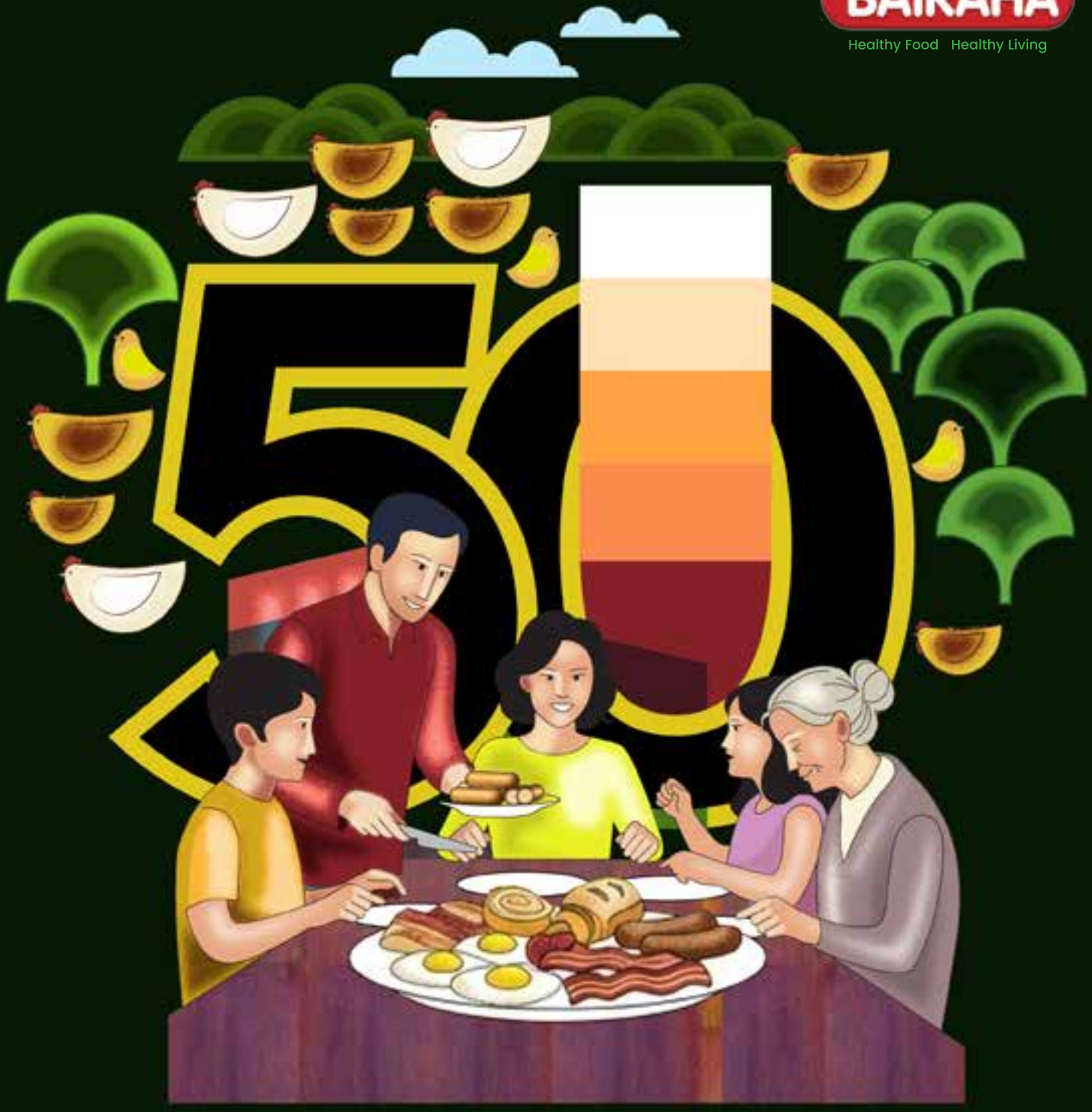
BAIRAHA

Healthy Food Healthy Living



50 Years of Being the Nation's Choice from Farm to Home

50 Years of Being the Nation's Choice from Farm to Home

From farm to home, Bairaha's journey is one that began with ambition, is built on trust, and continues with determination. It is a journey shaped by our extended family of farmers and out-growers, whose daily commitment supports the foundation of our value chain. It is carried forward by our employees, whose skill, discipline and dedication safeguard quality across farms, hatcheries, processing facilities, cold chains and distribution networks. It is strengthened by our customers, who place their trust in Bairaha to bring safe, reliable and nourishing protein to their tables. It is sustained by our shareholders, whose confidence enables us to invest, grow responsibly and create enduring value. It is enriched by the communities around us, whose progress remains closely connected to our own.

Every stage carries a responsibility: to nourish, to support livelihoods, to uphold food safety, and to make quality protein accessible to Sri Lankan homes. This is the promise behind Bairaha's integrated value chain: a promise built on discipline, relationships, shared purpose and value. As Bairaha completes one milestone journey and steps into the next, that promise continues...

From Farm to Home.

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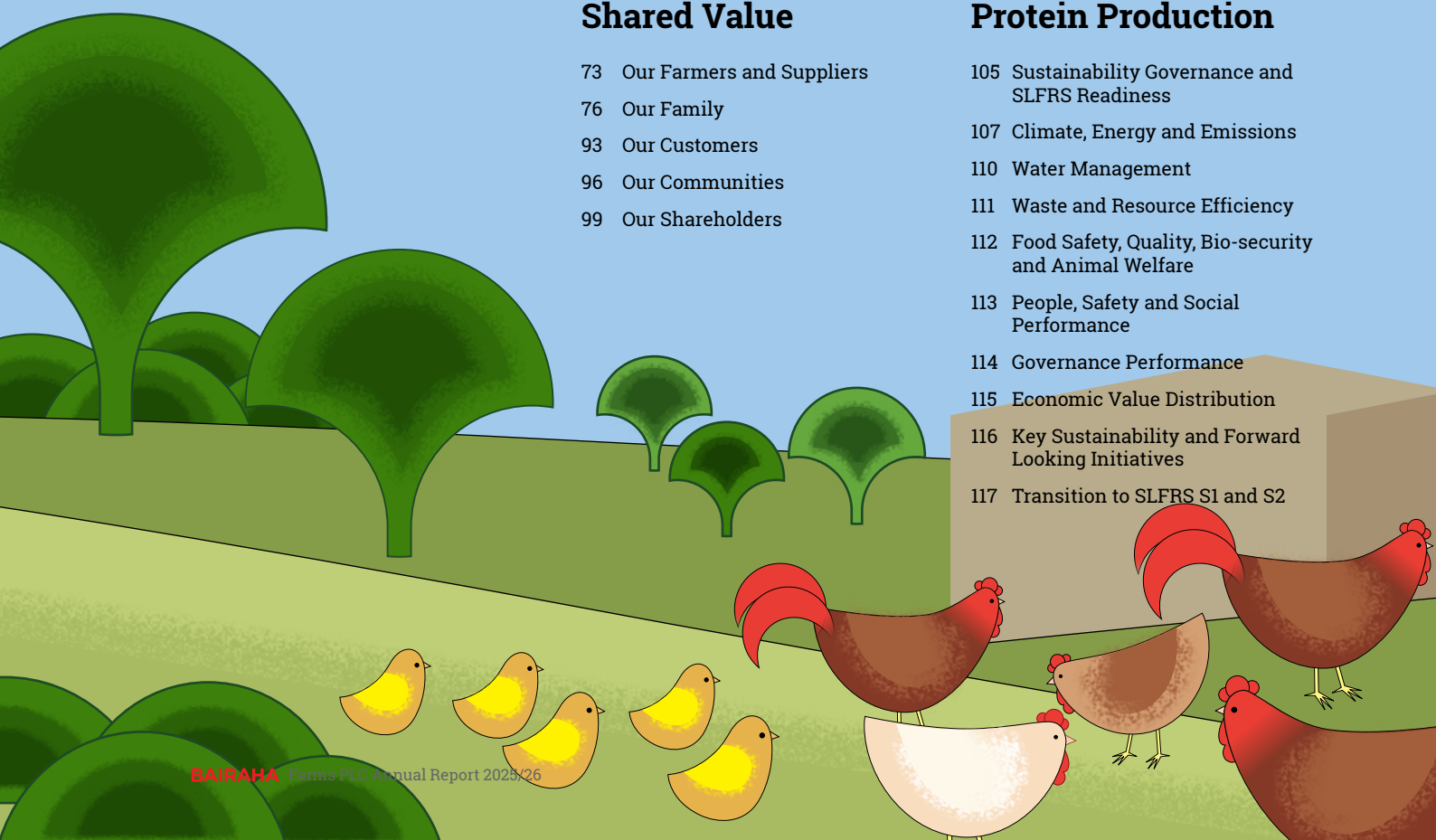

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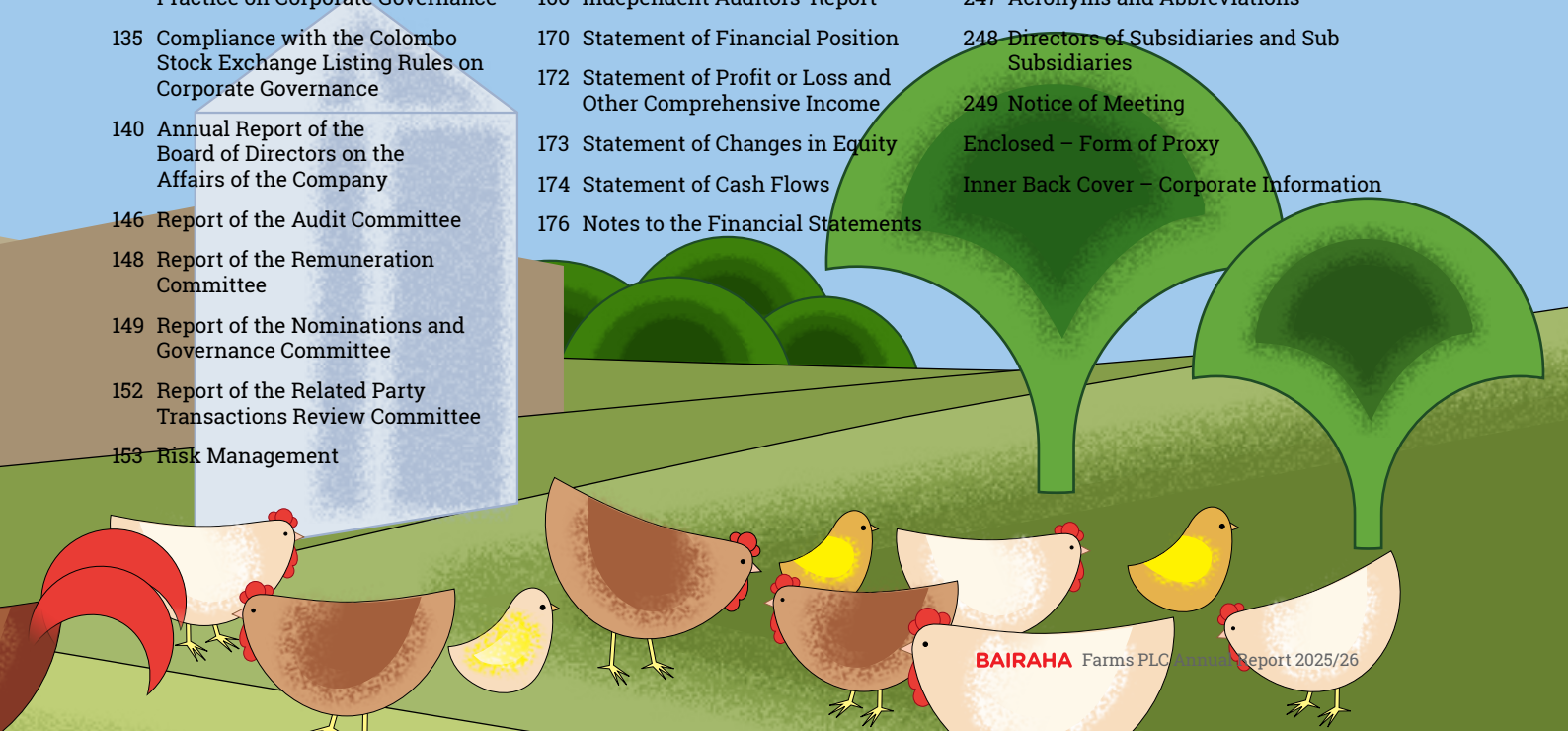

About this Report

Reporting on 50 Years of Value Creation



This Integrated Annual Report of Bairaha Farms PLC presents a comprehensive overview of the Group's financial and non-financial performance for the year ended 31 March 2026.

As Bairaha marks 50 years of being the nation's choice, this report reflects the evolution of a business that has consistently delivered value across its vertically integrated poultry value chain and not just in a single year's financial performance. Anchored in the theme **"From Farm to Home"**, the report demonstrates how value is created, sustained, and delivered across upstream breeding, broiler farming, and midstream value added meat manufacturing, processing, and downstream distribution and consumption.

The purpose of this report is to provide stakeholders with a clear, balanced, and integrated view of:

- The Group's financial performance and position
- Its operating environment and strategic direction
- How it creates value across the short, medium, and long term
- The key risks, opportunities, and material matters shaping its future

This report is guided by the principle of materiality, ensuring that disclosures reflect the issues most relevant to the Group's performance and stakeholder decision-making. Material matters are identified through stakeholder engagement and the Group's Enterprise Risk Management framework, and are discussed in detail in the Stakeholders and Materiality chapter (pages 40-46).

The report reflects Bairaha's continued commitment to transparency, accountability, and disciplined reporting, aligned with both regulatory expectations and evolving global best practices.

Reporting Scope and Boundary

This report covers the financial year from 1 April 2025 to 31 March 2026, consistent with Bairaha's annual reporting cycle.

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The report encompasses the operations of Bairaha Farms PLC and its subsidiaries and joint ventures, including but not limited to:

- Bairaha Trading (Pvt) Ltd
- Siyane Farms Ltd.
- Hill Country Farms Ltd.
- Bairaha Foods (Pvt) Ltd.
- BF Lands Development Ltd.
- Lanka Land Development Ltd.
- HCF Land Development Ltd.
- Nature's Best Industry Ltd.
- Global Reach Foods (Pvt) Ltd.
- Bairaha International FZCO
- Care 4 Wellbeing (Pvt) Ltd.

Joint ventures include:

- Fortune Agro Industries (Pvt) Ltd.
- Fortune G-P Farms (Lanka) Ltd.
- Rajarata Land Development Ltd.
- Cultural Triangle Land Development Ltd.
- Windsor Real Estate Ltd.

These entities collectively represent the Group's integrated value chain, encompassing breeding, feed production, broiler farming, processing, distribution, and export operations. There were no significant changes to the scope or boundary of reporting during the year, unless otherwise stated.

Reporting Frameworks and Standards

This Integrated Annual Report has been prepared in alignment with the following frameworks and standards:

Integrated Reporting

Principles of the International <IR> Framework, with a focus on value creation across multiple capitals

Financial Reporting

- Sri Lanka Accounting Standards (SLFRS/LKAS)
- Companies Act No. 07 of 2007
- Listing Rules of the Colombo Stock Exchange

Corporate Governance

Code of Best Practice on Corporate Governance issued jointly by:

- The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Securities and Exchange Commission of Sri Lanka (SEC)

Sustainability and Non-Financial Reporting

- Global Reporting Initiative (GRI) Standards: Referenced
- SLFRS S1 and S2 [International Sustainability Standards Board (ISSB)]: Considered in preparation for future sustainability-related financial disclosure requirements, subject to the applicable regulatory implementation timeline.

This report reflects Bairaha's continued progress towards enhanced sustainability disclosure, with increasing alignment to global reporting expectations and the requirements of emerging sustainability disclosure standards. The Group will continue to strengthen its reporting approach in line with the applicable regulatory implementation timeline for SLFRS S1 and S2.

Assurance and Reliability

Financial Assurance

The Financial Statements of the Group have been audited by Ernst & Young, Chartered Accountants.

Non-Financial Information

Non-financial disclosures are subject to internal review processes, management oversight, and alignment with established policies and systems. The Group will continue to assess the need for external assurance as its sustainability-related financial disclosures mature in line with future reporting requirements.

Accessibility and Feedback

This report is available in:

- Printed format
- Digital PDF format via the Company's website and the Colombo Stock Exchange website

Company's website

Colombo Stock Exchange website

Stakeholders are encouraged to provide feedback, queries, or suggestions to:

Chief Financial Officer
Bairaha Farms PLC
No. 407, Galle Road
Colombo 03
Sri Lanka
Tel: +94 11 257 5255
Email: corporateoffice@bairaha.com
Website: www.bairaha.com

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First Chapter:
A Vision Takes Root in the 1970s

In 1975, Bairaha began with a simple but forward-looking vision: to make quality chicken accessible to Sri Lankan families. Founded by M I M Naleem Hajiar, the Company entered the industry in its early days of development with the courage to think differently and the discipline to build for the long term. What began as a single poultry operation soon became a pioneering initiative in large-scale commercial chicken production in Sri Lanka.

The establishment of the parent broiler breeder farm and hatchery at Katana in the Gampaha district in 1976 marked one of the earliest steps in creating a more structured poultry value chain. These courageous steps taken set the tone and shaped not only a company, but an industry. In those early years, Bairaha's purpose was clear: to bring safe, high quality, affordable protein closer to Sri Lankan households, and to do so with trust, foresight and national commitment.

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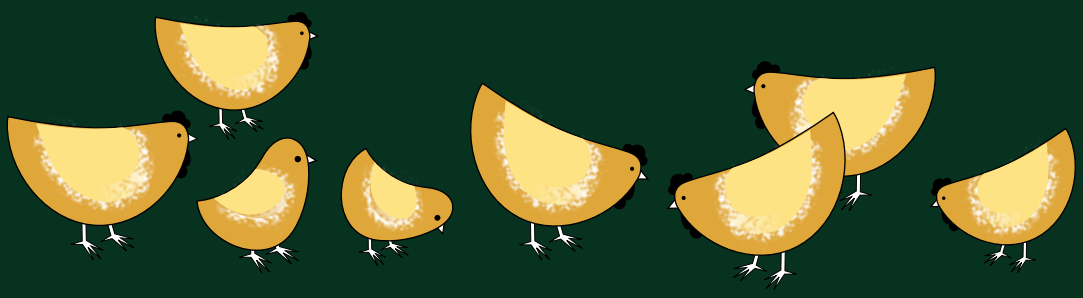


A Tribute to the Founder

M I M Naleem Hajiar:
A Vision that Nourished a Nation



As Bairaha marks 50 years of excellence, we honour the vision, courage and national commitment of our Founder, **M I M Naleem Hajiar**, whose foresight helped shape not only Bairaha Farms PLC, but also the modern poultry industry in Sri Lanka. His story is inseparable from the story of enterprise, resilience and national service. It is the story of a man who saw possibility where others saw limitation, a story of a man who believed that business, when guided by purpose, could strengthen a country.

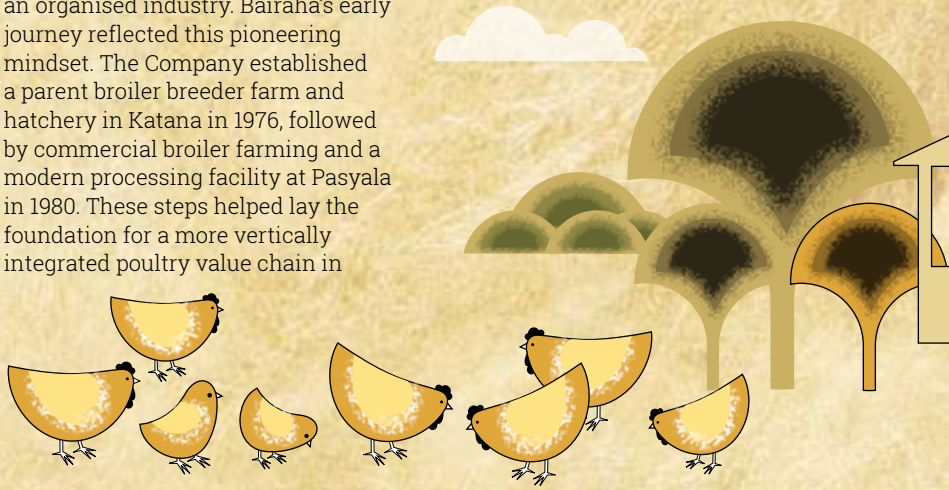
Born in Beruwala in 1933, M I M Naleem Hajiar rose through discipline, perseverance and integrity to become one of Sri Lanka's most respected business leaders and philanthropists. His early success in the gem trade reflected his commercial instinct, entrepreneurial courage and ability to build trust across markets, both local and international. Yet, his achievements were never confined to personal advancement. He was widely recognised for his generosity, patriotism and contribution to the country, including support extended during a period of foreign exchange difficulty in the 1970s. His life reflected a rare combination of business acumen and national responsibility, guided by the belief that wealth and enterprise should serve society.

In 1975, he incorporated **M I M Naleem Hajiar and Company**, which would later become **Bairaha Farms**. This was the beginning of a bold national food enterprise at a time when Sri Lanka's poultry sector was still developing and commercial poultry production had significant room to grow. He envisioned a future in which poultry would become one of the most accessible and affordable sources of protein for Sri Lankan households, supported by a modern, organised poultry industry that could contribute meaningfully to nutrition, employment, rural livelihoods and food security.

His vision was both practical and deeply forward-looking. He saw that Sri Lanka needed locally rooted enterprises to build national capability. At a time when large-scale poultry production was unheard of, he invested in the systems, infrastructure and knowledge required to support an organised industry. Bairaha's early journey reflected this pioneering mindset. The Company established a parent broiler breeder farm and hatchery in Katana in 1976, followed by commercial broiler farming and a modern processing facility at Pasyala in 1980. These steps helped lay the foundation for a more vertically integrated poultry value chain in Sri Lanka, connecting breeding, hatchery operations, farming, processing and market supply within a structured operating model.

As a visionary, M I M Naleem Hajiar saw poultry not simply as a product, but as part of the country's food system. He saw farmers not simply as suppliers, but as partners in production. He saw consumers not simply as customers, but as families that needed healthy and affordable nutrition. He saw the industry not simply as commerce, but as a means of strengthening Sri Lanka's self-reliance and rural economies.

This wider outlook became visible in the contract growing model introduced in the 1980s, which enabled farmers to participate in Bairaha's production journey and benefit from the development of the poultry industry. Through this model, Bairaha extended value beyond its own operations, supporting rural livelihoods and creating opportunities for farmers to be part of a structured commercial network. What began



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as a business became a platform for shared value, connecting farms, families, employees, consumers and the national economy.

Beyond business, M I M Naleem Hajiar's contribution also extended into education, sports, community development, religious service and social welfare. He understood that a nation is built not only through commerce, but also through institutions, knowledge, values, social justice and opportunity. His philanthropic legacy continues to be remembered with deep respect, particularly for the way he supported communities and invested in causes that created long-term social benefit. In this sense, he was not merely a successful entrepreneur. He empowered people with skills and knowledge, enabling them to serve a greater purpose in the best interests of his motherland.

His achievements stand as a reminder that lasting enterprises are built through more than capital investment. They are built through conviction, patience, discipline and a sense of responsibility. M I M Naleem Hajiar's entrepreneurial journey reflected courage at a time when Sri Lanka needed business leaders who could imagine new possibilities for local industry. His decision to enter poultry was an investment in the country's ability to produce, nourish and grow.

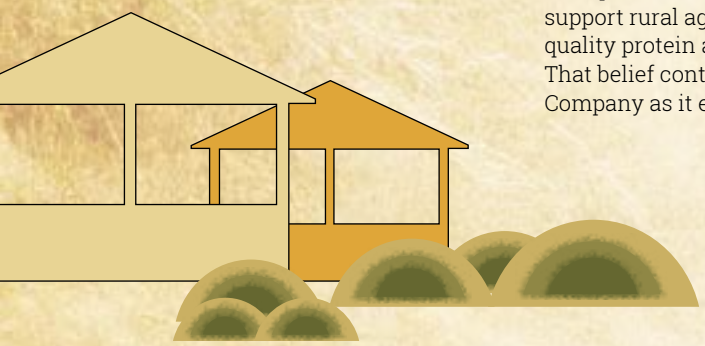




This is why his vision remains deeply relevant today. Bairaha's current role in Sri Lanka's food system, its commitment to quality and affordability, its investment in integrated operations, and its contribution to rural livelihoods all trace back to the purpose he set in motion. The Company's journey from farm to home is, in many ways, a continuation of his belief that a Sri Lankan enterprise could serve the nation with integrity, modernity and pride.

His contribution went beyond commercial success. The story of Bairaha is also a story of national confidence: the belief that Sri Lanka could build its own modern food enterprises, develop local capability, support rural agriculture and make quality protein available to its people. That belief continues to guide the Company as it enters its next chapter.

Fifty years later, Bairaha stands as a living tribute to our Founder's vision. The systems, relationships and values he began continue to nourish families, support livelihoods and strengthen Sri Lanka's food security. His life reminds us that true leadership is measured not only by what is built in one's lifetime, but by what continues to serve others long after. As Bairaha looks to the next 50 years, it does so with gratitude for the legacy of M I M Naleem Hajiar, and with a renewed commitment to carry forward his vision with humility, responsibility and purpose.



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Bairaha at a Glance

About Bairaha

Founded in 1975, Bairaha Farms PLC is Sri Lanka's pioneer in large-scale poultry farming and production, with a 50-year legacy in producing and supplying safe, high-quality and affordable poultry protein accessible to households across the country. From its early footprint in breeder farming, hatchery operations, broiler farming and processing, Bairaha has evolved into a fully vertically integrated food business composed of breeding, feed manufacturing, broiler farming, processing, cold storage, value-added meat products manufacturing, sales and distribution, and exports.

Bairaha's integrated **"Farm to Home"** model enables the Group to manage quality, food safety, bio-security, traceability, product availability and customer trust across the value chain, while supporting national nutrition, rural livelihoods, employment creation, responsible production and long-term stakeholder value.

Vision

To be our stakeholders' and customers' preferred company and brand in the poultry and meat production sectors.

Mission

To provide superior quality poultry and meat products that support good health.



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The Bairaha Group

Bairaha Farms PLC is the parent company of a vertically integrated poultry and food business, with core activities spanning from poultry farming, chicken processing to manufacture of pre-cooked meat products. Its subsidiaries, sub-subsidiaries and joint ventures support key stages of the value chain, including broiler grandparent, and parent breeding, hatchery operations, broiler farming, feed milling, further processing, land development and nutraceutical products manufacturing.

Key Group Companies

- **Siyane Farms Ltd.**
  Breeder farming/production of broiler day-old chicks
- **Hill Country Farms Ltd.**
  Breeder farms and hatchery operations
- **Bairaha Foods (Pvt) Ltd.**
  Value-added and pre-cooked meat products
- **Nature's Best Industry Ltd.**
  Broiler farming
- **Global Reach Foods (Pvt) Ltd.**
  Export-oriented specialised meat-based products
- **Bairaha International FZCO**
  UAE-based export platform for chicken products and trading
- **Care 4 Wellbeing (Pvt) Ltd.**
  Nutraceutical products
- **Bairaha Trading (Pvt) Ltd.**
  Importing and selling disinfectants
- **BF Lands Development Ltd., Lanka Land Development Ltd. and HCF Land Development Ltd.**
  Acquisition and leasing of agricultural land for Group poultry projects

Joint Ventures

- **Fortune G-P Farms (Lanka) Ltd.**
  Grandparent broiler breeder farming and hatchery for broiler parent breeder chicks
- **Fortune Agro Industries (Pvt) Ltd.**
  Feed milling, raw material storage and drying facilities
- **Rajarata Land Development Ltd.**
  Acquisition and leasing of agricultural lands to Joint Venture companies for poultry projects
- **Cultural Triangle Land Development Ltd.**
  Acquisition and leasing of agricultural lands to Joint Venture companies for poultry projects
- **Windsor Real Estate Ltd.**
  Acquisition and leasing of agricultural lands to Joint Venture companies for poultry projects

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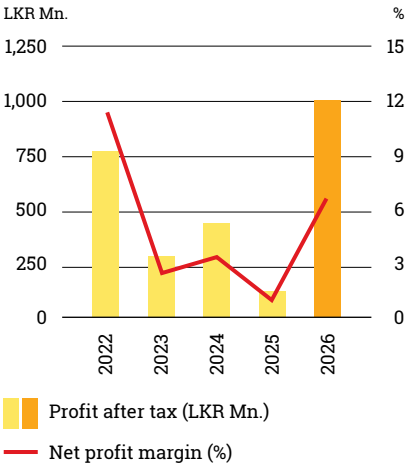
Year at a Glance
Financial Highlights

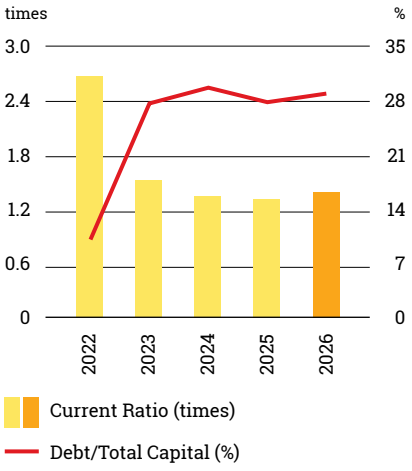
Indicator	Unit	2025/26	2024/25
Revenue	LKR Mn.	**15,291**	13,916
Gross profit	LKR Mn.	**2,883**	1,733
Profit from operations	LKR Mn.	**1,082**	105
Profit after tax	LKR Mn.	**1,001**	122
Total assets	LKR Mn.	**11,752**	9,830
Total Borrowings	LKR Mn.	**2,808**	2,258
Total Shareholders' funds	LKR Mn.	**6,872**	5,844
Gross profit margin	%	**18.9**	12.5
Operating profit margin	%	**7.1**	0.8
Net profit margin	%	**6.5**	0.9
Return on equity	%	**15.74**	2.10
Return on total assets	%	**9.3**	1.3
Debt/Capital	%	**29.0**	27.9
Current ratio	Times	**1.39**	1.31
Earnings per share*	LKR	**11.71**	1.42
Net assets per share	LKR	**78.10**	332.02
Market price per share	LKR	**71.00**	164.75
Dividend per share	LKR	**1.00**	5.00
Dividend payout	%	**8.5**	70.3

**EPS has been restated to reflect the share split for ease of comparison.*

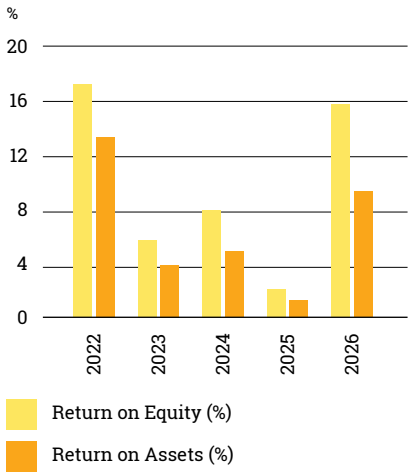
Net Profit



Liquidity and Gearing



Key Return Indicators



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Non-Financial Highlights

50 Years

Serving the nation; representing a half-century of operational legacy and brand presence.

Zero

Incidents of Discrimination
Maintaining a culture of equity and inclusion with no reported incidents

Nil

Fatalities
Achievement of zero workplace-related fatalities.

LKR 1.2 Bn.

Fixed Asset Additions
This capital expenditure includes the development of a significant 500MT Cold Room facility.

5.41 GJ

Energy Intensity
Non-renewable energy consumption required to generate LKR 1 Mn. turnover Improved from 6.54 GJ in 2024/25

Nil

Whistleblower Cases
Indicates a strong adherence to ethical standards and internal reporting protocols.

77.3%

Regional Workforce
Proportion of the total workforce based outside the Western Province, highlighting regional economic contribution.

9.10 m^3

Water Consumption
Water usage per LKR 1 Mn. turnover Prior year: 6.26 m^3

Nil

Product Recalls
Perfect record of product safety and quality assurance for the period.

Top 50

Best Workplaces
Recognised by Great Place to Work in the Manufacturing and Production Sector in Sri Lanka with a 90% Trust Index Score.

12,000

Cinnamon Trees Planted
Ongoing reforestation and agricultural efforts
Prior year: 19,000 trees

NCE Gold Export Awards 2025

Won the NCE Gold Export Awards 2025
In the Poultry and Livestock Products Sector, Medium Category, reinforcing Bairaha's export development journey

5.21

Training Hours
Average training hours per employee, an increase from 4.75 hours in 2024/25.

Nil

Hazardous Waste
Zero hazardous waste generated during the 2025/26 reporting period

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Chairman's Message



"For 50 years, Bairaha has grown with Sri Lanka, nourishing households, supporting livelihoods, strengthening food security and building a business grounded in trust, resilience and responsibility."

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Standing on 50 Years of Trust, Nourishment and National Purpose

I am pleased to present the Integrated Annual Report of Bairaha Farms PLC for the financial year 2025/26, on behalf of the Board of Directors.

This year holds special significance for Bairaha as we mark 50 years since the Company's incorporation in 1975. What began as a pioneering effort to introduce quality protein at an affordable price to Sri Lanka has grown into one of the country's most trusted integrated poultry businesses. Over these five decades, Bairaha has become part of the everyday lives of Sri Lankan families, contributing to household nutrition, rural livelihoods, employment, food safety, agricultural development and national food security, while contributing LKR 3,277 Mn. to state coffers in taxes.

Bairaha's legacy was shaped by the foresight of our Founder, M I M Naleem Hajiar, whose vision helped transform the poultry industry in Sri Lanka. From the early development of breeder farms, hatchery operations and commercial broiler farming, to modern processing facilities and contract growing systems, Bairaha played a defining role in making chicken more accessible, reliable and trusted for households across the island.

The year under review was challenging. The operating environment remained complex, shaped by affordability pressures, taxation impacts, input cost dynamics, market competition and climate-related disruption. The impact of Cyclone Ditwah further tested the resilience of the Group's breeding, production, processing, sales and export value chain.

Despite these challenges, Bairaha continued to demonstrate the strength of its fully integrated "Farm to Home" concept. This model has enabled the Group to manage quality, supply continuity, bio-security, food safety and customer access across breeding, hatchery operations, feed production and supply, broiler farming, processing, cold storage, and distribution, while serving local consumers, institutional customers, farmers and export markets through varied sales and marketing channels. It remains one of the Company's most important sources of resilience and long-term value creation.

During FY2025/26, the Group continued to make progress across key areas of the business. Total revenue increased to LKR 15,291 Mn., supported by frozen whole chicken and portions segments, value-added products, day-old chicks, live broiler birds and other revenue streams. The chicken segment remained the largest revenue category, while value-added products continued to grow in importance as the Company responded to changing consumer needs, evolving lifestyles, and those choosing convenience and ease of preparation above other considerations.

The commissioning of the new 500 MT cold storage facility was an important milestone during the year. This USD 1 Mn. investment strengthens Bairaha's ability to manage storage, distribution, product quality, traceability and cold chain reliability with greater control. It reflects the long-term investment that is required to scale responsibly while maintaining stringent standards of quality and customer trust.

The Group also continued to strengthen the foundations of its value chain through improved genetics, technical engagement, feed quality, supplier management, farm operations, processing efficiency, route-to-market capabilities and digital systems. Our out-grower model, and the sourcing of corn and other by-products by our joint venture feed mill continued to support rural income generation and production flexibility, while supplier relationships remained central to the stability of the wider poultry ecosystem.

During the year, Bairaha also advanced its readiness for forthcoming sustainability-related financial disclosures under SLFRS S1 and SLFRS S2, through the establishment of an ESG Committee under the Audit Committee, supported by a dedicated sustainability management team. This represents an important step in strengthening transparency, accountability and preparedness for the future. Good governance has been

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central to Bairaha's growth over the past 50 years. As the Company enters its next chapter, the Board remains committed to disciplined oversight, responsible decision-making and long-term stewardship.

As we commemorate 50 years of Bairaha's journey, I wish to pay special tribute to our Founder, M I M Naleem Hajiar, whose vision, foresight, hard work and patriotism laid the foundation for the Company's progress and enduring success. His contribution enabled Bairaha to build strong customer loyalty, establish a trusted and lasting footprint across varied customer segments and play a defining role in the development of Sri Lanka's poultry industry.

Also I will fail in my duty if I do not appreciate the sincere contributions made to the progress of the Company by Prof M T A Furkhan, former Chairman; Mr Nowfel S Jabir; Mr C P de Silva; Mr Ilyas Naleem; Mr Chandana de Silva; Mr M I Ali; Mr A W M Nowfer; and Emeritus Prof H Abeygunewardena, all of whom served as former Directors of Bairaha Farms PLC. In addition, we also appreciate and remember the services rendered by employees of all categories, whose contributions have supported the Company's progress over the years.

I extend my sincere appreciation to our Managing Director/Chief Executive Officer, Executive Directors, Senior Management and all employees for their commitment during the year. I also thank our shareholders, out-grower farmers, suppliers, distributors, customers, partners, regulatory authorities and government institutions for their continued trust and support.

Fifty years ago, Bairaha helped shape a new chapter in Sri Lanka's poultry industry. Today, we stand ready to carry that legacy forward, with humility, responsibility and confidence in the future.

(Sgd.)
Reyaz Mihular
Chairman
2 June 2026

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Managing Director/ Chief Executive Officer's Review



"FY2025/26 tested the resilience of our value chain. We responded with operational discipline, stronger route-to-market execution, targeted investment and a continued focus on quality, affordability and long-term growth."

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Strengthening Performance Through Operational Discipline

The financial year 2025/26 was both challenging and meaningful for Bairaha Farms PLC. As the Group marked 50 years of service to Sri Lanka, we are reminded that the strength of a business is measured not only by its ability to grow, but also by its ability to adapt, recover and remain focused when operating conditions are demanding.

During the year, Bairaha operated in an environment shaped by concerns regarding affordability, consumer price sensitivity, input cost dynamics, taxation and levies, market competition and climate-related disruption. Cyclone Ditwah affected parts of our breeding, production, processing and export value chain, requiring a period of recovery. At the same time, compliant producers continued to face pressure from market participants who do not comply with the same tax, food safety, quality and regulatory requirements.

Against this challenging backdrop, our focus remained clear: maintain supply continuity, ensure product quality, strengthen operational discipline, respond to changing customer needs and continue investing in the capabilities required for long-term growth and sustainability.

Operating Environment and Market Conditions

The poultry market remained sensitive to consumer affordability and the availability of substitute products, particularly fish. Household purchasing power influenced demand across many product categories, including Bairaha's packeted and processed whole chicken, chicken parts, deboned chicken meat and value-added meat products among others, requiring the Company to balance volume, margin and affordability. Customers continued to seek value-for-money offerings, smaller pack sizes, and competitively priced options.

Feed remained one of the most important cost drivers across the value chain. While feed cost was relatively more stable during the year, the business remained exposed to changes in maize, soybean and other input costs, as well as to import-related supply chain pressures. The quality and consistency in the standard of feed remained critical to flock performance, cost efficiency and final product pricing.

In this environment, Bairaha continued to compete by strengthening quality, availability, route-to-market execution, brand trust and product relevance, supported by its integrated 'Farm to Home' value chain.

Performance Overview

The first half of the financial year demonstrated the pace of recovery within the business. After a subdued first quarter, the Group recorded a strong turnaround in the second quarter, with a net profit of LKR 425 Mn. Cumulative profit for the six-month period stood at LKR 403 Mn., compared to LKR 38 Mn. in the corresponding period of the previous year.

This recovery momentum was subsequently tested in the latter part of the third quarter, as Cyclone Ditwah caused widespread flooding, infrastructure disruption, and damage to agricultural and livestock sectors, as well as to other industries and businesses across Sri Lanka. Affected businesses were required to focus on operational recovery, supply chain stabilisation and continuity of supply during the final quarter. Despite this setback, the Group recorded a profit of LKR 229 Mn. in the third quarter and reported an even stronger performance with a bottom-line figure of LKR 369 Mn. in the fourth quarter, supported by sustained demand, bringing total profit for the year to LKR 1,001 Mn.

At the upstream level, Bairaha recorded a year-on-year decline in broiler day-old chick production and hatchery egg setting volumes, while

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hatchability also moderated during the year under review. These adverse deviations arose primarily due to operational disruptions experienced during the year and the subsequent recovery period that was required across breeder farm operations.

In the midstream operations, overall broiler chicken production and sales volumes recorded year-on-year growth, supported by improved operational performance during the year. Overall chicken sales segment, comprising both processed chicken and live broiler bird sales, also increased year-on-year, while processing capacity utilisation improved significantly. These results reflect the resilience of the Group's integrated operating model and the continued focus on processing discipline, broader product offering, improvement in labour productivity, and operational efficiency.

Despite those operational challenges, Bairaha delivered growth across key revenue categories. Total revenue increased by 9.9%, from LKR 13,916 Mn. in FY2024/25 to LKR 15,291 Mn. for the reporting period. Chicken and portions remained the largest revenue category, generating LKR 7,962 Mn., while value-added and pre-cooked products generated LKR 2,033 Mn. Day-old chicks generated LKR 2,442 Mn., while live broiler birds generated LKR 1,908 Mn. This performance in terms of revenue generation demonstrates the Group's ability to convert operational resilience, higher processing throughput, and diversified revenue streams into stronger growth, even in a disrupted year.

Actions Taken During the Year

During the reporting period, Bairaha's management response focused on strengthening the technical, operational and commercial foundations of the business. At the broiler parent breeding farms level, the Company commenced partial placement of improved genetics supplied from its Fortune G-P Farms Lanka Ltd, which received its first flock of improved grandparent broiler breeder chicks from its principal, Cobb Vantress, facility based in New Zealand in the early part of the financial year.

To support the launch of improved Cobb Breeding Genetics to the local market, and to provide technical support and guidance to Company management, staff, customers and local consultants, Fortune G-P Farms Lanka Limited in collaboration with Cobb Vantress, organised specialised technical seminars over two days in February 2026. This brought international technical expertise into the local poultry value chain and strengthened knowledge on breeder performance, flock management and poultry nutrition among other disciplines.

Feed quality and storage were also strengthened through the introduction of a cooling unit to support corn storage and drying, enabling better preservation of raw material quality over longer periods. This contributes to reduced shrinkage and better quality of corn and in turn to more consistent feed quality, which remains critical to flock performance and cost control.

The commissioning of the new 500 MT cold storage facility for chicken meat was a major operational milestone during the year under review. The facility has strengthened our stock management and control, product handling, traceability, stock rotation, improved product quality, reduced shrinkage and cold chain reliability, supporting both local distribution and export readiness.

Commercially, Bairaha responded to concerns in regards to affordability by focusing, where possible, on competitively priced SKUs, value-driven offerings, and smaller pack sizes. Selected premium products were managed on a made-to-order basis to align production with demand and to reduce exposure to slow-moving inventory.

Route-to-market execution also improved during the reporting period. Distribution was strengthened, with market reach increasing by 31%, supported by network re-engineering, territory demarcation and improved route planning. General Trade execution, channel visibility and customer access were strengthened across retail, wholesale, food service, direct and online channels.

Strategic Progress and Recognition

Value-added products remained a key strategic growth area, supporting margin resilience, convenience-led demand and brand differentiation unlike being just a commodity like chicken. Capacity utilisation within Bairaha Foods increased from 35% to 40%, while the cold cuts range gained momentum, particularly for HORECA and higher-value channels.

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Exports continued to be an important strategic priority. During the year, Bairaha was recognised with the Gold Award in the Poultry and Livestock Products Sector in the Medium Category, at the 33rd Annual Export Awards organised by the National Chamber of Exporters of Sri Lanka. This was a significant achievement, reflecting the Company's export performance, value-added export capability, quality assurance and compliance standards.

The year also brought recognition for innovation, brand strength and social impact. Bairaha received the Gold Dragon Award in the Best Innovative Idea or Concept Category at the Dragons of Sri Lanka 2025 for the Bairaha Third Eye App. At SLIM DIGIS 2.5, the Third Eye App secured Silver in the CSR/Purpose-Driven Digital Marketing category and Bronze in the Best Use of Digital in Corporate Branding category. Bairaha was also recognised as the People's Pinnacle Best Chicken Food Processing Company Brand of the Year 2025 at the People's Pinnacle Awards 2025.

The Company's progress during the year was made possible by the commitment of its staff at all levels, including those at the joint-venture companies. Through operational discipline, adaptability and teamwork anchored to loyalty, employees helped sustain continuity during a demanding year, reinforcing the human capability behind the Group's next phase of growth.

Outlook

As Bairaha enters its next chapter, our priorities remain focused on strengthening profitability, improving operating efficiency, protecting product quality, expanding value-added product offerings, building export capability and enhancing route-to-market execution. We will also continue to strengthen sustainability governance, climate-related disclosure readiness and responsible production practices in line with evolving stakeholder expectations.

Our 50th anniversary is not only a celebration of the past. But also a reminder of our responsibility to the future. Having helped shape Sri Lanka's poultry industry over five decades, Bairaha is now preparing for its next 50 years by building the capacity, systems and product portfolio needed to support the country's food security, nutrition needs, rural livelihoods and economic development.

I extend my sincere appreciation to the Chairman and Board of Directors for their guidance, and to our employees for their commitment in a demanding year. I also thank our shareholders, customers, out-growers, suppliers, distributors, banking partners, regulators and all stakeholders for their continued support.

Together, we will continue to uphold Bairaha's promise of quality, trust and nourishment, from "Farm to Home".

(Sgd.)
Yakooth Naleem
Managing Director/
Chief Executive Officer

2 June 2026

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CFO's Review



"Behind every financial result is a judgement call on risk, on timing, on what to protect and what to pursue. Getting those calls right, consistently, is what I consider the true work of finance."

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A Year of Recovery and Strategic Resolve

FY2025/26 was a year in which the financial story of Bairaha Farms was shaped as much by what we chose to do as by the market conditions we faced. After a particularly demanding prior year, which was marked by industry-wide oversupply, compressed margins, and quarterly losses, the business entered this financial year with a clear mandate: restore profitability, protect the balance sheet, and continue investing in the foundations for sustainable growth. I am pleased to report that we have delivered on each of these objectives.

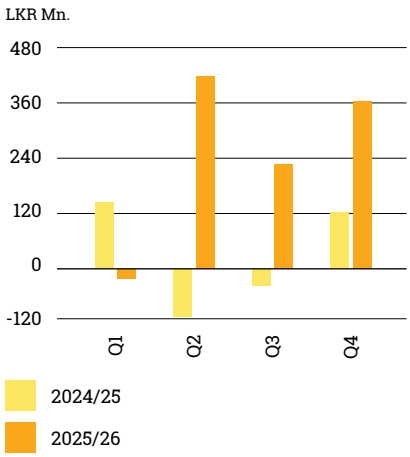
The Group recorded revenue of LKR 15,291 Mn., an increase of approximately 9.9% over the prior year. More significantly, net profit increased from LKR 122 Mn. in FY2024/25 to LKR 1,001 Mn. in FY2025/26, representing a year-on-year improvement of LKR 879 Mn. These numbers reflect not only the normalisation of market conditions following the correction in supply-demand dynamics, but also the disciplined cost management and operational improvements embedded across the Group during the prior difficult period.

This review is intended to provide a broader perspective alongside the detailed financial information presented in the Financial Reports. In addition to discussing the Group's financial performance, I have also outlined the key decisions and considerations that shaped the year, including our approach to capital allocation, cost management, liquidity, risk, operational efficiency, and future investment priorities. I hope this review offers stakeholders a clearer understanding of the financial direction of the Group and the factors influencing Bairaha's long-term trajectory.

Profitability Recovery: Understanding the Turnaround

The single most important financial development of FY2025/26 was the restoration of profitability across the core business. The prior year's losses in Q2 and Q3 were a direct result of the poultry industry's cyclical oversupply in day-old chicks and processed chicken. Those pressures did not disappear overnight, but they eased materially as the industry rationalised and demand recovered. Bairaha was well-positioned to capture that recovery, having maintained operational readiness and market relationships through the downturn.

Profit by Quarter



Divisional contribution was the key driver of this recovery. Across all core segments, namely Chicken, Broiler Live Bird, Value-Added Meat and Day-Old Chicks, the Group recorded an overall divisional contribution growth of approximately 91%, nearly doubling year-on-year. This improvement was driven by a stronger product mix, better pricing discipline, and operating leverage arising from higher volumes.

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Summary of the Group Financial Performance

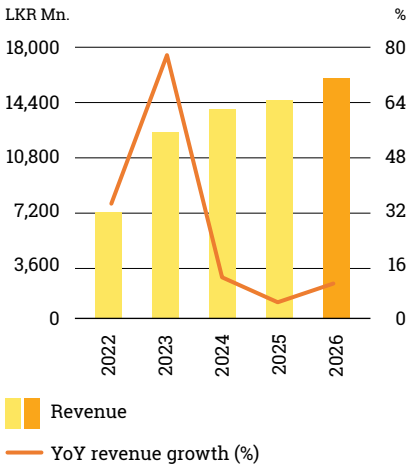
Financial Year	2025/26 LKR Mn.	2024/25 LKR Mn.		Change %
Revenue	**15,291**	13,916	↑	9.9
Gross profit	**2,883**	1,733	↑	66.4
Operating expenses	**1,838**	1,647	↑	11.6
Operating profit	**1,082**	105	↑	928.4
Share of profit from joint ventures	**351**	286	↑	22.6
Profit before tax	**1,224**	133	↑	819.6
Profit for the year	**1,001**	122	↑	719.4
Key ratios				
Gross profit margin (%)	**18.9**	12.5		
Operating profit margin (%)	**7.1**	0.8		
Net profit margin (%)	**6.5**	0.9		
Return on equity (%)	**15.74**	2.10		
Return on assets (%)	**9.3**	1.3		

"The turnaround was not accidental. It was the outcome of decisions made under pressure, including the need to hold costs, protect our people, and stay true to our long-term investment thesis."

Revenue

The Group recorded revenue of LKR 15,291 Mn. for the financial year 2025/26, representing a growth of approximately 9.9% over the previous year. This performance was achieved through a balanced combination of pricing discipline, market expansion, and continued focus on higher-value product segments.

Revenue Analysis



During the year, day-old chick volumes recorded a marginal decline; however, stronger market conditions supported a significant 25% year-on-year increase in average selling prices, positively impacting revenue performance within the segment. Similarly, while chicken sales volumes remained relatively stable with a slight contraction compared to the previous year, average selling prices improved by approximately 7%, reflecting improved market realisations and disciplined pricing strategies.

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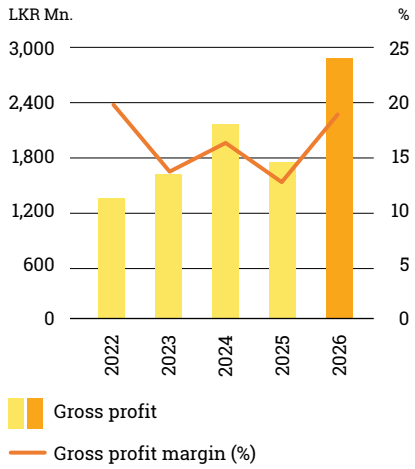
The broiler live bird segment emerged as a key contributor to revenue growth, recording a substantial 42% increase in sales volumes alongside a 12% improvement in average selling prices. This reflects the Group's continued success in strengthening its presence within the broiler live bird market and expanding its customer reach. Meanwhile, the value-added meat segment sustained its strong growth momentum, delivering a notable 28% increase in sales volumes and further reinforcing the Group's strategic focus on value-added product categories.

Gross Profit

Gross Profit Analysis



The significant improvement in the Group's gross profit margin from 12.5% in the previous year to 18.9% in FY2025/26 reflects the combined impact of stronger pricing, improved product mix, operational efficiencies, and disciplined cost management across the value chain. While revenue growth contributed positively to overall performance, the expansion in gross margins demonstrates the Group's ability to convert topline growth into improved operational profitability amid a dynamic operating environment.

Feed and raw material costs remain our largest controllable exposure. Maize and soybean meal, the primary feed ingredients, are subject to global commodity price movements, domestic import policy, and seasonal availability. During the year, we benefited from government-approved corn import permits that improved raw material availability and moderated feed cost pressures, a relief that complemented our own procurement discipline and feed formulation optimisation.

Operating Expenses

Distribution expenses increased by LKR 34 Mn. during the financial year 2025/26, primarily driven by the increase in fuel prices during the year, which elevated transportation and delivery-related costs across the Group's distribution network. Despite the increase in operating costs, the Group continued to focus on delivery efficiency, route planning, and logistics coordination to mitigate the overall impact on distribution expenditure.

Administrative expenses increased by LKR 157 Mn. compared to the previous year, mainly due to higher SSCL costs in line with increased revenue levels, together with increased staff-related expenses, board-related costs, travel, insurance, and security service expenditure. In addition, the year also included costs associated with commemorating Bairaha's 50-year milestone, including a series of print media publications and related brand and corporate communication initiatives undertaken to mark this significant occasion.

Notwithstanding these cost increases, the Group maintained a disciplined approach to expenditure management while continuing to invest in its people, governance framework, operational resilience, and brand positioning to support long-term sustainable growth.

Finance Cost

Finance costs declined to LKR 209 Mn. from LKR 258 Mn. in the previous year, reflecting the comparatively favorable interest rate environment prevailing for the greater part of FY2025/26 together with disciplined treasury and financing management. During the year, the Average Weighted Prime Lending Rate (AWPLR) continued its downward trend witnessed in recent periods before recording a gradual upward movement from January 2026 onwards. Nevertheless, on an overall year-on-year basis, average market lending rates remained lower than those experienced during the previous financial year, enabling the Group to benefit from a lower overall cost of funding.

The relatively supportive financing environment also created opportunities to optimise the Group's debt portfolio through refinancing initiatives and prudent financial management. Maintaining a strong and resilient balance sheet, together with continued focus on financing efficiency, remains a key priority as the Group positions itself for sustainable long-term growth.

Profits from Joint Venture Operations

The Group's share of profit from joint venture operations increased to LKR 351 Mn. during FY2025/26, compared to LKR 286 Mn. recorded in the previous financial year. This

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growth was primarily supported by the continued stable performance of the feed mill operation, which maintained operational resilience despite fluctuations in global and domestic raw material markets, particularly in relation to maize and soybean meal prices.

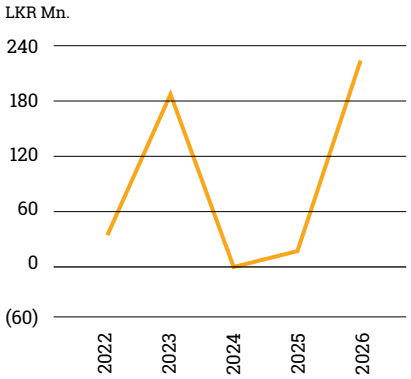
The grandparent farming segment also demonstrated improved performance during the year, supported by the gradual recovery in market demand and improved industry sentiment compared to the disruptions experienced in earlier periods. The strengthening demand environment, together with ongoing operational improvements across the joint venture portfolio, contributed positively to overall profitability.

The Group remains confident in the long-term strategic value of its joint venture investments and continues to focus on operational efficiency, supply chain stability, and market responsiveness to further enhance returns from these operations in the years ahead.

Taxation

The Group's taxation expense increased significantly during FY2025/26 to LKR 224 Mn., compared to LKR 11 Mn. recorded in the previous financial year. The increase was primarily attributable to the substantial improvement in profitability during the year, resulting in higher current and deferred tax charges.

Income Tax Expense



Current income tax expense increased to LKR 142 Mn., compared to LKR 28.6 Mn. in the previous year, reflecting the stronger earnings performance recorded across the Group's operations. Deferred tax expense also increased to LKR 81.5 Mn. during the year, compared to a deferred tax reversal of LKR 17.6 Mn. recorded in FY2024/25, mainly due to the reversal of temporary timing differences arising from improved operational and financial performance.

The increase in taxation expense is broadly aligned with the Group's enhanced profitability levels during the year and reflects the normalisation of the effective tax position following the comparatively lower tax charge recorded in the previous financial year.

The 30% corporate income tax rate, applicable from 1 April 2024, has been a structural factor in our financial planning throughout FY2025/26. With the Group returning to profitability, we continue to manage our tax affairs through prudent planning in full compliance with applicable regulations.

Our effective tax strategy focuses on ensuring that capital allowance and available reliefs are structured to optimise the Group's tax position within the bounds of current legislation. As our capital programme accelerates, we expect the tax shield from enhanced capital allowance to be a meaningful element of our after-tax cash flow management.

Financial Position

Summary of the Group Financial Position

Financial summary	2025/26 LKR Mn.	2024/25 LKR Mn.	Change	Change %
Total assets	11,752	9,830	1,922	19.6
Total borrowings	2,808	2,258	550	24.4
Total equity	6,872	5,844	1,028	17.6
Key ratios				
Debt to capital (%)	29.0	27.9		
Financial leverage (times)	1.7	1.7		

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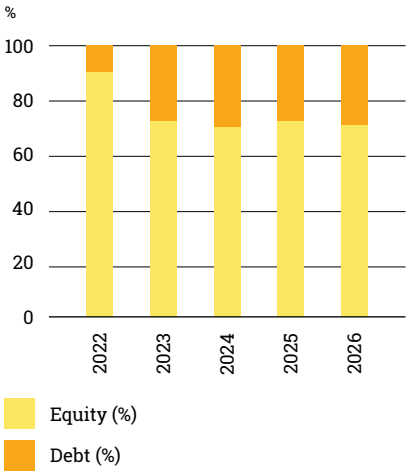
As of 31 March 2026, the Group's total asset base expanded to LKR 11.75 Bn., an increase of LKR 1,922 Mn. or 19.6% year-on-year, reflecting the continued scale-up of operational capacity and strategic infrastructure investments across the business.

A significant portion of this growth stemmed from capital expenditure of LKR 1.23 Bn. invested in property, plant, and equipment during the year, underscoring the Group's long-term commitment towards operational modernisation, capacity enhancement, and supply chain resilience. Bearer biological assets increased by LKR 450 Mn., supported by higher production activity aligned with evolving market demand and operational requirements. Meanwhile, cash and bank balances improved by LKR 133 Mn., further strengthening liquidity and financial flexibility.

To support these expansion initiatives, Group borrowings increased by LKR 550 Mn. during the year. The additional funding was strategically deployed towards ongoing capital projects aimed at strengthening future operating capabilities and supporting long-term growth ambitions. Despite the increase in borrowings, the Group maintained a balanced capital structure and healthy liquidity position, with a current ratio of 1.39 times as at year-end.

Funding Structure



The Group's strengthened financial position, combined with continued investment in operational capacity and infrastructure, provides a strong platform to pursue future growth opportunities while maintaining resilience in an increasingly dynamic operating environment.

During the year ended 31 March 2026, the Group generated net cash inflows from operating activities amounting to LKR 1,924 Mn., representing a growth of 10.1% compared to LKR 1,747 Mn. recorded in the prior year, underpinned by improved operational profitability and effective working capital management.

Net cash used in investing activities increased to LKR 2,251 Mn. from LKR 1,374 Mn. in 2024/25, reflecting a 63.8% increase, primarily attributable to heightened capital expenditure commitments and strategic investments undertaken to support the Group's long-term growth objectives.

Financing activities recorded a net inflow of LKR 507 Mn. during the year, compared to a net outflow of LKR 327 Mn. in the prior period, representing a significant turnaround of LKR 834 Mn., driven by proactive capital structure management and optimised funding arrangements.

Cash Flow Management

Summary of the Group Cashflow Statement

Financial summary	2025/26 LKR Mn.	2024/25 LKR Mn.	Change	Change %
Net cash from operating activities	**1,924**	1,747	177	10.1
Net cash used in investing activities	**(2,251)**	(1,374)	(877)	63.8
Net cash generated by financing activities	**507**	(327)	834	255.0
Cash and cash equivalents	**180**	46	134	291.3
Key ratios				
Current ratio (times)	**1.39**	1.31		
Quick ratio (times)	**0.6**	0.5		
Working capital turnover (times)	**6.3**	5.7		
Total asset turnover (times)	**1.4**	1.4		

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Overall, cash and cash equivalents increased substantially by LKR 134 Mn., a growth of 291.3%. This improvement reinforces the Group's strengthened liquidity position and its capacity to pursue future strategic priorities with enhanced financial flexibility.

The Group's liquidity ratios remained healthy, with the current ratio improving to 1.39 from 1.31 and the quick ratio strengthening to 0.6 from 0.5, reflecting a more robust short-term financial position. Working capital turnover improved to 6.3 from 5.7, while total asset turnover remained stable at 1.4, demonstrating consistent operational efficiency across the business.

Shareholder Returns

Financial Year	2025/26 LKR	2024/25 LKR
Per share data		
Earnings per share	11.71	1.42
Net assets per share	78.10	332.02
Dividend per share	1.00	5.00
Market price per share	71.00	164.75
Key ratios		
Price earnings ratio (%)	6.06	23.17
Price to book value (times)	0.91	0.10
Dividend payout (%)	8.5	70.3
Dividend yield (%)	1.4	3.0

Dividends

The Board declared dividends during FY2025/26 in line with the Group's continued commitment to delivering shareholder value while balancing the funding requirements of ongoing expansion and operational investments. During the year, the Company paid a first interim dividend of LKR 5 per share (prior to the share split implemented during the year), reflecting confidence in the Group's improved financial performance and underlying business fundamentals.

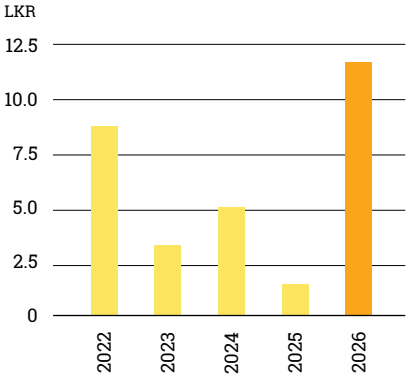
The Group's dividend policy continues to be guided by a balanced consideration of capital expenditure requirements, gearing levels, liquidity, and the importance of maintaining sustainable shareholder returns. While these priorities may at times compete with one another, the Board remains committed to managing this balance prudently, transparently, and in a manner aligned with the Group's long-term strategic objectives.

Share Subdivision

The share subdivision on a 1-for-5 basis, which was approved at the Extraordinary General Meeting in December 2025, was a deliberate action to improve the accessibility and liquidity of our shares. By reducing the unit price proportionately, we broadened participation among retail and smaller investors and increased the tradability of our stock on the Colombo Stock Exchange. The stated capital was unchanged, and the underlying value per shareholder was unaffected.

Earnings per share

Earnings per share



The Group recorded a significant improvement in Earnings Per Share (EPS), which increased to LKR 11.71 for FY2025/26 compared to LKR 1.42 in the previous financial year (restated to reflect the share split effected during the year). The substantial growth in EPS was driven by the strong recovery in profitability across the Group's operations, supported by improved margins, stronger market pricing, and enhanced operational performance. The increase reflects the Group's ability to translate topline growth and operational efficiencies into meaningful shareholder value creation during the year under review.

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Treasury Management and Financial Risk

Our primary treasury objective is straightforward: to ensure that Bairaha always has the liquidity to honour its obligations, invest in its future, and return value to shareholders, in that order of priority. FY2025/26 tested this framework, and we believe our balance sheet management held up well.

Interest Rate Management

Our borrowing portfolio is managed with a deliberate balance between short-term working capital facilities and longer-term project financing. While interest rates remained relatively stable with gradual upward movements during the year, finance costs were reduced materially through disciplined debt management and refinancing initiatives. We remain vigilant about the potential for further rate adjustments in the year ahead. We do not take unhedged duration positions on our borrowings; our approach is to maintain flexibility while locking in competitive rates where feasible.

Foreign Exchange

The Group's primary foreign exchange exposure arises from imported feed ingredients (maize, soybean meal, veterinary inputs) and capital equipment. The Sri Lankan Rupee remained relatively stable during FY2025/26 compared with the heightened volatility experienced in prior years, providing a more predictable operating environment. We manage this exposure principally through forward booking of feed raw material requirements, supported by disciplined procurement planning and structured supplier arrangements to mitigate currency risk.

Liquidity and Working Capital

Working capital management was a key focus throughout the year. We maintained tight discipline on receivables, using bank guarantees selectively and leveraging our ERP system for real-time credit monitoring. Payables were managed in a manner that preserved supplier relationships while optimising our cash conversion cycle. The Group's current ratio remained healthy, and our operating cash generation was sufficient to fund our investment programme without materially increasing gross debt.

Capital Allocation: Investing for the Long Term

Capital allocation decisions are among the most consequential judgements we make in partnership with the Board. The framework we use is consistent: we prioritise investments that strengthen our integrated value chain, reduce unit costs at scale, and open revenue streams that are not purely dependent on commodity pricing.

Our capital expenditure programme during the year remained focused on strengthening operational capacity, efficiency, and supply chain resilience. Key investments included the expansion of cold storage facilities to enhance inventory management flexibility, the development of the Kurunegala broiler farm to increase owned production capacity and operational control, and continued upgrades to hatchery and processing technology to support productivity improvements and the growth of value-added product offerings.

These investments are aligned with the Group's long-term strategic priorities and are expected to enhance operational efficiency, improve margin resilience, and support sustainable growth over time. Funding was managed through a prudent combination of internally generated cash flows and targeted borrowings, with all material capital commitments subject to appropriate governance and Board oversight.

Sustainability as a Financial Discipline

Sustainability continues to be embedded within the Group's governance and financial risk management framework. During the year, a dedicated ESG Committee was constituted under the Audit Committee of the Board, supported by a management team driving readiness for SLFRS S1 and S2 reporting requirements. In addition, the completion of GHG verification under ISO 14064 standards established a credible emissions baseline, strengthening transparency and positioning the Group to respond to evolving stakeholder, lender, and investor expectations.

Operational sustainability initiatives also continued to deliver tangible business value. Solar power systems at selected farm and factory locations are contributing recurring energy cost savings, while ongoing circular economy initiatives are aimed at converting waste streams into commercially valuable outputs. At the same time, continued investment in employee engagement, training, and leadership development supports productivity, retention, and long-term operational resilience across the Group.

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Looking Ahead: Financial Priorities for FY2026/27

I am cautiously optimistic about the financial outlook for FY2026/27. The structural conditions for improved performance are in place: the supply-demand environment in the poultry sector has stabilised, our capital investments are reaching production readiness, and our cost management disciplines are embedded.

Our revenue target of approximately 20% growth reflects both organic volume expansion and the contribution from new capacity, including the Kurunegala farm, expanded hatchery, and further processing investment. Meaningful margin recovery is anticipated as pricing capacity is restored in a demand-led environment and as operating leverage from higher volumes flows through the income statement.

From a capital structure perspective, our objective is to continue reducing net borrowings as a proportion of capital, while funding the remaining elements of our investment programme. We are targeting a gearing ratio that provides financial flexibility without compromising our ability to invest.

Closing Remarks

FY2025/26 demonstrated that Bairaha Farms PLC is a business that can recover, and recover well. The strong improvement in profitability, achieved while continuing to invest in the future, reflects the quality of the management team, the resilience of the integrated business model, and the strategic clarity of the Board.

As CFO, my commitment is to ensure that the financial architecture of this business, including its capital structure, its risk management, its treasury discipline, and its reporting, continues to serve the long-term interests of all stakeholders. I look forward to reporting continued progress in the year ahead.

(Sgd.)
Shafraz Hussaindeen
Chief Financial Officer
Bairaha Farms PLC

2 June 2026

"The decisions we are making now across capital, cost structure, and sustainability governance are the foundations of the financial performance we intend to deliver over the next three years."

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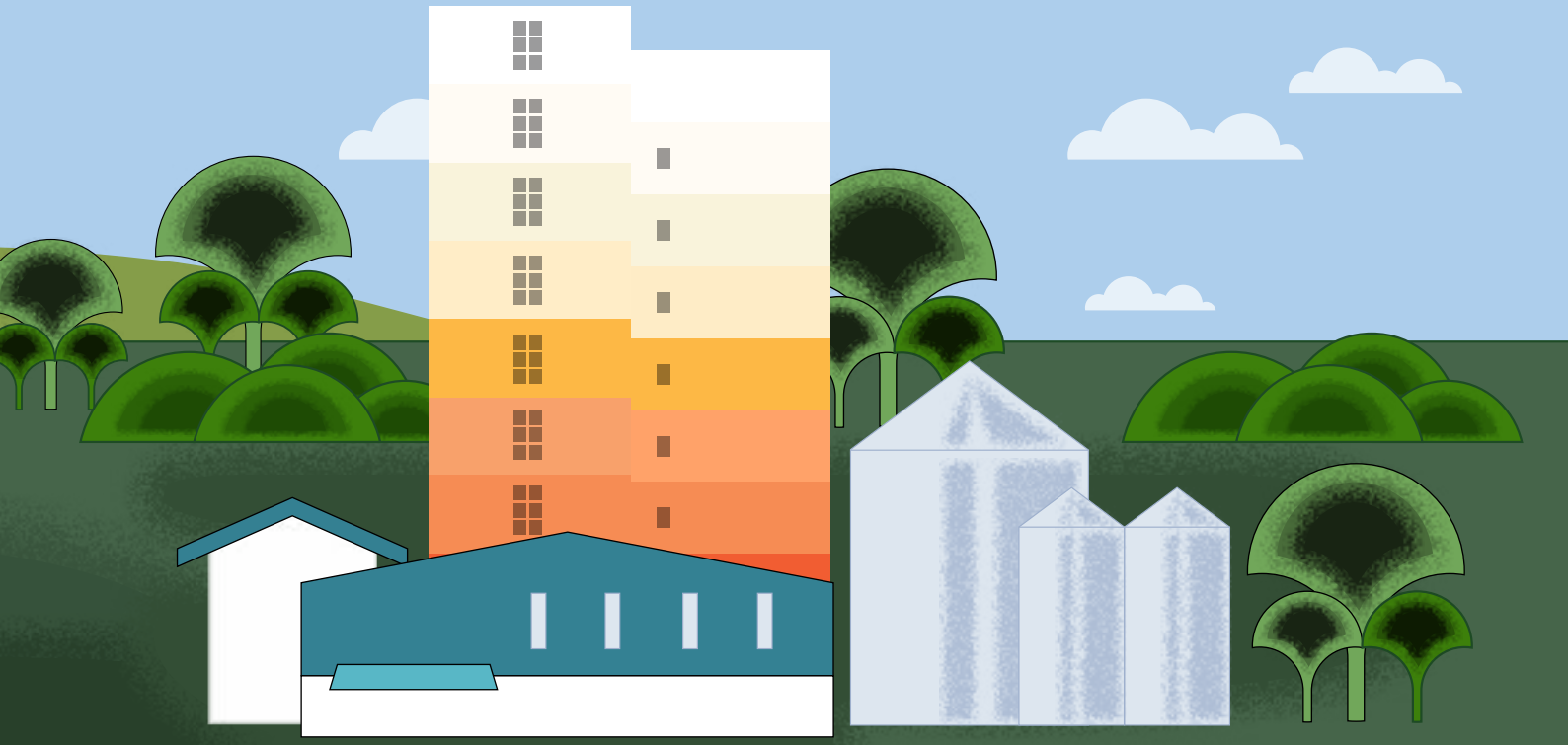

The 1980s: Building the Modern Poultry Model

The 1980s were years of construction, learning and national contribution. In 1980, Bairaha established its commercial broiler farm on a 65-acre site in Pasyala, in the Gampaha District along with a modern chicken processing facility equipped with advanced machinery from Europe. Bairaha helped introduce more hygienic, processed and packaged chicken to the local market which was a defining moment in the Sri Lankan poultry sector.

In 1986, Bairaha introduced its contract growing scheme in the Gampaha District. This initiative encouraged rural farmers to join the Company's production journey, allowing them to rear and supply live broiler birds within a structured commercial model. Over time, this model expanded to several districts, creating livelihoods and connecting rural enterprise to the national food system.

Bairaha's belief that growth is strongest when it is shared; with farmers, families and the country, was reflected in the introduction of the contract farming as well as in purchasing raw materials, including maize from rural farmers and collectors.

02.

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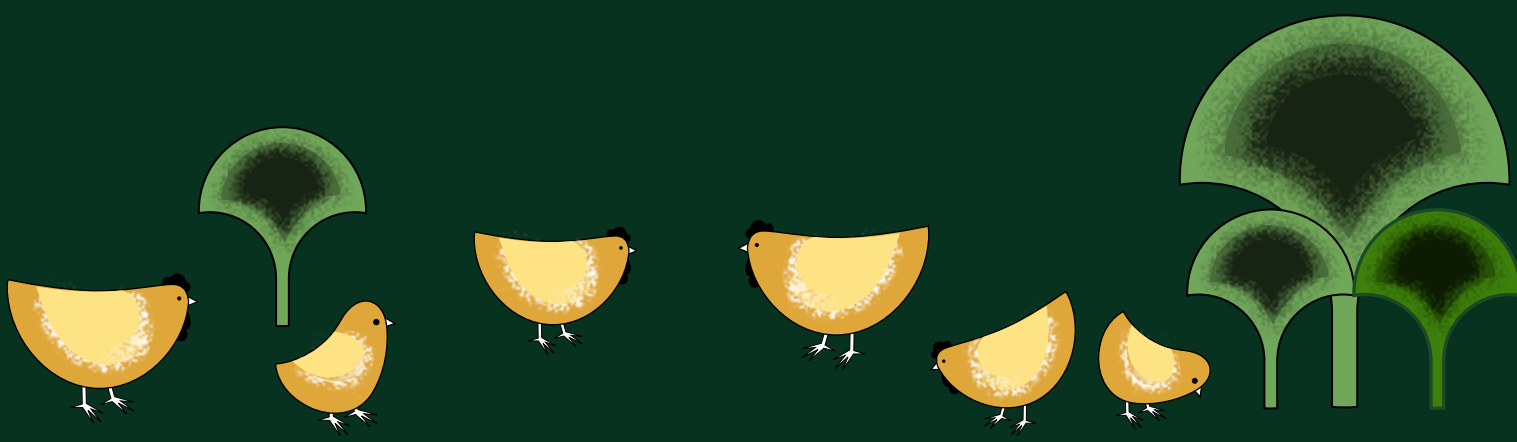

Operating Environment

Global Economic Landscape: Moderating Growth Amid Continued Uncertainty

The global economy in FY2025/26 continued its gradual stabilisation following the disruptions of recent years, although growth remained uneven across regions. According to the International Monetary Fund, global GDP growth is estimated at approximately 3.2% in 2025, supported by resilient activity in emerging markets, before moderating slightly to 3.1% in 2026[1].

Despite this relative stability, the global environment remained characterised by persistent inflationary pressures, elevated interest rates, and geopolitical uncertainty, all of which continued to influence commodity markets, trade flows, and capital availability.

For food producers, these conditions translated into continued volatility in energy prices, logistics costs, and key agricultural inputs, particularly feed commodities such as maize and soybean meal. These factors remain critical cost drivers for poultry producers globally and directly influence production economics and pricing dynamics.

Global Poultry Industry: Growth Supported by Affordability, Shaped by Efficiency and Risk

The global poultry industry continued to expand during FY2025/26, supported by strong demand for affordable animal protein. The OECD-FAO Agricultural Outlook[2] indicates that poultry remains the fastest-growing meat category globally, driven by its cost efficiency, shorter production cycles, and broad consumer acceptance.

However, the operating environment for poultry producers has become increasingly complex. Industry research highlights several key dynamics shaping the sector during the period:

- Feed cost volatility, driven by global commodity prices and climate-related supply disruptions
- Bio-security risks, particularly the continued threat of avian influenza outbreaks
- Supply-demand imbalances in certain markets due to capacity expansions
- Shifting consumer demand towards convenience, processed, and value-added poultry products
- Rising expectations around food safety, traceability, and sustainability

Producers are responding through greater vertical integration, investment in automation and processing capabilities, and expansion into value-added product segments, as well as strengthening cold chain and distribution networks. These trends reinforce the importance of efficiency, scale, and diversification as poultry producers navigate a balance between affordability, quality, and profitability.

Sri Lankan Economic Landscape: Recovery with Structural Pressures

Sri Lanka's economy continued its recovery during FY2025/26, building on the stabilisation achieved in the previous year. Real GDP growth for 2025 was estimated at approximately 5.0%, with continued expansion across agriculture, industry and services, and 4.8% growth recorded in the fourth quarter, indicating sustained momentum during the latter part of the year[3].

At the same time, the recovery remained uneven. While inflation moderated significantly compared to prior years and monetary conditions eased, household purchasing power, energy costs, and import dependence continued to influence economic activity. Looking ahead, the World Bank[4] projects growth to moderate to around 3.6% in 2026, while the Asian Development Bank[5] estimates growth of approximately 4.0%, reflecting a transition from post-crisis rebound to more stable expansion.

For consumer-driven sectors such as poultry, this environment continues to require careful balancing of pricing, affordability, and cost management, particularly given the essential role of poultry in household nutrition.

[1] *https://www.imf.org/-/media/files/publications/weo/2026/april/english/text.pdf*
[2] *https://www.oecd.org/en/publications/oecd-fao-agricultural-outlook-2025-2034_601276cd-en/full-report/meat_5462e384.html*
[3] *https://www.statistics.gov.lk/qlink/PressReleases/GDPSummaryIndicatorsQ42025_En*
[4] *https://openknowledge.worldbank.org/server/api/core/bitstreams/53001d5f-a1a4-4027-88b8-e38d94816b6c/content*
[5] *https://www.adb.org/sites/default/files/publication/1135881/ado-april-2026-highlights.pdf*

Sri Lankan Poultry Industry: Supply Expansion, Cost Pressures, and Climate Disruption

Sri Lanka's poultry industry remains a critical component of the country's food system, providing one of the most affordable sources of animal protein and contributing significantly to national nutrition. The sector entered FY2025/26 following a strong recovery phase, with chicken meat production increasing 13.1% year-on-year from 257,890MT in 2024 to 291,650MT[6] in 2025, based on provisional data published by the Department of Animal Production and Health (DAPH). This growth is supported by stronger broiler day-old chick production, which increased by 11.81% year-on-year to 206.63 million chicks in 2025.

This recovery strengthened the production base entering FY2025/26. During the year, however, market conditions evolved, with the industry experiencing periods of supply-demand imbalance, reflecting earlier expansion in production capacity and uneven demand conditions. These dynamics resulted in pricing pressure across parts of the market, requiring producers to respond through product diversification, channel expansion, and pricing strategies.

At the same time, cost pressures remained a defining feature of the operating environment. The industry continues to rely heavily on imported feed inputs, with maize and other raw materials representing a significant proportion of production costs[7]. Domestic maize supply has historically been insufficient to meet demand, necessitating imports and exposing producers to global commodity price movements and exchange rate fluctuations.

In addition to structural cost, existing taxation and levies on key inputs affected industry margins and competitiveness during FY2025/26. These factors limited pricing flexibility and placed additional strain on profitability across the sector.

The industry was also significantly impacted by extreme weather events during the 2025/26 financial year, most notably Cyclone Ditwah, which caused flooding in key production regions. This disrupted breeding operations, reduced broiler day-old chick output, and affected downstream processing and export activities. The resulting production shortfalls continued up to March 2026, leading to supply volatility and higher prices for chicken and broiler day-old chicks. This highlighted the sector's exposure to climate-related risks and the importance of resilient infrastructure and contingency planning.

Despite these challenges and disruptions, underlying demand for poultry remained relatively stable in Sri Lanka, supported by its affordability and accessibility compared to other protein sources. Industry participants increasingly focused on value-added products, operational efficiency, and diversification of sales channels to navigate the evolving environment and sustain performance.

Outlook for FY2026/27: Stabilisation with Continued Structural Challenges

Looking ahead, the operating environment for FY2026/27 is expected to remain stable but complex. Globally, poultry demand is expected to continue growing, supported by main drivers such as affordability and efficiency, although producers will remain exposed to input cost volatility, bio-security risks, and regulatory pressures.

In Sri Lanka, the industry is expected to gradually stabilise following the supply-demand imbalances experienced in FY2025/26. However, key structural challenges are likely to persist, including:

- Dependence on imported feed raw materials and depreciation of the rupee
- Exposure to taxation and policy-related cost pressures, including a significant escalation in cost arising from the increase in the Special Commodity Levy on imported maize from LKR 25/kg to LKR 50/kg, reportedly effective from 5 May 2026 to 31 December 2026
- Climate-related risks affecting agricultural and farming operations
- The need to improve export competitiveness

At the same time, opportunities remain in value-added products, market diversification, and improved productivity through integration and technology adoption. For Bairaha, the outlook reinforces the importance of optimising its integrated value chain, expanding higher-margin product segments, strengthening resilience to external shocks, and continuing to invest in efficiency, quality, and sustainability-led initiatives.

[6] *https://daph.gov.lk/files/uploads/documents/downloads/Poultry%20Bulletin%20December%202025.pdf*
[7] *https://daph.gov.lk/files/uploads/documents/downloads/Poultry%20Sector%20Forecast_2025.pdf*

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Strategic Direction

For five decades, Bairaha has played a defining role in making poultry protein accessible and affordable to Sri Lankan households. What began as a commitment to bring quality chicken within reach of the average consumer has evolved into a fully integrated operation that supports national food security, rural livelihoods, and consistent access to nutrition.

The Company's strategy continues to be guided by this purpose. It is not only focused on growth, but on strengthening a value chain that delivers high quality, reliable, and affordable protein to the country, while generating sustainable returns for shareholders and supporting the wider ecosystem of farmers, employees, suppliers, customers, and communities connected to its operations.

The operating environment in FY2025/26 remained challenging. The poultry industry continued to face cost pressures driven by taxation and input costs, alongside reduced consumer purchasing power. Market conditions also reflected supply-demand imbalances, while the impact of cyclone Ditwah created disruptions across parts of the value chain.

In response to these conditions, Bairaha has defined six strategic priorities to guide its next phase of growth:

1. Strategic Priority 01: Optimising the integrated value chain
2. Strategic Priority 02: Scaling chicken meat and value-added production
3. Strategic Priority 03: Diversifying revenue through new ventures, markets, channels and exports
4. Strategic Priority 04: Reinforcing trust through quality and food safety
5. Strategic Priority 05: Advancing circular and sustainability-led growth
6. Strategic Priority 06: Building people and organisational capability

These priorities are informed by the Company's material matters and reflect where management is directing capital, capability, and operational focus to support long-term value creation. Progress against these priorities is monitored through ongoing management oversight and operational performance reviews, ensuring continued alignment with material matters, emerging risks, and long-term value creation.

Strategic Priority 01: Optimising the integrated value chain

Objective

To improve efficiency, capacity utilisation, quality control, and resilience across Bairaha's vertically integrated value chain, from feed milling, breeding, farming to processing, value addition, cold storage, distribution, and sales.

Strategic Focus

Bairaha's vertically integrated model remains one of its most important competitive advantages. It enables the Company to maintain control over quality, traceability, bio-security, and cost efficiency across the production cycle. In a market affected by price pressures, uneven competition from grey-market operators, and supply disruptions, this level of operational control is central to protecting both business performance and customer trust.

Key Actions

During the year, Bairaha continued to improve several points across its value chain. Improved genetics were introduced at the breeding level, with productivity benefits expected from the fourth quarter of FY2026/27. Hatchery operations were refined through process improvements and adjustments to working patterns, while plans for a new hatchery facility continued to progress.

Within farming and processing, the Company completed major facility upgrades and commissioned the new 500 MT cold storage facility, greatly improving storage capacity and supporting better inventory management through the USD 1 Mn. investment. Construction of the new broiler farm in the Kurunegala District also progressed, supporting the expansion of company-owned production capacity. Despite these improvements, production during the year in review was impacted by Cyclone Ditwah, which affected breeder farm operations and resulted in a reduction in broiler day-old chick production by approximately 8% compared to the previous year.

A defining feature of Bairaha's operating model is its disciplined "all-in, all-out" production approach. Under this system, flocks are managed in controlled cycles without mixing age groups, allowing facilities to be reset between batches. This supports stronger bio-security, reduces disease risk, improves consistency in production outcomes, and contributes towards better animal welfare standards beyond company-owned farms to the out-grower network, where technical support, farm-level monitoring, and guidance on best practices help maintain production standards while supporting rural livelihoods across the supply chain.

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Distribution operations were also rationalised to improve efficiency, enabling the Company to maintain and expand sales volumes in diverse markets and SKUs with more effective use of resources.

What's Next

Bairaha will continue to invest in its vertically integrated value chain through the planned new hatchery facility, expansion of company-owned broiler farming and value-added meat production, increased automation, and further process improvements across operations.

Material Topics Linked

- Manufacturing capabilities and capacity adequacy
- Supply chain management and ethical sourcing
- Responsible production, food safety and quality assurance
- Animal welfare and ethical farming practices
- Financial health and performance
- Bio-security management and disease outbreak prevention

Strategic Priority 02: Scaling chicken meat and value-added production

Objective

To increase production scale while expanding the share of revenue stream from value-added products, improving margin resilience and strengthening Bairaha's market position.

Strategic Focus

Over the years, and particularly in the recent past industry and market conditions have amply demonstrated that a commodity like poultry meat of its volatile nature and price instability. Expanding value-added products allows Bairaha to reduce reliance on commodity-driven cycles, improve margins, and respond to changing consumer preferences. At the same time, affordability remains central to the Company's role in supporting national nutrition through the availability of quality protein at an affordable price.

Key Actions

During FY2025/26, Bairaha adopted a balanced approach to volume, affordability, and product mix. The Company promoted affordable pack sizes, including family packs, smaller portion sizes, catering sausage packs, and mini sausage packs, helping consumers manage household budgets while continuing to access branded poultry products.

The value-added business also recorded strong progress, with improved sales supported by process improvements and expanded production capability. Production and sales volumes in the value-added meat segment increased significantly by 28% during the year compared to FY2024/25, highlighting the growing importance of this segment to overall performance.

The Company also expanded live bird sales to serve a growing market segment with improved flexibility and agility in responding to dynamic demand conditions. Overall chicken production volumes increased by 4% during the year, supported by improved farm productivity despite external disruptions and impact from Cyclone Ditwah.

What's Next

Bairaha will continue to expand value-added production capacity, invest in product development, and finalise plans for a new food production facility over the medium term.

Material Topics Linked

- Financial health and performance
- Innovation, digitisation and digital transformation
- Responsible production, food safety and quality assurance
- Optimisation of distribution channels and market reach
- Manufacturing capabilities and capacity adequacy

Strategic Priority 03: Diversifying revenue through new ventures and exports

Objective

To reduce over dependence on main products alone by seeking to develop complementary revenue streams and expand exports

Strategic Focus

Diversification is important to long-term resilience. It enables Bairaha to access new markets, broaden its revenue base, and use its integrated capabilities more effectively across food and related activities.

Key Actions

Global Reach Foods Pvt Ltd was established as a dedicated export platform and commenced operations in the previous year as part of Bairaha's long-term growth strategy. In November 2025, operations were disrupted due to flooding caused by Cyclone Ditwah. The facility was significantly impacted, requiring refurbishment before production can resume, thereby delaying export expansion plans.

The Company continues to engage with relevant authorities to progress export approvals, including access to China once the required protocols are finalised. Bairaha also continued to evaluate opportunities to expand

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exports to other markets, while recognising the price competitiveness faced by Sri Lankan exporters due to levies, taxes and customs duties on key inputs.

Other diversification initiatives include expanding feed sales, widening the channel for the sale of the Care 4 Wellbeing product, and exploring new areas such as goat farming and broader food-related activities. During the latter part of Q4, the Care 4 Wellbeing product was also made available through selected outlets of a major supermarket chain in Sri Lanka to support broader market penetration. The Bairaha Chicken Café also continued to operate at its current location, while participating in selected high-footfall events to strengthen consumer engagement and visibility of Bairaha's product offering and range.

What's Next

Bairaha will focus on expanding feed sales, developing new food-related ventures, restoring and scaling export operations, and exploring longer-term opportunities for overseas production.

Material Topics Linked

- Financial health and performance
- Macroeconomic conditions and industry volatility
- Innovation, digitisation and digital transformation
- Optimisation of distribution channels and market reach

Strategic Priority 04: Reinforcing trust through quality and food safety

Objective

To protect and grow customer trust through consistent quality, traceability, food safety, and responsible production practices.

Strategic Focus

Trust is central to Bairaha's brand. In a market where informal operators and price-led competition can affect standards, Bairaha's ability to demonstrate quality, safety, and consistency is a key differentiator. This extends beyond compliance to customer health, product integrity, and confidence in the full production process.

Key Actions

The Company continued to maintain strict quality and food safety standards across its operations. Its integrated model supports traceability from farm to final product, while recognised certifications, internal controls, laboratory testing, and external audits including those undertaken by independent auditors appointed by customers, help reinforce food safety and quality assurance. These include certifications and standards such as FSSC 22000, ISO 9001:2015, ISO 22000:2018, HACCP, GMP, SLS product certification, and GSO/Halal certification, supporting confidence among both local and international customers.

Bairaha also continued to communicate its quality standards and food safety practices to customers through brand campaigns, retail engagement, public activations, and digital platforms. These initiatives help consumers better understand the care, controls, and standards behind Bairaha's products.

What's Next

Bairaha will continue to invest in quality assurance systems, traceability, monitoring capabilities, and customer communication to reinforce confidence in its products.

Material Topics Linked

- Responsible production, food safety and quality assurance
- Animal welfare and ethical farming practices
- Supply chain management and ethical sourcing
- Bio-security management and disease outbreak prevention
- Regulatory compliance and licence-to-operate risks

Strategic Priority 05: Advancing circular and sustainability-led growth

Objective

To improve resource efficiency and integrate circular practices into operations, reducing environmental impact while supporting long-term sustainability.

Strategic Focus

Responsible protein production depends on how efficiently resources are used and how waste products are managed. Sustainability is also linked to operational resilience, cost efficiency, regulatory compliance, and stakeholder trust.

Key Actions

Bairaha continued to build on its sustainability initiatives, including the use of solar energy where feasible, water recycling practices, the processing of poultry offal into animal feed ingredients, the sale of poultry by-products such as chicken feet, and environmental

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conservation initiatives such as tree planting. The Company is also considering the development of a poultry litter-to-fertiliser project, with the aim of widening the use and application of poultry litter as a substitute for imported chemical fertiliser. This supports a circular production model by reducing waste, minimising reliance on chemical fertilisers, reducing landfill pressure, and contributing to local resource efficiency. This project is expected to require an investment of LKR 100 Mn. (excluding land), with commercial operations targeted for the latter part of FY2026/27.

The Company also continues to work towards more structured environmental data and climate-related reporting, supporting future alignment with evolving disclosure requirements.

What's Next

Bairaha will progress the organic fertiliser project, continue improving energy and water efficiency, and further develop emissions and climate-related performance indicators.

Material Topics Linked

- Pollution, waste, emissions and resource efficiency
- Responsible production, food safety and quality assurance
- Community relations and local economic impact
- Regulatory compliance and licence-to-operate risks

Strategic Priority 06: Building people and organisational capability

Objective

To build a skilled, engaged, and future-ready workforce capable of supporting Bairaha's next phase of growth.

Strategic Focus

Bairaha's strategy depends on the people who operate its farms, hatcheries, factories, laboratories, distribution network, sales channels, and support functions. As the Company invests in capacity expansion, automation, quality systems, and new ventures, employee capability becomes central to productivity, safety, innovation, and service reliability.

Key Actions

During the year, Bairaha continued to support employees through salary increments, bonus payments, welfare initiatives, and improvements to the working environment. These measures contributed to sustaining a skilled, loyal workforce within a challenging operating environment, with Bairaha maintaining an overall retention rate of 98.3% among executive and higher grade employees. Facility upgrades in processing and value-added production also contributed to enhanced working conditions for a significant portion of the workforce.

The Company's recognition as a Great Place to Work reflects the strength of its workplace culture and employee engagement. Bairaha also continued initiatives that extend support beyond the workplace, including Help to Learn and scholarships for employees' children.

Training, technical capability development, and operational discipline remained important across farming, processing, quality, sales, and distribution. As the Company moves towards greater automation and new production facilities, developing the skills required for a more technology-enabled operating environment will remain a priority. For the reporting period, Bairaha recorded 5.21 average training hours per employee.

What's Next

Bairaha will continue to invest in training, workplace safety, employee engagement, leadership development, and future-ready skills to support operational growth and long-term resilience.

Material Topics Linked

- Talent management and workforce development
- Employee health and safety
- Fair compensation and non-discrimination
- Innovation, digitisation and digital transformation
- Community relations and local economic impact
- Cybersecurity, IT resilience and data privacy

Closing Statement

Bairaha's strategic direction reflects a clear understanding of its role in Sri Lanka's food ecosystem. By optimising its vertically integrated value chain, scaling higher-value products, diversifying revenue, reinforcing quality and food safety, advancing circular practices, and investing in its people, the Company is positioning itself for resilient growth.

At its core, this strategy remains connected to Bairaha's founding purpose: to provide affordable, high-quality protein to Sri Lankan households while creating long-term value for shareholders and the wider national economy.

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The 1990s: From Family Enterprise to Public Trust

The 1990s marked Bairaha's transition from a pioneering family-founded enterprise into a publicly listed company. In 1994, Bairaha Farms PLC listed on the Colombo Stock Exchange, marking an important milestone in the Company's growth journey. On the opening day of its Initial Public Offering, the Company's shares were oversubscribed by more than 2.04 times, reflecting strong investor confidence earned through years of disciplined growth, quality focus and market leadership.

This chapter of growth for Bairaha was about building public trust. The Company's progress was no longer only a business story; it became a story shared with shareholders, employees, farmers and consumers across Sri Lanka. Furthermore, 5% of the Founder's shares were gifted to employees under the ESOP prior to the IPO, reflecting a culture of shared ownership and appreciation.

03

Stakeholders and Materiality

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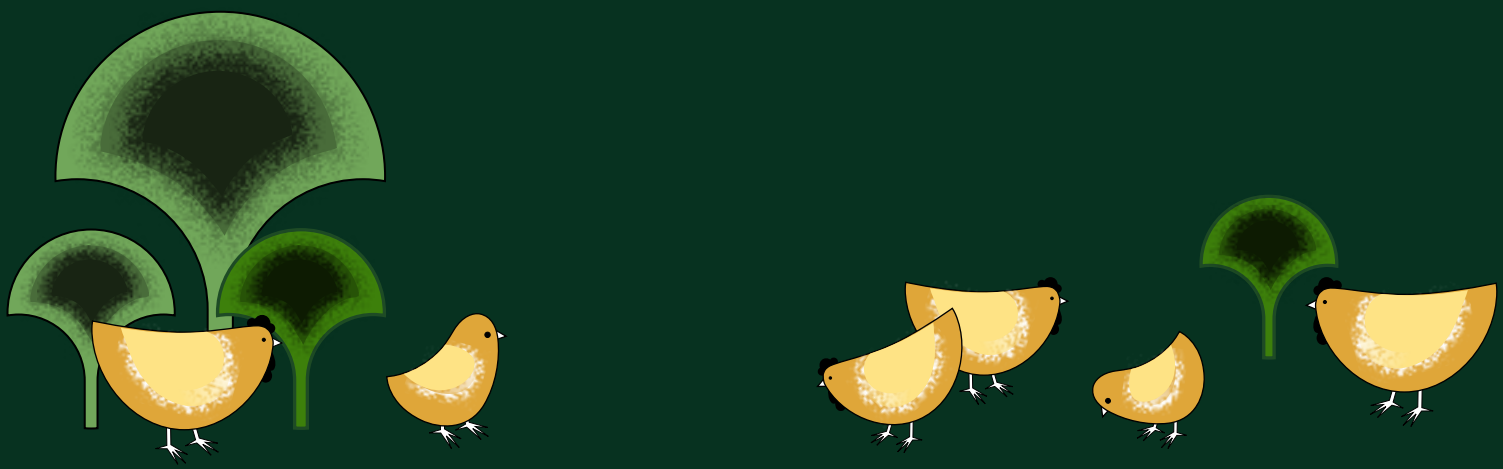


Stakeholder Engagement

50 Years of Building Enduring Relationships

For over five decades, Bairaha has built its business on strong, enduring relationships across its value chain. From farmers and employees to customers, regulators, and communities, these relationships have supported the Company's growth, resilience, and position as a trusted provider of poultry products in Sri Lanka.

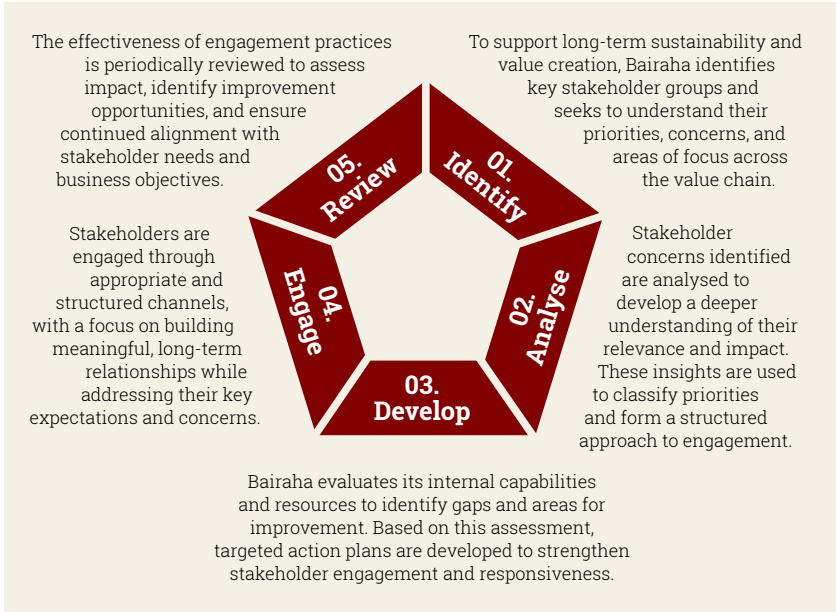
As Bairaha forges ahead beyond 50 years of being the nation's choice, stakeholder engagement continues to be embedded in the way the business operates. It is not treated as a periodic exercise, but as an ongoing process that enables the Company to remain responsive to evolving expectations, particularly during periods of industry volatility and economic change. This ongoing engagement also serves as a key input into the Group's materiality assessment process, ensuring that stakeholder perspectives are systematically integrated with internal risk evaluation and strategic planning.

Bairaha identifies its stakeholders based on their influence on the business and their exposure to its economic, environmental, and social factors, ensuring that engagement remains focused on those most relevant to long-term value creation. The purpose of this engagement is to understand stakeholder expectations, identify emerging concerns, and ensure that business decisions remain responsive to the needs of those who influence, and are impacted by Bairaha's operations.

During FY2025/26, engagement took on added importance as the Company navigated a more complex operating environment shaped by supply-demand imbalances, taxation related issues, volatility in commodity prices, and climate-related disruptions such as Cyclone Ditwah. These conditions influenced stakeholder expectations and reinforced the need for transparent communication, operational responsiveness, and sustained trust.

Stakeholder Engagement Approach

Bairaha follows a structured approach to stakeholder engagement and materiality, ensuring that stakeholder insights are systematically captured and reflected in decision-making. This approach is based on a five-step process, as shown below:



This process ensures that stakeholder engagement is directly linked to the identification of material matters and, in turn, to the Company's strategic priorities and operational focus. Insights generated through this process are further integrated with the Group's enterprise risk management framework and strategic planning process, to support the identification and prioritisation of material matters.

The key concerns identified through stakeholder engagement directly inform the Group's material matters, with strong alignment observed between stakeholder priorities, principal risks, and strategic focus areas.

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Key Stakeholders, Engagement and Response (FY2025/26)

Stakeholder	Key Concerns in FY2025/26	How Bairaha Engages (Frequency)	How Bairaha Responded	Link to Strategic Priorities
Shareholders and Investors	• Margin pressures due to market conditions • Dividend expectations • Capital discipline	• Annual General Meeting – annual • Financial reporting – interim and annual • Circulars and Announcements through CSE – as required • Investor communication – as required with channels made available through dedicated webpage, phone number and email	• Maintained dividend payments • Undertook a share split, at the rate of 5 shares for every share held • Strengthened pricing strategies and product mix • Focused on margin improvement through growth in value-added Meat products and cost discipline	• **Strategic Priority 02**: Scaling Chicken Meat and Value-Added Meat Production • **Strategic Priority 03**: Diversifying Revenue through New Ventures and Exports
Customers and Consumers	• Affordability • Price sensitivity • Consistent product availability • Food safety and quality	• Physical retail engagement – ongoing • Website/chat/e-commerce platforms – on going • Customer support hotline – ongoing • Marketing and digital/social media platforms – ongoing	• Introduced smaller pack sizes to improve affordability • Expanded value-added meat product range • Ensured continuity of supply • Maintained strict food safety standards	• **Strategic Priority 02**: Scaling Chicken Meat and Value-Added Meat Production • **Strategic Priority 04**: Reinforcing Trust through Quality and Food Safety
Employees	• Compensation • Job security • Working conditions • Career development	• Internal communication – ongoing • Grievance and complaint handling mechanisms (including anonymous channels) – ongoing • Performance reviews – annual • Training programmes – periodic/as required • Employee surveys – as required	• Provided salary increments and bonuses • Working conditions and facilities were further improved • Strengthened employee engagement • Augmented employee voice	• **Strategic Priority 06**: Building People and Organisational Capability
Out-growers and Suppliers	• Input cost pressures • Price stability • Technical support • Demand Certainty	• Field visits and technical support – ongoing • Supplier engagement – periodic • Audits and compliance checks – periodic/ad hoc	• Continued technical and operational support • Nurtured and strengthened procurement relationships • Ensured continuity across the integrated supply chain despite cost pressures	• **Strategic Priority 01**: Optimising the Integrated Value Chain
Government and Regulators	• Taxation • Import controls • Food safety compliance • Industry pricing	• Regulatory reporting – ongoing • Inspections – periodic/ad hoc • Industry engagement – as required	• Maintained regulatory and quality compliance • Maintained SOPs, employee training and internal audits to support regulatory and quality compliance • Continuous engagement with authorities on industry constraints • Adapted operations to evolving regulatory and taxation requirements	• **Strategic Priority 03**: Diversifying Revenue through New Ventures and Exports • **Strategic Priority 05**: Advancing Circular and Sustainability-led Growth
Communities	• Employment opportunities • Community development • Responsible operations	• CSR initiatives – periodic • Community outreach – ongoing • Partnerships – as required	• Continued community development initiatives • Supported education, sports and local programmes • Contributed to regional economic activity through employment and operations	• **Strategic Priority 05**: Advancing Circular and Sustainability-led Growth • **Strategic Priority 06**: Building People and Organisational Capability

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How Stakeholder Engagement Informs the Business

Stakeholder engagement plays a direct role in shaping Bairaha's operational and strategic decisions. During FY2025/26, stakeholder feedback resulted in clear and measurable responses:

- Customer demand for affordability led to the introduction of smaller pack sizes and expanded value-added offerings, enabling the Company to maintain accessibility while protecting margins
- Industry-wide taxation and cost pressures reinforced the need to diversify revenue streams and improve operational efficiency, reflected in the Company's focus on value-added meat production, widening sales channels and exports
- Employee expectations around compensation and working conditions resulted in salary increments, bonuses, and facility improvements, supporting workforce satisfaction, stability and productivity
- Engagement with out-growers and suppliers ensured continuity of supply and operational stability, despite input cost volatility and other unexpected supply chain disruptions
- Regulatory engagement influenced compliance strategies and operational adjustments, particularly in response to evolving taxation and import regulations

These outcomes demonstrate how stakeholder engagement is not only informative, but action-oriented, directly shaping how Bairaha responds to its operating environment and delivers on its strategic priorities. These outcomes also determine the identification and validation of material matters, ensuring that stakeholder-driven insights are reflected in the Group's risk prioritisation and long-term value creation strategy.

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Material Matters

Defining What Matters Most

Bairaha Farms PLC recognises that the effective identification and management of material matters is critical to sustaining long-term value creation, operational resilience, and stakeholder confidence. Material matters are defined as issues that have the potential to significantly influence the Group's performance, continuity of operations, financial outcomes, and its relationships with key stakeholders across the value chain.

Bairaha's material matters are determined through an integrated assessment that draws on strategic priorities, operating conditions, stakeholder expectations, and enterprise risk management outcomes. This ensures that disclosed material matters are closely aligned with how the business is managed in practice.

The Group continued to build on its prior year's materiality assessment, increasing the number of materiality topics from 13 to 16 during the reporting period, reflecting the Group's evolving risk landscape and increasing focus on operational resilience and governance. These include bio-security management and disease outbreak prevention, cybersecurity, IT resilience and data privacy, and regulatory compliance and licence-to-operate risks.

Approach to Materiality

Bairaha follows a structured and continuous process to identify and assess its material matters, integrating stakeholder engagement with internal evaluation and developments in the operating environment. To enhance decision usefulness and relevance, Bairaha complements stakeholder engagement with insights from its enterprise risk management framework. Priority risks are assessed based on impact and likelihood, and those rated high or medium are treated as principal risks requiring focused management attention.

Material matters are therefore selected where there is a strong convergence between:

- Risk exposure (impact and likelihood)
- Strategic significance to the business
- Stakeholder importance and expectations

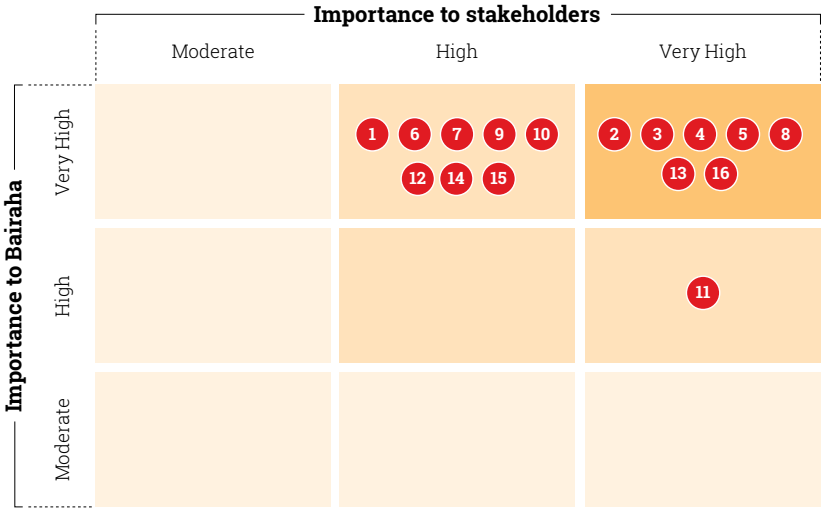
This integrated approach ensures that both downside risks and value-enhancing opportunities are captured.

Bairaha applies a structured materiality assessment methodology using a two-dimensional weighted scoring matrix, consistent with GRI 3: Material Topics 2021. Each potential topic is evaluated based on:

- Importance to Bairaha (reflecting impact on financial performance, operations, and strategic priorities), and
- Importance to Stakeholders (reflecting the level of concern and relevance to key stakeholder groups).

Scores are assigned across both dimensions and weighted to reflect their relative significance. Topics meeting the defined materiality threshold are confirmed as material matters. The results are validated through internal management review to ensure alignment with the Group's strategic priorities, risk profile, and operating context.

The final output of this assessment is presented through a materiality matrix, which plots each topic based on its relative importance to Bairaha (Y-axis) and importance to stakeholders (X-axis). Topics positioned within the high to very high quadrant are prioritised for disclosure and strategic action.



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Material Matters in FY2025/26 Context

The relative importance of Bairaha's material matters during FY2025/26 was shaped by the evolving operating environment.

- Industry-wide supply-demand imbalances and taxation pressures increased the importance of financial performance, securing production, cost management, and supply chain resilience
- Customer price sensitivity reinforced the need for affordability, product innovation, and efficient distribution
- Disruptions caused by Cyclone Ditwah highlighted climate-related risks and the importance of operational resilience and in securing production
- Employee expectations and workforce stability emphasised the importance of human capital and workplace conditions

These dynamics ensured that material matters remained closely aligned with real-world conditions, rather than being treated as static disclosures. The positioning of topics within the materiality matrix reflects the outcome of this scoring process and highlights the relative prioritisation of material matters during the year.

Bairaha's Material Matters

Each material matter corresponds to key disclosure areas within the GRI Standards, providing a structured basis for reporting on the Company's most significant impacts. While the topics are presented as stand-alone areas, they are supported by underlying GRI disclosures, which are addressed across relevant sections of this report. The material topics presented below reflect continuity with the prior reporting period, with selected refinements and the inclusion of new topics to address emerging risks and evolving business priorities.

Material Matter	Definition	Relevance in FY2025/26	Strategic Alignment	GRI Standards
01. Employee health and safety	Safe working conditions across operations	Critical for operational continuity across farms, factories, and distribution, particularly in a labour-intensive production environment	**Strategic Priority 06:** Building People and Organisational Capability	GRI 403: Occupational Health and Safety
02. Macroeconomic conditions and industry volatility	External economic conditions affecting demand, cost structures, and industry dynamics	Taxation, input cost pressures, reduced purchasing power, and market imbalances significantly influenced industry performance during the year	**Strategic Priority 03:** Diversifying Revenue through New Ventures and Exports	GRI 201: Economic Performance
03. Fair compensation and non-discrimination	Equitable, fair, and inclusive employment practices	Employee expectations around compensation, bonuses, and working conditions remained a key focus during a challenging year	**Strategic Priority 06:** Building People and Organisational Capability	GRI 401: Employment GRI 405: Diversity and Equal Opportunity
04. Financial health and performance	Sustaining profitability, cash flow, and financial resilience	Margin pressure due to industry oversupply and taxation, partially offset by improved pricing in Q4 and growth in value-added production	**Strategic Priority 01:** Optimising the Integrated Value Chain **Strategic Priority 02:** Scaling Chicken Meat and Value-Added Meat Production **Strategic Priority 03:** Diversifying Revenue through New Ventures and Exports	GRI 201: Economic Performance

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Material Matter	Definition	Relevance in FY2025/26	Strategic Alignment	GRI Standards
05. Responsible production, food safety and quality assurance	Ensuring safe, traceable, and high-quality products	Maintaining consumer trust in a price-sensitive and competitive market environment	**Strategic Priority 01:** Optimising the Integrated Value Chain **Strategic Priority 02:** Scaling Chicken Meat and Value-Added Meat Production **Strategic Priority 04:** Reinforcing Trust through Quality and Food Safety **Strategic Priority 05:** Advancing Circular and Sustainability-led Growth	GRI 416: Customer Health and Safety
06. Supply chain management and ethical sourcing	Reliability and responsibility across sourcing and supply chain operations	Feed cost volatility and dependence on imports impacting cost structure and supply stability	**Strategic Priority 01:** Optimising the Integrated Value Chain **Strategic Priority 04:** Reinforcing Trust through Quality and Food Safety	GRI 414: Supplier Social Assessment GRI 417: Marketing and Labelling
07. Optimisation of distribution channels and market reach	Efficient delivery and market access	Need to maintain availability and improve efficiency amid demand fluctuations and market volatility	**Strategic Priority 02:** Scaling Chicken Meat and Value-Added Meat Production **Strategic Priority 03:** Diversifying Revenue through New Ventures and Exports	GRI 203: Indirect Economic Impacts
08. Pollution, waste, emissions and resource efficiency	Waste management and environmental impact control	Increased focus on reducing landfill and supporting circular initiatives such as organic fertiliser	**Strategic Priority 05:** Advancing Circular and Sustainability-led Growth	GRI 301: Materials GRI 302: Energy GRI 303: Water and Effluents GRI 305: Emissions GRI 306: Waste
09. Innovation, digitisation and digital transformation	Product innovation and process improvement	Growth in value-added segment supporting margin resilience and diversification	**Strategic Priority 02:** Scaling Chicken Meat and Value-Added Meat Production **Strategic Priority 03:** Diversifying Revenue through New Ventures and Exports **Strategic Priority 06:** Building People and Organisational Capability	GRI 203: Indirect Economic Impacts
10. Talent management and workforce development	Workforce capability and development	Importance of retaining and developing employees in a challenging operating environment	**Strategic Priority 06:** Building People and Organisational Capability	GRI 401: Employment GRI 402: Labour/ Management Relations GRI 404: Training and Education
11. Community relations and local economic impact	Engagement with and contribution to communities	Maintaining social licence to operate through employment, outreach, and development initiatives	**Strategic Priority 05:** Advancing Circular and Sustainability-led Growth **Strategic Priority 06:** Building People and Organisational Capability	GRI 413: Local Communities
12. Manufacturing capabilities and capacity adequacy	Efficiency and reliability of production operations	Need to optimise capacity utilisation and improve productivity across farming and processing	**Strategic Priority 01:** Optimising the Integrated Value Chain **Strategic Priority 02:** Scaling Chicken Meat and Value-Added Meat Production	GRI 203: Indirect Economic Impacts

Material Matters

Material Matter	Definition	Relevance in FY2025/26	Strategic Alignment	GRI Standards
13. Animal welfare and ethical farming practices	Responsible treatment of animals	Direct link to product quality, compliance, and stakeholder expectations	**Strategic Priority 01:** Optimising the Integrated Value Chain **Strategic Priority 04:** Reinforcing Trust through Quality and Food Safety	GRI 416 Customer Health and Safety
14. Bio-security management and disease outbreak prevention	Prevention and control of disease outbreaks across poultry operations	Increasing industry exposure to disease risk impacting supply continuity and food safety	**Strategic Priority 01:** Optimising the Integrated Value Chain **Strategic Priority 04:** Reinforcing Trust through Quality and Food Safety	GRI 416 Customer Health and Safety
15. Cybersecurity, IT resilience and data privacy	Protection of digital systems and customer/ business data	Increasing reliance on digital systems and the growing risk of cyber disruption	**Strategic Priority 06:** Building People and Organisational Capability	GRI 418 Customer Privacy
16. Regulatory compliance and licence-to-operate risks	Compliance with laws, regulations, and industry standards	Increasing regulatory scrutiny and taxation environment	**Strategic Priority 04:** Reinforcing Trust through Quality and Food Safety **Strategic Priority 05:** Advancing Circular and Sustainability-led Growth	GRI 419 Socioeconomic Compliance

The material matters identified reflect both continuity with prior reporting and the inclusion of new and emerging priorities, particularly in relation to bio-security risks, digital resilience, and regulatory compliance. These additions reflect the Group's evolving risk profile and the increasing importance of operational resilience and governance in a complex operating environment.

Strategic Alignment

As demonstrated in the table above, Bairaha's material matters directly inform its strategic priorities, ensuring that key risks, impacts, and opportunities are addressed through targeted actions. This alignment enables the Company to:

- Respond effectively to stakeholder expectations
- Manage operational and environmental risks
- Prioritise areas of investment and improvement
- Support long-term value creation

This alignment also ensures consistency between the Group's material matters, principal risks, and strategic priorities, reinforcing an integrated approach to managing performance and sustainability.

Material matters therefore serve as a critical link between stakeholder engagement and strategic execution, supporting a cohesive and integrated approach to managing the business. The consideration of material matters also supports Bairaha's evolving sustainability-related disclosures by helping identify the risks, opportunities, dependencies, and stakeholder relationships that may influence long-term value creation.





The 2000s:

Standards, Partnerships and a Wider Horizon

The 2000s strengthened Bairaha's foundations in quality, governance and technical excellence. In 2001, the Company's Annual Report received recognition at the Annual Report Competition organised by the Institute of Chartered Accountants of Sri Lanka, while the Group was awarded ISO 9002 and HACCP food safety certifications. These milestones reflected Bairaha's commitment to raising standards not only in production, but also in accountability and reporting.

In 2004, Bairaha entered a significant joint venture with Hybro BV of the Netherlands to establish a Grandparent Broiler Breeder Farm project in Sri Lanka. Through Fortune G-P Farms (Lanka) Ltd., the Group imported its first shipment of Grandparent Chicks, helping localise parent broiler breeder chick production and strengthen national poultry capability.

This decade showed Bairaha's ability to combine Sri Lankan commitment with international expertise, building a stronger industry for the future.

04

Our Integrated Value Chain

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54 Upstream: Securing the Foundation of Supply

58 Midstream: Converting Production into Quality, Efficiency and Market Supply

63 Downstream: Delivering Value from Market to Home

66 Key Enabling Capabilities Across the Value Chain



From Farm to Home

For five decades, Bairaha has played a defining role in Sri Lanka's poultry sector by building a fully vertically integrated value chain that connects breeding, hatchery operations, feed milling, farming, processing, cold storage, distribution, exports, and customer access.

This integrated model gives the Group greater control over the entire spectrum, from upstream breeding and feed to downstream retail, value-added products, exports, and direct customer channels.

With Bairaha completing "50 Years of Excellence", the value chain represents more than an operating structure. It is the route through which the Group creates value for shareholders, employees, farmers, out-growers, suppliers, distributors, customers, regulators, communities, and the wider food ecosystem. Every stage of the journey, from farm to home, contributes to food security, rural livelihoods, employment, product quality, affordability, innovation, export development, and long-term business continuity.

Key Challenges faced in FY2025/26	Bairaha Response
• Cost pressures linked to inputs for feed manufacturing and supply chain constraints • Market pricing dynamics and pressure on consumer affordability • Climate-related disruption from Cyclone Ditwah • Disruption across parts of the breeding, production, processing and export value chain • Recovery period required to restore operational stability	• Strengthened operational discipline across the integrated value chain • Genetically improved breeding chicks supplied by Principal, with disciplined farm practices • Expanded processing capacity utilisation • Grew value-added products range and widened market reach • Increased digital engagement and continued focus on exports • Commissioned a new 500 MT cold storage facility to strengthen cold chain resilience

This section brings together Bairaha's value creation narrative and the management discussion and analysis of the business through an integrated value chain lens, reflecting the Group's fully vertically integrated business. Building on the Group's previous capital-based reporting approach, it presents a more connected view of the journey from "Farm to Home" showing how each stage of the business operates, how it performed during the reporting year, and how value was created across upstream, midstream, downstream, powered by a range of enabling capabilities.

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FY2025/26 Snapshots of Progress:

Bairaha Wins NCE Gold, Elevating Sri Lanka's Poultry Exports

During FY2025/26, Bairaha Farms PLC was recognised with the Gold Award in the Poultry and Livestock Products Sector, Medium Category, at the 33rd Annual Export Awards organised by the National Chamber of Exporters of Sri Lanka. The recognition marked a significant achievement in Bairaha's export journey and a progression from the previous year, when the Company received the Silver Award in the same sector and category.

The NCE Export Awards are one of Sri Lanka's leading platforms for recognising export excellence, celebrating companies that contribute to the country's export performance, market development and international competitiveness.

Bairaha's Gold Award reflects the Company's export performance in 2025, supported by growth in value-added exports, an expanded premium product range, rigorous quality assurance processes and compliance with regulatory standards. The Company recorded a 25% year-on-year increase in export volumes in 2025 compared to 2024, reinforcing the progress made in strengthening its international market presence.

For Bairaha, export development is closely connected to the strength of its integrated operating model. Quality, food safety, cold chain integrity, traceability and product consistency are managed across the value chain, from breeding and broiler farming to processing, storage and export fulfilment. This discipline is particularly important in international markets, where regulatory compliance, quality system documentation and compliance, reliability and customer confidence are critical to long-term relationships.

The award also reflects the growing importance of value addition in Bairaha's export strategy. As the Company expands its premium and specialised product range, export growth is increasingly linked to product innovation, quality assurance and the ability to meet differentiated market requirements. This aligns with Bairaha's broader ambition to position Sri Lankan poultry products more competitively in global markets.

Coming in Bairaha's 50th year, the NCE Gold Award is a meaningful recognition of the Company's journey from a pioneer in Sri Lanka's poultry sector to a trusted contributor to the country's export economy. It reinforces the Company's role in carrying Sri Lankan products with quality standards, food safety and value-added capability to international customers.

Value created

- Strengthened Bairaha's export positioning in the poultry and livestock products sector.
- Progressed from Silver to Gold at the NCE Annual Export Awards.
- Supported by a 25% year-on-year increase in export volumes in 2025.
- Reinforced the role of value-added and premium products in export growth.
- Demonstrated the importance of quality assurance, compliance and traceability in international markets.
- Strengthened Sri Lanka's poultry export presence in Bairaha's 50th year.



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Value Creation Model

From Farm to Home

How Bairaha creates value through its fully integrated poultry value chain

WHAT SHAPES VALUE CREATION

Operating Environment

Governance Framework

INPUTS

1 People and Capability

- 1,258 employees
- 77.3% based outside the Western Province
- Skills across farms, hatcheries, processing, logistics, sales and support functions

2 Supply Ecosystem

- 243 active suppliers
- 220 local suppliers
- 23 import dependent suppliers

3 Broiler Ecosystem

- 48 contract out-growers
- 22 locations, 4 districts, 3 provinces
- LKR 243 Mn. paid to out growers

4 Integrated Assets

- Breeder farms and hatcheries
- Feed mill and premix
- Broiler farms and processing facilities
- 500 MT cold storage facility

5 Market and Systems

- 35 distributors for chicken
- 38 distributors for value added products
- Data trust, digital platforms and traceability systems.

FINANCIAL INPUTS (FY 2025/26)

- Capital Investment (CAPEX) LKR 1,230 Mn.
- Shareholder Funds/Equity LKR 6,872 Mn.

INTEGRATED VALUE CREATION PROCESS

1 Upstream

Securing the Foundation of Supply

Breeding | Hatchery | Feed | Supplier Management | Broiler Farming

- Broiler day-old chicks produced
- Technical support from foreign experts
- Feed quality improved
- Local and foreign suppliers

Breeding, hatchery operations, feed supply, supplier management and broiler farming including technical support for out growers form the base of the technical foundation of the value chain.

2 Midstream

Converting Production into Quality and Efficiency

Processing | Cold Chain

- 18,315 MT live broiler birds produced
- 11,943 processed
- 88% processing capacity utilisation
- 500 MT cold storage facility commissioned
- 84 occupational injuries and sickness
- 728 health and safety training hours

Processing cold chain and quality systems convert live production into safe, high-quality poultry products.

POWERED BY ENABLING CAPACITIES

Distribution and Logistics

Sales and Marketing

Digital Systems

OUTCOMES

Shareholders
Revenue growth, improved utilisation, stronger resilience and more diversified earnings base.

Farmers and Suppliers
Stable demand, technical support, local sourcing and rural income generation.

Employees
Safer working conditions, training productivity gains and workforce continuity

Customers
Affordable, safe protein with convenience and availability

Communities and Partners
Local economic activity, distribution linked livelihoods and inclusive innovations

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Sustainability Governance | Risk Management Framework | Strategic Direction

3 Downstream

Delivering Value from Market to Household

Employee Safety | Quality | Distribution | Retail | HORECA | Digital Orders | Exports

- LKR 7,962 Mn. processed chicken revenue
- LKR 2,033 Mn. Value-added and pre-cooked products revenue
- LKR 106 Mn. Export revenue
- 31% increase in market reach
- 26% revenue growth in the General Trade channel

Distribution, route-to-market execution, digital access, brand presence and exports connect products to households and customers.

OUTPUTS

1 Products and Services

- Processed whole chicken and portions
- Day-old chicks
- Live broiler birds
- Value-added and pre-cooked products
- Export products
- Poultry feed

2 Key Commercial Outputs

- Total revenue: LKR 15,291 Mn.
- Day-old chick revenue: LKR 2,442 Mn.
- Live broiler bird revenue: LKR 1,908 Mn.
- Value-added processing capacity utilisation from 35% to 40%
- Wider route-to-market by reach and stronger digital engagement.

Operating Systems | Food Safety | Bio-security | Cold Chain | Traceability

LONG TERM IMPACTS

- Affordable protein and national food security
- Stronger rural livelihoods
- Employment across the value chain
- Responsible protein production
- Export development and market access
- Sustainable long-term shareholder value

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Upstream: Securing the Foundation of Supply

1 CORE ACTIVITIES

Breeding and Genetics
Quality breeding programmes together with improved genetics to ensure farm performance

Hatchery Operations
Efficient incubation and day-old chick production with focus on quality

Feed and Raw Material Management
Quality feed formulation and proper storage of raw materials

Supplier and Out-grower Ecosystem
Strong supplier relationships and technical support to out-growers

Backward Integration
Integrated breeder, hatchery and feed operations ensure traceability and control

2 KEY CHALLENGES

Environmental Disruption
Cyclone Ditwah disrupted breeder operations and impacted chick output

Input Cost Volatility
Fluctuations in maize and soybean prices and exchange rate fluctuations

Supply and Procurement Risks
Balancing quality, cost and continuity amid import dependence

Production Stability
Maintaining flock health and consistent supply across the value chain

3 MANAGEMENT RESPONSE

Improved Genetics
Introduced improved breeder genetics and enhanced technical engagement

Technical Collaboration
Workshops and knowledge sharing to improve flock management and nutrition

Feed Quality Enhancements
Better storage, handling and expanded corn storage and drying

Supplier Governance
Supplier scorecards and continuous quality and delivery monitoring

Out-grower Support
Technical supervision, veterinary support and lab testing

Operational Refinements
Process improvements to enhance efficiency and productivity

POWERED BY VERTICAL INTEGRATION

Suppliers → Feed → Breeding → Hatchery → Farms → Processing → Distributors and retailers

- Reduced reliance on external supply
- Better alignment of feed and production
- Improved quality consistency
- Greater operational visibility
- Stronger traceability across the chain

VALUE CREATED

FOR BAIRAHA
- Improved supply stability
- Better cost discipline
- Stronger production planning
- Enhanced resilience

FOR OUT-GROWERS AND SUPPLIERS
- Improved supply stability
- Better cost discipline
- Stronger production planning
- Enhanced resilience

FOR CUSTOMERS
- Consistent product quality
- Reliable supply
- Affordability

FOR SRI LANKA
- Rural livelihoods
- Local sourcing and strengthening agriculture sector
- Contribution to food security

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FY2025/26 Snapshot

Feed cost remained relatively stable, supported by **improved feed quality**

243 active suppliers, including **220 local suppliers** and **23 import-dependent** suppliers

48 active out-growers supplied live broiler birds

Payments to out-growers amounted to **LKR 243 Mn.**

Improved genetics and **breeder-level technical engagement** were introduced to support enhanced farm performance and productivity

Role in the Value Chain

The upstream stage forms the foundation of Bairaha's fully vertically integrated poultry production system, encompassing breeding, hatchery operations, feed manufacturing, and supplier management. It is at this stage that the foundation and technical integrity of the entire value chain is established.

Activities include grandparent and parent breeder operations, broiler day-old chick production, raw materials sourcing and storage, quality management, and supplier engagement. These elements directly influence flock health, feed conversion, mortality, processing efficiency, cost structures, and ultimately the quality and affordability of finished products.

Feed remains one of the most important cost and performance drivers in poultry production. Feed quality influences growth rates, feed conversion, bird health, farm productivity, production cost, and final product affordability. The quality of the day-old chick similarly determines outcomes across the rest of the value chain, influencing flock uniformity, disease resistance, growth performance, processing efficiency, and final product quality.

Bairaha's upstream operations are supported through a combination of wholly owned entities and joint ventures. Siyane Farms Ltd. focuses on breeding for the production of broiler day-old chicks, while Hill Country Farms Ltd. also operates breeder farms and a hatchery. Fortune G-P Farms (Lanka) Ltd. operates a grandparent breeder farm and hatchery, and Fortune Agro Industries (Pvt) Ltd. supports feed production with integrated storage and drying facilities. Collectively, these capabilities support import substitution which has drastically, reduced reliance on imported broiler parent breeding chicks, and in turn has contributed to foreign exchange conservation within Sri Lanka's poultry value chain.

This structure reflects Bairaha's long-term investment in backward integration, enabling the Company to maintain control over quality, traceability, and supply consistency from the earliest stages in the production cycle.

FY2025/26 Performance

Breeding and hatchery operations remained central to sustaining supply across the value chain, although performance during the year encountered operational disruption. Compared to the previous year, hatchery output and hatchability moderated, reflecting the challenges experienced during the reporting period. Notwithstanding these pressures, day-old chick operations continued to represent an important component of Bairaha's upstream value chain, generating LKR 2,442 Mn. in revenue during FY2025/26, compared to LKR 2,284 Mn. in the previous year.

Feed cost remained relatively stable during the year, supported by improvements in feed quality. The Company worked with 243 active suppliers, up from 228 in the previous year, reflecting a continued emphasis on local sourcing and supporting SMIs and small businesses while maintaining necessary imports. The out-grower network remained an important component of production, with 48 active out-growers. Payments to out-growers amounted to LKR 243 Mn., while the production mix remained at 70% from Company-owned farms and 30% from out-growers. Further details on the out-grower model, geographic reach, farmer support, training, monitoring and supplier relationships are presented in section Our Farmers and Suppliers on page 73.

What Shaped the Performance

Performance during FY2025/26 was influenced by a combination of operational, environmental, and market related factors. Cyclone Ditwah had a direct and measurable impact on breeder farm operations during the year, disrupting production

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cycles and contributing to the decline in day-old chick production and hatchability rates. The resulting recovery period also affected operational continuity across the early stages of the value chain.

Feed and raw material dynamics also remained a key consideration. While feed cost was stabilised during the year, the sector continues to be exposed to volatility in maize and soybean inputs, global supply disruptions, exchange rate movements, and domestic agricultural constraints. Government policy also played a role in shaping outcomes, with permits to import corn during the 2025 Maha season helping to stabilise feed supply and cost. However, the broader outlook for feed input remains subject to external supply pressures and policy shifts.

Supplier dynamics also remained critical at this stage. The need to balance cost competitiveness, quality assurance, ethical practices, supply reliability, statutory compliance and import dependence continued to shape procurement decisions.

Management Response

Bairaha's response during the year focused on strengthening the technical, operational, and supply chain foundations of the business. At breeding level, the Company introduced improved genetics sourced from its principal's great grandparent breeding farm located in New Zealand, from which benefits are expected to materialise from the latter part of FY2026/27. This was complemented by technical engagement through a specialised workshop conducted in collaboration with our principal Cobb Vantress, bringing together international expertise to strengthen breeder performance, flock management, and nutrition practices. Further details are presented in the FY2025/26 Spotlight: Strengthening Poultry Performance through Global Collaboration on page 57.

Within hatchery operations, the Company implemented process refinements, working pattern adjustments, and targeted improvements to support better coordination, productivity, and quality outcomes. While overall capacity remained stable, future investment in a new state of the art facility along with more machinery to support expansion has been identified as a priority from 2026 onwards.

Feed quality was strengthened through improved storage and handling practices. The second corn storage and drying facility in the Moneragala District , including a cooling unit, enhanced the Company's ability to preserve raw material quality over a longer period and thereby helping to maintain consistency in feed quality.

Procurement and supplier management continued to be governed through a structured and disciplined framework. Suppliers are evaluated across multiple criteria including quality, service reliability, cost competitiveness, ethical practices, statutory compliance, certifications, and technical capability. Continuous monitoring through supplier scorecards, quality checks, and delivery assessments supports supply continuity and responsible procurement, with more details provided in section Our Farmers and Suppliers on page 73. Bairaha's out-grower network continued to be supported through technical assistance, veterinary services, laboratory testing, and regular farm-level supervision. Bio-security practices across Company-owned and out-grower farms are discussed in greater detail in section Food Safety, Quality, Bio-security and Animal Welfare on page 112.

Strength of Vertical Integration

Bairaha's vertically integrated model supported upstream resilience by enabling breeding, hatchery operations, feed supply, and supplier relationships to be managed in a coordinated and timely manner. During the year, this helped the Company respond to disruption, maintain quality standards and reduce exposure to external variability across the early stages of the production cycle.

Value Created

The upstream stage creates value by securing the breeding and supply which are the foundations of the entire value chain. For Bairaha, this translates into improved cost discipline, production planning, quality assurance, and operational resilience. For customers, it supports consistent availability and quality of poultry products. For out-growers and suppliers, it creates stable demand, technical support, and income generation. For the broader economy, it contributes to rural livelihoods, local procurement, and food security.

The decision made during FY2025/26 in procuring improved breeding genetics, in improving feed quality, in strengthening supplier management, and farm-level practices would further support the resilience of Bairaha's value chain. By reinforcing the upstream foundation, Bairaha enhances its ability to deliver consistent output, manage cost pressures and sustain reliable supply across downstream operations.

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FY2025/26 Snapshots of Progress:

Advancing Poultry Performance Through Global Collaboration

During FY2025/26, Fortune G-P Farms (Lanka) Ltd., a joint venture between Bairaha Farms PLC and the Crysbro Group, conducted a two-day technical workshop in collaboration with global breeding leader Cobb Vantress. The programme reinforced Bairaha's commitment to strengthening measurable production standards, technical capability and performance discipline across Sri Lanka's poultry value chain.

The workshop brought together technical specialists from Cobb Vantress operations in the Philippines, Thailand and Indonesia, providing local teams and industry participants with access to international expertise in broiler parent breeding management and operations. Key areas covered included improving flock performance through better flock management and nutrition, which are critical to improving productivity, cost efficiency, breeder performance and broiler day-old chick production.

The first day of the programme was conducted for the management and technical teams of Fortune G-P Farms (Lanka) Ltd., Bairaha Farms PLC and the Crysbro Group. The second day was dedicated to existing and prospective customers of Cobb broiler parent breeder chicks and poultry consultants, creating a wider industry platform for knowledge exchange and technical discussion.

Conducted in an interactive format, the sessions enabled participants to discuss operational challenges and benchmark local practices against global standards. This reinforced the importance of measurable performance management within the sector, particularly at a time when producers are managing input cost pressures while ensuring consistent protein supply to the market.

Through this collaboration, Bairaha continued to support improved productivity, stronger bio-security standards and greater supply consistency across the value chain, reinforcing the upstream foundation of its Farm to Home journey.

Value created

- Strengthened breeder-level technical capability.
- Access to global expertise and performance benchmarking.
- Improved focus on flock performance, flock management and nutrition.
- Support for productivity, cost efficiency and supply consistency.
- Wider industry knowledge sharing through participation of customers and poultry consultants.
- Stronger upstream foundation for broiler day-old chick production and long-term poultry sector resilience.



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Midstream: Converting Production into Quality, Efficiency and Market Supply

Converting birds from our own farms and out grower into safe, nutritious and convenient chicken products through efficient processing, chilling and freezing operations, ensuring consistent quality and delivering value across domestic and export markets.

1 CORE ACTIVITIES

Broiler farming
Raising broilers in our own farms and contract farms to the optimal live weight with strong focus on bio-security, feed efficiency, and with acceptable animal welfare practices

Chicken Processing
Processing, dressing and evisceration using modern, hygienic and fully compliant processing facilities

Chilling and Freezing
Chilling and freezing to preserve freshness, extend shelf life and ensure year-round availability.

Value-added Products
Portioning, marination, further processing and packaging to deliver a wide range of both convenient, ready to cook and eat products

Storage and Distribution
Temperature-controlled storage and efficient distribution to retail, foodservice and export customers

2 KEY CHALLENGES

Cost Pressures
Rising costs of energy, labour, packaging and inputs impact overall margins.

Structural Factors
High taxes and levies across the poultry value chain increase costs and reduce price competitiveness.

Cold Chain Reliability
Maintaining uninterrupted cold chain across chilling, freezing, storage and transport

Demand Fluctuation
Lower disposable incomes and price sensitivity by consumers lead to demand variability and trading down.

Market Competition
Intense competition from local players puts pressure on pricing and market share

3 MANAGEMENT RESPONSE

Operational Excellence
Driving productivity, yield improvement and continuous process optimisation to reduce unit costs.

Quality and Food Safety
Strong quality systems, HACCP compliance and regular assurance to deliver safe, high-quality products.

Investments in Infrastructure
Investing in capacity and capability, including the new 500MT cold storage facility and the 28-acre farm, to enhance efficiency, resilience and future growth.

Market and Product Strategy
Expanding product portfolio, optimising channel mix and strengthening customer relationships.

Compliance and Sustainability
Upholding regulatory compliance and responsible practices across operations.

POWERED BY VERTICAL INTEGRATION

Broiler Farming → Chicken Processing → Freezing and Cold Storage → Distribution

- Adjusted production levels
- Optimised product mix
- Quality standards met
- Better management of cost pressures
- Maintained product integrity

VALUE CREATED

FOR BAIRAHA
- Improved supply stability
- Better cost discipline
- Stronger market position and brand equity
- Enhanced resilience

FOR EMPLOYEES
- Safe and healthy work environment
- Skills development and training
- Fair wages and growth opportunities

FOR CUSTOMERS
- Safe, nutritious and high-quality products
- Wide range of fresh, chilled and frozen options
- Consistent availability and reliable supply

FOR COMMUNITIES
- Local employment generation
- Support for community development initiatives Responsible and ethical business practices

FOR SRI LANKA
- Contribution to food security
- Support to export earnings
- Compliance with laws, taxes and regulations

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FY2025/26 Snapshot

Chicken and portions remained the largest revenue category at LKR 7,962 Mn.

Processing capacity utilisation improved to **88%**

New **500 MT cold storage facility** commissioned during the year

Occupational safety incidents declined from 130 to 84, while **health and safety training hours increased** from 360 to 728

Role in the Value Chain

The midstream stage represents the operational core of Bairaha's fully vertically integrated value chain, where upstream inputs are converted into safe, high-quality poultry products ready for market. It encompasses food safety controls, broiler farming, live bird collection and transport, processing, chilling and freezing, packing, cold storage, value-added manufacturing interfaces, inventory management, quality assurance, employee safety, and operational efficiency.

This stage determines the Company's ability to translate operational performance into commercial outcomes. Farm productivity, feed efficiency, mortality management, grow-out discipline, processing capability, cold chain integrity, inventory management, food safety systems, and employee capability collectively influence product availability, quality consistency, cost efficiency, profitability, and customer trust. As the largest contributor to revenue through the frozen and fresh chicken segment, midstream performance is central to Bairaha's overall business outcomes.

FY2025/26 Performance

During FY2025/26, Bairaha recorded year-on-year growth in live broiler bird volumes despite the operational challenges faced during the year. Feed conversion ratio moderated marginally, while mortality levels and average grow-out periods increased compared to the previous year, reflecting the operational pressures experienced across farming operations.

Frozen and fresh chicken and portions remained Bairaha's largest revenue category in FY2025/26, generating LKR 7,962 Mn., compared to LKR 7,732 Mn. in FY2024/25. Live broiler birds generated LKR 1,908 Mn. in revenue in FY2025/26, compared to LKR 1,206 Mn. in the previous year, reflecting the contribution of farming and live bird production to the Group's commercial performance.

Processing operations recorded strong progress during the year, supported by higher throughput levels and improved operational efficiency. Processing capacity utilisation also improved notably compared to the previous year, reflecting stronger operational discipline and enhanced utilisation of processing facilities.

What Shaped the Performance

Performance during FY2025/26 was shaped by a combination of factors including those that led to disruption, cost pressures, regulatory requirements, and shifting consumer demand. At production level, Cyclone Ditwah's impact was felt across farming operations, contributing to increased mortality, and lower productivity. Management indicated that while performance was strong prior to the event, a recovery period of at least three months was required to restore operational stability thereafter. This context is important in understanding the relationship between production volumes, farm performance, cost structure, and operational resilience.

At the same time, the commercial environment was characterised by significant pressure on affordability and disposable income. Consumers became increasingly price-sensitive, with stronger demand for affordable, value-for-money products and slower movement of premium and higher-priced SKUs. This shift affected both chicken portions and premium value-added products, requiring continuous adjustment of product mix, pack sizes, and pricing strategies.

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The pricing environment was further shaped by structural factors within the market. The retail price of chicken was influenced not only by farm production cost but also by taxation, levies, and retailer margins. A Special Commodity Levy (SCL) continued to be imposed on imported maize, a key intermediate input used in feed production, adding to the cost burden borne by compliant producers such as Bairaha. The operating environment was further complicated by competition from grey-market participants, who enjoy an advantageous position with the ability to exert downward pressure on pricing by operating outside the VAT, SSCL, food safety and regulatory compliance framework.

Management Response

Bairaha responded to the conditions experienced during FY2025/26 through a combination of operational discipline, targeted investment, productivity improvements, and market adaptation across its integrated value chain.

Farm operations continued to be strengthened through infrastructure development, technical supervision, and disciplined operational practices. The Company operates broiler farms across Company-owned, rented, and out-grower farms are supported by structured performance monitoring and technical support systems. During the year, input bird capacity was increased, while a new broiler farm is nearing completion on a 28-acre site in the Kurunegala District, with two months remaining for completion at the time of reporting.

The operating environment remained semi-automatic, balancing manual labour with mechanised and process-driven improvements. Labour productivity was supported through operational enhancements, structured workflows, employee engagement, and with incentives in the form of both financial and non-financial benefits.

Operational discipline remained central to farm performance. The all-in, all-out farming model that is practiced at Bairaha continues to improve efficiency, strengthen bio-security outcomes, and assists in breaking disease cycles, all of which are part of the company's food safety practices. At the same time this model also provides the flexibility to pause, clean, disinfect, and restart operations in a controlled manner when required. Further details on bio-security and animal welfare controls are presented in section Food Safety, Quality, Bio-security and Animal Welfare on page 112.

Processing operations were strengthened through improved efficiency, coordination, and system integration. Higher production volumes were achieved with only a limited increase in headcount, reflecting improved labour productivity and process efficiency. Downtime was reduced through preventive maintenance, while yield improvements were supported by enhanced cold room operations. Improvements in stock management through the Warehouse Management System (WMS) enabled tighter coordination between production and inventory, strengthening operational control and reducing inefficiencies.

A major operational milestone during the year was the commissioning of Bairaha's new 500 MT cold storage facility, which strengthened cold chain capacity, inventory control, traceability and product handling. Further details are presented in the FY2025/26 Spotlight: Strengthening the Cold Chain for the Next Phase of Growth on page 62. Detailed explanations on product quality, food safety, traceability, bio-security and animal welfare are presented in section Responsible Protein Production on page 103.

Production planning was also aligned with the Company's revised product and pricing priorities, including value-driven SKUs, smaller pack sizes, and premium and specialty products, which are discussed further in section Downstream on page 63.

Strength of Vertical Integration

Bairaha's vertically integrated model enabled a coordinated response to disruption, cost pressures, and shifting demand conditions. Control across farming, processing, cold storage, and distribution allowed the Company to adjust production levels, optimise product mix, manage inventory, and maintain quality standards within a single integrated system. This integration also enabled better management of cost pressures arising from SCL, input levies, and compliance requirements, while maintaining competitiveness in a market influenced by grey-market operators. Systems such as WMS equipped with QR-based traceability, combined with expanded cold chain capacity and disciplined farm management, strengthened Bairaha's ability to maintain product integrity, ensure traceability, and respond to both operational and market variability.

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Value Created

The midstream stage creates value by converting upstream production into safe, high-quality and accessible poultry products. For Bairaha, operational improvements during the year, include higher capacity utilisation, increased processing volumes, improved labour productivity, enhanced cold chain capability, stronger inventory management, and improved safety outcomes contributed to improved efficiency and product availability.

For employees, progress in safety, training and mechanisation contributed to better working conditions and productivity. Occupational safety incidents declined from 130 in FY2024/25 to 84 in FY2025/26, while lost days due to occupational injuries reduced from 480.5 to 337 days. This improvement was supported by a significant increase in health and safety training hours, doubling from 360 hours to 728 hours, demonstrating how training, awareness and process discipline contribute to workforce wellbeing, productivity and operational continuity.

Indicator (includes all employees)	FY2025/26	FY2024/25
Occupational safety incidents	84	130
Total lost workdays due to occupational injuries	337	480.5
Health and safety training hours	728	360

For customers, this supports consistent access to safe, reliable and affordable protein products, with Bairaha directly contributing towards national food security. At a broader level, the midstream stage supports employment across farms and processing facilities, strengthens food security, supports out-grower farmers, and enhances the reliability of protein supply across Sri Lanka.

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FY2025/26 Snapshots of Progress:

Strengthening the Cold Chain for the Next Phase of Growth

During FY2025/26, Bairaha commissioned its new 500-tonne cold storage facility, marking one of the most important infrastructure milestones of the year. The facility strengthens a critical point in the Group's fully vertically integrated value chain by improving product quality, stock management, operational efficiency and cold chain control.

Developed with an investment of USD 1 Mn., the state-of-the-art facility maintains a consistent temperature of -20°C, providing tighter control over storage conditions and product handling. This enhanced cold chain capability supports Bairaha's ability to minimise weight loss, improve stock rotation and ensure that products consistently meet required quality standards across local and export markets.

The facility also strengthens the Group's ability to plan and manage stock, distribution and quality with greater accuracy. As Bairaha's volumes and market reach continue to grow, this added capacity supports more disciplined inventory management, stronger distribution planning and more consistent outcomes across the supply chain.

These controls are supported by an advanced Warehouse Management System (WMS), which enables precise inventory tracking and strict application of first-in, first-out stock management. QR-based traceability has also been introduced, supporting export operations and local market segments requiring product traceability, while improving product identification, monitoring and handling across the domestic supply chain.

The facility has also been designed to support safer and more efficient working conditions. By reducing manual handling and introducing mechanised movement through reach trucks, the cold storage operation is more worker-friendly, enabling staff to carry out loading and transfer activities with greater ease, consistency and safety as volumes increase.

The new cold storage facility forms part of Bairaha's ongoing efforts to modernise and expand infrastructure facilities and strengthen operational resilience across the value chain. As the Company continues to expand its footprint and production capabilities, investments in core systems and facilities remain central to ensuring long-term consistency, efficiency and quality in the supply of our products.

Value created

- Stronger cold chain combined with adequate storage capacity is a critical point in the value chain
- Improved stock accuracy and stock rotation
- Better quality control across domestic and export markets
- Enhanced traceability through WMS and QR-based traceability
- Reduced manual handling and improved employee safety
- Stronger platform for future growth in processed chicken and value-added meat products for both local and international markets.



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Downstream: Delivering Value from Market to Home

Delivering safe, high-quality chicken products to consumers through strong brands, multiple channels and efficient distribution, while adapting to market dynamics and creating sustainable value.

1 CORE ACTIVITIES

Marketing and branding
Building strong brand equity and consumer trust through targeted marketing and consistent communication.

Chicken and value-added product sales
Offering a wide range of frozen, fresh chicken and value-added products to meet diverse consumer needs.

Distribution network management
Managing an efficient and reliable distribution network to ensure timely product availability.

Retail and HORECA channel development
Strengthening relationships and expanding reach across retail outlets and HORECA partners.

New channels and exports
Exploring new sales channels and expanding export markets to drive growth.

2 KEY CHALLENGES

Consumer affordability
Economic pressures impacting purchasing power and demand for chicken products.

Pricing dynamics
Volatile input costs and competitive pricing affecting margins and retail prices.

Channel dynamics
Evolving customer preferences and intense competition across multiple channels.

Export market access constraints
Regulatory requirements, market access barriers and trade restrictions.

Weather disruptions
Adverse weather conditions affecting logistics, supply consistency and demand patterns.

3 MANAGEMENT RESPONSE

Channel expansion
Expanding presence across retail, HORECA, digital and other emerging channels.

Product strategy refinement
Continuously refining product portfolio and pack sizes to match consumer needs and affordability.

Distribution optimisation
Optimising routes, coverage and inventory to improve efficiency and product availability.

Digital integration
Leveraging digital platforms for sales, analytics, demand forecasting and customer engagement.

Export development
Building capabilities and partnerships to expand into new export markets and drive sustainable growth.

POWERED BY VERTICAL INTEGRATION

Labelling and Packaging → Logistics and Distribution → Sales Channels Retail/ HORECA/Digital

- Maintained product availability
- Adjusted product mix to respond to consumer behaviour
- Greater alignment between upstream production and downstream demand
- Better management of pricing pressures
- Maintained product quality and compliance standards

VALUE CREATED

FOR BAIRAHA
- Stronger brand equity and market leadership
- Higher sales volumes and market reach
- Improved customer loyalty and trust
- Enhanced operational efficiency and profitability

FOR CUSTOMERS
- Access to safe, high-quality, nutritious chicken products
- Wide choice and convenience across multiple channels
- Reliable and available at fair prices
- Consistent quality and service

FOR SHAREHOLDERS
- Sustainable revenue and earnings growth
- Improved returns on investment
- Strong long-term value creation
- Resilient and future-ready business

FOR DISTRIBUTORS AND CHANNEL PARTNERS
- Strong partnerships and mutual growth
- Timely supply and reliable support
- Attractive margins and incentives
- Long-term collaboration and shared success

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FY2025/26 Snapshot

Total revenue increased to **LKR 15,291 Mn.**

Value-added and pre-cooked products increased to **LKR 2,033 Mn.**

Bairaha Foods **capacity utilisation increased** from 35% to **40%**

Market reach increased by 31%, supported by **route planning** and **territory demarcation**

Export revenue moderated to LKR 106 Mn.

Role in the Value Chain

The downstream stage brings Bairaha products from processing and cold chain into households, retail outlets, food service channels, HORECA, wholesale networks, digital platforms, export markets, and emerging customer segments. This is where the "Farm to Home" journey becomes visible to consumers.

This stage includes chicken and value-added product sales, distribution network management, retail and HORECA channel development, exports, pricing strategy, channel mix, product availability and customer access. Performance at this stage depends on route-to-market strength, affordability, brand trust, cold chain reliability, sales execution, channel balance, digital systems and export market access.

Detailed distribution, sales, marketing, digital systems, e-commerce and brand execution are discussed in section Key Enabling Capabilities Across the Value Chain on page 66, while the customer value and engagement story is presented in section Our Customers on page 93.

FY2025/26 Performance

During FY2025/26, Bairaha's downstream performance reflected growth across multiple product categories and channels, supported by improved execution and expanded market reach.

Value-added and pre-cooked products generated LKR 2,033 Mn. in revenue, compared to LKR 1,770 Mn. in FY2024/25, reflecting the growing importance of this segment within the Group's revenue mix. Capacity utilisation within Bairaha Foods from 35% to 40%, indicating improved utilisation and demand for processed products. Value-added products remain a key strategic focus area, with continued efforts to expand product range, capacity and market reach.

Total Group revenue reached LKR 15,291 Mn., compared to LKR 13,916 Mn. in the previous year. This was supported by whole chicken and portions, value-added and pre-cooked products, day-old chicks, live broiler birds, and other revenue streams, highlighting the footprint of the Group's commercial base.

Distribution performance improved significantly, with market reach increasing by 31% during the year. This reflected the benefits of distribution network re-engineering, territory demarcation and improved route planning. Detailed channel execution is discussed under section Key Enabling Capabilities Across the Value Chain on page 66.

Export revenue amounted to LKR 106 Mn. during the year, reflecting the challenging conditions prevailing in international markets. Export competitiveness continued to be affected by Sri Lanka's comparatively higher production cost structure, driven largely by the industry's dependence on imported maize and the commodity levy applicable to such imports, which constrained the ability to compete effectively against lower-cost regional producers from South Asia.

What Shaped the Performance

Downstream performance during FY2025/26 was shaped by shifting consumer behaviour, pricing pressures, channel dynamics, regulatory costs and export market conditions. Consumer affordability remained a central factor. Reduced disposable income led to increased price sensitivity, with demand shifting toward smaller pack sizes, value-for-money offerings and competitively priced SKUs. Premium and higher-priced products experienced slower movement, requiring careful inventory and product mix management.

Pricing dynamics were influenced not only by production cost but also by SCL on imported inputs, and higher retailer margins. These factors among others created additional pressure on compliant operators operating within regulatory and tax frameworks. The market environment was further complicated by competition from the grey-market segment, who are operating on a non-level playing field as they have no obligations or deterrent to comply with the same tax structure, food safety and regulatory standards, thereby enabling them to exert downward pressure on prices.

Channel dynamics also evolved during the year. Both processed chicken and pre-cooked products continue to be purchased through Direct and online

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channels. Modern Trade supported visibility and reach through increased shelf presence and promotional activity, while HORECA emerged as a growing channel, particularly for premium and value-added offerings. Traditional General Trade and Wholesale Trade channels served more price-sensitive market segments, with demand mainly focused on whole chicken, smaller portion sizes and catering sausages.

Export performance was mixed with both progress and disruption. New market access was achieved for further processed foods, following coordinated negotiations and plant inspection by customers' representatives. Flooding at the Global Reach Foods (Pvt) Ltd facility following Cyclone Ditwah disrupted operations and delayed planned market expansion activities relating to the export of chicken-based niche products.

In addition, export market access continued to be constrained by duties, levy structures, and comparatively high input costs, while regulatory approval processes required for market access to certain countries, including China, are yet to be completed by the relevant Sri Lankan authorities.

Management Response

During the year in review, Bairaha responded through a combination of channel expansion, product strategy refinement, distribution optimisation, digital integration and export development. The Company adapted its product strategy to align with evolving consumer demand. Value-added products were prioritised as a key growth area, supporting margin resilience and reducing exposure to poultry cycles arising from the fact that poultry per se is a commodity. The product portfolio includes sausages, meatballs, sandwich slices, marinated chicken, breaded products, burgers, cold cuts and other pre-cooked offerings.

The cold cuts range gained momentum during the year, particularly within the HORECA segment, which was identified as a primary target market. While introduced towards the end of the previous year, sales accelerated during FY2025/26, positioning it as an important component of the premium and channel-specific product strategy.

Product mix was continuously optimised by expanding the range of pack-sizes, value-driven SKUs and selective management of premium products on a made-to-order basis, including specialty items such as sausages made with edible casing. This allowed Bairaha to serve both affordability-led demand and targeted premium demand without overexposing the business to slow-moving high-cost inventory.

Channel strategy was refined to strengthen both reach and profitability. Modern Trade supported visibility and promotions, while General Trade remained a key driver of volume. HORECA was approached selectively, focusing on VAT-registered, high-end customers and tailored product solutions. Since its initiation in June FY2025/26, the channel has been under consolidation and expansion given its strategic importance, and is supported by its ability to generate higher value per kilogram, strengthening the growth of Bairaha's premium product range.

Export strategy continued to focus on market diversification and compliance-driven entry into regulated markets. At the same time, recovery efforts were initiated following flood-related disruption at the Global Reach Foods facility.

Strength of Vertical Integration

Bairaha's vertically integrated model enabled coordinated management of downstream complexity across products, channels and markets. Integration across production, processing, cold chain and distribution allows the Company to maintain product availability, adjust product mix and respond to demand shifts in a structured manner. It also enables alignment between upstream production and downstream demand, reducing mismatches and supporting efficiency. The model supports better management of pricing pressures arising from SSCL and input levies, while maintaining product quality and compliance standards in a competitive environment influenced by the practices of grey-market operators.

Value Created

The downstream stage creates value by delivering safe, high-quality and accessible poultry products to customers across Sri Lanka and international markets.

For customers, it ensures convenient access to trusted products through multiple channels, including retail, General Trade, HORECA, direct delivery and digital platforms.
For shareholders, it supports revenue growth, diversification and margin resilience through value-added products and expanded market reach. For distributors and channel partners, it creates opportunities across logistics, retail and sales execution.
For employees, it supports roles across sales, marketing, distribution, digital systems and customer engagement.
Value is also created through market expansion, brand visibility, innovation and export earnings.

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Key Enabling Capabilities Across the Value Chain

Bairaha's value chain is supported by a set of enabling capabilities that connect production to market, strengthens customer access, improves responsiveness, and supports the Group's ability to create value across upstream, midstream and downstream activities. These capabilities include distribution and logistics, route-to-market execution, sales and marketing, brand positioning, pricing strategy, digital systems, e-commerce, traceability and customer engagement.

During FY2025/26, these capabilities were strengthened through a more structured route-to-market approach, wider market reach, targeted HORECA development, increased digital engagement, improved inventory visibility and stronger use of other customer-centric platforms.

Distribution and Logistics

FY2025/26 Snapshot

Market reach increased by 31%, supported by territory demarcation and improved route planning.

General Trade execution contributed to **26% revenue growth in certain channels**, driven mainly by increased volumes and stronger retail-level execution.

The distributor network comprised **35 distributors for chicken and 38 distributors for value added products.**

Distribution coverage extended across the Western, Southern, Central, North Western, North Central, Eastern, Uva, Sabaragamuwa and Northern regions.

Distribution is a critical enabling capability in Bairaha's Farm to Home journey because it connects production, processing, cold storage, retail channels, food service customers, digital platforms and export markets. Covering both frozen and fresh products as well as value-added products, the distributor network supports product availability, quality preservation, market responsiveness and service reliability across retail, wholesale, food service, direct and online channels.

During FY2025/26, the Group re-engineered its distribution network with the objective of increasing both width and depth of distribution. This was achieved through effective territory demarcation and improved route planning, enabling better market coverage and service efficiency. These improvements generated a 31% increase in market reach during the year.

Bairaha also strengthened General Trade through a focused sales and distribution approach aimed at increasing market penetration and value per call. This improved numeric distribution, productive calls at outlets and retail-level execution, while contributing to 26% revenue growth in the General Trade channel, was driven primarily by increased volumes and stronger General Trade performance.

Bairaha's distributor network supports both frozen and fresh products as well as value-added products. Current records indicate 35 distributors for Chicken and 38 distributors for value added products, with coverage across the Western, Southern, Central, North Western, North Central, Eastern, Uva, Sabaragamuwa and Northern regions. This network strengthens the Company's ability to maintain product availability across diverse markets while responding to demand patterns across retail, wholesale, food service, direct and online channels.

The new cold storage facility also supports distribution by improving stock accuracy, product availability, product rotation and quality control. Further details on this facility are presented in the FY2025/26 Spotlight: Strengthening the Cold Chain for the Next Phase of Growth on page 62.

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Channel Development and Route-to-Market Execution

FY2025/26 Snapshot

General Trade and Wholesale channel accounted for 56% of chicken revenue, remaining the largest channel for chicken products.

General Trade accounted for 69% of further processed product revenue, remaining the dominant channel for further processed products.

HORECA accounted for 19% of chicken revenue and entered its consolidation and expansion phase.

Modern Trade supported visibility through new listings, increased shelf display and sales promotions.

Bairaha's route-to-market model reflects a diversified channel structure across Modern Trade, General Trade, HORECA, wholesale, direct sales, online sales, home delivery and exports. This diversified structure allows the Group to serve multiple customer segments while balancing volume, visibility, price sensitivity, premium products and product availability.

During FY2025/26, the channel mix reflected the different roles played by each route to market.

Channel	Chicken Revenue		Further Processed Product Revenue	
	FY2025/26 %	FY2024/25 %	**FY2025/26 %**	FY2024/25 %
Retail/Modern Trade	**24%**	23%	**25%**	26%
General Trade and Whole Sale	**56%**	58%	**69%**	68%
HORECA	**19%**	17%	**4%**	4%
Export	**1%**	2%	**2%**	2%

The channel mix shows two distinct route-to-market patterns. For chicken products, General Trade and Wholesale remained the largest contributor at 56% of revenue, while Retail/Modern Trade contributed 24%, reflecting the importance multiple channels, convenience and availability. For further processed products, General Trade/Wholesale remained the dominant channel at 69%, underscoring the continued importance of wholesale and General Trade networks for value-added products.

During the year, Modern Trade supported visibility and reach through new listings, increased shelf display and sales promotions, while General Trade remained central to volume growth and everyday availability. Bairaha also placed greater focus on increasing the retail channel's contribution to overall sales by enhancing visibility and availability within General Trade.

The value-added products segment within the HORECA channel was approached more deliberately, with a targeted focus on VAT-registered, high-end customers and tailored solutions. Initiated in June FY2025/26, the channel is now in the consolidation and expansion phase. The segment is strategically important because it can support higher value per kilogram and premium product growth, particularly for cold cuts and other value-added products where Bairaha can serve more specific customer requirements while building presence in higher-value channels.

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Sales, Marketing and Brand Positioning

FY2025/26 Snapshot

Brand strategy focused on **visibility, availability, convenience and relevance** to changing consumer needs.

Pricing strategy was developed with **value for money** as the key decision driver.

Premium SKUs were managed on a **made-to-order basis.**

Marketing execution combined **digital advertising with below-the-line activations, in-store promotions, food festivals and the Bairaha Chicken Café.**

Sales, marketing and brand positioning support Bairaha's ability to remain visible, relevant and accessible across customer segments. The Group's trademarks, including "Bairaha Farms" and "Bairaha Foods", continue to support brand identity, customer recognition, and trust across its poultry and value-added product portfolios.

During FY2025/26, the Company focused on strengthening product availability, channel execution and consumer relevance by ensuring that the right products were available in adequate quantities, through the right channels, at price points that reflected changing demand conditions.

Pricing strategy was developed around consumer dynamics, with value for money as a key decision driver across retail and HORECA channels. Some value-added premium SKUs, including specific sausage products were managed on a made-to-order basis. This allowed Bairaha to serve both affordability-led demand and targeted premium demand without overexposing the business to slow-moving high-cost inventory, while supporting margin resilience through sales mix optimisation.

Marketing execution combined digital and below-the-line (BTL) activities during the year. To reach younger and digitally engaged consumers, Bairaha used platforms such as Google Ads, Instagram, news network sites, YouTube Ads and Facebook Ads to direct consumers to its online sales platform. These activities were supported by Bairaha's broader shift towards digital customer convenience, including home delivery, online payment options and website ordering. Customer feedback via online sales channels were monitored to improve service quality and customer satisfaction, strengthening the connection between marketing activity, service delivery and customer experience.

BTL activities included exhibitions, food festivals, homemaker-focused programmes, in-store sampling, supermarket promotional campaigns, General Trade shop promotions and cooked product sales through the Bairaha Chicken Café at Port City Colombo. The customer engagement and brand experience aspects of the Bairaha Chicken Café are discussed further in section Our Customers on page 93.

Digital Systems, E-Commerce and Customer Access

FY2025/26 Snapshot

Online sales and home delivery revenue continued to grow.

Bairaha **introduced a 100% pre-order and cashless system for online sales.**

Digital access was **supported by PickMe, Uber, WhatsApp ordering, and card payments.**

Digital platforms improved **understanding of customer preferences, ordering behaviour and feedback.**

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Digital capability is increasingly important to Bairaha's downstream value chain because it supports convenience, service responsiveness, ordering efficiency and direct access to consumers, while also strengthening the Company's ability to understand demand patterns and customer expectations.

During FY2025/26, online sales and home delivery revenue continued to grow, driven by consumers seeking convenient and time-saving purchasing options. Bairaha introduced a 100% pre-order and cashless system for online sales, supported by third-party platforms such as PickMe and Uber, as well as a WhatsApp-based ordering system to strengthen customer interaction and engagement, while gaining more understanding of customer preferences, ordering behaviour and service expectations.

Bairaha also continued to use its website and digital platforms to share product updates, recipes, cooking guidance and customer education content, strengthening product awareness and supporting a more informed customer experience.

The Company also offers convenient online payment options, including card payments and QR code access for placing orders through its website. Digital orders increased in line with overall market and category growth, supporting convenience, direct-to-consumer access and improved visibility into customer preferences, ordering behaviour, service expectations and feedback. These platforms in turn provide valuable data to support more informed decision-making across sales, marketing, product development and customer service.

Operational Systems, Traceability and Data-Driven Control

FY2025/26 Snapshot

WMS-enabled inventory control strengthened stock accuracy and inventory management

QR-based traceability supported export operations and domestic traceability-sensitive segments.

Digital and operational systems helped improve product identification, FIFO control, quality monitoring and supply chain responsiveness.

E-commerce systems, digital ordering platforms and customer feedback channels contributed to stronger data-driven decision-making.

Operational systems strengthen Bairaha's ability to manage the interface between processing, cold storage, distribution, export fulfilment and customer channels. They support inventory management, traceability, product identification, quality monitoring, cold chain reliability and responsiveness across the value chain.

During FY2025/26, the implementation of the WMS-enabled inventory management system improved stock accuracy, strengthened first-in-first-out inventory control, and enhanced QR-based traceability capabilities to support customer and market requirements across both export and domestic segments. The Group also continued to use its RFID-based fixed asset tracking system to strengthen asset identification, and support asset transfers and recording of the same, thereby improving the accuracy and efficiency of asset verification across operations. These systems strengthened product identification, quality monitoring and supply chain responsiveness, while helping the Company manage product movement across channels more efficiently.

Together, WMS, QR-based traceability and RFID-based asset tracking strengthened operational visibility, inventory management, product identification and traceability across the value chain. These systems also supported export readiness, service reliability and more disciplined product movement across processing, cold storage, distribution and customer channels.

How Those Capabilities Create Value

Those enabling capabilities help translate Bairaha's integrated operating model into market access, responsiveness and customer relevance. By strengthening distribution, channel execution, digital access, traceability and brand engagement, they ensure that the Farm to Home journey continues beyond production into availability, affordability, visibility, convenience, trust and customer experience.

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The 2010s:

Recognition, Integration and Industry Strength

The 2010s affirmed Bairaha's position as a trusted and forward-looking poultry business. In 2011, the Company was honoured with the Forbes Asia "Best Under A Billion" recognition, placing Bairaha among respected small and medium-sized companies in the Asia-Pacific region.

In 2016, the joint venture feed mill commenced operations, strengthening the Group's backward integration and improving control over feed quality, one of the most important drivers of poultry performance. In 2018 and 2019, the Group received recognition from Cobb-Vantress for exceptional breeder farm and grandparent farm performance, while the implementation of SAP ERP across Group entities strengthened operational efficiency.

This decade was about integration and capability. Bairaha deepened its control across the value chain, from breeding and feed to farming, processing and distribution, thereby helping build the Farm to Home model that defines the Company today.

05

50 Years of Shared Value

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For 50 years, Bairaha's story has been shaped not only by the products it makes, but by the relationships that have sustained its journey. From the farmers and suppliers to the employees who benchmark its standards across farms, hatcheries, processing facilities and distribution networks, to the customers and communities who have placed their trust in the brand, Bairaha's legacy has been built through shared value.

Those relationships form the basis and foundation for the engagement and human relationships in its Farm to Home journey. They influence how the Company secures supply, maintains quality, supports livelihoods, serves households and contributes to the wider food supply ecosystem.

During FY2025/26, those engagements and relationships became even more important as Bairaha navigated cost pressures, supply disruptions, affordability concerns and climate-related challenges. In responding to these challenges, the Group continued to focus on creating value that extends beyond financial performance, strengthening the relationships that have supported its first 50 years, and those that will shape the next phase of its growth.

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Our Farmers and Suppliers

FY2025/26 Snapshot

48 active out-growers supplied Bairaha with live broiler birds, enhancing production flexibility across the value chain.

Payments to out-growers amounted to **LKR 243 Mn.**, contributing to rural income generation.

The out-grower network extended across **22 locations, 4 districts and 3 provinces**.

Bairaha worked with **243 active suppliers**, including **220 local suppliers** and **23 import-dependent suppliers**.

Comprehensive supplier evaluation continued to cover quality, food safety, reliability, cost competitiveness, ethical practices, statutory compliance and technical capability.

Partners in Bairaha's Production Journey

For five decades, Bairaha's growth has been closely connected to the farmers, out-growers, suppliers and technical partners who support its value chain. From broiler farming and feed inputs to packaging, technical services and operational support, these relationships have helped the Company sustain production, maintain quality and extend economic value beyond its owned operations.

Bairaha's fully vertically integrated model does not operate in isolation. It is supported by a wider network of Company-owned farms, out-grower farmers, local suppliers, import-dependent suppliers, joint venture partners, technical specialists and service providers. Together, they help secure supply continuity, strengthen production standards, support rural income generation and improve the resilience of the poultry value chain.

The Company's relationship with farmers has deep roots. Bairaha's contract growing model was introduced in 1986, enabling rural farmers to rear and supply live broiler birds and participate in the development of Sri Lanka's commercial poultry sector. Over time, this model has evolved from a supplementary rural livelihood opportunity into a more structured and commercially mature network, with several out-growers now operating on a larger scale by introducing and adopting technology for controlled environment housing.

Why Farmers and Suppliers Matter

Farmers and suppliers are essential to Bairaha's business. In a poultry value chain, consistency at the farm and supply level directly influences flock health, feed conversion, production cost, product quality, availability and business continuity.

During FY2025/26, the importance of those relationships became more visible as Bairaha navigated input cost pressures, supply chain constraints, poultry diseases and bio-security risks, as well as climate-related disruption, including Cyclone Ditwah. In this environment, long-standing supplier relationships, technical supervision, farm-level monitoring and out-grower partnerships supported operational continuity and production resilience.

Stakeholder engagement during the year identified input cost pressures, price stability, technical support and guaranteed purchase as key concerns for out-growers and suppliers. Bairaha responded by continuing technical and operational support, strengthening procurement relationships and maintaining continuity across the integrated supply chain despite cost pressures.

Out-grower Model

Bairaha's out-grower model remains an important part of its production framework, providing operational flexibility while enabling rural value creation. It allows the Company to balance production between Company-owned farms and contracted out-grower farms, while enabling farmers to participate in a structured poultry value chain with technical support and a reliable buyer relationship.

During FY2025/26, Bairaha worked with 48 active out-growers, compared to 70 in FY2024/25. Out-growers continued to supply live broiler birds with payments reaching LKR 243 Mn. during the year, compared to LKR 262 Mn. in the previous year. The Company's production mix remained approximately 70% from Company-owned farms and 30% from out-grower farms, reflecting the continued importance of out-growers in supporting production flexibility and rural income generation.

For Bairaha, this model also helps to minimise risks and poultry disease pressure, by widening the production base and locations. For farmers, it provides an income-generating opportunity within a structured commercial framework. For rural communities, it supports household income, farm-level investment, technical learning and local economic activity.

Geographic Reach of the Out-grower Network

Bairaha's out-grower network extends across 22 locations in 4 districts coming under 3 provinces. Currently, Bairaha records 48 out-grower entries across these locations.

Province	District	Out-grower locations
Western Province	Gampaha	Diulapitiya, Ekala, Kochchikade, Mirigama, Nittambuwa, Pamunugama, Pasyala, Thihariya, Veyangoda, Weliweriya, Yakkala
North Western Province	Kurunegala	Ibbagamuwa, Katupotha, Kuliyapitiya, Nikaweratiya, Polgahawela, Polpithigama
	Puttalam	Arachchikattuwa, Marawila, Nattandiya, Puttalam
Central Province	Matale	Galewela

This geographic spread demonstrates how Bairaha's value chain supports economic activity beyond its own facilities, connecting rural producers to a structured, quality-controlled commercial network.

Technical Support and Capacity Building

Bairaha's support to out-grower farmers goes beyond procurement. The Company provides technical assistance, veterinary support, in testing of flock litter, specimen and blood samples for any potential poultry diseases, as well as in testing for water quality and in providing regular farm-level monitoring. Field staff conducts weekly inspections, while technical staff provide training as needed. Support also includes guidance on acceptable standards and good animal husbandry practices.

The "all-in, all-out" production model extends beyond Company-owned farms into the out-grower network as well. Under this model, birds are managed in controlled batches without mixing age groups, allowing farms to be cleaned, disinfected, reset and verified between cycles. This allows for stronger bio-security, improved production consistency and better control over flock health.

This support model reflects Bairaha's long-term approach to farmer capability building. By sharing technical expertise, monitoring standards and supporting farm-level improvements, the Company helps out-growers strengthen productivity and quality while contributing to the resilience of the wider value chain.

Supplier Relationships and Responsible Procurement

Suppliers are another important part of Bairaha's shared value story. During FY2025/26, the Company worked with 243 active suppliers, compared to 228 in FY2024/25. Of these, 220 were local suppliers and 23 were import-dependent suppliers, reflecting Bairaha's continued emphasis on local procurement while recognising unavoidable import dependence in certain feed and production inputs.

Bairaha follows a structured supplier evaluation and onboarding process to ensure that suppliers meet requirements relating to quality, food safety, service reliability, cost competitiveness, ethical practices, statutory registrations, tax and VAT documentation, certifications where relevant, technical capability, commercial terms and performance.

The process includes need identification, supplier shortlisting, pre-qualification, technical and compliance review, commercial evaluation, supplier scoring, trial order or sample validation where applicable, vendor registration, onboarding and periodic re-evaluation. Supplier performance is reviewed through quality assurance checks, service and delivery monitoring, and periodic supplier scorecard reviews. Where gaps are identified, corrective actions may be requested, and suppliers may be escalated, conditionally approved, suspended or removed depending on performance and compliance outcomes. This approach supports continuity of supply, quality assurance, ethical procurement and supply chain resilience.

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Local Sourcing and Economic Participation

Bairaha's supplier relationships also contribute to local economic value. The Company has historically sourced locally produced corn and other raw materials from farmers and organisations where feasible, reinforcing its connection to local enterprise and community engagement. Local sourcing supports income generation across the wider economy, strengthens supply relationships and links Bairaha's commercial operations to regional economic activity.

Value Created for Farmers and Suppliers

Through its out-grower and supplier relationships, Bairaha creates value by ensuring guaranteed purchase, technical support, veterinary guidance, training, quality monitoring, opportunities for income generation, directly and indirectly, and in having structured engagement. These relationships also support Bairaha's ability to maintain production continuity, and uphold product quality across the value chain. For farmers and suppliers, the value created includes income generation, technical capacity building, predictable engagement and access to a structured commercial network. For Bairaha, these relationships strengthen supply reliability, supports production flexibility and minimises production related risk by widening the production base. For the wider economy, they support rural livelihoods, local procurement and the development of a more organised poultry value chain and which in turn helps to generate income to the State in the form of taxes.

Looking Ahead

Bairaha will continue to strengthen its farmer and supplier relationships as part of its integrated value chain. The Company's priorities include maintaining technical support for out-growers, strengthening supplier performance monitoring, improving procurement resilience and supporting responsible sourcing practices.

As input cost increases, climate risks and supply chain volatility continue to affect the poultry sector, Bairaha's ability to work closely with farmers and suppliers will remain central to production continuity, quality assurance and long-term value creation. The Company will also continue to explore opportunities to deepen local sourcing where feasible, while maintaining the quality, compliance and reliability standards required across its operations.

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Our Family

The Team behind 50 Years of Trusted Excellence

For five decades, Bairaha has been shaped by people who have done more than simply work for the Company. They have grown with it, remained with it, and built their lives alongside it.

From its beginnings as a small poultry operation back in 1975, to its evolution into a fully integrated food business, what has remained consistent is the strength of its relationship with its people. Across farms, hatcheries, processing facilities, laboratories, distribution networks, and offices; generations of employees have applied their skills while upholding a strong sense of shared responsibility. Many have spent significant portions of their careers at Bairaha, progressing through roles, developing expertise, and guiding those who follow. This continuity has shaped a workforce that values experience, stability, and consistent performance.

Today, Bairaha's people operate across every stage of the value chain, ensuring that products move reliably and safely from Farm to Home.

As Bairaha marks 50 years, it does so not only as a business that has grown in scale, but as a workplace that has built enduring relationships, supported generations of families and created a sense of belonging that continues to define its identity.

Why Our People Matter

Bairaha's operations depend on precision, consistency and coordinated effort. Maintaining bio-security standards, ensuring food safety and managing complex production cycles require a workforce that is both capable and value oriented.

During FY2025/26, this became particularly evident as the Company operated within a challenging environment shaped by labour constraints, particularly in relation to third party contract employees, continuously evolving skill requirements and rising workforce expectations. The impact of Cyclone Ditwah further disrupted breeding and production activities, placing additional pressure on operations. Across farms, processing facilities, and logistics functions, employees adapted to these conditions while maintaining operational standards and continuity across the value chain.

In response, Bairaha strengthened workforce stability through salary increments and adjustments, welfare support, improved working conditions and continued investment in training and capability development, in line with Bairaha's Strategic Priority 06: Building People and Organisational Capability. These actions reflect a clear recognition that operational resilience depends on a workforce that is supported, capable and able to respond to change.

Workforce Profile

Workforce Composition

Bairaha's workforce reflects the operational nature of its business, with a significant proportion of them engaged across farming, processing, and field-level roles that support the Company's core activities.

As at the end of FY2025/26, the Company employed a total of 1,258 employees, comprising both permanent and contract staff. The workforce structure reflects the labour-intensive nature of the poultry industry, particularly across production and processing functions where scale and operational flexibility are required. This operational workforce is supported by executive, managerial, and specialist functions across areas such as quality assurance, veterinary services, laboratory services, logistics, finance, and sales and marketing; ensuring effective coordination between day-to-day operations and broader business priorities.

A significant proportion of its workforce are engaged under contract arrangements, particularly within field-level and shop floor roles, reflecting the need to align workforce capacity with fluctuating production and operational demands.

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Workforce Composition for FY2025/26

Category	Female	Male	Total	Male %	Female %
Permanent Employees	96	375	471	79.62	20.38
Contract Employees	223	564	787	71.66	28.34
Total Employees	319	939	1,258	74.64	25.36

**The Company does not formally classify employees as full-time, part-time, or temporary. Employees are primarily categorised as permanent and contract workers based on the nature of employment.*

Regional Workforce Distribution

Bairaha's workforce is geographically dispersed across key operational regions, reflecting its vertically integrated business model. Operations extend beyond the Western Province into the North Western, North Central, and other regional areas where farming, processing, and supply chain activities are concentrated. This distribution supports proximity to agricultural inputs, operational efficiency, and continuity of supply.

At the close of the reporting period, 77.3% of the workforce was based outside the Western Province, highlighting the Company's role in generating employment across regional and rural areas.

Regional Workforce Distribution

Province	Female	Male	Total	Workforce %
Western	71	214	285	22.7
Uva	6	29	35	2.8
Southern	4	30	34	2.7
Sabaragamuwa	19	44	63	5.0
Northern	3	9	12	1.0
North Western	110	190	300	23.8
North Central	14	42	56	4.4
Eastern	20	78	98	7.8
Central	72	303	375	29.8
Total	319	939	1,258	100.0

Gender Diversity and Inclusion

The composition of Bairaha's workforce reflects the physical and operational demands of the poultry sector, where male representation remains higher across farm and processing roles. At the same time, the Company recognises the importance of creating opportunities for women to participate meaningfully in the workforce, contributing to broader economic inclusion in Sri Lanka.

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Over time, Bairaha has enabled female participation across administrative, laboratory, and support functions, with increasing presence in supervisory and professional roles. This reflects a gradual shift towards a more balanced workforce, where capability and contribution guide progression.

As at the end of FY2025/26, women represented 25.36% of the total workforce, and the Company has set a target of increasing female participation to 30% by 2028. This reflects a continued effort to strengthen diversity while ensuring that opportunities are expanded in a manner that is aligned with operational requirements.

Workforce Breakdown by Employee Category

Employee Category	Female	Male	Total	Female Representation %
Senior Management and Above	1	12	13	7.7
Executive Grade	29	102	131	22.1
Non-Executive Grade	20	124	144	13.9
Shop Floor – Company Employees	46	137	183	25.1
Shop Floor – Outsourced Employees	223	564	787	28.3
Total	319	939	1,258	25.4

The Company's approach to inclusivity remains grounded in ensuring equal access to employment, fair treatment in recruitment and progression, and the opportunity for all employees to grow within a supportive and respectful work environment. We remain committed to equal opportunity employment and will continue to strengthen inclusive hiring practices, including reasonable accommodation where role requirements and workplace conditions permit.

Workforce Demographics and Stability

Age Profile

Bairaha's workforce reflects a balance of experience, continuity, and emerging capability, supporting the consistent execution of its operations across the value chain.

Age Profile

Age Category	Number of Employees	Workforce %
Under 30 years	472	37.52
30–50 years	534	42.45
Over 50 years	252	20.03
Total	1,258	100

A significant concentration of employees falls within the 30–50 age group, forming the core of the Company's operational capability. This segment combines technical proficiency with practical experience, enabling consistent decision-making and reliable execution across farming, processing, and support functions.

Alongside this, the presence of longer-serving and more experienced employees contributes depth of knowledge, operational familiarity, and continuity in critical areas. Around 26.5% of employees have served for more than 5 years, with over 13% exceeding 10 years of service, reflecting a strong foundation of institutional knowledge and long-term commitment. Many of these employees continue to play a key role in guiding newer members of the workforce, supporting effective knowledge transfer across teams.

Years of Service

Years of Service	Total Employees	Workforce %
0–1 year	440	35.0
2–5 years	485	38.6
6–10 years	167	13.3
11–15 years	99	7.9
16+ years	67	5.2
Total	1,258	100.0

Over time, this continuity has shaped more than just a stable workforce. It reflects a shared, inclusive environment where people remain, grow, and support one another, creating a sense of belonging that has come to define Bairaha not just as a workplace, but as a family built with care over five decades.

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Talent Attraction and Workforce Movement

Attracting Talent

As Bairaha marks 50 years of operations, its reputation as a long-standing and disciplined organisation continues to support its ability to attract talent across both operational and professional roles.

Recruitment during the year focused on strengthening workforce capacity across farm, processing, and support functions, while also bringing in experienced professionals from within the food industry and other related sectors. This approach enables the Company to combine internal experience with external perspectives, supporting continuous improvement across operations. The Company's established presence, structured working environment, and emphasis on performance and accountability continue to position it as a reliable employer within the industry, particularly in roles that require consistency, discipline, and technical competence.

Recruitment Analysis

During FY2025/26, Bairaha recruited a total of 206 employees to the permanent and fixed term workforce, supporting both operational requirements and organisational growth. Recruitment continued to be primarily aligned to operational roles, reflecting the labour-intensive nature of the business, while also addressing requirements across supervisory and support functions.

The distribution of new recruits across regions and age groups further highlights the Company's ability to attract talent across diverse workforce segments, supporting both operational continuity and workforce renewal.

New Recruitment Overall Gender Distribution

New Recruitment by Gender	2025/26	% of New Recruits	2024/25
Male	163	79.1	238
Female	43	20.9	227
Total	206	100.0	465

New Recruitment Distribution by Gender and Region

Province	Female	Male	Total
Western	09	36	45
Uva	–	03	03
Southern	–	04	04
Sabaragamuwa	–	04	04
Northern	01	01	02
North Western	02	15	17
North Central	06	07	13
Eastern	07	13	20
Central	18	80	98
Total	43	163	206

New Recruitment Distribution by gender and age

Age Category	Female	Male
Under 30 years	18	93
30-50 years	16	55
Over 50 years	9	15

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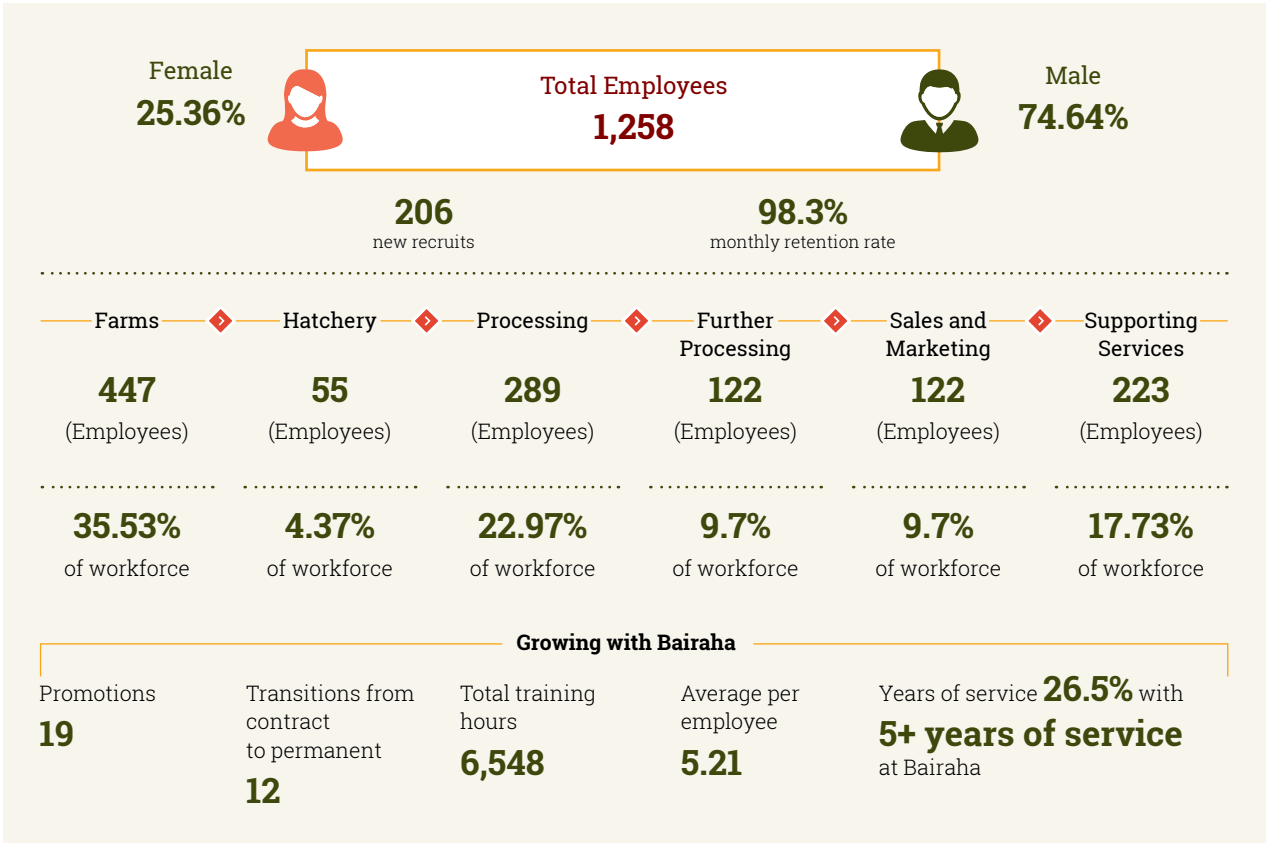
Employee Turnover

Monthly employee turnover for permanent staff during the year stood at approximately 1.7%, based on total separations relative to average headcount. This level of turnover reflects the operational realities of the sector, particularly within roles that involve physically demanding work and variable conditions. At the same time, the Company continues to focus on strengthening retention through structured compensation, welfare support, and career development initiatives, which are discussed in subsequent sections.

Turnover – Permanent Employees

	2025/26	2024/25
Male	194	185
Female	63	144
Total	257	329
Turnover Rate (%)	1.70	2.09

Our People Across the Value Chain



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People Strategy, Governance and Culture

Human Capital Strategy and Priorities

Bairaha's approach to managing its workforce is guided by three interconnected pillars initially envisioned by its Founder: Team, Values and Performance. These pillars reflect the Company's belief that organisational strength is built through collaboration, shared values and a culture where contribution, accountability and performance are consistently encouraged. Together, they continue to shape how Bairaha sustains workforce stability, reinforces responsible workplace behaviour, and strengthens its talent base to support both current operations and future growth.

Pillar 01	Pillar 02	Pillar 03
Team	**Values**	**Performance**
Reflects Bairaha's emphasis on collaboration, mutual support and shared responsibility across teams, enabling employees to work together across the value chain with consistency and purpose.	Reinforces the behaviours and principles that guide how employees work, make decisions and engage with one another, supporting a respectful, responsible and values-led workplace.	Encourages accountability, contribution and continuous improvement by linking employee performance to recognition, progression and organisational outcomes.

Strategic Human Capital Priorities

In line with these pillars, Bairaha's HR policy for the next three years is focused on three strategic priorities: Retention, Performance Recognition and Talent Integration. These priorities respond to both current operational needs and the Company's longer-term business direction:

Priority 01	Priority 02	Priority 03
Retention	**Performance Recognition**	**Talent Integration**
Focused on maintaining workforce stability through structured compensation, supportive working conditions, welfare support and clear career pathways, while addressing labour availability challenges through targeted recruitment.	Anchored in recognising contribution and linking performance to progression, ensuring that employees are rewarded fairly and consistently across roles.	Strengthens the organisation by combining internal experience with external expertise, developing future-ready capabilities and building a stronger internal talent pipeline across functions.

These priorities guide how the Company attracts, develops and retains its people, while reinforcing a work environment where employees are aligned not only to operational objectives, but also to a shared sense of purpose.

During FY2025/26, these principles were reinforced through a range of structured initiatives, including performance-linked compensation, internal promotions, targeted recruitment and employee engagement programmes, all of which supported workforce stability in a challenging operating environment.

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Governance, HR Systems and Labour Practices

Bairaha's people management practices are guided by applicable labour regulations and internationally recognised principles, including those of the International Labour Organisation (ILO), supporting fair employment practices, worker rights, and responsible labour management across its operations.

These practices are supported by formal policies and systems that promote consistency, transparency, and fairness across the organisation. These include:

- Recruitment and selection frameworks based on merit and competency.
- Structured performance evaluation processes
- Grievance handling mechanisms
- Workplace conduct and compliance standards

The Company maintains a formal grievance handling procedure aligned with ILO's fair labour practices, ensuring that employee concerns are addressed through a structured and equitable process, with a focus on timely resolution and appropriate escalation where required.

In addition, the Human Resource Information System (HRIS) remains fully operational, supporting attendance tracking, payroll processing, and workforce data management. The system has improved reporting accuracy, reduced administrative inefficiencies, and enhanced decision-making through timely access to employee data.

Employee notice periods for resignation and termination are governed by Company policy and applicable labour regulations, with standard notice periods of 30 days for employees and 90 days for managers and the senior management.

Performance Management and Talent Integration

Performance Management

Performance management at Bairaha is structured around an annual evaluation process, primarily covering executive employees, with outcomes directly linked to salary revisions, incentives, promotions, and development opportunities. This process enables:

- Alignment of individual performance with organisational objectives
- Identification of training and capability gaps
- Reward and recognition of high-performing employees
- Structured career succession plan

Performance Management Metrics

Metric	FY2025/26	FY2024/25
Number of employees covered under performance reviews	131	113
% of employees receiving performance reviews	73.28	88.5

During FY2025/26, 19 employees were promoted to higher roles based on performance outcomes and structured evaluation processes, reinforcing a culture where internal talent was prioritised and advancement is driven by merit, capability, and contribution.

Strategic Talent Integration

Bairaha continues to strengthen its workforce through a combination of internal progression and targeted external recruitment, ensuring that capability is built in a balanced and sustainable manner.

During the year, 12 long-serving third-party contract employees within hatchery operations were absorbed into the permanent workforce, recognising sustained performance and providing greater employment stability. This transition reflects a structured approach to talent integration, where employees demonstrating capability are provided with opportunities for progression and continuity.





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The Company also strengthened its human capital base through the targeted recruitment and talent integration of experienced professionals across key functional areas, including factory operations, quality assurance, warehouse management, livestock operations, digital marketing, and sales. This infusion of expertise supported operational efficiency, enhanced functional capability, and strengthened the Company's ability to respond to evolving market requirements, including expansion into new and international markets.

In addition, Bairaha initiated the development of an in-house talent development framework during the reporting period, aimed at strengthening internal capability and supporting long-term organisational resilience. This reflects a deliberate and balanced approach to talent integration, where external expertise complements internal experience to build capability across the organisation.

Compensation, Recognition and Retention

For five decades, Bairaha has built its workforce on enduring relationships, where loyalty, performance, and contribution are recognised not only through acknowledgement, but through consistent and meaningful investment in its people.

As the Company evolved, so too has its approach to retention and reward, shaped by a clear understanding that operational strength is driven by the people who support the business each day across its integrated value chain.

During a year marked by operational challenges, rising cost pressures, and changing employee expectations, this approach played an important role in maintaining workforce stability. Through a combination of long-term recognition initiatives, performance-based compensation, and structured reward systems, Bairaha continues to reinforce a culture where contribution is recognised, continuity is maintained, and employees remain connected to the organisation's ongoing progress.

Remuneration and benefits at Bairaha are governed through the Company's established approval process, with remuneration-related decisions reviewed and approved by the Remuneration Committee. This includes salary revisions, bonuses, allowances and incentive schemes applicable to both executive and non-executive employees. Salary revision proposals and related recommendations are submitted to the Remuneration Committee for final decision-making, with decisions guided by market benchmarks, employee performance ratings, industry norms, inflationary conditions and cost-of-living considerations.

During the reporting period, no employees were covered by collective bargaining agreements, as no trade unions operate within the Company. Employee concerns are addressed through the Company's HR processes, supervisory communication channels and grievance mechanisms, which support open dialogue and timely resolution of workplace matters.

Retention through Recognition

In FY2025/26, Bairaha undertook a significant investment in strengthening employee retention through a targeted recognition initiative for its field leadership. The Company invested LKR 110 Mn. in a structured vehicle ownership scheme for permanent employees within the breeder operations, recognising the critical role these individuals play in maintaining consistency and quality at the earliest stages of the value chain. This initiative was designed to recognise a broad group of employees, including:

- High-performing individuals
- Emerging young professionals
- High technical skill retention

The scheme incorporates a structured ownership transfer mechanism, where vehicles are transferred to employees after a defined period of service, aligning individual aspirations with long-term organisational growth.

Beyond the immediate benefit, this initiative reflects a deeper philosophy: that those who contribute to building Bairaha over time should share in its progress. By linking recognition with sustained contribution, Bairaha reinforces a culture where loyalty is valued, continuity is supported, and employees are encouraged to grow alongside the organisation.





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Performance-based Compensation

Bairaha's compensation approach is anchored in a performance-driven philosophy, where employee contributions are recognised through structured and transparent reward mechanisms.

During the reporting period, the Company implemented two salary revisions based on employee category and performance. In October 2025, all executive level employees who had completed one year of service were eligible for the annual salary revision, following a comprehensive performance evaluation process. Based on performance ratings, eligible employees received an average salary revision of 19%.

In February 2025, salary revisions were also awarded to non-executive employees based on their performance, with an average revision of 20.94%. These revisions reflect the Company's deliberate effort to align compensation with performance, reinforce accountability, and recognise individual contribution across both executive and non-executive levels.

During the year, the Company also strengthened its remuneration framework by:

- Formalising the executive grading structure
- Revising vehicle allowances in line with market benchmarks

These enhancements support consistency, fairness, and competitiveness across employee segments, ensuring that compensation structures remain aligned with both internal performance expectations and external market conditions.

Bairaha's remuneration practices are designed to ensure fairness and consistency across the organisation, with salary decisions guided by role requirements, performance, internal and external benchmarks. The Company remains committed to maintaining equitable pay practices across its workforce. As a matter of policy, the Company does not differentiate salaries based on gender, race or geographical area. This highlights two of our core values; Teamwork and Respectfulness.

Recognition Across Workforce

In addition to structured salary revisions, Bairaha reinforced its commitment to recognising employee contributions through a performance-based bonus scheme, extended across eligible employees within the organisation. All permanent employees and third-party contract employees who had completed one year of service were eligible to be considered under this scheme.

This approach ensures that recognition is not limited to specific levels, but shared across the workforce, reflecting the collective effort required to sustain operations extended to complex and integrated value chain. Whether in hatchery operations, farm management, processing facilities, or support functions, employees contribute to a system where consistency and reliability depend on coordinated effort. Recognising this collective contribution remains central to maintaining workforce motivation and engagement at Bairaha.

Celebrating Achievements

Bairaha also continued to recognise employee contribution through structured non-monetary recognition initiatives, reinforcing a culture where effort and commitment are acknowledged loudly and proudly across the organisation. These initiatives include:

- **Best Employee Awards:** based on structured performance evaluations
- **Long Service Awards:** recognising employees across multiple service milestones

Breakdown of Long-Service Awards for FY2025/26

Category of Service years	No. of Employees
10 years above	102
15 years above	30
20 years above	15
25 years above	15
30 years above	4
35 years above	6
40 years above	4
45 years above	1
Grand total	177

These celebrations and acknowledgements support an environment where individual contribution is valued, progression is encouraged, and long-term commitment is meaningfully recognised.

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Building Capability for the Future

Our Training Philosophy

Bairaha's approach to capability building is centred on developing its people in step with the demands of a vertically integrated and operationally intensive value chain. Across breeding, hatchery and broiler operations, processing, quality assurance, and distribution, employees are required to operate with precision, consistency, and accountability. Supporting this requires more than technical training alone. It requires a structured environment where skills are developed progressively, reinforced through experience, and sustained over time.

In this context, capability building at Bairaha reflects a deliberate process of nurturing talent, where employees are guided, supported, and equipped to grow into their roles, where individual care, encouragement and the right conditions determine long-term outcomes.

During FY2025/26, the Company strengthened this approach through a broader and more structured range of 23 training programmes, covering technical, operational, leadership, digital, and safety and compliance areas, recording a total of 6,548 training hours for the reporting period. These initiatives form part of Bairaha's newly initiated in-house talent framework aimed at supporting continuous learning, structured progression, and long-term organisational resilience.

Training Infrastructure and Partnerships

Bairaha's capability development is supported by a structured training environment designed to ensure consistency and relevance across its operations. The Technical Training Programme Centre, established in the previous financial year, continues to serve as a centralised platform for delivering role-specific training across farm, processing, and support functions. This enables employees to develop the practical skills required to perform efficiently and safely within operational environments.

During the year, the Company further strengthened its external training ecosystem by continuing its partnerships with recognised technical institutions, including a structured programme conducted in collaboration with the Warakapola Technical College. This initiative supports the development of industry-relevant skills while creating pathways that align technical education with operational requirements. Together, these internal and external platforms reflect a structured approach to capability building, ensuring that training remains aligned with industry standards and evolving operational needs.

Approach to Capability Development

Bairaha's approach to capability building is structured across key areas that collectively support operational excellence, safety, leadership development, and future readiness:

Capability Development Areas

Capability Area	What it Builds	FY2025/26 Focus Areas and Programmes
Operational Excellence	Technical consistency and process discipline	Poultry farming and breeder management, hatchery operations, feed management, processing, food safety, quality assurance, six-month operational training programme
Safety and Compliance	Safe, responsible and regulated work practices	Occupational health and safety training, fire safety and emergency response, first aid training, environmental compliance and waste management
Leadership Pipeline	Supervisory and future management capability	Leadership and supervisory development, Management Trainee Programme
Digital and Analytical Capability	Data-driven decision-making and productivity	Basic Data Analytics training, IT and Excel-based training programmes
Behavioural Capability	Collaboration and professional conduct	Soft Skills Development Programme

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This framework reflects a structured approach to developing capability across different levels of the organisation, ensuring that employees are equipped to perform effectively while adapting to evolving operational and business requirements. All training initiatives were designed not only to build technical and functional capability, but also to deliver measurable improvements in operational consistency, productivity, and compliance across the value chain. Participation levels across programmes remained strong, reflecting employee engagement with capability-building initiatives and the Company's continued focus on strengthening workforce effectiveness.

The programmes conducted under each of the above capability areas are elaborated in detail in the next sections.

Operational Excellence

Training programmes during the year focused on strengthening core operational competencies across key functions of the business. Employees participated in training related to:

- Poultry farming and breeder management practices
- Hatchery operations and chick quality management
- Feed management and animal nutrition
- Processing, food safety, and hygiene standards
- Quality assurance and laboratory practices

Programmes were delivered through a combination of structured classroom sessions and on-the-job learning, ensuring practical application within operational environments and reinforcing consistency across processes.

- **Six-month Training and Development Programme**

  Bairaha also continued its six-month training and development programme focused on strengthening essential operational skills. The programme covered areas such as machine operation, maintenance, grading, safe driving, and supervisory responsibilities, ensuring that employees are equipped to perform their roles effectively while maintaining required safety and quality standards.

These initiatives support the consistent execution of operations across farming, processing, and distribution activities, where reliability, discipline, and precision remain critical.

Safety and Compliance

Safety and compliance form an integral part of capability development across Bairaha's operations, reflecting the importance of maintaining safe working conditions and ensuring adherence to regulatory requirements across farming, processing, and distribution activities. All employees across the Group are covered under Workmen's Compensation Insurance, providing protection against work-related injuries and occupational risks in line with statutory requirements. Training initiatives during the year focused on strengthening awareness, improving risk perception, and enhancing preparedness across operational environments:

- **Workplace Health and Safety Training**

  A structured Occupational Health and Safety Training Programme was conducted at the Processing Factory in February 2026, facilitated by a representative from the National Institute for Occupational Safety and Health (NIOSH). The programme covered hazard identification, risk control measures, real-life case discussions, and the impact of workplace incidents on operational continuity. A total of 21 employees representing multiple departments participated, reflecting a cross-functional approach to strengthening safety awareness.



- **Fire Safety and Emergency Response**

  The Annual Firefighting Training Programme was conducted at Primary and Further Processing Factory premises with participation from representatives across all divisions. Facilitated by officers from the Fire Department, the programme included practical demonstrations and hands-on firefighting training to enhance preparedness in responding to emergency situations. A total of 35 employees participated in this training programme.



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- **First Aid Training**

  A comprehensive First Aid Training Programme was conducted for the Health and Safety team at the Processing Factory in November 2025. Delivered by a certified instructor from the Red Cross Society, the training combined theoretical and practical components. This was attended by 35 employees, strengthening on-site emergency response capability.





- **Environmental Awareness and Compliance Training**

  A Waste Management and Legal Compliance Training Programme was conducted in February 2026 for factory and all farm managers, facilitated by the Central Environmental Authority (CEA). The programme covered waste handling, segregation, storage, transportation, and disposal in line with national regulations, as well as legal responsibilities and environmental risk management. A total of 30 employees attended this training programme.

These programmes support the development of a workforce that is not only technically capable, but also aware, responsible, and prepared to operate safely within regulated environments. Further details on occupational health and safety performance are presented in the Operations section.

Leadership Pipeline

Recognising the importance of strong on-ground leadership, Bairaha continued to invest in developing supervisory and managerial capability across its operations. Training initiatives focused on team leadership and people management, motivation and development, performance accountability, decision-making, and coordination across functions; strengthening the ability of employees to manage teams and operational responsibilities effectively.

- **Management Trainee Programme**

  During the year, Bairaha recruited nine Management Trainees under a structured development programme, comprising both degree holders and diploma holders from recognised technical institutions. The programme included a comprehensive induction with exposure to breeder and broiler operations led by divisional heads, supported by targeted technical and IT-based learning.

  As part of the programme, trainees also participated in a two-day outbound leadership training programme, which included an overnight stay, team-based activities, leadership development exercises and a bonfire session designed to encourage engagement, collaboration, and peer bonding. A structured monthly development framework was also implemented, focusing on developing supervisory and managerial capabilities, managerial effectiveness, and operational understanding. This initiative forms a key component of Bairaha's long-term talent pipeline, supporting the development of future leaders capable of sustaining operational continuity and responding to evolving business requirements.





Bairaha's capability development approach is further supported by structured development programmes aligned to different levels of the organisation. These include the Machine Operator Development Programme (MODP), Supervisory Development Programme (SDP), Executive Development Programme (EDP), and Management Development Programme (MDP), each designed to build role-specific competencies across technical, supervisory, and leadership levels.

Digital and Analytical Capability

As part of its ongoing evolution, Bairaha continued to strengthen digital capability and analytical skills across its workforce, supporting improved decision-making and operational visibility.

- **Basic Data Analytics Training**

  A targeted training programme was conducted to enhance data-driven decision-making, focusing on practical applications of tools such

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as Excel, Power BI, and collaborative platforms including OneDrive and SharePoint. Delivered as an internal knowledge-sharing initiative, the programme leveraged in-house expertise.





- **IT and Excel-Based Training**

  Complementary IT and Excel-based training programmes were conducted for farm and factory employees, strengthening data handling capabilities, improving reporting accuracy, and enhancing operational visibility at the ground level.

These initiatives support the development of analytical capability across functions, enabling employees to respond more effectively to operational requirements.

Behavioural Capability

In addition to technical and analytical training, Bairaha continued to strengthen soft skills required for effective collaboration across its operations.

- **Soft Skills Development Programme**

  A structured Soft Skills Development Programme was conducted with participation from employees across breeder, broiler, processing, hatchery, and head office functions. The programme focused on communication, teamwork, accountability, and professional conduct, supporting improved coordination and collaboration across operational and support functions.





These initiatives contribute to building a more cohesive and collaborative work environment, supporting the effective functioning of teams across the organisation.

Training and Development Metrics

To support structured monitoring and continuous improvement, Bairaha tracks training and development performance across key metrics:

Training and Development Metrics

Metric	FY2025/26	FY2024/25
Total number of training programmes conducted	23	20
Total training hours delivered	6,548	5,860
Total number of employees trained	375	410
Average training hours per employee subject to training	17.46	14.24

Breakdown of Development Programmes

Development Programme	No. of Hours	No. of participants	Training Hours Per participant employee
Machine Operator Development Programme (MODP)	3,428	288	12
Supervisory Development Programme (SDP)	572	42	14
Executive Development Programme (EDP)	1,824	39	47
Management Development Programme (MDP)	724	6	121

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Employee Wellbeing, Benefits and Support

Supporting Wellbeing across the Workforce

For five decades, Bairaha's relationship with its people has extended beyond employment. It reflects a long-standing commitment to supporting employees not only in their roles, but in their broader wellbeing, recognising that a stable, engaged, and supported workforce is essential to sustain operational performance across the value chain standing true to its ideal of being there for them from Farm to Home. Across its farming, processing, and support operations, the Company continues to implement initiatives that support physical wellbeing, financial security, and employee welfare, ensuring that individuals are able to perform their roles in a safe and supportive environment.

Health and Medical Support

During FY2025/26, Bairaha continued to prioritise employee health through structured medical and health awareness initiatives conducted across key operational locations.

- **Annual Medical Check-Up – Processing Factory**

  The Company organised its Annual Medical Check-Up Camp at the Primary Processing Factory, providing employees with access to comprehensive health assessments conducted on-site by qualified medical professionals. The programme included:

  - General physical examinations
  - Blood pressure and sugar level monitoring
  - BMI and fitness assessments
  - Eye and dental checks
  - Consultation on occupational health and hygiene

  This initiative supports early detection and management of health conditions while reinforcing the importance of maintaining employee health in environments where food safety and operational hygiene are critical and necessary with our business model.





- **Medical Outreach – Nikaweratiya Farm**

  A medical check-up programme was also conducted at the Nikaweratiya Farm in collaboration with the MOH Office in Rasnayakapura, extending healthcare access to employees based in farm operations. The programme included basic health assessments and medical consultations, supporting the identification of potential health risks and encouraging employees to maintain good health practices. Implemented with a cost-efficient approach, this initiative reflects the Company's commitment to ensuring that employee wellbeing programmes are extended across all operational locations.





Insurance and Protection

Bairaha continued to enhance employee security through structured insurance and protection mechanisms, ensuring that employees and their families are supported in the event of health-related or occupational risks.

During FY2025/26, the Company invested over LKR 19 Mn. in comprehensive insurance coverage for executive employees, covering:

- Health and medical insurance
- Surgical and hospitalisation expenses
- Life insurance protection

These benefits provide employees and their families with access to quality healthcare and financial security, particularly in the event of unforeseen medical situations. In addition, all employees across the Group are covered under Workmen's Compensation Insurance, ensuring protection against work-related injuries and occupational risks in line with statutory requirements. Together,

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these measures contribute to creating a secure and supportive working environment, enabling employees to perform their roles with confidence while reinforcing Bairaha's position as a responsible and caring employer.

Employee Benefits and Support Framework

Bairaha provides a range of employee benefits designed to support wellbeing, financial security, and overall working conditions across its workforce. These benefits include insurance coverage, allowances, welfare support, and performance-related incentives, structured to align with both operational requirements and employee needs.

Category	Benefits (Apart from Insurance)
All Executives and above	Study Support for Higher Education
All Employees	• Free Hostel facilities • Transport for factory employees • Food at subsidiary prices • Uniform and safety gear

Employee Assistance and Social Support

Bairaha continued to support employees beyond the workplace through targeted welfare and community-focused initiatives.

- **Investing in Education through the "Help to Learn" Initiative**

  Bairaha continued its flagship "Help to Learn" programme in December 2025, reaffirming its commitment to supporting the educational development of employees' children. The programme was held at the Covenro Hotel, Veyangoda, with participation from employees, their families, and members of the wider community. The event was graced by Bairaha's senior leadership, including the Managing Director Mr Yakooth Naleem and Operations Director Mr M I Wahid, alongside other guests Principal of the Primary School in Ellalamulla, the Grama Niladari, and the Assistant Superintendent of Police of the Nittambuwa Police Division, who shared valuable advice to the children present.





The initiative provided educational packs comprising school bags, books, and stationery to students from Grades 1 to 13, supporting their academic needs and easing the financial burden on families. During the year, the programme saw an investment of over LKR 4 Mn., benefiting more than 725 students.





Since its inception in 2018, "Help to Learn" has played a meaningful role in enhancing access to education and supporting long-term social development. The initiative reflects Bairaha's continued commitment to supporting future generations, while strengthening relationships with employees by ensuring that their families are also supported and empowered.

- **Encouraging Creativity and Family Engagement**

  To mark International Children's Day 2025, Bairaha organised a Children's Day event for employees' children at its regional office premises in October 2025, with participation from 35 children. The event included an art competition, a bouncy castle and various other engaging recreational activities, providing children with an opportunity to express creativity, enjoy shared experiences, and engage in a structured, supportive environment.

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With an investment of approximately LKR 500,000, the programme reflects Bairaha's commitment to fostering family engagement and contributing to the personal development of employees' children, while strengthening long-term relationships with its workforce.





- **Emergency Support**

  During the reporting period, Bairaha provided financial and welfare support to employees affected by adverse events, including natural disasters such as flooding and landslides that impacted certain regions following Cyclone Ditwah. The Company extended timely assistance to affected employees, helping them manage immediate challenges and maintain stability during periods of disruption.

This support reflects Bairaha's broader approach to employee wellbeing, recognising that external factors can significantly affect employees' lives and livelihoods. By standing by its people during difficult circumstances, the Company reinforces trust, strengthens long-term relationships, and demonstrates its commitment to supporting employees beyond the workplace.

Employee Engagement and Culture

Beyond structured policies, systems, and programmes, Bairaha continues to foster a workplace where connections extend beyond day-to-day responsibilities. Over the past fifty years, these relationships have grown into bonds shaped by shared experiences, challenges, and collective effort, creating a sense of belonging that has elevated Bairaha beyond a conventional workplace.

Across its operations, employees work closely together in environments that demand coordination and trust, gradually building relationships that reflect loyalty, mutual respect, and continuity. In many ways, this has shaped an environment that feels less like a place of work and more like a community, where individuals remain connected, support one another, and grow together over time.

Employee Voice

Bairaha continued to strengthen employee engagement through structured feedback mechanisms and inclusive workplace initiatives. During the year under review, the Company conducted a Trust Index Survey, with participation from 454 permanent employees, achieving an overall positive score of 90%. This reflects a high level of employee trust and satisfaction and reinforces the Company's progress in building a strong workplace culture. As a result, Bairaha was named among the Top 50 Best Workplaces in Sri Lanka, securing 8th place among the Best Workplaces™ in the Manufacturing and Production Sector.





Engagement Initiatives

Beyond formal engagement mechanisms, Bairaha continued to strengthen workplace relationships through cultural initiatives that bring employees together across functions and backgrounds.

- **Sinhala and Tamil New Year Celebrations**

  The Bairaha team commemorated the Sinhala and Tamil New Year 2025 with a simple yet meaningful celebration that brought together employees from diverse backgrounds across the organisation. The event featured traditional games and interactive activities, encouraging participation,

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teamwork, and informal interaction beyond day-to-day operational roles. These activities created opportunities for employees to connect across functions, strengthening camaraderie and reinforcing a shared sense of belonging within the workplace. Supported by management, the initiative reflects Bairaha's continued commitment to fostering an inclusive workplace culture, boosting employee morale, and nurturing positive relationships across its workforce.







The reporting period also saw various cross-functional team events and programmes that enabled the diverse Bairaha team to engage with teams across the Company. These efforts reflect Bairaha's long-standing approach to building a workplace where employees feel connected not only to the organisation, but to each other.

Looking Ahead

Building on a strong foundation, Bairaha now looks ahead to the next chapter of its journey with continued focus on strengthening its people and organisational capability. The Company will continue to enhance its human capital approach by:

- Advancing structured capability development through its evolving talent development approach
- Supporting workforce stability, retention, and engagement
- Strengthening health, safety, and wellbeing practices across operations
- Expanding initiatives that support employees and their families

As the business continues to evolve, Bairaha's people will remain central to maintaining operational consistency, adapting to changing industry dynamics, and delivering value across the supply chain. Through this continued focus, the Company is positioning itself to build a capable, resilient, and future-ready organisation for the years ahead.

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Our Customers

FY2025/26 Snapshot

Customer priorities during the year included **affordability, product availability, food safety, quality and convenience.**

Bairaha responded with **smaller pack sizes, family packs, catering products, mini packs and value-for-money offerings.**

Customer access was strengthened through **retail, General Trade, Modern Trade, HORECA, direct and online sales, home delivery and digital ordering channels.**

Online access was supported through the **Bairaha online shop, hotline, PickMe, Uber, WhatsApp ordering, social media, card payments, and QR-based website ordering.**

Customer feedback was captured through **SMS-based service ratings, product-experience feedback, and direct hotline engagement.**

Customer complaints are targeted for **resolution within 24 hours, while customer queries are targeted for response within 30 minutes.**

The **Bairaha Chicken Café** at Port City Colombo recorded steady and encouraging growth during the FY2025/26, while continuing to support product showcasing, concept testing, direct engagement and brand experience.

A Promise Built on Quality, Trust and Access

For 50 years, Bairaha's relationship with customers has been built on a simple but powerful promise: to provide safe, quality poultry products that support good health and nutrition. From its early role in making a protein source more accessible to Sri Lankan households, to its present position as a fully integrated poultry and food business, the Company's customer value proposition has remained anchored in quality, food safety, affordability, availability and trust.

Bairaha's customer base now extends across households, retail outlets, General Trade, Modern Trade, HORECA, wholesale channels, digital platforms, direct delivery and export markets. This broad market presence reflects the Company's ability to serve different customer needs; from everyday household consumption to value-added convenience products and food service requirements.

As Bairaha marks 50 years, customer trust remains one of the most important outcomes of its integrated value chain. The Group's control over breeding, hatchery operations, farming, processing, cold storage, distribution and market access supports consistency, traceability and product integrity from Farm to Home.

Why Customers Matter

Customers influence Bairaha's product strategy, channel development, innovation, pricing approach and quality standards. In a market where poultry remains an important source of household protein, customer expectations are shaped not only by price, but also by safety, reliability, convenience and confidence in the brand.

During FY2025/26, customers were affected by a challenging operating environment. Disposable income remained under pressure, while customers became increasingly price-sensitive and selective in their purchasing decisions. At the same time, expectations around food safety, convenience, traceability, product variety and brand trust continued to grow.

Bairaha's stakeholder engagement process identified affordability, price sensitivity, consistent product availability, and food safety and quality as key concerns for customers and consumers during the year. In response, the Company introduced smaller pack sizes, expanded its value-added product range, ensured continuity of supply and maintained strict food safety standards.

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Quality, Safety and Trust

Customer trust is closely linked to the standards maintained across Bairaha's integrated value chain. By managing key production and handling stages from breeding, hatchery operations and farming to processing, cold storage, distribution and customer access, Bairaha is able to support consistency, traceability and product integrity from Farm to Home.

During FY2025/26, this commitment was reinforced through **continued quality and bio-security practices, external audit processes, and stronger cold chain and traceability systems,** including the commissioning of the new 500 MT cold storage facility. These measures help protect product safety, preserve quality, and give customers confidence in the products they purchase. Further details on product responsibility, quality systems, food safety, traceability, bio-security and responsible protein production are presented in section Responsible Protein Production on page 103.

Affordability and Accessibility

Affordability remained one of the most important customer concerns during the year. Poultry plays a critical role in national nutrition because it remains one of the more accessible, sources of animal protein for Sri Lankan households, in terms of pricing and availability across the Island. However, FY2025/26 was shaped by cost pressures, taxation, input levies and consumer income constraints, requiring Bairaha to balance pricing, quality and availability carefully.

In response, the Company adopted **a balanced approach to volume, affordability and product mix.** Bairaha promoted affordable pack sizes, including family packs, smaller portion formats, catering products and mini packs, helping consumers manage household budgets while continuing to access branded poultry products.

The Company's **value-for-money pricing strategy was also reflected across retail and HORECA channels.** However, for premium and higher-cost products, including selected sausages made with edible casing, Bairaha adopted a made-to-order approach to manage demand, cost and inventory exposure. This allowed the Company to serve affordability-led demand and targeted premium demand without overexposing the business to slow-moving high-cost inventory.

Product Choice, Convenience and Engagement

Bairaha continued to respond to changing customer preferences through product innovation, value-added products, digital access and direct engagement. Value-added and pre-cooked products remain an important part of this response, offering convenience and variety while supporting the Group's strategic focus on margin resilience and customer relevance.

During FY2025/26, Bairaha strengthened customer access through retail, General Trade, Modern Trade, HORECA, direct and online sales, home delivery and digital ordering channels. It is noteworthy that online and home delivery activity continued to gain traction through the Bairaha online shop, hotline, WhatsApp, social media channels, and aggregator platforms. Orders placed before 1 p.m. are processed for same-day delivery, while later orders are delivered the following day. These channels improved convenience while helping Bairaha understand customer preferences, ordering behaviour and feedback directly. Deliveries are handled through the Company's own logistics team using refrigeration bags to support cold chain discipline, with supplementary logistics partners used where urgent delivery requests require additional support. Detailed route-to-market and digital capability developments are discussed in Downstream section from page 63 to 65.

Bairaha also continued to build customer engagement through digital advertising, social media platforms, exhibitions, food festivals, housewife-focused programmes, in-store sampling, supermarket promotions, General Trade activations and cooked product sales through the Bairaha Chicken Café at Port City Colombo.

Customer Engagement and Feedback

Customer engagement was strengthened through structured service and product feedback channels. Customers receive SMS-based service rating requests after delivery, while product-experience feedback is gathered through email. These channels help Bairaha monitor satisfaction, identify service gaps and improve the quality of the customer experience. The Company also targets complaint resolution within 24 hours and query response within 30 minutes, supporting a more responsive customer service model.

During FY2025/26, Bairaha received 14 customer complaints, mainly relating to packaging defects and weight discrepancies in family packs. Each complaint was promptly investigated by the Quality Department to identify the root cause and implement appropriate corrective

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action. This process supported timely complaint resolution, strengthened internal quality controls and helped maintain customer confidence in the Company's products and service standards.

Bairaha Chicken Café and Brand Experience

The Bairaha Chicken Café at Port City Colombo supports the Company's customer engagement strategy by providing a platform to showcase cooked products, test product concepts, engage directly

with consumers and strengthen brand visibility in a high-footfall environment. The café also provides Bairaha with a practical channel to understand consumer preferences directly, test menu and product ideas, and connect with customers beyond conventional retail and distribution channels. It supports the broader Farm to Home journey by demonstrating how Bairaha products can be experienced, prepared and enjoyed by consumers in everyday settings.

In the previous year, Bairaha highlighted the Chicken Café as a platform that had introduced a new menu to align with evolving consumer tastes and support product concept testing. In FY2025/26, this customer engagement role continued through high-footfall events, food festivals, exhibitions and direct consumer promotions. For the reporting period, Bairaha Chicken Café recorded a notable 33% year-on-year increase in sales. New menu items introduced during the year include rice-based meals, devilled chicken meatballs and combo packs designed for individual, family and group consumption occasions.

Value Created for Customers

Bairaha creates value for customers by providing access to trusted poultry products through multiple channels, maintaining food safety and quality standards, offering product choices that reflect changing lifestyles, and supporting affordability during a period of economic pressure.

For customers, this means safer products, greater convenience, more choice, improved availability and continued access to an important source of household protein. For Bairaha, customer trust remains one of the most important foundations of long-term value creation.

Looking Ahead

Bairaha will continue to strengthen customer value through quality, affordability, convenience and product relevance. The Company's priorities include expanding value-added products, strengthening cold chain and traceability systems, improving customer access through digital and physical channels, and maintaining food safety standards across the value chain.

As consumer expectations continue to evolve, Bairaha will also focus on using customer feedback, digital insights and channel engagement to guide product development, service improvements and route-to-market execution. The Company's long-term customer promise remains centered on safe, quality poultry products that support good health and household nutrition.

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Our Communities

FY2025/26 Snapshot

Bairaha supported flood and landslide-affected employees with **350 dry ration packs**

Relief packs were provided to camps in **Kottaramulla, Hiripitiya, Dolosbage and Thummodara**

25 employees participated in a **blood donation initiative** in response to Cyclone Ditwah-related emergency needs.

Education and youth initiatives which involved the Company supporting Ellamulla Primary School, Pasyala Maha Vidyalaya, Muslim Balika Maha Vidyalaya Thihariya and Ellakala Central Sports Club.

Growing with Communities

Bairaha's contribution to communities is closely linked to the role it has played in Sri Lanka's poultry sector over the past five decades. From making chicken more accessible to households, to creating employment, supporting out-grower farmers, sourcing from local suppliers, engaging with consumers and supporting community initiatives, Bairaha's shared value story extends beyond the boundaries of its operations.

The Company's community impact is shaped by the nature of its integrated value chain. Farms, hatcheries, processing facilities, cold storage operations, sales networks, distribution routes, suppliers, out-growers and retail channels all contribute to local economic activity. This creates direct and indirect value through employment creation, uplifting rural livelihoods, local procurement, technical capability building, making available of an important and a basic food item while contributing towards enhancing national nutrition.

Bairaha's community relationships are also shaped by proximity. Many of its farms, facilities, supplier networks and out-grower relationships are connected to regional and rural economies. As a result, the Company's role in communities is not limited to CSR activity, as already explained above.

Why Communities Matter

Communities provide the social and economic context within which Bairaha operates. Strong community relationships support trust, operational continuity, access to local talent, supplier participation, farmer partnerships and social license to operate.

During FY2025/26, Bairaha's stakeholder engagement process identified employment opportunities, community development and responsible operations as key community concerns. In response, the Company continued community development initiatives, supported education and local programmes, and contributed to regional economic activity by providing employment and by offering opportunities for value creation through its operations.

The year also reinforced the importance of community responsiveness as Sri Lanka faced floods, landslides and public health concerns. Bairaha's response during the year included employee relief, community relief, health awareness, education support, cultural engagement, youth development and inclusive digital initiatives.

Local Economic Progress and Rural Development

Bairaha's operations contribute to regional economic activity through its production footprint, supplier network, out-grower model, distributor relationships and employment across numerous parts of the country. The out-grower network is an important part of this rural development story, enabling farmers to participate in a structured poultry value chain while receiving technical support, veterinary guidance and access to a reliable buyer relationship.

Those relationships continue as a long-standing commitment by Bairaha to source raw materials and intermediate products from local suppliers and businesses, supporting local entrepreneurship and improving supply chain resilience.

Supporting Food Security and Household Nutrition

One of Bairaha's most important contributions to society is its role in supporting access to affordable protein. Poultry remains an important part of Sri Lanka's food system because it is widely consumed, comparatively accessible and important to household nutrition. Bairaha's founding role in making chicken accessible to households remains a central part of its legacy. The Company continues to support national food security by producing and distributing chicken, pre-cooked poultry products and broiler day-old chicks that contribute to the country's food and protein requirements.

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During FY2025/26, affordability remained under pressure due to taxation, input cost pressures and consumer income constraints. Bairaha responded by offering product mix to suit different segments, in addition to smaller pack sizes and value-for-money offerings, while seeking to ensure availability across retail, General Trade, HORECA, direct delivery and online channels. These contributions towards food security and affordability are not separate from the business model. It is one of the ways the Company creates shared value through its operations.

Community Health, Safety and Emergency Response

During FY2025/26, Bairaha responded to public health and emergency needs affecting employees and communities.

In response to heightened risk of communicable diseases such as dengue and Chikungunya in the Gampaha District, the Company implemented a proactive awareness and prevention initiative to maintain a safe and hygienic work environment. A special awareness session was conducted at the regional office, facilitated by the Public Health Inspector of the Pasyala Area, focusing on preventive measures, environmental cleanliness and the importance of mosquito-free premises. Corrective actions were immediately enforced across locations with the participation of Divisional Heads and relevant officers to eliminate potential breeding grounds.





Bairaha also extended timely support in response to floods and landslides that affected several regions of the country. Dry ration packs were distributed to 350 employees directly affected by the disaster across multiple locations, providing immediate relief and essential food supplies during a period of hardship. The Company invested LKR 2.1 Mn. in support extended to affected employees. In addition, dry ration packs were provided to relief and rescue camps in affected areas including Kottaramulla, Hiripitiya, Dolosbage and Thummodara, with a donation of LKR 350,000.





In response to the emergency situation caused by Cyclone Ditwah, Bairaha also participated in a blood donation drive at the request of the Wathupitiwala Base Hospital Blood Bank. A total of 25 employees volunteered as blood donors to support urgent medical needs during this critical time. The Company also provided nutritional support to donors in recognition of their contribution.





These initiatives demonstrate Bairaha's role as a responsive corporate citizen during times of national crisis, standing in solidarity with employees, communities and public institutions when support is most needed.

Education and Youth Development

Education also remained a key focus of Bairaha's community engagement during FY2025/26. The Company contributed towards the construction fund for a new multi-storied building at Ellamulla Primary School, supporting the creation of a safer and more modern learning environment for students.



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Bairaha also contributed funds towards the annual trade fair held at Pasyala Maha Vidyalaya. This support enabled students to showcase talents, innovative projects and practical skills, encouraging experiential learning, creativity and confidence.

In March 2026, the Company organised a school supplies distribution at Muslim Balika Maha Vidyalaya in the Gampaha District in commemoration of the school's Annual Prize Giving. The programme recognised students who achieved top ranks and performed well in the scholarship, GCE O/L and GCE A/L examinations. A total of 43 award winners received school bags and essential learning materials, with an investment of LKR 400,000 allocated for the initiative.





The Company also supported youth development through sport, by providing a sponsorship for a value of LKR 100,000 for a volleyball tournament organised by the Ellakala Central Sports Club. The tournament brought together young players and sports enthusiasts from surrounding communities, promoting teamwork, discipline, healthy competition and community spirit.

Bairaha continued its support for Zahira College rugby as official Nourishment Partner for the second consecutive season in 2025. Through this partnership, the Company helped address young athletes' nutritional needs, supporting access to quality protein and reinforcing the role of nutrition in performance, wellbeing, discipline, teamwork and youth sporting excellence.

Through those initiatives, Bairaha supported education, youth development, community participation and social mobility.

Cultural Engagement and Community Ties

Bairaha continued to support local community activities that strengthen social cohesion and preserve cultural identity. During the year, the Company contributed funds towards the annual religious event held at Varana Temple on 1 December 2025. By supporting this community event, Bairaha demonstrated respect for local cultural and religious heritage while strengthening relationships with the communities in which it operates.

The Company also contributed LKR 250,000 as the main sponsor of the New Year's Eve event organised by the Ellamulla Udaya Sports Club. This sponsorship supported a cultural and recreational programme that brought residents together in a spirit of unity, celebration and community participation.

Above mentioned initiatives reflect Bairaha's approach to community engagement, where support is extended not only through formal development programmes, but also through activities that nurture social connection, cultural heritage and community identity.

Value Created for Communities

Bairaha creates value for communities through employment, farmer and supplier participation, rural income generation, local procurement, education support, emergency relief, health and safety awareness initiatives, cultural engagement, youth development and inclusive innovation.

Its operations support economic activity across farming, processing, logistics, distribution, sales and retail channels, while its products contribute to national food security and household nutrition. For communities, this value is seen in livelihood opportunities, access to affordable protein, local economic participation and targeted social initiatives. For Bairaha, strong community relationships support long-term trust, social license to operate and resilience across its value chain.

Looking Ahead

As Bairaha enters its next 50 years, its ability to create shared value will remain closely linked to how it supports people, communities and the wider food system through responsible growth. The Company will continue to focus on initiatives that align with its operations and stakeholder needs, including education, youth development, health and safety awareness, emergency support, inclusive innovation and local economic participation.

Bairaha will also continue to strengthen its role in national food security by improving access to safe, high-quality and affordable poultry products, while sustaining relationships with farmers, suppliers, employees, customers and communities across its value chain.

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Our Shareholders

1. Thirty Major Shareholders as at 31 March

	Name	No. of shares as at 31 March 2026	%	No. of shares as at 31 March 2025	%
1	Mr M N M Yakooth	9,360,265	10.637	1,872,053	10.6367
2	Mr M N M Mubarak	9,134,990	10.381	1,826,998	10.3807
3	Mr M N M Kamil	8,821,580	10.025	1,764,316	10.0245
4	Mrs F S Imran	4,836,255	5.496	992,251	5.6378
5	Mr M Y M Riyal	4,533,675	5.152	906,735	5.1519
6	Deutsche Bank Ag-National Equity Fund	3,663,739	4.163	625,382	3.5533
7	Mr M E N Mohamed Ilyas	3,294,575	3.744	590,059	3.3526
8	Mr M I Ilyas Naleem	3,246,630	3.689	590,035	3.3525
9	Seylan Bank PLC/R A Rishard	2,232,500	2.537	–	–
10	Amana Bank PLC/Hi-Line Trading Pvt Ltd	1,925,380	2.188	385,076	2.1879
11	Mrs F F Ilyas Naleem	1,610,805	1.83	295,016	1.6762
12	Seylan Bank PLC/K L G Udayananda	1,099,333	1.249	–	–
13	Seylan Bank PLC/Mohamed Mushtaq Fuad	1,009,002	1.147	–	–
14	People's Leasing & Finance PLC/Hi Line Trading (Pvt) Ltd	778,980	0.885	139,259	0.7912
15	People's Leasing & Finance PLC/K L Udayananda	737,993	0.839	–	–
16	People's Leasing & Finance PLC/Nagoya Ceylon Trading (Pvt) Ltd	685,752	0.779	–	–
17	Mr R Pestonjee	544,690	0.619	108,938	0.6190
18	M T A Furkhan Foundation	503,175	0.572	259,505	1.4745
19	Senkadagala Finance PLC/M M Fuad	489,031	0.556	–	–
20	Deutsche Bank Ag-Namal Growth Fund	475,000	0.54	110,000	0.6250
21	Mr N S Ahamed and Mrs K A Shiffer	468,212	0.532	–	–
22	Senkadagala Finance PLC/K L G Udayananda	424,907	0.483	–	–
23	Mr A M A Alsaad	370,875	0.421	64,725	0.3678
24	Hatton National Bank PLC-Senfin Growth Fund	364,881	0.415	143,000	0.8125
25	People's Leasing & Finance PLC/Hi Line Towers (Pvt) Ltd	350,214	0.398	83,070	0.4720
26	DFCC Bank PLC A/C No.02	317,068	0.36	–	–
27	Mr M M Nizamudeen	294,865	0.335	–	–
28	Employees Trust Fund Board	287,069	0.326	949,812	5.3967
29	Mr A W M Nowfer	286,550	0.326	57,310	0.3256
30	Mr R A Rishard and Miss F S N Rishard	283,155	0.322	–	–
		62,431,146	70.944	11,763,540	66.838
	Others	25,568,854	29.056	5,836,460	33.162
	Total	88,000,000	100.000	17,600,000	100.000

2. Directors' and Chief Executive Officer's holding in shares as at 31 March 2026

	Directors Name		No. of Shares	%
1	Mr Reyaz Mihular	Chairman	42,430	0.048
2	Mr M N M Yakooth	Managing Director/CEO	9,360,265	10.637
3	Mr M Y M Riyal	Executive Director	4,533,675	5.152
4	Mr M N M Kamil		8,821,580	10.025
5	Mr M N M Mubarak		9,134,990	10.381
6	Mr M I Wahid		11,000	0.013
7	Mr O A Herath		–	0.000
8	Mr R M R V Ratnayake		–	0.000
			31,903,940	36.254
	Others		56,096,060	63.746
			88,000,000	100.000

Market Value per share during the year (LKR)	As at 31 March 2026		As at 31 March 2025	
Highest	470.00	24 Octomber 2025	198.00	(22 May 2024)
Lowest	66.50*	17 March 2026	150.00	(14 November 2024)
Closing	71.00*		164.75	

** Share prices marked with an asterisk represent market prices subsequent to the share split effected on 17 December 2025 on the basis of five (05) shares for one (01) share.*

Share Trading

No. of Shares Traded during the year	23,306,448
Value of Shares Traded during the year	4,043,791,880
Number of Transactions during the year	37,639

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		No of Transaction (Trade Volume)	Share Volume (No of shares traded)	Turnover Volume (Value of Shares)
01 April 2025	30 June 2025	2,625	1,445,945	257,840,455
01 July 2025	30 September 2025	12,583	6,395,711	1,638,994,785
01 October 2025	31 December 2025	9,064	3,002,337	1,057,405,273
01 January 2026	31 March 2026	13,367	12,462,455	1,089,551,367
		37,639	23,306,448	4,043,791,880

Share split in effect from 17 December 2025 on the basis of five (05) shares for one (01) share.

Share distribution

Shareholding as at 31 march 2026

From	To	No. of Holders	No of Shares	%
1	1,000	3,621	1,185,886	1.35
1,001	10,000	1736	5,389,878	6.12
10,001	100,000	374	11,128,741	12.65
100,001	1,000,000	63	15,526,766	17.64
Over 1,000,000		13	54,768,729	62.24
		5,807	88,000,000	100.00

Categories of shareholders

Director Name	Number of Holders	Number of Shares	%
Local Individuals	5,565	64,858,752	73.70
Local Institutions	205	22,196,430	25.22
Foreign Individuals	34	841,009	0.96
Foreign Institutions	3	103,809	0.12
	5,807	88,000,000	100.00

Public Holding

The percentage of shares held by the public as at 31 March 2026 is 63.743%, comprising of 5,800 shareholders
The Float adjusted market capitalisation as at 31 March 2026 – LKR 3,982,664,060.00

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The 2020s:

Digital Reach, Global Ambition and Responsible Growth

The 2020s brought new expectations, new technologies and new opportunities. Bairaha strengthened customer access through sales force automation, digital platforms and improved route-to-market systems. In 2021, the Company received international recognition at the FMCG Asia Awards for its inclusive Braille recipe book initiative, reflecting a belief that innovation should also serve society.

In 2022, the Group implemented HRIS to streamline workforce management and established Bairaha International FZCO in the UAE Free Zone to coordinate and centralise export activities. In 2023, Global Reach Foods (Pvt) Ltd. commenced operations as a fully export-oriented subsidiary, supporting Bairaha's global ambitions. In 2024, the Third Eye app extended the Company's inclusive innovation journey. This decade reflects a business preparing for the future: digital, export-oriented, responsible and deeply connected to its Sri Lankan roots.

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Responsible Protein Production

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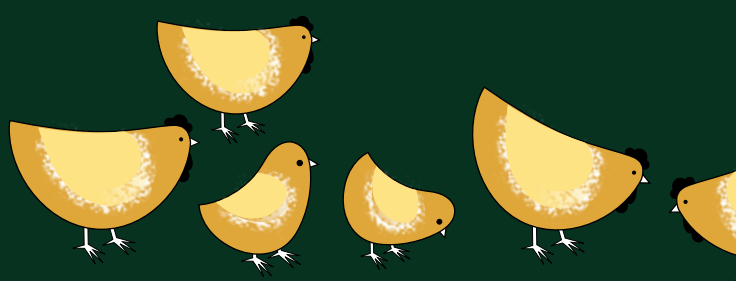

Responsible protein production is central to Bairaha's identity as a fully vertically integrated poultry business. The Group's ability to create long-term value depends on how responsibly it manages food safety, animal welfare, environmental impact, resource use, climate-related risks, operational compliance and stakeholder relationships.

As Bairaha marks 50 years of excellence, sustainability is not treated as a separate activity, but as part of the way the business operates. Quality control, bio-security, animal welfare, cold chain discipline, environmental compliance, energy efficiency, waste management and traceability are embedded across the Farm to Home journey, supporting product integrity, customer trust, regulatory compliance and business continuity.

During FY2025/26, Bairaha advanced its readiness for forthcoming sustainability-related financial disclosures under SLFRS S2, while availing transitional relief from SLFRS S1 disclosures until the following reporting period. The sustainability performance indicators presented in this section have been selected to reflect the Group's most material sustainability topics, as identified through its GRI-aligned materiality assessment process. These indicators cover energy and emissions management, water stewardship, waste and by-product utilisation, human capital, occupational health and safety, community engagement, governance and economic value distribution.

This section brings together Bairaha's responsible production practices, sustainability governance, SLFRS readiness and key ESG indicators, showing how the Group manages environmental, social, governance and product responsibility matters across the Farm to Home value chain.

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Sustainability Governance and SLFRS Readiness

Governance Framework for Sustainability

Bairaha's approach to sustainability is underpinned by a governance structure that ensures accountability at the highest levels of the organisation. During the financial year under review, the Company strengthened its sustainability governance by constituting a dedicated ESG Committee, operating under the direct purview of the Audit Committee of the Board of Directors. This committee structure ensures that sustainability risks, opportunities and performance are subject to the same rigour of oversight as financial and audit matters.

A dedicated sustainability management team reports directly to the ESG Committee on a regular basis. This team is responsible for collecting, monitoring and reporting on sustainability-related indicators, driving environmental and social initiatives across the Group's operations, and preparing the Company for the forthcoming SLFRS S2 disclosure requirements, while availing transitional relief from SLFRS S1 disclosures for the next financial year.

Bairaha Sustainability Governance Framework

BOARD OF DIRECTORS' AUDIT COMMITTEE

Provides top-level oversight to ensure accountability and rigorous sustainability performance monitoring

DEDICATED ESG COMMITTEE

Operates under the Audit Committee to manage sustainability risk and strategic opportunities



SUSTAINABILITY MANAGEMENT TEAM

Executes the ESG strategy and provides regular reports to the ESG Committee.

CORE MANAGEMENT RESPONSIBILITIES

Data Collection and Monitoring
Rigorous tracking of key sustainability indicators across the Group's operations.

Environmental and Social Initiatives
Driving impactful programs to improve the company's ecological footprint and community engagement.

SLFRS S1 and S2 Preparation
Preparing the organisation for upcoming international sustainability and climate-related disclosure requirements.

Board-Level Oversight

The Board of Directors holds collective responsibility for embedding sustainability into the Company's long-term value creation strategy. The Board, through the Audit Committee and its subordinate ESG Committee, ensures that climate-related risks, environmental compliance and social responsibility are integrated into strategic planning, risk management and capital allocation decisions. The Board's areas of sustainability focus include energy, emissions, water and waste management policies; monitoring of environmental compliance certifications; and the exploration and endorsement of ESG initiatives across all business segments.

ESG Committee

The ESG Committee functions as a sub-committee of the Audit Committee and provides the primary governance forum for the oversight and direction of the Company's sustainability agenda. The Committee is responsible for reviewing sustainability performance against established indicators, approving the Company's sustainability reporting framework, overseeing climate risk identification and response, and ensuring alignment with evolving international disclosure standards, including SLFRS S1 and S2.
The Committee convenes on a regular basis and receives structured reports from the sustainability management team.

Sustainability Management Team

The dedicated sustainability management team operates under the direction of the ESG Committee and is accountable for the day-to-day implementation of the Company's sustainability strategy. The team's mandate includes data collection and quality assurance for all reported ESG indicators, development and implementation of environmental management programmes, stakeholder engagement on sustainability topics, coordination of third-party verifications and certifications, and preparation of the Company's sustainability disclosures.

Sustainability Governance Structure

Governance Body	Role in Sustainability Oversight	Reporting Frequency
Board of Directors	Strategic oversight; approval of sustainability policies and material risks	Quarterly, via Board meetings
Audit Committee	Oversight of ESG Committee; integration of sustainability risk with audit and financial reporting	Quarterly
ESG Committee	Dedicated forum for sustainability performance review, target-setting and SLFRS S1/S2 readiness	Regular, aligned with Audit Committee cycle
Sustainability Management Team	Data collection, ESG indicator monitoring, initiative implementation and regulatory compliance	Ongoing; formal reporting to ESG Committee each cycle

Materiality and Reporting Framework

The indicators presented in this section are grounded in the Company's formal materiality assessment, conducted in accordance with GRI Standards. Sixteen (16) material topics have been identified as being of highest relevance to Bairaha's operations and stakeholders. For the purposes of this section, indicators are organised across Environment, Social, Governance and Economic Value Distribution.

Going forward, the Company will align its reporting with the dual materiality concept embedded in SLFRS S1 and S2, which requires consideration of both financial materiality, namely how sustainability matters affect the Company's enterprise value, and impact materiality, namely how the Company's activities affect people and the planet. The ESG Committee will oversee the transition to this framework in the forthcoming financial year.

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Climate, Energy and Emissions

Climate change is increasingly relevant to poultry production because it can affect feed availability and cost, farming conditions, animal health, energy use, cold chain reliability, logistics, water availability and production continuity. For Bairaha, climate-related risks and opportunities extend across the value chain, from corn and raw materials sourcing to feed manufacturing, farms, hatcheries, processing, cold storage, distribution and exports.

Bairaha's environmental management programme is guided by the objective of reducing the ecological footprint of its vertically integrated operations, spanning breeder farms, hatcheries, feed mill, processing factories and distribution. This builds on the Company's ongoing commitment to responsible water use, energy management, waste management and long-term environmental stewardship.

Strategy and Management Approach

Bairaha's climate-related management approach is evolving as the Group strengthens environmental data, assurance, energy management and SLFRS S2 readiness. During the reporting period, the Company secured a Greenhouse Gas Verification Opinion from the Sri Lanka Climate Fund under the purview of the Ministry of Environment. The verification confirmed compliance with the requirements of the GHG Protocol Corporate Accounting and Reporting Standard, and has been verified in accordance with the specification of ISO 14064-3:2019 with a reasonable level of assurance.


GREENHOUSE GAS VERIFICATION OPINION
Sri Lanka Climate Fund (Pvt) Ltd
Bairaha Farms PLC
IAF
SLAB



Energy management is an important part of Bairaha's climate and resource efficiency approach, particularly given the energy requirements of poultry farming, processing, refrigeration, cold storage and distribution. Bairaha's energy mix includes grid electricity, fuel used across operational activities and renewable energy generated through solar PV systems.

Solar PV systems are operational at five farm and factory sites, with surplus exported to the national grid. At the Anamaduwa broiler farm, solar generation exceeded current usage during the reporting period, supporting green energy generation within farm operations. Alongside renewable energy generation, Bairaha continued to strengthen energy-intensive infrastructure such as refrigeration and cold storage, where consistent temperature control is critical to both product quality and resource efficiency. Bairaha's new 500 MT cold storage facility maintains a consistent temperature of −20°C, strengthening cold chain integrity by supporting stable frozen storage conditions and reducing temperature fluctuation risk during product storage and handling.

Risk Management

Climate-related risks include acute physical risks such as floods, storms, cyclones, and chronic risks such as heat stress, water stress and changes in agricultural productivity. Cyclone Ditwah during FY2025/26 demonstrated the relevance of acute climate-related disruption to production and export value chains.

Transition risks may include evolving environmental regulation, carbon emission measurement expectations, energy cost increases, customer expectations around emissions and resource efficiency, and SLFRS S2 disclosure requirements. Opportunities may arise from renewable energy, energy efficiency, improved resource productivity, waste reduction, cold chain strengthening and circular economy initiatives.

Bairaha manages those risks through vertical integration, operational controls, cold chain investment, bio-security systems, solar energy use, waste management training, GHG verification and work undertaken to strengthen climate-related disclosures.

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Energy Consumption and Renewable Energy Indicators

Indicator	Unit	FY2025/26	FY2024/25	Notes/GRI Reference
Total energy consumption, all sources	GJ	**82,822.05**	91,065.30	Electricity + fuel, including diesel, LPG and biomass
Electricity consumed from national grid	GJ	**43,653.26**	51,301.61	CEB/LECO grid supply
Diesel/fuel oil consumed	GJ	**33,599.33**	34,021.50	Generators, boilers, fleet
LPG consumed	GJ	**5,569.46**	5,742.19	Processing facilities
Renewable energy generated, solar PV	GJ	**4476.02**	1627.03	Solar panels at 5 farm/factory sites; surplus exported to national grid
Renewable energy as % of total consumption	%	**5.40**	1.79	GRI 302-1
Energy intensity, per LKR one million Turnover	GJ/ LKR 1 Mn.	**5.41**	6.54	GRI 302-3

Energy consumption for FY 2025/26 decreased compared to FY 2024/25 due to the implementation of enhanced energy efficiency initiatives, process optimisations, and improved resource management practices across operations.

Greenhouse Gas Emissions

Indicator	Unit	FY2025/26	FY2024/25	Notes/GRI Reference
Scope 1/direct GHG emissions	tCO_2e	**10,973.24**	9,881.70	Fuel combustion, process emissions, refrigerants, enteric fermentation
Scope 2/indirect GHG emissions, location-based	tCO_2e	**5,060.14**	5,946.71	Purchased electricity
Scope 3/material upstream and downstream emissions*	tCO_2e	**86,067.66**	84,870.65	Purchased feed ingredients, purchased goods, waste disposal
Total GHG emissions, Scope 1 + Scope 2+Scope 3	tCO_2e	**102,101.04**	100,699.07	ISO 14064-1:2018 verified by Sri Lanka Climate Fund
GHG emissions intensity, per LKR one million Turnover	tCO_2e/ LKR 1 Mn.	**6.67**	7.23	GRI 305-4

Greenhouse gas emissions for the 2024/25 financial year and 2025/26 financial year were calculated in the current reporting period. In addition, During the reporting period, Bairaha Farms PLC expanded its Scope 3 Greenhouse Gas (GHG) emissions assessment to include emissions arising from upstream and downstream transportation activities, as well as employee commuting.

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Scope 3 – Other Indirect Emissions (10 of 15 categories included)

Category	Scope 3 Category	FY 2025/26 (tCO_2e)	FY 2024/25 (tCO_2e)
1	Purchased goods and services	**15,462.19**	15,682.56
2	Capital Goods	**401.84**	198.10
3	Fuel and energy related activities (Not included in Scope 1 and 2)	**830.41**	868.74
4	Upstream transportation and distribution	**734.11**	481.83
5	Waste generated in operations	**10.79**	8.93
6	Business Air Travel	**1.67**	7.67
7	Employee commuting	**127.31**	134.61
8	Transportation and distribution of sold packets	**461.93**	445.63
9	Processing of sold products	**2,075.76**	2,735.89
10	End-of-life treatment of sold products	**65,961.64**	64,306.68
	Total GHG Emissions – Scope 3	**86,067.66**	84,870.65

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Water Management

Water is a critical resource across Bairaha's farms, hatcheries and processing facilities. Effective water stewardship is therefore closely linked to operational continuity, responsible production and regulatory compliance.

Strategy and Management Approach

Bairaha's approach includes responsible water use, wastewater recycling where possible, water testing, treatment protocols and environmental compliance. Water testing also forms part of the technical support provided to out-grower farmers, helping maintain farm-level quality and bio-security standards.

Treated wastewater is recycled across farming and processing operations where possible, while efforts during the year included reducing effluents at source and improving water recycling ratios. Water stewardship is also supported by bio-security and farm hygiene practices, including cleaning, disinfection and operational reset between production cycles.

Bairaha has also used a biodegradable product for sanitizing water in the factory, reflecting its effort to reduce environmental impact while maintaining hygiene and operational standards. The waste management and legal compliance awareness programme conducted during FY2025/26 further supported water stewardship by strengthening awareness of environmental compliance, waste handling and pollution prevention.

Risk Management

Water-related risks include water scarcity, contamination, inadequate wastewater management, poor sanitation, disease transmission, regulatory non-compliance and disruption during extreme weather events. Flooding can also increase contamination and sanitation risks in farm and processing environments. Bairaha manages these risks through water testing, cleaning and disinfection protocols, bio-security practices, wastewater recycling where possible, regulatory compliance and environmental training.

Water Withdrawal

Indicator	Unit	FY2025/26	FY2024/25	Notes/GRI Reference
Total Water Consumption	m³	139,276.00	87,184.00	Farms, hatcheries and processing factories combined
Water intensity, per LKR one million Turnover	m³/LKR 1 Mn.	9.10	6.26	GRI 303-5

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Waste and Resource Efficiency

As a vertically integrated poultry producer, Bairaha generates several categories of by-products and waste streams. Effective waste and resource management supports hygiene, environmental protection, legal compliance, bio-security, cost efficiency and community trust.

Strategy and Management Approach

Bairaha's approach includes waste segregation, storage, transportation and disposal in line with national environmental regulations, supported by managerial accountability, legal compliance awareness and circular resource use opportunities. Poultry dung or litter is currently used as an agricultural input, while the Company has identified an organic fertiliser facility as a potential circular resource initiative to convert litter into a commercial product and substitute imported chemical fertilisers. This builds on Bairaha's plan to establish a facility to produce fertiliser using poultry dung, supporting import substitution, foreign exchange savings, circular resource use and more sustainable poultry farming and agriculture.

During FY2025/26, Bairaha conducted a Waste Management Training Programme for factory and farm managers in February 2026. Led by the Director of the Central Environmental Authority (CEA), Gampaha District, the programme covered correct handling, segregation, storage, transportation and disposal of waste, the legal framework governing waste management, non-compliance liabilities and the role of management in ensuring statutory compliance.









Resource efficiency was also supported through improved cold chain management, better stock rotation, QR-based traceability through WMS-enabled inventory control and mechanised movement, helping reduce stock losses and improve product handling.

Bairaha planted approximately 12,000 cinnamon trees in company owned lands during the year under review, contributing to biodiversity conservation and carbon sequestration objectives.

Risk Management

Waste-related risks include improper handling or disposal, regulatory non-compliance, environmental contamination, odour, pest issues, bio-security concerns, community complaints and reputational risk. Resource inefficiency may also increase product loss, operating costs and environmental impact. Bairaha manages these risks through environmental compliance training, managerial accountability, waste handling procedures, bio-security practices, cold chain strengthening, inventory control and potential circular resource initiatives.

Waste and By-product Management

Indicator	Unit	FY2025/26	FY2024/25	Notes/GRI Reference
Poultry litter/dung generated	Tonnes	**15,441.09**	13,850.64	Breeder and broiler farms; used as organic fertiliser
Processing waste, feathers, blood, offal	Tonnes	**4,213.00**	3,873.63	Disposed through licensed channels; partial rendering
Wastewater treated before discharge	m^3	**128,884.00**	141,260.00	Effluent treatment systems at all processing facilities
Solid waste to landfill	Tonnes	**0.00336**	0.00336	GRI 306-4
Trees planted, reforestation initiative	No. of trees	**12,000**	19,000	FY2025/26: 12,000 Cinnamon Trees FY2024/25: 18,000 cinnamon + 1,000 pineapple planted in Company-owned lands

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Food Safety, Quality, Bio-security and Animal Welfare

Food safety, quality, bio-security and animal welfare are central to Bairaha's responsible protein production model. As a poultry and value-added meat producer, the Group's responsibility begins before processing and continues through breeding, hatchery operations, farm management, cold chain handling, distribution and customer delivery. Strong controls support hygiene, traceability, regulatory compliance, production continuity and market confidence.

Strategy and Management Approach

Bairaha's food safety and quality framework is supported by internal quality requirements, technical supervision, laboratory testing, food safety systems, customer requirements and external audits. During FY2025/26, the Company continued to apply quality and bio-security standards across farms and hatcheries in line with Cobb standards and internal guidelines. Operations were subject to audits by SLSI for ISO 9001 certification, KFC in relation to animal welfare standards, and DAPH in relation to bio-security.

As a Company engaged in livestock production and meat processing, Bairaha's operations are guided by regulations framed under the Food Act No. 26 of 1980 and the requirements of the Department of Animal Production and Health. Its food safety and quality framework has historically been supported by recognised certifications and standards, including FSSC 22000, ISO 9001:2015, ISO 22000:2018, HACCP, GMP, SLS product certification and GSO/Halal certification. Bairaha was the first company in Sri Lanka's FMCG meat sub-sector to receive FSSC 22000 certification, reinforcing its leadership in food safety and quality management. Its factories, hatchery and farms have also been subject to independent third-party audits and quality management system audits undertaken on behalf of multinational clients.

Bio-security is guided by Cobb standards and internal quality standards, supported by technical supervision, farm-level monitoring, disinfection protocols and external checks. The "all-in, all-out" model enables birds to be managed in controlled batches, with facilities cleaned, disinfected, reset and verified between cycles. This reduces disease transmission risk and supports more consistent production outcomes.

This approach extends to out-growers, who receive technical support, veterinary guidance, laboratory testing and weekly field inspections, including monitoring of withdrawal periods, harvesting delays after treatment where applicable, and disinfection effectiveness before chick placement. Quality control also extends to feed sample testing, carcass sample testing, water testing, litter sample testing and technical supervision.

During FY2025/26, Bairaha regained access to an industry-recognised disinfectant that had been difficult to obtain due to import constraints, strengthening sanitation and disinfection standards. The new 500 MT cold storage facility also strengthened control over storage conditions, product handling, stock rotation and traceability, supported by WMS-enabled inventory control and QR-based traceability.

Bairaha's broilers continue to be raised in line with recognised industry practices and DAPH requirements, with its animal welfare practices having being recognised by the National Chicken Council, USA.

Risk Management

Food safety, bio-security and animal welfare risks include biological hazards, contamination, inadequate cold chain control, handling lapses, supplier quality issues, disease events, processing deviations, weak traceability, ineffective disinfection, protocol lapses, out-grower non-compliance, animal stress, mortality and production disruption. Flooding and extreme weather can intensify disease and sanitation risks.

Bairaha manages these risks through operational control, internal standards, technical supervision, laboratory testing, cold chain systems, inventory controls, external audits, supplier evaluation, traceability systems, controlled batch production, disinfection protocols, veterinary support, farm inspections and technical training. Within the out-grower network, field staff monitor disinfection effectiveness before chicks are placed. Where disinfection standards are not met, chick placement may be delayed until the farm is brought back into compliance.

Metric	FY2025/26	FY2024/25
Product non-conformance rate (%)	0.010	0.015
Customer complaints relating to food quality/safety	12	15
Product recalls	0	0

No material disease outbreak or reportable bio-security incident was recorded during FY2025/26.

Animal welfare performance was also subject to external review during the year. Yum Broiler conducted a comprehensive Animal Welfare Audit in September 2025, with Bairaha achieving an overall positive score of 95.4%.

Looking ahead to FY2026/27, Bairaha's key quality and food safety priorities include:

- Upgrading the existing Quality and Food Safety system
- Pursuing FSSC 22000 certification for Bairaha Foods (Pvt) Ltd.
- Further strengthening traceability across the value chain

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People, Safety and Social Performance

People, safety and social performance are material to Bairaha, because the Group's operations depend on skilled employees across farms, hatcheries, feed mills, processing facilities and corporate offices. This section presents selected social indicators relevant to sustainability reporting, while the detailed people narrative is presented in section Our Family on page 76, while community engagement is also discussed in detail in section Our Communities on page 96.

Strategy and Management Approach

Bairaha invests in talent development, workplace safety, employee well-being and community empowerment. During FY2025/26, Bairaha strengthened workforce stability through salary adjustments, welfare support, improved working conditions and continued investment in training and capability development. Employee wellbeing was further supported through structured medical screening programmes across processing and farm operations, including the annual health screenings together with an on-site eye clinic service. These initiatives provided employees with access to health assessments, including physical examinations, blood pressure and sugar monitoring, BMI and fitness assessments, eye and dental checks, and occupational health and hygiene consultations.

The Company holds Great Place to Work® certification, reflecting a 90% positive employee engagement score.

Bairaha maintains a structured Health and Safety management system across all operations, incorporating hazard identification, risk assessment, incident reporting, preventive training and the provision of PPE to operational employees.

Workforce Composition and Employment

Indicator	Unit	FY2025/26	FY2024/25	Notes/GRI Reference
Total employees, headcount	No.	**1,258**	1,309	GRI 401-1
Permanent employees	No.	**471, 37.44%**	437, 33.38%	Boundary/classification to be confirmed
Contract employees	No.	**787, 62.56%**	872, 66.62%	Boundary/classification to be confirmed
Male employees	No./%	**939, 74.64%**	973, 74.3%	GRI 405-1
Female employees	No./%	**319, 25.36%**	336, 25.7%	GRI 405-1
New hires during the year	No.	**206**	465	GRI 401-1
Employee turnover, voluntary + involuntary	No.	**257**	328	High shop-floor turnover noted as a challenge
Employees receiving performance reviews	%	**73.28%**	88.5%	GRI 404-3
Average training hours per employee	Hours	**5.21**	4.75	GRI 404-1

Occupational Health and Safety

Indicator	Unit	FY2025/26	FY2024/25	Notes/GRI Reference
Occupational safety incidents	No.	**84**	130	GRI 403-9
Total lost workdays due to injuries	Days	**337**	480.5	GRI 403-9
Rate of recordable work-related injuries [GRI 403-9 (2)]	Per million hrs	**28.9**	44.9	LTIFR = Lost time injuries/total hours worked x 1,000,000
Fatalities	No.	**None**	None	GRI 403-9
Health and safety training hours	Hours	**728**	360	Includes fire safety, food safety and hygiene training
Employees covered by H&S management system	%	**100%**	100%	All operational sites covered by H&S framework

Governance Performance

Good governance has been central to Bairaha's growth over the past 50 years, supporting the Company's ability to operate responsibly, maintain stakeholder trust and preserve long-term value. As a listed entity operating in a regulated food production sector, Bairaha's governance framework supports Board oversight, accountability, ethical conduct, regulatory compliance, risk management and responsible decision-making across the Group.

Governance Performance

Indicator	Unit	**FY2025/26**	FY2024/25	Notes
Total Board members	No.	**8**	8	
Independent Non-Executive Directors	No./%	**3, 37.5%**	3, 37.5%	Compliant with CSE Listing Rules
Female Board members	No./%	**1, 12.5%**	1, 12.5%	
Board meetings held during the year	No.	**12**	10	
ESG Committee established	Yes/No	**Yes**	No	Constituted under the Audit Committee; dedicated management team reporting to ESG Committee
Anti-corruption policy in place	Yes/No	**Yes**	Yes	GRI 205
Confirmed incidents of corruption	No.	**Nil**	Nil	GRI 205-3
Certifications held, active	No.	**9**	8	FSSC 22000, ISO 9001:2015, ISO 22000:2018, HACCP, ISO 14064-1:2018, ISO 14064-3:2019, GMP, GSO/Halal

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Economic Value Distribution

Bairaha's economic performance reflects the resilience of its integrated business model in a year shaped by input cost pressure, affordability constraints, market competition, climate-related disruption and recovery following Cyclone Ditwah. Despite these challenges, the Group continued to generate value through its core poultry operations, value-added products, day-old chicks, live broiler birds, distribution channels and export activity.

The Group's fully integrated Farm to Home model enabled Bairaha to manage operational and commercial pressures across the value chain while continuing to support employees, farmers, suppliers, government, providers of capital and community initiatives.

Economic Value Distribution

Indicator	Unit	FY2025/26	FY2024/25	Notes/GRI Reference
Economic value generated	LKR Mn.	**6,471**	4,525	GRI 201-1
Distributed to employees, remuneration	LKR Mn.	**1,513**	1,262	GRI 201-1
Distributed to government, taxes, VAT, SSCL	LKR Mn.	**3,277**	2,449	GRI 201-1
Distributed to providers of capital	LKR Mn.	**88**	88	Dividends
Finance providers	LKR Mn.	**208**	258	Finance Cost
Retained in the business, as Depreciation	LKR Mn.	**384**	346	GRI 201-1
As reserves	LKR Mn.	**1,001**	122	GRI 201-1

Key Sustainability and Forward Looking Initiatives

The following sustainability initiatives reflect the Company's active commitments and the forward-looking actions being pursued in preparation for full SLFRS S1 and SLFRS S2 compliance.

- **SLFRS S1 and S2 Readiness:** The Company has constituted an ESG Committee and dedicated sustainability management team to drive the transition to climate-related financial disclosures. A structured gap analysis is being conducted at present to identify data, process and disclosure requirements.
- **GHG Emissions Verification:** Bairaha has obtained its Greenhouse Gas Verification Opinion from the Sri Lanka Climate Fund, in conformance with ISO 14064 standards.
- **Renewable Energy Expansion:** Solar power systems are operational at selected farm and factory sites, with surplus generation exported to the national grid. The Company is evaluating additional sites for solar deployment to progressively reduce its dependence on fossil fuel-based electricity.
- **Organic Fertiliser Project:** The Company is planning to develop a poultry litter-to-organic-fertiliser facility that will contribute to circular economy principles, substitute imported chemical fertilisers and generate an additional revenue stream while reducing waste.
- **Water Management:** Treated wastewater is recycled across farming and processing operations. Efforts to reduce effluent at source and improve water recycling ratios are ongoing.
- **Biodiversity and Reforestation:** Approximately 12,000 Cinnamon trees were planted in company owned lands during the year under review, contributing to bio diversity conservation and carbon sequestration objectives.
- **Workforce Development and Well-being:** The Company has established a technical training school in partnership with a national technical college, launched a Great Place to Work programme, and invested in leadership development, IT upskilling and cross-functional training programmes to strengthen human capital.

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Transition to SLFRS S1 and S2

Bairaha is committed to a structured transition to SLFRS S1 and S2 disclosures. Key milestones targeted for the forthcoming financial year include formalising a climate risk and opportunity assessment, establishing a GHG emissions base year and setting forward-looking targets.

The Company also plans to expand Scope 3 emissions data collection and formalise sustainability data collection, assurance and reporting systems under ESG Committee oversight. These actions will support the preparation of the Company's first Sustainability Disclosure Report within its Annual Report, in alignment with SLFRS S2 requirements while availing transitional relief from SLFRS S1 disclosures.

This process will also support climate-related scenario analysis and transition planning, enabling Bairaha to assess resilience under different climate and market conditions. The Board, through the Audit Committee and ESG Committee, will provide ongoing oversight to ensure environmental and social commitments are reflected in strategy and financial performance.

Bairaha's responsible protein production agenda will continue to evolve as the Group strengthens its data systems, climate-related disclosures, environmental controls and product responsibility frameworks. By strengthening bio-security, animal welfare, food safety, cold chain systems, traceability, environmental compliance, waste management and climate-related reporting, Bairaha is better positioned to manage risk, maintain customer trust, support regulatory compliance and create long-term value through responsible growth.

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2025 and Beyond:

A Golden Milestone, A New Chapter

In 2025, Bairaha marked 50 years of excellence in Sri Lanka's poultry industry. The Golden Jubilee was celebrated across operational locations with Directors, management, staff, employees, religious dignitaries and government representatives, reflecting a journey shaped by faith, diversity, national contribution and shared commitment.

This milestone is the beginning of Bairaha's next chapter. Over five decades, the Company helped make chicken a trusted staple at Sri Lankan tables, supported rural farmers, created livelihoods, introduced modern poultry practices and built a fully integrated food business grounded in quality and trust.

As Bairaha looks ahead, its responsibility is greater than ever: to nourish families, strengthen food security, support Sri Lankan agriculture, grow responsibly and carry the nation's poultry industry confidently into the future.

Fifty years on, Bairaha remains committed to building the capacity, systems and product portfolio needed to serve Sri Lanka's evolving protein needs for generations to come.

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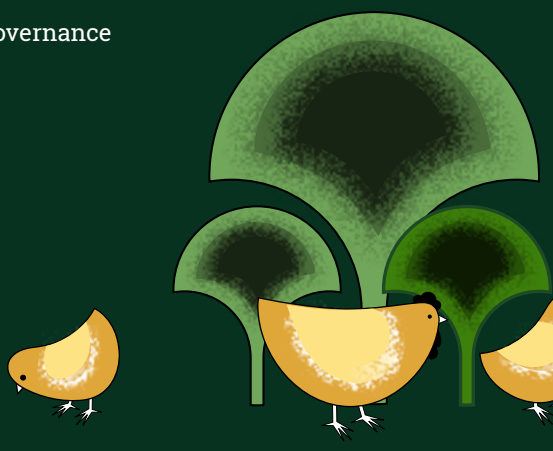

Board of Directors



Olga Ashley Herath
Independent
Non-Executive Director

Mohamed Imtizam Wahid
Executive
Director-Operations

Mubarak Naleem
Executive Director

Yakooth Naleem
Managing Director/
Chief Executive Officer

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Reyaz Mihular
Chairman/Independent Non-Executive Director

Riyal Yakoob
Executive Director

Kamil Naleem
Executive Director

Radhika Ratnayake
Independent Non-Executive Director

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Reyaz Mihular

Chairman/Independent Non-Executive Director

Reyaz Mihular was the Managing Partner of KPMG Sri Lanka and Maldives, having served in that role since April 2012. He served a three (3) year term as the Chairman of the KPMG MESA (Middle East and South Asia) Regional Board until September 2021 and previously as the Chief Operating Officer of KPMG's MESA Regional Office where he was responsible for coordinating strategy and activities of KPMG member firms across 17 countries.

Reyaz also served on KPMG's EMA (Europe, Middle East and Africa) Board and the Global Council of KPMG International. Reyaz counts over 40 years of experience in Audit and Advisory Services.

He previously served as a member of the KPMG's Global IFRS Panel, which determines firm policy on application of IFRS for member firms across 148 countries. Reyaz served on the Board of the International Accounting Standards Committee (IASC) for a period of 5 ½ years from 1995 to 2000 and on the IFRS Advisory Board (formerly known as Standards Advisory Council) for a period of 6 years thereafter.

Reyaz chaired the Steering Committee which developed IAS 41 on Agriculture and also served as a member of the Committee which developed IAS 19 – Employee Benefits. In 2012 Reyaz was invited to serve on the Board of the International Ethics Standards Board for Accountants (IESBA) for a period of 6 years ending 2018. He also served on IESBA's Planning Committee during this period.

Reyaz is a Past President of the Institute of Chartered Accountants of Sri Lanka (ICASL) and presently chairs the Ethics Committee of the Institute. He also served as Chairman of the Board of Chartered Institute of Management Accountants Sri Lanka (CIMA Sri Lanka). Reyaz is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and a Fellow Member of the Chartered Institute of Management Accountants – UK (FCMA).

He has also completed Executive Educations programmes at INSEAD France, London Business School and Harvard Business School.

Reyaz presently also serves as Chairman of Watawala Plantations PLC and as an Independent Non-Executive Director of Melstacorp PLC, Sunshine Holdings PLC, Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Browns Beach Hotels PLC, Balangoda Plantations PLC, Madulsima Plantations PLC, Marino Leisure Holdings (Pvt) Ltd, LTL Holdings Ltd and Agility Innovation (Pvt) Ltd. Reyaz also serves as a Member of the Stakeholder Engagement Committee of the Central Bank of Sri Lanka.

Yakooth Naleem

Managing Director/ Chief Executive Officer

Mr Yakooth Naleem is the CEO of the Company. He has been the Managing Director since 1990. He has a BA Econ. (Hons.) Degree from the University of Manchester (formerly known as the Victoria University of Manchester) of the United Kingdom.

He was awarded the Entrepreneur of the Year 2000 – Merit Award in the extra-large category in the Western Province by FCCISL. In January 2013, he was elected as the first Chairman of the Standing Committee on Dairy and Livestock of the National Chamber of Commerce of Sri Lanka and he retired from this position in 2024.

Riyal Yakoob

Executive Director

Mr Riyal Yakoob is an Executive Director of the Company. He worked as a Senior Assistant Accountant of Bairaha for seven years and subsequently was appointed as an Executive Director of the Company, a position he has held since 1990. He received his Higher National Diploma (Business and Finance) from the Southwest London College of the United Kingdom.

Kamil Naleem

Executive Director

Mr Kamil Naleem has been a Director of the Company since 1984. He previously looked after the operations of the Golden Rooster Restaurant chain until the operation was discontinued. He was also educated in the United Kingdom.

Mubarak Naleem

Executive Director

Mr Mubarak Naleem joined the Company in January 1994 as an Executive Director and was in-charge of the supermarket chain until it was discontinued. He was also educated in the United Kingdom.

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Mohamed Imtizam Wahid

Executive Director-Operations

Mr Mohamed Imtizam Wahid has been working with the Company for more than 30 years. He has in-depth experience in all aspects of poultry management, including hands-on management especially on contract farming as well as broiler farming. He has attended workshops held in the USA and the Netherlands on Advanced Poultry Production and Management. In addition, he participated in a Corporate Management Programme held in Japan. In his long career with Bairaha Farms PLC, he has held the positions of an Executive, Assistant Manager (Contract Farming), Manager – Extension Services, Group Manager (Broiler Operations), Chief Operations Officer and presently holds the position of Director Operations.

Olga Ashley Herath

Independent Non-Executive Director

Olga Ashley Herath is a seasoned leader with 38 years of global experience at British American Tobacco plc, including 22 years as an international secondee across dynamic markets such as Egypt, Nigeria, Vietnam, Malaysia, and Indonesia. He has also held both Asia Pacific regional and global Route-to-Market (RTM) and Business Development roles.

Notably, Olga undertook multiple international assignments across key markets, including two separate stints in Vietnam, Malaysia, and Indonesia, reflecting his strong track record in delivering results and leading transformation in complex, high-growth environments.

In his final role prior to retirement, Olga served as Global Route-to-Market (RTM) and Business Development Manager for the Asia Pacific region, overseeing operations across 23 countries and reporting directly to BAT's Group headquarters in London.

Throughout his career, Olga has been a driving force behind strategic growth, innovation, and transformation. As a key architect of BAT's global RTM strategy, he played a pivotal role in shaping the company's long-term commercial vision. He successfully negotiated complex distributor agreements and built strong client partnerships across key global markets, laying the foundation for sustained growth and market leadership.

A recognised leader in business transformation, Olga led major change initiatives across high-growth markets including Vietnam, Malaysia, Indonesia, Australia, and South Korea. His leadership in transitioning these markets from indirect to direct distribution significantly enhanced market agility, operational control, and profitability.

Beyond commercial success, Olga has been a strong advocate of innovation, working closely with global technology and business partners to strengthen RTM capabilities across markets, ensuring long-term competitiveness and adaptability.

Olga's leadership philosophy centers on empowering teams, fostering high-performance cultures, and building strong cross-functional collaboration. His focus on capability development and knowledge sharing has created a lasting impact across markets.

During his tenure at Ceylon Tobacco Company, a member of British American Tobacco plc, Olga played a key role in strengthening RTM strategy, distributor consolidation, process standardisation, and strategic trade marketing. As a senior member of the leadership team, he contributed to key decisions shaping the company's strategic direction.

Olga holds a postgraduate certificate in Business Administration from the University of Wales, UK, and is a Fellow of the Chartered Institute of Marketing, UK.

He currently serves as a Non-Executive Director at Bairaha Farms PLC, contributing strategic guidance and governance oversight.

Radhika Ratnayake

Independent Non-Executive Director

Radhika's career spans over 15 years in investments and investment research across multiple asset classes, valuation, and strategy. Radhika worked as an Associate Director of the analytical team at Fitch Ratings Lanka Ltd overseeing a portfolio of non-financial corporates, across diverse industries. Previously she was the Head of Research at Lanka Securities (Pvt) Ltd, a licensed member of the Colombo Stock Exchange, where she led the investment research division.

Radhika is a CFA Charter holder and an Associate Member of Chartered Institute of Management Accountants (UK). She holds a Master's degree in Business Administration from University of Anglia Ruskin, UK.

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Corporate Governance

Sound corporate governance remains central to the long-term resilience, sustainability, and value creation of Bairaha Farms PLC. The Company continues to strengthen its governance architecture in line with evolving regulatory expectations and global best practices, ensuring disciplined oversight, ethical conduct, and transparent decision-making across all levels of the organisation.

During the year under review, the Company continued to embed and operationalise the comprehensive suite of governance policies introduced in the previous financial year (2024/25), in alignment with the revised Section 9 of the Colombo Stock Exchange Listing Rules on Corporate Governance, which became effective from 1 October 2024. These policies are now fully integrated into the Company's governance framework and continue to guide Board practices, risk oversight, stakeholder engagement, ethical conduct, and sustainability imperatives.

The Board is satisfied that these policies are effectively implemented and complied with across the organisation, reinforcing a culture of accountability, integrity, and responsible business conduct. Continuous monitoring and periodic reviews are undertaken to ensure that the governance framework remains relevant, responsive, and aligned with emerging regulatory developments and stakeholder expectations.

Through this structured and proactive approach, Bairaha Farms PLC reaffirms its commitment to maintaining the highest standards of corporate governance, supporting long-term stakeholder confidence and sustainable business growth.

The Company has embraced international best practices while fully meeting the mandatory guidelines set out below.

Standard/Principle/Code	Adherence
The Companies Act No. 07 of 2007 and amendments thereto	Mandatory provisions – fully complied
Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory provisions – fully complied
Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987, including applicable directives and circulars	Mandatory provisions – fully complied
Code of Best Practices on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC)	Mandatory provisions – fully complied
Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka	Voluntary provisions – complied with all the requirements as applicable to Bairaha.
Shop and Office Employees Act No. 19 of 1954 and amendments thereto	Mandatory provisions – fully complied
Inland Revenue Act No. 24 of 2017	Mandatory provisions – fully complied
Custom Ordinance No. 17 of 1869	Mandatory provisions – fully complied
Exchange Control Act No. 12 of 2017	Mandatory provisions – fully complied

Key Internal Policies

1. Articles of Association of the Company
2. Terms of Reference and Charters of the Board and Management Committees
3. Recruitment and Selection Policies
4. Rewards and Recognition Policy
5. Disciplinary Procedures
6. Grievance Handling Policy
7. Communications and Ethical Advertising Policy
8. Group Accounting Procedures and Policies
9. Enterprise Risk Management and Internal Controls Policies
10. IT Policies and Procedures, including Data Protection, Classification and Security
11. Energy, Emissions, Water and Waste Management Policies
12. Product Quality Standards and Services Policies

Corporate Governance Framework

Strategic Oversight Groups

Includes specialised committees for Audit and Related Party Transactions.

Audit

Related Party Transactions



Executive Management Committee

The leadership body responsible for day-to-day organisational operations and implementation.

Remuneration

Nomination and Governance

Governance & Personnel

Includes committees focused on Remuneration and Nomination and Governance.

The Board

The central governing body providing oversight and strategic direction.

Responsibilities of the Board

The Board of Directors holds collective responsibility for generating long-term value for shareholders. It upholds sound governance by reviewing and approving the Company's strategic plans and policies, while overseeing the effective execution of these strategies.

Furthermore, the Board offers leadership to the organisation by:

- **Driving long-term strategy and resilience** by regularly reviewing and challenging strategic plans to ensure alignment with evolving market conditions, technological advancements, and global economic trends.
- **Overseeing financial stewardship and performance**, ensuring sustainable profitability, capital efficiency, and long-term value creation beyond short-term gains.
- **Strengthening enterprise risk management and internal controls**, with particular focus on emerging risks including cybersecurity, climate change, supply chain disruptions, and geopolitical uncertainties.
- **Embedding strong corporate governance and ethical leadership**, promoting transparency, integrity, and accountability across all levels of the organisation.
- **Monitoring organisational capability and leadership succession**, ensuring the Company has the talent, culture, and leadership pipeline required for future growth.
- **Overseeing capital allocation and investment decisions**, ensuring disciplined deployment of resources into strategic initiatives, innovation, and growth opportunities.
- **Reviewing financial reporting and disclosures**, ensuring accuracy, transparency, and alignment with evolving regulatory and stakeholder expectations.
- **Balancing shareholder returns with reinvestment needs**, taking into account financial strength, future growth requirements, and long-term sustainability.
- **Ensuring compliance with all applicable legal, regulatory, and listing requirements**, while proactively adapting to emerging governance and reporting standards.
- **Championing digital transformation and innovation**, ensuring the organisation remains competitive in an increasingly technology-driven landscape.
- **Embedding sustainability and ESG principles** into core strategy and decision-making, addressing environmental, social, and governance responsibilities alongside financial performance.
- **Enhancing stakeholder engagement**, ensuring the interests of shareholders, employees, customers, suppliers, communities, and regulators are appropriately considered.

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Key Areas of Focus During the Financial Year

- Enhancing financial resilience and value creation, through active review of performance, forward-looking forecasts, and initiatives to improve margins, optimise costs, and strengthen cash flows.
- Leveraging data-driven insights to navigate market dynamics, enabling agile responses to shifts in demand, input costs, and competitive pressures.
- Strengthening digital governance and cybersecurity readiness, ensuring robust protection of critical systems, data integrity, and operational continuity in an increasingly digital environment.
- Driving a high-performance and accountable culture, supported by outcome-based KPIs, leadership alignment, and continuous performance monitoring.
- Advancing ESG and sustainability commitments, with oversight of food safety, animal welfare, environmental stewardship, and responsible labour practices aligned with global standards.
- Reimagining talent strategy and workforce transformation, including competitive reward structures, capability building, and initiatives to attract, retain, and future-proof critical talent.
- Accelerating technology adoption and innovation, exploring smart farming solutions, automation, data analytics, and process optimisation to enhance productivity, quality, and traceability across the value chain.
- Shaping long-term growth and diversification pathways, including expansion into adjacent segments, value-added products, and new market opportunities, both locally and regionally.

Board Subcommittees

The Board has delegated specific governance responsibilities to a set of well-defined subcommittees, enabling focused oversight and effective decision-making across key areas. These include the Audit Committee, Remuneration Committee, Nominations and Governance Committee, and the Related Party Transactions Review Committee, each operating within clearly established mandates aligned with the Colombo Stock Exchange Listing Rules, the Institute of Chartered Accountants of Sri Lanka Code of Best Practice on Corporate Governance, and the Securities and Exchange Commission of Sri Lanka guidelines on Related Party Transactions. The subcommittees meet regularly and report to the Board, ensuring rigorous oversight and timely decision-making within their respective domains.

Recognising the increasing importance of sustainability and evolving stakeholder expectations, the Board, during the year, established a dedicated Environmental, Social and Governance (ESG) Committee under the purview of the Audit Committee. This Committee provides structured oversight on sustainability strategy, disclosures, and performance, with particular focus on sustainability-related risks and opportunities, including climate-related risks and resilience. It also supports the strengthening of reporting frameworks in line with emerging global standards and stakeholder expectations.

The specific responsibilities of each subcommittee are summarised below; detailed reports appear on pages 146 to 152 of this Report.

Audit Committee:

The Audit Committee provides independent oversight of the integrity, transparency, and reliability of the Company's financial reporting. It evaluates the effectiveness of internal controls, enterprise risk management frameworks, and assurance processes, while maintaining close engagement with both Internal and External Auditors. The Committee ensures that audit insights are translated into actionable improvements and that management maintains a strong control environment. It also oversees auditor independence, appointment, remuneration, and performance, while expanding its focus to include emerging areas such as digital controls, data integrity, and sustainability-related disclosures. Commencing this financial year, the Committee has broadened its oversight mandate to encompass sustainability-related disclosures, ensuring the same standards of rigour and independence applied to financial reporting are equally upheld across the Company's ESG reporting.

Remuneration Committee:

The Remuneration Committee oversees the design and implementation of a forward-looking remuneration framework that aligns leadership incentives with long-term value creation, sustainability objectives, and prudent risk-taking. It reviews and recommends compensation structures for Executive Directors and senior management, while ensuring Non-Executive Directors are appropriately compensated for their governance responsibilities. The Committee also integrates performance-based incentives, talent retention strategies, and evolving workforce expectations into a holistic reward philosophy.

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Related Party Transactions Review Committee:

This Committee ensures that all related party transactions are conducted with transparency, fairness, and in the best interests of the Company and its stakeholders. It reviews and approves such transactions against established governance frameworks, safeguarding minority shareholder interests while reinforcing trust and accountability in all dealings.

Nominations and Governance Committee:

The Nominations and Governance Committee ensures a robust governance framework and a future-fit Board composition. It identifies and recommends individuals with the skills, experience, independence, and diversity required to navigate an evolving business landscape. The Committee also oversees Board effectiveness evaluations, leadership succession planning, and continuous governance enhancements in line with regulatory developments and global best practices. Its work underpins strong leadership continuity and sustained organisational performance.

Executive Management Committee (EMC):

Chaired by the CEO, the Executive Management Committee drives the execution of Board-approved strategy and oversees the Group's operational performance. Functioning as an agile decision-making forum, the EMC leverages cross-functional expertise to respond to dynamic business conditions, manage risks, and deliver strategic priorities. The Committee meets regularly and comprises the Managing Director/CEO, Executive Director, Director of Operations, Chief Financial Officer, and Heads of Divisions, ensuring alignment, accountability, and timely execution across the organisation.

Composition of the Board

Bairaha is steered by a Board of eight Directors, each bringing a distinct combination of skills, knowledge, and experience essential to overseeing the business and generating long-term shareholder value. The composition of the Board as at the date of this report is as follows:

Mr Reyaz Mihular	Chairman/Independent Non-Executive Director
Mr Yakooth Naleem	Managing Director/Chief Executive Officer
Mr Riyal Yakoob	Executive Director
Mr Kamil Naleem	Executive Director
Mr Mubarak Naleem	Executive Director
Mr Mohamed Imtizam Wahid	Executive Director, Director of Operations
Mr Olga Ashley Herath	Independent Non-Executive Director
Ms Radhika Ratnayake	Independent Non-Executive Director



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Roles and Responsibilities

Chairman

The Chairman provides independent leadership to the Board, ensuring its effectiveness in guiding the Company's long-term strategy and safeguarding stakeholder interests. He sets the Board agenda with a forward-looking focus, prioritising strategic, financial, and sustainability matters, while facilitating high-quality, well-informed decision-making.

The Chairman fosters a culture of constructive challenge, inclusivity, and accountability within the Board, encouraging diverse perspectives and robust debate. He also ensures strong governance standards are upheld, promotes effective engagement between Executive and Non-Executive Directors, and facilitates transparent communication with shareholders and other key stakeholders.

Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for translating the Board's strategic direction into execution, driving operational excellence and sustainable value creation. As Chair of the Executive Management Committee (EMC), the CEO leads the organisation in delivering strategic priorities, embedding a performance-driven culture, and ensuring agility in responding to a rapidly evolving business environment.

The CEO oversees day-to-day operations while championing innovation, digital transformation, and responsible business practices. In collaboration with the EMC, he actively engages with stakeholders to identify emerging risks and opportunities, ensuring the organisation remains resilient and forward-looking. The CEO maintains a transparent and continuous flow of information to the Board, enabling informed oversight and timely decision-making.

Independent Non-Executive Directors

Non-Executive Directors (NEDs) provide independent oversight and objective judgement, bringing diverse expertise, industry insight, and external perspectives to Board deliberations. They play a critical role in constructively challenging Management, stress-testing strategic assumptions, and ensuring that decisions are aligned with long-term value creation and stakeholder interests.

NEDs actively contribute to the development and refinement of strategy, policy, and risk oversight, while monitoring performance against agreed objectives. Through their independence and balanced judgement, they strengthen accountability, enhance governance standards, and support a culture of transparency, ethical conduct, and disciplined decision-making across the organisation.

Executive Directors

Executive Directors bring deep operational insight and institutional knowledge to Board deliberations, enabling well-informed, practical decision-making. They provide a critical link between strategy and execution, ensuring that Board-approved initiatives are effectively translated into operational outcomes. Working closely with the CEO, Executive Directors drive the implementation of strategic priorities, oversee key business functions, and ensure alignment between day-to-day operations and the Company's long-term objectives. Their active involvement strengthens organisational agility, accountability, and the delivery of sustainable performance.

Company Secretary and Registrar

The Company Secretary serves as a trusted governance adviser to the Board, supporting Directors in the effective discharge of their responsibilities across corporate governance, regulatory compliance, and Board processes. The role ensures that the Board operates within a robust governance framework, in line with statutory obligations, disclosure requirements, and evolving best practices.

The Company Secretary facilitates efficient Board functioning by coordinating agendas, papers, and minutes, while enabling timely and transparent information flows to support high-quality decision-making. The role also promotes strong governance discipline, ensuring that Board procedures are consistently applied and continuously enhanced.

With effect from 1 January 2024, share registry functions have been transitioned to Central Depository Systems (Pvt) Ltd, which now serves as the Company's Registrar. Shareholders are encouraged to direct all shareholding-related queries and administrative matters to the Registrar going forward.

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Independence of Non-Executive Directors

The independence of the Non-Executive Directors (NEDs) was assessed against the criteria set out in the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka and the Continuing Listing Requirements of the Colombo Stock Exchange. The following criteria were applied in making this determination:

Criteria	Adherence by the NEDs
Employment at the Company, three years immediately preceding the appointment.	None of the NEDs have been employed by the Company and its subsidiaries.
Material business relationship with the Company, within three years immediately preceding appointment.	None of the NEDs had a material business relationship with the Company.
A close family member is a Director, and/or CEO, or a Key Management Personnel of the Company.	No family member of NEDs are Directors, CEO or Key Management Personnel.
Significant shareholder of the Company or associated directly with a significant shareholder of the Company.	None of the NEDs have a significant shareholding in the Company or associated with a shareholder with significant shareholding. Refer to page 144 of this Report.
Served on the Board continuously for a period exceeding nine years from the date of the first appointment.	None of the NEDs have served in the Board for a period exceeding nine years.
Employment, directorship, material business relationship or significant shareholding in another Company or business that has a material business relationship, business connection or a significant shareholding in the Company, directly or indirectly.	None of the NEDs are employed, hold directorships, have material business relationships or have a significant shareholding as defined in the criteria.
is above the age of seventy (70) years.	Mr M R Mihular will attain the age of seventy (70) years on 18 June 2026. In terms of Section 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, his independence would be deemed impaired upon reaching this age threshold. However, the Nominations and Governance Committee and the Board of Directors have determined that Mr Mihular continues to satisfy the criteria for independence in substance and form and have recommended his re-appointment as an Independent Non-Executive Director, subject to approval by the shareholders in compliance with the applicable Listing Rules. All other NEDs are below the age of seventy (70) years as at 31 March 2026.

Note: Material business relationship — income and benefits equivalent to 10% of a Director's annual income. Business connection — transaction value equivalent to 10% of the Company's turnover. Significant shareholding — holding more than 5% of voting shares.

Based on the declarations received, the Board has confirmed that Mr Reyaz Mihular, Mr Olga Ashley Herath, and Ms Radhika Rathnayake satisfy the criteria for independence.

Procedures are in place to guard against potential conflicts or biases that could compromise the independence of the NEDs. Directors submit relevant declarations of interest at the commencement of each financial year and on an ad hoc basis during the year as circumstances require.

Board Meetings

Board meetings are conducted within a structured and disciplined framework, guided by a forward-looking and prioritised agenda. To enable high-quality and informed decision-making, Directors are provided with timely, relevant, and data-driven insights well in advance of each meeting, allowing sufficient time for critical review and preparation.

The Board also benefits from direct engagement with Senior Management, with members of the Executive Management Committee invited to participate where their expertise and operational insights add value to Board deliberations. This approach ensures that discussions are both strategically focused and grounded in operational realities.

A well-defined governance process underpins the effective functioning of Board meetings, encompassing structured pre-meeting preparation, robust in-meeting deliberations, and clear post-meeting follow-through to ensure accountability and execution.

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The following process is observed before and after each Board meeting:

The Board Meeting Lifecycle: Pre- and Post-Meeting Procedures

A structured governance process for preparing and documenting official board meetings.

Pre-Meeting Preparation	Post-Meeting Actions
Agenda Finalisation The meeting agenda is formally finalised prior to the scheduled board meeting date.	**Representation and Clarification** Invitees discuss agenda items and make representations to facilitate Director understanding.
Documentation Distribution Meeting agendas,board papers, and supporting documents are sent to all Directors.	**Minutes Production and Review** The Company Secretary drafts minutes for CEO review before circulating them to the Board.

Directors have full and unrestricted access to Management and may request additional information or seek clarification on any matters presented to the Board. The Chairman ensures that all Directors are thoroughly briefed on key issues arising from Board meetings. Minutes of each meeting are circulated to all Directors prior to the following Board meeting, providing ample opportunity for review and follow-up.

The Board convenes on a monthly basis and held 12 meetings during the year under review.

Name of Director	Number of meetings eligible to attend	Attendance
Reyaz Mihular	12	12
Yakooth Naleem	12	12
Riyal Yakoob	12	10
Kamil Naleem	12	12
Mubarak Naleem	12	12
Mohamed Imtizam Wahid	12	12
Olga Ashley Herath	12	12
Radhika Rathnayake	12	12

Appointment of Directors

Board appointments are undertaken through a structured and merit-based process, either to fill vacancies arising from resignations or to enhance the Board's collective capabilities in line with evolving strategic priorities. The Board ensures that new Directors bring relevant expertise, diverse perspectives, and the competencies required to navigate an increasingly complex business environment.

All appointments are subject to collective Board approval, supported by a rigorous evaluation of skills, experience, independence, and overall fit with the Board's composition and long-term needs.

Upon appointment, the Company ensures timely and transparent disclosure to the Colombo Stock Exchange, including key details of the Director's professional background, other directorships, shareholding interests, and independence status, in line with regulatory requirements and best practices.

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A structured induction programme is provided to newly appointed Directors, enabling them to gain a comprehensive understanding of the Company's business model, strategy, operations, and key risks. This includes exposure to the organisation's values, culture, and governance framework.

The Company Secretary plays an integral role in facilitating this process, supporting Directors in understanding their duties and responsibilities, and ensuring adherence to applicable regulatory, governance, and disclosure requirements. Continuous guidance is also provided to promote effective Board participation and informed decision-making. There were no new appointments to the Board during the year under review.

Re-election of Directors

In accordance with the Company's Articles of Association, the Board maintains a structured rotation and renewal process to ensure continuity while facilitating periodic refreshment of its composition. One-third of Directors retire by rotation at each Annual General Meeting (AGM), with those longest in office since their last appointment or re-election being eligible to retire.

Directors appointed during the year are subject to shareholder approval at the first AGM following their appointment, reinforcing accountability and shareholder engagement in Board composition. In line with governance requirements, Directors who have attained the age of 70 submit themselves for annual re-election.

The Company ensures transparency in the re-election process by providing shareholders with comprehensive information on each Director proposed for election or re-election within the AGM Notice. This enables informed decision-making and supports strong shareholder participation in governance matters.

Directors' Remuneration

(i) Policy and Procedures

The Company maintains a robust and transparent remuneration governance framework, ensuring that no Director is involved in decisions relating to their own remuneration. This safeguards independence, mitigates conflicts of interest, and reinforces accountability in remuneration practices.

The Remuneration Committee, comprising solely Independent Non-Executive Directors, is responsible for reviewing and recommending remuneration structures for Executive Directors, ensuring alignment with long-term value creation, performance outcomes, and prudent risk management. Details of the Committee's composition are set out on page 148 of this Report.

In discharging its responsibilities, the Committee engages with the CEO on matters relating to Non-Executive Director remuneration and has access to independent professional advice, both internal and external, where necessary.

The remuneration of Non-Executive Directors is determined by the Board as a whole, reflecting their responsibilities, time commitment, and market benchmarks, while maintaining a clear distinction between oversight and executive functions.

(ii) Level and Structure

In determining Executive Director remuneration, the Remuneration Committee adopts a balanced and market-informed approach, ensuring that compensation structures are competitive, performance-linked, and aligned with the Company's long-term strategic objectives. Remuneration is periodically benchmarked against relevant industry peers and comparable organisations to maintain competitiveness and support the attraction and retention of high-calibre leadership.

Executive Directors participate in a performance-based incentive framework that is aligned with key financial and operational metrics, reinforcing a strong pay-for-performance culture across the organisation. This framework is consistently applied across eligible employee groups, promoting alignment, accountability, and shared value creation.

The Company does not currently operate an Executive Share Option Scheme; however, the Board continues to evaluate evolving remuneration practices to ensure alignment with emerging market expectations and long-term value creation principles.

Non-Executive Directors are remunerated through a fixed fee and attendance allowance, reflecting their governance responsibilities, time commitment, and contribution to Board and Committee activities. In line with best governance practices, Non-Executive Directors do not participate in performance-based incentive schemes, preserving their independence and objectivity.

During the year under review, total emoluments paid to Directors amounted to LKR 75,588,750.

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Relations with Shareholders

A clear understanding of shareholder expectations is fundamental to the Company's ability to deliver sustainable, long-term value. The Company adopts a proactive and transparent approach to shareholder engagement, fostering open dialogue and building trust through consistent, high-quality communication.

The Board actively encourages shareholder participation, particularly at the Annual General Meeting (AGM), which serves as a key platform for constructive engagement. Shareholders are provided with the opportunity to raise questions and engage directly with the Board, ensuring transparency, accountability, and responsiveness.

Beyond the AGM, the Company maintains continuous engagement through the timely release of quarterly and annual financial results, corporate disclosures, and other relevant updates via appropriate communication channels. Increasing emphasis is also placed on clarity, accessibility, and timeliness of information to meet evolving investor expectations.

Bairaha Farms PLC has established a formal policy on effective shareholder communication and engagement, aligned with Section 9.2 of the Listing Rules of the Colombo Stock Exchange. Shareholders and investors may direct enquiries to the Chief Financial Officer at the following contact details:

Bairaha Farms PLC
No. 407, Galle Road, Colombo 03
Telephone: +94 11 257 5255
Email: corporateoffice@bairaha.com

The Company's compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, the Continuing Listing Requirements of the Colombo Stock Exchange, and the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka is detailed on pages 134 to 139 of this Report.

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Board Positions Held by our Directors in Non-Group Entities

Director	Name of Company	Listed/ Unlisted	Nature of Directorship
Mr Reyaz Mihular	Watawala Plantations PLC	Listed	Independant Non-Executive Director/Chairman
	Sunshine Holdings PLC	Listed	Independant Non-Executive Director
	Melstacorp PLC	Listed	Independant Non-Executive Director/ Senior Independent Director
	Aitken Spence PLC	Listed	Independant Non-Executive Director/ Senior Independent Director
	Aitken Spence Hotel Holdings PLC	Listed	Independant Non-Executive Director/ Senior Independent Director
	Browns Beach Hotels PLC	Listed	Independant Non-Executive Director/ Senior Independent Director
	Balangoda Plantations PLC	Listed	Independant Non-Executive Director/ Senior Independent Director
	Madulsima Plantations PLC	Listed	Independant Non-Executive Director/ Senior Independent Director
	Marino Leisure Holdings Ltd	Unlisted	Independant Non-Executive Director
	LTL Holdings Ltd	Unlisted	Independant Non-Executive Director
	Agility Innovation (Pvt) Ltd	Unlisted	Independant Non-Executive Director
	Sunshine Teas (Pvt) Ltd	Unlisted	Independant Non-Executive Director
	Lonach Dairy (Pvt) Ltd	Unlisted	Independant Non-Executive Director
Mr M N M Yakooth	N/A	N/A	N/A
Mr M Y M Riyal	N/A	N/A	N/A
Mr M N M Kamil	N/A	N/A	N/A
Mr M N M Mubarak	N/A	N/A	N/A
Mr M I Wahid	N/A	N/A	N/A
Mr O A Herath	Infinity Global Consultant Pvt Ltd	Unlisted	Executive Director
Ms R M R V Ratnayake	N/A	N/A	N/A

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Compliance with the Code of Best Practice on Corporate Governance

Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure

Mandatory provisions — Fully compliant

Rule		Compliance status	Reference in Annual Report
(i)	Names of persons who were Directors of the entity	✓	Board of Directors
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	✓	Bairaha at a Glance section and Notes to the Financial Statements
(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	✓	Investor Relations
(iv)	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the minimum public holding requirement	✓	Annual Report of the Board of Directors on the Affairs of the Company
(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year	✓	Annual Report of the Board of Directors on the Affairs of the Company
(vi)	Information pertaining to material foreseeable risk factors of the Entity	✓	Risk Management
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	✓	Stakeholders and Materiality
(viii)	Extents, locations, valuations, and the number of buildings of the Entity's land holdings and investment properties	✓	Notes to the Financial Statement
(ix)	Number of shares representing the Entity's stated capital	✓	Annual Report of the Board of Directors on the Affairs of the Company
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	✓	Investor Relations
(xi)	Financial ratios and market price information	✓	CFO's review
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	✓	Notes to the Financial Statements
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	N/A	The Company did not raise equity during the financial year.
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	✓	There are no ESOP's or stock option schemes are in effect at present.
(xv)	Disclosures pertaining to Corporate Governance Practices in terms of Section 9 of the Listing Rules	✓	Corporate Governance Report

✓ Yes

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Compliance with the Colombo Stock Exchange Listing Rules on Corporate Governance

Statement of Compliance under Section 9 of the Listing Rules of the CSE on Corporate Governance

Mandatory provisions — Fully compliant

CSE Rule		Compliance status	Remarks/Reference in Annual Report
Disclosures Regarding the Board of Directors			
9.2.1	**Policies** Listed entities must establish and maintain the 12 policies as specified in the listing rules and disclose their existence, along with details of their implementation, on the entity's website.	✓	The Bairaha Group is compliant with these requirements, and the established policies are available on our website at https://www.bairaha.com/corporate-governance/.
9.3.3	**Chairperson of the Board of Directors** The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1.	✓	Mr Reyaz Mihular, Chairman does not hold chairmanship in any committee
9.6.1	**Separation of Roles Between Chairperson and CEO** The Chairperson of every Listed Entity shall be a Non-Executive Director. Consequently, the position of Chairperson and CEO shall not be held by the same individual.	✓	Mr Reyaz Mihular is a Non-Executive Director and he does not hold the position of CEO.
9.7.2	**Fit and Proper Assessment** Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules	✓	Declaration as per the listing rules related to fit and proper assessment criteria has been obtained and ensured that the said criteria are met by all the Directors.
9.8.1	**Minimum Number of Directors** The Board of Directors of a Listed Entity shall, at a minimum, consist of five (5) Directors	✓	The board consists of 8 Directors.
9.8.2 (a)	**Minimum Number of Independent Directors** The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.	✓	Three Board members out of eight are Independent.
9.8.3 (ix)	**Criteria for determining independence** Revision to Independence Criteria as prescribed in this rule.	✓	Refer Corporate Governance section of the Annual Report.

Compliance with the Colombo Stock Exchange Listing Rules on Corporate Governance

CSE Rule		Compliance status	Remarks/Reference in Annual Report
9.8.5 (a)	**Declaration of Independency by Directors** Each Non-Executive Director should submit a declaration of independence/non-independence in the prescribed format annually	✓	Non-Executive Directors have submitted declarations during the year 2025/26.
9.10.2 (i-iii)	**New appointment of Directors** A brief resume of the newly appointed Directors should be provided to the Colombo Stock Exchange for dissemination to the public.	✓	No new appointments were made to the Board during the year.
9.10.4 (a)	**The disclosure relating to Directors** A brief resume of each Director should be included in the Annual Report including the area of his/her expertise	✓	Refer Board of Directors section of the Annual Report.
Disclosures Regarding the Nomination and Governance Committee			
9.11.1	Listed Entities shall have a Nominations and Governance Committee	✓	Refer Report of the Nomination and Governance Committee
9.11.4	The members of the Nomination and Governance Committee shall comprise a minimum of three (3) Directors of the Listed Entity, out of which a minimum of two (2) members shall be Independent Directors of the Listed Entity and not comprise Executive Directors of the Listed Entity	✓	The committee consists of three Independent Non-Executive Directors
9.11.5	Functions of the Nomination and Governance Committee as set out in the listing rules.	✓	Refer Report of the Nomination and Governance Committee
9.11.6 (a)	The names of the Chairperson and members of the Committee and the nature of directorships held by such members	✓	Refer Report of the Nomination and Governance Committee
(b)	The date of appointment to the Committee		
(c)	Whether a documented policy and processes are in place when nominating Directors		
(d)	Whether all Directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years		
(e)	A disclosure on Board diversity in the range of experience, skills, age and gender as an essential factor for effective Board performance		

Compliance with the Colombo Stock Exchange Listing Rules on Corporate Governance

CSE Rule		Compliance status	Remarks/Reference in Annual Report
Disclosures Regarding the Remuneration Committee			
9.12.2	A Listed Company shall have a Remuneration Committee	✓	Refer Report of the Remuneration Committee
9.12.6 (1)			
(a)	The members of the Remuneration Committee shall a minimum of three (3) Directors of the Listed Entity, out of which a minimum of two (2) members shall be Independent Directors of the Listed Entity	✓	The committee consists of three Independent Non-Executive Directors
(b)	not comprise of Executive Directors of the Listed Entity.		
9.12.7	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors	✓	Refer Report of the Remuneration Committee
9.12.8 (a)	Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members	✓	Refer Report of the Remuneration Committee
(b)	A statement regarding the remuneration policy		
(c)	The aggregate remuneration of the Executive and Non-Executive Directors		
Disclosures Regarding the Audit Committee			
9.13.1	A Listed Company shall have an Audit Committee	✓	Refer to Report of the Audit Committee
9.13.3 (1)	The Committee shall comprise of Non-Executive Directors, the majority of whom shall be independent.	✓	The committee consists of three Independent Non-Executive Directors. The Chairman of the Committee, Ms Radhika Ratnayake is a Member of the Chartered Institute of Management Accountants (CIMA), UK.
9.13.3 (7)	The Chairman of the Committee should be a Member of a recognized professional accounting body		
9.13.4 (1)	Functions of the Audit Committee as per listing rules.	✓	Refer to Report of the Audit Committee
9.13.5 (a)	Names of Directors comprising the Audit Committee	✓	Refer to Report of the Audit Committee
(b)	The Audit Committee shall make a determination of the independence of the Auditor and disclose the basis for such determination		
(C)	The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions		

Compliance with the Colombo Stock Exchange Listing Rules on Corporate Governance

CSE Rule		Compliance status	Remarks/Reference in Annual Report
Disclosures Regarding the Related Party Transactions Review Committee			
9.14.2	The Related Party Transactions Review Committee shall comprise of a minimum of three (3) Directors of the Listed Entity, out of which two (2) members shall be Independent Directors of the Listed Entity	✓	The committee consists of three directors out of which two members are independent.
9.14.3	Functions of the Related Party Transaction Review Committee as per listing rules	✓	Refer to Report of the Related Party Transaction Review Committee
9.14.7 (1)	A Listed Entity shall make an immediate Market Announcement to the Exchange,	✓	Refer Notes to the Financial Statements.
(a)	of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Entity as per the latest Audited Financial Statements; or		
(b)	of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Entity as per the latest Audited Financial Statements		
9.14.8 (1)	In the case of non-recurrent Related Party Transactions, if the aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity according to the latest Audited Financial Statements	✓	Refer Notes to the Financial Statements.
9.14.8 (2)	In the case of recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income as per the latest Audited Financial Statements	✓	Refer Notes to the Financial Statements
9.14.8 (3)	Annual Report shall contain a report compiled by the RPTR Committee including the following: Names of the Directors who are in the Committee Statement about related party transactions reviewed during the financial year, Policies and procedures adopted by the RPTRC	✓	Refer to Report of the Related Party Transaction Review Committee
9.14.8 (4)	A declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions or a negative statement in the event the Entity has not entered into any Related Party Transactions	✓	Refer to Report of the Board of Directors on the affairs of the Company

✓ Yes

Statement of Compliance with the Companies Act No. 07 of 2007

Rule		Compliance Status	Reference in Annual Report
168 (1) (a)	The nature of the business together with any change thereof	✓	Notes to the Financial Statements and About Us
168 (1) (b)	Signed Financial Statements of the Group and the Company	✓	Financial Statements
168 (1) (c)	Auditors' Report on Financial Statements	✓	Independent Auditors' Report
168 (1) (d)	Accounting policies and any changes therein	✓	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register	✓	Annual Report of the Board of Directors on the Affairs of the Company
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	✓	Notes to the Financial Statements and Corporate Governance Report
168 (1) (g)	Corporate donations made by the Company	✓	Notes to the Financial Statements and Annual Report of the Board of Directors on the Affairs of the Company
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	✓	Annual Report of the Board of Directors on the Affairs of the Company
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	✓	Notes to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest with the Company and its subsidiaries	✓	Report of the Audit Committee
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	✓	Financial Statements/Annual Report of the Board of Directors on the Affairs of the Company

✓ Yes

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Strategic Direction
Stakeholders and Materiality
Our Integrated Value Chain
50 Years of Shared Value
Responsible Protein Production
Governance, Risk and Resilience
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Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of Bairaha Farms PLC is pleased to present to the shareholders its Annual Report on the affairs of the Company, together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries ("the Group") for the financial year ended 31 March 2026, prepared in accordance with applicable statutory requirements.

This Report provides the information required by the Companies Act, No. 07 of 2007, Listing Rules of the Colombo Stock Exchange, and recommended Best Practices.

General

Bairaha Farms PLC was originally incorporated as a limited liability company under the name M I M Naleem Hajiar and Company Limited on 27 October 1975 in terms of the Companies Ordinance (Cap. 145).

The name of the Company was subsequently changed to Bairaha Farms Limited on 15 February 1994.

In compliance with the provisions of the Companies Act, No. 07 of 2007, the Company was re-registered on 14 February 2008 under registration number PQ122 and accordingly renamed Bairaha Farms PLC.

The ordinary shares of the Company are listed on the Main Board of the Colombo Stock Exchange.

The registered office of the Company is situated at No. 407, Galle Road, Colombo 03.

Principle Activities and Nature of Operations

The core activities of the Group are vertically integrated poultry farming, chicken processing, and the manufacture of pre-cooked meats.

The principal activities and nature of operations of the subsidiaries, sub-subsidiaries, and joint ventures are set out in Note 1.2 to the Financial Statements on page 176.

There were no significant changes in the nature of the Group's activities during the financial year under review.

Summarised Financial Results

LKR'000	31 March 2026	31 March 2025
Group Revenue	**15,291,341**	13,916,401
Total Comprehensive Income	**1,116,813**	123,078
Retained Earnings	**5,155,175**	4,212,592

Financial Statements

The Financial Statements of the Company and the Consolidated Financial Statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act, No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The aforesaid Financial Statements, duly signed by the Chief Financial Officer and two Directors on behalf of the Board, are included in this Annual Report on pages 170 to 175 and form an integral part of the Annual Report of the Board of Directors.

Auditor's Report

The Report of the Independent Auditors on the Group Financial Statements is given on page 166.

Accounting Policies and changes during the year

The accounting policies adopted in the preparation of the Financial Statements are set out on pages 176 to 189 There were no significant changes in the accounting policies applied by the Company during the year under review compared with those applied in the previous year.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company and the Group, and to ensure that they reflect a true and fair view of the state of its affairs.

A further statement in this regard is included on page 165.

Dividends

During the year under review, the Company paid a first interim dividend of LKR 5.00 per share (prior to the share split) and declared a second interim dividend of LKR 0.82 per share to its shareholders.

Reserves

The movement of reserves during the year are given under the Statement of Changes in Equity on page 173.

Capital Expenditure

The total capital expenditure during the year amounted to LKR 1,230 Mn. compared to LKR 457 Mn. incurred in the previous year.

Details of movements in property, plant and equipment are given under Note 4 to the financial statements.

Land Holdings

Details of Company's ownership of lands are given in Note 4.1.5 of the Financial Statements.

Sub-division of Shares

Pursuant to a resolution passed by the shareholders on 17 December 2025, the Company sub-divided its ordinary shares whereby each existing one (01) ordinary share was subdivided into five (05) ordinary shares. Accordingly, the number of issued ordinary shares increased from 17,600,000 to 88,000,000.

There was no change to the stated capital of the Company, which remains at LKR 536,305,197/-.

Stated Capital

The Stated Capital of the Company as at 31 March 2026 was LKR 536,305,197/- represented by 88,000,000 Ordinary Shares.

There were no changes in the Stated Capital of the Company during the year.

Share Information

Major Shareholders, Distribution Schedule and other Information

Details of the thirty largest shareholders, the distribution of shareholdings and the market value per share are set out on pages 99 to 101 in compliance with the Listing Rules of the Colombo Stock Exchange.

Earnings, Dividends, Net Assets and Market Value of Shares

Information relating to earnings, dividend, net assets and market value per share are given on page 12.

Float Adjusted Market Capitalisation and Public Holding

Float adjusted market capitalisation – LKR 3,982,664,060.00.

63.743% of the issued shares of the Company are in the hands of 5,800 public shareholders.

The Company complies with option 4 of the Listing Rules 7.13.1 i(a).

Information on the Directors of the Company and Directors of Group Companies as at 31 March 2026

The Board of Directors of the Company as at 31st March 2026 comprised eight (08) Directors, possessing a broad range of skills, experience, and expertise in areas including Finance, Audit, and Business Administration, among others. Brief profiles of the Directors are provided on pages 122 to 123.

The names of the Directors who held office during the year and as at 31 March 2026, as required by Section 168(1)(h) of the Companies Act, are set out below:

Executive Directors

- Mr M N M Yakooth (Managing Director)
- Mr M Y M Riyal
- Mr M N M Kamil
- Mr M N M Mubarak
- Mr M I Wahid

Independent Non-Executive Directors

- Mr M R Mihular
- Mr O A Herath
- Ms R M R V Ratnayake

Changes in the directorate during the year

There were no changes in the directorate during the year under review.

Directors of the Subsidiaries as at 31 March 2026

The names of the Directors of the subsidiaries and sub-subsidiary companies are given on page 248.

Retirement by Rotation and Re-Election of Directors

Mr M Y M Riyal and Mr M N M Kamil retire by rotation in terms of Articles 87 and 88 of the Articles of Association and, being eligible for re-election, and following a review by the Nominations and Governance Committee, are recommended by the Board for re-election.

Re-appointment of Directors who are over 70 years of age

Mr M R Mihular, who will attain the age of seventy (70) years on 18 June 2026, vacates office at the conclusion of the Annual General Meeting in terms of Section 210 (2) (a) of the Companies Act No.7 of 2007 and is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Further, in accordance with Section 9.8.3 (ix) of the Listing Rules, the Nominations and Governance Committee reviewed the credentials of Mr M R Mihular, who serves as an Independent Non-Executive Director and will reach the age of 70 years on 18 June 2025. In view of his extensive experience, leadership as Chairperson of the Board, and valuable contribution to governance and strategic oversight, the Committee recommended to the Board that Mr Mihular may nevertheless continue to be designated as an Independent Non-Executive Director. The Board of Directors, at its meeting held on 31 March 2026, resolved to confirm the recommendation of the Nominations and Governance Committee.

In line with the requirements of Section 9.8.3 (ix)(c) of the Listing Rules, the recommendation of the Nominations and Governance Committee, along with the justification and rationale, and the confirmation by the Board of Directors, will be submitted for approval by way of a resolution to be passed with the affirmative votes of the majority of the Company's public shareholders voting in person or by proxy at the forthcoming Annual General Meeting.

Fit and Proper Assessment of Directors

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the Financial Year under review and as at the date of such Declarations. These Declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board.

The Board determined that all Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules and qualify to continue as Directors in their respective capacities, subject to those who retire by rotation and over 70 years of age being re-elected/re-appointed by the shareholders at the forthcoming Annual General Meeting.

Independence of Directors

The Board, based on the Declarations submitted by the Independent Directors confirming their independence against the criteria specified in the Listing Rules, and on such other information available to the Board that could reasonably be considered to have a bearing on their independence, has determined that the three (3) Independent Directors, namely Mr M R Mihular, Mr O A Herath, and Ms R M R V Ratnayake, are "Independent" in terms of the Listing Rules.

Policies in terms of Rule 9.2 of the Listing Rules

In terms of Rule 9.2.1 of the Listing Rules, the Company established, adopted and published on the Company website (https://www.bairaha.com/corporate-governance/) the following policies, ensuring adherence to best practices in corporate governance, ethical conduct, and regulatory compliance:

(a) Policy on the matters relating to the Board of Directors

(b) Policy on Board Committees

(c) Policy on Corporate Governance, Nominations and Re-election

(d) Policy on Remuneration

(e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities

(f) Policy on Risk management and Internal controls

(g) Policy on Relations with Shareholders and Investors

(h) Policy on Environmental, Social and Governance Sustainability

(i) Policy on Control and Management of Company Assets and Shareholder Investments

(j) Policy on Corporate Disclosures

(k) Policy on Whistleblowing

(l) Policy on Anti-Bribery and Corruption

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Policy on Effective Communication and Relations with Shareholders and Investors

The Company has established processes to ensure effective communication and maintain constructive relations with shareholders and investors. Shareholders are provided with access to the Company through the mechanisms set out in the Corporate Governance Report under Relations with Shareholders on page 132 of this Report.

Policy on Matters Relating to the Board of Directors

The Company has, in terms of the above Policy, complied with the requirements set out in Rule 9.5.1 of the Listing Rules.

Additional disclosures pertaining to Directors

(i) Material Interests in Contracts involving the Company

The Directors have declared all material interests in contracts involving the Company in terms of the Companies Act and the Articles of the Association of the Company and have acted as prescribed therein, and where relevant have refrained from voting on matters in which they were materially interested.

(ii) Material Business Relationships with each other

None of the Directors or close family members have any material business relationships with the other Directors of the Company.

(iii) Other Directorships held by the Directors

Other Directorships held by Directors are disclosed on page 133.

(iv) Review of Internal Controls

The Directors have, through the Audit Committee, conducted a review of the internal controls covering financial, operational and compliance control and risk management and thereby obtained reasonable assurance of their effectiveness and successful adherence therewith.

(v) Applicable Laws Rules and Regulations

The Directors have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of the changes, particularly to Listing Rules and applicable capital market provisions.

Board Meetings

Twelve (12) Board meetings of the Company were held during the year under review and the Directors' attendance at those meetings is set out on page 130.

Interest Register

The Company maintains an Interest Register in terms of the Companies Act, No. 07 of 2007.

All related party transactions, including those involving Directors who were directly or indirectly interested in a contract or transaction with the Company during the accounting period, are recorded in the Interest Register in compliance with the applicable rules and regulations of the relevant regulatory authorities.

The Directors declare that all material interests in contracts involving the Company have been duly disclosed to the Board. In instances where a Director was materially interested in a contract or proposed contract with the Company, such Director refrained from voting on the relevant matter.

It is further declared that, during the year under review, the Company did not enter into any contracts in which any Director was materially interested, except for the transactions disclosed in Note 32.2 to the Financial Statements.

Directors' Remuneration

The Directors' remuneration is disclosed in Note 24 to the Financial Statements on page 218.

Directors' Shareholding

The shareholdings of the Directors of the Company are as follows:

Directors	Number of Shares as at 31 March 2026	Number of Shares as at 31 March 2025
Mr Reyaz Mihular	42,430	8,486
Mr Yakooth Naleem	9,360,265	1,872,053
Mr Riyal Yakoob	4,533,675	906,735
Mr Kamil Naleem	8,821,580	1,764,316
Mr Mubarak Naleem	9,134,990	1,826,998
Mr M I Wahid	11,000	2,200
Mr Ashley Herath	–	–
Ms Radhika Ratnayake	–	–

Risk Management and Internal controls

Bairaha Farms PLC is principally engaged in the poultry industry, including the breeding, hatching, processing, and sale of chicken and related value-added products.

The Management applies both qualitative and quantitative approaches in assessing the likelihood and potential impact of events that may affect the achievement of the Company's objectives, including the risk of failing to capitalise on business opportunities.

The Board of Directors, through the Board Audit Committee, reviews the effectiveness of the Company's internal control systems, encompassing financial, operational, and compliance controls, as well as risk management processes, and has obtained reasonable assurance that such systems are operating effectively and are being adhered to.

Risk Management disclosures are set out on pages 153 to 161.

Donations

The Company made donations for charitable purposes amounting to LKR 4,841,102 (2025: LKR 2,399,412) during the year ended 31 March 2026. The donations made by subsidiary companies during the year are set out in Note 24 to the Financial Statements on page 218.

Independent Auditors

Company

Messrs Ernst & Young, Chartered Accountants, served as the Auditors of the Company and also provided other permitted non-assurance services, while ensuring that the provision of such services did not impair their independence.

A total amount of LKR 5,372,000/- is payable by the Company to the Auditors for the year under review, comprising LKR 4,866,000/- as audit fees and LKR 506,000/- for other services.

The Auditors have expressed their willingness to continue in office. Based on the recommendation of the Audit Committee, a resolution to re-appoint the Auditors and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Group

The audits of subsidiary companies are handled by firms of Chartered Accountants in Sri Lanka or their respective countries of incorporation. Details of payments to such audit firms on account of audit fees are set out in Note 24 to the Financial Statements on page 218.

Independence of Auditors

Based on the declaration provided by Messrs. Ernst & Young, Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date.

Statutory payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government, other regulatory institutions and related to employees have been paid on their due dates or where relevant have been provided for in the Financial Statements.

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Compliance with Laws and Regulations

The Board has made arrangements to make themselves aware of applicable laws, rules, and regulations and changes thereto, particularly to Listing Rules and applicable capital market provisions through regular updates provided by Directors themselves, whose expertise lies in the field of Finance/Audit/ Business Administration and by the Company Secretaries.

To the best of knowledge and belief of the Directors, there were no material non compliances with laws or regulations and there were no fines which are material imposed on the Company by any government or regulatory authority in the Country.

Events Occurring after the Balance Sheet Date

No circumstances have arisen since the reporting date, which would require adjustment to, or disclosure in the financial statements.

Material issues pertaining to employees and industrial relations pertaining to the Company

No material issues pertaining to employees or industrial relations of the Company occurred during the year under review which required disclosure under Rule 7.6 (vii) of the Listing Rules.

Corporate Governance

Corporate governance practices and principles with respect to the management and operations of the Company are set out on pages 124 to 132 of this Report.

The Directors confirm that the Company has complied with the rules on corporate governance contained in the Listing Rules of the Colombo Stock Exchange.

An Audit Committee, Remuneration Committee, Related Party Transactions Review Committee, and Nominations and Governance Committee function as sub-committees of the Board and are composed of Directors with the requisite qualifications and experience. The composition of these Committees is as follows:

Audit Committee

- Ms R M R V Ratnayake – Chairperson
- Mr M R Mihular – Member
- Mr O A Herath – Member

Remuneration Committee

- Ms R M R V Ratnayake – Chairperson
- Mr M R Mihular – Member
- Mr O A Herath – Member

Related Party Transactions Review Committee

- Mr O A Herath – Chairman
- Mr M R Mihular – Member
- Mr M Y M Riyal – Member

Nominations and Governance Committee

- Mr O A Herath – Chairman
- Mr M R Mihular – Member
- Ms R M R V Ratnayake – Member

Declaration under the Listing Rules on Related Party Transactions

The Related Party Transactions Review Committee has reviewed all related party transactions required to be reviewed for the year ended 31 March 2026.

The Directors declare that the Company has complied with the Listing Rules of the Colombo Stock Exchange relating to related party transactions during the financial year ended 31 March 2026.

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 resources to continue in business for the foreseeable future.

Annual General Meeting

The Annual General Meeting will be held at the Auditorium, Sri Lanka Foundation, 100, Padanama Mawatha, Independence Square, Colombo 7 at 11.30am on Monday the 30 June 2026.

The Notice of the Annual General Meeting appears on page 249.

Acknowledgement

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 on 2 June 2026.

This Annual Report is signed for and on behalf of the Board of Directors by

(Sgd.)
Yakooth Naleem
Managing Director

(Sgd.)
Riyal Yakoob
Executive Director

(Sgd.)
P W Corporate Secretarial (Pvt) Ltd.
Secretaries

2 June 2026

Colombo

Report of the Audit Committee

The Audit Committee (the "Committee") serves as a cornerstone of the Board's governance framework, providing independent oversight of the Group's financial reporting, internal control environment, and risk management processes. The Committee's mandate is to uphold the highest standards of integrity, transparency, and accountability — safeguarding the interests of shareholders and all stakeholders of the Company.

The Committee assists the Board in ensuring that the financial reporting system is robust, well-governed, and capable of delivering accurate, timely, and relevant information. Its responsibilities extend to ensuring compliance with the Companies Act and other legislative reporting requirements, and confirming that the financial statements are prepared in accordance with Sri Lanka Accounting Standards.

The Committee regularly reviews the design and operational effectiveness of the Company's internal control systems, recommending enhancements where appropriate, and monitors the robustness of the Group's risk management practices — ensuring that risks are systematically identified, rigorously assessed, and effectively mitigated.

The Committee further evaluates the performance and independence of both the Internal and External Auditors and bears responsibility for recommending the reappointment or replacement of External Auditors, together with their remuneration and terms of engagement. The Committee provides guidance and recommendations to the Board as necessary within the scope of its authority.

ESG Oversight

During the financial year, the Board constituted a dedicated ESG Committee operating under the direct purview of the Audit Committee. A sustainability management team reports to the ESG Committee on the Company's sustainability performance, climate-related risks, and progress against established ESG objectives.

The Audit Committee applies the same standard of rigour to sustainability disclosures as it does to the financial statements, reinforcing the Group's commitment to responsible and transparent reporting. A Sustainability Performance Snapshot — covering key indicators including energy consumption, greenhouse gas emissions, water stewardship, waste management, and workforce data — is presented from pages 103 to 116 of this Report.

Through its independent oversight, the Committee plays an integral role in supporting the Board's efforts to ensure compliance with legal and regulatory requirements, while fostering strong corporate governance and promoting long-term value creation.

Composition of the Audit Committee

The Audit Committee is composed entirely of Non-Executive Directors, all of whom are independent in accordance with applicable corporate governance standards.

1. Ms Radhika Ratnayake serves as the Chairperson of the Committee. She is a Chartered Financial Analyst (CFA) charterholder, USA, and a Member of the Chartered Institute of Management Accountants (CIMA), UK.
2. Mr Reyaz Mihular is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Chartered Institute of Management Accountants (CIMA), UK.
3. Mr Olga Ashley Herath holds a postgraduate degree in Business Administration from the University of Wales, UK, and is a Fellow of the Chartered Institute of Marketing (CIM), UK.

Meetings

During the year under review, the Committee convened six (6) meetings. The Chief Executive Officer, Executive Director, Director of Operations, and the Chief Financial Officer attended meetings by invitation, as deemed appropriate to support the Committee's deliberations.

Attendance — 1 April 2025 to 31 March 2026

Director	Held/ Attended
1. Ms Radhika Ratnayake	6/6
2. Mr Reyaz Mihular	6/6
3. Mr Olga Ashley Herath	6/6

Summary of Activities

Financial Reporting Framework and Financial Statements

The Committee continued to support the Board in ensuring the integrity, accuracy, and transparency of the Group's financial statements and related disclosures. A key focus was the assessment of significant accounting estimates and judgements made by management in the preparation of the Financial Statements.

Prior to the finalisation and sign-off of the annual financial statements, the Committee engaged the External Auditor to discuss key audit matters. Following this review, the Committee recommended the adoption of the final accounts to the Board. The Committee also held discussions with the External Auditor regarding the previous year's Management Letter to verify that appropriate corrective actions had been implemented.

The Committee reviewed the assurance provided by the Chief Executive Officer and the Financial Controller, confirming that the financial records have been properly maintained and present a true and fair view of the Company's operations and financial position. Quarterly financial statements were reviewed prior to submission and recommended to the Board for adoption. The Committee's deliberations during the year also encompassed budgeting and forecasting, cash management, and working capital requirements.

Risk Management, Internal Control, and Internal Audit

The Committee is responsible for overseeing the effectiveness of the Company's risk management framework and internal control environment. It reviews and assesses the adequacy of controls in areas identified as carrying significant risk and ensures that risk management processes are robust and aligned with the Group's strategic objectives.

The adequacy of internal controls is evaluated through management reports and independent assessments provided by both the Internal and External Auditors. The internal audit function is outsourced to Messrs. BDO Partners, Chartered Accountants, under terms agreed with the Committee covering the frequency and scope of audits, key focus areas, and audit fees.

During the year, the Committee met with the Internal Auditor to review audit findings, consider management's responses, and confirm that appropriate follow-up actions were implemented. Internal audits conducted during the year included a comprehensive review of Human Resource processes and a detailed audit of Revenue and Debtors management — both designed to assess the adequacy and effectiveness of internal controls and verify compliance with established policies and procedures.

External Audit

The Company's External Auditor, Messrs. Ernst & Young, Chartered Accountants, presented a detailed audit plan for the financial year 2025/26, highlighting key operational areas for review. Special emphasis was placed on areas identified in the previous audit and from current operational assessments, based on the risk of material misstatement and potential impact on the Financial Statements.

The Audit Committee engaged the External Auditor to evaluate and agree on the audit scope, methodology, and timelines. Upon completion of the audit, the Committee met with the Auditor to review significant findings, discuss concerns, and examine the Audit Management Letter. The Committee considered management's responses and the remedial actions implemented to address the Auditor's recommendations. The Committee also reviewed the audit fees proposed by the External Auditor and recommended their approval to the Board.

To the best of the Committee's knowledge, Ernst & Young, Chartered Accountants, has no relationship or interest in the Company other than in its capacity as External Auditor. The Committee has received a formal declaration from Ernst & Young, in accordance with the requirements of the Companies Act No. 07 of 2007, confirming that no circumstances exist which may compromise their independence. This affirmation is consistent with the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka, and the Guidelines for Listed Companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.

Based on this confirmation and its overall assessment, the Committee has recommended to the Board the reappointment of Ernst & Young as External Auditor for the financial year ending 31 March 2027, subject to shareholder approval at the Annual General Meeting.

(Sgd.)
Ms Radhika Ratnayake
Chairperson — Audit Committee

2 June 2026

Report of the Remuneration Committee

The Remuneration Committee (the "Committee") is appointed by the Board of Directors to oversee the Company's remuneration policies and ensure they are fair, competitive, and aligned with the Company's strategic objectives. The Committee plays a pivotal role in supporting the attraction, motivation, and long-term retention of talented individuals who drive business performance and deliver sustainable value to shareholders.

The Committee meets at least once a year, or as necessary, to review and recommend adjustments to the remuneration of the following categories of personnel:

- Executive staff
- Chief Executive Officer and Executive Directors
- Non-Executive Directors – including fees and allowances

In determining remuneration levels, the Committee takes into account the individual's qualifications, experience, skillset, commitment, and contribution to the business, as well as prevailing market conditions and industry benchmarks.

The Company's remuneration framework is designed to maintain a balance between fixed and performance-linked components. Executive remuneration includes a base salary, performance-related bonuses, benefits-in-kind, and other incentives. Key factors considered in assessing executive compensation include:

- Overall Company performance
- Individual performance and evaluation outcomes
- Comparative remuneration within the industry

For Non-Executive Directors, the Committee reviews fees and allowances based on the scope of responsibilities and market practices, ensuring they reflect the value and time commitment of the role. The aggregate remuneration of the Executive and Non – Executive Directors is given in Note 24 of the financial statements.

All recommendations made by the Committee are presented to the Board for consideration and approval. The Committee remains committed to upholding principles of transparency, equity, and accountability in all remuneration-related decisions.

Composition of the Remuneration Committee

The Remuneration Committee comprises three Independent Non-Executive Directors:

Ms Radhika Rathnayake – Chairperson

Mr Reyaz Mihular

Mr Olga Ashley Herath

Meetings of the Remuneration Committee

The Committee met once during the year. The Chief Executive Officer and Executive Director attended the meeting by invitation.

Attendance at Remuneration Committee Meetings held during the period 1 April 2025 and 31 March 2026

Name of the Director	Meeting Participation (Held/Attended)
1. Ms Radhika Rathnayake	1/1
2. Mr Reyaz Mihular	1/1
3. Mr Olga Ashley Herath	1/1

Summary of activities during the Financial Year

During the year the Committee evaluated the remuneration of Executive personnel based on performance reviews conducted during the period. The Committee further reviewed the compensation for the Chief Executive Officer, Executive Directors, and Non-Executive Directors to ensure parity with comparable peers. Based on these findings, market-based adjustments were applied to total compensation packages to maintain a balanced and competitive remuneration policy that is reflective of current market dynamics.

(Sgd.)
Ms Radhika Rathnayake
Chairman
Remuneration Committee

2 June 2026

Report of the Nominations and Governance Committee

The Nominations and Governance Committee plays a pivotal role in ensuring the integrity, effectiveness, and long-term sustainability of the Company's governance framework.

The Committee is responsible for recommending qualified candidates for appointment to the Board of Directors, ensuring an appropriate balance of skills, independence, diversity, and experience. It also oversees succession planning for key leadership roles, evaluates Board effectiveness, and monitors compliance with corporate governance best practices and regulatory requirements.

Through these responsibilities, the Committee safeguards the Company's governance standards and supports sustainable value creation.

Composition of the Committee

The Committee comprises three Independent Non-Executive Directors:

Name of Member	Nature of Directorship	Date appointed to the Committee
Mr Olga Ashley Herath (Chairman)	Independent Non-Executive Director	30 April 2024
Mr Reyaz Mihular	Independent Non-Executive Director	6 December 2023
Ms Radhika Rathnayake	Independent Non-Executive Director	20 November 2024

The Committee is fully independent, in compliance with regulatory requirements.

Duties and Responsibilities of the Committee

The Committee's principal responsibilities include:

Board Structure and Composition

- Regularly reviewing the structure, size, and composition of the Board.
- Making recommendations to the Board to ensure an appropriate balance of skills, experience, and independence.

Independence of Non-Executive Directors

- Assessing and confirming the independence of Non-Executive Directors in accordance with the Listing Rules of the Colombo Stock Exchange.
- Reviewing potential conflicts of interest that may impair independent judgment.

Balance and Diversity

- Ensuring an appropriate balance between Executive and Non-Executive Directors.
- Promoting diversity in terms of experience, expertise, age, and gender within the Board composition.

Skills and Succession Planning

- Reviewing the skills, knowledge, and experience required at Board level.
- Overseeing succession planning for Directors and senior leadership positions.

Board Performance Evaluation

- Establishing and maintaining a formal process for the periodic evaluation of Board performance.
- Ensuring that no Director is involved in decisions relating to his or her own appointment or reappointment.

Reappointments and Governance Oversight

- Recommending Directors for re-election or reappointment.
- Reviewing and recommending enhancements to the Company's corporate governance framework.
- Ensuring compliance with the Listing Rules of the Colombo Stock Exchange, applicable regulatory requirements, and recognised governance best practices.

Policy and Processes for Directors' Nominations

The Company has in place clearly defined policies and procedures governing the appointment and re-appointment of Directors, which are effectively implemented through a structured nomination and evaluation process conducted by the Nominations and Governance Committee, in compliance with the applicable Listing Rules on Corporate Governance. The process encompasses the assessment of candidates' skills, experience, independence and overall suitability,

as well as a formal evaluation of the performance of existing Directors prior to re-appointment, thereby ensuring transparency, merit-based selection and alignment with the Company's governance framework.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third of the Directors are required to retire from office by rotation at each Annual General Meeting. However, a Director appointed to the office of Chairman, Managing or Joint Managing Director shall not, whilst holding that office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. The Directors retiring by rotation shall be those who have been longest in office since their last re-election or appointment. Additionally, in terms of the relevant provisions of the Articles of Association, any Director appointed to the Board either to fill a casual vacancy or as an additional Director shall hold office only until the immediately succeeding Annual General Meeting and shall then be eligible to offer himself/herself for re-election.

Information on Directors' Re-election/Re-appointment

As required by the Listing Rules, the table below sets out the details of the Directors who are recommended for re-election/re-appointment at the forthcoming Annual General Meeting, in accordance with the provisions of the Articles of Association of the Company and the Companies Act No. 7 of 2007:

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election/ re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
Recommended for re-election in terms of Articles 87 and 88 of the Articles of Association of the Company					
Mr M Y M Riyal	RPTRC	26 January 1990	27 June 2024	Refer profile on page 122	Mr M N M Yakooth, Mr M N M Mubarak and Mr M N M Kamil are cousins of Mr M Y M Riyal
Mr M N M Kamil	–	23 June 1985	19 July 2023	Refer profile on page 122	Mr M N M Yakooth and Mr M N M Mubarak are brothers of Mr M N M Kamil
Re-appointment in terms of Section 210 of the Companies act No. 07 of 2007					
Mr M R Mihular	AC, RC, NGC, RPTRC	20 January 2022	30 June 2022	Refer profile on page 122 and 133	None

AC Audit Committee
RPTRC Related Party Transactions Review Committee
RC Remuneration Committee
NGC Nominations and Governance Committee

Board Diversity

In accordance with the applicable Listing Rules on Corporate Governance, the Company is committed to maintaining a Board composition that reflects an appropriate balance of experience, professional skills, age and gender diversity, with a view to supporting effective Board performance, robust deliberation and sound decision-making.

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Meetings

The Committee held two (2) meetings during the financial year under review.

Attendance during the period 1 April 2025 to 31 March 2026 was as follows:

Name	Attendance
Mr Olga Ashley Herath	2/2
Mr Reyaz Mihular	2/2
Ms Radhika Rathnayake	2/2

The deliberations and recommendations of the Committee were duly documented in the minutes and submitted to the Board for consideration.

Periodic Evaluations on the performance of the Board and the Executive Directors

Periodic evaluations of the performance of the Board as a whole and the Executive Directors have been conducted by the Nominations and Governance Committee in accordance with the applicable Listing Rules on Corporate Governance. These evaluations are carried out on a structured basis to assess the effectiveness of the Board's functioning, individual contributions, and overall alignment with the Company's strategic objectives, thereby supporting continuous improvement in governance and performance.

Flow of Information to Independent Directors on Major Issues

The Company ensures that Independent Directors are adequately and timely informed on all major issues through a structured communication framework. This includes regular Board and Committee meetings, with detailed agendas and relevant supporting papers circulated in advance. In addition, Directors receive periodic updates on key financial, operational and strategic matters, and have direct access to Senior Management and the Company Secretaries to obtain clarifications on matters within the purview of the Board.

Induction and Orientation Programs

The Company provides comprehensive induction and orientation programmes for newly appointed Directors, covering the Company's operations, governance framework, regulatory environment, strategic objectives, financial performance and key policies. In addition, the Board is regularly updated on developments in corporate governance, changes in applicable regulations and relevant legislative requirements, thereby ensuring continued compliance, effective risk management and alignment with regulatory expectations in safeguarding shareholder interests.

Determination of Independence of Independent Directors

The Committee confirms that the Independent Directors of the Company satisfy the criteria for independence as set out in Rule 9.8.3 of the Listing Rules.

Compliance with Corporate Governance Requirements

The Committee confirms that the Company has complied with the Corporate Governance Requirements stipulated under the Listing Rules.

Review of Independence Director – Mr M R Mihular

During the year under review, the Committee considered the continued independence of Mr M R Mihular, who will attain the age of seventy (70) years on 18 June 2026.

In terms of Section 9.8.3(ix) of the Listing Rules of the Colombo Stock Exchange, a Director's independence may be deemed impaired upon reaching seventy (70) years of age unless the procedure prescribed under the Listing Rules is duly followed.

Accordingly, the Committee undertook a comprehensive review of Mr Mihular's independence, taking into consideration:

- His professional conduct and objectivity.
- His active participation and contribution to Board deliberations.
- His professional standing and governance experience; and
- The absence of any relationships or circumstances that could impair his independent judgment.

The Committee is satisfied that Mr Mihular continues to meet both the spirit and substance of the independence criteria under the Listing Rules.

In view of his extensive experience, leadership as Chairperson of the Board, and valuable contribution to governance and strategic oversight, the Committee recommended to the Board that Mr Mihular be reappointed as an Independent Non-Executive Director, notwithstanding his attainment of seventy (70) years, subject to shareholder approval in accordance with the Listing Rules of the Colombo Stock Exchange.

(Sgd.)
Mr Olga Ashley Herath
Chairman
Nominations and Governance Committee

2 June 2026

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee functions as an independent advisory body to the Board in relation to transactions involving related parties, as defined under LKAS 24 – Related Party Disclosures.

The Committee ensures compliance with:

- The Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC)
- Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE)

The Committee's primary objective is to safeguard the interests of the Company and its minority shareholders by ensuring transparency, fairness, and arm's-length commercial terms in all related party transactions.

Duties and Responsibilities

The Committee is responsible for:

- Reviewing and monitoring all related party transactions to ensure they are conducted on arm's-length commercial terms and are not prejudicial to the Company or its minority shareholders.
- Reviewing recurrent related party transactions.
- Reviewing non-recurrent related party transactions.
- Obtaining professional advice, where necessary, either internally or externally, to assess the pricing and commercial rationale of related party transactions.
- Making recommendations to the Board prior to the execution of such transactions.
- Ensuring that all proposed related party transactions are reviewed prior to being entered into.

Composition of the Committee

The Committee comprises:

- Mr Olga Ashley Herath – Chairman (Independent Non-Executive Director)
- Mr Reyaz Mihular – Member (Independent Non-Executive Director)
- Mr Riyal Yakoob – Member (Executive Director)

The majority of the Committee consists of Independent Non-Executive Directors in compliance with regulatory requirements.

Meetings

The Committee held four (4) meetings during the financial year under review.

Attendance of members during the period 1 April 2025 to 31 March 2026 was as follows:

Name	Attendance
Mr Olga Ashley Herath	4/4
Mr Reyaz Mihular	4/4
Mr Riyal Yakoob	4/4

The deliberations and recommendations of the Committee were properly documented in the minutes and submitted to the Board for consideration.

Policies and Procedures

The Related Party Transactions Review Committee operates in accordance with clearly defined policies and procedures approved by the Board for the identification, review, approval and monitoring of related party transactions. All related party transactions are reviewed in advance of their execution, as applicable, to ensure compliance with the relevant provisions of the Listing Rules on Corporate Governance. The Committee evaluates such transactions to confirm that they are conducted on an arm's length basis, are in the best interests of the Company, and do not give rise to any conflict of interest or undue advantage, thereby safeguarding the interests of minority shareholders.

Review of Related Party Transactions

During the year under review:

- There were no non-recurrent related party transactions exceeding the threshold limits stipulated under the CSE Listing Rules requiring immediate shareholder disclosure, other than those disclosed in Note 32.1.4 to the Financial Statements.
- Details of recurrent related party transactions are disclosed in Note 32 to the Financial Statements.

The Committee is satisfied that all related party transactions were carried out in compliance with applicable regulations and were not detrimental to the Company or its minority shareholders.

Declaration

The Committee confirms that:

- All related party transactions requiring review during the year ended 31 March 2026 were duly reviewed, and the Committee's comments and observations were communicated to the Board of Directors in accordance with the applicable governance framework and Listing Rules.
- There were no related party transactions requiring additional disclosure under CSE Listing Rule 9.14.8 [C1.1]other than those disclosed in Note 32 to the Financial Statements.
- The Board's declaration on compliance with related party transaction rules appears in the Report of the Board of Directors.

(Sgd.)
Mr Olga Ashley Herath
Chairman
Related Party Transactions Review Committee

2 June 2026

Risk Management

At Bairaha, sustainable value creation requires a careful balance between opportunity and risk. The Company recognises that risk is an inherent element of business growth and strategic decision-making, particularly within the dynamic and often unpredictable environment of the poultry industry. Accordingly, risk management remains deeply integrated into our governance structure and operational planning processes. Through a structured and continuously evolving risk management framework, the Company systematically identifies, evaluates, and manages risks arising across the value chain—from breeder operations and feed sourcing to production, logistics, and market distribution. This approach enables Bairaha to strengthen operational resilience while pursuing its long-term strategic objectives.

During the year under review, the industry experienced relatively more stable supply and demand conditions compared to the previous reporting period. The excess supply of day-old chicks that had previously placed downward pressure on market prices was not a significant factor during the year. Nevertheless, the poultry sector continues to operate within a challenging environment characterised by volatility in global commodity markets. Key feed ingredients such as maize and soybean meal, which are largely imported, remained subject to fluctuations in international prices, exchange rate movements, and freight costs. Domestic policy measures governing maize imports also continued to influence local market conditions. While such policies are intended to support local maize farmers, restrictions on imports until locally harvested stocks are absorbed can sometimes create temporary supply constraints and cost pressures for poultry producers reliant on consistent feed availability.

The year was also marked by adverse weather conditions, including the impact of Cyclone Ditwah which affected several parts of the island. The resulting heavy rainfall and flooding disrupted transportation networks and logistical operations in certain regions, highlighting the vulnerability of agricultural supply chains to climate-related events. Although the Company's operations remained largely resilient during these disruptions, such events underscore the importance of maintaining robust contingency planning and operational flexibility in order to minimise potential impacts on production, distribution, and supply chain continuity. Underlining the importance of a dynamic and proactive risk management approach.

In addition to domestic developments, geopolitical tensions escalated globally towards the latter part of the year, most notably the outbreak of conflict in the Middle East. While the immediate impact during the reporting period was limited, such developments have the potential to influence global commodity prices, fuel costs, and freight rates. Given the poultry industry's dependence on imported feed ingredients, prolonged instability in global markets may pose indirect risks to cost structures and supply chains in the upcoming financial year.

Against this backdrop of evolving economic, climatic, and geopolitical uncertainties, the Company remains committed to strengthening its risk management practices. Through continuous monitoring of emerging risks, regular evaluation of mitigation strategies, and strong oversight by the Board and management, Bairaha seeks to proactively address potential threats while safeguarding operational stability and long-term sustainable growth.

Risk Governance

At Bairaha, risk governance is overseen by the Board of Directors, with day-to-day responsibility delegated to Senior Management to ensure that operations remain sustainable and compliant. While the Board holds ultimate accountability for risk management, the Managing Director and Senior Management team are entrusted with executing the approved risk framework across all areas of the business.

This delegation enables Senior Management to proactively identify, assess, and mitigate risks in line with the policies and guidelines set by the Board. They provide clear direction and guidance across all levels of the organisation, promoting a strong risk-aware culture. By maintaining open communication channels, Senior Management ensures that risk management is embedded in day-to-day operations, allowing for timely and effective responses to emerging risks.

This structured and collaborative approach enables Bairaha to effectively manage both internal and external challenges, thereby safeguarding long-term value creation and ensuring business continuity.

Strengthening Governance: The Three Lines of Defence



Business Unit Teams

On-the-ground teams responsible for identifying and mitigating risks during daily operations.

Systems and Controls

Frameworks including financial reporting, quality management, and IT controls to monitor risk.

Internal Audit Function

Provides independent assurance on the overall effectiveness of the organisation's risk management processes.

Sequential Protection

Each line acts as a successive layer of security to protect organisational integrity.

Risk Management Process

At Bairaha, we adopt a structured five-step process to manage risk effectively across the organisation. This approach enables us to proactively identify, assess, and respond to risks, ensuring that resources are focused on those that could materially impact our strategic goals and operational continuity.

1. Risk Identification
Risk identification is carried out by designated risk owners across various segments and functions. This decentralised approach ensures a comprehensive and up-to-date risk universe that reflects the full spectrum of internal and external risks relevant to Bairaha's operations.

2. Risk Assessment
Given the complex nature of the poultry industry, we prioritise identified risks based on their potential impact and likelihood of occurrence—both qualitatively and quantitatively. Interdependencies among risks are also evaluated.

We use a risk mapping chart to visualise the severity and probability of each risk (refer to page 161). This enables management to classify risks as high, medium, or low. Risks deemed "high" or "medium" are treated as principal risks and are subject to enhanced monitoring and focused mitigation efforts.

3. Risk Response
Based on the assessed severity and likelihood, Management determines the appropriate response to each risk. This may involve accepting, mitigating, transferring, or avoiding the risk altogether, in line with the Company's risk appetite and strategic priorities.

4. Risk Reporting
Timely communication of risk-related information is essential. Relevant employees are kept informed of significant risks to enable proactive action and reduce potential negative impacts on operations.

5. Risk Monitoring
Continuous monitoring is performed through regular management oversight to evaluate the effectiveness and timeliness of mitigation measures. In addition, periodic reviews of the risk management framework ensure that Bairaha maintains appropriate standards, methodologies, and tools for effective risk governance.

Principal Risk Factors

This section outlines the key risks identified as most critical to Bairaha's operations, financial performance, and long-term sustainability. For each risk, we detail the mitigation measures currently in place or being developed. Failure to effectively manage these risks could hinder the achievement of our strategic objectives and may have a material adverse impact on our cash flows, profitability, financial position, and corporate reputation.

1. Macroeconomic Risk

	2025/26	2024/25	2023/24
Risk Rating	**High**	High	High

Macroeconomic risks remain a key consideration within the risk matrix, reflecting their potential to influence overall business performance despite signs of gradual economic stabilisation in Sri Lanka during 2025/26. While inflationary pressures have eased compared to prior periods and monetary conditions have shown some improvement, uncertainties persist in the form of

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exchange rate fluctuations, evolving fiscal policies, and external market dependencies. These factors continue to exert pressure on input costs, consumer purchasing power, and financing conditions. As a result, macroeconomic risks remain interconnected and require close monitoring, given their potential to impact the entire value chain.

Economic Volatility Risk

Context and Potential Impact

Our business performance remains closely linked to Sri Lanka's evolving economic environment. While conditions have shown signs of gradual stabilisation during 2025/26, uncertainties persist around GDP growth momentum, exchange rate movements, and fiscal adjustments. Any slowdown in economic activity could dampen consumer purchasing power, affecting demand for poultry products, particularly within price-sensitive segments. In addition, shifts in interest rates and policy measures may influence investment decisions, cost structures, and overall operational efficiency. Prolonged economic uncertainty could result in moderate revenue pressure, margin compression, and constrained profitability across the value chain.

Mitigation Measures

We continuously monitor macroeconomic indicators and consumer behaviour trends to anticipate and respond to changes in demand. Our diversified product portfolio, spanning multiple price points, enables us to cater to a broad customer base and maintain resilience during periods of economic fluctuation. We also focus on enhancing operational efficiency and maintaining flexibility in cost management and production planning, allowing us to adapt swiftly to changing market conditions while safeguarding margins.

Inflation Risk

Context and Potential Impact

Inflationary pressures in Sri Lanka have moderated during 2025/26 compared to the previous year; however, cost volatility remains a key concern. Prices of critical inputs such as feed (maize and soybean), fuel, packaging, and logistics continue to be sensitive to both domestic factors and global market movements. Looking ahead, ongoing geopolitical tensions in the Middle East could disrupt energy markets, potentially driving up global fuel prices. This, in turn, may increase transportation and production costs while also affecting the availability and pricing of agricultural inputs, including fertilisers, if global supply chains tighten.

Such external shocks could reintroduce inflationary pressures, placing upward strain on input costs across the value chain. Given the price-sensitive nature of the local market, the Company's ability to fully pass on these cost increases may be limited, leading to margin compression. Additionally, any resurgence in inflation could erode consumer purchasing power, particularly within mass-market segments, potentially impacting sales volumes.

Mitigation Measures

We actively monitor both local and global inflation trends, including commodity prices and geopolitical developments, to anticipate cost movements. Strategic sourcing and supplier diversification help reduce exposure to supply disruptions, while ongoing focus on operational efficiencies supports cost containment. Our pricing strategies remain dynamic, allowing for selective adjustments in response to market conditions. Furthermore, our diversified product portfolio across multiple price points enables us to remain competitive and sustain demand across different consumer segments during periods of inflationary pressure.

Interest Rate Risk

Context and Potential Impact

Interest rate movements continue to be an important consideration given the Company's use of external financing to support working capital and strategic investments. During 2025/26, the interest rate environment has shown signs of stabilisation, supported by easing inflation and improving macroeconomic conditions. Looking ahead to 2026/27, monetary policy is expected to remain responsive to inflation trends, which may result in some degree of rate adjustment.

While any upward movement in interest rates could lead to higher financing costs, the overall outlook remains manageable. Additionally, changes in interest rates may influence consumer spending patterns, though demand for essential food products such as poultry is generally more resilient.

Mitigation Measures

We manage interest rate exposure by maintaining an optimal balance between short- and long-term borrowings. Refinancing opportunities are regularly evaluated to secure competitive funding terms. In addition, strong working capital management and disciplined capital allocation support reduced reliance on external financing and enhance overall financial resilience.

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Foreign Exchange Risk

Context and Potential Impact

Foreign exchange risk continues to be a key consideration for the Group due to its exposure to imported inputs, including feed ingredients, vaccines, and capital equipment. During 2025/26, the Sri Lankan Rupee exhibited improved stability relative to prior periods, supported by strengthening macroeconomic conditions, enhanced foreign reserve levels, and policy reforms. Notwithstanding this improvement, the currency remains susceptible to external pressures, including global commodity price movements and geopolitical developments.

Fluctuations in exchange rates may result in variability in input costs and create challenges in cost forecasting and margin management. While the Group adopts pricing strategies to mitigate such impacts, the ability to fully pass on cost increases remains influenced by market dynamics and consumer affordability. Overall, foreign exchange risk is considered manageable within the current operating environment, although continued vigilance is required given the potential for external shocks.

Mitigation Measures

We manage foreign exchange exposure through the use of forward contracts and structured supplier arrangements. Our vertically integrated operations help reduce dependence on imports in certain areas, thereby limiting currency risk. In addition, we closely monitor exchange rate trends to inform procurement and pricing decisions. An increased focus on export markets also enables the generation of foreign currency revenues, providing a natural hedge against import-related costs.

02. Commodity Price Risk

	2025/26	2024/25
Risk Rating	**High**	High

Context and Potential Impact

Feed ingredients, particularly maize and soybean meal, remain key cost drivers within our operations. While the Group operates its own feed mill and sources a portion of maize locally, a significant share continues to be imported under a government-regulated quota system. This exposes us to global commodity price fluctuations, exchange rate movements, and potential supply chain disruptions. Local sourcing is also subject to seasonal variations and weather-related challenges, which can impact availability and pricing. Increases in raw material costs directly influence production costs, while the ability to fully pass these on to consumers remains constrained due to prevailing market price sensitivities.

Mitigation Strategies

We manage this risk through a balanced sourcing approach, leveraging both domestic suppliers and strategic imports. We maintain strong supplier relationships, monitor global market trends, and pursue bulk purchasing and forward contracting where feasible. Feed formulations are regularly optimised to enhance efficiency and reduce dependency on any single input. These measures help stabilise input costs and protect margins.

Market Risk

03. Supply-Demand Imbalance Risk

	2025/26	2024/25	2024/25
Risk Rating	**High**	High	High

Context and Potential Impact

The Sri Lankan poultry industry remains cyclical in nature and highly sensitive to fluctuations in supply and demand. Periods of oversupply arising from uncoordinated production increases, market saturation, or sudden declines in consumer demand—can result in price reductions, elevated inventory holding costs, and margin compression. Such imbalances may also disrupt production planning, reduce operational efficiencies at farm level, and exert downward pressure on overall industry pricing.

Mitigation Measures

We closely monitor production trends, market dynamics, and consumer behaviour to align output with prevailing demand conditions. Our integrated business model enables flexibility in adjusting hatchery operations and broiler placements in response to market signals. We also optimise cold storage capacity to effectively manage excess inventory and minimise wastage. To absorb potential surpluses and support margins, we continue to expand our value-added product portfolio while actively exploring export opportunities. In addition, ongoing engagement with industry stakeholders and regulators contributes to overall market stability and the long-term sustainability of the sector.

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04. Competition Risk

	2025/26	2024/25	2023/24
Risk Rating	**High**	High	High

Context and Potential Impact

Increasing competition from local producers, new market entrants, and imported poultry products may place pressure on margins and market share. Such competitive dynamics could lead to more aggressive pricing strategies and higher marketing expenditure. In addition, evolving consumer preferences—towards alternative proteins or more affordable substitutes—may influence demand patterns within the poultry segment.

Mitigation Measures

We respond to competitive pressures through:

- Strong Brand Positioning: Our reputation for consistent quality and reliability reinforces customer loyalty.
- Product Diversification: We continue to expand our portfolio with value-added items such as processed meats and ready-to-cook offerings.
- Cost Efficiency: Our vertically integrated operations enable leaner production and pricing flexibility.
- Market Expansion: We explore new domestic and export markets to reduce reliance on local demand.
- ESG Commitment: Our sustainability initiatives enhance brand value and attract ethically conscious consumers.

05. Poultry Dependency Risk

	2025/26	2024/25	2023/24
Risk Rating	**Medium**	Medium	Medium

Context and Potential Impact

Our primary focus on poultry exposes the Group to sector-specific risks, including price volatility, disease outbreaks, and evolving dietary preferences. Given this concentration, any sustained decline in poultry prices or demand could have a material impact on revenue generation and overall profitability.

Mitigation Measures

While maintaining our core focus on poultry, we have pursued diversification within the sector. This includes expanding into higher-margin, value-added products such as processed and ready-to-cook offerings. We also leverage poultry by-products to develop complementary revenue streams. In addition, strategic investments in technology, process innovation, and market expansion both locally and internationally help reduce reliance on any single segment and enhance overall business resilience.

06. Geographic Concentration Risk

	2025/26	2024/25	2023/24
Risk Rating	**Medium**	Medium	Medium

Context and Potential Impact

The Company's strong presence in the Sri Lankan market exposes it to risks arising from local economic conditions, regulatory developments, and demand fluctuations. Any adverse shifts in the domestic environment, whether driven by economic factors, policy changes, or unforeseen events could impact revenue performance and growth prospects.

To reduce geographic concentration risk, the company is actively pursuing international market expansion, identifying export opportunities, and diversifying its revenue streams to reduce reliance on Sri Lanka's market. This includes exploring new geographic regions and targeting niche markets abroad to ensure more stable and diversified revenue sources.

Operational Risk

07. Pathogens and Disease Risk

	2025/26	2024/25	2023/24
Risk Rating	**High**	High	High

Context and Potential Impact

Poultry farming remains inherently exposed to disease risks, including Avian Influenza and Newcastle Disease. Such outbreaks can result in elevated mortality rates, production disruptions, increased veterinary costs, and potential reputational impact. In more severe scenarios, they may necessitate culling measures and lead to temporary trade or movement restrictions, affecting operations across breeding, hatchery, and processing units and potentially impacting financial performance.

Mitigation Measures

We maintain stringent bio-security protocols across all operations to prevent disease introduction and spread. Key measures include:

- Maintaining buffer zones between farms and external environments
- Enforcing strict sanitation and safety procedures for staff and visitors
- Conducting regular blood tests on breeder flocks through our in-house laboratory for early disease detection

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- Providing ongoing training to farm personnel on bio-security best practices
- Ensuring safe disposal of carcasses to prevent contamination

Additionally, we implement comprehensive vaccination programs and collaborate with veterinary experts and authorities to monitor emerging threats. Our vertically integrated model allows traceability and rapid containment in the event of an outbreak.

08. Supply Chain Risk

	2025/26	2024/25	2024/25
Risk Rating	**High**	High	High

Context and Potential Impact

The poultry industry relies on a complex and interdependent supply chain for critical inputs such as day-old chicks, feed ingredients, and veterinary supplies. Disruptions arising from adverse weather conditions, global commodity constraints, logistical challenges, or regulatory changes can result in delays, increased costs, and potential impacts on product quality. In particular, any interruption in feed availability can directly affect bird health and productivity, leading to reduced operational efficiency and higher costs.

Looking ahead, ongoing geopolitical tensions, including conflicts in key regions, may pose additional risks to global supply chains particularly in relation to energy prices, transportation routes, and the availability of agricultural inputs. Such developments could contribute to cost volatility and supply uncertainties. In this context, maintaining supply chain resilience remains critical to ensuring continuity of operations, meeting production targets, and sustaining overall profitability.

Mitigation Strategies

We mitigate supply chain risks through integrated operations, including wholly owned and joint venture entities, which provide greater control over key inputs. Key strategies include:

- Securing long-term agreements with reliable suppliers to stabilise costs and ensure supply continuity.
- Developing alternate suppliers and sourcing substitutes for raw materials to reduce reliance on single sources.
- Regularly reviewing suppliers to maintain high-quality standards and adjusting formulations as necessary to ensure product consistency.
- Utilising our own feed mill operations, which allow for better procurement and storage of locally available raw materials.

These strategies, combined with our vertical integration, reduce external dependencies, and enhance resilience, ensuring continuous production and supply chain stability.

09. Product Safety and Quality Risk

	2025/26	2024/25	2023/24
Risk Rating	**Medium**	Medium	Medium

Context and Potential Impact

The company faces significant risk if safety or quality standards are compromised, potentially leading to health hazards, recalls, regulatory penalties, and reputational damage. Misinformation or false claims can also erode consumer trust.

Mitigation Strategies

The company has implemented robust quality assurance systems across all operations. Regular audits by independent internal teams, along with third-party certifications such as ISO 9001:2015, ISO 22000:2018, HACCP, GMP, SLS, GSO/Halal, and the prestigious FSSC 22000, validate compliance with global standards. The company is the first in Sri Lanka's meat subsector to obtain FSSC 22000 certification, underscoring its leadership in food safety.

GMP practices are embedded in every process, and continuous training ensures employees uphold hygiene protocols. Technical support from Cobb-Vantress Inc. helps maintain international best practices. In-house labs regularly test product samples, while automated packaging systems minimise human contact and contamination risk. Cold chain integrity is monitored using real-time tracking software, with controls extended to customer storage conditions as well.

A structured complaint handling mechanism is in place to respond swiftly to consumer feedback.

People Risk

10. Employee Attrition Risk

	2025/26	2024/25	2023/24
Risk Rating	**High**	High	High

Context and Potential Impact

High employee turnover can disrupt operations, reduce productivity, and increase recruitment costs, particularly in a labor-intensive industry like poultry production. Loss of key employees can also impact operational efficiency and strategic objectives.

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Mitigation Strategies

We focus on employee satisfaction through engagement initiatives, career development, competitive compensation, and continuous training. Our participation in the Great Place to Work® initiative helps us foster a positive work culture. We also prioritise internal talent development and knowledge-sharing to retain critical skills and ensure smooth transitions.

11. Occupational Health Hazards

	2025/26	2024/25	2023/24
Risk Rating	**High**	High	High

Context and Potential Impact

Employees in the poultry industry face health risks, including exposure to zoonotic diseases, chemicals, and machinery-related injuries. These hazards can lead to absenteeism, reduced productivity, higher costs, and legal liabilities.

Mitigation Strategies

We provide regular safety training on PPE use and hazard prevention, maintain rigorous hygiene standards, and ensure all employees are equipped with proper protective gear. Regular inspections and advanced technology are also used to minimise health risks and maintain a safe, compliant workplace.

Governance Risk

12. Risk Of Breakdown Of Internal Controls

	2025/26	2024/25	2023/24
Risk Rating	**Medium**	Medium	Medium

Context and Potential Impact

Failure in internal controls can lead to financial misstatements, fraud, compliance breaches, and operational inefficiencies—potentially damaging investor confidence and exposing the company to regulatory and legal risks.

Mitigation Strategies

We conduct regular internal audits, enforce segregation of duties, and train staff on compliance and ethics. Automation strengthens control reliability, while external audits and a whistleblower mechanism provide added oversight.

Technology Risk

13. Information Security Risk

	2025/26	2024/25	2023/24
Risk Rating	**Medium**	Medium	Medium

Context and Potential Impact

Increasing reliance on digital systems exposes the company to cyber threats, including data breaches and system disruptions, which could affect operations and erode stakeholder trust.

Mitigation Strategies

We maintain strong IT governance, use AI-enabled firewalls for threat detection, and conduct regular third-party audits. Confidentiality is reinforced through non-disclosure agreements with vendors and contractors.

Financial Risk

14. Liquidity Risk

	2025/26	2024/25
Risk Rating	**Medium**	Medium

Context and Potential Impact

Given the capital-intensive nature of the business, fluctuations in cash flows driven by input cost volatility, delays in receivable collections, or market-related disruptions may impact the Company's ability to meet its financial and operational obligations efficiently.

Mitigation Strategies

We maintain tight working capital controls, balanced financing facilities, and strong banking relationships. Regular cash flow forecasting, disciplined cost management, and prudent capital allocation ensure financial resilience and operational continuity.

15. Credit and Receivables Risk

	2025/26	2024/25	2023/24
Risk Rating	**Medium**	Medium	Medium

Context and Potential Impact

Extending credit to distributors and customers exposes the company to delayed payments or defaults, particularly in volatile economic conditions. Poor receivables management can strain cash flow and increase financial risk.

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Mitigation Strategies

We secure credit with bank guarantees and use an ERP system for real-time credit monitoring. Credit is extended selectively after due diligence, with active tracking of ageing and prompt recovery measures. Sales teams are incentivised to support timely collections.

Regulatory and Policy Risk

16. Risk of Price Controls

	2025/26	2024/25	2023/24
Risk Rating	**Medium**	Medium	Medium

Context and Potential Impact:

Government-imposed price controls on poultry products can limit pricing flexibility, especially during periods of rising input costs, affecting profitability and market stability. Prolonged controls below production cost may lead to supply shortages and operational strain.

Mitigation Strategies

We engage with government bodies and industry associations to advocate for balanced policies that ensure fair pricing without undermining the financial viability of the poultry sector. In the event of price controls, we are open to engage with regulators and industry bodies to advocate for fair, formula-based pricing. Our growing focus on value-added products helps diversify revenue streams and reduce reliance on price-regulated items.

17. Regulatory Compliance Risk

	2025/26	2024/25	2023/24
Risk Rating	**Medium**	Medium	Medium

Context and Potential Impact

Operating in a highly regulated sector, we are subject to evolving requirements across taxation, labor, food safety, environmental, and financial domains. Non-compliance or sudden policy shifts—such as new taxes or tariffs—could lead to financial penalties, reputational harm, or operational constraints.

Mitigation Strategies

We maintain a robust compliance framework supported by qualified professionals and regular audits. Active engagement with regulators and industry bodies ensures we stay ahead of regulatory changes. Ongoing staff training and legal advisory support reinforce compliance across the organisation.

Environmental Risk

18. Climate And Natural Disaster Risk

	2025/26	2024/25	2023/24
Risk Rating	**High**	Medium	Medium

Context and Potential Impact

Extreme weather events and natural disasters continue to pose risks to poultry operations. During 2025/26, the impact of Cyclone Ditwah highlighted the sector's vulnerability to severe weather conditions, with heavy rainfall and strong winds affecting infrastructure, logistics, and farm operations in certain areas. Such events can disrupt supply chains, affect bird health, and reduce productivity.

Looking ahead, the increasing frequency and intensity of climate-related events including floods, cyclones, and prolonged adverse weather conditions may pose ongoing challenges to operational continuity, asset integrity, and overall efficiency across the value chain.

In addition, a potential El Niño situation could correlate with prolonged heat waves, increasing the risk of heat stress in poultry flocks, higher mortality rates, and feed cost volatility.

Mitigation Measures

To mitigate these risks, the Group designs and maintains facilities to withstand local weather conditions while diversifying feed ingredient sourcing to reduce potential disruptions. Operations are geographically distributed to limit the impact of any single adverse event. Comprehensive insurance coverage is maintained to safeguard against asset damage, and robust contingency plans including buffer stock management and alternative logistics arrangements support business continuity. In addition, regular staff training and disaster response drills enhance preparedness and strengthen the Group's ability to respond effectively to extreme weather events.

19. Local Environmental Impact Risk

	2025/26	2024/25	2023/24
Risk Rating	**High**	High	High

Context and Potential Impact

Our operations including farms, feed mills, and processing facilities maintain close interaction with surrounding environments and communities. Key risks include odour emissions, waste management, wastewater discharge, and potential bio-security breaches, particularly in areas located near residential communities or other

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farms. Inadequate handling or disposal of manure, carcasses, or untreated wastewater may result in environmental contamination, health concerns, and strain relationships with local stakeholders. If not effectively managed, these risks could lead to regulatory non-compliance, community concerns, and reputational impact, with the potential to disrupt operations.

Mitigation Strategies

We ensure environmentally responsible operations through well-sited facilities with adequate buffer zones and strong waste management practices. Odor and waste are controlled through proper ventilation, timely manure removal, and sustainable reuse of waste as organic fertiliser. Carcasses are disposed of using environmentally sound methods. Our processing facilities operate effluent treatment systems to ensure compliant wastewater discharge. Water usage and discharge are monitored regularly, with ongoing efforts to reduce effluent at the source. Routine audits, regulatory compliance checks, and proactive community engagement help us maintain our license to operate and uphold environmental standards.

20. Energy Management Risk

	2025/26	2024/25	2023/24
Risk Rating	**High**	High	High

Context and Potential Impact

Our operations are significantly dependent on electricity and fuel, exposing the Group to risks associated with energy price fluctuations and potential supply disruptions.

In addition, the energy-intensive nature of our activities contributes to emissions, which may give rise to future regulatory requirements and increased stakeholder expectations.

Mitigation Strategies

We focus on energy efficiency through preventive maintenance, automation, and use of energy-efficient equipment. Usage is closely monitored to identify savings, and we are exploring renewable energy options to enhance sustainability and reduce reliance on fossil fuels.

21. Social Risk

	2025/26	2024/25	2023/24
Risk Rating	**Medium**	Medium	Medium

Risk Context and Potential Impact:

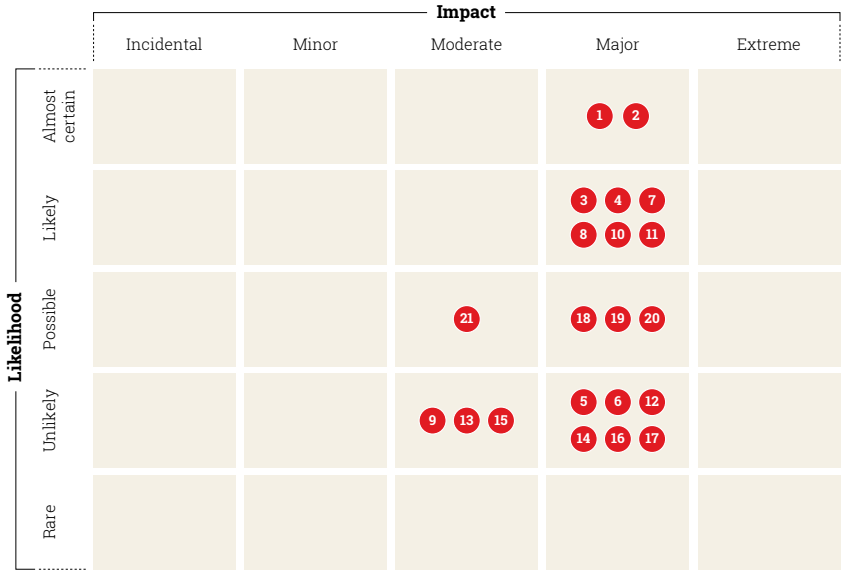
Context and Potential Impact

Our proximity to residential and rural communities can give rise to concerns over environmental impact, noise, traffic, and employment practices. Poor community or employee relations may lead to reputational harm, operational disruptions, or regulatory scrutiny. Social risk also encompasses the responsibility to uphold ethical labor standards and contribute positively to society.

Mitigation Strategies

We engage proactively with local communities and employees through open communication, development initiatives, and support for national and local welfare programs. These efforts help build trust, strengthen our social license to operate, and reinforce long-term business sustainability.

The following risk heat map illustrates the assessed likelihood and impact of our key material risks, helping to prioritise them based on their overall risk rating.



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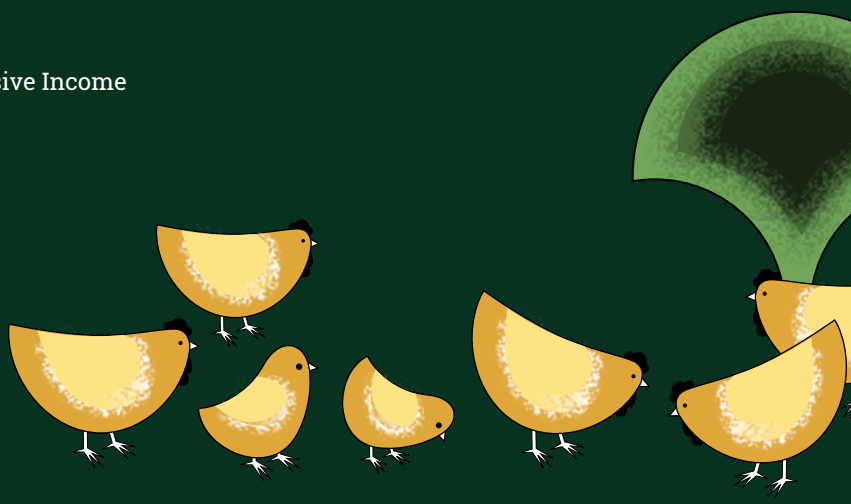

Financial Calendar

Interim Financial Statements Calendar

	2025/26	Target set for 2026/27
1st Quarter (ended 30th June)	06 Aug 2025	31 July 2026
2nd Quarter (ended 30th September)	23 Oct 2025	30 Oct 2026
3rd Quarter (ended 31st December)	29 Jan 2026	29 Jan 2027
4th Quarter (ended 31st March)	26 May 2026	31 May 2027

Annual General Meeting Calendar

	2025/26	Target set for 2026/27
Annual Report and Financial Statements to shareholders	5 June 2026	3 June 2027
Annual General meeting (to be held)	30 June 2026	30 June 2027

Statement of Directors' Responsibilities

The responsibilities of the Directors, in relation to the Financial Statements of the Company and its subsidiaries differ from the responsibilities of the Auditors.

The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Report of the Auditors given on pages 166 to 169 of the Annual Report.

As per the Sections 150 (1), 151, 152 (1) and (2), 153 (1) and (2) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year and of the results of its operations for the financial year, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that they are in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of section 166 (1) read together with Sections 168 (1) (b) and (c) and Section 167 (1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per Section 166 (1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting.

The said obligation is discharged by the Directors by publishing/making available for download, the Company's Annual Report on the Corporate Website of the Company and the Colombo Stock Exchange Website, and by notifying the shareholders thereof. On request, printed copies of the Annual Report will be forwarded to the shareholders.

The Directors consider that in preparing these Financial Statements set out on pages 170 to 241, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are of the view that the Company and its subsidiaries have adequate resources to continue in operation either on their own or with the assistance of the Company, as the holding company, and have applied the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company and its subsidiaries maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and its subsidiaries.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

Financial Statements prepared and presented in this report have been prepared based on Sri Lanka Accounting Standards (SLFRS/ LKAS) and are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

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

The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for.

By order of the Board
Bairaha Farms PLC

(Sgd.)
P W Corporate Secretarial (Pvt) Ltd.
Director/Secretaries

2 June 2026

Independent Auditors' Report

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Ernst & Young
Chartered Accountants
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HLF/MAR/SAS

TO THE SHAREHOLDERS OF BAIRAHA FARMS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bairaha Farms PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2026 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics 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 ACA 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 Shakthivel B.Com (Sp)

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Key Audit Matters common to both Group and the Company

Key audit matter	How our audit addressed the key audit matter
Assessment of fair value of bearer biological assets The Group carried bearer biological assets at fair value in accordance with its accounting policy as disclosed in Note 2.3.8 to the financial statements. Assessment of fair value of bearer biological assets was a key audit matter due to: • The materiality of the reported fair value of bearer biological assets which amounted to LKR 1,496,099,220 representing 13% of the Group's total assets as of the reporting date; and • The significant judgements, assumptions, and estimation uncertainties involved in determining the fair value using a discounted cash flow model based on a risk-adjusted discount rate. Key areas of significant judgements, estimates assumptions used in assessing fair value of bearer biological assets, as disclosed in Notes 2.2, 2.3.8, 12.2 and 30.1.1.1 to the financial statements, included judgements involved in ascertaining the appropriate valuation technique and estimates such as: • mortality rates, • hatchability rates of eggs, • estimated market selling price of day-old-chick and other estimated farming cost that will be incurred throughout the remaining life of the parent bird	**Our audit procedures included the followings;** • Tested the relevant key internal controls and understood the methodology adopted in the valuation of bearer biological assets; • Tested the reasonableness of inputs used in the valuation of biological assets; • Assessed the reasonableness of the valuation technique used and significant assumptions, judgements and estimates such as mortality rates of the parent birds, hatchability rates of eggs and estimated market selling price of day-old-chick and other estimated farming cost that will be incurred throughout the remaining life of the parent birds. Our procedures included comparing those assumptions with the industry's historical experience and with relevant available market information. We also assessed the adequacy of the related disclosures in Notes 2.2, 2.3.8, 12.2 and 30.1.1.1 to the financial statements.

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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 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 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

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material

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uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The Institute of Chartered Accountant of Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3755.

Ernst & Young

02 June 2026
Colombo

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Statement of Financial Position

As at 31 March	Notes	GROUP 2026 LKR	GROUP 2025 LKR.	COMPANY 2026 LKR	COMPANY 2025 LKR
Assets					
Non-Current Assets					
Property, Plant and Equipment	4	**4,904,897,423**	3,868,961,731	**2,160,468,470**	1,341,250,215
Right-of-use-Asset	5	**17,154,840**	22,873,122	**25,274,261**	33,699,015
Investment Property	6	**–**	–	**42,671,009**	44,986,449
Intangible Assets	7	**23,360,713**	26,492,233	**22,558,463**	25,582,984
Investments in Subsidiaries	8	**–**	–	**392,566,960**	392,566,960
Investments in Joint Ventures	9	**2,310,388,640**	2,081,190,594	**711,922,000**	711,922,000
Other Investments	10	**1,078,472**	919,287	**1,078,472**	919,287
Biological Assets – Bearer	12	**109,373,506**	131,113,400	**109,373,506**	131,113,400
		7,366,253,594	6,131,550,367	**3,465,913,141**	2,682,040,310
Current Assets					
Inventories	11	**687,064,914**	692,451,688	**517,453,446**	521,262,380
Biological Assets – Consumable	12	**486,215,449**	522,874,978	**486,215,449**	522,874,978
Biological Assets – Bearer	12	**1,386,725,714**	914,643,909	**1,386,725,714**	914,643,909
Trade and Other Receivables	13	**1,276,775,581**	1,139,245,507	**1,477,806,385**	1,315,246,516
Income Tax Receivable		**8,067,853**	21,058,319	**–**	11,408,322
Other Investments	10	**25,593,253**	25,596,662	**93,252**	96,662
Amounts Due from Related Parties	14	**–**	939,883	**902,706,350**	803,178,316
Cash and Bank Balances	27	**514,817,725**	381,797,129	**266,073,843**	202,470,042
		4,385,260,489	3,698,608,075	**5,037,074,439**	4,291,181,125
Total Assets		**11,751,514,083**	9,830,158,442	**8,502,987,580**	6,973,221,435
Equity and Liabilities					
Equity					
Stated Capital	15	**536,305,197**	536,305,197	**536,305,197**	536,305,197
Revaluation Surplus	16	**1,249,311,236**	1,105,419,247	**305,984,207**	288,119,507
Fair Value Reserve		**(1,067,523)**	(1,226,708)	**(1,067,523)**	(1,226,708)
Actuarial Gain on Defined Benefit Plans		**(36,826,683)**	(6,335,221)	**(36,826,683)**	(6,335,221)
Foreign Currency Translation Reserve		**2,154,505**	(173,117)	**–**	–
Retained Earnings		**5,155,175,097**	4,212,592,457	**1,087,916,443**	391,076,840
Total Equity attributable to Equity Holders of the Company		**6,905,051,829**	5,846,581,856	**1,892,311,641**	1,207,939,615
Non-Controlling Interest		**(32,666,133)**	(3,009,235)	**–**	–
Total Equity		**6,872,385,696**	5,843,572,621	**1,892,311,641**	1,207,939,615

Statement of Financial Position

As at 31 March	Notes	GROUP 2026 LKR	GROUP 2025 LKR.	COMPANY 2026 LKR	COMPANY 2025 LKR
Non-Current Liabilities					
Financing and Lease (Ijara) Payables	17	**904,049,925**	544,174,170	**590,592,507**	149,646,751
Deferred Tax Liabilities	25.2	**576,842,968**	453,584,247	**179,677,602**	117,839,495
Retirement Benefit Liability	18	**240,263,504**	173,674,460	**210,498,428**	151,387,760
		1,721,156,397	1,171,432,877	**980,768,537**	418,874,006
Current Liabilities					
Trade and Other Payables	19	**1,134,557,540**	1,087,222,617	**3,704,686,495**	3,662,029,477
Dividends Payable	20	**11,240,893**	13,947,386	**11,240,893**	13,947,386
Amounts Due to Related Parties	21	**–**	–	**20,980,522**	41,100,586
Income Tax Payable		**107,783,517**	–	**86,943,676**	–
Financing and Lease (Ijara) Payables	17	**1,904,390,040**	1,713,982,941	**1,806,055,816**	1,629,330,365
		3,157,971,990	2,815,152,944	**5,629,907,402**	5,346,407,814
Total Equity and Liabilities		**11,751,514,083**	9,830,158,442	**8,502,987,580**	6,973,221,435

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)
Shafraz Hussaindeen
Chief Financial Officer

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf the Board by;

(Sgd.)
Yakooth Naleem
Managing Director

(Sgd.)
Riyal Yakoob
Executive Director

The accounting policies and notes on pages 176 through 241 form an integral part of the Financial Statements.

2 June 2026

Colombo

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March	Notes	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Revenue	3	**15,291,340,939**	13,916,400,999	**13,553,179,387**	12,239,044,101
Cost of Sales		**(12,407,847,461)**	(12,183,571,618)	**(11,147,675,991)**	(10,947,295,831)
Gross Profit		**2,883,493,478**	1,732,829,381	**2,405,503,396**	1,291,748,270
Other Operating Income	22	**36,685,515**	30,571,053	**216,716,624**	247,299,850
Distribution Costs		**(910,246,579)**	(876,047,477)	**(771,382,739)**	(719,770,070)
Administrative Expenses		**(927,886,998)**	(770,981,353)	**(710,107,765)**	(620,011,070)
Other Operating Expenses		**–**	(11,151,095)	**–**	(11,151,095)
Finance Cost	23	**(208,613,066)**	(258,423,497)	**(173,015,838)**	(209,873,888)
Share of Profit/(Loss) from Joint Venture Companies (Net of Tax)	9.2	**351,028,505**	286,353,477	**–**	–
Profit/(Loss) before Tax	24	**1,224,460,855**	133,150,489	**967,713,679**	(21,758,003)
Income Tax Expense	25	**(223,535,114)**	(10,994,164)	**(182,874,076)**	22,865,702
Profit/(Loss) for the Year		**1,000,925,741**	122,156,325	**784,839,603**	1,107,699
Other Comprehensive Income					
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods:					
Fair Value Gain/(Losses) – Other Investments		**159,185**	130,399	**159,185**	130,399
Actuarial Gain on Defined Benefit Plans	18.2	**(43,559,231)**	1,377,490	**(43,559,231)**	1,377,490
Deferred Tax Impact on Defined Benefit Plans	25.2	**13,067,769**	(413,247)	**13,067,769**	(413,247)
Revaluation of Property, Plant and Equipment	16.1	**183,248,453**	–	**25,521,000**	–
Deferred Tax Impact on Revaluation	16.1	**(54,776,004)**	–	**(7,656,300)**	–
Share of Other Comprehensive Income net of tax Equity Accounted Investees	16.1	**15,419,540**	–	**–**	–
Net Exchange Differences on Translation of Foreign Operations		**2,327,622**	(173,117)	**–**	–
Other Comprehensive Income for the Year		**115,887,335**	921,525	**(12,467,576)**	1,094,642
Total Comprehensive Income		**1,116,813,076**	123,077,850	**772,372,027**	2,202,341
Profit/(Loss) Attributable to:					
Equity Holders of the Parent		**1,030,582,639**	125,165,569	**784,839,603**	1,107,699
Non-Controlling Interest		**(29,656,898)**	(3,009,245)	**–**	–
		1,000,925,741	122,156,325	**784,839,603**	1,107,699
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		**1,146,469,974**	126,087,094	**772,372,027**	2,202,341
Non-Controlling Interest		**(29,656,898)**	(3,009,245)	**–**	–
		1,116,813,076	123,077,850	**772,372,027**	2,202,341
Earnings Per Share – Basic/Diluted	26	**11.71**	1.42	**8.92**	0.01

The accounting policies and notes on pages 176 through 241 form an integral part of the financial statements.

Statement of Changes in Equity

GROUP	Attributable to Equity Holders								
Year ended 31 March	Stated Capital	Revaluation Surplus	Fair Value Reserve	Actuarial Gain on Defined Benefit Plans	Foreign Currency Translation Reserve	Retained Earnings	Total Shareholders' Funds	Non-Controlling Interest	Total Equity
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01 April 2024	536,305,197	1,105,419,247	(1,357,107)	(7,299,464)	–	4,175,426,889	5,808,494,762	–	5,808,494,762
Profit for the Year	–	–	–	–	–	125,165,569	125,165,569	(3,009,245)	122,156,324
Other Comprehensive Income (Net)	–	–	130,399	964,243	–	–	1,094,642	–	1,094,642
Acquisition of subsidiaries	–	–	–	–	–	–	–	10	10
Net exchange differences on translation of foreign operations	–	–	–	–	(173,117)	–	(173,117)		(173,117)
Dividends (DPS: Rs 5/-)	–	–	–	–	–	(88,000,000)	(88,000,000)	–	(88,000,000)
Balance as at 31 March 2025	536,305,197	1,105,419,247	(1,226,708)	(6,335,221)	(173,117)	4,212,592,457	5,846,581,856	(3,009,235)	5,843,572,621
Profit for the Year	–	–	–	–	–	1,030,582,639	1,030,582,639	(29,656,898)	1,000,925,741
Other Comprehensive Income (Net)	–	143,891,989	159,185	(30,491,462)	–	–	113,559,712		113,559,712
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–
Net exchange differences on translation of foreign operations	–	–	–	–	2,327,622	–	2,327,622	–	2,327,622
Dividends (DPS: Rs 5/-)	–	–	–	–	–	(88,000,000)	(88,000,000)	–	(88,000,000)
Balance as at 31 March 2026	**536,305,197**	**1,249,311,236**	**(1,067,523)**	**(36,826,683)**	**2,154,505**	**5,155,175,097**	**6,905,051,829**	**(32,666,133)**	**6,872,385,696**

COMPANY Year ended 31 March	Stated Capital	Revaluation Surplus	Fair Value Reserve	Actuarial Gain on Defined Benefit Plans	Retained Earnings	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01 April 2024	536,305,197	288,119,507	(1,357,107)	(7,299,464)	477,969,141	1,293,737,274
Profit for the Year	–	–	–	–	1,107,699	1,107,699
Other Comprehensive Income	–	–	130,399	964,243	–	1,094,642
Dividends (DPS: Rs 5/-)	–	–	–	–	(88,000,000)	(88,000,000)
Balance as at 31 March 2025	536,305,197	288,119,507	(1,226,708)	(6,335,221)	391,076,840	1,207,939,615
Profit for the Year	–	–	–	–	784,839,603	784,839,603
Other Comprehensive Income (Net)	–	17,864,700	159,185	(30,491,462)	–	(12,467,577)
Dividends (DPS: Rs 5/-)	–	–	–	–	(88,000,000)	(88,000,000)
Balance as at 31 March 2026	**536,305,197**	**305,984,207**	**(1,067,523)**	**(36,826,683)**	**1,087,916,443**	**1,892,311,641**

The accounting policies and notes on pages 176 through 241 form an integral part of the financial statements.

Statement of Cash Flows

Year ended 31 March	Notes	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Operating Activities					
Profit/(Loss) before Income Tax Expense		**1,224,460,855**	133,150,489	**967,713,679**	(21,758,003)
Adjustments for					
Depreciation	4	**373,207,262**	334,692,517	**178,795,544**	164,438,988
Right of use Asset Depreciation	5.1	**5,718,282**	5,718,282	**8,424,755**	8,424,755
Transferred to Cost of Sales and Fair Value Gain	12.1	**712,045,209**	1,040,469,162	**712,045,209**	1,040,469,162
Share of Profit/(Loss) from Joint Venture Companies (Net of Tax)	9.2	**(351,028,505)**	(286,353,477)	**–**	–
Fair Value Gain on Quoted Investments		**3,410**	(33,461)	**3,410**	(33,461)
Intangible Assets Amortization	7	**5,137,721**	5,267,864	**5,205,721**	5,184,114
Income from Investments	22	**(43,975)**	(41,577)	**(137,293,975)**	(174,761,647)
(Profit)/Loss on Sale of Property, Plant & Equipment	22	**(922,500)**	–	**(922,500)**	–
Finance Cost	23	**208,613,066**	258,423,497	**173,015,838**	209,873,888
Provision for Defined Benefit Plans	18	**33,055,813**	29,750,001	**23,722,687**	22,318,541
Allowance for Bad & Doubtful Debts	13.1	**6,242,475**	(35,790,154)	**3,418,717**	(34,960,185)
Allowance for Amount Due from Related Parties	14	**559,233**	–	**83,309,195**	–
Operating Profit before Working Capital Changes		**2,217,048,346**	1,485,253,142	**2,017,438,280**	1,219,196,150
(Increase)/Decrease in Inventories		**5,386,774**	(85,076,447)	**3,808,935**	(65,169,168)
(Increase)/Decrease in Biological Assets		**36,659,529**	8,844,648	**36,659,529**	8,844,648
(Increase)/Decrease in Trade and Other Receivables		**(143,772,549)**	107,170,402	**(165,978,586)**	53,905,770
Increase/(Decrease) in Related Company Balances (Net)		**380,650**	8,520,833	**(202,957,294)**	(649,466,519)
Increase/(Decrease) in Trade and Other Payables		**48,166,466**	518,394,643	**42,657,019**	1,284,882,622
Cash Generated from Operations		**2,163,869,216**	2,043,107,221	**1,731,627,882**	1,852,193,502
Finance Costs Paid	23	**(208,613,066)**	(258,423,497)	**(173,015,838)**	(209,873,888)
Defined Benefit Plan Costs Paid	18	**(10,026,000)**	(5,714,230)	**(8,171,250)**	(2,676,500)
Income Tax Paid		**(21,210,646)**	(31,926,740)	**(17,272,503)**	(26,031,810)
Net Cash Flows From Operating Activities		**1,924,019,504**	1,747,042,754	**1,533,168,291**	1,613,611,305

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Stakeholders and Materiality
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Statement of Cash Flows

Year ended 31 March	Notes	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Investing Activities					
Acquisition of Property, Plant and Equipment	4	**(1,229,625,923)**	(457,374,958)	**(975,404,859)**	(266,849,401)
Acquisition of Intangible Assets	7	**(2,006,201)**	(930,000)	**(2,181,200)**	–
Acquisition of Biological Assets	12.1	**(1,162,387,120)**	(1,055,211,770)	**(1,162,387,120)**	(1,055,211,770)
Investment in Subsidiary Companies	8	**–**	–	**–**	(4,034,140)
Proceeds from Sale of Property, Plant & Equipment	4	**6,150,000**	–	**6,150,000**	–
Dividend Received	22	**137,293,975**	139,341,577	**137,293,975**	174,761,647
Net Cash Flows Used in Investing Activities		**(2,250,575,269)**	(1,374,175,151)	**(1,996,529,205)**	(1,151,333,663)
Financing Activities					
Dividend Paid	20.3	**(90,706,492)**	(82,314,789)	**(90,706,492)**	(82,314,789)
Proceeds From Financing and Lease (Ijara)	17	**3,446,475,000**	3,619,646,685	**3,427,475,000**	3,319,646,685
Repayment of Financing Payable	17	**(2,849,064,803)**	(3,864,048,456)	**(2,767,858,436)**	(3,774,279,747)
Net Cash Flows From/(Used in) Financing Activities		**506,703,705**	(326,716,560)	**568,910,072**	(536,947,851)
Net Increase/(Decrease) in Cash and Cash Equivalents		**180,147,939**	46,151,043	**105,549,158**	(74,670,209)
Cash and Cash Equivalents at the beginning of the Year	27	**144,439,136**	98,288,094	**(29,705,965)**	44,964,244
Cash and Cash Equivalents at the end of the Year	27	**324,587,075**	144,439,136	**75,843,193**	(29,705,965)

The accounting policies and notes on pages 176 through 241 form an integral part of the financial statements.

Notes to the Financial Statements

1. Corporate Information

1.1 General

Bairaha Farms PLC ("Company") is a public quoted company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 407, Galle Road, Colombo 03. The Company does not have an identifiable parent of its own. The Company is the Ultimate Parent of the Group.

1.2 Principal Activities and Nature of Operations

The core activities of the Group are vertical integrated poultry farming, chicken processing and manufacturing of pre-cooked meats. Principal activities and nature of the operations of the subsidiaries, sub subsidiaries and joint ventures have been mentioned below:

Subsidiaries	Principal activity	Holding %
Bairaha Foods (Pvt) Ltd.	Manufacturing of pre-cooked meat products	100
Lanka Land Development Ltd.	Purchasing and leasing agricultural lands	100
HCF Land Development Ltd.	Purchasing and leasing agricultural lands	100
BF Lands Development Ltd.	Purchasing and leasing agricultural lands	100
Golden Rooster Restaurants (Pvt) Ltd.	Not in operation	100
Siyane Farms Ltd.	Breeder farming	100
Nature's Best Industry Ltd.	Broiler farming	100
Regency Real Estate Company Ltd.	Operation has not started	100
Global Reach Foods (Pvt) Ltd.	Manufacturing and export of chicken-based niche products	100
Care 4 Wellbeing (Pvt) Ltd.	Manufactures nutraceutical products	50
Bairaha International FZCO	A UAE-registered company specializing in the export of chicken products	100
Sub subsidiaries		
Hill County Farms Ltd.	Breeder farming	100
Foster Real Estate Ltd.	Purchasing and leasing agricultural lands	100
Bairaha Trading (Private) Ltd.	Importing and selling disinfectants	100
Joint ventures		
Rajarata Land Development Ltd.	Purchasing and leasing agricultural lands	50
Cultural Triangle Land Development Ltd.	Purchasing and leasing agricultural lands	50
Windsor Real Estate Ltd.	Purchasing and leasing agricultural lands	50
Fortune G-P Farms (Lanka) Ltd.	Grandparent Breeder Farming	50
Fortune Agro Industries (Pvt) Ltd.	Feed milling operation	50

1.3 Date of Authorisation for Issue

The Consolidated Financial Statements of Bairaha Farms PLC, for the year ended 31 March 2026 were authorised for issue by the Board of Directors on 02 June 2026.

2.1 Basis of Preparation

The Financial Statements which comprise, statement of financial position, the Statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flow statement, together with the accounting policies and notes (the "financial statements") have been prepared on a historical cost basis, except for, all property, plant and equipment other than assets classified as plant and machinery, equipment which includes computer equipment, other investments and consumable and bearer biological assets that have been measured at fair value. The Financial Statements are presented in Sri Lankan Rupees (LKR).

2.1.1 General Policies

"The Company" refers to Bairaha Farms PLC as the holding company and "the Group" refers to the Company and all its subsidiaries.

2.1.2 Statement of Compliance

The financial statements of the Group and Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka and the preparation and presentation of these financial statements is in compliance with the Companies Act No. 07 of 2007.

2.1.3 Going Concern

The management of Bairaha Farms PLC has satisfied that the group has the resources to continue in business into a foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the group's ability to continue as a going concern. Therefore, the consolidated financial statements are continued to be prepared on the going concern basis.

2.1.4 Comparative Information

The presentation and classification in the financial statements have been amended where appropriate to ensure comparability with the current year.

2.1.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2026. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

2.1.6 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately, unless they are immaterial. Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Group. Understandability of the Financial Statements is not compromised by observing material information or by aggregating material items that have different nature of functions.

2.1.7 Rounding

The amounts in the Financial Statements have been rounded off to the nearest rupees, except where otherwise indicated.

2.2 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. In the process of applying the Group accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the future periods are discussed below.

Defined Benefit Plans

The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainty. Further details are given in Note 18.

Useful lives of Property, Plant and Equipment

The Group reviews the residual values, useful lives and methods of depreciation of assets as at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

Fair value of Property, Plant and Equipment

All Property, Plant and Equipment except Plant and Machinery and equipment including computer equipment of the Group are reflected at fair value. The Group engaged independent valuation specialist to determine fair value of certain Property, Plant and Equipment. Further details are given in Note 04.

Impairment Losses on Trade Receivables

The Group reviews individually significant receivables at each reporting date to assess whether an impairment loss should be recorded in the Statement of profit or loss and other comprehensive income. In particular, judgment of the management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

Consumable Biological Assets

Consumable biological assets are measured at fair value less costs to sell. In management's opinion, cost is approximated as fair value of the broiler birds and hatching eggs mainly due to the associated short life cycle of those assets and the fact that a significant value addition on broiler birds arises from the manufacturing process and no or only little biological change was observed for hatching eggs as at the year end. Accordingly the cost of consumable biological assets approximates its fair value.

Bearer Biological Assets

Bearer biological assets are measured at fair value less costs to sell. The fair value of parent birds is determined using discounted cash flows model based on the internal rate of return , mortality rates of the parent birds, egg production rates, hatchability rates of eggs ,estimated market selling price of day-old-chick and other estimated farming cost that will be incurred throughout the remaining life of the parent birds.

2.3 Summary of Significant Accounting Policies

The significant accounting policies applied by the Group in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in theses financial statements.

2.3.1 Property, Plant and Equipment

(a) Cost and Valuation

All items of Property, Plant and Equipment are initially recorded at cost. Where items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the balance sheet date. Subsequent to the initial recognition as an asset at cost, revalued Property, Plant and Equipment are carried at revalued amounts less any subsequent depreciation thereon. All other Property, Plant and Equipment are stated at historical cost less depreciation and less any impairment in value.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve net of deferred tax, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case the increase is recognised in the profit or loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Land are revalued every 3 years while Buildings, Poultry sheds, Furniture & Fittings & Motor Vehicles are revalued once in every five years. The rest of the classes of assets were kept at cost.

(b) Restoration Costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.

(c) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost or valuation of all property, plant and equipment other than freehold land, in order to write off such amounts over the estimated useful lives by equal instalments.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

The depreciation rates have been included in note 4.1.7

(d) Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work in progress, while the capital assets which have been completed during the year and put to use are transferred to property, plant and equipment.

2.3.2 Investment Property

(a) Recognition

Investment properties are measured initially at cost, including transaction costs. The carrying value of investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the cost of day-to-day servicing of investment property.

Subsequent to initial recognition, all Investment Properties are carried at cost less any accumulated depreciation thereon.

(b) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost of investment property, in order to write off such amounts over the estimated useful lives by equal instalments.

The useful life of investment property is as follows;

Class of Investment Property	Useful Life	Depreciation Method
Buildings	33.3 Years	Straight-line method

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Strategic Direction
Stakeholders and Materiality
Our Integrated Value Chain
50 Years of Shared Value
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(c) Derecognition

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

2.3.3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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 is reviewed at least at each financial year end.

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

The useful life of intangible asset is as follows:

The Class of Intangible assets	Useful Life	Amortization Method
Computer Software	10 Years	Straight-line method

2.3.4 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are recognised as expenses in the period in which they are incurred.

2.3.5 Impairment of Assets

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

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. 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 reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

2.3.6 Interest in a joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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The considerations made in determining joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint ventures are eliminated to the extent of the interest in the joint ventures.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as "Share of profit of a joint venture" in the statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the separate financial statements of the Company, such investments in joint venture is accounted for at cost.

2.3.7 Investments in Subsidiaries

Investments in subsidiaries are stated at cost, net of any impairment losses which are charged to the Statement of Profit or Loss in the Company's Financial Statements, and it is in accordance with the Sri Lanka Accounting Standard – LKAS 27 – "Consolidated and Separate Financial Statements".

Subsidiaries are entities that are controlled by the Group and the Company. Subsidiaries are consolidated from the date on which control is transferred to the Company and continue to be consolidated until the date when such control ceases. The Company is presumed to control an investee when it is exposed or has right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Intra-group balances and transactions, income, expenses and any unrealised gains arising from intra-group transactions are eliminated in full in preparing the Consolidated Financial Statements.

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Company. At present Group do not have any non-controlling interests.

All subsidiaries of the Company have been incorporated in Sri Lanka. A list of subsidiaries are given in Note 08.

2.3.8 Financial Instruments – initial Recognition and Subsequent Measurement

Initial Recognition of Financial Assets and Financial Liabilities

The Group shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

Measurement of Financial Assets

A financial asset be measured at amortised cost if both of the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and

(b) 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.

A financial asset shall be measured at fair value unless it is measured at amortised cost in accordance with above criteria. The company measures Trade Debtors at amortised cost.

Classification of Financial Assets

The Group classify financial assets as subsequently measured at either amortised cost or fair value on the basis of both:

(a) the entity's business model for managing the financial assets and

(b) The contractual cash flow characteristics of the financial asset.

Derecognition of Financial Assets

The Group derecognise a financial asset when and only when:

(a) the contractual rights to the cash flows from the financial asset expire, or

(b) it transfers the financial asset as and the transfer qualifies for derecognition.

A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship be recognised in profit or loss when the financial asset is derecognised, impaired or reclassified in accordance and through the amortisation process.

Impairment – Recognition of Expected Credit Losses

The Group recognise a loss allowance for expected credit losses on Trade Debtors to which the impairment requirements apply.

At each reporting date, the Group measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

The objective of the impairment requirements is to recognise lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition — whether assessed on an individual or collective basis — considering all reasonable and supportable information, including that which is forward-looking.

Simplified Approach for Trade Receivables

The Group always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions that are within the scope of SLFRS 15, and that:

(i) do not contain a significant financing component (or when the entity applies the practical expedient for contracts that are one year or less) in accordance with SLFRS 15; or

(ii) contain a significant financing component in accordance with SLFRS 15, if the entity chooses as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses. That accounting policy shall be applied to all such trade receivables or contract assets but may be applied separately to trade receivables and contract assets.

Write-Off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Financial Liabilities Recognition

The Group measured the financial liability at fair value, including the costs of the transaction which can be directly assigned financial liability, when these are designated at their fair value in the profit and loss account.

The Management assessed that the fair value of trade payables, Bank overdraft and current liabilities.

Financial Liabilities Subsequent Measurement

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss.

Derecognition of Financial Liabilities

The Group remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished—ie when the obligation specified in the contract is discharged or cancelled or expires.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

A gain or loss on a financial liability that is measured at amortised cost and is not part of a hedging relationship be recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

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Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

(i) Fair Value Measurement

The Group measures financial instruments such as Bearer biological assets, quoted shares, and non-financial assets such as property, plant and equipment other than assets classified plant and machinery and equipment including computer equipment at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions – Note 30
- Quantitative disclosures of fair value measurement hierarchy – Note 30
- Property, plant and equipment under revaluation model – Note 4
- Investment properties – Note 6
- Bearer Biological assets – Note 12

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

- In the principal market for the asset or liability

Or

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

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

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

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

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 (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

External valuers are involved for valuation of significant assets, such as property, plant and equipment other than assets classified plant and machinery. Involvement of external valuers is decided by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3.9 Biological assets and Agricultural Produce

Biological assets comprise of Parent birds, broilers and hatching eggs.

Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. Broiler birds and hatching eggs have been identified as consumable biological assets.

Bearer biological assets are those other than consumable biological assets. Bearer biological assets are not agricultural produce but, rather, are self-regenerating. The Group has identified Parent birds as bearer biological assets.

Biological assets whose fair value can be measured reliably are measured at fair value less cost to sell, in line with LKAS 41. Cost to sell includes all costs that would be necessary to sell the assets excluding finance costs and income taxes. Gain and losses in relation to the fair value of biological assets are recognised in the the Statement of profit or loss and other comprehensive income, within "cost of sales", in the period which they arise.

2.3.10 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the estimated price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted as follows:-

2.3.10.1 Broiler Meat

Broiler Meat is valued at prime cost together with an appropriate proportion of overheads on weighted average basis, after making due allowance for weight losses.

2.3.10.2 Poultry Feed, Drugs and Sundry Inventories

Poultry Feed, Drugs and Sundry Inventories are valued at actual cost on weighted average basis after making due allowance for obsolete and slow moving items.

2.3.10.3 Trading Inventories

Trading Inventories which include retail items for sale are valued at actual cost on weighted average basis.

2.3.10.4 Sundry Stocks

Sundry stocks consist with packing materials and ingredients which are used for the production process. Stocks are valued at actual cost on weighted average basis after making due allowance for obsolete and slow-moving items.

2.3.11 Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value, net of outstanding bank overdrafts.

2.3.12 Leases

Recognition

At inception of a contract, the Croup assess 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- the contract involves the use of an identified asset
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset.

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use assets of the Group consists of lands and buildings.

Measurement

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined group's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred.

Where the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. Right of use assets are subject to impairment.

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Estimating the Incremental Borrowing Rate

As the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure the lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available (or when they need to be adjusted to reflect he terms and conditions of the lease). The Group estimates the IBR using observable input when available and is required to make certain entity-specific adjustments.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.3.13 Retirement Benefit Obligations

(a) Defined Benefit Plan – Gratuity

Employees are eligible to receive a gratuity payment of half month's salary per year of service at the end of service provided the employee has provided 5 years of service , under the payment of Gratuity Act No. 12 of 1983.

The liability recognised in the statement of financial position is the present value of defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in the statement of profit or loss and other comprehensive income.

Funding Arrangements

The Gratuity liability is not externally funded.

(b) Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective Statutes and Regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.14 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where 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.

2.3.15 Revenue Recognition

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or services to a customer. For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. If the company does not satisfy a performance obligation overtime, the performance obligation is satisfied at a point in time. An asset is transferred when the customer obtains control of that asset and when evaluating whether a customer obtains control of an asset, the company consider any agreement to repurchase the asset.

The following specific recognition and measurement criteria should also be met before revenue is recognised:

Identifying the contract

The Group account for a contract with a customer only when all of the following criteria are met:

(a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;

(b) the Group can identify each party's rights regarding the goods or services to be transferred;

(c) the Group can identify the payment terms for the goods or services to be transferred;

(d) the contract has commercial substance (ie the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract); and

(e) it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the Group will be entitled may be less than the price stated in the contract if the consideration is variable because the Group may offer the customer a price concession.

Identifying Performance Obligations

At contract inception, the Group assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Satisfaction of Performance Obligations

The Group recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Performance Obligations Satisfied Over Time

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Determining the Transaction Price

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which a Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

2.3.16 Other Operating Income

(a) Dividends

Dividend Income is recognised when the shareholders' right to receive the payment is established.

(b) Rental income

Rental income is recognised on accrual basis.

(c) Others

Other income is recognised on an accrual basis

Net Gains and losses of a revenue nature on the disposal of property, plant & equipment and other non-current assets including investments have been accounted for in the statement of profit or loss and other comprehensive income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of revalued property, plant and equipment, amount remaining in Revaluation Reserve relating to that asset is transferred directly to accumulated profit.

Gains and losses arising from incidental activities to 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.

2.3.17 Expenditure Recognition

(a) Expenses are recognized in the Statement of profit or loss and other comprehensive income on the basis of direct association between the cost incurred and the earning of specific item of income. All expenditure incurred in the running of the business and the maintenance of the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

(b) For the purpose of presentation of Statement of profit or loss and other comprehensive income the Directors are of the opinion that function of expenses method presents fairly the elements of the Group's performance, and hence such presentation method is adopted.

(c) Finance expenses are recognized in the Statement of profit or loss and other comprehensive income on effective interest cost basis.

2.3.18 Foreign Currency Translation

The financial statements are presented in Sri Lanka rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the

initial transactions. The resulting gains or losses are accounted for in the Statement of profit or loss and other comprehensive income.

2.3.19 Taxation

(a) Current Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

(b) Deferred Taxation

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

Deferred income tax liabilities are recognised for all taxable temporary differences except;

- where the deferred income tax liability arises from the initial recognition of goodwill or 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 taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except 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 income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except;

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are only recognised 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 income 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 income tax asset to be utilised.

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

(c) Turnover based Tax

Turnover based taxes include value added tax. Companies in the group pay value added tax tax in accordance with respective statutes.

(d) IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment"

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated within certain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits
- and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assessed whether the interpretation had an impact on its Financial Statements. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions, particularly

those relating to transfer pricing. The tax filings of the Group in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation did not have an impact on the Financial Statements of the Group.

2.3.20 Current Versus Non-Current Classification

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

- Expected to be realised or intended to sold or consumed in 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 equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3.21 Stated Capital and Reserves

(a) Stated Capital

Ordinary shares are classified as stated capital. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Following reserves were included in the financial statements for the purpose mentioned therein.

(b) Revaluation Surplus

This reserve consists of the revaluation gains and subsequent revaluation losses recognized for the Property, Plant & Equipment except Plant & Machinery, Equipment and computers in the Property, Plant & Equipment.

(c) Fair Value Reserve

This reserve serves the purpose of recognizing the fair value changes of the Financial Instruments measured at fair value through OCI.

(d) Actuarial Gain on Defined Benefit Plan

The Actuarial gain or loss arising due to Actuarial experience, change in plan assumptions & adjustments due to census update were recognized in this reserve.

2.3.22 Earnings per Share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.3.23 Changes in Significant Accounting Policies and Standards Issued but not yet Effective

The new and amended accounting standards issued up to date and these financial statements are authorized for issue, but not yet effective for the current reporting period, are disclosed below. These standards and amendments will be adopted, if applicable, when they become effective.

- **SLFRS 18 Presentation and Disclosure in Financial Statements**

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose *management-defined performance measures* (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements

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regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

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

- **SLFRS 19 Subsidiaries without public accountability: Disclosures**

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

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

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

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted

The entity is not eligible to apply SLFRS 19.

- **Classification and Measurement of Financial Instruments – Amendments to SLFRS 9 and SLFRS 7**

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

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The impact of these amendments is currently being identified and evaluated.

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3. Revenue

Year ended 31 March	GROUP		COMPANY	
	2026 LKR	2025 LKR	**2026 LKR**	2025 LKR
Sale of Goods	**15,291,340,939**	13,916,400,999	**13,553,179,387**	12,239,044,101
	15,291,340,939	13,916,400,999	**13,553,179,387**	12,239,044,101

4. Property, Plant and Equipment

4.1 Group

4.1.1 Gross Carrying Amounts

	Balance As at 1st April 2025 LKR	Additions/ Transfers LKR	Revaluation Surplus LKR	Disposals/ Transfers LKR	**Balance As at 31 March 2026 LKR**
At Valuation					
Land	800,846,382	50,993,210	178,594,532	–	**1,030,434,124**
Buildings	591,392,700	140,988,412	–	–	**732,381,112**
Buildings on Leasehold Land	17,285,689	4,788,772	–	–	**22,074,461**
Poultry Sheds	669,176,170	–	–	–	**669,176,170**
Furniture and Fittings	108,699,046	23,659,782	–	–	**132,358,828**
Motor Vehicles	301,704,057	147,575,678	–	–	**449,279,735**
	2,489,104,045	368,005,854	178,594,532	–	**3,035,704,430**
At Cost					
Plant and Machinery	2,043,770,328	351,773,774	–	(6,150,000)	**2,389,394,102**
Equipments	998,898,880	88,352,077	–	–	**1,087,250,957**
Computer Equipment	62,626,515	10,122,728	–	–	**72,749,243**
	3,105,295,723	450,248,579	–	(6,150,000)	**3,549,394,302**
Total Value of Depreciable Assets	5,594,399,768	818,254,433	178,594,532	(6,150,000)	**6,585,098,732**

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4.1.2 In the Course of Construction

	Balance as at 1st April 2025 LKR	Additions/ Transfers LKR	Revaluation Surplus LKR	Disposals/ Transfers LKR	Balance as at 31 March 2026 LKR
Capital Work-in-Progress	170,586,936	792,635,945	–	(375,114,455)	**588,108,426**
Total Gross Carrying Amount	5,764,986,703	1,610,890,378	178,594,532	(381,264,455)	**7,173,207,158**

4.1.3 Depreciation

	Balance as at 1st April 2025 LKR	Charge for the year/Transfers LKR	Disposals/ Transfers LKR	Balance as at 31 March 2026 LKR
At Valuation				
Buildings	39,727,673	18,808,197	–	**58,535,870**
Buildings on Leasehold Land	1,037,142	518,571	–	**1,555,713**
Poultry Sheds	67,366,330	40,178,943	–	**107,545,273**
Furniture and Fittings	19,734,973	12,220,383	–	**31,955,356**
Motor Vehicles	86,673,617	50,495,739	–	**137,169,356**
	214,539,735	122,221,833	–	**336,761,568**
At Cost				
Plant and Machinery	967,051,668	168,654,929	(922,500)	**1,134,784,097**
Equipments	667,054,585	73,940,883		**740,995,468**
Computer Equipments	47,378,984	8,389,616		**55,768,601**
	1,681,485,237	250,985,429	(922,500)	**1,931,548,166**
Total Depreciation	1,896,024,972	373,207,262	(922,500)	**2,268,309,734**

4.1.4 Net Book Values

	Balance as at 31 March 2026 LKR	Balance as at 31 March 2025 LKR
At Valuation		
Land	**1,030,434,124**	800,846,382
Buildings	**673,845,242**	551,665,028
Buildings on Leasehold Land	**20,518,748**	16,248,547
Poultry Sheds	**561,630,897**	601,809,840
Furniture and Fittings	**100,403,472**	88,964,073
Motor Vehicles	**312,110,379**	215,030,440
	2,698,942,862	2,274,564,310
At Cost		
Plant and Machinery	**1,254,610,005**	1,076,718,660
Equipments	**346,255,488**	331,844,295
Computer Equipments	**16,980,642**	15,247,531
	1,617,846,135	1,423,810,486
In the Course of Construction		
Capital Work-in-Progress	**588,108,426**	170,586,936
Total Carrying Amount of Property, Plant and Equipment	**4,904,897,423**	3,868,961,731

4.1.5 Group

The Group revalues freehold lands once every three years and all other property, plant and equipment, excluding plant and machinery, equipment, and computer equipment, once every five years.The fair value of freehold lands was determined based on a revaluation carried out during the financial year 2026, while the fair value of other property, plant and equipment was determined during the financial year 2023 by Mr Mutaliph T M H, an independent valuer, with reference to market-based evidence.The results of such revaluations were incorporated in these Financial Statements from their effective date, being 31 March 2026 .The results arising from the revaluation was recognised in the revaluation reserve.

Freehold Land Carried at Revalued Amount

Company	Location	Last Revaluation Date	Land Extent	Per Perch Value LKR	Carrying Value as at 31 March 2026 Freehold Land
Bairaha Farms PLC.	Ginigama Estate – Hiripitiya	31 March 2026	20A-4R-19.5P	9,374	31,680,000
	Ganeshan Estate – Kottaramulla	31 March 2026	27A-3R-9P	7,814	34,762,500
					66,442,500
Hill Country Farms Ltd.	Ellakkala Estate – Pasyala	31 March 2026	39A-0R-28.9P	23,437	146,925,000
					146,925,000
Lanka Land Development Ltd.	Kendalanda Estate – Urapola	31 March 2026	31A-3R-24.55P	10,714	54,687,500
					54,687,500
H.C.F. Land Development Ltd.	Ginigama Estate – Hiripitiya	31 March 2026	9A-0R-0P	14,063	20,250,000
	Pahalahammillewa – Nikawaratiya	31 March 2026	28A-1R-6.5P	11,548	52,272,500
	Polgasagare Estate – Kalalpitiya	31 March 2026	0A-0R-12.5P	850,000	10,625,000
	Polgasagare Estate – Kalalpitiya car park	31 March 2026	0A-0R-12.5P	850,000	10,625,000
					93,772,500
B F Lands Development Ltd.	Ellakkala Estate – Pasyala	31 March 2026	25A-2R-5.1P	23,438	95,745,000
	Kattakaduwa – Puttalam	31 March 2026	13A-1R-10P	18,746	39,930,000
	Kondagahamulla Estate – Kondagahamulla	31 March 2026	6A-1R-0.6P	25,001	25,016,000
					160,691,000
Siyane Farms Ltd.	St. Catherine Estate – Dolosbage	31 March 2026	24A-0R-15P	7,813	30,117,500
	Siyambalagahawatte – Kochchikade	31 March 2026	0A-0R-43.55P	1,500,000	65,325,000
	Abewela Land	31 March 2026	0A-0R-32.7P	1,100,000	35,970,000
					131,412,500
Nature's Best Industry Ltd.	Dangaswewa Estate – |Anamaduwa	31 March 2026	48A-2R-10P	13,921	108,168,750
					108,168,750
Foster Real Estate Ltd.	St. Catherine Estate – Dolosbage	31 March 2026	18A-1R-24P	14,063	41,400,000
	Watarappala Road – Mount Lavinia	31 March 2026	0A-0R-28.13P	3,500,000	98,455,000
	Pahalahammillewa – Nikawaratiya	31 March 2026	21A-0R-10P	10,937	36,859,374
					176,714,374
Global Reach Foods (Pvt) Ltd.	Galyaya – Pannala Factory	31 March 2026	0A-3R-32.7P	600,000	91,620,000
					91,620,000
Total					1,030,434,124

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Freehold Buildings Carried at Revalued Amount/Cost

Company	Location	As at 31 March 2026		As at 31 March 2025	
		Number of Buildings	**Gross Carrying Value Freehold Buildings**	Number of Buildings	Gross Carrying Value Freehold Buildings
Bairaha Farms PLC	Ganeshan Estate – Kottaramulla	**15**	**31,479,428**	15	31,479,428
	Ginigama Estate – Hiripitiya	**19**	**21,406,023**	19	21,406,023
	Ellakkala Estate – Pasyala	**93**	**306,311,422**	86	176,760,171
	Church View Estate – Kondagahamulla	**13**	**6,160,438**	11	6,160,438
	Green Park – Nittambuwa	**1**	**7,891,496**	1	7,891,496
	Thummodera – Nattandiya	**9**	**19,670,999**	9	19,670,999
	Madurankuliya – Puttalam	**6**	**7,916,259**	6	7,916,259
			400,836,065		271,284,814
Hill Country Farms Ltd.	Ellakkala Estate – Pasyala	**18**	43,547,084	18	41,650,996
	Halmillawa – Nikaweratiya	**16**	44,161,993	16	44,161,993
			87,709,077		85,812,989
Siyane Farms Ltd.	St. Catherine Estate – Dolosbage	**12**	**13,767,077**	12	13,767,077
	Siyambalagahawatte – Kochchikade	**1**	**24,736,805**	1	24,736,805
			38,503,882		38,503,882
Nature's Best Industry Ltd.	Dangaswewa Estate – Anamaduwa	**22**	**55,082,382**	22	55,082,382
			55,082,382		55,082,382
Global Reach Foods (Pvt) Ltd.	Galyaya – Pannala Factory	**3**	**143,595,467**	3	134,054,394
			143,595,467		134,054,394
Care 4 Wellbeing (Pvt) Ltd.	Rathmalana – Office and Cool Room	**1**	**6,654,240**	1	6,654,240.00
			6,654,240		6,654,240.00
Total			**732,381,112**		591,392,700

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The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follow;

	Cost LKR	Cumulative Depreciation If assets were carried at cost LKR	**Net Carrying Amount 2026 LKR**	Net Carrying Amount 2025 LKR
Class of Assets				
Land	302,289,563	–	**302,289,563**	251,296,353
Buildings	559,220,515	178,571,747	**380,648,769**	256,438,650
Buildings on Leasehold Land	16,455,793	11,667,021	**4,788,772**	–
Poultry Sheds	406,794,951	266,822,653	**139,972,299**	164,478,019
Furniture and Fittings	83,635,374	29,514,970	**54,120,405**	38,069,942
Motor Vehicles	402,027,607	192,257,897	**209,769,710**	122,468,036
	1,770,423,804	678,834,288	**1,091,589,516**	832,750,999

4.1.6 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs.1,229,625,923/- (2025 – Rs. 457,374,958/-). Cash payments amounting to Rs. 1,229,625,923/- (2025 – Rs. 457,374,958/-) was paid during the year for purchases of Property, Plant and Equipment. There were no items of property, plant and equipment of the Group/Company pledged as securities for liabilities other than disclosed in Note 17.1 to the financial statements.

4.1.7 The Useful Life of the Assets. (Group/Company)

Buildings	Over 33.3 Years
Buildings on Leasehold Land	Over 10 Years
Poultry Sheds	Over 16.6 Years
Plant and Machinery	Over 10 – 20 Years
Equipments	Over 8 Years
Furniture and Fittings	Over 10 Years
Motor Vehicles	Over 6.67 Years
Computer Equipment	Over 4 Years

4.2 Company

4.2.1 Gross Carrying Amounts

	Balance As at 1 April 2025 LKR	Charge for the year/Transfers LKR	Revaluation Surplus LKR	Disposals/ Transfers LKR	Balance As at 31 March 2026 LKR
At Valuation					
Land	40,921,500	–	25,521,000	–	**66,442,500**
Buildings	212,713,619	129,551,253	–	–	**342,264,872**
Poultry Sheds	206,805,531	–	–	–	**206,805,531**
Furniture and Fittings	78,025,940	13,302,659	–	–	**91,328,599**
Motor Vehicles	274,443,281	147,575,678	–	–	**422,018,959**
	812,909,871	290,429,590	25,521,000	–	**1,128,860,462**
At Cost					
Plant and Machinery	946,876,532	217,402,322	–	(6,150,000)	**1,158,128,854**
Equipments	411,557,268	40,303,923	–	–	**451,861,191**
Computer Equipment	51,131,718	8,771,489	–	–	**59,903,207**
	1,409,565,518	266,477,735	–	(6,150,000)	**1,669,893,252**
Total Value of Depreciable Assets	2,222,475,389	556,907,325	25,521,000	(6,150,000)	**2,798,753,714**

4.2.2 In the Course of Construction

	Balance As at 1st April 2025 LKR	Charge for the year/Transfers LKR	Revaluation Surplus LKR	Disposals/ Transfers LKR	Balance As at 31st March 2026 LKR
Capital Work-in-Progress	90,099,351	751,019,267	–	(332,521,733)	**508,596,885**
Total Gross Carrying Amount	2,312,574,740	1,307,926,592	25,521,000	(338,671,733)	**3,307,350,599**

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4.2.3 Depreciation

	Balance As at 1 April 2025 LKR	Additions/ Transfers LKR	Disposals/ Transfers LKR	**Balance As at 31 March 2026 LKR**
At Valuation				
Buildings	11,748,402	6,475,362	–	**18,223,764**
Poultry Sheds	24,309,162	12,408,333	–	**36,717,495**
Furniture and Fittings	14,531,918	8,466,855	–	**22,998,773**
Motor Vehicles	78,498,954	46,409,542	–	**124,908,497**
	129,088,437	73,760,092	–	**202,848,529**
At Cost				
Plant and Machinery	479,112,304	71,744,333	(922,500)	**549,934,137**
Equipments	321,694,349	24,371,150	–	**346,065,500**
Computer Equipments	41,429,434	6,604,528	–	**48,033,963**
	842,236,088	102,720,012	(922,500)	**944,033,600**
Total Depreciation	971,324,525	176,480,104	(922,500)	**1,146,882,129**

4.2.4 Net Book Values

	Balance as at 31 March 2026 LKR	Balance as at 31 March 2025 LKR
At Valuation		
Land	**66,442,500**	40,921,500
Buildings	**324,041,108**	200,965,217
Poultry Sheds	**170,088,036**	182,496,369
Furniture and Fittings	**68,329,826**	63,494,022
Motor Vehicles	**297,110,463**	195,944,327
	926,011,932	683,821,434
At Cost		
Plant and Machinery	**608,194,717**	467,764,228
Equipment	**105,795,691**	89,862,919
Computer Equipment	**11,869,244**	9,702,284
	725,859,653	567,329,430
	1,651,871,585	1,251,150,864
In the Course of Construction		
Capital Work-in-Progress	**508,596,885**	90,099,351
Total Carrying Amount of Property, Plant and Equipment	**2,160,468,470**	1,341,250,215

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4.2.5 Company

The company revalues freehold lands once every three years and all other property, plant and equipment, excluding plant and machinery, equipment, and computer equipment revalue once every five years.The fair value of freehold lands was determined based on a revaluation carried out during the financial year 2026, while the fair value of other property, plant and equipment was determined during the financial year 2023 by Mr Mutaliph T M H, an independent valuer, with reference to market-based evidence.The results of such revaluations were incorporated in these Financial Statements from their effective date, being 31 March 2026 .The results arising from the revaluation was recognized in the revaluation reserve.

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

	Cost LKR	Depreciation If assets were carried at cost LKR	**Net Carrying Amount 2026 LKR**	Net Carrying Amount 2025 LKR
Class of Assets				
Land	17,082,718	–	**17,082,718**	17,082,718
Buildings	301,941,857	63,571,490	**238,370,367**	117,877,370
Poultry Sheds	142,871,638	99,702,394	**43,169,244**	51,741,543
Furniture and Fittings	51,363,787	25,455,643	**25,908,144**	17,741,864
Motor Vehicles	373,478,721	227,820,632	**145,658,089**	54,104,219
	886,738,722	416,550,158	**470,188,563**	258,547,714

4.2.6 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs.975,404,859/- (2025 – Rs.266,849,401/-). Cash payments amounting to Rs.975,404,859/- (2025 – Rs.266,849,401/-) was paid during the year for purchases of Property, Plant & Equipment.

5. Right-of-use-Asset

Set out below, are the carrying amounts of the Group's & Company's right of use assets and the movements for the year ended 31 March 2026.

5.1 Right-of-use-Asset

	GROUP		COMPANY	
	2026 LKR	2025 LKR	**2026 LKR**	2025 LKR
Balance as at 1st April	**22,873,122**	28,591,404	**33,699,015**	42,123,770
Additions to Right-of-use Assets	**–**	–	**–**	–
Depreciation Charge for the Year	**(5,718,282)**	(5,718,282)	**(8,424,755)**	(8,424,755)
Balance as at 31st March	**17,154,840**	22,873,122	**25,274,261**	33,699,015

5.2 Lease Liabilities

	GROUP		COMPANY	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Balance at the beginning of the Year	24,151,438	28,591,405	35,582,359	42,123,770
Additions	–	–	–	–
Interest Expense	2,628,935	3,192,033	3,873,215	4,702,829
Payments	(9,450,624)	(7,632,000)	(11,244,240)	(11,244,240)
As at 31 March	17,329,750	24,151,438	28,211,334	35,582,359
Payable within one Year	7,002,645	5,003,065	9,043,821	7,371,025
Payable after one Year	10,327,105	19,148,373	19,167,513	28,211,334
Total Lease Liability as at 31 March	17,329,750	24,151,438	28,211,334	35,582,359

The maturity analysis of lease liabilities are as follows.

	GROUP		COMPANY	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Less than 1 Year	9,450,624	7,632,000	11,244,240	11,244,240
1 to 5 Years	18,901,248	22,896,000	22,488,480	33,732,720

5.3 The following are the Amounts Recognised in Income Statement:

	GROUP		COMPANY	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Depreciation Expense of Right-of-use Assets	5,718,282	5,718,282	8,424,755	8,424,755
Interest Expense on Lease Liabilities	2,628,935	3,192,033	3,873,215	4,702,829
Total Amount Recognised in Profit or Loss	8,347,217	8,910,315	12,297,969	13,127,584

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6. Investment Property

6.1 Company

6.1.1 Gross Carrying Amounts

	Rented To	Balance As at 1st April 2025 LKR	Additions/ (Transfers) LKR	Disposals/ (Transfers) LKR	Balance As at 31 March 2026 LKR
At Cost					
Buildings					
Pasyala Hatchery	Hill Country Farms Ltd.	55,656,902	–	–	55,656,902
Bairaha Foods Factory	Bairaha Foods (Pvt) Ltd.	14,461,432	–	–	14,461,432
Breeder Farms Pasyala	Hill Country Farms Ltd.	7,063,000	–	–	7,063,000
Total Value of Depreciable Assets		77,181,334	–	–	77,181,334

6.1.2 Depreciation

	Balance As at 01 April 2025 LKR	Charge for the Year LKR	Disposals/ Transfers LKR	Balance As at 31 March 2026 LKR
At Cost				
Buildings				
Pasyala Hatchery	23,330,392	1,669,707	–	25,000,099
Bairaha Foods Factory	5,681,737	433,843	–	6,115,580
Breeder Farms Pasyala	3,182,756	211,890	–	3,394,646
Total Depreciation	32,194,885	2,315,440	–	34,510,325

6.1.3 Net Book Values

	Balance As at 31 March 2026 LKR	Balance As at 31 March 2025 LKR
At Cost		
Buildings		
Pasyala Hatchery	**30,656,803**	32,326,510
Bairaha Foods Factory	**8,345,852**	8,779,695
Breeder Farms Pasyala	**3,668,354**	3,880,244
Total Carrying Amount of Investment Property	**42,671,009**	44,986,449

6.1.4 Relevant income and expenditure relating to investment properties

For the year ended 31st March	COMPANY	
	2026 LKR	2025 LKR
Rent Income Earned	**1,617,396**	1,617,396
	1,617,396	1,617,396

6.1.5 The fair value of Investment Property was determined by means of a revaluation during the financial year 2026 by Vlr Mutaliph T M H an independent valuer in reference to market based evidence. The results of such revaluation were not incorporated in these Financial Statements.

	Number of Buildings	Extent (sq.ft)	Fair Value as at 31 March 2026 LKR	Fair Value as at 31st March 2025 LKR
Buildings				
Pasyala Hatchery	3	29,900	**52,325,000**	47,397,506
Bairaha Foods Factory	1	7,154	**12,519,500**	11,240,613
Breeder Farms Pasyala	10	11,454	**8,590,500**	5,670,252
Total Carrying Amount of Investment Property			**73,435,000**	64,308,371

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7. Intangible Assets

7.1 Group

Year ended 31 March	2026 LKR	2025 LKR
Cost		
Computer Software		
Balance at the Beginning of the Year	**60,570,993**	59,640,993
Acquired During the Year	**2,006,201**	930,000
Balance at the End of the year	**62,577,194**	60,570,993
Amortisation		
Balance at the Beginning of the Year	**34,078,760**	28,810,896
Amortisation for the Year	**5,137,721**	5,267,864
Balance at the End of the Year	**39,216,481**	34,078,760
Net Book Value	**23,360,713**	26,492,233

7.2 Company

Year ended 31 March	2026 LKR	2025 LKR
Cost		
Computer Software		
Balance at the Beginning of the Year	**59,325,994**	59,325,994
Acquired during the Year	**2,181,200**	–
Balance at the End of the Year	**61,507,194**	59,325,994
Amortisation		
Balance at the Beginning of the Year	**33,743,010**	28,558,896
Amortisation for the year	**5,205,721**	5,184,114
Balance at the End of the Year	**38,948,731**	33,743,010
Net Book Value	**22,558,463**	25,582,984

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8. Investments In Subsidiaries

8.1 Subsidiaries

Year ended 31 March	Principal Activity	Country of Incorporation	Holding %	Cost 2026 LKR	Cost 2025 LKR
Non-Quoted					
Bairaha Foods (Pvt) Ltd.	Manufacturing of Pre-Cooked Meat Products	Sri Lanka	100	**38,750,000**	38,750,000
Lanka Land Development Ltd.	Purchasing and Leasing Agricultural Lands	Sri Lanka	100	**17,087,150**	17,087,150
HCF Land Development Ltd.	Purchasing and Leasing Agricultural Lands	Sri Lanka	100	**17,154,620**	17,154,620
BF Lands Development Ltd.	Purchasing and Leasing Agricultural Lands	Sri Lanka	100	**10,540,000**	10,540,000
Golden Rooster Restaurants (Pvt) Ltd.	Not in Operation	Sri Lanka	100	**2,000,000**	2,000,000
Siyane Farms Ltd.	Breeder Farming	Sri Lanka	100	**35,000,050**	35,000,050
Nature's Best Industry Ltd.	Broiler Farming	Sri Lanka	100	**263,000,000**	263,000,000
Regency Real Estate Company Ltd.	Operation has not started	Sri Lanka	100	**1,000**	1,000
Global Reach Foods (Pvt) Ltd.	Manufacturing and export of chicken-based niche products	Sri Lanka	100	**7,000,000**	7,000,000
Care 4 Wellbeing (Pvt) Ltd.	Manufactures nutraceutical products	Sri Lanka	50	**10**	10
Bairaha International FZCO	A UAE-registered company specializing in the export of chicken products	UAE	100	**4,034,130**	4,034,130
Total Non-Quoted Investments in Subsidiaries				**394,566,960**	394,566,960
Allowance for Impairment Losses (8.1.1)				**(2,000,000)**	(2,000,000)
Total Carrying Value of Investments in Subsidiaries				**392,566,960**	392,566,960

8.1.1 Board of Directors decided to windup the business activities of Golden Rooster Restaurants (Pvt) Ltd., during the financial year 2001/2002. Accordingly the movable assets of the Company were sold after calling for tender. Full provision has been made for this investment.

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9. Investments in Joint Ventures

	Holding		GROUP Carrying Value		COMPANY Cost	
Year ended 31 March	**2026 %**	2025 %	**2026 LKR**	2025 LKR	**2026 LKR**	2025 LKR
Non-Quoted						
Rajarata Land Development Ltd.	**50%**	50%	**23,190,966**	18,851,446	**1,495,000**	1,495,000
Cultural Triangle Land Development Ltd.	**50%**	50%	**7,867,742**	7,187,657	**1,400,000**	1,400,000
Windsor Real Estate Limited	**50%**	50%	**100,175,562**	54,095,139	**32,793,500**	32,793,500
Fortune G-P Farms (Lanka) Ltd.	**50%**	50%	**717,156,862**	639,819,939	**21,233,500**	21,233,500
Fortune Agro Industries (Pvt) Ltd.	**50%**	50%	**1,461,997,508**	1,361,236,414	**655,000,000**	655,000,000
Investment in Joint Ventures			**2,310,388,640**	2,081,190,594	**711,922,000**	711,922,000

9.1 Rajarata Land Development Ltd., Cultural Triangle Land Development Ltd., Windsor Real Estate Ltd. holds lands on behalf of the group.

9.2 Group Share of Joint Ventures' Statement of Financial Position

Year ended 31 March	Rajarata Land Development Ltd LKR	Cultural Triangle Land Development Ltd LKR	Windsor Real Estate Limited LKR	Fortune G-P Farms (Lanka) Ltd LKR	Fortune Agro Industries (Pvt) Ltd LKR	**2026 LKR**	2025 LKR
Non-Current Assets	59,801,250	19,250,000	218,999,000	786,381,293	2,099,158,781	**3,183,590,324**	3,067,224,241
Current Assets	3,128,813	1,471,632	4,175,155	916,618,401	4,645,832,303	**5,571,226,304**	6,330,279,757
Non-Current Liabilities	(16,292,434)	(4,637,080)	(22,023,870)	(120,949,014)	(243,557,048)	**(407,459,446)**	(403,883,111)
Current Liabilities	(255,697)	(349,069)	(799,161)	(147,736,955)	(3,577,439,021)	**(3,726,579,903)**	(4,831,239,700)
Equity	46,381,932	15,735,483	200,351,124	1,434,313,725	2,923,995,016	**4,620,777,279**	4,162,381,187
Group's Carrying Amount of the Investment	23,190,966	7,867,742	100,175,562	717,156,862	1,461,997,508	**2,310,388,640**	2,081,190,594

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9.3 Group Share of Joint Ventures' Statement of Profit or Loss

Year ended 31 March	Rajarata Land Development Ltd LKR	Cultural Triangle Land Development Ltd LKR	Windsor Real Estate Limited LKR	Fortune G-P Farms (Lanka) Ltd LKR	Fortune Agro Industries (Pvt) Ltd LKR	2026 LKR	2025 LKR
Revenue	603,177	350,000	840,000	878,643,798	13,366,217,874	**14,246,654,849**	15,214,841,270
Profit before Tax	438,377	193,100	1,539,100	324,069,413	633,601,274	**959,841,264**	834,263,715
Income Tax Expenses	(131,513)	(57,930)	(209,730)	(96,460,573)	(160,924,508)	**(257,784,254)**	(261,556,761)
Profit for the Year	306,864	135,170	1,329,370	227,608,840	472,676,766	**702,057,010**	572,706,954
Group's Share of Profit for the Year	153,432	67,585	664,685	113,804,420	236,338,383	**351,028,505**	286,353,477

9.4 Investment In Joint Ventures Equity Reconciliation

Year ended 31 March	Rajarata Land Development Ltd LKR	Cultural Triangle Land Development Ltd LKR	Windsor Real Estate Limited LKR	Fortune G-P Farms (Lanka) Ltd LKR	Fortune Agro Industries (Pvt) Ltd LKR	2026 LKR	2025 LKR
Beginning Balance	18,851,447	7,187,657	92,522,427	651,819,940	1,310,809,125	**2,081,190,594**	1,934,137,117
Profit Share	153,432	67,585	664,685	113,804,420	236,338,383	**351,028,505**	286,353,477
Revaluation Share of Equity Accounted Investees	4,186,088	612,500	6,988,450	3,632,503	–	**15,419,540**	–
Dividends Paid	–	–	–	(52,100,000)	(85,150,000)	**(137,250,000)**	(139,300,000)
Ending Balance	23,190,966	7,867,742	100,175,562	717,156,862	1,461,997,508	**2,310,388,640**	2,081,190,594

9.5 Investment In Joint Ventures – Other Information

	Rajarata Land Development Ltd.	Cultural Triangle Land Development Ltd.	Windsor Real Estate Limited	Fortune G-P Farms (Lanka) Ltd.	Fortune Agro Industries (Pvt) Ltd	Total
Cash and Cash equivalents	3,087,713	1,471,632	3,143,479	219,706,929	447,462,991	674,872,744
Depreciation and Amortization	–	–	–	33,019,326	85,184,796	118,204,122
Interest Income	–	–	–	123,205	10,700,343	10,823,548
Interest Expense	–	–	–	3,872,798	289,748,868	293,621,666

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10. Other Investments

Year ended 31 March	GROUP				COMPANY	
	Number of Shares 2026	Number of Shares 2025	**Carrying Value 2026 LKR**	Carrying Value 2025 LKR	**Carrying Value 2026 LKR**	Carrying Value 2025 LKR
Financial Assets Fair value through Profit or Loss						
Merchant Bank of Sri Lanka PLC	**2,307**	2,307	**24,916**	13,381	**24,916**	13,381
Mahaweli Reach Hotel PLC	**3,500**	3,500	**56,000**	70,000	**56,000**	70,000
Lanka Walltiles PLC	**210**	210	**9,660**	10,605	**9,660**	10,605
Blue Diamonds Jewellery Worldwide PLC	**8,922**	8,922	**2,677**	2,676	**2,677**	2,676
			93,253	96,662	**93,252**	96,662
Financial Instruments at Amortized Cost						
Wakala Deposit – LOLC			**25,500,000**	25,500,000	**–**	–
			25,593,253	25,596,662	**93,252**	96,662
Financial Instruments at Fair Value Through OCI						
Amana Bank PLC	**39,796**	39,796	**1,078,472**	919,287	**1,078,472**	919,287
			1,078,472	919,287	**1,078,472**	919,287
			26,671,724	26,515,949	**1,171,724**	1,015,948

11. Inventories

Year ended 31 March	GROUP		COMPANY	
	2026 LKR	2025 LKR	**2026 LKR**	2025 LKR
Broiler Meat	**160,381,206**	222,757,931	**119,010,758**	179,480,497
Poultry Feed and Drugs	**346,106,178**	295,754,564	**339,000,990**	288,298,833
Sundry Stocks	**180,577,530**	173,939,193	**59,441,698**	53,483,050
	687,064,914	692,451,688	**517,453,446**	521,262,380

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12. Biological Assets

Year ended 31 March	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Bearer Biological Assets				
Breeder Birds – Non-Current	**109,373,506**	131,113,400	**109,373,506**	131,113,400
Bearer Biological Assets				
Breeder Birds-Current	**1,386,725,714**	914,643,909	**1,386,725,714**	914,643,909
Total Bearer Biological Assets	**1,496,099,220**	1,045,757,309	**1,496,099,220**	1,045,757,309
Consumable Biological Assets				
Broiler Birds	**313,746,174**	352,146,662	**313,746,174**	352,146,662
Hatching Eggs	**172,469,275**	170,728,316	**172,469,275**	170,728,316
	486,215,449	522,874,978	**486,215,449**	522,874,978

12.1 Bearer Biological Assets – Reconciliation of Changing Carrying Value

Year ended 31 March	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Net Book Value as at 1st April	**1,045,757,309**	1,031,014,701	**1,045,757,309**	1,031,014,701
Net Additions	**1,162,387,120**	1,055,211,770	**1,162,387,120**	1,055,211,770
Transferred to Cost of Sales	**(1,112,361,319)**	(1,053,795,339)	**(1,112,361,319)**	(1,053,795,339)
Fair Value Gain/(Loss)	**400,316,110**	13,326,177	**400,316,110**	13,326,177
Net Book Value as at 31st March	**1,496,099,220**	1,045,757,309	**1,496,099,220**	1,045,757,309

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12.2 Valuation technique and significant unobservable inputs

Type	Valuation Technique	Significant unobservable inputs	Inter – relationship between key unobservable inputs and fair value measurements
Biological Asset	Discounted Cash flows	Day old chicks selling price	The FV will – increase when selling price increased – decrease when selling price decreased
Bearer biological assets comprise Layer parent and grower birds.	The valuation model considers the present value of net cash flows expected to be generated by breeder farming. The expected net cash flows are discounted using the risk adjusted discount rate.	Discounting rate	– increase when discounting rate decreased – decrease when discounting rate increased
		Mortality	– increase when mortality rate decreased – decrease when mortality rate increased
		hatchability	– increase when hatchability increased – decrease when hatchability decreased
		Egg Production Rates	– increase when egg production rate increased – decrease when egg production rate decreased

12.3 The measurement of fair value has been disclosed in Note 30.1.1

13. Trade and Other Receivables

Year ended 31 March	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Financial Assets				
Trade Receivables – Related Parties (13.2)	**6,199,067**	–	**527,333,658**	526,403,941
– Others	**1,070,590,964**	897,680,706	**816,272,906**	690,141,232
Less: Allowance for Impairment – Trade Receivables	**(42,408,113)**	(36,165,638)	**(38,685,662)**	(35,266,945)
	1,034,381,918	861,515,068	**1,304,920,902**	1,181,278,228
Other Debtors	**46,506,650**	46,506,650	**46,506,650**	46,506,650
Less: Allowance for Impairment – Other Debtors	**(46,506,650)**	(46,506,650)	**(46,506,650)**	(46,506,650)
Non-Financial Assets				
Advances and Prepayments	**242,393,663**	277,730,439	**172,885,484**	133,968,288
	1,276,775,581	1,139,245,507	**1,477,806,385**	1,315,246,516
Total Allowance for Impairment (13.1)	**(88,914,763)**	(82,672,288)	**(85,192,312)**	(81,773,595)

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13.1 Impairment of Trade and other receivables

Year ended 31 March	GROUP		COMPANY	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
As at 01 April	82,672,288	118,462,442	81,773,595	117,563,230
Charge/(reversal) for the year	6,242,475	(35,790,154)	3,418,717	(35,789,635)
As at 31 March	88,914,763	82,672,288	85,192,312	81,773,595

13.2 Trade Dues Receivable from Related Parties

Year ended 31 March	Relationship	GROUP		COMPANY	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Bairaha Foods (Pvt) Ltd	Subsidiary	–	–	454,306,396	394,385,919
Bairaha International FZCO	Subsidiary	–	–	54,588,799	94,330,602
Hill Country Farms Ltd.	Subsidiary	–	–	8,787,654	7,164,678
Care 4 Wellbeing (Pvt) Ltd	Subsidiary	–	–	3,061,738	2,133,743
Global Reach Foods Pvt Ltd	Subsidiary	–	–	390,003	227,661
Nature's Best Industry Ltd	Subsidiary	–	–	–	28,161,338
Fortune Agro Industries (Pvt) Ltd	Joint Venture	6,199,067	–	6,199,067	–
		6,199,067	–	527,333,658	526,403,941

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14. Amounts due from Related Parties

Year ended 31 March	Relationship	GROUP		COMPANY	
		2026 LKR	2025 LKR	**2026 LKR**	2025 LKR
Bairaha Foods (Pvt) Ltd	Subsidiary	**–**	–	**57,431,638**	32,596,262
BF Lands Development Ltd	Subsidiary	**–**	–	**13,752,660**	16,841,738
Golden Rooster Restaurants (Pvt) Ltd	Subsidiary	**–**	–	**2,899,574**	2,791,474
Siyane Farms Ltd	Subsidiary	**–**	–	**11,806,773**	32,862,714
Cultural Land Development Ltd	Joint Venture	**18,500**	18,500	**18,500**	18,500
Global Reach Foods(Pvt)Ltd	Subsidiary	**–**	–	**357,870,022**	224,418,129
Nature's Best Industry Ltd	Subsidiary	**–**	–	**448,596,490**	427,820,692
Foster Real Estate Ltd.	Subsidiary	**–**	–	**7,162,020**	5,797,220
Rajarata Land Development Ltd	Joint Venture	**28,997**	28,997	**28,997**	28,997
Windsor Real Estate Ltd.	Joint Venture	**511,736**	892,386	**511,736**	892,386
Care 4 Wellbeing (Pvt) Ltd	Subsidiary	**–**	–	**80,016,869**	58,120,769
HCF Land Development Ltd	Subsidiary	**–**	–	**6,262,100**	–
Bairaha International FZCO	Subsidiary	**–**	–	**2,054,791**	3,386,059
		559,233	939,883	**988,412,168**	805,574,940
Less: Allowance made for Amounts due from Related Parties.		**(559,233)**	–	**(85,705,819)**	(2,396,624)
		–	939,883	**902,706,350**	803,178,316

15. Stated Capital (Group/Company)

Year ended 31 March	**2026 Number of Shares**	2025 Number of Shares	**2026 LKR**	2026 LKR
Fully Paid Ordinary Shares	**88,000,000**	88,000,000	**536,305,197**	536,305,197
	88,000,000	88,000,000	**536,305,197**	536,305,197

During the financial year, the Company subdivided each ordinary share into five (5) ordinary shares. Accordingly, the number of issued shares increased from 17,600,000 to 88,000,000 shares. This subdivision did not result in any change to the Company's stated capital, which remains at Rs. 536,305,197/-. The comparative number of shares has been restated to reflect the share subdivision.

15.1 Rights, Preference and Restrictions of Classes of Capital

The holders of ordinary shares has the right to receive dividends as declared from time to time and are entitled to one vote per share at the Annual General meeting of the Company.

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16. Reserves

Year ended 31 March	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Summary				
Revaluation Surplus (16.1)	**1,249,311,236**	1,105,419,247	**305,984,207**	288,119,507
	1,249,311,236	1,105,419,247	**305,984,207**	288,119,507

16.1 Revaluation Surplus

Year ended 31 March	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 20254 LKR
On Property, Plant and Equipment				
Balance as at the Beginning of the Year	**1,105,419,247**	1,105,419,247	**288,119,507**	288,119,507
Revaluation surplus during the year	**183,248,453**	–	**25,521,000**	–
Deferred Tax Adjustment on Revaluation	**(54,776,004)**	–	**(7,656,300)**	–
Share of Other Comprehensive Income Net of Tax Equity Accounted Investees	**15,419,540**	–	**–**	–
Balance as at the end of the Year	**1,249,311,236**	1,105,419,247	**305,984,207**	288,119,507

17. Financing and Lease (Ijara) Payables

17.1 Group

Year ended 31 March	2026 Amount Repayable Within 1 Year LKR	2026 Amount Repayable After 1 Year LKR	2026 Total LKR	2025 Amount Repayable Within 1 Year LKR	2025 Amount Repayable After 1 Year LKR	2025 Total LKR
Bank Loans (17.1.1)	**1,707,156,745**	**893,722,820**	**2,600,879,565**	1,471,621,883	525,025,797	1,996,647,680
Bank Overdrafts (27.2)	**190,230,650**	**–**	**190,230,650**	237,357,993	–	237,357,993
Lease Liability on Right-of-use-Assets (5.2)	**7,002,645**	**10,327,105**	**17,329,750**	5,003,065	19,148,373	24,151,438
	1,904,390,040	**904,049,925**	**2,808,439,965**	1,713,982,941	544,174,170	2,258,157,111

Non-current lease liabilities are payable within 5 years.

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17.1.1 Bank Loans

Year ended 31 March	As at 1st April 2025 LKR	Loans Obtained LKR	Repayments LKR	As at 31 March 2026 LKR
Amana Bank PLC	1,442,847,680	1,036,475,000	(1,390,195,288)	**1,089,127,392**
Hatton National Bank PLC – Al Najah	300,000,000	950,000,000	(750,000,000)	**500,000,000**
Seylan Bank PLC – Islamic Banking Unit	253,800,000	1,460,000,000	(702,047,827)	**1,011,752,173**
	1,996,647,680	3,446,475,000	(2,842,243,115)	**2,600,879,565**

Security:

Immovable Property, Plant & Machinery located at Ellakkala Estate in Pasyala and Dangaswewa Estate in Anamaduwa have been .pledged against the loan facilities obtained from Amana Bank PLC

Immovable Property, Plant & Machinery located at St. Catherine Estate in Dolosbage have been pledged against the loan facilities .obtained from Hatton National Bank PLC

Immovable property situated at Olsen Mawatha, Mukalana, Pannala, has been pledged as security against the loan facility obtained by Global Reach Foods (Pvt) Ltd from Amana Bank PLC.

17.2 Company

Year ended 31 March	Note	2026 Amount Repayable Within 1 Year LKR	2026 Amount Repayable After 1 Year LKR	2026 Total LKR	2025 Amount Repayable Within 1 Year LKR	2025 Amount Repayable After 1 Year LKR	2025 Total LKR
Bank Loans	17.2.1	**1,606,781,345**	**571,424,994**	**2,178,206,339**	1,389,783,333	121,435,417	1,511,218,750
Bank Overdrafts	27.2	**190,230,650**	**–**	**190,230,650**	232,176,007	–	232,176,007
Lease Liability on Right-of-use-Assets		**9,043,821**	**19,167,513**	**28,211,334**	7,371,025	28,211,334	35,582,359
		1,806,055,816	**590,592,507**	**2,396,648,323**	1,629,330,365	149,646,751	1,778,977,116

Non-current lease liabilities are payable within 5 years.

17.2.1 Bank Loans

Year ended 31 March	As at 01 April 2025 LKR	Loans Obtained LKR	Repayments LKR	As at 31st March 2026 LKR
Amana Bank PLC	957,418,750	1,017,475,000	(1,308,439,583)	**666,454,167**
Hatton National Bank PLC	300,000,000	950,000,000	(750,000,000)	**500,000,000**
Seylan Bank PLC – Islamic Banking Unit	253,800,000	1,460,000,000	(702,047,828)	**1,011,752,172**
	1,511,218,750	3,427,475,000	(2,760,487,411)	**2,178,206,339**

Security:

Immovable Property, Plant and Machinery located at Ellakkala Estate in Pasyala and Dangaswewa Estate in Anamaduwa have been pledged against the loan facilities obtained from Amana Bank PLC.

17.3 The table below provides details of the borrowings of the Group/Company

Bank	Product type	Rate	Maturity
Amana Bank PLC	Diminishing Musharaka Bank Overdrafts	AWPLR + 1% AWPLR + 0.75%	60 Months
Seylan Bank – Islamic Unit	Local Murabaha	AWPLR+ 0.5%	6 Months
Hatton National Bank PLC	Diminishing Musharaka	AWPLR+ 0.5%	6 Months

18. Retirement Benefit Liability

Year ended 31 March	Note	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Defined Benefit Obligation – Gratuity					
Balance as at the Beginning of the Year		**173,674,460**	151,016,179	**151,387,760**	133,123,209
Charge for the Year	18.1	**33,055,813**	29,750,001	**23,722,687**	22,318,541
Amounts Recognised in Other Comprehensive Income	18.2	**43,559,231**	(1,377,490)	**43,559,231**	(1,377,490)
Payments During the Year		**(10,026,000)**	(5,714,230)	**(8,171,250)**	(2,676,500)
Balance as at the end of the Year		**240,263,504**	173,674,460	**210,498,428**	151,387,760

18.1 Charge for the Year

Year ended 31 March	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Current Service Cost	**17,917,038**	13,775,216	**8,583,912**	6,343,756
Interest Cost on Benefit Liability	**15,138,775**	15,974,785	**15,138,775**	15,974,785
	33,055,813	29,750,001	**23,722,687**	22,318,541

18.2 Amounts recognised in Other Comprehensive Income

Year ended 31 March	GROUP		COMPANY	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Liability experience Loss/(Gain) arising during the year	(5,263,052)	(11,035,442)	(5,263,052)	(11,035,442)
Liability Loss/(Gain) due to changes in assumptions during the year	48,822,283	9,657,952	48,822,283	9,657,952
Adjustment due to actual census update at 1-4-24	–	–	–	–
Total amount recognised in Other Comprehensive Income	43,559,231	(1,377,490)	43,559,231	(1,377,490)

18.3 The Retirement Benefit Liability, of Bairaha Farms PLC, is valued by Mr Piyal Goonatilleke, who is a fellow member of the Society of Actuaries (USA) and a member of the American Academy of Actuaries. Defined Liability is valued as of March 2026 and the principal assumptions used in the valuation is as follows;

Year ended 31 March		2026	2025
Principal Actuarial Assumption			
Discount Rate		10.5%p.a	10%p.a
Salary Increases		15%p.a	10%p.a
Staff Turnover	25-35 Years	9.38%	9.38%
	35-40 Years	5.00%	5.00%
	40-45 Years	2.50%	2.50%
	45-50 years	1.00%	1.00%
	Over 50 years	1.00%	1.00%
Number of Active Participants		264	264
Expected Future Working Life Time		10.5	10.5
Demographic Assumption			
Retirement Age		60	60
Mortality Table		GA1983	GA1983

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18.4 Sensitivity Analysis

Assumption	Change	Effect on PVDBO 2026	Effect on PVDBO 2025
Discount Rate	+1%	**(12,428,633)**	(5,176,428)
	-1%	**14,799,961**	6,017,409
Expected Salary Increase	+1%	**15,919,333**	6,378,941
	-1%	**(13,632,033)**	(5,591,026)

Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years;

Year ended 31 March	GROUP AND COMPANY 2026 LKR	GROUP AND COMPANY 2025 LKR
Within the next 12 months	**99,225,913**	75,101,557
Between 1-2 years	**4,181,597**	23,390,619
Between 2-5 years	**26,903,470**	18,856,596
Between 5-10 years	**80,088,616**	58,702,418
Total expected payments	**210,399,596**	176,051,190
Weighted Average Duration of the Defined Benefit Plan in Years	**4.3**	4.3

19. Trade and Other Payables

Year ended 31 March	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Trade Creditors – Related Parties (19.1)	**566,326,756**	653,469,311	**3,298,489,284**	3,366,793,545
– Others	**146,334,168**	108,213,153	**108,356,819**	52,148,364
	712,660,924	761,682,464	**3,406,846,102**	3,418,941,908
Sundry Creditors Including Accrued Expenses	**421,896,616**	325,540,153	**297,840,393**	243,087,568
	1,134,557,540	1,087,222,617	**3,704,686,495**	3,662,029,477

19.1 Trade Dues Payable to Related Parties

Year ended 31 March	Relationship	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Nature's Best Industries Ltd	Subsidiary	–	–	**704,652,764**	714,561,723
Siyane Farms Ltd	Subsidiary	–	–	**827,822,806**	897,953,362
Hill Country Farms Ltd.	Subsidiary	–	–	**1,191,094,544**	1,123,171,182
Fortune Agro Industries Ltd	Joint Venture	**413,808,252**	478,549,873	**413,808,252**	447,135,506
Fortune G-P Farms (Lanka) Ltd	Joint Venture	**152,518,504**	174,919,438	**152,518,504**	174,919,438
Bairaha Foods (Pvt) Ltd	Subsidiary	–	–	**7,723,015**	–
Care 4 Wellbeing	Subsidiary	–	–	**869,399**	9,052,333
		566,326,756	653,469,311	**3,298,489,284**	3,366,793,545

20. Dividends

Year ended 31 March	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2026 LKR
20.1 Dividends Payable (Unclaimed Dividends) (Note 20.3)	**11,240,893**	13,947,386	**11,240,893**	13,947,386
	11,240,893	13,947,386	**11,240,893**	13,947,386

20.2 An interim dividend of Rs. 5 per share was declared and paid on 21.11.2025 for the year 2025/26, prior to the share sub division.

20.3 Reconciliation for Dividends

Year ended 31 March	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Payable balance 01 April	**13,947,386**	8,262,175	**13,947,386**	8,262,175
Dividends	**88,000,000**	88,000,000	**88,000,000**	88,000,000
Dividends Paid	**(90,706,492)**	(82,314,789)	**(90,706,492)**	(82,314,789)
Payable balance 31 March	**11,240,893**	13,947,386	**11,240,893**	13,947,386

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21. Amounts Due To Related Parties

Year ended 31 March	Relationship	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
HCF Land Ltd	Subsidiary	–	–	–	1,178,251
Lanka Land Ltd	Subsidiary	–	–	2,534,651	2,534,651
Hill Country Farms Ltd	Subsidiary	–	–	15,684,720	34,626,534
Bairaha Trading (Pvt) ltd	Subsidiary	–	–	2,761,150	2,761,150
		–	–	20,980,522	41,100,586

22. Other Operating Income

Year ended 31 March	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Income from Other Investments – Quoted	43,975	41,577	43,975	41,577
Fair Value Gain/(Loss) on Quoted Investments	(3,410)	33,461	(3,410)	33,461
Dividend from Other Investments – Subsidiaries	–	–	–	35,420,071
Dividend from Other Investments – Joint Ventures	–	–	137,250,000	139,300,000
Rental Income	–	–	1,617,396	1,617,396
Lab Income – External	3,899,511	1,039,215	3,899,511	1,039,215
Lab Income – Related Parties	–	–	–	2,230,484
Profit/(Loss) on Disposal of Property, Plant & Equipment	922,500	–	922,500	–
Service Fee from Related Parties- Shared Services	–	–	47,081,154	48,014,496
Miscellaneous Income	20,022,096	25,141,487	19,724,092	19,603,150
Exchange Gain	8,654,139	866,689	6,181,407	–
Sale of Agricultural Produce	3,146,705	3,448,624	–	–
	36,685,515	30,571,053	216,716,624	247,299,850

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23. Finance Cost

Year ended 31 March	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Interest Expense on Overdrafts	**16,872,387**	24,144,555	**16,872,387**	24,144,555
Interest Expense on Lease Liabilities	**2,628,936**	3,192,033	**3,873,215**	4,702,829
Interest Expense on Fixed Loans	**189,111,744**	231,086,909	**152,270,236**	181,026,504
	208,613,066	258,423,497	**173,015,838**	209,873,888

24. Profit From Operating Activities

Stated after charging/(crediting) Year ended 31 March	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Production Overheads;				
Allowance for Weight Losses	**183,495,286**	129,084,134	**183,495,286**	129,084,134
Depreciation	**326,747,735**	291,726,790	**143,084,704**	130,894,221
Staff Cost (including following Retirement Benefit Plan Cost)	**1,065,408,058**	851,813,824	**719,186,904**	533,654,773
– Defined Benefit Plan Cost – Gratuity	**18,165,414**	16,638,559	**13,047,478**	13,528,235
– Defined Contribution Plan Costs – EPF and ETF	**24,444,426**	20,404,860	**16,735,796**	14,324,849
Administration Expenses;				
Directors' Emoluments	**75,588,750**	70,118,561	**75,588,750**	70,118,561
Legal Fees	**518,867**	882,382	**518,867**	873,382
Donations	**4,951,102**	2,399,412	**4,841,102**	2,375,902
Depreciation/Amortization	**20,211,102**	18,297,300	**14,248,346**	13,510,519
Auditors Remuneration	**9,153,639**	6,432,260	**4,866,000**	3,924,320
Staff Cost (including following Retirement Benefit Plan Cost)	**152,565,802**	140,597,919	**125,478,567**	131,219,925
– Defined Benefit Plan Cost – Gratuity	**3,051,439**	4,206,194	**3,558,403**	3,689,519
– Defined Contribution Plan Costs – EPF and ETF	**19,478,750**	19,242,782	**16,330,650**	16,341,720

Year ended 31 March	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Distribution Cost;				
Advertising Costs	**74,500,026**	79,356,139	**65,947,286**	67,552,286
Allowance for Impairment	**9,971,212**	(34,960,185)	**93,661,057**	(34,960,185)
Depreciation	**37,104,427**	35,654,573	**35,092,970**	33,643,116
Staff Cost (including following Retirement Benefit Plan Cost)	**294,533,390**	263,626,885	**207,073,448**	217,947,568
– Defined Benefit Plan Cost – Gratuity	**11,524,461**	11,183,498	**7,116,806**	7,379,037
– Defined Contribution Plan Costs – EPF and ETF	**13,389,411**	10,356,580	**9,185,470**	8,347,096

25. Income tax Expense

The Major Components of Income Tax Expense are as follows:

Year ended 31st March	Note	GROUP 2026 LKR	GROUP 2025 LKR	COMPANY 2026 LKR	COMPANY 2025 LKR
Current Income Tax					
Current Tax Expense on Ordinary Activities for the Year	25.1	**124,712,129**	5,064,369	**98,352,000**	–
Under/(Over) Provision of Current Taxes in Respect of Prior Years		**–**	(2,665,248)	**–**	(2,665,248)
Tax on Dividend Income		**17,272,500**	26,208,011	**17,272,500**	26,208,011
		141,984,629	28,607,131	**115,624,500**	23,542,763
Deferred Income Tax					
Deferred Taxation Charge	25.2	**81,550,485**	(17,612,967)	**67,249,576**	(46,408,465)
Income Tax Expense Reported in the Income Statement		**223,535,114**	10,994,164	**182,874,076**	(22,865,702)

25.1 Reconciliation of Accounting Profit and Taxable Profit

Year ended 31st March	GROUP		COMPANY	
	2026 LKR	2025 LKR	**2026 LKR**	2025 LKR
Accounting Profit before Tax from Operations	**1,224,460,855**	133,150,489	**967,713,679**	(21,758,003)
Disallowable Expenses	**150,252,498**	476,258,740	**(59,410,147)**	266,847,892
Tax Deductible Expenses	**(506,622,343)**	(330,087,089)	**(257,927,799)**	(217,288,823)
	868,091,010	279,322,140	**650,375,733**	27,801,066
Exempt Loss/(Profit)	**(139,645,422)**	(176,276,227)	**(140,185,463)**	(175,333,034)
Other Income	**3,668,480**	1,307,437	**2,345,047**	581,763
Tax Loss Utilised During the Year	**(217,475,880)**	(87,472,123)	**(184,695,316)**	(581,763)
Taxable Profit/(Loss)	**514,638,188**	16,881,228	**327,840,000**	(147,531,968)
Income Tax @ 30%	**124,712,129**	5,064,369	**98,352,000**	–
Current Tax Expense on Ordinary Activities for the Year	**124,712,129**	5,064,369	**98,352,000**	–
Tax Loss Brought Forward	**319,383,071**	118,310,392	**150,020,665**	3,070,460
Prior year adjustment	**64,457,913**	–	**34,674,651**	–
Tax Loss for the Year	**202,749,365**	288,544,802	**–**	147,531,968
Tax Loss Utilised During the Year	**(216,715,532)**	(87,472,123)	**(184,695,316)**	(581,763)
Tax Loss Carried Forward	**369,874,817**	319,383,071	**–**	150,020,665

25.2 Deferred Tax Assets, Liabilities and Income Tax relates to the followings

25.2.1 GROUP

Year ended 31st March	Statement of Financial Position 2026 LKR	Statement of Financial Position 2025 LKR	Statement of Profit or Loss 2026 LKR	Statement of Profit or Loss 2025 LKR	Other Comprehensive income 2026 LKR	Other Comprehensive income 2025 LKR
Property, Plant and Equipment	**470,102,718**	442,931,445	**(27,171,273)**	(5,322,645)	**–**	–
Revaluation of Land	**190,080,010**	135,304,005	**–**	–	**(54,776,005)**	–
	660,182,728	578,235,450				
Deferred Tax Assets						
Allowance for Bad and Doubtful Debts	**(9,814,335)**	(9,073,878)	**740,457**	(12,243,162)	**–**	–
Defined Benefit Plans	**(71,848,449)**	(51,532,242)	**7,248,437**	6,663,439	**13,067,769**	(413,247)
Inventory Provision	**–**	(8,072,846)	**(8,072,846)**	8,072,846	**–**	–
Tax Losses Carried Forward	**(1,676,976)**	(55,972,237)	**(54,295,261)**	20,442,489	**–**	–
	(83,339,760)	(124,651,203)				
Deferred Income Tax Expense			**(81,550,485)**	17,612,967	**(41,708,236)**	(413,247)
Net Deferred Tax Liability	**576,842,968**	453,584,247				

25.2.1.1 Break-up of Deferred Tax Charge on – Defined Benefit Plans

	2026 LKR	2025 LKR
Charge to Income Tax Expenses	**(7,248,437)**	(6,663,439)
Charge to Other Comprehensive Income	**(13,067,769)**	413,247
	(20,316,207)	(6,250,192)

25.2.2 Company

Year ended 31st March	Statement of Financial Position		Statement of Profit or Loss		Other Comprehensive income	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Deferred Tax Liability						
Property, Plant and Equipment	**237,833,531**	218,257,113	**(19,576,418)**	(320,031)	**–**	–
Revaluation of Land	**14,807,934**	7,151,634	**–**	–	**(7,656,300)**	–
	252,641,465	225,408,747				
Deferred Tax Assets						
Allowance for Bad and Doubtful Debts	**(9,814,335)**	(9,073,878)	**740,457**	(12,243,162)	**–**	–
Defined Benefit Plans	**(63,149,528)**	(45,416,328)	**4,665,431**	5,892,612	**13,067,769**	(413,247)
Inventory Provision	**–**	(8,072,846)	**(8,072,846)**	8,072,846	**–**	–
Tax Losses Carried Forward	**–**	(45,006,200)	**(45,006,200)**	45,006,200	**–**	–
	(72,963,863)	(107,569,252)				
Deferred Income Tax Expense	**–**	–	**(67,249,576)**	46,408,465	**5,411,469**	(413,247)
Net Deferred Tax Liability	**179,677,602**	117,839,495				

25.2.2.1 Break-up of Deferred Tax Charge on – Defined Benefit Plans

	COMPANY	
	2026 LKR	2025 LKR
Charge to Income Tax Expenses	**(4,665,431)**	(5,892,612)
Charge to Other Comprehensive Income	**(13,067,769)**	413,247
	(17,733,200)	(5,479,365)

26. Earnings Per Share

26.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

26.2 The following reflects the income and share data used in the Basic Earnings Per Share computations.

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Year ended 31st March	GROUP		COMPANY	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Amounts Used as the Numerators:				
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	**1,030,582,639**	125,165,569	**784,839,603**	1,107,699
	1,030,582,639	125,165,569	**784,839,603**	1,107,699

Year ended 31st March	2026 Number	2025 Number (Restated)	2026 Number	2025 Number (Restated)
Number of Ordinary Shares Used as Denominators:				
Weighted Average number of Ordinary Shares in issue applicable to Basic Earnings Per Share	**88,000,000**	88,000,000	**88,000,000**	88,000,000
Weighted Average number of Ordinary Shares applicable to Basic Earnings per share	**88,000,000**	88,000,000	**88,000,000**	88,000,000
	11.71	1.42	**8.92**	0.01

During the year ended 31 March 2026, the Company subdivided each ordinary share into five ordinary shares. In accordance with LKAS 33 – Earnings Per Share, the earnings per share for the comparative period has been restated to reflect the share subdivision.

There is no dilusion of EPS during the current financial year.

27. Cash And Cash Equivalents

Components of Cash and Cash Equivalents.

27.1 Favourable Cash and Cash Equivalent balance

Year ended 31st March	GROUP		COMPANY	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Cash and Bank Balances	**514,817,725**	381,797,129	**266,073,843**	202,470,042
	514,817,725	381,797,129	**266,073,843**	202,470,042

27.2 Unfavourable Cash and Cash Equivalent Balances

Year ended 31st March	GROUP		COMPANY	
	2026 LKR	2025 LKR	**2026 LKR**	2025 LKR
Bank Overdrafts	**(190,230,650)**	(237,357,993)	**(190,230,650)**	(232,176,007)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statements	**324,587,075**	144,439,136	**75,843,193**	(29,705,965)

28. Commitments and Contingencies

Commitments

Capital commitments approved and contracted as at the reporting date, but not provided for in the financial statements for the Group & Company is nil.

Contingencies (Group/Company)

Company has given Corporate Guarantee worth of Rs.400 million to Amana Bank PLC, Rs.650 million to MCB Bank Limited, Rs.810million to Commercial Bank of Ceylon PLC, Rs.250 million to Seylan Bank PLC, Rs.500 million to National Development Bank PLC and Rs.750 million to Hatton National Bank PLC on behalf of Fortune Agro Industries (Pvt) Ltd. for its working capital financing.

29. Assets Pledged

Assets pledged on bank loans are disclosed under Note 17.1.1 & 17.2.1 for group & company respectively.

30. Fair value of assets and liabilities

30.1 Fair Value of Assets and Liabilities Carried at Fair Value

A description of how fair values are determined for assets and liabilities that are recorded at fair value using valuation techniques is summarized below which incorporates the Group's estimate of assumptions that a market participant would make when valuing.

Property, Plant and Equipment

- Land have been valued according to the nature of the land, extent, location, accessibility, alternate user and present day market for similar land in such locations.
- Buildings have been valued at the current gross replacement cost and their site works less an allowance for all appropriate factors such as age, condition, functional and environmental obsolescence which result in the existing property being worthless than a new replacement.
- Other assets are valued on the Net Replacement Cost basis which is the value of the asset to the business or the "deprival value" namely the price the owner would have to pay in the market to require the asset in its existing condition or to recreate it if he was deprived of its ownership

Biological Assets – Consumable

The fair value of the consumable biological assets is substantially represented by formation cost, mainly due to the short life cycle of the birds and the fact that a significant share of the profits arises from the manufacturing process and not from the live birds.

Biological Assets – Bearer

The valuation model considers the present value of the net cash flows expected to be generated by breeder farming. The expected net cash flows are discounted using the risk adjusted discount rate.

Financial Assets at Fair Value through Profit or Loss

Financial assets at FairValue through Profit or Loss consist of quoted equities. Quoted equities classified as at FairValue through Profit or Loss. These financial assets are valued using quoted market prices using active markets as at the reporting date.

Financial Assets at Fair Value through OCI

Quoted equities classified as financial instruments at fair value through OCI, are valued using quoted market prices using active markets as at the reporting date.

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30.1.1 Fair Value Measurement – Group

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

As at 31st March 2026 – Group

		Fair Value Measurement Using		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
	LKR	LKR	LKR	LKR
Assets Measured at Fair Value				
Property, Plant and Equipment				
Freehold Land	1,030,434,124			1,030,434,124
Freehold and Leasehold buildings	694,363,991			694,363,991
Poultry Sheds	561,630,897			561,630,897
Furniture	100,403,472			100,403,472
Motor Vehicles	312,110,379			312,110,379
	2,698,942,862	–	–	2,698,942,862
Biological Assets – Consumable	486,215,449	–	–	486,215,449
Biological Assets – Bearer	1,496,099,220	–	–	1,496,099,220
Financial Assets at fair Value Through Profit or Loss				
Quoted Shares	93,253	93,253	–	–
Financial Assets at fair Value Through OCI				
Quoted Shares	1,078,472	1,078,472	–	–

As at 31st March 2025 – Group

		Fair Value Measurement Using		
	Total	Quoted Prices In Active Markets (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
	LKR	LKR	LKR	LKR
Assets Measured at Fair Value				
Property, Plant and Equipment				
Freehold Land	800,846,382			800,846,382
Freehold and Leasehold buildings	567,913,575			567,913,575
Poultry Sheds	601,809,840			601,809,840
Furniture	88,964,073			88,964,073
Motor Vehicles	215,030,440			215,030,440
	2,274,564,310	–	–	2,274,564,310
Biological Assets – Consumable	522,874,978	–	–	522,874,978
Biological Assets – Bearer	1,045,757,309	–	–	1,045,757,309
Financial Assets at Fair Value Through Profit or Loss				
Quoted Shares	96,662	96,662	–	–
Financial Assets at fair Value Through OCI				
Quoted Shares	919,287	919,287	–	–

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30.1.1.1 Level 3 Fair Value Measurement

Unobservable inputs used in measuring Fair Value.

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorized as Level 3 in the fair value hierarchy as at 31st March 2026

Type of Instrument	**Fair Values as at 31 March 2026 LKR**	Fair Values as at 31 March 2025 LKR	Valuation Technique	Significant Unobservable Inputs
Freehold Land	**1,030,434,124**	800,846,382	Market Comparison Method	Estimated Price per Perch
Freehold and Leasehold Buildings	**694,363,991**	567,913,575	Depreciated Replacement Cost.	Estimated Rate per Sq Ft
Poultry Sheds	**561,630,897**	601,809,840	Depreciated Replacement Cost.	Estimated Rate per Sq Ft
Furniture	**100,403,472**	88,964,073	Depreciated Replacement Cost.	Estimated Replacement Cost Adjusted for Wear and Tear
Motor Vehicles	**312,110,379**	215,030,440	Depreciated Replacement Cost.	Estimated Replacement Cost Adjusted for Wear and Tear
Biological Assets – Consumable	**486,215,449**	522,874,978	Formation Costs	Actual Costs Incurred which approximates to its fair value.
Biological Assets – Bearer	**1,496,099,220**	1,045,757,309	Discounted Cash flows	Mortality,,Egg Production rate,Hatchability of eggs, Day Old Chick Market Price & risk adjusted discount rate

30.1.2 Fair Value Measurement – Company

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

As at 31st March 2026 – Company

		Fair Value Measurement Using		
	Total	Quoted Prices In Active Markets (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
	LKR	LKR	LKR	LKR
Assets Measured at Fair Value				
Property, Plant and Equipment				
Freehold Land	66,442,500			66,442,500
Freehold and Leasehold Buildings	324,041,108			324,041,108
Poultry Sheds	170,088,036			170,088,036
Furniture	68,329,826			68,329,826
Motor Vehicles	297,110,463			297,110,463
	926,011,932	–	–	926,011,932
Biological Assets – Consumable	486,215,449	–	–	486,215,449
Biological Assets – Bearer	1,496,099,220	–	–	1,496,099,220
Financial Assets at Fair Value Through Profit or Loss				
Quoted Shares	93,252	93,252	–	–
Financial Assets at Fair Value Through OCI				
Quoted Shares	1,078,472	1,078,472	–	–
Assets for Which Fair Values are Disclosed				
Investment Property	73,435,000	–	–	73,435,000

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As at 31st March 2025- Company	Total LKR	Fair Value Measurement Using: Quoted Prices In Active Markets (Level 1) LKR	Significant Observable inputs (Level 2) LKR	Significant Unobservable inputs (Level 3) LKR
Assets Measured at Fair Value				
Property, Plant and Equipment				
Freehold Land	40,921,500			40,921,500
Freehold and Leasehold Buildings	200,965,217			200,965,217
Poultry Sheds	182,496,369			182,496,369
Furniture	63,494,022			63,494,022
Motor Vehicles	195,944,327			195,944,327
	683,821,434	–	–	683,821,434
Biological Assets – Consumable	522,874,978	–	–	522,874,978
Biological Assets – Bearer	1,045,757,309	–	–	1,045,757,309
Financial Assets at fair Value Through Profit or Loss				
Quoted Shares	96,662	96,662	–	–
Financial Assets at Fair Value Through OCI				
Quoted Shares	919,287	919,287	–	–
Assets for which Fair Values are Disclosed				
Investment Property	64,308,371	–	–	64,308,371

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30.2 Fair Value of Financial Instruments

Set out below is the comparison, by class, of the carrying amounts and fair values of the group's financial instruments that are not carried at fair value in the financial statements.

Year ended 31st March	GROUP				COMPANY			
	2026		2025		2026		2025	
	Carrying Amount LKR	**Fair Value LKR**	Carrying Amount LKR	Fair Value LKR	**Carrying Amount LKR**	**Fair Value LKR**	Carrying Amount LKR	Fair Value LKR
Financial Assets								
Trade and Other Receivables, Net	**1,034,381,918**	**1,034,381,918**	861,515,068	861,515,068	**1,304,920,902**	**1,304,920,902**	1,181,278,228	1,181,278,228
Amounts Due from Related Parties	**–**	**–**	939,883	939,883	**902,706,350**	**902,706,350**	803,178,316	803,178,316
Cash and Bank Balances	**514,817,725**	**514,817,725**	381,797,129	381,797,129	**266,073,843**	**266,073,843**	202,470,042	202,470,042
Total Financial Assets	**1,549,199,643**	**1,549,199,643**	1,244,252,081	1,244,252,081	**2,473,701,094**	**2,473,701,094**	2,186,926,586	2,186,926,586
Financial Liabilities								
Trade and Other Payables	**1,134,557,540**	**1,134,557,540**	1,087,222,617	1,087,222,617	**3,704,686,495**	**3,704,686,495**	3,662,029,477	3,662,029,477
Amounts Due to Related Parties	**–**	**–**	–	–	**20,980,522**	**20,980,522**	41,100,586	41,100,586
Financing and Lease (Ijara) Payables	**2,808,439,965**	**2,808,439,965**	2,258,157,111	2,258,157,111	**2,396,648,323**	**2,396,648,323**	1,778,977,116	1,778,977,116
Total Financial Liabilities	**3,942,997,505**	**3,942,997,505**	3,345,379,728	3,345,379,728	**6,122,315,340**	**6,122,315,340**	5,482,107,179	5,482,107,179

Fair Value of Financial Assets and Liabilities not Carried at Fair Value

The following describes the methodologies and assumptions used to determine the fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets and Liabilities for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values. This assumption is applied to cash and cash equivalents, trade and other receivables, amounts due from and to related parties and trade and other payables.

Financing & Lease (Ijara) Payables for which periodical interest is paid are also considered to be carried at fair value in the books since the original financing rate does not differ materially from the current market rate.

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30.3 Analysis of Financial Instruments by Measurement Basis – Group

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 09.

As at 31st March 2026	Financial Assets at				
	Fair value through Profit or loss LKR	Amortized Cost LKR	Fair Value Through OCI LKR	Amortized Cost LKR	Total LKR
Financial Assets					
Other Investments	25,593,253	–	1,078,472	–	26,671,724
Trade and Other Receivables	–	–	–	1,034,381,918	1,034,381,918
Amounts Due from Related Parties	–	–	–	–	–
Cash and Bank Balances	–	–	–	514,817,725	514,817,725
Total Financial Assets	25,593,253	–	1,078,472	1,549,199,643	1,575,871,367
Financial Liabilities					
Trade and Other Payables	–	–	–	1,134,557,540	1,134,557,540
Financing and Lease (Ijara) Payables	–	–	–	2,808,439,965	2,808,439,965
Total Financial Liabilities	–	–	–	3,942,997,505	3,942,997,505

As at 31st March 2025	Financial Assets at				
	Fair value through Profit or loss LKR	Amortized Cost LKR	Fair Value Through OCI LKR	Amortized Cost LKR	Total LKR
Financial Assets					
Other Investments	25,596,662	–	919,287	–	26,515,949
Trade and Other Receivables	–	–	–	861,515,068	861,515,068
Amounts Due from Related Parties	–	–	–	939,883	939,883
Cash and Bank Balances	–	–	–	381,797,129	381,797,129
Total Financial Assets	25,596,662	–	919,287	1,244,252,081	1,270,768,030
Financial Liabilities					
Trade and Other Payables	–	–	–	1,087,222,617	1,087,222,617
Financing and Lease (Ijara) Payables	–	–	–	2,258,157,111	2,258,157,111
Total Financial Liabilities	–	–	–	3,345,379,728	3,345,379,728

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30.4 Analysis of Financial Instruments by Measurement Basis – Company

As at 31st March 2026	Financial Assets at				
	Fair value through Profit or loss LKR	Amortized Cost LKR	Fair Value Through OCI LKR	Amortized Cost LKR	Total LKR
Financial Assets					
Other Investments	93,252	–	1,078,472	–	1,171,724
Trade and Other Receivables	–	–	–	1,304,920,902	1,304,920,902
Amounts Due from Related Parties	–	–	–	902,706,350	902,706,350
Cash and Bank Balances	–	–	–	266,073,843	266,073,843
Total Financial Assets	93,252	–	1,078,472	2,473,701,094	2,474,872,818
Financial Liabilities					
Trade and Other Payables	–	–	–	3,704,686,495	3,704,686,495
Amounts Due to Related Parties	–	–	–	20,980,522	20,980,522
Financing and Lease (Ijara) Payables	–	–	–	2,396,648,323	2,396,648,323
Total Financial Liabilities	–	–	–	6,122,315,340	6,122,315,340

As at 31 March 2025	Financial Assets at				
	Fair value through Profit or loss LKR	Amortized Cost LKR	Fair Value Through OCI LKR	Amortized Cost LKR	Total LKR
Financial Assets					
Other Investments	96,662	–	919,287	–	1,015,949
Trade and Other Receivables	–	–	–	1,181,278,228	1,181,278,228
Amounts Due from Related Parties	–	–	–	803,178,316	803,178,316
Cash and Bank Balances	–	–	–	202,470,042	202,470,042
Total Financial Assets	96,662	–	919,287	2,186,926,586	2,187,942,535
Financial Liabilities					
Trade and Other Payables	–	–	–	3,662,029,477	3,662,029,477
Amounts Due to Related Parties	–	–	–	41,100,586	41,100,586
Financing and Lease (Ijara) Payables	–	–	–	1,780,718,125	1,780,718,125
Total Financial Liabilities	–	–	–	5,483,848,188	5,483,848,188

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31. Risk Management

31.1 Introduction

The group's principal financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the group's operations.

The group has trade and other receivables, amounts due from related parties and cash and short-term deposits that arrive directly from its operations.

The group is exposed to credit risk, liquidity risk and market risk.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include investments in equity securities.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the entity's financial performance.

31.2 Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities. Company evaluates the credit worthiness of the customer before the appointment. Further it takes a refundable deposits from day old chicks customer, bank guarantee from its broiler chicken distributors and performs periodical debtors review and thereby assess the individual debtors' status.

31.2.1 The following table shows the overdue amounts for the financial assets categories.

As at 31st March 2026	GROUP		COMPANY	
	Neither Past Due nor Impaired LKR	Overdue LKR	Neither Past Due nor Impaired LKR	Overdue LKR
Carrying Amount				
Trade and Other Receivables	838,235,941	238,554,090	669,630,435	673,976,128
Cash and Cash Equivalents	514,817,725	–	266,073,843	–
Amounts Due From Related Parties	–	–	902,706,350	–
	1,353,053,666	238,554,090	1,838,410,628	673,976,128

As at 31st March 2025	GROUP		COMPANY	
	Neither Past Due nor Impaired LKR	Overdue LKR	Neither Past Due nor Impaired LKR	Overdue LKR
Carrying amount				
Trade and Other Receivables	742,770,024	154,910,682	629,184,132	587,361,041
Cash and Cash Equivalents	381,797,129	–	202,470,042	–
Amounts due from Related Parties	939,883	–	803,178,316	–
	1,125,507,037	154,910,682	1,634,832,490	587,361,041

31.2.2 Age Analysis of Trade Receivables

	GROUP						
		Past Due But Not Impaired					
	Not Past Due	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Impaired	Total
Trade Receivables Net – 2026	**838,235,941**	**122,361,027**	**27,723,745**	**51,658,604**	**36,810,714**	**(42,408,113)**	**1,034,381,918**
Trade Receivables Net – 2025	742,770,024	79,561,733	23,679,860	31,849,064	19,820,024	(36,165,638)	861,515,068

	COMPANY						
		Past Due But Not Impaired					
	Not Past Due	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Impaired	Total
Trade Receivables Net – 2026	**669,630,435**	**188,888,189**	**62,455,535**	**121,688,460**	**300,943,944**	**(38,685,662)**	**1,304,920,902**
Trade Receivables Net – 2025	629,184,132	111,366,257	99,969,988	61,371,498	314,653,298	(35,266,945)	1,181,278,228

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31.2.3 Exposure to Credit Risk

The following table shows the maximum exposure and net exposure to credit quality by class of financial assets.

As at 31st March 2026	GROUP		COMPANY	
	Gross Exposure LKR	Net Exposure LKR	Gross Exposure LKR	Net Exposure LKR
Carrying amount				
Trade and Other Receivables	1,034,381,918	1,034,381,918	1,304,920,902	1,304,920,902
Cash and Cash Equivalents	514,817,725	514,817,725	266,073,843	266,073,843
Amounts due from Related Parties	–	–	902,706,350	902,706,350
Other Investments	26,671,724	26,671,724	1,171,724	1,171,724
	1,575,871,367	1,575,871,367	2,474,872,818	2,474,872,818

As at 31st March 2025	GROUP		COMPANY	
	Gross Exposure LKR	Net Exposure LKR	Gross Exposure LKR	Net Exposure LKR
Carrying amount				
Trade and Other Receivables	861,515,068	861,515,068	1,181,278,228	1,181,278,228
Cash and Cash Equivalents	381,797,129	381,797,129	202,470,042	202,470,042
Amounts due from Related Parties	939,883	939,883	803,178,316	803,178,316
Other Investments	26,515,949	26,515,949	1,015,949	1,015,949
	1,270,768,030	1,270,768,030	2,187,942,535	2,187,942,535

31.3 Liquidity Risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by monitoring and managing its cash requirements to ensure access to sufficient funds to meet operational and investing requirements. The primary source of liquidity is cash generated from operations and supplemented by credit facilities.

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31.3.1 Maturity Analysis of Financial Assets and Financial Liabilities

An analysis of financial assets and financial liabilities based on the remaining period at the Reporting date to the respective contractual maturity dates is as follows.

Year ended 31st March	GROUP					
	2026			2025		
	With in 12 Months LKR	**After 12 Months LKR**	**Total as at 31.03.2026 LKR**	With in 12 Months LKR	After 12 Months LKR	Total as at 31.03.2025 LKR
Assets						
Trade and Other Receivables, Net	**1,034,381,918**	**–**	**1,034,381,918**	861,515,068	–	861,515,068
Amounts Due from Related Parties	**–**	**–**	**–**	939,883	–	939,883
Cash and Bank Balances	**514,817,725**	**–**	**514,817,725**	381,797,129	–	381,797,129
Other Investments	**25,593,253**	**1,078,472**	**26,671,724**	25,596,662	919,287	26,515,949
Total Assets	**1,574,792,895**	**1,078,472**	**1,575,871,367**	1,269,848,742	919,287	1,270,768,030
Liabilities						
Trade and Other Payables	**1,134,557,540**	**–**	**1,134,557,540**	1,087,222,617	–	1,087,222,617
Amounts Due to Related Parties	**–**	**–**	**–**	–	–	–
Financing and Lease (Ijara) Payables	**1,904,390,040**	**904,049,925**	**2,808,439,965**	1,713,982,941	544,174,170	2,258,157,111
Total Liabilities	**3,038,947,581**	**904,049,925**	**3,942,997,505**	2,801,205,558	544,174,170	3,345,379,728
Net	**(1,464,154,685)**	**(902,971,453)**	**(2,367,126,138)**	(1,531,356,815)	(543,254,883)	(2,074,611,698)

31.4 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

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COMPANY					
2026			2025		
With in 12 Months LKR	After 12 Months LKR	Total as at 31.03.2026 LKR	With in 12 Months LKR	After 12 Months LKR	Total as at 31.03.2025 LKR
1,304,920,902	–	1,304,920,902	1,181,278,228	–	1,181,278,228
902,706,350	–	902,706,350	803,178,316	–	803,178,316
266,073,843	–	266,073,843	202,470,042	–	202,470,042
93,252	1,078,472	1,171,724	96,662	919,287	1,015,948
2,473,794,346	1,078,472	2,474,872,818	2,187,023,248	919,287	2,187,942,534
3,704,686,495	–	3,704,686,495	3,662,029,477	–	3,662,029,477
20,980,522	–	20,980,522	41,100,586	–	41,100,586
1,806,055,816	590,592,507	2,396,648,323	1,629,330,365	149,646,751	1,778,977,116
5,531,722,833	590,592,507	6,122,315,340	5,332,460,428	149,646,751	5,482,107,179
(3,057,928,487)	(589,514,036)	(3,647,442,522)	(3,145,437,180)	(148,727,465)	(3,294,164,645)

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Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings.

The Group's and the company's profit before tax is affected through the impact on floating rate borrowings as follows.

Increase/Decrease in Basis Points	2026		2025	
	Group Effect on Profit Before Tax	**Company Effect on Profit Before Tax**	Group Effect on Profit Before Tax	Company Effect on Profit Before Tax
+100	**(28,084,400)**	**(23,966,483)**	(22,581,571)	(17,789,771)
-100	**28,084,400**	**23,966,483**	22,581,571	17,789,771

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

32. Related party disclosures

32.1 Transactions with related entities

The Company carried out following transactions with related parties in the ordinary course of its business at commercial rates during the year.

32.1.1 Subsidiaries

Nature of transactions	GROUP		COMPANY	
	2026 LKR	2025 LKR	**2026 LKR**	2025 LKR
Sales	**–**	–	**721,103,784**	568,233,227
Purchases	**–**	–	**600,003,582**	600,003,582
Hatching Fees	**–**	–	**209,137,821**	294,781,318
Dividend Income	**–**	–	**–**	35,420,071
Shared Service Income	**–**	–	**55,555,762**	56,657,105
Expenses Incurred	**–**	–	**383,999,547**	275,441,911
Collection	**–**	–	**987,374,733**	1,842,819,556
Settlement	**–**	–	**672,386,187**	692,201,240

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32.1.2 Joint Ventures

Nature of transactions	GROUP		COMPANY	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Sales	**92,001,626**	70,766,352	**92,001,626**	70,766,352
Corporate guarantee Fee	**18,450,000**	18,450,000	**18,450,000**	18,450,000
Purchases	**9,222,003,389**	7,771,457,567	**9,222,003,389**	7,771,457,567
Dividend Income	**137,250,000**	139,300,000	**137,250,000**	139,300,000
Collection	**227,184,797**	90,016,915	**227,184,797**	90,016,915
Settlement	**9,261,134,078**	8,552,843,439	**9,261,134,078**	8,552,843,439

32.1.3 Recurrent Transactions with Related Parties

The following related party transaction for the year under review has been disclosed as per the listing rule 9.3.2 (b).

The below transactions were carried out under usual trade terms and conditions.

Name of the Related Party	Relationship	Nature of the Transaction	Value of Transactions	As a % of Net Income
Group				
Fortune Agro Industries (Pvt) Ltd.	Joint Venture	Feed Purchases	8,949,079,207	59
Company				
Fortune Agro Industries (Pvt) Ltd.	Joint Venture	Feed Purchases	8,949,079,207	66

32.1.4 Non Recurrent Transactions with Related Parties

Company has given Corporate Guarantee worth of Rs.400 million to Amana Bank PLC, Rs. 650 million to MCB Bank Limited, Rs.810 million to Commercial Bank of Ceylon PLC, Rs.250 million to Seylan Bank PLC, Rs.500 million to National Development Bank PLC and Rs. 750 million to Hatton National Bank PLC on behalf of Fortune Agro Industries (Pvt) Ltd. for its working capital financing.

Name of the Related Party	Relationship	Value of Transaction	As a % of Equity	As a % of Total Assets
Fortune Agro Industries (Pvt) Ltd.	Joint Venture	3,360,000,000	49	29

The gurantees were given to the respective banks in order to facilitate raw material imports of Fortune Agro Industries (Pvt) Ltd. .

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32.2 Transactions with Key Management Personnel

The Key Management Personnel of the Company are the members of its Board of Directors. Transactions with close family members of Key Management Personnel are also taken in to account in the transactions with Key Management Personnel.

	GROUP		COMPANY	
Nature of transactions	**2026 LKR**	2025 LKR	**2026 LKR**	2025 LKR
(a) Transactions with Key Management Personnel or their Close Family Members				
Rent of Premises owned by Key Management Personnel	**7,416,000**	7,416,000	**7,416,000**	7,416,000
(b) Key Management Personnel Compensation				
Short-term employee benefits	**75,588,750**	70,118,561	**75,588,750**	70,118,561

32.3 Trade Dues Receivable from Related Parties, Amounts Due from Related Parties, Trade Dues Payable to Related Parties, and Amounts Due to Related Parties as at the reporting date are disclosed in Note 13.2, 14, 19.1 & 21 respectively.

32.4 Corporate Guarantees were given to related parties are disclosed in Note 28.

32.5 Terms and Conditions of Transactions with the Related Companies

Outstanding balances at the year-end relating to the related Companies are unsecured, interest free, and all related-party dues are on demand. There have been no guarantees provided or received for any related party receivables or payables for the year ended 31st March 2026. The Group has recorded an impairment of receivables relating to amounts owed by related parties (2024/25 – Rs. Nil) Refer to Note 14.

33. Events Occurring After The Reporting Period

There have been no material events occurring after the Statement of Financial Position date that require adjustments to or disclosure in the Financial Statements.

34. Capital Management

The Company's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Company recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The company's capital structure consists comprising share capital, reserves and retained earnings, as disclosed in the statement of changes in equity.

35. Reclassification Of Comparatives

During the current financial year, the Company revised the presentation of related party balances by presenting receivable and payable balances separately on a gross basis rather than on a net basis. Accordingly, comparative figures have been reclassified to conform to the current year's presentation.

This reclassification affects only the presentation of the financial statements and has no impact on the previously reported profit for the year, total equity, or cash flows.

The impact of the reclassification on the comparative figures is set out below.

		COMPANY		
	Note	Previously Reported LKR	Impact of Adjustment LKR	Reclassified Amount LKR
Trade And Other Payables				
Trade Receivables – Related Parties	13.2	482,025,591	44,378,350	526,403,941
Trade Dues Receivable from Related Parties				
Bairaha Foods (Pvt) Ltd		385,333,585	9,052,333	394,385,919
Hill Country Farms Ltd		–	7,164,678	7,164,678
Nature's Best Industry Ltd		–	28,161,338	28,161,338
		385,333,585	44,378,350	429,711,935
Trade And Other Payables				
Trade Creditors – Related Parties	19.1	3,322,415,195	44,378,350	3,366,793,545
Trade Dues Payable to Related Parties				
Bairaha Foods (Pvt) Ltd		–	9,052,333	9,052,333
Nature's Best Industries Ltd		686,400,385	28,161,338	714,561,723
Hill Country Farms Ltd		1,116,006,504	7,164,678	1,123,171,182
		1,802,406,889	44,378,350	1,846,785,239



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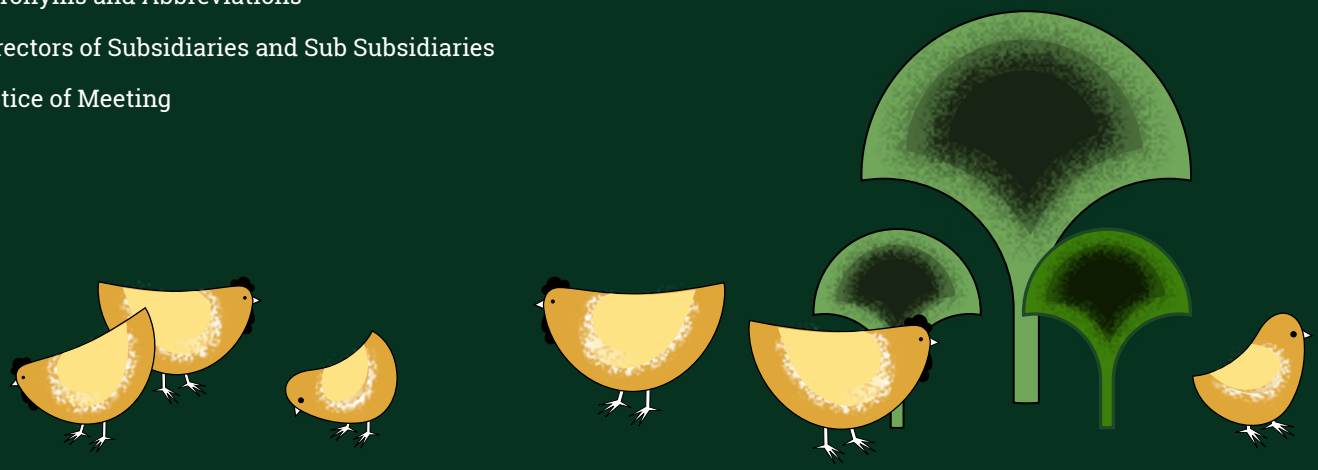

Ten Year Financial Summary

Income Statement

Year ended 31st March	2026 LKR Mn.	2025 LKR Mn.	2024 LKR Mn.	2023 LKR Mn.	2022 LKR Mn.	2021 LKR Mn.	2020 LKR Mn.	2019 LKR Mn.	2018 LKR Mn.	2017 LKR Mn.
Revenue	**15,291**	13,916	13,291	11,868	6,742	5,057	4,361	4,724	4,215	4,364
Gross Profit	**2,883**	1,733	2,156	1,601	1,336	819	446	1,076	993	1,203
Profit from Operations	**1,081**	105	559	367	663	256	(57)	545	552	805
Share of profit from joint venturs & associates (net of tax)	**351**	286	262	330	171	167	(62)	41	34	126
Profit before Tax	**1,225**	133	430	468	793	359	(193)	510	500	863
Income Tax Expense	**(224)**	(11)	6	(185)	(28)	(12)	(3)	(97)	(95)	(161)
Profit for the Year	**1,001**	122	436	283	765	347	(196)	413	404	702

Balance Sheet

Year ended 31st March	2026 LKR Mn.	2025 LKR Mn.	2024 LKR Mn.	2023 LKR Mn.	2022 LKR Mn.	2021 LKR Mn.	2020 LKR Mn.	2019 LKR Mn.	2018 LKR Mn.	2017 LKR Mn.
Assets										
Non-current Assets										
Property, Plant and Equipment	**4,905**	3,869	3,746	3,456	2,501	2,350	2,346	2,167	2,086	2,047
Right-of-use-Asset	**17**	23	29	4	9	13	18	–	–	–
Investments in Joint Ventures	**2,310**	2,081	1,934	1,433	1,176	1,105	931	919	913	872
Investments in associates	**–**	–	–	–	–	–	–	–	–	–
Biological Assets	**109**	131	105	51	105	33	60	51	68	84
Other Non-Current Assets	**24**	27	32	37	41	40	38	30	5	5
Total Non-current Assets	**7,365**	6,131	5,846	4,981	3,832	3,541	3,393	3,168	3,072	3,008
Current Assets										
Inventories	**687**	692	607	986	362	245	374	216	166	156
Trade and Other Receivables	**1,277**	1,139	1,211	926	694	497	491	521	491	450
Biological Assets	**1,873**	1,438	1,458	1,331	651	679	553	477	420	335
Cash and Bank Balances	**515**	382	295	239	541	237	159	430	438	377
Other Current Assets	**34**	48	52	52	121	92	93	149	43	24
Total Current Assets	**4,386**	3,699	3,623	3,534	2,369	1,750	1,669	1,792	1,557	1,342
Total Assets	**11,751**	9,830	9,469	8,515	6,201	5,290	5,061	4,960	4,629	4,350

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Year ended 31st March	2026 LKR Mn.	2025 LKR Mn.	2024 LKR Mn.	2023 LKR Mn.	2022 LKR Mn.	2021 LKR Mn.	2020 LKR Mn.	2019 LKR Mn.	2018 LKR Mn.	2017 LKR Mn.
Equity and liabilities										
Equity										
Stated Capital	**536**	536	536	536	256	256	256	256	256	256
Revaluation Surplus	**1,250**	1,105	1,105	817	573	580	508	421	421	425
Retained Earnings	**5,155**	4,213	4,175	3,868	3,961	3,284	2,937	3,197	2,893	2,601
Non-Controlling Interest	**(33)**	(3)	–	–	–	–	–	–	–	–
Other Reserves	**(36)**	(7)	(8)	(13)	(5)	(7)	(3)	(8)	(10)	(1)
Total Equity	**6,872**	5,844	5,808	5,208	4,785	4,114	3,698	3,866	3,560	3,281
Non-Current Liabilities										
Financing and Lease Payables	**910**	544	344	364	258	142	258	298	393	483
Other Non-Current Liabilities	**817**	627	622	611	272	276	239	243	237	168
Total Non-Current Liabilities	**1,727**	1,171	966	975	530	418	497	541	629	651
Current Liabilities										
Trade and Other Payables	**1,135**	1,087	569	693	595	374	459	352	275	218
Financing and Lease Payables	**1,898**	1,714	2,118	1,633	275	369	393	187	153	156
Other Current Liabilities	**119**	14	8	6	16	15	15	14	12	44
Total Current Liabilities	**3,152**	2,815	2,695	2,332	886	758	866	553	440	418
Total Equity and Liabilities	**11,751**	9,830	9,469	8,515	6,201	5,290	5,061	4,960	4,629	4,350

Key ratios

Year ended 31st March	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Gross Profit Margin (%)	**18.9**	12.5	16.2	13.5	19.8	16.2	10.2	22.8	23.6	27.6
Net Profit Margin (%)	**6.5**	0.9	3.3	2.4	11.4	6.9	(4.5)	8.7	9.6	16.1
Return on Average Assets (%)	**9.3**	1.3	4.8	3.8	13.3	6.7	(3.9)	8.6	9.0	17.4
Return on Average Equity (%)	**15.7**	2.1	7.9	5.7	17.2	8.9	(5.2)	11.1	11.8	23.5
Current Ratio (x)	**1.39**	1.3	1.3	1.5	2.7	2.3	1.9	3.2	3.5	3.2
Debt-to-Capital Ratio (%)	**29.0**	27.9	29.8	27.7	10.0	11.0	15.0	11.1	13.3	16.3
Earnings Per Share (LKR)*	**11.7**	1.4	5.0	3.2	8.7	3.9	(2.2)	4.7	4.6	8.0
Net assets Per Share (LKR)	**78.1**	332.0	330.0	295.9	299.1	257.1	231.1	241.6	222.5	205.1
Market Price Per Share (LKR)	**71.00**	164.75	173.0	145.0	151.3	137.8	78.7	114.8	134.6	160.2
Dividend Per Share (LKR)	**1.0**	5.0	7.3	6.0	6.0	–	4.0	8.0	6.0	7.5
Price Earnings Ratio (x)	**6.1**	23.2	7.0	9.0	3.2	6.3	(6.4)	4.4	5.3	3.7
Price to Book Value (x)	**0.9**	0.5	0.5	0.5	0.5	0.5	0.3	0.5	0.6	0.8
Dividend Yield (%)	**1.4**	3.0	4.2	4.1	4.0	–	5.1	7.0	4.5	4.7
Dividend Payout (%)	**8.5**	70.4	29.5	37.3	12.5	–	32.6	31.0	23.7	17.1

**EPS has been restated to reflect the share split for ease of comparison.*

Key Financial Ratios and Financial Terms

Financial Performance

Gross profit margin = Gross profit for the year / Revenue

Gross profit is revenue – Cost of sales which represents direct cost of production in farms and factories in deriving a saleable product to the end customer.

Operating profit margin = Operating profit for the year / Revenue for the year

Operating profit is gross profit less sales and distribution expenses and administration expenses adding up any operating income.

Share of profit from joint venture is the percentage share of the net profit generated from joint venture operations proportionate to the investment amount made.

Net profit margin = Net profit after tax including profit from joint venture operations / Revenue

Return on equity = Net profit after tax / Average equity

Average equity is the average equity figure (on Book Value basis) between last year and current year.

Financial leverage = Total assets / Total equity

(Based on average method between last year and current year)

Asset turnover = Revenue / Average assets

Return on assets = Net profit after tax / Average of total assets between last year and current year

Financial Position and Cash Flow Management

Debt to capital = Total borrowing from bank as at the year end / Total capital which includes shareholders' funds and borrowings from the bank

Current ratio = Current assets at the year end / Current liabilities at the year end

Quick ratio = Liquid current assets which excludes stocks and related party dues / Current liabilities at the year end

Working Capital turnover = Revenue / Year end working capital which is calculated as total stocks including biological assets classified under current assets plus trade receivables minus trade payables

Shareholder Returns

Earnings per share = Net profit after tax attributable to Equity Holders / Total shares as at year end

Net book value per share = Total equity value / Total shares at the year end

Price earnings ratio = Market price per share / Earnings per share

Price to book value ratio = Market price per share / Net book value per share

Dividend payout = Per share dividend declared for the year / Earnings per share

Dividend yield = Per share dividend declared for the year / Market price per share

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Acronyms and Abbreviations

	Acronym	Full-form
B	Bn.	Billion
C	CAGR	Compound Annual Growth Rate
	CBSL	Central Bank of Sri Lanka
	CEA	Central Environment Authority
	CEB	Ceylon Electricity Board
	CEO	Chief Executive Officer
	CSR	Corporate Social Responsibility
	CWIP	Capital Work-in-Progress
D	DAPH	Department of Animal Production and Health
	DOCs	Day-old Chicks
E	EFF	Extended Fund Facility
	EMC	Executive Management Committee
	EPF	Employees' Provident Fund
	EPS	Earnings Per Share
	ERP	Enterprise Resource Planning
	ETF	Employees' Trust Fund
	EU	European Union
F	FAIPL	Fortune Agro Industries (Pvt) Ltd.
	FGPFLL	Fortune G-P Farms Lanka Ltd.
G	g	Gram(s)
	GMP	Good Manufacturing Practices
	GoSL	Government of Sri Lanka
	GP	Grandparent
	GRI	Global Reporting Initiative
H	HACCP	Hazard Analysis and Critical Control Point
	HoReCa	Hotels, Restaurants, and Cafes
	HPAI	Highly Pathogenic Avian Influenza
I	IFRIC	International Financial Reporting Interpretations Committee
	IMF	International Monetary Fund
	ISO	International Standards Organization
J	JV	Joint Venture
K	KVA	Kilovolt Ampere
L	LKAS	Sri Lanka Accounting Standards
	LKR	Sri Lankan Rupees
M	MD	Managing Director
	mg	Milligram
	Mn.	Million
N	NED	Non-Executive Director
P	PHI	Public Health Inspector
R	RoE	Return on Equity
S	SLAuSs	Sri Lanka Auditing Standards
	SLFRS	Sri Lanka Financial Reporting Standards
	SME	Small and Medium Enterprises
U	USD	United States Dollar
Y	YoY	Year-on-Year

Directors of Subsidiaries and Sub Subsidiaries

Subsidiaries				
Bairaha Foods (Pvt) Ltd.	Mr M N M Yakooth	Mr M Y M Riyal		
Lanka Land Development Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak
HCF Land Development Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak
BF Lands Development Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak
Golden Rooster Restaurants (Pvt) Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	
Siyane Farms Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak
Nature's Best Industry Ltd.	Mr M N M Yakooth	Mr M Y M Riyal		
Regency Real Estate Company Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak
Global Reach Foods (Pvt) Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M I Wahid	Mr A Wickramage Mr M I Mohideen
Care 4 wellbeing (Pvt) Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M I Wahid	Dr A K E Gunathilaka Dr A S D Perera

Sub Subsidiaries				
Hill County Farms Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak
Foster Real Estate Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak
Bairaha Trading (Private) Ltd.	Mr M N M Yakooth	Mr M Y M Riyal	Mr M N M Kamil	Mr M N M Mubarak

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty First (51st) Annual General Meeting of Bairaha Farms PLC will be held on 30 June 2026 at 11.30 a.m. at the Auditorium, Sri Lanka Foundation Institute, 100, Padanama Mawatha, Independence Square, Colombo 07 for the following purposes:

1.0 Ordinary Business

1.1 To receive and consider the Annual Report of the Board of Directors on the Affairs of the Company and its subsidiaries and the financial statements for the year ended 31 March 2026 and the Report of the Auditors thereon.

1.2 To re-elect as a Director, Mr M Y M Riyal, who retires by rotation in terms of Articles 87 and 88 of the Articles of Association of the Company.

1.3 To re-elect as a Director, Mr M N M Kamil, who retires by rotation in terms of Articles 87 and 88 of the Articles of Association of the Company.

1.4 To pass the ordinary resolution set out below to re-appoint Mr M R Mihular who is 70 years of age as a Director of the Company:

"**IT IS HEREBY RESOLVED THAT** the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr M R Mihular who is 70 years of age and that he be and is hereby re-appointed a Director of the Company."

1.5 To authorise the Directors to determine donations as they think fit during the year ending 31 March 2027 and up to the date of the next Annual General Meeting.

1.6 To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.

2.0 Special Business

2.1 To pass the ordinary resolution set out below to approve the continuation of Mr M R Mihular, who attained the age of 70 years, as an Independent Non-Executive Director of the Company:

"**IT IS HEREBY RESOLVED THAT** based on the recommendation of the Nominations and Governance Committee, along with the justification and rationale, and the confirmation by the Board of Directors of the Company as set out in the Annual Report of the Board of Directors, Mr M R Mihular, who attained the age of 70 years on 18 June 2026, shall continue to serve as an Independent Non-Executive Director of the Company in accordance with Rule 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange.

IT IS FURTHER RESOLVED THAT Mr M R Mihular shall continue to serve in the capacity of Independent Non-Executive Director until the next Annual General Meeting of the Company."

By Order of the Board

BAIRAHA FARMS PLC

(Sgd.)

P W CORPORATE SECRETARIAL (PVT) LTD.
Director/Secretaries

2 June 2026

Colombo

Notes:

1. A shareholder is entitled to appoint a proxy to attend and vote on his/her behalf, and such proxy need not be a shareholder of the Company.
2. A Form of Proxy is enclosed herewith for this purpose.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 2nd Floor, No. 407, Galle Road, Colombo 03, by 11.30 a.m. on 28 June 2026. The envelope containing the Proxy Form should be marked "Annual General Meeting" on the top left-hand corner and addressed to the Secretaries, Bairaha Farms PLC, 2nd Floor, No. 407, Galle Road, Colombo 03.
4. Shareholders/proxyholders attending the Meeting are requested to bring their National Identity Cards. The Attendance Slip (Business Reply Card) enclosed herewith should be completed and posted to the Company to reach it by 11.30 a.m. on 28 June 2026.

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Form of Proxy

I/We* .....

(NIC/Passport/Company Reg. No. .....) of .....

being a Shareholder/s* of Bairaha Farms PLC hereby appoint:

(1) .....

(NIC/Passport No. .....) of .....

or failing him/her*,

(2) Chairman of the Company or failing him one of the Directors of the Company as my/our* proxy to represent, speak and vote for me/us* and on my/our* behalf at the Fifty First Annual General Meeting of the Company to be held on 30th of June 2026 at 11.30 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereon.

	For	Against
1.0 Ordinary Business		
1.1 To re-elect Mr M Y M Riyal as a Director of the Company.		
1.2 To re-elect Mr M N M Kamil as a Director of the Company.		
1.3 To pass the ordinary resolution set out under item 1.4 of the Notice of Meeting for the re-appointment of Mr M R Mihular as a Director of the Company.		
1.4 To authorise the Directors to determine donations for the year ending 31 March 2027 and up to the date of the next Annual General Meeting.		
1.5 To re-appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.		
2.0 Special Business To consider and, if thought fit, to pass the Ordinary Resolution set out under item 2.1 of the Notice of Meeting.		

In witness my/our* hands this ..... day of .....

Two Thousand and Twenty Six.

.....

Signature of Shareholder/s*

** Delete whichever is inapplicable.*

Notes:

1. A proxy need not be a shareholder of the Company.
2. Instructions as to completion of Form of Proxy appear overleaf.

Instructions as to Completion

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

2. The Proxy shall –

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

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

3. Please indicate with a "X" how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.

4. To be valid, the completed Form of Proxy must be deposited at the Registered Office, 2nd Floor, No. 407, Galle Road, Colombo 03 by 11.30 a.m. on 28 June 2026.

Corporate Information

Company Name
Bairaha Farms PLC

Company Registration Number
PQ 122

Legal Form
Public Limited Liability Company

Registered Office
No. 407, 2nd Floor,
Galle Road, Colombo 3
Phone: +94 11 257 5255
Telefax: +94 11 257 5256
Website: www.bairaha.com
Email: corporateoffice@bairaha.com

Directors
Mr Reyaz Mihular
Chairman

Mr Yakooth Naleem
Managing Director/
Chief Executive Officer

Mr Riyal Yakoob
Executive Director

Mr Kamil Naleem
Executive Director

Mr Mubarak Naleem
Executive Director

Mr M I Wahid
Executive Director/Operations

Mr Olga Ashley Herath
Non-Executive Director

Ms Radhika Ratnayake
Non-Executive Director

Auditors
Ernst Young,
Chartered Accountants,
Rotunda Towers,
No. 109, Galle Road,
Colombo 3

Secretaries
P W Corporate Secretarial (Pvt) Ltd.
No. 3/17, Kynsey Road,
Colombo 8
Phone: +94 11 464 0360

Registrars
Central Depository Systems (Pvt) Ltd.
Ground Floor,
MM Center,
341/5, Kotte Road,
Rajagiriya
Phone: +94 11 235 6444

Main Bankers
Amãna Bank PLC
No. 365, Galle Road,
Colombo 3

Seylan Bank PLC
Seylan Towers,
No. 90, Galle Road,
Colombo 3

Hatton National Bank
No. 502/1A, Colpetty Road,
Marine Drive,
Colombo 3

Bank of Ceylon
Corporate Branch,
No. 4, Bank of Ceylon Mawatha,
Colombo 1

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