



KOTMALE HOLDINGS PLC

28th May 2020

Mr. Renuke Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
World Trade Centre
Echelon Square
Colombo 1

Dear Sir,

CORPORATE DISCLOSURE GUIDANCE NOTE ON DISCLOSURE TO BE MADE ON THE IMPACT OF COVID - 19

The below disclosure is made by Kotmale Holdings PLC and subsidiaries ("Group") pursuant to Circular No: 04-05-2020 dated 9th May 2020 of the Colombo Stock Exchange.

The Covid-19 pandemic presently affecting most parts of the world was detected in Sri Lanka in March 2020. In response, the Government of Sri Lanka imposed work from home on 17th March 2020 and subsequently a total lock down on 20th March 2020. The curfew is now being released in stages across the country. The immediate response of the Government of Sri Lanka to the threat posed by the spread of Covid-19 virus and the steps taken, resulted in relatively low levels of infection and casualties in the Country compared to many other parts of the world. An easing of the curfew now and the slow return to normalcy, gives us the confidence a climate conducive to normal economic activities would soon be created across the island.

Overall Impact

The plants of the Group were shut down during the initial few days of the lockdown. Thereafter, plant operations and distribution activities were progressively increased subject to staffing constraints brought about by restrictions in travelling. The Group was able to support its dairy farmer partner farmers by continuing milk collections right through the lockdown period.

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Web: www.kotmale.lk
Company Reg No - PV 18759

Factory:

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Our Strength, Our Trust
අපේ ශක්තියයි, අපේ විශ්වාසයයි
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Response to the impact of the COVID – 19 pandemic

The response of the Group to the Pandemic centered around safety and welfare of staff, support to dairy farmers through continuous milk collection, provision of goods to customers in a safe environment, as far as possible, and expenditure controls to mitigate the adverse impact of the pandemic.

The required staffing arrangements, including work from home arrangements were implemented. Payments in respect of milk collections continued to be made within two days of supply, despite the adverse situation. Further, efforts were made to identify cost saving opportunities and speedily implement such measures with minimal impact to ongoing operations. These actions successfully contained the adverse impact of the pandemic on the operations of the Company and subsidiaries.

Future impact and financial condition

The prospects for the future are largely dependent on macro economic factors connected to the impact of the Covid-19 virus in Sri Lanka and other parts of the globe. Sustained adversity on a global level will have implications for the operations of the Group due to the possible adverse impact on purchasing power, cost and availability of imported food items, borrowing costs etc. The Group has installed processes for these factors to be regularly monitored and take action accordingly. The Group is not affected by any government imposed restrictions arising out of the Covid-19 pandemic.

Financial Reporting

The disruptions as mentioned above caused a delay in accounting, audit and financial reporting as well. The Group is devoting all its resources to catch up on the delays and fulfill its obligations for timely reporting of financial information. However, at this stage, we expect a delay of about one month to release the quarterly Financial Statements of the Kotmale Holdings PLC and subsidiaries for the period ended 31st March 2020. The Annual Report will be released within the original reporting timelines of the CSE. Accordingly, as required by Circular No: 03-04-2020 of the Colombo Stock Exchange, we provide herewith the following information:

- Net Turnover (Group) - Rs 2.89 Bn (2019/20), Rs 2.54 Bn (2018/19)
- Net Turnover (Company) - Rs Nil (2019/20), Rs Nil (2018/19)

Investors are urged to exercise caution in trading in the securities of the company in view of the delays in the release of the quarterly financial statements. We do not foresee any other delays other than in the release of the quarterly statements for the period ended 31st March 2020.

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The Company has informed its directors, Key Management Personnel and other related parties who have access to unpublished price-sensitive information to refrain from trading in the securities of the Company or subsidiaries during the delayed period of information submission.

Conclusion

In closing we wish to state that despite the setbacks brought about by the Covid-19 pandemic, the operations and financial position of the Group have been protected through the mitigating actions taken by the management and the spread of the virus in the country being largely contained at present. Due to the many variables, the Group will review and proceed cautiously with its previously planned expansion. Further release of the lockdown and opening of the economy will enable the company to return to pre-covid operational level and continue to serve customers across all districts of the country.

Yours faithfully,
Kotmale Holdings PLC

A handwritten signature in blue ink, appearing to read 'M I Abdul Wahid', with a stylized flourish at the end.

M I Abdul Wahid
GROUP MANAGING DIRECTOR