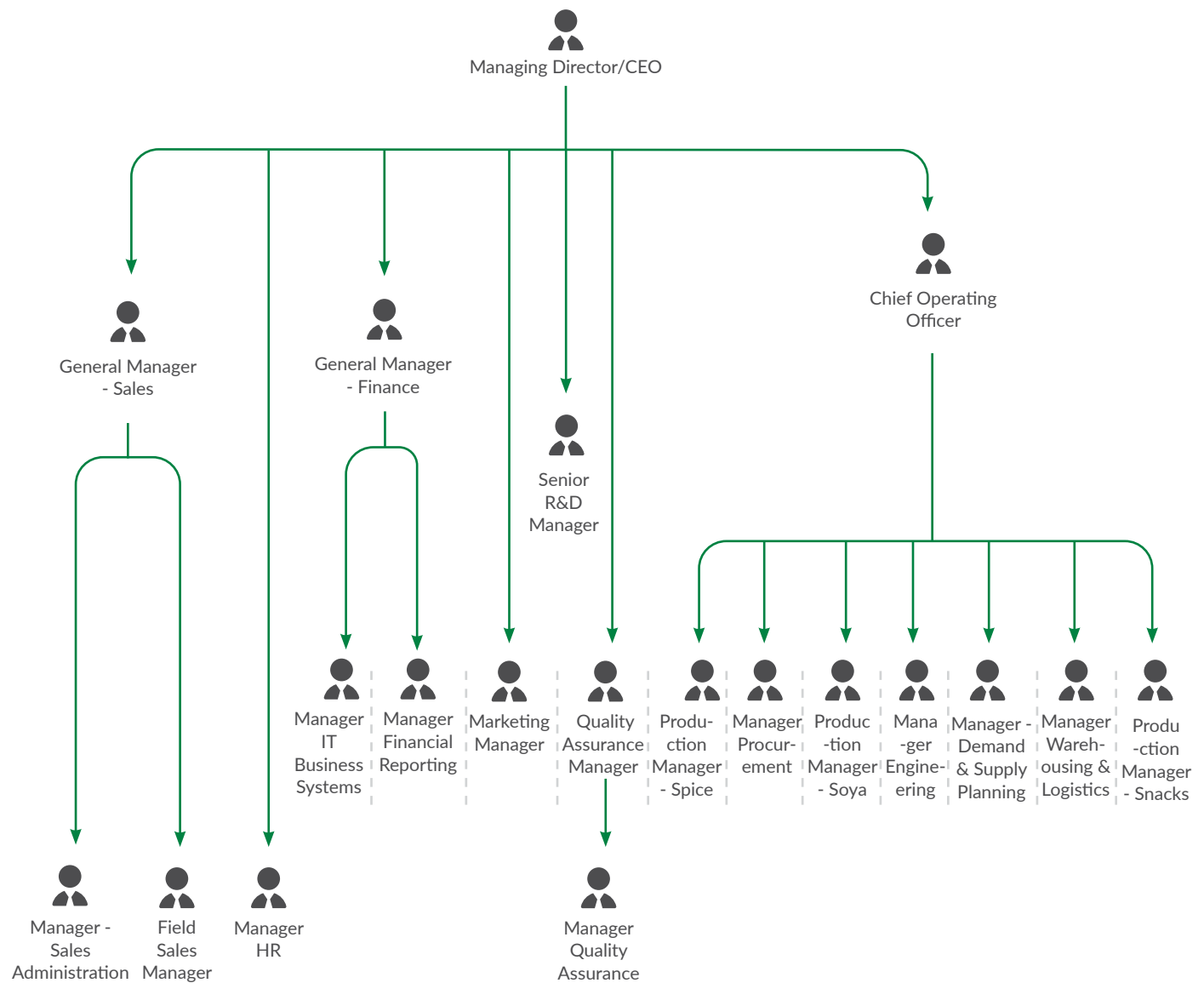


Quarterly Sales Conferences

The Company conducted its quarterly sales conferences during 2025/26 as an important platform to engage, motivate and align the sales team. These conferences were designed to cascade sales targets, review performance, share market insights and reinforce expectations across teams, enabling stronger execution in a competitive environment. They also served as a forum to recognise employee contributions, strengthen accountability and encourage a results-driven culture across the sales function.



ORGANISATIONAL STRUCTURE



Growing Ahead Together

Our journey forward is shaped by collaboration and shared success. By working closely with our employees, partners and communities, we continue to create opportunities, strengthen relationships and deliver sustainable value for the future.



STATEMENT OF THE BOARD OF DIRECTORS

Dear Stakeholders,

We are pleased to welcome you to the 35th Annual General Meeting of Convenience Foods (Lanka) PLC (CFL) and to present the Integrated Annual Report for the financial year ended 31st March 2026.

Reflecting on the year, it is evident that our achievements are defined not only by the outcomes delivered, but by the discipline, strength and integrity demonstrated in achieving them. We remained committed and focused; our brands continued to command the confidence of consumers and our strategic direction remained unwavering.

OUR ENDURING STRENGTH

CFL continues to hold a strong and stable position within the CBL Group. Over the years, we have built more than a portfolio of products: we have nurtured enduring relationships with households across Sri Lanka. Brands such as Lankasoy, Sera, Nutriline and Tetos are deeply embedded in the everyday lives of Sri Lankan families. This trust is something we value profoundly and it continues to inspire us to do better every day.

STAYING TRUE TO WHAT MATTERS

Our core value of care was brought to life in deeply meaningful ways during the year. When the Cyclone Ditwah calamity disrupted the lives and livelihoods of many within our extended network, we felt a responsibility to respond not merely as a business, but as a committed community partner. We worked closely with affected retailers, extending credit facilities and providing essential supplies, enabling many to recommence operations and rebuild their livelihoods with dignity.

Closer to home, some of our own employees were also affected by this

tragedy. Our response went beyond financial assistance to include care, empathy and access to emotional support during an exceptionally difficult period. These moments reaffirm our belief that a company is ultimately defined by its people and by how it responds when circumstances are most challenging.

At the same time, we remained firmly focused on what we do best: delivering high-quality, reliable food products to our consumers. Despite operating in a demanding economic environment, we made no compromises on quality. During the year, we further supported the growth in our soya meat segment, spices, cereal and coconut milk products, offering consumers not just convenience, but a richer and more enjoyable cooking experience. Our product ranges continued to deliver the consistency and nutritional value that consumers have come to expect from CFL.

We also remained attentive to evolving consumer preferences. Modern households increasingly seek food solutions that are nutritious, convenient and compatible with busy lifestyles. In response, we introduced three (3) new products during the year; each reflecting our commitment to relevance, practicality and innovation.

Behind the scenes, our teams focused on refining systems, strengthening processes and identifying smarter ways of working. These initiatives, while not always visible, are essential to improving efficiency, maintaining competitiveness and ensuring long-term readiness.

A YEAR OF STRONG PERFORMANCE

We are pleased to report that these collective efforts translated into a strong financial performance, achieved amid continued cost pressures and a complex operating environment.

For the year ended 31st March 2026, the Company recorded its highest-ever Profit Before Tax of Rs.1.1 Bn, representing a growth of 13.8%. Profit After Tax increased by 17.4% to Rs.759.7 Mn, marking the highest net profit in CFL's 35-year history. This performance was driven by disciplined cost optimisation, efficient sourcing strategies and the targeted deployment of advertising and promotional expenditure.

Revenue for the year stood at Rs.6.9 Bn, reflecting stable performance despite external challenges and price reductions implemented. Operating profit rose by 9.6% to Rs.900.5 Mn, supported by improved operational efficiencies and prudent cost management.

For the third consecutive year, CFL operated debt-free, funding all operations entirely through internally generated cash flows. This positions the Company with both stability and flexibility as we plan for the future.

COMPETITIVE ADVANTAGE AND MARKET LEADERSHIP

With over three decades of experience, CFL remains a leader in the nutritional food category. Our unwavering commitment to product quality, nationwide accessibility and responsible production practices continues to differentiate us in the marketplace. Throughout the year, we adhered strictly to international quality and hygiene standards, ensuring our products meet the highest expectations and are suitable for consumers of all age groups.

SUSTAINABILITY AND GOVERNANCE

Strong governance and responsible business practices remain central to how we operate. As a listed entity, CFL continued to comply fully with the requirements of the Colombo Stock Exchange, while enhancing transparency

and adopting best-practice governance frameworks.

Risk management was strengthened through a more structured, technology-enabled approach, enabling timely identification and mitigation of potential risks. Importantly, sustainability considerations, particularly environmental and social factors, were more clearly integrated into our risk framework.

The establishment of a Board Sustainability Committee marked a significant milestone, ensuring that sustainability receives appropriate oversight at the highest level. In parallel, sustainability-related metrics were incorporated into performance indicators, embedding these priorities into day-to-day decision-making.

CFL continues to advance initiatives focused on energy efficiency, resource optimisation and packaging alternatives, reinforcing sustainability as a core pillar of our long-term value creation strategy.

AWARDS AND RECOGNITION

During the year, our commitment to excellence was recognised through several prestigious awards, including the winner award in the Food and Beverages Supermarkets Sector at the CMA Excellence in Integrated Reporting Awards 2025, the Silver award in the Food and Beverage Companies – Turnover up to Rs.15 Bn category at the CA Sri Lanka TAGS Awards 2025 and the Compliance Award at the Effie Awards 2025.

TRANSPARENT AND INTEGRATED REPORTING

This Integrated Annual Report has been prepared in accordance with the IIRC's Integrated Reporting Framework. The Board of Directors assumes responsibility for the accuracy and completeness of the information presented, reflecting not only

our financial performance, but also our broader impact and approach to value creation.

RETURNING VALUE TO SHAREHOLDERS

In line with the Company's performance and our commitment to shareholders, the Board has declared a dividend of Rs.8.00 per share, amounting to a total payout of Rs.22.0 Mn. We remain committed to delivering consistent and sustainable returns, while ensuring the business remains well positioned for future growth.

LOOKING AHEAD

The FMCG industry will continue to be shaped by technological advancements, evolving consumer expectations and an increasing emphasis on sustainability. While challenges such as cost pressures and competitive intensity persist, significant opportunities exist for businesses that are agile, innovative and forward-looking.

We are confident that CFL is well equipped to navigate the evolving landscape ahead. Our brands continue to earn the trust and loyalty of consumers, our teams demonstrate strong capability and dedication, while our foundations remain resilient and well-established. As we move forward, we will continue to strengthen our core, explore new growth opportunities and remain closely connected to consumer needs, particularly within key segments such as Sera spices.

Equally important is our continued focus on our people: developing future leaders, nurturing a positive workplace culture and ensuring our employees feel supported and valued. These are essential priorities in sustaining our progress.

With an exceptional management team and a sound governance framework, we

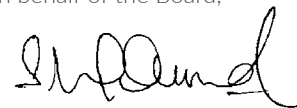
remain confident in CFL's ability to deliver sustainable growth and long-term value.

TRIBUTE TO OUR LATE CHAIRMAN MR. R. S. A. WICKRAMASINGHA

The Board of Directors records with deep sorrow the passing of our former Chairman, Mr. R. S. A. Wickramasingha, an exceptional entrepreneur and a pioneer of Sri Lanka's FMCG industry. He had a profound impact on employees, partners and communities through his people-centric approach and dedication to service. The Board expresses sincere gratitude for his immeasurable contribution and honours with utmost respect and admiration.

Mr. Wickramasingha served as Chairman throughout the financial year ended 31st March 2026 and passed away on 06th June 2026, prior to the publication of this Annual Report. This statement is published by the Board in recognition of his leadership and reflects the performance and affairs of the Group during the period under review.

On behalf of the Board,



D. S. Wickramasingha
Director

30th June 2026
Colombo

MANAGING DIRECTOR'S MESSAGE



MACRO-ECONOMIC ENVIRONMENT

Sri Lanka sustained its growth momentum, with real Gross Domestic Product (GDP) expanding by approximately 5.0% amid broad-based improvements across industry, services and agriculture sectors. The Central Bank reported that despite external disruptions including the impact of Cyclone Ditwah, overall economic expansion was driven by industry activities, with notable contributions from manufacturing and construction activities. This performance reflects a gradual strengthening in economic resilience.

GDP per capita also rose during the year to USD 5,003 in 2025 compared with USD 4,546 in 2024. Gross National Income (GNI) per capita followed a similar trend and increased to USD 4,910 in 2025 from USD 4,428 in 2024 supported by the expansion in nominal GDP alongside a decline in mid-year population which declined by 0.7% to 21.8 Mn in 2025 from 21.9 Mn in 2024.

Prices of food items exhibited considerable volatility during the latter part of the year, largely reflecting seasonal variations in the supply of food items and adverse weather conditions. The CCPI-based headline inflation accelerated to 2.3% in January 2026, contributed by the increase in prices of both food and non-food categories. A gradual acceleration of core inflation was observed thereafter, reflecting increases in both food and selected non-food categories within the core basket. Despite these dynamics, core inflation remained below the headline inflation target throughout the year.

Cost of living exhibited mixed outcomes in 2025 compared to 2024. The estimated average monthly consumption expenditure for a household, based on the CCPI, decreased marginally by 0.5%

Dear Stakeholders,

On behalf of the Board and the management of Convenience Foods Lanka PLC (CFL), I am pleased to present the Annual Report and Audited Financial Statements for the financial year ended 31st March 2026.

The year was defined by continued economic and market challenges that pushed us beyond conventional approaches and compelled us to develop agile, innovative responses to evolving market dynamics and changing consumer preferences. Yet, CFL remained focused on executing its strategic priorities with discipline and purpose. Guided by our commitment to excellence, we continued to strengthen the business to better serve the needs of our stakeholders, while reinforcing our position as a trusted and valued presence in the homes and hearts of our consumers.

I am pleased to report that CFL delivered an exceptional performance in the

2025/26 financial year, achieving the highest Profit Before Tax (PBT) and Profit After Tax (PAT) recorded in the Company's 35-year history, with a PBT of Rs.1,080.6 Mn and PAT of Rs.759.7 Mn.

Shareholders' funds also increased significantly by 22.7% to Rs.4.0 Bn, another milestone for CFL, marking the highest equity balance in the Company's history.

This milestone was achieved despite evolving market conditions and an uncertain economic landscape, reflecting the resilience of our people, the strength of our brands and the sound judgement of our management.

Overall, the Company concluded the year with stronger liquidity, improved capital adequacy, reduced liabilities and enhanced financial stability, thereby positioning the business to support future growth initiatives and sustain long-term value creation.

from Rs.178,438 in 2024 to Rs.177,545 in 2025, following the elevated increases observed during 2023 and 2024. In contrast, based on the NCPI, the estimated average monthly household consumption expenditure increased marginally by 0.2% from Rs.105,063 in 2024 to Rs.105,230 in 2025. Monthly consumption expenditure for a household in both CCPI and NCPI baskets showed that the share allocated to the food category remained elevated following the economic crisis in 2022, while the non-food category continued to account for most of the household expenditure.

Meanwhile, the external sector stabilised supported by improved inflows from exports, tourism and workers' remittances.

Concurrently, the exchange rate continued to be shaped by dynamic and evolving market conditions.

The exchange rate, which stood at Rs.292.58 per US dollar by the end of December 2024, reached Rs.309.99 per US dollar by the end of December 2025. Accordingly, the rupee depreciated by 5.9% in 2025. While improved external sector conditions enhanced export potential, exchange rate volatility continued to impact on the cost of imported raw material and packaging material.

Against this backdrop, the FMCG sector demonstrated a gradual recovery in demand, albeit with consumer spending behaviour still tempered by the lingering effects of post-crisis pressures on household purchasing power. Accordingly, while the improving macroeconomic climate created opportunities for volume growth, consumer purchasing behaviour continued to reflect heightened value consciousness, selective and cautious spending.

Meanwhile, competition amongst national and regional FMCG companies intensified during the year under thrifty consumer spending behaviour.

Sector growth momentum strengthened year-on-year, accelerating in 2025, despite temporary disruptions arising from adverse weather conditions and Cyclone Ditwah-related restrictions. These trends highlight improving purchasing confidence and the sustained resilience of consumer goods demand within the Sri Lankan market.

Sri Lanka's FMCG sector demonstrated continued resilience, alongside a gradual recovery in consumer demand and improving market conditions, following the economic crisis. Industry analysts forecast a significant FMCG sector cumulative growth in 2025, vis a vis 2024.

STANDING FIRM ON STRATEGIC PRIORITIES

Despite operating in a business environment characterised by significant volatility and disruption, CFL remained firmly focused on executing our strategic priorities while responding proactively to rapidly evolving market conditions.

During the latter part of the year under review, escalating energy costs, currency volatility and persistent geopolitical uncertainties continued to exert pressure across the value chain. These factors collectively impacted input costs, influenced consumer spending behaviour and contributed to ongoing market instability. In addition, the adverse effects of the Cyclone Ditwah, which disrupted retail operations and damaged outlets across several affected regions, created further challenges to distribution reach and market accessibility.

Against this landscape, our ability to respond with agility, disciplined cost management and strong market

execution enabled the Company to maintain operational continuity, safeguard profitability and sustain our competitive position. Consumer purchasing behaviour continued to evolve in response to prevailing economic conditions and shifting lifestyle preferences. We observed a clear and sustained shift towards affordable nutrition, convenient meal solutions, health-conscious and functional food products, as well as growing preference for brands that demonstrate environmental responsibility and ethical business practices. These trends further reinforced the importance of maintaining a consumer-centric strategy that delivers the right balance of affordability, nutrition, quality and convenience while continuing to strengthen consumer trust in our brands.

Our strategic focus during the year was driven by clear strategic priorities centered on consumer-first innovation, operational efficiency, brand strengthening and supply chain resilience. Sustainability-led brand communication and responsible business practices also continued to play an increasingly important role in reinforcing long-term brand equity and stakeholder confidence. We remain committed to building brands that not only deliver value and quality, but also align with broader expectations around health, sustainability and responsible corporate conduct.

MANUFACTURING AND OPERATIONS STRATEGY

The Company continued to strengthen our manufacturing and operational capabilities during the year with a strong focus on improving supply chain resilience, operational efficiency and long-term cost competitiveness. Given the increasingly volatile operating environment, strategic priority was placed on enhancing the agility, reliability and sustainability of the Company's end-to-end supply chain operations.

MANAGING DIRECTOR'S MESSAGE

Key initiatives undertaken during the year included strengthening long-term supplier partnerships, improving demand forecasting capabilities, streamlining logistics and inventory management processes and further enhancing compliance with ethical sourcing and procurement standards. These measures enabled CFL to improve supply continuity, improve inventory levels and enhance responsiveness to evolving market demand patterns.

The Company also leveraged strong liquidity to maintain timely supplier settlements, strengthening long-term business relationships and improving procurement efficiency. This enabled CFL to negotiate more favourable pricing structures, secure better supplier discounts and obtain flexible payment arrangements, contributing positively towards overall cost management. Improvements across manufacturing and supply chain operations delivered tangible operational and financial benefits, directly supporting margin protection, enhancing profitability and strengthening the Company's long-term competitive positioning within the FMCG sector.

MARKETING STRATEGY

The Company's marketing and product development strategy continues to be guided by a disciplined and consumer-centric approach focused on sustainable portfolio expansion, brand strengthening and long-term value creation. Our growth strategy is centered on entering adjacent product categories where we can effectively leverage our established brand equity, manufacturing capabilities, distribution strength and deep consumer insights, while ensuring every product offering remains aligned with our core promise of quality, nutrition, affordability and trust.

Over the past one and a half decades, CFL has successfully evolved from

a business predominantly reliant on the soy category into a diversified FMCG player with a growing presence across spices, cereals, snacks, salt and liquid coconut milk categories. This strategic diversification has significantly strengthened the resilience of the business, broadened revenue streams and enhanced the Company's ability to address evolving consumer needs across multiple consumption segments.

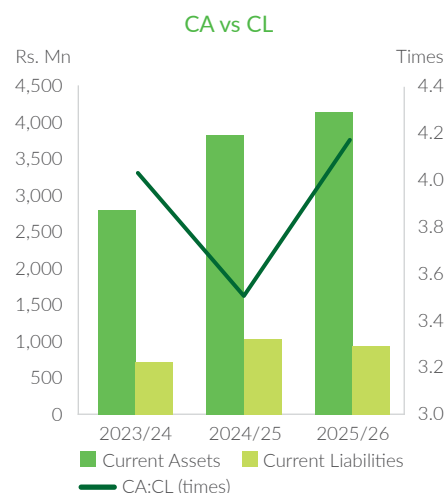
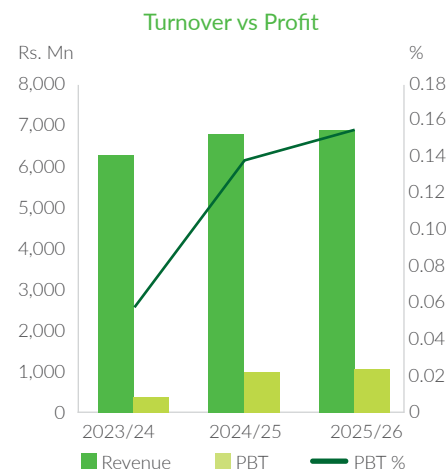
Strategic focus during the year was placed on delivering value-engineered products without compromising on quality, expanding convenience-oriented product offerings, strengthening both digital and in-store consumer engagement and optimising pack sizes and pricing architectures to cater to diverse income segments and consumption patterns.

In line with evolving consumer trends, we further intensified our focus on targeted product innovation to ensure continued relevance across both traditional and emerging market segments, with special focus on nutrition, affordable and accessible food solutions for value-conscious households and convenience-based products suited for modern lifestyles. CFL also strengthened our nutritional communication and consumer engagement initiatives to improve transparency, reinforce brand trust and deepen consumer loyalty across our portfolio.

During the year, three (3) new products were successfully introduced to the market: Lankasoy Moju, Lankasoy Chicken Champ and Tetos Salsa, further enhancing portfolio diversity and expanding the Company's ability to address evolving taste preferences and consumption trends.

FINANCIAL PERFORMANCE: ACHIEVING HISTORICAL HIGHS

CFL reported its financial performance for the year ended 31st March 2026, reflecting sustained growth during the period.



Revenue grew by 1.2% to Rs.6.9 Bn, notwithstanding price reductions in the soy category, supported by higher sales volumes and sustained operational momentum across the business. Operating profit improved by 9.6% to Rs.900.5 Mn, reflecting effective cost management, productivity enhancements and improved operational efficiencies despite persistent margin pressures.

The Company further strengthened earnings through improved investment income and prudent treasury management, resulting in a PBT of Rs.1.1 Bn, an increase of 13.8% over the Rs.949.9 Mn recorded in 2024/25 financial year. Finance costs remained minimal and well controlled, supported by CFL's strong liquidity position and prudent financial management. Profits for the year increased by 17.4% to Rs.759.7 Mn, marking the highest net profit recorded in the Company's history. The strong bottom-line performance underscores CFL's ability to sustain profitability amidst rising production costs, competitive market dynamics and continued pressure on household expenditure.

As at 31st March 2026, the Company further strengthened our financial position, supported by asset growth, enhanced liquidity, improved shareholder funds and a continued debt-free status. The balance sheet remained resilient throughout the year, reflecting prudent financial management, strong internal cash generation and disciplined capital allocation.

Total assets increased by 11.9% to Rs.5.3 Bn in 2025/26 financial year, representing the highest asset base recorded in the Company's history. Capital expenditure was directed towards modernising manufacturing facilities, improving productivity and ensuring food safety and quality standards. The growth was primarily driven by a substantial increase in current assets, which rose to Rs.4.2 Bn, mainly attributable to higher short-term deposits, increased cash and cash equivalents and growth in inventory balances, reflecting strong liquidity reserves, effective working capital management and improved operational capacity. Trade and other receivables recorded a marginal decline during the year, indicating improved collection cycles and tighter credit management practices.

The 2025/26 financial year also marked the third consecutive year of debt-free operations, with all operational requirements funded through internally generated cash flows. Strong cash generation, disciplined working capital management and prudent capital allocation continued to reinforce the balance sheet and enhance overall financial resilience. The absence of interest-bearing borrowings continued to strengthen the Company's risk profile while enabling internally generated funds to be fully utilised towards operational expansion, liquidity enhancement and shareholder value creation.

Shareholders' funds increased significantly by 22.7% to Rs.4.0 Bn in 2025/26 financial year, marking the highest equity balance in the Company's 35-year journey. The increase was primarily driven by higher retained earnings generated from improved profitability during the year, reflecting the Company's strong earnings capacity and internal capital generation. The strengthened equity base further enhanced CFL's capital structure and long-term financial resilience.

Total liabilities declined by 12.6% to Rs.1.3 Bn in the 2025/26 financial year, improving overall financial stability during the year. Non-current liabilities reduced substantially, mainly due to the settlement of lease liabilities, while current liabilities remained broadly stable and well managed. The reduction in liabilities, combined with higher equity funding, resulted in a stronger and more conservatively positioned balance sheet with lower financial leverage.

PORTFOLIO PERFORMANCE

CFL's brand portfolio, comprising Lankasoy, Sera, Nutraline and Tetos recorded improved volumes and market share during the year, reaffirming consumer confidence in CFL's product

portfolio despite constrained consumer spending.

Lankasoy

Lankasoy continued to maintain its market leadership in the textured vegetable protein category, supported by strong household penetration, sustained consumer demand for affordable nutrition and consistent brand equity. During the year, the brand achieved its highest-ever household penetration, further reinforcing its position as a trusted household staple across Sri Lanka. Lankasoy recorded a market share of over 40% and generated sales revenue of Rs.4.5 Bn, contributing 62.1% to the Company's total revenue for the year under review. Strategic brand-led campaigns, extensive distribution reach and consistent product quality enabled the brand to sustain volumes despite prevailing pressures on consumer spending.

Sera Range

The Sera range remained a key growth driver for the CFL during the year, supported by continuous product innovation, enhanced shelf visibility and stronger brand recall across multiple product categories. The brand delivered healthy volume growth and improved margins, reflecting increasing consumer preference and stronger market positioning. Sera spices recorded a market share of over 4%, while the spices category contributed 17.9% to total Company revenue. The brand also maintained a dominant position in key categories, achieving a market share of 43% in liquid coconut milk and 72% in the soups segment.

A significant milestone during the year was Sera spices becoming the main sponsor of MasterChef Sri Lanka Season 01, which substantially enhanced brand visibility and strengthened emotional engagement with consumers nationwide.

MANAGING DIRECTOR'S MESSAGE

Nutriline and Tetos Range

Nutriline further strengthened its market presence during the year, particularly within modern trade channels and among health-conscious consumer segments. Strategic brand positioning centered on convenience, nutrition and value supported steady growth despite increasing competition from both local and imported brands. Tetos continued to strengthen its presence within the snacks category through focused retail visibility and consumer engagement initiatives. Collectively, the Nutriline and Tetos contributed 9.5% to total Company revenue. Nutriline achieved a market share of 22%, while Tetos recorded a market share of 2% during the year under review.

DATA-DRIVEN PHILOSOPHY

CFL continued to strengthen our digital transformation agenda during the year through focused investments in technology integration and business intelligence. These initiatives were directed towards further optimisation of ERP systems, enhancement of data analytics capabilities and expansion of digital platforms across the entire value chain, spanning field operations, distribution networks and administrative functions.

These investments significantly enhanced the Company's ability to capture, analyse and respond to real-time business intelligence, enabling a decisive shift from conventional assumption-based and research-led decision-making towards a more agile, accurate and fully data-driven operating model. This transformation improved visibility across key business functions, including supply chain management, inventory planning, sales execution, consumer purchasing management and market trend analysis.

The increased integration of data analytics into operational and strategic

processes strengthened decision-making agility, forecasting accuracy and resource allocation efficiency. It also enabled CFL to respond more effectively to evolving consumer preferences, strengthen route-to-market execution and enhance overall operational productivity. As a result, the Company's enhanced data-driven culture supported more focused strategic initiatives, contributing to stronger brand performance, improved sales execution and greater operational efficiency across the business.

SUSTAINABILITY

Sustainability continues to remain an integral component of the CFL's long-term business strategy and value creation model. While regulatory expectations, stakeholder demands and sustainability-related compliance costs continue to evolve, CFL remained committed to advancing responsible business practices across the operations and value chain.

During the year, the Company made meaningful progress across several key sustainability priorities, including improvements in energy efficiency and enhanced emphasis on emissions management across operations. Simultaneously, CFL broadened our responsible sourcing practices and continued commitment to reducing its environmental footprint, while enhancing operational efficiency and supporting long-term business resilience. CFL is also dedicated to enhancing transparency and strengthening sustainability-related disclosures to provide stakeholders with a broader and more comprehensive view of our operational, environmental and social impacts. CFL has established a dedicated Board-level Sustainability Committee to strengthen governance oversight and ensure that sustainability remains closely aligned with strategic priorities and long-term value creation objectives. The Committee will play a key role in guiding the Company's sustainability agenda,

monitoring progress against key initiatives and enhancing accountability across Environmental, Social and Governance (ESG) matters.

FUTURE OUTLOOK

Looking ahead, the FMCG sector is expected to remain highly competitive and dynamic, shaped by evolving consumer expectations, increasing price sensitivity, convenience-driven consumption patterns, growing digital influence and heightened sustainability awareness. At the same time, rising input costs, energy price volatility and ongoing global supply chain uncertainties are expected to continue placing pressure on industry margins. In this environment, a key priority for CFL will be maintaining the right balance between affordability for consumers and sustainable profitability for the business.

Despite these challenges, we remain confident in the strength of our brands, operational resilience and long-term growth strategy. Lankasoy is expected to continue its strong performance during the 2026/27 financial year, supported by its long-standing market leadership, strong consumer trust and deep penetration across Sri Lankan households. As consumers continue to prioritise affordable, nutritious and familiar food choices, Lankasoy remains well positioned to maintain its relevance across multiple consumer generations and income segments.

We are confident that Sera will build further momentum in the year ahead. The brand's strong association with MasterChef Sri Lanka has significantly enhanced consumer engagement, brand visibility and market recognition, and has strengthened brand positioning, positively contributing towards both brand equity and financial performance.

CFL intends to further explore market potential and strengthen market presence of Nutraline and Tetos during 2026/27 through focused marketing initiatives, wider distribution and continued product innovation aimed at increasing market share across targeted consumer segments.

In achieving our anticipated goals, CFL remains supported by a diversified sourcing strategy, strong supplier relationships and a predominantly domestic market focus, which collectively help mitigate direct exposure to global disruptions. Nevertheless, management will continue to closely monitor emerging risks and market developments to ensure timely and agile decision-making in response to changing operating conditions.

Looking ahead, CFL will continue to evaluate measured expansion opportunities in both local and international markets, with special focus on Sri Lankan consumers living overseas and reaching underserved regional markets within Sri Lanka.

Building on this foundation, we remain guided by evolving consumer needs, dynamic market trends and most importantly, by the enduring trust consumers have placed in our brands, allowing CFL to enter their homes and hearts over many years.

SINCERE APPRECIATION

We record our deepest gratitude to our late Chairman, Mr. R. S. A. Wickramasingha, who played an instrumental role in shaping the Company's growth and success. His unwavering commitment to quality, integrity and people continues to guide our path forward. On behalf of the management, I extend my sincere appreciation for his invaluable contribution and enduring inspiration.

I extend my sincere appreciation to our shareholders for the continued trust and confidence placed in CFL. Your steadfast support remains a cornerstone of our stability and long-term growth.

I am deeply grateful to the Board of Directors for their steady guidance, strategic insight and unwavering support throughout the year. Their leadership has been instrumental in helping to navigate challenges while staying focused on our priorities.

My heartfelt thanks go to our employees across all levels of the organisation. Their dedication, resilience and sense of ownership have been central to our achievements this year, especially in a demanding operating environment.

I would also like to acknowledge our business partners, suppliers and distributors for their ongoing collaboration and commitment. These relationships continue to strengthen our operational foundation and enable us to serve our customers effectively and reliably.

Above all, I wish to sincerely thank our consumers for their continued trust in our brands. Their loyalty is the true measure of our success and continues to inspire us to improve, innovate and deliver consistent quality and value in everything we do.

Thank you.



M. C. Dahanayake
Managing Director/CEO

30th June 2026

OUR OPERATING ENVIRONMENT

CFL operates in an increasingly interconnected environment shaped by macroeconomic, climate, technological, demographic, political and regulatory developments. While some factors are beyond our control, we continuously monitor these trends to strengthen resilience, support informed decision-making and enhance value creation.

FY 2025/26 AT A GLANCE

- Global macro backdrop:**
International markets remained unsettled amid trade realignments and heightened geopolitical tensions
- Logistics and cost pressures:**
Conflict-related disruptions, particularly affecting shipping corridors, contributed to volatility in energy prices and freight costs
- Commodity price dynamics:**
While food commodity prices eased toward late-2025, rising energy costs lifted input costs and contributed to renewed commodity price pressure in the latter part of the financial year
- Foreign exchange trends:**
Tourism inflows strengthened foreign exchange stability early in the year, though a decline is anticipated in FY 2026/27
- Weather-related disruption:**
Cyclone Ditwah (November 2025) caused temporary transport and distribution disruptions in several areas, with recovery and rebuilding initiated soon after

GLOBAL ENVIRONMENT

During FY 2025/26, the global economy grew modestly, with growth projected at 3.2% in 2025 and 3.1% in 2026, amid trade shifts and geopolitical uncertainty. The FAO Food Price Index averaged 127.2 points in 2025, 4.3% above

2024, while Red Sea/Suez disruptions extended shipping times by 7–14 days, raising freight and insurance costs. Late in the year, Middle-East tensions further increased energy, supply chain, inflation and tourism-related pressures.

Sri Lankan Context Relevant to FY 2025/26

Sri Lanka's recovery strengthened in 2025, supported by reforms, remittances of over USD 8.0 Bn, tourism earnings of around USD 3.2 Bn and reserves of USD 6.8 Bn by end-2025. By end-March 2026, reserves reached USD 7.0 Bn, while higher fuel import costs and lower tourism earnings offset stronger remittances.

Implications for CFL

For CFL, this environment reinforced the need to remain value-led and agile as consumer demand stayed cautious, while input-cost volatility persisted due to elevated global food and energy dynamics. The ongoing shipping disruptions highlighted the importance of supply-chain resilience, safety stocks and flexible sourcing. Domestically, stronger remittances and tourism supported the broader recovery backdrop, although climate events and late-year external shocks emphasised the need for continued scenario planning, cost discipline and foreign exchange/working capital monitoring.

LOCAL OPERATING ENVIRONMENT

Economic Environment

Snapshot of the Sri Lankan Economy

Indicator	Latest Figure/Period
Inflation (CCPI, YoY)	2.1% (Dec 2025); 2.2% (Mar 2026); MoM: +0.3%
Inflation (NCPI, YoY)	1.6% (Feb-2026), Index 210.50
FX (USD/LKR, monthly avg.)	309.10 (Dec-2025), 315.19 (Mar-2026)

Indicator	Latest Figure/Period
Policy rate (OPR)	7.75% (held Mar-2026)
GDP growth	5.0% (2024 actual), 5.0% (2025 est.)
Activity (PMI)	Manufacturing 66.7, Services 59.4 (Mar-2026)
External sector	Current account surplus in Feb-2026, Reserves: USD 7.3 Bn (Feb-2026)

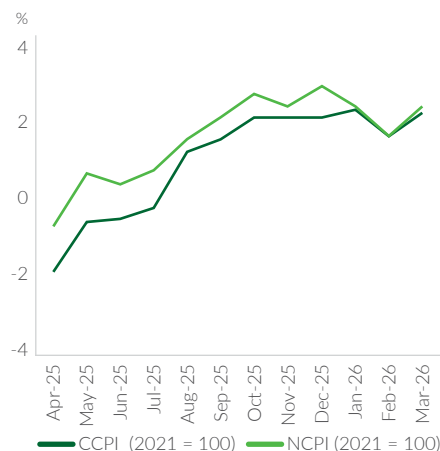
- CCPI – Colombo Consumer Price Index
- NCPI – National Consumer Price Index
- FX – Foreign Exchange Sales
- OPR – Overnight Policy Rate
- GDP – Gross Domestic Product
- PMI – Purchasing Managers Index

1. Inflation

CCPI (2021=100) headline inflation was 2.1% YoY in December 2025, unchanged from November and edged up slightly to 2.2% by March 2026 with Food at 3.0% and Non-food at 1.8%; on a month-on-month basis, CCPI rose 1.26%, largely due to Cyclone Ditwah supply effects. Food inflation increased by 0.23% YoY, indicating relatively subdued pressure in key categories.

NCPI (2021=100) inflation was 2.9% YoY in December 2025, with the index at 210.5, up 1.57% m/m. Sri Lanka may face renewed food inflation from rising fertilizer prices, exchange rate pressure and weaker household purchasing power, while lower hydropower output could increase reliance on coal and oil, raising electricity generation costs.

Inflation: CCPI and NCPI

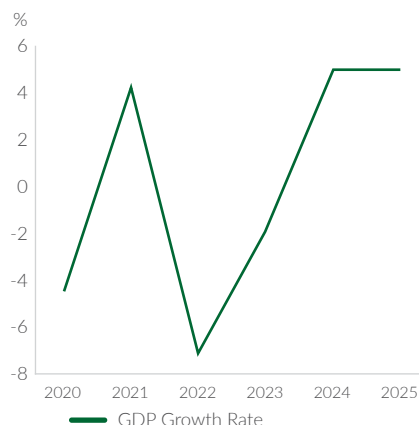


2. Growth and Activity

Sri Lanka's real GDP grew by around 5%, driven mainly by industry and services. In 2025, agriculture grew 1.4%, industry 7.8% and services 3.3%, while real GDP recovered to about 99% of its 2018 level.

Year-end momentum remained strong, with the PMI at 60.9 for Manufacturing and 67.9 for Services in December 2025, while unemployment was 3.8% in Q4-2025 and labour force participation 48.8%. However, the Middle-East conflict may slow growth by increasing inflation, import costs and currency pressure, while weaker remittances and tourism could further dampen demand.

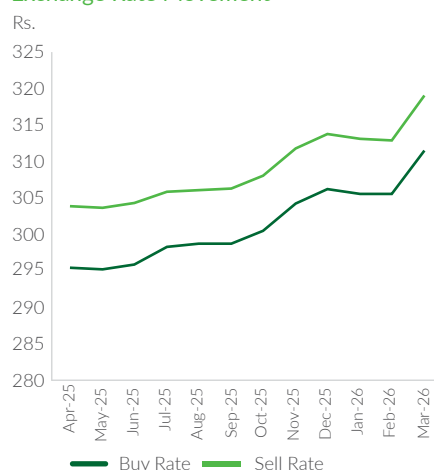
GDP Growth



3. Exchange Rate

The rupee stayed broadly stable at year-end, with the average USD/LKR around 309-310 at end-December and rising to 318 by April 2026. The CBSL reported a 5.6% depreciation in 2025 due to normalising imports and post-Cyclone Ditwah effects. From late March 2026 onward, further depreciation is expected from a wider trade deficit, the US-Iran conflict, weaker tourism, remittances and capital flows, though higher prices and a weaker currency may help contain import demand.

Exchange Rate Movement



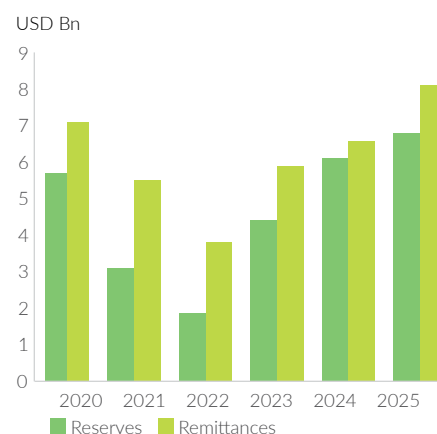
4. External Sector

Sri Lanka's external sector remained resilient in late 2025, with a cumulative current account surplus of around USD 1.60 - 1.70 Bn during January-November, supported by worker remittances of USD 673.0 Mn in November 2025. Official reserves stood at about USD 6.0 Bn at end-November, covering roughly 3.4 months of imports, despite a wider trade deficit driven by elevated imports.

In early 2026, external pressures rose as the trade deficit widened in February, while the current account surplus narrowed to USD 117.0 Mn. Reserves increased to USD 7.3 Bn in February 2026, the highest since August 2020,

though higher FX sales in March 2026 reflected continued CBSL intervention amid global and regional uncertainty.

Reserves and Remittances Movement



5. Interest Rates & Monetary Policy

The Monetary Policy Board kept the Overnight Policy Rate at 7.75% through January-March 2026, viewing it as sufficient to guide inflation toward the 5.0% medium-term target. However, following the late-March 2026 energy cost hikes, inflation may reach 5.0% sooner in 2026/27, with short- and long-term rates rising in the last quarter of 2025/26.

Indicator	Latest Monthly/ Nearest Monthly Figure
Average Weighted Prime Lending Rate	9.28%
Average Weighted Lending Rate	11.76%
Average Weighted Deposit Rate	6.83%
Average Weighted Fixed Deposit Rate	8.51%

OUR OPERATING ENVIRONMENT

Impact on CFL From the Five-core Local Economic Conditions & CFL's Response

Indicator/Condition	Impact on CFL	CFL's Response
1. Prices and Inflation	Low inflation (CCPI 2.1% YoY, December-2025) supports affordability and volume recovery in value tiers, but month-on-month food price volatility after extreme weather, along with rising energy and fertiliser costs, may drive inflation from mid-2026 onwards. For CFL, this requires tighter price-mix management while maintaining entry-price packs affordable for mass-market reach.	Apply a disciplined price mix management, maintain cost control measures, selective price adjustments and focused entry price packs to balance affordability with margin protection amid food cost volatility.
2. Exchange Rate and Liquidity	A broadly stable LKR 309/USD at end-December 2025 improved landed-cost visibility, but the cumulative 5–6% depreciation in 2025 increased FX pressure on imported ingredients and packaging, raising working capital needs and gross margin sensitivity.	Mitigates FX exposure through inventory planning, selective sourcing, banking arrangements and tight working-capital management.
3. Interest Rates and Monetary Policy	With the policy rate at 7.75% (March-2026) and the 5.0% inflation target reaffirmed, funding costs are more predictable, supporting disciplined capex and refinancing. However, short-term food and energy shocks could still tighten liquidity, requiring close monitoring of distributor credit and cash conversion.	Leverages predictable funding conditions to optimise capital structure, manage distributor credit risk and closely monitor cash conversion cycles.
4. Growth and Activity	5.0% GDP growth and strong PMI indicators suggest a gradual but strengthening demand recovery, while strong year-end PMI prints signal healthy food & beverage and wholesale/retail consumption. For CFL, this supports convenience-led mix growth and channel-specific activation.	Targets profitable growth through channel specific activation, portfolio mix enhancement and cautious inventory deployment across regions.
5. External Sector (Current Account, Reserves, Trade)	A current account surplus and reserves of around USD 7.3 Bn support macro stability and foreign exchange. However, import pressures may widen trade gaps; therefore, CFL continues to diversify suppliers, stagger shipments and strengthen supply chain resilience.	Safeguards supply continuity by diversifying suppliers, staggering imports and strengthening route to market resilience.

(Source: Central Bank of Sri Lanka, 2026)

POLITICAL AND REGULATORY LANDSCAPE

1. Macroeconomic and Political Stability

During FY 2025/26, Sri Lanka continued its economic stabilisation agenda under the IMF programme, with a strong emphasis on fiscal discipline, inflation control and policy consistency. While political conditions remained relatively stable, reform-led governance and cost-containment measures influenced overall market sentiment and consumer purchasing power.

2. Fiscal Policy and Taxation

Government policy focused on broadening the tax base and strengthening revenue collection. This is aimed to improve fiscal sustainability but continue to exert cost and pricing pressures across the FMCG sector.

3. Regulatory Reforms and Business Enabling Policies

In FY 2025/26, the regulatory landscape advanced through legal, anti-corruption and digital governance reforms to improve ease of doing business, transparency and investor confidence. New developments, including digital payment platforms (e.g., the GovPay platform to streamline government collections) and data protection law changes are expected to enhance efficiency, predictability and reduce bureaucratic friction over time.

Impact of Political and Regulatory Environment on CFL & CFL's Response

Regulatory/ Political Factor	Impact on CFL	CFL's Response
1. Macroeconomic Policy Stability	Policy reforms and fiscal discipline affect consumer demand, market sentiment, sales volumes and pricing strategies	Focuses on cost management, pricing discipline and maintaining operational efficiency to adapt to changing economic conditions
2. Tax Base Broadening	Expansion of the tax base and duties increases compliance requirements and costs, affecting margins	Strengthens tax compliance processes, optimises pricing strategies and enhances cost efficiency across operations
3. Customs and Import Duty Reforms	Changes in import duties increase cost volatility and affect sourcing decisions across the FMCG supply chain	Diversifies suppliers, optimises procurement strategies and staggers imports to manage cost pressures and ensure supply continuity
4. Digital Payment and Regulatory Framework	Stronger digital governance requires adaptation to digital payment systems and regulatory compliance	Enhances digital capabilities and aligns systems with government-led digital initiatives to improve transaction efficiency and compliance
5. Data Protection and Privacy Laws	Data protection regulations require stronger data handling, security and compliance systems	Invests in data security infrastructure and upgrades systems to ensure compliance with personal data protection requirements
6. Ease of Business Reforms	Legal and regulatory reforms drive improvements in business processes but require continuous adaptation to evolving frameworks	Actively aligns internal policies, governance practices and operations with regulatory reforms to ensure compliance and enhance efficiency

TECHNOLOGICAL ENVIRONMENT

1. Acceleration of Digital Infrastructure and Connectivity

During the year, Sri Lanka's digital infrastructure continued to grow, supported by wider 4G access, early 5G adoption and expanding digital payments, creating a stronger environment for mobile-first consumer engagement and data-driven operations.

2. Advancement of Data Governance, Cybersecurity and Compliance Technologies

In FY 2025/26, digital governance tightened with the rollout of the Personal Data Protection Framework, driving stronger accountability for data privacy, cybersecurity and customer data handling.

3. Industry 4.0, Planning Analytics and Automation across the Value Chain

Manufacturers and FMCG players are adopting Industry 4.0, digital QA, integrated S&OP and RTM digitisation, while ERP, e-PoD and route optimisation help reduce stockouts, pilferage and turnaround time.

4. Digital and Social Media Influence

Rapid advances in digital technologies and social media have transformed consumer engagement, enabling targeted marketing, real-time feedback, personalised promotions, stronger brand visibility and faster decision-making.

Impact of Technological Environment on CFL & CFL's Response

Technological Factor	Impact on CFL	CFL's Response
1. Digital Infrastructure Expansion	Enables better digital order capture, stronger distributor and retailer connectivity and improved digital shelf presence across modern trade	Leverages expanding digital infrastructure to strengthen sales order capturing
2. Data Governance and Cybersecurity Requirements	Requires stronger data controls, privacy compliance and protection of customers, retailer and supply chain information across CFL systems	Continues to enhance data governance, cybersecurity controls and privacy compliance across digital platforms

OUR OPERATING ENVIRONMENT

Technological Factor	Impact on CFL	CFL's Response
3. Automation, Analytics and Supply Chain Digitisation	Improves forecasting, reduces stockouts and enhances plant visibility, logistics efficiency and route-to-market performance	Invests in automation and analytics to improve forecasting accuracy, operational visibility and supply chain efficiency
4. Digital and Social Media Influence	Improves brand visibility, targeted marketing and real-time consumer engagement, but requires ongoing investment in technology, skills and cybersecurity	Drives brand engagement through targeted digital marketing while investing in technology capabilities, skills and cybersecurity to sustain growth

ENVIRONMENTAL AND SOCIAL ASPECTS

1. Climate Risks and Extreme Weather (inc. Cyclone Ditwah)

Sri Lanka's high climate risk exposes distribution, retail and warehousing to floods and landslides, disrupting sales, increasing stock losses and straining channel credit. This highlights the need for resilient route-to-market planning, flexible S&OP and risk-based inventory buffers to protect service levels and cash flow.

2. Resource Efficiency, Energy and Waste Management

Rising expectations for responsible resource use are increasing focus on water stewardship, energy efficiency, waste management, sustainable packaging, emissions control and cleaner production.

3. Community Well-being Expectations & Climate Impact on Households

Extreme weather events increase hardship for vulnerable communities, affecting mobility, livelihoods and food access, while raising expectations for corporate support in health, nutrition and disaster recovery.

4. Changing Consumer Lifestyles and Increasing Ageing Population

Sri Lankan consumers seek convenience, value and nutrition, shaped by mobile-first shopping, quick price comparisons and trusted staples. With an ageing population, demand is rising for easy-to-prepare, nutrient-dense foods, clear labelling, accessible packaging, transparent digital information, sustainable packaging and affordable options.

Impact of Environmental and Social Changes on CFL & CFL's Response

Environmental/Social Factor	Impact on CFL	CFL's Response
1. Climate Risks and Extreme Weather	Increases disruption risks to distribution, causes stock losses and delivery delays in flood-prone areas and tightens liquidity and disrupts cash flows when sales are interrupted	Strengthens supply chain resilience through contingency planning, distributor support and route to market flexibility in high risk areas
2. Resource Efficiency, Energy and Waste Management	Energy and water variability, waste handling requirements and pressure to reduce resource use can affect margins, plant uptime and compliance	Focuses on improving resource efficiency, energy management and waste reduction to control costs and meet stakeholder expectations
3. Community Well being and Climate Impact on Households	Extreme weather disrupts communities and channels in affected areas, increasing expectations for responsible corporate support	Supports affected communities through responsible business practices and targeted engagement to sustain channel continuity and trust
4. Changing Consumer Lifestyles and Increasing Ageing Population	Rising demand for convenience, value and nutrition is increasing the need for easy-to-use packs, clear labelling, affordable options and credible sustainability claims	Adapts the portfolio and packaging to meet evolving needs for convenience, nutrition, affordability and credible sustainability

TOWS MATRIX

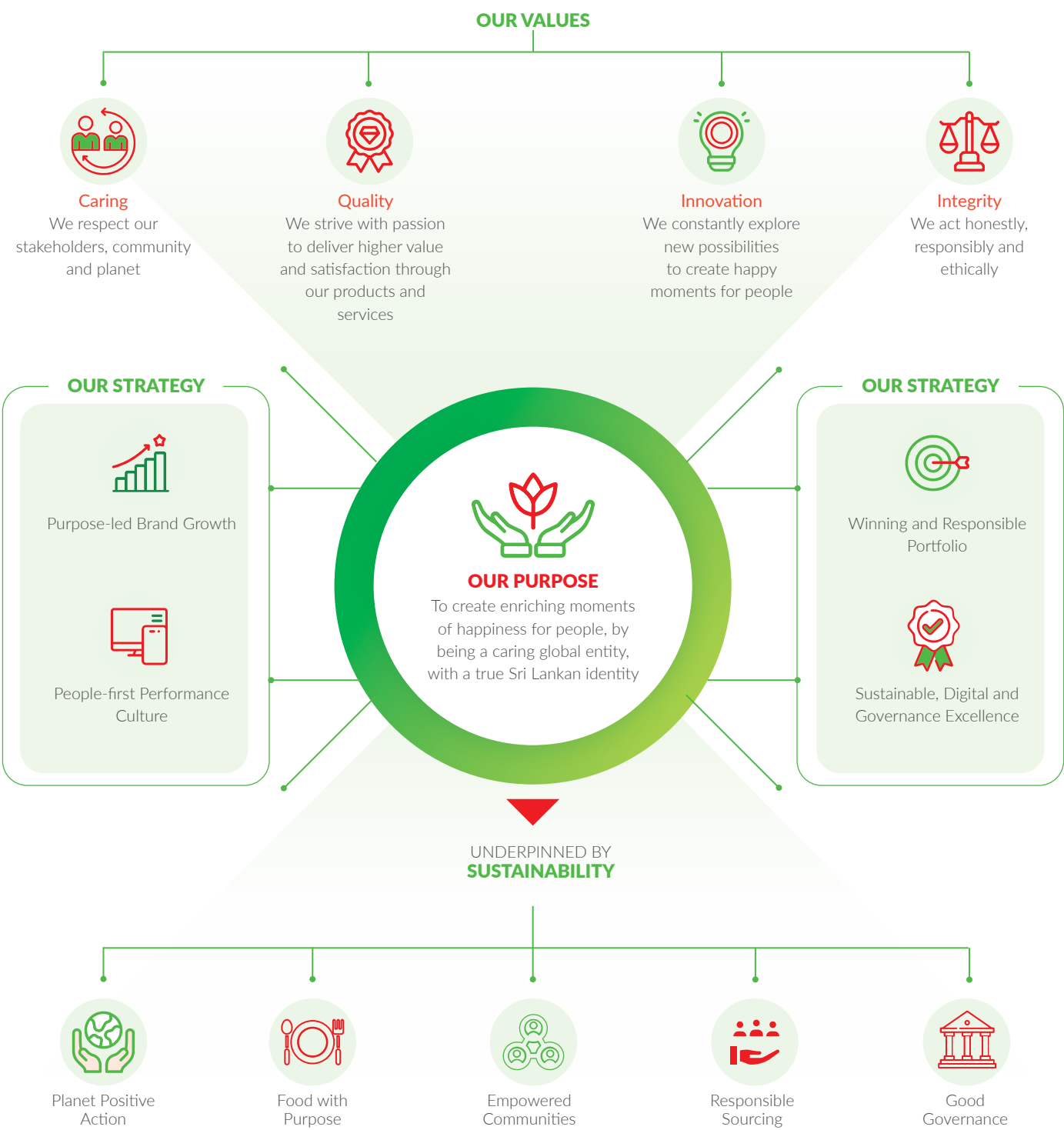
Strategy Type	Strategic Actions
SO (Strengths × Opportunities)	- Leverage strong brand equity and product innovation to capture growing demand for convenience, nutrition and ageing consumer needs - Utilise integrated supply chain and distributor network to expand into new local and export markets - Capitalise on CBL group strength to form strategic partnerships and acquisitions for market growth
WO (Weaknesses × Opportunities)	- Accelerate digital transformation and data governance to capture growth in digital payment ecosystems - Reduce dependence on imports by optimising sourcing amid improving macro stability and logistics conditions - Strengthen working capital management and supply chain planning to benefit from trade flows
ST (Strengths × Threats)	- Leverage cost efficiency and supplier bargaining power to manage input cost inflation and supply chain disruptions - Use strong brand reputation and innovation to counter competition and shifting consumer preferences - Utilise resilient supply chain and workforce to mitigate climate and geopolitical risks
WT (Weaknesses × Threats)	- Diversify sourcing and strengthen inventory planning to reduce exposure to FX volatility, import dependency and freight delays - Enhance digital capabilities and cybersecurity to mitigate data and operational risks in a digital environment - Improve agility in operations and decision-making to respond faster to market changes, consumer shifts and competitive pressures

OUR COMPETITIVE LANDSCAPE

Competitive Force	Impact	Our Response
Power of Customer		
Wide choice of brands/substitutes; price-sensitive buyers may switch based on price, availability and value	High	Deliver value through consistent quality, trusted brands, competitive pricing and a wider product range for price-sensitive and changing consumer needs
Power of Business Partners/Suppliers		
Limited strong local suppliers and reliance on imports increase supplier bargaining power; quality and food safety requirements further strengthen supplier influence	Moderate	Maintain long-term supplier relationships, diversify sourcing where possible and uphold strict quality and food safety standards to ensure continuity and resilience
Threat of New Entrants		
High entry barriers due to investment needs, technical expertise and strict food safety compliance; established brands and scale reduce ease of entry	Moderate	Strengthen brand equity, improve operational efficiency and maintain strong compliance and quality standards to protect market position
Threat of Substitutes		
Availability of substitutes (cereals, snacks, spices, ready-to-eat options) and shifting preferences can influence demand	Moderate	Respond to consumer trends through innovation, value-added products and portfolio diversification, with a focus on protein-based and convenient solutions
Industry Rivalry		
Strong competition across similar categories driven by quality, branding, pricing and innovation; rising demand for healthier/plant-based options intensifies rivalry	High	Compete through innovation, brand building, quality assurance, cost optimisation and strong distribution reach

OUR PURPOSE-DRIVEN STRATEGY

Our strategy is anchored in the Group's purpose of creating enriching moments of happiness for people while delivering affordable and high quality nutrition with a strong Sri Lankan identity. Guided by our Group purpose, vision, mission, sustainability framework and growth priorities, we pursue four integrated strategic pillars to drive long term value creation for all stakeholders.



OUR BUSINESS STRATEGY

Purpose-led Brand Growth

CFL's growth strategy is centered on strengthening its iconic brands while delivering affordable, nutritious and high-quality food solutions to Sri Lankan households and export markets. We continue to invest in our core brands – Lankasoy, Sera, Nutraline and Tetos – which collectively anchor our focus for protein and convenient foods. By leveraging deep consumer insights, flexible pack sizes and efficient sourcing, we aim to drive volume led growth.

Purpose driven innovation remains a key focus, with product improvements and new offerings designed to meet evolving consumer needs for taste, convenience and nutrition, while maintaining the highest food safety and quality standards. Supported by a nationwide distribution footprint and growing export presence, this strategy enables CFL to expand household penetration while reinforcing trust and relevance across generations.

Winning and Responsible Portfolio

Our diversified portfolio is a core strength that allows CFL to remain resilient and competitive in a dynamic FMCG landscape. We adopt a disciplined and data driven approach to continuously evaluate our product categories, brands and SKUs, ensuring resources are focused on offerings with the strongest growth potential and consumer relevance. At the same time, we actively improve, rationalise or reposition underperforming products to maintain portfolio efficiency. Guided by Our 'Food with Purpose' philosophy, we align our portfolio with emerging trends such as plant based nutrition, convenient meal solutions and value added foods, supporting national nutrition needs and long term food security. This is reinforced through strong quality governance, internationally recognised certifications and responsible sourcing practices that strengthen supply chain resilience and consumer confidence.

People-first Performance Culture

Delivering sustainable growth requires a culture that places people at the heart of performance. CFL is committed to fostering a high performance, inclusive and value driven workplace where accountability, collaboration and continuous improvement are encouraged. We invest consistently in capability building through structured training, leadership development and succession planning, ensuring our workforce remains agile and future ready.

Performance management systems aligned to business, safety and sustainability outcomes reinforce execution excellence, while strong health, safety and well being frameworks support a secure and engaged workforce. Through inclusive hiring, high employee retention and nationwide employment opportunities, we continue to strengthen our human capital and empower our people to contribute meaningfully to CFL's long term success.

Sustainable, Digital and Governance Excellence

CFL is transforming its organisation to be simpler, more efficient and sustainability led, ensuring resilience in a rapidly evolving business environment. Our five pillar sustainability framework and three year ESG roadmap guide focused action on climate resilience, energy efficiency, waste and water management, responsible sourcing and community impact. Operational excellence initiatives such as lean manufacturing, resource optimisation and digital enablement support cost efficiency while reducing environmental footprint.

At the same time, we continue investment in ERP systems, automation and digital reporting to enhance decision making, transparency and agility. Strong corporate governance, ethical conduct and risk management frameworks ensure accountability, regulatory compliance and stakeholder trust, enabling CFL to create long term value responsibly.



SALES STRATEGY: A GROWING ORGANISATION



Engage with the Business Partners/ Customers



Reach and Engage the Right Stores



Manage the Spending to Support Sales and Business Growth



Capability and Talent Development of the Staff



Efficiency Improvements, Automation and Shopper Engagement



MARKETING STRATEGY TRUSTED NUTRITION AND CULINARY SOLUTIONS FOR BETTER LIVING



Growing Affordable Nutrition Brands



Accelerate Scratch Cooking



Expand Nutrition Food Offerings



Restaurant at Home



Healthy Snacking



R&D STRATEGY: FOR VALUE-ADDED PRODUCT EXTENSIONS



Innovation and Product Leadership



Process Excellence



Sustainability and Capability Development



QA STRATEGY: WE ARE DELIVERING VALUE AND SATISFACTION WITH EVERY MOUTHFUL



Supplier Quality Optimisation



Reviewing Voice of Customer



Data-driven Quality Assurance



Cross-functional Continuous Improvements

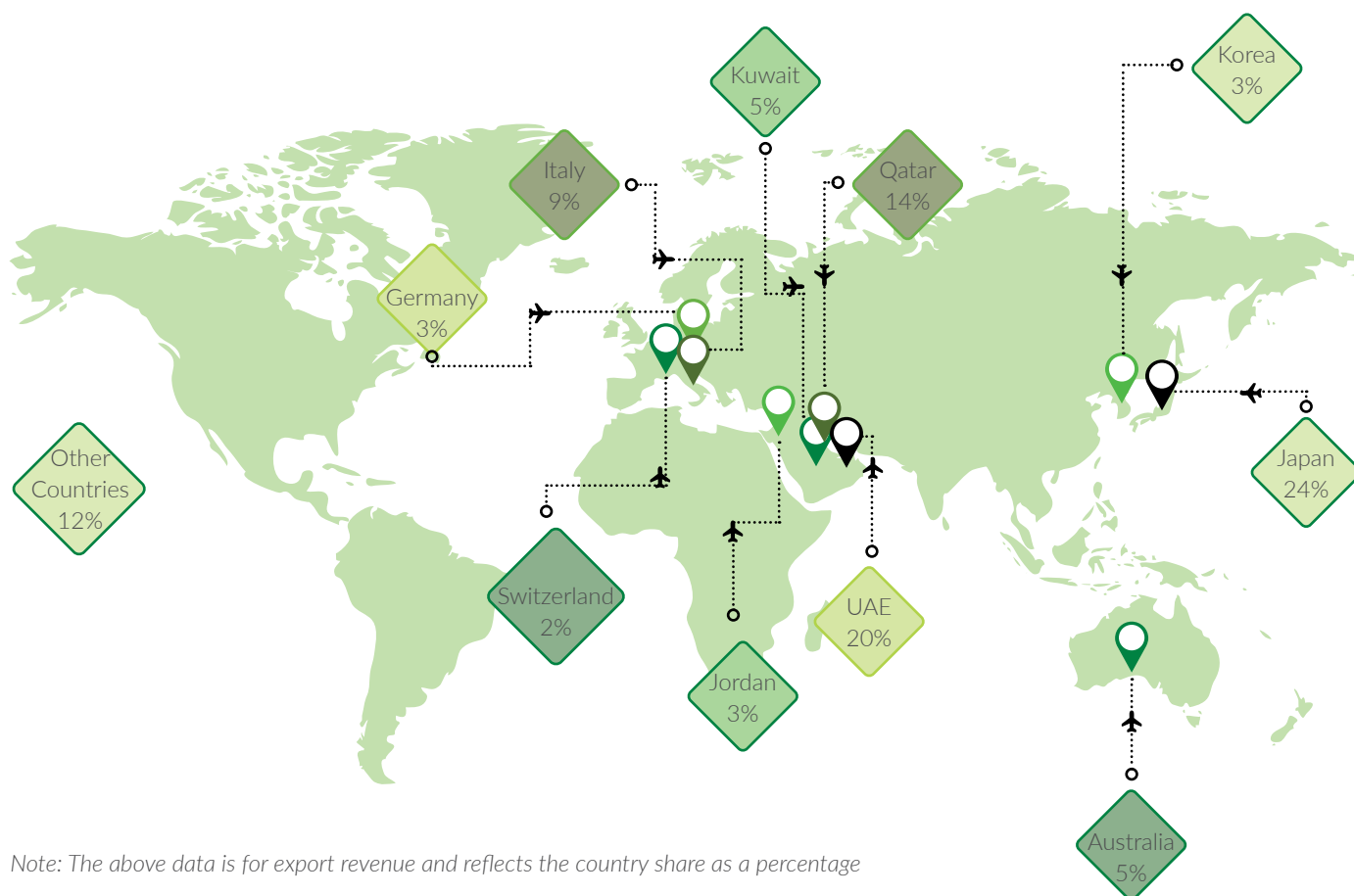
OUR GLOBAL MARKETS

CFL, through its well-established brands Lankasoy, Tetos, Nutriline and Sera, continues to strengthen its international presence, making a meaningful contribution to the expansion and diversification of the CBL Group's export portfolio. By leveraging strong brand equity, consistent product quality and an efficient distribution network, the Company has successfully positioned its products in a range of overseas markets, responding effectively to diverse consumer tastes and regulatory requirements.

The Company remains focused on innovation, product development and process improvements to ensure that its offerings align with evolving global food trends and nutritional expectations. Stringent quality assurance practices and adherence to international standards underpin our commitment to delivering safe, reliable and high-quality food products.

We take pride in the milestones achieved during the year and remain steadfast in our commitment to sustainable growth, operational excellence and customer

satisfaction. By continuously adapting to changing market dynamics and consumer preferences, CFL aims to create long-term value for all stakeholders while strengthening its presence both locally and globally.



SUSTAINABILITY: RESPONSIBLE TODAY, RESILIENT TOMORROW

This Statement of ESG Performance presents a summary of the Company's key environmental, social and governance indicators for the financial year. The disclosures outlined below highlight our performance outcomes, measurement approaches and year on year progress in priority ESG areas that are material to our long term value creation, risk management and stakeholder confidence.

STATEMENT OF ESG PERFORMANCE

For the financial year ended 31st March	Note	2026	2025	2024
Environmental Performance				
Energy Consumption				
• Electricity – kWh	2.1	2,425,499	2,297,299	2,004,736
• Furnace Oil – Liters	2.1	214,671	190,392	164,273
• Diesel – Liters	2.1	4,601	25,091	16,301
• LPG – Kg	2.1	14,513	15,375	15,600
Energy Intensity (MJ/kg)	2.1	2.5	2.6	2.8
Water Withdrawal (m ³)	2.2	15,586	17,137	16,057
Total Raw Material and Wrapper Waste (Kg)	2.3	68,521	63,765	56,159
Carbon Emissions Intensity (Kg CO ₂ e/kg production)	2.4	0.22	0.24	0.25
Social Performance				
Total Employees as of 31st March	3.1	311	364	351
Employee Turnover (Monthly %)	3.2	5.6	2	2
Female Employees as a Percentage of Total Employees (%)	3.3	15.1	14.3	14.0
Total Number of Injuries	3.4	12	8	3
Average Training Hours per Employee	3.5	9	18	20
Total Employee Benefits Distributed (Rs. Mn)	3.6	905.2	805.4	757.8
Duty and Tariff Paid (Rs. Mn)	3.7	1,467.0	1,470.0	1,104.0
Spent on Social Initiatives (Rs. Mn)	3.8	12.2	1.6	5.7
Governance Performance				
Number of Whistle-blower Cases Reported and Solved	4.1	0	0	0
Anti-harassment Helpline Cases Reported and Solved	4.2	0	0	0
Number of Total Audits Conducted on Management Systems	4.3	4	5	5
Number of Major Non-compliances Reported in Management Systems	4.4	0	0	0
Number of Major Data Breaches and Incidents	4.5	0	0	0

NOTES TO THE ESG STATEMENT

Section 01 – Basis of Preparation

General Reporting Standards and Principles

The Company's sustainability disclosures are prepared in alignment with global and local reporting frameworks, including the GRI Standards, the Integrated Reporting Framework, SASB Standards, SLFRS S1 and S2 and the 2023 Code of Best Practices on Corporate Governance (ICASL). This approach helps with accuracy, consistency and comparability of reported non-financial information.

SUSTAINABILITY: RESPONSIBLE TODAY, RESILIENT TOMORROW

Materiality

The Company's materiality assessment prioritises issues that are significant to financial capital providers in evaluating long-term value creation, guided by stakeholder engagement and management insights. Further details on external factors, risks, opportunities and future developments are outlined in the Operating Environment and Outlook sections. Please refer to Pages 77-80 on Material Matters and Pages 58-63 on Sustainability-related Risks and Opportunities for further information.

Data Integrity, Transparency and Reliability

Accuracy, completeness and verifiability of information are maintained through management systems that are subject to annual audits. Further details on these systems at CFL are provided on Page 153 of the Intellectual Capital Section.

Comparability

The indicators presented in this statement are prepared in line with the guidelines prescribed by the GRI/SASB sustainability standards and internal metrics.

Note	Performance Factor	Basis of Measurement/Description	Reference
Section 02 - Environmental Performance			
2.1	Energy Consumption for Operations	CFL's energy use includes electricity and fossil fuels, measured using meter readings and utility invoices. All energy sources are converted to MJ using standard conversion factors.	Page 122 – Natural Capital
2.2	Water Withdrawal for Operations	The Company mainly uses water supplied by the National Water Supply and Drainage Board, measured using Water Board's meter records at the Ratmalana factory.	Page 122 – Natural Capital
2.3	Waste from Operations	At CFL, waste is segregated in color-coded bins, tracked using disposal weight logs and invoices and managed through reuse, recycling or energy recovery via incineration by CEA-approved suppliers.	Pages 123-124 – Natural Capital
2.4	Carbon Emissions from Operations	Current disclosure covers Scope 1 and Scope 2. Scope 3 is under assessment. Carbon emissions are measured using international standards, focusing on Scope 1 (direct emissions from vehicles, boilers, generators and LPG ovens) and Scope 2 (indirect emissions from purchased electricity) and are reported in Kg CO ₂ e using relevant emission factors.	Page 124 – Natural Capital
Section 03 - Social Performance			
3.1	Total Employees	Employee composition data is based on the Company's HRIS as at the reporting date. The decline is due to employment restructuring arrangements.	Page 107 – Human Capital
3.2	Employee Turnover	Monthly employee turnover is calculated as resignations divided by the average number of employees for the month, expressed as a percentage.	Page 114 – Human Capital
3.3	Gender Composition of Employees	Gender composition is reported based on employee headcount in the Company's HRIS as at the reporting date.	Page 108 – Human Capital

Note	Performance Factor	Basis of Measurement/Description	Reference
3.4	Employee Health and Safety	Lost hours due to injuries are measured as the total number of work-related injuries recorded during the year, indicating the impact on productivity and health and safety performance (Measured as total number of work-related injuries recorded during the year).	Page 113 – Human Capital
3.5	Employee Training and Development	Average training hours by category are calculated using total training hours delivered to each employee category, based on Company's HR training records.	Page 114 – Human Capital
3.6	Total Employee Benefits Distributed	Refers to total employee cash remuneration benefits distributed during the year.	Page 112 – Human Capital
3.7	Outflows to Government by Way of Duty and Taxes	Import duty is the customs tariff on goods cleared into Sri Lanka, while corporate income tax is paid on annual taxable income, with both recorded in SAP ERP based on supporting invoices.	Please further refer to Page 184 for Governance of Taxes within the Company and Note 9 of Financial Statements for Income Tax Computation details.

Taxes and Duties Paid

(Rs. Mn)	2025/26	2024/25	2023/24
Duty on imports (Rs. Mn)	405.3	429.0	245.0
Corporate income tax (Rs. Mn)	333.3	269.9	92.9
Other taxes including value added tax (Rs. Mn)	728.4	771.1	766.1
Total (Rs. Mn)	1,467.0	1,470.0	1,104.0

Note	Performance Factor	Basis of Measurement/Description	Reference
3.8	Spent on Social Initiatives	This includes the Company's spending on environmental and social projects, as well as charitable donations, recorded in SAP ERP and other internal management records.	Page 140 – Social and Relationship Capital
Section 04 - Governance Performance			
4.1	Whistle-Blower Policy Cases Reported and Solved	This policy allows employees to report misconduct, illegal activities or ethical violations without fear of retaliation, measured by cases reported and resolved during the financial year while promoting awareness of grievance channels.	Page 181 - Corporate Governance
4.2	Reported and Resolved Cases via Anti-Harassment Helpline	Supports a respectful and inclusive workplace by providing a framework to address discrimination and harassment complaints, measured by cases reported and resolved.	Page 174 – Corporate Governance
4.3 – 4.4	Management Systems	Include processes, procedures and methodologies with defined KPIs to deliver results, integrating environmental, social, quality and safety standards into operations, with performance verified through audits and used for continuous improvement.	Pages 146-159 – Intellectual Capital
4.5	Data Breaches and Incidents	The CBL Group has implemented IT and cybersecurity controls under corporate governance, measured by cases reported and resolved.	Page 184 - Corporate Governance

SUSTAINABILITY: RESPONSIBLE TODAY, RESILIENT TOMORROW

SUSTAINABILITY IN ACTION: A COMMITMENT TO MEANINGFUL IMPACT

We are dedicated to integrating sustainability across our operations. We recognise that sustainable practices are essential for long-term resilience, preserving credibility and enhancing stakeholder trust in both our Company and its products.

LEADING WITH PURPOSE: DRIVING SUSTAINABLE GROWTH

We embed ESG principles into our strategic decisions, supported by KPIs and leadership-driven focus. Our commitment to accountability, transparency and innovation enables us to minimise environmental impact, strengthen social responsibility and maintain strong ethical governance.

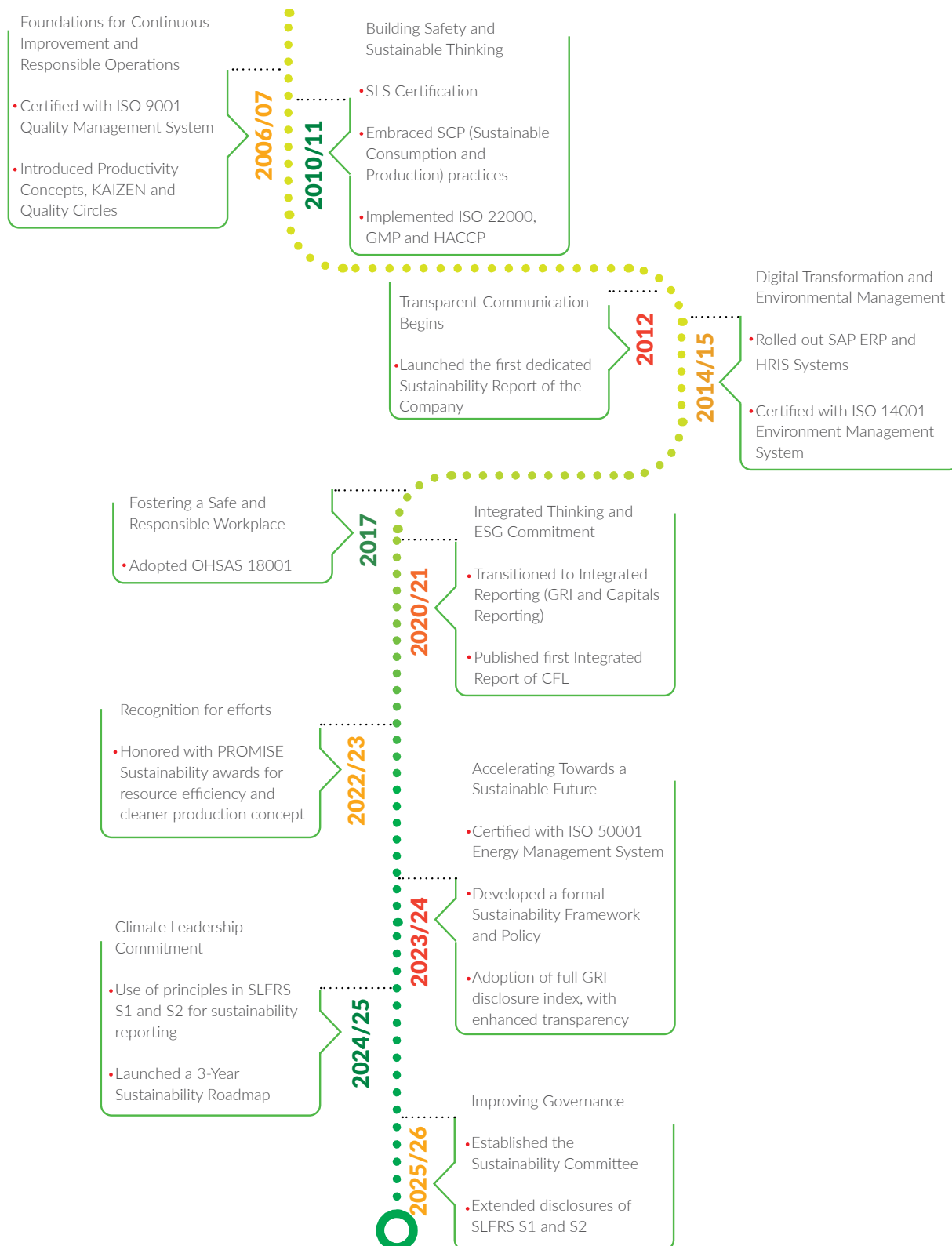
Please refer to Metrics on Pages 61-62, 66-67.

OUR STRATEGY

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



OUR SUSTAINABILITY JOURNEY



SUSTAINABILITY: RESPONSIBLE TODAY, RESILIENT TOMORROW

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
5. Good Governance

Each designed to drive meaningful changes and foster resilience across our operations and supply chains.



1. PLANET POSITIVE ACTION

Our environmental agenda focuses on reducing emissions, improving energy and water efficiency, minimising food loss and strengthening waste management procedures. During the year, we advanced circular economy efforts through better resource efficiency, expanded waste reduction and recovery initiatives and stronger environmental performance monitoring.

Climate Action

CFL addresses climate-related risks through sustainability KPIs to reduce its carbon footprint, while improving water efficiency, protecting water quality and promoting a more sustainable business model.

CFL’s key strategies to achieve greenhouse gas emissions targets include:

- Establishing data collection, monitoring and review processes
- Driving continuous improvements in energy efficiency
- Accelerating the transition to renewable and green energy sources

Please refer to Pages 61-62, 66-67 for metrics and targets and Pages 48-69 for further information on governance, strategy and risk management related to climate-related risks and opportunities.

Digital Initiatives

By adopting digital platforms, automation and cloud-based solutions across core processes, CFL has reduced its reliance on paper, minimised physical travel and logistics and enhanced transparency and control.

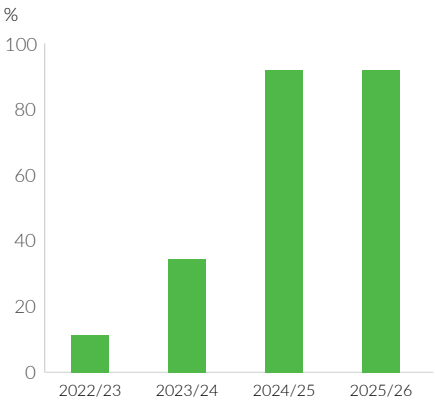
These initiatives not only support cost efficiency and business resilience but also contribute meaningfully to lowering the Company’s environmental footprint, aligning digital progress with its Planet Positive Action commitments.

Online Payments Processing Initiative

The Company, in late 2023, made a significant shift towards digital banking by migrating over 90% of the transactions to online platforms. This transition goes beyond convenience, delivering meaningful environmental and operational benefits by substantially reducing paper usage, lowering printing and administrative costs and minimising carbon emissions associated with frequent bank visits.

As a result, the Company saved 5,252 cheque leaves during 2025/26 (2024/25: 4,360, 2023/24: 1,363).

Online Payments % from Payments



Online Banking: Trade Finance Processing Initiative

Online trade finance platforms support sustainability and efficiency by reducing paper use, lowering emissions from physical banking, improving speed and security and strengthening governance through better audit trails and controls. The Company enrolled with three (3) banking partners for online trade since June 2024.

Paperless Online Workflow for Payment Transactions

The Group developed an online platform to replace manual, paper-based payment approvals and enable electronic document review, reducing physical circulation and saving approximately 11,750 sheets of paper during the year (2024/25: Nil).

Launched CFL Website and QR Code Access

With the launch of the corporate website, the Company discontinued printed CDs and now shares annual reports digitally, eliminating 1,785 CD prints in 2025 (2024: 1,623), reducing e-waste, printing and postage costs and improving accessibility.



Cheque Warehousing Facilities - Reducing Cheque Transit by 80%

By continued use of cheque warehousing, the Company reduced cheque movement and bank transit frequency by over 80%, lowering fuel, labour, paper use and carbon emissions.

Cloud based Storage Facilities and Reduction of Printed Copies

The Company expanded cloud-based storage across all Departments during 2025/26, eliminating reliance on paper-based documentation and physical storage. This transition significantly reduced paper usage and printing costs while enhancing document security and accessibility, supporting the Company's digitalisation and sustainability objectives (2024/25: 3 Departments migrated to SharePoint).

Waste Management

Waste management is central to CFL's sustainability approach, focusing on responsible handling, treatment and disposal of waste streams while promoting reduction, reuse, recycling and food loss prevention across operations.

Lunawa Marine Conservation Project



CFL launched a marine conservation project at Lunawa Lagoon with a total investment of Rs.1.4 Mn over a three-year period. The project aims to reduce plastic pollution in the lagoon through the installation of four (4) ocean strainers.

These strainers prevented over 8,400 Kg of mixed waste from entering the lagoon.

Eco Bag Campaign by Sera and Lankasoy

Sera and Lankasoy continued the joint eco-conscious campaign in 2025/26, distributing 30,000 reusable non-woven bags following the distribution of 35,000 bags in 2024/25. These bags symbolise the brand's commitment to environmental sustainability while contributing to shifting long-term consumer behaviour to use biodegradable bags, replacing polythene.

Used Ballpoint Pen Collection Initiative

The Used Ballpoint Pen Collection initiative placed collection boxes at offices for pens, markers and highlighters,

which were refurbished and refilled for reuse, promoting sustainable disposal habits.



Water Audit

CFL conducted a water audit to assess usage, identify inefficiencies and guide initiatives to improve water efficiency and management.

Surveillance Audit

The Company completed the ISO 50001:2018 surveillance audits in September 2025, reaffirming compliance with its energy management system and commitment to energy efficiency and sustainable practices.

Participation in the PLASTICS Programme

PLASTICS (Promoting Long-term Approaches for a Sustainable, Transformative and Inclusive Circular economy in Sri Lanka) is a European Union-funded circular programme which focuses on group discussions to help develop a strategy aimed at reducing food related single-use plastic waste. CFL participated in this programme to contribute insights into reducing single-use plastic in the food sector, strengthen collaborative efforts with industry stakeholders and support the development of practical strategies.

SUSTAINABILITY: RESPONSIBLE TODAY, RESILIENT TOMORROW

Mangrove Restoration Project



CFL partnered with the Rotaract Club of the University of Ruhuna for a mangrove restoration project at Madol Duwa Lagoon. This collaboration caused to plant 250 saplings using a sustainable pot system to protect against boat waves. The initiative supports biodiversity conservation, carbon sequestration, shoreline protection, soil stabilisation, erosion control and improved water quality, while also fostering environmental awareness and stewardship within the community.

2. FOOD WITH PURPOSE

Delivering safe, high-quality and nutritious products remains a core priority. We continue to meet evolving consumer expectations with quality ingredients and rigorous controls, while placing greater emphasis on improving the nutritional profile of our offerings. During the year, we also explored opportunities for product innovation and reformulation to better align with changing dietary preferences.

Key focus areas include:

- Developing products that address evolving food and nutrition needs
- Expanding access to balanced nutrition through our portfolio
- Encouraging healthier dietary habits within our communities

Please refer to Pages 61-62, 66-67 for metrics and targets.

SHEQ Week

Our SHEQ Week highlighted Safety, Health, Environment and Quality through quizzes, awareness sessions, defensive driving, stage performances and wellness challenges. Employees also participated in mental health programs, health campaigns and plant visits, while the Company shared its sustainability framework to reinforce collective responsibility for a safe and sustainable workplace.



3. EMPOWERED COMMUNITIES

We strengthened investment in our people and communities through employee development, well-being, inclusivity, engagement and impact-driven community programmes.

This pillar is guided by three focus areas:

- Inspired workforce
- Equal access to growth opportunities
- Diverse and inclusive communities

Nationwide Employment Opportunities

Although operations are centered in Ratmalana, the Company recruits nationwide, with 75.9% of employees hired from outside the Western Province in 2025/26 (2024/25: 68.4%), supporting inclusive hiring and regional economic development.

Graduate and Vocational Training Initiatives

The Company supports industry-ready talent through structured internships, academic engagement, site visits and hands-on vocational training, helping build a skilled and inclusive workforce.

2025/26: 14 internships

2024/25: 12 internships

Supporting Sustainable Livelihoods for Individual Contractors

In addition to corporate providers, the Company directly contracts individual service providers, supporting livelihoods, economic inclusion and small-scale participation in the value chain, with payments exceeding Rs.3 Mn per month (over Rs.36 Mn annually).

2025/26: 7 Contractors

2024/25: 7 Contractors

ECO FRIDAY Internal Communication Initiative

ECO FRIDAY is a weekly internal initiative that encourages environmentally responsible employee behavior through campaigns, quizzes, challenges and awareness tips on sustainability topics.

2025/26: 14 flyers

2024/25: 20 flyers





Manusith Sathkaraya: Kataragama Paadha Yathra

The Company continued its Manusith Sathkaraya initiative in support of the annual Kataragama Paadha Yathra, a pilgrimage undertaken by thousands of devotees from the North during July and August. Spanning 3-4 days on foot through the Yala National Forest, pilgrims often face challenges, particularly in accessing clean drinking water. Building on previous years, Lankasoy, in collaboration with relevant government authorities, once again facilitated access to safe drinking water along the route from Kumbukkan Oya to Yala by installing water tanks at key points.

Upon completion of the pilgrimage, devotees were also welcomed with freshly prepared samples of Lankasoy, offering nourishment and an opportunity to experience the product.



4. RESPONSIBLE SOURCING

Responsible sourcing is a key part of our sustainability strategy, supported by ethical practices, food safety standards and stronger long-term supplier partnerships.

Our efforts under this pillar are centered around two key areas:

- Responsible sourcing of materials and services
- Responsible and sustainable operations

The Coconut Spoons Initiative

We continued the coconut spoons initiative by sourcing about 20,000 handcrafted spoons annually from a self-employed female entrepreneur, reducing plastic use while generating over Rs.4.0 Mn in annual family income.



Used PET Bottles Collection Initiative

CFL continued its used PET Bottles collection initiative across offices and SPAR outlets, directing bottles for recycling and using proceeds for community support and plastic disposal awareness. As of 31st March 2026, the programme collected 94,200 bottles (3,140 Kg).



5. GOOD GOVERNANCE

Good Governance underpins our sustainability framework, reflecting

commitment to integrity, transparency and ethical business conduct. Guided by our policies and purpose, sustainability is embedded in strategic decision-making through structured leadership and coordinated efforts.

Please refer to the following Pages for additional details and references.

- Pages 219-230 for compliance summary for the adherence to best practices and listing rules
- Pages 163-230 on corporate governance for detailed information
- Page 52 for governance over sustainability-related risks and opportunities

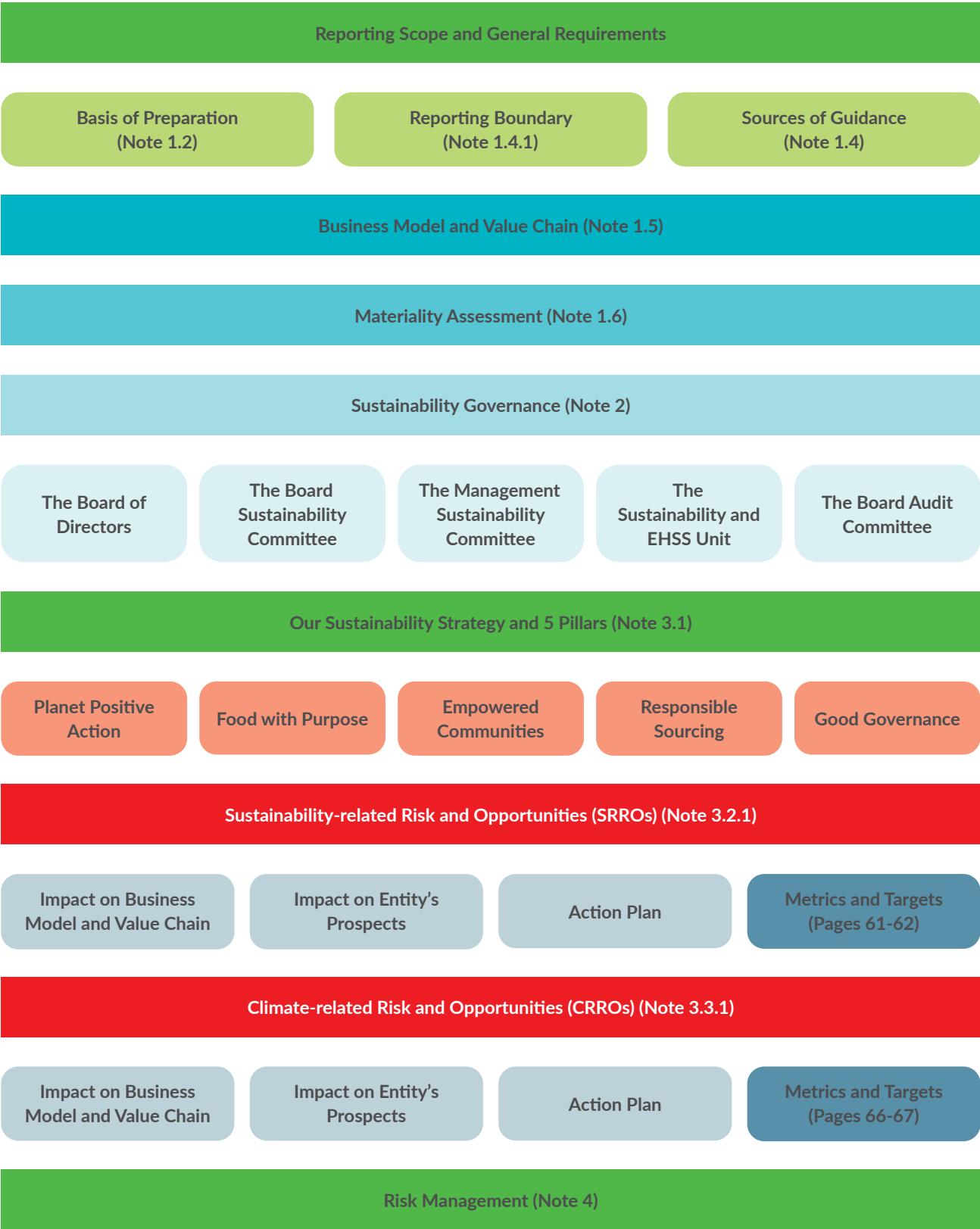
CFL SUSTAINABILITY 3-YEAR ROAD MAP

CFL established a 3-year Sustainability Road Map during the 2024/25 period to drive positive environmental and social impact while contributing business resilience. Guided by sustainability benchmarks, the roadmap focused on climate action, resource efficiency, social wellbeing and ethical governance.

During 2025/26, the Company further advanced its sustainability journey by expanding governance and strategic oversight through the establishment of a dedicated Board-level Sustainability Committee. In addition, the Company transitioned from its initial 3-year roadmap to a more comprehensive sustainability framework supported by short (0-12 months), medium (1-3 years) and long-term (3-10 Years) targets extending over a 10-year horizon. These plans embed sustainability into long-term value creation and business resilience.

Details of the Company's sustainability governance structure, strategic priorities, targets and performance metrics are provided in the SLFRS S1 and SLFRS S2 disclosures on Pages 48-69.

DISCLOSURES OF SLFRS S1 AND S2



Judgements and Uncertainties (Note 1.4.1)

1. REPORTING FRAMEWORK AND BASIS OF PREPARATION

1.1 Our Approach for SLFRS S1 and SLFRS S2/Reporting Framework

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 the Company's performance and position. These Standards, in Sri Lanka, apply to annual reporting periods starting on or after 1st January 2025, with early adoption permitted. The effective dates for mandatory application for different entities are outlined below.

Adoption of SLFRS S1 and S2	For Annual Reporting Periods Beginning	Application
Voluntary adoption	On or after 1st January 2024	● Voluntary adoption
Mandatory adoption	On or after 1st January 2025	● Top 100 listed entities
	On or after 1st January 2026	● Main Board companies, which is applicable to CFL. Accordingly, this disclosure is made on a voluntary basis by the Company.
	On or after 1st January 2027	● All listed entities

The Company has voluntarily reported under the SLFRS Sustainability Disclosure Standards for the second consecutive year for the period ended 31st March 2026.

1.2 Basis of Preparation

These disclosures have been prepared in line with SLFRS S1 and S2, aligned with ISSB standards. The Company has ensured that information is accurate, based on reasonable estimates using sufficient data and transparently presents key judgements and assumptions.

Commercially sensitive information has been disclosed with consideration of its potential impact on competitive advantage. SASB standards were also referenced in preparing this report.

1.3 Connected Information

To ensure consistency, sustainability disclosures use the same data, assumptions, policies and reporting boundaries as the 2025/26 financial statements and are presented in Sri Lankan Rupees (LKR).

1.4 Reporting Boundary of Financial Information

The information presented in this Section relates to the financial year 2025/26, with comparative figures for 2024/25 provided where applicable. The Company has included such comparative information based on the availability of reliable data and in accordance with the exemptions permitted by the relevant standards.

1.4.1 Reporting Scope and General Requirements

Section	Description
Reporting Boundary for GHG Emissions	• Uses GHG Protocol (2004), unless SLFRS S2 requires otherwise • Transitional relief applied → Scope 3 emissions excluded for current period • Uses operational control approach • Includes activities/assets under Company's control • Covers items outside financial reporting boundary
Sources of Guidance	• SLFRS S1 – General sustainability disclosures • SLFRS S2 – Climate-related disclosures • SASB Standards (Processed Foods) • GRI guidelines • Internal industry-based metrics • Task Force on Climate-related Financial Disclosures (TCFD) practices • Sustainability reports of regional peers • The Integrated Reporting <IR>framework

DISCLOSURES OF SLFRS S1 AND S2

Section	Description
Time Horizons	• Short-term: 0–12 months • Medium-term: 1–3 years • Long-term: 3–10 years • Aligned with strategic planning horizons The above time horizons have been established using management's judgement regarding the anticipated timing of sustainability-related risks and opportunities and are aligned with the Company's internal planning, budgeting and strategic decision-making cycles.
Change in Estimates	• Material changes are required to be disclosed with details (amount, variance, reason, impact) It was concluded that there were no material changes that required disclosure in this period
Material Errors	• Prior-period errors corrected and disclosed (nature, restatement, impact) where required and necessary, with no material errors to be reported separately • Some disclosures were not made (e.g. target revisions, risk scope reassessments per SLFRS references), subject to transitional provisions and market sensitivities
Judgements & Measurement Uncertainties	• Management judgment used in identifying risks, opportunities and material information • Estimates required due to data limitations, value chain information and forward-looking factors • Key judgement areas: – Materiality process – Applicable SASB metrics – GHG organisational boundary & calculation methods • Measurement uncertainties: – GHG metrics depend on third-party data and estimates – Climate risks (heat, floods) uncertain due to unpredictable future conditions

1.5 Business Model and Value Chain

In preparing these disclosures, the Company assessed its operations and value chain, covering upstream, operational and downstream activities. CFL's business model is driven by its vision, mission, purpose and core values of caring, quality, innovation and integrity. This is supported by its business strategy, sustainability framework, corporate governance practices and integrated risk management processes. Sustainability considerations are embedded across the value chain, from sourcing to distribution, enabling value creation while managing sustainability-related risks and opportunities.

Sustainability and climate-related risks and opportunities identified across the value chain are outlined below:

Upstream Activities

Activity	Linkage to Sustainability Pillar	Sustainability Risks	Sustainability Opportunities
Raw material sourcing	Responsible Sourcing	Potential disruptions in our ability to source raw materials and ensure 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 parts of the value chain refer to risks that can impact the functioning of everyday business	Operational opportunities refer to initiatives that improve efficiency, reduce environmental impact and enhance business resilience
Production planning	Food with Purpose		
Manufacturing and processing	Food with Purpose		
Quality assurance and food safety compliance	Food with Purpose		
Packaging	Responsible Sourcing		
Corporate governance and ethics	Good Governance		
Waste & sustainability 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 & partnerships management	Empowered Communities		
Sales & channel management	Empowered Communities		
Marketing & branding	Empowered Communities		
Consumer survey & feedback	Empowered Communities		
Regulatory compliance	Good Governance		

The Company continues to enhance value chain transparency and resilience through supplier engagement, ESG monitoring and traceability initiatives, including the adoption of digital tools, supplier audits and sustainability performance assessments.

Please refer to the Business Model and Value Chain (Pages 70-71) and Business Strategy (Pages 36-37) for further details.

1.6 Materiality Assessment

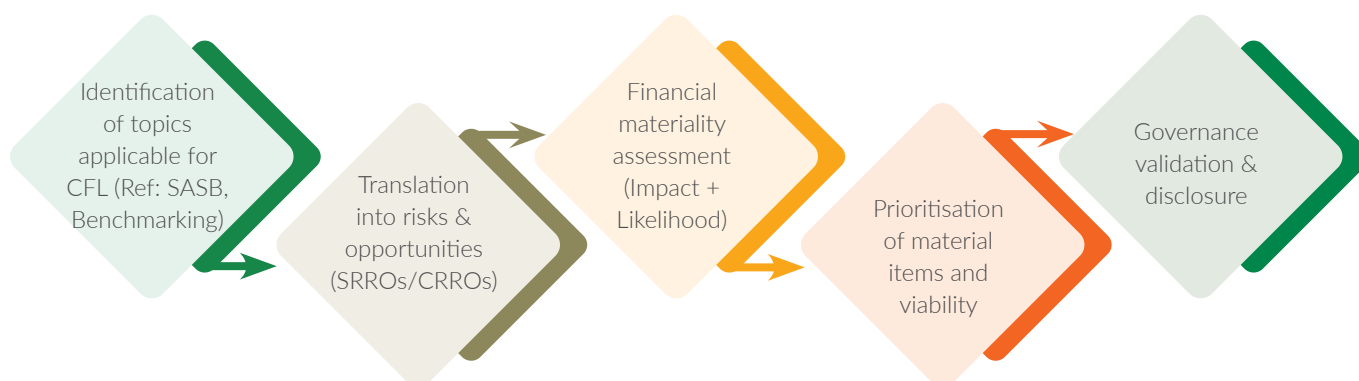
The materiality assessment identifies SRROs and CRROs that could reasonably be expected to affect the Company's financial performance, position and future cash flows, consistent with SLFRS S1 and S2 requirements.

The assessment considered:

- Industry benchmarking (peer analysis)
- Internal stakeholder validation
- Investor-focused evaluation of financial impacts

Material topics were prioritised based on:

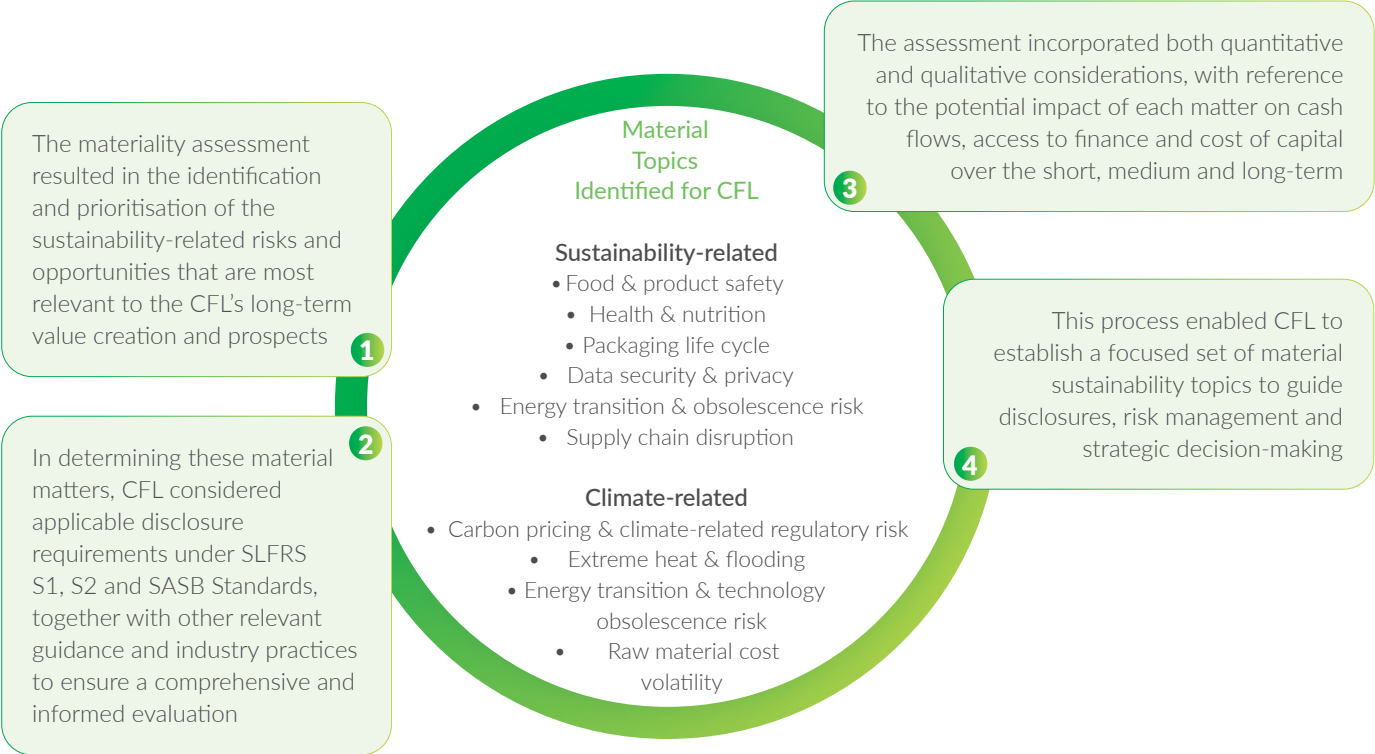
- Magnitude of financial impact
- Likelihood of occurrence
- Time horizon (short, medium, long-term)



The Company has identified key material matters based on the impact on people, environment and business success as detailed on Pages 58-67.

DISCLOSURES OF SLFRS S1 AND S2

Outcome of Materiality Assessment



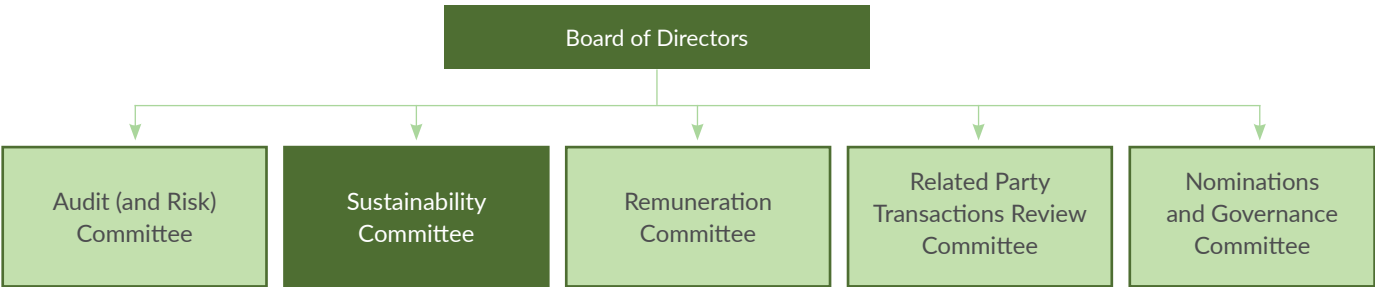
2. SUSTAINABILITY GOVERNANCE

2.1 Governance Framework Overview

This section outlines the Company's governance approach to SRROs and CRROs, including the strategies, targets and metrics used to manage them.

2.2 Governance Bodies

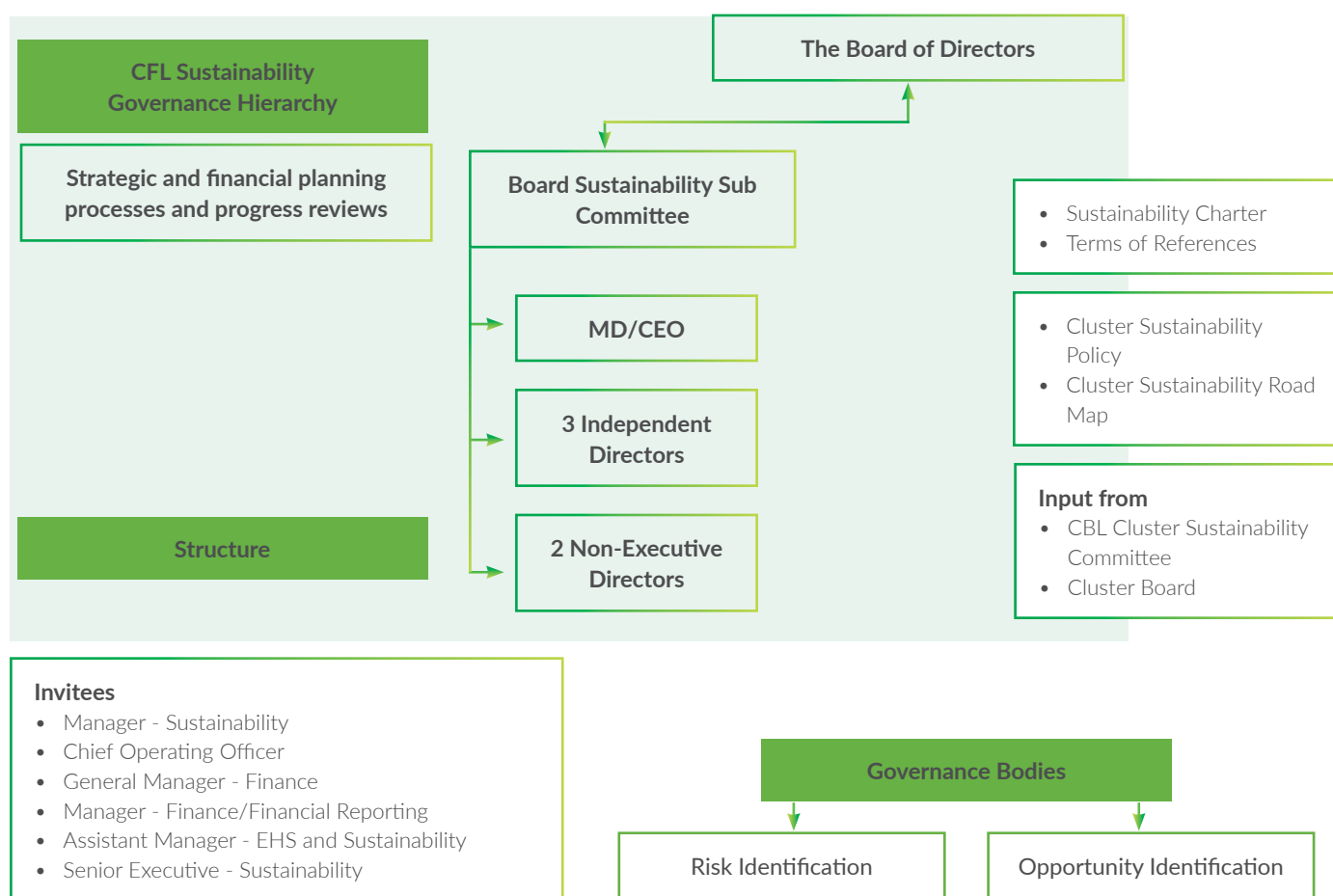
During the year, the Company established a Sustainability Board Sub-Committee to oversee sustainability and ESG-related matters. Refer to Pages 210-211 for further details in the Sub-Committee report, including the terms of reference, role descriptions and other related policies applicable to the committee.



At CFL, five (5) bodies are responsible for governance over sustainability matters:

1. The Board of Directors
2. The Board Sustainability Committee
3. The Management Sustainability Committee (including CBL Food Cluster Board): Sustainability Steering Committee
4. The Sustainability (and Safety) Department including CBL Group Sustainability Function
5. The Board Audit Committee

Management committees provide regular structured updates to the Board Sustainability Committee, which in turn reports to the Board of Directors, enabling informed decision-making at the highest level. The Company's organisational hierarchy, outlining the allocation of responsibilities for SRROs and CRROs, is presented in the diagram below. This illustrates the reporting and communication lines, governance structure and embedded accountability across the organisation.



Please also refer to the Corporate Governance section on Page 169, which sets out the Company's mandatory and voluntary governance frameworks that serve as guidelines for governance-related matters.

DISCLOSURES OF SLFRS S1 AND S2

2.3 Roles of Governing Bodies Towards Sustainability Governance

The Board of Directors	Board Sustainability Committee	Management Sustainability (Committee & Dept.)
- Sets strategy and integrates sustainability into planning - Accountable for SRROs & CRROs; ensures governance, controls and compliance - Conducts quarterly reviews; monitors performance and targets - Challenges management and guides long-term value creation - Builds climate capability; focuses on waste, emissions, water and energy	- Provides focused oversight on sustainability & climate matters - Reviews and advises on sustainability risks and opportunities - Meets quarterly; includes Independent and Non-Executive directors - Supports Board decision-making on sustainability matters	- Executes sustainability strategy and operations - Led by CEO (overall accountability); guided by policies and frameworks - Monitors KPIs, ESG metrics and targets; reviews bi-monthly - Cross-functional involvement; escalates key issues to Board Committee - Embeds sustainability in operations; supported by resources and continuous improvement

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

Roles & Responsibilities Matrix

Function	Board	Sub-Committee	Management	Sustainability Team
Strategy Governance	●	Review	Develop and Execute	Support
Risk oversight	●	●	Monitor	Identify
KPI monitoring	●	●	●	Track
Reporting	Receive	Review	Prepare	Prepare

● Responsible/Accountable/Has Authority

Governance Workflow (Process Flow)



Role of Board Audit Committee (including Risk Committee)

The Board Audit Committee is responsible for the oversight of financial reporting and performance, internal audit and assurance (including sustainability-related metrics), integrity and governance functions and overall controls and risk management for the Company.

2.4 Reporting and Escalation

Process and Frequency of Reporting SRROs and CRROs to Governance Bodies

Each governance body operates based on a structured agenda, with predefined reporting templates to ensure consistency in information presented. Key matters are escalated through formal reporting lines, ensuring that critical sustainability-related issues are promptly brought to the attention of the Board.

The Board of Directors is briefed quarterly and annually via board papers, risk registers, climate analyses and sustainability reports.

2.5 Skills and Competencies

The Board	• Possesses skills in sustainability, risk and governance • Supported by experts and external advisors when needed • Nomination & Governance Committee ensures appropriate expertise and board composition
Dedicated Department and Management	• A qualified team oversees sustainability matters • Supported by ongoing training and skill development • Management receives regular ESG, ethics and compliance training • Updated on sustainability trends, regulations and climate risks
Group Level Function	• Supported by Group Sustainability Manager

Board and management awareness and capacity-building sessions on SLFRS S1 and S2 were conducted through an external consultancy, during the year, to enhance understanding, governance oversight and implementation readiness.

Further the competencies of the Board of Directors in providing oversight are further detailed in the Board Profiles on Pages 165-168.

2.6 ESG/Climate KPIs Linkage to Management Remuneration

Selected operational KPIs relating to energy efficiency, production efficiency, waste management, quality control, product development, compliance and sustainability initiatives are currently incorporated into performance assessments, with further integration planned in future periods. The Company continues to improve the integration of sustainability-related performance indicators into management evaluation processes and incentive structures.

During 2025/26, sustainability targets were linked to remuneration and performance appraisals for certain groups of employees. However, from 2026/27 onwards, sustainability was established as a core KPI across all teams, with corresponding linkage to performance evaluations and remuneration outcomes.

2.7 Integration into Strategy and Risk: Our Governance Model

In 2025/26, the Company followed its sustainability roadmap by adopting a more structured and disciplined approach to best practices. Sustainability was incorporated into the risk management framework as a separate risk category, enabling the Board to systematically consider related risks and opportunities in its decisions. The Company also implemented internal controls to ensure the accuracy and reliability of sustainability data and disclosures, supported by clearly defined roles, review procedures and validation processes.

Integrated Governance Model



3. SUSTAINABILITY STRATEGY

"Sustainability is central to CFL's strategy, guiding how we manage risks and create long-term value. Through a structured, forward-looking approach aligned with the CBL Group framework, we are strengthening resilience, driving efficiency and unlocking growth. The Board Sustainability Committee remains committed to governance and delivering measurable ESG outcomes."

Manjula Dahanayake
Managing Director/CEO
Member of Board Sustainability Committee

DISCLOSURES OF SLFRS S1 AND S2

3.1 Overview

CFL's sustainability strategy aligns with the CBL Food Cluster's vision and integrates ESG priorities to drive sustainable growth, manage risks and deliver measurable outcomes. It is guided by identified SRROs, with each pillar targeting key risks and opportunities that affect financial performance.

Strategic actions are phased across short, medium and long-term horizons, focusing on governance and baselines, operational efficiency and transformation and long-term resilience and innovation. Each SRRO and CRRO is assessed for its impact on the business and value chain, with responses such as efficiency improvements, technology upgrades, supply chain diversification and stronger governance embedded into financial planning, capital allocation and long-term strategy.

Vision of the Sustainability Policy / ESG Strategy of CBL Food Cluster

"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 of CBL Food Cluster

"To drive innovation in our products, operations and agriculture to minimise environmental impact, promote social well-being, stakeholder awareness and supporting our communities, all while delivering high-quality, sustainable products to our customers."

Our Sustainability Framework

The Company's sustainability journey demonstrates our continued commitment to embedding ESG principles into its business strategy and operations. This includes the evolution of our sustainability framework, key milestones achieved and ongoing initiatives as shown on Page 43, which should be read in conjunction with this section.

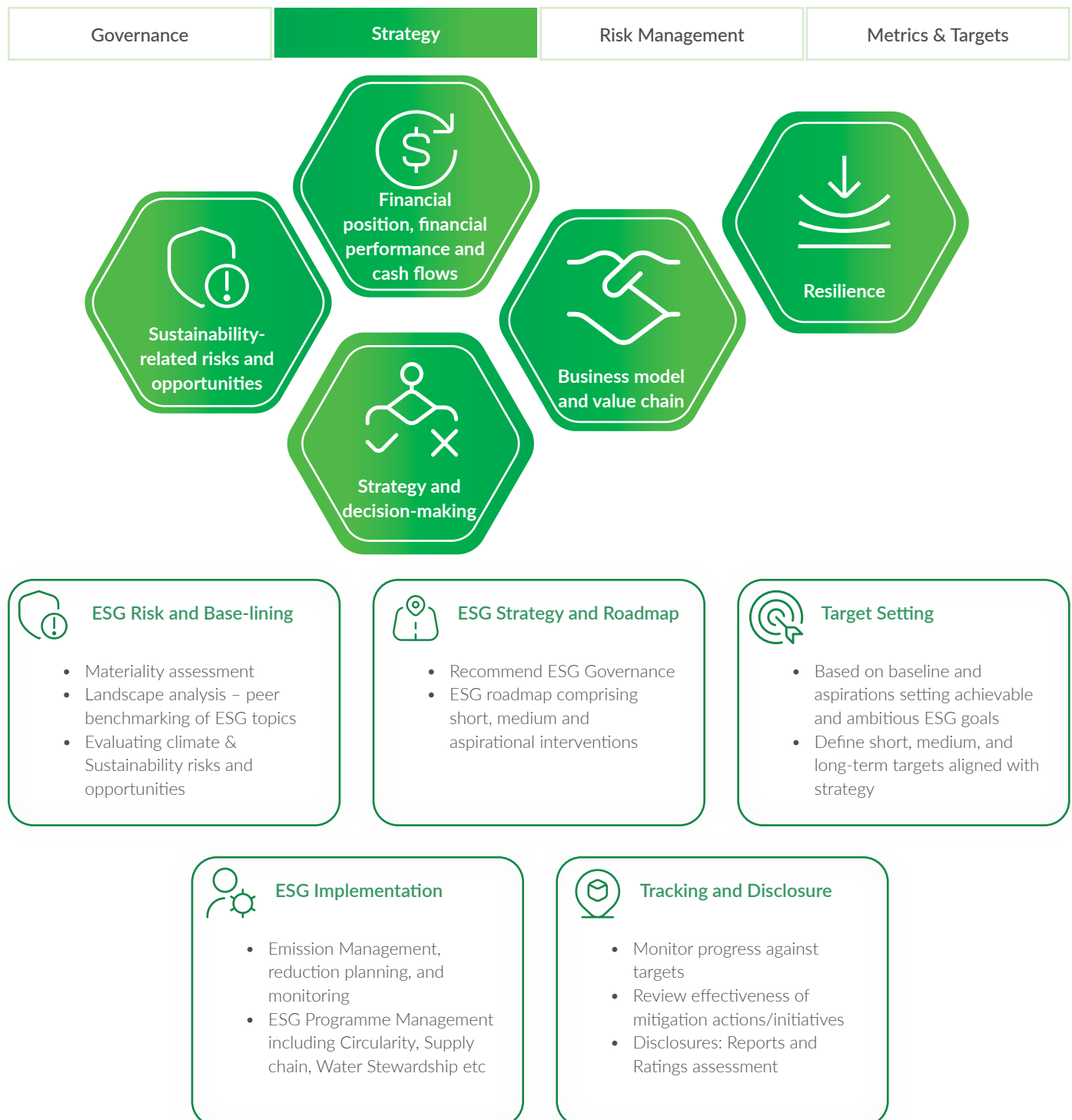
Further, the Company level strategy is aligned with CBL Group's Sustainability Framework. Please refer to Pages 44-47 for detailed information on the Company's application for the Sustainability Framework.

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: - Implementing effective data collection and review mechanisms - Continuously improving energy sources	Focus: - Products that address the food and nutrition needs - Improving access to balanced nutrition - Supporting better nutritional habits	Focus: - Inspired workforce - Support equal access to growth for our communities - Diverse and inclusive communities	Focus: - Responsible sourcing of materials and services - Responsible and sustainable operations	Focus: - Strengthening governance policies and frameworks - Integrating sustainability into strategy - Enhancing stakeholder engagement and risk management

STRATEGIC RESPONSE TO SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

The Company's strategy translates sustainability and climate-related risks and opportunities into targeted initiatives that support long-term value. By linking each material issue to strategic actions across short, medium and long-term horizons, it enhances resilience, improves efficiency and drives growth.



DISCLOSURES OF SLFRS S1 AND S2

3.2 Sustainability-Related Specific Matters

3.2.1 Sustainability-Related Risks and Opportunities (SRROs)

SRROs are matters that can affect the Company's performance, financial position and long-term viability. While they may pose operational, compliance or reputational risks, they also offer opportunities to improve efficiency and strengthen stakeholder value.

CFL operationalises its sustainability strategy through a structured framework linking material risks and opportunities to strategic initiatives and targets across defined time horizons, following an assessment of key SRROs that could impact the Company's prospects.

SRRO 01 - FOOD & PRODUCT SAFETY:

Failure to maintain required food safety and quality standards may result in regulatory action, product recalls and reputational damage. Strengthening quality assurance systems and compliance frameworks enhances consumer trust and brand integrity.

SRRO 01	Current Impact	Anticipated Impact
Impact on Business Model and Value Chain	- Relies on HACCP, ISO 22000, audits and regular quality checks - Ensures safety but increases dependence on regulatory compliance and consumer trust	- Shift towards predictive, tech-enabled quality management - Meet stricter regulations and rising consumer expectations - Failure to adapt may lead to recalls, reputational damage and market loss - May require traceability systems, improved standards and operational changes
Impact on Entity's Prospects	Food safety has moderate compliance costs and financial impact, but failures may lead to recalls, legal costs and cash flow strain	Stricter requirements may increase investment and financing needs, while strong compliance supports growth and stability

SRRO 02 - HEALTH & NUTRITION:

Changing consumer preferences and regulatory focus on healthier products may impact product portfolios and demand patterns. Reformulation, innovation and transparent nutritional communication create opportunities to meet evolving market expectations.

SRRO 02	Current Impact	Anticipated Impact
Impact on Business Model and Value Chain	- Product portfolio-driven by consumer demand and nutrition regulations - Nutriline range supports presence in health-conscious segment - Compliance with labeling, approvals and certifications enhances credibility and brand trust	- Rising health awareness and regulations may require product reformulation - Expanding nutritious products strengthens position in health and premium markets - Requires enhanced sourcing, R&D and packaging adjustments
Impact on Entity's Prospects	Health and nutrition requirements have a moderate financial impact due to compliance costs	Higher R&D and reformulation costs may pressure margins, while strong positioning can support pricing, profitability and growth

SRRO 03 - PACKAGING LIFE CYCLE:

Increasing concerns around packaging waste and environmental impact may lead to stricter regulations and higher compliance costs. Transitioning towards recyclable, reusable or sustainable packaging solutions can reduce environmental footprints and strengthen brand perception.

SRRO 03	Current Impact	Anticipated Impact
Impact on Business Model and Value Chain	- Relies on compliant, cost-effective packaging to maintain quality and access - Uses mainly single-use materials without reuse systems - Meeting current regulations but facing rising pressure on use and recyclability	- Extended Producer Responsibility (EPR) Regulations require responsibility for end-of-life packaging - Non-compliance may limit exports and reduce competitiveness
Impact on Entity's Prospects	Packaging compliance represents a stable operating cost with limited impact on financial performance	Transitioning to sustainable packaging may raise costs, while non-compliance risks penalties and revenue loss; effective management can support brand value and growth

SRRO 04 - DATA SECURITY AND PRIVACY:

Cyber threats and evolving data protection regulations may expose the Company to operational, financial and reputational risks. Cybersecurity controls and data governance practices enhance stakeholder confidence and business continuity.

SRRO 04	Current Impact	Anticipated Impact
Impact on Business Model and Value Chain	- Manage sensitive data with basic IT controls (access restrictions, passwords) - Controls reduce risk, but breaches could disrupt operations and impact trust	Expanding digital systems increase the risk of data breaches or misuse
Impact on Entity's Prospects	Data security has minimal IT costs and limited financial impact	Breaches may cause financial loss, penalties and disruptions, while increased cybersecurity investment supports long-term resilience

SRRO 05 - ENERGY TRANSITION & TECHNOLOGY OBSOLESCENCE RISK:

Shifts towards low-carbon energy sources and rapid technological advancements may require capital investment and operational adaptation. Early adoption of energy-efficient technologies can improve cost efficiency and long-term competitiveness.

SRRO 05	Current Impact	Anticipated Impact
Impact on Business Model and Value Chain	- Relies on conventional energy and older machinery - Leads to higher energy costs and lower efficiency - Limited adoption of efficient technology may weaken competitiveness	- Transition to low-carbon energy requires renewables and efficient technology - Reliance on older systems may increase costs and regulatory risks
Impact on Entity's Prospects	Higher energy use and outdated technology increase costs and impact financial performance	Transition to efficient technology requires investment but improves cash flow; delays increase costs and reduce competitiveness

DISCLOSURES OF SLFRS S1 AND S2

SRRO 06 - SUPPLY CHAIN DISRUPTION:

Geopolitical developments, resource scarcity, logistics constraints and supplier-related ESG issues may disrupt operations and increase costs. Diversified sourcing strategies and strong supplier relationships enhance resilience and operational stability.

SRRO 06	Current Impact	Anticipated Impact
Impact on Business Model and Value Chain	- Relies on imported raw materials, creating supply dependency - Limited local sourcing and contingency planning increase vulnerability - Buffers and alternative suppliers help manage minor disruptions	- Climate change and trade risks may disrupt supply chains - Heavy reliance on imports increases vulnerability - Requires diversification and local sourcing - Growing demand for sustainable and traceable sourcing
Impact on Entity's Prospects	Supply disruptions increase costs, affecting cash flow and performance	Future disruptions may cause revenue loss, higher costs and inventory write-offs, while resilience investments support stability

3.2.2 Assessment of Financial Effect of SRROs

As at the reporting date, the Company is developing the methodologies, data systems and capabilities needed to quantify the current and future financial impacts of SRROs. Accordingly, it is not yet able to reliably estimate these impacts but expects to provide more detailed disclosures as its capabilities evolve.

3.2.3 Action Plan for SRROs

To effectively address the identified SRROs, the Company has established a structured action agenda aligned with defined time horizons, short-term (0–1 year), medium-term (1–3 years) and long-term (3–10 years). These initiatives are designed not only to mitigate risks and ensure compliance, but also to create long-term value by improving operational efficiency, optimising resource utilisation, strengthening brand value and supporting sustainable revenue growth.

Topic	Short-term	Medium-term	Long-term
SRRO 01 – Food & Product Safety	- Conduct risk review (aligned with HACCP & ISO 22000) - Update SOPs - Provide hygiene and allergen training	- Introduce digital monitoring - Strengthen traceability - Improve supplier practices	- Obtain global certification - Expand QR traceability
SRRO 02 – Health & Nutrition	- Assess product portfolio - Introduce nutrition scoring - Set R&D roadmap	- Reformulate key products - Strengthen fortification - Increase use of local ingredients	- Launch healthier product lines - Embed nutrition in product lifecycle management - Strengthen market positioning - Launch education hub
SRRO 03 – Packaging Life Cycle	- Conduct packaging and EPR audit - Establish governance - Form circularity committee	- Introduce take-back systems - Reduce packaging - Engage suppliers and retailers	- Expand take-back programmes - Scale biodegradable options - Digitise packaging tracking
SRRO 04 – Data Security & Privacy	- Complete data inventory and PDPA review - Assign governance responsibility - Strengthen basic controls and training	- Enhance cybersecurity - Establish incident response - Progress towards ISO 27001 - International Standard for Information Security Management	- Enroll ISO 27001 - Maintain ISO 27001 certification, achieve continuous improvement and re-certify every 3 years
SRRO 05 – Energy Transition & Technology Obsolescence Risk	- Conduct energy audits - Improve lighting and insulation - Set energy baseline - Real time energy monitoring system installation	Gradually replace or retrofit inefficient machinery with energy-efficient alternatives	- Shift to low-carbon technologies - Deploy advanced energy analytics

Topic	Short-term	Medium-term	Long-term
SRRO 06 – Supply Chain Disruptions	- Diversify sourcing - Identify alternative and local suppliers	- Apply supplier risk frameworks - Conduct ESG screening - Expand local sourcing and contract farming	- Implement digital supply chain monitoring - Strengthen traceability - Embed climate and ESG criteria in contracts

3.2.4 Metrics and Targets: SRROs

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.

SRRO	Metrics	Source	Unit of Measure	Actual Value		Targets		
				2025/26	2024/25	Short-term (0-1 year)	Medium-term (1-3 years)	Long-term (3-10 years)
1	Food safety management system certifications with audits	Internal	Number	4	3	Maintain five (5) certifications; complete all scheduled audits and refresher training	Digitise monitoring systems and enhance supplier traceability across certified operations	Maintain globally benchmarked certifications across all applicable sites
	Non-conformance rates: major	Internal	Number	0	0	Maintain zero (0) major non-conformances through continuous monitoring	Achieve zero (0) major non-conformances through enhanced controls and supplier oversight	Sustain zero (0) major non-conformances across all certified sites
	Associated corrective actions	Internal	Percentage (%)	100	100	Achieve 100% on-time closure of corrective actions	Ensure 100% closure supported by root-cause analysis and trend reviews	Sustain 100% closure through preventive controls
	No. of recalls issued and Total amount of food products recalled	SASB	Number, Metric Tons (MT)	0	0	Maintain zero (0) product recalls and zero (0) MTs of recalled products through strengthened review processes	Maintain zero (0) recalls through end-to-end traceability systems	Sustain zero (0) recalls and zero recalled product volumes
2	Revenue from products labelled as (1) Containing Genetically Modified Organisms (GMOs) and (2) Non-GMO (based on product labeling)	SASB	(1) Number (2) Total Revenue	(1) 0 (2) 6,922 Mn	(1) 0 (2) 6,839 Mn	Maintain zero (0) use of GMO materials and ensure 100% utilisation of non-GMO materials in future product development		
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	SASB	No. of NPD Meetings	9	N/A	Products are developed with fortified essential vitamins and minerals, ensuring a balanced range of macro- and micronutrients. All products are produced using non-genetically modified ingredients		
	No. of new purpose-driven food products launched	Internal	Number	5	2	Launch four (4) new purpose-driven food products	Launch fourteen (14) new purpose-driven food products	Expand the portfolio by launching more protein-based and other nutrition-focused products

DISCLOSURES OF SLFRS S1 AND S2

SRRO	Metrics	Source	Unit of Measure	Actual Value		Targets		
				2025/26	2024/25	Short-term (0-1 year)	Medium-term (1-3 years)	Long-term (3-10 years)
3	Total weight of packaging (excluding territory packaging)	SASB	Metric tons (MT)	423	375	Ensure packaging weight does not exceed 15% of total product weight for new product developments		
	% of packaging made from recycled/renewable materials	SASB	Percentage (%)	N/A	N/A	N/A	N/A	N/A
	% of packaging that is recyclable/reusable/compostable	SASB	Percentage (%)	45	37	Trial out recyclable material combinations	Roll out recyclable material combinations	Achieve 50% recyclable, reusable or compostable packaging
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	SASB	N/A	0	N/A	Complete packaging lifecycle and EPR assessment and approve a packaging policy	Implement take-back pilots and strengthen supplier-retailer engagement	Scale circular systems and introduce digital lifecycle tracking
4	No. of training programme for all staff members on cybersecurity and data privacy	Internal	Number	2	1	Achieve 100% compliance with the Personal Data Protection Act (PDPA)	Conduct two (2) annual training programmes, including phishing simulations and incident response drills	Maintain two (2) annual refresher programmes and pursue ISO 27001 certification
5	Total energy consumed	SASB	Gigajoules (GJ)	18,731	18,116	Reduce total energy consumption through monitoring and audits	Reduce energy use via machinery upgrades and low-carbon initiatives	Reduce energy consumption through a lower-carbon energy mix and disciplined capital investment
	% of electricity from grid	SASB	Percentage (%)	100	100	Reduce total energy consumption through monitoring and audits		
	% of electricity from renewable sources	SASB	Percentage (%)	-	-	Initiatives to reduce grid electricity consumption by utilising low carbon energy alternatives		
	Energy intensity	Internal	Megajoules per kilogram (MJ/kg)	2.5	2.6	Reduce energy intensity by 4% from the base year (2024/25)	Reduce by 10% from the base year (2024/25)	Achieve greater than 10% reduction from the base year (2024/25)
6	Supplier code of conduct and adherence	Internal	Coverage (%)	N/A	N/A	Introduce a Supplier Code of Conduct and climate risk screening for critical suppliers	Assess 50% of strategic suppliers for climate resilience	Achieve 100% supplier adherence, including resilience clauses

3.2.5 Managing Trade-Offs During Strategic Decision-Making

CFL is working to integrate environmental and social considerations into its strategy and decision-making processes. Trade-offs between sustainability-related risks and opportunities are evaluated using business-specific policies and frameworks, balancing social and environmental benefits with financial returns while considering potential negative impact to avoid environmental and social harm.

In managing sustainability-related risks and opportunities, the Company encounters several trade-offs, including:

- Renewable energy and energy efficiency investments vs short-term financial performance
- Sustainable packaging costs vs conventional packaging costs
- Supply chain resilience vs cost optimisation

These trade-offs are evaluated through structured decision-making processes that balance financial performance with long-term sustainability and resilience objectives.

Decision Trade-Off Framework

Factor	Consideration
Financial	ROI (Return on Investment), cost
Environmental	Emissions, Waste
Social	Community, Workforce



These impacts are integrated into the Company's strategic planning and financial decision-making processes. The consideration of Risks in decision-making is detailed in Integrated Risk Management Section on Pages 187-197. The trade-offs in Capitals in decision making are detailed in each Capital Report on Pages 81-161.

3.3 Climate Specific Matters

Climate Transition Strategy

In response to transition risks, particularly carbon pricing and evolving regulatory frameworks, CFL is required to transition towards a low-carbon and energy-efficient operating model. This includes increasing the share of renewable energy, upgrading to energy-efficient technologies and embedding carbon considerations into procurement and capital expenditure decisions.

Climate Resilience Strategy

To address physical climate risks, CFL is required to strengthen the resilience of its operations and supply chain through infrastructure upgrades, contingency logistics planning and diversified sourcing.

3.3.1 Climate-Related Risks and Opportunities (CRROs)

CFL is a leading Sri Lankan FMCG and food manufacturing company, with operations and supply chains closely linked to energy use, logistics (local and cross border) and climate-sensitive agricultural inputs. It is required to perform scenarios of forward-looking insights into how physical and transition risks may evolve under different climate trajectories and inform CFL's strategic planning and risk management approach.

1. Transition Risk

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 Risk

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

Transition and physical risks are interrelated to CFL, as climate-driven disruptions to energy systems, agricultural production and logistics networks influence both cost structures and operational resilience.

Particular attention has been given to Carbon Pricing and Climate-Related Regulatory Risk, as well as Extreme Heat and Flooding, which may affect operational continuity, cost structures and long-term sustainability. The following section outlines these identified CRROs and the measures adopted to strengthen resilience while positioning the Company to respond proactively to emerging climate-related developments.

DISCLOSURES OF SLFRS S1 AND S2

CRRO 01 - CARBON PRICING & CLIMATE-RELATED REGULATORY RISK:

The introduction of carbon pricing mechanisms, emissions regulations and enhanced climate-related disclosure requirements may increase operating costs and compliance obligations. Proactive emissions management, energy efficiency initiatives and alignment with emerging regulatory frameworks can mitigate exposure while strengthening the Company's position in a transitioning low-carbon economy.

CRRO 01	Current Impact	Anticipated Impact
Impact on Business Model and Value Chain	- CFL's operations are energy intensive, leading to high energy costs - Sri Lanka has no formal carbon tax at present	- Carbon pricing or emissions taxes could increase operating costs and pressure margins - Global carbon pricing may raise raw material and logistics costs - CFL may need to invest in energy-efficient, low-carbon and renewable energy solutions
Impact on Entity's Prospects	Carbon-related costs are currently limited, though energy expenses remain high	Low-carbon rules may require faster renewable energy investment

CRRO 02 - EXTREME HEAT & FLOODING:

Rising temperatures and the increased frequency of extreme weather events, including flooding, may disrupt operations, impact supply chains and affect asset security. Strengthening infrastructure resilience, business continuity planning and adaptive risk management measures can reduce potential disruptions and support long-term operational stability.

Extreme Heat	Current Impact	Anticipated Impact
Impact on Business Model and Value Chain	Higher temperatures require stricter storage, handling and transport controls	- Rising temperatures may require upgraded cooling and insulated logistics - More cooling may be needed to maintain employee productivity
Impact on Entity's Prospects	- Higher cooling needs increased electricity and operating costs - Storage and transport temperature control add further costs	- Higher temperatures may require more investment in cooling infrastructure - Extreme weather may disrupt operations, damage assets and increase costs

Flooding	Current Impact	Anticipated Impact
Impact on Business Model and Value Chain	- CFL's factory access road is in a flood-prone area, though mitigation projects reduce direct risk - Nearby areas and access routes remain vulnerable, affecting logistics and workforce access	- More frequent flooding may require revised logistics - External flooding may affect product availability and supply reliability
Impact on Entity's Prospects	Minor flooding may cause temporary stoppages, delays and inventory losses	- Severe floods may disrupt operations, damage products and increase repair costs - Flood resilience investments may require upfront spending but support long-term continuity and strengthening intermediaries

CRRO 03 - ENERGY TRANSITION & TECHNOLOGY OBSOLESCENCE RISK:

CFL's operations are energy-intensive, particularly in processing activities. Continued reliance on grid electricity and conventional energy sources exposes the Company to transition risks, including rising energy costs and regulatory pressures. As a result, existing machinery and energy systems may become obsolete or non-compliant in the evolving low-carbon economy.

CRRO 03	Current Impact	Anticipated Impact
Impact on Business Model and Value Chain	- Fluctuating energy and raw material costs can affect operations and profitability - High energy dependence increases cost and emissions risk - Current energy mix and sourcing limit flexibility during shocks	Renewable energy transition may require significant investment and infrastructure upgrades
Impact on Entity's Prospects	- Shifting consumer and export preferences may affect market share and brand relevance - Rising ESG and transparency expectations may create reputational and operational challenges	- Evolving regulations and sustainability standards may increase compliance costs - Failure to adapt may reduce competitiveness, while proactive investment may create opportunities

CRRO 04 - RAW MATERIAL COST VOLATILITY:

Volatility in raw material costs, particularly for imported inputs, can arise from climate-related disruptions such as extreme weather events affecting production regions and logistics networks. These impacts may constrain supply availability, delay shipments and increase procurement costs, thereby disrupting operations and placing pressure on margins.

CRRO 04	Current Impact	Anticipated Impact
Impact on Business Model and Value Chain	Climate variability in sourcing regions affects availability and pricing of key raw materials	More frequent extreme weather may intensify supply shortages and price volatility
Impact on Entity's Prospects	Weather-related disruptions to logistics can delay shipments and increase input costs	Climate variability and extreme weather can disrupt supply and logistics, requiring diversified sourcing and stronger supplier resilience

Each identified climate-related risk has been assessed based on its potential impact and likelihood across short, medium and long-term horizons, enabling prioritisation of risks and alignment with strategic planning and capital allocation decisions.

3.3.2 Assessment of Financial Effect of CRROs

For the identified CRROs, the Company is currently unable to reliably quantify their financial effects for the current period or over the short, medium and long-term, including the impacts of climate scenarios and transition pathways. The Company is enhancing its scenario analysis, data and methodologies and expects to provide more detailed and where feasible, quantitative disclosures in future reporting periods.

The Company does not currently apply an internal carbon price in its decision-making processes. However, it is evaluating the use of internal carbon pricing to support capital allocation, risk assessment and long-term climate strategy.

Climate-related assessments involve inherent uncertainties due to limitations in data availability, modelling assumptions and future climate projections. The Company uses reasonable and supportable information available at the reporting date and continues to refine its methodologies and assumptions as data quality and analytical capabilities improve.

DISCLOSURES OF SLFRS S1 AND S2

3.3.3 Action Plan for CRROs

To mitigate the identified CRROs, CFL has established an action agenda comprising short-term (0–1 year), medium-term (1–3 years) and long-term (3–10 years) initiatives. These actions are expected to enhance climate resilience, reduce cost volatility, support energy efficiency and strengthen long-term financial stability by mitigating disruption risks and improving operational continuity.

Topic	Short-term	Medium-term	Long-term
CRRO 01 – Carbon Pricing & Climate-related Regulatory Risk	- Map Scope 1 and 2 emissions - Identify Scope 3 categories - Assess carbon exposure	- Set net-zero pathway - Replace high-emission equipment	- Advance low-carbon operations - Integrate carbon costs into planning - Strengthen value-chain emissions management
CRRO 02 – Extreme Heat & Flooding	- Strengthen emergency access and continuity plans - Diversify routes - Implement heat safety measures	- Relocate or retrofit high-risk facilities - Improve Heating, Ventilation and Air Conditioning (HVAC) - Diversify storage and supply locations	- Introduce real-time monitoring - Integrate climate risk into planning - Develop climate-resilient facilities
CRRO 03 – Energy Transition & Technology Obsolescence Risk	- Install real-time monitoring - Conduct energy audits	- Replace outdated machinery - Evaluate and pilot low-carbon energy alternatives	- Embed energy and emissions criteria into CapEx and procurement - Pilot low-carbon energy alternatives - Shift to a low-carbon energy mix
CRRO 04 – Raw Material Cost Volatility	- Diversify sourcing - Maintain safety stocks - Map supplier climate risks	- Integrate climate resilience into supplier selection - Strengthen logistics planning - Secure long-term supply agreements	- Build a climate-resilient supplier base - Strengthen the strategic partnership - Embed resilience into procurement

3.3.4 Metrics and Targets: CRROs

CRRO	Metrics	Source	Unit of Measure	Actual Value	Actual Value	Target		
				2025/26	2024/25	Short-term (0-1 year)	Medium-term (1-3 years)	Long-term (3-10 years)
01	GHG emissions	Internal	Scope 1 and 2	0.22	0.24	Reduce emissions by 4% from baseline and complete emissions mapping	Reduce by 10% through low-carbon energy and operational improvements	Achieve >10% reduction through low-carbon operations
	GHG emissions	Internal	Scope 3	N/A	N/A	Define material Scope 3 categories and establish a baseline	Assess and measure key Scope 3 categories and set reduction pathways	Implement reduction initiatives aligned with defined targets

CRRO	Metrics	Source	Unit of Measure	Actual Value	Actual Value	Target		
				2025/26	2024/25	Short-term (0-1 year)	Medium-term (1-3 years)	Long-term (3-10 years)
02	Total water withdrawn/consumed	SASB	Cubic meters (m³)	15,586	17,137	Reduce total water withdrawn/consumed through water-saving actions		
	% of water withdrawn from water-stressed areas	SASB	Percentage (%)	3	3	Maintain water withdrawal from stressed areas below 3%		
	No. of incidents of non-compliance associated with water quality permits, standards and regulations	SASB	Number	-	-	Maintain zero (0) incidents of non-compliance		
	Water management risks and mitigation strategies/practices	SASB	N/A	Please refer to Natural Capital on Pages 119-129.				
	Water intensity	Internal	Litres per kg (L/kg)	2.0	2.5	Reduce water intensity by 2% from the base year (2024/25)	Reduce water intensity by 5% from the base year (2024/25)	Reduce water intensity by >5% from the base year (2024/25)
03	Total energy consumed	SASB	Gigajoules (GJ)	18,731	18,116	Reduce total energy consumption through monitoring and audits	Reduce energy use via machinery upgrades and low-carbon initiatives	Optimise energy consumption through a lower-carbon energy mix and disciplined capital investment
	% of electricity from grid	SASB	Percentage (%)	100	100	Reduce total energy consumption through monitoring and audits		
	% of electricity from renewable sources	SASB	Percentage (%)	-	-	Initiatives to reduce grid electricity consumption by utilising low carbon energy alternatives		
	Energy intensity	Internal	Megajoules per kilogram (MJ/kg)	2.5	2.6	Reduce energy intensity by 4% From the base year (2024/25)	Reduce energy intensity by 10% From the base year (2024/25)	Reduce energy intensity by >10% From the base year (2024/25)
04	Internal metrics for planned actions underlying raw materials cost volatility • Extent of consolidated sourcing across suppliers and categories • Supplier diversification and continuity of supply assessment • Internal assessment of unit cost optimisation initiatives • Management evaluation of product affordability and competitiveness • Assessment of production readiness and capacity utilisation capability							

3.4 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.

DISCLOSURES OF SLFRS S1 AND S2

3.5 Events after the Reporting Period

No transactions, other events or conditions occurring after the end of the reporting period and before the date of authorisation of issue of this report have taken place that need to be disclosed in this report.

4. RISK MANAGEMENT

4.1 Role of Risk Management

The processes and policies for identifying and assessing sustainability-related risks, including climate risks, are set out on Pages 187-188 of this report. The assessment considers both qualitative and quantitative factors, including nature, likelihood and magnitude of risks. The Company has applied the transitional relief under SLFRS S2 and has therefore not included detailed climate scenario analysis for the current period, but intends to enhance disclosures as data, methodologies and internal capabilities improve. As sustainability-related risks and opportunities are interconnected across ESG and other business risks, further details are provided on Page 197 under Integrated Risk Management.

Embedding Sustainability and Climate-Related Risk Management to the Framework from 2025/26 Onwards

Sustainability and climate-related risks are now included as a distinct category in the Company's risk taxonomy, covering key ESG risk drivers. The Company also assesses their impact on financial position, performance and cash flows and considers these in budgeting, forecasting and impairment assessments.

4.2 Risk Management Process for SRROs and CRROs

The Company has a structured process, aligned with the risk management framework, to identify, assess, prioritise

and monitor sustainability and climate-related risks and opportunities. These are identified through the materiality assessment and then prioritised and monitored through an established process.

Risk identification: Through materiality assessments, stakeholder engagement, scenario analysis and benchmarking

Risk assessment: Based on likelihood and impact using qualitative and quantitative factors

Risk prioritisation: Based on financial impact, likelihood and strategic relevance

Risk monitoring: Through periodic reviews, KPIs, dashboards and Board updates

ERM integration: Embedded within the enterprise risk management (ERM) framework

4.3 Risk Assessment Methodology

The Company uses a structured Risk Assessment Framework that evaluates risks based on:

- Likelihood (frequency/probability of occurrence)
- Impact (financial, operational and reputational implications)

Risk assessments incorporate both:

- Qualitative input (management judgement, expert input)
- Quantitative analysis where data is available

4.4 Monitoring

Monitoring SRROs and CRROs is tracked individually based on the metrics and targets for which each manager is responsible (refer to Note 3.2.1 & 3.3.1 of this report). These metrics and targets are reported to the Board Sustainability Committee on a quarterly basis.

1

PROCESS

The processes used to identify, assess, prioritise and monitor sustainability-related risks and opportunities are detailed on Pages 187-188 in Integrated Risk Management Section

2

RISK MANAGEMENT INTEGRATION

The extent to which and how the identified processes in are integrated into CFL's overall risk management process is detailed on Page 197

End-to-End Governance & Risk Integration Flow



SLFRS S1 Index

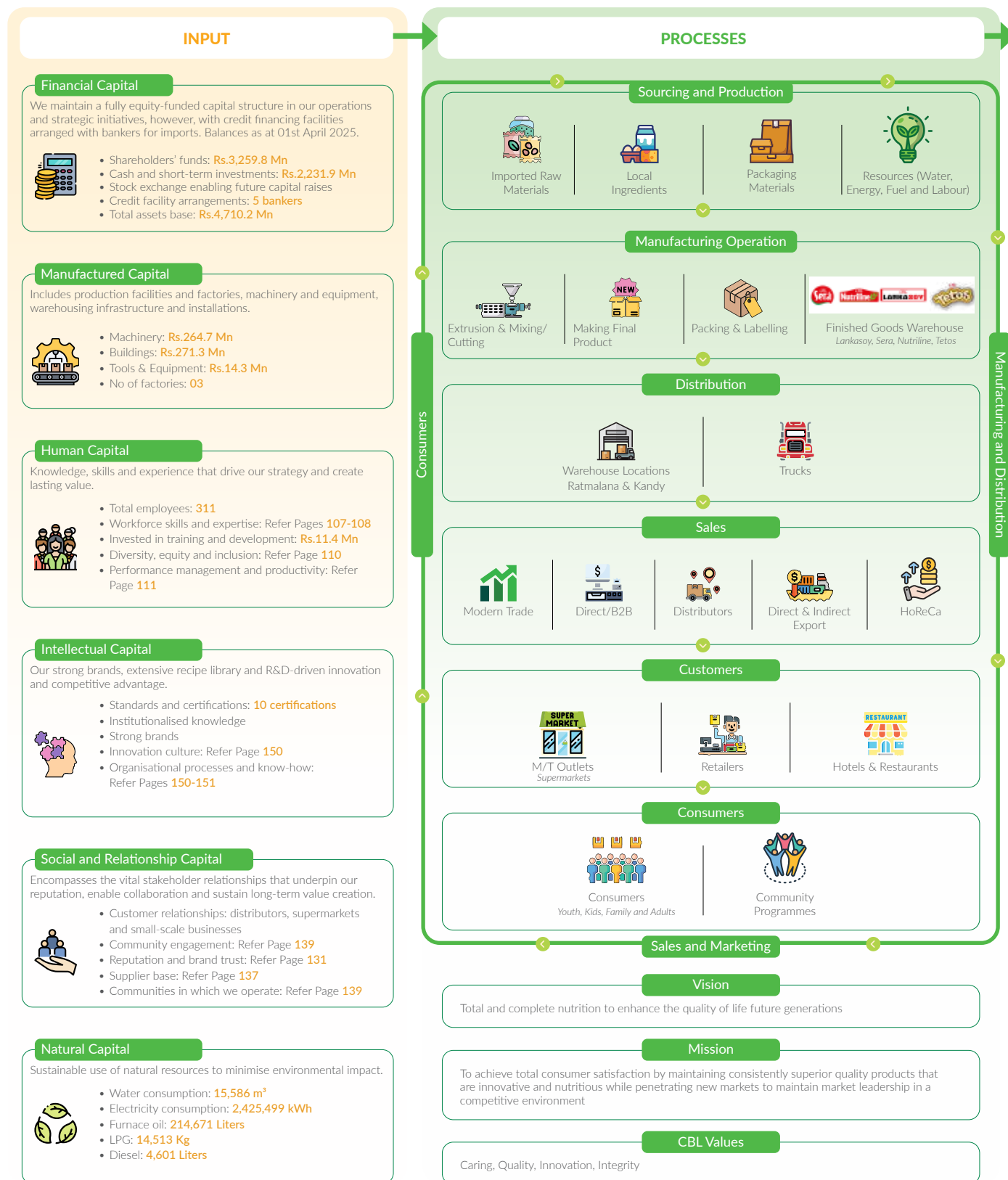
Topic	SLFRS Index	Location in Section
General Requirements	SLFRS S1.54	Section 1: General Requirements
	SLFRS S1.55	1.4.1
	SLFRS S1.56	1.4.1
	SLFRS S1.57	1.4.1
	SLFRS S1.58	1.4.1
	SLFRS S1.59	1.4.1
	SLFRS S1.60	2.1 - 2.7
	SLFRS S1.61	1.2
	SLFRS S1.62	1.1 - 1.4
	SLFRS S1.63	Note 1
	SLFRS S1.64	1.4
	SLFRS 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 - 2.7
Strategy	SLFRS S1.28	Section 3: Strategy
	SLFRS S1.29	3.2.1
	SLFRS S1.30	1.4.1
	SLFRS S1.31	1.4.1
	SLFRS S1.32	3.2.1
	SLFRS S1.33	3.2.5
	SLFRS S1.34	3.2.1
	SLFRS S1.35	3.2.1
	SLFRS S1.36	Note 1
	SLFRS S1.37	Note 1
	SLFRS S1.38	Note 1
	SLFRS S1.39	Note 1
	SLFRS S1.40	3.2.2
	SLFRS S1.41	3.2.3
	SLFRS S1.42	Note 1
Risk Management	SLFRS S1.43	Section 4: Risk Management
	SLFRS S1.44	4.1 - 4.4
Metrics and Targets	SLFRS S1.45	3.2.4
	SLFRS S1.46	3.2.4
	SLFRS S1.47	Note 1
	SLFRS S1.48	3.2.4
	SLFRS S1.49	3.2.4
	SLFRS S1.50	3.2.4
	SLFRS S1.51	3.2.4
	SLFRS S1.52	3.2.4
	SLFRS S1.53	3.2.4

SLFRS S2 Index

Topic	SLFRS Index	Location in Section
Governance	SLFRS S2.5	Section 2: Governance
	SLFRS S2.6	2.1 - 2.7
	SLFRS S2.7	Note 1
Strategy	SLFRS S2.8	Section 3: Strategy
	SLFRS S2.9	3.3.1
	SLFRS S2.10	3.3
	SLFRS S2.11	Note 1
	SLFRS S2.12	Note 1
	SLFRS S2.13	3.3.1
	SLFRS S2.14	3.2.5
	SLFRS S2.15	3.3.1
	SLFRS S2.16	3.3.1
	SLFRS S2.17	Note 1
	SLFRS S2.18	Note 1
	SLFRS S2.19	Note 1
	SLFRS S2.20	Note 1
	SLFRS S2.21	3.3.2
	SLFRS S2.22	3.3
	SLFRS S2.23	Note 1
Risk Management	SLFRS S2.24	Section 4: Risk management
	SLFRS S2.25	4.1 - 4.4
	SLFRS S2.26	Note 1
Metrics and Targets	SLFRS S2.27	3.3.4
	SLFRS S2.28	3.3.4
	SLFRS S2.29	3.3.4
	SLFRS S2.30	Note 1
	SLFRS S2.31	Note 1
	SLFRS S2.32	3.4
	SLFRS S2.33	3.3.4
	SLFRS S2.34	2.3, 2.4
	SLFRS S2.35	Note 1
	SLFRS S2.36	3.4
	SLFRS S2.37	Note 1
Transitional Reliefs	SLFRS S2.22	Note 1
	SLFRS S2 Transition C4	Note 1

Note 1: Additional guidance: No separate disclosure requirement

OUR VALUE CREATING BUSINESS MODEL



OUTPUT

Financial Capital

- Profit After Tax of **Rs.759.7 Mn**
- Return on Equity (ROE) of **18.99%**
- Share price appreciation of **81.92%**
- Declared total dividends of **Rs.22 Mn**
- Sustainable growth with zero interest burden
- Total assets base **Rs.5,269.1 Mn**
- Refer Pages- **81-91** for Financial Capital Balances as at 31st March 2026



Manufactured Capital

- Capital infra-additions: **Rs.40.6 Mn**
- Assets Turnover Ratio: **1.31**
- Over **5,800 MT** of Lankasoy products produced
- Over **2,800 MT** of Sera products produced
- Over **250 MT** of Nutriline products produced
- Over **80 MT** of Tetos products produced
- Refer Pages **92-102** for Manufactured Capital



Human Capital

- Training investment increased by **30.0%**
- Average training hours per employee: **9.3**
- Employee turnover: **5.6%**
- Improvement in diversity indicators
- Total employees: **311**
- Refer Pages **103-118** for Human Capital



Intellectual Capital

- New products developed: **03**
- Commenced digital transformation processes
- Spent in R&D: **Rs.27.6 Mn**
- Refer Pages **146-159** for Intellectual Capital



Social and Relationship Capital

- Spent in CSR: **Rs.12.2 Mn**
- Improvement in customer satisfaction levels
- Jobs created: **311**
- Refer Pages **130-145** for Social and Relationship Capital



Natural Capital

- Emissions generated from operations: **0.22 CO₂/kg**
- Wastewater treated before discharge: **100%**
- Energy intensity (MJ per Kg of production) **2.5**
- Fully compliant with all relevant environmental regulations
- Refer Pages **119-129** for Natural Capital



OUTCOME

Shareholders



Sustainable shareholder returns and value creation commensurate with the risks undertaken (Page 73)

Customers



Ensuring access to affordable, high-quality products manufactured through sustainable practices and delivered via a comprehensive nationwide distribution network (Page 74)

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 wellbeing (Page 73)

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 74)

Government & Regulatory Bodies



Contribute to job creation and socio-economic development through employment generation and tax contributions that support government income (Page 75)

Communities



Support the fulfillment 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 75)

VALUE CREATION ACTIVITIES

Financial Capital

- Budgeting and financial planning
- Working capital, cash flow and liquidity management
- Risk management and financial controls
- Investment decision-making

Manufactured Capital

- Manufacturing processes
- Capacity enhancement
- Quality assurance and safety compliance
- Waste management initiatives

Human Capital

- Talent attraction, onboarding and development
- Employee engagement and well-being
- Diversity and inclusion
- Employee remuneration management, career development and succession planning

Intellectual Capital

- New product development
- Expand R&D for innovation
- Brand building and reputation management

Social and Relationship Capital

- Transparent communication and customer education
- Relationship enhancement through strategic engagement
- Continuous improvement of the supply chain

Natural Capital

- Sustainable consumption and production
- Energy, water and waste management
- Environmental sustainability initiatives

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

Sustained value creation relies on trust, transparency and meaningful dialogue with all parties who shape our business. By fostering open, two-way dialogue, we gain insights that shape strategy, mitigate risks and unlock innovation. This approach ensures that every decision reflects the expectations of those who matter most to our business, strengthening trust and resilience across our value chain.

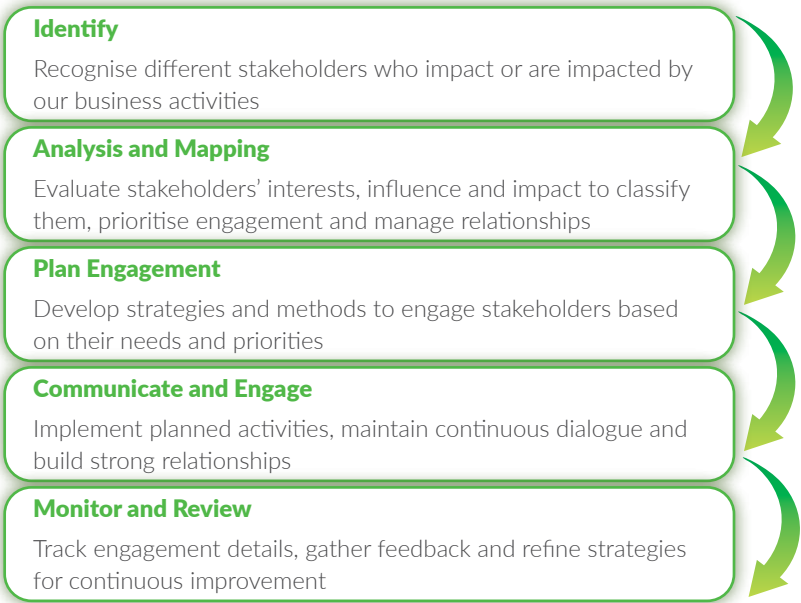
GOVERNANCE OF ENGAGEMENT

Our stakeholder engagement is governed through Board oversight, executive accountability, policies, laws and established business practices covering product quality, supplier standards, ethical conduct and regulatory compliance. Engagement insights are embedded in strategy, materiality assessment and risk registers, with escalation pathways.

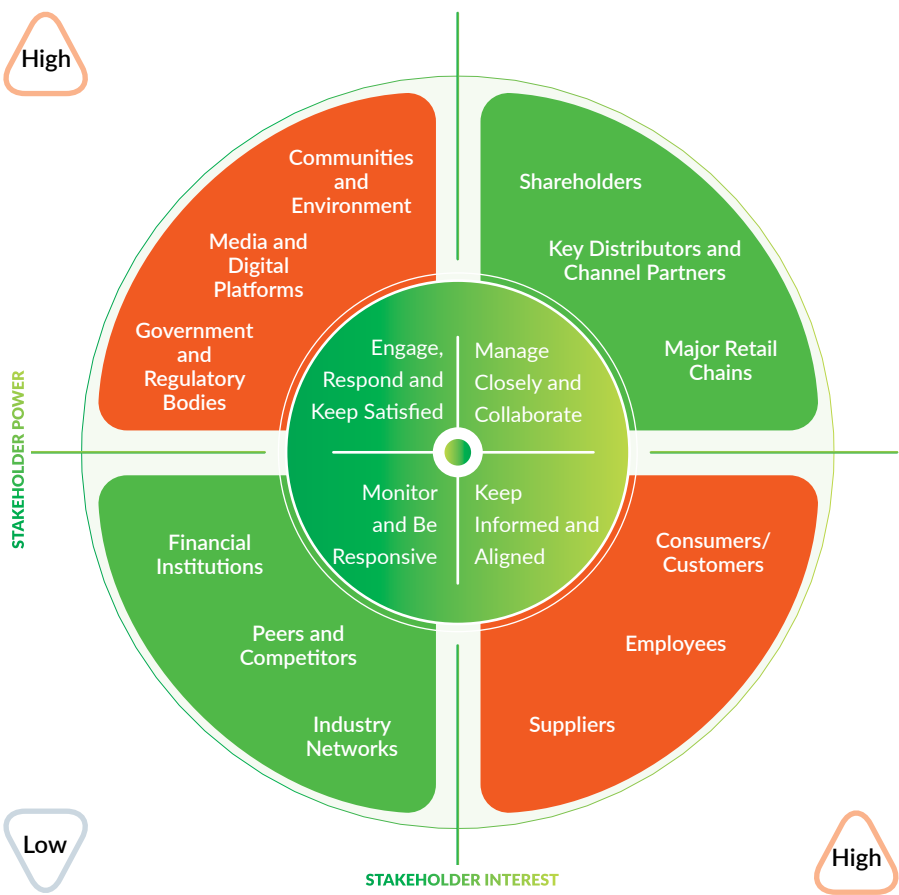
OUR DIVERSE STAKEHOLDERS

Our business ecosystem is shaped by diverse stakeholders whose influence and interests vary. We prioritise engagement based on their impact on our strategy and their expectations of our performance. This includes shareholders, employees, customers, suppliers and business partners, regulators and communities. Each group is engaged through tailored channels and frequencies to ensure transparency, responsiveness and shared success.

STAKEHOLDER ENGAGEMENT PROCESS



PRIORITISATION MATRIX



SHAREHOLDERS		Relationship Strength & Engagement Frequency:  Stable	
Providers of financial capital who seek transparent strategy execution, disciplined governance and sustainable returns over the short, medium and long-term			
Strategic Direction – We continue to leverage expansion opportunities to drive business growth, while integrating additional sustainability practices into our processes			
Engagement Mechanisms & Frequency	Key Concerns	Our Responses	Key Deliverables
• Annual general meeting (A) • Annual report (A) • Audited financial statements (A) • Interim financial statements (Q) • CSE announcements (R) • Investor relations officer and registrars' involvement (O) • Company secretary's involvement (O) • Company's website (O) • Engaging in dialogue with investors and analysts (O)	• Capital allocation and profitability • Sustainable returns • Transparent reporting • Compliance and governance • Strategic clarity and risk management	• Deliver consistent financial performance • Pursue sustainable long-term growth • Strengthen risk management • Ensure strong corporate governance • Maintain transparent and timely communication • Demonstrate capable capital management and accountability	• Dividend Payments • Share price and liquidity • Business expansion • Corporate governance and risk management practices Risks • Market volatility Opportunities • ESG-driven investments • Digital Investor Relations (IR) tools
Value Creation			
Further references on Capital Reports from Pages 81-159			

EMPLOYEES		Relationship Strength & Engagement Frequency: ● Frequent/Strong	
Our human capital: People, whose safety, skills, inclusion and engagement directly translate into superior customer experience and sustainable performance			
Strategic Direction – Creating, maintaining and enhancing an ethical, inclusive and supportive workplace that values employees, promotes growth and enhances for collective success			
Engagement Mechanisms & Frequency	Key Concerns	Our Responses	Key Deliverables
• Intranet (O) • Performance evaluation and compliance (B/Q) • Training and development programs (R) • Surveys (B) • Recognition events (On) • Meetings and email communications (O) • Special staff events (O) • Employee surveys and feedback mechanisms (R) • Career development programs (R)	• Safe and inclusive workplace • Fair compensation and benefits • Recognition and career development • Skills for digital transformation • Organisational leadership and communication	• Offer competitive pay, performance-based incentives and comprehensive benefits • Ensure safe working conditions and employee well-being programs • Provide training, upskilling, clear career paths and succession planning • Encourage open dialogue, feedback mechanisms	• Training and development • Health and safety initiatives • Career growth opportunities • Salaries and other benefits Risks • Talent attrition • Skill gaps Opportunities • Upskilling and engagement • Culture building
Value Creation			
To foster innovation and resilience, we create value for employees through career development, well-being initiatives and active engagement. Their contributions enhance customer satisfaction and overall performance. Further references on Pages 103-118.			

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

CONSUMERS AND INSTITUTIONAL BUYERS (CUSTOMERS)		Relationship Strength & Engagement Frequency:  Frequent/Strong	
Consumers and institutional buyers who depend on product quality, nutrition, responsiveness and innovation, central to revenue, reputation and long term loyalty			
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			
Engagement Mechanisms & Frequency	Key Concerns	Our Responses	Key Deliverables
• Corporate website (O) • Social media engagement (O) • Feedback surveys (Q/R) • Product demonstrations (On) • Media campaigns and advertisements (R) • Touch points of the value chain of the business (R) • Community building (forums, groups) (O)	• Product quality and trust • Nutrition and health • Consistency and reliability of supply • Innovation and product variety • Value for money and pricing • Brand trust and reputation • Responsiveness to feedback	• Maintain stringent quality control, food safety certifications and continuous monitoring • Develop nutritious, compliant products with clear labeling and responsible claims • Invest in R&D, consumer insights and new product development • Uphold ethical practices, transparency and responsible marketing • Intensify consumer insight loops	• Product quality improvements • New product launches • Product quality certifications Risks • Changing consumer preferences • Reputational damage Opportunities • Innovation • Digital Engagement
Value Creation To meet evolving needs and build loyalty, we create value for customers and consumers through high-quality products, continued supply and reliability. Their trust drives lasting relationships and sustainable growth. Further references on Pages 131-136.			

SUPPLIERS AND BUSINESS PARTNERS		Relationship Strength & Engagement Frequency:  Frequent/Strong	
Strategic partners across the value chain whose ethical conduct, reliability and transparency underpin supply integrity and collaborative growth			
Strategic Direction – Building ethical and transparent partnerships with suppliers and business partners, grounded in trust and operational efficiency to support long-term mutual success			
Engagement Mechanisms & Frequency	Key Concerns	Our Responses	Key Deliverables
• Supplier screening and procurement process (R) • Business meetings (R) • Awareness sessions (On/R) • Contracts and agreements (On) • Full settlement of dues (R) • Supply chain transparency (O) • Technology integration (O)	• Ethical partnerships and timely settlements • Operational transparency • Supply chain integrity • Reliability and long-term relationships • Sustainability and responsible sourcing • Risk sharing and resilience	• Standardised screening and onboarding • Forecast sharing and development clinics • Digital portals and e-payments • Ensure clear contract terms, prompt payments and transparent financial processes • Enforce supplier codes of conduct, compliance standards • Work together on risk management and supply continuity	• Timely payments • Supply chain digitisation • Opportunities for business growth • Continued relationships Risks • Supply disruptions • Compliance failures Opportunities • Collaborative planning • Technical integration
Value Creation			
To build strong relationships, we create value for suppliers and business partners through fair practices, collaboration and timely engagement. These partnerships enhance efficiency and contribute to mutual growth. Further references on Pages 136-139.			

GOVERNMENT AND REGULATORY BODIES		Relationship Strength & Engagement Frequency:  Stable	
Authorities, whose expectations on compliance, disclosures, taxation and responsible conduct, shape our license to operate and industry reputation			
Strategic Direction – Upholding integrity through strict compliance with laws, regulations and governance standards, while ensuring transparency, accountability and responsible operations			
Engagement Mechanisms & Frequency	Key Concerns	Our Responses	Key Deliverables
- Regulatory filings (R) - Directives and circulars (R) - Formal correspondence (R) - Transparency and disclosure practices (R) - Adherence to ethical standards (R) - Compliance reporting (R)	- Compliance with laws and governance codes - Timely taxes and filings - Responsible industry conduct - Transparency and disclosures - Economic and social contribution - Responsiveness to policy changes	- Ensure full compliance with applicable laws and standards - Enhance transparency in disclosures - Maintain accurate reporting, timely tax payments and transparent dealings with authorities - Support national development through employment, local sourcing and community initiatives	- Compliance reporting - Participation in Industry forums - Tax payments Risks - Regulatory penalties - Policy changes Opportunities - Strong compliance reputation - Industry influence
Value Creation			
To support economic and policy objectives, we create value for government and regulatory bodies through compliance, tax contribution, ethical business practices and collaboration. This engagement strengthens trust and ensures responsible operations. Further references on Page 141.			

COMMUNITIES AND ENVIRONMENT		Relationship Strength & Engagement Frequency:  Stable	
Local communities and the natural environment where we operate and the natural capital we depend on; we aim for measurable and lasting positive impact			
Strategic Direction – Promoting sustainability by using resources responsibly, adopting eco-friendly practices and supporting community initiatives to reduce any negative environmental impact			
Engagement Mechanisms & Frequency	Key Concerns	Our Responses	Key Deliverables
- Environmental impact assessments (On/R) - Mitigation strategies (On/R) - CSR programs (R) - Social media and corporate website (R)	- Social and environmental impacts - Community contributions - Climate resilience - Health, safety and well-being of communities - Responsible use of natural resources - Social impact and local development	- Strengthen environmental management - Design community programs with measurable outcomes - Improve impact measurement and reporting - Ensure safe operations - Create local employment	- CSR projects - Environmental initiatives - Disaster relief support Risks - Environmental non-compliance - Negative social impact Opportunities - Sustainability leadership - Community trust
Value Creation			
To support society well-being, we create value for communities and environment through social initiatives, environmental care and inclusive development. These efforts reinforce our sustainability and long-term impact. Further references on Pages 139-141.			

Frequency Abbreviations

A – Annually	B – Biannually	Q – Quarterly	M – Monthly	R – Regular	O – Ongoing	On – One-off

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

FY2026/27: FUTURE ENGAGEMENT PRIORITIES

Our engagement for the upcoming year focuses on deepening stakeholder trust and aligning engagement with strategic priorities. Each initiative is designed to strengthen transparency, responsiveness and shared value creation across our ecosystem.

Transparency & Access 	Employee Listening 	Insight-driven New Product Development (NPD) 	Supplier Development 	Compliance Assurance 
Further enhanced disclosures underlying Company's operations and improved access to information	Introducing further-tailored training opportunities and team building	Further embed customer feedback loops into product development stage gates, ensuring innovation aligns with evolving consumer preferences and nutrition standards	Expand collaborative planning forums and supplier capability-building programs to strengthen resilience and ethical practices in the supply chain	Enhance and improve annual compliance self-assessments, strengthen governance disclosures and roll out targeted training to maintain regulatory excellence and mitigate risk























IDENTIFYING MATERIAL MATTERS AND CONDUCTING MATERIALITY ASSESSMENTS

This Integrated Report focuses on material matters that significantly influence the Company's ability to create value over the short, medium and long term. Materiality is determined by evaluating strategic priorities, operational impacts and stakeholder expectations, together with the potential risks and opportunities these matters present for the business.

IDENTIFY MATERIAL MATTERS

Identify matters impacting the value creation process with reference to the stakeholders impacted

- Understand the Business Context
- Conduct industry and peer benchmarking
- Perform internal reviews of business functions
- Engage with key stakeholder groups

EVALUATE THE MATTERS

Evaluate their significance to the Company and the impacted stakeholders

- Understand how identified matters affect value creation over the short, medium and long-term
- Facilitate cross-departmental discussions to assess business impact
- Analyse risk and opportunity levels: consider the likelihood and severity of impacts
- Assess impact and significance

PRIORITISE THE MATTERS

Prioritise stakeholder groups based on their relative importance

- Perform a materiality matrix (impact vs influence)
- Ensure alignment with strategy, risk appetite and governance oversight
- Validate with senior management and the Board

DETERMINE, DISCLOSE AND UPDATE THE MATTERS

Determine matters to be disclosed by the company

- Cross-check with disclosure requirements
- Incorporate topics in the corporate reporting
- Integrate into Reporting and Strategy
- Review and update the matters regularly

Our Approach

- **Integrated Thinking:** Materiality is assessed through a lens that combines financial, environmental and social considerations, ensuring decisions support long-term resilience
- **Stakeholder-Centric:** Insights from stakeholder engagements (surveys, interviews and forums) are mapped against business priorities to identify emerging issues
- **Systematic and Balanced Assessment:** Each topic is evaluated based on its relevance to operations, its potential impact on business performance and its importance to stakeholders.
- **Validation and Governance:** Findings are reviewed by senior leadership and endorsed by the Board, reinforcing accountability and transparency

Outcome: The identified material topics guide the Company's sustainability strategy, reporting disclosures and resource allocation. They support effective risk management, inform decision-making and enable the Company to respond to evolving stakeholder expectations while creating value across all capitals.

IDENTIFYING MATERIAL MATTERS AND CONDUCTING MATERIALITY ASSESSMENTS

Material Topics	GRI Disclosures	UNSGDs
Sound Corporate Governance, Internal Controls	GRI 2, 205-1, 205-2, 205-3	
Risk Management	GRI 2	
Code of Conduct Compliance	GRI 2, 205	
Sustainable Financial Performance	201-1, 201-2, 201-3, 201-4, 207	 
Energy Conversion & Carbon Footprint	302-1, 302-2, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6	  
Waste Management & Packaging Solutions	301, 306-1, 306-2, 306-3, 306-4, 306-5	 
Water Management	303-1, 303-2, 303-3, 303-4, 303-5	 
Emission Management	305-1, 305-2, 305-3, 305-4, 305-5, 305-6	
Digitisation – Data Privacy & Cyber Security	418-1	
Diversity & Equal Opportunity	405-1, 405-2, 406-1	 
Employee Health & Safety	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9	 
Employee Engagement	401-1, 401-2, 401-3, 404-1, 404-2, 404-3	 
Product Safety, Quality, Consistency & Innovation	416-1, 416-2, 417-1, 417-2, 417-3	 
Consumer Satisfaction & Loyalty	416, 417	 
Tax Compliance	207-1, 207-2, 207-3, 207-4	 
Community Involvement & Empowerment	413-1, 413-2	  

MANAGEMENT OF KEY MATERIAL TOPICS

Sound Corporate Governance, Internal Controls		
Description	Potential Positive Impact	Potential Negative Impact
Governance and internal controls ensure transparency, accountability and ethical decision-making. These practices safeguard stakeholder interests, maintain compliance with regulations and support sustainable growth. Capitals Impacted: Intellectual, Social & Relationship	- Strengthens investor confidence and brand reputation - Ensures compliance and reduces risk of fraud - Improves decision-making and operational efficiency	- Regulatory penalties and reputational damage - Loss of stakeholder trust and potential financial misstatements
Management of the topic: Refer Our Framework and Approach to Better Governance (Page 169)		

Risk Management		
Description	Potential Positive Impact	Potential Negative Impact
Effective risk management enables the company to anticipate, assess and mitigate potential threats. It ensures business continuity, protects assets and enhances resilience against market volatility and operational disruptions. Capitals Impacted: Intellectual, Social & Relationship	- Enhances resilience against market volatility - Protects assets and ensures business continuity	- Operational disruptions and financial losses from unmanaged risks - Potential legal liabilities and reputational harm
Management of the topic: Refer Integrated Risk Management (Pages 187-197)		

Code of Conduct Compliance		
Description	Potential Positive Impact	Potential Negative Impact
Adherence to the Code of Conduct fosters an ethical culture across the organisation. It sets clear expectations for integrity, fairness and compliance, reducing the risk of misconduct and reinforcing stakeholder trust. Capitals Impacted: Intellectual, Social & Relationship	- Promotes ethical culture and stakeholder trust - Reduces risk of corruption and legal disputes	- Non-compliance can lead to legal sanctions and fines - Damage to corporate reputation and employee morale
Management of the topic: Refer Our Framework and Approach to Better Governance (Page 180)		

Sustainable Financial Performance		
Description	Potential Positive Impact	Potential Negative Impact
Maintaining strong financial performance is vital for long-term value creation. It supports strategic investments, enhances shareholder confidence and ensures the company's ability to meet obligations and pursue growth opportunities. Capitals Impacted: Financial	- Supports long-term growth and shareholder value - Improves access to capital and investor confidence	- Poor financial performance can limit strategic investments - Risk of insolvency and reduced market competitiveness
Management of the topic: Refer Financial Capital (Pages 81-91)		

Waste Management & Packaging Solutions		
Description	Potential Positive Impact	Potential Negative Impact
Responsible waste management and sustainable packaging practices reduce environmental impact and operational costs. They demonstrate commitment to circular economy principles and regulatory compliance. Capitals Impacted: Natural, Manufactured	- Reduces environmental impact and disposal costs - Enhances brand image through sustainable packaging	- Improper waste handling can cause environmental harm - Non-compliance with waste regulations leading to fines
Management of the topic: Refer Natural Capital (Page 123)		

IDENTIFYING MATERIAL MATTERS AND CONDUCTING MATERIALITY ASSESSMENTS

Diversity & Equal Opportunity		
Description	Potential Positive Impact	Potential Negative Impact
Promoting diversity and equal opportunity fosters an inclusive workplace culture. It enhances innovation, attracts top talent and reflects the company's commitment to social equity and fairness. Capitals Impacted: Human	• Fosters innovation and inclusive culture • Improves talent attraction and retention	• Lack of diversity can harm reputation and limit growth • Risk of discrimination lawsuits and employee disengagement
Management of the topic: Refer Human Capital (Pages 106-110)		

Employee Health & Safety		
Description	Potential Positive Impact	Potential Negative Impact
Ensuring employee health and safety is fundamental to operational excellence. It reduces workplace risks, improves morale and supports productivity while meeting legal and ethical obligations. Capitals Impacted: Human	• Enhances productivity and morale • Reduces workplace accidents and associated costs	• Poor safety standards can lead to injuries and fatalities • Legal liabilities and operational disruptions
Management of the topic: Refer Human Capital (Page 113)		

Product Safety, Quality, Consistency & Innovation		
Description	Potential Positive Impact	Potential Negative Impact
Delivering safe, high-quality products and driving innovation are key to customer satisfaction and competitive advantage. These practices uphold brand integrity and regulatory compliance. Capitals Impacted: Social & Relationship, Intellectual	• Builds consumer trust and brand loyalty • Drives competitive advantage through innovation	• Product failures can cause recalls and legal claims • Loss of market share and reputational damage
Management of the topic: Refer Social & Relationship Capital (Pages 133-134), Intellectual Capital (Page 156)		

FINANCIAL CAPITAL

Through prudent capital management and disciplined use of financial resources, CFL maintained a stable financial position during the year, supported by improved earnings and operating cash flows. This contributed to an equity-based financial structure, supporting liquidity, financial stability and operational flexibility, enabling the Company to pursue sustainable growth and long-term value creation.



Rs.
759.7Mn
Profits (PAT)
Record High



Current Ratio
4.2x
Liquidity at
Peak Strength



Rs.
4,000.8Mn
Equity Reaches
New High



Highest-Ever
Asset Base
with Zero
Borrowings
Asset Base at
Historic High



Achieved
Highest-ever
Term
Investments
Record
Investment
Position

Contribution
to UNSDGs



FINANCIAL CAPITAL

Financial Capital represents the pool of funds available to CFL, including capital funding sources and liquidity buffers and access to undrawn credit facilities, which are deployed to sustain operations, invest in growth and deliver returns to shareholders.

The Company's approach to Financial Capital focuses on preserving capital strength, optimising returns on deployed funds and ensuring resilience across economic cycles, while supporting long-term value creation across all capitals.

GOVERNANCE OF FINANCIAL CAPITAL

The Company's Financial Capital is managed through financial discipline, internal controls and Board oversight, ensuring compliance with reporting standards and governance codes while protecting shareholder value and supporting strategic capital allocation.

- Capital allocation decisions consider expected returns, liquidity needs and risk-adjusted performance to balance growth and financial stability
- Management continuously monitors cash flow, working capital and leverage to

maintain liquidity and financial flexibility amid changing market conditions

- Risk management is integrated into financial governance, addressing interest rates, credit and foreign exchange risks to protect earnings and balance sheet strength

STRATEGY FOR FINANCIAL CAPITAL

Our Financial Capital strategy maintains a strong equity base, preserves liquidity and deploys capital prudently to support operations, growth and long-term value creation, while enhancing resilience and flexibility.

Our Financial Capital strategy is anchored on three (3) core priorities:

- Preserve Capital Strength – Maintain a strong equity base and low leverage profile to ensure resilience
- Optimise Capital Efficiency – Improve returns through disciplined working capital and asset utilisation
- Deploy Capital Selectively – Prioritise investments that deliver sustainable returns and strategic advantage

Capital allocation decisions follow a structured hierarchy:

1. Fund core operations and working capital
2. Invest in productivity, brand and growth initiatives
3. Maintain adequate liquidity buffers

Early Adoption of SLFRS 18: Presentation and Disclosure in Financial Statements



The early adoption of SLFRS 18 enhances the transparency, structure and comparability of financial reporting. This improves decision-useful information for investors and aligns CFL with emerging global best practices in financial disclosures.

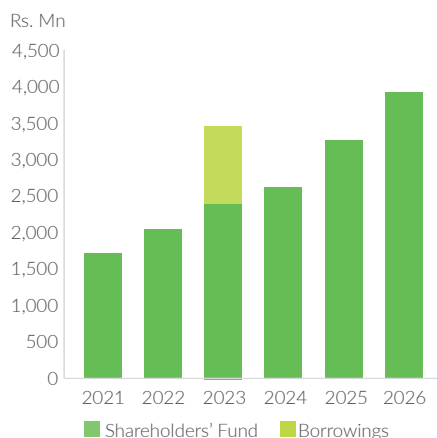
FINANCIAL CAPITAL VALUE CREATION



1. RESOURCES INFUSION (INPUTS)

1.1 Capital Structure: Equity-Rich Financial Foundation

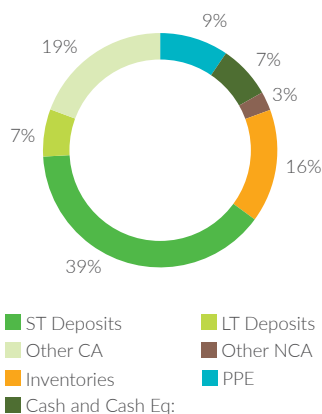
CFL maintained a strong equity-driven capital structure from 2021 to 2026, with shareholders' equity rising from Rs.1,713.6 Mn in 2021 to Rs.4,000.8 Mn in 2026, more than doubling through improved profits and retained earnings. The Company remained largely free of interest-bearing debt (excluding accounting for operational lease liabilities), except in 2023, when borrowings reached Rs.1,040.0 Mn, before returning to a fully equity-financed position from 2024 onward. This growing equity base strengthened solvency, reduced financial risk and financing costs, improved cash flow retention and enhanced flexibility to support long-term growth and investor confidence.



1.2 Asset Base: Strengthened Assets Position Year-on-Year

CFL's asset base demonstrated a continued strengthening trajectory during the year, increasing by 11.9% to Rs.5,269.1 Mn. This growth reflects both operational expansion and disciplined deployment of Financial Capital, underpinned by disciplined working capital management and improved asset utilisation.

Overall, the asset base reflects a balanced mix of operating assets, liquidity buffers and financial investments to support operations, flexibility and future growth.



1.3 Working Capital and Trade Credit Facilities: Strengthening Liquidity through Working Capital Discipline

The Company maintained a solid liquidity position, with current assets increasing 8.6% to Rs.4,246.5 Mn and supporting stronger working capital. Lower current liabilities, driven by reductions in payables and lease liabilities, further improved liquidity, keeping the current ratio above 4.0, rising from 3.5 times in 2025 to 4.2 times in 2026. This indicates improved short-term financial capacity and liquidity buffers.

Total Current Assets, Total Current Liabilities and Current Ratio



1.4 Credit and Financing Facilities

CFL continued to secure credit facilities with five (5) leading Sri Lankan commercial banks to support short-term working capital and import financing. The Company also maintains relationships with over 500 active suppliers, facilitating credit-based sourcing, working capital management and operational continuity.

1.5 Investment Portfolio: Liquid Portfolio Driving Interest Income

The Company's fixed deposits increased from Rs.2,027.9 Mn to Rs.2,444.0 Mn in 2025/26, reflecting the investment of surplus funds. Of this, Rs.2,058.7 Mn represented highly liquid placements held for liquidity management purposes, while the balance comprised strategic short-term investments. The investment portfolio is managed to balance liquidity and yield, with a preference for capital preservation while optimising risk-adjusted returns.

1.6 Internal Funding Capacity

CFL's internal funding remained strong, with net cash from operating activities at Rs.493.4 Mn and Profit Before Tax (PBT) rising to Rs.1,080.6 Mn from Rs.949.9 Mn in the previous year, supporting operations, investments and liquidity reserves.

2. ACTIVITIES AND VALUE ADDITION MECHANISMS

2.1 Financial Planning and Budgeting

The Company follows a budgeting and financial planning process based on past and expected performance, market trends, operational needs and emerging risks. Department heads contribute actively to prepare realistic, aligned budgets, while regular reviews and performance monitoring support timely action, accountability and alignment with strategic priorities.

FINANCIAL CAPITAL

2.2 Capital Allocation and Deployment

The Company allocates capital to support operations, production improvements and long-term growth, with investments guided by financial evaluation, returns, operational impact and risk. The approval process, governance and ongoing project monitoring ensure capital is used effectively and remains aligned with strategic, operational and sustainability priorities.

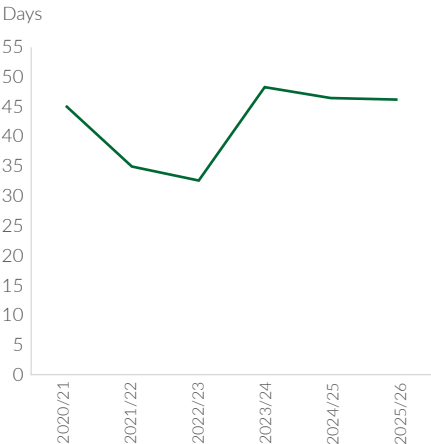
2.3 Working Capital Management (WCM)

CFL manages working capital by closely monitoring receivables, payables and inventory to improve cash cycle efficiency and maximise operational cash flows. The inventory control, supplier and customer management, improved forecasting and product portfolio rationalisation help reduce excess stock and improve working capital efficiency. Regular KPI monitoring supported timely decisions and sustained financial resilience.

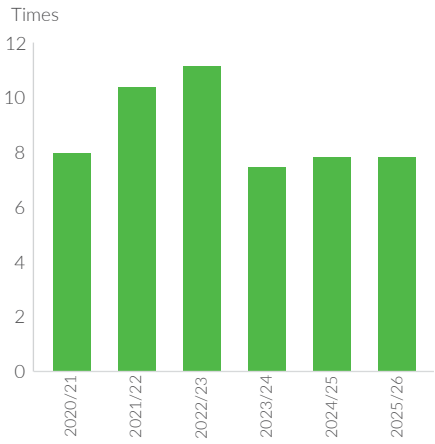
Days Sales Outstanding (DSO) and Debtor Turnover

CFL's focused debtor management supports effective credit control, timely collections and receivables management. The DSO ratio reflects improved collection performance, healthy cash flow and continued liquidity discipline.

Days Sales Outstanding (DSO)



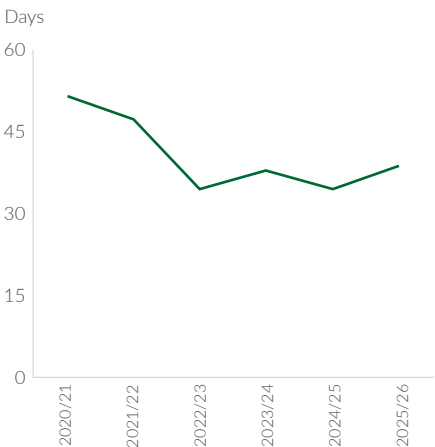
Debtor Turnover



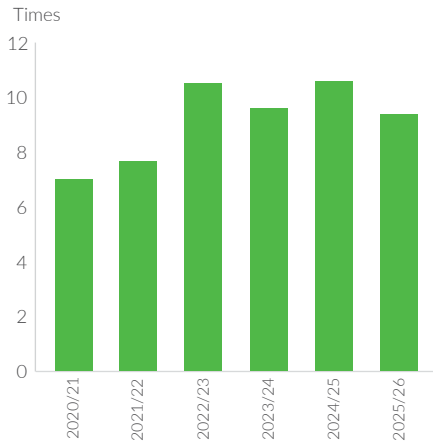
Days Payable Outstanding (DPO) & Creditor Turnover

The Company maintains supplier relationships through disciplined payables management and timely settlements. DPO improved from 52 days in 2020/21 to 39 days in 2025/26, reflecting an improved payment cycle and stronger liquidity. This also improved creditor turnover, supporting supplier confidence.

Days Payable Outstanding (DPO)



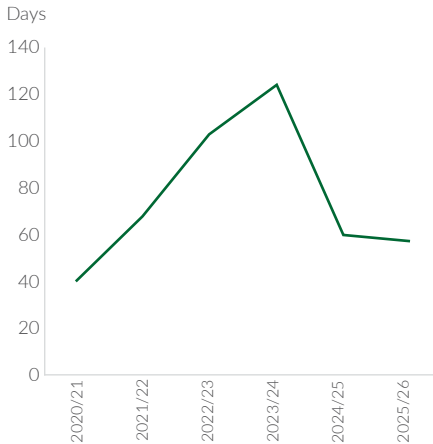
Creditor Turnover



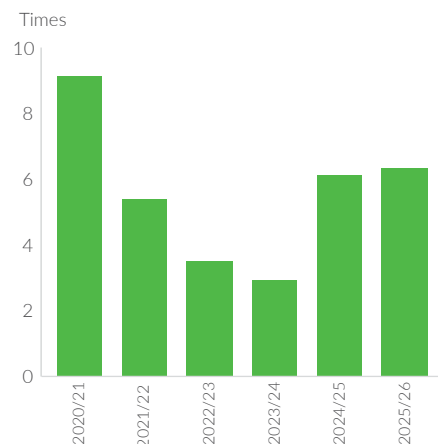
Days Inventory Outstanding (DIO) and Inventory Turnover

CFL continued to improve inventory management in 2025/26, with monitored inventory turnover and lower DIO, reflecting working capital efficiency and operational performance. Improved forecasting, planning and inventory controls reduced excess stock, minimised obsolescence risk and lowered cash tied up in inventory, supporting liquidity.

Days Inventory Outstanding (DIO)



Inventory Turnover



The overall cash conversion cycle improved, reflecting stronger coordination across receivables, inventory and payables and contributing to enhanced cash flow efficiency.

2.4 Management of Investments

CFL follows a disciplined and risk-averse investment approach, supported by credit rating reviews, approved governance frameworks and return thresholds aligned with long-term priorities. Capital investments are assessed using NPV, IRR and payback period analysis, while ongoing post-investment monitoring and ESG integration promote accountability and responsible capital allocation.

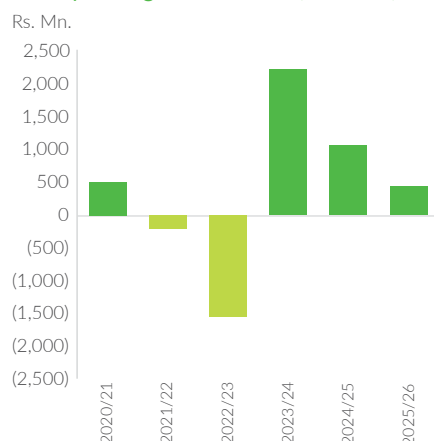
2.5 Cash Flow and Liquidity Management

CFL maintained effective cash flow management by closely monitoring of inflows and outflows. Net cash from operating activities amounted to Rs.493.4 Mn, driven by profit before tax of Rs.1,080.6 Mn, after accounting for taxes. This supported operations, investments and financial resilience.

Net Operating Cash Inflow/(Outflow)

Investing activities recorded a net outflow of Rs.292.6 Mn, mainly due to fixed deposit placements and Rs.46.2 Mn invested in capital assets, partly offset by Rs.142.3 Mn in interest income. Financing outflows totaled Rs.60.3 Mn, mainly for lease repayments and dividends, with no new borrowings.

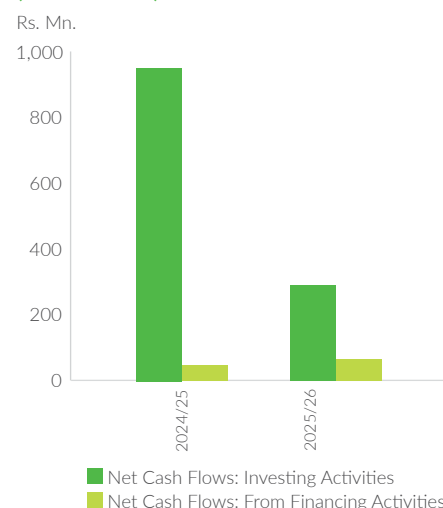
Net Operating Cash In Flow/(Out flow)



Net Investing and Financing Cashflows

CFL ended 2025/26 with cash and cash equivalents of Rs.344.5 Mn, up 68.9% from the previous year, reflecting strong liquidity. This positions the Company to navigate future uncertainties while supporting growth.

Investing and Financing Cashflows (Net Amounts)



2.6 Tax Planning and Management

CFL follows a proactive tax management approach, supported by strong governance, timely reporting, professional tax advice and internal controls to ensure compliance and manage tax risks.

Changes in Tax Regulations	Timelines	Impact on Our Business
Personal income tax relief increased from Rs.1.2 Mn to Rs.1.8 Mn per annum	Effective from 01st April 2025	The increase in personal income tax relief improves disposable income, supporting consumer spending across the Company's product portfolio
Advance Income Tax (AIT)/Withholding Tax on interest increased from 5.0% to 10.0%	Effective from 01st April 2025	As CFL holds short-term deposits and earns interest income, the higher AIT rate may increase tax withheld on interest, though this remains claimable against income tax under applicable provisions
VAT rate – no change (remained at 18.0%)	Continued throughout FY 2025/26	No additional VAT rate impact arose during the year
SSCL rate – no change (remained at 2.5%)	Continued during FY 2025/26	No additional SSCL rate impact arose during the year
VAT and SSCL thresholds remained unchanged	Continued during FY 2025/26	No new threshold-related impact arose during the reporting period

FINANCIAL CAPITAL

3. OUTPUTS, OUTCOMES AND IMPACT

3.1 Financial Performance and Return on Investment

Source	Unit	2025/26	2024/25	%
Revenue	Rs. Mn	6,921.9	6,838.6	1.2%
Gross Profit	Rs. Mn	2,286.8	2,365.5	-3.3%
Gross Profit Margin	%	33.0	34.6	-4.5%
Operating Profit/EBIT	Rs. Mn	900.5	821.3	9.6%
Net Finance Income/(Expense)	Rs. Mn	180.1	128.6	40.0%
Net Profit	Rs. Mn	759.7	647.2	17.4%
Net Profit Margin	%	11.0	9.5	15.8%

This section reflects CFL'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.

CFL business operations focus on the following:

- Financial Planning
- Financial Controls
- Continuous Improvement
- Investment Decisions, Financing Decisions and WCM

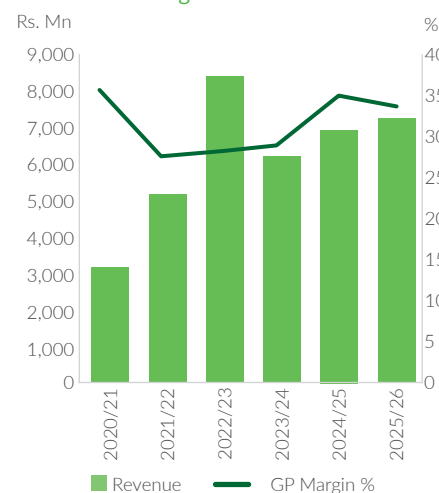
Revenue Performance

The Company recorded net revenue of Rs.6,921.9 Mn, representing a 1.2% increase over the previous year, despite price reductions in the Lankasoy category. Overall sales volumes grew by 23.0%, with Lankasoy maintaining its market leadership in the soya meat category. The Sera portfolio increased by 11.3% and contributed 28.4% of total revenue, up from 25.9% last year. Snacks and cereals accounted for 9.5% of revenue compared to 10.8% in the previous year, while sales value declined by 8.5%. During 2025/26, export revenue grew by 9.5% and local sales increased by 1.0%.

Revenue



Gross Profit Margin



Gross Profit and Operating Profit

Revenue growth was partly offset by higher cost of sales, resulting in gross profit of Rs.2,286.8 Mn, down 3.3% from last year, while the gross profit margin declined to 33.0% from 34.6% due to higher raw and packing material costs. In response, CFL improved sourcing, procurement and supplier diversification to drive cost efficiency and supply resilience.

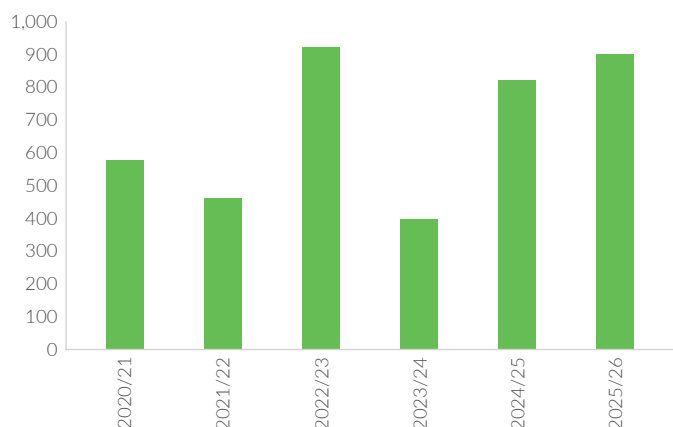
The Company continued to invest in brand-building and promotional activities to increase market presence and support long-term revenue growth, contributing to higher selling and distribution expenses. Administrative expenses increased due to performance-related employee incentives and KPI-linked bonuses, while inventory and impairment provisions were recognised in line with financial reporting and strong internal controls.

Operating Profit

Despite lower gross profit, operating profit increased to Rs.900.5 Mn, up 9.6% from last year, while the operating profit margin improved to 13.0% from 12.0% through disciplined cost management and efficiency gains.

Operating Profit

Rs. Mn



Net Finance Income

During 2025/26, CFL's finance income increased 37.9% to Rs.196.2 Mn from Rs.142.3 Mn, driven by interest income from surplus cash invested in short-term deposits.

Finance costs rose by 18.1% to Rs.16.1 Mn from Rs.13.6 Mn, mainly due to lease liability interest of Rs.15.8 Mn.

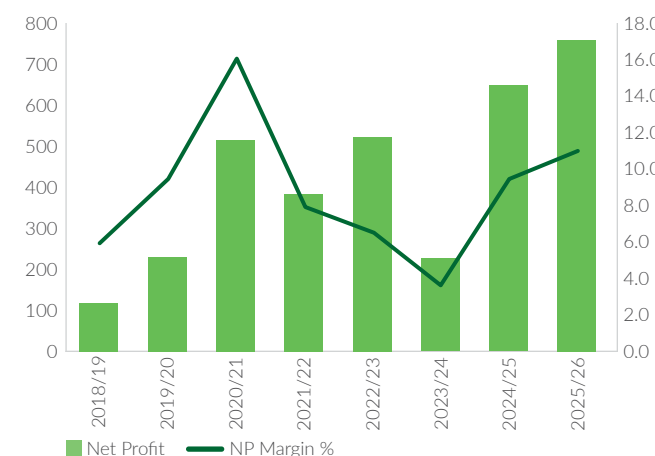
As a result, the Company recorded net finance income of Rs.180.1 Mn, compared to Rs.128.6 Mn last year, reflecting 40.0% growth driven by improved use of surplus funds.

Net Profit

CFL recorded its highest-ever Profit After Tax (PAT) of Rs.759.7 Mn in 2025/26, up 17.4% from Rs.647.2 Mn in 2024/25, driven by increased operating earnings, better efficiency and positive net finance income despite cost pressures and challenging market conditions. The effective tax rate improved to 29.7% from 31.9% last year.

Net Profit and Net Profit Margin

Rs. Mn



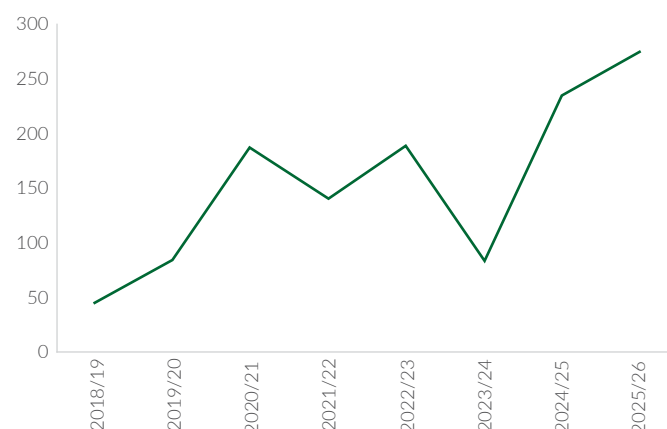
3.2 Shareholder Value Creation

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

The Company declared a dividend of Rs.8.00 per share for the year ended 31st March 2026, subject to AGM approval, while earnings per share increased by 17.4% to Rs.276.26 from Rs.235.33 in the previous year.

EPS

Rs.

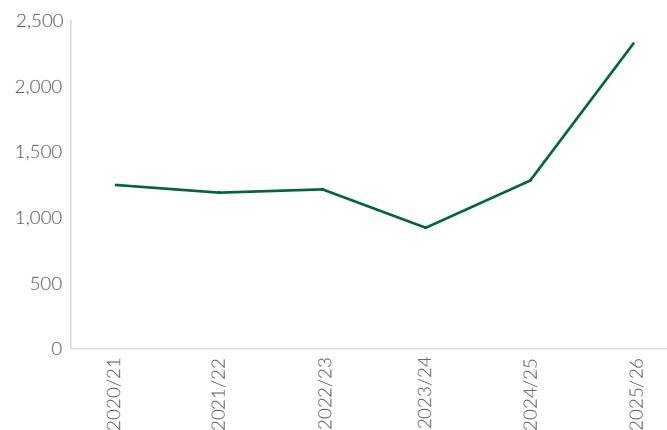


Share Performance

During the year, CFL's share price ranged from Rs.1,200.00 to Rs.2,745.00, closing at Rs.2,325.00 on 31st March 2026 compared to Rs.1,278.25 last year. Market capitalisation increased to Rs.6,393.75 Mn from Rs.3,515.19 Mn at the end of the previous financial year.

Share Price

Rs.

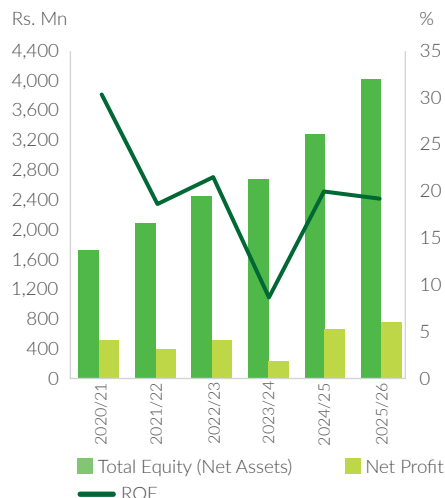


Return on Equity (ROE)

In 2025/26, the Company recorded a ROE of 19.0%, compared to 19.9% the previous year. Despite higher PAT, the slight decline reflects the impact of a stronger equity base on returns.

FINANCIAL CAPITAL

Return on Equity



3.3 Sustainable Financial Position

Asset Growth and Composition

Total assets increased 11.9% to Rs.5,269.1 Mn in 2025/26 from Rs.4,710.2 Mn last year, driven mainly by a 27.7% increase in non-current assets due to higher long-term deposits and other strategic investments.

Equity and Earnings Strength

The Company's equity base remained strong, with retained earnings increasing 23.4% from Rs.3,165.7 Mn to Rs.3,906.7 Mn, forming the majority of total equity of Rs.4,000.8 Mn, driven by the historic high PAT of Rs.759.7 Mn during the Company's 35-year history. This further enhanced shareholder returns and retained earnings capacity.

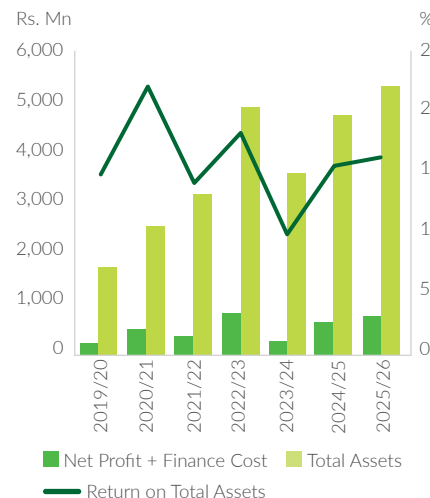
Liability Position

Total liabilities decreased in 2026 to Rs.1,268.3 Mn from Rs.1,450.5 Mn in 2025, reflecting an overall improvement in the Company's financial position. This decrease was mainly attributable to a reduction in non-current liabilities, particularly following the termination of a lease arrangement, along with the settlement of trade and other payables.

Return on Total Assets (ROTA)

ROTA declined in 2024/25 but recovered in 2025/26, reflecting improved profitability and more efficient use of the expanded asset base.

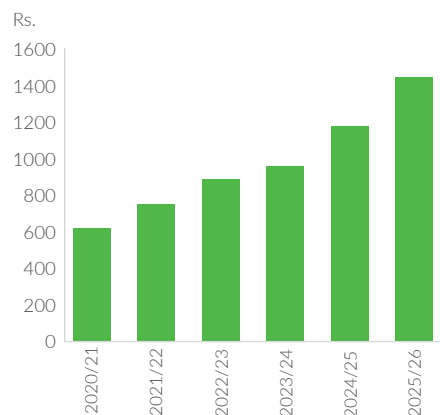
Return on Total Assets



Net Asset Per Share

Net Asset per Share increased consistently, reaching its highest level in 2025/26, supported by growth in total equity driven mainly by higher retained earnings.

Net Asset Per Share

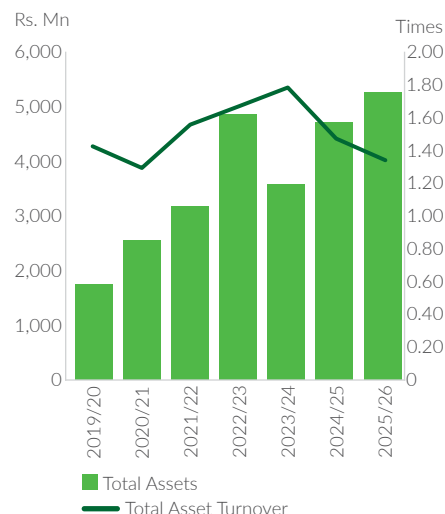


Total Assets vs Total Asset Turnover

Although total assets grew significantly, asset turnover eased slightly due to the larger asset base, particularly higher cash

balances and short-term investments to be deployed into revenue-generating operations. This reflects the timing of strategic capital allocation rather than weaker efficiency, while strengthening financial flexibility for future growth and long-term value creation.

Total Assets vs Total Assets Turnover



3.4 Impact

The Financial Capital drives impact by transforming strong capital inputs into effective financial management practices that enhance liquidity and optimise resource use. This leads to faster cash cycles, improved cash flow and the ability to meet obligations on time, strengthening supplier confidence and operational continuity. Enhanced financial performance and returns further support shareholder value through profit growth and consistent returns. At the same time, disciplined risk and capital management reduce financial exposure and reinforce stability. Ultimately, the process ensures long-term financial resilience and sustainable value creation.

KEY FINANCIAL CAPITAL PERFORMANCE INDICATORS AND TARGETS

Indicator	2025/26 Performance	Target Range	Status
Current Ratio	4.2x	2.5x-3.5x	Above optimal (strong liquidity)
Cash Conversion Cycle	Improving trend	Continuous reduction	On track
Debt to Equity Ratio	0.0x	Maintain unless required	Achieved (debt-free)
Interest Coverage Ratio	Not applicable (no borrowings)	Maintain unless required	Achieved (debt-free)
Operating Cash Flow	Rs.493.4 Mn	Positive and growing	Achieved
Capital Expenditure Efficiency	Rs.46.2 Mn invested	ROI-based investment	On track
Investment Income Growth	Increased to Rs.196.2 Mn	Sustain growth YoY	Achieved
Asset Turnover Ratio	~1.3x	≥1.4x (medium-term)	Slightly below

RISKS AND RESPONSES RELATED TO FINANCIAL CAPITAL

CFL manages Financial Capital risks through a structured framework aligned with the governance, internal controls and strategic objectives. These risks are continuously monitored to protect liquidity, profitability and long-term financial stability.

Key Risk	Potential Impact	Mitigation Measures
Liquidity risk	Please refer to Pages 278-285 in the Audited Financial Statements	
Credit risk		
Market risk (Interest rate & FX)		
Investment risk	Lower returns or capital loss	Risk-considered investment strategy, credit-rated banks, internal approval thresholds
Margin pressure risk	Rising input costs impacting profitability	Cost optimisation, supplier diversification, pricing strategy adjustments
Capital allocation risk	Misallocation affecting returns	Use of NPV, IRR and payback analysis, post-investment reviews
Working capital risk	Inefficient cash cycle	Tight monitoring of DSO, DPO and DIO, forecasting and controls

Strategic actions have also been taken to mitigate the Sustainability and Climate-related risks as follows. At the same time, targeted Sustainability and Climate-related opportunities were also identified. Please refer to the Disclosures of SLFRS S1 and S2 on Pages 48-69 for further details.

Targeted Sustainability and Climate-Related Risks Mitigation Actions Aligned with the Financial Capital

- Maintain liquidity and working capital discipline
- Reduce FX and input-cost exposure through exports and local sourcing
- Apply cost control, flexible pricing and financial risk monitoring

Targeted Sustainability and Climate-Related Opportunities Aligned with the Financial Capital

- Focus capital on exports and local sourcing to reduce FX exposure
- Use working capital and banking strength to support climate investments
- Invest in efficiency, innovation and resilience to protect margins

FINANCIAL CAPITAL

Forward-Looking Financial Risks and Outlook

Looking ahead, CFL will continue to monitor key financial risks:

- Inflationary pressures and input cost volatility
- Changes in interest rates affecting investment income
- Fluctuations in consumer demand impacting revenue growth
- Currency movements affecting imports and costs

CONNECTIVITY AND TRADE-OFFS WITH OTHER CAPITALS

Our Financial Capital acts as the enabling foundation for all other capitals, influencing investment in people, operations, innovation, relationships and sustainability initiatives, while requiring careful trade-offs to balance short-term performance and long-term value creation.

The Company's financial decisions create both positive and negative impacts across other capitals. Balancing these trade-offs ensures sustainable value creation.

Financial Capital Contribution	Value Created	Trade-offs Managed
Human Capital		
Strong profitability, liquidity and internal funding capacity support employee development, incentives and organisational resilience	• PAT increased 17.4% to Rs.759.7 Mn, strengthening capacity to fund people-related investments • Operating cash flow of Rs.493.4 Mn supported workforce continuity and business stability • Total equity increased 22.7% to Rs.4,000.8 Mn, contributing to long-term funding strength	• Liquidity buffers remained high, with Rs.2,058.7 Mn in short-term investments • Cash and cash equivalents of Rs.344.5 Mn were preserved to maintain flexibility
Manufactured Capital		
Disciplined capital allocation and a debt-free balance sheet support operations, plant reliability and future capacity enhancement	• Total assets rose 11.9% to Rs.5,269.1 Mn, strengthening the asset base • The Company remained fully equity-financed with zero borrowings, preserving flexibility • Strong liquidity supported production continuity and selective capital deployment	• Property, Plant and Equipment (PPE) declined 11.4% to Rs.500.1 Mn from Rs.564.1 Mn • Capital deployment therefore remained measured, balancing resilience with capacity growth
Intellectual Capital		
Financial Capital enables investment in product development, reporting quality, systems and long-term competitiveness	• This strengthened transparency, comparability and decision-useful financial reporting • Structured capital discipline continued to support innovation, systems and knowledge development	• The preference for internally generated funds limits reliance on external financing • The build-up of brand equity requires significant investment
Social and Relationship Capital		
A strong financial position supports timely settlement of obligations and strengthens trust with investors, banks, suppliers and other stakeholders	• CFL maintained relationships with five (5) leading commercial banks and over 500 active suppliers • The Current Ratio improved to 4.2x, reinforcing confidence in short-term financial strength • Appreciation of Market Price Per Share (MPS) and market capitalisation rose to Rs.6,393.75 Mn	• A faster payment cycle utilises liquidity earlier, even while strengthening supplier confidence • DPO reduced to about 39 days in 2025/26 from 52 days in 2020/21 • This requires continued discipline in working capital and cash flow management

Financial Capital Contribution	Value Created	Trade-offs Managed
Natural Capital		
Financial Capital supports investment in resource efficiency, compliance and sustainability-related process improvements	- Measured investment in PPE and intangible assets totaled Rs.46.2 Mn - Strong liquidity provided headroom for future environmental and efficiency-related investments	Rs.2,058.7 Mn remained in short-term investments, reflecting a liquidity-first stance
Integrated Connectivity		
Financial Capital underpins resilience across all capitals by preserving liquidity, funding operations and strengthening long-term value creation	- Equity reached Rs.4,000.8 Mn and total assets rose to Rs.5,269.1 Mn - PAT reached Rs.759.7 Mn, reflecting strong earnings and capital strength - Cash and cash equivalents increased 68.9% to Rs.344.5 Mn, supporting coordinated value creation	- Gross profit margin declined to 33.0% from 34.6% amid cost pressures - Asset turnover moderated to about 1.3x as more capital was held in liquid balances - Trade-offs were managed by balancing growth, returns and financial resilience

FUTURE OUTLOOK/WAY FORWARD

Initiative	Term	Expected Benefits
Strengthen budgeting discipline and rolling financial planning via SAP	Short-term	Improves forecasting and aligns capital allocation
Enhance working capital efficiency across receivables through system-driven follow-ups	Short-term	Supports liquidity and improves cash conversion
Allocate part of the funds to higher return investments	Short-term	Supports portfolio management
Recover margins through sourcing, procurement and cost-efficiency initiatives	Medium-term	Reduces input cost pressures
Allocate capital selectively to operational upgrades, productivity and capacity enhancement	Medium-term	Improves asset utilization and supports growth
Strengthen digital finance, reporting quality and performance analytics	Long-term	Improves governance and internal controls
Maintain proactive tax governance and financial risk management	Long-term	Supports compliance
Sustain an equity-led, low-leverage funding model while continued integrating ESG into investment decisions	Long-term	Strengthens financial flexibility

Short-term (0 to 12 months)

Medium-term (1 to 3 years)

Long-term (3 to 10 years)

MANUFACTURED CAPITAL

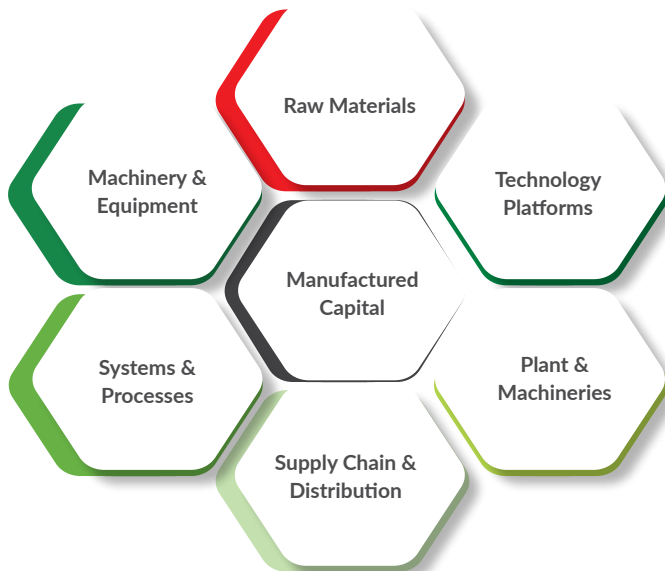
Manufactured Capital comprises CFL’s production facilities, including Property, Plant & Equipment (PPE), utilities and integrated digital systems that enable food manufacturing operations across multiple product categories. These assets are fundamental to our capacity to deliver affordable nutrition while ensuring operational resilience.



Manufactured Capital comprises CFL's production facilities, PPE, utilities and digital systems that support efficient, scalable and sustainable manufacturing. These assets convert inputs from other capitals into affordable, high-quality nutrition and support value creation over the short, medium and long-term.

During the year, CFL improved asset utilisation through preventive maintenance and selective investments in energy efficiency, resilience and production consistency, enabling reliable and responsible customer service.

MANUFACTURED CAPITAL PROFILE



GOVERNANCE OF MANUFACTURED CAPITAL

CFL stewards Manufactured Capital through governance frameworks for capital allocation, asset lifecycle oversight and operational performance. Management oversees manufacturing across product segments to ensure investments align with strategic priorities, risk appetite and long-term value creation while promoting accountability and efficient asset utilisation.

STRATEGY OF MANUFACTURED CAPITAL

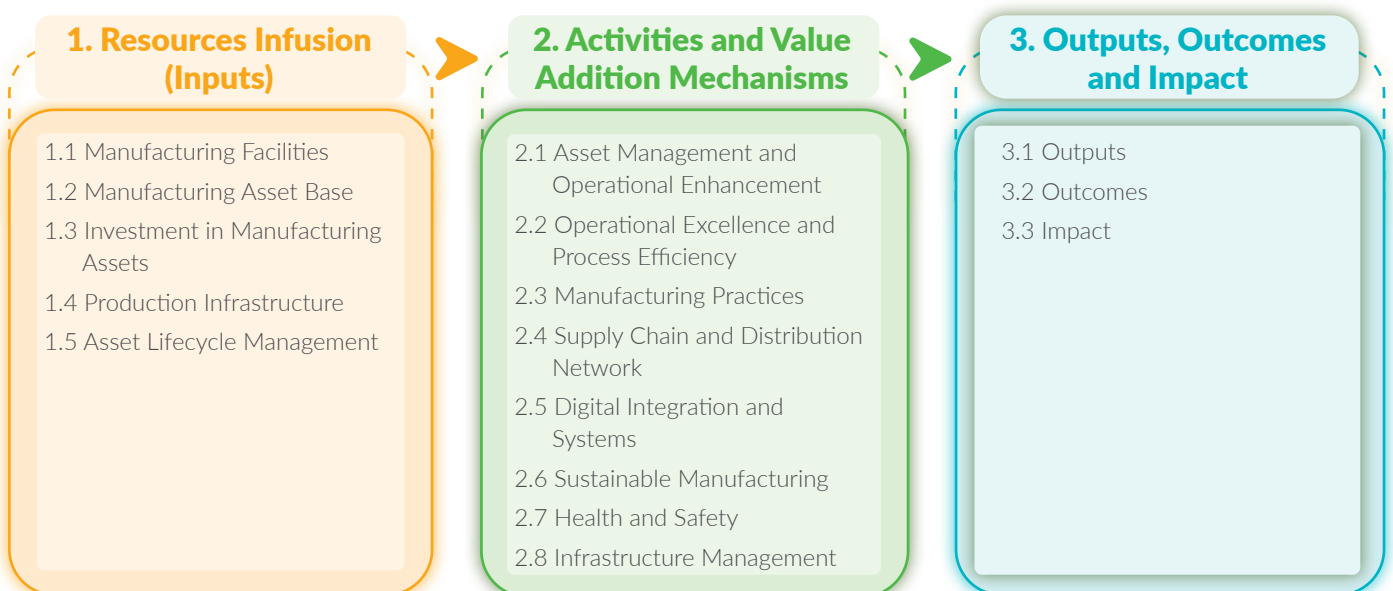
CFL's Manufactured Capital strategy is centred on building efficient and scalable production platforms that support the Company's growth ambitions and market responsiveness.

Key strategic priorities include:

- Enhancing capacity and flexibility to respond to consumer demand
- Improving cost competitiveness through operational efficiency
- Strengthening sustainable manufacturing practices to reduce resource intensity
- Leveraging digital integration to improve visibility and decision-making

Collectively, these priorities enable CFL to optimise the utilisation of its asset base while balancing cost efficiency, product quality and environmental impact, thereby supporting sustainable value creation.

MANUFACTURED CAPITAL VALUE CREATION



MANUFACTURED CAPITAL

1. RESOURCES INFUSION (INPUTS)

1.1 Manufacturing Facilities

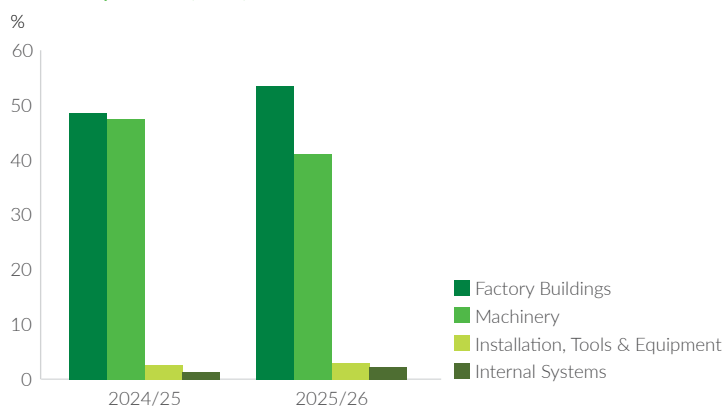
The Company operates three (3) manufacturing facilities with integrated production and packaging capabilities that support efficiency, product consistency and scalability. During the year, Rs.40.6 Mn of capital expenditure was incurred and Rs.40.8 Mn was allocated to the maintenance of these facilities, strengthening product quality and responsiveness in a highly competitive FMCG market. Capacity was further optimised across the soy, spices, cereal, soup and snack categories through layout improvements and targeted operational upgrades to enhance efficiency and long-term scalability. CFL's specialised manufacturing footprint across key product categories is set out below.



1.2 Manufacturing Asset Base

CFL's manufacturing asset base reflects the scale and strength of its operational infrastructure, supporting production capacity and operational efficiency. Its continued development demonstrates a disciplined approach to balancing capacity expansion with optimisation of existing assets to improve returns and efficiency.

PPE Composition (NBV)



Manufacturing Facility		2025/26	2024/25	Change (2024/25 vs 2025/26)
PPE at NBV	Rs. Mn	500.1	564.1	-11.4%
PPE at cost	Rs. Mn	1,205.1	1,181.1	2.0%
Capital expenditure (All PPE)	Rs. Mn	40.6	28.1	44.5%
Depreciation of PPE	Rs. Mn	85.0	92.8	-8.4%

Despite increased capital expenditure, NBV declined due to continued depreciation on existing assets.

1.3 Investment in Manufacturing Assets

Investments during the year focused on strengthening manufacturing capabilities, with total capital expenditure amounting to Rs.40.6 Mn; the figures below reflect selected investments.

Asset Category	Value (Rs. Mn)
Factory buildings	2.1
Plant and machinery	4.8
Factory equipment	3.0
SAP ERP infrastructure	5.7

1.4 Production Infrastructure

CFL's production infrastructure combines processing technology, quality systems and logistics into an integrated manufacturing system that enables the conversion of raw materials into safe, high-quality products while reducing inefficiencies. Operations are supported by production plants, warehousing and inventory systems.

	2025/26	2024/25
Manufacturing Plants	03	03
Warehousing	11	11
Inventory (Rs. Mn)	824.8	634.0

The food production infrastructure is an integrated system combining food processing technology, packaging systems and quality control to deliver safe food products.

Production Infrastructure		Activities
1	Raw Material Handling and Storage	- Raw material and ingredients sourcing: imported and locally sourced from over 500+ suppliers - Storage systems: in-house and third-party warehouses are used - Pre-processing: raw and packaging materials undergo quality control prior to production
2.	Processing Facilities	- Core processing facilities include the following key processing steps: - Mechanical processing: grinding, mixing, forming - Preservation methods: - Dehydration - Moisture removal - Heating
3	Production Technologies	- Automation and machinery: - Conveyors, handling systems - Continuous extrusion - Quality control systems: - Metal detectors - HACCP monitoring - Sample testing
4	Packaging Infrastructure	- Critical for shelf-life and convenience - Automated and manual packaging systems
5	Quality Assurance and Food Safety	- Compliance with global standards: - ISO 22000:2018, ISO 9001:2015, HACCP, GMP, SLS 898:2017 and GSO Halal - Routine activities include: - Microbiological testing - Shelf-life validation - Hygiene infrastructure (clean facilities, sanitation systems)
6	Utilities and Support Systems	- Steam boilers and thermal systems - Energy systems (electricity, backup power) - Waste handling systems
7	Distribution and Retail Integration	- Links to: - Supermarkets, retail stores - Distributors, Hotels, Restaurants, Cafeteria and Exports Customers
8	SAP Integration and Platforms	- SAP integrated production system from production planning followed by sourcing, storing, production, warehousing and sales - CFL's Ratmalana facilities are located close to Colombo Harbour to procure imported raw materials within a short time

MANUFACTURED CAPITAL

1.5 Asset Lifecycle Management

CFL maintains its manufacturing assets through a structured lifecycle approach to ensure reliability, compliance and cost efficiency. All PPE is recorded in SAP ERP for effective visibility and control, while assets are independently verified annually. Preventive and predictive maintenance support asset life and reduced downtime and additions are capitalised in line with accounting standards. Depreciation is charged on a straight-line basis over estimated useful lives, supported by periodic review.

2. ACTIVITIES AND VALUE ADDITION MECHANISMS

2.1 Asset Management and Operational Enhancement

CFL's production facilities are equipped with specialised machinery that supports the full manufacturing process, from raw material handling to the production and packaging of finished food products. To uphold quality, food safety and hygiene, the Company continuously maintains its equipment to improve efficiency and manufacturing reliability.

Machinery and equipment, maintenance and repairs (Rs. Mn)	2025/26	2024/25
	40.8	64.8

2.2 Operational Excellence and Process Efficiency

During the year, CFL continued to optimise production processes to improve quality and cost efficiency.

Process Optimisation Initiatives

Key initiatives implemented during the year included:

- Strengthened process controls across plants to improve accuracy and product consistency
- Introduced cost-saving measures to optimise ingredient usage, machine runtime and production planning
- Advanced waste reduction initiatives under Resource Efficient and Cleaner Production (RECP) recommendations, improved yields and reduced material losses
- Improved spice drying and grinding efficiency, increasing throughput, aroma retention and quality
- Increased local sourcing of selected machinery components to reduce lead times and import dependence
- Applied Kaizen, Lean and Total Productive Maintenance (TPM) practices to improve efficiency, reduce waste and enhance equipment performance
- Used structured KPIs and periodic reviews to strengthen monitoring and continuous improvement of production efficiency

These initiatives improved overall equipment performance, reduced downtime and strengthened cost competitiveness across operations.

2.3 Manufacturing Practices

CFL has continuously improved its manufacturing methods by applying insights gained over time, enhancing efficiency and resource optimisation across operations. In line with its commitment to sustainable operations, the Company has also embedded

environmentally responsible practices into its manufacturing processes.

- **Adoption of 3R Principles**

Implementation of Reduce, Reuse and Recycle practices across the value chain to minimise waste and optimise material flows

- **Performance Monitoring and KPIs**

Strengthening KPIs on waste, energy, safety and product quality to drive accountability across production teams

- **Training and Awareness Programmes**

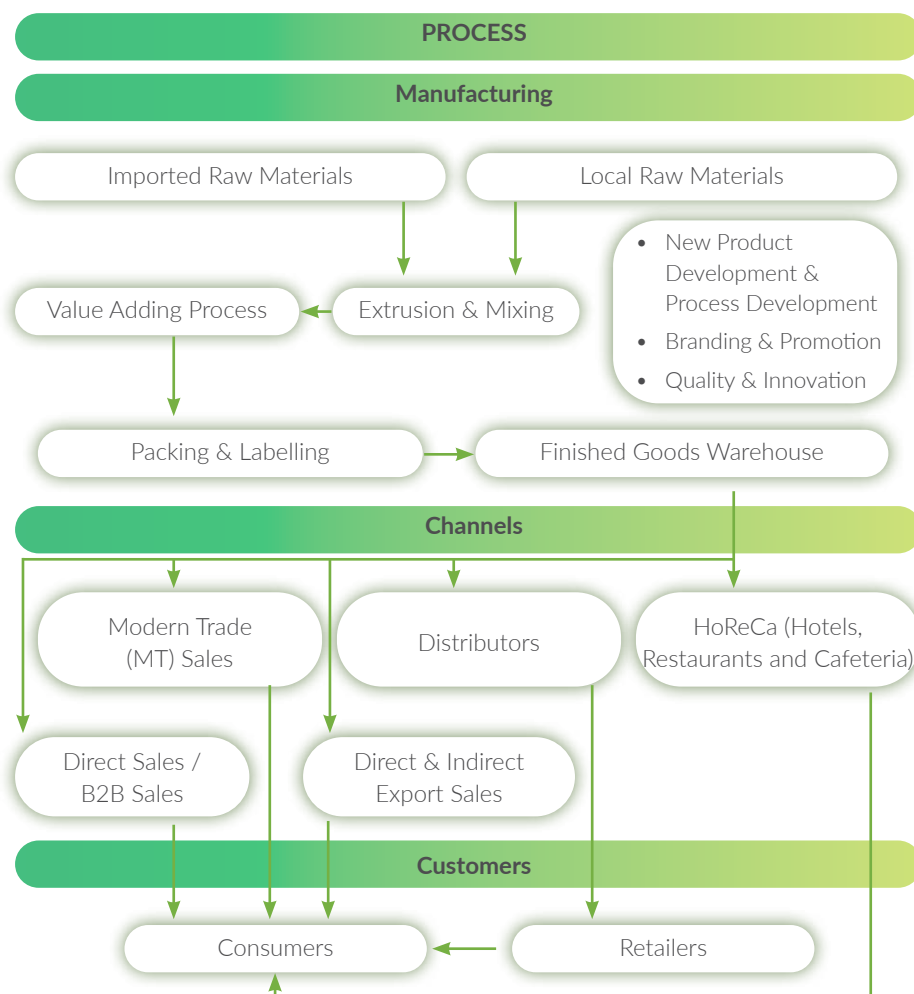
Conducting structured training and awareness sessions to embed a culture of quality, safety and operational discipline

These efforts reinforced process reliability and supported the Company's broader sustainability and compliance ambitions.

2.4 Supply Chain and Distribution Network

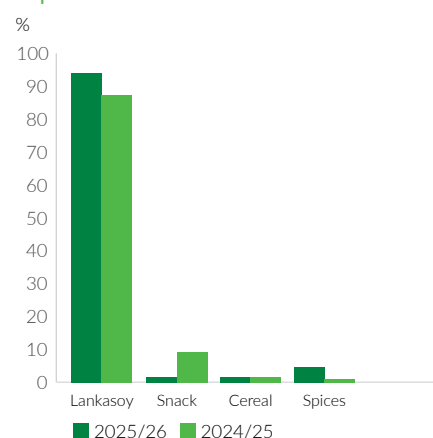
Manufactured Capital supports supply chain efficiency by providing the physical infrastructure and operational capabilities required for seamless production, storage and distribution. CFL's manufacturing facilities, warehousing infrastructure and integrated systems enable the efficient conversion of raw materials into finished products and support timely delivery across multiple customer channels.

During the year, CFL improved supply chain efficiency and strengthened supplier relationships, supporting long-term partnerships through timely payments and better supplier performance. Its integrated distribution network further supported Manufactured Capital by enabling efficient nationwide product delivery, broad market reach, product availability and operational efficiency.



Manufactured capacity enabled export growth by supporting consistent production, quality and supply reliability. In addition to its domestic presence, CFL exports products to selected international markets through a network of export partners and overseas distributors, enhancing the Company's global presence and visibility across international retail channels.

Export Sales %



2.5 Digital Integration and Systems

In conjunction with Intellectual Capital, CFL continues to strengthen its digital infrastructure and governance framework to support operational efficiency, business continuity and informed decision-making. The Company remains committed to continuously improving its digital capabilities and governance standards in line with evolving business needs and technological risks.

Key Digital Capabilities	Description
SAP ERP Integration	- Supports production planning, material requirement planning and performance monitoring - Enables real-time visibility of inventory, asset status and production KPIs
Automated Approval Workflows	Capital asset purchase requests are processed through SAP, ensuring structured governance and audit trails
Performance Analytics	Dashboards for Overall Equipment Effectiveness (OEE), downtime, energy intensity and cost per Kg to support data-driven decisions
Data Integrity and Security	Role-based access controls and audit logs embedded in SAP to safeguard sensitive data
Asset Governance	- All PPE recorded in SAP asset register for lifecycle tracking - Annual physical verification conducted to confirm existence and condition
Compliance and Assurance	- Digital systems aligned with ISO 50001: Energy Management and Food Safety Standards - Integration with internal audit protocols for KPI validation and reporting accuracy

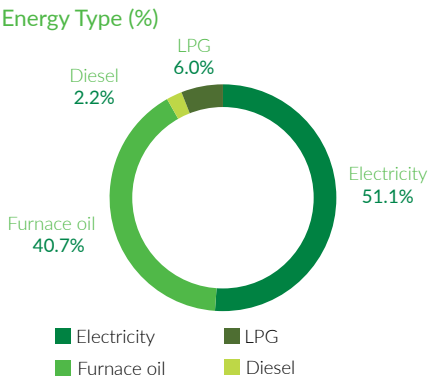
MANUFACTURED CAPITAL

2.6 Sustainable Manufacturing

CFL remains committed to integrating sustainable practices into its manufacturing operations, supporting environmental performance and operational resilience over time.

Energy and Utility Management

CFL uses electricity, furnace oil, diesel and LPG to support its manufacturing operations. The Company continues to improve energy efficiency through process enhancements and targeted optimisation initiatives, in line with its broader sustainability agenda. Please refer to Page 122 for further details under the Natural Capital section.



Energy Type	Value (Rs. Mn)
Electricity	52.3
Furnace oil	41.6
Diesel	2.2
LPG	6.0

Waste Management

CFL continues to implement waste management practices to minimise waste and improve resource efficiency through reduction, reuse, recycling, process controls and responsible disposal. These efforts support regulatory compliance and the Company's broader sustainability objectives. Further details are provided under Natural Capital on Pages 123-124 and Sustainability Metrics and Targets on Pages 61-62.

2.7 Health and Safety

CFL maintains high standards of occupational health and safety (OHS), food safety, hygiene and quality assurance across its manufacturing and warehousing operations through strict protocols, hygienic procedures and continuous monitoring. Its facilities are certified to ISO 22000, HACCP and ISO 45001, reflecting its commitment to quality, food safety and workplace safety.

Activities undertaken during the year further reinforced these standards and strengthened the Company's safety culture.

- Active involvement of OHS committees in identifying hazards and monitoring compliance
- Regular safety drills, awareness programmes and mandatory personal protection equipment protocols
- Integration of safety-related KPIs into employee performance assessments

Please refer to Page 113 of Human Capital section for further details.

2.8 Infrastructure Management

CFL remained committed to operational excellence through preventive maintenance programmes that minimised downtime and supported uninterrupted operations.

3. OUTPUTS, OUTCOMES AND IMPACT

3.1 Outputs

The effective deployment of Manufactured Capital translates into tangible operational, financial and sustainability outcomes. CFL's manufacturing operations deliver consistent production output across key product categories as outlined below.

Total Production (MT)	2025/26	2024/25
Lankasoy products	Over 5,800	Over 5,100
Sera products	Over 2,800	Over 1,800
Nutriline products	Over 250	Over 250
Tetos products	Over 80	Over 80

3.2 Outcomes

The table below summarises the key outcomes of CFL's management and utilisation of Manufactured Capital during the year. These reflect continued focus on operational efficiency, product quality, cost optimisation, sustainability performance and consumer satisfaction, supporting long-term value creation and growth.

Outcome	What It Means	Details
Improved Production Efficiency	Higher output with reduced resource utilisation	• Gross Profit Margin maintained at 33.0% despite inflationary impacts (2024/25: 34.6%)
Enhanced Product Quality	Consistent, safe and nutritious food offerings	• No recorded material compliance or regulatory breaches during the year (2024/25: Nil) • Adherence was maintained with 10 compliance certifications (2024/25: 10)
Optimised Cost Management	Reduction in operational costs through process efficiencies	• Optimised machine and facility use • Reduced production costs enabled price reductions to make products affordable to more consumers

Outcome	What It Means	Details
Reduction in Operational Downtime	Improved reliability to meet production targets	13.2% reduction in downtime recorded in 2025/26 compared to previous year
Extended Asset Lifespan	Reduced asset obsolescence and increased return on initial investment over time	Improved output achieved using the existing asset base
Improvements in Selected Sustainability Indicators	Lower carbon footprint and higher resource efficiency	- Lowered carbon emissions by 8.3% - Energy intensity reduced by 3.8% - Increased efficiency of production - Maintained ISO 50001:2018 EnMS certification
Consumer Satisfaction	Sales growth through customer satisfaction	- Sales volume growth 23.0%, supported by manufacturing facilities - Customer impressions through social media: 96 Mn

3.3 Impact

The Manufactured Capital enhances impact by improving production efficiency, capacity utilisation and quality controls, resulting in lower costs, consistent output and reduced waste. This drives product affordability, availability and consumer trust while strengthening resource efficiency and decision-making. As a result, it ensures access to nutritious food, stable supply and stronger brand value. Ultimately, this leads to sustainable operations and reduced environmental impact.

MANUFACTURED CAPITAL PERFORMANCE INDICATORS AND TARGETS

Indicator	2025/26 Performance	Target Range	Status
Capital Expenditure (Manufacturing Investments)	Rs.40.6 Mn	As per approved budget	Improved
Total Production Volume	8,500 MT+	≥ 10,000 MT (medium-term)	In progress
PPE at Cost	Rs.1,205.1 Mn	Sustain/optimize asset base	Stable
Machinery and Equipment Maintenance	Rs.40.8 Mn	Continuous maintenance	Ongoing
Operational Downtime Reduction	13.2% reduction YoY	Continuous reduction (towards minimal downtime)	Improving

RISKS AND RESPONSES RELATED TO MANUFACTURED CAPITAL

The Company has allocated appropriate resources and implemented strategic actions to mitigate risks related to Manufacturing Capital.

- Prioritising investments for sustainable growth
- Invest in new product development to manage market changes
- Establish performance metrics to monitor returns and assess investment-related risks

These risks are integrated into the Company's enterprise risk management framework, ensuring that capital investments and operational decisions are aligned with risk-adjusted return expectations. By integrating risk management with operational planning, asset governance and performance monitoring, CFL strengthens manufacturing resilience, safeguards production continuity and supports long-term value creation. Please refer to the Integrated Risk Management section on Pages 192-196 for details of the risks identified in relation to the capitals.

Key Risk	Potential Impact	Mitigation Measures
Ageing machinery and asset obsolescence	Reduced production efficiency, higher maintenance costs and increased downtime	Preventive and predictive maintenance programmes, phased machinery upgrades and structured asset lifecycle management
Production disruptions and operational downtime	Inability to meet production targets, delayed market supply and reduced customer service levels	OEE monitoring, total productive maintenance, periodic performance reviews and critical spares management

MANUFACTURED CAPITAL

Key Risk	Potential Impact	Mitigation Measures
Supply chain and logistics disruptions	Delays in raw material sourcing, interruptions to production and challenges in product availability	Supplier relationship strengthening, ERP-driven planning and dispatch coordination and improved internal material handling
Rising energy and utility costs	Increased operating cost and pressure on profitability	Energy efficiency initiatives and energy monitoring systems
Health, safety and quality failures	Workplace incidents, reputational damage, regulatory non-compliance and product quality risks	Strong OHS governance, safety drills, KPI-linked monitoring and adherence to ISO 22000, ISO 45001 and HACCP standards

Strategic actions have also been taken to mitigate the Sustainability and Climate-related risks as follows. At the same time, targeted Sustainability and Climate-related opportunities were also identified. Please refer to the Disclosures of SLFRS S1 and S2 on Pages 48-69 for further details.

Targeted Sustainability and Climate-Related Risks Mitigation Actions Aligned with the Manufactured Capital

- Upgrade facilities to improve energy and reduce emissions
- Shift towards circular economy models – reuse, recycling and minimal waste
- Machinery upgrades to accommodate low-carbon sources and energy monitoring

Targeted Sustainability and Climate-Related Opportunities Aligned with the Manufactured Capital

- Use of energy-efficient machinery
- Support for the country's commitment to a low-carbon economy

CONNECTIVITY AND TRADE-OFFS WITH OTHER CAPITALS

Manufactured capital affects other capitals, creating opportunities for value enhancement while also introducing trade-offs. CFL adopts a balanced approach to ensure sustainable value creation across all six capitals.

Manufactured Capital Contribution	Value Created	Trade-offs Managed
Financial Capital		
Production facilities, machinery, digital systems and asset discipline support efficient conversion of resources into products and revenue	• PPE at cost increased to Rs.1,205.1 Mn, strengthening productive capacity • Capital expenditure of Rs.40.6 Mn supported plant upgrades and operational continuity • Export sales support revenue growth and foreign exchange earnings • Machinery maintenance of Rs.40.8 Mn sustained throughput and reliability	• Upfront capital commitments of Rs.40.6 Mn, together with Rs.40.8 Mn spent on maintenance, placed short-term pressure on cash flows and returns • Depreciation of PPE remained high at Rs.85.0 Mn, while PPE at NBV declined by 11.4% to Rs.500.1 Mn
Human Capital		
Manufactured Capital provides the operational environment, systems and infrastructure that enable safer, more productive and more efficient work	• Three (3) manufacturing facilities supported structured, safer and more productive work environments across core product segments • No recorded material breaches during the year reflected stronger operating discipline, process consistency and workforce adherence to quality and safety requirements	• Higher efficiency targets, lean practices, TPM and OEE monitoring can increase operational intensity if not balanced with safe work practices and workforce wellbeing • Maintaining ten (10) certifications across manufacturing operations adds training, compliance effort and monitoring discipline, but is necessary to protect quality, safety and continuity

Manufactured Capital Contribution	Value Created	Trade-offs Managed
Intellectual Capital		
SAP ERP, production systems and process controls strengthen knowledge capture, data visibility and decision-making	- Rs.5.7 Mn was invested in SAP ERP infrastructure, strengthening digital support - SAP-enabled asset governance provides production KPIs, improving decision-making quality and process control - Analysis of OEE, downtime, energy intensity and cost per kilogram support data-driven operational improvement	- ERP infrastructure investment increases short-term technology costs while supporting longer-term visibility and control - Investment in system integration increases reliance on system discipline, audit trails and role-based access controls processes - Systems improve control, but also increase the need for sustained governance, cybersecurity and change management
Social and Relationship Capital		
Reliable manufacturing and distribution support product availability, stakeholder confidence and long-term trust across markets	- Sales volume growth of 23.0% supported stronger consumer reach and broader availability of products - Wider product reach enhances access to affordable nutrition and strengthens stakeholder relationships	- Broader market presence increases fulfilment and coordination requirements - Product availability targets must be balanced with cost discipline, capacity and sustainability commitments
Natural Capital		
Sustainable manufacturing practices, energy optimisation and waste control reduce the environmental intensity of operations	- CFL maintained ISO 50001:2018 EnMS certification, demonstrating continued commitment to energy efficiency and discipline - Sustainable manufacturing initiatives such as 3R practices, RECP-led improvements and waste reduction measures supported lower resource intensity and better environmental management	- The current energy profile still reflects dependence on conventional sources (Please refer to Page 122 on Natural Capital) - Sustainability improvements and cleaner technologies require ongoing capital allocation alongside normal operational upgrades
Integrated Connectivity		
Manufactured Capital acts as the physical and operational platform through which multiple capitals are converted into products and long-term value	- Enabled stronger linkage between production, digital systems, supply chain and sustainability objectives - Supported integrated decision-making across efficiency, quality, service and environmental performance - Strengthened long-term value creation through infrastructure, disciplined asset use and continuous improvement	- Requires balancing financial efficiency with environmental, social and operational priorities - Increases decision-making complexity where multiple capitals are affected simultaneously - Demands disciplined resource allocation to sustain long-term value without weakening any other capital

MANUFACTURED CAPITAL

FUTURE OUTLOOK/WAY FORWARD

CFL's forward strategy for Manufactured Capital focuses on strengthening its production platform to support sustainable growth and long-term competitiveness. Investments will be prioritised towards automation, digitalisation and energy-efficient technologies to enhance productivity, reduce cost pressures and improve environmental performance.

These initiatives are expected to enhance operational agility, improve decision-making capabilities and position CFL to respond effectively to future market and sustainability challenges.

Initiative	Term	Expected Benefits
Solar Energy Systems Expansion	Medium/Long-term	- Reduced energy cost - Lower carbon emissions
Packing Machine Feeding System Automation	Short/Medium-term	- Increased throughput - Improved quality consistency
Energy Efficient Boilers	Medium-term	Reduced energy intensity
Energy Monitoring System	Short-term	Improved energy management
QA Laboratory Automation	Medium-term	- Improved data integrity - Faster product release cycles
Warehouse Automation (Automated Storage and Retrieval Systems)	Long-term	- Improved inventory accuracy - Increased OTIF (On-Time In-Full) performance
Chilli Feeding Modernisation	Short-term	Increased product quality
Digital Manufacturing Dashboards (IoT and ERP Integration)	Short/Medium-term	- Increased real-time visibility - Enhanced decision-making

Short-term (0 to 12 months)

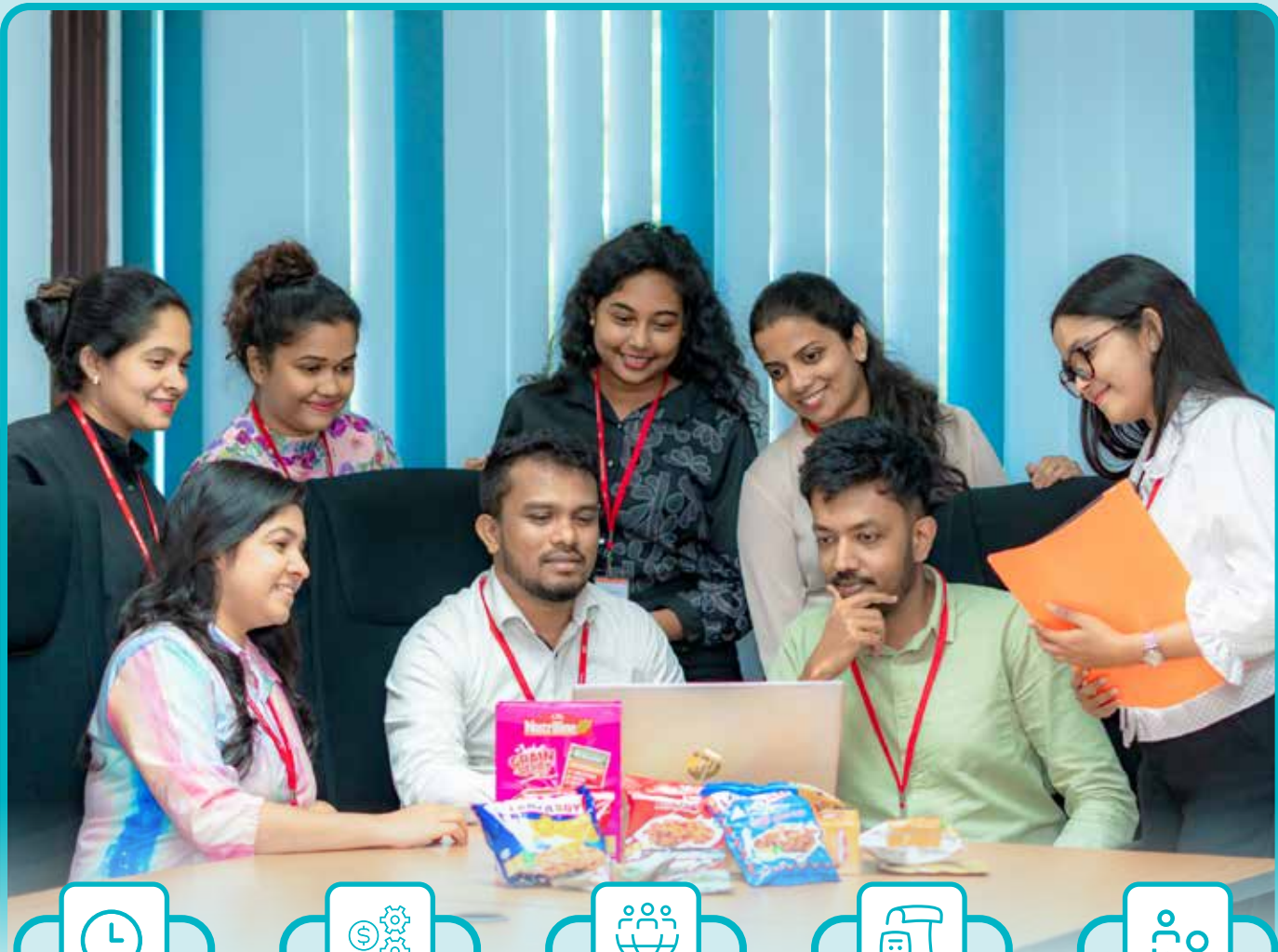
Medium-term (1 to 3 years)

Long-term (3 to 10 years)



HUMAN CAPITAL

Our employees underpin CFL's sustainable growth and operational excellence. Through an inclusive, performance-led and future-ready culture, we invest in skills, wellbeing and leadership to enhance capability and drive long-term value creation.



Contribution to UNSDGs



HUMAN CAPITAL

Our Human Capital refers to the collective skills, knowledge, experience and well-being of employees that contribute to organisational performance and growth.

CFL's Human Capital approach emphasises an inclusive workplace, continuous development and employee wellbeing to support a balanced and high-performing organisational culture.

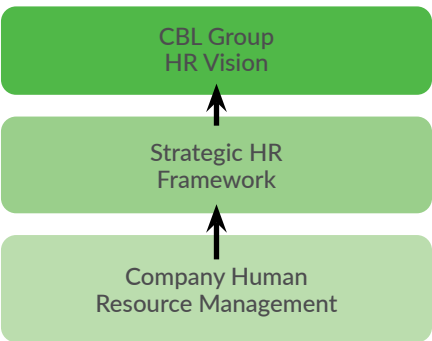
Components of our Human Capital



GOVERNANCE OF HUMAN CAPITAL

CFL stewards Human Capital responsibly through governance frameworks that support talent management, employee wellbeing and performance. Guided by Human Resources (HR) policies, leadership oversight and regular people-metric reviews, the Company fosters accountability, ethical conduct and fair employment practices while strengthening workforce capability, compliance, resilience and long-term value creation.

The Company's HR management is aligned with the CBL Group's strategic HR framework, ensuring consistency with the Group's overall HR vision.



STRATEGY OF HUMAN CAPITAL

CFL's HR strategy is focused on building a capable and future ready workforce aligned with the Company's long-term business objectives. The strategic framework remains consistent with the prior year.



Strategy Execution During 2025/26

During the year, the Company strengthened the execution of HR strategy through the following focus areas:

- Enhanced grievance handling with more structured, transparent and timely processes
- Strengthened engagement and wellbeing through employee-focused programmes and recognition initiatives
- Advanced talent development through targeted learning and leadership initiatives
- Reinforced performance culture by aligning accountability with organisational objectives
- Improved HR efficiency through process enhancements, reporting and digitalisation
- Refined organisational alignment to support growth, role clarity and collaboration Corporate Strategy

Corporate Strategy

Human Capital initiatives support efficiency, growth and innovation by ensuring the right skills, leadership and workforce capabilities are in place.

Area	Contribution
Strategic Alignment	- Aligns workforce capability with CFL's strategic priorities - Supports operational excellence through performance management and capability development - Strengthens digital transformation through workforce readiness - Reinforces ESG priorities through responsible people practices
Value Proposition	- Enhances productivity and workforce efficiency - Strengthens leadership capability and succession readiness - Builds long-term workforce resilience and organisational stability - Contributes to sustainable business performance and long-term value creation
Circular Economy Integration	- Embeds circular economy principles through workforce capability development - Promotes continuous improvement, knowledge sharing and resource efficiency - Strengthens long-term workforce sustainability through learning, retention and adaptability - Aligns Human Capital practices with broader sustainability and ESG objectives

HUMAN CAPITAL VALUE CREATION



1. RESOURCES INFUSION (INPUTS)

1.1 HR Framework

During the year, the management together with the HR team reviewed the priorities on the HR front and identified key areas of focus. These are expected to be implemented over a 3-year period and these priorities include:

- Improving the organisational structure and design for better productivity
- Sharpening the talent acquisition and selection process
- Increased rigor in performance management
- Efficient talent management and succession planning
- Effective transformation of the Company as a 'learning organisation'
- Re-strategise the employer branding strategy to become 'an employer of choice'

HUMAN CAPITAL



1.2 HR Governance Practices

During the year, we strengthened the HR governance through key strategic initiatives:

Initiative	Impact
Automation of HR processes	Enhanced efficiency and transparency
Digitisation of the HR manual	Improved access to HR policies and guidelines
AI tools in recruitment	Strengthened objectivity and equal opportunity in hiring
HRIS integration	Improved data accuracy and decision-making
One-to-one engagement	Strengthened communication and employee voice
Progress sharing	Improved transparency through regular performance updates
Streamlining of grievance handling	Enhanced awareness and accessibility of grievance procedures

Please refer to the Corporate Governance Section on Page 169 for further details on the governance structure.

1.3 HR Policies



Policy	Description
Code of Conduct	During the year, the Code, the Grievance Handling Policy and process were revised in line with internationally accepted standards recommended under the International Finance Corporation (IFC) Performance Standards. The Code of Conduct defines the minimum standards expected of all employees, promoting integrity, fairness and compliance while prohibiting corruption, harassment and discrimination. It also outlines guidance and reporting channels, including confidential whistleblowing and the consequences of breaches.
Human Rights, Fair Employment and Inclusion	Promotes compliance with Sri Lankan labour laws and ethical employment standards through fair, inclusive and non-discriminatory employment practices.
Occupational Health and Safety	Promotes zero workplace accidents through clear safety guidelines, protocols and targets.
Employee Grievance Management	Provides a fair and transparent mechanism for employees to raise concerns and seek timely resolution.
Employee Mobility and Recognition	Guides employee mobility, career progression and recognition while ensuring fairness, consistency and strategic alignment.
Anti-Harassment Policy	Harassment allegations are promptly investigated and addressed.
Anti-Corruption Policy	Ensures ethical conduct and anti-corruption compliance.
Whistle-Blowing Policy	Provides a confidential, non-retaliatory channel for reporting misconduct and ethical breaches, reinforcing a culture of integrity.
Equal Opportunity Employer	Ensures a workplace free from gender and racial discrimination.
Disciplinary Policy	Provides a clear disciplinary framework and structured internal process.
Employee Movement Policy	Provides a transparent process for employee transfers within CFL and across the CBL Group.
No Child Labour, Forced Labour or Unethical Employment Practices	Upholds ethical labour practices and compliance with Sri Lankan labour laws, prohibiting child labour, forced labour and other unfair labour practices.
Diversity and Inclusion	Promotes a diverse workforce aligned with commercial and social objectives.

1.4 HR Budget Allocations

A Board-approved annual HR budget supports employee initiatives, with disciplined utilisation aligned to cash flow, profitability and intended outcomes.

1.5 Workforce Profile

CFL's workforce reduced from 364 to 311 during the year, reflecting a shift to a leaner operating model supported by outsourcing of non-core functions. This strengthened cost efficiency and flexibility, while the Company continued to focus on attrition management and enhancing its employee value proposition.

Workforce Composition

Category	31st March 2026	%	31st March 2025	%
Management/Executive Staff	62	19.9%	65	17.9%
Non-Executive - Support Staff	135	43.4%	172	47.3%
Non-Executive - Factory Staff	114	36.7%	127	34.8%
Total	311	100.0%	364	100.0%

Employment by Contract Type

CFL's workforce is predominantly employed on a permanent basis, reflecting the Company's focus on maintaining a stable and committed employee base. Contract employment remains minimal and is primarily utilised to meet specific operational requirements. This workforce structure supports organisational stability, employee retention and continuity in operations.

HUMAN CAPITAL

Employee Contract Type	2025/26					
	Male	%	Female	%	Total	%
Permanent employees	262	83.4%	47	66.2%	309	80.3%
Contract employees	2	0.6%	0	0.0%	2	0.5%
Total internal employees	264	84.1%	47	66.2%	311	80.8%
Outsourced employees	50	15.9%	24	33.8%	74	19.2%
Total workforce	314	100.0%	71	100.0%	385	100.0%

Internal Employees by Age Distribution

Age Category	2025/26				2024/25			
	Male	Female	Total	%	Male	Female	Total	%
18< Age <=25	51	5	56	18.0%	48	3	51	14.0%
25< Age <=30	66	7	73	23.5%	77	7	84	23.1%
30< Age <=35	51	11	62	19.9%	70	15	85	23.4%
35< Age <=40	39	6	45	14.5%	48	7	55	15.1%
40< Age <=45	21	4	25	8.0%	24	5	29	8.0%
45< Age <=50	17	6	23	7.4%	18	6	24	6.5%
50< Age <=55	16	6	22	7.1%	15	8	23	6.3%
55< Age <=60	3	2	5	1.6%	12	1	13	3.6%
Total	264	47	311	100.0%	312	52	364	100.0%

1.6 Skills, Competencies and Workplace Arrangements

CFL supports workforce development through relevant training and skills enhancement, while fostering a productive work environment through accessible workplaces, ergonomic design, shift arrangements and digital tools.

1.7 & 1.8 Employee Time and Effort and HR Information Systems

CBL's cloud-based HRIS streamlines attendance, leave, overtime, payroll processes and reporting while improving data accuracy, efficiency and reliability.

2. ACTIVITIES AND VALUE ADDITION MECHANISMS

2.1 Talent Attraction, Acquisition and Retention

CFL has introduced initiatives to attract talent to the Company during the year which include:

- Salary surveys to benchmark market rates and maintain competitiveness across employee categories
- University and technical college partnerships to attract qualified talent for technical and managerial roles
- Strengthening the 'CBL Api' employer brand to enhance visibility of CBL beyond individual product brands
- Use of AI and digital tools to improve shortlisting efficiency and streamline recruitment and onboarding processes

Employee Recruitments

Financial Year	By Gender			By Age		
	Male	Female	Total	Less than 30	30-60 years	Total
2025/26	28	1	29	18	11	29
2024/25	106	11	117	91	26	117

Recruitment levels in FY 2025/26 declined due to the transition to third-party hiring and the Company's continued focus on workforce optimisation and operational efficiency.

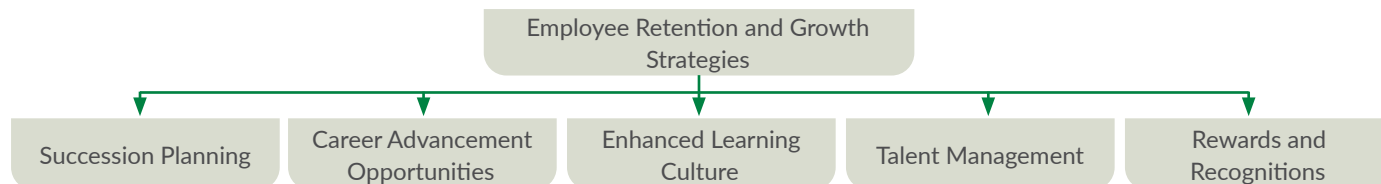
Recruitment by Region

Province	Recruitment in Numbers			
	2025/26	%	2024/25	%
Central	8	27.6%	29	24.8%
Eastern	0	0.0%	4	3.4%
North Central	0	0.0%	4	3.4%
Northwestern	4	13.8%	5	4.3%
Northern	4	13.8%	5	4.3%
Sabaragamuwa	2	6.9%	11	9.4%
Southern	1	3.5%	18	15.4%
Uva	3	10.3%	4	3.4%
Western	7	24.1%	37	31.6%
Total	29	100.0%	117	100.0%

Recruitment across regions reflects an overall moderation in hiring volumes, with reduced intake observed consistently across most provinces in 2025/26 in line with the shift toward outsourced recruitment and workforce optimisation efforts.

Employee Retention

During these market and workforce challenges, CFL continued to expand career progression and succession planning for employees, offering greater opportunities for growth within the Company.



During 2025/26, the Company maintained an employee retention rate of 94.4% (Monthly average), reflecting the continued application of measures supporting employee engagement, development and wellbeing, alongside structured workforce planning and career progression initiatives, which contribute to workforce stability and continuity.

Diversity and Inclusion

The Company applies consistent recruitment practices that support equal opportunity and balanced representation across regions and grades, with female participation evident at management and executive levels.

Employee Grade	31st March 2026				31st March 2025			
	Male	Female	Total	Female %	Male	Female	Total	Female %
Senior Manager and above	4	1	5	20.0%	4	1	5	20.0%
Manager	14	1	15	6.7%	13	1	14	7.1%
Assistant Manager	3	4	7	57.1%	5	4	9	44.4%
Executives	26	9	35	25.7%	29	8	37	21.6%
Staff (Junior Staff)	17	5	22	22.7%	18	8	26	30.8%
Staff (TSO)	109	0	109	0.0%	146	0	146	0.0%
Associates	91	27	118	22.9%	97	30	127	23.6%
Total	264	47	311	15.1%	312	52	364	14.3%

HUMAN CAPITAL

Diversity Spread across Sri Lanka

The workforce remains broadly spread across provinces, with the Western Province representing the largest share and overall regional distribution remaining stable.

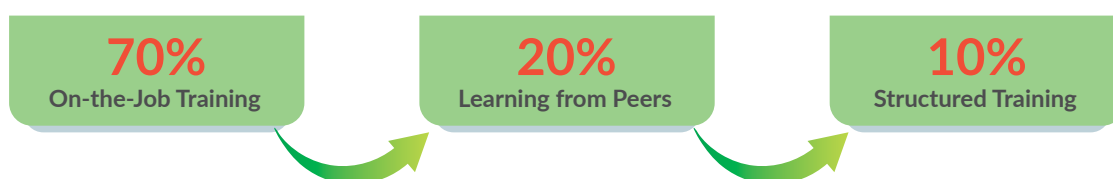
Province	31st March 2026				31st March 2025			
	No. of Employees	%	Male	Female	No. of Employees	%	Male	Female
Central	48	15.4%	45	3	62	17.0%	57	5
Eastern	4	1.3%	4	0	5	1.4%	5	0
North Central	11	3.6%	10	1	14	3.9%	12	2
Northwestern	16	5.1%	15	1	22	6.0%	20	2
Northern	4	1.3%	4	0	5	1.4%	5	0
Sabaragamuwa	27	8.7%	23	4	35	9.6%	31	4
Southern	40	12.9%	35	5	48	13.2%	43	5
Uva	25	8.0%	22	3	28	7.7%	25	3
Western	136	43.7%	106	30	145	39.8%	114	31
Total	311	100.0%	264	47	364	100.0%	312	52

2.2 Talent Development

During the year, the HR Department restructured training and talent development through a tiered framework that provided targeted, level-appropriate learning opportunities across all employee levels.

Training Approach

CFL's training model is anchored in the 70:20:10 framework, comprising 70% on-the-job learning, 20% learning through collaboration and knowledge sharing and 10% structured training. This approach ensures that talent development extends beyond formal instruction to include experiential learning, peer-to-peer engagement and practical problem-solving, effectively addressing day-to-day learning and development needs across the organisation.



CFL's annual training and development initiatives include:

- Restructured induction to improve onboarding and role alignment
- Customised training to address specific development needs
- Introduced tier-based training to support skill progression
- Enhanced field staff capability through targeted programmes
- Improved learning access through an e-learning platform



The HR department conducted the following training programmes.

Type of Training	Trainings Held
Technical Trainings	• Energy Management Systems (EnMS) expert training • Food Safety Management System • HACCP • Basic Excel/Advance Excel training • Fundamentals of project management • FSSC 22000 V6 internal audit training • Application of seven quality control tools
Behavioral and Leadership Training	• Assertive communication and presentation skills • Enterprise leadership and strategic thinking • Wellbeing programmes • Coaching and mentoring for high performance leadership • Value Stream Mapping (VSM) training and problem solving • Emotional intelligence training • Introduction to lean thinking • Advanced coaching and EI skills for effective leadership and performance excellence



2.3 Performance Management and Appraisal

During the 2025/26 financial year, the performance management approach was further refined to strengthen alignment between individual performance and business outcomes through a structured framework that promotes shared responsibility across the organisation.

Corporate KPI



Business KPI



Department KPI



Individual KPI

Performance evaluations for all permanent employees were based on competencies, KPIs and corporate values, with salary increments and promotions were awarded on a merit basis to promote fairness, transparency and motivation. The Company also recognised employee loyalty through a long service awards ceremony and maintained stable employee relations throughout the year, with no material disputes, work stoppages or significant disruptions.

HUMAN CAPITAL

2.4 Remuneration and Rewards

During the year, CFL invested Rs.905.2 Mn in total remuneration, benefits and rewards. The Company adheres to all remuneration-related statutory requirements. Please refer to Note 8.2 in Financial Statements on Page 252 for further details and Note 24.2 in the Financial Statements on Page 272 for salary escalation rates. Further, CFL provides the following benefits to full-time employees.

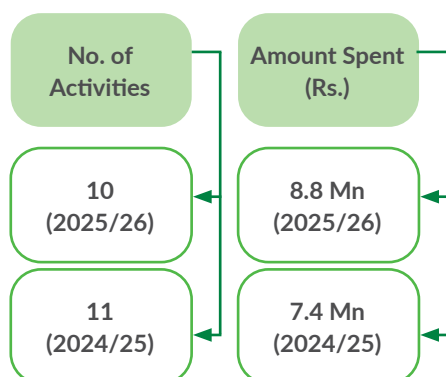
Type of Benefit	Description
Financial assistance	Distress loans and welfare loan facilities for employees in need
In-kind assistance	Distribution of food packs containing a range of Company products in January and April
Assistance to families	- Aid provided in the event of the death of a staff member 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	- Deployment of nurse aides to provide medical assistance to employees - Free medical assistance and medicine through a visiting doctor - Vision and hearing checkup events
Food and logistics	- Free shuttle transport services to main roads from factory premises - Provision of subsidised lunch/dinner options for factory staff

Maternity Leave and Return-to-Work Outcomes

In compliance with the Shop and Office Employees Act of 1954, female employees are entitled to eighty-four (84) days of paid maternity leave, post-delivery as well as two (2) hour nursing time till the child reaches one year of age.

Maternity Leave	2025/26	2024/25
Total employees entitled to maternity leave	47	52
Maternity leave availed during the year	3	2
Returned to work during the year after obtaining maternity leave during the previous year	3	2
Resignations during the year after obtaining maternity leave during the previous year	0	1

2.5 Career Development and Succession Planning



The Company uses a performance management system and 9-box method to identify high performers, support career development and retain critical talent through structured progression pathways.

2.6 Employee Engagement and Wellbeing

The Company invested over Rs.8.8 Mn in employee welfare during the year, supporting employee engagement, recognition and wellbeing initiatives. Benefits are reviewed annually and upgraded where necessary, while subsidised meals are provided to factory employees.

The Company conducted the following activities:

- Celebration of Sinhala and Tamil New Year and Awurudu Uthsawaya
- Annual Excursion for employees
- SHEQ (Safety, Health, Environment and Quality) Week and Children's Day Art Competition
- Christmas Celebration
- Annual Get-together, where employees and their families gather in a star-class hotel
- Long-Service Award Ceremony
- 1st January New Year Celebration with all religious priests
- Women's Day Celebration event to appreciate the women at work

Freedom of Association and Collective Bargaining

The Company respects freedom of association and maintains communication channels to address employee concerns. In the absence of labour unions, employment terms are governed through HR policies, individual contracts and applicable labour laws.

Employee Relations Management

CFL promotes positive employee relations through open communication, fair treatment and regular engagement.

2.7 Occupational Health and Safety (OHS)

Health and Safety at the Workplace	2025/26	2024/25
Injuries (Occurring within the Company)	12	8
Lost Time Injury Hours (LTI Hours)	110	617
Lost Time Injury Days (LTI Days)	11	69

OHS remains a key priority at CFL, supported by an ISO 45001:2018 certified framework, regular risk assessments, safety training, Personal Protective Equipment (PPE) and strict safety protocols. OHS standards are overseen through internal committees and embedded in KPIs and performance evaluations to promote a culture of safety and zero accidents.

OHS Initiatives	
Annual Fire Awareness Program	Fire drills and demonstrations to build safety awareness
Training for Emergency Focal Points	Emergency response training for designated safety teams
Safety and Health Awareness	Regular safety awareness programmes for all staff
Emergency Preparedness and Response	Preparedness drills to reinforce emergency procedures
Onsite Emergency Medical Services and Support	Onsite medical support at facilities
Digitalised accident and near misses reporting system	Digital incident reporting for timely non-conformity reporting
Health Screening	Weekly doctor visits for workforce health support
Wellness Campaigns	Regular health screenings for employees, especially factory staff

2.8 Innovation and Digital Transformation

During the year, the Company adopted a range of systems and tools to enhance efficiency, transparency and data-driven decision-making across HR operations.

Technology Integration

CFL continues to strengthen its digital infrastructure through the adoption of:

- ERP systems to support integrated business processes
- Intranet and e-learning platforms to enhance internal communication and knowledge sharing
- Automation of HR processes to improve efficiency and consistency
- Streamlining the HRIS

Digital and Capability Initiatives

To enhance digital awareness and support collaboration across teams, the Company implemented initiatives including:

- Information security awareness sessions
- Cybersecurity awareness programmes to strengthen information security practices
- Training in recognising and mitigating phishing and digital security threats

3. OUTPUTS, OUTCOMES AND IMPACT

3.1 Outputs

3.1.1 Training Hours

During 2025/26, the Company delivered over 2,892 hours of training and talent development, with an investment of over Rs.11.4 Mn. Programmes were designed to ensure equitable access across genders, Executive and Non-Executive categories and managerial levels. On average, each employee received 9.3 hours of training (last year: 18.4 hours), with the reduction reflecting the implementation of a more focused and targeted training approach.

HUMAN CAPITAL

Training Hours by Employee Category

Category	Average Training Hours	
	2025/26	2024/25
Total Training Hours (hours)	2,892	6,690
Average Training Hours per Employee	9.3	18.4
Assistant Manager Above (hours)	34.7	91.6
Executive and Senior Executive (hours)	27.8	57.4

Total Investments for Training

These outcomes reflect continued investment in employee development and capability enhancement.

Category	2025/26	2024/25
Investment in Training (Rs. Mn)	11.4	8.8
Managerial and Executive (Rs. Mn)	6.8	5.7
Staff (Rs. Mn)	3.4	2.2
Associate and Manpower (Rs. Mn)	1.2	0.9

3.1.2 Promotions and Internal Mobility

Promotions and internal mobility reflected the Company's performance-driven culture and advancement was based on structured performance evaluations aligned with individual

capability, potential and organisational needs. These movements supported recognition and retention of high-performing employees and strengthened internal talent pipelines. They also ensured continuity in key roles through succession planning.

Category	No. of Promotions	
	2025/26	2024/25
Executive	2	2
Senior Executive	4	4
Assistant Manager	0	1
Manager and above	3	3
Total	9	10

3.2 Outcomes

3.2.1 Resilient, Inclusive and High-Performing Workforce

CFL's focus on inclusivity and workforce empowerment enhanced employee capability, engagement and organisational resilience. A culture of innovation and continuous improvement further supported productivity, efficiency, performance and sustainable long-term growth.

3.2.2 Employee Retention and Turnover

Employee turnover was lower during the year compared to 2024/25, with retention levels remaining broadly consistent.

Employee Turnover by Gender and Age

Financial Year	By Gender		By Age		
	Male	Female	Less than 30	30 - 49 years	Above 50 Years
2025/26	69	4	36	33	4
2024/25	89	9	71	27	0

Retention of employees below 30 remained lower due to higher workforce mobility across sectors and roles, while those aged 30–49 showed greater stability and stronger career progression within the Company. This reflects a relatively stable retention profile among experienced employees, supported by established roles and long-term engagement amid labour market competition, changing employee expectations and external economic pressures.

Service Period Analysis

CFL's workforce comprises a balanced mix of experience, with 40% having 5–20 years of service, 46% with less than 5 years and 14% with over 20 years. This reflects continued focus on early-career talent while retaining institutional knowledge and experience. The Company supports these groups through structured knowledge transfer and mentoring, while also addressing increased migration among younger and mid-career employees in Sri Lanka to strengthen retention and workforce continuity.

Age Category	2025/26				2024/25			
	No. of Employees				No. of Employees			
	Male	Female	Total	%	Male	Female	Total	%
Below 5	123	21	144	46.3%	174	23	197	54.1%
Between 5-10	52	12	64	20.6%	62	14	76	20.9%
Between 10-15	34	6	40	12.9%	29	5	34	9.3%
Between 15-20	20	0	20	6.4%	21	2	23	6.3%
Between 20-25	8	2	10	3.2%	7	2	9	2.5%
More than 25	27	6	33	10.6%	19	6	25	6.9%
Total	264	47	311	100.0%	312	52	364	100.0%

3.2.3 Long-Term Value Creation Through Human Capital Investment

CFL's investment in employee development, wellbeing and leadership capability strengthened workforce skills, operational effectiveness and sustained business performance. Despite external labour market challenges, the Company maintained productivity, retained key skills and supported its competitive position through continued Human Capital initiatives.

3.3 Impact

The Human Capital enhances impact by strengthening skills, engagement and leadership. This drives higher productivity, retention and organisational stability. As a result, it supports cost efficiency and operational resilience. Effective people management also fosters innovation and adaptability. Ultimately, this ensures long-term sustainability and workforce-driven value creation.

KEY HUMAN CAPITAL PERFORMANCE INDICATORS AND TARGETS

Indicator	2025/26 Performance	Target Range	Status
Employee Retention Rate (Monthly Average)	94.4%	≥95%	Slightly below target
Average Training Hours per Employee	9.3 hours	22.0 hours	In progress
Female Workforce Representation	15.1%	20% (medium-term)	Needs improvement
Lost Time Injury Frequency	Decreasing trend	Zero harm target	Improving
Internal Promotions	9	Maintain/increase YoY	Stable

RISKS AND RESPONSES RELATED TO HUMAN CAPITAL

The Company has allocated resources and implemented strategic actions to mitigate risks related to Human Capital.

- Implement targeted recruitment to attract skilled talent
- Promote continuous learning and capability development
- Enhance employee engagement and retention

By integrating risk management with HR strategy, CFL ensures workforce stability, capability continuity and organizational resilience. Please further refer to the Integrated Risk Management section on Pages 192-196 for details of the risks identified in relation to the capitals.

Key Risk	Potential Impact	Mitigation Measures
Skilled labour shortages due to migration	Reduced talent availability and increased hiring costs	University partnerships, employer branding and targeted recruitment strategies
High turnover among younger employees	Loss of trained talent and increased replacement costs	Enhanced engagement, career progression and development programmes
Workforce capability gaps due to digital transformation	Reduced efficiency and competitiveness	Investment in training, e-learning and digital capability development

HUMAN CAPITAL

Key Risk	Potential Impact	Mitigation Measures
Outsourcing-related risks	Quality inconsistency and reduced control over workforce	Vendor governance, service level agreements and compliance monitoring
Workplace safety risks	Operational disruption and employee harm	ISO 45001 certification, safety training and continuous OHS monitoring

Strategic actions have been also taken to mitigate the Sustainability and Climate-related risks related to Human Capital as follows. At the same time, targeted Sustainability and Climate-related opportunities were also identified. Please refer to the Disclosures of SLFRS S1 and S2 on Pages 48-69 for further details.

Targeted Sustainability and Climate-Related Risks Mitigation Actions Aligned with the Human Capital

- Train employees on climate awareness and sustainability practices
- Foster a sustainability culture across all organisational levels
- Embed climate resilience into workforce planning and disaster preparedness

Targeted Sustainability and Climate-Related Opportunities Aligned with the Human Capital

- Build employee skills through sustainability and climate training
- Encourage environmental responsibility and low-carbon practices
- Increase workforce involvement in energy, waste and resource efficiency initiatives

CONNECTIVITY AND TRADE-OFFS WITH OTHER CAPITALS

Human Capital decisions often create positive impacts on certain capitals while introducing trade-offs in others. CFL adopts a balanced approach to ensure sustainable value creation across all six capitals.

Human Capital Contribution	Value Created	Trade-offs Managed
Financial Capital		
Workforce capability and performance management support efficient resource deployment	• 94.4% of employee retention supported workforce continuity • Rs.11.4 Mn was invested in training and Rs.8.8 Mn in employee welfare • Employee promotions supported talent retention and progression	• Total remuneration and benefits reached Rs.905.2 Mn creating cost hikes • Total training hours were 2,892, with an average of 9.3 hours per employee
Manufactured Capital		
Skilled employees support the effective use of operational assets and systems	• Maintained 311 internal employees, including 114 factory staff and 135 support staff • Lost-time hours improved to 110 from 617 • Lost-time days improved to 11 from 69	• Recruitments declined to 29 from 117 • Internal workforce reduced from 364 to 311 as operations shifted to a leaner model
Intellectual Capital		
Learning and leadership development enhance institutional knowledge and capability	• Training spend included Rs.6.8 Mn for managerial/executive staff, Rs.3.4 Mn for staff and Rs.1.2 Mn for associates/manpower • Employee advancement supported succession and internal capability building	• Invested in training and development despite short-term cost impacts • Promoted knowledge sharing while managing attrition risk and loss of critical know-how • Implemented innovation initiatives despite short-term inefficiencies during rollout

Human Capital Contribution	Value Created	Trade-offs Managed
Social and Relationship Capital		
Engagement, ethical practices and culture-building strengthen workforce and stakeholder relationships	- Employee turnover declined to 73 from 98 - Female workforce representation increased to 15.1% from 14.3%	- Female representation remained below the 20% medium-term target, at 15.1% - Employees below 30 years accounted for 36 exits during the year - Retention remained slightly below the ≥95% target at 94.4%
Natural Capital		
Awareness, safety and compliance practices promote responsible operational behaviour	- CFL maintained an ISO 45001:2018-certified OHS framework - Promoted responsible behaviour through awareness and sustainability training - Improved resource efficiency and reduced environmental impact through employee-led initiatives	- OHS interventions continued through regular safety training, drills, screenings and reporting systems - Sustainability and climate actions were disclosed - Met compliance requirements despite added complexity and administrative burden
Integrated Connectivity		
Human Capital underpins the preservation and enhancement of multiple capitals	- Service mix remained balanced: 46% below 5 years, 40% between 5–20 years, and 14% above 20 years - Enabled integrated thinking across all capitals, supporting holistic decision-making - Strengthened resilience through cross-functional collaboration and capability alignment	- Retention reached 94.4% against a target of ≥95%, while female representation remained at 15.1% against a 20% medium-term target - Balanced priorities across financial, environmental and social capitals - Allocated resources strategically despite short-term performance pressures

FUTURE OUTLOOK/WAY FORWARD

Initiative	Term	Expected Benefits
Strategic Focus: Stabilisation, Retention and Efficiency - Stabilise workforce structure following the transition to a lean operating model - Strengthen employee retention through targeted engagement, career progression and recognition programmes - Enhance HRIS capabilities to improve data accuracy, reporting and workforce analytics - Improve onboarding and role alignment to accelerate productivity of new hires - Strengthen grievance handling and employee communication frameworks	Short-term	- Improved employee retention towards target levels (>96%) - Increased workforce stability and reduced early-stage attrition - Enhanced decision-making through real-time HR data and analytics - Improved operational productivity through better role clarity and alignment
Strategic Focus: Capability Building and Leadership Pipeline - Expand digital and technical capabilities to support automation and process optimisation - Strengthen leadership pipelines through structured succession planning and development programmes - Enhance diversity and inclusion with targeted initiatives to improve female workforce participation - Expand structured learning and development frameworks aligned to business-critical skills - Strengthen employer branding to attract high-quality talent in a competitive labour market	Medium-term	- Increased internal talent pipeline strength and leadership readiness - Improvement in female workforce representation towards medium-term targets (~20%) - Enhanced workforce productivity and capability through skill-based development - Reduced dependency on external hiring through internal talent development

HUMAN CAPITAL

Initiative	Term	Expected Benefits
Strategic Focus: Future-Ready Workforce and Sustainability - Build a digitally enabled workforce capable of leveraging automation, AI and advanced analytics - Institutionalise continuous learning as a core organisational capability - Strengthen workforce resilience to address global talent mobility and labour market challenges - Integrate ESG and sustainability into workforce practices, including climate awareness and responsible talent management - Develop a high-performance culture driven by innovation, agility and continuous improvement	Long-term	- Creation of a future-ready, digitally capable workforce aligned with emerging technologies - Sustainable talent pipeline supporting long-term business growth - Enhanced organisational resilience and adaptability to external disruptions - Strong alignment between human capital and long-term value creation

Short-term (0 to 12 months)

Medium-term (1 to 3 years)

Long-term (3 to 10 years)

EMERGING TRENDS IN OUR HUMAN CAPITAL MANAGEMENT

1. Digital transformation and automation	Adopt digital HR solutions: cloud-based HRIS to automate payroll, staff leave and regulatory compliances
2. Emphasis on employee wellbeing	Promote wellness through mental health support and fitness programmes
3. Continuous learning and skills development	Invest in e-learning and virtual training tools to up-skill employees
4. Modern performance and management practices	Encourage real-time recognition and improve employee engagement
5. Data-driven decision-making	HR analytics support strategic decisions in hiring, retention and workforce planning
6. Focus on diversity and inclusion	Support gender diversity and initiatives that recognise equal opportunities
7. Compliance with data protection regulations	Following the Data Protection Act No. 09 of 2022, updating HR policies to ensure employee data privacy



NATURAL CAPITAL

Healthy soil, clean air and resilient ecosystems play a vital role in sustaining operations and supporting communities across our value chain. Through responsible resource management and strengthened environmental stewardship, the Company aims to enhance operational resilience while reducing environmental impact.



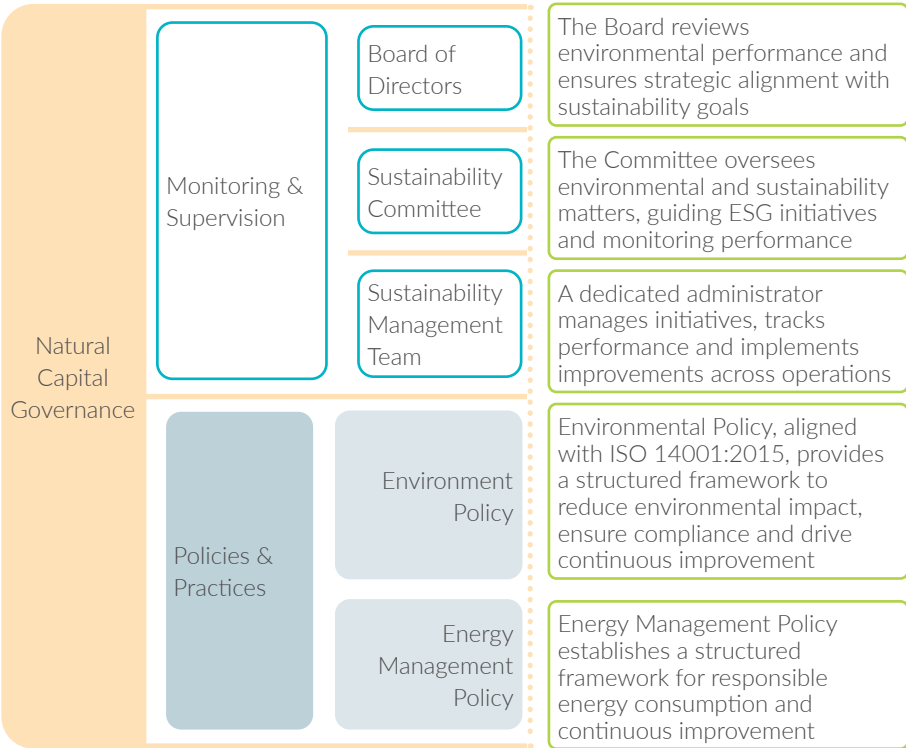
NATURAL CAPITAL

Natural Capital is integral to CFL's operations, cost management and long-term value creation, given the Company's reliance on energy, raw materials, packing materials and ecosystem services. During the year, CFL improved water efficiency through targeted conservation initiatives, maintained improved energy performance despite higher production volumes and improved waste circularity practices, supporting cost efficiency, compliance and lower environmental impact.

The Company explores low-carbon and circular initiatives through renewable energy, greater resource efficiency and sustainable sourcing.

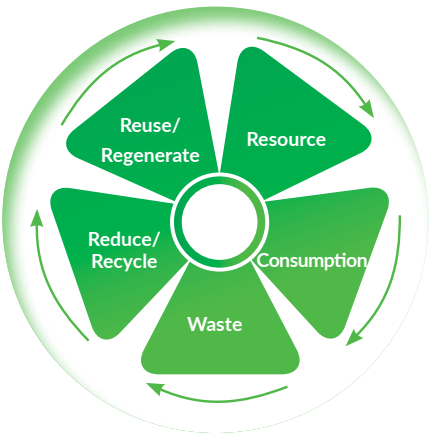
GOVERNANCE OF NATURAL CAPITAL

Natural Capital performance is overseen by the Board through the Sustainability/ESG Committee, with energy, water and waste KPIs embedded in management scorecards to strengthen accountability and strategic alignment. Supported by environmental and energy policies, clear oversight structures and continuous improvement initiatives, this governance approach ensures regulatory compliance and advances CFL's commitment to sustainable and responsible operations.



STRATEGY OF NATURAL CAPITAL

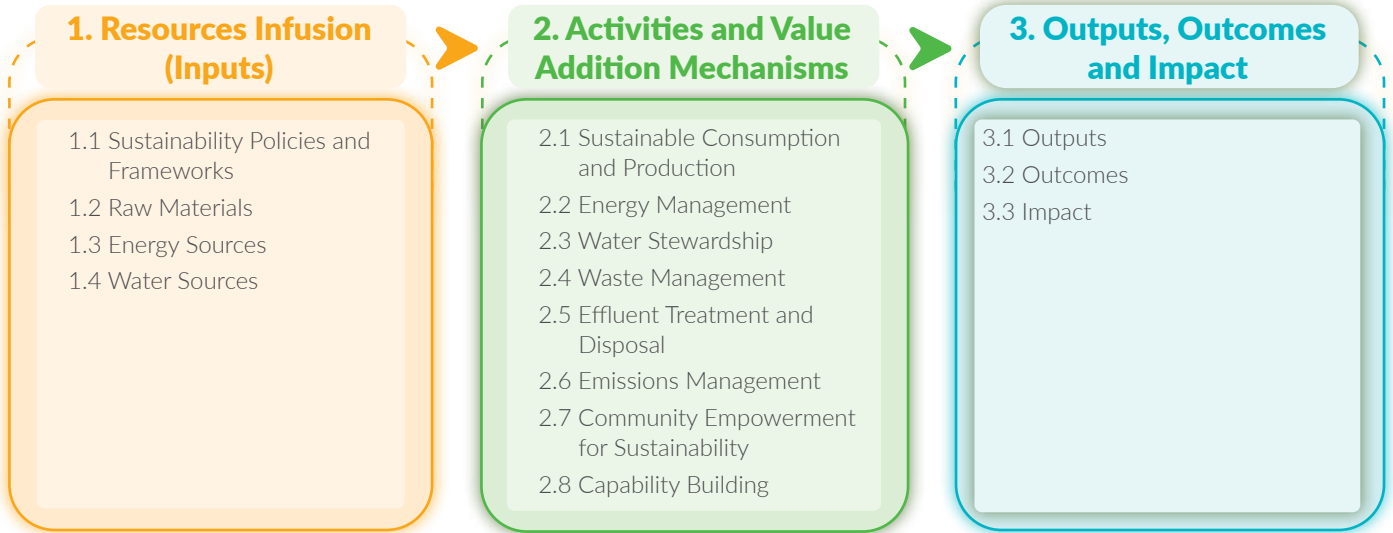
CFL's Natural Capital management is guided by circular economy principles and integrated into its broader sustainability strategy to support long-term value creation through ESG. Sustainability is embedded in decision-making, risk management and performance monitoring, enabling responsible growth while minimising environmental impact and supporting employee and community wellbeing.



Material Natural Capital Topics

Priority Area	Why It Matters	Link to Business
Energy and Emissions	Carbon cost and efficiency	Margin improvements
Raw Material/Packing Material Sourcing	Nature-based inputs	Supply chain resilience
Water Efficiency	High dependency in production	Cost matters and regulatory risk
Waste and Packaging	Regulatory and reputation impact	Brand and compliance aspects

NATURAL CAPITAL VALUE CREATION



1. RESOURCES INFUSION (INPUTS)

1.1 Sustainability Policies and Frameworks

1.1.1 Environmental Policy

CFL's Environmental Policy guides environmentally responsible operations, regulatory compliance and continuous improvement in environmental performance.

Aligned with the ISO 14001:2015 Environmental Management Systems (EMS) Standard, CFL is committed to:

- Implementing proactive measures to minimise environmental footprint
- Ensuring full compliance with legal and regulatory requirements, including those of the Central Environmental Authority (CEA)
- Enhancing resource efficiency and waste management
- Continuously monitoring and improving environmental performance
- Engaging stakeholders in environmental commitments

CFL continues to strengthen sustainability through Resource Efficient and Cleaner Production (RECP) practices, improving efficiency, resource use and cleaner production.

1.1.2 Energy Management Policy

The Company's energy management policy promotes responsible energy use, continuous improvement and sustainability, aligned with ISO 50001:2018.



1.2 Raw Materials

Raw materials are a key part of Natural Capital, supporting safe, high-quality food production and consumer trust. As a food manufacturer, most raw materials are nature-based, including soy flour, spices and natural flavouring ingredients. The Company has implemented several initiatives towards increasing the consumption efficiency of raw materials to ensure maximum productivity and reduce wastage. These include:

- Establishing Key Performance Indicators (KPIs) for raw material wastage and introducing incentive-based mechanisms to encourage reduction
- Strengthening material quality assurance through close monitoring and incoming materials inspection processes

1.3 Energy Sources

Energy consumption is managed under the Company's Energy Management Policy and ISO 50001:2018, improving efficiency and contributing environmental stewardship.

NATURAL CAPITAL

The Company's Energy Management Policy outlines:

- Optimise energy and water use across operations
- Train staff in energy and water management
- Monitor and improve consumption performance
- Comply with legal requirements
- Continuously improving Energy Management System (EnMS) performance
- Use energy-efficient products and services
- Set and communicate energy objectives and targets
- Encourage staff to support sustainability initiatives and reduce any resource wastage

Energy consumption increased with higher operational activity level, while ongoing efficiency initiatives and stronger monitoring improved energy performance and resource use.

Energy Consumption	Unit	2025/26	2024/25
Electricity consumed	kWh	2,425,499	2,297,299
Furnace oil	Liters	214,671	190,392
Diesel	Liters	4,601	25,091
LPG	Kg	14,513	15,375

Description	2025/26	2024/25
Total energy consumption (MJ)	18,730,879	18,115,976
Energy consumption (MJ/kg)	2.5	2.6
Electricity usage per Kg (kWh/kg)	0.32	0.33

CFL has not yet implemented renewable energy initiatives but plans to explore suitable options as part of its future sustainability agenda.

2. ACTIVITIES AND VALUE ADDITION MECHANISMS

2.1 Sustainable Consumption and Production (SCP)

The Company monitors resource use and waste generation to improve performance, reduce environmental impact and support cleaner production.

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 emissions reduction to manage our environmental footprint
Continuous Improvement	Enhance our environmental performance by regularly assessing and refining practices and policies
Quality Assurance Across the Production Process	Quality assurance across production supports sustainable consumption by reducing waste, improving resource efficiency and ensuring safe, consistent products
Food Waste Reduction	Continuous RECP and R&D efforts to identify opportunities to minimise waste in production

2.2 Energy Management

CFL continues to implement structured energy management practices to optimise energy use, reduce environmental impact and improve resource efficiency through continuous monitoring.

Energy Mix

Source	% Contribution
Grid Electricity	47%
LPG	4%
Fuel	49%
Renewable	0%

Long term (3-10 years) target: Reduce total energy consumed through a lower-carbon energy mix.

1.4 Water Sources

CFL uses water mainly from the National Water Supply and Drainage Board (NWSDB), supplemented by bowser water when needed, with total consumption of 15,586 cubic meters during the year. Water consumption per Kg decreased by 20% from the 2024/25 base year, supported by conservation initiatives and awareness programmes to promote responsible water use.

Activity	Unit	2025/26	2024/25
Municipal/Third-party Water Withdrawn	m ³	15,586	17,137
Total Water Discharged	m ³	11,690	12,853

Water Performance Indicators

Indicator	2025/26	2024/25
Water Intensity (L/kg)	2.0	2.5
Water Stress Area Exposure	Low/ Medium	Low/ Medium

Energy Management Initiatives

The following continuous monitoring and efficiency improvement initiatives were implemented during the year:

Initiative	Description/Impact
Awareness Campaigns	Awareness sessions for employees on energy management
Operational Efficiency Improvement	- Optimisation of the fuel purchase process from transportation to factory usage - RECP audits to pinpoint operational gaps and propose viable solutions - ISO 50001:2018 EnMS
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 KPIs for continuous monitoring

2.3 Water Stewardship

Water Management Initiatives

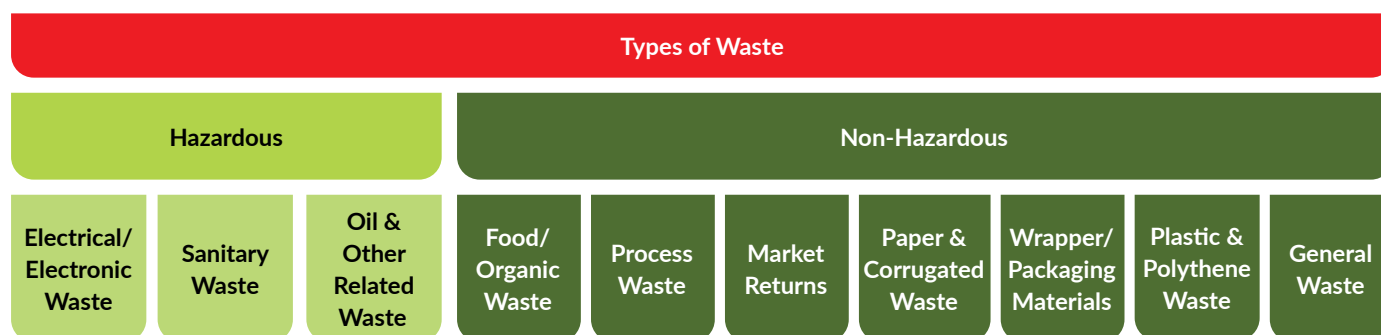
CFL integrated water management into its Environmental Policy and wastewater is discharged to the NWSDB system, where it undergoes treatment, ensuring safe disposal and compliance.

Initiative	Description/Impact
Awareness Campaigns	Staff awareness campaigns on water wastage, supported by visual and digital water conservation sessions
Routine Maintenance and Checkups	Conduct routine maintenance to identify leakages
Water-based KPIs	Setting KPIs on water management as part of divisional performance assessments
Wastewater Recycling	Connected wastewater to the NWSDB recycling plant to prevent hazardous discharge into the environment
Water Audit	A National Cleaner Production Centre (NCPC) water audit assessed usage patterns, identified wastage and highlighted practical, cost-effective opportunities to improve water efficiency across the facility

2.4 Waste Management

The Company applies SCP practices to reduce, reuse and recycle materials, supporting resource use and responsible waste management. CFL works with authorised waste collectors and recycling partners to ensure proper handling and disposal, while remaining compliant with environmental regulations and valid Environmental Protection License (EPL) requirements.

Waste Profile



The Company managed the waste through reduction, reuse, recycling, recovery and responsible disposal practices using authorised service providers.

NATURAL CAPITAL

Type/Nature of Waste	Approach	Achievement
Solid Waste	Partnered with recycling partners for efficient waste management for daily solid waste generated	Compliance with parameters set by CEA
Sound Pollution	- 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	- Testing of effluents and waste before releasing to the environment - Periodically testing the boiler emissions - Compliance with regulations set by the CEA	Obtained annual third-party inspection reports to ensure emissions are within efficient levels and carrying out necessary tune-ups accordingly

Waste Management Initiatives

Wrapper Wastage	- Reduction of the dimensions of the packaging - Reusing and recycling poly sacks and other polythene, corrugated boards, cardboard and used paper - Inculcate waste free environment through training and awareness for employees - Polythene waste is directed to waste-to-energy plants, while recyclable materials are handed over to CEA-approved recycling partners
Raw Material Wastage	- Raw material off grades are ground and reused - Food waste sent for 'Mihisaru' compost fertiliser project
Paper Wastage	- Implement Document Management System and reduce paper usage and wastage - Use of cloud facilities to store files, reducing hard copy printing - Use online based platforms to replace the printed processes, reducing the need to use hard paper

Please refer to pages 48–69 SLFRS S1 and S2 disclosures for information related to targets, key metrics and action plans for waste management and environmental sustainability.

2.5 Effluent Treatment and Disposal

The Company ensures all effluents are treated, monitored and tested before discharge, in line with environmental regulations, CEA standards and EPL requirements.

2.6 Emissions Management

CFL's Environmental Policy provides a structured framework for managing operational emissions. In keeping with the policy:

- Emissions intensity improved despite an increase in total emissions due to higher production volumes
- Noise levels remained within approved industry standards
- There were no significant emissions of Nitrogen Oxides (NOx), Sulphur Oxides (SOx) or other hazardous air pollutants (remained within permissible regulatory limits)

Direct Scope 1-2 GHG Emissions	2025/26	2024/25
CO ₂ e/kg Production	0.22	0.24

Operational Emissions

	2025/26	2024/25
LPG/Fuel (CO ₂ /kg)	712,614	691,154
Electricity (CO ₂ /kg)	982,162	932,785
Owned Transport (CO ₂ /kg)	11,976	14,529
Total Emissions (CO ₂ /kg)	1,706,752	1,638,468

Total emissions increased due to higher production volumes; however, emissions intensity has improved over time.

Climate Targets and Scope Coverage

Target	Baseline Year	Target Year
Reduce emissions intensity by 10%	2023/24	2028
Introduce renewable energy sources	2025/26	2030

Scope	Status
Scope 1	Reported
Scope 2	Reported
Scope 3	Planned

Scope 1 includes fuel combustion and owned transport, while Scope 2 represents purchased electricity emissions.

2.7 Community Empowerment for Sustainability

CFL's Environmental Policy promotes awareness and responsible practices across the value chain. The Company advances environmental protection, transparency and accountability, while embedding sustainability into operational and strategic decisions through ongoing ESG and SHEQ awareness initiatives.

CFL Community Engagements towards Sustainable Practices

Internal Engagements

Environmental and Sustainability Initiatives	
Biodegradable Materials and Packaging	Tested compostable materials for machinability, while exploring further improvements, especially in barrier properties
PLASTIC – Project SWITCH Asia	- The project supports the Company by applying circular economy practices including RECP - Industrial Services Bureau, Biodiversity Sri Lanka (BSL), STENUM Asia and The Energy and Resources Institute (TERI) are consortium partners with the ACTED organisation in this project
SHEQ Week	- A SHEQ Initiative - Energy management, conservation and awareness - ECO brick collection and quiz competition
ECO Friday	Internal awareness campaign to inculcate the culture of environmental sustainability

External Engagements

Project	Objective	Project Target	Progress Up to Date
PET Bottle Collection and Recycling	Minimise waste to landfill and establish 3R (Reduce, Reuse, Recycle) practices	3000 Kg/90,000 PET bottles by 2025/26	3,140 Kg 94,200 PET bottles
ISO 50001:2018 EnMS Certification	Implement EnMS and minimise process energy consumption	Obtain certification by 2025	Achieved
CBL Haritha Piyawara	Implement proactive measures and prepare for possible regulatory requirements in future	Improve recycling rates and community awareness through students, building a sustainability mindset to support EPR; Phase 1 covered 10 schools from 2022 to 2024	08 schools were covered
Ocean Strainers	- Clean oceans through clear waterways - Trapping waste, releasing hope – together for clean waterways	Install 4 ocean strainers and monitor waste collection from 2025 to 2028, supporting plastic pollution reduction and better waste management	Ongoing. Since its installation all units of OCEAN STRAINER™ contributed to preventing over 8,400 Kg of mixed waste, out of which 30% is plastic and polythene

2.8 Capability Building

The Company builds internal capabilities to support Natural Capital management through training, awareness and technical skill development.

Key initiatives:

- Training on energy management (ISO 50001) and EMS
- Awareness programmes on water conservation and waste reduction
- Training on RECP and circular economy practices
- Capacity building for operational staff on environmental compliance and monitoring

NATURAL CAPITAL

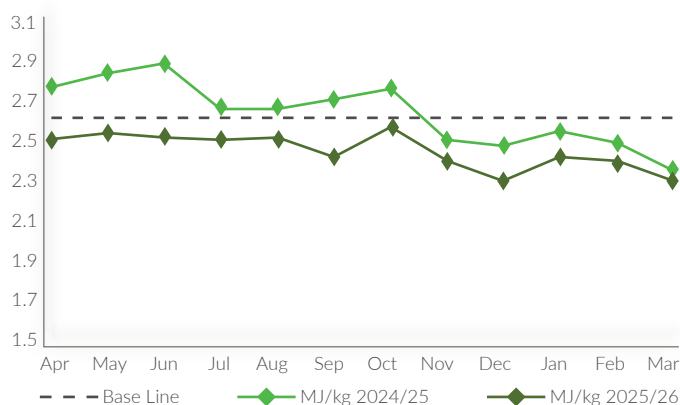
3. OUTPUTS, OUTCOMES AND IMPACT

3.1 Outputs

3.1.1 Energy Intensity

Energy intensity declined during the year, reflecting the impact of energy management and efficiency initiatives. Energy consumed per Kg of output improved, remaining below target limits and better than the previous year.

Energy Intensity



3.1.2 Water Intensity

During the year under review, CFL achieved a significant improvement in water intensity. This represents a reduction of approximately 1.5 Mn liters in overall water consumption.

Description	2025/26	2024/25
Water Liters	15,586,400	17,136,800
Water Intensity (Liters/kg)	2.0	2.5

3.1.3 Waste Generated

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 circular economic practices.

Type of Waste	2025/26	2024/25
Raw Materials (Kg)	65,903	61,123
Wrapper (Kg)	2,618	2,642

3.2 Outcomes

3.2.1 Improved Resource Efficiency

Continuous monitoring and targeted initiatives improved water, energy and raw material efficiency, reducing resource use and intensity per unit of production.

3.2.2 Reduced Environmental Impact

The Company minimised its environmental footprint by keeping emissions, wastewater and noise within regulatory limits while reducing waste and resource-related impacts.

3.2.3 Strengthened Circular Economy Practices

CFL improved waste management by reducing, reusing and recycling packaging materials, paper, polythene, food waste and process waste, helping to reduce landfill waste and promote sustainable use of resources.

3.2.4 Enhanced Sustainability Awareness

Ongoing employee engagement and awareness programmes strengthened environmentally responsible practices, promoting energy, water, waste management and SHEQ awareness across the organisation.

3.2.5 Contribution to Climate Action and Sustainable Development

The Company's environmental initiatives supported climate action and relevant SDGs, reinforcing CFL's commitment to responsible growth, resource conservation and long-term sustainability.

3.3 Impact

The Natural Capital enhances impact by improving energy efficiency, water stewardship and waste management, resulting in reduced resource consumption and emissions intensity. This drives better resource efficiency and yield optimisation while lowering disposal burdens. As a result, environmental footprints and pressure on natural systems are reduced. Sustainable practices also help mitigate climate-related risks and strengthen ESG positioning. Ultimately, this supports responsible resource use and long-term environmental sustainability.

NATURAL CAPITAL PERFORMANCE INDICATORS AND TARGETS

Environmental performance indicators are integrated into operational KPIs and management scorecards. These include energy intensity, water consumption and waste reduction targets, ensuring accountability across business functions.

Indicator	2025/26 Performance	Target Range	Status
Energy Intensity (MJ/kg)	2.5	Continuous year-on-year reduction in energy intensity; maintain consumption intensity below prior-year level and within internal efficiency thresholds	On Track
Electricity Intensity (kWh/kg)	0.32	Maintain a declining year-on-year trend in electricity usage per kg of output	On Track
Water Intensity (L/kg)	2.0	Continue reducing water intensity through conservation, awareness and process efficiency initiatives	On Track
Municipal/Third-party Water Withdrawn (m ³)	15,586	Maintain year-on-year reduction in water withdrawal, supported by water efficiency and recycling measures	Achieved
Direct Scope 1 and 2 GHG Emissions Intensity (CO ₂ e/kg Production)	0.22	Improve emissions intensity against the 2023/24 baseline and progress towards the 2028 emissions intensity reduction target	On Track
Renewable Energy Share (%)	0.0	Introduce renewable energy within the medium- to long-term target period	Not Initiated
Raw Material Waste (Kg)	65,903	Reduce wastage through KPI-driven control, quality assurance and process improvements	Needs Attention
Wrapper Waste (Kg)	2,618	Maintain a declining trend through packaging optimisation and circularity initiatives	On Track
PET Bottle Collection and Recycling (Kg & bottles)	3,140 & 94,200	3,000 Kg/90,000 bottles by 2025/26	Achieved

RISKS AND RESPONSES RELATED TO NATURAL CAPITAL

The Company has allocated appropriate resources and implemented measures to mitigate risks related to Natural Capital. The risks are integrated into the Company's enterprise risk management framework, ensuring that capital investments and operational decisions are aligned with risk-adjusted return expectations.

Please refer to the Integrated Risk Management section on Pages 192-196 for details of the risks identified in relation to the capitals.

Key Risk	Potential Impact	Mitigation Measures
Water scarcity	Operational disruption	Water efficiency and conservation programmes
Energy price volatility	Increased production cost	Energy optimisation and monitoring systems
Climate regulation	Carbon cost exposure	Emissions reduction and renewable energy plans
Raw material risk	Supply chain disruption	Sustainable sourcing practices
Waste regulation	Compliance cost	Recycling and circular initiatives

NATURAL CAPITAL

Strategic actions have also been taken to mitigate the Sustainability and Climate-related risks as follows. At the same time, targeted Sustainability and Climate-related opportunities were also identified. Please refer to the Disclosures of SLFRS S1 and S2 on Pages 48-69 for further details.

Targeted Sustainability and Climate-Related Risks Mitigation Actions Aligned with Natural Capital

- Measure and manage the Company's environmental footprint (carbon, water and waste)
- Promote sustainable sourcing (e.g. certified raw materials)
- Conduct environmental audits to assess climate-related vulnerabilities and impacts

Targeted Sustainability and Climate-Related Opportunities Aligned with Natural Capital

- Launch a recycling and reward programme to collect plastic waste from consumers and promote brand engagement
- Strengthen employee engagement by integrating sustainability messaging into recycling initiatives

CONNECTIVITY AND TRADE-OFFS WITH OTHER CAPITALS

Decisions related to Natural Capital often create positive impacts on certain capitals while introducing trade-offs in other capitals. CFL adopts a balanced approach to ensure sustainable value creation across all six capitals.

Natural Capital Contribution	Value Created	Trade-offs Managed
Financial Capital		
Efficient management of water, energy, waste and emissions supports cost control, compliance and long-term business resilience	• Water intensity improved to 2.0 L/kg from 2.5 L/kg, while municipal/third-party water withdrawn reduced to 15,586 m³ from 17,137 m³, supporting lower utility cost and resource efficiency • Energy intensity improved to 2.5 MJ/kg from 2.6 MJ/kg, demonstrating operating efficiency • Circularity initiatives reduced wrapper waste to 2,618 Kg from 2,642 Kg, while PET recovery reached 3,140 Kg/94,200 bottles, supporting cost avoidance and value recovery	• Investment is required for metering, audits, calibration, wastewater handling, ISO 50001 systems and circularity programmes • Total emissions increased to 1,706,752 Kg CO₂ from 1,638,468 Kg CO₂ due to higher production volumes, requiring continued efficiency investment
Manufactured Capital		
Natural Capital initiatives improve the efficiency, reliability and sustainability of production assets and supporting infrastructure	• Boiler tune-ups, compressed air leakage tests and energy monitoring improved equipment reliability and resource performance • Water efficiency systems, upgraded piping and wastewater management reduced disruptions	• Infrastructure upgrades for water, waste and energy efficiency require ongoing capex and maintenance support • Process changes for segregation, recycling, wastewater and emissions control add operational complexity on the production floor

Natural Capital Contribution	Value Created	Trade-offs Managed
Human Capital		
Environmental awareness, SHEQ engagement and capability building promote responsible behaviour and sustainability across operations	- Environmental and energy awareness programmes, ISO 50001 training, RECP exposure and SHEQ Week activities contributed employee accountability for sustainability - ECO Friday, pen collection and recycling initiatives built ownership of environmentally responsible practices	- Training, monitoring and awareness programmes require time, resources and management attention - Increasing environmental compliance requirements can add administrative and behavioural pressure to operational teams
Intellectual Capital		
Natural Capital strengthens data systems, process knowledge, compliance know-how and continuous improvement capabilities	- NCPC audits, RECP assessments and ISO frameworks embed technical knowledge into resource planning and control systems - Environmental KPIs integrated into management scorecards strengthen governance and reporting	- Increased monitoring, auditing and reporting requirements raise information management complexity - Certification, surveillance and verification processes create ongoing governance and documentation demands
Social and Relationship Capital		
Environmental stewardship strengthens community trust, regulatory confidence and stakeholder relationships across the value chain	- External sustainability programmes improved stakeholder engagement, including PET bottle collection, CBL Haritha Piyawara and plastic collected through Ocean Strainers - Community-facing sustainability programmes supported wider awareness, trust and reputational value	- Community and circularity programmes require ongoing stakeholder coordination, monitoring and budget allocation - Rising expectations from regulators, schools, partners and communities increase execution demands
Integrated Connectivity		
Natural Capital acts as a cross-cutting enabler of resilience by improving how resources are consumed, monitored, governed and linked to broader enterprise value creation	- Lower water intensity, improved energy intensity, reduced waste and stronger compliance collectively supported cleaner operations and long-term resilience - Natural Capital linked manufacturing, digital monitoring, financial efficiency, compliance and sustainability into a more integrated operating model	- Scope 3 emissions remain planned, indicating additional future complexity in measurement and reporting - Long-term environmental transition requires disciplined trade-offs across cost, infrastructure, governance and stakeholder expectations

FUTURE FOCUS/WAY FORWARD

Initiative	Term	Expected Benefits
Implement an energy monitoring system	Medium-term	Improved real-time data visibility and informed decision-making
Biodiversity restoration projects	Long-term	Enhanced ecosystem health, improved biodiversity and strengthened environmental resilience

Short-term (0 to 12 months)

Medium-term (1 to 3 years)

Long-term (3 to 10 years)

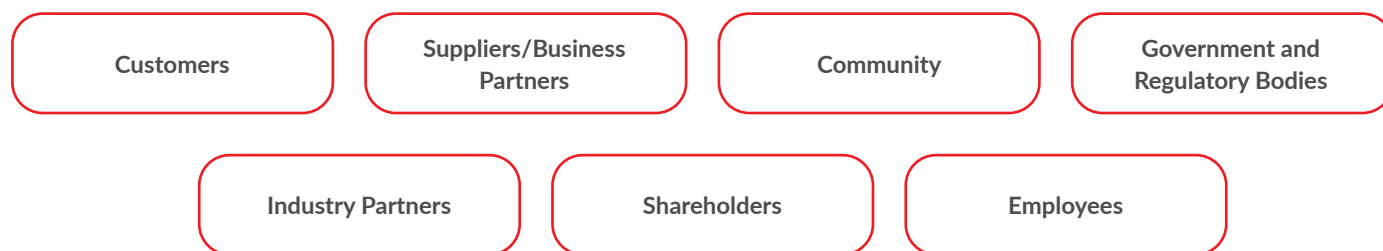
SOCIAL AND RELATIONSHIP CAPITAL

The Company relies on and maintains numerous stakeholder relationships to ensure that the manufacturing, operational and administrative processes can function impeccably. To support this, the Company implements initiatives aimed at nurturing and strengthening stakeholder relationships, which are captured under Social and Relationship Capital.



During the year, CFL actively engaged with a diverse range of stakeholders, including customers, suppliers and business partners, employees, shareholders, government and regulatory institutions, industry associations and surrounding communities.

Stakeholder Profile



CUSTOMERS AND CONSUMERS

Customers and consumers are central to driving business growth, informing strategic direction and guiding product development. CFL is dedicated to meeting customer requirements, expectations and fostering strong relationships.

GOVERNANCE OF CUSTOMER RELATIONSHIPS

The Board and senior management oversee customer relationships and brand strategy to align with the Company's priorities and value creation goals. Through policies, performance monitoring and regular reviews of market insights, customer feedback and brand performance, they support informed decisions, accountability and continuous improvement in customer engagement.

CUSTOMER STRATEGY

CFL's customer strategy is centred on delivering high-quality, value-driven products while building strong and lasting relationships across the customer base. The Company continues to align its product portfolio, engagement platforms and brand-building initiatives with changing consumer preferences and market trends.

Key strategic priorities include:

- Strengthening brand equity across Lankasoy, Sera, Nutriline and Tetos
- Expanding market reach through digital and on-ground engagement platforms
- Enhancing customer experience through responsive service and feedback-driven improvements
- Driving product innovation aligned with evolving consumer needs
- Building trust through quality, transparency and regulatory compliance

CUSTOMER VALUE CREATION



SOCIAL AND RELATIONSHIP CAPITAL

RESOURCES INFUSION (INPUTS)

1.1 Customer Data and Insights

CFL engages customers through multiple channels to gather insights and continuously improve its product portfolio and service delivery.

Customer Engagement Mechanisms

Engagement	Method	Customer Segment
Customer insights and feedback	Customer research includes surveys, in-person feedback, social media listening and retail/outlet customer data	Public Retailers
Engagement channels	Exhibitions, advertising and marketing campaigns, digital platforms, on-ground activations, influencers and celebrities	Public Target consumers
Customer Relationship Management (CRM)	Social media, official platforms, direct communication and supply chain channels	Public Distributors Retailers
Brand share expansion	Brand portfolio expansion, brand and nutrition awareness, stronger top-of-mind recall, sponsorships, events, ATL and BTL campaigns and digital platforms	Public

Leveraging Insights for Value Creation

Customer insights from surveys, digital platforms and market interactions help refine products, pricing and marketing. Insights on affordability and consumption trends have driven value-focused SKUs and targeted promotions, improving market reach and retention.

1.2 Brand Portfolio and Customer Base

CFL's brand portfolio recorded improved market penetration during the year, driven by intensive marketing and distribution campaigns across retail outlets and households. These efforts also earned industry recognition and awards, further enhancing brand credibility, visibility and customer trust.

1.3 Marketing and Digital Platforms

CFL continued to strengthen customer reach and brand engagement through digital platforms, generating substantial visibility and interaction across the key brands.

Brand Name	Reach	Impressions	Frequency	*ThruPlays
Lankasoy	3.5 Mn	20.0 Mn	6.7	1.6 Mn
Sera	5.9 Mn	66.0 Mn	11.1	2.5 Mn
Tetos	2.3 Mn	10.0 Mn	4.2	0.4 Mn

*ThruPlay is a video ad metric and optimisation setting in Meta Ads Manager, primarily used for video ads targeting awareness or engagement objectives.

1.4 Market Presence and Distribution Channels

CFL has expanded its diverse product portfolio to reach all age groups, offering products that cater to varying food and snack preferences while also addressing the growing demand for affordable nutrition and healthier alternatives. During the year, CFL continued to effectively meet these diverse consumer needs through its wide range of innovative and value-driven product offerings.

Product	Impact
Lankasoy	Held the largest market share and customer preference in the soya category, 30 SKUs, 02 new products introduced
Sera	22% market share growth, 06 spice varieties
Nutriline	15% market share growth, 05 cereal varieties, increased brand presence in modern and general trade
Tetos	8% market share growth, 04 product range, 01 new product introduced, Increased top of mind recall amongst target segment in snack range

ACTIVITIES AND VALUE ADDITION MECHANISMS

2.1 Product Development

Product development focused on sustainable, consumer-centric innovation and enhancing existing offerings. During the year, the Company launched three (3) new products under the Lankasoy and Tetos brands, strengthening its portfolio and meeting evolving consumer needs. For more details, please refer to the Intellectual Capital Section on Page 150.

2.2 Product Compliance, Quality and Responsibility

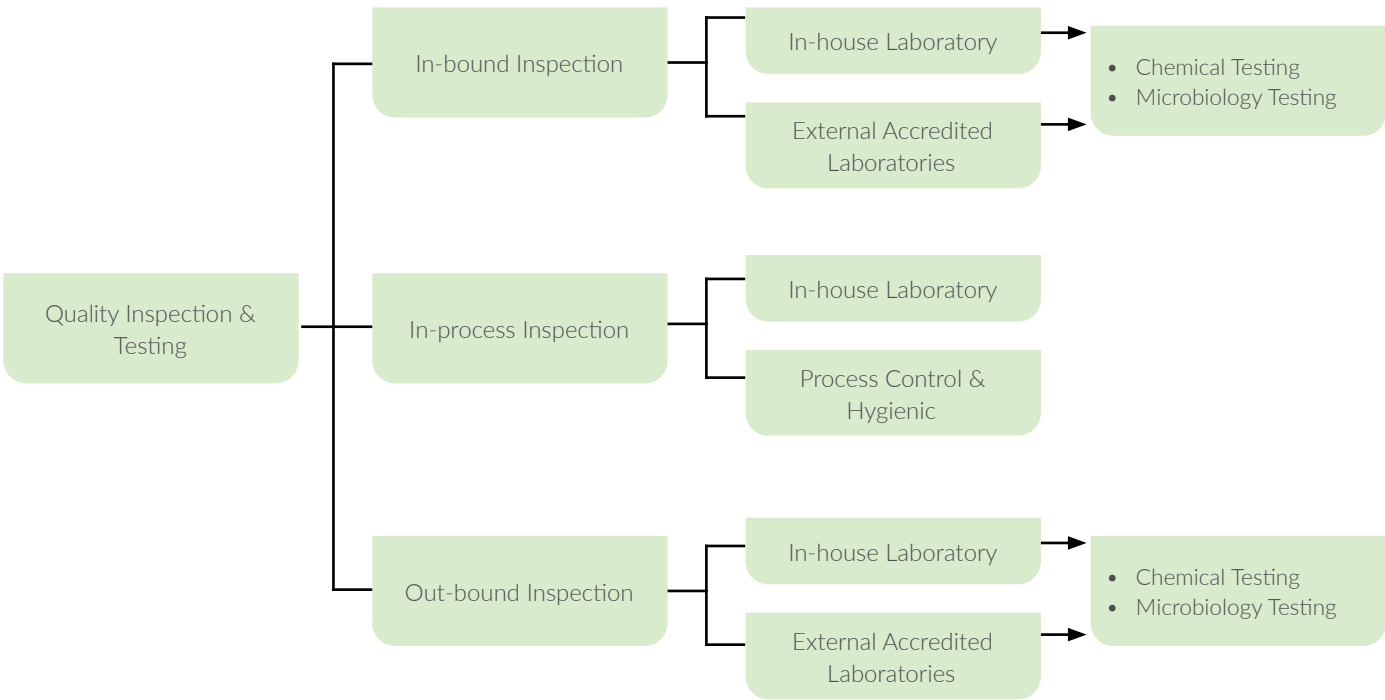
CFL's commitment to product compliance, quality and responsibility remains a key driver of customer trust and confidence. The company is progressively strengthening its practices by aligning the Ministry of Health labelling requirements and enhancing transparency in product information. Alongside compliance, CFL places strong emphasis on quality management through rigorous standards, continuous process improvements and strict quality control measures across its operations. As a food manufacturer and exporter, the company is focused on meeting both industry and global FMCG benchmarks while consistently ensuring the delivery of safe, reliable and high quality products.

Quality Assurance Initiatives

Activities	Description
Certifications and compliance	Compliance with certifications such as ISO 22000, GMP, HACCP, ISO 9001 and ISO 14001; products manufactured in line with the Halal certification terms and conditions and standards of HAC; selected products also hold SLS certification, fulfilling the requirements of the standards set by the Sri Lanka Standards Institution
High quality raw materials	Prioritisation of high-quality raw materials sourced both locally and internationally
Compliance	Raw materials, packaging materials, semi-finished and finished products comply with local legal and regulatory requirements
Packaging safety	Packaging materials used 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:

SOCIAL AND RELATIONSHIP CAPITAL



2.3 Key Consumer Engagement Initiatives

In alignment with the Company's core values and objectives, CFL engaged in a series of marketing initiatives designed to enhance consumer engagement and build association with the brands and products.

Activation	Details
Exhibitions and trade fairs	CFL participated in key industry events including Pro Food Pro Pack, JITF - Jaffna International Trade Fair, Batticaloa International Trade Fair and Industry Expo, creating approximately 100,000 customer connections and generating around Rs.2.0 Mn in annual sales
Shopper activations	Shopper activations accounted for approximately 80% of CFL's total activations, providing direct opportunities for consumer engagement and brand interaction. These initiatives delivered around 200,000 activations annually and generated over Rs.55.0 Mn in annual sales
Seasonal activations	Under the 'Manusith Sathkaraya' initiative, CFL conducted seasonal engagement programmes during Vesak, Sri Pada, Poson and Kataragama Padha Yathra, generating over 200,000 direct customer contacts annually while strengthening brand visibility and community connection
Culinary demonstrations	Conducted experience-sharing sessions with customers on Sera and Lankasoy and sampling through various product applications using Sera and Lankasoy products
Customer education and awareness	CFL enhanced brand visibility and encouraged product trials through shopper activations and product demonstrations
Strategic sponsorships	CFL implemented targeted sponsorship initiatives to enhance brand visibility, strengthen brand associations and improve top-of-mind awareness among key consumer segments



MasterChef Sri Lanka Sponsorship



A key highlight of the financial year was the historic launch of the globally acclaimed television franchise, MasterChef, debuting in the island as

MasterChef Sri Lanka, flavoured by CBL Group. Capitalising on this monumental platform, Sera stepped forward as the Main Culinary Sponsor, cementing its position as a household name and a driver of culinary excellence in Sri Lanka.

Throughout the inaugural season, Sera's premium product portfolio, spanning its liquid coconut milk, spices, salt and noodles, anchored the high-stakes MasterChef pantry. This strategic partnership allowed the brand to

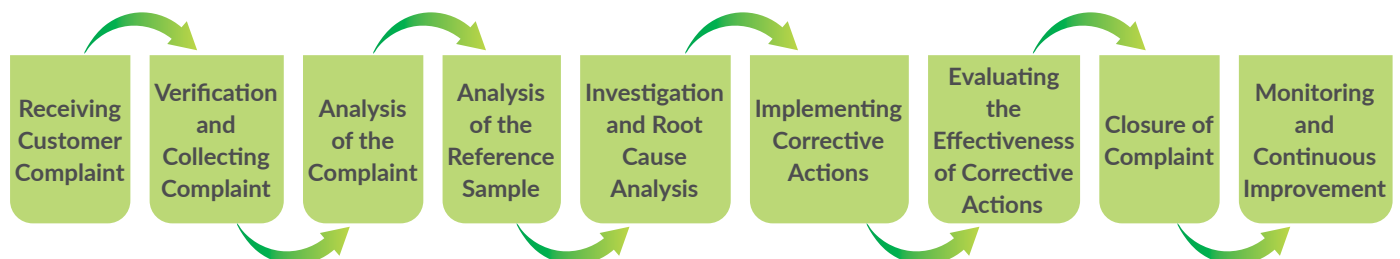
showcase its core value proposition in real-time: delivering uncompromised authenticity, rich flavour and modern convenience to both ambitious home cooks and millions of viewers nationwide.

The strategic impact by empowering contestants to transform local recipes into world-class gourmet creations, Sera successfully elevated its brand equity, deepened consumer engagement and reinforced CBL's corporate commitment of trust and confidence.

2.4 Customer Complaints Management

The Company treats customer complaints as opportunities to improve quality, build confidence and drive continuous improvement. A dedicated quality assurance team reviews and resolves complaints promptly and professionally, reinforcing customer satisfaction, service excellence and operational improvement.

Customer Complaint Handling Process



SOCIAL AND RELATIONSHIP CAPITAL

3. OUTPUTS, OUTCOMES AND IMPACT

3.1 Increased Customer Satisfaction and Loyalty

During the year, CFL recorded increased customer confidence across its product portfolio. Despite challenging market conditions and pressure on household food budgets, consumers continued to include the Company's products in their daily consumption basket, reflecting the strength of the brand and the relevance of its offerings. These initiatives contributed to improved customer retention and satisfaction levels.

3.2 Expanded Market Share

CFL recorded maintain in market share across key brands, strengthening competitive positioning in the market.

3.3 Stronger Brand Positioning

While Lankasoy continues to lead the market in the soy category with over 40% market share, Sera and Nutriline brand positioning improved during the year. These products are being sought after by customers who continue to include them in their product basket.

Lankasoy's “රස මතක අලුත් කරයි” campaign received recognition at both the Effie Awards Sri Lanka and Dragons of Sri Lanka, increasing brand visibility and customer relevance.



Effie Awards
Sri Lanka 2025



Dragons of
Sri Lanka 2025

3.4 Business Growth and Resilience

Improved market share, customer loyalty and a strong commitment to sustainability supported stable business growth during the year. Effective marketing and credible customer engagement enabled the Company to navigate macroeconomic and competitive challenges, with several product portfolios performing above forecast. As presented on Page 98 under Manufactured Capital, production volumes have increased in line with the growth in sales volumes.

Financial and Strategic Impact of Customer Capital

Strengthened customer relationships supported repeat purchases, brand loyalty and market share across key product categories, contributing to volume growth and

competitiveness in the FMCG sector. The customer engagement and brand-building initiatives also supported demand stability, improving production planning and inventory management.

SUPPLIERS

Suppliers play a critical role in ensuring operational continuity and supply chain resilience in the FMCG sector, supporting timely sourcing, uninterrupted production and reliable manufacturing performance through long-term collaboration.

GOVERNANCE OF SUPPLIER RELATIONSHIPS

The management oversee supplier relationship management and supply chain strategy to ensure alignment with operational priorities, quality standards and risk management. Guided by established procurement policies, supplier selection procedures and ongoing performance reviews, the Company strengthens supply continuity and operational stability.

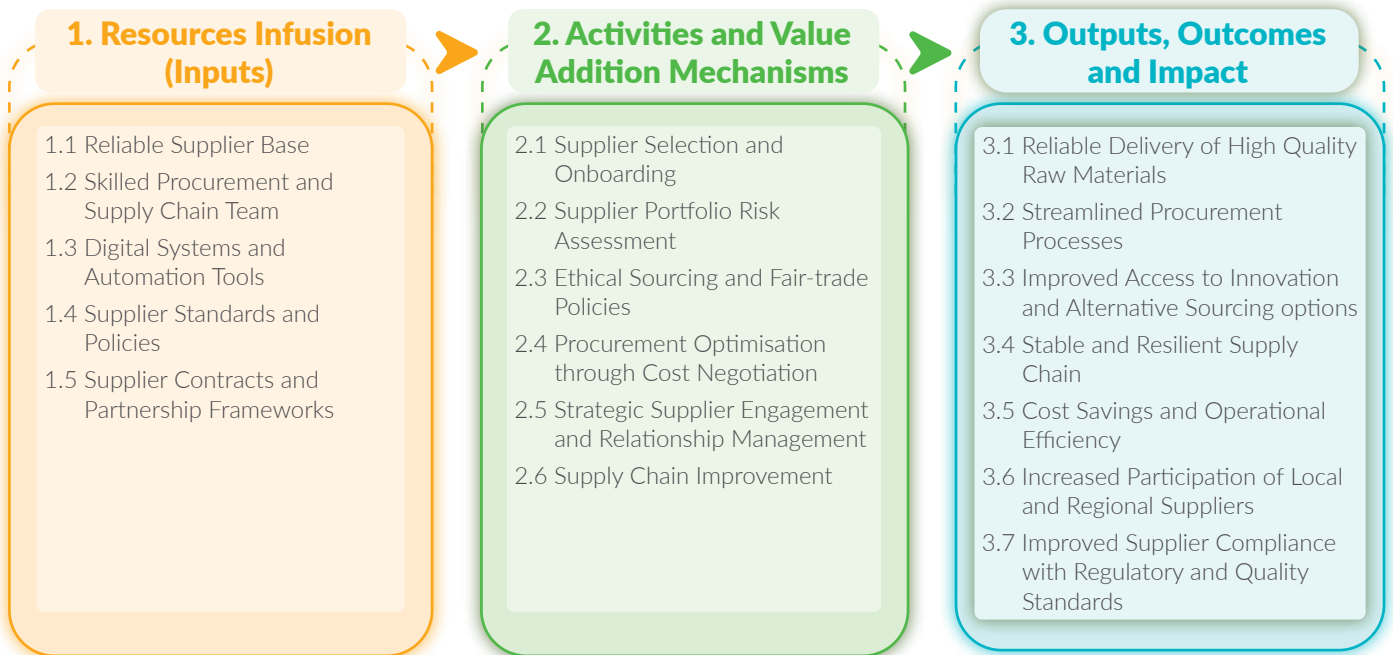
STRATEGY FOR SUPPLIER RELATIONSHIPS

Our supplier relationship strategy focuses on building reliable, long-term partnerships that ensure consistent supply and quality. The Company continues to strengthen its supplier network through diversification, ethical sourcing and ongoing engagement.

Key strategic priorities include:

- Strengthening a reliable and diversified supplier base across local and international markets
- Ensuring uninterrupted access to high-quality raw materials and services
- Promoting ethical sourcing, food safety and supplier compliance with regulatory and the Company's standards
- Building long-term supplier partnerships through engagement and monitoring

SUPPLIER VALUE CREATION



RESOURCES INFUSION (INPUTS)

1.1 Reliable Supplier Base

CFL strengthened its supplier network to support uninterrupted manufacturing inputs, maintaining a reliable and diverse base of over five-hundred (500) recurrent local and international suppliers. During the year, the Company enlisted seventy-two (72) new suppliers, reducing dependence on selected suppliers and further broadening the supplier base.

1.2 Skilled Procurement and Supply Chain Team

The procurement and supply chain team plays a key role in sustaining cost effectiveness across the value chain through supplier negotiations and logistics management, ensuring uninterrupted input availability and responsiveness to changing market conditions.

1.3 Digital Systems and Automation Tools

During the year, the Company further strengthened procurement and supply chain operations systems (Ariba System) that enhanced monitoring and operational visibility, while streamlining workflows and compliance.

Key initiatives included:

- Operational visibility – Improved transparency across procurement and supply chain networks
- Workflow streamlining – Simplified processes and reduced redundancies
- SAP system integration – Enabled real time visibility and decision making
- Demand forecasting – Improved accuracy in predicting customer needs
- Inventory optimisation – Balanced stock levels and reduced waste

SAP integration across the supply chain improved process visibility and efficiency. It also supported more accurate demand forecasting and better inventory optimisation.

1.4 Supplier Standards and Policies

The Company adheres to established sourcing standards to ensure product safety and compliance. Please refer to Page 156 of the Intellectual Capital Section for more details on the food safety standards.

1.5 Supplier Contracts and Partnership Frameworks

CFL maintains structured supplier contracts and partnership frameworks that support long-term collaboration and alignment with procurement objectives.

SOCIAL AND RELATIONSHIP CAPITAL

ACTIVITIES AND VALUE ADDITION MECHANISMS

2.1 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.

Supplier Screening Process



Process Step	Screening Activity
Initial Document Review	Environmental certifications (ISO 14001)
Sample Approval	As per specification
Initial Supplier Audit	Audits to verify waste segregation and disposal, chemical storage practices, emergency preparedness, environmental monitoring records and test reports, pollution prevention measures and legal compliance
Approval Decision	As per workflow
Ongoing Monitoring	Annual document review with supplier assessment questionnaire, Periodic audits

2.2 Supplier Portfolio Risk Assessment

By evaluating risks relating to supply continuity, quality, compliance and ethical standards, CFL strengthens supply chain stability and supports uninterrupted operations. During the year, fifteen (15) supplier risk audits were conducted, helping avert potential risks.

2.3 Ethical Sourcing and Fair-Trade Policies

CFL remains committed to ethical sourcing and fair-trade principles by partnering with suppliers that uphold labour rights and environmentally responsible practices. Compliance is monitored through field visits, supplier evaluations and ongoing engagement while suppliers are regularly updated on the Company's ethics and fair-trade standards to support continued alignment with regulatory.

Supplier ESG Performance Monitoring

The Company is progressively strengthening its supplier evaluation framework by incorporating Environmental, Social and Governance (ESG) criteria into supplier assessments.

Key focus areas include:

- Compliance with labour standards and workplace safety
- Environmental responsibility, including waste management and resource utilisation
- Adherence to product quality, food safety and regulatory standards

The Company aims to expand supplier monitoring through structured ESG assessments, periodic audits and continuous engagement to improve supplier compliance.

2.4 Procurement Optimisation through Cost Negotiation

The procurement function focused on cost optimisation, order planning, timely sourcing and digital automation. During the year, savings were achieved through contract renegotiation, order consolidation, better timing of purchases and supplier competition.

2.5 Strategic Supplier Engagement and Relationship Management

The Company adopts a structured and technology-driven approach to supplier engagement and relationship management, leveraging the SAP Ariba platform for supplier onboarding, qualification, sourcing processes, communication and performance monitoring. Continuous engagement with suppliers is supported through training programmes, regular monitoring and audit activities aimed at improving capabilities and adherence to quality, compliance and operational standards. Awareness initiatives are also conducted to promote best practices in product quality, regulatory compliance and ethical conduct.

2.6 Supply Chain Improvement

The procurement team continues to drive the success of our sourcing strategy by managing supplier relationships, optimising costs and fostering innovation.

Key Initiatives in Supply Chain Strengthening	
Cost optimisation	Through strategic sourcing and negotiation, we drive cost savings.
Supplier Relationship Management (SRM)	Strengthened key supplier partnerships improved service levels and reduced lead times. Ethical sourcing was further reinforced through supplier reviews and site visits.
Risk management	Developed and implemented risk management strategies to mitigate supply chain disruptions, ensuring business continuity during periods of disruption.
Information management	Effective information management for strengthening supplier relationships, ensuring accurate, timely and operational decision-making.

OUTPUTS, OUTCOMES AND IMPACT

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

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 supply chain stability, ensuring uninterrupted supply and production continuity during periods of market volatility.

3.5 Cost Savings and Operational Efficiency

Supplier partnerships, stronger procurement planning and favourable terms improved supply chain cost efficiency and better working capital management. Strengthened supplier relationships also reduced lead times, minimised disruptions and improved production planning.

3.6 Increased Participation of Local and Regional Suppliers

CFL supports local economic development by engaging with rural and community-based suppliers, providing them with stable demand, training and fair-trade opportunities. 16% of suppliers were outside the western province.

3.7 Improved Supplier Compliance with Regulatory and Quality Standards

As part of supplier onboarding, the Company reviews regulatory documentation and compliance with quality standards, including on-site inspections where relevant. Product quality is also assessed at the sourcing stage to support the required standards for food products.

COMMUNITY

Community engagement remains a key focus area for CFL, supporting a stable operating environment and shared value creation.

GOVERNANCE OF COMMUNITY RELATIONSHIPS

The Board and senior management oversee community engagement and social responsibility initiatives, ensuring alignment with the Company's sustainability priorities and stakeholder commitments.

COMMUNITY STRATEGY

CFL's community strategy focuses on building trust-based relationships with surrounding communities while creating sustainable social, economic and environmental value through targeted programmes that support wellbeing, livelihoods and environmental stewardship.

Key strategic priorities include:

- Strengthening community trust and confidence through transparent engagement
- Supporting community wellbeing through CSR, welfare and health-related initiatives
- Promoting environmental sustainability through awareness and eco-conscious programmes
- Creating positive socio-economic impact through employment and skills development

SOCIAL AND RELATIONSHIP CAPITAL

COMMUNITY VALUE CREATION



RESOURCES INFUSION (INPUTS)

1.1 Investment in CSR and Community Development

During the year, the Company invested Rs.12.2 Mn in CSR initiatives, of which Rs.10.2 Mn was allocated to community and social development programmes aimed at supporting community relationships. This included a contribution of Rs.10.0 Mn to Sri Lanka Government towards rehabilitation and rebuilding efforts in response to Cyclone Ditwah.

1.2 Investment in Environmental Sustainability Initiatives

Environmental sustainability remained integral to CFL's community value creation approach. During the year, the Company invested Rs.1.9 Mn in environmental initiatives, advancing eco-friendly practices and contributing its long-term commitment to sustainability.

1.3 Social Support and Community Outreach Initiatives

CFL continued to invest in social support initiatives that strengthened community relationships and addressed the needs of surrounding communities, creating meaningful social impact and engaging its role as a responsible corporate citizen.

ACTIVITIES AND VALUE ADDITION MECHANISMS

2.1 Community Support Programmes and Economic Initiatives

CFL supports community economic wellbeing by providing nutritious, affordable food products that improve access to essential nutrition. The Company also contributes to local economic development through partnerships with SMEs and inclusive employment practices, extending the benefits of its operations to a wider segment of society and supporting shared prosperity and long-term community development.

2.2 Community Communication and Engagement Initiatives

CFL further strengthened relationships with surrounding communities through transparent communication and voluntary disclosure of sustainability and governance matters beyond regulatory requirements, fostering trust and confidence.

2.3 Environmental Sustainability Initiatives

In line with its environmental stewardship agenda, CFL continued several eco-conscious initiatives during the year to

reduce waste, lower carbon impact and promote circular economy practices. These included the:

- Recycling Initiatives (PET Bottle Collection and Used Ball-Point Pen Collection)
- Initiatives for clean environment (Beach Clean-up Campaigns)
- Environment friendly initiatives (Eco-Bag Campaigns conducted by Sera and Lankasoy and Coconut Spoons Initiative)
- Waste reduction initiatives (Use of digital platforms and paperless processes, cloud-based document sharing and optimised online banking)

Further details are provided in the Sustainability Disclosures section and under Natural Capital on Pages 44-47 and 122-125.

2.4 Social Support and Relief Initiatives

CFL undertook several social support and outreach initiatives during the year to strengthen community relationships and social wellbeing. Further details on Manusith Sathkaraya and Kataragama Pada Yathra are provided under Key Consumer Engagement Initiatives in the Customer section on Page 134. The Company also extended targeted relief,

rehabilitation and rebuilding support to communities affected by Cyclone Ditwah, demonstrating its commitment to responsive and responsible community engagement.

3. OUTPUTS, OUTCOMES AND IMPACT

3.1 Improved Community Wellbeing and Socio-Economic Support

The Company's CSR initiatives continued to create meaningful value for communities through programmes in education, nutrition and skills development, improving quality of life and socio-economic wellbeing. Employment generated through the Company's operations and supplier network also supported household incomes, local economic development and reduced unemployment in surrounding communities.

Impact Measurement

CFL continues to strengthen its approach to measuring the outcomes of community

investments. During the year:

- CSR initiatives supported communities through education, livelihood and social development programmes
- Community engagement initiatives reached over 200,000 individuals through awareness and activation campaigns
- Increased participation of local suppliers and SMEs contributed to income generation and regional economic development

The Company aims to further enhance impact measurement by linking CSR investments to measurable socio-economic outcomes and long-term community development indicators.

3.2 Improved Access to Nutrition and Essentials

In addition, the provision of affordable and nutritious food products through the Company's distribution channels contributed positively towards improving food security and health outcomes.

3.3 & 3.4 Strengthened Community Trust and Social Connection & Improved Community Perception and Trust

Consistent and transparent engagement improved trust, collaboration and overall community perception.

3.5 Positive Environmental Awareness and Sustainability Impact

Environmental initiatives implemented during the year increased awareness of responsible practices among employees, customers and communities, while contributing CFL's long-term commitment to sustainability and environmental stewardship.

GOVERNMENT AND OTHER REGULATORY BODIES

CFL engages with government authorities, regulators and partner institutions to support compliance, approvals and operations. The Company made no political contributions, either monetary or in-kind, during the reporting period other than statutory payments and the donation of Rs.10.0 Mn to 'Rebuilding Sri Lanka Fund' (CBL Group together donated Rs.100.0 Mn).

Engagement with Government and Regulatory Institutions

Category	Organisation	Type of Engagement
Governmental organisations	Sri Lanka Standards Institution (SLS)	To ensure our products are within the quality standards stipulated by the government
	Central Environment Authority (CEA)	Adherence to environmental regulations to ensure our processes have zero impact on the environment
	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
	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
	Sri Lanka Customs	Import clearance and duty payments

SOCIAL AND RELATIONSHIP CAPITAL

Category	Organisation	Type of Engagement
Other partnering organisations and regulatory bodies	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 Agency	Translations relevant to packaging development

INDUSTRY ENGAGEMENT

CFL actively participates in industry associations, contributing to sector development, knowledge sharing and business collaboration. Through these engagements, the Company continues to strengthen industry partnerships and create positive sector impact while upholding its values of integrity, quality, and customer satisfaction.

- Sri Lanka Food Processors' Association (SLFPA)
- The Employers' Federation of Ceylon (EFC)
- Industrial Association of Sri Lanka (IASL)
- Lanka Confectionery Manufacturers' Association (LCMA)

SHAREHOLDERS

The Company remains committed to protecting shareholder interests, delivering sustainable returns and creating long-term value through prudent financial stewardship and strategic decision-making. CFL has 1,897 shareholders, with a market capitalisation of Rs.6,393.8 Mn on the CSE.

Further details on shareholder objectives, value delivered and communication channels are set out in the Shareholder Engagement Section on Pages 185-186, while additional information is provided under Financial Capital on Page 87 and Shareholder and Investor Information on Pages 291-293.

EMPLOYEES

CFL is committed to fostering strong employee relationships and an inclusive, engaging workplace culture. Through a holistic people-focused approach that supports employee wellbeing, engagement and long-term development, the Company continues to address the physical, mental, spiritual, professional, social and work-life balance needs of its workforce. Further details are provided in the Human Capital section on Pages 103-118.

SOCIAL AND RELATIONSHIP CAPITAL IMPACT

The Social and Relationship Capital enhances impact by strengthening stakeholder engagement, customer relationships and supplier partnerships, leading to greater trust and collaboration. This drives growth and supply continuity while reinforcing reputation and social licence to operate. As a result, it improves business resilience, revenue growth and operational reliability. Ongoing community investment and engagement also reduce risk exposure and build institutional trust. Ultimately, this supports long-term value creation and sustainable business continuity.

RISKS AND RESPONSES RELATED TO SOCIAL AND RELATIONSHIP CAPITAL

The Company has implemented strategic measures to mitigate risks relating to Social and Relationship Capital, strengthening customer trust, supplier resilience, regulatory compliance and stakeholder relationships.

- Strengthen customer engagement, quality and brand relevance through innovation and targeted initiatives
- Maintain supplier continuity and responsible sourcing through diversification, risk assessment and engagement
- Build stakeholder trust through transparent communication, responsible practices and timely engagement

By integrating stakeholder relationship management with business strategy, CFL supports operational continuity, protects reputation and strengthens long-term value creation. Please further refer to the Integrated Risk Management section on Pages 192-196 for details of the risks identified in relation to the capitals.

Key Risk	Potential Impact	Mitigation Measures
Changing consumer preferences and affordability pressures	Reduced demand, weaker brand relevance and pressure on market share	Continuous customer insight gathering, product innovation, value-driven portfolios and targeted marketing initiatives
Product quality or reputational failures	Reduced customer trust, lower retention and reputational damage	Strong quality assurance systems, transparent labelling, supplier audits and customer complaint management
Supply chain disruption and supplier dependency	Delays in raw material availability, production instability and cost escalation	Diversified supplier base, supplier risk assessments, procurement planning and strategic supplier engagement
Weak community or stakeholder relationships	Reduced goodwill, weaker social license to operate and stakeholder dissatisfaction	CSR investments, community outreach, transparent communication and responsive support initiatives
Regulatory and compliance risk	Fines, delays, reputational exposure and operational disruption	Ongoing regulatory engagement, statutory compliance, certifications and structured monitoring processes

Strategic actions have also been taken to mitigate the Sustainability and Climate-related risks as follows. At the same time, targeted Sustainability and Climate-related opportunities were also identified. Please refer to the Disclosures of SLFRS S1 and S2 on Pages 48-69 for further details.

Targeted Sustainability and Climate-Related Risks Mitigation Actions Aligned with the Social and Relationship Capital

- Engage stakeholders to address climate concerns early
- Ensure compliance through audits, policies, training and monitoring
- Promote sustainable practices to protect reputation and trust

Targeted Sustainability and Climate-Related Opportunities Aligned with the Social and Relationship Capital

- Build trust through compliance, ethics and engagement
- Strengthen reputation through sustainable and responsible practices
- Improve resilience through stakeholder collaboration

CONNECTIVITY AND TRADE-OFFS WITH OTHER CAPITALS

Social and Relationship Capital creates value across other capitals while requiring careful management of cost, compliance, stakeholder expectations and operational efficiency. CFL adopts an integrated stakeholder engagement approach to support sustainable value creation across the business.

Social and Relationship Capital Contribution	Value Created	Trade-offs Managed
Financial Capital		
Customer, shareholder, supplier, community and regulatory relationships support revenue generation, cash flow stability, statutory contributions and investor confidence	• Trade fairs generated over 100,000 customer connections • Taxes and other payments to Government amounted to Rs.1,467.0 Mn • A market capitalisation value of Rs.6,393.8 Mn created across 1,897 shareholders and investors	• Balanced spending on stakeholder engagement, marketing, CSR, employee welfare and sustainability with profitability • Managed affordability, promotions and brand investment while sustaining shareholder returns and meeting statutory obligations

SOCIAL AND RELATIONSHIP CAPITAL

Social and Relationship Capital Contribution	Value Created	Trade-offs Managed
Manufactured Capital		
Supplier relationships, procurement capability, distribution channels and regulatory approvals support uninterrupted production, reliable sourcing and operational continuity	- Maintained a diverse supplier base of over five-hundred (500) recurrent suppliers to support uninterrupted inputs - Improved raw material supply and procurement efficiency to strengthen production continuity and reduce downtime - Expanded market reach through marketing and distribution campaigns	- Balanced supplier diversification, ethical sourcing, quality and lead-time expectations with procurement efficiency and responsiveness - Managed supplier audits, onboarding and risk assessments to protect supply continuity and product quality
Intellectual Capital		
Customer data, CRM systems, digital platforms, brand-building initiatives, supplier systems and compliance processes strengthen market intelligence, innovation capability and institutional know-how	- Customer insights supported product refinement, pricing and promotions, while digital engagement expanded brand reach - SAP/Ariba-enabled visibility and automation improved procurement decision-making and operational intelligence	- Managed upfront investment in digital platforms, sponsorships, product development and data-led engagement while preserving short-term efficiency - Balanced innovation, brand-building and quality compliance with speed to market and cost effectiveness
Human Capital		
Employee, supplier and community relationships support a stable working environment, organisational culture, inclusive engagement and employee wellbeing	- Staff welfare expenses reached Rs.79.4 Mn, supporting employee wellbeing and stronger employee-employer relationships - Promoted an inclusive and engaging culture that supported employee wellbeing and work-life balance	- Balanced employee welfare and community expectations with cost management and operational productivity - Managed expectations of employees, communities and suppliers while maintaining operational discipline
Natural Capital		
Community and supplier engagement supports environmental stewardship, compliance and sustainable operating practices across the value chain	- Implemented eco-conscious programmes - Strengthened supplier relationships to support ethical sourcing, food safety and environmental compliance	- Balanced environmental stewardship and compliance with procurement practicality - Managed added monitoring, reporting and process complexity linked to sustainability commitments
Integrated Connectivity		
Social and Relationship Capital connects customers, suppliers, communities, employees, regulators, shareholders and industry partners, directly influencing revenue growth, cost efficiency, risk exposure and long-term sustainability	- Customer loyalty, market reach, supplier resilience, compliance, community trust and investor confidence strengthened business resilience and long-term value creation - The stakeholder ecosystem supported smooth operations across manufacturing, warehousing, distribution, governance and market-facing activities	- Balanced growth, trust, compliance, affordability, sustainability and efficiency across stakeholder groups - Managed the cost, time and governance demands of sustaining meaningful stakeholder engagement

FUTURE OUTLOOK/WAY FORWARD

Initiative	Term	Expected Benefits
Suppliers		
Supply continuity and backup supplier development for key materials	Short-term	Reduce disruption risk and minimise dependency on single-source suppliers
Cost stabilisation and strategic sourcing optimisation	Short to Medium-term	Improve cost predictability and margins through strategic sourcing and negotiation
Inventory optimisation: lock safety stock levels for key raw materials & packaging	Short-term	Reduce obsolete stock, improve forecast alignment and strengthen working capital efficiency
Strengthen supplier performance monitoring through dashboards to achieve delivery targets	Medium-term	Improve delivery reliability, quality performance and lead-time adherence
Strategic sourcing and supplier partnership development	Medium-term	Strengthen supplier collaboration, procurement value and supply resilience
Localisation, risk mitigation and digital process improvement for sourcing	Medium-term	Improve sourcing agility, compliance, operational visibility and long-term supply chain resilience
Customers		
Improve average bill value and sales volume with distributors	Short-term	Increase sales volume, revenue and market penetration
Strengthen distributor and channel networks	Medium-term	Enhance distribution reach and drive collaborative growth
Introduction of new innovative nutritious products	Medium to Long-term	Expand product portfolio, attract new consumers and expand market share

Short-term (0 to 12 months)

Medium-term (1 to 3 years)

Long-term (3 to 10 years)

Please refer to the following sections for the engagement relating to other key stakeholders covered under Social and Relationship Capital:

- Community, Government and Regulatory Bodies – Stakeholder Engagement (Page 75)
- Shareholders – Shareholder Engagement (Pages 185-186)
- Employees – Human Capital (Pages 103-118)

INTELLECTUAL CAPITAL

CFL’s Intellectual Capital encompasses its brands, R&D capabilities, consumer insights, digital platforms, food safety systems, certifications, accreditations and organisational knowledge. It is a core asset driving credibility, operational excellence, consumer trust and long-term sustainability, covering both codified knowledge (systems, SOPs, intellectual property) and tacit knowledge embedded in people and culture.

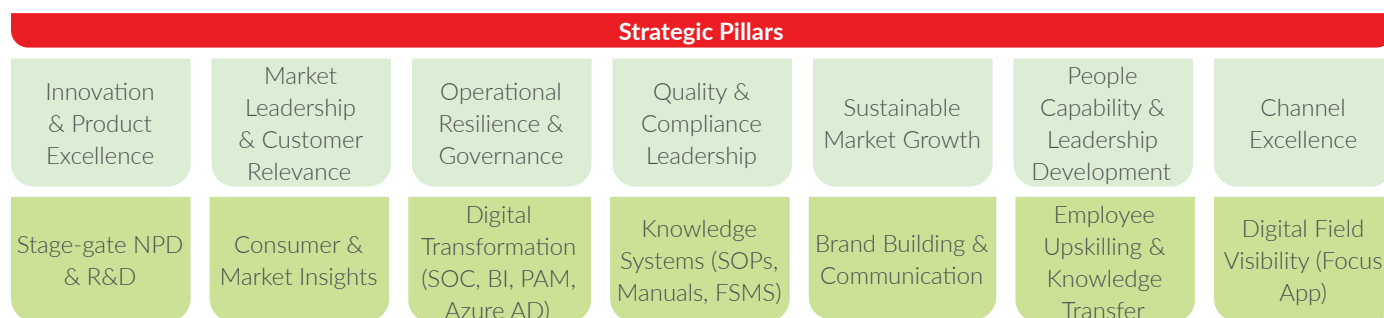


GOVERNANCE OF INTELLECTUAL CAPITAL

The Company's IC governance framework aligns with recognised standards and Group IT policies and is supported by audits, penetration testing and incident response mechanisms, with a clear focus on protecting intellectual assets through strong compliance, risk management, controls and continuous monitoring.

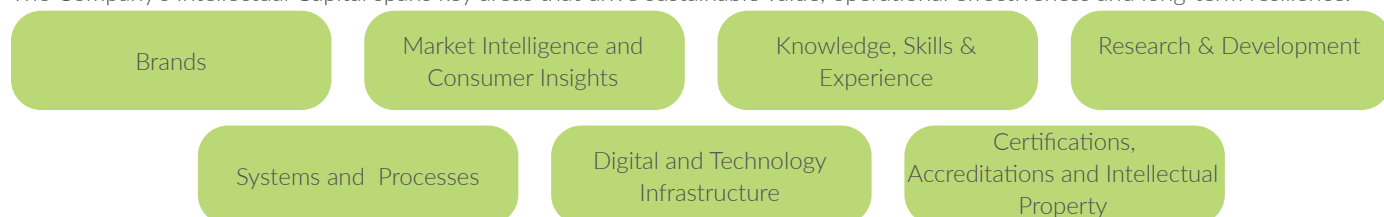
STRATEGY OF INTELLECTUAL CAPITAL

The Company adopts a strategic and disciplined approach for Intellectual Capital management, recognising its importance in sustaining operational strength, organisational resilience and long-term value creation. This enables the business to continuously reinforce the intangible drivers that contribute to its overall effectiveness and strategic progression.



Intellectual Capital Activity	Strategic Alignment (Pillar Link)	Value Impact
Stage gate NPD & R&D	Supports innovation and product excellence through disciplined product development, concept validation and compliance before launch	Higher NPD success, reduced launch failures, better shelf life and improved product quality
Consumer & Market Insights	Supports market competitiveness and customer relevance by turning consumer and channel insights into product, packaging, pricing and communication strategies	Stronger brand resonance, better market penetration and optimised portfolio performance
Digital Transformation (SOC, BI, PAM, Azure AD)	Strengthens resilience, governance, quality and compliance through secure data access and enable real-time analytics	Reduced cyber risk, better uptime, faster insights, stronger compliance and higher productivity
Knowledge Systems (SOPs, Manuals, FSMS)	Supports quality and compliance by standardising work practices and maintaining audit readiness	Lower non-conformities, fewer errors, stable quality and better traceability
Brand Building & Communication	Uses insights, digital campaigns and channel strategies to build brand trust, visibility and connection	Higher brand equity, repeat purchase, improved market share stability
Employee Upskilling & Knowledge Transfer	Builds people's capability and leadership by strengthening skills, pipelines and knowledge retention	Higher retention, lower skill gaps, more consistent performance and stronger succession readiness
Digital Field Visibility (Focus App)	Supports channel excellence through field data that improves visibility, distribution decisions and merchandising effectiveness	Improved sales efficiency, expanded channel coverage and faster resolution of in-market issues

The Company's Intellectual Capital spans key areas that drive sustainable value, operational effectiveness and long-term resilience.



INTELLECTUAL CAPITAL

BRAND PORTFOLIO

Value Creation Model



Brands

CFL’s brands are key intangible assets that drive growth, profitability and long-term competitive advantage.



Brand Portfolio Performance

During the year, Lankasoy retained market leadership in textured soya protein (over 40% share), while Sera recorded strong volume growth in spices and coconut milk. Nutriline gained market share as a preferred local cereal brand and Tetos saw demand among younger consumers.

Brand	Position	Growth Driver	Risk
Lankasoy	Market leader (>40%)	Product innovation	Category maturity
Sera	Growing	Portfolio expansion	Competition
Nutriline	Emerging	Urban demand	Brand awareness
Tetos	Maintaining	Innovation	Market fit

Brand Building Initiatives

CFL continued to strengthen its brand portfolio through product quality, innovation, customer experience and responsiveness to changing consumer preferences, while remaining committed to enhancing brand equity through value delivery, responsible business practices and a customer-centric approach.

Brand Outputs, Outcomes and Impact

Outputs	Outcomes	Impact
- Brand health tracked - Channel and visibility data generated - Market presence strengthened Leadership retained in key categories	- Higher loyalty and consumer confidence - Better penetration, presence and share stability - Stronger marketing effectiveness	- Stronger long-term brand equity and loyalty - Sustained growth and market leadership - Higher long-term shareholder value

Key initiatives in 2025/26 included:

- Consumer Insight Loops**
Consumer insight loops support brand positioning, campaign refinement and product communication strategies through ongoing feedback and market observation.

- Channel Intelligence**
Retail audits provide visibility into competitor activity, Out-Of-Stock (OOS) situations and promotional dynamics. These insights guide channel partnerships, merchandising strategies and production planning.

Brand Management Approach

Brand growth and management are driven by research-led market insight and disciplined execution.

- Research-led market insights
- Integrated marketing strategies
- Analytics and performance tracking
- Consistent execution across all distribution channels

This approach ensures alignment between brand positioning and consumer expectations while enhancing overall brand value.

MARKET INTELLIGENCE AND CONSUMER INSIGHTS

Value Creation Model



Market Intelligence, Consumer Insights and Activities

These support competitiveness and long-term growth by informing strategic decisions, strengthening brand relevance and identifying emerging opportunities.

Structured Insight Framework

A structured research cadence ensures that portfolio decisions are firmly grounded in evidence.

Method	Frequency	Strategic Purpose	Responsible Function
Focus groups	Quarterly	Product concept and recipe validation	Marketing/R&D
Retail audits	Monthly	Distribution tracking and shelf visibility	Sales/Marketing
BI dashboards	Daily	Sales performance	Sales/Marketing
Consumer surveys	Bi-annual	Assess brand health and customer satisfaction	Marketing

Data-Driven Decision Making

Insights generated through these mechanisms are systematically analysed and integrated into business decisions, including:

- Product development and reformulation
- Pricing and promotional strategies
- Channel and distribution planning
- Marketing campaign effectiveness

This structured approach ensures that business strategies are grounded in real consumer behaviour and market evidence.

Product Quality, Consumer Trust and Market Outputs, Outcomes and Impact

Strong Intellectual Capital helps maintain product quality and consumer trust by improving recipe, FSMS, sensory evaluations and post-launch feedback to reduce issues and enhance consumer acceptance.

Outputs	Outcomes	Impact
• Consumer and market insights generated • Distribution and competitor data captured • Decision inputs produced for pricing and promotion • Brand health monitored	• Better market responsiveness • Stronger product acceptance and trust • Better visibility and portfolio performance	• Stronger competitiveness and resilience • Sustained consumer relevance • Better long-term growth

KNOWLEDGE, EXPERIENCE, SKILLS AND EXPERTISE

Value Creation Model



INTELLECTUAL CAPITAL

CFL's Intellectual Capital is strengthened by specialised expertise in food science, quality assurance, process excellence, consumer insight generation and commercial execution. Through structured learning, mentoring, cross-functional exposure and succession planning, the Company systematically preserves critical knowledge and strengthens organisational capability, enabling sustainable innovation, operational excellence and long-term competitiveness.

Details relating to employee service experience and workforce profile are provided in the Human Capital section on Pages 115 and 107.

Knowledge Retention Outputs, Outcomes and Impact

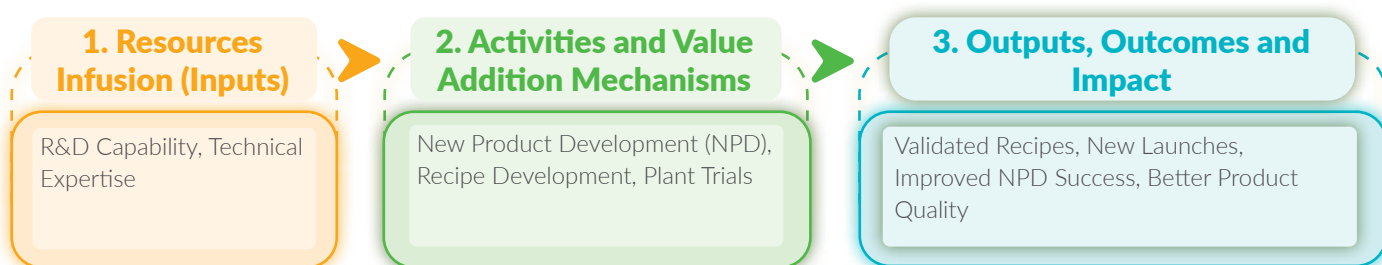
CFL strengthens Intellectual Capital through knowledge sharing, mentoring, leadership development and cross-functional exposure, enhancing organisational capability, operational consistency, succession planning and employee retention.

Further details on training investment, employee learning KPIs and knowledge and capability outcomes are presented in the Human Capital section on Pages 113-116.

Outputs	Outcomes	Impact
• Training programmes delivered • Knowledge repositories maintained • Mentoring and exposure opportunities provided • Learning content made accessible	• Lower skill gaps and better consistency • Higher retention and succession readiness • Stronger capability depth	• A future-ready workforce • Better knowledge retention • Stronger long-term resilience

RESEARCH AND DEVELOPMENT

Value Creation Model



Research and Development (R&D) as a Strategic Value Driver

R&D drives product innovation and competitiveness in response to evolving consumer needs and regulatory demands.

R&D Investment and Focus

In 2025/26, CFL invested Rs.27.6 Mn in R&D, including R&D staff remuneration (2024/25: Rs.23.6 Mn). The continued investment supported the strengthening of the Company's product portfolio and the development of products aligned with evolving consumer needs, nutrition trends and value expectations.

Strategic Research and Innovation Focus

CFL's innovation agenda leverages consumer insights, market intelligence and cross-functional collaboration to deliver relevant, value-driven products that meet evolving needs and strengthen competitiveness and consumer trust.

Focus Area	Strategic Priority	Description
Consumer	Consumer-centric products	Innovations address needs, preferences, nutrition and convenience
	Value for money	Pricing aligned to expectations
Company	Market presence	Broad market coverage in core segments
Research and Innovation	Investment in innovation	Targeted R&D, technology and inventive solutions
	Collaboration for innovation	Partnerships with research institutions

Focus Area	Strategic Priority	Description
Process Excellence	Efficient development framework	Six-stage plan ensures efficiency
	Production excellence	Continuous improvement on the shop floor

Stage-Gate New Product Development

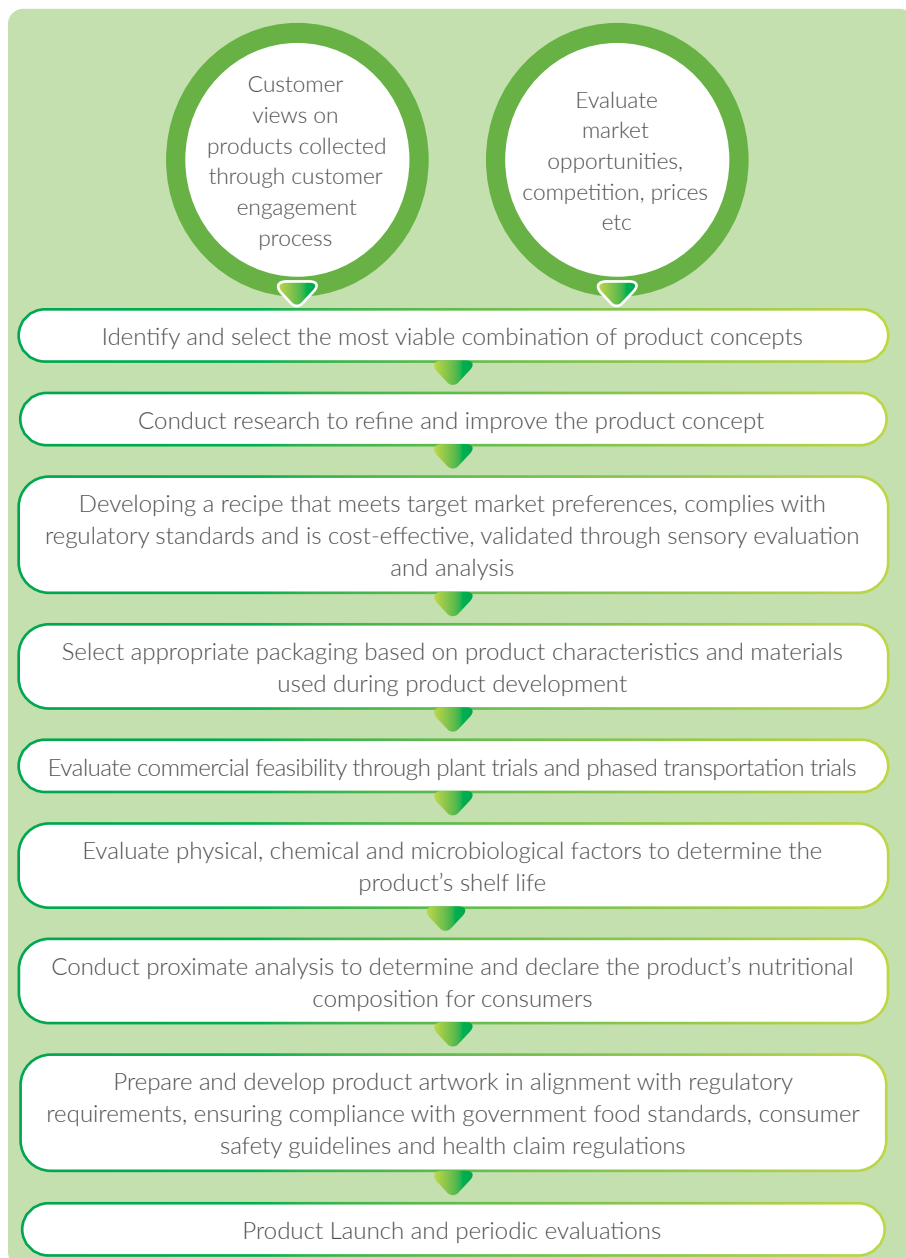
CFL's R&D follows a structured stage-gate process to deliver safe, consumer-led innovations while ensuring compliance, reducing risk and improving launch readiness and post-launch learning.

Product Development Process

We enhanced our product portfolio through innovation and customer feedback, while considering customer needs, nutrition and convenience in product development and pricing.

Packaging and Sustainability

The R&D team also focused on packaging improvements, compliance, clearer consumer information and more sustainable packaging options.



INTELLECTUAL CAPITAL

R&D Outputs, Outcomes and Impact

New Product Development and Innovation

Lankasoy – Moju Taste – Soya Meat – 90 g

The Lankasoy Moju variant delivers a bold and authentic flavour experience inspired by traditional Sri Lankan Moju, combining a balanced blend of sweet, tangy and aromatic spices. Positioned within the authentic flavour range, it reflects the brand's focus on culturally rooted taste profiles.



Offered in a 90 g pack, it provides a convenient, affordable and nutritious meal solution, while further strengthening the brand portfolio through enhanced flavour variety.

Sera Roasted Curry Powder – 50 g and 100g (Relaunched)

Sera Roasted Curry Powder offers a rich, full-bodied flavour through a carefully balanced blend of quality spices, expertly roasted to enhance aroma, colour and intensity. As a core product in the Sera spice portfolio, it reinforces the brand's promise of authentic Sri Lankan taste and consistent quality.



Available in 50 g and 100 g packs, the product meets varied household needs and consumption occasions while serving as a convenient cooking essential that enhances brand equity and delivers value, versatility and everyday affordability to consumers.

Lankasoy Champ – Chicken Flavour – Soya Meat – 90 g

The Lankasoy Champ Chicken Flavour variant delivers a rich and savoury taste experience, replicating the familiar profile of chicken through a well-balanced blend of spices and seasonings. Designed to cater to mainstream taste preferences, this variant strengthens the brand's appeal among consumers seeking meat like flavour in a plant-based format.



Packaged in a convenient 90g format, it offers an affordable and nutritious everyday meal solution, enriching the Lankasoy portfolio with increased flavour variety and improved accessibility.

Tetos – Snack – Salsa – 60 g

The Tetos Salsa variant delivers a vibrant and tangy flavour profile, developed through a balanced blend of tomato, herbs and mild spices to appeal to a broad and evolving consumer base. Strategically positioned as a contemporary extension of the Tetos portfolio, the product aligns with increasing demand for globally inspired snacking experiences.



Launched in a convenient 60 g pack, it is purposefully designed for impulse consumption and everyday snacking occasions. The introduction of the Salsa variant reinforces the Tetos brand by driving flavour innovation, enhancing portfolio diversification and supporting value driven market expansion.

Outputs	Outcomes	Impact
• Three (3) new products launched • Recipes and trials validated • Improved formulations developed • Sustainable packaging options assessed	• Higher NPD success • Better quality and shelf-life stability • More relevant and value-driven products	• Sustained innovation pipeline • Stronger differentiation • Long-term growth through innovation

SYSTEMS AND PROCESSES

Value Creation Model



Systems and Processes as a Strategic Enabler

Systems and processes are a key component of CFL's Intellectual Capital, supporting operational efficiency. Continuous investments in process improvement and integrated management systems enable the Company to enhance scalability and ensure compliance.

Knowledge Systems and Governance

These systems ensure consistent execution, preserve institutional knowledge and support audit readiness through standardised policies, SOPs and digital repositories. Collectively, these repositories strengthen knowledge retention and operational consistency while enabling audit preparedness. The table below outlines ownership, scope and status for the 2025/26 financial year.

Repository	Ownership (Function)	Scope	Update Frequency	2025/26 Status
SOP Library	QA/Manufacturing	Process steps, controls, responsibilities	Annually	Updated
Food Safety Manuals	QA/EHS	HACCP plans, CCPs, verification	Annually	Revised: 1st June 2025
Food Safety and Quality Procedures	QA	Incoming/inline/final inspections	Annually	Revised: 1st June 2025
Regulatory and Labelling	R&D/QA	Compliance with local/export standards	Quarterly	Non-conformities: 0
Product Specification Arrangement	QA/R&D	Material key parameters specification	As required	-
Knowledge Portals	HR/IT	SharePoint/Internal KM tools	Continuous	Active users: 110

Operational Systems & Process Outcomes

CFL's integrated systems, FSMS and quality assurance protocols, enhancing compliance, reducing risk and improving overall performance.

DIGITAL AND TECHNOLOGY INFRASTRUCTURE

Value Creation Model



INTELLECTUAL CAPITAL

During the year, CFL strengthened its digital integration across operations with a focus on enhancing security operations, identity and access management and analytics governance, supported by defined KPIs to ensure reliability and responsiveness.

Domain	Tools/Platforms	Practices	2025/26 Performance Measure
Security Operations	XDR, SIEM (SOC)	24/7 monitoring, incident response	Incidents detected/resolved: 664/664; Case Escalations: 28
Identity and Access	Active Directory (AD); Privileged Access Management (PAM); Multi-Factor Authentication (MFA)	Least privilege, access reviews	Privileged accounts reviewed: 3; Findings remediated: Audit in progress
Data and Analytics	BI tools, Dashboards	RBAC, data quality checks	Active BI users: 37; Refresh SLAs: D-1
Mobility	Field apps	Real-time data capture, channel insights	Coverage by channel: GT 100%

Digital Transformation Initiatives

Digital activities modernise CFL's operating model and protect Intellectual Capital. This consolidates the status of key digital initiatives and how success is measured operationally.

Initiative	Purpose	Owner	Status	KPI
SOC operations	Threat detection and response	Group IT	100% completed	SLA-Based Closure Rate: 95%
AD modernisation	Cloud-first identity	Group IT	100% completed	Uptime 99%
PAM implementation	Control privileged access	Group IT	100% completed	Privileged accounts reviewed - 3
BI self-service	Data-driven analytics	IT/Sales	100% adoption	Active users 37, refresh SLA - D-1
Focus app enhancements	Field visibility	IT/Sales	80% deployed Connect implementation - in progress	Coverage by channel GT 100%

Technology Integration Initiatives

Enterprise systems and digital platforms support operational efficiency, secure data management and informed decision-making across the organisation, complementing the digital transformation initiatives outlined above.

Technology Integration Initiative	Description	Benefits
Improving operational efficiency and process automation	Enterprise applications such as SAP RISE and PeoplesHR streamline core business and HR processes through automation and standardised workflows. These integrations reduce processing time and minimise errors.	- Resources are utilised more efficiently - Operational cycles are shortened - Accuracy and consistency of data are improved
Enabling data-driven decision making	MS Power BI and integrated data sources provide real-time insights into sales performance, trends and key operational metrics.	- Improve visibility across business functions - Support faster and more informed decision making - Enable proactive identification of risks and opportunities
Enhancing collaboration and workforce productivity	MS 365, supported by Active Directory, enables seamless communication, collaboration and document management across teams and locations.	- Improved employee productivity and responsiveness - Secure remote and hybrid working capabilities - Reduced dependency on physical office infrastructure

Technology Integration Initiative	Description	Benefits
Strengthening cybersecurity and protecting business assets	Cybersecurity solutions such as XDR, SIEM, PAM, SASE and the 24/7 SOC service ensure continuous monitoring, threat detection and rapid response to cyber incidents.	- Protect sensitive business and customer data - Reduce the risk of cyberattacks and system disruptions - Support regulatory compliance and audit preparedness
Ensuring business continuity and system availability	Cloud infrastructure hosted on MS Azure, combined with enterprise grade network and storage solutions, supports high availability, scalability and resilience of business systems	- Reduced reliance on physical infrastructure - Improved disaster recovery and backup capabilities - Scalable resources aligned with business growth
Supporting secure and reliable network connectivity	Network solutions such as firewalls, AP Wi-Fi, cloud firewalls, NGFW capabilities and ISP partnerships deliver secure, stable and high-performance connectivity across offices, factories and remote locations.	- Secure access to systems and applications - Reliable communication between business locations - Improved user experience
Improving IT service delivery and governance	IT service management tools, including Motadata, MS Intune and Patch Manager, ensure structured service delivery, asset visibility and compliance with IT policies.	- Improve response times and issue resolution - Enhance IT governance, audit readiness and reporting - Optimise asset utilisation and lifecycle management

Digital Resilience, Risk Reduction & Compliance Outputs, Outcomes and Impact

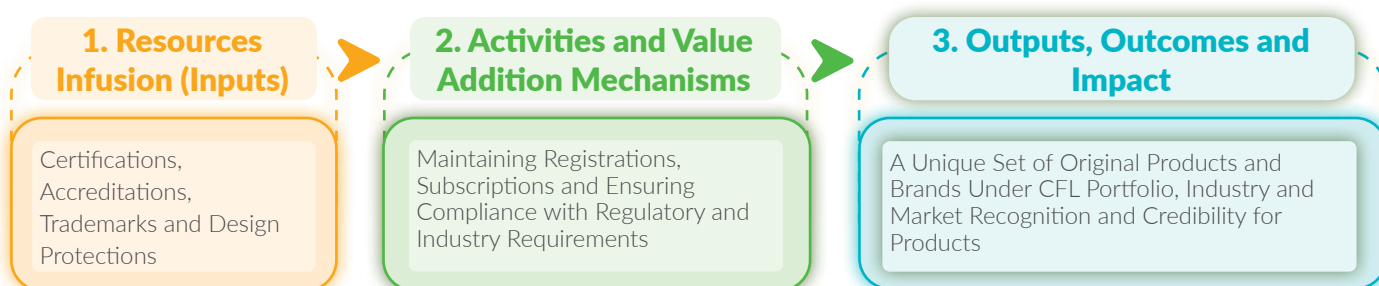
Digital transformation initiatives enhance responsiveness, strengthen cybersecurity and support business continuity. The digital framework ensures a secure and resilient environment, safeguarding intellectual property, improving system reliability and reducing operational risks.

Risk/Compliance Area	Outcome	2025/26 Performance Measure
Cybersecurity	Faster detection and containment of threats	SLA-Based Closure Rate: 95%
Access governance	Stronger PAM/MFA reduces misuse risk	Privileged reviews closed: Audit in progress
IT uptime	Improved system stability	Uptime: 99%

Outputs	Outcomes	Impact
- Dashboards and field data generated - Secure access controls implemented - Threat monitoring maintained	- Faster decisions and higher productivity - Lower cyber risk and higher uptime - Better continuity and coordination	- A more secure and resilient business - Greater long-term efficiency and scalability - Stronger protection of critical assets

CERTIFICATIONS, ACCREDITATIONS AND INTELLECTUAL PROPERTY

Value Creation Model



INTELLECTUAL CAPITAL

Strategic Importance of Certifications and Intellectual Property

Certifications, accreditations and intellectual property strengthen CFL's credibility, competitiveness and long-term sustainability. They demonstrate adherence to recognised standards, enhance stakeholder trust and market access and safeguard proprietary innovations, supporting sustainable value creation.

Intellectual Property Portfolio

CFL's Intellectual Property Framework protects brand identity, product innovations and packaging designs. Assets are actively managed for renewal, compliance and legal protection, minimising risks of unauthorised use and brand dilution.

Industry Benchmarks Achieved

The Company's certifications and industry recognition reflect its commitment to quality and best practices. CFL continues to strengthen systems and processes aligned with globally recognised standards across food safety, operations and workplace health and safety.

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
	SLS ISO 9001:2015 (Quality Management Systems (QMS)) This QMS ensures consistent delivery of products that meet customer and regulatory requirements, while supporting continual improvement
	ISO 14001:2015 (Environmental Management Systems) This standard supports environmental compliance, pollution prevention and resource efficiency, enhancing environmental performance and sustainability
	ISO 22000:2018 (Food Safety Management Systems - FSMS) This standard ensures the effective identification and control of food safety hazards, regulatory compliance and continual improvement through a risk-based preventive approach
	Good Manufacturing Practices (GMP) (SLS 143:2022) GMP certification ensures that manufacturing processes, hygiene, documentation, quality control and product testing comply with recognised standards and SLS 143
	Hazard Analysis and Critical Control Points System (HACCP) This system analyses the physical, biological and chemical hazards which may impact on the food safety of the product throughout the supply chain and eliminates the risks
	Halal Accreditation Council (HAC) This certification ensures that products 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 organisation
	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 The GSO Halal certificate confirms compliance with GSO Halal standards and is required for access to GCC Halal markets

Outputs	Outcomes	Impact
- Certifications maintained - Trademarks and know-how protected - Compliance assurance maintained - Protected IP portfolio retained	- Stronger credibility and recognition - Higher stakeholder confidence - Lower IP and brand risk	- Stronger long-term reputation and trust - Better market access and sustainability - Preserved competitive advantage

RISKS AND RESPONSES RELATED TO INTELLECTUAL CAPITAL

The Company has implemented targeted measures to manage Intellectual Capital risks across knowledge retention, cybersecurity, brand stewardship, innovation, compliance and intellectual property protection. These risks are embedded within the enterprise risk management framework to ensure that intangible assets are effectively governed, protected and aligned with long-term value creation.

Key Risk	Potential Impact	Mitigation Measures
Loss of critical knowledge and expertise	Reduced organisational capability, disruption to continuity and increased dependence on individuals	Structured knowledge transfer, mentoring, succession planning, SOPs, manuals and digital knowledge repositories
Regulatory non-compliance and food safety failures	Product quality issues, audit findings, reputational risk, loss of certifications and potential market disruption	FSMS, HACCP, GMP, ISO systems, regulatory reviews, internal audits and continuous compliance monitoring
Innovation and product development risk	Failed launches, delayed time-to-market, increased development costs and weak market acceptance	Stage-gate NPD process, consumer testing, plant trials, cross-functional reviews and post-launch evaluations
Intellectual property infringement or weak protection	Unauthorised use of brands, formulations or design assets, leading to loss of competitive advantage and reputational risk	Trademark renewals, policy protection for know-how, design registrations, compliance reviews and legal oversight
Inadequate system governance and process control	Inconsistencies in execution, higher operational errors, weak traceability and reduced audit readiness	Standardised policies, SOP updates, internal controls, process reviews, digital governance tools and integrated management systems

Please refer to the Integrated Risk Management section on Pages 192-196 for details of the risks identified in relation to the capitals.

Strategic actions have also been taken to mitigate the Sustainability and Climate-related risks as follows. At the same time, targeted Sustainability and Climate-related opportunities were also identified. Please refer to the Disclosures of SLFRS S1 and S2 on Pages 48-69 for further details.

Targeted Sustainability and Climate-Related Risks Mitigation Actions Aligned with the Intellectual Capital

- Develop sustainable product innovations such as low-carbon and eco-packaged goods
- Environmental and social certifications
- Strengthen internal policies and guidelines to embed climate resilience in product development and operations

Targeted Sustainability and Climate-Related Opportunities Aligned with the Intellectual Capital

- Develop nutritious, protein-based products to meet demand for sustainable alternatives
- Launch a product line focused on health, wellness and sustainability
- Use technology to strengthen supply chains, forecasting and competitor tracking

INTELLECTUAL CAPITAL

CONNECTIVITY AND TRADE-OFFS WITH OTHER CAPITALS

Intellectual Capital is closely connected with the Company's other capitals, creating value through innovation, brand stewardship, knowledge systems, digital capabilities and compliance frameworks, while requiring disciplined management of related financial, operational and resource trade-offs.

Intellectual Capital Contribution	Value Created	Trade-offs Managed
Financial Capital		
Intellectual Capital supports stronger financial returns through brand building, structured innovation, digital analytics and improved decision-making	- Three new products launched during 2025/26 support portfolio expansion - Lankasoy retained market leadership with over 40% share, strengthening category earnings resilience - Sera contributed 28.4% of total revenue, up from 25.9%, reflecting stronger portfolio leverage	- R&D investment of Rs.27.6 Mn and additional digital investment of Rs.5.7 Mn were required to sustain innovation - Recurring expenditure is required for certifications, audits, renewals, compliance maintenance and software licenses - Brand-building, market research and consumer engagement costs may precede visible commercial returns
Manufactured Capital		
SOPs, FSMS, quality protocols, stage-gate NPD and digital systems improve process discipline, product consistency and operational reliability	- Zero regulatory and labelling non-conformities were reported - Zero product recalls were targeted/maintained through mature FSMS and QA controls - Annual SOP and food safety manual updates, including revisions, strengthen traceability and audit readiness	- Plant trials, shelf-life testing and technical evaluations consume materials, time and capacity - Compliance-driven process controls can add documentation and review effort across operations - System integration and governance enhancements may require short-term stabilisation before full operational benefits are realised
Human Capital		
Knowledge transfer, leadership development, SOP and digital learning platforms strengthen skills, retention and succession readiness	- Training investment amounted to Rs.11.4 Mn, reinforcing structured learning and knowledge retention - Internal promotions and a 40% long-tenure workforce strengthen continuity and succession readiness - Digital repositories and SOP access improve productivity and reduce dependence on tacit knowledge	- Training and development require time away from routine operations and production schedules - Knowledge capture, SOP digitisation and platform management increase near-term administrative effort - Learning systems and structured development programmes require recurring funding and change management support
Social and Relationship Capital		
Brands, consumer insights, certifications, food safety systems and channel visibility tools strengthen trust, product credibility and customer relevance	10 certifications/accreditations maintained strengthen third-party assurance and market confidence - Zero recalls and stronger food safety systems reinforce customer trust and retailer confidence - Brand health, household penetration, channel coverage and complaint ratio KPIs continue to support relationship strength	- Consumer research, retail audits, surveys and field visibility require sustained investment and management attention - Maintaining stakeholder trust requires continuous quality assurance, responsiveness and brand support - Brand-building and market relevance programmes may take time before converting into measurable commercial returns

Intellectual Capital Contribution	Value Created	Trade-offs Managed
Natural Capital		
Sustainable packaging assessments, process improvements and digital optimisation support more efficient resource use and environmentally responsible innovation	- Compliance with ISO 14001:2015 and ISO 50001:2018 supports environmental discipline and energy management - Better process control, documentation and traceability reduce waste potential and improve resource efficiency - Responsible innovation strengthens long-term sustainability positioning and regulatory preparedness	- Sustainable packaging trials may increase validation time, development effort and cost - Environmental compliance systems require ongoing monitoring, documentation and audit effort - Product trials and packaging assessments may temporarily increase material use before optimisation benefits are achieved
Integrated Connectivity		
Intellectual Capital acts as an enabling layer across all capitals by connecting innovation, systems, data, people capability, compliance and brand strength to the Company's overall value creation model	- Over 40% market leadership in Lankasoy and 28.4% revenue contribution from Sera show stronger links between innovation, brand strength and commercial outcomes - Defined digital KPIs, consumer insight loops and structured knowledge systems improve organisational agility and decision quality - These interconnections strengthen the Company's ability to adapt, scale and sustain long-term value	- Increases the need for cross-functional alignment, oversight and accountability across Marketing, QA, R&D, HR and IT - Demands careful balancing of short-term expenditure with long-term capability building - Requires continuous review to ensure systems, innovations and controls remain relevant, efficient and strategically aligned

FUTURE OUTLOOK/WAY FORWARD

Initiative	Term	Expected Benefits
Supplier Quality Optimisation for Production Reliability and Cost Efficiency	Short-term	- Improved production reliability and process efficiency - Reduced defects, variability, and downtime - Better supplier performance and accountability
Reduction of Quality Cost for Internal & External Failures	Short-term	- Improved product quality and consistency - Higher production efficiency and profitability - Reduced operational waste and correction efforts
Optimising to Reduce Market Returns	Medium-term	- Lower logistics and reverse supply chain expenses - Improved product quality reaching customers - Increased customer satisfaction and loyalty - Reduced complaint handling and service costs
Leveraging SAP QM Module for a Data-Driven Quality Assurance Strategy	Short-term	- Real-time visibility into quality data - Improved defect tracking and faster decision-making - Enhanced traceability across the supply chain - Standardised workflows with reduced manual errors

Short-Term (0 to 12 months)

Medium-Term (1 to 3 years)

Long-Term (3 to 10 years)

OUR DIGITAL ENABLERS

Digital Enablement at CFL comprises the platforms, data and systems that strengthen efficiency, control and responsiveness across the value chain. As part of the CBL Group's digitalisation journey, CFL continues to invest in scalable technologies that improve visibility and support informed decision-making.

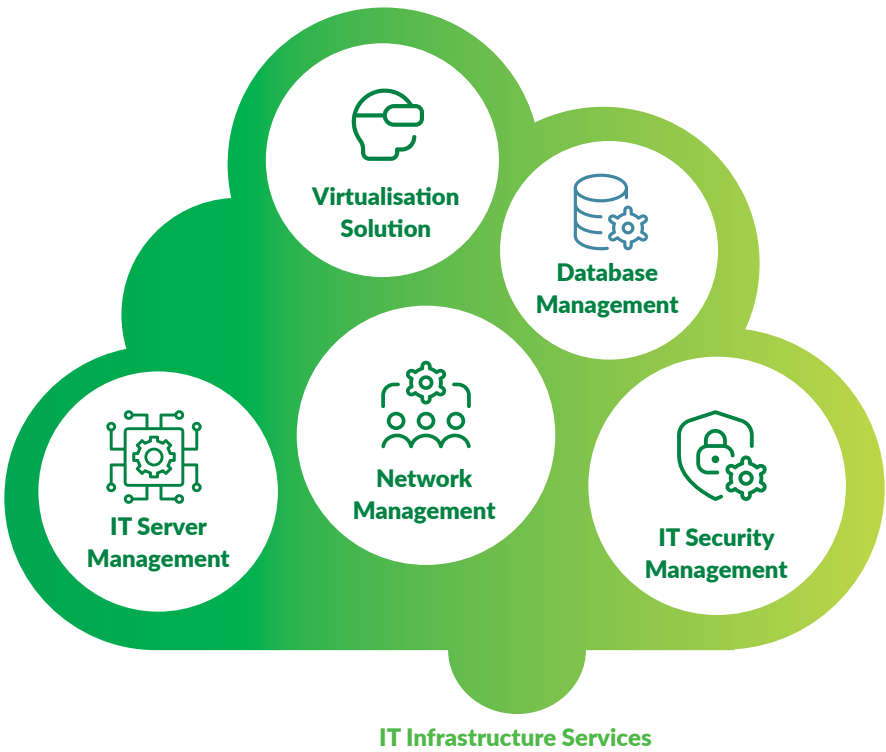
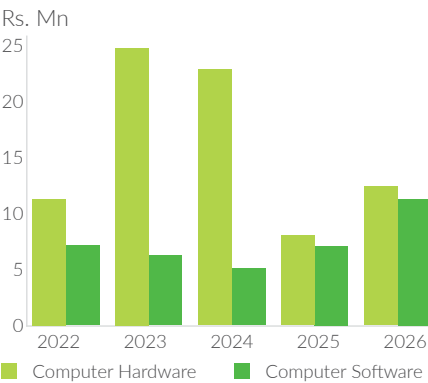
MANAGEMENT APPROACH

Digital Enablement at CFL is supported by structured governance, strong data controls, cybersecurity measures and continuous system improvements. Digital tools enhance process reliability, reporting quality, information security for stakeholders and operational discipline.

Key Digital Focus Areas

- Data and analytics to support timely reporting and decision-making
- Payment process automation to improve efficiency, transparency, workflow control and integration with the banking system
- Cybersecurity and privacy controls to protect systems, data and stakeholder trust
- Integrated digital platforms to connect finance, operations and support functions

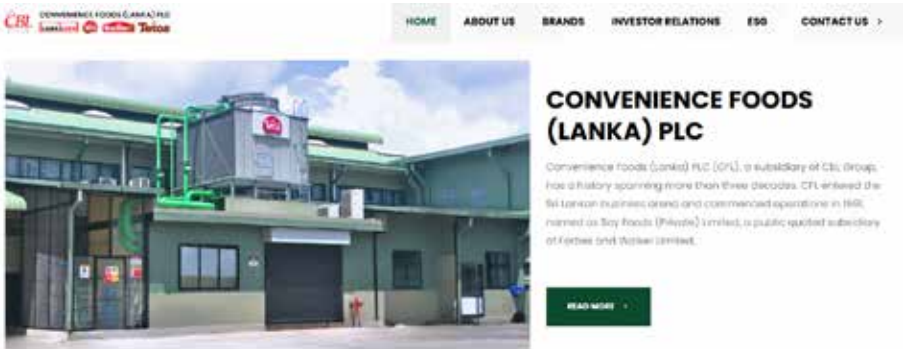
Investment in IT Infrastructure, Hardware and Software



CFL Corporate Website

The CFL corporate website (www.conveniencefoodslanka.com), serves as a digital platform for corporate communication and stakeholder engagement. It provides access to information on the Company, brands, products, sustainability initiatives, investor relations and corporate updates. By enabling digital access to relevant information, the website supports transparency, improves stakeholder convenience and complements CFL's paperless communication efforts, including digital annual reports and QR-based access.

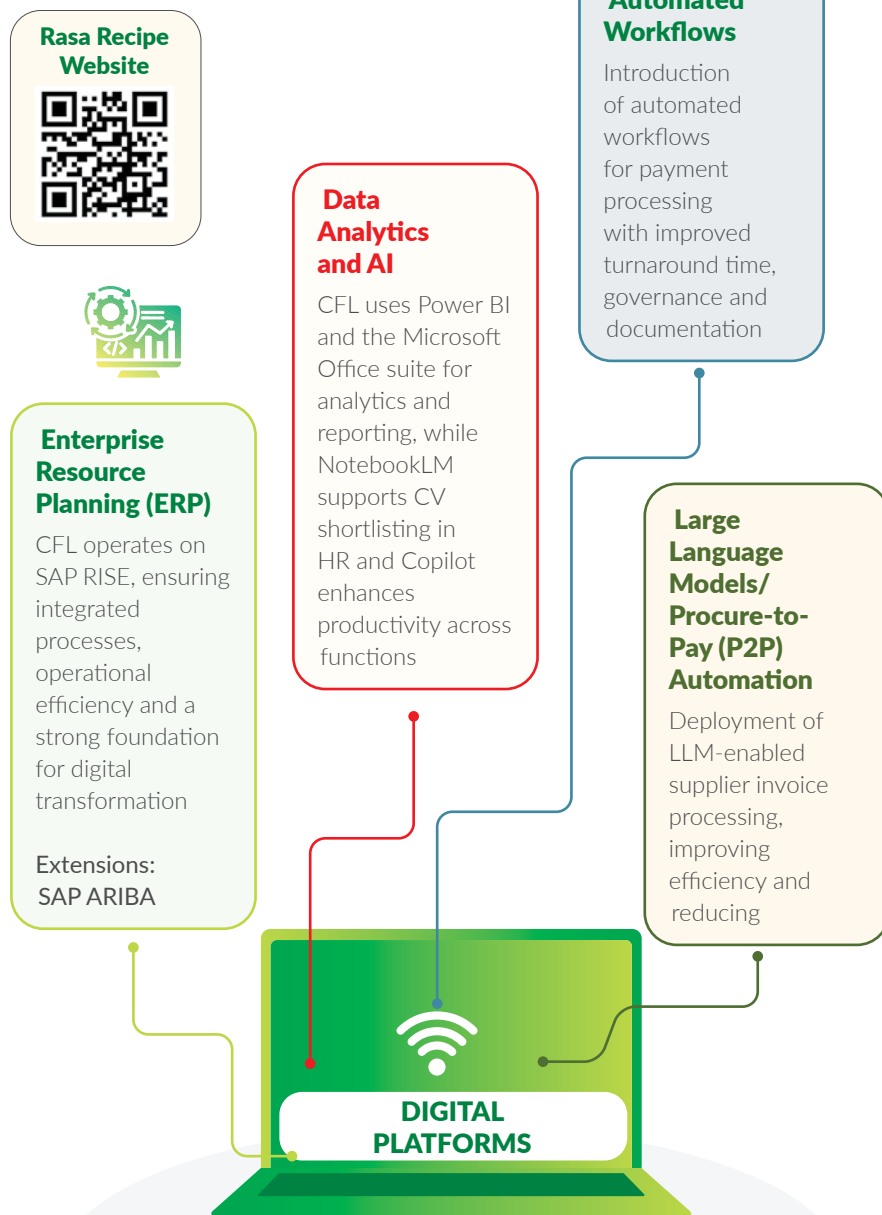
CFL Corporate Website



Rasa Recipe Website

Rasa Recipe (www.rasarecipe.com), a CBL Group digital recipe platform, enables CFL to improve online consumer engagement through recipe-based content featuring its product range. The platform supports digital brand communication by showcasing convenient, affordable and creative meal solutions for everyday cooking.

Through this digital channel, CFL enhances product visibility, encourages consumer interaction and promotes product trial in a more engaging and accessible manner. By connecting CFL brands with real household cooking occasions, Rasa Recipe supports digital-led brand relevance and deeper consumer relationships.



KEY MILESTONE IN 2025/26

P2P Automation

The launch of Group's P2P Automation on 17th November 2025 marked an important milestone in our digitalisation journey. By embedding automation into finance processes, the initiative strengthened transparency, improved processing efficiency and supported closer collaboration across functions.

SAP RISE

The Group commenced its SAP RISE transformation journey during the year, representing a significant step in advancing the digitalisation of the core operations. This initiative is expected to enhance process integration, improve operational efficiency and enable more timely, data-driven decision-making across the organisation.

SAP ARIBA

The Group marked a key milestone in its digital transformation journey with the launch of SAP Ariba, aimed at enhancing transparency, efficiency and collaboration across procurement processes and governance.

Looking Ahead

It is continued to invest in digital platforms, analytics and automation technologies to drive productivity, support decision-making and maintain a competitive edge in an increasingly digital business environment.

Rooted in Flavor, Growing with Purpose

Sri Lanka's rich culinary heritage inspires our journey. By embracing authentic flavors and trusted ingredients, we continue to evolve, delivering convenient and quality food experiences for modern consumers.



CORPORATE GOVERNANCE STATEMENT

Corporate governance is regarded as a strategic enabler of long-term value creation, organisational resilience and stakeholder trust within CFL. The Board of Directors remains committed to upholding the standards of transparency, accountability and ethical conduct across the business.

GOVERNANCE WITHIN A DYNAMIC AND RAPIDLY EVOLVING BUSINESS ENVIRONMENT

Amid an increasingly dynamic business environment, shaped by evolving consumer expectations, regulatory changes and operational complexity, the Company continues to go beyond regulatory compliance by adopting governance best practices. During the year, the Board strengthened governance across critical areas such as food safety, product quality and supply chain resilience, while enhancing oversight of sustainability, risk management and digital governance to support long term resilience and responsible growth.

BOARD LEADERSHIP AND EFFECTIVENESS

During the financial year, CFL's Board of Directors comprised eight (08) members: one (01) Executive Director (Managing Director/CEO), four (04) Non-Executive Directors (Non-Independent) and three (03) Independent Non-Executive Directors. Following the passing of the Chairman in June 2026 (a Non-Executive Non-Independent Director), the Board comprises seven (07) members as at the reporting date. The Board of Directors affirms its commitment to uphold the standards of corporate governance, transparency and accountability.

In accordance with its fiduciary responsibilities, the Board provides leadership and holds 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 five (05) Board Sub-Committees to perform specific governance tasks and activities. These include the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee, Nominations & Governance Committee and Sustainability Committee. For detailed information about these Committees, please refer to Pages 198-211.

INTEGRITY, ETHICS, CULTURE AND CODE OF CONDUCT

The Board of Directors and Committees at CFL promote openness and engagement through a comprehensive Code of Conduct that underpins the Company's governance framework. This framework supports a culture of integrity, transparency and operational excellence across the organisation. The Board ensures effective processes are in place to manage conflicts of interest and confirms that no material breaches of the Code by Directors were reported during the year. Please refer to Page 169 for the Company's corporate governance framework.

VOLUNTARY ADOPTION OF BEST PRACTICES OF GOVERNANCE, BEYOND COMPLIANCE

The Board integrates principles of the Code of Best Practice on Corporate Governance 2023 of ICASL, the Company's Internal Code of Conduct, Standard Operating Procedures, Terms of Reference, as well as global frameworks such as the Integrated Reporting Framework <IR>, Global Reporting Initiative Standards (GRIs) and the United Nations Sustainable Development Goals (UNSDGs).

The Board also ensures adherence to the principles of SLFRS S1 and S2, which are in the process of becoming mandatory from 2026/27 and onwards. As Artificial Intelligence (AI) becomes increasingly

relevant to our business, we are fortifying our systems, cybersecurity and data governance capabilities.

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 interests in contracts and transactions involving the Company and refrained from voting on matters in which they were materially interested
- The Company has made endeavours to ensure the equitable treatment to all shareholders
- Assessed the business's ability to continue as a going concern and such conclusions were made as disclosed on Page 213
- Company shares have not been purchased by any Director, key management personnel or any other employee involved in financial reporting as disclosed on Page 292

OPERATIONAL GOVERNANCE

The Board meets periodically to review strategy execution, performance and key matters, while assessing the Company's long term outlook, risks and opportunities. It provides directions on strategic challenges, monitors progress against key objectives and ensures timely corrective actions where required. For more detailed information, please refer to the Corporate Governance Section from Pages 169-179.

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

CORPORATE GOVERNANCE STATEMENT

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 Pages 187-197.

DECLARATION OF COMPLIANCE

The Board remains committed to safeguarding the interests of the stakeholders, continuously enhancing the effectiveness of the governance practices and adhering to the latest regulatory and statutory developments and ensuring compliance with the Listing Rules of CSE. Please refer to Pages 219-223 for details on compliance. The Board confirms that the Company has complied with all applicable statutory and regulatory requirements. The extent of compliance at CFL is detailed on Page 169. In addition to statutory requirements, CFL has adopted the principles, to a substantial extent, outlined in the Code of Best Practice on Corporate Governance issued by ICASL 2023 to improve current governance practices. The detailed adoption of the Code is outlined from Pages 223-230.

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)

Voluntary External Governance

- UN Global Compact
- United Nations Sustainable Development Goals (UNSDGs)
- Code of Best Practice on Corporate Governance issued by ICASL
- SLFRS S1 and S2 (However will be

mandatory from 2026/27 and onwards)

- Sustainability Accounting Standards Board (SASB) Standards for processed foods
- Integrated Reporting Framework <IR>

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 of CSE
- Articles of Association
- Terms of Reference and Charters of the Board, Board Committees and Management Committees
- The CBL Group Sustainability Framework
- Integrated Risk Management Framework
- Related Party Transactions Policy

Compliance Summary

Mandatory Regulatory Frameworks - Complied

Companies Act No. 07 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 ICASL - compliant to

the extent of business exigency and as required by the Group
Governance guidelines of SLFRS S1 and S2 (for 2025/26 financial year)

Reporting Frameworks and Standards

International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)

Global Reporting Initiative Standards (GRIs)

SLFRS S1 and S2 Standards

Internal Mechanisms

Articles of Association

The Board Charter and Board Sub-Committee Charters

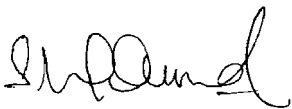
Internal Policies, Standard Operating Procedures and the Code of Conduct

CLOSING REMARKS

The Board of Directors extends its sincere gratitude to the management team, employees, customers and all other stakeholders for their continued commitment and trust in the Company.

As the Company navigates an ever-evolving business landscape, the Board remains steadfast in its commitment to upholding the standards of governance, transparency and accountability, while ensuring long-term sustainable growth for the benefit of all stakeholders.

On behalf of the Board of Directors,



D. S. Wickramasingha
Director
30th June 2026
Colombo

BOARD OF DIRECTORS

MR. R. S. A. WICKRAMASINGHA Late Chairman/Non-Executive Director

(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 was 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 overseas manufacturing facilities located in Ghana and Indonesia. The Group is among Sri Lanka's largest exporters of confectionery and coconut milk.

The Chairman possessed 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 drove 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 also served as Chairman of CBL Investments Ltd, Ceylon Biscuits Ltd, CBL Foods International (Pvt) Ltd, CBL Global Foods Ltd, CBL Cocos (Pvt) Ltd, Plenty Foods (Pvt) Ltd, CBL West Africa Ltd, CBL Exports (Pvt) Ltd, CBL Agroprocessors (Pvt) Ltd, CBL Corporate Services (Pvt) Ltd, CBL Marketing (Pvt) Ltd, CBL Natural Foods (Pvt) Ltd, Ritzbury Lanka (Pvt) Ltd, Soy Products (Pvt) Ltd, CBL Nena Medura, Northern Food Processing (Pvt) Ltd, Sahan Sevena, Ceylon Essence and Beverage Company.

He was a Patron of the Lanka Confectionery Manufacturers Association.

Tribute to Our Late Chairman

It is with profound sadness and deep respect that we pay tribute to our late Chairman, Mr. R. S. A. Wickramasingha, who passed away on 6th June 2026, marking the end of an extraordinary era in our Company's history.

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 as a board member of the subsidiary companies of CBL Investments Limited.

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 and was invited to join the Board of CBL in 1996.

She currently serves as a member of the Main Committee of the Ceylon Chamber of Commerce, the EDB Advisory Committee on Processed Food & Beverages and the UNICEF Business Council in Sri Lanka. In addition, she holds the position of President of the Sri Lanka-Indonesia Business Council.

Other Current Appointments

Ms. Wickramasingha also serves as the Group Managing Director of CBL Investments Ltd, President Commissioner, PT. Tri Jaya Tangguh in Indonesia, 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, Food Revolution (Pvt) Ltd and CBL Salterns (Pvt) Limited.

BOARD OF DIRECTORS

MR. M. C. DAHANAYAKE

Managing Director/CEO

(Appointed to the Board on 01st January 2024) ●



Mr. Manjula Dahanayake, with over 34 years of experience 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 01st January 2024.

Mr. Dahanayake, with extensive experience and knowledge in sales and marketing and in management and administrative areas, will contribute immensely to the 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, Nestlé 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 the Capital Maharaja Organisation, 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 four years.

Other Current Appointments

Mr. Manjula Dahanayake is a Director of Plenty Foods (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 thirty-three (33) 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, CBL Corporate Services (Pvt) Ltd and CBL Salterns (Pvt) Limited.

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 presents, he serves as a Non-Executive Group Director of CBL Investments Ltd and as Chairman of the CBL Group Audit Committee. In addition, he is a Non-Executive Director of Plenty Foods (Pvt) Ltd.

MR. I. S. FONSEKA**Independent Non-Executive Director**

(Appointed to the Board on 31st March 2024) ● ● ●



Mr. I. S. 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, a former 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, at the University of Moratuwa, at the Kotalawala Defence Academy 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 Board of the Central Bank of Sri Lanka, a member of the Monetary Policy Board of the Central Bank of Sri Lanka, a member of the Governing Council of HelpAge Sri Lanka and a trustee of Ayati Trust Sri Lanka.

BOARD OF DIRECTORS

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 recognised as the Zonta ‘Woman of Achievement - Management’ in 2004.

Ms. Ratwatte formerly worked at MAS Holdings, Sri Lanka for over sixteen (16) years in Senior Finance, Management and C-suite roles.

She was a Non-Executive Director with the JKH group, at John Keells PLC, the tea and stock broking arm and at Ceylon Cold Stores PLC operating in consumer foods and retail. She was on the board of BPPL Holdings PLC, a manufacturer and exporter of domestic and industrial cleaning equipment.

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 Organisations, a non-profit organisation 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.

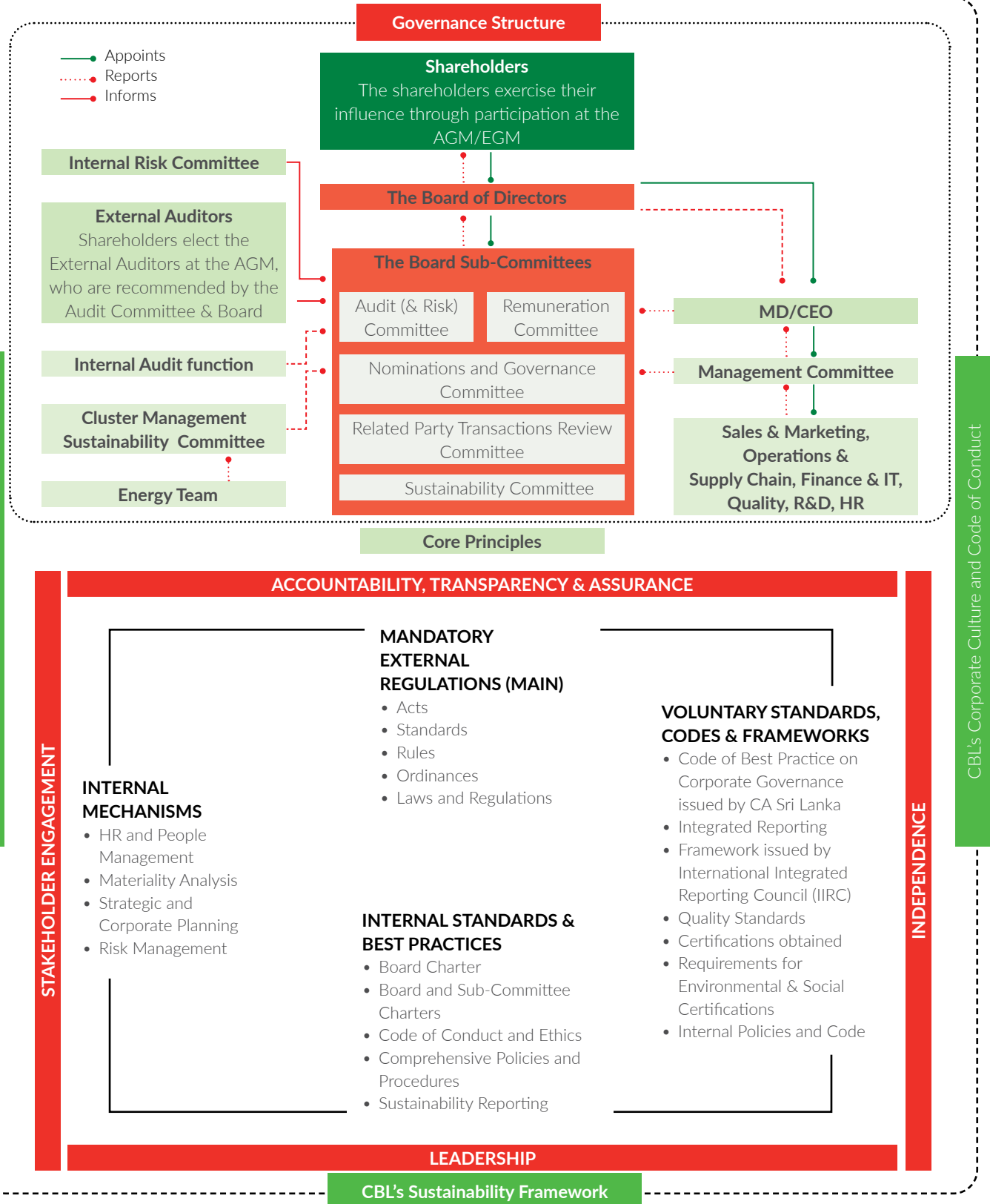
She also serves as Independent Non-Executive Director on the board of the Bank of Ceylon and Fairfirst Insurance.

She is a Non-Executive Director on the board of Greenpeace Asia Ltd and also a Trustee of the Sunera Foundation, a non-profit organisation working in theatre and arts with the differently abled.

-  Audit Committee
-  Nominations and Governance Committee
-  Remuneration Committee
-  Related Party Transaction Review Committee
-  Sustainability Committee

CORPORATE GOVERNANCE

OUR GOVERNANCE FRAMEWORK



CORPORATE GOVERNANCE

Our Corporate Governance Framework shows how oversight and assurance are organised at CFL, linking Shareholders, the Board, Board Sub-Committees, Management and assurance functions to support accountability and sustainable value creation.

Internal policies and procedures support financial integrity and operational efficiency, reinforced by the CBL Group's Code of Conduct. The framework also promotes compliance with legal and industry requirements and the voluntary adoption of corporate governance best practices.

Core Principles

Our governance framework is guided by the following core principles:

- **Leadership:** CFL is governed by the Board of Directors, who provide strategic direction and oversight. The Board provides leadership by setting strategy, approving budgets and authority limits, appointing key management and overseeing internal controls, compliance and information integrity.
- **Accountability, Transparency and Assurance:** We uphold strong principles of accountability, transparency and assurance across all governance practices, ensuring operational effectiveness and comprehensive oversight throughout the organisation.
- **Stakeholder Engagement:** We actively engage in effective communication and management of stakeholders. By understanding and addressing their needs and concerns, we foster strong relationships with our stakeholders.
- **Independence:** A balanced Board composition, including Independent Non-Executive (Non-Ex) Directors, promotes unbiased judgement, strengthens oversight and enhances the effectiveness of governance processes.

BOARD LEADERSHIP IN GOVERNANCE

Our Commitment to Best Practices

CFL believes strong corporate governance is essential to sustainable value creation and stakeholder confidence. It is supported by clear policies, standard operating procedures and delegated authorities and is regularly reviewed to remain aligned with evolving regulatory expectations, stakeholder needs and recognised best practices. Governance is upheld through responsible behaviour and integrity at every level of the organisation. All employees play a critical role in maintaining accountability and ethical standards that underpin our governance practices.

Board Overview

Board decisions are made collectively within a structured framework that promotes transparency, proper oversight and balanced decision-making, ensuring no single individual has unfettered authority.

Balanced Governance Structure

During the financial year, the Board comprised eight (08) Directors, of whom seven (07) were Non-Ex Directors, reflecting a balanced governance structure. Following the passing of the Chairman in June, the Board comprises seven (07) Directors as at the reporting date, of whom six (06) are Non-Ex Directors. The Board also values diversity in gender, age, experience and professional background as part of its appointment process to support inclusive and effective decision-making. Please refer to the Directors' profiles on Pages 165-168 and the Board composition on Page 171.

Separation of the Roles of Chairman and MD/CEO

The roles of Chairman and MD/CEO are held by separate individuals to

ensure a clear division of responsibilities between board leadership and executive management. This division promotes a balanced distribution of authority and prevents any one individual from having unfettered powers of decision, thereby strengthening checks and balances. Their respective responsibilities are set out on Page 174.

Independence of the Directors

During the financial year, the Board included three (03) Independent Non-Executive Directors out of a total of eight (08) members. Following the passing of the Chairman in June, the Board comprises seven (07) members as at the reporting date, including three (03) Independent Non-Ex Directors who provide independent and unbiased judgment in the discharge of their duties. 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. Please refer further to the table on Page 176 for the Independence evaluations.

The Directors have disclosed all material interest in contracts involving the Company in terms of the Companies Act and the Articles of the Association of the Company and have acted in accordance with the prescribed requirements and where relevant have refrained from voting on matters in which they were materially interested.

Dynamic Board Expertise

The Board brings extensive experience in the food manufacturing industry, enabling diverse perspectives, informed decisions and agile responses to challenges and opportunities for sustainable growth. A summary of the Board skills matrix is provided on Page 171.

COMPOSITION OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MEETING ATTENDANCE

Name of the Director	Designation	DOA	Age	Membership Status		Meeting Attendance		Board Committees, Memberships and Attendance										Tenure
								AC		RC		RPTRC		NGC		SC		
						Board Meetings	AGM	Membership Status	Attendance	Membership Status	Attendance	Membership Status	Attendance	Membership Status	Attendance	Membership Status	Attendance	
Mr. R. S. A. Wickramasingha	Chairman	10.05.2000	79	NED	NID	2/4	0/1	-	-	-	-	-	-	-	-	-	-	25
Ms. D. S. Wickramasingha	Director	10.05.2000	60	NED	NID	4/4	1/1	-	-	-	-	-	-	-	-	M	1/1	25
Mr. M. C. Dahanayake	MD/CEO	01.01.2024	55	ED	NID	4/4	1/1	-	-	-	-	-	-	-	-	M	1/1	2
Ms. N. K. Wickramasingha	Director	14.07.2016	55	NED	NID	4/4	1/1	-	-	M	2/2	-	-	M	3/3	M	1/1	9
Mr. L. J. M. De Silva	Director	19.09.2018	81	NED	NID	2/4	1/1	-	-	-	-	-	-	-	-	-	-	7
Mr. I. S. Fonseka	Director	31.03.2024	57	NED	ID	4/4	0/1	M	4/4	-	-	C	4/4	-	-	M	1/1	2
Mr. M. E. Wickramasinghe	Director	31.03.2024	63	NED	ID	3/4	1/1	M	4/4	C	2/2	M	4/4	C	3/3	M	1/1	2
Ms. S. T. Ratwatte	Director	31.03.2024	65	NED	ID	4/4	1/1	C	4/4	M	2/2	M	4/4	M	3/3	C	1/1	2

DOA – Date of Appointment, **AGM** – Annual General Meeting, **ED** – Executive Director, **NED** – Non-Executive Director,

ID – Independent Director, **NID** – Non-Independent Director

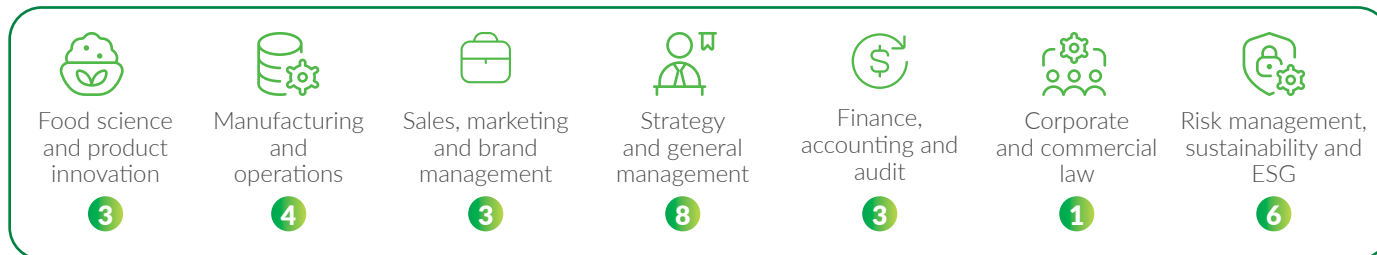
AC – Audit Committee, **RC** – Remuneration Committee

RPTRC – Related Party Transactions Review Committee

NGC – Nominations and Governance Committee, **SC** – Sustainability Committee

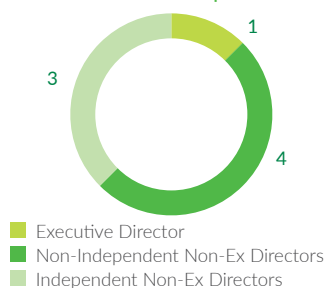
C – Chairperson **M** – Member

BOARD SKILL COMPOSITION

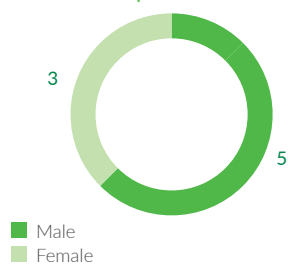


COMPOSITION OF THE BOARD

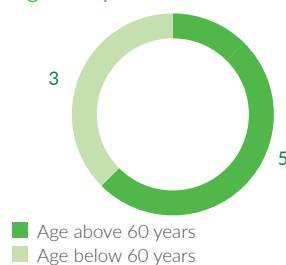
Power Balance/Composition



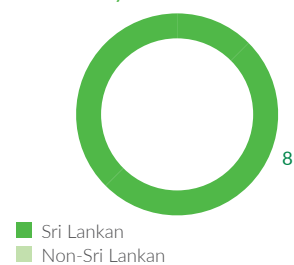
Gender Composition



Age Composition



Nationality



Tenure (Years)



CORPORATE GOVERNANCE

Financial Acumen of the Board

The Board comprises members with financial expertise in the areas of auditing, financial reporting and corporate finance. Two (02) Directors hold fellow memberships of recognised professional accounting bodies. Detailed information regarding the expertise of Directors is provided in their profiles on Pages 165-168.

Fit and Proper Assessment

The Company Secretaries obtained annual declarations confirming that all Directors meet the required ‘fit and proper’ criteria, in line with Rule 9.7.4

of the CSE Listing Rules. Accordingly, all Board members, including the MD/CEO, were confirmed as fit and proper.

Board Meetings Related Records

The Board operates within a structured governance framework supported by the Company Secretary. All Board meetings are formally documented, ensuring proper record-keeping and transparency.

Access to 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.

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. 07 of 2007. This empowers the Board to carry out its duties with both efficiency and accountability.

Discharge of Responsibilities of the Board

Strategic Leadership and Performance Oversight	Governance Framework and Stewardship
Board Mandate - Formulate and oversee corporate and business strategy - Approve budgets and major capital expenditure - Monitor execution of strategy, performance plans and associated risks 2025/26 Actions Taken - Performance targets were defined and linked to reward mechanisms - Key Performance Indicators (KPIs) were periodically assessed, with corrective actions implemented where required - Annual budgets were monitored against actual performance and achievement levels - Financial performance and budget outcomes were regularly reviewed at Board meetings - Annual operating plans were evaluated monthly to ensure timely execution and alignment with strategy - The Cluster Board reviewed operations and performance and was involved in strategic plan development	Board Mandate - Determine the matters expressly reserved to the Board and those delegated to the management, including limits of authority and financial delegations - Oversee governance structure and related appointments 2025/26 Actions Taken - Policies and Standard Operating Procedures (SOPs) were reviewed and updated to strengthen governance practices - Shareholder stewardship principles were integrated into governance processes - Governance oversight was reinforced through continued application of the corporate governance framework - The role of the Senior Independent Director was not applicable, as the roles of Chairman and CEO are separately held

Risk, Internal Controls and Technology Governance**Board Mandate**

- Ensure alignment of IT governance with business strategy and monitor implementation
- Maintain effective systems for internal controls, risk management, cybersecurity and business continuity

2025/26 Actions Taken

- IT governance framework was reviewed and enhanced with necessary improvements
- Cybersecurity systems were strengthened to improve information security (Refer to IT Governance on Page 184)
- SAP/ERP controls and data integrity mechanisms were enhanced to ensure accuracy and reliability of information
- Internal controls assessments were conducted by the Group Internal Audit Team in accordance with the approved scope during the year
- SOPs were periodically reviewed and updated
- Major capital investments were evaluated for financial and operational feasibility prior to approval

Compliance and Corporate Reporting**Board Mandate**

- Ensure compliance with applicable laws, regulations and ethical standards
- Ensure stakeholder interests are considered in decision-making
- Ensure 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

2025/26 Actions Taken

- The Board was regularly updated on statutory and non-statutory compliance matters, including legal developments and instances of non-compliance and compliance checklists were monitored to ensure adherence to applicable laws and regulations
- Continued adherence to the Code of Conduct and business principles was ensured across the organisation
- Stakeholder considerations were integrated into decision-making processes (Refer to the Stakeholder Engagement on Pages 72-76)
- Directors' Responsibilities for Financial Statements were duly fulfilled (Refer to the Page 217)
- Timely and transparent preparation and disclosure of annual and quarterly financial statements were maintained

Leadership, People and Succession**Board Mandate**

- Ensure the MD/CEO and management possess appropriate skills, experience and knowledge to implement strategy
- Oversee succession planning for the MD/CEO and key management personnel

2025/26 Actions Taken

- Human resource strategy was continuously developed, implemented and monitored
- Activities undertaken during the year in this regard are detailed in the Human Capital section on Pages 112-118
- High-potential leaders were identified and structured development plans were implemented

Board Sub Committees**Board Mandate**

- Board Sub-Committee functions are vital given the scale, nature and complexity of the business concerned

2025/26 Actions Taken

- Sub-Committees operated in line with their defined terms of reference, supporting focused oversight across different governance areas
- A Sustainability Committee was established during the year to provide focused oversight and strengthen governance on sustainability matters (Refer to Sub-Committee reports from Page 198 onwards)

CORPORATE GOVERNANCE

Key Focus under the Roles and Responsibilities as Directors/Company Secretary of the Company

Role	Key Focus Areas	Additional Information
Chairman	- Board leadership and governance - Board effectiveness and functioning - Stakeholder engagement and oversight	A full profile of the Chairman, Mr. R. S. A. Wickramasingha, is available on Page 165
MD/CEO	- Strategy execution and business leadership - Operational management and performance oversight - Risk, governance, sustainability and stakeholder alignment	A full profile of Mr. M. C. Dahanayake, MD/CEO, is available on Page 165
Independent Non-Ex Directors	- Independence and stakeholder protection - Oversight and governance strengthening - Accountability, challenge and risk assurance	Full profiles of the Independent Non-Ex Directors: Mr. I. S. Fonseka, Mr. M. E. Wickremesinghe and Ms. S.T. Ratwatte are available on Pages 167-168
Company Secretary and Registrars	- Communication and governance coordination - Board support and documentation - Regulatory compliance and governance administration	The Company Secretary and Registrar functions are performed by S S P Corporate Services (Pvt) Ltd

POLICIES FRAMEWORK

HR Policies

Please refer to the Human Capital section on Pages 106-107 for the details on the Company's Human resources policies.

Corporate Governance Policies

The Corporate Governance Policy framework defines the principles and standards governing Board effectiveness, risk oversight, accountability and stakeholder engagement. Key policies include:

- 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 ESG
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosures
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption

Extracts of these policies are available on the Company's official website: www.conveniencefoodslanka.com.

Sustainability Policies

Sustainability policies guide the Company's commitment to environmental responsibility and efficient resource management practices. These include:

- Environmental Policy
- Energy Management Policy

Please refer to the Natural Capital Section on Pages 119-129 for further details.

Risk Management Policy

The Group Risk Management Policy governs the Company's approach to risk management. Please refer to the Integrated Risk Management Section on Pages 187-197 for further details.

BOARD EFFECTIVENESS AND EVALUATION

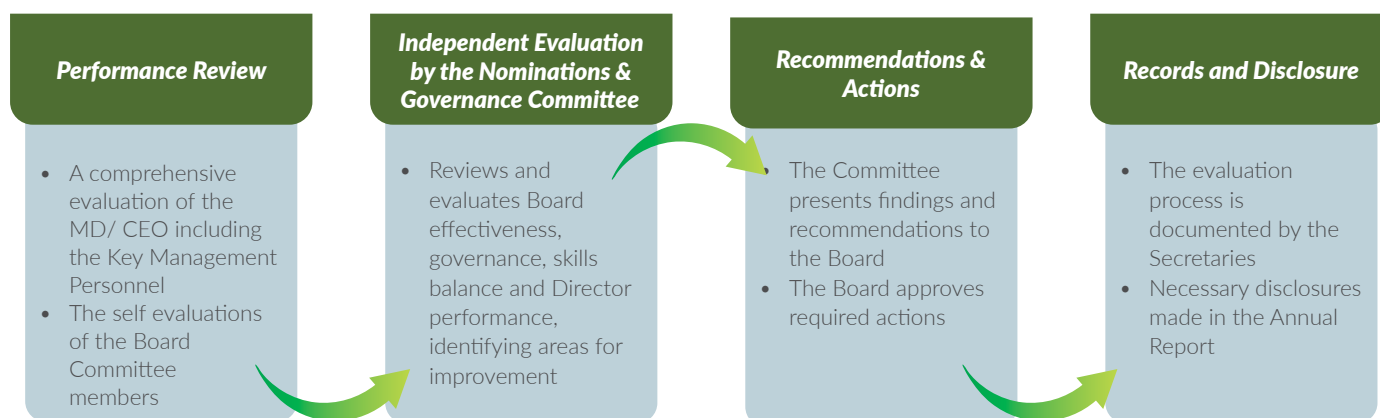
The Board has established a formal and structured evaluation framework to continuously enhance its performance, accountability and governance standards, in line with the Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023) and the Listing Rules of the CSE. This framework supports sound decision-making and ensures continued alignment with the Company's long-term strategic objectives.

Evaluation of the Board

The Board conducts an annual performance evaluation of Executive Directors, Non-Ex Directors and Board Sub-Committees. Coordinated by the Company Secretary, the outcomes are reviewed by the Nominations and Governance Committee. The evaluation assesses Board composition, skills balance, governance practices, Director engagement and strategic oversight. Based on the results, recommendations are made to enhance governance and ensure the Board's composition and capabilities remain aligned with the Company's evolving needs.

Board Performance Evaluation Process

The Board performance evaluation process is facilitated by the Company Secretary and reviewed by the Nominations and Governance Committee, with observations and recommendations submitted to the Board for consideration and approval. The evaluation is conducted using structured questionnaires and qualitative assessments, enabling Directors to provide feedback on Board dynamics, effectiveness and areas for improvement.



Evaluation of MD/CEO

At the beginning of each financial year, the Board sets financial and non-financial targets for the MD/CEO, aligned with the Company's strategic objectives. At year-end, the Board evaluates performance against these targets and the Remuneration Committee recommends compensation based on performance outcomes and strategic alignment.

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 CA Sri Lanka Corporate Governance Code 2023 and Section 9 of the CSE Listing Rules. The Nominations and Governance Committee reviews the results and recommends improvements to the Board. Please refer to the Committee reports on Pages 198-211 for the activities performed during the year.

Evaluation of the Senior Management Team

The performance of the senior management team is assessed through a structured and transparent process aligned with the Company's strategic and governance objectives. The MD/CEO evaluates performance against annually agreed objectives reflecting Board-approved targets, considering key achievements and external factors impacting performance. Based on the outcomes, future actions and development initiatives are identified and agreed.

BOARD REMUNERATION

The Board Remuneration Committee establishes a structured remuneration framework for Executive and Non-Ex Directors, benchmarked against market practices to ensure competitive and performance-linked remuneration, including post-employment benefits. The Committee operates under defined terms of reference and follows formal procedures in determining remuneration.

The Committee consults with the Chairman and may seek independent professional advice when determining the Executive Director's remuneration. To avoid conflicts of interest, the remuneration of Committee members is determined by the Board, ensuring that no Director is involved in decisions relating to their own remuneration.

This policy helps to maintain the objectivity of the Directors. Please refer to the Remuneration Committee Report on Pages 202-204 for further details.

Level and Structure of Remuneration

The remuneration provided to Executive Directors reflects their skills, experience, knowledge and participation in the Board activities and is determined based on the Company's remuneration policies. All Independent Non-Ex Directors and Non-Ex Directors receive a fixed fee for their participation in the Board and Sub-Committee meetings with no variable component.

CORPORATE GOVERNANCE

Disclosure of Remuneration

The Company recognises 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 276. Remuneration Policy and other key related aspects are disclosed on Pages 112, 174 and 203.

Directors and Officers (D&O) Liability Insurance

The Company has obtained 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 INDEPENDENCE AND OBJECTIVITY

Submission of Independence Declaration

The formal declaration of independence is made annually by the Independent Directors. The Board, together with the Company Secretary, evaluates these

declarations, along with other information to ensure compliance with the criteria for determining independence in accordance with the requirements of the CSE Listing Rules.

Actions Taken to Ensure Compliance with the Criteria for Determining Independence for Independent Directors

The three (03) Independent Non-Ex Directors are fully compliant with independence criteria detailed under the revised Section 9 of CSE Listing Rules as follows: X refers to complied and there is no conflict.

Name of the Director	Employment with the Company	Material Business Relationship	Close Family Member is a KMP	Significant Shareholding	Aggregate Service of Nine or More Years	Other Business Relationships	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

Assessment of Objectivity and Management of Conflicts

Directors undertake annual self-assessments to identify actual or potential conflicts of interest that may affect their independence. The Board reviews such disclosures to evaluate their impact and, prior to appointment or reappointment, ensures any identified conflicts are appropriately addressed to maintain independence and effective governance.

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 its knowledge and skills. Directors have access to independent professional advice as needed. They also have access to the Company Secretary, corporate and sales management teams, auditors, external experts and service providers, along with access to essential financial plans, performance reports, regulatory updates, best practices and insights into the business environment.

APPOINTMENT, RE-ELECTION AND RESIGNATION OF DIRECTORS

Appointments to the Board

New appointments to the Board are carried out through a formal, transparent

and structured process in accordance with the Articles of Association, the Company's governance policies and applicable regulatory requirements, including Section 9 of the CSE Listing Rules.

No new appointments were made to the Board during the financial year under review.

Re-election to the Board

The re-election of Directors is conducted in accordance with the Articles of Association and applicable governance requirements, through approving and passing resolutions at the Annual General Meeting (AGM). The following disclosures are made for Directors who are re-elected or proposed for re-election during the year.

Details of Directors who were re-elected at the 33rd AGM in September 2024, 34th AGM in August 2025 and those proposed for re-election at the 35th AGM to be held in August 2026 are provided in the table below.

Name of the Director	Board Committees served 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 (03) 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	Past Re-appointments		Proposed Re-appointments
						33rd AGM in 2024	34th AGM in 2025	35th AGM in 2026
Mr. R. S. A. Wickramasingha	N/A	10.05.2000	27.08.2025	Refer to the profile on Page 165	Is a Director of CBL Investments Limited, which holds 71.38% of the issued shares of the Company	✓	✓	X (Note)
Mr. L. J. M. De Silva	N/A	19.09.2018	27.08.2025	Refer to the profile on Page 167		✓	✓	✓
Ms. D.S. Wickramasingha	N/A	10.05.2000	10.05.2000	Refer to the profile on Page 166		x	x	x
Ms. N.K. Wickramasingha	N/A	14.07.2016	14.07.2016	Refer to the profile on Page 166		x	x	✓
Mr. M. E. Wickremesinghe	Remuneration Committee, Nominations and Governance Committee	31.03.2024	09.09.2024	Refer to the profile on Page 167	N/A	✓	x	x
Ms. S. T. Ratwatte	Audit Committee	31.03.2024	09.09.2024	Refer to the profile on Page 168	N/A	✓	x	✓
Mr. I. S. Fonseka	Related Party Transactions Review Committee	31.03.2024	09.09.2024	Refer to the profile on Page 167	N/A	✓	x	x

Note: Mr. R. S. A. Wickramasingha passed away on 6th June 2026.

Resignations of Directors

In the event of a Director's early resignation, a formal written notice, including the reasons for resignation, is submitted to the Board. The Board reviews the resignation to address any governance, regulatory or succession implications and ensures timely disclosure to the CSE and relevant authorities, as required. No Director resignations or retirements occurred during the financial year under review.

Involvement of the Nominations and Governance Committee

The Nominations and Governance Committee evaluates and recommends

the Board and Committee appointments, assesses the re-election of Directors and ensures a formal process for selecting and appointing Directors based on skills, experience and industry requirements in line with its terms of reference. Please refer to Page 208 for details of the activities carried out by the Nominations and Governance Committee.

Board Induction

Newly appointed Directors undergo an induction programme. Directors are briefed on risk management and internal control systems to support the effective discharge of their responsibilities.

Board Meetings and Information Supply to the Board

The Board meets regularly throughout the year, with meetings scheduled in advance to facilitate effective planning and participation. Directors contribute to agenda setting and bring diverse expertise to Board discussions.

Board papers and relevant information are shared in advance through an online platform, ensuring Directors receive timely and quality information for decision-making. Directors have direct access to the Company Secretary, senior management and internal and external auditors and may participate virtually when required.

CORPORATE GOVERNANCE

The Board and its Sub-Committees are supported with comprehensive information, including financial reports, budgets and market insights, enabling informed decision-making. Directors also have independent access to professional advice at the Company's expense. The Chairman ensures Directors are adequately informed and that Board proceedings are conducted effectively.

The Board Meeting Preparation Process

The Company Secretary ensures timely circulation of meeting notices, agendas and Board papers to enable adequate review and preparation. Agendas are shared in advance and matters are deliberated at meetings with management input where required. The Chairman promotes constructive dialogue and

balanced decision-making. post-meetings, any follow-up information is coordinated through the Company Secretary with support from the management.

Board Attendance During the Year

The Board is satisfied that Directors have devoted sufficient time and attention to effectively discharge their responsibilities, taking into account their other commitments. Attendance at the Board and Sub-Committee meetings is disclosed on Page 171.

In line with corporate governance practices, Non-Ex Directors met separately during the year, without the presence of Executive Directors, to facilitate independent discussion and strengthen Board oversight. Such

meetings are held as required, with at least one meeting per year.

Key Activities of the Board

Key activities carried out by the Board during 2025/26 are provided on Pages 172-173.

BOARD SUB-COMMITTEES

The Board has formed five (05) Committees, which consist of the Audit Committee (including Risk Committee), Remuneration Committee, Related Party Transactions Review Committee, Nominations and Governance Committee and Sustainability Committee. Details regarding their composition are outlined below.

Board Committee and Composition	Further Information
Audit Committee (including Risk Committee)	
Comprises three (03) Independent Non-Ex Directors	The report of the Audit Committee is published on Pages 198-201
Related Party Transactions Review Committee	
Comprises three (03) Independent Non-Ex Directors	The report of the Related Party Transactions Review Committee is published on Pages 205-206
Remuneration Committee	
Comprises two (02) Independent Non-Ex Directors and one (01) Non-Ex Director (Non-Independent)	The report of the Remuneration Committee is published on Pages 202-204
Nominations and Governance Committee	
Comprises two (02) Independent Non-Ex Directors and one (01) Non-Ex Director (Non-Independent)	The report of the Nominations and Governance Committee is published on Pages 207-209
Sustainability Committee	
Comprises three (03) Independent Non-Ex Directors, Two (02) Non-Ex Directors (Non-Independent) and MD/CEO	The report of the Sustainability Committee is published on Pages 210-211

The Board's Involvement in Sustainability

The Board recognises sustainability as integral to managing governance, economic, social and environmental risks, ensuring ESG considerations are embedded in decision-making. Sustainability is integrated into corporate strategy, risk management, stakeholder engagement and reporting practices, promoting transparency and responsible

business conduct. The Board, through the Sustainability Committee, oversees ESG strategy, ensuring alignment with overall business objectives, performance and risk management processes.

Further details on the Company's sustainability governance, initiatives and performance are provided in the sustainability section on Page 44 and the SLFRS S1 and S2 disclosures on Page 48.

Continuous Improvements and Company's Response to Emerging Trends

The Company adopts the GRI Standards full disclosures index, providing explanations for any omissions (Refer to Pages 296-302).

Although mandatory compliance with SLFRS S1 and S2 applies from 2026/27, early voluntary disclosures were made

during 2024/25 and 2025/26, covering material sustainability-related risks and opportunities. These were systematically evaluated and reported across multiple governance levels, including the Sustainability Committee, Cluster Board, Audit Committee and Main Board.

The Risk Management Framework was enhanced in line with SLFRS S1 and S2 by integrating sustainability and climate-related risks with ESG tagging, enabling a more holistic and forward-looking assessment and effective mitigation of risks. ESG considerations were embedded in business decisions to support sustainable growth.

The Company adopted the revised Section 9 of the Listing Rules of the CSE for Corporate Governance from effective date and throughout 2025/26, adhered to these regulations.

The Company follows the IT roadmap adopted by the CBL Group, aiming for technological advancements within the business. Further, the Company has strengthened its policies and procedures to ensure that suppliers and outsourced service providers comply with the social and governance norms of the Company through the assessment of quality certifications, compliance with relevant standards, ethical business practices, potential conflicts of interest, and fair and transparent selection procedures.

FOSTERING AN ETHICAL ORGANISATIONAL CULTURE: LIVING OUR CORE VALUES IN EVERYTHING WE DO

For over three decades, ethical governance has been the backbone of CFL’s culture and long-term sustainability. Built on integrity, transparency and accountability, this commitment has earned the trust of consumers, partners, employees and communities alike. Guided by strong values and a clear governance framework, ethical decision-making is embedded in everyday operations. The Board of Directors sets the tone, reinforcing high standards of conduct through policies, controls and oversight, ensuring fairness, responsibility and transparency in all business relationships.

Key elements of the Company’s ethical governance execution include:

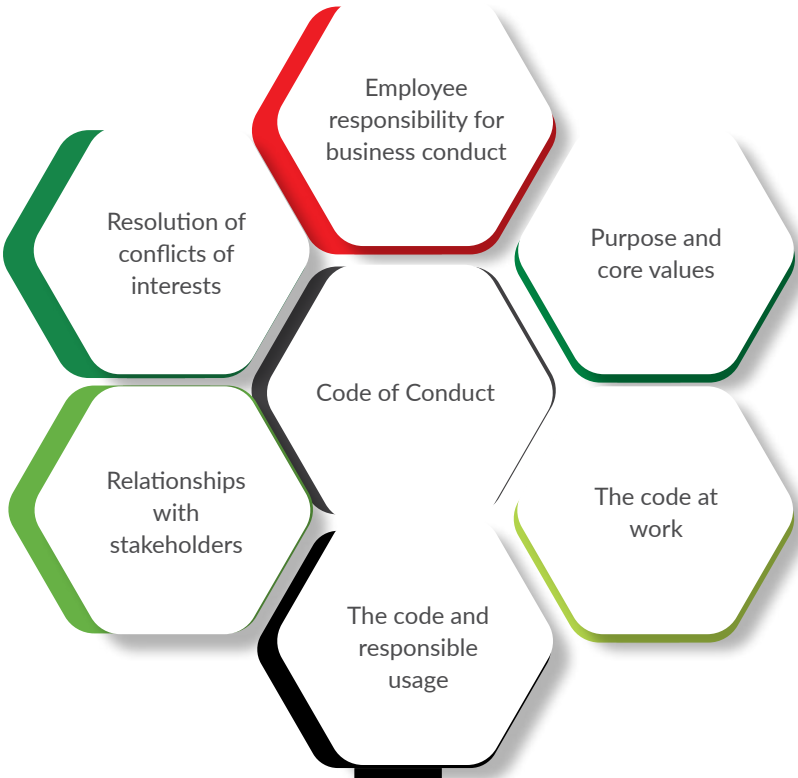


STRENGTHENING THE CULTURE OF GOOD GOVERNANCE

The Company recognises that strong governance practices are essential to ensuring accountability, safeguarding stakeholder interests and supporting sustainable long term performance. This section sets out the key elements of the Company’s governance framework, encompassing assurance mechanisms, internal control systems, regulatory and statutory compliance, IT and cybersecurity risk oversight and tax governance. Collectively, these frameworks and processes reinforce risk management, promote ethical conduct and enhance transparency and oversight across the organisation, in line with recognised governance best practices.

1. CODE OF BUSINESS CONDUCT AND ETHICS

The Code of Business Conduct and Ethics provides the foundation for ethical behaviour and professional standards within the Company, guiding responsible conduct, sound decision-making and the protection of the Company’s integrity and reputation.



1.a. Employee responsibility for business conduct

The Code applies to all Directors, senior management and employees, setting clear and mandatory standards of ethical and professional conduct. Adherence is

assessed during recruitment and periodic reviews, with department-specific guidelines permitted where aligned with the Code. Any conduct affecting an individual’s integrity, whether on or off duty, is addressed in accordance with this policy.

1.b. Purpose and core values

The Code of Conduct 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 is supported by four core values that shape the organisational culture:

- **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

1.c. The Code at Work

The Code outlines expected standards of workplace conduct to ensure a professional, inclusive and respectful working environment. Employees are expected to uphold principles such as fairness, mutual respect and equal opportunity while performing their duties.

The Company maintains a zero-tolerance approach toward harassment, discrimination or unethical behaviour. Policies relating to workplace safety, attendance, responsible conduct and compliance with applicable laws are integrated into the Code to ensure consistency in employee behaviour.

1.d. The Code and Responsible Usage

Employees are entrusted with Company resources, information and assets and are required to use them responsibly and solely for legitimate business purposes. The Code emphasises the importance of safeguarding Company assets, including physical property, financial resources and confidential information.

Employees must ensure that business records and financial transactions are maintained accurately and in accordance with established accounting standards and internal procedures.

1.e. Relationships with Stakeholders

The Code provides guidance on maintaining ethical relationships with customers, suppliers, regulators and other stakeholders. All business dealings must be conducted in a transparent and fair manner that promotes trust and mutual respect.

1.f. Resolution of Conflict of Interests

The Company requires employees to avoid situations in which personal interests may interfere with their official responsibilities. Any potential conflicts of interest must be disclosed promptly to management and appropriate measures will be taken to ensure impartial decision-making.

By promoting transparency and ethical awareness, the Company ensures that business decisions are made objectively and in the best interests of the organisation.

2. INTERNAL POLICIES FOR ETHICAL BUSINESS CONDUCT

2.a. Policy on Whistleblowing

This policy offers employees a safe and confidential avenue to report misconduct, unlawful activities or breaches of ethical standards without fear of retaliation. Through the establishment of a secure reporting framework, the Company creates a culture of integrity and ensures that reported concerns are handled in a timely and appropriate manner. CFL's Whistleblowing Policy reinforces transparency and accountability while empowering employees to raise concerns or seek clarification with confidence and trust.

2.b. Policy on Anti-Bribery and Corruption

CFL underscores its commitment to ethical conduct and integrity through a core policy that strictly prohibits all forms of corruption, including bribery, extortion and embezzlement. To address these risks and uphold transparency and fairness across all business activities, CFL implements stringent procedures. Any breach of this policy in relation to the Company's business is strictly prohibited, reflecting our commitment to accountability and ethical conduct.

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 behaviour by CFL employees and any such behaviour is treated with zero tolerance
- **Transparency and Reporting:** CFL emphasises 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

FOSTERING AN ETHICAL ORGANISATIONAL CULTURE: LIVING OUR CORE VALUES IN EVERYTHING WE DO

Operation of Company Tender Committee

A Tender Committee operating under established Terms of Reference (TOR) is formed with cross functional representation to promote transparency. It is responsible for all tender related matters and external sales activities that fall outside standard business sales transactions.

2.c. Employee Integrity Policy

CFL emphasises the importance of employee integrity as the foundation of the ethical culture. Policies are designed to create a workplace where professionalism, honesty and respect guide daily interactions.

Key measures include:

- **Ethics-Focused Training** – Ongoing programs to strengthen ethical conduct, decision-making and workplace awareness
- **Transparent Reward System** – Performance-based compensation and benefits across all roles
- **Integrity in Recruitment** – Hiring candidates based on merit, ensuring fairness, inclusivity and freedom from bias
- **Safe and Respectful Work Environment** – Policies promoting safety, dignity and protection from harassment and discrimination
- **Open Communication Channels** – Encouraging feedback and reporting concerns without fear of retaliation

Promoting Accountability and Performance

CFL integrates ethical principles with performance management, ensuring employees are recognised for both results and adherence to organisational values. Performance is measured holistically, considering outcomes, collaboration and alignment with ethical standards.

- Goals are co-created between employees and managers to reflect organisational priorities and personal development

- Evaluations are conducted regularly, emphasising growth, accountability and constructive feedback
- Recognition and advancement are awarded transparently, reinforcing a culture where integrity and efforts are equally valued

2.d. Environmental Policy

CFL has established an Environmental Policy to guide the management of its environmental impact, supporting sustainable operations and responsible resource use across the value chain. The Company minimises environmental impact through efficient resource use, waste reduction and responsible practices, while encouraging employees to support sustainability in daily operations.

Please refer to Natural Capital on Page 121 for more details.

2.e. Sustainability Strategy

Please refer to Sustainability Disclosures from Pages 55-67.

3. ASSURANCE MECHANISMS

Internal Audit Function

Objectives of the Internal Audit Function

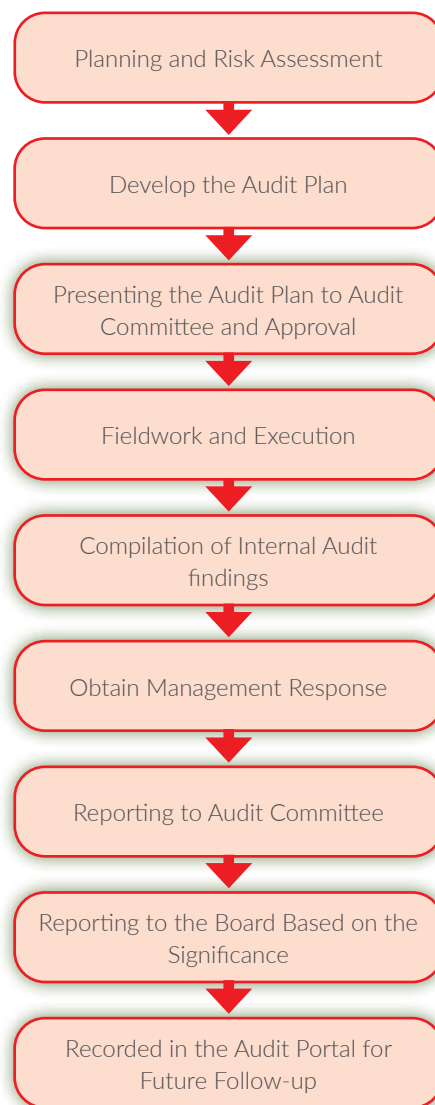
The internal audit function of the Company operates with the following key objectives:

- **Risk Assessments:** Identify and evaluate the organisation'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 inquiries are conducted to investigate suspected misconduct or ethical breaches, going beyond routine audits when specific concerns require focused attention
- **Asset Safeguarding:** Review controls in place to protect Company assets
- **Monitoring:** Review implementation of corporate goals
- **Reporting:** Prepare and present audit findings to management and the Board

Internal Audit Process



The Internal Audit Strategy

The internal audit function adopts a risk-based approach aligned with the Company's strategic objectives and operates independently under the oversight of the Audit Committee. Led by the Head of Group Internal Audit and supported by expertise service from KPMG Sri Lanka, it is supported by external auditors where required to provide objective assurance on the effectiveness of risk management and internal controls. As the third line of defence, internal audit conducts risk-focused reviews based on a Audit Committee-approved plan and monitors the timely implementation of corrective actions through a structured follow-up process.

External Assurance (External Audit)

The External Auditors inform the Audit Committee if the financial statements prepared by management present a true and fair view in accordance with Sri Lanka Accounting Standards. They also recommend corrective actions, identify areas for improvement and highlight any significant matters arising from the audit.

Appointment of Auditors and their Responsibilities

The Company's external audit is conducted by Messrs. Ernst & Young, Chartered Accountants. Their re appointment and remuneration were recommended by the Board Audit Committee, approved by shareholders and confirmed at the Annual General Meeting held on 27th August 2025.

Independence of the Auditors

As at the reporting date, no threats to auditor independence were identified. Appropriate safeguards have been implemented to reduce any potential risks to an acceptable level. The engagement team and relevant personnel complied with all applicable ethical requirements regarding independence, including those prescribed by Messrs. Ernst & Young, Chartered Accountants.

Evaluation of the Independence of External Auditors

The Board Audit Committee performs an annual evaluation of the external auditors' independence and objectivity. It also sets out guidelines for recommending the appointment of external auditors for non-audit services.

4. INTERNAL CONTROLS

The Board and senior management are responsible for maintaining an effective internal control system to protect shareholders' interests, safeguard Company assets and uphold ethical conduct. Management implements and monitors controls in line with Board approved policies to ensure compliance, prevent misconduct and maintain the integrity of financial and operational activities.

Evaluation of Effectiveness of Internal Controls

The effectiveness of internal controls is evaluated to ensure reliable financial reporting, regulatory compliance and

strong operational performance. Internal Audit conducts regular assessments and recommends improvements, while External Audit provides independent assurance, particularly over financial reporting controls.

5. REGULATORY AND STATUTORY GOVERNANCE

CFL operates within a comprehensive regulatory and statutory framework, ensuring adherence to applicable laws, regulations and industry best practices.

Compliance Framework

- **Regulatory Adherence:** CFL ensures compliance with relevant national laws, industry regulations and statutory requirements applicable to its operations
- **Periodic Reviews:** Compliance checklists are maintained and signed off periodically by the relevant management teams to ensure all obligations are met
- **Non-Compliance Management:** Any gaps or deviations are promptly identified, reported and addressed with corrective actions, responsible owners and defined timelines
- **Board Oversight:** Compliance reports are regularly shared with senior management and the Board to ensure effective governance and accountability
- **Continuous Monitoring:** CFL monitors updates to regulations and industry guidelines to proactively adapt its policies and processes, ensuring ongoing compliance

Key Areas of Compliance

Area	Applicable Laws/Regulations/Standards	Compliance Status
Employment & Labour	National Labour Laws, Employment Standards, Workplace Safety Regulations	✓
Financial Reporting	Accounting Standards, Tax Laws, Auditing Requirements	✓
Industry Standards	Certifications, Best Practices for Operational Safety & Quality	✓
Regulatory Filings	Statutory Returns to Authorities, Reporting Obligations	✓
Risk Management	Internal Risk Policies, Regulatory Risk Guidelines	✓
Anti-Fraud & AML	Anti-Money Laundering Guidelines, Fraud Prevention Policies	✓

FOSTERING AN ETHICAL ORGANISATIONAL CULTURE: LIVING OUR CORE VALUES IN EVERYTHING WE DO

6. IT AND CYBERSECURITY RISK GOVERNANCE

Board Involvement in IT Governance

The Board entrusts IT governance with the Audit Committee, which also oversees risk management, compliance and cybersecurity. The Committee ensures an effective framework to protect information integrity and manage IT risks. The IT function, led by the Group CIO, implements this framework and provides regular updates to the Committee. All IT expenditure is made within the Board approved budget and aligned with the Company’s strategic objectives.

IT Policies and Procedures

The IT policies and procedures include:

- 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
- Physical and Environmental Security Procedure

Communication and Awareness

IT security policies, standards, procedures and guidelines of the CBL Group are published on the Company intranet and are accessible to all employees. Employees are required to read and comply with these requirements. Cybersecurity awareness is further promoted through emails and flyers circulated to staff. In addition, the IT team conducts awareness sessions to educate employees on information security matters.

Device Control

The Company’s IT governance framework addresses potential threats and IT risks arising from device connectivity, while balancing stakeholder needs and connectivity requirements. All internal and external IT devices adhere to the CBL Group’s Access Control Policy, which defines access requirements, authorisation roles and approval levels. Device connectivity is protected through firewalls and is continuously monitored using access control systems.

Monitoring Cybersecurity Risks/Cyber Risk Management

The Security Operations Center (SOC) continuously monitors cybersecurity risks, supported by an IT incident management

procedure for effective response. Cybersecurity is a regular agenda item of the Audit Committee, with the CIO providing periodic updates. Employee awareness is promoted through regular communications and in the event of an incident, the CIO led monitoring team issues company wide guidance while implementing technical measures to protect data 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.

7.A. TAX GOVERNANCE

The Company’s tax management is guided by principles of compliance, transparency and accountability, ensuring obligations are met in accordance with applicable laws while protecting stakeholder value. Aligned with sustainable growth and business integrity, the tax governance framework helps manage tax exposures, mitigate risks, safeguard the Company’s reputation and uphold accurate, timely and ethical tax reporting, while fostering transparent relationships with tax authorities and stakeholders. The taxes paid are disclosed on Page 41.

Governance Structure	The Company's tax governance focuses on compliant, consistent and accurate management of tax obligations
Policies on Tax Governance	The Company's tax policies and procedures ensure accurate and transparent tax disclosures, effective controls over tax obligations, timely and correct settlements and proper record keeping in accordance with regulatory requirements
Roles and Responsibilities in Tax Governance	Management is responsible for maintaining compliance processes, monitoring and communicating tax law changes, ensuring proper documentation of tax computations and payments and obtaining independent advice where legislation is unclear
Review and Monitoring	The Company leverages SAP and digital banking platforms for tax computations, payments and compliance reporting; RAMIS is used to manage tax compliance reporting and the filing of returns

7.B. CORPORATE GOVERNANCE

Please refer to Page 169 for the Company’s Governance Framework.

SHAREHOLDER ENGAGEMENT

THE BOARD'S RESPONSIBILITY TO SHAREHOLDERS

The Board of Directors and senior management acknowledge their responsibility to act in the best interests of all shareholders and to promote the long-term success of the Company.

In fulfilling this responsibility, the Board seeks to:

- Generate sustainable returns on investment
- Ensure timely and transparent communication
- Comply fully with statutory and regulatory obligations
- Maintain sound risk management and internal controls
- Uphold fairness and protect shareholder rights

Please refer to Page 73 for further information addressing shareholder expectations.

SHAREHOLDER COMMUNICATION FRAMEWORK

Regulatory Announcements

All price-sensitive and material information is promptly disclosed to the Colombo Stock Exchange (CSE) in accordance with the Listing Rules.

Corporate Website

Corporate information, financial reports and announcements are accessible through the Company's website.

Company Secretaries and Registrars and the Process Established to Make the Board Aware of Major Issues and Concerns of Shareholders

The Company communicates shareholder concerns to the Board and facilitates direct communication between shareholders and the Board through the Company Secretary or Investor Relations Officer.

The Registrars manage shareholder records and administrative tasks such as share transfers, maintaining accurate registers and processing dividends.

Financial Reporting and AGM

The Company provides comprehensive financial reporting through:

- The Annual Report, which includes the Statement of the Board of Directors, Managing Director's Review, Management Discussion and Analysis, Capital Reports, Sustainability Disclosures, Corporate Governance Commentary and Audited Financial Statements
- Quarterly Interim Financial Statements published on the CSE website
- Updates on significant corporate development activities and changes over the time

Annual General Meeting (AGM)

The AGM enables shareholders to engage directly with the Board. In line with the Companies Act, AGM notices are issued at least fifteen (15) working days in advance with clear voting and proxy instructions and separate resolutions are presented for each substantive matter.

The Company has progressively enhanced the timeliness of publishing its Annual Report in the CSE and holding the AGM, as shown below.

Financial Year	Annual Report Publication Date on the CSE	AGM Date
FY 2020/21	20th August 2021	13th September 2021
FY 2021/22	16th August 2022	12th September 2022
FY 2022/23	16th August 2023	11th September 2023
FY 2023/24	15th August 2024	9th September 2024
FY 2024/25	31st July 2025	27th August 2025
FY 2025/26	17th July 2026	13th August 2026 (Scheduled)

Further, please refer to Financial Calendar on Page 232 for the dates of publication of Interim Financial Statements and Audited Financial Statements in CSE.

34th AGM Held on 27th August 2025

The Company held a virtual AGM in the previous year 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.

Under Ordinary Business, five (5) resolutions were passed:

- First and final dividend of Rs.6.70 per share for the year ended 31st March 2025
- Re-appointment of Mr. R. S. A. Wickramasingha as a Director
- Re-appointment of Mr. L. J. M. De Silva as a Director
- Re-appoint Messrs. Ernst & Young as the Auditors
- Authorise the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next AGM

Under Special Business: Six (6) resolutions were passed as amendments to the Company's Articles.

SHAREHOLDER ENGAGEMENT

The following table summarises shareholder attendance at the 34th AGM in the last year.

Mode of Participation	No. of Shareholders (head count)	No. of Shares Represented (share count)
In Person and Virtually	109	2,981
By Proxy and Virtually	6	1,962,992
Total Represented	115	1,965,973
% of Shareholders/ Shares	6.6%	71.5%
Total Shareholders/ Shares of the Company	1,752	2,750,000

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.

MAJOR SHAREHOLDER COMMUNICATIONS DURING 2025/26

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.

July 2025

- Declaration of the First and Final Dividend for the year ended 31st March 2025.
- Publication of Annual Report.

August 2025

- Notice of 34th AGM.
- Publication of the AGM results.

January 2026

- S S P Corporate Services (Pvt) Ltd was appointed as the Company's Secretary replacing P W Corporate Secretarial (Pvt) Ltd.

Shareholder Contact Details

Corporate Website

www.conveniencefoodslanka.com



Secretaries and 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

Investor Relations Officer

Randika Gamhewage
Manager - Financial Reporting
Tel: +94 11 500 3000 Ext. 3062
Email: randikag.cf@cbl.lk

INTEGRATED RISK MANAGEMENT

The Company operates in a dynamic FMCG environment influenced by political, economic, social, technological and environmental factors. Integrated Risk Management is embedded across governance and operations to proactively identify, assess and manage risks, support informed decision-making and enhance business resilience.

During FY 2025/26, heightened global uncertainty and local disruptions, including Cyclone Ditwah, underscored the importance of risk management. The Company adopts a structured, enterprise-wide approach supported by strong governance, internal controls and continuous monitoring to address both existing and emerging risks while supporting sustainable value creation and capturing opportunities.

Organisational Culture Towards Risk Management

The Company promotes a risk-aware culture led by the Board and management through oversight, risk awareness and integrity. Risk considerations are integrated into decision-making, supported by proactive scenario planning, continuous improvement and a clear speak-up culture. Key risks are formally documented in a Risk Register and assessed using a Risk Matrix, with a Risk Heat Map regularly presented to the Board to support effective oversight.

Integrating Risk Management with Strategic Planning

Risk management is integral to CFL's business strategy formulation, execution and performance management. Strategic risks are identified and assessed during annual strategic planning cycles, capital allocation decisions and major investment evaluations to ensure alignment with the Company's long-term objectives and risk appetite.

Risk insights inform strategic choices including:

- Market expansion and product portfolio diversification
- Pricing, investment and cost management decisions
- Capital expenditure prioritisation and technology investments
- Supply chain configuration and resilience planning
- Sustainability and ESG commitments

RISK MANAGEMENT APPROACH

The Company adopts a structured risk management framework aligned with the CBL Group Risk Management Policy and based on ISO 31000 principles. The framework supports the achievement of strategic objectives through continuous risk identification, assessment, mitigation and monitoring, enabling timely responses to evolving internal and external risk conditions.

Overall accountability for risk governance is vested in the Board of Directors of CFL, which retains ultimate responsibility for risk oversight. The Audit Committee oversees the effectiveness of the risk management framework, internal controls and assurance processes, while the Board Sustainability Committee provides oversight of sustainability, climate and ESG-related risks and opportunities.

RISK MANAGEMENT PROCESS

The Company's risk management process promotes early identification, timely mitigation and consistent monitoring of risks, while strengthening risk awareness, accountability and transparency across the organisation.

Key elements of the process include:

- Identification of key risks by departmental heads
- Evaluation and prioritisation of risks using a standardised Risk Matrix and Heat Map

- Documentation of risks and mitigation actions in a centralised Risk Register (hosted on a web portal)
- Implementation of risk treatment plans with defined timelines, accountability and performance indicators
- Quarterly review of the Risk Register and key risk movements by the Management Risk Committee
- Independent review of risk management practices and internal controls by Group Internal Audit with findings reported to the Audit Committee

Group Internal Audit provides independent assurance over the completeness and consistency of risk registers and heat maps and reports consolidated risk insights to the Audit Committee.

A. Setting Risk Governance: Three Lines of Defence

Risk governance is the framework of policies, structures and processes CFL uses to identify, manage and monitor risks for informed decision making and accountability, while the Three Lines of Defence model clearly separates risk ownership, oversight and assurance to strengthen risk management

B. Scope and Risk Management Objective Setting

The scope, context and criteria define the internal and external context, specify the nature and level of risk and set the objectives expected to be achieved through risk management

C. Risk Assessment

Risk assessment is the overall process of identifying, analysing and evaluating risks

INTEGRATED RISK MANAGEMENT

D. Risk Identification

Risk identification is to find, recognise and describe risks



E. Data Collection and Risk Analysis

Collection of data for risk analysis and consideration of uncertainties, risk sources, likelihoods, controls and their effectiveness



F. Risk Evaluation

Evaluate risk analysis with the established risk criteria to determine actions required



G. Responding to Risk through Integrated Decision-Making

Selecting and implementing options for addressing risks (risk treatment)



H. Monitoring, Review and Reporting

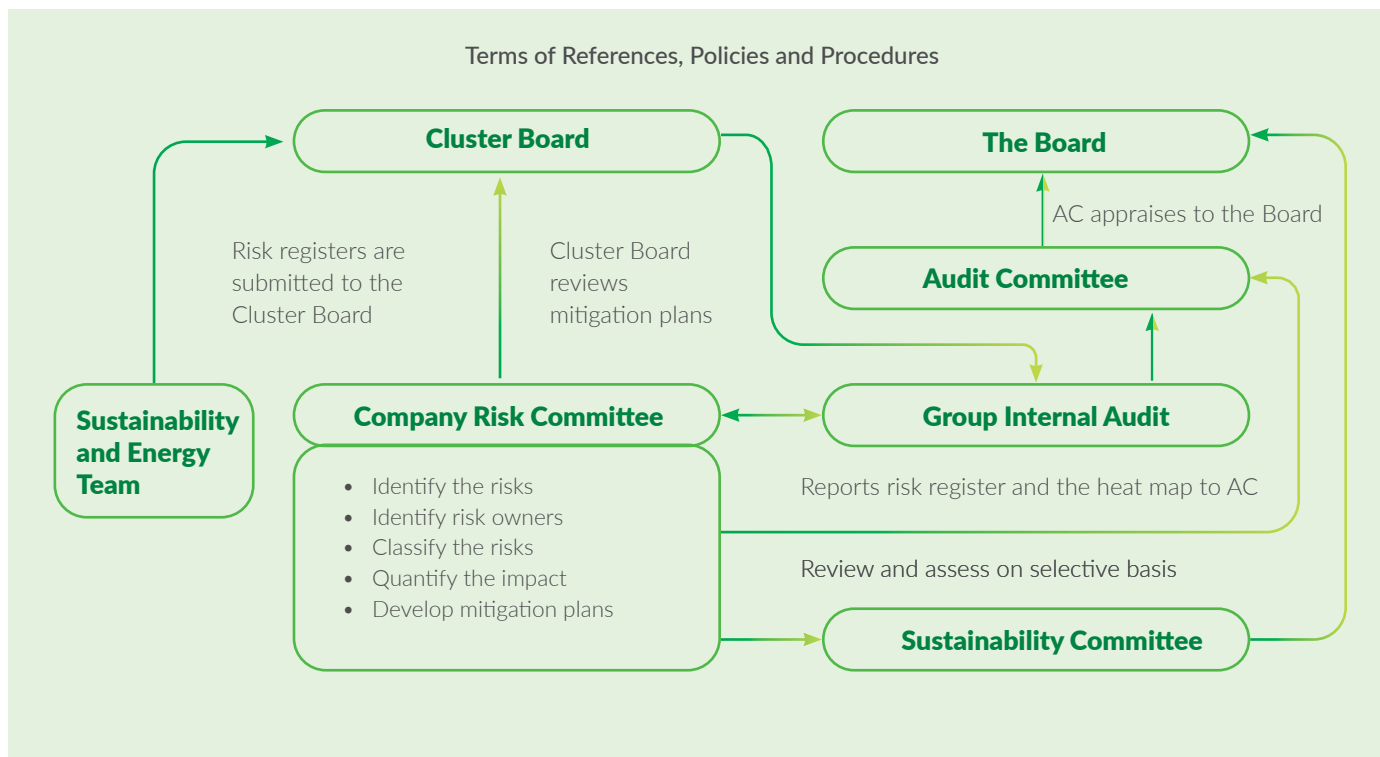
Assure and improve the quality and effectiveness of risk treatment process design, implementation and outcomes, including the transparency through reporting

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 Audit Committee	Reviews key risks, oversees mitigation strategies and keeps the Board informed of emerging threats
The Board Sustainability Committee	Reviews sustainability strategy and related risks and opportunities of the business
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	Operates at the senior management level, assesses key risks, determines necessary actions and advises on mitigation strategies
Sustainability Management 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



Three Lines of Defence in Our Risk Management Framework

The Company enables the three lines defence in risk management within the business.

01st Line of defence

The first line of defence 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.

Risk owners

02nd Line of defence

The second line of defence provides oversight and support by establishing the risk management framework and governance structures, monitoring risks, reviewing policies and initiating corrective actions where necessary.

Internal risk committee

Sustainability committee

Risk Champion (MD/CEO)

Cluster board

03rd Line of defence

The third line of defence provides independent assurance through the Group Internal Audit function, under the oversight of the Audit Committee and the Sustainability Committee, evaluating the effectiveness of risk controls and recommending improvements.

Audit committee

Sustainability committee

Group internal audit function

INTEGRATED RISK MANAGEMENT

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. 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 organisation through continuous education and engagement	Annually define and review the Company's risk appetite , ensuring alignment with strategic objectives and operational goals
Integrate 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 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 organisation

C. RISK ASSESSMENT

The Company applies a structured, data-driven risk assessment approach aligned with ISO 31000, integrating internal and external data to evaluate risks across the value chain. Risks are consistently assessed using standardised matrices and heat maps, recorded in a prioritised Risk Register and supported by ongoing mitigation actions. Residual risks beyond defined thresholds are escalated to senior management and the Board for oversight, with progress monitored, while material risks are progressively quantified to support informed decision-making.

D. RISK IDENTIFICATION

The Company identifies internal and external risks through observations, incident analysis and scenario analysis along with collaborative discussions involving risk owners, Risk Committees and Internal Audit. Identified risks are recorded in a Risk Register, prioritised based on materiality and monitored through defined escalation processes. Preliminary assessments are conducted by the Internal Risk Committee, with significant risks escalated to the Audit Committee to ensure effective oversight and alignment with strategic objectives.

We have identified eight (08) main risk categories comprising twenty-six (26) key risks in CFL as shown in Pages 192-196 of this Section.

Types of Risks



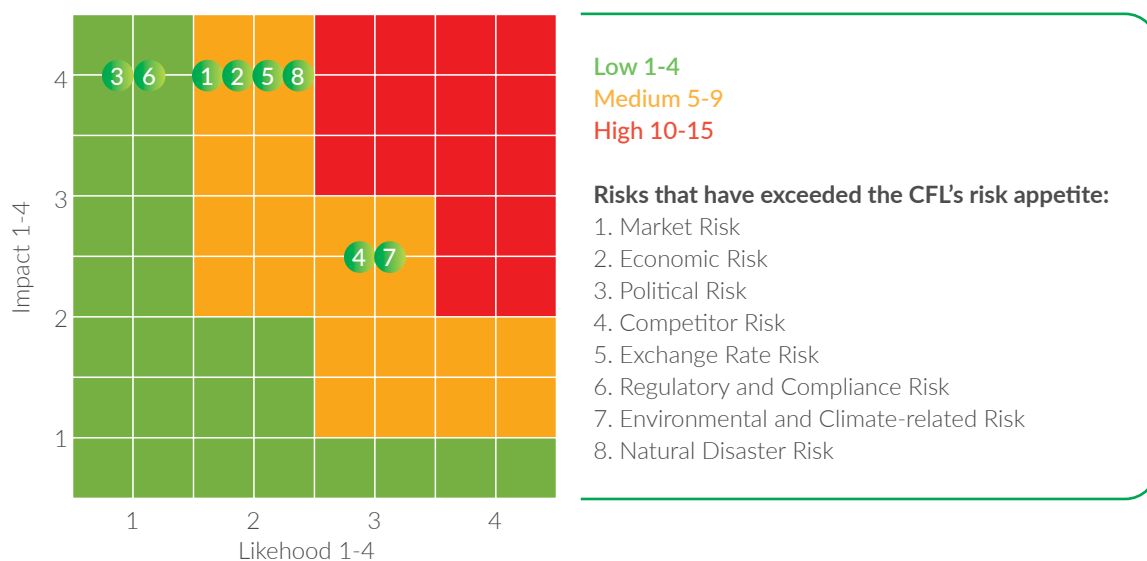
E. DATA COLLECTION AND RISK ANALYSIS

Each risk is evaluated using defined impact and likelihood scales, informed by internal data, audit results, stakeholder feedback and external market intelligence. Scenario analysis and benchmarking support the assessment, while the Board-approved risk appetite guides escalation and ongoing monitoring to ensure alignment with strategic objectives and compliance.

F. RISK EVALUATION

Risk evaluation determines whether treatment is required based on assessed impact, likelihood and alignment with the Company's risk appetite. Functional heads manage and mitigate risks within their areas through targeted action plans such as process improvements, system upgrades, compliance measures and continuity strategies supported by policy frameworks that embed controls into operations. Climate-related risks are addressed within the same integrated governance and oversight structure. A dynamic Risk Register is central to this process, capturing the nature of each risk, control measures and mitigation strategies. It is reviewed quarterly to ensure continuous and responsive management.

Risk Heat Map



G. RESPONDING TO RISK

The Company adopts a proactive and structured approach to risk management, integrating mitigation actions, monitoring and accountability within a defined governance framework. A dynamic Risk Register captures key risks, controls and mitigation strategies and is reviewed quarterly. Department heads implement tailored action plans with clear timelines and performance indicators, while risk controls are embedded across operations through policy frameworks. Climate-related and ESG risks are also integrated into this process, strengthening resilience, regulatory alignment and long-term value creation.

Internal Controls

The Board, Audit Committee and management have implemented key risk management and compliance measures, ensuring the effectiveness of the internal control environment. Further details on internal controls and compliance measures are provided on Pages 192-196 and 200.

INTEGRATED RISK MANAGEMENT

Principal Risks and Mitigation Plans

No.	Risk Exposure	Description	Potential Impact to CFL	Risk Mitigation	Capitals
Strategic and Market Risks					
1	Market Risk	Adverse changes in economic conditions, government policies, competitive dynamics and consumer preferences may adversely affect demand, market share and pricing	- Reduced market share and weakened brand positioning - Sustained market shifts may weaken brand positioning - Pressure on margins and brand positioning	- Forecast assessment - Continuous focus on innovation and consumer trends - Enhancing productivity to improve price competitiveness	Financial Social & Relationship
2	Economic Risk	Despite signs of macroeconomic stabilisation, residual inflationary pressures, currency volatility and economic uncertainty may continue to constrain consumer purchasing power and increase input costs, impacting profitability	- Higher input costs and margin erosion - Macroeconomic instability may reduce consumer purchasing power - Potential delay in strategic investments	- Implement disciplined cost management initiatives - Apply flexible pricing strategies aligned with market conditions - Strengthen stakeholder collaboration to enhance operational resilience	Financial
3	Political Risk	Although political stability has improved following the conclusions of national elections, uncertainties around policy continuity, economic reforms and governance could still affect investor confidence and business operations	- May disrupt business operations and policy continuity - Uncertainty may increase compliance and operational risks	- Maintain engagement with industry bodies - Adjust business plans in response to political and regulatory developments - Manage operations to mitigate risks arising from political instability	Financial Social & Relationship
4	Reputational Risk	Risk of damage to the Company's reputation arising from operational incidents, governance failures, regulatory non-compliance or stakeholder concerns	- Loss of stakeholder and consumer trust - May result in reduced sales and weakened market positioning - Long-term reputational damage could affect partnerships and investor confidence	- Maintenance of the highest ethical standards at all times in business activities - Prompt follow-up actions on complaints and taking corrective actions	Social & Relationship
5	Social Risk	Labour and human rights violations, environmental degradation, corruption and social or economic marginalisation harm local communities and threaten long-term business sustainability	- Social and labour-related issues may disrupt operations and community relationships - Failure to manage social impacts could damage brand reputation and stakeholder trust	- Implement policies to address labour, human rights and ethical standards - Engage communities through structured CSR initiatives - Monitor social impacts across operations and supply chains	Social & Relationship Human

No.	Risk Exposure	Description	Potential Impact to CFL	Risk Mitigation	Capitals
Operational Risks					
6	Competitor Risk	Risk of adverse impacts on performance arising from aggressive pricing, product innovation and market expansion strategies adopted by competitors	- Potential loss of customers and market share - Risk of losing competitive positioning - Sustained competition may reduce profitability	- 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	Financial
7	Business Operating Risk	Risk of operational inefficiencies or failures arising from inadequate internal controls, processes, systems or workforce capabilities	- Inefficient processes and control failures may disrupt daily operations - Increased operating costs and reduced productivity	- 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	Intellectual Human
8	Product Risk	Probability of new products failing or demand to decline for existing products	- Unsuccessful product launches or declining demand may reduce revenue - Could lead to inventory build-ups and margin pressure - Repeated failures may weaken market competitiveness	- Investment in sales capability and deployment of commercial excellence programs - Driving demand planning and supply chain agility	Financial
9	Quality Risk	Potential quality issues in products	- Customer dissatisfaction and complaints - Product recalls, financial losses and reputational damage - Loss of consumer confidence may affect long-term brand loyalty	Adequate and continuous quality control checks to assure quality throughout our process	Social & Relationship Manufactured
10	Health & Safety Risk	Risk of employee injuries or occupational health incidents arising from unsafe working conditions	- Employee injuries leading to productivity loss - Increased insurance and medical costs - Reputational impact on employer brand	Safety guidelines for our staff updated in real-time, based on local regulations/guidance	Human
11	Distribution Risk	Risks arising from reduced distributor cash flows and increased operating costs due to economic pressures and tax impact	- Delays in product availability in the market - Reducing sales volumes and customer satisfaction - Ongoing issues may strain distributor relationships	- Distribution channels are continuously monitored - Weekly credit review meetings are conducted	Social & Relationship

INTEGRATED RISK MANAGEMENT

No.	Risk Exposure	Description	Potential Impact to CFL	Risk Mitigation	Capitals
12	Supply Chain Risk	Risk of supply disruptions arising from shortages, pricing volatility or supplier capacity constraints	• Interruption in production and delivery schedules • Extended disruptions may affect customer commitments	• 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	Social & Relationship Financial Manufactured
Financial Risks					
13	Liquidity Risk	Adverse impact on the liquidity position as a result of payment delays by debtors, long stock holding period and early payment for creditors	• Limit the ability to meet short-term obligations • Potential delay in strategic investments	• Continuous review of working capital management • Maintain strong banking relationships • Monitor asset and liability maturity gaps on an ongoing basis	Financial
14	Credit Risk	Potential losses arising due to default by the debtors	• Customer defaults may result in bad debt losses • Weaken cash flows and working capital management	• Debt follow-up and collection practices • Where necessary, bank guarantees have been placed to cover high volume transactions	Financial
15	Exchange Rate Risk	Potential losses due to adverse fluctuation of exchange rates	• Increased input costs and earnings volatility	• Actions are 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	Financial
16	Interest Rate Risk	Fluctuations in market interest rates have an impact on profitability and funding	• Increased borrowing and financing costs • Higher funding costs may constrain expansion plans	• Monitor interest rate trends and outlook • Apply in-house fund management strategies to optimise financing costs	Financial
Compliance and Regulatory Risks					
17	Regulatory & Compliance Risk	Losses and fines arising due to violations or non-conformance with laws and regulations	• Could result in fines, penalties or legal action • Damage stakeholder confidence	• Group regulatory affairs division supports in compliance with existing and new laws and regulations • Finance and non-finance compliance requirements are monitored on a regular basis	Intellectual

No.	Risk Exposure	Description	Potential Impact to CFL	Risk Mitigation	Capitals
18	Product & Consumer Compliance Risk	Non-compliance with product safety, labeling, advertising and consumer protection regulations	- Financial penalties and legal costs - Suspension of licenses - Reputational damage affecting stakeholder trust	- Strengthen quality assurance systems and food safety standards - Implement regulatory compliance reviews for product labels and marketing materials - Conduct regular compliance training for staff	Intellectual
Technological and Systematic Risks					
19	System Risk, IT and Cybersecurity	Increased frequency and sophistication of cybersecurity threats may disrupt operations, compromise data and impact customer trust	- Data breaches and system failures disrupting operations - Financial loss from fraud - Erosion of customer confidence	- 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	Social & Relationship Intellectual
20	Obsolescence of Technology Infrastructure	Aging IT infrastructure and legacy systems may not support scalability, integration or emerging technology adoption	- Outdated systems may reduce operational efficiency and scalability - Limit digital transformation and system integration - Technology gaps may increase operational and cybersecurity risks	- Conduct technology lifecycle assessments and upgrades - Gradually migrate to cloud-based platforms for flexibility - Align tech strategy with digital transformation roadmap	Intellectual Manufactured
ESG Risks					
21	Environmental and Climate-Related Risk Please refer to Capital Reports from Pages 81 to 159	Risks arising from climate change environmental degradation and regulatory transition impacts	- Supply chain disruptions from extreme weather - Higher compliance costs for sustainability - Negative impact on brand image	- 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 minimising waste	Natural Social & Relationship Human

INTEGRATED RISK MANAGEMENT

No.	Risk Exposure	Description	Potential Impact to CFL	Risk Mitigation	Capitals
Human Capital Risks					
22	Human Resource Risk	Ability to attract and retain talent in a competitive job market and rapidly evolving business environment Employee Attrition Rate 5.6%	- High employee turnover may disrupt business continuity - Increased recruitment and training costs - Loss of skilled employees may affect productivity	- Strengthening CFL's employer value proposition, based on our commitment to employee growth - Talent management, leadership development and succession planning	Human
23	Skill Gaps & Workforce Obsolescence	Employees may lack the digital, analytical or technical skills required for evolving roles in automation, AI or sustainability	- Limitation on adoption of new technologies - Reduced operational efficiency and innovation capacity - Skill gaps may weaken competitiveness	- 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	Human
24	Health, Safety & Wellbeing Risk	Inadequate health and safety protocols can lead to accidents, absenteeism or regulatory penalties	- Workplace incidents result in injuries and absenteeism - Leading to legal penalties and increased costs - Damage to employer brand perception	- 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	Human
25	Leadership Pipeline Risk	Risk arising from insufficient development of future-ready leaders impacting strategic execution and business continuity	- May slow strategic execution - Affecting business continuity and decision-making. - Reduced organisational resilience	- Identify high-potential talent early and provide mentorship and development - Implement structured succession planning for key roles - Use leadership assessments to guide development	Human
Business Continuity Risks					
26	Natural Disaster Risk	The risk arising from natural events such as floods, cyclones or other extreme weather events	- May disrupt operations and damage assets - Revenue losses and supply chain interruptions	- Maintain adequate insurance coverage for assets and business interruption - Diversify suppliers and distribution routes to ensure continuity	Financial Manufactured Human

H. MONITORING, REVIEW AND REPORTING

The Company maintains a structured process to monitor, review and report on the effectiveness of its risk management framework, ensuring alignment with strategic objectives and evolving risk conditions. Operating within a Board-approved risk appetite, residual risks are monitored by the Internal/Management Risk Committee and independently reviewed by Internal Audit. Department heads implement and track risk mitigation action plans, with progress reported quarterly through the Risk Register and escalated to the Board or Audit Committee as required. Regular Board reporting, policy reviews and control assessments support continuous improvement, while any exceptions to approved risk frameworks are subject to formal approval and governance oversight.

EMERGING RISKS AND MITIGATIONS

The Company operates in a rapidly evolving risk environment influenced by technological advancement, regulatory changes, macroeconomic conditions, geopolitical tensions and rising stakeholder expectations. Management recognises that emerging risks are interconnected and may materially impact strategy, operations, reputation and long-term value creation.

In addition to regular risk reviews, emerging risks requiring immediate management attention are promptly escalated through defined governance channels to the Audit Committee.

RISK DISCLOSURES AND STRATEGIC RISK NARRATIVES

In preparation for the adoption of SLFRS S1 and S2, the Company has introduced a voluntary section on sustainability and climate-related Risk Management, outlining the identification, assessment and integration of these risks into the overall risk management framework (Please refer to Page 68).

Sustainability And Climate- Related Risks And Mitigations

The Company recognises that sustainability and climate-related risks can affect the entire business and has implemented targeted mitigation actions aligned with its six capitals to strengthen resilience and long-term value creation. Oversight is provided by the Cluster Sustainability Committee, which manages related risks and opportunities, monitors progress against CFL's ESG roadmap and reports outcomes to the Board Sustainability Committee.

Targeted Sustainability and Climate-Related Risks Mitigation Actions and Alignment with Our Capitals

Financial Capital	Page 89
Manufactured Capital	Page 100
Human Capital	Page 116
Intellectual Capital	Page 157
Social and Relationship Capital	Page 143
Natural Capital	Page 128
SLFRS S1 and S2 Disclosures	Pages 48-69

Sustainability And Climate-Related Opportunities

Opportunities often arise alongside sustainability and climate-related risks and are identified through the Company's strategic and risk management processes.

The targeted sustainability and climate-related opportunities aligned with our capitals are presented under each Capital report and can be found on the same pages referenced above.

AUDIT COMMITTEE REPORT



Ms. S. T. Ratwatte
Chairperson - Audit Committee

“The Audit Committee remains in its commitment to preserving the standards of corporate governance, financial reporting integrity and accountability. Through oversight of internal controls, risk management, regulatory compliance and audit processes, the Committee continues to safeguard the interests of CFL and its stakeholders, improving trust, transparency and long-term value creation across the organisation.”

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

Name	Directorship	Membership	Attendance	Date of Appointment
Ms. S. T. Ratwatte	Independent Non-Executive Director	Chairperson	4/4	01st April 2024
Mr. I. S. Fonseka	Independent Non-Executive Director	Member	4/4	01st April 2024
Mr. M. E. Wickremesinghe	Independent Non-Executive Director	Member	4/4	01st April 2024

Permanent Invitees

- Managing Director/CEO
- General Manager - Group Internal Audit
- General Manager - Finance

Secretary to the Committee

- S S P Corporate Services (Pvt) Ltd

100% NEDs
Representation on the Committee

100% Members'
Attendance to the Committee

Compliance with the CSE Listing Rules ✓

Compliance with the Code of Best Practice ✓

CHARTER OF THE COMMITTEE

The Committee Charter of the Company has been reviewed and approved by the Board to ensure effective oversight of financial reporting, internal controls, compliance with laws and regulations, risk management and external audit and to ensure compliance with the rules on corporate governance under the Listing Rules of the CSE. The Charter defines the terms of reference of the Committee and covers the functions of a Risk Committee as well.

The members contributed a diverse array of expertise and knowledge to the Committee, facilitating the efficient execution of its operations. Further, the Board is satisfied that the Committee includes members with financial literacy and relevant accounting expertise as required by the Listing Rules. Detailed information about the members' experience, qualifications and expertise can be found in their brief profiles on Pages 167-168 of the Annual Report.

REPORT OF THE AUDIT COMMITTEE

The Board has established the Audit Committee in compliance with the requirements of the Listing Rules of the CSE. The Committee's primary responsibility is fulfilling its oversight responsibility to the shareholders, potential investors and other stakeholders in relation to the integrity of financial statements of the Company. The Company Secretary serves as the Secretary of the Committee.

Functions and Key Activities Performed During the Year

Audit Committee – Functions	Key Activities Performed During the Year
Oversee compliance with financial reporting, disclosure requirements, the Companies Act, SEC Act and related regulations	The Committee assisted the Board in fulfilling its oversight responsibilities in relation to the integrity and reliability of the Company's financial reporting process and ensuring compliance. The Company informs the Committee of any regulatory or governance-related changes through quarterly meetings or more frequently where necessary, by the Company Secretary, General Manager – Finance or General Manager-Group Governance, Risk and Control. The Company monitors regulatory developments and facilitates timely establishment of new procedures or amendments to existing processes to ensure compliance with new statutory or regulatory requirements. - Reviewed compliance with the Companies Act No. 07 of 2007, CSE Listing Rules, SEC regulations, taxation laws and internal policies on a quarterly basis - Reviewed non-financial information (ESG/Sustainability-related)) impacting reported results - Reviewed quarterly regular updates on regulatory and governance developments and ensured timely implementation of new or revised requirements
Review the consistency of accounting policies and the integrity and accuracy of interim and annual financial statements prior to Board approval	- Reviewed quarterly interim financial statements for all four quarters and the annual audited financial statements prior to the Board approval and publication - Assessed consistency and appropriateness of accounting policies in line with Accounting Standards (SLFRSs/ LKASs) - Evaluated significant accounting estimates, judgments and assumptions - Reviewed clarity, completeness and transparency of financial statement disclosures - Considered implications of new and revised accounting standards - Conducted reviews in consultation with management and where appropriate, the external auditors
Recommend appointment, re-appointment or removal of external auditors and approve their remuneration and terms of engagement	- Reviewed audit scope, key audit matters and engagement terms prior to commencement - Recommended the re-appointment of the external auditors to the Board, subject to shareholder approval - Reviewed the auditor remuneration prior to approval - Evaluated the independence, objectivity and performance of the external auditors and reviewed audit and non-audit fees to ensure auditor independence was not impaired
Obtain and review assurances from management on financial reporting and controls	- Obtained written representations from the MD/CEO and General Manager - Finance confirming proper maintenance of accounting records, true and fair presentation of financial statements and compliance with reporting requirements - Reviewed management confirmations on adequacy and effectiveness of risk management and internal control systems and the Company's going-concern assessment (Please refer to Page 213 of the Annual Report of the Board of Directors on the Affairs of the Company, for further details)
Review controls to prevent unauthorised disclosure of material information	- Reviewed IT and cybersecurity controls implemented to safeguard information assets - Reviewed updates from the Group Chief Information Security Officer on cybersecurity risks, IT resilience and data protection measures - Reviewed controls supporting operational continuity and information security

AUDIT COMMITTEE REPORT

Audit Committee – Functions	Key Activities Performed During the Year
Oversee the adequacy and effectiveness of internal controls and risk management framework	The Audit Committee continued to oversee the effectiveness of the Company's internal control and enterprise risk management framework during the year. The Committee reviewed the adequacy of key controls to safeguard assets, ensured the integrity of financial reporting and supported sound risk governance in line with the Company's and CBL Group's strategic objectives and approved risk appetite. • Evaluated the effectiveness of the internal control and enterprise risk management framework in line with approved risk appetite • Reviewed the process established for enterprise-level risks, including identification, assessment, classification and monitoring • Reviewed controls over safeguarding of assets and integrity of financial reporting • Monitored timely implementation of management corrective actions where control gaps or elevated risks were identified • Reviewed risk outcomes, mitigation actions and business continuity arrangements
Review effectiveness of internal and external audits and auditor independence; establish policies on non audit services	The CBL Group Internal Audit function presented its quarterly reports to both the Company's Audit Committee and the CBL Group Audit Committee, outlining the general and specific audit work performed for CFL. • Reviewed and monitored execution of the annual internal audit plan covering financial, operational and IT controls • Considered quarterly internal audit reviews and reports from the CBL Group Internal Audit function and monitored follow-up actions In doing so, the Committee satisfied itself that the internal audit activities were carried out in accordance with the requirements of the Sri Lanka Auditing Standards and that the function continued to provide risk-based, objective assurance and advisory support to strengthen CFL's internal control environment. The Audit Committee oversees the integrity of the Company's financial reporting and ensures the effectiveness and independence of the External Auditors. • Evaluated objectivity, authority, scope, methodology and resourcing of the internal audit function • Reviewed external audit findings, management letters and remediation actions • Reviewed and approved non-audit services and ensured safeguards to protect auditor objectivity • Conducted reviews with external auditors During the year, the Committee engaged with Messrs. EY Sri Lanka, Chartered Accountants, who have been engaged with the Company for three years. The current audit partner has served in this role for the same period of three years and is in compliance with rotation requirements. Written assurance was obtained that the auditors remained independent throughout the engagement. The Committee reviewed the non-audit services provided, including transfer pricing and income tax consultancy and is satisfied that appropriate safeguards were in place to preserve auditor objectivity. The Committee is also satisfied that the external audit was performed in accordance with professional standards, with full cooperation from management. The Committee reviewed the level of audit and non-audit fees to ensure that auditor independence was not impaired. The audit fees for the year is Rs.1,618,318 (2024/25: Rs.1,471,198). The Committee recommended to the Board the reappointment of Messrs. EY Sri Lanka, Chartered Accountants, as External Auditors for the ensuing year, subject to shareholder approval.

Audit Committee – Functions	Key Activities Performed During the Year
Promptly report unresolved breaches of Listing Requirements to the CSE	- Monitored resolution of matters reported to the Board relating to compliance with Listing Rules and regulatory requirements - Confirmed that no unresolved breaches requiring reporting to the CSE arose during 2025/26 financial period

Performance of Risk Committee Functions by the Audit Committee

The Audit Committee performs the risk management functions of the Company, assuming the responsibilities of a Risk Committee. This includes overseeing the establishment and improvement of risk management procedures, including setting risk appetite, risk identification, assessment and management; regularly reviewing risk outcomes and mitigation actions; reviewing management reports on new and emerging risks and related controls; and evaluating processes for monitoring information system security and backup procedures.

Ethics, Integrity and Governance Oversight

The Audit Committee recognises that high standards of ethical conduct and good corporate governance are fundamental to maintaining stakeholder trust and the reputation of the Company. Beyond statutory compliance, the Committee supports the Board in promoting a culture of integrity, transparency and accountability throughout the organisation.

The Committee oversees policies on business conduct, conflicts of interest, fraud prevention and whistleblowing, ensuring confidential reporting channels without retaliation. Ethical considerations are embedded in financial reporting, internal controls and risk management. Through regular engagement with Management and auditors, the Committee monitors governance effectiveness and confirms that established mechanisms upheld high ethical and governance standards during the year, aligned with local and international practices. No whistleblowing incidents were reported.

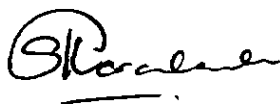
Evaluation of the Committee

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. 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.

Conclusion and Future Focus

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.

The Audit Committee will strengthen oversight of emerging financial, operational and cybersecurity risks through closer collaboration with risk management and internal audit functions. Key priorities include reinforcing the Internal Audit Plan, ensuring relevant and faithful financial reporting, monitoring evolving regulatory requirements and enhancing transparency in communications with the Board and stakeholders.



S. T. Ratwatte

Chairperson of the Audit Committee

30th June 2026

Colombo

REMUNERATION COMMITTEE REPORT



Mr. M. E. Wickremesinghe
Chairperson - Remuneration Committee

“The Remuneration Committee remains committed to ensuring that CFL’s remuneration framework is fair, transparent and performance-oriented, supporting the Company’s strategic objectives and long-term value creation. Guided by principles of equity, accountability and sound governance.”

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

Name	Directorship	Membership	Attendance	Date of Appointment
Mr. M. E. Wickremesinghe	Independent Non-Executive Director	Chairperson	2/2	01st April 2024
Ms. S. T. Ratwatte	Independent Non-Executive Director	Member	2/2	01st April 2024
Ms. N. K. Wickramasingha	Non-Executive Director	Member	2/2	22nd September 2017

Permanent Invitees

- Managing Director/CEO
 - General Manager – Finance
- Secretary to the Committee**
- S S P Corporate Services (Pvt) Ltd

**100%
NEDs**
Representation
on the
Committee

**100%
Members’**
Attendance to the
Committee

**Compliance
with the
CSE
Listing
Rules** ✓

**Compliance
with the
Code
of Best
Practice** ✓

CHARTER OF THE COMMITTEE

The Committee has been established by the Board of Directors to oversee a formal, transparent and objective process for determining the remuneration of Directors and Key Management Personnel (KMP) and to monitor the Company’s overall remuneration framework. It operates under a Board-approved Charter that defines its composition, authority, responsibilities and meeting procedures and functions in accordance with applicable Listing Rules and regulatory requirements.

The Committee comprises members with diverse expertise and experience, details of which are provided in their profiles on Pages 166-168 of the Annual Report. The Committee is also authorised to obtain independent professional advice when required.

REPORT OF THE REMUNERATION COMMITTEE

The Board has established the Remuneration Committee in compliance with the requirements of the Listing Rules of the CSE. The Committee is responsible for setting up and ensuring a clear, structured and transparent process for formulating and implementing the remuneration policy applicable to both Directors and employees of the Company. The Company Secretary serves as the Secretary of the Committee.

Functions and Key Activities Performed During the Year

Remuneration Committee - Functions	Key Activities Performed During the Year
Recommend the remuneration payable to Executive Directors and the Managing Director/CEO (MD/CEO) to the Board for final approval	The Remuneration Committee plays a key role in supporting the Board by ensuring that the Company's remuneration framework drives performance, supports strategic objectives and promotes long-term sustainability. The Committee oversees the design of fair, competitive and performance-based compensation structures for the Executive Director, senior management and Non-Executive Directors, aligned with market standards and shareholder interests. The Committee also evaluates leadership performance, supports succession planning and reviews human resource policies to ensure the Company maintains strong governance and continuity in its leadership. - Assessed the remuneration policy and its application to the MD/CEO and senior management personnel - Assessed the performance of the MD/CEO and other senior management personnel against agreed performance objectives and established criteria - Recommended that the remuneration of the MD/CEO be determined in accordance with the criteria approved by the Board - Reviewed and authorised revisions to employee benefits applicable for the year
Engage external expertise where necessary to assess remuneration relevance and competitiveness	Considered the need for external remuneration benchmarks or expert input to assess the relevance and competitiveness of remuneration levels for the MD/CEO and senior management, where appropriate
Review remuneration-related human resources policies	- Reviewed the remuneration and incentive framework in place - Reviewed established remuneration criteria and performance evaluation schemes - Reviewed strategic human resources policies

Remuneration Policy

The Committee has established and maintains a formal and transparent procedure for developing the remuneration policy for Executive Directors and determining Directors' remuneration packages. Remuneration includes all cash and non-cash benefits received from the Company. The remuneration of the Chairman and Non-Executive Directors is determined by the Board. It ensures that no Director is involved in decisions relating to his or her own remuneration. The Company's salary and benefit structures are aligned with industry standards and best practices to ensure competitiveness. A portion of the MD/CEO's remuneration is performance-linked, balancing short, medium and long-term performance objectives.

Non-Executive Directors receive a fixed fee for participation in the Board and Sub-Committee meetings, with no variable component, thereby preserving their independence. Fees are based on market rates and follow non-discriminatory remuneration principles. No Director was granted share options of the Company during the reporting period.

Remuneration of Directors

The aggregate remuneration of the Executive Directors and Non-Executive Directors of the Company in the financial year ending 31st March 2026 was Rs.64.2 Mn compared to Rs.52.0 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 organisation. The structure comprises a combination of fixed elements, including basic salary and other fixed components, as well as variable elements such as an annual bonus and a performance-based bonus. This allows employees to be recognised 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.

REMUNERATION COMMITTEE REPORT

Conclusion and Future Focus

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.

The Committee will continue to support leadership development, talent retention and human capital strategies aligned with the Company's long-term goals and stakeholder expectations.



M. E. Wickremesinghe

Chairperson of the Remuneration Committee

30th June 2026

Colombo

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT



Mr. I. S. Fonseka
Chairperson - Related Party Transactions Review Committee

"The Related Party Transactions Review Committee remains committed to ensuring that related party transactions are conducted with transparency, fairness and integrity, in accordance with regulatory requirements and governance principles. Through review and independent oversight, the Committee safeguards the interests of CFL and its shareholders, while establishing accountability, trust and long-term stakeholder confidence."

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

Name	Directorship	Membership	Attendance	Date of Appointment
Mr. I. S. Fonseka	Independent Non-Executive Director	Chairperson	4/4	01st April 2024
Ms. S. T. Ratwatte	Independent Non-Executive Director	Member	4/4	01st April 2024
Mr. M. E. Wickremesinghe	Independent Non-Executive Director	Member	4/4	01st April 2024

Permanent Invitees

- Managing Director/CEO
- General Manager - Finance
- Secretary to the Committee**
- S S P Corporate Services (Pvt) Ltd

100%
NEDs
Representation
on the
Committee

100%
Members'
Attendance to the
Committee

Compliance
with the
CSE
Listing
Rules ✓

Compliance
with the
Code
of Best
Practice ✓

CHARTER OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Committee reviews all Related Party Transactions (RPTs) and sets guidelines for their identification, management, reporting and disclosure to ensure compliance with SEC Sri Lanka and the CSE Listing Rules. Management provides complete information for evaluation. The Committee prioritises commercial substance over legal form to protect all shareholders and prevent undue benefit to Directors, Key Management Personnel, related parties or major shareholders. The Committee upholds transparency, fairness and integrity in overseeing RPTs, ensuring timely disclosures in line with applicable regulations. It follows CA Sri Lanka best practices and the Company's governance frameworks and may obtain independent professional advice when required.

Please refer to Pages 167-168 of the Annual Report for detailed information about the experience, qualifications and expertise of the members of the Committee. 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.

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. 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.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board has established the Related Party Transactions Review Committee in compliance with the requirements of the CSE Listing Rules. The Committee's primary responsibility is to oversee all RPTs and establish guidance on their identification, management, reporting and disclosure to ensure adherence to applicable regulatory requirements. The Company Secretary serves as the Secretary of the Committee.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Functions and Key Activities During the Year

Related Party Transactions Review Committee - Functions	Key Activities Performed During the Year
Review RPTs in accordance with the CSE Listing Rules	- Reviewed all recurrent and non-recurrent RPTs entered during the year - Made recommendations on RPTs and communicated observations and conclusions to the Board on a timely basis - Reviewed RPTs to ensure they complied with applicable approval thresholds and disclosure requirements - Ensured that the review process mitigated potential conflicts of interest and upheld high standards of corporate governance
Ensure that the interests of shareholders as a whole are adequately protected when undertaking RPTs	- Evaluated RPTs to ensure that they were carried out in the ordinary course of business and on normal commercial terms - Assessed whether transactions were conducted at arm's length and did not prejudice minority or public shareholders
Evaluate the objective, economic and commercial substance of RPTs over legal form	Reviewed the substance and commercial rationale of proposed and ongoing RPTs to ensure alignment with the intent of the CSE Listing Rules and sound governance principles
Establish and maintain policies, procedures and processes for identification and reporting of RPTs	- Reviewed and updated the Related Party Transactions Policy to reflect regulatory changes and incorporate governance improvements - Ensured that clear procedures were in place for the identification, review and reporting of RPTs across the Company's operations
Ensure disclosure of RPTs in financial reporting in accordance with the Listing Rules	Provided oversight of disclosures relating to RPTs included in interim and annual financial statements to ensure transparency and compliance with applicable accounting standards and regulatory requirements

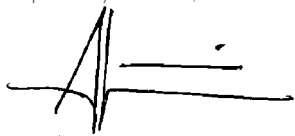
Observations During the Year

- All RPTs reviewed during the year were found to be in the ordinary course of business and on arm's length terms
- No material RPTs were reported that required shareholder approval or special disclosure beyond regular reporting
- The Company complied with the relevant provisions under Section 7.6 and 9.14 of the CSE Listing Rules
- There were no conflicts of interest or instances of non-compliance observed in relation to RPTs

A comprehensive disclosure of all RPTs including those required under Section 9.14 of the Listing Rules has been provided in Note 31.2 of the financial statements on Page 277. 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 and Future Focus

The Committee affirms that the Company has complied with all applicable requirements of the CSE in relation to RPTs for the financial year ended 31st March 2026. The Committee will remain committed to maintaining the standards of corporate governance and transparency in RPTs, while working with the Board and management to strengthen governance frameworks in line with best practices.



I. S. Fonseka

Chairperson of the Related Party Transactions Review Committee
30th June 2026
Colombo

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT



Mr. M. E. Wickremesinghe
Chairperson - Nominations and
Governance Committee

"The Nominations and Governance Committee remains in its commitment to strengthening CFL's Board effectiveness, leadership capacity and corporate governance framework. Through a transparent and objective nomination process, periodic performance evaluation and continued focus on succession planning, independence and diversity of skills."

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

Name	Directorship	Membership	Attendance	Date of Appointment
Mr. M. E. Wickremesinghe	Independent Non-Executive Director	Chairperson	3/3	01st April 2024
Ms. S. T. Ratwatte	Independent Non-Executive Director	Member	3/3	01st April 2024
Ms. N. K. Wickramasingha	Non-Executive Director	Member	3/3	01st April 2024

Permanent Invitees

- Managing Director/CEO
- General Manager - Finance
- Secretary to the Committee**
- S S P Corporate Services (Pvt) Ltd

**100%
NEDs**
Representation
on the
Committee

**100%
Members'**
Attendance to the
Committee

**Compliance
with the
CSE
Listing
Rules** ✓

**Compliance
with the
Code
of Best
Practice** ✓

CHARTER OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

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. A periodic evaluation is required to be conducted by the Committee on the performance of the Board of Directors and the Managing Director/Chief Executive Officer (MD/CEO).

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 Company, through the MD/CEO, is required to inform the Independent Directors of major issues relating to the Company.

Non-Executive Directors who are recommended for re-election by the Committee are required to submit themselves for re-election once every three (03) years.

Please refer to Pages 166-168 for the individual profile information of the Directors, their experience, periodic evaluation, communication to Directors, induction programs conducted, their independence and compliance with the CSE continuing Listing Rules.

REPORT OF THE NOMINATIONS AND GOVERNANCE 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 (KMP) of the Company and to exercise the functions enumerated in the Listing Rules. The Committee is governed by the Charter, which delineates in writing the membership, scope, authorities, duties and matters relating to meetings of the Committee, including provisions relating to the process to be followed in nominating Directors. The Company Secretary serves as the Secretary of the Committee.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

Functions and Key Activities Performed During the Year

Nominations and Governance Committee - Functions	Key Activities Performed During the Year
Evaluate the appointment of Directors to the Board and Board Committees	- Evaluated the established process for appointment and re-election to the Board after considering requirements set out in the CSE Listing Rules and the Board Charter - Ensured that no Committee member participated in deliberations relating to his or her own appointment
Consider and recommend the re-appointment or re-election of Directors, taking into account their skills, experience, performance and contribution to the Board, as well as other directorships and principal commitments	- Recommended the re-election of Directors to the Board after evaluating their performance, contribution, experience and ability to meet the strategic needs of the Company - Evaluated the number of directorships and other commitments held by Directors in assessing their ability to dedicate sufficient time to Board responsibilities
Establish and maintain a formal and transparent procedure for Director selection and appointment	Applied established nomination procedures and criteria in evaluating appointments and re-elections to ensure transparency and objectivity in the Board appointment process
Establish and maintain criteria for the selection of Directors based on qualifications, skills, experience and key attributes, having regard to the nature of the Company's business and industry requirements	Reviewed academic and professional qualifications, industry experience, diversity of skills and key attributes of Board members as essential factors contributing to Board effectiveness. (Please refer to Pages 165-168 for the individual Director profiles)
Establish and maintain a process for the periodic evaluation of the performance of the Board and the MD/CEO to ensure effective discharge of responsibilities	- Reviewed process for the periodic evaluation of the performance of the Board and the MD/CEO - Reviewed the process relating to performance oversight and governance effectiveness through continuous engagement and reporting
Review the process for succession plans for the Board and KMP	Reviewed succession planning process for key leadership and governance roles established by the HR function
Review the structure, size and composition of the Board and Board Committees	- Reviewed the Board's structure, size and composition to ensure an appropriate balance of skills, independence and diversity to support effective decision making - Encouraged Director participation in training and professional development programs, including ESG, cybersecurity and regulatory developments to enhance Board effectiveness
Review and recommend the Company's corporate governance framework in line with CSE Listing Rules, applicable regulatory requirements and relevant industry and international best practices	- Reviewed corporate governance requirements under the Listing Rules, securities market regulations and other applicable laws to ensure compliance - Reviewed action plans to strengthen and enhance the overall corporate governance framework of the Company
Periodically review and update the corporate governance framework in line with regulatory developments and review management reports on governance compliance and deviations	- Monitored developments in corporate governance regulations and best practices and considered necessary updates to governance policies and frameworks as appropriate - Obtained declarations of independence from all Directors using a prescribed format - Reviewed updates on compliance with the SEC Act, CSE Listing Rules and other applicable governance requirements, including reasons for any deviations or non-compliances, where applicable - Discussed recommendations and observations to the Board on a timely basis

Conclusion and Future Focus

The Committee is satisfied that the Company has adhered to corporate governance requirements stipulated under the Listing Rules of CSE. 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.

The Committee will continue to work closely with the Board and management to ensure that governance frameworks support the Company's long-term success and stakeholder interests and enhance current practices to meet best practices and global standards.



M. E. Wickremesinghe

Chairperson of the Nominations and Governance Committee

30th June 2026

Colombo

SUSTAINABILITY COMMITTEE REPORT



“The Sustainability Committee was established to provide Board-level oversight of environmental, social and governance priorities, sustainability-related risks, regulatory developments, disclosures and stakeholder expectations. Guided by transparency, accountability and responsible business practices, the Committee supports the integration of sustainability into the Company’s strategy and operations, advancing climate resilience, ESG-aligned performance and long-term sustainable value creation.”

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

Name	Directorship	Membership	Attendance	Date of Appointment
Ms. S. T. Ratwatte	Independent Non-Executive Director	Chairperson	1/1	01st February 2026
Ms. D. S. Wickramasingha	Non-Executive Director	Member	1/1	28th May 2026
Mr. I. S. Fonseka	Independent Non-Executive Director	Member	1/1	01st February 2026
Mr. M. E. Wickremesinghe	Independent Non-Executive Director	Member	1/1	01st February 2026
Ms. N. K. Wickramasingha	Non-Executive Director	Member	1/1	01st February 2026
Mr. M. C. Dahanayake	Executive Director	Member	1/1	01st February 2026

Permanent Invitees

- Chief Operating Officer
- General Manager - Finance
- Manager - Financial Reporting
- Manager/Assistant Manager - Sustainability

Secretary to the Committee

- S S P Corporate Services (Pvt) Ltd

83% NEDs

Representation on the Committee

100% Members'

Attendance to the Committee

Compliance with the Code of Best Practice

CHARTER OF THE SUSTAINABILITY COMMITTEE

The Sustainability Committee was established by the Board to assist in overseeing the Company’s sustainability strategy including the measures to ensure long-term sustainability and the alignment of the Company’s long-term strategy with value creation. The Committee supports the Board in fulfilling its responsibilities for oversight of the Company’s Environmental, Social and Governance (ESG) objectives, practices, performance and the management of sustainability-related risks and opportunities. The Committee operates under a Board-approved Charter, which clearly defines the Committee’s composition, authority, scope of responsibilities and procedures relating to meetings.

The Sustainability Committee oversees governance, non-financial reporting, regulatory compliance, stakeholder matters and performance against internal and external benchmarks, ensuring alignment with requirements and long-term strategy and reports to the Board.

REPORT OF THE SUSTAINABILITY COMMITTEE

The Sustainability Committee was appointed by the Board to assist the Board in reviewing the Company’s sustainability strategy, including the measures which ensure the Company’s sustainability and how its long-term strategy relates to its ability to create shared value. The Company Secretary serves as the Committee’s Secretary.

Governance

Section 9 of the Colombo Stock Exchange Listing Rules requires the establishment of an ESG policy and compliance with relevant mandatory and voluntary sustainability reporting frameworks that promote transparency, accountability and effective stakeholder engagement. As a voluntary step, the Company established a Board Sub-Committee on this behalf.

Functions of the Committee

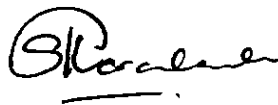
- Reviewing sustainability measures, policies and strategies to support long-term value creation and alignment with the Company's ESG and business objectives
 - Overseeing key sustainability risks and opportunities across ESG matters
 - Monitoring sustainability performance and risk management, including significant incidents, policy breaches, audit findings and the adequacy of resources and controls to manage sustainability risks
 - Assessing emerging sustainability policies, regulatory developments, global trends and stakeholder expectations and advising on their implications for the Company
 - Reviewing sustainability-related disclosures, including Annual Report content, performance against external sustainability indices and internal sustainability metrics
 - Evaluating management's sustainability initiatives, standards, goals and integration of sustainability considerations into new projects and strategic decisions
- Management awareness and capacity-building sessions on SLFRS S1 and S2 were conducted through the same consultancy to support implementation readiness and enhance internal capabilities
 - A detailed gap analysis of the Company's sustainability and climate-related governance, strategy, risk management, metrics and targets were conducted
 - Establishment of the Board Sub Committee in January 2026
 - Establishment of Committee Charter in January 2026
 - Risk management framework was amended to incorporate sustainability-related risk management aspects

Conclusion

During FY 2025/26, the Board Sustainability Committee was formed to discharge ESG oversight responsibilities in line with its terms of reference. The Committee provided strategic guidance and governance for key sustainability initiatives, ensuring alignment with internal policies and international standards. The Committee expects to monitor and review CFL's evolving ESG strategy, including the revision of the ESG Policy, development of the Climate Policy, adoption of SLFRS S1 and S2 and implementation of ESG-aligned KPIs, embedding sustainability across operations.

In support of the long-term commitment to responsible business and sustainable value creation, CFL expects several ESG priorities for the future:

- Enhance governance structures, update terms of reference and build Board-level ESG capability
- Advance Company's climate actions with CBL Group including carbon footprint assessments, renewable energy initiatives and progress toward science-based targets and moving towards net-zero
- Strengthen ESG data management, disclosures aligned with local and global frameworks and enhance transparency of the business operations
- Further integrate ESG risks into Enterprise Risk Management and amplify sustainability impact
- Further integrate Company's sustainability strategy with business strategy.



S. T. Ratwatte

Chairperson of the Sustainability Committee
30th June 2026
Colombo

Key Activities Performed During the Year

- Board awareness session on SLFRS S1 and S2 was conducted through an external consultancy to brief directors on key requirements and governance implications

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

GENERAL

The Board of Directors of Convenience Foods (Lanka) PLC (CFL) is pleased to present the Annual Report on the affairs of the Company, together with the Audited Financial Statements for the financial year ended 31st March 2026 and the Independent Auditor's Report thereon. The details set out herein provide the pertinent information required under Section 168 of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange (CSE) and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

CFL 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 (Pvt) Ltd. The Company was converted into a public limited liability company on 11th March 1992 and was listed on the Main Board of the CSE in May 1992.

Subsequently, the Company was re-registered under the Companies Act No. 07 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 Annual Report has been prepared in accordance with the guiding principles and content elements of the Integrated Reporting <IR> Framework issued by the International Integrated Reporting Council (IIRC), together with the GRI Standards issued by the Global Reporting Initiative. This Integrated Report articulates how the Company creates and sustains value for

the stakeholders across multiple capitals through the business model.

Details on the Sustainability Framework, strategic priorities, key business strategies, operations and capital reports are presented on Pages 36-161. The evaluation of Environmental, Social and Governance (ESG) factors, encompassing both risks and opportunities, is central to understanding their influence on

the Company and the stakeholders and integration of ESG considerations into decision-making processes.

As per the requirements set out in Section 168 of the Companies Act No. 07 of 2007, the following information is disclosed in this Report for the year under review.

STATEMENT OF COMPLIANCE PERTAINING TO SECTION 168(1) OF THE COMPANIES ACT NO. 07 OF 2007 AND (AMENDMENT) NO. 12 OF 2025

Section	Requirement of the Content in Annual Report	Compliance Status	Reference in the Report
168 (1) (a)	Changes during the period in (i) the nature of the Company's business; (ii) the classes of business in which the Company has an interest	✓	No material change during the year
168 (1) (b)	Signed financial statements of the Company (s151)	✓	Page 236
168 (1) (c)	Auditors' Report on financial statements (s151)	✓	Page 233
168 (1) (d)	Description of any changes in accounting policies made during the period	✓	Note 3.7 to the Financial Statements on Page 243
168 (1) (e)	Particulars of entries made in the interests register during the period	✓	Page 214
168 (1) (f)	Remuneration and other benefits of Directors during the period	✓	Note 8 to the Financial Statements on Page 251
168 (1) (g)	Total amount of donations made by the Company during the period	✓	Note 8 to the Financial Statements on Page 251
168 (1) (h)	Names of Directors in office at period end; names of those who ceased during the period	✓	Pages 165-168
168 (1) (i)	Amounts payable to the Auditor for: (i) audit fees; (ii) other services (separately stated)	✓	Note 8 to the Financial Statements on Page 251
168 (1) (j)	Particulars of any relationship/ interests (other than as Auditor) that the Auditor has with the Company	✓	Page 183
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board of Directors	✓	Annual Report of the Board of Directors on the Affairs of the Company on Page 212

Vision, Mission and Values

The Company's Vision and Mission Statements are detailed on Page 09 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.

Principal Activity

The principal activity of the Company involves manufacturing and marketing Textured Soya Protein (TSP) and other food products. There were no material changes in the nature of the business of the Company during the financial year of 2025/26.

Review of Operations of the Company

The financial and non-financial activities of the Company for the year are outlined in the Management Discussion and Analysis reports including Statement of the Board of Directors, Managing Director's Message (Pages 22-29) and the Capital Reports (Pages 81-159). These documents collectively provide a comprehensive assessment of the Company's operational performance.

Research and Development

The Company has an active approach to research and development and recognises the contribution that it can make to intellectual property and the Company's operations. Further details are presented on Page 150.

Sustainability

The Company has incorporated sustainability aspects into the business strategies. Please refer to Pages 44-47 and 55-67 for more details.

Future Developments

An overview of the future developments of the Company is given in the Statement of the Board of Directors on Pages 22-23, Managing Director's Message on Pages 24-29 and the Management Discussion and Analysis on Pages 30-161.

FINANCIAL STATEMENTS

The Financial Statements of the Company for the year ended 31st March 2026 have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act No. 07 of 2007. These Financial Statements, presented on Pages 236-288 and duly signed by the General Manager – Finance and two (2) Directors on behalf of the Board, form an integral part of this Annual Report.

Accounting Policies

The accounting policies adopted by the Company in the preparation of the Financial Statements are given in the Notes to the Financial Statements from Page 240 to 288, 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 separate disclosures.

Going Concern

After making adequate inquiries from the management and thoroughly reviewing the Company's business plans, financial position and operating environment, the Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the Company are prepared based on the going concern basis.

Events Occurring After the Reporting Period

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 275.

Contingent Liabilities

The Contingent Liabilities as of 31st March 2026 are given in Note 29.3 to the Financial Statements on Page 275.

FINANCIAL RESULTS AND APPROPRIATIONS

Revenue

The Net Revenue generated during the year under review by the Company amounted to Rs.6,921.9 Mn (2024/25: Rs.6,838.6 Mn).

Profits

The Profit After Tax of the Company was Rs.759.7 Mn (2024/25: Rs.647.2 Mn).

Reserves

The movements of Reserves during the year are given under the Statement of Changes in Equity on Page 238.

Capital Expenditure

The total capital expenditure during the year was Rs.40.6 Mn. Details of the movements in property, plant and equipment are given in Note 12 to the Financial Statements on Page 257.

Land Holdings

The Company does not own any freehold land. The business operations are conducted on leased premises. The detail of the leasehold land is given Note 13 to the Financial Statements on Page 260.

Investments

Details of the Company's investment as of 31st March 2026 are given in Note 18 to the Financial Statements on Page 266.

Taxation

The profit of the Company is liable for income tax at the standard rates. Information on the income tax and deferred tax of the Company is given in Note 9 to the Financial Statements on Page Pages 252-255.

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 CSE.

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

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 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 Pages 212 and 219-230 for detailed disclosures.

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, please refer to Pages 180-184 for the Code of Conduct for Directors and employees.

Compliance with Applicable Laws, Rules and Regulations

The Board of Directors ensures that the Company complies with all applicable laws, regulations and the Listing Rules of the CSE and Company policies. Compliance is monitored and reviewed on a quarterly basis and any instances of non-compliance or material fines are disclosed in the Annual Report.

For the year ended 31st March 2026, no material fines were incurred or required disclosure.

Governance Policies

The Company has established the policies mandated by the Listing Rules of the CSE, in addition to its own internal policies. Please refer to Pages 164, 169 and 174 of the Corporate Governance Section for the policies available at CFL.

These policies are also available on the Company's website.

Statutory Payments

The Directors confirm that to the best of their knowledge and belief, 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 184.

Environmental Protection

The Directors are confident that the Company operated in a manner that minimises its adverse effects on the environment and delivers products and services that enrich its consumers and the communities in which it operates. Please refer further to the Natural Capital Section on Pages 119-129.

THE BOARD OF DIRECTORS

The Board of Directors of the Company as of 31st March 2026 consisted of eight (8) Directors (2024/25: 8). The names of the Directors who held office at the end of the financial year and their brief profiles appear on Pages 165-168..

New Appointments and Resignations of the Directors

There were no new appointments nor resignations of Directors during the year under review.

However, subsequent to the reporting period, Mr. R. S. A. Wickramasingha, Chairman of the Company, passed away on 6th June 2026. The Board places on record its deep appreciation for his invaluable contributions to the Company over his long tenure of service.

Retirement and Re-election/Re-appointment of Directors

Mr. L. J. M. De Silva as per section 210 & 211 of the companies Act No. 07 of 2007, will vacate office at the conclusion of the Annual General Meeting and are recommended by the Board for re-appointment as a Director.

Ms. N. K. Wickramasingha and Ms. S. T. Ratwatte as per Article 26(7) will retire by rotation and are eligible to be reelected as directors.

Interest Register (Directors' Interest in Shares)

The Directors confirm that all material interests in contracts involving the Company have been fully disclosed to the Board. Whenever a Director had a material interest in a contract or a proposed contract, they abstained from participating in the voting process. The Board further confirms that the Company did not enter into any contracts during the year in which a Director had a material interest.

The relevant interests of Directors in the shares of the Company as of 31st March 2025 and 31st March 2026 are as follows:

Name of the Director	As of 31st March 2026	As of 31st March 2025
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

Material Business Relationships

None of the Directors or their close family members have any material business relationships with 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.

Criteria Governing the Independence of Directors

The basis on which Directors are classified as Independent Non-Executive is discussed in the Corporate Governance Report on Page 176.

Directors' Meetings

Details of Directors' meetings and attendance are given on Page 171 of this Annual Report.

Alternate Directors

No Alternate Directors were appointed during the year.

Other Directorships Held by the Directors

The other Directorships held by the Directors are mentioned on Pages 165-168.

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 of the CSE.

Directors' Remuneration

The total remuneration paid to the Directors of the Company for the financial year 2025/26 amounted to Rs.64.2 Mn (2024/25: Rs.52.0 Mn).

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.

Board Sub-Committees

The Company has established and maintains the following Board Sub-Committees.

- Audit Committee
- Related Party Transactions Review Committee
- Nominations and Governance Committee
- Remuneration Committee
- Sustainability Committee

Please refer to Pages 198-211 for the Board Sub-Committee Reports.

Related Party Transactions (RPTs) with the Company

All RPTs 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 including the Directors' interests (as defined in LKAS 24 - Related Party Disclosures and in compliance with the Listing Rules of CSE) with the Company are set out in Note 31.1 to the Financial Statements. For more details, please refer to Note 31.2 on Page 276 of the Financial Statements and Related Party Transactions Review Committee Report on Page 205.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The

Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act and the Listing Rules of the CSE.

STATED CAPITAL

The Stated Capital of the Company as of 31st March 2026 is Rs.52,521,178 represented by 2,750,000 Ordinary Shares. The Company has not issued any new shares during the financial year ended 31st March 2026. Hence the total number of shares remained unchanged at 2,750,000 (2024/25: 2,750,000).

Share Information

Information relating to Earnings, Dividend, Net Assets per Share, Market Value Per Share and Share Trading is shown in Pages 290-292.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to ensuring equitable treatment of all shareholders. The policy on shareholders 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 186 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 185.

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 CSE, are provided under Shareholder and Investor Information on Page 293.

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

Public Holding

There were 1,896 shareholders as of 31st March 2026 (1,752 shareholders as of 31st March 2025). The percentage of shares held by the public, as per the CSE rules, was 28.62% (2025: 28.62%).

Dividends

Declaration of a first and final dividend of Rs.8.00 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 07 of 2007, the Board of Directors ensures that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007 and obtains a certificate from the auditors prior to declaring any dividends.

Annual General Meeting

The Annual General Meeting will be held by electronic means (online platform) on 13th August 2026 at 3.30 p.m., centred at Ceylon Biscuits Limited at No. 555, High Level Road, Makumbura, Pannipitiya. The Notice of the Annual General Meeting appears on Page 306.

EMPLOYMENT

The Company adheres to an equal opportunity employment policy, ensuring that recruitment, training, development and promotion decisions are made strictly on merit, without discrimination on the basis of ethnicity, religion, political opinion, gender, marital status or physical disability.

As of 31st March 2026, the Company had 311 employees (2025: 364 employees).

There were no material issues pertaining to the employees and industrial relations of the Company during the year.

Employee Share Ownership Plans

The Company does not operate any share option schemes.

DONATIONS AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

The total amount of donations made during the year under review amounted to Rs.13.3 Mn (2024/25: Rs.0.3 Mn). The Company's CSR initiatives are outlined in the Social and Relationship Capital on Page 140 of the Annual Report.

INDEPENDENT AUDITORS AND THEIR REPORT

Messrs. Ernst & Young, Chartered Accountants served as the independent auditors of the Company for the year ended 31st March 2026, provided audit-related and permitted non-audit services in accordance with the applicable requirements of the Companies Act No. 07 of 2007 and the relevant professional and ethical standards.

Independence confirmation has been provided by Messrs. Ernst & Young as required by Section 163 (3) of the Companies Act No 07 of 2007, in respect of the audit for the year ended 31st March 2026. The audit opinion expressed by Messrs. Ernst & Young is set out in the Independent Auditor's Report on Pages 233-235.

The audit fee payable to the auditors for the year under review amounted to Rs.1,618,318 (2024/25: Rs.1,471,198). In addition, Messrs. Ernst & Young provided tax-related services during the year, for which a fee of Rs.1,225,271 was payable (2024/25: Rs.807,894).

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.

RISK MANAGEMENT AND INTERNAL CONTROLS

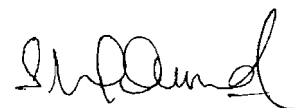
An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee.

Please refer to Page 192 for Integrated Risk Management details.

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.

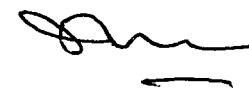
This Annual Report is signed for and on behalf of the Board of Directors by



D. S. Wickramasingha
Director



M. C. Dahanayake
Managing Director/CEO



S S P Corporate Services (Pvt) Ltd.
Secretaries

30th June 2026
Colombo

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

This Statement sets out the responsibilities of the Board of Directors in relation to the financial statements of Convenience Foods (Lanka) PLC. The Directors are responsible, in terms of 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 2026, 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. Accordingly, the Directors confirm that the Company's financial statements present a true and fair view of:

- The financial position of the Company as at 31st March 2026 and
- The financial performance of the Company for the financial year ended 31st March 2026.

In preparing and presenting financial statements the Directors are responsible for ensuring that,

- Companies Act No. 07 of 2007 and amendments thereto, as applicable, have been followed
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, as applicable, have been adhered to
- All applicable Sri Lanka Accounting Standards (SLFRSs/LKASs) have been applied
- Appropriate accounting policies have been selected and applied consistently
- Reasonable and 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, in accordance with Section 148 of the Companies Act, are responsible

for maintaining proper accounting records and ensuring that the financial statements are correctly prepared and audited. The Board acknowledges its responsibility for the accuracy, 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 Independent Auditor's Report shown on Pages 233-235 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 published on the CSE website: www.cse.lk and Company's

official website:

www.conveniencefoodslanka.com. These have been complied with 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.

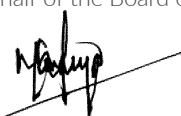
COMPLIANCE REPORT

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, the Company continued to adopt the going concern basis in preparing the financial statements.

The Directors also confirm that there are no material litigations pending against the Company other than those disclosed in Note 29.3 to the Financial Statements on Page 275.

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 Section 150 (1) (b) of the Companies Act No. 07 of 2007 and also have been signed by two (2) Directors of the Company on Page 237 as required by the Sections 150 (1) (c) of the Companies Act No. 07 of 2007 and other regulatory requirements.

On behalf of the Board of Directors,



M. C. Dahanayake
Managing Director/CEO
30th June 2026
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 2026 are prepared and presented in conformity with the requirements of the following:

- Sri Lanka Accounting Standards (SLFRSs/ LKASs) issued by the Institute of Chartered Accountants of Sri Lanka
- Companies Act No. 07 of 2007
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Listing Rules of the Colombo Stock Exchange (CSE)
- Code of Best Practice on Corporate Governance - 2023 issued by the Institute of Chartered Accountants of Sri Lanka

Further, in compliance with the Listing Rules of the (CSE), the Company presents its financial results to shareholders on a quarterly basis and these results are published on the CSE website.

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. Having voluntarily made the SLFRS S1 and SLFRS S2 Sustainability Disclosure Standards in the previous financial year, the Company further improved the related sustainability disclosures during the year under review.

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 position, results of the operations and the cash flows of the Company during the year

under review. We further confirm that the Company has adequate resources to continue in operation for the foreseeable future and has applied the going concern basis in preparing these financial statements.

We have taken proper and sufficient measures to implement systems of internal control and maintain accounting records to safeguard assets, 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 during the year. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

Periodic audits conducted by the Group Internal Audit function provided reasonable assurance that the Company's established policies and procedures were consistently followed.

The Company's Audit Committee meets periodically with both internal auditors and independent auditors to assess the effectiveness of audit processes and to discuss matters related to auditing, internal controls and financial reporting. The continuous monitoring and audit activities, the engagement of Chartered Accountancy firms and the effective operation of the Audit Committee collectively ensure that internal controls and procedures are consistently adhered to. 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 198-201.

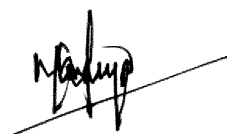
The financial statements were audited by the independent external auditors, Messrs. Ernst & Young, Chartered Accountants and their Report is given on Pages 233-235. The Audit Committee approved the audit and non-audit services provided by the external auditor, to ensure that the provision of such services does not impair their independence.

We confirm to the best of our knowledge that

- The Company has complied with all applicable laws, rules, regulations and prudential requirements during the year
- There are no material non-compliances during the year
- There are no material litigations that are pending against the Company other than those disclosed in Note 29.3 on Page 275 of Financial Statements
- 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 2026 have been paid, or where relevant provided for.



S. K. I. Sameera Senarathne
General Manager - Finance



M. C. Dahanayake
Managing Director/CEO

30th June 2026
Colombo

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 summarises the degree to which Convenience Foods (Lanka) PLC complies with the CSE's continuing Listing Requirements, specifically Section 7.6 on the Annual Report contents for Listed Companies.

Mandatory Provisions - Complied

CSE Rule	Disclosure Requirement	Reference within the Annual Report/ Comments	Page(s) Ref.	Compliance Status
7.6 (i)	Names of persons who were Directors of the Company during the financial year	Board of Directors	165-168	✓
7.6 (ii)	Principal activities of the Company during the year and any changes therein	About the Company	8	✓
7.6 (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	291-293	✓
7.6 (iv) (a)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Company complies with the Minimum Public Holding requirement in respect of voting ordinary shares			
	The public holding percentage (%) in respect of non-voting shares	The Company has not issued any non-voting shares		
7.6 (iv) (b)	Public holding (%) and number of public shareholders of foreign currency shares	The Company has not issued any foreign currency-denominated shares	291-293	N/A
7.6 (v)	A statement of each Director's holding and the CEO's holding in shares of the Company	Shareholder and Investor Information	291-293	✓
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Company	Integrated Risk Management	192-196	✓
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Company	There were no material issues	N/A	N/A
7.6 (viii)	Extent, location, valuation and building count of the Company's land and investment properties	Notes to the Financial Statements	260	✓
7.6 (ix)	Number of shares representing the Company's stated capital	Shareholder and Investor Information	291	✓
7.6 (x)	A distribution schedule of the number of holders in each equity class and their respective percentage holdings	Shareholder and Investor Information	291-292	✓
7.6 (xi)	Financial ratios and market price information	Decade at a Glance & Shareholder and Investor Information	290-293	✓
7.6 (xii)	Significant changes in the Company's fixed assets and the market value of land, if the value differs substantially from the book value	Note 12 to the Financial Statements	259	✓
7.6 (xiii)	Details of funds raised through a public issue and/or issuance of securities during the year	The Company did not raise new funds	N/A	N/A
7.6 (xiv)	Information in respect of employee share options or purchase schemes	No employee share ownership or stock option schemes	N/A	N/A

COMPLIANCE SUMMARY

CSE Rule	Disclosure Requirement	Reference within the Annual Report/ Comments	Page(s) Ref.	Compliance Status
7.6 (xv)	Corporate Governance disclosures in accordance with Section 9 of the Listing Rules	Compliance Summary	220-223	✓
7.6 (xvi)	Related party transactions exceeding 10% of the equity or 5% of the total assets of the Company as per Audited Financial Statements, whichever is lower	Related Party Transactions Review Committee Report & Notes 31 to the Financial Statements	205-206 and 277	✓
7.6 (xvii)	Disclosures on foreign currency denominated securities listed on the CSE	N/A		
7.6 (xviii)	Disclosures on the GSS + Bonds listed on the CSE	N/A		
7.6 (xix)	Disclosures on the Perpetual Debt Securities listed on the CSE	N/A		
7.6 (xx)	Disclosures on the Infrastructure Bonds listed on the CSE	N/A		
7.6 (xxi)	Disclosures on Shariah Compliant Debt Securities listed on the CSE	N/A		
7.6 (xxii)	Disclosures on High Yield Corporate Debt Securities listed on the CSE	N/A		

STATEMENT OF COMPLIANCE UNDER SECTION 9 OF THE LISTING RULES OF THE CSE ON CORPORATE GOVERNANCE

Mandatory Provisions - Complied

Rule	Compliance and Implementation	Page(s) Ref.	Compliance Status
9.1	Applicability of Corporate Governance Rules		
9.1.1	The Company has complied with the requirements set out in Listing Rules 9.2 to 9.16 on a continuous basis.	212	✓
9.1.3	Statement confirming compliance with the Corporate Governance Rules, as detailed in the Board of Directors' (BOD) Annual Report.	212	✓
9.2	Policies		
9.2.1	The Company has implemented and continues to maintain Corporate Governance policies in line with the Rules, including the twelve (12) prescribed policies. Policy details are available at https://conveniencefoodslanka.com	174	✓
9.2.2	The Company has complied with the internal code of business conduct and ethics. No waivers or exemptions were granted during the year.	180	✓
9.2.3-9.2.5	The Company discloses in the Annual Report the policies in place (with website reference) and any changes thereto and make such policies available to shareholders upon written request. Also, actions to be taken if failed to comply with Rule 9.2.1.	174	✓
9.3	Board Committees		
9.3.1 - 9.3.2	The Company maintains the sub-committees of NGC, RC, AC and RPTRC and has complied with the required composition, responsibilities and disclosures, as detailed in the respective Committee Reports.	198-211	✓
9.3.3	The Chairperson of the BOD does not serve as the Chairperson of any Board Committees.	171	✓
9.4	Meeting Procedures and the Conduct of all General Meetings with Shareholders		
9.4.1	The Company maintains records of all resolutions of General Meetings with copies and related information being provided to the CSE and/or the SEC upon request.	172	✓

Rule	Compliance and Implementation	Page(s) Ref.	Compliance Status
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.	185	✓
9.5	Policy on Matters Relating to the BOD		
9.5.1 - 9.5.2	The Company maintains a policy on matters relating to the BOD which addresses and ensures compliance with the Rules 9.5.1 and 9.5.2 and confirms compliance with such policy during the year.	174	✓
9.6	Chairperson and CEO		
9.6.1 - 9.6.4	The Chairperson is a Non-Ex Director and the roles of Chairperson and MD/CEO are occupied by distinct individuals; hence the Company has not designated a Senior Independent Director (SID).	170	✓
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 Directors and MD/CEO.	172	✓
9.8	Board Composition		
9.8.1 - 9.8.2	The Board consists of seven (7) Directors (during the year: eight (8) of whom three (3) are Independent Non-Ex Directors. Hence 1/3 of the Directors are independent, as required.	170	✓
9.8.3 - 9.8.4	The criteria for determining independence have been disclosed. Refer to the Section on Maintaining Independence and Objectivity.	176	✓
9.8.5 - 9.8.6	Directors submitted their annual independence declarations, which were reviewed by the Board, confirming full compliance with Rules 9.8.1, 9.8.2 and 9.8.3, with no impairment of independence identified.	176	✓
9.9	Alternate Directors		
	The Company was not required to appoint Alternate Director during the period.	215	✓
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 BOD as per Rule 9.5.1.	176	✓
9.10.2	There were no new appointments to the Board.	176	✓
9.10.3	Changes to Board were announced to the market (on 8th June 2026).	165	✓
9.10.4	All the information required under Rule 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 was relative to those Directors.	215	✓
9.10.5	There were no non-compliances with Rules 9.10.2 and 9.10.3 during the year.	212	✓
9.11	Nominations and Governance Committee (NGC)		
9.11.1 - 9.11.3	The Company has established a NGC, with transparent procedures for Directors' appointments and re-elections, operating under Board-approved terms of reference.	207	✓
9.11.4	The NGC comprises three (3) Directors, including two (2) Independent Non-Ex Directors, is chaired by an Independent Director, excludes Executive Directors and its composition is disclosed in the Annual Report.	207	✓
9.11.5	The Committee fulfills its duties and functions in accordance with Rule 9.11.5.	207	✓
9.11.6	The Annual Report includes a report of the NGC, signed by its Chairperson and containing all disclosures required under Rule 9.11.6 of the Listing Rules.	207	✓
9.12	Remuneration Committee (RC)		
9.12.1 - 9.12.5	The Company has established a RC with transparent processes for determining Director remuneration, operating under Board-approved terms of reference, as detailed in the Remuneration Committee Report.	202	✓

COMPLIANCE SUMMARY

Rule	Compliance and Implementation	Page(s) Ref.	Compliance Status
9.12.6	The RC comprises three (3) Directors, including two (2) Independent Non-Ex Directors, is chaired by an Independent Director, excludes Executive Directors and is detailed in the Remuneration Committee Report.	202	✓
9.12.7	Functions: The Committee recommends and assesses the remuneration payable to the Executive Directors.	202	✓
9.12.8	The Annual Report includes a Remuneration Committee report, signed by its Chairperson and containing all disclosures required under Rule 9.12.8 of the Listing Rules.	202	✓
9.13	Audit Committee (AC)		
9.13.1	The AC also performs the risk management functions of the Company.	198	✓
9.13.2	The Committee operates under a Board-approved Terms of Reference which clearly define its scope, authority and responsibilities.	198	✓
9.13.3	The AC comprises three (3) Independent Non-Ex Directors, is chaired by an Independent Director appointed by the Board, excludes Executive Directors and other information is detailed in the Committee Report.	198	✓
9.13.4	The Committee fulfills its duties and functions in accordance with Rule 9.13.4.	198	✓
9.13.5	The Annual Report contains a report by the AC signed by its Chairperson, incorporating all disclosures required under Rule 9.13.5 of the Listing Rules.	198	✓
9.14	Related Party Transactions Review Committee (RPTRC)		
9.14.1	The Company has established a RPTRC in compliance with Rule 9.14 of the Listing Rules, operating under written Terms of Reference defining its scope, authority and duties.	205	✓
9.14.2	The RPTRC comprises three (3) Independent Non-Ex Directors, is chaired by an Independent Director, excludes Executive Directors and is detailed in the Related Party Transactions Review Committee Report.	205	✓
9.14.3	The functions of the Committee are effectively carried out in accordance with Rule 9.14.3.	205	✓
9.14.4	The Committee met four (4) times during the year, with proceedings duly documented, minutes promptly reported to the Board, independent expert advice obtained when necessary, Related Party Transactions (RPTs) referred to the Board for approval where required and interested Directors abstaining from deliberations and voting.	205	✓
9.14.5	The RPTRC reviews all proposed RPTs in advance, including any material changes to transactions previously reviewed. Senior management provides the Committee with all relevant facts and circumstances necessary for a thorough evaluation.	205	✓
9.14.6	Where RPTs exceed the prescribed thresholds, shareholder approval is obtained by Special Resolution and the RPTRC ensures such transactions are conducted on arm's length terms and in full regulatory compliance.	205	✓
9.14.7	There were no non-recurrent RPTs exceeding 10% of equity or 5% of total assets and the Board confirms that all RPTs were disclosed in accordance with LKAS 24 and in full compliance with the CSE Listing Rules.	277	✓
9.14.8	There were no transactions in the aggregate value of the non-recurrent RPTs exceeding 10% of the equity or 5% of the total assets of the Company, as per the latest Audited Financial Statements. Rules pertaining to RPT disclosures in the Annual Report have been complied with.	277	✓
9.14.9	No acquisitions or disposals of substantial assets occurred during the year from/to related parties.	277	✓
9.14.10	Exempted categories of RPT were duly considered during the Committee's review of transactions.	205	✓
9.15	There were no non-compliances with the Board Committee composition requirements and no penalties were imposed during the year.	205	✓

Rule	Compliance and Implementation	Page(s) Ref.	Compliance Status
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.	163	✓
	ii) The Board has reviewed internal controls and obtained reasonable assurance of effectiveness.	200, 216	✓
	iii) The Board stays informed about applicable laws, rules and regulations.	214	✓
	iv) The Board discloses instances of non-compliance and material fines in the jurisdictions in which the entity operated. Please refer to the Annual Report of Board of Directors.	212	✓

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE 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	The Board		
	The Company is governed by an effective Board of Directors (BOD), providing strategic leadership, oversight and control.	170	✓
A.1.1	Regularity and Documentation of Board Meetings		
	The Board met four (4) times during the year to effectively discharge its responsibilities. Information was provided on a structured and timely basis, in line with the agreed frequency and submission processes. Refer to Section on Board Attendance During the Year.	171	✓
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 and oversees defined roles and responsibilities as set out in the sections on the powers, roles and responsibilities of the Board and the Discharge of Board Responsibilities.	172, 173	✓
A.1.3	Act in Accordance with the Laws of the Country		
	The Board as a whole and each Director act in compliance with all applicable laws and regulations and Directors may seek independent professional advice at the Company's expense when required to discharge their duties.	212	✓
A.1.4	Access to Advice and Services of Company Secretary		
	S S P Corporate Services (Pvt) Ltd ensures Board procedures comply with applicable rules and regulations. The Company has obtained Directors' Liability insurance for the Board.	177, 215	✓
A.1.5	Independent Judgement		
	All Directors exercise independent judgment in discharging their duties and responsibilities on Board matters, including strategy performance, resource allocation, risk management, compliance and standards of business conduct.	170	✓
A.1.6	Dedicate Adequate Time and Effort to Matters of the Board and the Company		
	Directors dedicate sufficient time and attention to matters of the Board and the Company, including reviewing Board papers, seeking clarifications where necessary, following up on issues and familiarising themselves with the Company's operations, risks and internal control environment.	178	✓
A.1.7	Calls for Resolutions		
	If necessary, in the best interest of the Company, one-third (1/3) of the Directors can call for a resolution to be presented to the Board.	-	✓

COMPLIANCE SUMMARY

Code Ref.	Best Practices followed by Convenience Foods (Lanka) PLC	Page(s) Ref.	Compliance Status
A.1.8	Board Induction and Training		
	Directors undergo initial and ongoing training to support continuous learning and effectively discharge their duties. The Board periodically reviews and evaluates the training and development needs of Directors.	177	✓
A.2 & A.2.1	Position of Chairman and MD/CEO Vested by Separate Persons		
	The roles the of Chairman and MD/CEO are separated to ensure a clear division of responsibilities and to maintain an appropriate balance of power and authority. The Chairman serves as a Non-Independent Non-Executive (Non-Ex) Director.	170	✓
A.3 & A.3.1	Chairman's Role in Preserving Good Corporate Governance and Conduct of Board Meetings		
	The Chairman provides leadership to the Board and ensures the effective discharge of its duties in the Company's best interests by presiding over the Board and shareholder meetings, promoting active participation of Executive and Non-Ex Directors, ensuring smooth proceedings and maintaining a balanced distribution of power.	174	✓
A.4	Financial Acumen and Knowledge		
	The Board comprises a Fellow Member of CIMA (UK) and a Fellow Member of ICASL.	167-168	✓
A.5	The Board Balance		
	The Board maintains a balance of Executive and Non-Ex Directors to ensure no single individual or group dominates.	170-171	✓
A.5.1	Balance of Executive and Non-Ex Directors in the Board		
	The Board comprised seven (7) Non-Executive Directors during the year, now six (6) and one (1) Executive Director; Non-Executive Directors remain the majority, who carry significant weight in decisions.	170-171	✓
A.5.2 - A.5.5	Independence of Non-Ex Directors and Annual Declarations		
	Three (3) of the seven (7) Non-Executive Directors during the year (now six (6)) are Independent. Independence is maintained and declarations are made in the Annual Report.	170, 171, 176	✓
A.5.6	Alternate Directors		
	No Alternate Directors were appointed during the financial year.	215	N/A
A.5.7 & A.5.8	Appointment of SID and Confidential Discussions		
	Not applicable as the Chairman and MD/CEO is not the same person.	170	N/A
A.5.9	Chairman's Meeting with Non-Ex Directors		
	The Chairman meets with the Non-Ex Directors without the presence of the Executive Director, as necessary and at least once each year.	178	✓
A.5.10	Directors' Concerns about the Matters of the Company		
	Directors' dissent and concerns are recorded in the minutes of meetings.	172	✓
A.6	Supply of Information		
	The Board is provided with appropriate and timely information to discharge its duties.	177	✓
A.6.1	Management Obligation to Provide Appropriate and Timely Information to the Board		
	Management provides the Board with relevant and timely information through Board papers, internal memoranda and proposals. Directors may seek additional information or clarification where necessary.	177	✓
A.6.2	Adequate Time for Effective Board Meetings		
	Agendas and Board papers are circulated to Directors at least seven (7) days prior to the Board meeting to facilitate the effective conduct of meetings. Minutes of meetings are provided thereafter.	178	✓

Code Ref.	Best Practices followed by Convenience Foods (Lanka) PLC	Page(s) Ref.	Compliance Status
A.7	Appointments to the Board: NGC		
	The detailed information is set out in the Nominations and Governance Committee report.	207	✓
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.	176	✓
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 NGC to make further improvements in Board effectiveness.	174	✓
A.10	Disclose Information in Respect of Directors		
	The Annual Report sets out the specified information on each Director as outlined in the code.	165-168, 171	✓
A.11	Appraisal of the MD/CEO		
	The performance of the MD/CEO is evaluated annually based on the agreed objectives set by the Board. Refer Section on Appraisal of Board Performance.	175	✓
B	DIRECTORS' REMUNERATION		
B.1	Remuneration Procedure		
	The Company follows a transparent process for determining Executive Director remuneration and Directors' packages, while ensuring that no Director is involved in deciding their own remuneration.	175	✓
B.2	Remuneration Committee		
	Refer to the Remuneration Committee Report.	202	✓
B.3	Disclosure of Remuneration		
	Remuneration paid to the BOD is disclosed in Note 8 to the Financial Statements. For further details, please refer to the Remuneration Committee Report.	251	✓
C	RELATIONS WITH SHAREHOLDERS		
C.1	Constructive Use of the AGM and Conduct of General Meetings		
	The Company holds the AGM to communicate with shareholders and encourage their participation.	185	✓
C.1.1	Dispatch of Notice of AGM and Related Papers to Shareholders		
	The notice and agenda of the AGM together with the Annual Report and all other relevant documents are distributed to shareholders at least fifteen (15) working days prior to the AGM.	185	✓
C.1.2	Separate Resolution for Substantially Separate Issues		
	Separate resolutions were proposed at the AGM on each substantially separate issue where necessary.	306, 186	✓
C.1.3	Votes and Use of Proxy		
	All proxy votes were properly recorded and counted in line with statutory requirements.	186	✓
C.1.4	Availability of all Sub-Committee Chairpersons at the AGM		
	The Board arranges for the Chairpersons of the AC, RC, NGC and RPTRC to be available to address questions at the AGM.	185	✓
C.1.5	Procedure of Voting at General Meeting		
	A summary of the voting procedures at general meetings is included with each Notice of General Meeting and circulated to shareholders in advance.	306	✓
C.2	Communication with Shareholders		
	The Board has implemented processes for effective communication with Shareholders.	185	✓

COMPLIANCE SUMMARY

Code Ref.	Best Practices followed by Convenience Foods (Lanka) PLC	Page(s) Ref.	Compliance Status
C.2.1	Channel to reach all Shareholders of the Company		
	The AGM and the Company website serve as the primary channels of communication with shareholders who receive timely information in advance of the AGM.	185	✓
C.2.2	Policy Methodology for Communication with Shareholders		
	The policy and methodology for shareholder communication are disclosed in the Annual Report.	185	✓
C.2.3	Implementation of the Communication Policy and Methodology		
	The implementation of the policy and methodology for communication with shareholders are disclosed in the Annual Report.	185	✓
C.2.4 & C.2.6	Contact Person for Shareholder Communication		
	Details of contact persons are disclosed in the Annual Report, the Company's website and CSE announcements.	Inner Cover	✓
C.2.5	Process to Make Directors Aware of Major Issues and Concerns of Shareholders		
	Major issues and concerns raised by shareholders are communicated to the Board through the Company Secretary together with management's observations.	185	✓
C.2.7	Responding to the Shareholders' Matters		
	The Board has established procedures for responding to shareholder matters through shareholder meetings, regulatory disclosures via the CSE and communication through the Company Secretary/ Investor Relations Officer.	185	✓
C.3	Major and Material Transactions		
	The Company ensures that all major and material transactions are carried out in compliance with regulatory requirements and disclosed appropriately.	206	✓
C.3.1	Disclosure on Proposed Major Transaction		
	During the year under review, no major and material transactions which affect the Company's net asset base were undertaken. All related party transactions as defined in the LKAS 24, SEC regulations and CSE Listing Rules are disclosed in the Annual Report.	206	✓
C.3.2 - C.3.3	Shareholders' Approval of Major Transactions		
	During the year under review, the Company did not engage in or commit to any major transactions as defined under Section 185 (1), (2) and (3) of the Companies Act No. 07 of 2007. Further, no transactions or events occurred that required disclosure or shareholder approval by special resolution in terms of the SEC regulations and CSE Listing Rules.	206	✓
D	ACCOUNTABILITY AND AUDIT		
D.1	Financial and Business Reporting (The Annual Report)		
	The Board presents a balanced and understandable assessment of the Company's financial position, performance and prospects through the Annual Report.	2	✓
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 Board ensures the timely presentation of balanced and understandable quarterly financial statements and an Annual Report that provide a true and fair view of the Company's financial position and performance.	2	✓
D.1.3	Declaration by MD/CEO and General Manager Finance on the Financial Reporting		
	Before approving the Financial Statements, the Board obtains a declaration from the MD/CEO and CFO confirming that financial records are properly maintained the statements comply with applicable accounting standards present a true and fair view and that risk management and internal control systems are operating effectively.	217	✓

Code Ref.	Best Practices followed by Convenience Foods (Lanka) PLC	Page(s) Ref.	Compliance Status
D.1.4	Declarations by Board		
	Directors have made necessary declarations. Please refer to Annual Report of the Board of Directors on the Affairs of the Company.	212	✓
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.	212	✓
D.1.6	Management Discussion and Analysis (MDA)		
	Please refer to the MDA Section.	22-161	✓
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 (RPTs)		
	A process to capture, document and disclose RPTs is in place, to ensure compliance with relevant regulations. Please refer to Section on Related Party Transactions Review Committee Report.	205	✓
D.2	Risk Management and Internal Control		
	The Board has established and maintains processes for risk management and internal controls to safeguard shareholder investments and Company assets.	187	✓
D.2.1	Risk Management Framework and Oversight		
	The Board and Management Committee have implemented a risk management framework. Responsibilities are clearly delegated and Board Committees oversee its execution. Third-party specialists periodically review the design and operational effectiveness of internal controls with findings reported to the Group Internal Audit function and Audit Committee. Refer Section on Integrated Risk Management and Audit Committee Report.	187	✓
D.2.2	Processes to Ensure Effective Internal Controls		
	The Board and Management are responsible for managing risks across the Company's operations. Internal controls are designed, implemented and monitored to ensure reliability of financial reporting, operational efficiency and compliance with laws and regulations. Please refer to Section on Integrated Risk Management and Audit Committee Report.	187	✓
D.2.2.1 - 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 standardised, holistic and integrated approach to manage risks. Please refer to the Integrated Risk Management Section. The Audit Committee (AC) 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.	187-201	✓
D.3	Audit Committee (AC)		
D.3.1	Composition of the AC		
	The AC comprises three (3) Independent Non-Ex Directors and excludes Executive Directors and is chaired by an Independent Non-Ex Director who is a Fellow of the Chartered Institute of Management Accountants, UK. Further details disclosed in the Annual Report and the Audit Committee Report.	198	✓
D.3.2	Duties of the AC and Written Terms of Reference		
	The AC has written Terms of Reference approved by the Board, clearly setting out its authority, scope of work, duties and responsibilities. Please refer to the Committee Report.	198	✓

COMPLIANCE SUMMARY

Code Ref.	Best Practices followed by Convenience Foods (Lanka) PLC	Page(s) Ref.	Compliance Status
D.3.3	Disclosures of the Work of the AC		
	Please refer to Committee Report for the detailed disclosures.	198	✓
D.4	Risk Committee		
	The Board retains overall responsibility for risk management and has established a structured framework to identify, assess, monitor and manage key business risks in line with best practices.	198	✓
D.4.1	Composition of the Risk Committee		
	The AC, comprising three (3) Independent Non-Ex Directors, also performs the role of the Risk Committee. Members of senior management including the MD/CEO and General Manager - Finance attend meetings by invitation.	198	✓
D.4.2	Duties of the Risk Committee and Written Terms of Reference		
	The AC in its capacity as the Risk Committee and operates under written Terms of Reference approved by the Board.	198	✓
D.4.3	Meetings of the Risk Committee		
	The AC acting as the Risk Committee met four (4) times during the year. Refer Section on Board Attendance During the Year.	198	✓
D.4.4	External Professional Advice		
	The AC has the authority to seek external professional advice where necessary in discharging its responsibilities.	198	✓
D.4.5	Disclosures of the Work of the Risk Committee		
	Please refer to the Audit Committee Report and the Integrated Risk Management Report.	198	✓
D.5	Related Party Transactions Review Committee (RPTRC)		
D.5.1	Related Party Transactions (RPTs)		
	The Company is adhering to LKAS 24. All transactions with related parties during the year are disclosed in Note 31 to the Financial Statements.	276	✓
D.5.2	Composition of RPTRC		
	The RPTRC comprises three (3) Independent Non-Executive Directors.	205	✓
D.5.3	Duties of the RPTRC and Written Terms of Reference		
	The RPTRC has set written terms of reference approved by the Board, clearly setting out its authority, scope of work, duties and responsibilities. Please refer to the RPTRC Report.	205	✓
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.	180	✓
D.6.2	Material and Price Sensitive Information		
	Material and price sensitive information is promptly identified and reported to the shareholders via the CSE.	185	✓
D.6.3	Shares Purchased by Directors, KMP and Employees Involved in Financial Reporting		
	The Company has a policy and a process to monitor and disclose shares purchased by any Director, KMP and employees involved in financial reporting.	214	✓
D.6.4	Procedure to Deal with Complaints Received from Whistle-Blowers		
	The Company operates a process to manage whistle-blower complaints on ethical or conduct breaches.	174	✓
D.6.5	Training on the Code of Business Conduct and Ethics		
	The Code of Business Conduct and Ethics is included in induction training for new employees with periodic refresher sessions as needed.	180	✓

Code Ref.	Best Practices followed by Convenience Foods (Lanka) PLC	Page(s) Ref.	Compliance Status
D.6.6	Dissemination of the Policy		
	The Company conducts induction and annual training on the Code of Business Conduct and Ethics for all employees. Compliance is regularly reported to the Board and no waivers or exceptions are permitted without the Board approval.	180	✓
D.6.7	Affirmation of Code in the Annual Report by the Chairman		
	Please refer to the Corporate Governance Statement.	163	✓
D.7	Corporate Governance Disclosures		
D.7.1	Disclosure of Corporate Governance		
	The Annual Report includes a Corporate Governance Report outlining how the Company has complied with the principles and provisions of the Code.	163	✓
E	INSTITUTIONAL INVESTORS		
E.1	Shareholder Voting		
	Institutional shareholders are encouraged to make considered use of their votes.	185	✓
E.1.1	Dialogue with Shareholders		
	The Board engages in regular dialogue with shareholders, particularly during General Meetings to prevent conflicts of interest and foster mutual understanding.	185	✓
E.2	Evaluation of Governance Disclosures		
	Institutional investors are encouraged to consider all relevant factors when evaluating the Company's governance with particular attention to the Board structure and composition.	185	✓
F	OTHER INVESTORS		
F.1	Investing/Divesting Decision		
	Individual shareholders are encouraged to perform adequate analysis or seek independent advice when investing or divesting in the Company's shares.	185	✓
F.2	Shareholder Voting		
	Individual shareholders are encouraged to participate in the General Meetings of the Company and exercise their voting rights.	185	✓
G	INTERNET OF THINGS AND CYBERSECURITY		
G.1	Identify Connectivity and Cyber Risks		
	Internal and external IT devices are connected to the corporate network in compliance with established IT and access control policies. Continuous monitoring is carried out to manage potential cybersecurity risks. Refer Section on IT and Cybersecurity Risk Governance.	184	✓
G.2	Chief Information Security Officer (CISO) and Cybersecurity Risk Management Policy		
	The Group CIO serves as the CISO and is responsible for implementing and maintaining the Board - approved cybersecurity risk management policy.	184	✓
G.3	Include Cyber Security in Board Agenda		
	The Company's cybersecurity and risk management have been regularly reviewed and given due attention during discussions.	184	✓
G.4	Independent Periodic Review and Assurance of 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.	184	✓
G.5	Disclosure of Process to Identify and Manage Cyber Security Risks		
	Please refer to IT and Cybersecurity Risk Governance Section for disclosures.	184	✓

COMPLIANCE SUMMARY

Code Ref.	Best Practices followed by Convenience Foods (Lanka) PLC	Page(s) Ref.	Compliance Status
H	SUSTAINABILITY: ESG RISK AND OPPORTUNITIES		
H.1	ESG Risk and Opportunities		
	The Board considers ESG risks and opportunities in the Company's business model, operations and strategy to ensure sustainable value creation over the short, medium and long-term. Please refer to Section on Sustainability Disclosures.	39-68	✓
H.1.1	Impact of ESG Risks and Opportunities		
	The Board has established a Sustainability Committee chaired by an Independent Non-Ex Director to oversee ESG risks and opportunities which are regularly reviewed, incorporated into business and strategic plans and reported to the Board as detailed in the Sustainability Committee Report.	210	✓
H.2	Stakeholder Engagement on ESG Matters		
	The Board and Key Management Personnel engage with stakeholders to identify and manage sustainability and ESG risks and opportunities ensuring that material matters are considered in strategic decision-making.	51	✓
H.3	ESG Governance Framework and Sustainability Factors		
	The Board has established an integrated governance framework that embeds ESG factors into decision-making and performance oversight addressing environmental and social matters with further details disclosed in the sustainability section and the Sustainability Committee Report.	53, 210	✓
H.4	Governance Structure & ESG Performance Measurement		
	The Board has a structured governance framework to support ESG objectives with key resources identified with ESG impacts regularly assessed and financial and non-financial metrics used to monitor performance across material ESG matters. Further details disclosed in the sustainability section and the Sustainability Committee Report.	53, 210	✓
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 recognised, managed, measured and reported.	38-69	✓
I	SPECIAL CONSIDERATIONS FOR LISTED ENTITIES		
I.1	Establishment and maintenance of policies and other requirements		
	The Company establishes and maintains governance policies and discloses details relating to their implementation on the Company's website. Please refer to Company's website: www.conveniencefoodslanka.com	174	✓
I.2	Policy on Matters Relating to the Board of Directors		
	The Board has established and maintains a formal policy for governing matters relating to the BOD, supported by the Company's corporate governance framework, Articles of Association and Board-approved policies addressing key governance requirements.	174	✓

Reliability in Every Taste

Consistency and quality are at the heart of consumer trust. Through responsible sourcing, careful production and uncompromising quality standards, we ensure every product delivers the taste, reliability and satisfaction consumers expect.



FINANCIAL CALENDAR

Calendar: Submission of Annual Report (Including Audited Financial Statements) and Annual General Meeting	2025		2026			2027	
	July	August	June	July	August	July	August
34th Annual Report submitted on	31st						
34th Annual General Meeting held on		27th					
2025/26 Audited Financial Statements submitted on			30th				
35th Annual Report submitted on				17th			
35th Annual General Meeting to be held on					13th		
36th Annual Report to be submitted on or before						31st	
36th Annual General Meeting to be held on or before							31st

Dividend Calendar	2025		2026
	July	September	June
Final Dividend proposed on	21st		30th
Final Dividend paid on		17th	

Interim Financial Statements Calendar	Published on (2025/26)				To be published on or before (2026/27)			
	July	October	January	May	August	November	February	May
Submission to the Colombo Stock Exchange (CSE):								
For the three months ended/ending June 30th	31st				15th			
For the six months ended/ending September 30th		30th				15th		
For the nine months ended/ending December 31st			30th				15th	
For the year ended/ending March 31st				29th				31st

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
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 2026, and the statement of profit or loss and 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 give a true and fair view of the financial position of the Company as at 31 March 2026, and of their financial performance and cash flows for the year then ended

in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage FCA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS MSc - IT, V Shaktivel B Com (Spl)

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Key audit matter	How our audit addressed the key audit matter
Revenue The Company recognized revenue amounting to Rs. 6,922 Mn in accordance with the Company accounting policies as disclosed in Note 5. Revenue was a key audit matter due to Materiality of revenue recorded by the Company during the year.	Our audit procedures to address this area of focus included the following: • 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. We also assessed the adequacy of the related disclosures set out in notes 5 to the financial statements.
Carrying value of Inventories As at 31 March 2026, the carrying value of inventory amounted to Rs.825 Mn net of provision for slow moving inventories of Rs.49 Mn as disclosed in note 15 to the financial statements. Carrying value of inventories was a key audit matter due to: • the materiality of the reported inventory balance which represented 16% 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.	Our audit procedures included the following key procedures: • observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported. • tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices. • 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 We also evaluated the adequacy of the disclosures in note 15 to the financial statements.

Other Information included in the 2026 Annual Report

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance

with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 and 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.

30 June 2026
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March	Note	2026 Rs.	2025 Rs.
			(Note 3.7.1)
Revenue from Contracts with Customers	5	6,921,906,365	6,838,638,927
Cost of Sales		(4,635,145,960)	(4,473,164,288)
Gross Profit		2,286,760,405	2,365,474,639
Other Operating Income	6.1	122,032,890	38,042,671
Research and Development Expenses		(27,606,906)	(23,586,714)
Selling Expenses		(273,924,509)	(436,760,724)
Distribution Expenses		(596,672,214)	(524,639,034)
General and Administrative Expenses		(461,105,249)	(440,880,141)
Other Operating Expenses	6.2	(148,986,713)	(156,378,094)
Operating Profit		900,497,704	821,272,603
Other Investment Income	7	196,157,620	142,263,459
Profit Before Financing and Income Taxes		1,096,655,324	963,536,062
Interest Expenses on Borrowings	7	(252,212)	(105,253)
Finance Charge on Lease and Employee Benefit Liabilities	7	(15,833,757)	(13,517,701)
Profit Before Income Taxes	8	1,080,569,355	949,913,108
Income Tax Expense	9	(320,859,991)	(302,762,038)
Profit for the year		759,709,364	647,151,070
Other Comprehensive Income			
Items that will not be Reclassified Subsequently to Profit or Loss			
Actuarial Gain/(Loss) on Retirement Benefit Obligations	24	(385,548)	(32,868,751)
Tax on Other Comprehensive Income		115,664	9,860,625
Total Other Comprehensive Income for the Year		(269,884)	(23,008,126)
Total Comprehensive Income for the Year		759,439,480	624,142,944
Basic (and Diluted) Earnings Per Share	10	276.26	235.33
Dividend Per Share	11	6.70	4.70

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Financial Statements of the Company set out on Pages 240-288.

STATEMENT OF FINANCIAL POSITION

For the Year Ended 31 March	Note	2026 Rs.	2025 Rs.
Assets			
Non Current Assets			
Property, Plant and Equipment	12	500,094,838	564,125,018
Right of Use Assets	13	126,415,216	228,043,909
Intangible Assets	14	10,739,363	6,650,792
Deferred Tax Asset	22	-	1,954,765
Term Deposits	18	385,336,986	-
Total Non Current Assets		1,022,586,403	800,774,484
Current Assets			
Inventories	15	824,811,763	634,034,074
Trade and Other Receivables	16	941,006,877	1,008,611,885
Amounts due from Related Companies	17	77,515,012	34,960,047
Term Deposits	18	2,058,674,947	2,027,882,981
Cash and Cash Equivalents	19	344,530,065	203,984,146
Total Current Assets		4,246,538,664	3,909,473,133
Total Assets		5,269,125,067	4,710,247,617
Equity and Liabilities			
Equity			
Stated Capital	20	52,521,178	52,521,178
Other Reserves	21	41,613,945	41,613,945
Retained Earnings		3,906,670,983	3,165,656,503
Total Equity		4,000,806,106	3,259,791,626
Liabilities			
Non Current Liabilities			
Deferred Tax Liabilities	22	37,493,548	-
Lease Liabilities	23	93,914,987	227,273,975
Employee Benefit Liabilities	24	120,535,620	106,978,251
Total Non Current Liabilities		251,944,155	334,252,226
Current Liabilities			
Trade and Other Payables	25	721,677,073	916,211,592
Amounts due to Related Companies	27	214,381,813	74,338,784
Lease Liabilities	23	31,399,691	24,764,361
Current Tax Liabilities	26	48,916,229	100,889,028
Total Current Liabilities		1,016,374,806	1,116,203,765
Total Liabilities		1,268,318,961	1,450,455,991
Total Equity and Liabilities		5,269,125,067	4,710,247,617
Net Assets Value per Share		1,454.84	1,185.38

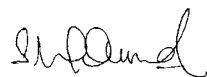
The Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Financial Statements of the Company set out on Pages 240-288.

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
30 June 2026
Colombo



M. C. Dahanayake
Managing Director

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2026	Stated Capital Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2024	52,521,178	41,613,945	2,554,438,559	2,648,573,682
Profit for the Year	-	-	647,151,070	647,151,070
Other Comprehensive Income	-	-	(23,008,126)	(23,008,126)
Total Comprehensive Income for the Year	-	-	624,142,944	624,142,944
Cash Dividends - 2023/24	-	-	(12,925,000)	(12,925,000)
Balance as at 31 March 2025	52,521,178	41,613,945	3,165,656,503	3,259,791,626
Balance as at 01 April 2025	52,521,178	41,613,945	3,165,656,503	3,259,791,626
Profit for the Year	-	-	759,709,364	759,709,364
Other Comprehensive Income for the Year	-	-	(269,884)	(269,884)
Total Comprehensive Income for the Year	-	-	759,439,480	759,439,480
Cash Dividends - 2024/25	-	-	(18,425,000)	(18,425,000)
Balance as at 31 March 2026	52,521,178	41,613,945	3,906,670,983	4,000,806,106

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Financial Statements of the Company set out on Pages 240-288.

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	Note	2026 Rs.	2025 Rs.
Cash Flows from Operating Activities			
Operating Profit/(Loss)		900,497,704	821,272,603
Adjustments to Reconcile Operating Profit to Net Cash Flows:			
Depreciation of Property, Plant and Equipment	12	85,020,481	92,779,916
Amortisation of Intangible Assets	14	1,594,127	1,657,114
Depreciation of Right of Use Assets	13	34,890,853	25,616,598
(Gains)/Losses from Disposal of Property, Plant and Equipment	6.1.2	(27,500,000)	(21,992,163)
(Gains)/Losses from Derecognition of Leases	6.1.2	(33,722,828)	-
Impairment Losses from Property, Plant and Equipment	12	19,574,520	-
Provision for Retirement Benefit Obligation	24	23,350,890	21,204,653
Operating Profit before Working Capital Changes		1,003,705,747	940,538,721
Changes in Working Capital			
(Increase)/Decrease in Inventories		(190,777,689)	251,007,975
(Increase)/Decrease in Trade and Other Receivables		120,993,946	(163,400,026)
(Increase)/Decrease in Amounts due from Related Companies		(42,554,965)	(9,318,395)
Increase/(Decrease) in Amounts due to Related Companies		140,043,029	(33,872,752)
Increase/(Decrease) in Trade and Other Payables		(194,534,519)	394,862,402
Cash (Used in)/Generated from Operations		836,875,549	1,379,817,925
Gratuity Paid	24	(10,179,069)	(38,701,733)
Income Tax Paid (including withholding tax)	26	(333,268,813)	(269,925,809)
Net Cash Flows (Used in)/from Operating Activities		493,427,667	1,071,190,383
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment (including capital work in progress)	12	(40,564,821)	(47,655,781)
Purchase of Intangible Assets	14	(5,682,698)	(3,121,473)
Proceeds from Sale of Property, Plant and Equipment	12	27,500,000	22,000,000
Interest Received	7	142,307,387	142,263,459
Withdrawal of/(Placement in) Fixed Deposits		(416,128,952)	(1,064,002,121)
Net Cash Flows (Used in)/from Investing Activities		(292,569,084)	(950,515,916)
Cash Flows from Financing Activities			
Repayment of Lease	23	(25,801,695)	(18,931,183)
Interest Paid	7.2	(16,085,969)	(13,622,954)
Dividends Paid to Shareholders	11	(18,425,000)	(12,925,000)
Net Cash Flows (Used in)/from Financing Activities		(60,312,664)	(45,479,137)
Net (Decrease)/Increase in Cash and Cash Equivalents		140,545,919	75,195,330
Cash and Cash Equivalents at the Beginning of the Year		203,984,146	128,788,816
Cash and Cash Equivalents at the End of the Year	19	344,530,065	203,984,146

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form an integral part of the Financial Statements of the Company set out on Pages 240-288.

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 and ultimate controlling party is CBL Investments Limited, which holds 71.38% (2025: 71.38%) of the Company's ordinary shares listed on the Colombo Stock Exchange.

1.4 Date of Authorisation for Issue

The financial statements of the Company for the year ended 31 March 2026 were authorised for issue under a resolution of the Board of Directors on 30th June 2026.

2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka. The summary of significant accounting policies adopted in the preparation of the financial statements are set out in Note 3.

These financial statements have been prepared on a historical cost basis, except for those assets and liabilities that are required or permitted by SLFRSs to be measured at fair value.

The financial statements have been prepared on a going concern basis, as the Directors are satisfied that the Company has adequate resources to continue its operations for the foreseeable future.

Comparative information in respect of the preceding period has been presented in accordance with the requirements of SLFRSs.

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 (SLFRSs/ LKASs) 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 a historical cost basis, except for:

- Financial instruments measured 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
- Defined benefit liability measured using the projected unit credit

method, determined by independent actuarial valuation

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 is 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, except for the changes in presentation and disclosure arising from the adoption of SLFRS 18 Presentation and Disclosure in financial statements.

The Company has early adopted SLFRS 18 prior to its mandatory effective date.

The presentation and classification of the financial statements for the previous year have been amended, as shown in Note 3.7.1 where relevant, to comply with SLFRS 18 and to achieve better presentation and comparability with those of the current period. The management has reasonable evidence that such presentation provides more relevant information for the understanding of the Company's financial performance and financial position.

Other than the above changes in presentation and disclosure, there have been no changes to the accounting policies applied in the current year.

2.6 Materiality and Aggregation

In accordance with Sri Lanka Accounting Standards, the Company applies materiality, aggregation and disaggregation principles consistently across all primary financial statements. Items with similar characteristics are aggregated, while items that are materially different in nature or function are presented separately. Amounts are rounded to the nearest rupee unless otherwise stated.

In determining the appropriate presentation of expenses within the operating category of the Statement of Profit or Loss, the Company assesses whether expenses share similar characteristics, taking into consideration the nature and functional role of the underlying transactions within the operating activities. As a result, expenses are analysed and presented by function, with research and development, selling, distribution and administrative expenses disclosed as separate line items in the Statement of Profit or Loss.

Other operating expenses that do not warrant separate presentation because they are individually immaterial are aggregated and presented under 'Other operating expenses'.

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 has 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 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 of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognised 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), or fair value through profit or loss (FVTPL).

The classification of financial assets is based on the Company's business model for managing the financial assets and whether the contractual terms give rise to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. The SPPI assessment is performed at an individual instrument level. The business model reflects whether cash flows are expected to be realised by collecting contractual cash flows, selling the financial assets, or both.

Financial assets that fail the SPPI test are measured at fair value through profit or loss, irrespective of the business model under which they are held.

Except for trade receivables that do not contain a significant financing component, or for which the Company applies the practical expedient permitted under SLFRS 15, financial assets are initially measured at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets classified as FVTPL are initially measured at fair value and transaction costs are expensed in the statement of profit or loss.

The Company's financial assets include cash, short-term deposits and 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

NOTES TO THE FINANCIAL STATEMENTS

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 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 contractual rights to receive cash flows expire or when the financial asset is transferred and the Company has transferred substantially all the risks and rewards of ownership and no longer retains control of the asset.

Impairment of Financial Assets

The Company recognises an allowance for expected credit losses on financial assets measured at amortised cost and debt instruments measured at FVOCI. Financial assets measured at FVTPL are not subject to impairment under SLFRS 9. 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 effective interest rate and adjusts for forward looking information related to specific debtors and the broader economic environment.

3.2.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as either financial liabilities measured at amortised cost or financial liabilities measured at fair value through profit or loss (FVTPL), as appropriate.

All financial liabilities are initially recognised at fair value. For financial liabilities measured at amortised cost, this is net of directly attributable transaction costs. Transaction costs relating to financial liabilities measured at FVTPL are expensed in profit or loss.

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 (FVTPL)

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. Embedded derivatives are treated in accordance with the classification of the host contract, unless otherwise required by SLFRS 9.

Gains or losses on liabilities held for trading are recognised 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 recognised in the Statement of Profit or Loss.

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

Under LKAS 37, the Company recognises a provision only when three conditions are met: (1) there is a present obligation arising from a past event; (2) it is probable that settling the obligation will require an outflow of resources embodying economic benefits; and (3) the amount of the obligation can be estimated reliably. If the Company expects another party to reimburse some or all of the expenditure needed to settle the provision, the reimbursement is recognised separately as an asset only when it is virtually certain the reimbursement will be received upon settlement. The reimbursement asset is not offset against the provision and the related expense is presented separately in the statement of profit or loss.

Where the time value of money is material, provisions are measured at the present value of the expected expenditures required to settle the obligation. Discounting is applied using an appropriate discount rate that reflects current market assessments of the time value of money and liability-specific risks, to the extent these risks are not already incorporated in the estimated cash flows. The increase in the provision over time arising from discount unwinding 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. Cash and cash

equivalents comprise cash in hand, cash at bank and bank overdrafts (where applicable) and highly liquid investments with an original maturity of three (3) months or less. Interest income is classified as cash flows from investing activities. Dividends paid are classified as financing cash flows in accordance with the Company's accounting policy under SLFRS 18.

3.5 Segmental Information

The Company operates as a single operating segment based on internal reports reviewed by the Chief Operating Decision Maker (CODM). Accordingly, no separate segment disclosures are presented.

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 the 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 deferred tax liabilities are classified as non-current in the Statement of Financial Position.

3.7 Changes in Accounting Standards

3.7.1 New and Amended Standards and Interpretations

The Company early adopted SLFRS 18, which supersedes LKAS 1 and made consequential amendments to other standards. SLFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations.

In addition, consequential amendments have been made to LKAS 7, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest.

NOTES TO THE FINANCIAL STATEMENTS

The Statement of Profit or Loss under LKAS 1 for the year ended 31 March 2025 reconciles to the Statement of Profit or Loss under SLFRS 18, as follows:

	LKAS 1	Adjustments	SLFRS 18
Revenue	6,838,638,927	-	6,838,638,927
Cost of Sales	(4,473,164,288)	-	(4,473,164,288)
Gross Profit	2,365,474,639	-	2,365,474,639
Administrative Expenses	(464,466,856)	23,586,714	(440,880,141)
Research and Development Expenses	-	(23,586,714)	(23,586,714)
Selling and Distribution Expenses	(961,399,758)	961,399,758	-
Selling Expenses	-	(436,760,724)	(436,760,724)
Distribution Expenses	-	(524,639,034)	(524,639,034)
Other Operating Income	38,042,671	-	38,042,671
Other Operating Expenses	(156,378,094)	-	(156,378,094)
Results from Operating Activities	821,272,603	-	821,272,603
Finance Income	142,263,459	-	142,263,459
Finance Cost	(13,622,954)	13,622,954	-
Interest Expenses on Borrowings	-	(105,253)	(105,253)
Finance Charge on Lease and Employee Benefit Liabilities	-	(13,517,701)	(13,517,701)
Profit Before Tax	949,913,108	-	949,913,108
Income Tax Expense	(302,762,038)	-	(302,762,038)
Profit for the year	647,151,070	-	647,151,070

(a) Research and Development Expenses

Following the assessment of characteristics, research and development expenses have been separated from administrative expenses.

(b) Selling and Distribution Expenses

Selling and distribution expenses have been disaggregated into selling expenses and distribution expenses.

(c) Finance Costs

Interest on debts and borrowings and other liabilities are classified as interest expenses on borrowings in the financing category. Unwinding of discount on employee benefits provision and finance charge on leases are classified separately.

Management-defined performance measure (MPM)

The financial statements do not include any MPMs.

The adoption of other new and amended Sri Lanka Financial Reporting Standards and interpretations that became effective during the year did not have a material impact on the Company's financial statements.

3.7.2 New Accounting Standards and Sustainability Disclosure Standards Issued but Not Yet Effective 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/ Amendments to the Existing SLFRSs and the Effective Date	Summary of the Requirements/Amendments	Expected Impact on the Financial Statements
SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information Effective on or after 01 January 2026 with early adoption permitted	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.	SLFRS S1 requires extensive sustainability-related financial disclosures, including information on governance, strategy, risk management and metrics and targets. While the standard does not alter recognition or measurement requirements, sustainability-related risks and opportunities disclosed under SLFRS S1 may influence management judgments and estimates applied in preparing 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.	SLFRS S2 focuses on climate-related financial disclosures. The standard does not change accounting recognition or measurement requirements; however, climate-related risks and opportunities may affect assumptions used in impairment testing, provisions and other estimates disclosed in the financial statements.
Amendments to the Classification and Measurement of Financial Instruments (SLFRS 9 and SLFRS 7) Effective on or after 01 January 2026	The Amendments include: - A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date - Additional guidance on how the contractual cash flows for financial assets with ESG and similar features should be assessed - Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments - The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (FVTOCI).	The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Company does not anticipate that the amendments will have a material effect on the Company's financial statements. The Company has not early adopted these amendments and will apply them when they become effective.

NOTES TO THE FINANCIAL STATEMENTS

New SLFRSs/ Amendments to the Existing SLFRSs and the Effective Date	Summary of the Requirements/Amendments	Expected Impact on the Financial Statements
SLFRS 18 Presentation and Disclosure in Financial Statements Effective on or after 01 January 2027 with early adoption permitted	SLFRS 18 replaces LKAS 1 Presentation of financial statements and establishes updated principles for how financial statements should be presented and disclosed to improve transparency and comparability. It requires entities to present a complete set of financial statements with consistent structure and enhanced clarity, mandates defined subtotals (such as operating profit) in the Statement of Profit or Loss and introduces clearer rules on aggregation, disaggregation and disclosure of management-defined performance measures, while retaining many existing LKAS 1 principles.	The Company has early adopted SLFRS 18 Presentation and Disclosure in financial statements in preparing these financial statements. The adoption primarily affected presentation and disclosure and did not result in changes to recognition or measurement.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management 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 reporting date.

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 as having the most significant effect on the amounts recognised 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 items that have an impact on accounting, including judgments, estimates and assumptions, are as follows:

- Assessment of the Company's ability to continue as a going concern – Note 4.2
- Income taxes – judgements in determining taxable profits, deferred tax recovery and uncertain tax positions – Note 9
- Impairment of non-financial assets – Note 12, 13 and 14
- Useful lives of the long term assets – Note 12 and 14

- Provisions for stock obsolescence – Note 15
- Provision for expected credit losses of trade receivables – Note 16
- Estimating the incremental borrowing rate – for leases – Note 23
- Key actuarial assumptions relating to defined benefit obligation – Note 24

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 judgment. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

The Company reviewed its debtors to identify those at risk of default, then conducted impairment testing to assess their financial status and payments history. As a result of this assessment, impairment losses were recognised during the year as disclosed in Note 16.2.

4.1 Income Tax and Deferred Tax Assets/Liabilities

The Company recognised 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 recognised for all deductible temporary differences and tax credits to the extent it is probable that taxable profits will be available against which these losses or credits can be utilised. Management judgements are required to determine the amount of deferred tax assets that can be recognised, 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, including conditions that may be 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 does 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 recognises an impairment allowance 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 transaction price, being the amount of consideration the Company expects to be entitled to and excludes taxes collected on behalf of third parties, rebates, discounts and consideration payable to customers (including certain marketing incentives), to the extent these represent reductions of the transaction price.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

5.1 Sale of Goods

The Company generates revenue primarily from the sale of product lines of soya meat, spices, salt, coconut milk, snacks and cereal.

Revenue from the sale of goods is recognised at the point in time when control of the assets (the products) is transferred to the customer, generally on delivery of the goods. The primary obligation of the Company is the supply of 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. Activities such as promotional packs, stock management and return handling are treated as parts of the combined obligation to supply goods and do not represent distinct performance obligations as they do not provide a separately identifiable benefit to the customer, hence separate allocation of the transaction price is not required.

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). This assessment ensures compliance with SLFRS 15 by recognising revenue based on the transfer of control and the nature of the promises in the contract and recognised to the extent that it is highly probable that a significant reversal of revenue will not occur.

Under the Company's standard practice, customers have a right to return damaged and/or expired goods. The Company recognises revenue for goods transferred to customers only to the extent it expects to be entitled, net of expected returns. For sales made with a contractual right of return, an estimated refund liability is recognised for the consideration expected to be refunded to customers. At the time of return, adjustments to the estimates are recognised in the financial statements with a corresponding adjustment against trade receivables.

There are no warranties that give rise to separate performance obligations or require any accounting adjustments to the financial statements.

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 existing customer contracts.

The Company has not applied significant judgements or made 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 31 March	2026 Rs.	2025 Rs.
Revenue by local/exports market		
Local Sales	6,739,450,590	6,672,084,172
Export Sales	69,660,159	60,442,691
Indirect Export Sales	112,795,616	106,112,064
Total Revenue from Contracts with Customers	6,921,906,365	6,838,638,927
Revenue by business activity		
Manufacturing	6,494,640,937	6,430,357,414
Trading	427,265,428	408,281,513
Total Revenue from Contracts with Customers	6,921,906,365	6,838,638,927
Revenue by timing of transfer of goods		
Point in time	6,921,906,365	6,838,638,927
	6,921,906,365	6,838,638,927
Revenue by product type		
Goods	6,921,906,365	6,838,638,927
Services	-	-
Total Revenue from Contracts with Customers	6,921,906,365	6,838,638,927

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, where applicable), short-term advances received to deliver goods (and render certain services, whereas applicable).

There were no contract assets or contract liabilities to be recognised as at 31 March 2026 (2025: Nil).

6 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

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 recognised in profit or loss.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions, which are not material, are aggregated, reported and presented on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

6.1.2 Other Operating Income

For the year ended 31 March	2026 Rs.	2025 Rs.
Gain on Sale of Property, Plant and Equipment	27,500,000	22,000,000
Gain on Derecognition of Lease Liability	33,722,828	-
Net Exchange Gains	42,270,017	-
Net Scrap Sales Income	13,304,559	11,111,806
Other Individually Immaterial Operating Income	5,235,486	4,930,865
	122,032,890	38,042,671

Other income is recognised on an accrual basis.

6.2 Other Operating Expenses

For the year ended 31 March	2026 Rs.	2025 Rs.
Social Contribution Levy	148,986,713	148,491,443
Loss on Sale of Property, Plant and Equipment	-	7,837
Exchange Losses	-	7,878,814
	148,986,713	156,378,094

7 FINANCE INCOME / COST

Accounting Policy

7.1 Finance Income

Finance income comprises interest income on funds invested that are recognised in the Statement of Profit or Loss.

Interest income is recorded as it accrues using the effective interest rate (EIR), 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.

7.2 Finance Cost

Finance cost comprises interest expense on bank overdrafts, leases and borrowings (if applicable) that are recognised in the Statement of Profit or Loss.

Interest expense is recorded as it accrues using the EIR, 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 31 March	2026 Rs.	2025 Rs.
Net Finance Income		
Finance Income		
Other Investment Income		
Interest Income	196,157,620	142,263,459
Total Other Investment Income/Finance Income	196,157,620	142,263,459
Finance Cost		
Interest Expense on Borrowings	168,652	15,620
Interest Expense on Short Term Advances	83,560	89,633
Interest Expenses	252,212	105,253
Finance Charge on Lease Liabilities	15,833,757	13,517,701
Total Finance Cost	16,085,969	13,622,954
Net Finance Income/(Cost) recognised in profit or loss	180,071,651	128,640,505

8 PROFIT BEFORE TAX

8.1 Expenditure Recognition

Accounting Policy

Expenses are recognised in the Statement of Profit or Loss when incurred, or when there is a direct association between the costs 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 Statement of Profit or Loss.

For the purpose of presentation of the Statement of Profit or Loss, 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 31 March	2026 Rs.	2025 Rs.
Employee Compensation and Benefits Expenses	738,441,203	664,203,229
Advertising and Sales Promotion	273,924,509	436,760,724
Depreciation of Property, Plant and Equipment	85,020,481	92,779,916
Employee Support and Welfare Expenses	79,411,476	58,485,833
Directors Remuneration	64,200,793	52,019,611
Contributions to Employees' Provident Fund	45,041,414	39,352,443
Depreciation of Right of Use Assets	34,890,853	25,616,598
Research & Development expenses	27,606,906	23,586,714
Defined Benefit Plan Contribution	23,350,890	21,204,652
Donations	13,327,874	300,810
Contributions to Employees' Trust Fund	11,254,341	9,800,511
Training & Development expenses	11,413,610	8,777,240
Amortisation of Intangible Assets	1,594,127	1,657,114
(Reversal)/Charge of Impairment for Trade Receivables	1,950,032	(3,787,127)
Auditors' Remuneration		
Audit Services	1,618,318	1,471,198
Non Audit Services	1,225,271	807,894

NOTES TO THE FINANCIAL STATEMENTS

8.2 Employee Related Costs

For the year ended 31 March	2026 Rs.	2025 Rs.
Short-term Employee Cash Benefits Including Salaries, Allowances and Overtime	825,511,508	735,074,929
Contributions to Employees' Trust Fund and Provident Fund	56,295,755	49,152,954
Defined benefit scheme cost	23,350,890	21,204,652
Total Employee Related Costs	905,158,153	805,432,535

9 TAXES

9.1 Income Tax

Income tax comprises current tax expense and deferred tax expense or credit, following the guidelines of LKAS 12. Income tax expense is recognised in profit or loss except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Interest and penalties relating to income taxes are recognised in profit or loss as part of other expenses and are accounted for in accordance with 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 has used its judgement 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 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 reporting 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 substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the profit or loss. Accordingly, deferred tax is recognised in other comprehensive income or directly in equity, depending on where the underlying transaction or event is recognised.

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.

9.2 Income Tax Expenses

For the year ended 31 March	2026 Rs.	2025 Rs.
Income Tax for the Year (Note 9.2.1)	287,876,847	303,285,037
(Over)/Under Provision of Previous Year's Income Taxes	(6,580,833)	1,442,069
Deferred Tax Recognised During the Year (Note 22.1)	39,563,977	(1,965,068)
	320,859,991	302,762,038

9.2.1 Reconciliation Between Accounting Profit and Taxable Income

For the year ended 31 March	2026 Rs.	2025 Rs.
Accounting Profit Before Tax	1,080,569,355	949,913,108
Disallowable Expenses and Deductions Not Allowed	250,144,964	270,201,137
Allowable Deductions	(299,483,344)	(186,906,013)
Non Taxable Income	(61,566,484)	(22,258,109)
Qualifying Payments	(10,075,000)	-
Total Taxable Income	959,589,491	1,010,950,123
Business Income	755,310,488	852,902,102
Investment Income	195,813,964	142,005,350
Other Income	18,540,039	16,042,671
Qualifying Payments	(10,075,000)	-
Total Taxable Income	959,589,491	1,010,950,123
Taxable Income at 30% (2025: 30%); Normal Rate	959,589,491	1,010,950,123
Taxable Income at Different Rates	-	-
	959,589,491	1,010,950,123
Income Tax		
Tax at 30%	287,876,847	303,285,037
Income Tax for the Year	287,876,847	303,285,037

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 31 March	2026 Rs.	2025 Rs.
Accounting Profit Before Tax	1,080,569,355	949,913,108
At Statutory Income Tax Rate of 30% (2025: 30%)	324,170,806	284,973,932
Tax Effect of Disallowable Expenses and Deductions	75,043,489	81,060,341
Tax Effect of Allowable Deductions	(89,845,003)	(56,071,804)
Tax Effect of Non Taxable Income	(18,469,945)	(6,677,433)
Tax Effect of Qualifying Payments	(3,022,500)	-
Income Tax for the Year	287,876,847	303,285,037
Tax Effect of Business Income	226,593,146	255,870,631
Tax Effect of Investment Income and Other Income	64,306,201	47,414,406
Tax Effect of Qualifying Payments	(3,022,500)	-
Income Tax for the Year	287,876,847	303,285,037
Adjustment for:		
(Over)/Under Provision of Previous Year's Income Taxes	(6,580,833)	1,442,069
Deferred Tax Recognised During the Year (Note 22.1)	39,563,977	(1,965,068)
Income Tax Expense Reported in the Statement of Profit or Loss	320,859,991	302,762,038
Effective Tax Rate	30%	32%

There are no income tax consequences attached to the payment of dividends in either 2026 or 2025 by the Company to its shareholders.

9.4 Reconciliation Between Current Tax Expense and the Product of Accounting Profit

For the year ended 31 March	2026 Rs.	2025 Rs.
Adjusted Accounting Profit Chargeable to Income Taxes	1,080,569,355	949,913,108
Tax Effect on Chargeable Profits	241,394,660	230,882,093
Tax Effect on Non Deductible Expenses	75,043,489	81,060,341
Tax Effect on Deductions Claimed	(89,845,003)	(56,071,804)
Tax Effect on Investment Income	58,744,189	42,601,605
Tax Effect on Other Income	5,562,012	4,812,801
Tax Effect on Qualifying Payments	(3,022,500)	-
Tax Expense	287,876,847	303,285,037

9.5 Other Taxes

9.5.1 Sales Tax

Revenue, expenses and assets are recognised net of recoverable sales tax (including value-added tax or similar indirect taxes), except where the sales tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case such sales tax is recognised as part of the cost of the asset or as part of the related expense, as applicable.

Receivables and payables are stated inclusive of sales tax. The net amount of sales tax recoverable from, or payable to, the taxation authority is presented as part of receivables or payables in the Statement of Financial Position.

9.5.2 Social Security Contribution Levy (SSCL)

SSCL shall be paid by any person carrying on the business of manufacturing, supply of services or wholesale or 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.

10 BASIC 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 shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of all dilutive potential ordinary shares.

The following table reflects the income and shares data used in the basic EPS calculation:

For the year ended 31 March	2026 Rs.	2025 Rs.
Profit for the Year Attributable to Ordinary Shareholders (Rs.)	759,709,364	647,151,070
Weighted Average Number of Ordinary Shares	2,750,000	2,750,000
Basic EPS (Rs.)	276.26	235.33

As there were no dilutive potential ordinary shares outstanding during the period, diluted EPS is equal to basic EPS.

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 31 March	2026 Rs.	2025 Rs.
First and Final Dividend Paid (Rs.)	18,425,000	12,925,000
Number of Ordinary Shares	2,750,000	2,750,000
Dividend per Share (Rs.)	6.70	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 that are held for use in the production or supply of goods or for administrative purposes and are expected to be used for 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.

NOTES TO THE FINANCIAL STATEMENTS

Basis of Measurement

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment loss (cost model). The cost of property, plant and 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 qualifying assets (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 Statement of Profit or Loss 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 capitalised borrowing costs where applicable and is not depreciated until the related assets are available for their intended use.

Derecognition

An item of property, plant and equipment is derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of property, plant and equipment is recognised in profit or loss in the period in which the asset is derecognised. Such 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 (when it is in the location and condition necessary for it to be capable of operating as intended by management) and ceases upon disposal or when the asset is derecognised/scrapped.

The rates of depreciation are based on the estimated useful lives indicated below:

Asset	Years
Factory buildings	25
Machinery	8 - 20
Tools and equipment	6 - 7
Motor vehicle	4
Furniture and fittings	5
Computers and electrical installations	4 - 7
Office equipment	6 - 7
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/disposal 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 group 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 or post-tax discount rate (as applicable) that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the Statement of Profit or Loss, 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 Statement of Profit or Loss 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	Tools & Equipment	Point of Sale Equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost							
Balance as at 01 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	20,468,430	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 31 March 2025	412,299,305	571,423,585	73,321,000	40,792,776	48,429,922	34,830,196	1,181,096,785
Balance as at 01 April 2025	412,299,305	571,423,585	73,321,000	40,792,776	48,429,922	34,830,196	1,181,096,785
Additions During the Year	2,076,269	4,777,187	7,332,971	18,930,466	3,023,003	4,424,925	40,564,821
Disposals and Derecognitions During the Year	-	-	(175,000)	(16,400,000)	-	-	(16,575,000)
Balance as at 31 March 2026	414,375,574	576,200,772	80,478,971	43,323,242	51,452,925	39,255,121	1,205,086,606
Accumulated Depreciation							
Balance as at 01 April 2024	125,243,968	274,105,040	53,635,445	53,197,364	30,615,422	28,583,020	565,380,259
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 31 March 2025	140,992,098	326,254,726	60,759,991	40,668,818	34,148,489	33,722,165	636,546,287

NOTES TO THE FINANCIAL STATEMENTS

	Buildings	Machinery	Furniture, Fittings & Office Equipment	Motor Vehicles	Tools & Equipment	Point of Sale Equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2025	140,992,098	326,254,726	60,759,991	40,668,818	34,148,489	33,722,165	636,546,287
Charge for the Year	15,775,666	52,802,837	7,437,644	2,501,530	3,551,048	2,951,756	85,020,481
Disposals and Derecognitions During the Year	-	-	(175,000)	(16,400,000)	-	-	(16,575,000)
Balance as at 31 March 2026	156,767,764	379,057,563	68,022,635	26,770,348	37,699,537	36,673,921	704,991,768
Net Book Value							
Net Book Value as at 31 March 2025	271,307,207	245,168,859	12,561,009	123,958	14,281,433	1,108,031	544,550,498
Net Book Value as at 31 March 2026	257,607,810	197,143,209	12,456,336	16,552,894	13,753,388	2,581,200	500,094,838
Capital Work-In-Progress							
Balance as at 01 April 2025	-	19,574,520	-	-	-	-	19,574,520
Impairment Loss	-	(19,574,520)	-	-	-	-	(19,574,520)
Balance as at 31 March 2026	-	-	-	-	-	-	-
Total Net Book Value							
As at 31 March 2025	271,307,207	264,743,379	12,561,009	123,958	14,281,433	1,108,031	564,125,018
As at 31 March 2026	257,607,810	197,143,209	12,456,336	16,552,894	13,753,388	2,581,200	500,094,838

Property, Plant and Equipment amounting to Rs. 286,512,427 (2025 - Rs. 297,011,330), which were fully depreciated are still in use as at the end of the reporting date.

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 31 March 2026 and 2025.

Capital Expenditure Commitments

There are no capital expenditure commitments that require a provision in the financial statements as at 31 March 2026 (2025: NIL).

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.

Impairment of Property, Plant and Equipment

No impairment losses were recognised on capitalised assets during the reporting period, except for an impairment provision recorded in respect of a work-in-progress asset, arising from technological performance not meeting the expectations. The asset was assessed at an individual level, with no recoverable amount determined due to the absence of expected future economic benefits.

Further Disclosures

No borrowing costs were capitalised during the reporting period as no qualifying assets were under construction. 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 (2025-NIL) or any idle or retired assets as at reporting date.

No property, plant and equipment were acquired through business combinations during the reporting period.

The Company disposed fully depreciated assets with a cost of Rs. 16,400,000 (and net carrying amount of Rs. Nil) for a cash consideration of Rs. 27,500,000. The net gain on these disposals was recognised as part of other operating income in the statement of profit or loss (Note 6.1.2).

13 RIGHT OF USE ASSETS

Accounting Policy

Leases

This policy applies to lease arrangements where the Company acts as a lessee. The Company applies the requirements of SLFRS 16 'Leases' in accounting for right-of-use assets (and lease liabilities).

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 lease term includes the non-cancellable period of the lease, together with periods covered by an option to extend the lease where the Company is reasonably certain to exercise such option.

The Company recognises 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 (lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, where this cannot be readily determined, the Company's incremental borrowing rate), 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.

The Company applies the recognition exemptions for short-term leases and leases of low-value assets and recognises the associated lease payments as an expense on a straight-line basis.

Information about leases for which the Company is a lessee is presented below.

The following table presents the carrying amounts of the Company's right-of-use assets and movements for the year ended 31 March 2026 and 2025.

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	Land Rs.	Motor Vehicles Rs.	Buildings Rs.	Total Rs.
Cost				
Balance as at 01 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 31 March 2025	6,580,075	154,082,441	110,207,724	270,870,240
Balance as at 01 April 2025	6,580,075	154,082,441	110,207,724	270,870,240
Additions During the Year	-	21,795,698	-	21,795,698
Disposals and Derecognitions During the Year	-	-	(110,207,724)	(110,207,724)
Balance as at 31 March 2026	6,580,075	175,878,139	-	182,458,214
Accumulated Depreciation				
Balance as at 01 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 31 March 2025	1,986,857	23,206,238	17,633,236	42,826,331
Balance as at 01 April 2025	1,986,857	23,206,238	17,633,236	42,826,331
Charge During the Year	69,588	30,780,315	4,040,950	34,890,853
Disposals and Derecognitions During the Year	-	-	(21,674,186)	(21,674,186)
Balance as at 31 March 2026	2,056,445	53,986,553	-	56,042,998
Carrying Value				
As at 31 March 2025	4,593,218	130,876,203	92,574,488	228,043,909
As at 31 March 2026	4,523,630	121,891,586	-	126,415,216

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

13.2 This land 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 lease of the building from Ritzbury Lanka (Private) Limited was terminated early during the year and the building was handed back at the end of the reporting period.

13.3 The total cash outflow for leases during the year amounted to Rs.41,635,453 (including interest) and Rs.25,801,695 (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 were Rs.24,716,765 (2025 Rs.21,408,004).

13.5 There are no sub leases or sale and lease back transactions during the reporting period.

13.6 The following table sets out the discount rates applied for the leases.

	Lease term (range)	Discount rate (range)	Discount rate type	Agreement Start Date	Agreement End Date
Motor Vehicles					
Lease 1	5 years	7.5%	Incremental borrowing rate	15 August 2024	14 July 2029
Lease 2	5 years	7.5%	Incremental borrowing rate	15 October 2024	14 September 2029
Lease 3	5 years	10.4%	Incremental borrowing rate	10 February 2026	10 January 2031
Buildings (Terminated during the year)	25 years	6.7%	Incremental borrowing rate	01 April 2021	31 March 2046 (original) Terminated 28 February 2026

14 INTANGIBLE ASSETS

Accounting Policy

The Company applies the requirements of LKAS 38 'Intangible Assets' in accounting for the intangible assets.

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.

Derecognition of Intangible Assets

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the 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 amortisation and any accumulated impairment losses. It is amortised over its estimated life of ten (10) years using the straight-line method. If there is any indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation of the asset is revised prospectively to reflect the new expectations.

NOTES TO THE FINANCIAL STATEMENTS

Licenses having a finite useful life are subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method, from the date of asset being available for use, subject to impairment, to the end of the assignment period of the license. Licenses are not subjected to revaluations.

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 amortisation and accumulated impairment losses.

Amortisation 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.

Licenses and Computer Software	2026 Rs.	2025 Rs.
Cost		
Balance as at 01 April	20,026,651	16,905,178
Additions During the Year	5,682,698	3,121,473
Balance as at 31 March	25,709,349	20,026,651
Accumulated Amortization		
Balance as at 01 April	13,375,859	11,718,745
Charge for the Year	1,594,127	1,657,114
Balance as at 31 March	14,969,986	13,375,859
Carrying Value	10,739,363	6,650,792

The amortisation expense on intangible assets (Computer Software) with finite life is recognised in the Statement of Profit or Loss under administration expenses.

The Company has recognised Rs. 27,606,906 as research expenses (2024/25: Rs 23,586,714).

Intangible assets amounting to Rs. 10,420,504 (2025: Rs. 1,333,049), 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.

The Company does not hold any intangible assets with indefinite useful lives 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 as at 31 March 2026 and 2025.

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 cost of completion and the 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 finished goods (manufactured inventories) and work-in-progress are measured at weighted average directly attributable cost.

Finished goods 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.

Raw Materials and Consumables	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.

Allowances for inventory obsolescence (inventory provisions) are recognized when the expected NRV 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. When the circumstances that previously caused inventory write-downs no longer exist, the amount of the write-down is reversed, limited to the amount of the original write-down.

As at 31 March	2026 Rs.	2025 Rs.
Raw Materials and Consumables	495,405,937	412,338,685
Finished Goods	146,631,153	150,155,588
Semi Finished Goods	59,520,704	48,413,457
Spares and Accessories	171,853,894	152,417,310
Total Gross Value of Inventories	873,411,688	763,325,040
Provision for Slow Moving and Obsolete Inventories (Note 15.1)	(48,599,925)	(129,290,966)
Total Value of Inventories at Lower of Cost and Net Realisable Value	824,811,763	634,034,074

During the financial year, Rs.3,864,645,610 (2024/25: Rs.3,718,676,447) was recognised as raw and packing material costs within cost of sales.

Collateral

The Company has not pledged its inventories as collateral for any short-term or long-term borrowings as at 31 March 2026 and 2025.

15.1 Provision for Slow Moving and Obsolete Inventories

	2026 Rs.	2025 Rs.
Balance as at 01 April	129,290,966	58,063,272
Provision Charge during the year	55,211,717	108,673,814
Reversals/Write-offs of Inventory Provisions	(135,902,758)	(37,446,120)
Balance as at 31 March	48,599,925	129,290,966

NOTES TO THE FINANCIAL STATEMENTS

Climate-related Matters

Inventories may 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.

16 TRADE AND OTHER RECEIVABLES

Trade Receivables

As at 31 March	2026 Rs.	2025 Rs.
Trade Receivables	816,865,076	941,634,770
Provision for Impairment of Trade Receivables (Note 16.2)	(5,284,136)	(3,334,104)
	811,580,940	938,300,666
Related Parties (Note 17)	77,515,012	34,960,047
Total Trade Receivables Net Carrying Value (Including Related Parties)	889,095,952	973,260,713
Add: Other Receivables (Note 16.1)	129,425,937	70,311,219
Total Trade and Other Receivables Net Carrying Value (Including Related Parties)	1,018,521,889	1,043,571,932
Total Trade and Other Receivables Net Carrying Value (Excluding Related Parties)	941,006,877	1,008,611,885

Trade receivables from related parties comprise amounts due from CBL Group companies for goods supplied, services rendered and reimbursement of expenses provided in the ordinary course of business. These balances are recognised as current assets in the Statement of Financial Position, measured at amortised cost. The carrying amount approximates fair value due to the short-term nature of these receivables.

Trade Receivable Age

As at 31 March	2026 Rs.	2025 Rs.
Neither Past Due Nor Impaired		
0 - 30 Days	609,554,926	694,346,471
31 - 60 Days	152,868,718	125,376,472
61- 90 Days	106,667,283	77,605,827
Past Due Nor Impaired		
91 - 120 Days	21,507,488	37,872,906
121 - 150 Days	871,570	21,354,820
>151 Days	2,910,104	20,038,321
Gross Carrying Value	894,380,088	976,594,817
Provision for Impairment of Trade Receivables	(5,284,136)	(3,334,104)
Net Carrying Value	889,095,952	973,260,713

The Company operates a customer financing program for selected key customers (distributors), on a voluntary participation basis. Under this program, customers may obtain financing for invoices issued by the Company through a third-party financial institution and any related financing fees or interest are borne by the customer.

Once goods are delivered and invoices approved, the financial institution settles the invoice value with the Company in line with original terms and the customer settles the financed amount directly with the financial institution. This arrangement does not change the original sales terms, pricing or revenue recognition and the Company does not provide collateral or guarantees to the financial institution.

Cash receipts from the financial institution are presented as operating cash flows, consistent with settlement of trade receivables. Upon settlement of the invoice amount by the financial institution, the related trade receivable is derecognised, as the Company has no continuing involvement in respect of the receivable.

As at 31 March	2026 Rs.	2025 Rs.
Related Parties (Note 17)	77,515,012	34,960,047
Other Trade Receivables	816,865,076	941,634,770
Gross Carrying Value	894,380,088	976,594,817
Provision for Impairment of Trade Receivables	(5,284,136)	(3,334,104)
Net Carrying Value (Including Related Parties)	889,095,952	973,260,713

16.1 Other Receivables

As at 31 March	2026 Rs.	2025 Rs.
Advances Paid to Suppliers	70,239,606	36,922,027
Other Advances	5,420,249	4,512,623
Prepayments	53,766,082	28,876,569
	129,425,937	70,311,219
Total Trade and Other Receivables (Excluding Related Parties)	941,006,877	1,008,611,885

16.2 Provision for Impairment of Trade Receivables

As at 31 March	2026 Rs.	2025 Rs.
Balance as at 01 April	3,334,104	7,223,528
Charge/(Reversal) During the Year	1,950,032	(3,787,127)
Write Off	-	(102,297)
Balance as at 31 March	5,284,136	3,334,104

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. Trade receivables are measured at amortised cost in accordance with SLFRS 9. The charge during the year for expected credit losses on trade receivables was recognised as Rs.1,950,032.

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 or renegotiated terms and when there is objective evidence of increased credit risk, as identified through trade credit control procedures.

Financing Arrangements

The Company has not entered into any arrangements to finance or otherwise factor its trade receivables during the current or prior reporting period.

NOTES TO THE FINANCIAL STATEMENTS

Collaterals

The Company has not pledged its trade receivables as collateral for any short-term or long-term borrowings at 31 March 2026 and 2025.

17 AMOUNTS DUE FROM RELATED COMPANIES

As at 31 March	2026 Rs.	2025 Rs.
Ceylon Biscuits Limited	7,650,759	1,870,781
CBL Foods International (Private) Limited	-	502,824
Plenty Foods (Private) Limited	52,330,879	23,245,859
SPAR SL (Private) Limited	17,533,374	9,340,583
	77,515,012	34,960,047

18 TERM DEPOSITS

These represent term deposits placed with Board-approved local banks.

As at 31 March	2026 Rs.	2025 Rs.
Investment in Fixed Deposits	2,444,011,933	2,027,882,981
	2,444,011,933	2,027,882,981
Term Deposits (Current)	2,058,674,947	2,027,882,981
Term Deposits (Non Current)	385,336,986	-
	2,444,011,933	2,027,882,981

Term deposits are made for varying periods of between 1 to 24 months depending on the immediate cash requirements and investment decisions of the Company and earn interest at the respective term deposit rates.

All deposits maturing within twelve (12) months from the reporting date are classified as current assets, while those maturing after 12 months are classified as non-current assets.

The Company has not pledged any of its short-term deposits to fulfil collateral requirements.

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 (3) 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 (and disclosed separately).

Cash and cash equivalents are carried at their nominal value 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 (if applicable) as they are considered an integral part of the Company's cash management.

As at 31 March	2026 Rs.	2025 Rs.
Favourable cash and cash equivalent balances		
Cash at Bank	344,330,065	203,834,146
Cash in Hand	200,000	150,000
	344,530,065	203,984,146
Unfavourable cash and cash equivalent balances		
Bank Overdraft (Book Balance With a Right of Set-Off)	-	-
Cash and Cash Equivalents for the Purpose of Cash Flows	344,530,065	203,984,146

Cash at banks is mostly held in money market accounts and earns interest based on market rates prevailing.

Cash in hand comprises petty cash balances.

The Company has not pledged any of its cash and cash equivalents to fulfil collateral requirements.

20 STATED CAPITAL

Accounting Policy

The Company applies the requirements of LKAS 32 Financial Instruments: Presentation in classifying financial instruments issued by the Company as equity or financial liabilities. Financial instruments are classified as equity instruments when, based on the substance of the contractual arrangement, they do not contain a contractual obligation to deliver cash or another financial asset.

The Company's ordinary shares are classified as equity instruments. Equity instruments are measured on initial recognition at the fair value of the consideration received, net of directly attributable costs of issuing the equity instruments, which are recognised as a deduction from equity.

As at 31 March	2026 Rs.	2025 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

The ordinary shares of Convenience Foods (Lanka) PLC are listed at the Colombo Stock Exchange.

Holders of ordinary shares have the right to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Public holding percentage as at 31 March 2026 was 28.62% (2025 - 28.62%) and comprised of 1,896 shareholders (2025: 1,751).

The float adjusted market capitalisation of the Company as at 31 March 2026 was Rs.1,829,828,475 (2025: Rs.1,006,012,150)..

The Float adjusted market capitalisation of the Company falls within 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.

21 OTHER RESERVES

As at 31 March	2026 Rs.	2025 Rs.
Gain on Disposal of Share Trust	41,613,945	41,613,945
	41,613,945	41,613,945

NOTES TO THE FINANCIAL STATEMENTS

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 31 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 was transferred to a reserve without recognising any adjustments to the profit or total comprehensive income for the respective year.

The total of 2,750,000 shares excludes the shares disposed of by the Trust.

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 in the financial statements.

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 Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority and are expected to be settled on a net basis.

	2026 Rs.	2025 Rs.
Deferred Tax Asset/(Liability) as at 01 April	1,954,765	(9,870,928)
Reversed/(Charged) During the Year - Recognised in Profit or Loss (Note 22.1)	(39,563,977)	1,965,068
Reversed/(Charged) During the Year - Recognised in Other Comprehensive Income (Note 22.1)	115,664	9,860,625
Deferred Tax Asset/(Liability) as at 31 March	(37,493,548)	1,954,765

22.1 The Recognised Deferred Tax Asset/(Liability) of the Company is Attributable to the Following;

As at 31 March	2026		2025	
	Temporary Difference Rs.	Tax Effects Rs.	Temporary Difference Rs.	Tax Effects Rs.
On Property, Plant and Equipment	(296,471,719)	(88,941,516)	(254,886,974)	(76,466,092)
On Net Lease Liability	(1,100,538)	(330,161)	23,994,428	7,198,328
On Inventory Provisions and Asset Impairments	48,599,925	14,579,978	129,290,966	38,787,290
On Trade Receivable Provision	3,458,216	1,037,465	1,139,212	341,764
On Retirement Benefit Obligation	120,535,620	36,160,686	106,978,251	32,093,475
	(124,978,496)	(37,493,548)	6,515,883	1,954,765

	Reflected in Statement of Financial Position		Reflected in Statement of Profit or Loss		Reflected in Statement of Comprehensive Income	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Property, Plant and Equipment	(88,941,516)	(76,466,092)	(12,475,424)	(12,413,214)	-	-
Net Lease Liability	(330,161)	7,198,328	(7,528,490)	84,392	-	-
Inventory Provisions and Asset Impairments	14,579,978	38,787,290	(24,207,312)	21,368,309	-	-
Trade Receivable Provision	1,037,465	341,764	695,701	(1,825,295)	-	-
Retirement Benefit Obligation	36,160,686	32,093,475	3,951,547	(5,249,124)	115,664	9,860,625
Reversed/(Charged) During the Year	(37,493,548)	1,954,765	(39,563,977)	1,965,068	115,664	9,860,625

According to the Inland Revenue (Amendment) Act No.45 of 2022, the deferred taxes of the Company are computed at the rate of 30% (2025: 30%).

In calculating the deductible temporary differences, all unused tax losses and unused tax credits, if available, have 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. Interest expense on lease liabilities is recognised as finance costs in the Statement of Profit or Loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

The Company applies the short-term lease recognition exemption to leases that have a lease term of twelve (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 an expense on a straight-line basis over the lease term.

	2026 Rs.	2025 Rs.
Balance as at 01 April	252,038,336	125,165,826
Additions/Modifications of New Leases	21,334,403	145,803,693
Interest Expense for the Year	15,833,757	13,517,700
Payments Made During the Year	(41,635,452)	(32,448,883)
Derecognitions During the year	(122,256,366)	-
Balance as at 31 March	125,314,678	252,038,336
Payments Made During the Year		
Payment of Principal	25,801,695	18,931,182
Payment of Interest	15,833,757	13,517,701
	41,635,452	32,448,883

Lease liabilities are presented within current and non-current liabilities based on the timing of expected settlement.

Amount Payable Within One Year	31,399,691	24,764,361
Amount Payable After One Year	93,914,987	227,273,975
	125,314,678	252,038,336

When the Company revises its estimate of the lease term, for example as a result of reassessing the probability of exercising a lessee extension or termination option, the carrying amount of the lease liability is remeasured to reflect the lease payments over the revised lease term, discounted using a revised discount rate.

The lease liability is also remeasured when future lease payments change as a result of changes in an index or rate. In such cases, the lease liability is remeasured using the original discount rate, unless the change relates to a floating interest rate, in which case a revised discount rate is applied.

In all remeasurement cases, a corresponding adjustment is made to the carrying amount of the right of use asset, which is depreciated over the remaining revised lease term. Where the carrying amount of the right of use asset is reduced to zero, any further reduction is recognised in profit or loss.

23.1 The following amounts were recognised in Profit or Loss:

For the year ended 31 March	2026 Rs.	2025 Rs.
Depreciation Charge on Right-of-Use Assets	34,890,853	25,616,598
Interest Expense on Lease Liabilities	15,833,757	13,517,701
Total Amount Recognised from Leases Accounting in Profit or Loss	50,724,610	39,134,299

The following balances were recognised directly in Profit or Loss, as the Company elected not to apply lease accounting requirements due to their short-term nature or low value.

	2026 Rs.	2025 Rs.
Short-Term/Low Value Leases	24,716,765	21,408,004
Total Amount Recognised Directly in Profit or Loss	24,716,765	21,408,004
Total Amount Recognised in Profit or Loss	75,441,375	60,542,303

23.2 Maturity Analysis

The maturity analysis shows the remaining contractual maturities of lease payment liabilities, to demonstrate the timing of the long-term contractual cash outflows.

As at 31 March	2026 Rs.	2025 Rs.
Based on Discounted Cashflows		
Less than 01 Year	31,399,691	24,764,360
Between 01 - 02 Years	32,651,036	26,851,126
Between 02 - 05 Years	61,263,950	74,896,761
More than 05 Years	-	125,526,088
	125,314,677	252,038,335

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 for an employee arises only on completion five (5) years of continued service. The obligation is not externally funded.

Although entitlement to gratuity arises under the payment of Gratuity Act upon completion of five years of continued service, the obligation is recognised and measured in accordance with LKAS 19 from the commencement of service.

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 valuation involves making assumptions regarding discount rates and future salary increases. Due to 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, 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 recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

b) Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

Defined Benefit Plan – Gratuity

	2026 Rs.	2025 Rs.
Balance as at 01 April	106,978,251	91,606,581
Current Service Cost	11,767,608	10,992,790
Interest Cost	11,583,282	10,211,862
Actuarial (Gain)/Loss	385,548	32,868,751
Payments During the Year	(10,179,069)	(38,701,733)
Balance as at 31 March	120,535,620	106,978,251

The amount recognised in the Statement of Profit or Loss and Other Comprehensive Income is as follows:

For the year ended 31 March	2026 Rs.	2025 Rs.
Recognised in Statement in Profit or Loss		
Current Service Cost	11,767,608	10,992,790
Interest Cost	11,583,282	10,211,862
Recognised in Other Comprehensive Income		
- Actuarial (Gain)/Loss	385,548	32,868,751
	23,736,438	54,073,403

24.1 An actuarial valuation of the retirement benefit obligation was carried out as at 31 March 2026 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 31 March	2026	2025
Principal Assumptions		
Discount Rate	10.5%	11%
Future Salary Increment Rate	9 - 10.5 %	10 - 11.5%
Other Assumptions		
Retirement Age (Years)	60	60
Average Expected Future Services (Years)	5.50	6.99

It is also assumed that the Company will continue in business as a going concern.

The obligation is 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.

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.

For the year ended 31 March	2026 Rs.		2025 Rs.	
	-1%	+1%	-1%	+1%
Sensitivity Analysis - Discount Rate				
Increase/(Decrease) of Obligation	7,033,107	(6,357,233)	7,853,744	(6,979,374)
Sensitivity Analysis - Salary Increment Rate				
Increase/(Decrease) of Obligation	(6,960,100)	7,576,967	(7,438,061)	8,339,732

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 31 March	2026 Rs.	2025 Rs.
Within the next 12 Months	13,671,288	8,415,725
Between 01 and 02 Years	21,013,135	15,758,755
Between 02 and 05 Years	42,039,912	23,063,309
Between 05 and 10 Years	23,996,081	32,289,279
Beyond 10 Years	19,815,204	27,451,183
Total Expected Payments	120,535,620	106,978,251

25 TRADE AND OTHER PAYABLES

Accounting Policy

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. They represent obligations to pay for goods and services that have been received and are classified as current liabilities.

As at 31 March	2026 Rs.	2025 Rs.
Trade Payables	523,685,885	459,490,034
Other Payables	84,766,507	138,373,427
Accrued Expenses and Provisions	327,606,494	392,686,915
Total Trade and Other Payables	936,058,886	990,550,376
Less: Related Party Payables (Note 27)	(214,381,813)	(74,338,784)
Total Trade and Other Payables (Excluding Related Parties)	721,677,073	916,211,592

Trade and other payables are non-interest bearing and expected to be settled within one year or within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS

Trade payables to related parties comprise amounts payable to CBL Group companies for goods and services received in the ordinary course of business. These balances are recognised as current liabilities in the Statement of Financial Position, measured at amortised cost.

Accrued Expenses and Provisions	2026 Rs.	2025 Rs.
Balance as at 01 April	392,686,915	88,257,002
Net Additions/(Reversal) During the Year	(65,080,421)	304,429,913
Balance as at 31 March	327,606,494	392,686,915

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 at the reporting date (2025: Nil).

Legal Cases

The Company reviews outstanding legal cases on an ongoing basis and at each reporting date to assess the need for provisions or disclosures. In making this assessment, management considers the nature and status of each case, the jurisdiction and potential damages, legal opinions, past experience and post-reporting date developments. Based on management judgement, there are no legal matters requiring recognition of a provision in the financial statements as at the reporting date; however, related contingent liabilities have been disclosed in Note 29.

26 CURRENT TAX LIABILITIES

	2026 Rs.	2025 Rs.
Balance as at 01 April	100,889,028	66,087,731
(Over)/Under Provision for Prior Year Income Taxes	(6,580,833)	1,442,069
Provision for the Period	287,876,847	303,285,037
	382,185,042	370,814,837
Tax Payments/Credits		
Tax Payments Made During the Year		
Quarterly Tax Payments	(222,833,745)	(197,478,585)
Final Payments Relevant to Previous Year	(94,308,193)	(67,529,800)
Withholding Tax Claimed Against Income Tax Liability	(16,126,875)	(4,917,424)
Total Tax Payments and Credits	(333,268,813)	(269,925,809)
Balance as at 31 March	48,916,229	100,889,028

27 AMOUNTS DUE TO RELATED COMPANIES

As at 31 March	2026 Rs.	2025 Rs.
CBL Foods International (Private) Limited	6,350,667	7,561,570
Plenty Foods (Private) Limited	7,756,504	3,777,916
CBL Global Foods Limited	192,003,871	53,657,055
Ceylon Biscuits Limited	2,533,467	9,342,243
CBL Corporate Services (Private) Limited	5,737,304	-
	214,381,813	74,338,784

28 SHORT AND LONG-TERM BORROWINGS

There were no borrowings outstanding as at the end of the year 2026 (2025: NIL). Further, no borrowings (other than bank overdrafts) were obtained during the year.

29 COMMITMENTS AND CONTINGENT LIABILITIES

29.1 Financial Commitments

Commitments in respect of letters of credit as at 31 March 2026 were Rs.65,106,986 (31 March 2025: Rs.265,774,074). Shipping guarantees as at 31 March 2026 were Rs.66,953,644 (31 March 2025: Nil). Import bills as at 31 March 2026 were Rs.57,776,288 (31 March 2025: Rs.20,733,000).

29.2 Capital Commitments

There were no significant capital commitments as at the reporting date (2025: Nil).

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 recognised 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 recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises 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 31 March 2026, relate 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, 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 authorisation 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.

NOTES TO THE 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 recognised 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.8.00 per share for the financial year ended 31 March 2026. 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.

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 31 March 2026.

There were no income tax consequences attached to the payment of dividends in either 2025 or 2024 by the Company to its shareholders.

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 31 March	2026 Rs.	2025 Rs.
Short-term Employee Benefits	140,953,882	109,762,591
Post Employment Benefits	12,334,980	10,129,188
	153,288,862	119,891,779

Post employment benefits including the gratuity provision and the EPF and ETF contributions for the year. 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 (2024/25 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 carries out transactions with related parties in the ordinary course of business. Related party transactions are conducted at market rates and on terms equivalent to those that prevail in arm's length transactions.

Outstanding related party receivables and payables at the reporting date are interest free and are settled in cash. There have been no guarantees provided or received in respect of any related party balances.

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 for the year ending March 31, 2026, which require additional disclosures in the 2025/26 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, 2026, which require additional disclosures in the 2025/26 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 2025/26 (2024/25: Nil).

Name of the Company	Relationship	Nature of Transaction	Transaction Value		Balance as at	
			Rs.	Percentage	2026 Rs.	2025 Rs.
CBL Investments Parent Company Limited		Dividend payment (WHT deducted)	11,179,154	0.17%	-	-
Ceylon Biscuits Limited	Subsidiary of the Parent Entity	Sales	26,684,166	0.40%	7,650,759	1,870,781
		Purchase of raw materials	12,444,316	0.18%	(917,114)	(4,057,953)
		Purchase of finished goods	919,295	0.01%	(156,160)	(65,920)
		Corporate service charges	6,037,789	0.09%	(503,149)	(453,287)
		SAP service charges reimbursements	16,861,138	0.25%	(753,929)	(3,725,479)
		Reimbursement of expenses from CFL	1,039,603	0.02%	(203,115)	(1,039,603)
Plenty Foods (Private) Limited	Subsidiary of the Parent Entity	Sales	184,609,394	2.74%	25,987,875	23,245,859
		Debit notes-training, meal recovery, reimbursements	79,564,256	1.18%	26,343,004	-
		Purchase of raw materials	51,105,071	0.76%	(5,910,449)	(3,367,462)
		Debit notes	2,035,932	0.03%	(77,284)	-
		Purchase of finished goods	175,461	0.00%	(63,220)	-
		Reimbursment of expenses from CFL	449,895	0.01%	(1,705,551)	(410,454)
CBL Foods International (Private) Limited	Subsidiary of the Parent Entity	Sales	-	-	-	502,824
		Purchase of finished goods	2,068,876	0.03%	(146,928)	(84,984)
		Purchase of raw materials	20,486,831	0.30%	(6,203,739)	(7,476,586)
Ritzbury Lanka (Private) Limited	Subsidiary of the Parent Entity	Stores rent expenses	59,048,399	0.88%	-	-
CBL Corporate Services (Private) Limited	Subsidiary of the Parent Entity	Internal group services	68,676,425	1.02%	(5,737,304)	-
CBL Global Foods Limited	Subsidiary of the Parent Entity	Purchase of trading finished goods	535,266,654	7.94%	(192,003,871)	(53,657,055)
SPAR SL (Private) Limited	Joint Venture of the Parent Entity	Sales	83,546,645	1.24%	17,533,374	9,340,583

NOTES TO THE FINANCIAL STATEMENTS

Percentages represent the aggregate transaction value as a percentage of local 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.

32 RECLASSIFICATIONS OF COMPARATIVE FIGURES

Certain reclassifications have been made to the comparative figures to improve 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 for the comparative period (31 March 2025).

For the Year Ended 31 March 2025	As previously reported Rs.	Adjustment Rs.	Reclassified Amount Rs.
Statement of Profit or Loss and Other Comprehensive Income			
Revenue	6,832,724,237	5,914,690	6,838,638,927
Cost of sales	4,451,056,105	22,108,183	4,473,164,288
Selling and Distribution Expenses	977,904,026	(16,504,268)	961,399,758
Administrative Expenses	464,156,080	310,776	464,466,856

33 RISK MANAGEMENT FRAMEWORK, OBJECTIVES AND POLICIES

The Company's risk management 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 cash, trade receivables, trade payables, related party receivable and payable balances and investments held at amortised 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 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 three (3) key 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 and other financial instruments (if applicable).

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 regularly.

The individual receivable balances were re-assessed and specific provisions (expected credit losses) 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. However, the Company does not have significant concentrations of credit risk, as receivables are spread across a broad customer base. As at the reporting date, 46.3% of trade receivables' credit risk was secured by bank guarantees.

a) The Maximum Exposure to Credit Risk at Reporting Date

As at 31 March	2026 Rs.	2025 Rs.
Cash at Bank	344,330,065	203,834,146
Short-term Investments	2,058,674,947	2,027,882,981
Long-term Investments	385,336,986	-
Trade Receivables	811,580,940	938,300,666
Amounts due from Related Companies	77,515,012	34,960,047
	3,677,437,950	3,204,977,840

b) Management of Credit Risk

The Company manages credit risk through a structured framework that includes the formulation and implementation of credit policies covering collateral requirements, credit evaluation, risk categorisation, reporting, documentary and legal processes and compliance with regulatory and statutory requirements.

An authorisation framework is established for approving and renewing credit facilities in line with approved credit policies. The Company restricts concentrations of credit risk exposure relating to counterparties, industries, credit rating bands and market liquidity. Credit risk is consistently evaluated and appraised and guidance and oversight are provided to support effective credit risk management across the Company.

33.1.1 Credit Risk on Trade Receivables

Trade receivables consist of local and overseas customers. The Company does not have significant credit risk exposure to any single counterparty or any group of counterparties. The Company has established policies and procedures to evaluate the clients before approving credit terms. Trade receivables balance as at 31 March 2026 comprises distributors, direct dealers and modern trade representing 40.6%, 15.8% and 43.7% respectively (31 March 2025 distributors (49.5%), direct dealers (10.5%) and modern trade representing (40.0%)).

NOTES TO THE FINANCIAL STATEMENTS

33.1.1.a Risk Response to Credit Risk of Trade Receivables

Each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms are offered. The credit evaluation process includes a review of external credit ratings (where available), financial statements, credit agency information, industry information and where relevant, bank references.

Credit limits are established for each customer and reviewed quarterly. Creditworthiness of counterparties and outstanding receivables is reviewed on an ongoing basis to identify potential credit issues and to determine the appropriate allowance for impairment.

Receivable balances are closely monitored and followed up to minimise default risk. Based on assessments of distributors' past performance and creditworthiness, the Company has obtained bank guarantees from certain distributors as a credit risk mitigation measure.

33.1.1.b Trade Receivables at the Reporting Date

As at 31 March	2026		2025	
	Gross Balance Rs.	Impairment Rs.	Gross Balance Rs.	Impairment Rs.
Trade Receivables (including related parties)	894,380,088	(5,284,136)	976,594,817	(3,334,104)
Days due				
Current - 365 Days	894,380,088	(5,284,136)	976,594,817	(3,334,104)
Over 365 Days	-	-	-	-
	894,380,088	(5,284,136)	976,594,817	(3,334,104)

Expected Credit Losses/Loss Allowances for Trade Receivables

The Company grants credit approvals to its customers, subject to internal credit limits which are regularly reviewed and controlled by the Management.

The requirement for impairment is analysed at each reporting date on an individual basis for all customers.

Please refer to Note 16 for the analysis by past due status of trade receivable balances.

Movement in the Loss Allowances	2026 Rs.	2025 Rs.
Balance at 01 April		
Charge/(Reversal) During the Year	3,334,104	7,223,528
Write-off	1,950,032	(3,787,127)
Balance at 31 March	-	(102,297)
	5,284,136	3,334,104

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 places deposits with several banks with acceptable ratings.

The Company held cash and cash equivalents of Rs.345 Mn. (2025:Rs.204 Mn).

As at 31 March 2026, cash and cash equivalents comprise 99.92% (2025 - 99.89%) were invested in banks rated "A" or better.

As at 31 March	2026 Rs.	2025 Rs.
Fitch Ratings		
AAA	10,559,180	7,611,233
AA-	88,379,093	42,115,881
A	245,324,300	154,039,040
BBB-	67,492	67,992
Petty Cash	200,000	150,000
Total	344,530,065	203,984,146

Term Investments

In order to mitigate settlements and operational risks related to term investments, the Company engages several banks with acceptable ratings for its deposits.

The Company held short-term investments amounting to Rs. 2,058.7 Mn (2025: Rs.2,027.9 Mn) and total term deposits of Rs.2,444.0 Mn (2025: Rs.2,027.9 Mn).

As at 31 March	2026 Rs.	2025 Rs.
Fitch Ratings		
AA-	174,597,260	1,100,380,981
A	2,269,414,673	927,502,000
Total term deposits	2,444,011,933	2,027,882,981

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.

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 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 exposure to liquidity risk through diversification of funding sources.

NOTES TO THE FINANCIAL STATEMENTS

a) As at 31 March 2026	Carrying Amount Rs.	0-12 Months Rs.

Financial Liabilities (Non- derivative)

Trade and Other Payables	721,677,073	721,677,073
Amount Due to Related Companies	214,381,813	214,381,813
	936,058,886	936,058,886

As at 31 March 2025	Carrying Amount Rs.	0-12 Months Rs.

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

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at 31 March 2026	Within 1 Year Rs.	Between 1 and 2 Years Rs.	Between 2 and 5 Years Rs.	Beyond 5 Years Rs.	Total Rs.
Trade and Other Payables	721,677,073	-	-	-	721,677,073
Lease Liabilities	40,269,142	40,269,142	64,759,287	-	145,297,571
	761,946,215	40,269,142	64,759,287	-	866,974,644

As at 31 March 2025	Within 1 Year Rs.	Between 1 and 2 Years Rs.	Between 2 and 5 Years Rs.	Beyond 5 Years Rs.	Total Rs.
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

b) Management of Liquidity Risk

Below actions taken by management to mitigate liquidity risk:

- Maintaining a diversified funding base, including access to appropriate contingency and committed banking facilities.
- Holding 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, regularly reviewing cash flow projections and performing reviews of the Company's liquidity position.
- Monitoring the duration of fixed-income portfolios to ensure alignment with liquidity requirements.
- Maintaining the availability of standby overdraft facilities to be utilised in the event of an emergency.

33.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the fair value or future cash flows of the Company's financial instruments and consequently impact the Company's income or the value of its financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising 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 optimising 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 2026 and 2025.

- All other variables have remained constant at the time of preparing sensitivity analysis
- The sensitivity of the relevant Statement of Profit or Loss item is the effect of the assumed changes in respective market risks
- This is based on the financial assets and financial liabilities held at 31 March 2026 and 2025
- 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

a) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk arising from transactions denominated in foreign currencies.

Foreign exchange movements during the year resulted in exposure to USD-denominated transactions.

The Company is principally exposed to fluctuations in the value of the US Dollar (USD) against the Sri Lankan Rupee (LKR) on its outstanding letters of credit valued at Rs.65,106,986 as at 31 March 2026 (2025 - Rs.265,774,074).

USD/LKR Sensitivity Analysis

The sensitivity analysis below, of the pending letters of credit, on the profit before tax, has been determined based on assuming a $\pm 1\%$ change in the USD/LKR exchange rate while holding all other assumptions constant.

The impact of changes in USD/LKR exchange rates is as follows:

1% increase	651,070
1% decrease	(651,070)
LKR 1 increase	203,898
LKR 1 decrease	(203,898)

Mitigation Strategies

Foreign currency risk mitigation involves strategies and practices to protect against the potential negative impact of fluctuations in exchange rates on the Company's financial performance.

- Monitoring foreign exchange market movements and assessing their potential impact on foreign currency-denominated cash flows
- Regularly reviewing the timing of foreign currency cash inflows and outflows and making decisions on whether to reinvest such cash flows or utilise them to settle foreign currency obligations, thereby achieving a natural hedge

NOTES TO THE FINANCIAL STATEMENTS

b) Interest Rate Risk

Interest rate risk arises from the Company's exposure to interest-sensitive assets and liabilities, the values or future cash flows of which may fluctuate due to changes in market interest rates. Cash-flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Fair-value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company's exposure to changes in market interest rates relates primarily to long-term debt obligations with floating interest rates, where such borrowings exist.

The Company manages exposure to interest rate volatility by maintaining pre-agreed banking facilities and actively managing internal funds to support business operations.

Exposure to Interest Rate Risk at Reporting Date

The Company has secured overdraft and credit facilities with banks. Interest rate risk arises only to the extent that these facilities are utilised, as outstanding borrowings are subject to variable interest rates.

As at 31 March 2026, the Company did not have any interest-bearing borrowings outstanding. Accordingly, the Company is not exposed to significant interest rate risk at the reporting date.

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
- The Company manages interest costs through active cash flow management and utilisation of internal funds to minimise reliance on external borrowings

Sensitivity Analysis for Interest Sensitive Liabilities

- As the Company did not have any interest-bearing borrowings outstanding as at 31 March 2026, the Company is not exposed to interest rate risk

As at 31 March	2026 Rs.	2025 Rs.
Impact to Profit Before Tax		
100 basis point increase	-	-
100 basis point decrease	-	-

c) Commodity Risk

The Company is exposed to commodity price risk arising from fluctuations in the prices of raw materials used in the manufacturing operations. Changes in commodity prices may affect the Company's cost structure and operating margins.

To manage this risk, management monitors raw material price trends on an ongoing basis and makes purchasing decisions in a timely manner based on prevailing market conditions. Where appropriate, selling prices may be reviewed and adjusted, taking into consideration market conditions and customer acceptance, to mitigate the impact of significant movements in commodity prices.

d) Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure so as to reduce the overall cost of capital.

Capital comprises equity attributable to owners of the Company. The Company is not subject to externally imposed capital requirements.

Capital Management Policies and Processes

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
- Compliance with recommended action plans is supported by periodic reviews of the Company

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 the liability takes place either:

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

The principal or the most advantageous market must be accessible by the 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 at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Company measures financial instruments and non-financial assets at fair value where required or permitted by applicable accounting standards.

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.

Where observable inputs are not available, fair value measurements involve greater judgement and estimation uncertainty. Management applies consistent valuation methodologies and reviews such estimates to ensure their reasonableness.

NOTES TO THE FINANCIAL STATEMENTS

34.1 Principal Financial Instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade receivables (including related party balances)
- Cash and cash equivalents
- Trade and other payables (including related party balances)
- Lease liabilities
- Bank overdrafts (however, not available at the reporting date (2025: Nil))

34.2 Financial instruments by category

As at 31 March 2026	Fair Value through Profit or Loss Rs.	Amortised Cost Rs.	Fair Value through Other Comprehensive Income Rs.

Financial Assets

Trade and Other Receivables	-	941,006,877	-
Amounts due from Related Companies	-	77,515,012	-
Cash and Cash Equivalents	-	344,530,065	-
Total Financial Assets	-	1,363,051,954	-

Financial Liabilities

Trade and Other Payables	-	721,677,073	-
Lease Liabilities	-	125,314,678	-
Amounts due to Related Companies	-	214,381,813	-
Total Financial Liabilities	-	1,061,373,564	-

As at 31 March 2025	Fair Value through Profit or Loss Rs.	Amortised Cost Rs.	Fair Value through Other Comprehensive Income Rs.

Financial Assets

Trade and Other Receivables	-	1,008,611,885	-
Amounts due from Related Companies	-	34,960,047	-
Cash and Cash Equivalents	-	203,984,146	-
Total Financial Assets	-	1,247,556,078	-

Financial Liabilities

Trade and Other Payables	-	916,211,592	-
Lease Liabilities	-	252,038,336	-
Amounts due to Related Companies	-	74,338,784	-
Total Financial Liabilities	-	1,242,588,712	-

34.3 Financial Instruments that are not Measured at Fair Value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables and lease payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values.

34.4 Financial Assets and Liabilities by Fair Value Hierarchy

The financial assets and liabilities of the Company are not separately measured at fair value and the carrying amount approximate fair value.

As at 31 March 2026	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets	-	-	-
Financial Liabilities	-	-	-
	-	-	-

As at 31 March 2025	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets	-	-	-
Financial Liabilities	-	-	-
	-	-	-

There were no transfers between levels of the fair value hierarchy during the reporting period.

34.5 Analysis of Financial Instruments by Measurement Basis

Financial Assets and Liabilities classified 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 31 March 2026	Carrying Amount	
	Financial Assets at Amortised Cost Rs.	Other Financial Liabilities at Amortised Cost Rs.
Financial Assets not Measured at Fair Value		
Trade and Other Receivables	941,006,877	-
Amounts due from Related Companies	77,515,012	-
Cash and Cash Equivalents	344,530,065	-
	1,363,051,954	-
Financial Liabilities not Measured at Fair Value		
Trade and Other Payables	-	721,677,073
Lease Liabilities	-	125,314,678
Amounts due to Related Companies	-	214,381,813
	-	1,061,373,564

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2025	Carrying Amount	
	Financial Assets at Amortised Cost Rs.	Other Financial Liabilities at Amortised Cost Rs.

Financial Assets not Measured at Fair Value

Trade and Other Receivables	1,008,611,885	-
Amounts due from Related Companies	34,960,047	-
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	-	252,038,336
Amounts due to Related Companies	-	74,338,784
	-	1,242,588,712

The Company does not have financial assets classified as fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI) during the reporting period.

The carrying amounts disclosed above are consistent with the Statement of Financial Position.

Heart of Everyday Life

We believe that lasting growth begins with people. Heart of Everyday Life is more than a theme; it reflects how we think, create and serve. Every ingredient we select and every product we craft is guided by the needs of the families who trust us. By listening closely and delivering quality they can rely on, we make food that becomes part of everyday moments. Our growth is not simply measured in numbers, but in the confidence and care we build with the people we serve.

SUPPLEMENTARY INFORMATION

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DECADE AT A GLANCE

As at/Year Ended 31st March	2026	2025	2024	2023	2022	2021	2020	2019	2018 Restated	2017 Restated
Operating Results (Rs.)										
Revenue (net)	6,921,906,365	6,838,638,927	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
Results from operating activities	900,497,704	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
Finance income	196,157,620	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
Finance cost	(16,085,969)	(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)
Profit before tax	1,080,569,355	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
Income tax expense	(320,859,991)	(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)
Profit for the year	759,709,364	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
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	3,906,670,983	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
Total equity	4,000,806,106	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
Assets Employed (Rs.)										
Property, plant and equipment	500,094,838	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
Other non current assets	522,491,565	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
Current assets	4,246,538,664	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
Total assets	5,269,125,067	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
Liabilities (Rs.)										
Non current liabilities	251,944,155	334,252,226	214,886,482	199,646,518	200,584,013	127,186,874	79,074,339	71,126,543	72,835,188	61,655,770
Current liabilities	1,016,374,806	1,116,203,765	707,405,310	2,218,643,713	881,409,510	684,661,271	434,597,282	284,745,724	277,799,059	163,378,069
Total liabilities	1,268,318,961	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
Cash Flows (Rs.)										
Net Cash Flows (Used In)/From										
Operating activities	493,427,667	1,071,190,383	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
Investing activities	(292,569,084)	(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
Financing activities	(60,312,664)	(45,479,137)	(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)
Increase/(Decrease) in cash and cash equivalents	140,545,919	75,195,330	157,090,433	(201,396,241)	132,775,198	(32,923,477)	85,802,336	(43,980,162)	13,524,709	46,560,815
Key Indicators										
Revenue growth (%)	1.22	8.58	(21.68)	65.04	51.92	31.94	21.74	4.22	23.88	(6.57)
EPS (Rs.)	276.26	235.33	82.42	189.27	140.21	187.60	83.43	43.13	61.96	31.68
DPS (Rs.)	6.70	4.70	4.70	3.50	10.00	5.50	4.50	5.00	4.00	4.00
NAPS (Rs.)	1,455	1,185	963	887	755	623	444	367	326	270
MPS (Closed) (Rs.)	2,325	1,278	920	1,208	1,182	1,245	337	400	430	310
ROE (%)	18.99	19.85	8.56	21.33	18.57	30.11	18.77	11.76	18.99	11.73
ROCE (%)	22.51	25.19	15.01	37.71	22.15	33.61	20.61	11.08	23.26	14.45
PE (times)	8.42	5.43	11.16	6.38	8.43	6.64	4.04	9.27	6.94	9.79
Interest cover (times)	55.98	60.29	5.72	3.12	39.38	111.12	136.10	297.02	637.54	55.22
Dividend payout (%)	2.43	2.00	5.70	1.85	7.13	2.93	5.39	11.59	6.46	12.63
Current ratio (times)	4.18	3.50	4.03	1.85	2.74	2.90	3.36	3.98	3.53	4.18
Quick asset ratio (times)	3.37	2.93	2.78	0.80	1.45	2.54	2.87	3.36	2.96	3.51

SHAREHOLDER AND INVESTOR INFORMATION

TABLE 1 - DISTRIBUTION OF TOTAL NUMBER OF SHAREHOLDERS AND PERCENTAGE OF HOLDING

No. of Shares From To	As at 31st March 2026			As at 31st March 2025		
	No. of Shareholders	No. of Shares	Holding %	No. of Shareholders	No. of Shares	Holding %
1 1,000	1,848	147,598	5.37	1,693	148,867	5.41
1,001 10,000	43	147,356	5.36	52	181,902	6.62
10,001 100,000	3	47,453	1.72	4	55,811	2.03
100,001 1,000,000	2	444,616	16.17	2	400,443	14.56
Over 1,000,000	1	1,962,977	71.38	1	1,962,977	71.38
	1,897	2,750,000	100.00	1,752	2,750,000	100.00

TABLE 2 - DISTRIBUTION OF NUMBER OF SHAREHOLDERS AND PERCENTAGE OF HOLDING BASED ON RESIDENCY

No. of Shares From To	Non Resident			Resident		
	No. of Shareholders	No. of Shares	Holding %	No. of Shareholders	No. of Shares	Holding %
1 1,000	9	1,156	0.04	1,839	146,442	5.33
1,001 10,000	0	0	0.00	43	147,356	5.36
10,001 100,000	0	0	0.00	3	47,453	1.72
100,001 1,000,000	0	0	0.00	2	444,616	16.17
Over 1,000,000	0	0	0.00	1	1,962,977	71.38
	9	1,156	0.04	1,888	2,748,844	99.96

TABLE 3 - COMPOSITION OF SHAREHOLDERS BASED ON RESIDENCY

Composition	As at 31st March 2026			As at 31st March 2025		
	No. of Shareholders	No. of Shares	Holding %	No. of Shareholders	No. of Shares	Holding %
Resident	1,888	2,748,844	99.96	1,744	2,740,503	99.65
Non Resident	9	1,156	0.04	8	9,497	0.35
	1,897	2,750,000	100.00	1,752	2,750,000	100.00

TABLE 4 - COMPOSITION OF SHAREHOLDERS BASED ON CATEGORY

Composition	As at 31st March 2026			As at 31st March 2025		
	No. of Shareholders	No. of Shares	Holding %	No. of Shareholders	No. of Shares	Holding %
Individual	1,821	297,322	10.81	1,675	312,552	11.37
Institutional	76	2,452,678	89.19	77	2,437,448	88.63
	1,897	2,750,000	100.00	1,752	2,750,000	100.00

SHAREHOLDER AND INVESTOR INFORMATION

TABLE 5 - SHARE TRADING INFORMATION

Description	2025/26	2024/25
Highest during the year (Rs.)	2,745.00 (05.03.2026)	1,400.00 (31.01.2025)
Lowest during the year (Rs.)	1,200.00 (07.04.2025)	729.00 (22.10.2024)
As at end of the year (Rs.)	2,325.00	1,278.25

	Year ended 31.03.2026	Year ended 31.03.2025
Trade Volume	6,945	6,438
Share Volume	262,360	237,130
Turnover (Rs.)	521,519,321.25	218,221,106.75

TABLE 6 - PUBLIC SHAREHOLDING

Composition	As at 31st March 2026			As at 31st March 2025		
	No. of Shareholders	No. of Shares	Holding %	No. of Shareholders	No. of Shares	Holding %
Public shareholding	1,896	787,023	28.62	1,751	787,023	28.62

TABLE 7 - FLOAT ADJUSTED MARKET CAPITALISATION

Description	As at 31st March 2026	As at 31st March 2025
Float Adjusted Market Capitalisation	1,829,828,475	1,006,012,150

The float adjusted market capitalisation 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 2026		As at 31st March 2025	
	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. M. C. Dahanayake	Nil	Nil	Nil	Nil
Ms. N. K. Wickramasingha	Nil	Nil	Nil	Nil
Mr. L. J. M. De Silva	Nil	Nil	Nil	Nil
Ms. S. T. Ratwatte	Nil	Nil	Nil	Nil
Mr. I. S. Fonseka	Nil	Nil	Nil	Nil
Mr. M. E. Wickremesinghe	Nil	Nil	Nil	Nil

TABLE 9 - TWENTY FIVE LARGEST SHAREHOLDERS

Name	31.03.2026		31.03.2025	
	No. of shares	%	No. of shares	%
1 CBL Investments Limited	1,962,977	71.38	1,962,977	71.38
2 Hatton National Bank PLC/Dawi Investment Trust (PVT) LTD	278,636	10.13	192,807	7.01
3 J. B. Cocoshell (PVT) LTD	165,980	6.04	207,636	7.55
4 MR. A. M . DE. S. Jayaratne	18,570	0.68	18,570	0.68
5 MR. V. M. Gunaratne	15,283	0.56	N/A	N/A
6 EST. OF LAT K. C. Vignarajah	13,600	0.49	14,730	0.54
7 DFCC Bank PLC/MR. P. Pranavan	10,000	0.36	11,111	0.40
8 MR. U. I. Suriyabandara	9,451	0.34	9,451	0.34
9 MR. L. H. S. Peiris	8,161	0.30	9,261	0.34
10 MR. S. S. C. Fernando	8,100	0.29	N/A	N/A
11 Cocoshell Activated Carbon Company (PVT) LTD	7,260	0.26	11,400	0.41
12 MR. R. J. S. Jayamaha	7,000	0.25	7,000	0.25
13 MR. Z. G. Carimjee	6,867	0.25	6,867	0.25
14 MR. A. J. Rummy	6,400	0.23	6,400	0.23
15 MR. L. T. R. S. L. Jayawardhana	6,000	0.22	N/A	N/A
16 MRS. M. M. Udeshi	6,000	0.22	6,000	0.22
17 People's Leasing & Finance PLC/L. H. L. M. P. Haradasa	5,184	0.19	N/A	N/A
18 MR. E. D. K. Weerasuriya & MR. S. Weerasuriya	4,684	0.17	8,169	0.30
19 MR. U. C. Bandaranayake & MRS. L. Bandaranayake	4,023	0.15	4,023	0.15
20 MR. S. K. Hathiramani (Deceased)	3,850	0.14	N/A	N/A
21 MISS K. M. Amaratunga	3,595	0.13	N/A	N/A
22 MRS. Z. M. Adamally	3,433	0.12	N/A	N/A
23 MRS. C. Amaratunga	3,420	0.12	N/A	N/A
24 Sampath Bank PLC/MR. Abishek Sithampalam	3,000	0.11	N/A	N/A
25 MR. N. I. Weerasinghe	3,000	0.11	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 that arise in the Company's pension plan, due to differences between previous actuarial assumptions and actual outcomes and changes in actuarial assumptions.

AMORTISATION

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 (equity) 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 (CRROs)

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 recognised 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 temporary differences between the carrying amounts of assets and liabilities and their tax bases.

DIVIDEND COVER

Profit attributable to ordinary shareholders divided by total dividends declared. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYABLE

The liability recognised for the final dividend once it has been formally approved. It is calculated by multiplying the final dividend per share by the total number of ordinary shares outstanding at the date on which the dividend is declared.

DIVIDEND PAYOUT RATIO

Ordinary dividend per share divided by earnings per share.

DIVIDEND PER SHARE

Total (gross) dividends divided by the number of ordinary shares in issue at the year-end.

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 amortisation (includes other operating income). Note that EBITDA includes interest income, but excludes interest expense, as it is calculated before net finance costs.

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 CAPITALISATION

Public holding percentage multiplied by market capitalisation, i.e. Market capitalisation adjusted by the proportion of shares available for public trading.

INTEREST COVER

Interest cover measures the 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 CAPITALISATION

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 (CSE) Listing Rules as at the reporting date.

QUICK ASSET RATIO

Quick assets (cash, short-term investments and receivables) divided by current liabilities.

RETURN ON ASSETS

Profit before interest and tax (EBIT) 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.

SHAREHOLDERS' FUNDS/ TOTAL EQUITY

Total of stated capital, other components of equity and revenue reserves.

SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES (SRROs)

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

The difference between current assets and current liabilities, representing capital used in day-to-day operations.

GRI CONTENT INDEX

Statement of Use		Convenience Foods (Lanka) PLC has reported in accordance with the GRI Standards for the period from 1st April 2025 to 31st March 2026				
GRI 1 Used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		Not applicable				
GRI Standard/ Other Source	Disclosure	Location Page(s)	Omission			SDG Goals
			Requirement(S) Omitted"	Reason	Explanation	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	8-10				
	2-2 Entities included in the organisation's sustainability reporting	3 ,49				
	2-3 Reporting period, frequency and contact point	3-7				
	2-4 Restatements of information	3				
	2-5 External assurance	5, 233-235				
	2-6 Activities, value chain and other business relationships	70-71				
	2-7 Employees	103-118				8,10
	2-8 Workers who are not employees	108				8
	2-9 Governance structure and composition	20 ,171				5,16
	2-10 Nomination and selection of the highest governance body	207-209				5,16
	2-11 Chair of the highest governance body	165				16
	2-12 Role of the highest governance body in overseeing the management of impacts	172-173				16
	2-13 Delegation of responsibility for managing impacts	20, 53, 169, 189				
	2-14 Role of the highest governance body in sustainability reporting	52-53				
	2-15 Conflicts of interest	181				
	2-16 Communication of critical concerns	77-80, 186, 207-209				
	2-17 Collective knowledge of the highest governance body	165-168, 171				
	2-18 Evaluation of the performance of the highest governance body	175				
	2-19 Remuneration policies	112, 203				
	2-20 Process to determine remuneration	112, 203				
	2-21 Annual total compensation ratio	-	2 - 21	Confidentiality constraints	Currently not disclosed due to confidentiality reasons	
	2-22 Statement on sustainable development strategy	22-29, 39-69				
	2-23 Policy commitments	174				16
	2-24 Embedding policy commitments	174				
	2-25 Processes to remediate negative impacts	180-184				
	2-26 Mechanisms for seeking advice and raising concerns	181, 185-186				
	2-27 Compliance with laws and regulations	164, 214				

GRI Standard/ Other Source	Disclosure	Location Page(s)	Omission			SDG Goals
			Requirement(S) Omitted"	Reason	Explanation	
	2-28 Membership associations	141-142				
	2-29 Approach to stakeholder engagement	72				
	2-30 Collective bargaining agreements	113				8
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	77				
	3-2 List of material topics	78-80				
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	-		Information unavailable		
GRI 101: Biodiversity 2024	101-1 to 101-8	-		Information unavailable		
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	77-80				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	10, 16-17, 70-71				8,9
	201-2 Financial implications and other risks and opportunities due to climate change	63-67				13
	201-3 Defined benefit plan obligations and other retirement plans	271-273				
	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	
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	103-113				
	202-2 Proportion of senior management hired from the local community	109				8

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location Page(s)	Omission			SDG Goals
			Requirement(S) Omitted"	Reason	Explanation	
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	43-47				
	203-2 Significant indirect economic impacts	43-47				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	74, 139				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	181, 192- 196				
	205-2 Communication and training about anti-corruption policies and procedures	106-107, 174, 181				
	205-3 Confirmed incidents of corruption and actions taken	39, 181				
Anti-competitive behavior						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 206: Anti- competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly practices	214				
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 207: Tax 2019	207-1 Approach to tax	184				17
	207-2 Tax governance, control and risk management	184				17
	207-3 Stakeholder engagement and management of concerns related to tax	41, 75				17
	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	77-80				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	95, 121				
	301-2 Recycled input materials used	62, 121				
	301-3 Reclaimed products and their packaging materials	62, 121				
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				

GRI Standard/ Other Source	Disclosure	Location Page(s)	Omission			SDG Goals
			Requirement(S) Omitted"	Reason	Explanation	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	122				7,8,12,13
	302-2 Energy consumption outside of the organisation	122				
	302-3 Energy intensity	126				7,8,12,13
	302-4 Reduction of energy consumption	62, 67, 122				
	302-5 Reductions in energy requirements of products and services	122				
Water and effluents						
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	122				6,12
	303-2 Management of water discharge-related impacts	123				
	303-3 Water withdrawal	122				6,15
	303-4 Water discharge	122				
	303-5 Water consumption	126				6,12
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	40, 66, 124				3,12,13, 14,15
	305-2 Energy indirect (Scope 2) GHG emissions	40, 66, 124				3,12,13, 14,15
	305-3 Other indirect (Scope 3) GHG emissions	66				
	305-4 GHG emissions intensity	124				13,14,15
	305-5 Reduction of GHG emissions	66				
	305-6 Emissions of ozone-depleting substances (ODS)	124				
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	124				
Spills						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 306: Effluents and Waste 2016	306-3 Significant spills	45, 123, 126				
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	123				
	306-2 Management of significant waste-related impacts	123				
	306-3 Waste generated	126				12
	306-4 Waste diverted from disposal	126				
	306-5 Waste directed to disposal	126				

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location Page(s)	Omission			SDG Goals
			Requirement(S) Omitted"	Reason	Explanation	
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	138				
	308-2 Negative environmental impacts in the supply chain and actions taken	138				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	108, 114				5,8,10
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	112				3,5,8
	401-3 Parental leave	112				5,8
Labor/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	113				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	113				8
	403-2 Hazard identification, risk assessment and incident investigation	113				
	403-3 Occupational health services	113				
	403-4 Worker participation, consultation and communication on occupational health and safety	113				
	403-5 Worker training on occupational health and safety	113				
	403-6 Promotion of worker health	113				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	113				
	403-8 Workers covered by an occupational health and safety management system	113				
	403-9 Work-related injuries	113				9
	403-10 Work-related ill health	113				

GRI Standard/ Other Source	Disclosure	Location Page(s)	Omission			SDG Goals
			Requirement(S) Omitted"	Reason	Explanation	
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	114				4,5,8,10
	404-2 Programs for upgrading employee skills and transition assistance programs	110				8
	404-3 Percentage of employees receiving regular performance and career development reviews	112				5,8,10
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	107, 169, 171				5.8
	405-2 Ratio of basic salary and remuneration of women to men	109, 112				
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	39, 107				5.8
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
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	103-118, 130-145				
Child labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	107				5,8,16
Forced or compulsory labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	107, 192				8

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location Page(s)	Omission			SDG Goals
			Requirement(S) Omitted"	Reason	Explanation	
Security practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	-				
Rights of Indigenous Peoples						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	-				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	140				10,11
	413-2 Operations with significant actual and potential negative impacts on local communities	75-140				
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	138				8
	414-2 Negative social impacts in the supply chain and actions taken	138				
Public policy						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 415: Public Policy 2016	415-1 Political contributions	141				
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	151, 156, 133, 135, 140				3,12
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	61				
Marketing and labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				

GRI Standard/ Other Source	Disclosure	Location Page(s)	Omission			SDG Goals
			Requirement(S) Omitted"	Reason	Explanation	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	61, 133, 151, 195				
	417-2 Incidents of non-compliance concerning product and service information and labeling	133				
	417-3 Incidents of non-compliance concerning marketing communications	61				
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	77-80				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	60, 153-155				16

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty-Fifth (35th) Annual General Meeting of Convenience Foods (Lanka) PLC will be held by electronic means on 13th August 2026 at 3.30 p.m. centered at Ceylon Biscuits Limited, No 555, High-Level Road, Makumbura, Pannipitiya for the following purposes;

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 2026 and the Report of the Auditors thereon.
2. To declare a first and final dividend of Rs.8.00 per share for the year ended 31st March 2026.
3. To pass the ordinary resolution set out below to re-appoint Mr. Lakshman Joseph Mervin De Silva who is 82 years of age, as a Director of the Company;
"IT IS HEREBY RESOLVED THAT the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. Lakshman Joseph Mervin De Silva who is 82 years of age and that he be and is hereby reappointed a Director of the Company in terms of Section 211 of the Companies Act, No.07 of 2007."
4. To re-elect as a Director, Ms. Nishka Kanya Wickramasingha who retires by rotation in terms of Article 26(7) of the Articles of Association of the Company.
5. To re-elect as a Director, Ms. Sharmini Tamara Ratwatte who retires by rotation in terms of Article 26(7) of the Articles of Association of the Company.
6. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.
7. To authorise the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.

The Annual Report of Convenience Foods (Lanka) PLC for 2025/26, is accessible via:

- (1) The Corporate Website – <https://www.conveniencefoodslanka.com/investor-relations/>
- (2) The Website of the Colombo Stock Exchange – <https://www.cse.lk/company-profile?symbol=SOY.N0000>
- (3) The following QR Code (accessible through mobile devices):



By order of the Board of

CONVENIENCE FOODS (LANKA) PLC

S S P CORPORATE SERVICES (PVT) LTD

Secretaries

17th July 2026

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
 of NIC/Passport/Company Reg. No.* or failing
 him/her*;

Ms. Dharshini Sheamalee Wickramasingha
 Mr. Manjula Chulabhaya Dahanayake
 Ms. Nishka Kanya Wickramasingha
 Mr. Lakshman Joseph Mervin De Silva
 Ms. Sharmini Tamara Ratwatte
 Mr. Maithri Evan Wickremesinghe
 Mr. Imal Shamen Fonseka

of Colombo or failing her*
 of Colombo or failing him*
 of Colombo or failing her*
 of Colombo or failing him*
 of Colombo or failing her*
 of Colombo or failing him*
 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 Fifth (35th) Annual General Meeting of the Company to be held by electronic means on Thursday, 13th August 2026 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.) 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 2026 and the Report of the Auditors thereon.	☐	☐
(2.) To declare a first and final dividend of Rs.8.00 per share for the year ended 31st March 2026.	☐	☐
(3.) To pass the ordinary resolution set out in the Notice to re-appoint Mr. Lakshman Joseph Mervin De Silva who is 82 years of age, as a Director of the Company.	☐	☐
(4.) To re-elect as a Director, Ms. Nishka Kanya Wickramasingha who retires by rotation in terms of Article 26(7) of the Articles of Association of the Company.	☐	☐
(5.) To re-elect as a Director, Ms. Sharmini Tamara Ratwatte who retires by rotation in terms of Article 26(7) of the Articles of Association of the Company.	☐	☐
(6.) To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company and to authorise the Directors to determine their remuneration.	☐	☐
(7.) To authorise the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.	☐	☐

In witness my/our* hand this day of Two Thousand and Twenty Six.

.....
 Signature of Shareholder/s

*Please delete what is not applicable.

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 11th August 2026).
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

A Public Quoted Company with limited liability, incorporated in Sri Lanka on 27th March 1991.

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
Email: inquiry.cf@cbllk.com
Web: www.conveniencefoodslanka.com

HOLDING COMPANY

CBL Investments Limited

DIRECTORS OF THE COMPANY

Mr. R. S. A. Wickramasingha - Late Chairman/NED
Ms. D. S. Wickramasingha - NED
Mr. M. C. Dahanayake - Managing Director/ED
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

SUSTAINABILITY COMMITTEE

Ms. S. T. Ratwatte - Chairperson
Ms. D. S. Wickramasingha
Mr. I. S. Fonseka
Mr. M. E. Wickremesinghe
Mr. M. C. Dahanayake
Ms. N. K. Wickramasingha

AUDITORS

Ernst & Young,
Chartered Accountants,
Rotunda Towers, No. 109, Galle Road,
Colombo 03, Sri Lanka.

SECRETARIES AND REGISTRARS

S S P Corporate Services (Pvt) Ltd,
No.101, Inner Flower Road, Colombo 03,
Sri Lanka.

Telephone: 257 3894/257 6871
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 (Sri Lanka) Limited
State Bank of India (Sri Lanka)
Sampath Bank PLC
Nations Trust Bank PLC
DFCC Bank PLC
National Development Bank PLC

INVESTOR RELATIONS OFFICER

Mr. Randika Gamhewage
Manager - Financial Reporting
Email: randikag.cf@cbllk.com
Tel: +94 11 5003062

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.
www.conveniencefoodslanka.com