RENEWED



KEELLS KREST

Keells Food Products PLC | Annual Report 2025/26



Read the Keells Food Products PLC
Annual Report 2025/26
https://www.keellsfoods.lk/investor-relations/#financial-reports

RENEWED

For Keells Food Products PLC (KFP), this year represented a deliberate turnaround in operational excellence, focus and growth. Every step taken was directed towards restoring momentum and laying the groundwork for sustainable growth, guided by a conscious balance between strengthening our core and expanding into new opportunities.

That momentum was not only rebuilt, but was also converted into tangible results. This report showcases those results and the strong performance, refined actions and improved operational architecture that influenced their achievement.

In this year of growth, we took a strategic shift forward, diversifying operations to create balance in our portfolio and to open pathways for future scale. Together, our actions have also reinforced capability, rebuilt confidence and recalibrated our long-term direction. Even in the face of temporary disruption, the underlying strength of our turnaround remained intact.

Thus, with our foundation in place and with our purpose clear, Keells Food Products PLC looks ahead – **renewed** in our conviction and resolve, and strengthened by the balance that sustains our progress.

Like the Yin and Yang, where strong forces exist in harmony to create continuity, our journey reflects a balance between stability and progress. It is within this balance that renewal is sustained, which allows us to move forward with strength.

KEELLS KREST

RENEWED

At Keells Food Products PLC (KFP), renewal is not about discarding the past, it is about honouring what built us, while consciously shaping what will sustain us.

Our journey this year reflects a deliberate balance between time-tested traditions and bold innovation, much like the Yin-Yang; distinct forces, working in harmony to create enduring value.

For decades, trust, quality, and consistency have formed the core of our identity. These values remain unchanged. What has evolved is how we deliver them; through smarter processes, empowered people, stronger partnerships, and a sharper focus on sustainable growth in a rapidly transforming food landscape.

LOOKING AHEAD: A FUTURE IN BALANCE

As we move forward, our path remains guided by balance between growth and responsibility, efficiency and sustainability, legacy and transformation.

The Yin-Yang that defines this year's theme reflects our belief that true renewal lies not in choosing between opposites, but in aligning them.

Keells Food Products PLC enters the future renewed, grounded in who we are, confident in where we are going, and committed to creating value that endures.



OUR PROGRESS IN FY 2025/26

96%
PBT Growth

16%
Asset Growth



SUSTAINABLE GROWTH

We honour our roots, sustaining the trust built with generations of customers and we embrace new opportunities, markets, and innovations to grow responsibly creating a balanced pathway towards sustainable growth.

As an organisation, with 44 years of history, **renewal** and growth is not just about scale, but about balance, nurturing what exists while boldly stepping into the future. Our **renewal** lies in harmonising stability with expansion. Throughout the 2025/26 financial year we were able to achieve a year-on-year PBT growth of 96% generating a PBT of Rs. 351 Mn reflecting the sustainable growth trend KFP is achieving

QUALITY AND INNOVATION

We safeguard the uncompromising quality that defines Keells Food Products PLC, while we ignite innovation, bringing fresh ideas and **renewed** energy to our portfolio.

True **renewal** through quality and innovation comes from blending tradition with transformation, ensuring every product reflects both timeless quality and forward-looking innovation. We were able to launch 29 New Product Developments (NPDs) during the year and 20+ NPDs are in the pipeline reflecting our commitment to innovation. We have guaranteed uncompromised quality while maintaining 23 different certifications including ISO and SLS standards.

OPERATIONAL EFFICIENCY & ACCOUNTABILITY

We maintain disciplined processes, accountability, and reliability even though we adapt swiftly, embracing change and continuous improvement. Efficiency is **renewed** when order and flexibility coexist. Our balanced approach ensures that accountability strengthens agility, creating a resilient operational backbone. During the year under review, KFP invested in digital transformation initiatives making the processes more efficient.

EMPOWERED TEAM

At KFP we foster empathy, inclusivity, and a supportive environment while we empower individuals to lead, innovate, and take ownership. Renewal is found in people, in balancing compassion with ambition. Our team thrives when nurtured and challenged, embodying the Yin–Yang of empowerment. KFP current workforce is 709 employees including both permanent and contract employees with a 25% female representation. Employee satisfaction rate at KFP is 83%, reflecting our motivated and empowered team.

STRENGTHEN CHANNEL AND SUPPLY CHAIN

As Keells Food Products PLC, we build enduring partnerships and ensure stability across our networks while we evolve with market shifts, embracing digital transformation and new models. **Renewal** in our supply chain means balancing strength with flexibility. By harmonising reliability and adaptability, we create a channel ecosystem that endures and evolves. We have expanded our supplier reach to +270 suppliers during the year under review and have expanded our distributor network up to 77 distributors across the country.

29
New Products

CONTENTS

OVERVIEW

About Us / **5**
About Our Annual Report / **6**
Performance Highlights / **10**
Chairperson's Message / **12**
Organisational Overview / **18**
Our Products / **19**
History at a Glance / **20**
Awards / **21**
Events for the Year / **22**
Board of Directors / **24**
Management Team / **26**

MANAGEMENT DISCUSSION AND ANALYSIS

Materiality / **28**
Delivering Our Strategy / **31**
Operating Environment and Industry Drivers / **36**
Stakeholder Engagement / **41**
Value Creation Model / **44**
Financial Capital / **46**
Manufactured Capital / **50**
Intellectual Capital / **54**
Human Capital / **62**
Social and Relationship Capital / **71**
Natural Capital / **80**
Capital Connectivity and Trade-Offs / **86**

GOVERNANCE AND RISK

Corporate Governance / **88**
Enterprise Risk Management / **155**
Independent Practitioner's Assurance Report / **169**
GRI Content Index / **171**
Sustainability-Related Financial Disclosures / **177**

FINANCIAL INFORMATION

Financial Calendar / **218**
Annual Report of the Board Of Directors / **219**
Audit Committee Report / **227**
Statement of Directors' Responsibility / **230**
Independent Auditor's Report / **231**
Income Statement / **234**
Statement of Comprehensive Income / **235**
Statement of Financial Position / **236**
Statement of Cash Flows / **237**
Statement of Changes In Equity / **239**
Index to Notes / **240**
Notes to the Financial Statements / **241**
Your Share in Detail / **294**
Ten Year Information at a Glance / **296**
Key Figures and Ratio / **297**
Real Estate Portfolio / **298**
Glossary of Financial Terminology / **299**
Notes / **300**
Notice of Meeting / **301**
Form of Proxy / **303**
Corporate Information / **IBC**



Read the Keells Food Products PLC
Annual Report 2025/26

ABOUT US

VISION

To become a convenient food powerhouse by enhancing every meal occasion via products that taste great and are good for you. And we do this profitably and sustainably.

VALUES

INNOVATION
Changing constantly, re-inventing and evolving
In trying new ideas we win or learn, there is no failure.

INTEGRITY
Doing the right thing always
Transparency is everything, so we just do it right!

EXCELLENCE
Constantly raising the bar
We get better every day.

CARING
Fostering a great place to work
We listen, we are thoughtful and we care to make a difference.

TRUST
Building strong relationships based on openness and trust
The foundation we work from.

KEELLS FOOD PRODUCTS PLC

Established in 1982, Keells Food Products PLC (KFP) is the pioneer in processed meat manufacturing in Sri Lanka with 44 years of experience. As the market leader in the processed meat industry, KFP is renowned for its quality, backed by stringent quality controls and its range of nutritious, tasty and convenient products developed in-house and manufactured using state-of-the-art food processing facilities.

Our product portfolio of 275+ products reach customers through 33,000+ retail outlets and we take extensive measures to ensure the right product is available at the right time at the right price to satisfy customer needs.

ABOUT OUR ANNUAL REPORT

Keells Food Products PLC's Integrated Annual Report for the year ended 31st March 2026 provides a concise overview of the company's strategy, governance, and performance, highlighting key opportunities and risks, and explaining how resources were allocated to create value for stakeholders across the short, medium, and long term.



We are pleased to present the Integrated Annual Report of Keells Food Products PLC (KFP) for the financial year ended 31st March 2026. This Report offers a balanced and concise account of how we navigated the challenging operating conditions that prevailed during the year to deliver value across financial, social, environmental and governance aspects. This report is presented to provide a concise and balanced overview of our strategy, governance structure and performance in light of emerging opportunities and risks. The report gives our stakeholder groups pertinent information and demonstrates how resources were distributed to create value for their benefit in the short, medium, and long term.

REPORTING ENTITY

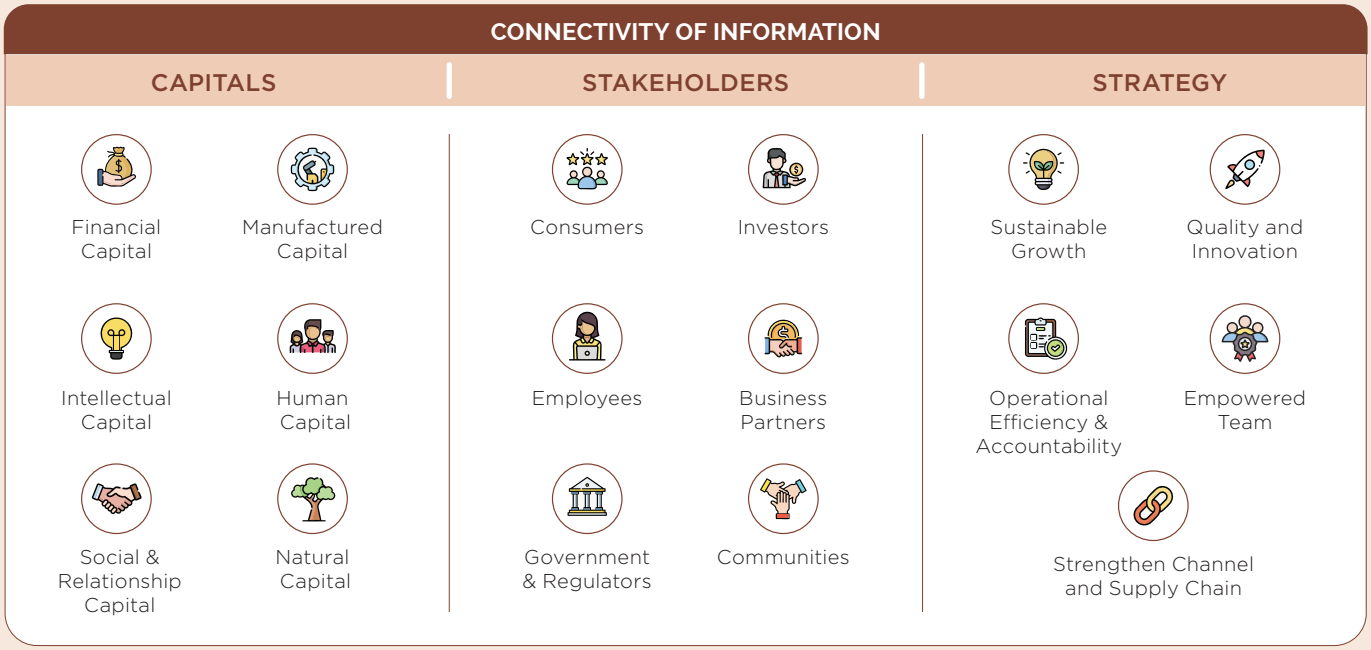
Keells Food Products PLC ("KFP" or "the Company") operates in Sri Lanka, together with its subsidiary, John Keells Foods India Private Limited, which has operations in India. Collectively, these entities are referred to as "the Group."

Reporting Concepts

Strategic focus	Demonstrates how our activities are guided by clearly defined strategic priorities.
Connectivity	Ensures seamless navigation through the use of icons and signposting throughout the Report, enabling readers to easily trace linkages between sections.
Conciseness	Maintains a clear and focused narrative by limiting discussion to material factors most relevant to our stakeholders.

CONNECTIVITY OF INFORMATION

The connectivity of information has been improved by using the following icons throughout the report.



BASIS OF PREPARATION

Our reporting approach is grounded in globally and locally accepted frameworks, standards, and regulatory requirements. These reporting concepts guide the structure, credibility, and transparency of our disclosures across narrative, governance, sustainability, and financial reporting. By aligning with these established frameworks, we ensure that our Report provides stakeholders with a comprehensive, reliable, and comparable account of the Group's performance, governance practices, and sustainability commitments.

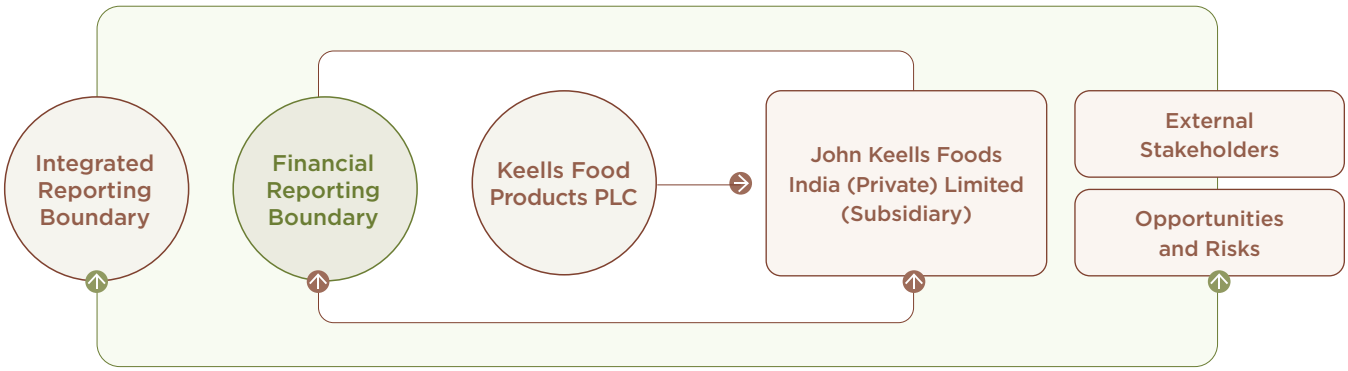
Narrative Reporting	Financial Statements
• Integrated Reporting <IR> Framework of the International Integrated Reporting Council • United Nations Sustainable Development Goals (SDGs)	• Companies Act No. 07 of 2007 • Sri Lanka Accounting and Financial Reporting Standards issued by CA Sri Lanka
Sustainability Reporting	**Corporate Governance**
• Prepared in accordance with the GRI Standards: Core option • ESG Reporting Guidelines issued by the Colombo Stock Exchange • SLFRS S1 and S2 Standards issued by CA Sri Lanka • SASB Standards for Processed foods and Meat, Poultry & Dairy.	• Code of Best Practice on Corporate Governance issued by Securities and Exchange Commission of Sri Lanka and CA Sri Lanka (2023 & 2017) • Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 • Listing Rules of the Colombo Stock Exchange

ABOUT OUR ANNUAL REPORT

SCOPE AND BOUNDARY

This Report covers the operations of the Group for the period from 1st April 2025 to 31st March 2026. All financial and non-financial information presented reflects consolidated data, unless otherwise specified. The Group follows an annual reporting cycle, and this Report builds on the disclosures made in the Integrated Annual Report for the financial year ended 31st March 2025.

We confirm that there were no significant changes to the Group's structure, supply chain, or scale of operations during the reporting period. Additionally, no material restatements were made to information disclosed in the previous Annual Report.



COMBINED ASSURANCE MODEL

Assurance Type	Responsibility / Provider	Scope
Internal Assurance – Financial	Internal Audit Function & Audit Committee	Assurance on Financial Statements and related internal controls
External Assurance – Financial	Messrs. Ernst & Young	Independent external assurance on the Financial Statements
Internal Review – Non Financial	John Keells Group Sustainability Unit	Review of the accuracy and reliability of non-financial information
External Assurance – Non Financial	Messrs. Ernst & Young	External assurance on sustainability reporting in accordance with GRI Standards

STATEMENT OF BOARD RESPONSIBILITY

The Board of Directors is ultimately responsible for ensuring the integrity of this Report. The Board hereby confirms that the 2025/26 Annual Report addresses all relevant material matters and fairly represents the Group's integrated performance, and we also confirm that the Report has been prepared in line with the guidance set out in the Integrated Reporting (IR) Framework.

The Report is approved and authorised for publication.

Signed on behalf of the Board,

Krishan Balendra
Chairperson

25th May 2026

FEEDBACK & INQUIRIES

We are committed to improving our reporting practices continuously and welcome any feedback that will enhance the value of our future reports. Please forward your suggestions and comments to:

Ms. Jani Ganeshan
Sector Financial Controller
Consumer Foods Sector
janig.ccs@keells.com

REAFFIRMED

At Keells Food Products PLC, we continue to strengthen our identity while evolving with purpose. Our foundation remains steady, even as we move forward with **renewed** direction.



PERFORMANCE HIGHLIGHTS

FINANCIAL PERFORMANCE		2026	2025	YOY change
Revenue	Rs.'000	**8,391,987**	6,741,140	24%
Gross Profit	Rs.'000	**2,308,357**	1,822,705	27%
Operating Profit	Rs.'000	**428,141**	248,421	72%
Profit Before Tax	Rs.'000	**350,694**	178,568	96%
Profit After Tax	Rs.'000	**244,536**	133,161	84%
EBITDA	Rs.'000	**664,042**	476,459	39%

FINANCIAL POSITION		2026	2025	YOY change
Current Assets	Rs.'000	**3,049,126**	2,421,069	26%
Total Assets	Rs.'000	**5,077,010**	4,367,649	16%
Total Debt	Rs.'000	**1,288,191**	1,033,259	25%
Shareholders' Funds	Rs.'000	**2,179,269**	1,972,232	10%
Debt / Equity	%	**59.11**	52.39	6.72
Debt / Total Assets	%	**25.37**	23.66	1.71

WORKING CAPITAL MANAGEMENT		2026	2025	YOY change
Inventory	Days	**80**	85	(5)
Receivable	Days	**62**	57	5
Payable	Days	**30**	29	1
Working Capital Cycle	Days	**112**	113	(1)
Current Asset Ratio	Times	**1.25**	1.23	0.02
Quick Asset Ratio	Times	**0.70**	0.65	0.05

PROFITABILITY RATIO		2026	2025	YOY change
Operating Profit Margin	%	**5.10**	3.69	1.41
Return on Assets	%	**5.18**	3.20	1.98
Return on Equity	%	**11.78**	6.94	4.84
Return on Capital Employed	%	**13.19**	8.35	4.84

INVESTOR RATIO		2026	2025	YOY change
Earnings per Share	Rs.	**9.59**	5.22	4.37
Net Assets per Share	Rs.	**85.46**	77.34	8.12
Dividend per Share	Rs.	**3.27**	2.45	0.82
Market Price per Share as at 31st March	Rs.	**160.25**	169.00	(8.75)
Market Capitalization as at 31st March	Rs.'000	**4,086,375**	4,309,500	(5%)
Price Earnings Ratio	Times	**16.71**	32.38	(15.67)
Cash Earnings per Share	Rs.	**20.82**	14.31	6.51

NON-FINANCIAL PERFORMANCE			2026	2025
Financial And Manufactured Capital	**Direct Economic Value Generated**	Rs.'000	**8,465,963**	6,778,654
	Cost of Materials and Services brought in	Rs.'000	**5,311,390**	4,388,665
	Economic Value Added	Rs.'000	**3,154,573**	2,389,989
	Distributed to:			
	Employees	Rs.'000	**1,218,846**	1,041,050
	Government	Rs.'000	**1,383,049**	903,526
	Shareholders	Rs.'000	**83,385**	62,475
	Capital Providers	Rs.'000	**90,061**	83,993
	Depreciation and Amortisation	Rs.'000	**227,688**	212,766
	Property, Plant and Equipment	Rs.'000	**1,678,858**	1,619,434
	Capital Expenditure	Rs.'000	**210,233**	124,293
Intellectual Capital	No. of Certifications	No.	**23**	21
	No. of Recipes	No.	**+650**	+600
	New Products Launched	No.	**29**	20
	Average Length of Employee Service	Years	**12**	11
Human Capital	Total Employees	No.	**709**	613
	Payments to Employees	Rs.'000	**1,218,846**	1,041,050
	Employee Satisfaction Rate	%	**83**	82
	Female Representation	%	**25**	18
	Investment in Training	Rs.'000	**9,704**	13,319
	Total Training Hours	Hours	**5,588**	5,209
	Average Training Hours/Employee	Hours	**15**	14
	Workplace Injuries	No.	**4**	4
Social and Relationship Capital	Supplier Reach	No.	**+270**	+250
	Distribution Network	No.	**77**	53
	Retail Outlets	No.	**+33,000**	+30,000
	Payments to Suppliers	Rs.'000	**7,463,049**	5,893,913
	Supplier Audits	No.	**73**	60
Natural Capital	Energy Consumption	GJ	**39,214**	36,883
	Water Consumption	m^3	**51,472**	39,758
	Water Recycled	%	**36**	39
	Solid Waste Generation	MT	**779**	744
	Carbon Footprint	tCO2e	**8,581**	7,406

CHAIRPERSON'S MESSAGE

I am pleased to present the Annual Integrated Report and Consolidated Audited Financial Statements of Keells Food Products PLC (KFP) for the year ended 31st March 2026. The year under review marked a pivotal milestone in the Company's trajectory, as KFP transitioned from recovery to sustained growth, delivering strong improvements in profitability while successfully navigating a dynamic and evolving operating environment.

OPERATING ENVIRONMENT

Sri Lanka's economy maintained its growth momentum during the year, supported by improving macroeconomic stability and recovery in domestic economic activity. Growth was led by the Industry sector, which expanded by 7.8% on the back of sustained momentum in manufacturing and construction. The Services sector grew by 3.3%, reflecting a gradual recovery supported by improvements in tourism, transport, and financial services. Meanwhile, the Agriculture sector recorded modest growth of 1.4%, aided by gains in select subsectors despite weather-related disruptions during the year.

Business and consumer sentiment improved during FY 2025/26, supported by strengthening macroeconomic fundamentals, relatively stable monetary conditions, expanding private sector credit, and improving economic stability compared to the previous year. Headline inflation returned to positive territory in August 2025 following an extended period of deflation and reached 2.1% in December 2025, remaining well within the Central Bank of Sri Lanka's (CBSL) medium-term target of 5%. Inflation remained broadly stable through March 2026 at 2.2%, as the pass-through impact of subsequent fuel price increases had yet to fully materialise. Monetary policy remained largely accommodative during most of FY 2025/26, although interest rates gradually trended upward during the latter part of the year, signalling early normalisation in domestic credit conditions while remaining below 10% for the second consecutive year.

The external sector remained resilient in FY 2025/26, despite a rise in import expenditure driven by economic normalisation, including the resumption of vehicle imports. Merchandise export earnings reached a record USD 13.6 Bn in calendar year 2025, marking YoY growth of over 6%, supported by strong industrial exports of USD 10.5 Bn and a continued recovery in agricultural exports, which exceeded USD 3 Bn. The tourism sector remained a key driver of external sector performance, with tourist arrivals rising by 15% in calendar year 2025 to surpass pre-pandemic levels. Tourism earnings reached approximately USD 3.2 Bn, supporting services exports and contributing to broader domestic economic activity during FY 2025/26. Worker remittances strengthened significantly during the year, providing a vital source of foreign exchange and supporting domestic liquidity. Reflecting improved inflows from exports, tourism, and remittances, Gross Official Reserves rose to approximately USD 6.8 Bn by end-December 2025 and further increased to around USD 7.3 Bn by end-February 2026, remaining at healthy levels through the latter part of FY 2025/26.

In line with import normalisation and movements under the flexible exchange rate regime, the Sri Lankan Rupee depreciated moderately during the period, weakening by 5.6% to Rs. 309.99/USD as at end-December 2025 and by a further 1.7% to Rs. 315.19/USD during the first quarter of CY 2026. The currency, however, witnessed pressure, similar to many regional countries, following the Middle East conflict on account of lower tourism flows and higher fuel related outflows due to the significantly higher oil prices with the Rupee ending at -Rs. 340 as of mid-May 2026

While Cyclone Ditwah caused significant disruption across parts of Sri Lanka in November 2025, the country's resilience and recovery efforts helped restore stability progressively in the aftermath. The tragic loss of life and damage to infrastructure resulting from the floods and landslides underscored the growing impact of climate-related physical risks and the importance of strengthening climate resilience and disaster preparedness. The Board joins me in extending its deepest condolences to all those who lost loved ones in the resulting floods and landslides. The significant damage to infrastructure and disruptions to national value chains highlighted the economic costs of extreme weather events and reinforced the need for enhanced climate resilience and disaster preparedness.

KFP experienced short term disruptions arising from Cyclone Ditwah, although manufacturing facilities remained unaffected, where the distribution channels were significantly disrupted, impacting the channel partners, while we anticipated subdued consumer spending in the immediate aftermath weighing on the seasonal sales, the resounding success experienced during December gave the team the confidence to set their sights on ending the year on a high. Subsequently, operations were progressively stabilised thereafter with no material long term impact. Sri Lanka's vulnerability to climate related risks resurfaced in March 2026 amidst intense dry weather conditions.

Global headwinds intensified during March 2026 following geopolitical developments in the Middle East. In response to global energy supply disruptions, Sri Lanka commenced retail fuel rationing from 10th March 2026, while cost-reflective pricing resulted in two fuel price hikes with a cumulative impact of approximately 36% within a one-month period. Disruptions to air connectivity

adversely affected tourist arrivals, particularly from European markets, with arrivals declining by 19.8% YoY in March 2026.

The conflict also disrupted global supply chains for key inputs, leading to price escalations, while freight and insurance costs increased due to conflict-related surcharges. These developments resulted in renewed cost pressures across logistics, packaging and manufacturing inputs.

Electricity tariffs were revised upwards, including a 16% increase in June 2025, an 11% increase effective from April 2026, and a further 18% increase in May 2026, in line with the cost-reflective pricing framework.

Several policy and regulatory changes during the year had direct implications for the food manufacturing and distribution sector. Amendments to the Shop and Office Employees Act, gazetted in January 2026, permitted women aged 18 and above to work night shifts in food and beverage operations, subject to mandatory safeguards relating to safety, transport, and welfare, thereby improving labour deployment flexibility.

Revisions to the National minimum wage, increased the minimum salary threshold to Rs. 27,000 with effect from April 2025, and further to Rs. 30,000 from January 2026.

Progress under Sri Lanka's International Monetary Fund (IMF) Extended Fund Facility (EFF) continued during FY 2025/26, supporting macroeconomic stability, fiscal consolidation, and the rebuilding of external buffers. Disbursements received during the year, together with emergency financing related to Cyclone Ditwah, contributed to reserve accumulation and strengthened economic resilience. Subsequent to the financial year, the successful completion of further programme reviews reinforced investor confidence and policy continuity.

Against this evolving macroeconomic, regulatory, and operating backdrop, the Group remained focused on protecting margins, enhancing operational resilience, and executing its strategy within a gradually improving yet complex and externally exposed economic environment.

PROCESSED MEAT INDUSTRY

The overall macroeconomic environment remained broadly supportive of the processed meats industry during the year under review, underpinned by improved economic stability and a gradual recovery in consumer activity. However, operating conditions became increasingly challenging towards the latter part of the year with volatility in key raw material prices, particularly chicken and pork, alongside renewed pressure from fuel, freight, energy and foreign exchange movements, which collectively impacted cost structure across the value chain.

Although supply-side disruptions, including African Swine Fever (ASF), occurred in prior periods, they did not materially impact operations during the year under review, Sri Lanka's ASF-positive classification continued to constrain pork export opportunities and required disciplined procurement and supply planning. These risks were actively managed through closer engagement with the respective government entities for import of pork, actively onboarding suppliers, selective sourcing strategies and robust inventory management, enabling continuity of production and market supply.

Competitive intensity within the processed meat category remained heightened. Value-conscious consumption patterns persisted, particularly within the core retail sausage segment, encouraging continued down-trading toward unbranded and low-priced alternatives. In parallel, consumer preferences increasingly shifted toward convenience-led and value-added protein offerings, driven by lifestyle changes and affordability considerations. In response, established players continued to emphasise innovation, product quality, operational efficiency and brand differentiation to sustain volumes, protect market share and reinforce long-term category resilience.

PERFORMANCE REVIEW

KFP delivered a strong performance in FY 2025/26, with sales volumes increasing by 22% [FY 2024/25: 25%] and recording the highest annual volumes in KFP's history. This growth was driven by a sustained recovery in consumer demand supported by a more stable macroeconomic environment, easing inflation, and improved household purchasing power. The performance was further strengthened by strategic price adjustments taken during the year, an optimised product portfolio, improved manufacturing efficiencies, and disciplined execution across sales, distribution, and route-to-market channels in both processed meat and non-frozen categories. Volume performance was broad-based across key channels, reflecting balanced growth and resilience across the distribution network. General Trade led growth, driven by increased penetration of core processed meats products and strong performance in selected non-frozen product categories. Modern Trade delivered steady promotion-led growth, supported by improved performance in family packs and value-added offerings. The Hotel- Restaurant- Café (HoReCa) channel recorded improved performance in line with improved out-of-home consumption and institutional demand, supported by increased consumer activity and the continued recovery in tourism.

Brand visibility and reach remained key priorities during the year. The business executed visibility drivers, continuous sampling programmes, and targeted

CHAIRPERSON'S MESSAGE

consumer activations, complemented by festival-led campaigns and strategic media partnerships. These initiatives strengthened brand engagement and reinforced consumer loyalty across key consumption occasions.

During the year under review, KFP expanded its export footprint under the Elephant House brand, entering new international markets through partnerships with established distributors. While exports remain at an early stage of development, initial performance during FY 2025/26 has been encouraging, reinforcing exports as a strategic growth pillar.

PROCESSED MEAT PERFORMANCE

KFP reinforced its leadership position in the processed meat category during FY 2025/26 delivering a double-digit growth for the second consecutive year across key segments, including sausages, meatballs, and crumbed products, reflecting stronger underlying demand alongside disciplined and focused execution across operations and sales channels.

Operational excellence remained a core strength throughout the year, with plant productivity increasing meaningfully at both the Ja Ela and Pannala production facilities, supported by multi-shift working models, zero-waste mindset, targeted preventive maintenance programmes, and focused investments in machinery improvements, enabling sustained throughput while preserving quality and cost discipline. In parallel, focused initiatives further enhanced logistics operations and optimised raw material sourcing to support operational requirements and ensure a seamless flow of operations. This enabled the business to meet rising demand while maintaining stringent food safety standards.

Alongside operational improvements, KFP made a notable investment in brand building, reinforcing a medium-term, growth strategy anchored in trust, differentiation, and product quality rather than short term price competition. Brand presence was expanded across, outdoor and leisure environments, quick service consumption points, and large-scale public events, strengthening everyday consumer engagement. The Elephant House hot dog outlet network was expanded to approximately 90 locations, supported by Nationwide activations and visibility initiatives. These efforts enhanced brand salience and contributed to continued recognition across leading brand and corporate reputation indices, reinforcing consumer confidence.

From a sales and distribution perspective, the business continued its proactive retail expansion, strengthening distributor reach, improving distributor viability, and increasing trade investment to enhance availability and reinforce value for money propositions. General Trade remained the primary driver of volume growth, benefiting from expanded distribution coverage and improved execution stability. The HoReCa segment recorded growth in line with tourism recovery, while Modern Trade delivered moderate but resilient growth amid continued consumer value consciousness. Within the portfolio, processed meat remained the core contributor, with broad-based growth observed across all segments. Among the segments, Catering Sausages, positioned as value packs designed for high-usage and food service-led consumption occasions, delivered the strongest growth during the year. Chinese Rolls and Meatballs also demonstrated resilience despite competitor pressures.

While volatility in key raw material markets, particularly chicken and pork, persisted during FY 2025/26 and local supply conditions remained stable. Continuity of production and market availability was sustained through a well-structured and proactive sourcing initiatives and forward procurement planning. In parallel, disciplined and focused working capital management, including tighter inventory controls and optimised stock holding periods, supported liquidity efficiency.

During the year, KFP also progressed its evolution beyond traditional meat processing by expanding into ready to eat and heat and eat meal solutions. The introduction of offerings such as Sausage Kottu and Meatballs Kottu reflects changing lifestyles and the growing preference for convenient, dependable meal options, underscoring the Company's ongoing transition toward becoming a broader convenience food provider.

NON-FROZEN RANGE PERFORMANCE

During FY 2025/26, KFP strengthened its strategic focus on the non-frozen range, which recorded a strong growth and emerged as the fastest growing segment in its product portfolio. This performance highlights its increasing role as a key pillar of the Group's long term diversification strategy, complementing the core processed meat business while reducing category concentration risk.

Growth within the non-frozen range was supported by a focused pipeline of value-added and convenience-led product launches, aligned to evolving consumer preferences for affordability, ease of preparation, and shelf-stable food options. The introduction of value-added pasta offerings, designed for preparation within ten minutes and incorporating flavour sachets, addressed both affordability and convenience, positioning these products as accessible everyday meal solutions rather than niche offerings.

The launch of KeellsKrest Peanuts in General Trade and Modern Trade channels, aided by affordable entry-level pack sizes, achieved rapid consumer traction despite intense competition within the category, supported by strong distribution

execution and brand visibility. In parallel, the expansion of the Elephant House canned foods and spreads range strengthened the Company's presence across breakfast and light-meal consumption occasions, reinforcing brand relevance within family and household consumption.

During the period under review, the non-frozen range continued to gain momentum, supported by strong execution, scalable distribution, and an expanding product portfolio. Although still at a relatively early stage of development, the segment represents a meaningful growth avenue for KFP and remains central to the Group's medium-term strategy to build a more balanced and resilient food portfolio.

FINANCIAL PERFORMANCE

During the year, KFP delivered a strong financial performance, with revenue increasing by 24% to Rs. 8,392 Mn, supported by sustained consumer demand, a stable macroeconomic environment, portfolio expansion, and disciplined execution across sales and distribution channels. The Group's gross profit margin improved to 28% against 27% in the previous year despite the escalating raw material prices, reflecting a better sales mix and stringent cost control mechanisms implemented during the year.

KFP recorded a Profit After Tax of Rs. 245 Mn in FY 2025/26 compared to Rs. 133 Mn in the previous year, recording a commendable 84% growth in the bottom line. The Group's financial position strengthened during the year, with total assets increasing by 16% to Rs. 5 Bn, supported by targeted capital investments of Rs. 210 Mn in fixed assets, primarily directed towards capacity enhancements, efficiency improvements, and expansion of the freezer base in the market.

PEOPLE AND CULTURE

KFP's performance during the year was supported by a skilled, committed, and stable workforce, aligned with the Company's growth objectives and guided by John Keells Group HR policies. As of 31st March 2026, the Company employed 709 employees, with overall workforce stability maintained.

Employee engagement remained positive, supported by improving business performance, while health and safety continued to be a key priority through established policies and regular safety practices. During the year, employees completed 5,588 training hours covering operational, safety, leadership, and functional skills, reinforcing continuous improvement. The Group also advanced its Employee Value Proposition (EVP) through a structured initiative with external consultants and partnered with a multinational analytical and advisory firm to conduct its annual employee survey to strengthen workplace insights. In addition, KFP continued to promote inclusivity and diversity, including women-focused training programmes, supporting a culture of long-term value creation and organisational development.

SUSTAINABILITY

KFP's sustainability approach continues to focus on minimising environmental impact while enhancing contributions to people, communities, and consumers. During the year, the Group aligned its operations and reporting with SLFRS Sustainability Standards S1 and S2, identifying eight material risks and seven opportunities, which were integrated into the Enterprise Risk Management framework for structured oversight. Governance is guided at Company's Parent John Keells Holdings PLC, with KFP aligned to the Group Sustainability Management Framework. Operational monitoring of energy, water, and waste supported efficiency improvements, while maintaining existing sustainability practices. Strong emphasis remained on product safety and quality, supported by ISO certifications and compliance standards. The Company also advanced community initiatives in education and livelihoods, reinforcing its commitment to efficient operations, governance, and long-term value creation.

GOVERNANCE

I am pleased to state that there were no reported violations of the Code of Conduct of the John Keells Group and the Code of Business Conduct and Ethics which is aligned with the principles of the Code of Best Practice of Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). I also wish to affirm our commitment to upholding Group policies, where emphasis is placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace and any work-related context and expect these standards to be upheld by employees, business partners and suppliers alike.

COMMITMENT TO INTEGRATED REPORTING AND NEW SUSTAINABILITY REPORTING STANDARDS

This Report has been prepared in conformance to the Integrated Reporting Framework of the IFRS Foundation. The Board of Directors and the Management are responsible for ensuring the accuracy and integrity of this Annual Report. We confirm, to the best of our knowledge, the credibility, reliability and integrity of the information presented, and, in this regard, external assurance has also been sought from independent auditors, as applicable.

In parallel, the Group has progressed towards the adoption of SLFRS S1 and S2 reporting standards, with sustainability and climate-related considerations increasingly embedded into governance processes, decision-making, and internal reporting. This transition is being implemented in a phased manner, supporting enhanced disclosure and accountability.

CHAIRPERSON'S MESSAGE

Oversight is managed centrally at the John Keells Group level, supported by an external International consulting firm and guided by clearly defined accountability structures.

During the year, the Group completed the identification of material sustainability and climate-related matters across its businesses and commenced the development of related targets and five-year action plans. The current reporting period focuses on transparent disclosure of material sustainability and climate-related risks and opportunities, with a phased transition towards target-based reporting planned for future periods.

COMMITMENT TO EXCELLENCE

During the year under review, KFP continued to demonstrate a strong and consistent commitment to excellence, quality, and sustainability. This performance reflects the strength of the Company's brands, the depth of its organisational capabilities, and an unwavering focus on long-term value creation for all stakeholders.

This commitment was further validated through several prestigious recognitions, including the Gold Award for Best Annual Report - Food and Beverages Sector (Group Turnover up to Rs. 15 Bn) at the TAGS Awards 2025, organised by CA Sri Lanka, and became the Winner of Sri Lanka National Quality Award in the Medium Manufacturing Category, recognising the Company's best-in-class processes and robust organisational framework. The Company was also honoured with Merit Recognition at the Presidential Export Awards 2025 in the Processed Food Category, reflecting its growing contribution to the National economy. Reinforcing its strong brand credentials, KeellsKrest was ranked 8th among Sri Lanka's Most Valuable Food and Beverage Brands by Brand Finance, while KeellsKrest secured the 11th position among the Most Loved Brands according to LMD Sri Lanka.

OUTLOOK

The global economy was expected to sustain the growth momentum observed in CY2025, supported by continued investments in AI and related technologies, which were likely to partly offset the impact of trade barriers and ongoing geopolitical uncertainty. However, the escalation of tensions in the Middle East since late February 2026, together with elevated geopolitical fragmentation and trade-related uncertainties, has introduced renewed downside risks to global growth and contributed to continued volatility in energy markets, tempering the outlook for CY2026.

The Middle East conflict is expected to affect the Sri Lankan economy through several key channels, particularly through higher energy and fuel prices. While elevated fuel costs will contribute to inflationary pressures and a widening trade deficit, domestic pricing adjustments and demand management measures are expected to help mitigate these impacts, to an extent. Foreign remittances, a key source of foreign exchange inflows, particularly from the Middle East, may moderate in a prolonged conflict scenario, while softer tourism earnings could contribute to some variability in the exchange rate, especially in the event of renewed disruptions to regional air connectivity. The elevated global fuel oil prices will place a significant strain on the total import bill of the country and also result in a cascading impact on prices. While export and service flows have been resilient, the increase in the import bill and resultant trade deficit will place pressure on the currency, as seen recently. The flexible exchange rate policy adopted by the CBSL has resulted the depreciation of the currency, as seen in many economies in the region, which will also compound the impact on prices.

The Rs. 100 Bn relief package announced by the Government of Sri Lanka (GoSL) in April 2026 to subsidise fuel and electricity prices over a three-month period until June 2026, alongside targeted support to stabilise fertiliser costs in the Agriculture sector, additional fuel subsidies for the Fisheries sector and expanded payments under the "Aswesuma" programme to assist vulnerable communities will help manage cost pressures to some extent. However, an uptrend in inflation is anticipated as Central Bank of Sri Lanka (CBSL) has revised its expectations to reach its target inflation rate of 5% to 2Q 2026 as opposed to 3Q 2026 previously. A commitment to maintaining inflation at these levels through appropriate policy measures has also been reiterated by the CBSL. While the combined fifth and sixth reviews under Sri Lanka's Extended Fund Facility Arrangement with the IMF concluded successfully in April 2026, access to the next tranche under the programme is contingent on the restoration of cost-recovery electricity and fuel pricing. Alongside managing emerging challenges, the Nation also needs to address the infrastructure and spending needs related to Cyclone Ditwah, while prolonged dry weather and elevated fertiliser prices could impact agriculture productivity in the year ahead.

Collectively, these developments may influence Sri Lanka's growth, inflation, external balances, and exchange rate dynamics in the near term. Nevertheless, the country's ongoing macroeconomic stabilisation trajectory continues to support economic resilience, providing a strong foundation to navigate external uncertainties while sustaining the recovery momentum. In addition, shifts in regional trade, logistics, and travel patterns may create opportunities for sectors such as ports, bunkering, and tourism. Consumer sentiment is likely to moderate as inflation trends upward, potentially resulting in a contraction in discretionary spending and a shift to more value-based propositions. KFP

will monitor these trends proactively and evolve its propositions in line with consumer expectations.

KFP enters the next phase of its journey with renewed confidence and strategic clarity, underpinned by the strong performance delivered in FY 2025/26 and the successful transition from recovery to sustained growth. The Company's strategic focus remains firmly anchored on profitable growth, brand leadership, and disciplined portfolio transformation, with a consistent emphasis on long-term value creation.

This strategic direction reflects confidence in the resilience of the core processed meats business, the accelerating contribution from the non-frozen range, and the scalability of the Company's brands, manufacturing capabilities, and route-to-market execution. Growth over the medium-term will be pursued with a balanced focus on profitability, efficiency and sustainability, ensuring that expansion is both measured and value accretive.

Central to this strategy is the continued evolution of KFP from a traditional meat processor into a broader convenience food company. Leveraging strong brand equity, trusted quality standards, and a Nationwide distribution footprint, the Company will continue to expand its relevance across multiple consumption occasions. This includes strengthening its presence in ready-to-eat, heat-and-eat, and value-added meal solutions, while maintaining a clear focus on taste, hygiene, food safety, and essential nutrition particularly protein.

The non-frozen range will remain a key growth engine over the medium-term, supporting portfolio diversification and reducing category concentration risk. Continued expansion of value-added and convenience-led offerings across pasta, snacks, canned foods, sauces and spreads will be complemented by disciplined distribution expansion and focused brand-building initiatives, ensuring scalable and sustainable growth.

Looking ahead, KFP remains mindful of the evolving challenges in the operating environment. While the outlook for consumer-focused businesses remains positive, the Company will continue to closely monitor input cost volatility, currency movements, energy prices, and climate-related risks. Ongoing emphasis will be placed on strengthening procurement discipline, supply chain resilience, and working capital management to preserve operational flexibility. Expansion into export markets will continue to be pursued selectively, recognising the long-term potential across regional and global markets. This will be supported by partnerships, brand-led market entry strategies, and continued focus on product quality and compliance.

People, sustainability, and governance will remain integral to KFP's long-term strategy. Continued investment in talent development, operational capability, sustainability practices, and risk governance will ensure the Company remains well positioned to respond to change while maintaining the trust of consumers, customers, employees, and other stakeholders.

In summary, KFP approaches the future from a position of strength with a clear strategic direction, resilient operating model, and trusted brands well placed to capitalise on evolving consumer needs and deliver sustained, responsible growth in the years ahead.

DIVIDENDS

The Company declared three interim dividend payments of Rs. 0.37, Rs. 0.10 and Rs. 1.65 per share, which were paid in August 2025, November 2025 and February 2026, respectively. The Board has also declared a final dividend of Rs. 2.67 per share, bringing the total dividend for the FY 2025/26 to Rs. 4.79 per share. Accordingly, total dividends distributed from profits for the year amounted to Rs. 122 Mn, representing a payout ratio of 50%.

BOARD AND LEADERSHIP UPDATES

During the year under review, the Board was further strengthened with the appointment of three new Non-Executive Independent Directors, Mr. Janek Jayasekara, Mr. Shanil Fernando, and Ms. Aroshi Nanayakkara following the resignations of Ms. Shehara De Silva, Mr. Indrajith Samarajiva, and Mr. Pravir Samarasinghe.

ACKNOWLEDGEMENT

I take this opportunity to commend the management team and employees of KFP for their exceptional commitment and determination in steering the business through a period of recovery and delivering a strong performance during the year. Their resilience, discipline, and collective effort have been instrumental in restoring momentum and strengthening the foundation for future growth.

On behalf of the Board, I extend my sincere appreciation to our stakeholders, including customers, investors, business partners, and regulators, for their continued confidence, collaboration, and support. I would also like to thank my fellow Board members for their foresight, guidance, and constructive counsel, which continue to shape the strategic direction and long-term success of the Group.



Krishan Balendra
Chairperson

25th May 2026

ORGANISATIONAL OVERVIEW

Keells Food Products PLC (KFP) is a leading and pioneering player in Sri Lanka's convenience food industry, with a strong heritage in processed meat spanning over four decades. Over the years, KFP has built a reputation for reliability, quality, and innovation, underpinned by sustained investments in advanced manufacturing capabilities, research and development, and stringent quality assurance standards. This commitment enables the Company to respond effectively to evolving consumer preferences while maintaining its competitive positioning in the market. KFP's extensive islandwide distribution network ensures broad market coverage, with products reaching consumers through 77 distributors and more than 33,000 retail outlets across the island. Moreover, KFP has expanded beyond Sri Lanka, establishing a growing regional footprint with exports to the Maldives and multiple markets in the United Arab Emirates, India and Australia.

KFP operates as a subsidiary of John Keells Holdings PLC, Sri Lanka's largest listed entity and a leading diversified conglomerate, benefiting from the Group's strong governance framework, operational excellence, and long standing market leadership.

OUR BRANDS

KeellsKrest and Elephant House are established brand names, recognised by consumers for their consistent quality, distinctive taste profiles, and focus on providing products with nutritional value.

- KeellsKrest placed 8th among Sri Lanka's Most Valuable Food & Beverage Brand (Brand Finance)
- KeellsKrest ranked 11th among the Most Loved Brands in 2025 (LMDs).

CUSTOMER FOCUS

- 29 New Products Launched
- 20 Products in Pipeline
- Rs. 384 Mn Spent on Brand Building Initiatives

OUR PEOPLE

- 709 Employees
- 83% Employee Satisfaction Rate
- Rs. 10 Mn Investment in Training
- Rs. 1,219 Mn Payments to Employees

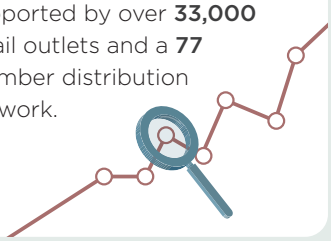
PRODUCT AND PROCESS QUALITY

Adherence to recognised quality management and food safety standards underpin product and process quality.

23 certifications

OUR MARKET REACH

A strong Nationwide presence, supported by over **33,000** retail outlets and a **77** member distribution network.



OUR CHANNELS

- General Trade
- Modern Trade
- Hotels, Restaurants & Cafe (HoReCa)
- Exports
- Online

OUR R&D CAPABILITIES

Rs. 15 Mn invested in R&D

650+ Recipes

275+ Products

OUR PRODUCTS

- Processed Meat Products
  - Sausages & Meatballs
  - Crumbed Range
  - Cold Meat
- Non-Frozen



OUR VALUE CHAIN

Suppliers → **Procurement, Manufacturing, R&D, Logistics** → **Channel Partners** → **Customers**

OUR PRODUCTS

Our products continue to be a household favourite, celebrated for their trusted quality and distinctive taste. "KeellsKrest" remains a beloved choice at family meals and festive gatherings, while the Elephant House brand caters to the consumers demanding a heightened sense of taste and excellence offering authentic Sri Lankan flavours enriched with authentic spices. Our unwavering commitment to excellence is upheld through stringent quality controls and industry-recognised certifications that guarantee freshness and safety. We remain focused on innovation and portfolio expansion, introducing exciting new offerings to the market while staying firmly rooted in our promise of taste, quality, and Sri Lankan heritage.



Processed Meat

Sausages & Meatballs

This range features flavourful sausages, expertly crafted from minced meat encased in hygienic casings, available in pre-cooked, smoked, and dried varieties. Our meatballs, made from coarsely chopped meat, are blended with authentic local spices and premium binders to enhance flavour and texture. Both "KeellsKrest" and "Elephant House" brands offer these convenient options - perfect for modern Sri Lankan lifestyles, ensuring great taste, quality, and convenience.













Crumbed Range

The crumbed range features products coated in a specially developed breadcrumb blend. Designed to be baked or deep-fried, they deliver a crispy, golden crust that has become a beloved favourite among Sri Lankan families for generations.













Cold Meat

Our cold cuts are a selection of smoked, value added or pre-cooked meats and come in a variety of options. Sold under the "Elephant House" and "KeellsKrest" brands, they offer quality and convenience.













Non-Frozen Range

Our expanding range of non-frozen products offers the ease of ambient storage while preserving freshness and flavour. This selection includes pasta, soya meat and peanuts under the "KeellsKrest" brand, along with a canned range from "Elephant House". The newly introduced sauce range is offered under both "KeellsKrest" and "Elephant House" brands.







HISTORY AT A GLANCE

1982

Keells Food Products PLC was founded and started operations as a processed meat company in Sri Lanka.

1986

Achieved Market Leadership in the processed meat industry

1991

Launched products under the KREST Range

The Company was listed on the Colombo Stock Exchange.

2000

SLS Certification for Sausage Range

2004

Implementation of SAP ERP System.

KFP won National Food Awards Bronze and reached an annual sale of Rs. 1 Bn.

Obtained SLS Certification for all comminuted meat products and ISO 9001 : 2000 certified

2008

Expanded operations to India, and opened John Keells Foods India as a fully owned subsidiary of KFP.

2009

Obtained ISO 22000 Certification

2012

Acquired D&W Food Products (Pvt) Limited, located in Pannala

2019

Established new state-of-the-art manufacturing factory at Pannala for non-frozen range

2020

Started the online operation during the COVID 19 Pandemic

2022

Started SAP ERP Batch Management System

Celebrated 40 years of operational excellence.

2024

Introduced Pasta as an outsourced operation

2025

Started exclusive non-frozen distribution network

Launched Peanuts under the non-frozen range

AWARDS



Merit Award for Processed Food Category at the 27th Presidential Export Awards - 2024/25 (Award ceremony held in December 2025)



Merit Award for Best In-house R&D Unit at the National Industry Brand Excellence Awards 2024. (Award ceremony held in 2025)



Winner of Sri Lanka National Quality Award 2023 – Medium Manufacturing Category (Award ceremony held in 2025)



Gold Award for Food & Beverages Category (Group Turnover up to Rs. 15 Bn) at the TAGS Awards 2025



SLIM National Sales Awards 2025 - Secured a total of 4 awards, including 1 Bronze and 3 Merit, at the SLIM National Sales Awards 2025.

LMD
THE VOICE OF BUSINESS

Keells Krest

Ranked 11th -
Most Loved Product Brands

LMD's Brands Annual 2025

Brand Finance®

Keells Krest

Ranked 8th –
Sri Lanka's Most Valuable Food & Beverage Brands 2025

by Brand Finance

EVENTS FOR THE YEAR

April

AVURUDU CAMPAIGN

Celebrated Sinhala and Tamil New Year with a 360-degree marketing campaign, emphasising the sounds of Avurudu through "KeellsKrest Avurudde Sadda Ahena Rasa" campaign for festive celebrations.

NUWARA ELIYA SEASON

Kicked off the new financial year with the Brand activeness in the Nuwara Eliya season.



May

MOTHER'S DAY CAMPAIGNS

A digital campaign was conducted to connect the brand with the emotional aspect of a mother's love.

VEGAN RANGE ACTIVATION

The vegan Vesak range was launched mainly in Colombo, while the vegan Poson range targeted Anuradhapura area. To meet religious event demand, vegan stalls were set up at each event location as part of the activation.

June

CULINARY ART EXPO 2025

Enhanced the brand visibility with a new look, offerings, and improved customer engagement and culinary experience in KeellsKrest and Elephant House product offerings. 2,000+ sampling touch points for the newly introduced Jalapeno Sausages and 3,000+ chefs were approached.

FATHER'S DAY CAMPAIGNS

A digital campaign was held to connect the brand with the emotional aspect of a Father's love.

July

KIDS' FACTORY VISIT

Conducted a factory visit for the St. Thomas' College Grade 7 section, engaging over 150 students and communicating the quality, safety, and standards of our manufacturing process.

"GUNA DEE KANNA" GOODNESS CAMPAIGN

Communicated the goodness proposition of the meatball range through deploying Point of Sale Materials (POSM) materials to General Trade (GT) and Small and Medium Modern Trade (SMMT).

August

BRADBY EXPRESS PARTNERSHIP

Bradby Express, the train of the Bradby Season, tied up as the official food partner, featuring new offerings such as KeellsKrest Jumbo Peanuts to over 1,000 travellers, including old boys, parents, students, and well wishers from Colombo to Kandy and back.

MEATBALLS CONSUMPTION DRIVE

The Meatballs Consumption Drive aimed to build habitual use beyond the Western Province through radio-led meal occasion endorsements, extensive POSM deployment in over 15,000 outlets, and trade activations in 50 SMMT stores. These combined efforts strengthened visibility, encouraged versatile usage, and successfully expanded SMMT penetration to 1,000 outlets.

September

ANNUAL CRICKET MATCH

"Battle of the Sales Warriors" - The Annual Cricket Match for KFP sales staff was held.

ANNUAL STAFF TRIP

KFP organised its annual staff trip at Turyaa Hotel Kalutara, offering employees and their families a weekend filled with engaging activities and memorable experiences.



October

OKTOBERFEST CAMPAIGN

Partnered with multiple Oktoberfest events, including Water's Edge as the official food partner.

CHILDREN'S DAY CELEBRATION AT WONDERLAND

The Havelock City Wonderland Kids Activation featured KeellsKrest Frankie with engaging indoor activities, outdoor selling, and wet sampling.



November

RASA CHARIKA TOWN STORMING ACTIVATION

The activation was carried out across selected locations and generated strong customer engagement, supported by an interactive "Spin the Wheel" promotion for qualifying purchases. The initiative was further amplified through digital live updates and radio endorsements on Neth FM.

GARMENT ACTIVATION

This aimed to increase penetration in main meals and in-between meals by showcasing meatball consumption options and driving tea time demand for crumbed products, reaching islandwide locations through targeted activations.

December

LET'S MEAT AT CHRISTMAS CAMPAIGN

Campaign focused on activations at 46 Keells outlets promoting the new Christmas Ham Range. Collaborated with EFM radio channel achieving 500k+ impressions and over 1 Mn views on the Meta platform with the extended recipe series to create relevance of Elephant House products complementing the season.

ELEPHANT HOUSE HOT DOGS AT SPAR

The Elephant House legendary hot dog operation was launched at SPAR Thalawathugoda and has been expanded to SPAR Pepiliyana, Galle, and Union Place

January

SPAR CRISPY CHICKEN ACTIVATION

The activation at SPAR outlets encouraged consumption during the World Cup season by positioning the product as the ideal shared snack for match viewing. Sampling and community engagement enhanced the shopping experience, while consumers were educated on the new Crispy Chicken range and its value-added BBQ sachets, reaching 680 customer touchpoints.

JOHN KEELLS ENGLISH LANGUAGE SCHOLARSHIP PROGRAMME

Through the John Keells Foundation, extended scholarships to students from three schools, equipping underprivileged youth with vital English language skills to enhance academic and professional success.

February

LET'S MEAT AT VALENTINES' CAMPAIGN

The Elephant House Valentine's campaign encouraged shoppers to engage with the brand through a qualifying purchase promotion, generating strong customer participation. Selected winners were rewarded with an exclusive Valentine's High Tea experience on a yacht.

RAMAZAN SMMT ACTIVATION

The activation focused on driving awareness of the Halal certification while boosting demand for KeellsKrest crumbed products during the Iftar season. It successfully reached over 4,000 customers across 18 SMMT outlets in the Western and Eastern Provinces.

March

MARCH MADNESS WITH THE PAPARE

KFP secured valuable visibility during the Big Match season through outdoor visibility in digital screens and exclusive exposure in .

IFTAR ACTIVATION

The initiative built awareness of KeellsKrest as a leading halal brand in the convenient food segment, strengthened brand affinity during the Iftar season, and promoted consumption moments while distributing snack packs across five mosque locations.



BOARD OF DIRECTORS



KRISHAN BALENDRA
N P



GIHAN COORAY
H P



DAMINDA GAMLATH



NELINDRA FERNANDO



SHANIL FERNANDO
A N H R



AROSHI NANAYAKKARA
A R



JANEK JAYASEKARA
A N H R

KRISHAN BALENDRA
Non-Executive - Non-Independent Director / Chairperson

Mr. Balendra was appointed to the Board of Keells Food Products PLC on 1st of January 2018 and was appointed as Chairperson on 1st January 2019. Mr. Balendra is the Chairperson-CEO of John Keells Holdings PLC. He is also the Chairman of the Employers Federation of Ceylon, Deputy Vice Chairman of the Ceylon Chamber of Commerce and the Hon. Consul General of the Republic of Poland in Sri Lanka. He is a former Chairperson of Nations Trust Bank and the Colombo Stock Exchange. Mr. Balendra started his career at UBS Warburg, Hong Kong, in investment banking, focusing primarily on equity capital markets. He joined JKH in 2002. Mr. Balendra holds a law degree (LLB) from the University of London and an MBA from INSEAD.

GIHAN COORAY
Non-Executive - Non-Independent Director

Mr. Cooray was appointed to the Board of Keells Food Products PLC on 1st of January 2018. Mr. Cooray is the Deputy Chairperson/ Group Finance Director and has overall responsibility of the Group's Finance and Accounting, Taxation, Corporate Finance and Strategy, Treasury, Information Technology and Corporate Communications functions. He is a former Chairperson of Nations Trust Bank PLC. Mr. Cooray holds an MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, Texas. He is a Fellow Member of the Chartered Institute of Management Accountants, UK, a Certified Management Accountant of the Institute of Certified Management Accountants, Australia and has a Diploma in Marketing from the Chartered Institute of Marketing, UK. He serves as a committee member of The Ceylon Chamber of Commerce.

DAMINDA GAMLATH
Non-Executive - Non-Independent Director

Mr. Gamlath was appointed to the Board of Keells Food Products PLC on 1st November 2017. Mr. Gamlath is the President of the JKH Consumer Foods Industry Group and has been with the John Keells Group since 2002. He was the Sector Financial Controller for the Information Technology Sector and the Consumer Foods Industry Group before he was appointed as the Head of Beverages in 2013 and the Sector Head in 2017. Prior to joining the John Keells Group, he worked at the Hayleys Group. Mr. Gamlath holds a B.Sc. in Engineering from the University of Moratuwa, an MBA from the University of Colombo and

is a passed finalist of the Chartered Institute of Management Accountants (UK).

NELINDRA FERNANDO
Non-Executive - Non-Independent Director
Ms. Fernando was appointed to the Board of Keells Food Products PLC on 1st January 2021. Ms. Fernando is the Chief Financial Officer for JKH Consumer Foods Industry Group and joined the John Keells Group in 2013 as the Sector Financial Controller of the Consumer Foods Industry Group. Prior to joining the Group, she worked at the MAS Group and Ernst & Young, Sri Lanka. She is a Member of the Chartered Institute of Management Accountants of UK and the Institute of Chartered Accountants of Sri Lanka.

SHANIL FERNANDO
Non- Executive- Independent Director
Mr. Fernando was appointed to the Board of Keells Food Products PLC on 2nd of May 2025. He is the Co-Founder and Chief Technology Officer of Cut & Dry, a Silicon Valley-based platform revolutionizing the food service industry. Mr. Fernando is a founding member of Virtusa Corporation (NASDAQ: VRTU), where he served as Chief Technology Officer and Vice President, overseeing engineering teams across multiple continents. He co-founded and led Sysco Labs, the innovation arm of Sysco (NYSE: SYY), developing technology solutions that processed billions of transactions annually. He is also the founder of Fernando Ventures Pvt. Limited, an investment company focused on global real estate and agro-tourism development. Mr. Fernando holds a BSc in Computer Science from the University of Warwick and has been recognised as 'ICT Leader of the Year 2016' and listed among the top 40 under 40 leaders by Echelon magazine.

AROSHI NANAYAKKARA
Non-Executive – Independent Director
Ms. Nanayakkara was appointed to the Board of Keells Food Products PLC on 2nd of May 2025. Ms. Nanayakkara has extensive professional experience in Strategic Planning, HR and Risk Management, having served in leadership roles at prominent organizations including ABN AMRO Bank NV, Deutsche Bank, Eagle Insurance, Delmege Group and Brandix Group of Companies where she held positions as Chief Risk Officer of the Brandix Group and CEO at Brandix Hangers (Pvt) Ltd. Ms. Nanayakkara currently serves as the CEO of the Global Consulting Company and is the Immediate Past Chairperson of the Sri Lanka Institute of Directors. She holds positions as an Independent Non Executive Director at Sampath Bank PLC, Asian Hotels & Properties PLC, Royal Palms Beach Hotels PLC and Tangerine Beach Hotels PLC. Ms. Nanayakkara holds a BSc. in Management from the Massachusetts Institute of Technology, USA, a MSc. in Management from the London School of Economics, UK and ACMA and CGMA qualifications from the Chartered Institute of Management Accountants, UK.

JANEK JAYASEKARA
Non- Executive – Independent Director
Mr. Jayasekara was appointed to the Board of Keells Food Products PLC on 15th May 2025. He is a senior corporate executive and Chartered Accountant with over 25 years of leadership experience across banking and financial services, manufacturing, retail and distribution, food and beverage, logistics, exports, and construction. He currently serves as Chief Executive Officer of International Distillers Limited. Mr. Jayasekara has held senior leadership roles including CEO, COO, and CFO within diversified business groups locally and internationally. His previous appointments include roles at Al Rajhi Bank (Saudi Arabia and Malaysia), Standard Chartered (Sri Lanka), John Keells Holdings PLC, Richard Pieris Group, and Akbar Brothers Group. He holds a BSc in Biological Sciences from the University of Colombo and an MSc in Finance and Accounting from Birmingham City University (UK). He is a Fellow of CIMA (UK) and CPA Australia, and an Associate Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Marketing (UK). Mr. Jayasekara currently serves on the Board of the International Chamber of Commerce Sri Lanka and contributes to professional organisations, including the Corporate Governance Council of the Institute of Chartered Accountants of Sri Lanka and the Alumni Association of the University of Colombo.

Board Sub Committees

A	Audit Committee
H	Human Resources and Compensation Committee
N	Nominations and Governance Committee
R	Related Party Transactions Review Committee
P	Project Risk Assessment Committee of JKH

MANAGEMENT TEAM

Function	Sub Function	Name	Designation
KFP	Operations	Mr. V I Wickramaratne	Senior Vice President / Chief Executive Officer
Sales & Marketing	Sales	Mr. N M Adams	Senior Assistant Vice President - Head of Sales & Distribution
	Sales	Mr. R G P Indika	Manager - Sales Administration
	Sales	Mr. M A W S S Maddumaarachchi	Senior Manager - Sales
	Sales	Mr. D T A Gunawardhana	Channel Manager - Hotels & Strategic Accounts
	Sales	Mr. A Sashikanth	Channel Manager
	Marketing	Mr. K A S D Kapurusinghe	Senior Marketing Manager
Supply Chain	Supply Chain	Mr. D V T Abeygunawardana	Senior Assistant Vice President - Head of Operations
	Supply Chain	Mr. K Gamage	Assistant Vice President - Head of Engineering (Consumer Foods Industry Group)
	Supply Chain	Ms.C D D Abeygunawardene	Consultant (Exports)
	Production	Mr. C N Soza	Senior Factory Manager
	Research & Development and Quality Assurance	Mr. A A N Lalantha	Senior Assistant Vice President - Head of Quality Assurance and Research & Development (Consumer Foods Industry Group)
	Research & Development and Quality Assurance	Mr. V Senadhirajah	Manager - Quality Assurance and Development Projects
	Procurement	Mr. S V R Boteju	Senior Manager - Head of Procurement
	Engineering	Mr. L S Gunawardhana	Manager - Engineering
	Logistics	Mr. W P A U L Perera	Manager - Logistics
Human Resources	Human Resources	Ms. A I A Perera	Vice President - Head of Human Resources (Consumer Foods Industry Group)
	Human Resources	Ms. M W C K Jayasooriya	Senior Manager - Human Resources
Finance	Finance	Ms. P N Fernando	Director / Executive Vice President / Chief Financial Officer (Consumer Foods Industry Group)
	Finance	Ms. J Ganeshan	Senior Assistant Vice President - Sector Financial Controller (Consumer Foods Industry Group)
	Finance	Mr. H Rathnayake	Assistant Vice President - Financial Controller (Consumer Foods Industry Group)
	Finance	Mr. M Perera	Assistant Vice President - Head of Financial Planning and Analysis (Consumer Foods Industry Group)
	Finance	Ms. E M T M Wijewikrama	Senior Assistant Vice President - Head of Tax (Consumer Foods & Retail Industry Group)
	Finance	Mr. A C Morris	Senior Manager - Management Accounting
	Finance	Mr. B N Mandis	Manager - Finance
	Finance	Mr. M H D C Wijesekara	Manager - Financial Planning and Analysis
IT	IT	Mr. I Gunawardena	Assistant Vice President - Head of Business Systems (Consumer Foods Industry Group)

RECALIBRATED

Through thoughtful action and evaluation, we at Keells Food Products PLC refine our approach to align with changing conditions and achieve balance between performance and progress.

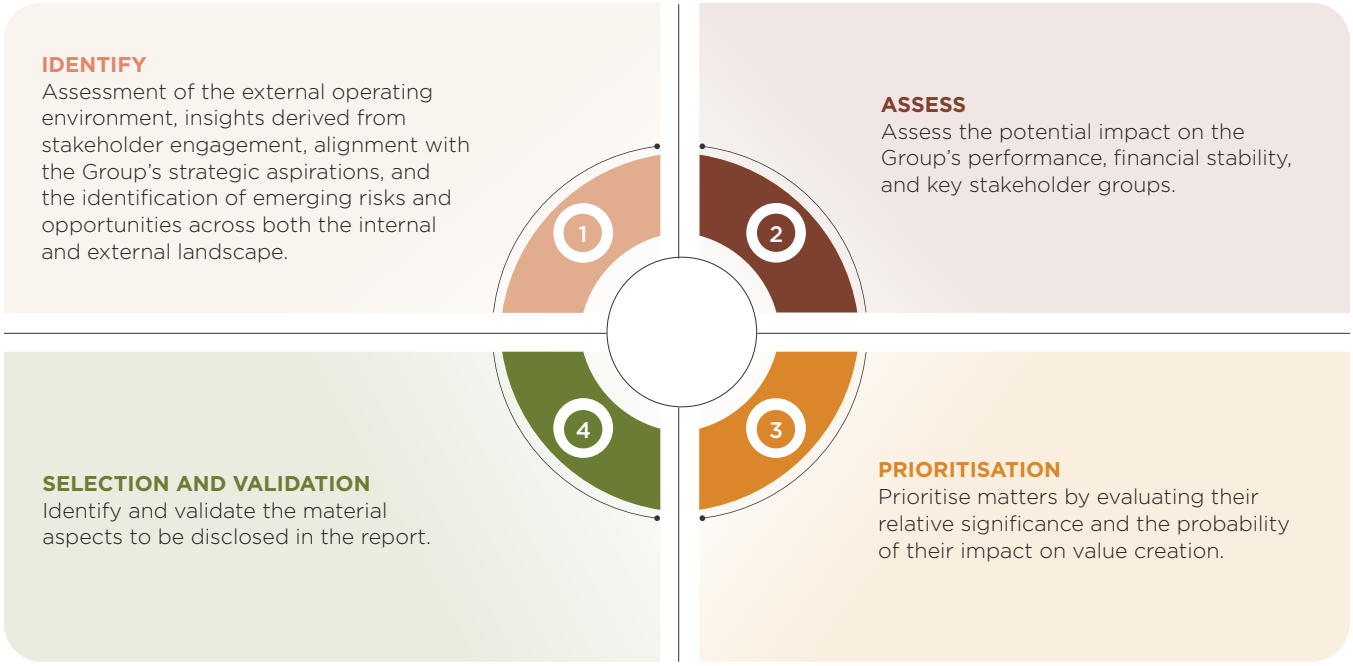


MANAGEMENT DISCUSSION AND ANALYSIS

MATERIALITY

We define material topics as those that significantly influence our ability to create value over the short, medium, and long term. Identified through a comprehensive assessment of both internal and external factors, our material matters reflect the priorities of our stakeholders as well as the key drivers of our value creation model.

Our formal materiality assessment incorporates both retrospective and forward looking perspectives, enabling us to evaluate past performance while informing strategic decisions that enhance future value creation. The process adopted to identify and prioritise these material topics is illustrated below:



In order to reflect the materiality of the topics considered in an effective manner, a few changes were incorporated to materiality assessment including a consolidation of material topics and introducing new material topics.

1. MATERIAL TOPICS RETAINED

The below material topics have been included in the materiality assessment without any changes.

- Macro-economic conditions and policy developments
- Market leadership and market reach
- Talent attraction and retention
- Developing livelihoods through developing community infrastructure
- Compliance and good governance
- Procurement practices

2. CONSOLIDATION OF MATERIAL TOPICS

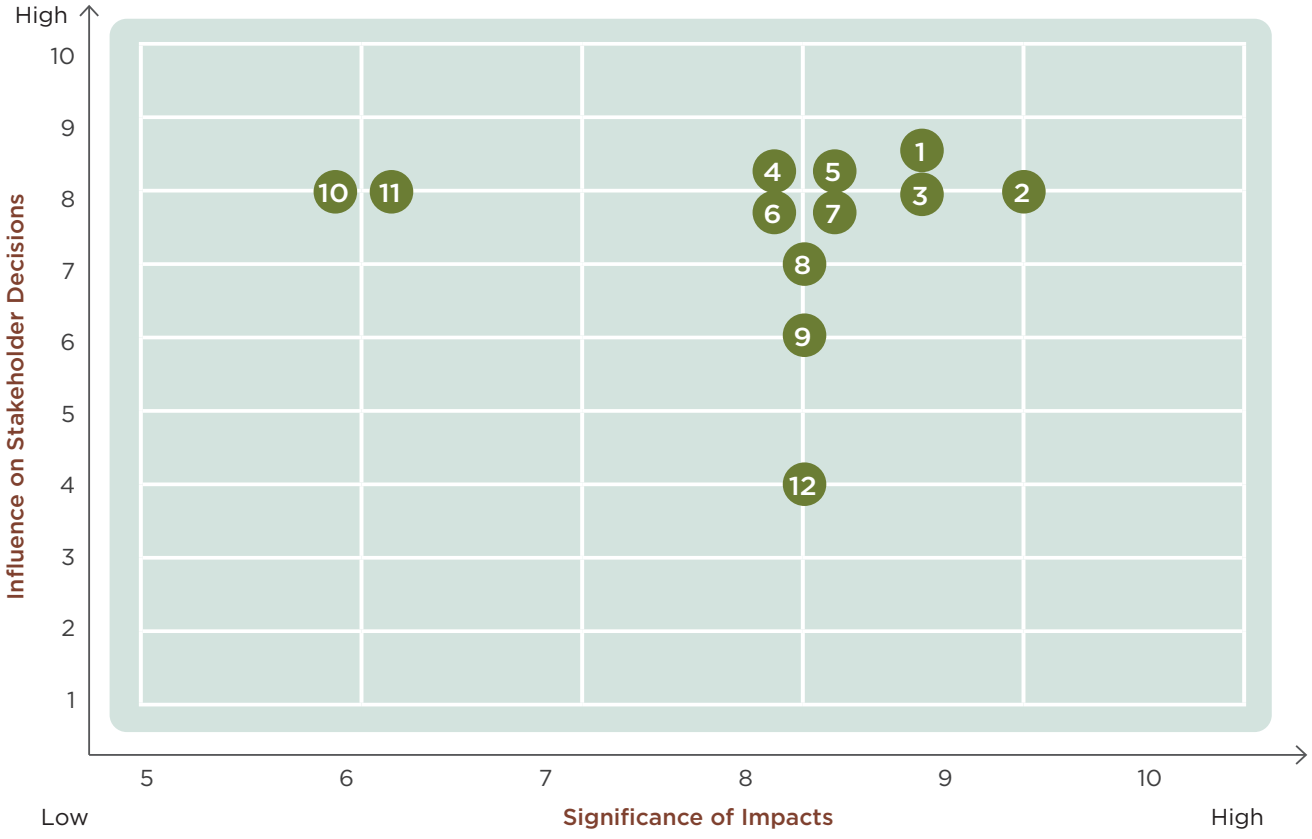
Several topics considered material in 2024/25 were consolidated in 2025/26 as presented below to better align with the business requirements and priorities.

Material topics in 2024/25	Material topic in 2025/26
1. Customer health and safety 2. Providing value for money with quality products 3. Product labelling and market communication compliance 4. Innovation to promote health, nutrition and lifestyle changes 5. Stability and efficiency in distributor channels	1. Quality, compliance, customer experience and responsible product Innovation
6. Managing margins, enhancing financial performance and stability 7. Managing working capital, cashflows and cost optimisation	2. Driving financial stability through cashflow, cost and margin management
8. Operational excellence 9. Managing natural inputs and outputs	3. Operational excellence and sustainable resource management
10. A safe workplace 11. Inclusive workplace	4. A safe and inclusive workplace
12. Data security 13. Digitisation and e-commerce platforms	5. Data Security, Digitisation and e-commerce platforms

3. NEW ADDITION TO MATERIAL TOPICS

Climate resilience and disaster management

This was added following the identification of Climate-Related Physical Risks (acute and chronic) as a material Climate Related Risk (CRR) according to the SLFRS S1 and S2 Standards.



MATERIALITY

	Material Topic	Corresponding GRI Topic	Link to the capital	Relevant stakeholders	Strategic pillar
1	Macro-economic conditions and policy developments	GRI 201: Economic Performance			
2	Compliance and good governance	GRI 205: Anti-corruption GRI 206: Anti-competitive behaviour GRI 207: Tax GRI 415: Public policy			
3	Quality, compliance, customer experience, and responsible product innovation	GRI 416: Customer health and safety GRI 417: Marketing & labelling			
4	Market leadership and market reach	GRI 206: Anti-competitive behaviour			
5	Driving financial stability through cash flow, cost and margin management	GRI 201: Economic Performance			
6	Operational excellence & sustainable resource management	GRI 301: Materials GRI 302: Energy GRI 303: Water & effluents GRI 305: Emissions GRI 306: Waste			
7	Procurement practices	GRI 204: Procurement practices GRI 308: Supplier environmental assessment GRI 414: Supplier social assessment			
8	Developing livelihoods through developing community infrastructure	GRI 203: Indirect economic impacts GRI 413: Local communities			
9	Climate resilience and disaster management (N)	GRI 301: Materials GRI 302: Energy GRI 303: Water & effluents			
10	Talent attraction and retention	GRI 401: Employment GRI 402: Labour management relations GRI 404: Training and education GRI 405: Diversity and equal opportunity GRI 406: Non-discrimination GRI 407: Freedom of association and collective bargaining GRI 408: Child labour GRI 409: Forced or compulsory labour			
11	A safe & inclusive workplace	GRI 403: Occupational health and safety GRI 202: Market Presence GRI 405: Diversity and equal opportunity GRI 406: Non-discrimination			
12	Data security, digitisation, and e-commerce platforms	GRI 418: Customer privacy			

(N) New Material Topic

DELIVERING OUR STRATEGY

KFP's performance reflects the expansion of its footprint across the wider consumer base while preserving premium brand positioning, expanding beyond core meat offerings into convenient, value added food solutions, and scaling emerging categories without diluting brand equity. Collectively, these initiatives support the Company's strategic ambition to transform from a predominantly meat-led business into a full scale convenience food company, aligned with evolving consumer lifestyles, eating habits, and demand for quality, ease, and value.

STRATEGIC PILLARS

Sustainable Growth	Quality and Innovation	Strengthen Channel and Supply Chain	Empowered Team	Operational Efficiency & Accountability

SUSTAINABLE GROWTH

Objectives	• Drive volume and market share growth in core processed meat business • Diversify portfolio into non-frozen categories to reduce risk of depending on processed meat. • Expand distribution reach and exports
Key Performance Indicators	• Volume growth • Market share by category • Outlet reach • Revenue contribution from new categories
Key Activities / Highlights (2025/26)	• Entered new categories including peanuts, sauces, and ready to eat products and new additions to canned food range • Expanded outlet reach from approximately 30,000 to 33,000 • Extended export footprint beyond Maldives to India and Middle Eastern markets
Resource Allocation	• Invested Rs. 384 Mn to targeted sales and marketing initiatives • Allocated Rs. 210 Mn in capital expenditure to enable category expansion, capacity enhancement, and scalable growth
Way Forward	**Short Term:** Strengthen the performance of newly launched categories and defend market share in the processed meat portfolio **Medium Term:** Increase revenue contribution from non-meat and value-added categories to build a sustainable export pipeline **Long Term:** Establish a geographically and category-diversified revenue base and become the Most Loved Food Business in Sri Lanka
Sustainable Development Goals (SDGs)	8 DECENT WORK AND ECONOMIC GROWTH
Relevant Material Topics	• Macro-economic conditions and policy developments • Market leadership and market reach • Driving financial stability through cash flow, cost and margin management
Relevant Capitals	

DELIVERING OUR STRATEGY

QUALITY AND INNOVATION

Objectives	• Ensure product quality, compliance, and consumer trust • Embed responsible product innovation into New Product Development (NPD) processes • Strengthen customer experience through differentiated offerings
Key Performance Indicators	• 29 new product launches • Compliance and audit outcomes • Customer complaints and satisfaction indicators
Key Activities / Highlights (2025/26)	• Established a cross functional NPD Committee with clearly defined approval processes • Prioritised innovation in non-frozen category, with a strong focus on consumer affordability and value • Embedded robust consumer validation processes, including sensory evaluations, consumer testing, and comprehensive regulatory compliance checks • Achieved external recognition, receiving a Merit Award for Best inhouse Research and Development (R&D) Unit
Resource Allocation	• Spent Rs. 15 Mn in R&D expenditure • Invested Rs. 21 Mn in testing, certification, and quality assurance
Way Forward	**Short Term:** Expand non-frozen portfolio and complete the innovation and renovation pipeline **Medium Term:** Deliver continuous improvements in-speed to-market and execution efficiency **Long Term:** Establish industry leading innovation capabilities and become the best in class product and R&D organisation
Sustainable Development Goals (SDGs)	
Relevant Material Topics	• Compliance and good governance • Quality, compliance, customer experience, and responsible product innovation
Relevant Capitals	

STRENGTHEN CHANNEL AND SUPPLY CHAIN

Objectives	• Build supply chain resilience amid climate and sourcing risks • Ensure responsible and sustainable procurement practices • Leverage digitisation and data security across channels
Key Performance Indicators	• Supply continuity metrics • Cold chain compliance • Digital adoption levels • Effective use of trade investments • Production efficiencies
Key Activities / Highlights (2025/26)	• Diversified sourcing channels to mitigate pork supply disruptions and strengthen procurement resilience • Implemented IoT enabled monitoring across cold chain and logistics assets • Enhanced digital ordering capabilities and e-commerce platform (Meathouse.lk) integration • Strengthened disaster preparedness and Business Continuity Planning (BCP)
Resource Allocation	• Allocation of Rs. 83 Mn in supply chain capital expenditure • Investment of Rs. 19 Mn IT security and digital commerce
Way Forward	**Short Term:** Strengthen sourcing resilience and enhance data accuracy, controls, and visibility across the supply chain **Medium Term:** Automate and digitise logistics, ordering, and planning processes to achieve supply chain and IT excellence **Long Term:** Build a climate resilient, technology enabled, and future ready supply chain that supports sustainable growth
Sustainable Development Goals (SDGs)	
Relevant Material Topics	• Procurement practices • Climate resilience and disaster management • Data security, digitisation, and e-commerce platforms
Relevant Capitals	

DELIVERING OUR STRATEGY

EMPOWERED TEAM

Objectives	• Attract, retain, and develop talent • Foster a safe, inclusive, and engaged workplace
Key Performance Indicators	• Employee satisfaction scores • Staff turnover rates • Training hours per employee
Key Activities / Highlights (2025/26)	• Enabled cross functional collaboration through structured governance forums and decision making platforms • Deployed digital tools and AI enabled systems to enhance employee productivity, efficiency, and effectiveness • Strengthened focus on learning, well-being, and inclusion, fostering a supportive and engaging workplace culture
Resource Allocation	• Rs. 1,219 Mn Payments to employees • Rs. 10 Mn investment in training and development • Rs. 9 Mn investment in HR systems and employee well-being initiatives
Way Forward	See table below
Sustainable Development Goals (SDGs)	
Relevant Material Topics	• Talent attraction and retention • A safe and inclusive workplace
Relevant Capitals	

Short Term	Medium Term	Long Term
Improve employee engagement, enhance employee experience, and reduce attrition	Build and strengthen a robust leadership and succession pipeline	Develop a high performance, future ready, engaged, and energised workforce that sustains long term growth and culture excellence

OPERATIONAL EFFICIENCY AND ACCOUNTABILITY

Objectives	• Achieve operational excellence and sustainable resource management • Improve margins, cash flows and cost optimisation through efficiency gains • Enhance data-driven governance and accountability
Key Performance Indicators	• Manufacturing efficiency • Cost savings and wastage reduction • Working capital days
Key Activities / Highlights (2025/26)	• Scaled IoT enabled solutions to improve factory productivity and enhance cold chain monitoring and compliance • Implemented the unified data platform • Executed process optimisation initiatives across manufacturing plants
Resource Allocation	• Rs. 19 Mn investment in digital transformation initiatives • Allocation of Rs. 37 Mn in capital expenditure toward process improvement
Way Forward	See table below
Sustainable Development Goals (SDGs)	
Relevant Material Topics	• Operational excellence & sustainable resource management • Driving financial stability through cash flow, cost and margin management
Relevant Capitals	

Short Term	Medium Term	Long Term
Complete digital productivity rollouts and drive measurable improvements in overall operational efficiency	Improve resource efficiency, yields, and asset utilisation across operations	Achieve zero waste, high efficiency, and operationally excellent processes that sustainably support long term growth

OPERATING ENVIRONMENT AND INDUSTRY DRIVERS

GDP PERFORMANCE

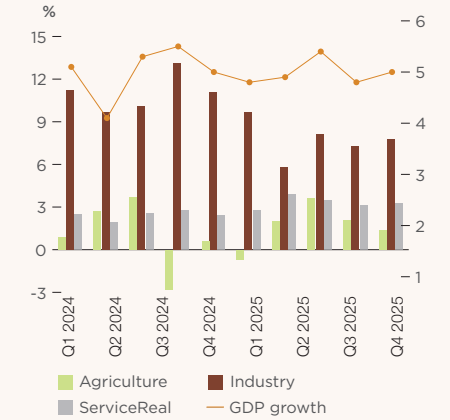
Sri Lanka's economy expanded by 4.8% YoY in the 4th quarter of 2025, reflecting continued economic recovery momentum, although growth moderated from the 5.4% recorded in the 3rd quarter due to the disruption of Cyclone Ditwah. While all three major sectors of the economy continued to record positive growth, a gradual easing in growth rates was evident during the quarter. Agricultural sector growth moderated to 2.1% in 4th quarter, compared to 3.6% in the 3rd quarter of 2025, reflecting the sharpest slowdown among the sectors. Industrial sector growth eased slightly to 7.3% from 8.1%, despite continued strong performance in construction (8.0%), mining and quarrying, utilities, and the manufacture of basic metals. Meanwhile, growth in the Services sector moderated to 3.1% from 3.5% in the previous quarter, supported primarily by wholesale and retail trade, real estate activities, and financial services.

On a full-year basis, Sri Lanka's Gross Domestic Product (GDP) expanded by an estimated 5.0% in 2025, reflecting a continued recovery from the country's financial crisis. However, the economy remains vulnerable due to its heavy reliance on imported fuel, exposing it to volatility in global energy prices. Rising energy prices have heightened this risk following the escalation of geopolitical tensions in the Middle East.

IMPACT ON KFP

The improving macroeconomic stability in 2025 provided a more supportive operating environment for KFP, contributing towards gradual recovery in consumer sentiment and business activity. While certain demand-side, supply-side, and operational challenges continued during the year, the Company's strong brand positioning, proactive supply chain management, and disciplined strategic execution enabled it to navigate the environment effectively and further strengthen its long-term growth fundamentals.

QUARTERLY GDP GROWTH (CONSTANT PRICES)



Source: Central Bank of Sri Lanka

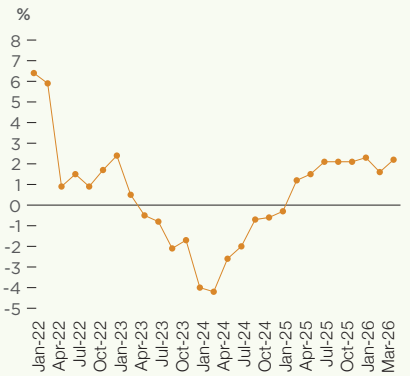
INFLATION

On a month-on-month basis, Colombo Consumer Price Index (CCPI) -based headline inflation declined marginally in July and August 2025, as reductions in food prices following the Yala harvest more than offset price increases stemming from the electricity tariff revision. With the normalisation of harvest-related supply effects, inflation recorded a marginal increase in September 2025 and remained broadly unchanged in October 2025. Headline inflation declined again in November 2025, mainly due to moderation in the prices of several volatile food items. However, inflation rose sharply in December 2025, reflecting the combined impact of Cyclone Ditwah-related supply disruptions and strong seasonal demand during the festive period.

IMPACT ON KFP

The operating environment for KFP supported relatively stable production costs, with improved macroeconomic stability enhancing cost predictability and enabling more competitive pricing aligned with demand for value-oriented products. At the same time, easing inflation reduced consumer price sensitivity, supporting demand for affordable options while the Company's strong brand, supply chain management, and disciplined pricing sustained margins and operational resilience.

CCPI BASED HEADLINE INFLATION



Source: Department of Census and Statistics

INTEREST RATES

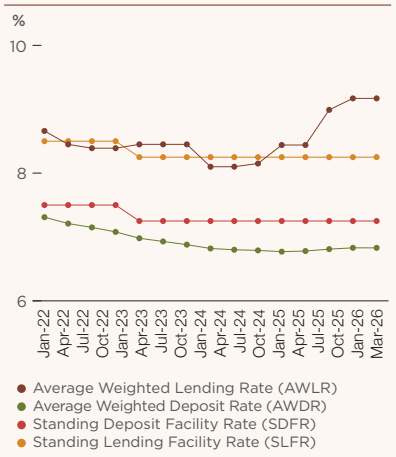
Market interest rates eased during the earlier part of the year, reflecting the pass-through of monetary easing and improved policy clarity following the introduction of the Overnight Policy Rate (OPR) as the Central Bank's single policy rate in November 2024. While the OPR was maintained at 7.75% in early 2026, lending rate adjustments remained gradual, with spreads between lending and deposit rates continuing to normalise from elevated levels observed in prior periods. During the latter part of FY 2025/26, market lending rates showed signs of firming up alongside strengthening credit conditions, although remaining below 10% overall, consistent with a gradual normalisation in domestic financial conditions. Real deposit returns remained supportive over most of the period, underpinned by low inflation dynamics and moderate nominal rate movements.

Overall, monetary policy remained largely accommodative throughout most of FY 2025/26, with the gradual upward movement in interest rates towards the latter part of the year reflecting an orderly transition towards more normalised domestic credit conditions.

IMPACT ON KFP

Relatively low interest rates during the period supported improved access to capital, enabling investments in plant and machinery upgrades and technological improvements. The maintenance of borrowing costs at manageable levels also supported consumer demand, with improved affordability sustaining discretionary spending trends. In addition, access to comparatively low-cost funding strengthened the financial stability and profitability of the distributor network, enabling continued expansion in distribution reach and reinforcing overall channel resilience.

MARKET INTEREST RATES



Source: Central Bank of Sri Lanka

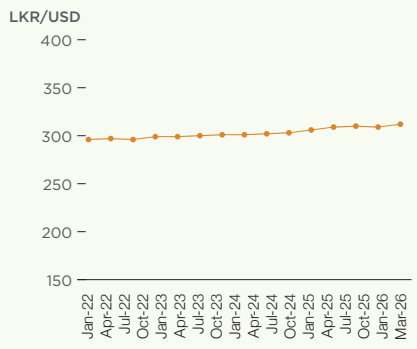
EXCHANGE RATE AND EXTERNAL POSITION

Sri Lanka's external sector strengthened in 2025, with the current account recording monthly surpluses for most of the year and an estimated overall surplus of US$ 1.7 Bn. This was achieved despite a widening merchandise trade deficit, which expanded to approximately US$ 7.9 Bn, driven by strong import demand, including vehicle imports of around US$ 2.0 Bn, alongside record export earnings. The services account surplus strengthened further, supported by a robust recovery in tourism, with arrivals surpassing pre-pandemic levels and growing by 15.1% YoY. Workers' remittances continued to play a key role in external stability, increasing by 22.8% to exceed US$ 8.0 Bn, the highest level on record. While the terms of trade weakened marginally and portfolio flows remained mixed, gross official reserves increased to approximately US$ 7.3 Bn by February 2026. The Sri Lankan Rupee gradually depreciated over the period under a flexible exchange rate regime, reflecting continued import demand and external sector adjustments, with movements remaining orderly in line with underlying macroeconomic conditions.

IMPACT ON KFP

Positive economic conditions strengthened investor confidence, attracting high-quality investments and supporting capital inflows into the economy. At the same time, favourable trade relations facilitated improved access to foreign markets, enabling businesses to expand their international footprint and diversify export destinations. These developments, together with strengthening external sector performance, contributed to enhanced export prospects and reinforced the country's integration into global trade flows.

EXCHANGE RATE MOVEMENT LKR PER USD



Source: Central Bank of Sri Lanka

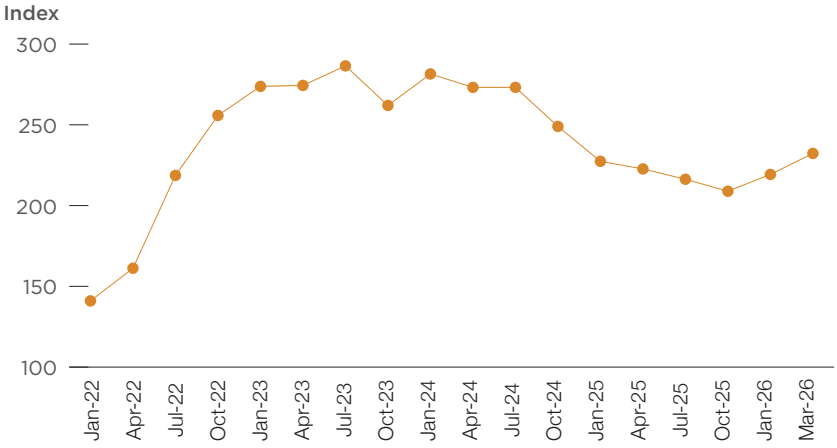
OPERATING ENVIRONMENT AND INDUSTRY DRIVERS

INDUSTRY DRIVERS

Industry Environment

The industry operating environment during the year remained challenging and volatile, shaped by subdued consumer confidence, supply-side disruptions, intensifying competition, labour constraints, and escalating external shocks. Consumer sentiment improved only marginally as households emerged from a prolonged period of economic hardship, with discretionary spending remaining constrained despite signs of macroeconomic stabilisation. Processed meat and value-added food products continued to be viewed as non-essential, resulting in intense competition for limited consumer spending. This pressure was heightened by the Company's positioning as a premium-priced brand, necessitating sustained brand investment and consistent communication of quality and value to encourage consumers to trade up in a climate of cautious indulgence and to add value for money budget packs to the portfolio.. On the supply side, while chicken availability remained relatively stable, the pork segment faced significant disruption due to African Swine Fever and a Nationwide shortage, materially impacting a portfolio where pork-based products account for approximately 8%. Elevated sourcing costs during the first half of the year exerted margin pressure and were compounded by restrictions on pork and poultry imports, requiring active engagement with Government authorities to highlight the structural importance of pork-based products to the tourism, modern trade, and hospitality sectors. Competitive intensity remained high as the Company expanded into established categories such as peanuts, sauces, and pasta, yet meaningful market share was gained through a focus on value-added differentiation and brand trust, reinforcing the effectiveness of this strategy. Labour availability, particularly within frontline sales roles, remained a persistent operational challenge due to high turnover, evolving workforce expectations, and continued migration, requiring ongoing focus on engagement, capability development, and retention. The operating environment was further disrupted by external shocks, most notably the Cyclone Ditwah event during November and December 2025, which had a significant regional impact, disrupted distribution networks and retail assets, and required an extended two-month recovery period. Just as operating conditions began to normalise in January, middle east war-related disruptions emerged, adding to uncertainty. Escalating geopolitical tensions, including the US–Iran conflict, introduced additional risks through potential exchange rate depreciation, rising import, freight and insurance costs, upward pressure on interest rates, and the risk of fuel, power, or electricity tariff increases, all of which could materially impact manufacturing continuity and cold chain distribution systems.

PRODUCER PRICE INDEX - ANIMAL PRODUCTION



Source: Department of Census and Statistics

The Colombo Consumer Price Index (CCPI, 2021 = 100)–based YoY headline inflation remained unchanged at 2.2% in March 2026, largely reflecting a favourable statistical base effect, despite a notable month on month price increase triggered by supply disruptions following Cyclone Ditwah. Inflationary pressures re emerged in early 2026, with the annual inflation rate in Colombo rising to 2.2% in March from 1.6% in February. Both food and non food prices accelerated during the period, with food inflation increasing to 0.7% from 0.2%, and non food inflation rising to 2.9% from 2.3%. The increase in non food prices was driven primarily by higher housing and utility costs, including a 7.2% increase in household electricity tariffs amid escalating energy prices. As Sri Lanka imports its entire fuel requirement, domestic prices were further impacted by the ongoing Middle East crisis, which contributed to a 36% increase in fuel prices. Additional upward pressure on inflation stemmed from higher costs in restaurants and hotels, education, healthcare, and transport. On a month on month basis, consumer prices increased by 0.3%, reversing a 0.9% decline recorded in the previous month.

SUPPLY SIDE DISRUPTIONS

Supply side challenges persisted due to reduced pork availability following the African Swine Fever outbreak, rising feed and input costs, and limited poultry feed supply, all of which constrained output and pressured margins. These issues were compounded by increased downstream processing by farms and upstream poultry suppliers, intensifying competition and adding complexity to supply chain stability.

IMPACT ON KFP

Supply side disruptions increased cost volatility and margin pressure for KFP, constrained product availability, particularly within pork based lines, and added complexity to production planning and inventory management. These pressures necessitated selective price increases in a price sensitive market, intensified competition from lower cost processors, and required greater management focus on sourcing stability, regulatory engagement, and brand differentiation to sustain market position.

OUR RESPONSE

KFP strengthened its pork sourcing strategies and implemented more stringent quality assurance controls, while maintaining continuous engagement with regulatory authorities to safeguard product standards and ensure uninterrupted supply. In parallel, focus was placed on expanding the non-frozen portfolio, which is inherently less exposed to supply chain volatility. Additionally, sourcing channels for key raw materials were diversified to mitigate supply risks, improve resilience, and secure more favourable input pricing.

ENVIRONMENT AND CLIMATE RELATED RISKS

The meat industry has a significant environmental footprint, contributing to climate change through greenhouse gas (GHG) emissions and substantially higher water consumption compared to plant based food production. These impacts are being exacerbated by climate driven extreme weather events, including heatwaves, droughts, and flooding which increasingly threaten agricultural productivity, disrupt supply chains, and heighten global food security risks.

IMPACT ON KFP

Increasing awareness and regulatory focus on climate change may lead to stricter requirements governing greenhouse gas emissions, water usage, and environmental compliance, potentially impacting production processes and the cost structure. Climate change related extreme weather events, including droughts, floods, and heatwaves pose growing risks to supply chain stability, particularly for critical raw materials such as livestock, animal feed, and other agricultural inputs. At the same time, heightened environmental consciousness among consumers may accelerate a shift towards more sustainable and plant based alternatives, which could moderate long term demand for conventional meat products.

OUR RESPONSE

KFP continues to mitigate environmental risks by investing in energy efficient technologies and adopting more sustainable sourcing practices, aimed at reducing greenhouse gas emissions and optimising water usage. Efforts are also underway to build more diversified and resilient supply chains, strengthening protection against disruptions caused by extreme weather events and other climate related challenges. In parallel, the portfolio is being progressively enhanced with more sustainable product offerings, to align with evolving consumer preferences and support long term environmental stewardship.

OPERATING ENVIRONMENT AND INDUSTRY DRIVERS

GOVERNMENT POLICY

Continued fiscal consolidation measures were implemented during the year, including revisions to indirect taxation and the withdrawal of certain concessions, with the objective of strengthening Government revenues and supporting macroeconomic stability. Amendments to the Value Added Tax (VAT) framework, including the phasing out of the Simplified VAT (SVAT) scheme effective October 2025 and the tightening of compliance and settlement procedures, resulted in higher upfront tax outflows and increased working capital requirements for businesses. In parallel, cost-reflective pricing measures, particularly revisions to electricity tariffs, and increases in statutory minimum wages, contributed to a structurally higher operating cost environment across industries. These developments, while reinforcing fiscal discipline and policy credibility, necessitated greater cost management, pricing discipline, and operational efficiency improvements at the enterprise level.



IMPACT ON KFP

The Company experienced increased input and operating costs during the year, driven by upward revisions to energy tariffs, statutory wage increases, and changes to the indirect tax regime, which placed pressure on short-term margins. Overall, the evolving regulatory landscape has led to a more structured operating environment, requiring stronger compliance, governance, and risk management capabilities.



OUR RESPONSE

In response, KFP strengthened its working capital planning processes, including closer monitoring of inventory levels and funding structures to mitigate short-term liquidity pressures. A continued focus on cost optimisation and productivity improvements across manufacturing operations was maintained to offset increases in labour and energy costs. The Company leveraged its scale, operational efficiencies, and robust compliance frameworks to navigate regulatory changes effectively and ensure business continuity.

CONSUMER PREFERENCES

Consumer demand improved during the year, supported by easing inflation and a gradual recovery in purchasing power. However, consumption patterns remained largely value-driven, with affordability and convenience continuing to shape purchasing decisions. Within this context, processed meat products increasingly served as practical everyday protein options, supported by their consistency, ease of preparation, and suitability across multiple consumption occasions.

Value-oriented formats and convenient ready-to-cook and ready-to-eat offerings remained key drivers of demand, while evolving lifestyles continued to support quick and dependable meal solutions.



IMPACT ON KFP

These trends reinforced the relevance of KFP's portfolio, supporting sustained demand across core processed meat categories and convenience-led offerings. Continued value consciousness strengthened demand for affordable, high-usage formats, while improving overall consumption levels supported volume growth across channels.



OUR RESPONSE

In response, KFP strengthened its focus on value-led propositions and affordability while maintaining product quality and brand consistency. The Company expanded its presence across everyday consumption occasions, particularly within main meals and convenient meal solutions, while increasing penetration across both General and Modern Trade channels.

In parallel, the business maintained a strong focus on operational efficiencies and cost optimisation across manufacturing and supply chain operations. Leveraging its scale, brand strength, and disciplined execution, KFP sustained growth momentum and effectively navigated evolving consumer and cost dynamics.

STAKEHOLDER ENGAGEMENT

We identify our key stakeholders as all relevant internal and external parties who are significantly affected by, or have a vested interest in, our activities. During the year, we strengthened relationships with these key stakeholders through proactive engagement, enabling us to better understand and address their priorities and concerns.

CUSTOMERS

Key Concerns

- Value for money offerings
- Consistently high standards of quality and taste
- Enhanced convenience
- Health & Nutrition

Our Response

Offer a diverse portfolio of high quality products tailored to evolving customer needs, while ensuring affordability and convenient access across our markets.

Engagement Channel and Frequency

Customer satisfaction surveys	Periodic
Customer hotline	Continuous
Social media engagement	Continuous
Website	Continuous
Marketing communications	Continuous
Mystery Shopper audits	Periodic
Consumer Panels	Periodic

Value Created

29
New products Introduced

53%
Top of the mind recall of "KeellsKrest"

Capitals Impacted

Link to Strategic Pillars

Material Topics

3 4 6 12

EMPLOYEES

Key Concerns

- Competitive remuneration and job security
- Rewards and recognition
- A safe and healthy working environment
- Opportunities for skill development and career progression
- Freedom of association
- Diversity & Equity in the workplace
- Succession and career progression

Our Response

Foster a safe, inclusive, and supportive workplace that promotes employee well-being, recognises performance, and provides opportunities for continuous learning and career advancement.

Engagement Channel and Frequency

Employee satisfaction surveys -Voice of Employee	Annual
Performance appraisal	Annual
Work-life balance initiatives	Continuous
Open door communication policy	Continuous
Digital platforms including staff intranet	Continuous

Value Created

Rs. 1,219 Mn
Payments to Employees

Rs. 10 Mn
Investment in Training

Capitals Impacted

Link to Strategic Pillars

Material Topics

2 6 10 11

STAKEHOLDER ENGAGEMENT

BUSINESS PARTNERS

Key Concerns

- Stable and fair pricing structures
- Equitable and transparent operational terms and conditions
- Long term financial viability
- Development of trusted, long term partnerships
- Responsible and ethical procurement practices
- Timely and reliable payment processes

Our Response

Promote stable & financially sustainable business opportunities through fair treatment and mutual respect.

Engagement Channel and Frequency

Distributor Management System - Surge	Continuous
Distributor profitability analysis	Monthly
Audits and site visits	Periodic
Supplier selection process	As required
Training programmes	Continuous
Supplier financing	As required

Value Created

Rs. 117 Mn
Financial assistance to channel partners

Rs. 7,463 Mn
Payments to suppliers

Capitals Impacted

Link to Strategic Pillars

Material Topics

4 6 7 9 10

INVESTORS

Key Concerns

- Opportunities for sustainable growth
- Implications of the operating environment
- Strategic relevance and effective risk management
- Timely and transparent communication
- Robust corporate governance practices
- Corporate Reputation

Our Response

Drive sustainable and profitable growth through a clear strategic direction, sound risk management practices, and strong governance, supported by transparent and timely communication with stakeholders.

Engagement Channel and Frequency

Annual General Meeting and the publication of the Annual Report	Annual
Interim Financial Statements	Quarterly
Announcements to the Colombo Stock Exchange	When required
Press releases	Continuous
Corporate website	Continuous
One-to-one engagement	When required

Value Created

Rs. 664 Mn
EBITDA

Rs. 3.27
Dividends per share

34%
Total Dividend Payout

Capitals Impacted

Link to Strategic Pillars

Material Topics

1 5 6 8

GOVERNMENT AND REGULATORS

Key Concerns

- Compliance with all applicable laws, regulations, and guidelines
- Transparent and ethical work practices
- Full and timely payment of all statutory taxes and levies
- Proactive minimisation of adverse environmental impacts

Our Response

Maintain proactive engagement with regulators and industry stakeholders, underpinned by strict adherence to applicable regulatory requirements and timely payment of taxes & levies.

Engagement Channel and Frequency

On-site surveillance and factory visits	Periodic
Directives and circulars	Continuous
One-to-one engagement	When required
Press releases	Continuous

The Group has not sought any financial assistance nor made any political contributions to the Government during the year.

Value Created

Rs. 1,383 Mn
Payments to Government

No significant instances of non-compliance with laws and regulations

Capitals Impacted



Link to Strategic Pillars



Material Topics

1 2 7 8

COMMUNITY

Key Concerns

- Employment creation
- Meaningful and impactful CSR initiatives
- Minimising adverse environmental impacts of operations
- Contribution to local community development

Our Response

Create stable and sustainable employment opportunities within the communities in which we operate. Through meaningful CSR initiatives, responsible operational practices, and a focus on environmental stewardship, we contribute to the long term preservation and socio economic development of local communities, guided by principles of fair treatment and mutual respect.

Engagement Channel and Frequency

Community engagement initiatives	Continuous
Public events	Continuous
Social media interactions and press releases	Continuous
CSR projects in partnership with the John Keells Foundation	Continuous

Value Created

No Complaints from the community on Group's operations

770
CSR beneficiaries

Capitals Impacted



Link to Strategic Pillars



Material Topics

8 9

VALUE CREATION MODEL

Our value creation model illustrates how we strategically deploy our resources and relationships (capital inputs) and transform them through our business activities to deliver meaningful outputs and outcomes for stakeholders. This process drives the creation, preservation, and, at times, the transformation of our capitals, while remaining firmly

OPERATING

Macroeconomic Developments | **Supply Chain Implications**

OUR VISION, MISSION, AND VALUES

CAPITAL INPUTS

FINANCIAL CAPITAL
Financial resources sourced from shareholders, banks, and other lenders to drive our strategic ambitions and long term value creation.

- Shareholders Funds **Rs. 2,179 Mn**
- Borrowings **Rs. 1,288 Mn**

46

HUMAN CAPITAL
Our team of 709 employees whose skills, experience, and commitment support the achievement of our strategic objectives.

- **Rs. 1,219 Mn** Payment to employees
- **Rs. 10 Mn** investment in training and development

62

MANUFACTURED CAPITAL
State-of-the-art manufacturing facilities that support the production of our product portfolio.

- **4** Production facilities
- Property, Plant and Equipment: **Rs. 1,679 Mn**

50

INTELLECTUAL CAPITAL
Our brand portfolio and extensive recipe library, which underpin our competitive advantage and strong R&D capabilities.

- Recipes, systems and processes
- Brand equity Score **38.1**

54

SOCIAL AND RELATIONSHIP CAPITAL
The network of relationships that enables value creation while safeguarding our social license to operate.

- Strong customer & supplier relationships
- **77** Distributors
- **+33,000** Retail partners
- **+270** Suppliers

71

NATURAL CAPITAL
The natural resources essential to our manufacturing, distribution, and operational activities.

- Energy consumption **39,214 Gj**
- Water consumption **51,472 m³**

80

VALUE TRANSFORMATION PROCESS

STRATEGIC PRIORITIES

- Sustainable Growth
- Quality and Innovation
- Strengthen Channel and Supply Chain
- Empowered Team
- Operational Efficiency and Accountability

DOWNSTREAM

- Sales & Marketing
- Delivery & Distribution
- Consumption

Core Business Activities

UPSTREAM

- Factory Acquisition/ Building
- Sourcing Ingredients

- Manufacturing and Packaging
- Procurement of Input Materials
- Managing Customer Relationships
- Research and Development
- Warehousing & Distribution

underpinned by strong corporate governance, effective risk management, and ethical business practices. The value creation journey is illustrated below.

ENVIRONMENT

Changing Customer Preferences | **Climate Related Risks** | **Government Regulations**

5

OUTPUTS	OUTCOMES	RELEVANT STAKEHOLDERS
• **Rs. 245 Mn** profit after tax • **Rs. 83 Mn** dividend payments • **Rs. 90 Mn** interest payment • Share price **Rs. 160.25**	• Sustained growth in investor returns • Long term financial stability	
• **Rs. 1,219 Mn** payments to employees • **Rs. 10 Mn** investment in training • Measures to ensure physical and mental well-being • **83%** Employee satisfaction rate	• Committed & efficient workforce • Improved workforce diversity • Higher employee retention	
• **Rs. 210 Mn** capital expenditure • **Rs. 15 Mn** R&D expenses	• Improved cost savings from efficiency improvements • Improved capacity utilisation	
• **+650** No. of recipes • **29** new products added • Management System certification from SGS • Product certification from SLAS	• Strengthened brand reputation & new products	
• **Rs. 768 Mn** distributor earnings • **Rs. 7,463 Mn** payments to suppliers	• Enhanced customer satisfaction and loyalty • Support for sustainable and resilient communities • Resilient supply chain • Expanded distributor network	
• **8,581 tCO2e** generated from operations • Zero environmental grievances • Fully compliant with all relevant environmental regulations • **36%** water recycled	• Commitment to environmental protection • Sustainable and responsible use of natural resources	

87

FINANCIAL CAPITAL



The Group's financial capital, anchored by shareholders' equity, operating cash flows, and borrowings, supported sustainable growth and long-term value creation. Transitioning from recovery to growth, the Group pursued new opportunities, strengthened capital investments, and enhanced resilience while delivering value to stakeholders. Profitability improved through strong sales performance, cost rationalisation, operational efficiency initiatives, and proactive working capital management. These measures reinforced the Group's financial stability and positioned it for continued growth and sustained performance.

KEY HIGHLIGHTS 2026

Rs.3.27 (+33%) Dividend per Share	Rs.8,392 Mn (+24%) Revenue	Rs.2,179 Mn (+10%) Equity	Rs.245 Mn (+84%) Profit After Tax	Rs.664 Mn (+39%) EBITDA

Relevant stakeholders	Relevant material topics	Relevant strategic pillars
	• Macro-economic conditions and policy developments • Compliance and good governance • Market leadership and market reach • Driving financial stability through cash flow, cost and margin management • Operational excellence and sustainable resource management	

CONTRIBUTION TO SDGs

Related CRROs & SRROs*	
CRR1	Climate Physical Risk (Acute)
CRR2	Climate Physical Risk (Chronic)
CRR3	GHG Emissions & Energy Management
SRR1	Environmental and Social Impacts of Ingredient Supply Chain
SRR4	Skilled Labour Availability and Capability Risk
CRO1	Climate-Resilient Operations and Cold-Chain Strengthening
SRO1	Sustainable Water Governance & Recycling Systems
SRO2	Sustainable and Reliable Ingredient Procurement
SRO4	Workforce Upskilling and Technology Integration Readiness
SRO5	Sustainable and Efficient Energy Management

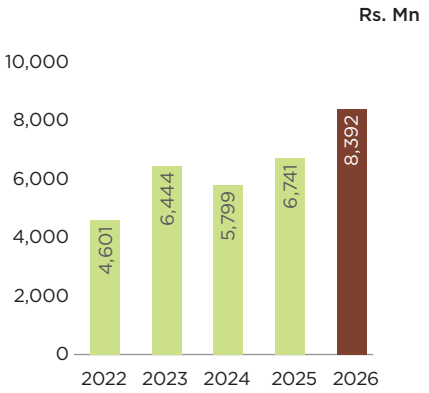
***CRROs** - Climate Related Risks & Opportunities

SRROs - Sustainability Related Risks & Opportunities

REVENUE

Consolidated revenue increased by 24% to Rs. 8,392 Mn, driven by strong volume growth of 22% and further supported by selective price adjustments implemented during the second half of the year to mitigate cost pressures arising from higher chicken prices and electricity tariff increases. The Group continued to strengthen in-home consumption by focusing on General Trade and Modern Trade channels, while the HoReCa channel benefited from the recovery in tourism. General Trade remained the largest contributor

REVENUE TREND



to overall growth, followed by Modern Trade and HoReCa, with all key channels recording healthy YoY expansion. Within the product portfolio, processed meat products delivered strong growth, led by sausages, meatballs, and formed meats, while the non-frozen product segment recorded notable growth off a relatively lower base.

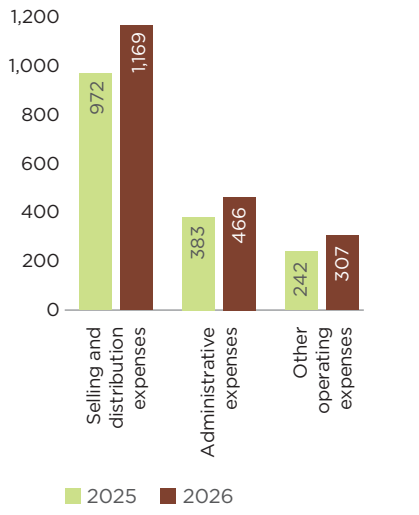
GROSS PROFIT

The Company recorded a gross profit of Rs. 2,308 Mn, an increase of 27% over the previous year, with gross profit margin improving to 28% from last year's 27%. Margin pressures arose from higher discount spending to support the volume growth, increased electricity costs, and rising chicken and pork prices. However, a strategic focus on optimising the sales mix, together with timely and selective selling price adjustments, helped sustain gross profit margins across the business. In addition, margins were further supported by effective cost management, competitive raw material sourcing, and operational efficiencies achieved through productivity improvements and reduced process wastage.

OPERATING PROFIT

Strong revenue growth, improved margins, and prudent overhead management resulted in the Group's Operating Profit increasing by 72% to Rs. 428 Mn during the year under review, with operating profit margins improving to 5% from 4% in the prior year. Selling and distribution costs increased by 20% due to higher investments in advertising and promotional activities, together with increased distribution and sales staff costs associated with higher volumes. Administrative expenses increased by 22%, primarily due to annual staff cost increments and higher technology-related expenditure associated with cybersecurity enhancements and new technology initiatives. Other operating expenses rose by 27%, reflecting increased Social Security Contribution Levy (SSCL) contribution in line with revenue growth, together with higher market returns arising from Cyclone Ditwah. In contrast, operating income increased significantly by 163%, mainly driven by the recognition of insurance claims received in respect of inventory damaged by Cyclone Ditwah.

COST MANAGEMENT



FINANCIAL CAPITAL

PRE AND POST-TAX PROFIT

Consolidated finance costs increased by 7% to Rs. 90 Mn during the period under review. This increase was primarily attributable to higher interest rates and elevated funding requirements arising from increased capital expenditure, higher dividend payouts, and expanded working capital needs in line with sales growth. These funding requirements were efficiently managed through an optimal mix of bank overdrafts and short-term interest-bearing borrowings, helping the Group maintain overall finance costs at manageable levels.

The Group recorded a Profit Before Tax (PBT) of Rs. 351 Mn for the year under review, representing a strong YoY growth of 96%. This performance was primarily driven by higher sales volumes, further supported by enhanced operational efficiencies and effective cost optimization initiatives, as discussed in the preceding sections.

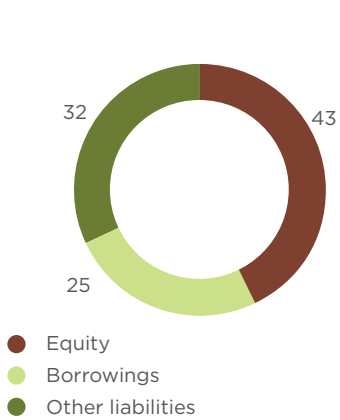
The Group recognized a tax expense of Rs. 106 Mn during the year, reflecting a year-on-year increase of 134%, broadly in line with the growth in profitability. The relatively lower tax charge reported in the previous year was mainly due to the utilization of brought-forward tax losses accumulated from prior periods. Resultantly, KFP recorded a Net Profit After Tax (PAT) of Rs. 245 Mn, marking a commendable growth of 84% over the previous year, underscoring the Group's resilience, adaptability, and strong operational execution amid a challenging business environment.

FINANCIAL POSITION

The Group's total assets increased by 16% to Rs. 5,077 Mn during the year, driven by investment in capital expenditure and higher working capital requirements in line with business growth. Non-current assets recorded moderate growth of 4%, whereas current assets expanded by 26%, aligned to increase in working capital needs. Accordingly, the asset base tilted increasingly towards current assets, which accounted for 60% of total assets.

On the liabilities side, total liabilities increased by 21% to Rs. 2,898 Mn during the year. Current liabilities rose by 24%, driven by higher trade payables and increased short-term borrowings undertaken to support expanded operational requirements, while non-current liabilities recorded a marginal increase of 6%. Consequently, the Group's debt-to-equity ratio increased to 59% from 52% in the previous year. Despite this increase in leverage, the Group's capital structure remained stable and well-balanced, with equity continuing to account for more than 40% of the total asset base. There was no change in stated capital during the year, while other equity components, including the revenue reserve, increased primarily due to the higher profit after tax recorded during the period.

FUNDING PROFILE



SHAREHOLDERS' FUNDS

Shareholders' funds increased by 10% to Rs. 2,179 Mn as the Group retained part of its operational profit within the organisation for future investments and business development.

CASH FLOWS

The Group recorded a net cash outflow of Rs. 8 Mn from operating activities, primarily driven by increased working capital requirements in line with the expanded scale of operations. Investing activities reflected a net cash outflow of Rs. 210 Mn, mainly attributable to capital expenditure investments aimed at upgrading plant and machinery at the Group's manufacturing facilities.

Despite higher dividend payments to equity holders, net cash from financing activities increased to Rs. 371 Mn supported by the drawdown of short term interest bearing

Asset Composition - Rs. Mn	2026	2025	2024	2023
Property Plant & Equipment	**1,679**	1,619	1,676	1,702
Other non current assets	**349**	327	339	325
Investment in working capital	**2,820**	2,222	1,826	2,116
Other current assets	**152**	71	52	110
Cash in hand and at bank	**77**	129	69	50
Total	**5,077**	4,368	3,962	4,303

borrowings amounting to Rs. 460 Mn during the year to fund incremental working capital needs. The Group's cash and cash equivalents remained negative at Rs. 752 Mn, reflecting an improvement of Rs. 153 Mn from the prior year's negative balance of Rs. 905 Mn.

DIVIDEND PAYMENTS AND SHAREHOLDER RETURNS

KFP's strong performance in 2025/26 translated into significant value creation for shareholders. The Group's Earnings per Share (EPS) rose by an impressive 84% from Rs. 5.22 to Rs. 9.59, while its return on equity strengthened to 12% from 7% in the previous year.

The Board declared a final dividend of Rs. 2.67 per share in addition to three interim dividends of Rs. 0.37, Rs. 0.10 and Rs. 1.65 per share paid in August 2025, November 2025 and February 2026, respectively. This resulted in a total dividend per share of Rs. 4.79 for 2025/26. Accordingly, the total distribution from the profits earned for the year will amount to Rs. 122 Mn, representing a 50% payout ratio, with the remaining earnings strategically retained within the business to support future growth opportunities.

Shareholder Return Metric	2026	2025
Earnings per share (Rs.)	**9.59**	5.22
Dividend per share* (Rs.)	**3.27**	2.45
Net asset value per share (Rs.)	**85.46**	77.34
Return on equity (%)	**11.78**	6.94
Closing share price (Rs.)	**160.25**	169.00

** Excluding proposed dividend*

WAY FORWARD

Short-Term	Medium- Term	Long-Term
• Strengthen liquidity and working capital discipline • Enhance cost and margin management through continued focus on productivity improvements and energy efficiency gains. • Maintain prudent capital allocation by prioritising high return capital expenditure. • Manage balance sheet risk through optimising the funding mix and containing finance costs. • Strengthen financial governance and compliance.	• Build sustainable earnings resilience by diversifying revenue streams, reducing reliance on any single product or market. • Improve return on capital employed (ROCE) through disciplined investment appraisal and post investment reviews, • Progress towards structurally stronger margins via deeper integration of cost management into operational decision making. • Invest in climate resilient and energy efficient infrastructure.	• Create a resilient, scalable capital structure that supports long term growth ambitions. • Embed sustainability into capital deployment decisions. • Drive long term value creation through innovation and brand leadership, • Achieve structurally lower operating risk and volatility through diversified sourcing, and energy self sufficiency initiatives. • Deliver superior and sustainable shareholder returns by balancing reinvestment against consistent dividends payouts. • Strengthen stakeholder trust through consistent profitability and transparent capital management.

MANUFACTURED CAPITAL



The Group's manufactured capital continues to play a vital role in our value creation model by enabling the consistent production of high quality products that meet stringent industry standards, strengthen our competitiveness and reinforce our position as a market leader.

During 2025/26, we invested Rs. 210 Mn in enhancing both our physical and digital infrastructure, ensuring that our facilities remain efficient, reliable and equipped to support future growth.

KEY HIGHLIGHTS 2026

83% Capacity Utilisation	Rs. **210** Mn Investment in CAPEX	**5%** Return on Assets	Rs.**1.7** Bn Total Property, Plant and Equipment

Relevant stakeholders	Relevant material topics	Relevant strategic pillars
	Market leadership and market reach Operational excellence and sustainable resource management	

CONTRIBUTION TO SDGs

Related CRROs & SRROs	
CRR1	Climate Physical Risk (Acute)
CRR2	Climate Physical Risk (Chronic)
CRO1	Climate-Resilient Operations and Cold-Chain Strengthening
SRO3	Commitment to Food Integrity, Traceability, and Quality Excellence

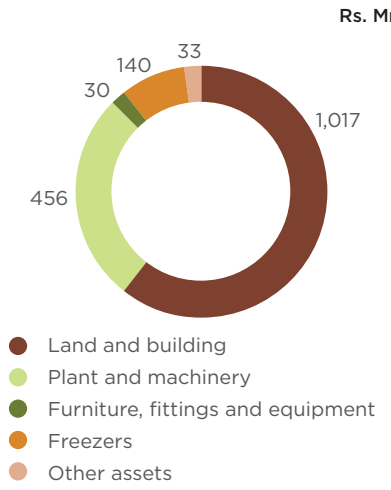
MANAGEMENT APPROACH

We manage our Manufactured Capital through a disciplined strategy that emphasises maximising the efficiency, longevity, and performance of our existing asset base. Over the past two years, our focus has been on upgrading and modernising current machinery and civil infrastructure rather than investing in new equipment. Given that most of our core production machinery is European made, offering superior durability and output quality, we continued to carry out targeted upgrades across both manufacturing locations. These enhancements have strengthened operational reliability, supported consistent production standards, and ensured that our facilities remain efficient and competitive in meeting growing market demand.

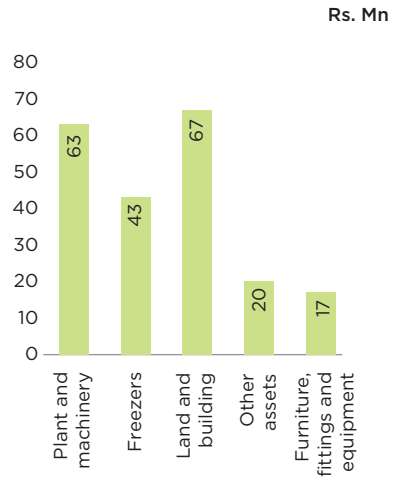
MANUFACTURING CAPABILITY

Our manufacturing infrastructure, which represents 33% of our total asset base, reflects our commitment to operational excellence and continuous process enhancement. Equipped with advanced, high-precision machinery and supported by cutting-edge technologies, our facilities are positioned at the forefront of industry standards. All investment decisions are made through a rigorous cross-functional evaluation process involving engineering, R&D, finance, and other technical teams to ensure alignment with product design needs, capacity requirements, and long-term strategic priorities. We have also integrated robust R&D laboratories and quality assurance systems to ensure full compliance with stringent industry standards and certifications. Through ongoing improvement initiatives and disciplined asset optimisation, we consistently uphold the highest levels of efficiency, product quality, and customer satisfaction across our manufacturing operations.

PROPERTY, PLANT & EQUIPMENT



CAPITAL EXPENDITURE DURING THE YEAR



Manufacturing Facilities

Facility	Description	Annual Capacity
Pannala - Processed Meat Plant	Manufacturing a range of chicken and fish based products	Over 5,000 MT
Pannala Non-Frozen Plant	Manufacturing of non-frozen products	Over 500 MT
Ja Ela: Crumbed Product Plant	Crumbed product range including formed meat, chinese rolls, toppings, and sauces	Over 1,000 MT
Ja Ela: Elephant House Plant	Manufacturing the Elephant House range of processed meats and value added raw meats	Over 1,000 MT

Supporting Facilities

Facility	Description
Quality Assurance Laboratory	Ensures manufacturing quality and conformity with certification standards **QA oversight across all facilities**
R&D Laboratory (Test Kitchen)	R&D facility equipped with modern food technology used for product development, testing, and analysis **Supports innovation, formulation, and testing**

MANUFACTURED CAPITAL





CAPACITY IMPROVEMENTS IN FY 2025/26

During the financial year, we invested Rs. 210 Mn in capital expenditure aimed at enhancing capacity and improving the resilience of our manufacturing infrastructure.

Area	Initiatives Implemented	Benefits
Capital Investments	Prioritised upgrading and modernising existing assets, including a civil structure upgrade at the Pannala manufacturing facility, where roof extensions and structural enhancements were completed.	• Improved structural durability and safety. • Enhanced ability to support higher production volumes. • Extended asset life; reduced long term maintenance costs.
Storage & Warehouse Capacity Expansion	To accommodate increasing throughput particularly from the growing non-frozen range, the storage infrastructure was upgraded. New high efficiency racking systems were installed in the cold room and non-frozen warehouse.	• Increased storage capacity and utilisation. • Better product flow and inventory accuracy. • Strengthened readiness for non-frozen category growth.
Productivity & Efficiency Improvements	Upgraded sausage manufacturing line and continued wastage reduction programme with near zero waste achievement across plants. Implemented process optimisation measures.	• Higher line productivity and throughput. • Significant cost savings from waste reduction. • Increased available capacity without new machinery.
Energy Optimisation & Cost Efficiency	Upgraded boilers to improve fuel efficiency, enhanced blast freezing cycle, and strengthened emissions monitoring via Quality Assurance and Sustainability teams.	• Lower electricity and fuel consumption. • Faster processing cycles, increasing overall plant capacity.
Automation & Digital Integration (Warehousing)	Introduced auto-picking at non-frozen warehouse and other digital integrations.	• Higher accuracy in inventory control. • Reduced manual handling and faster order fulfilment. • Supports the strategic expansion of the non-frozen category as a key growth pillar within the portfolio

OPERATIONAL EFFICIENCY AND EXCELLENCE

Driving efficiency across our operations remains fundamental to sustaining competitiveness, supporting growth and delivering superior value to customers and shareholders. In an evolving market environment marked by rising input costs and increased demand variability, we continued to prioritise operational excellence as a core strategic pillar. Our focus during the year was on strengthening process efficiency, improve the quality and taste of our products, optimising resource utilisation and embedding a culture of continuous improvement across all manufacturing activities. Through targeted initiatives in workforce optimisation, technology deployment, energy management and waste reduction, we continued to enhance productivity and operational resilience. These efforts enabled us to meet growing demand more effectively and reinforced our commitment to maintaining high product quality while managing costs responsibly.

- Optimised workforce deployment and shift restructuring enabled uninterrupted production, with selected lines operating continuously even during breaks.
- Improved balance between machine led and labour driven activities increased throughput and reduced idle time.
- Production volumes recorded strong year-on-year growth, driven by enhanced operational efficiencies and improved capacity utilisation due to;
  - Extended operating hours
  - Enhanced shift structures
  - Better utilisation of machine capacity
  - Optimised labour allocation across production lines
  - Reduction of wastages
- Targeted process and machinery enhancements (including sausage production lines) boosted productivity, quality and the taste of the products.
- Multi year wastage reduction programme delivered near zero waste levels across both plants, nearing best in class performance benchmarks.
- Energy saving initiatives implemented, including:
  - Boiler efficiency improvements
  - Major optimisation of the blast freezing cycle, reducing freezing time and electricity consumption
- Streamlined production flows improved responsiveness to demand and reduced operational bottlenecks.
- Passed on cost efficiencies to consumers through improved operational discipline, enabling competitive pricing without compromising product quality.

WAY FORWARD

Short-Term	Medium- Term	Long-Term
• Processed meat category: Initiate new investments to increase production capacity and strengthen supply continuity. • Non-frozen category: Introduce new products to expand the portfolio and capture emerging consumer demand.	• Advance key infrastructure developments to support higher throughput and enhanced product handling. • Scale up production capabilities aligned with market expansion. • Strengthen cold-chain and logistics infrastructure to improve efficiency.	• Complete the planned refurbishments of the factories, to create a modern, future-ready manufacturing environment. • Build long-term capacity for innovation and sustainable operational expansion.

INTELLECTUAL CAPITAL



Our intellectual capital is central to sustaining our competitive advantage and underpins the Group's strengths in research and development, innovation, and quality. This capital is cultivated through a strong culture of continuous learning and knowledge sharing, supported by industry leading systems and processes that have enabled the Group to develop a distinctive base of tacit knowledge Our intellectual assets including recipe library, innovation capabilities, certifications, proprietary expertise, and deep institutional experience serve as key differentiators. A firm commitment to quality, research and development (R&D), and digital transformation powers our ability to anticipate change, respond proactively to market needs, and consistently deliver superior products.

KEY HIGHLIGHTS 2026

29 New Products Launched	Rs.**1** Bn Keells Krest brand Value	**650+** Recipes	**20+** New Products in the Pipeline	Rs.**173** Mn Revenue from NPDs

Relevant stakeholders	Relevant material topics	Relevant strategic pillars
	Compliance and good governance Quality, compliance, customer experience, and responsible product innovation Market leadership and market reach Talent attraction and retention Operational excellence and sustainable resource management Data security, digitisation and e-commerce platforms	

CONTRIBUTION TO SDGs

Related CRROs & SRROs	
CRR1	Climate Physical Risk (Acute)
CRR2	Climate Physical Risk (Chronic)
SRR2	Food Safety Compliance
SRO3	Commitment to Food Integrity, Traceability, and Quality Excellence

MANAGEMENT APPROACH

We adopt a strategic and systematic approach to managing intellectual capital, recognising it as a critical enabler of sustainable growth, brand reputation, and long term competitive advantage. Our management philosophy focuses on strengthening Research & Development (R&D), innovation, regulatory compliance, and quality assurance.

RECIPE LIBRARY

The Company's recipe library represents a key intellectual asset built over many years of systematic experimentation, consumer research, product testing, and continuous refinement. This extensive repository has been developed to meet evolving customer taste profiles, rising nutritional expectations, health-conscious consumption trends, and the growing need for innovation across multiple categories. Currently, the library comprises, approximately 650 formulations covering the product portfolio. This depth and diversity enable accelerated product development and provide strong support for new innovations. During the year, the recipe library was further strengthened with the introduction of new sauce formulations, canned product recipes, peanut-based variants, and other value-added non-frozen products, collectively enhancing the Company's innovation pipeline and positioning it for continued future growth.

RESEARCH AND DEVELOPMENT (R&D) CAPABILITIES

Innovation continued to be a cornerstone of KFP's success, enabling the Company to differentiate itself in the market, anticipate evolving customer needs, and remain agile in a dynamic operating environment. Over the past three years, we have invested more than Rs. 46 Mn in research and development, resulting in the successful launch of 72 new products aligned with emerging consumer trends and supporting sustained business growth.

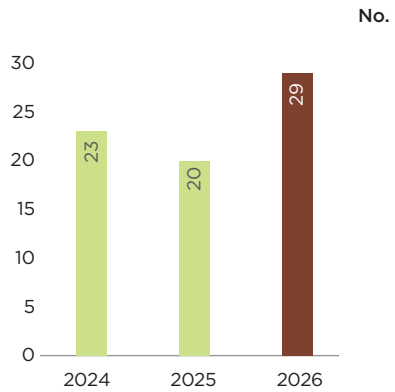
During the year, the R&D function operated within a rigorous New Product Development (NPD) framework led by the Chief Executive Officer (CEO) and supported by a cross functional committee comprising all key departmental heads. This forum drives idea generation, project evaluation, and cross functional decision making, with marketing team contributing market insights, R&D team steering innovation and product/process improvements, and Quality Assurance (QA) team ensuring quality and compliance. Development follows a structured design thinking approach, progressing through ideation, prototyping, laboratory testing, competitive benchmarking, and two stage sensory evaluations, with regulatory compliance confirmed through accredited external laboratories. Each project undergoes thorough operational and financial clearance prior to commercialisation, followed by post launch reviews to assess performance and identify opportunities for enhancement.

During the reporting period, R&D efforts were strategically centred on expanding the non-frozen product range, reflecting the segment's growing resilience, consumer appeal, and commercial potential amidst shifting market conditions.

Product Innovations

During 2025/26, KFP continued to strengthen its market presence through a dynamic pipeline of product innovations launched across all four quarters. These launches reflect a strategic focus on convenience, flavour enhancement, premium quality, and channel specific solutions tailored for both retail and HoReCa segments. From expanding value added sausage lines and entering new categories such as ready-to-eat meals, to relaunching improved crispy chicken formats and broadening the ambient sauces and snacks portfolio, each introduction was designed to meet evolving consumer needs and enhance the Group's competitive advantage. The following graph summarises the annual innovations delivered throughout last three years.

NEW PRODUCTS LAUNCHED



INTELLECTUAL CAPITAL

NEW PRODUCT DEVELOPMENT PROCESS

- IDEA GENERATION
- PROTOTYPING
- FEASIBILITY ANALYSIS
- REGULATORY & QUALITY CLEARANCE
- OPERATIONAL CLEARANCE
- CEO APPROVAL
- COMMERCIAL LAUNCH

CROSS-FUNCTIONAL APPROVAL | **COMMERCIAL ROLL-OUT** | **PRODUCT TESTING & COMPLIANCE**



- Product Listing In the target market
- Marketing Support Packaging & Promotion
- Market Evaluation Post-Launch Review

Regulatory Testing

- Internal
- External

Innovation Portfolio for FY 2025/26

Canned Range



Expanded Canned range combining authentic Sri Lankan flavours with everyday convenience, offering consumers a versatile selection of quality, ready-to-eat meal and snack options.

2 Stick Value-Added Sausages



Expanded the 2 Stick range with two high-meat, preservative-free, Halal-certified variants priced at Rs. 260.

Ready-to-eat Meals



Entry into convenience meals with ready-to-eat kottu options. Halal certified, no added MSG/ preservatives, designed for retail consumers seeking quick meal solutions.

HoReCa – Ready-to-Serve



Infused chicken mix designed for quick-service restaurants; heat-and-serve convenience. Halal certified, no added MSG/preservatives.

Crispy Chicken Range (Relaunch)



Relaunched with improved recipes and BBQ sauce sachets. Halal certified, no MSG/ preservatives. Suitable for family meals, gatherings, and snack occasions.

EH Value-Added Sausages



A premium assorted sausage pack with global flavours (Ceylon Melt, Jamaican Fire, Spanish Pepper). MSG-free, premium retail offering.

Raw Meats – Retail



High-quality topside beef cubes. Ready-to-use, zero wastage, ideal for curries, stews, and home cooking. Halal certified and free from preservatives.

Snacks – Peanuts



Affordable flavoured peanuts for GT retail (25g) and cost-effective bulk pack for HoReCa (1kg). Halal certified, GMO-free, no MSG/ preservatives.

Ambient Sauces



Four new sauces in innovative upside-down bottles with squeeze-locking design. No added MSG; free of artificial colours. Suitable for meals, snacks, and BBQs.

In addition to new product developments, Chicken Bockwurst, Chicken Catering Sausage, Chicken Nuggets, and Fish Bun Filler were reformulated, while Mini Kieves and Nai Miris Bites underwent flavour enhancements.

DIGITAL AND PROCESS ENHANCEMENTS

Initiative	Improvement	Advantage / Impact
IoT Factory Productivity Platform	A centralised IoT platform was expanded across operations, enabling real time monitoring of freezer trucks, distributor networks, power systems, and production assets	Improved operational visibility, reduced downtime, enhanced compliance, and enabled predictive maintenance
"SURGE" – Distributor Management System	The SURGE platform continued to evolve with logic based enhancements, a new distribution document module, and improved functionality to meet field sales needs	Stronger sales execution, better governance, improved field productivity, alignment with evolving business needs
"ELEE" Platform Enablement	The Keells Foods introduced ELEE as an AI-powered virtual assistant through the SURGE platform, leveraging insights from the data Lakehouse to enhance sales team effectiveness by providing timely, data-driven insights, improving decision-making, and enabling more efficient field operations.	Real-time performance insights, improved accessibility to company/product information, enhanced sales accountability
WhatsApp Business Integration	Centralised digital channel for orders, complaints, and customer communication	Faster response times, improved traceability, reduced paperwork, better customer engagement
SAP Migration to SAP HANA	Through Project PULSE, KFP successfully transitioned from SAP ECC to the latest RISE with SAP S/4HANA platform, establishing a modern digital core.	Enables greater agility, real-time insights, and scalability to support future growth and innovation
Data Lakehouse - Unified Data Platform	Consolidation of fragmented data into a single source of truth.	Minimise data duplication, improve efficiency, AI readiness, standardised KPIs, enhanced decision-making.
Microsoft F3 License Deployment	Access to Power Automate and mobile productivity tools; automation apps for sales teams	Improved sales execution, enhanced KPI tracking, increased efficiency through automation and digital workflows

INTELLECTUAL CAPITAL

CYBER-SECURITY AND DATA PROTECTION

During the financial year 2025/2026, the KFP significantly strengthened its cybersecurity and compliance posture through structured governance and close collaboration with Group IT. A major achievement was the successful contribution to the Zero Trust Enforcement Project, supporting the implementation and validation of over 60 security policies across the sector, resulting in higher adherence to the compliance and full alignment with Group IT standards without exceptions. This was complemented by 100% completion of IT audit recommendations and continuous engagement with leadership through bi-weekly reporting, compliance tracking, and final presentations to senior stakeholders,, while proactive identification and escalation of compliance gaps further improved overall governance and visibility.

From an assurance and operational perspective, multiple external and internal security assessments were successfully conducted, covering applications, and cloud environments. These included end-to-end vulnerability assessments, Centre for Internet Security (CIS) maturity evaluations, and a comprehensive security review of the Surge (Distributor Management System) application, leading to identification and remediation of key risks, with several assessments achieving full closure. Notably, internal security assessments were introduced as a new initiative, strengthening proactive risk identification within the Company. Security incident management was also maintained at a high standard, with all incidents effectively logged, investigated, and resolved in line with defined procedures, ensuring zero policy violations and timely response. In parallel, a Company-wide digital security training program was successfully launched, achieving over 80% completion and enhancing user awareness, while groundwork for a phishing simulation initiative reached near completion, positioning the sector for further maturity in security awareness in the upcoming phase.

KFP data security practices comply with all regulatory requirements including the Personal Data Protection Act No. 9 of 2022. It also aligns with its parent entity's Zero Trust data security guidelines which are benchmarked to international best practice. The Group has implemented a range of measures to safeguard the security of its IT systems and personal data of the data subjects engaging with KFP. During the year under review, no instances of data breaches, breaches of customer privacy or instances of customer data loss were reported.

CERTIFICATIONS, POLICIES AND REGULATORY ACTS

Our commitment to maintaining the highest standards of quality, safety, and regulatory compliance is reflected in the comprehensive certification framework, robust policies, and adherence to national regulatory acts that guide our operations. These standards reinforce the integrity of our manufacturing processes and ensure that our products meet stringent safety, nutritional, and quality

Category	Certifications / Policies	
Certifications	• ISO 9001:2015 – Assurance on processes ensuring the highest operational quality standards. • ISO 22000:2018 – Assurance on ability to control food safety hazards, ensuring suitability for human consumption. • Halal Certification – Confirms full compliance with HAC & GSO guidelines.	• ISO 45001:2018 – Assurance on employee health and safety in manufacturing. • Factory Registration – Department of Animal Production & Health (DAPH). • SLS 1218 – Quality & safety standards for comminuted meat products. • SLS 1146 – Quality & safety standards for ham products.
Policies	**KFP Quality Policy:** • Quality, safety, convenience, nutrition • Timely delivery • Continuous improvement • Competency development	**KFP Food Safety Policy:** • Manufacturing facilities • Food safety practices • Employee training • Compliance
Regulatory Acts	• Consumer Affairs Authority Act No. 9 of 2003 • National Environmental Act No. 47 of 1980	• Food Act No. 26 of 1980

benchmarks. Through internationally recognised certifications, strong internal governance policies, and full compliance with statutory requirements, we continue to uphold consumer trust while strengthening our intellectual capital and operational excellence.

During the financial year, we obtained Gulf Standardisation Organisation (GSO) Certification for our products, ensuring full compliance with the regulatory requirements of the Gulf Cooperation Council (GCC) member states Saudi Arabia, the United Arab Emirates, Qatar, Kuwait, Oman, and Bahrain. This certification validates that our manufacturing processes, product quality, labelling, and safety practices meet the technical regulations and conformity standards mandated across GCC markets, thereby strengthening our access and competitiveness within the region.

QUALITY ASSURANCE (QA)

During the period, the QA function completed ISO 9001, ISO 45001, and ISO 22000 audits, along with the SLS Mark recertification audit and the GSO (Halal) certification audit. A comprehensive training programme on Good Manufacturing Practices and Occupational Health & Safety was conducted for all employees of the Pannala facility, reinforcing operational discipline and compliance. Moreover, to ensure supply chain integrity, four supplier evaluation audits were carried out, covering both farms and processing sites. Distribution oversight was strengthened through twelve distribution point audits, ensuring adherence to quality and operational standards.

No major or critical customer complaints were recorded, reflecting sustained customer satisfaction. Additionally, the Business Continuity Plan (BCP) manual was thoroughly reviewed and updated to align with current operational requirements.

73
Supplier audits conducted

12
Distribution point audits conducted

OUR BRAND

With more than four decades of industry leadership, KFP has firmly established itself as a cornerstone of Sri Lanka's processed meat sector with its KeellsKrest and Elephant House brands. Its long-standing presence, innovation, and consistent quality have played a pivotal role in shaping the industry's growth and development.

As a proud subsidiary of the John Keells Group, KFP benefits from the Group's strong market footprint and the equity of its flagship brands.

In 2025, KeellsKrest was ranked 8th among Sri Lanka's Most Valuable Brands (Source: Brand Finance), reflecting its strong market standing and consistent brand performance. Additionally, KeellsKrest was ranked 11th among Sri Lanka's Most Loved Brands in 2025 (Source: LMD SL), underscoring its deep resonance with consumers across the country.

Key Brand Awareness Campaigns conducted in 2025/26

Packaging Revamp

A comprehensive redesign of the KeellsKrest and Elephant House product ranges was completed, enhancing shelf appeal, modernity, and brand consistency.

Youth Engagement Through Super Chef Category

Strengthened our connection with younger audiences by owning the Super Chef category on the Elephant House Superheroes Educational Reality Programme, positioning the brand at the intersection of education and entertainment.









INTELLECTUAL CAPITAL





Festival Campaigns
A series of integrated festival campaigns were executed across Through The Line (TTL) and Below The Line (BTL) channels, featuring themed recipes, cooking inspiration, and experiential activations to deepen consumer interaction with the brand.

"Guna Dey Kanna" – Goodness Campaign
The story of KeellsKrest was communicated through the "Guna Dey Kanna" TTL and BTL campaign, reinforcing product quality, trust, and brand purpose.

Campaign on Consumption Moments
A robust Above The Line (ATL) campaign showcased consumption occasions, supported by a series of commercials that highlighted main meal penetration, snacking opportunities, and meal-upgrade potentials.

360° Launch of the Peanuts Category
A full-funnel 360-degree campaign supported the launch of the new peanuts range, building strong initial awareness and trial.

Meatballs Consumption-Building Campaign
A focused TTL and BTL campaign drove KeellsKrest meatball consumption, particularly via on-site activations in apparel industry hubs to reach high-density consumer segments.

Seasonal Activations for Elephant House
The Elephant House brand delivered high-impact, themed campaigns during:

Oktoberfest – "Let's Meat at Oktoberfest"

Christmas – "Let's Meat at Christmas"

Valentine's – "Let's Meat at Valentines"

Halloween - Each campaign included distinct TTL and on-ground activations designed to entertain, engage, and reward consumers.

Islandwide "Rasa Charika" Mega BTL Activation
The nationwide Rasa Charika initiative created extensive consumer touchpoints by targeting crowd-heavy locations. The campaign promoted consumption habits, convenience solutions, and product awareness across both the processed meat and non-frozen categories.

Nai Miris Range
The KeellsKrest Nai Miris range was promoted during school rugby and the Bradby Shield season, strengthening its positioning as the brand of choice for youth-centric events and sports occasions.

T20 Men's World Cup 2025 Partnership
KeellsKrest partnered with Dialog and ThePapare to amplify visibility for the snacks and Nai Miris ranges during the T20 Men's World Cup 2025, leveraging one of the country's most-watched sporting events.

Mega Visibility Drive
A strategic visibility uplift was executed at trade level through POSM placement aligned with the brand message "Goodness Tastes Better."

Visibility enhancements were extended to both local and export markets, further strengthening brand presence.

Big Match Promotions
We partnered with ThePapare during the big-match season, strengthening our KeellsKrest position as the brand of choice for youth-centric events and sports occasions.

16 Big Matches
8.8 Mn Brand Reach
6.9 Mn Views
0.9 Mn Engagement

Oktoberfest	Christmas	Halloween
16,000+ Customer Touchpoints	**2,300** Customer Touchpoints	**6,200+** Reach
1.2 Mn Impressions	**21** Activations	**1,500+** Likes and reactions
0.79 Mn Reach		

OVERSEAS MARKETING ACTIVITIES CONDUCTED

We conducted several brand-building activities in the Maldives and Australia in the financial year under review.



Branded Van - Lily International - Maldives



Avrudu Event at Australia



WAY FORWARD

Short-Term	Medium- Term	Long-Term
• Launch ELEE for office staff to support internal productivity and AI assisted tasks. • Roll out the Transport Management System (TMS) to enhance route optimisation and logistics planning. • Introduce new modules on SAP S/4HANA based on operational priorities. • Upgrade the Distributor Management System (SURGE) backend to support modern interfaces and upcoming AI driven features.	• Extension of the SAP ERP module • Automate high priority internal workflows using the Torque workflow platform • Strengthen brand equity through targeted, data-driven consumer engagement. • Accelerate NPD through structured processes and consumer-led innovation.	• Build a fully integrated, technology-enabled operating model through continuous investment in digital platforms, automation, and advanced analytics, strengthening data-driven decision-making, enhancing operational scalability, and delivering sustained efficiency gains and long-term value creation.

HUMAN CAPITAL



Our people are the cornerstone of our success and the catalyst for excellence across the organisation. By focusing on attracting, developing, and inspiring talent, we create an environment where individuals can thrive and reach their full potential. Investing in our people empowers them to shape not only their own futures but also the future of our organisation. The professionalism, dedication, and expertise of our employees is central to delivering on our brand promise, and we are committed to supporting their professional and personal growth. Through continuous skill development, knowledge enhancement, and meaningful career opportunities within a supportive, inclusive culture that prioritises well being we ensure our people and our business grow sustainably together.

KEY HIGHLIGHTS 2026

378	Rs.10 Mn	12+	Rs.1.2 Bn	25%
Permanent Employees	Investment in Training	Average Length of Employee Service	Payments to Employees	Female Employees

Relevant stakeholders	Relevant material topics	Relevant strategic pillars
	Operational excellence & sustainable resource management Talent attraction and retention A safe & inclusive workplace	

CONTRIBUTION TO SDGs

Related CRROs & SRROs	
CRR1	Climate Physical Risk (Acute)
CRR2	Climate Physical Risk (Chronic)
SRR4	Skilled Labour Availability and Capability Risk
SRO4	Workforce Upskilling and Technology Integration Readiness

MANAGEMENT APPROACH

Our management approach follows John Keells Holdings' (JKH) group-wide philosophy, ensuring consistent standards, compliance with regulations, and regular policy updates. It promotes a fair, inclusive, and equal-opportunity workplace through structured policies.

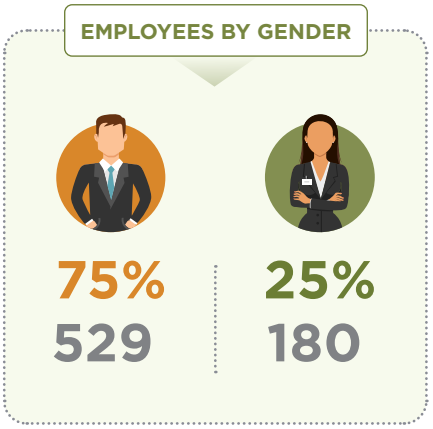
The strategy focuses on building a high-performing and diverse workforce by strengthening recruitment, employee development, and engagement. Key priorities include leadership development, employee well-being, and Diversity, Equity, and Inclusion (DE&I).

Performance is aligned with organisational goals using transparent evaluation and recognition systems. The approach is supported by strong governance, safety, compliance, continuous learning, proactive workforce planning, and digital HR processes, driving efficiency, employee empowerment, and long-term sustainability.

THE KFP TEAM

Our team comprises 709 employees, of whom 378 (53%) are permanent and 331 (47%) are employed on fixed-term contracts. All employees work on a full time basis, and contract staff are assigned exclusively to non-core activities across production facilities, office functions, and field operations. Demonstrating strong organisational loyalty and retention, over 28% of our workforce has served the Group for more than five years. A further 87% of employees are below the age of 50, contributing to a dynamic, diverse, and future-ready talent base.

As an equal opportunity employer, we foster an inclusive, respectful, and merit-based work environment. Moreover, we uphold a strict non-discrimination policy, ensuring that no employee is disadvantaged based on ethnicity, religion, political affiliation, gender, marital status, or physical ability.



Employees by Category and Age Group FY 25/26 - Given in %

Category (%)	<30 Yrs	30-50 Yrs	>50 Yrs	Total
Managers & Above	-	2.1	0.4	2.5
Assistant Managers	0.8	3.0	0.3	4.1
Executive Staff	6.1	4.8	0.3	11.2
Non-Executive Staff	12.0	12.3	11.3	35.6
Contract Personnel	34.8	11.1	0.7	46.6
Total	53.7	33.3	13.0	100.0

Employees by Region, Contract & Gender FY 25/26 - Given in Nos.

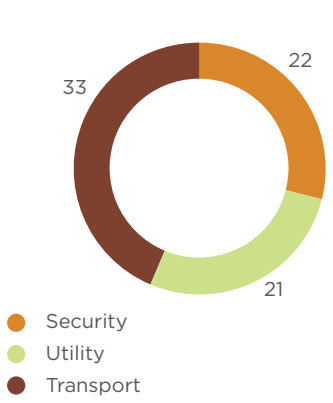
Region	Employment Contract		Gender	
	Permanent	Contract	Male	Female
Uva	17	-	17	-
Sabaragmuwa	17	8	21	4
North Western	72	212	174	110
North Central	7	6	11	2
Eastern	4	7	11	-
Northern	-	2	2	-
Southern	17	14	27	4
Central	40	11	44	7
Western	204	71	222	53
Total	378	331	529	180

HUMAN CAPITAL

Employees by Category and FY 25/26 Gender – Given in Nos.

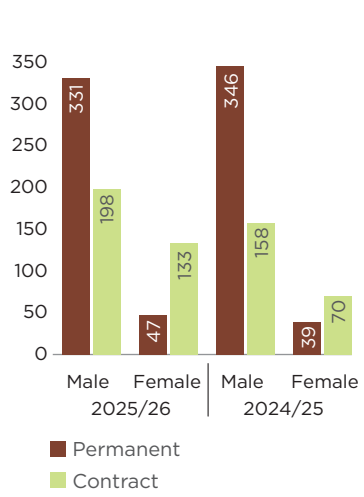
Category	Male		Female		Total	
	No.	%	No.	%	No.	%
Managers and Above	16	3%	2	1%	18	3%
Assistant Managers	26	5%	3	2%	29	4%
Executive Staff	49	9%	30	17%	79	11%
Non-Executive Staff	240	45%	12	7%	252	36%
Contract Personnel	198	37%	133	73%	331	46%
Total	529	100%	180	100%	709	100%

WORKERS WHO ARE NOT EMPLOYEES



Workers who are not employees refers to individuals who do not have an employment relationship with KFP and are therefore not included in the workforce disclosures.

EMPLOYEES BY CONTRACT AND GENDER



OUR HR POLICIES

- Recruitment Policy
- Grievance Handling Policy
- Anti-Fraud Policy
- Equal Opportunity Policy
- Non-Discrimination Policy
- Parental Leave Policy

TALENT MOVEMENT IN FY 2025/26

Our recruitment process is guided by formal, transparent procedures set out in our recruitment policy. It is structured to attract high calibre talent through a compelling employee value proposition featuring competitive remuneration, professional growth opportunities, and clear pathways for career advancement. During the year, 85 new employees were recruited to fill organisational vacancies; however, high attrition particularly among front-line and sales personnel continued to pose challenges.

In response, we strengthened our recruitment channels and refocused our talent attraction efforts by implementing targeted strategies aimed at improving both the quality of hires and the overall candidate experience. These measures support our broader objective of retaining critical talent while ensuring a resilient and future-ready workforce.

TALENT ATTRACTION AND IDENTIFICATION

We strengthened our talent attraction and identification approach during the year through a series of focused initiatives aimed at building a strong, future-ready talent pipeline. These efforts support our objective of developing a resilient and high-performing workforce capable of meeting both current and future business needs.

To enhance the quality and diversity of talent entering the organisation, we upgraded our recruitment platforms and communication materials. In parallel, our continued participation in career fairs expanded our visibility among emerging talent pools and supported long-term workforce planning.

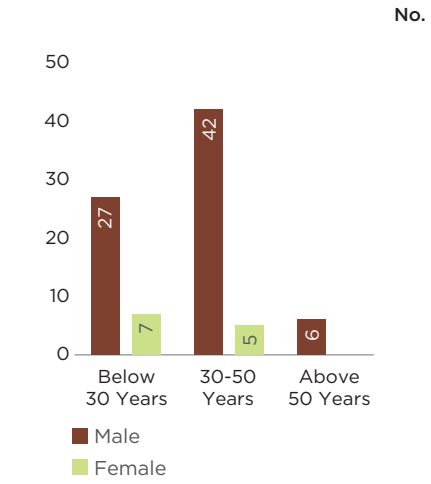
Our recruitment processes remain firmly rooted in fairness, transparency, and equity. In alignment with Group-wide principles, all hiring decisions follow an equity-based shortlisting approach, ensuring that candidates are evaluated solely on merit, qualifications, and role-specific competencies. This disciplined approach reinforces our commitment to inclusive hiring and strengthens our position as an employer of choice.

RECRUITMENTS AND TURNOVER BY GENDER – FY 25/26

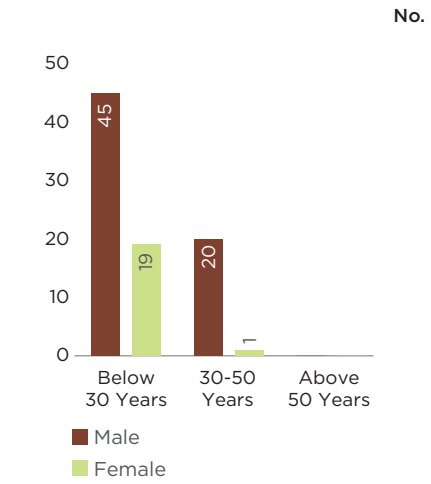



Recruitments	76%	24%	100%
	65	20	85
Turnover	86%	14%	100%
	75	12	87

TURNOVER BY AGE



RECRUITMENT BY AGE



KEY INITIATIVES TO STRENGTHEN RECRUITMENT PROCESS AND STAFF RETENTION

- **Enhanced talent attraction strategy**

  The recruitment approach was improved by enhancing the quality and attractiveness of communications, strengthening employer branding with a more authentic and human-focused value proposition, and collaborating with Corporate Communications to create engaging, audience-specific job advertisements.

- **Sales talent pipeline assessment**

  A sales talent pipeline assessment was conducted to identify capability gaps and shortages, thereby helping the company plan targeted actions to address future workforce needs.

- **Development of a flagship sales recruitment programme**

  Based on the analysis, a business case was created for a flagship sales recruitment programme aimed at attracting high-quality talent, with implementation planned for the next financial year.

STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE




1.0 1.0

100%

Senior management hired from the local community

Recruitment and Turnover by Region – FY 25/26

Region	Recruitment		Turnover	
	No.	%	No.	%
Western	27	32%	31	36%
North Western	24	28%	23	26%
Central	15	18%	13	15%
Sabaragamuwa	7	8%	7	8%
Southern	5	6%	6	7%
Uva	3	4%	4	5%
Eastern	2	2%	2	2%
North Central	2	2%	1	1%
Northern	-	0%	-	0%
Total	85	100%	87	100%

Recruitment and Turnover by Age – FY 25/26

Age Category	Recruitment		Turnover	
	No.	%	No.	%
Below 30 Years	64	75%	34	39%
30-50 Years	21	25%	47	54%
Above 50 Years	-	0%	6	7%
Total	85	100%	87	100%

HUMAN CAPITAL

- **Sustained engagement with external talent markets**
  Participation in career fairs and employer branding events was maintained to increase visibility and attract a more diverse pool of candidates.
- **Structured talent identification for succession planning**
  Continued investing in identifying and mapping key talent segments to support its future leadership pipeline, focusing on high-potential employees (HiPos), strong performers, and successors for critical roles.

EMPLOYEE VALUE PROPOSITION (EVP)

Our strong employee value proposition, shaped by 44 years of heritage, continues to position the Company as an employer of choice, reflected in a solid overall retention rate of 77% and 74% among female employees. Amid ongoing labour migration and other pressures, we placed heightened emphasis on retaining critical talent by deepening our understanding of the factors that drive employee satisfaction, engagement, and long-term commitment. Throughout the year, we prioritised initiatives to strengthen workplace connections, enhance employee experience, and reinforce organisational loyalty, sustaining a stable, motivated, and future-ready workforce.

To further strengthen our ability to retain and attract talent, we conducted a comprehensive evaluation of our existing EVP to identify areas for enhancement. Insights from internal assessments and Group-led surveys, including the Gallup survey, highlighted the need for a more clearly defined, robust, and sector-specific EVP. Guided by these findings, the HR team developed a detailed business case for an enhanced EVP, focusing on elements that deliver meaningful long-term value to employees while advancing organisational priorities. The renewed EVP is set for implementation in the upcoming financial year, enabling the Company to strengthen its employer brand and deepen long-term talent retention.

HEALTH AND SAFETY

KFP prioritises employee health and safety through a comprehensive Occupational Health and Safety (OHS) framework that promotes an injury-free workplace and proactive safety culture. A cross-functional Health and Safety Committee ensures regular risk reviews, accountability, and continuous improvement.

We follow ISO 45001:2018 standards, supported by structured systems, ongoing monitoring, awareness programmes, and dedicated safety leadership. Key practices include annual Hazard Identification and Risk Assessments (HIRA) and health impact testing to identify and mitigate risks.

Overall, strong governance, compliance, and continuous safety initiatives ensure employee well-being and high safety standards across operations.

HEALTH AND SAFETY BENEFITS

We provide a comprehensive range of health and safety–related benefits to ensure the well being of all employees and to strengthen our preventive safety culture. Key benefits include:

- **SHE App Platform:** A digital reporting tool that empowers employees to proactively support workplace safety by reporting incidents, hazards, and near misses, enabling faster response and improved risk mitigation.
- **Mandatory Annual Health Check-ups for Food Handlers:** Regular medical examinations designed to ensure compliance with food safety standards and safeguard the health of both employees and consumers.
- **Health Screening and Medical Consultations for All Employees:** Access to periodic health screening facilities, including consultations with qualified physicians, to encourage early detection and prompt management of health concerns.
- **Comprehensive Medical Insurance:** Medical insurance coverage extended to all employees, ensuring financial protection and access to essential healthcare services.

HEALTH AND SAFETY TRAININGS

- First aid training
- Emergency response training
- Fire training
- Occupational Health & Safety general awareness
- Good Manufacturing Practices (GMP) training
- ISO 22000:2018 Food Safety Management System training



Zero
Work-related ill health



Zero
No. of Fatalities



40
No. of man-days lost due to occupational injuries



4
Work-related injuries

EMPLOYEE ENGAGEMENT AND WELL BEING

Employee engagement plays a critical role in fostering a positive workplace culture and driving the long-term success of the Group. Recognising the importance of maintaining strong connections with our large sales force, we prioritised continuous dialogue between sales teams and the HR function, demonstrating visible support and active involvement in addressing their needs.

A key initiative in this regard was the introduction of 'Sales Connect', a structured engagement platform designed to facilitate focused and meaningful interactions. Through regular in person focus group sessions, open discussions on challenges and operational pain points, and informative presentations on policies and expectations, Sales Connect created a reliable channel for two way communication. This initiative ensured that employees remained well-informed while enabling HR and leadership teams to gather actionable insights. The resulting feedback was translated into practical improvements throughout the year, reinforcing trust, strengthening engagement, and enhancing the overall employee experience.

During the year, the following employee engagement initiatives were introduced to promote collaboration, well-being, and a sense of community across the organisation.



- Leveraging the facilities at the new head office, a snooker tournament was organised, creating opportunities for cross functional interaction and friendly competition.
- Seasonal celebrations such as Avurudu, Vesak, and Christmas were conducted across the sector, contributing to a more vibrant, inclusive, and connected workplace culture.
- A photography competition was organised encouraging creativity among our employees.
- Organised a badminton tournament to encourage physical fitness, teamwork, and friendly competition among participants.
- Fun Friday events were organized to foster informal interaction and morale.
- Halloween celebrations and other smaller employee engagement activities were organised to enhance employee engagement
- Organised its annual staff trip at Turyaa Hotel Kalutara, offering employees and their families a weekend filled with engaging activities and memorable experiences.

Moreover, employee welfare and well being remained a key priority throughout the year, reflected in the rollout of several impactful initiatives designed to enhance the overall employee experience.

RELATIONSHIPS WITH TRADE UNIONS

We fully recognise and respect our employees' right to freedom of association and collective bargaining. At present, 34% of our permanent employees are represented by trade unions and are covered under collective bargaining agreements with one recognised union. Management maintains an open, transparent, and constructive relationship with trade union representatives, ensuring that dialogue remains continuous and collaborative. A two week notice period is provided prior to implementing any significant operational changes, enabling adequate consultation and communication.

Throughout the year, we continued to engage through our established collective bargaining processes and are actively progressing the renewal and discussion of ongoing agreements. The Group maintained cordial and cooperative relations with trade unions during the period under review, with no disputes, work stoppages, or lost workdays arising from industrial action.

REMUNERATION AND BENEFITS

Our remuneration and benefits framework is strategically designed to attract, retain, and motivate top-tier talent while fostering a high performance culture across the organisation. By aligning compensation structures with industry benchmarks, we ensure that all employees are rewarded fairly and competitively for their contributions. Our approach is anchored in equity, transparency, and meritocracy, supported by clear policies that safeguard against gender-based or any other form of discriminatory pay practices. Men and women are treated equally in terms of remuneration and benefits without any gender-based-discrimination.

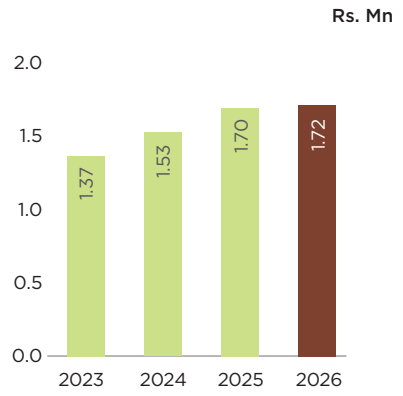
During the year, a total of Rs. 1,219 Mn was disbursed as employee remuneration, representing a 17% increase compared to the previous financial year. This reflects both our commitment to investing in our people and the continued growth of the organisation.

HUMAN CAPITAL

Other benefits provided by the Group include:

Medical	Financial	Other
• Medical insurance for both inpatient and outpatient departments • Workmen's compensation for serious injury • Personal accident cover for all staff members • Critical Illness Cover for all staff members	• Festival advances • Productivity and attendance incentives • Special allowances	• Group products at discounted prices • Free transportation for factory staff

REMUNERATION PER EMPLOYEE PER ANNUM



PERFORMANCE MANAGEMENT

Our performance management framework is designed to be fair, transparent, and aligned with organisational priorities. The evaluation process is guided by clearly defined Key Performance Indicators (KPIs) that are directly linked to the Company's strategic objectives, enabling consistent and objective assessment of employee performance across the workforce.

Annual performance reviews provide a structured platform to assess individual achievements, identify development needs, and set clear goals for the year ahead. Through this process 100% of the permanent employees receive constructive feedback and guidance to support continuous improvement and career progression.

Performance outcomes are recognised and rewarded through a combination of merit based salary increments, performance bonuses, and promotional opportunities. In addition, the sales team continues to benefit from a targeted incentive scheme that provides monthly performance based rewards aligned with predefined sales targets, reinforcing accountability and results-driven behaviour.

Employee Recognition and Rewards

At KFP, we place strong emphasis on recognising and celebrating the dedication, commitment, and achievements of our employees, whose contributions are pivotal to the Company's sustained success. Through a range of structured recognition initiatives, we foster a culture that values appreciation, excellence, and high performance across the organisation.

A cornerstone of our recognition framework is the John Keells Group's BRAVO Award system, which honours individuals who demonstrate exceptional performance, leadership, and commitment while making meaningful contributions towards advancing the Group's strategic objectives. In addition, long service milestones are formally recognised, with awards presented to employees completing 25 years of service, acknowledging their loyalty and long standing contributions to the organisation.

TRAINING AND DEVELOPMENT

We follow a structured and holistic approach to training and development, identifying employee needs through performance appraisals to support targeted growth. During the year, focus was placed on building capabilities across all levels, with tailored programmes for managers to strengthen leadership and business skills.

Furthermore, we are aligned with the John Keells Group competency framework, incorporating nine key success drivers to guide future development initiatives.

An investment of Rs. 10 Mn and 5,588 training hours reflects our commitment to developing a skilled, adaptable, and future-ready workforce to support long-term growth.

Learning, Training and Development Initiatives

We enhanced our leadership pipeline through the Aspire Programme, a six-month initiative for executives and senior executives conducted with the Postgraduate Institute of Management (PIM), combining structured learning, mentorship, and real business projects. Six employees participated, alongside ongoing executive coaching for continuous leadership development.

Additionally, employees completed periodic online anti-fraud training to strengthen compliance, integrity, and accountability, and participation was tracked in the system.

Functional and Technical Capability Building

We continued investing in developing both functional and technical skills through ongoing behavioural and technical training programmes. The launch of the Modern Trade Academy further strengthened capabilities within the Modern Trade team, enhancing technical expertise, behavioural skills, market execution, customer engagement, and overall commercial performance.

Talent Development

The Synergy Co. programme was introduced as a sector-wide initiative to improve cross-functional collaboration and organisational effectiveness. It enhanced employees' understanding of different functions, broadened business knowledge, and strengthened appreciation of how departments collectively drive overall performance.

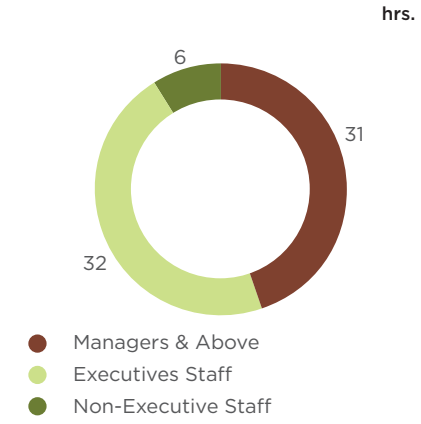
Digital Readiness Training Initiatives

A customised Power BI and Advanced Business Modelling training programme was conducted to enhance employees' data analysis and decision-making skills. It improved their ability to build interactive dashboards, apply advanced modelling techniques, and communicate insights effectively, leading to better reporting and stakeholder engagement.

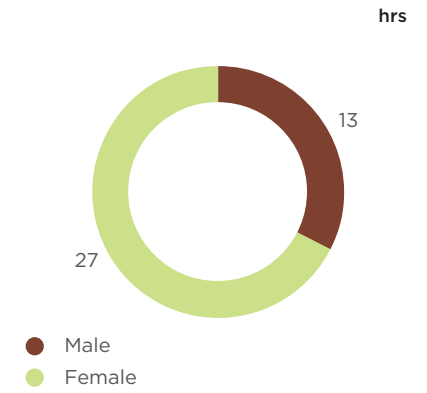
Diversity, Equity and Inclusion (DE&I) Training

We continued Diversity, Equity and Inclusion (DE&I) training and women-focused initiatives to promote inclusivity, equal opportunities, and respectful workplace behaviour across all levels.

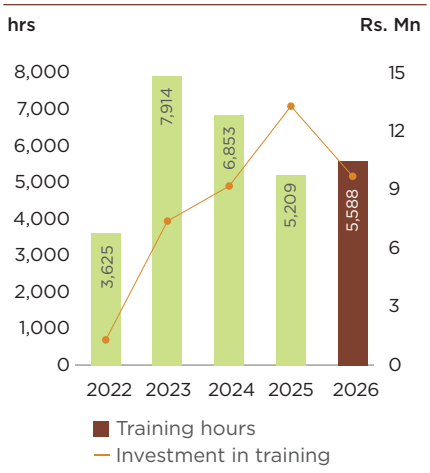
AVERAGE TRAINING HOURS PER EMPLOYEE PER CATEGORY



AVERAGE TRAINING HOURS PER EMPLOYEE BY GENDER



TRAINING & DEVELOPMENT





PARENTAL LEAVE

Description	Male	Female
No. of employees that were entitled to parental leave in FY 25/26	331	47
No. of employees that took parental leave during FY 25/26	5	-
No. of employees due to return to work from parental leave during the FY 25/26	-	-
No. of employees that did return to work from parental leave during the FY 25/26	5	2
No. of employees returned from parental leave during the FY 24/25	11	1
No. of employees that returned to work from parental leave during FY 24/25 and are still employed more than 12 months after returning	10	-
Return to work and retention rates		
- Return to work percentage	100%	100%
- Retention percentage	91%	0%

HUMAN CAPITAL

DIVERSITY AND INCLUSION

As an equal opportunity employer, KFP is committed to fostering an inclusive, respectful, and equitable workplace. Our diversity and inclusion practices are guided by policies aligned with the John Keells Group's ONE JKH Programme, ensuring fair employment practices, equitable remuneration, and equal opportunities for all employees, irrespective of gender, background, or personal attributes. Employees are actively encouraged to report any incidents of discrimination through established channels, and notably, no discrimination-related incidents were reported during the year under review.

To strengthen inclusivity and enhance employee experience, we maintained regular employee engagement through quarterly pulse surveys, enabling us to assess satisfaction levels and incorporate feedback into our human resources strategies. With guidance from an external expert, accessibility audits were conducted at two factory locations and one office to evaluate readiness and expand our talent pool to include Persons with Disabilities (PWD). While overall satisfaction levels remained stable, areas for improvement were identified particularly in recruitment onboarding, meeting effectiveness, and work-life balance which will be prioritised in the coming financial year to further enhance our inclusive workplace culture.

In line with our commitment to gender diversity, we focused on empowering women to achieve their full potential. Our recruitment processes require the shortlisting of at least one female candidate, where female applicants are available, to ensure equitable consideration. To support a women-friendly work environment, we provide on-site daycare facilities and access to hygiene products for female employees, enabling them to balance professional responsibilities with personal well-being effectively.

Recognising that inclusion extends beyond gender, we are equally committed to creating opportunities and providing appropriate accommodations for differently abled individuals. These initiatives reflect our ongoing efforts to create a workplace where every individual feels valued, supported, and empowered to contribute meaningfully to the organisation.

WAY FORWARD

Short-Term	Medium- Term	Long-Term
• Strengthen core HR fundamentals and address immediate people related priorities • Continuously scan the HR landscape to identify gaps and emerging risks • Enhance recruitment and retention strategies • Strengthen onboarding and induction processes to improve early employee engagement • Optimise the use of existing HR analytics tools to enable data driven decision making and improve operational efficiency • Initiate structured succession planning by identifying critical roles and potential internal successors.	• Build organisational capability and resilience through structured talent and succession development initiatives • Advance HR digitalisation through targeted system enhancements and infrastructure upgrades • Embed key Employee Value Proposition (EVP) pillars across the organisation • Reinforce consistency, employee engagement, and alignment with business objectives • Strengthen leadership capability through structured development programmes and targeted succession readiness initiatives.	• Sustain a strong people strategy to support future growth • Fully implement and culturally embed the Employee Value Proposition (EVP) • Strengthen leadership pipelines and enhance successor readiness • Advance HR digitalisation and analytics maturity • Enable strategic workforce planning and improve organisational agility • Support long term value creation • Strengthen the reward & recognition and competitive pay structure

SOCIAL AND RELATIONSHIP CAPITAL



Our Social and Relationship Capital is founded on strong and enduring relationships with our customers, collaborative partnerships with distributors and suppliers, and our commitment to the communities we serve. Built over the years, these stakeholder relationships are central to our ability to create mutual value, foster collaboration, and secure our social license to operate today and into the future.

KEY HIGHLIGHTS 2026

30	1,200	Rs.7.5 Bn	Rs.384 Mn	22
New Distributors	Activation Days	Payments to Suppliers	Spent on Brand Building	New Suppliers

Relevant stakeholders	Relevant material topics	Relevant strategic pillars
	Compliance and good governance Quality, compliance, customer experience, and responsible product innovation Market leadership and market reach Procurement practices Developing livelihoods through developing community infrastructure	

CONTRIBUTION TO SDGs

SOCIAL AND RELATIONSHIP CAPITAL

Related CRROs & SRROs	
CRR1	Climate Physical Risk (Acute)
CRR2	Climate Physical Risk (Chronic)
SRR1	Environmental & Social Impacts of Ingredient Supply Chain
SRR2	Food Safety Compliance
CRO1	Climate-Resilient Operations and Cold-Chain Strengthening
SRO2	Sustainable and Reliable Ingredient Procurement
SRO3	Commitment to Food Integrity, Traceability, and Quality Excellence

MANAGEMENT APPROACH

Our management approach prioritises strong and proactive engagement with customers, suppliers, and communities. We are committed to building, strengthening, and sustaining these relationships while upholding the highest standards of transparency and business ethics. During the year under review, there were no incidents of non compliance with applicable laws and regulations in the social and economic domains.

CUSTOMERS

We operate within a structured, multi-tiered market ecosystem comprising customers, shoppers, and consumers. Customers are the traders and outlets that directly purchase products from the Company, shoppers are the individuals who visit these outlets to buy the products, and consumers are the end users who ultimately enjoy them. This customer–shopper–consumer flow shapes our go-to-market strategy and guides its distribution planning. During the financial year, we expanded our outlet reach from 30,000 to 33,000, demonstrating a strong increase in the actively serviced customer base and significantly enhancing product availability across the island.

For over four decades, we have earned the trust of Sri Lankan households, becoming a preferred and reliable name in the processed meat category. As the market leader, we have built a solid reputation by consistently delivering high-quality, safe, and innovative products that cater to the diverse needs of our consumers. Our commitment to quality and continuous innovation has strengthened long-standing customer relationships and firmly positioned our brands as household favourites. We continue to serve a broad range of market segments by offering products that appeal to different tastes and preferences, ensuring it remains a go-to choice for families across Sri Lanka.



CUSTOMERS
Traders and outlets that directly purchase our products



SHOPPERS
Individuals who visit these outlets to buy our products



CONSUMERS
End users who ultimately use and enjoy our products

Customer Value Proposition

We continued to enhance our customer value proposition by strengthening brand positioning and expanding our portfolio strategically. While the brand has traditionally been associated with goodness, trust, and value for money within the processed meat category, we have embarked on a strategic repositioning effort to evolve from a purely processed meat brand into a broader convenient food brand. This transition is supported by deliberate category diversification beyond frozen meats into quick-preparation and ready-to-eat food solutions. New category expansions include the introduction of value added pasta in single-use pack format, the launch of heat and eat Kottu under the Ready-to-eat meal segment, and entry into the snacking category through an expanded peanuts range. Complementing these offerings, we have also introduced a suite of sauces including the signature hot dog sauce, tomato sauce, Nai Miris sauce and barbecue sauce to enhance meal occasions and strengthen brand presence across multiple food categories.

- Evolving from a processed meat brand to a convenient food brand.
- Expanding consumer value through a diversified, convenience driven value for money product portfolio.
- Strengthening brand relevance with new meal, snack, and complementary categories.
- Delivering greater choice, convenience, and value to Sri Lankan families.

Commitment to Innovation

Our Innovation & Renovation Strategy is built on the principle that innovation is vital to sustaining long term competitiveness. We use a two tier approach consisting of a structured Innovation Funnel and an open ideation platform, "Innovation Madness." The Innovation Funnel moves through four key stages Ideation, Feasibility, Launch, and a six month Post Launch Review to ensure only viable and high potential products progress. Alongside innovation, we maintain a strong renovation and quality testing framework, including monthly competitor tastings and weekly internal panels to ensure consistency and continuous improvement. During the year, we introduced 29 new innovations, demonstrating the strength and discipline of our innovation pipeline.

Innovation Funnel

- Ideation
- Feasibility
- Product Launch
- Post Launch Review

Please refer to page 54 under Intellectual Capital for information on product innovation in FY 2025/26

Enhanced Packaging and Shopper Engagement

We implemented a range of packaging enhancements during the financial year to strengthen brand visibility, improve category distinction, and deliver greater convenience to consumers. A full packaging architecture revamp was carried out across the portfolio, creating a more cohesive and modern design language.

Key improvements included:

- A unified packaging system applied consistently across all product categories.
- Clear tier differentiation for:
  - Core range
  - Value added sausages
  - Non-frozen products such as pasta, peanuts, and sauces
- A refreshed look for the Elephant House range with a premium black theme and realistic food imagery to enhance shelf presence.

In parallel, we continued exploring sustainable packaging solutions by assessing biodegradable material options. Although implementation is currently constrained due to higher associated costs, we aim to introduce one to two SKUs using sustainable packaging in the next financial year as part of a phased approach.

A strong focus was also placed on enhancing convenience for shoppers. One notable improvement was the redesigned 100g peanut pack, which now features a resealable pouch the first of its kind in the market offering improved freshness and ease of use.

We further strengthened shopper engagement efforts across MT and SMMT channels through a robust schedule of in store activations and promotional campaigns. These initiatives helped maintain strong visibility and drive trial, with more than 1,200 activation days conducted during the year.

Accessibility & Consumer Reach Expansion

We continued to broaden our market presence during the year through stronger distribution, enhanced branded retail visibility, and expanded consumer engagement initiatives. Accordingly, we increased our outlet reach and introduced a dedicated non-frozen goods distribution network to improve availability of ambient products across the island.

Distribution and retail expansion included:

- Wider National outlet coverage supported by a new non-frozen products distribution fleet
- Growth of branded outlets from 75 to 85 locations
- Introduction of Shop in Shop formats with partners such as Roots and Green Cabin

Moreover, we intensified experiential marketing efforts, participating in more than 400 events that served as high impact consumer





SOCIAL AND RELATIONSHIP CAPITAL

touchpoint and helped drive stronger engagement and product trials.

Digital accessibility was further strengthened through MeatHouse.lk, with improved number of orders per month. Improvements to website navigation, payment gateways, and delivery traceability contributed to higher customer satisfaction and increased repeat usage.

To complement physical and digital reach, we expanded our food truck operations to 5 units across regions. Offering a variety of ready to eat products, these mobile outlets enhanced convenience, visibility, and direct consumer experience.

Strengthening Customer Quality and Trust

We continued to reinforce consumer trust through stringent quality processes, a premium product philosophy, and recognised excellence in industry standards. Product quality is monitored consistently through weekly tasting panels and monthly competitor benchmarking sessions, with close collaboration between the Quality Assurance (QA) and Research and Development (R&D) teams to ensure consistency and continuous improvement.

Key elements of the company's quality framework include:

- Regular sensory evaluations and competitor comparisons
- Rigorous internal checks supported by cross functional QA and R&D collaboration

We uphold a strong commitment to premium quality by avoiding undesirable additives and preservatives. By maintaining this disciplined approach, we position our products slightly above mainstream offerings to ensure superior quality without compromising consumer safety.

Premium quality practices focus on:

- No unhealthy preservatives
- No MSG formulations

Our commitment to excellence is further demonstrated through the maintenance of all relevant ISO certifications and the achievement of the National Quality Award (Gold), outperforming more than 500 food manufacturers. This prestigious award, valid for five years, affirms our leadership in quality and operational excellence.

- Stringent Quality Processes
- Premium Product Philosophy
- Recognised Industry Excellence

Customer Engagement

We invested in meaningful and data driven customer engagement initiatives throughout the financial year, ensuring consistent brand presence across multiple touchpoints. A comprehensive month on month activation calendar guided all engagement efforts, spanning above the line, digital, and below the line channels to strengthen consumer connection and drive brand equity. These activities were designed to reinforce brand relevance, improve conversion at key retail points, and expand reach across both physical and digital environments.

Customer engagement activities included:

- Integrated ATL campaigns to drive mass awareness
- Targeted digital campaigns to improve reach and frequency among priority audiences
- Below-the-Line (BTL) activations aimed at stimulating trial and in store conversion
- Expansion of brand touchpoints across retail, events, and partner locations

As a result of these initiatives, improvements in brand equity scores were recorded during the year, with detailed performance metrics captured in a separate internal report.

Moreover, we ensured wide ranging market coverage through a diversified channel strategy that enabled deeper consumer penetration and improved accessibility across regions and formats.

Coverage channels included:

- Participation in key events and consumer fairs
- Strong visibility and engagement across Modern Trade outlets
- Active presence within Small and Medium Modern Trade networks
- Engagement and distribution within the HoReCa sector

These combined efforts contributed to stronger brand recall, improved consumer touchpoint efficiency, and a more robust presence across Sri Lanka's retail landscape.

Marketing and Labelling

The marketing and labelling of all KFP products strictly comply with the Food Act No. 26 of 1980, the Food (Labelling and Advertising) Regulations of 2005, and the Consumer Affairs Authority Act No. 9 of 2003. These regulatory frameworks govern the accuracy, integrity, and transparency of information provided to consumers. In addition, our marketing communications are guided by the

International Chamber of Commerce (ICC) Code of Advertising and Marketing Communications, a globally recognised self regulatory standard that promotes responsible and ethical advertising practices.

Our product labels provide comprehensive information including product description, date of manufacture, expiry date, net weight, full ingredient listing, and nutritional details. Wherever possible, all product and service information, labelling, and marketing communications are presented in all three National languages to ensure accessibility for all consumer groups.

The artwork and labelling on all product packaging were updated during the year to comply with the latest requirements under the Food Act No. 26 of 1980. These enhancements ensure clearer and more accurate consumer information, strengthened regulatory compliance, and improved consistency across our product portfolio.

During the reporting period, there were no instances of non compliance with statutory requirements or voluntary codes relating to product information, labelling, marketing communications, or data privacy. Furthermore, none of our products are labelled as containing Genetically Modified Organisms (GMOs), in line with our commitment to transparency, safety, and consumer trust.

Leveraging Digital Capabilities to Enhance Customer Experience

We strengthened our digital capabilities during the financial year, focusing on enhancing the omnichannel consumer experience, advancing sales digitalisation, and improving the effectiveness of digital platform management. These initiatives contributed to better customer engagement, stronger operational visibility, and improved online performance.

Enhancements to the online sales platform (MeatHouse.lk) played a key role in elevating the digital consumer journey. The platform underwent several upgrades aimed at improving convenience, reliability, and overall user experience.

Key improvements included:

- A more intuitive and user friendly interface
- Smoother and more secure payment processes
- An enhanced delivery experience
- Real time order tracking for greater transparency

Digitalisation efforts within the sales function also progressed, led by the relevant business teams. These initiatives supported better decision-making, asset visibility, and performance monitoring.

Sales digitalisation initiatives included:

- Development of real time sales dashboards
- Introduction of geo enabled asset tracking under the "Asset-Eye" project

KFP further strengthened its digital presence by securing complete ownership of our digital platforms following previous operational challenges. A new digital agency was appointed through a stringent evaluation process to support content, community management, and performance marketing.

Customer Complaints Handling

We maintain a structured and responsive approach to customer complaints, ensuring timely resolution and continuous improvement. Complaints are received through multiple channels including the hotline, email, social media platforms, and physical mail reflecting our commitment to accessibility and transparency. Complaints are managed directly by the Quality Assurance (QA) team, During the year, there were no major incidents of non compliance concerning health and safety impacts of products and services were reported. All minor complaints were promptly addressed, ensuring a high level of customer satisfaction and support.

The resolution process places strong emphasis on customer education and technical accuracy. Customers are guided on proper product handling practices, including recommended cold storage standards and correct storage methods to ensure optimal product integrity. For all product related issues, the QA team conducts thorough root cause analyses, and site visitations are arranged when required to assess conditions firsthand and provide personalised support. This structured approach ensures that every complaint is addressed effectively while strengthening consumer trust and reinforcing our quality commitments.

CHANNEL PARTNERS

We operate a comprehensive multi channel distribution strategy designed to maximise product availability and reach diverse consumer segments across the country. This approach enables us to penetrate all regions effectively while strengthening relationships with trade partners across key channels, including General Trade, Modern

SOCIAL AND RELATIONSHIP CAPITAL

Trade, and the HoReCa (Hotel, Restaurant & Cafe) channels.

Through General Trade, we ensure widespread accessibility by supplying traditional retail outlets that cater to everyday consumer needs. Modern Trade channels comprising supermarkets and organised retail chains provide greater product visibility, improved merchandising opportunities, and an expanded assortment to meet evolving shopper expectations. We have also deepened our presence in the HoReCa sector by collaborating with hotels, restaurants, and catering establishments, further extending brand reach and enhancing product trial among diverse consumer groups.

Key channel strengths include:

- A wide-reaching General Trade network delivering accessibility and convenience
- Strong visibility and shelf presence within Modern Trade outlets
- Growing partnerships in the HoReCa sector, increasing usage occasions

Together, these channel strategies have enabled us to strengthen our National footprint, enhance brand exposure, and ensure consistent product availability across multiple consumer touchpoints. Initiatives executed within each channel during the year are detailed below.

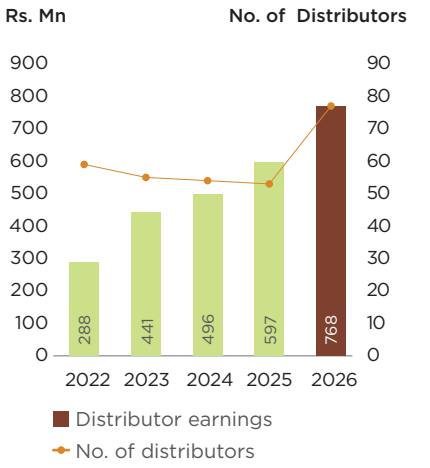
DISTRIBUTOR VALUE CREATION

Our distributors play a vital role in our value chain, enabling us to extend our market reach and serve customers across the island. To strengthen their capabilities, we have made significant investments in infrastructure and support services that enhance the overall distribution process. This includes deploying company owned freezers in the market to improve their storage and handling efficiency, as well as expanding our fleet with new delivery vehicles to reinforce logistics reliability. We have also increased visit frequencies to outlets, ensuring more consistent product availability and more efficient replenishment across the network.

SUPPLIERS

Our procurement strategy is centred on ensuring continuity, quality, and cost competitiveness while nurturing a strong local supplier ecosystem. 83% of total purchases is sourced locally, with only 17% imports, limited to a small set of critical ingredients essential for uninterrupted production and not substitutable through local alternatives. For key raw materials such as chicken, pork, and beef, which represent the largest share of input costs, we continue to broaden our supplier network, expand our certified supplier base, and collaborate closely with existing partners to secure consistent volumes at competitive prices. For imported inputs, we evaluate alternative suppliers and sourcing markets to enhance supply security and mitigate exposure to global price volatility.

DISTRIBUTOR EARNINGS



30 Pork Suppliers

11 Poultry Suppliers

07 Vegetable Suppliers

07 Spice Suppliers

CUSTOMER COMPLAINTS

- Dedicated Customer Care Hotline
- **100%** customer complaints resolved

CUSTOMER TOUCHPOINTS

- **77** Distributors
- **+33,000** Retail Outlets

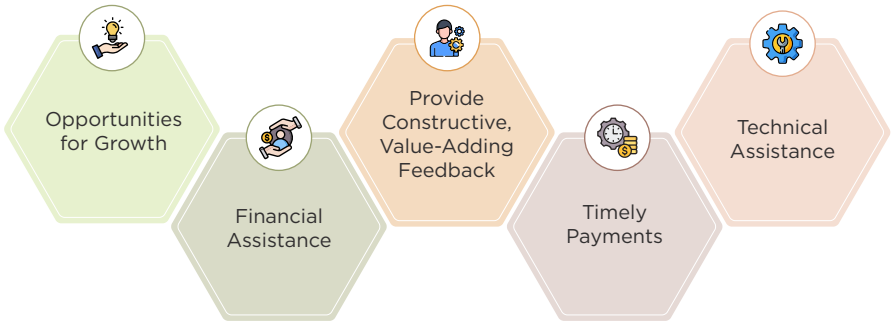
CUSTOMER REACH

- **Rs. 384 Mn** spent in brand building initiatives

DIGITAL INTERACTION

- Retail website
- **04** Social Media Platforms

Our Supplier Value Proposition



SUPPLIER SCREENING AND ONBOARDING

We follow a structured, multi stage supplier screening and onboarding process designed to ensure that all partners meet our stringent technical, regulatory, environmental, and ethical standards. This approach safeguards product quality, strengthens supply chain resilience, and supports responsible sourcing practices.

Initial Documentation Review

The procurement team conducts an initial review of prospective suppliers by evaluating key documents such as company profiles, certifications, regulatory compliance records, and operational capacity.

Quality and R&D Endorsement

The Quality Assurance and R&D teams evaluate suppliers to ensure they meet strict product, safety, and operational standards. Only those that fully comply with technical and regulatory requirements are approved for onboarding.

Environmental and Social Screening

As part of due diligence, suppliers are assessed for environmental responsibility and social compliance, requiring proper waste management practices, environmentally responsible operations, adherence to ethical labour standards, zero tolerance for child labour, and safe, compliant working conditions.

Ongoing Supplier Assessments

After onboarding, procurement and QA teams conduct quarterly supplier visits to ensure ongoing compliance, with all assessments formally documented and approved to support audit readiness and traceability.

During the year under review, environmental and social screening was conducted for 22 (100%) newly onboarded suppliers, and 73 existing suppliers were evaluated against the same criteria through structured supplier audits.

Zero incidents of child labour/ forced or compulsory labour were recorded during the year under review. No significant instances of non-compliance with environmental or social requirements were identified in the supply chain during the reporting period. Moreover, there were zero suppliers identified as having significant actual or potential negative environmental or social impacts, and no such impacts were recorded during the year..

SUPPLY CHAIN TRACEABILITY

We apply rigorous quality assurance practices across procurement and manufacturing, using a structured system of supplier evaluation, material checks, process controls, and product testing to ensure safety, consistency, compliance, and full visibility from source to final product.

Key features of the traceability system include:

- Unique batch codes assigned to every product manufactured.
- Ingredient level traceability, including the specific sourcing batch of raw materials.
- Hourly production samples collected and preserved for the full shelf life of each product, ranging from four months to two years.
- Rapid identification of critical information in the event of a market complaint, such as:
  - Date and time of production
  - Ingredients and raw materials used
  - Individual suppliers
  - Production line, shift, and operational details

ENSURING QUALITY ACROSS THE SUPPLY CHAIN

We embed rigorous quality assurance practices across all stages of procurement and manufacturing to ensure that products consistently meet required health, safety, and regulatory standards. During the year, 100% of our product categories were systematically assessed for health and safety impacts. This was supported by a structured framework encompassing supplier evaluation, raw material verification, in-process quality controls, and rigorous final product testing against defined quality and food safety parameters, enabling comprehensive oversight from sourcing to finished product.

Supplier Onboarding

Only suppliers that meet strict approval criteria are authorised to supply raw materials and packaging components.

SOCIAL AND RELATIONSHIP CAPITAL

Inbound Quality Checks
All raw materials are tested before acceptance, while packaging materials undergo detailed physical inspections to ensure they meet required specifications.

In Process Quality Control
Dedicated QA teams monitor production processes to ensure adherence to Standard Operating Procedures(SOPs), maintaining consistent quality, hygiene, and compliance throughout operations.

Final Product Testing
- We conduct hourly microbiological testing, making it the only Company in the category to operate with such high testing frequency.
- Finished products remain under a quality hold block until microbiological results available within 24 hours are cleared for dispatch.

Laboratory Facilities
- Two in-house laboratories perform microbiological and quality tests, ensuring rapid turnaround times and full internal control over testing standards and methodologies.

STRENGTHENING SUPPLIER ECOSYSTEMS
We invested in building a resilient and inclusive supplier base, with a focus on supporting local SMEs and farmers. Through initiatives such as supply financing, technical assistance, and long-term partnerships with guaranteed offtake, we enhanced supplier capabilities, improved supply reliability, and promoted sustainable growth while supporting local communities.

Rebuilding the Pork Supplier Network
The African Swine Fever (ASF) outbreak severely disrupted the pork supply chain, leading many suppliers to exit. In response, we led efforts to rebuild the supply base by supporting affected farmers, collaborating with government bodies, and providing technical guidance on resilient farming practices.

Expanding the Poultry Supply Base
We strengthened our poultry procurement strategy by expanding partnerships with certified suppliers, securing material requirement through agreements with key partners. This approach ensured supply stability, consistent quality, and supported long-term, sustainable supplier relationships.

Diversifying the Supplier Base for Imported Materials
To mitigate price volatility and supply risks, we diversified our supplier base by exploring alternative markets, enhancing competitiveness, reducing dependency on single sources, and delivering cost benefits to consumers.

INDUSTRY PARTNERSHIPS
As an active member of several industry associations, KFP collaborates closely with external institutions to address key sector challenges and contribute to broader industry development.

Membership Associations
- Ceylon Chamber of Commerce
- Ceylon National Chamber of Industries
- National Chamber of Exports
- Employer's Federation of Ceylon

COMMUNITY
We make a meaningful and positive impact on the communities in which we operate. Our approach to community engagement and Corporate Social Responsibility (CSR) is aligned with our parent company, John Keells Holdings, and its vision of "Empowering the Nation for Tomorrow."

Each CSR initiative is carefully selected to ensure alignment with our broader strategic objectives while delivering tangible and sustainable benefits. Our efforts are primarily focused on supporting and uplifting the communities surrounding our operations. During the year under review, KFP did not identify any operations that resulted in significant negative impacts on local communities. Initiatives undertaken during the year include the following:

English Scholarship Programme
The John Keells Foundation, in collaboration with Keells Food Products PLC and the Gateway Language Centre in Ja-Ela, implemented an English Scholarship Programme aimed at enhancing students' English language proficiency. The programme featured interactive learning sessions and concluded with a competition, with prizes awarded to the best-performing school.

Participating schools included:
- G.B. Senanayake Vidyalaya – Ekala
- Sandalankawa Central College
- Hendiyagala Central College

Mushroom Cultivation Project
The John Keells Foundation, in partnership with Keells Food Products PLC, continued to empower women through oyster mushroom cultivation under the John Keells PrajaShakthi – Ja-Ela programme. This initiative supports sustainable livelihoods for women and contributes to the provision of nutritious, high-quality food to consumers.

Child Protection Awareness Session
In celebration of Children's Day 2025, John Keells Foundation (JKF) hosted a Child Protection Awareness session at St. Xavier's School, Ja-Ela, featuring an engaging and

educational puppet show. This initiative reflects JKH's ongoing commitment to safeguarding children and promoting their rights, safety, and well-being within the community.

Gender-Based Violence Awareness Programme

The John Keells Foundation (JKF) in collaboration with KFP conducted a Gender-Based Violence (GBV) awareness programme for Executive Development Officers (EDOs) at the Divisional Secretariat in Ja-Ela. The session was facilitated by a resource person who provided valuable legal insights and practical strategies, equipping participants with the knowledge and tools necessary to effectively address GBV within their communities.

WAY FORWARD

Short-Term	Medium- Term	Long-Term
• Strengthen data-driven customer engagement and improve omnichannel experience • Enhance distributor performance through scorecards and route optimisation • Expand supplier ESG screening and strengthen dual sourcing resilience • Expand supplier base for chicken, pork, and critical ingredients. • Continue supporting pork farmers in restarting operations, including potential importation of new disease resistant breeds. • Strengthen alternative sourcing options for imported materials. • Identify additional SMEs for supply financing support to build local capacity.	• Digitise distributor network with real-time visibility across sales and inventory • Establish long-term supplier partnerships with structured ESG and performance frameworks • Develop Customer Relationship Management (CRM) led customer loyalty and targeted engagement platforms • Formalise supply partnerships with major poultry and meat suppliers. • Expand local supplier network and improve resilience across categories. • Enhance supplier capability through training, compliance guidance, and joint technical initiatives.	• Build a fully integrated, tech-enabled end-to-end distribution ecosystem • Develop a resilient, ESG-aligned supplier ecosystem with full traceability • Position KFP as a trusted, data-driven convenient food solutions brand • Build a strong partnerships across both Tier 1 and Tier 2 suppliers. • Work with the Government & technical bodies to re establish a stable pork farming industry in Sri Lanka. • Continuous support bring in new breeds and advanced farming practices to ensure high-quality, sustainable supply. • Support long-term farmer development through financing, capacity-building, and integration into KFP's value chain.

NATURAL CAPITAL



At KFP, we are committed to minimising our ecological footprint while safeguarding the long term resilience of our business. Our approach prioritises responsible stewardship of natural resources, ensuring that sustainable growth and environmental accountability go hand in hand.

KEY HIGHLIGHTS 2026

8,581 tCO_2e Carbon Footprint	↓**9%** Reduction in Energy Intensity	**36%** Water Recycled	**23** Tons Waste Recycled

Relevant stakeholders	Relevant material topics	Relevant strategic pillars
	Operational excellence and sustainable resource management Climate resilience & disaster management	

CONTRIBUTION TO SDGs

Related CRROs & SRROs	
CRR1	Climate Physical Risk (Acute)
CRR2	Climate Physical Risk (Chronic)
CRR3	GHG Emissions & Energy Management
SRR1	Environmental & Social Impacts of Ingredient Supply Chain
SRR2	Food Safety Compliance
SRR3	Waste Management
SRR5	Water & Wastewater Management
CRO1	Climate-Resilient Operations and Cold-Chain Strengthening
SRO1	Sustainable Water Governance and Recycling Systems
SRO2	Sustainable and Reliable Ingredient Procurement
SRO3	Commitment to Food Integrity, Traceability, and Quality Excellence
SRO5	Sustainable and Efficient Energy Management
SRO6	Regenerative Waste Prevention

MANAGEMENT APPROACH

We manage our natural capital in alignment with the sustainability framework of John Keells Holdings, supported by strong policies and governance structures. Environmental performance is continuously monitored and reviewed at Board and senior management levels to identify and address risks and opportunities. The approach focuses on achieving measurable reductions in environmental impact, promoting responsible resource use, and ensuring long-term environmental sustainability.

Environmental Management Framework



ENVIRONMENTAL COMPLIANCE

We ensure full compliance with environmental laws through robust monitoring systems, regular audits, and proactive corrective actions. Our Environmental Protection License (EPL) reflects adherence to strict regulatory standards. Ongoing efforts, including progress toward ISO 14001:2015 certification, aim to strengthen environmental risk management, improve resource efficiency, and support continuous environmental performance improvement.

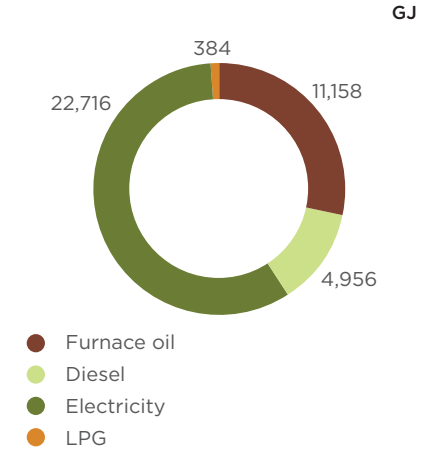
ENERGY MANAGEMENT

Energy management remained a key operational priority during the year, supported by a structured governance framework and continuous monitoring of performance across all facilities. The Group maintained a disciplined approach to tracking energy consumption, improving efficiency and reducing emissions, ensuring alignment with both internal KPIs and broader sustainability commitments.

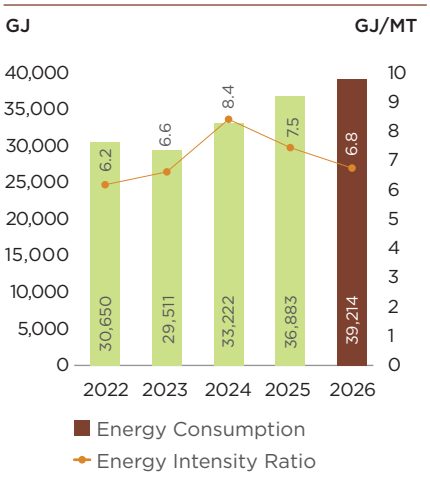
Governance and Monthly KPI Reviews

Energy management is guided by a robust governance framework with

ENERGY CONSUMPTION



ENERGY



NATURAL CAPITAL

Energy Consumption	2026	2025	YoY Change (%)
Furnace oil (Liters)	**280,444**	273,190	3
Diesel (Liters)	**136,664**	135,288	1
Electricity (kWh)	**6,309,795**	5,824,160	8
LPG (kg)	**8,107**	2,963	174
Total energy consumption (GJ)	**39,214**	36,883	6

Energy Consumption (GJ)	2026	2025	YoY Change (%)
Furnace oil	**11,158**	10,870	3
Diesel	**4,956**	4,907	1
Electricity	**22,716**	20,966	8
LPG	**384**	140	174
Total energy consumption	**39,214**	36,883	6

monthly KPI reviews covering steam efficiency, energy consumption across different sources, and related emissions and waste. Performance is tracked and continuously improved, with YoY energy intensity monitored relative to production volumes.

Expansion of Solar Power Generation

We advanced our transition to renewable energy by installing rooftop solar at the Ekala factory, generating 271,439 kWh and meeting about 4% of annual electricity needs. This initiative helps optimise energy use, reduce reliance on fossil fuels, and support long-term cost stability.



Steam System Optimisation at the Pannala Facility

Significant progress was made in improving steam system efficiency at the Pannala facility. Modifications to the steam control system enabled improved regulation of steam supply and reduced excess generation. Further enhancements to the steam tunnel and distribution network reduced heat loss and improved flow consistency, contributing to additional energy savings and thermal loss reduction. Together, these initiatives have lowered operating costs while strengthening overall process reliability.

Electrical Efficiency Improvements

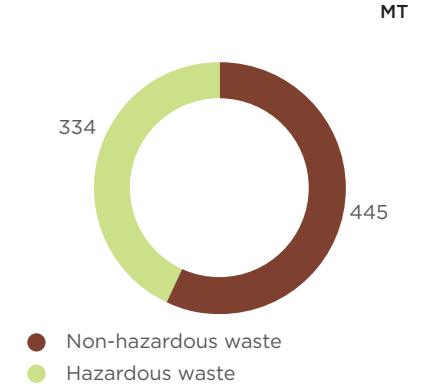
Electrical energy efficiency was enhanced through the replacement of outdated lighting with high-efficiency fixtures and improved power mix management. Continuous monitoring of energy sources using KPIs ensures optimal energy use aligned with production needs, cost efficiency, and environmental goals.

WASTE MANAGEMENT

Solid Waste Management

We strengthened our waste management practices through source segregation and responsible recycling, with 23 tonnes of materials recycled via licensed partners. Due to ASF-related restrictions, pork by-products are currently disposed of through regulated incineration, increasing costs. Additionally, certain by-products are repurposed through partnerships with feed manufacturers, supporting a circular economy approach.

WASTE GENERATED



WASTE



Liquid Waste (Wastewater) Management

The Pannala facility operates an Effluent Treatment Plant to treat wastewater to regulatory standards, with treated water reused for irrigation. The Ekala factory ensures compliance through pre-discharge checks and controlled release into the municipal treatment system, supported by regular monitoring.

Types of Waste Generated (MT)	2026	2025	YoY Change (%)
Non-hazardous waste	**445**	433	3
Hazardous waste	**334**	311	7
Total waste generated	**779**	744	5

Waste Diverted from Disposal (MT)	2026	2025	YoY Change (%)
Recycling			
Non-hazardous waste	**23**	23	-
Hazardous waste	**-**	-	-
Total waste diverted from disposal	**23**	23	-

Waste Directed to Disposal (MT)	2026	2025	YoY Change (%)
Other disposal methods			
Non-hazardous waste	**422**	410	3
Hazardous waste	**334**	311	7
Total waste directed to disposal	**756**	721	5

Other disposal methods include incineration of non-hazardous waste and controlled discharge of hazardous waste treated as effluents to marine environments, conducted in full compliance with applicable environmental regulations and quality standards.

WATER MANAGEMENT

Our water stewardship practices are supported by a resilient sourcing and infrastructure framework designed to ensure uninterrupted access to high quality water across both manufacturing sites. Water is primarily drawn from a network of deep wells, totalling approximately seven wells across the two plants, providing a reliable and controlled supply. During the year, we also reinstated an inactive surface well at the Pannala facility to strengthen water availability during peak dry months, particularly in April and May, ensuring operational continuity even under seasonal stress.

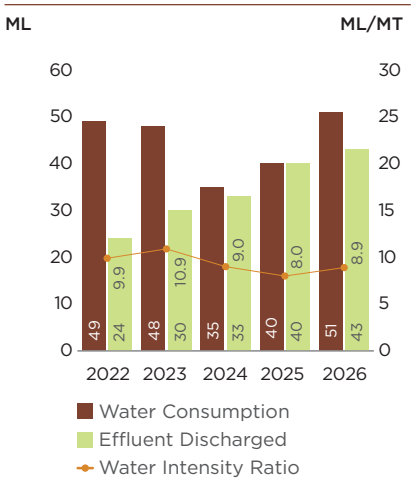
Resilience and Contingency Planning

To ensure supply resilience, we identified pre-qualified external water suppliers as contingency sources for disruptions. These suppliers were evaluated for quality and compliance, supporting reliable water availability while maintaining safety and regulatory standards.

Efficiency and Reuse Initiatives

We enhanced water efficiency and resilience through initiatives such as backwash water reuse, leak reduction, infrastructure upgrades, and improved distribution systems. Water is primarily sourced from deep wells, with contingency measures in place to ensure supply continuity. Waste management practices, including regulated incineration and compliant discharge methods, are also maintained. Overall, these efforts support responsible water management, operational efficiency, and long-term sustainability.

WATER



Water Consumption (ML)	2026	2025	YoY Change (%)
Total water consumption	**51**	40	28
Effluent discharged	**43**	40	8
Water intensity ratio (ML/MT)	**8.9**	8.0	11

NATURAL CAPITAL

Water Withdrawal by Source (ML)	2026	2025	YoY Change (%)
Ground water	**119**	103	16
Municipal lines	**-**	-	-
Recycled water	**-**	-	-
Total water withdrawal	**119**	103	16

MATERIALS

Recyclable Packaging

We continued to strengthen our commitment to responsible packaging by utilising recyclable polythene materials across our product portfolio. Current packaging formats make use of Low-Density Polyethylene (LDPE) and Linear Low-Density Polyethylene (LLDPE) grades that are fully aligned with established recycling streams, ensuring compatibility with local recovery and recycling systems. Technical data sheets for all packaging materials are available upon request to support transparency and compliance requirements. While we have explored biodegradable and compostable alternatives, a full transition has not yet been feasible due to prevailing cost barriers and limited commercial availability of high-performing, eco-friendly substrates.

Material Reduction and Efficiency Enhancements

We continued improving material efficiency by reducing packaging waste through initiatives such as shifting to reel-fed packaging and upgrading machinery. These efforts are expected to lower material usage, minimise waste, improve sealing efficiency, and increase production throughput, supporting sustainable packaging practices.

Moreover, recycled input materials were not used during the production process and currently KFP is not reclaiming the products, along with their packaging materials, at the end of their useful life.

CARBON FOOTPRINT

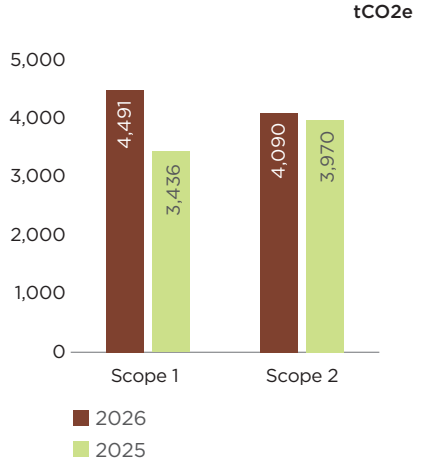
ISO 14001 Implementation

Implementation of the ISO 14001:2015 Environmental Management System commenced in late FY2025/26, marking a significant step toward embedding a systematic and internationally recognised approach to environmental management. The system is expected to deliver several key outcomes in the upcoming financial year, including the establishment of a baseline Green House Gas (GHG) emissions inventory, the integration of systematised environmental KPIs across operations and the introduction of structured corrective action mechanisms supported by regular internal and external audits. Together, these initiatives will strengthen environmental governance, enhance compliance and support the Group's long term sustainability objectives.

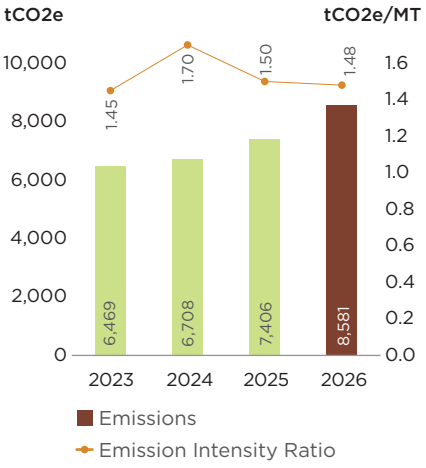
Material Consumption	UOM	2026
Renewable		
Pork	MT	595
Poultry	MT	2,800
Vegetables	MT	233
Spices	MT	58
Packaging - Corrugated Boxes/ Stickers	No. of PC	1,690,827
Non Renewable		
Packaging - Reels	m	1,970,066
Packaging - Pouches	No. of PC	5,484,086

	2026	2025	YoY %
Carbon Footprint of Ozone Depleting Sources (MT)	**3,236**	1,798	80

EMISSIONS



EMISSION



GHG Measurement Roadmap

Our primary energy sources include electricity, diesel, furnace oil, and LP gas. Increasing the share of renewable energy remains a key priority, with ongoing initiatives to expand solar power generation in support of our emission reduction objectives.

Emission intensity change is compared to the actuals in 2024/25 calculated using emissions under Scope 1 and Scope 2. The Group computes its carbon footprint based on the GHG Protocol published by the World Resources Institute. Further, the Group has referred to the Intergovernmental Panel on Climate Change (IPCC) for the disclosures.

Collaborative efforts between the Quality and Production teams have been directed toward identifying and reducing energy wastage, thereby improving overall energy efficiency across production processes. Furthermore, factory emission levels are routinely assessed by accredited third party institutions such as ITI and NAITA to ensure compliance with applicable standards. These assessments have confirmed that no significant emissions of Nitrogen oxides (NOx), Sulfur oxides (SOx), or other noteworthy air pollutants were detected.

During the year, we continued to strengthen our approach to GHG emissions management and disclosure, although detailed GHG measurement systems have not yet been fully implemented. Work progressed on establishing a structured framework for emissions accounting through the ongoing implementation of the ISO 14001:2015 Environmental Management System, which will formalise carbon footprint measurement, introduce standardised reporting processes and support the development of a comprehensive GHG inventory.

Our GHG Emissions Measurement Approach

We measure our greenhouse gas emissions in line with the GHG Protocol and GRI 305 standards.

- **Scope 1** emissions cover direct emissions from Company-controlled sources, including fossil fuel use and fugitive emissions. During the year, KFP enhanced its fugitive emissions measurement by incorporating refrigerant-related emissions, with prior year figures revised accordingly to ensure consistency and comparability.
- **Scope 2** emissions are calculated using the location based method and reflect indirect emissions from purchased electricity.
- **Scope 3** In previous years, Scope 3 assessments covered emissions from product distribution, redistribution, and business air travel. For the current reporting period, these emissions are not disclosed due to insufficient reliable data. We are enhancing our data collection processes and intend to resume Scope 3 reporting in future periods once data quality and completeness are assured.

WAY FORWARD

Short-Term	Medium- Term	Long-Term
• Complete ISO 14001:2015 Environmental Management System (EMS) implementation, including the establishment of a comprehensive baseline GHG inventory to strengthen environmental governance and compliance. • Implement backwash water reuse at the Pannala facility and track measurable water savings to support improved resource efficiency. • Conduct biogas feasibility analysis to evaluate the conversion of food waste into biogas. • Commission the new packaging machine to achieve targeted waste reduction outcomes and secure efficiency gains in packaging operations.	• Expand circularity initiatives by converting organic by products into renewable energy or organic fertiliser, enabling closed loop resource utilisation and reducing environmental impact. • Develop advanced recycling streams through strengthened partnerships with suppliers and waste management collaborators, supporting higher recovery rates and minimising landfill dependency. • Enhance Scope 3 data collection and engage value chain partners to enable the phased resumption of reliable and comprehensive Scope 3 emissions reporting.	• Scale up renewable and high efficiency energy technologies, including solar power expansion and advanced steam management solutions such as condensate recovery systems, to significantly reduce energy intensity and support long term sustainability goals.

CAPITAL CONNECTIVITY AND TRADE-OFFS

KFP's strategy and business activities carefully balance competing priorities across resources and stakeholder relationships to preserve and create value for its six capitals while limiting value erosion. The significant capital trade-offs we made across our six capitals in 2025/26 to enhance/preserve long-term value is presented below.

			Capital Connectivity					
Trade-Off Description		**Time Frame**	**Financial**	**Manufactured**	**Human**	**Intellectual**	**Social & Relationship**	**Natural**
Sustainable Growth	Investments in capacity expansions and improvements	Short-term	↓	↑		↑		↓
		Medium-Long	↑	↑		↑		↓
	Portfolio diversification and channel expansion to enable sustainable growth	Short-term	↓			↑	↑	
		Medium-Long	↑			↑	↑	
Quality & Innovation	R&D investments, certifications and product innovation	Short-term	↓			↑	↑	
		Medium-Long	↑			↑	↑	
Empowered Team	Investment in employee training to enhance staff capabilities	Short-term	↓		↑	↑	↑	
		Medium-Long	↑		↑	↑	↑	
	Employee engagement and well-being enhancement initiatives	Short-term	↓		↑	↑	↑	
		Medium-Long	↑		↑	↑	↑	
Strengthen Channel & Supply Chain	Mutually beneficial relationships with value chain partners and suppliers to enhance long term profitability.	Short-term	↓				↑	
		Medium-Long	↑				↑	
	Local supplier development while promoting sustainable supply chain practices and climate resilient agricultural methods to strengthen supply security of key inputs.	Short-term	↓				↑	
		Medium-Long	↑				↑	↑
Operational Efficiency & Accountability	Digitalisation, automation and systems to improve productivity	Short-term	↓	↑		↑		
		Medium-Long	↑	↑	↓	↑		
	Initiatives targeting standardization and process improvements to maintain accountability and efficiency	Short-term	↓			↑		
		Medium-Long	↑			↑		

↑ Positive Impact ↑ Negative Impact

REINFORCED

At Keells Food Products PLC, our governance framework remains robust and disciplined, ensuring accountability and transparency, enabling us to move forward with confidence.



ENTERPRISE GOVERNANCE

CORPORATE GOVERNANCE

EXECUTIVE SUMMARY

The JKH Group's corporate governance framework is designed to support sustainable long-term value creation through effective leadership, accountability and transparent decision-making, while ensuring compliance with applicable laws, regulations and recognised standards of good governance. The framework provides a structured and disciplined environment within which the JKH Group's strategy is established, performance is monitored and risks are managed, taking into account the interests of a wide range of stakeholders with evolving expectations and a complex operating environment and including macroeconomic conditions.

The Group's corporate governance philosophy is institutionalised across all its business units and supported by clearly defined, Board and management oversight mechanisms and a suite of policies, processes and an organisational structure that is reviewed and updated to be aligned with evolving regulations, global best practice, and dynamic stakeholder needs. These mechanisms are intended to sustain a consistent governance baseline across business units while remaining grounded in the core principles of accountability, integrity, transparency and participation. Compliance triggers ensure adherence to mandatory regulatory requirements and ensure continuous monitoring and feedback.

The Keells Food Products PLC (KFP or Company) and its subsidiaries including John Keells Food India (Private) Limited (collectively KFP Group) as member of the JKH Group has its own set of internal policies, processes and structures aimed at meeting, and where possible, exceeding accepted best practice. These arrangements include clearly defined oversight mechanisms and compliance triggers to ensure adherence to mandatory regulatory requirements and are subject to ongoing review to reflect evolving regulations, global best practice, and dynamic stakeholder needs, while remaining grounded in its core principles of accountability, integrity, transparency and participation.

As governance processes and controls are well established across the JKH Group, the Board's focus during the year was on enhancing the clarity, quality and usefulness of governance disclosures, with particular emphasis on demonstrating the Board's role in providing effective oversight, supporting strategic execution and contributing to long-term value creation.

This Corporate Governance Report outlines the key elements of the JKH Group's governance framework, including:

- Principal components of the KFP Group's corporate governance system;
- Mechanisms in place to monitor compliance with governance policies;
- Outlook and emerging governance challenges; and
- KFP Group's compliance with mandatory requirements and its adoption of selected voluntary codes and reporting standards.

Compliance with statutory and regulatory requirements is summarised within the narrative and presented in detail in the accompanying compliance tables.

COMPLIANCE SUMMARY
Mandatory Regulatory Frameworks – fully compliant
The Companies Act No. 7 of 2007, as amended, including applicable regulations
Listing Rules of the Colombo Stock Exchange (CSE), including circulars
Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circulars
Code of Best Practices on Related Party Transactions (2013) issued by the SEC
SLFRS S1 and S2 – Sustainability Disclosure Standards
Voluntary Frameworks and Standards
Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka – complied with to the extent of business exigency and as required by the Group
Transparency International Sri Lanka assessment criteria on transparency in corporate reporting
Reporting Frameworks
International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)
Global Reporting Initiative (GRI) Standards
SASB disclosures
Internal Mechanisms
Articles of Association
Board Charter and Board Committee Charters
Code of Conduct
Board and Internal Policies

CORPORATE GOVERNANCE HIGHLIGHTS FOR 2025/26

- Pursuant to the adoption of SLFRS S1 and SLFRS S2 - the sustainability related financial and climate related disclosure standards issued by CA Sri Lanka - the Group undertook a structured implementation programme during the year under review to prepare for compliance with the Colombo Stock Exchange (CSE) reporting requirements, effective 1 January 2025. This process commenced with the engagement of an international external consulting firm to conduct a comprehensive Group wide gap analysis. Based on the findings of this assessment, the Group implemented the requisite frameworks, processes, and governance structures to support the enhanced disclosure requirements. A series of workshops and working sessions for senior leadership and their teams were conducted with the consultants to build internal capability and deepen understanding of the standards and their implications for the Group's reporting and governance processes.

- To strengthen governance and strategic oversight, the Group established the Environmental, Social and Governance (ESG) and Sustainability Steering Committee, which is responsible for overseeing sustainability related impacts, risks, and opportunities, including Sustainability Related Risks and Opportunities (SRROs) and Climate Related Risks and Opportunities (CRROs). The material SRROs and CRROs from a Group perspective were evaluated and presented to the Group Executive Committee (GEC) for subsequent approval and clearance by the KFP Board followed by JKH. The Committee serves as the primary governance forum guiding the Group's sustainability agenda and ensuring alignment with the requirements of SLFRS S1 and SLFRS S2 as the Group progresses towards full implementation.

- Enhanced the JKH Group's enterprise governance and control framework through the phased implementation of SAP RISE, migrating to a standardised, cloud-based core system that improves data integrity, real-time performance visibility, process standardisation, auditability, and internal control effectiveness across operations, supported by enhanced process intelligence through SAP Signavio. The migration was concluded on 9 March 2026 with minimal disruptions and down-time of the system, which has now been fully stabilised. All year-end financial closing requirements were completed on the new system with no significant issues encountered.
  - The Group conducted a high-level review of the authorisation matrix to validate access levels, address any anomalies and ensure secure and consistent user access controls. By addressing these prior to go-live, the Group ensured a smooth transition while safeguarding system security and the integrity of its controls.

- Further strengthened cyber and technology governance through expanded adoption of the Zero Trust Security Model, including enhanced identity-based access controls, strengthened network security, and migration to a Secure Service Edge architecture, improving threat detection, monitoring, policy enforcement, and overall cyber resilience across the Group.

- The JKH Group continued to align its data governance practices with the Personal Data Protection Act, No. 09 of 2022 (PDPA), in line with its internal data protection principles and globally recognised best practices. Dedicated Data Protection Officers oversee compliance, supported by the Data Governance Steering Committee, while ongoing enhancements to technical, security, and organisational controls are implemented to ensure continued compliance with statutory requirements. There were no significant data security related incidents reported during the year and a majority of the gaps across the businesses have been rectified.

- The JKH Group continued to strengthen its compliance framework in relation to financial misconduct, aligning with the Financial Intelligence Unit of Sri Lanka to enhance monitoring, coordination and implementation of Anti-Money Laundering, Counter-Terrorism Financing and Counter-Proliferation Financing measures, recognising their broader national significance.

- The JKH Group partnered with a multinational analytics and advisory company to conduct its annual employee engagement survey, adopting a more performance and productivity focused engagement model. Using the globally benchmarked Q12 framework, the survey generated data-driven insights into employee experience and

CORPORATE GOVERNANCE

key areas for development in support of a high-performance, inclusive workplace culture. The methodology empowers managers to take ownership of outcomes through targeted action planning, supported by benchmarking and analytics that drive continuous improvement and strengthen organisational performance.

- During the year under review, the Group concluded Phase 1 of a structured initiative to develop and institutionalise a Group-wide Employer Value Proposition (EVP), undertaken with the support of a globally recognised consulting firm. The process encompassed employee surveys, focus group discussions, and consultations with Group leadership, culminating in the articulation of a defined EVP statement and its supporting pillars. Phase 2, planned for 2026/27, will focus on activating and embedding the EVP across the organisation.

KEY ANNOUNCEMENTS TO THE COLOMBO STOCK EXCHANGE IN 2025/26

- The Board declared a final dividend of Rs.1.15 per share in May 2025 for the financial year 2024/25. Given the performance momentum of the businesses, the Board approved a first, second and third interim dividends of Rs.0.37, Rs.0.10 and Rs.1.65 per share each in August 2025, November 2025 and February 2026 respectively. A final dividend of Rs. 2.67 per share was declared in June 2026 for the financial year 2025/26. Accordingly, the dividend declared for 2025/26 is Rs. 4.79 per share [2024/25: Rs.3.60 per share].

BOARD AND BOARD COMMITTEE CHANGES IN 2025/26

- Ms. A Nanayakkara and Mr. K C S Fernando were appointed to the Board as Non-Executive Independent Directors with effect from 2nd May 2025.

- Ms. A Nanayakkara and Mr. K C S Fernando were appointed as members of the Audit and Related Party Transactions Review Committees of the Company with effect from 2nd May 2025.

- Mr. M M J W Jayasekara was appointed to the Board as Non-Executive, Independent, Director with effect from 15th May 2025.

- Ms. S. De Silva, Mr. I. Samarajiva, and Mr. P. D. Samarasinghe were redesignated as Non-Executive Non- Independent Directors of the Company with effect from 9th June 2025, upon completion of nine years of service on the Board.

- Ms. A Nanayakkara was appointed as the chairperson of the Audit Committee and Related Party Transactions Review Committee of the Company with effect from 9th June 2025.

- Mr. M M J W Jayasekara was appointed as the chairperson of the Human Resources and Compensation Committee and as a member of the Audit Committee, Related Party Transactions Review Committee and Nominations and Governance Committee of the Company with effect from 9th June 2025.

- Mr. K C S Fernando was appointed as the chairperson of the Nominations and Governance Committee and as a member of the Human Resources and Compensation Committee with effect from 9th June 2025.

- Ms. S. De Silva, Mr. I. Samarajiva, and Mr. P. D. Samarasinghe continued to serve as members of the Board Committees to which they were previously appointed, until their retirement from the Board.

- Ms. S. De Silva, Mr. I. Samarajiva, and Mr. P. D. Samarasinghe retired from the Board of Directors of the Company effective from 20th June 2025, having served on the Board for 9 years.

Highlights of the 43rd Annual General Meeting Held on 20th June 2025

- Mr. J G A Cooray, who retired in terms of Article 83 of the Articles of Association of the Company was re-elected as a Non-Executive Non-Independent Director of the Company.

- Mr. D P Gamlath, who retired in terms of Article 83 of the Articles of Association of the Company was re-elected as a Non-Executive Non-Independent Director of the Company.

- Ms. A Nanayakkara, who retired in terms of Article 90 of the Articles of Association of the Company was re-elected as a Non-Executive Independent Director of the Company.

- Mr. K C S Fernando, who retired in terms of Article 90 of the Articles of Association of the Company was re-elected as a Non-Executive Independent Director of the Company.

- Mr. M M J W Jayasekara, who retired in terms of Article 90 of the Articles of Association of the Company was re-elected as a Non-Executive Independent Director of the Company.
- Messrs. Ernst & Young (E&Y) was re-appointed as the External Auditors of the Company and the Directors were authorised to determine the remuneration of E&Y.

The 44th Annual General Meeting of the Company will be held on 18th June 2026.

CORPORATE GOVERNANCE – NAVIGATION OF CONTENTS

Executive Summary
- Compliance Summary
- Corporate Governance Highlights for 2025/26
- Key Announcements to the Colombo Stock Exchange in 2025/26

Board and Board Committee Changes in 2025/26
- Highlights of the 43rd Annual General Meeting Held on 20th June 2025

The Corporate Governance System

Internal Governance Structure
- The Board of Directors
- Board Sub-Committees
- Role of Chairperson of the Board
- Group Executive Committee and Other Management Committees
- Employee Empowerment

Integrated Governance Systems and Procedures
- Strategy Formulation and Decision-Making Processes
- Human Resource Governance
- Integrated Risk Management
- Information Technology (IT) Governance
- Tax Governance
- Stakeholder Engagement, Management and Effective Communication
- Sustainability Governance

Assurance Mechanisms
- The Code of Conduct
- Key Internal Policies
- Chairperson Direct
- Board Sub-Committees
- Employee Participation in Assurance
- Internal Controls
- Ombudsperson
- External Audit

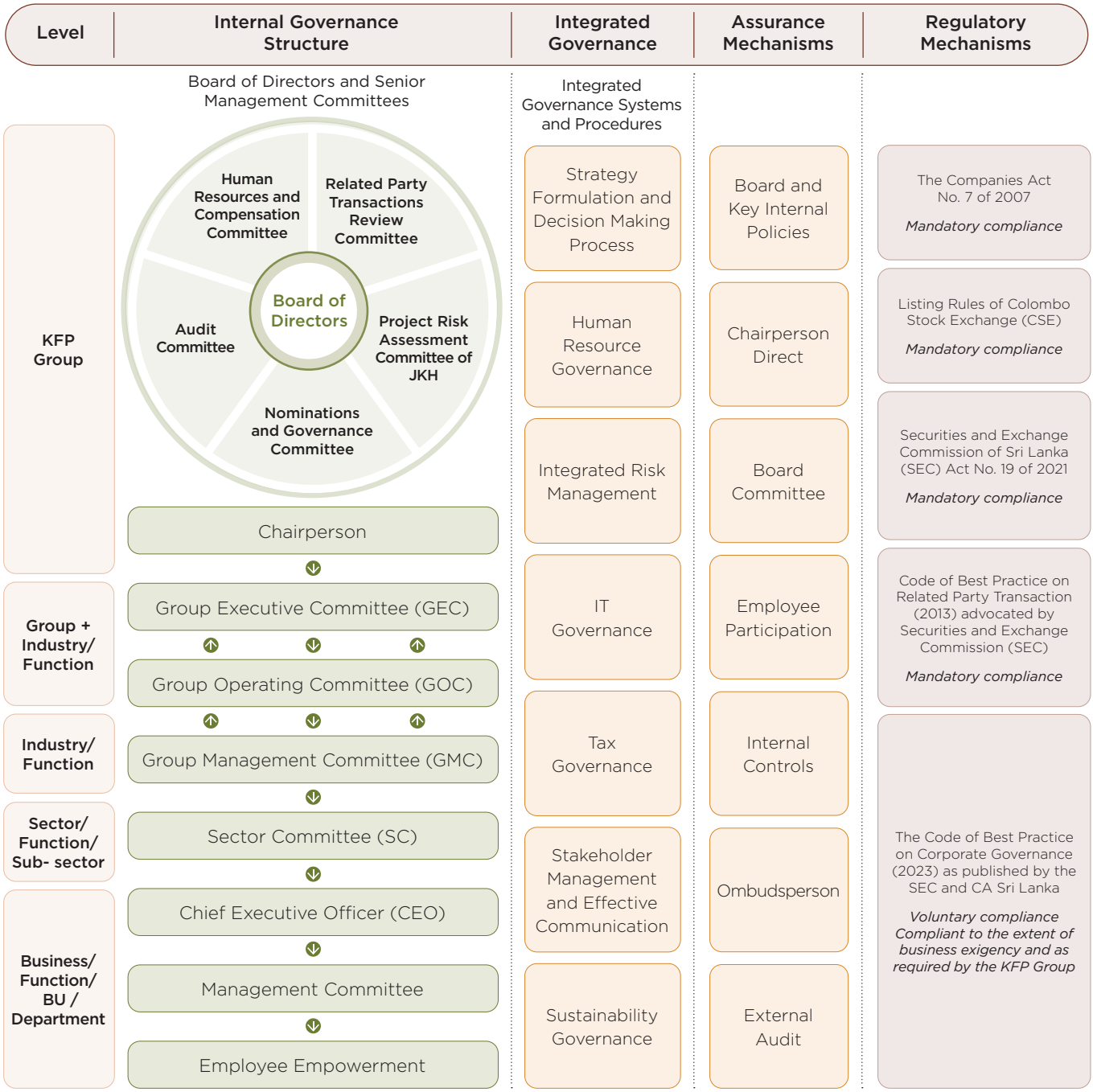
Governance Outlook and Emerging Challenges
- Board Diversity
- Board Independence
- Beneficial Ownership of the Company
- Anti-Fraud, Anti-Corruption and Anti-Bribery
- Increasing Emphasis on Environmental, Social and Governance (ESG) Aspects
- Continual Strengthening of Internal Controls
- Digital Oversight and Cyber Security
- Data Protection, Information Management and Adoption
- Greater Employee Involvement in Governance
- Need for Increased Transparency
- Geopolitical Risk and Resilience

Compliance Summary
- Statement of Compliance pertaining to the Companies Act No. 7 of 2007
- Statement of Compliance under Section 7.5 and 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures
- Statement of Compliance under Section 9 of the Listing Rules of the CSE on Corporate Governance
- Code of Best Practice of Corporate Governance 2023 Issued by CA Sri Lanka.

CORPORATE GOVERNANCE

THE CORPORATE GOVERNANCE SYSTEM

The diagram below illustrates governance structures and policies of the Company and KFP Group which conform to those of the Parent Company, John Keells Holdings PLC (JKH). It depicts the internal governance structure, from the Board of Directors cascading down to the employee level, the integrated Governance systems and procedures of JKH, the Assurance Mechanisms in place, and the various regulatory frameworks which the Company abide by from a governance standpoint.



- Except for the Project Risk Assessment Committee, all other four (4) Committees are appointed by the KFP Board.
- Audit Committee meetings are attended by the President overseeing the Consumer Foods industry group of JKH, Chief Financial Officer, Chief Executive Officer and the Head of Group Business Process Review. Internal and External Auditors are regular attendees.
- The GOC acts as the binding agent to the various businesses within the KFP Group towards identifying and extracting JKH Group synergies.
- Only the key components are depicted in the diagram.

INTERNAL GOVERNANCE STRUCTURE

The Internal Governance Structure comprises the Board Committees which formulate, execute and monitor Group strategies and initiatives and the policies, processes and procedures employed for doing so. These components have an impact on the execution and monitoring of all governance related initiatives, systems and methods, and is illustrated as follows:

BOARD OF DIRECTORS

Purpose: Assess the overall direction and implement strategy of the business; fiduciary duty towards protecting stakeholder interests; monitor the performance of the senior management; ensure effectiveness of governance practices; implement a framework for risk assessment and management, including internal controls etc.

AUDIT COMMITTEE
Purpose:

Compliance with applicable policies and procedures; the qualifications, independence, remuneration and performance of the external auditors; and the performance of the Company's Group Business Process Review division and the outsourced internal auditors.

HUMAN RESOURCES AND COMPENSATION COMMITTEE
Purpose:

Adhere to the Company's compensation and benefit policies, plans and programs that are fair, appropriate and competitive and aligned with the John Keells Group's remuneration philosophy and framework. Ratify the performance appraisals of the Key Management Personnel of the Company and review the performance of the KFP Group's top talent/monitor succession planning and periodically review Group's Performance Management System.

NOMINATIONS & GOVERNANCE COMMITTEE
Purpose:

Oversight of the process of appointment, re-election and re-appointment of Directors in accordance with the KFP Group's framework, ensure a comprehensive Board induction process is in place, to ensure that an acceptable methodology is in place for a self-evaluation of the Board, to review and recommend an overall corporate governance framework, review the succession planning, in liaison with all the Directors.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
Purpose:

To ensure that all related party transactions of the KFP Group are consistent with the Code on Related Party Transactions issued by the SEC and with the Listing Rules of the CSE.

Alignment with Group policies and procedures, ensure shareholder interests are protected, and fairness, integrity and transparency are maintained.

PROJECT RISK ASSESSMENT COMMITTEE OF JKH
Purpose:

To evaluate and assess risks associated with significant new investments at the initial stages of formulation and in any event prior to making any contractual commitments for the long-term.

Leadership and control

Accountability through reporting obligations

CHAIRPERSON
Purpose as Chairperson:

- To provide leadership to the Board whilst inculcating good governance and ensuring effectiveness of the Board.
- Ensure constructive working relations are maintained among the members of the Board.
- Ensure, with the assistance of the Board Secretary, that:
  - Board procedures are followed.
  - Information is disseminated in a timely manner to the Board.

CEO:
Purpose as CEO:

- Execute strategies and policies of the Board
- Ensure the efficient management of the business
- Ensure the operating model of the Group is aligned with short and long-term strategies of the Group
- Ensure succession is planned

Reporting obligations

Operations Management /Performance feedback

Delegated authority

MANAGEMENT COMMITTEES

Purpose: Led by the CEO, these committees execute strategies and policies determined by the Board, manage through delegation and empowerment the business and affairs of the Group, make portfolio decisions, and prioritise the allocation of capital, technical and human resources, thereby ensuring that value is created/enhanced for all stakeholders throughout the value chain.

EMPLOYEE EMPOWERMENT

Purpose: Effective recruitment, development and retention of this vital stakeholder, by equipping employees with the necessary skill set and competencies, to enable them to execute management decisions.

CORPORATE GOVERNANCE

The components of the internal governance structures are strengthened and complemented by internal policies, processes and procedures, such as, strategy formulation and decision making, human resource governance, sustainability governance, integrated risk management, IT governance, tax stewardship and stakeholder management and effective communication.

THE BOARD OF DIRECTORS

The KFP Board provides strategic direction and oversight, including the establishment of the Group's purpose and values, and ensures that the Group's culture and conduct are aligned with its strategic objectives, in compliance with the Company's Articles of Association, applicable legal and regulatory requirements, and the Group's operating model.

All decisions of the Board are made collectively and in a manner that upholds the principles of accountability, transparency, and good governance. Appropriate checks and balances are in place, as discussed in detail within this Commentary, to prevent the concentration of power in a single individual and to promote effective decision-making.

Board Oversight and Delegation of Authority

While the Board is accountable and responsible for the strategic direction and management of the KFP Group, it delegates the authority to the President and senior management to carry out day-to-day operations of the businesses. Once the Board has delegated broad authority, its primary responsibility is to oversee management's performance and ensure compliance with the Board policies and established governance principles.

The Board reserves the right to withdraw or change any delegation of authority as deemed appropriate.

Board oversight involves the continual inquiry by Directors into whether the Board's delegation of authority to management is reasonable, and whether the Board has received sufficient and accurate information from management to make that determination.

Typical areas of oversight include, strategic initiatives, portfolio decisions, financial performance, the integrity of financial statements, accounting and financial reporting processes, internal controls, risk management, Environmental, Social and Governance (ESG) matters, sustainability governance, information technology and security, governance and compliance, workplace ethics and environmental matters.

The Group's governance framework ensures that Directors are well-positioned to satisfy their oversight responsibility through periodic assessment of Board agenda priorities and the related structures, processes, and controls that are in place to ensure that the Board is well-informed on a timely basis of matters requiring attention. Appropriate and sufficiently detailed reports are furnished at regular intervals in a form, timeframe and quality that enables the Board to discharge its duties effectively.

Board Responsibilities and Duties

The Board's principal role is to oversee the management and governance of the KFP Group, ensuring that it operates in the best interests of its shareholders and stakeholders. The Board Charter sets out the overall governance framework and the roles and responsibilities of the KFP Board. It is designed to ensure clarity and consistency in the Board functions and promotes effective oversight and accountability in the Group's operations.

While the Board assumes these responsibilities on behalf of the shareholders, the Directors recognise that other stakeholders including employees, customers, business partners, regulators and, ultimately, the general public will benefit from effective performance and enhanced governance processes.

The Board's key responsibilities include:

- Providing direction and guidance to the Group in the formulation of sustainable, high-level, medium, and long-term strategies which are aimed at promoting the long-term success of the Group.
- Reviewing and approving annual plans and long-term business plans.
- Tracking actual progress against plans.
- Overseeing and guiding the Group's sustainability-related impacts and risks by monitoring material topics, ensuring alignment with long term value creation, its due diligence processes in relation to sustainability impacts, and maintaining the systems and capabilities needed for timely, decision-useful sustainability information.
- Overseeing the development and implementation of strategies for the identification, assessment, mitigation, and management of sustainability-related risks and opportunities, including climate-related risks and opportunities, and ensuring that such strategies are integrated into the Group's overall strategy, risk management framework, and capital allocation decisions.

- Reviewing HR processes with emphasis on top management succession planning, including the Diversity, Equity and Inclusion (DE&I) strategy.
- Ensuring operations are carried out within the scope of the Enterprise Risk Management (ERM) framework.
- Ensuring that IT governance aligns with the Group's strategic objectives, addressing risks related to cybersecurity, data privacy, compliance, and technology investments.
- Appointing and reviewing the performance of the CEO.
- Ensuring compliance with laws, regulations and ethical standards and monitoring systems of governance and compliance, including concerns on ethics, bribery and corruption.
- Overseeing systems of internal control, risk management and establishing whistle-blowing conduits.
- Determining any changes to the discretions/authorities delegated from the Board to the executive levels.
- Reviewing and approving major acquisitions, disposals and capital expenditure.
- Approving any amendments to constitutional documents.
- Approving the issue of equity/ debt/hybrid securities.
- Ensuring all related party transactions are compliant with statutory obligations.
- Ensuring that the Group's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.
- Ensuring all stakeholder interests are considered in corporate decisions.
- Ensuring sustainable business development in corporate strategy decisions and activities.
- Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.

BOARD COMPOSITION

As of 31st March 2026, the Board comprised seven (7) Directors, with three (3) of them being Non-Executive Independent (NED/ID), four (4) of them being Non-Executive Non-Independent (NED/NID).

The KFP Group policy is to maintain a healthy balance between Non-Executive and Independent Directors, in keeping with the applicable rules and codes, with the NED/NIDs bringing in deep knowledge of the businesses and the NED/ IDs bringing in experience, objectivity and independent oversight. Independent Non-Executive Directors add value to strategic discussions and decision-making, whilst enhancing fair-mindedness.

In terms of composition, the Board shall comprise not less than three and not more than twelve Directors, unless otherwise permitted by the Articles of Association. The optimal number of Directors ranges from five to ten Directors, in compliance with applicable law, to facilitate effective group dynamics, foster individual responsibility, ensure adequate expertise and support decision-making. The Board includes at least two Independent Directors or such number equivalent to one third of the total number of Directors, whichever is higher, at any given time to be compliant with the applicable laws.

The composition of the KFP Board as of 31st March 2026 is as follows;

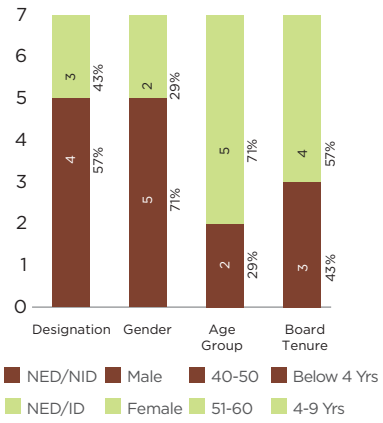
Name of Director	Executive (ED)/ Non-Executive Director (NED)	Independent (ID)/Non-Independent Director (NID	Year of Appointment	Age (Years, 31st March 2026)	Board Meeting Attendance Attended/ Eligible to Attend	Tenure on the Board 31st March 2026
Mr. K N J Balendra	NED	NID	2018	52	4/4	8
Mr. J G A Cooray	NED	NID	2018	49	4/4	8
Mr. D P Gamlath	NED	NID	2017	52	4/4	9
Ms. P N Fernando	NED	NID	2021	52	4/4	5
Ms. A Nanayakkara*	NED	ID	2025	56	3/3	1
Mr. K C S Fernando*	NED	ID	2025	51	3/3	1
Mr. M M J W Jayasekara**	NED	ID	2025	48	3/3	1

*Appointed to Board with effect from 02nd May 2025

**Appointed to Board with effect from 15th May 2025

CORPORATE GOVERNANCE

BOARD COMPOSITION



BOARD SKILLS

The KFP Group is conscious of the need to maintain an appropriate mix of skills and experience in the Board through an annual review of its composition in order to ensure Board balance, diversity and appropriate levels of skills and expertise aligned with the current and future needs of the KFP Group.

The Board regularly assesses its collective skills and experience to align with the KFP Group's strategic needs and will use its best endeavours to promote gender diversity and the representation of females on the Board in compliance with applicable law.

Collectively, the Board brings in a multi-dimensional wealth of exposure in the fields of management, business administration, banking, finance, economics, taxation, global multinational operations, information technology, marketing and human resources. All Directors possess the skills, expertise and knowledge complemented with a high sense of integrity and independent judgement.

In addition, the Board possesses collective knowledge and competence to oversee sustainability-related matters and to ensure that environmental, social and governance considerations are integrated into the Group's strategy, risk management and reporting processes.

Following the implementation of SLFRS S1 and SLFRS S2, the JKH Group Deputy Chairperson/Group Finance Director has been actively and closely engaged in strengthening the JKH Group's sustainability governance architecture, including the development and enhancement of underlying frameworks, policies and processes.

BOARD ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

To preserve the independence of the Board and to strengthen decision making, the Board is encouraged to seek independent professional advice, where applicable and relevant, in furtherance of their duties, at the Group's expense. This is coordinated through the Board Secretary, as and when requested.

BOARD APPOINTMENT

Board appointments follow a structured and formal process within the purview of the Nominations and Governance Committee.

The Committee has overall responsibility for making recommendations to the Board on all new appointments and for ensuring that the Board and its Committees have the appropriate balance of skills. The Board considers the recommendations of the Nominations and Governance Committee for appointment or re-election by the Board and, where relevant, by the shareholders at the Annual General Meeting.

Details of new Director appointments are disclosed to the CSE and media at the time of their appointment through a public announcement, covering the following:

- A brief resume of the Director.
- The nature of their expertise in relevant functional areas.
- The names of companies in which the Director holds directorships or memberships in Board committees.
- Whether such Director can be considered Independent.

Details of such appointments are also carried as relevant in Annual Reports, Interim releases.

The KFP Group has implemented requisite measures to ensure that the Directors consistently meet the fit and proper criteria stipulated in Section 9.7 of the Listing Rules. In addition, the independence of Independent Non-Executive Directors is assessed in accordance with the applicable independence criteria set out in Section 9.8.3 of the Listing Rules. The Nominations and Governance Committee evaluates the fulfillment of the fit and proper and independence criteria outlined in the Listing Rules prior to presenting any nominations for appointment to the Board. Additionally, annual declarations are obtained from each Director and the CEO confirming that each individual has met, throughout the relevant financial year, the fit and proper and, where applicable, independence criteria set out in the Listing Rules, continues to meet such criteria as at the date of the declaration, and that any instances of non-compliances shall be disclosed.

The Terms of Reference for the members of the Nominations and Governance Committee, and the Committee report can be found in the Nominations and Governance Committee section of this report. - page 106.

BOARD INDUCTION AND TRAINING

When Directors are newly appointed to the Board, they undergo a comprehensive induction where they are apprised, inter-alia, of the KFP Group's values and culture, its operating model, policies, governance framework and processes, the Code of Conduct includes provisions on and the operational, environmental and social strategies of the KFP Group.

Additionally, the newly appointed Directors are granted access to relevant segments of the business and are given the opportunity to meet with Key Management Personnel and other key third-party service providers such as External Auditors and consultants, as required.

The Board of Directors recognise the need for continuous training and expansion of knowledge and undertakes such professional development, as they consider necessary, to assist them in carrying out their duties as Directors. To this effect, the Chairperson, and the Nominations and Governance Committee periodically reviews any training and development needs of the Board and recommends any identified gaps to the Board.

Each Director is responsible for ensuring continuous learning and development in their areas of expertise and that their professional qualifications/licenses and memberships are maintained.

The Chairperson ensures that the Board and the Nominations and Governance Committee are informed of significant developments in applicable laws, rules, regulations and corporate governance practices and their potential impact on the Group and ensures that the senior management reports on the Group's compliance with applicable legal and regulatory requirements.

RE-ELECTION

All Independent Non-Executive Directors are appointed for a period of three years, aligned with the Annual General Meeting, and are eligible for re-appointment, subject to the recommendation of the Nominations and Governance Committee and approval of the KFP Board. All Independent Non-Executive Directors may serve a maximum of three (3) successive terms, totalling nine (9) years unless otherwise permitted under Applicable Law or unless an extended Board tenure is necessitated by the requirements of the KFP Group.

All contracts are renewed by the Board based on the recommendation of the Nominations and Governance Committee and such recommendation will be based on the Directors meeting fit and proper criteria and, where relevant, independence criteria in addition to other requirements pertaining to qualifications, skills and experience, strategic demands facing the company and time commitments, diversity, etc which are considered.

In terms of the Articles of Association, one third of all the Non-Executive Directors retire by rotation, except for the Chairperson, and are eligible for re-election at the Annual General Meeting by the shareholders.

Annually, the Board discusses the possibility of any impairment of Director independence and collectively evaluates the independence of such Board members.

BOARD MEETINGS

Regularity of Meetings and Pre-Board Meetings

The quarterly Board meetings are scheduled well in advance to ensure full attendance. Directors joining the Board and the Board Committees meetings through audio visual means are accounted for attendance.
In addition to Board meetings.
The Board of Directors communicate, as appropriate, when issues of strategic importance requiring extensive discussions arise.

The Board may increase the frequency of meetings based on the needs of the Board and the business exigencies of the KFP Group. The Chairperson presides at all Board meetings, unless excused or absent, in which circumstance another Director shall lead proceedings. Directors are required to attend a minimum of two or 50% of the meetings held during the financial year, whichever is higher, unless otherwise excused by the Board.

Pertinent Board discussions and decisions are recorded by the Board Secretary in the Board minutes, and such minutes are put forward for approval of the Board at the next Board Meeting. All records pertaining to Board meetings and decisions are maintained in the minute book by the Board Secretary.

In addition to the Board meetings, the Board of Directors communicate, as appropriate, when issues of strategic importance requiring extensive discussions arise.

CORPORATE GOVERNANCE

During the financial year under review, there were four (4) Board meetings. The attendance at the Board meetings held during the financial year 2025/26 is given below:

Name	Board Meeting Attendance						
	Year of Appointment	29/ 04/ 2025	25/ 07/ 2025	29/ 10/ 2025	26/ 01/ 2026	Eligibility	Attended
Non-Independent/ Non-Executive							
Mr. K N J Balendra	2018	√	√	√	√	4	4
Mr. J G A Cooray	2018	√	√	√	√	4	4
Mr. D P Gamlath	2017	√	√	√	√	4	4
Ms. P N Fernando	2021	√	√	√	√	4	4
Independent/ Non-Executive							
Ms. S De Silva*	2016	√	N/A	N/A	N/A	1	1
Mr. P D Samarasinghe *	2016	√	N/A	N/A	N/A	1	1
Mr. I Samarajiva*	2016	√	N/A	N/A	N/A	1	1
Ms. A Nanayakkara**	2025	N/A	√	√	√	3	3
Mr. K C S Fernando**	2025	N/A	√	√	√	3	3
Mr. M M J W Jayasekara***	2025	N/A	√	√	√	3	3

* Redesignated as Non-Independent Non-Executive Directors with effect from 9th June 2025 and resigned with effect from 20th June 2025.

**Appointed to the Board with effect from 02nd May 2025 ***Appointed to the Board with effect from 15th May 2025

TIMELY SUPPLY OF INFORMATION

The Directors were provided with the necessary information, including but not limited to financial, non-financial, enterprise risks and opportunities, sustainability impacts and the process of determining sustainability related and climate related risks and opportunities well in advance, by way of electronic Board papers and proposals, as relevant, for all Board meetings held during the year, in addition to the monthly and quarterly information submitted pertaining to the KFP Group, in order to ensure robust discussion, informed deliberation and effective decision-making.

The Directors continue to have access to, and independent contact with, senior management of the KFP Group.

BOARD AGENDA

The agenda for meetings is determined by the Chairperson, where relevant, consulting the Director and Board Secretary, with information relevant to such meetings disseminated to the Board in a timely manner. During the period under review, the Chairperson ensured that all Board proceedings were conducted smoothly and efficiently, approving the agenda for each Meeting prepared by the Board Secretary.

The typical Board agenda in 2025/26 entailed, discussion of matters arising from the previous minutes, submission of Board Sub-Committee reports, status updates of major projects, review of performance, strategy formulation, approval of quarterly and annual financial statements, review of risk, sustainability and corporate social responsibility related aspects, ratification of capital expenditure, and ratification of the use of Common Seal, among others. Added emphasis was also placed on business performance in lieu of the challenges stemming from the macroeconomic volatilities and uncertainties.

BOARD SECRETARY

Keells Consultants (Private) Limited, the Company Secretaries, functions as the Board Secretary to the Company.

The key responsibilities of the Board Secretary:

- Assist the Board with compliance related matters pertaining to the Articles of Association, Applicable Law and corporate governance practices adopted by the Group.
- Organise, coordinate, and support the scheduling of Board meetings, ensuring that all required documents and agendas are distributed in advance.
- Attend Board meetings and record minutes and ensure that all decisions are accurately documented.
- Facilitate regular updates to the Board on key developments in applicable Law and corporate governance practices
- Assist in monitoring the Board's compliance with internal policies.
- Facilitate communications between the Board and the management of the Group.

TIME DEDICATED BY NON-EXECUTIVE DIRECTORS

The Board has dedicated adequate time for the fulfilment of their duties as Directors of the KFP Group.

In addition to attending Board meetings the Directors have attended the respective Board Committee meetings and have also contributed to decision-making via Circular Resolutions and one-on-one meetings with Key Management Personnel, when necessary.

BOARD EVALUATION

The Board conducted its annual Board performance appraisal for the financial year 2025/26. The process for the annual evaluation of performance of the Board is established under the oversight of the Nominations and Governance Committee. This formalised process of individual appraisal enabled each member to self-appraise, on an anonymous basis, the performance of the Board under the areas of:

- Role clarity and effective discharge of responsibilities
- People mix, balance and structures
- Systems and procedures
- Quality of participation
- Board and corporate image and reputation
- Consideration of Sustainability Impacts, Risks and Opportunities in strategic decision-making

More recent deliberations have centred around the operationalisation of the large-scale investments of the KFP Group and, continuous enhancement on the approach to proactively managing identification of risks, particularly in relation to cybersecurity risks, business resilience and enterprise risk management, including holistic sustainability and ESG-related policies.

It also includes periodic 360-degree appraisals for Chief Executive Officer and other key management personnel.

ENSURING INDEPENDENCE AND MANAGING CONFLICTS OF INTEREST

The KFP Group takes necessary steps to ensure that Directors avoid situations in which they have, or could have, a direct or indirect interest which conflicts with or might possibly conflict with the interests of the KFP Group.

In order to avoid such potential conflicts or biases, the Directors make a general disclosure of interests, as illustrated below, at appointment, at the beginning of every financial year, and during the year, as required. The confirmatory statement shall include declaration of all material interests in contracts involving the Company and whether they have refrained from voting on materially interested matters.

Such potential conflicts are reviewed by the Board from time to time to ensure the integrity of the Board's independence. The details of companies in which Board members hold Board or Board Committee membership are available with the Company Secretary for inspection by shareholders, on request.

CORPORATE GOVERNANCE

Prior to Appointment	Once Appointed	During Board Meetings

• Nominees are requested to make known their various interests.
• Provision of declarations and documents to confirm that there are no conflicts, meet the fit and proper criteria and satisfy the independence criteria (to the extent applicable).
	• Directors obtain Board clearance prior to:
	  • Accepting a new position.
	  • Engaging in any transaction that could create or potentially create a conflict of interest.
	• All NEDs are required to notify the Chairperson of any changes to their current Board representations or interests and a new declaration is made annually.
	• Provision of declarations and documents to confirm that there are no conflicts, meet the fit and proper criteria and satisfy the independence criteria. (to the extent applicable)
		• Directors who have an interest in a matter under discussion:
		• Excuse themselves from deliberations on the subject matter.
		• Abstain from voting on the subject matter (abstention from decisions is duly minuted).

The independence of all its Non-Executive Independent Directors was reviewed on the basis of criteria summarised as follows.

The Non-Executive Independent Directors did not have a conflict of interest as at 31st March 2026, as per the criteria for independence outlined below.

Criteria for Defining Independence	Status of Conformity of NED/IDs
1. Shareholding carrying not less than 10% of voting rights	None of the NED/IDs' shareholding exceed 1%.
2. Director of another company*.	None of the NED/IDs are Directors of another related party company.
3. Income/non-cash benefit equivalent to 20% of the Director's annual income excluding income/non-cash benefits received which are applicable on a uniform basis to all Non-Executive Directors on the Board.	NED/ID income/cash benefits are less than 20% of an individual Director's annual income.
4. Employment at KFP Group and/or material business relationship with KFP Group, currently or in the three years immediately preceding appointment as a Director.	None of the NED/IDs are employed or have been employed at KFP Group or any of its subsidiaries or JKH Group.

Criteria for Defining Independence	Status of Conformity of NED/IDs
5. Close family member is a Director, or a Key Management Personnel.	No family member of the NED/IDs is a Director or a Key Management Personnel.
6. Has served on the Board continuously for a period exceeding nine years from the date of the first appointment.	No NED/ IDs has served on the Board more than nine years.
7. Is employed, is a Director, has a material business relationship and/or significant shareholding in other companies*. Entails other companies that have significant shareholding in KFP Group and/or KFP Group has a business connection with.	None of the NED/IDs are employed, are Directors, or have a material business relationship or a significant shareholding of another related party company as defined.
8. Is below 70 years of age, unless Nominations and Governance Committee recommends the appointment, the Board of Directors approves the recommendation and Board approval is affirmed by passing a resolution through majority vote of public shareholders at a General Meeting.	All NEDs/IDs are below the age of 70 years.

* Other companies in which a majority of the other Directors of the listed company are employed or are Directors or have a significant shareholding or have a material business relationship or where the core line of business of such company is in direct conflict with the line of business of the listed company.

DETAILS IN RESPECT OF DIRECTORS

In accordance with the KFP Group policy and subject to applicable law, the Directors shall not hold more than fifteen directorships in listed companies. The following table illustrates the total number of Board seats held and employed as key management personnel in other companies by each Director.

Name of Director	Board Seats Held and Employed as Key Management Personnel in Other Listed Sri Lankan Companies			No. of Board Seats Held in Other Unlisted Sri Lankan Companies
	Executive Capacity	Non-Executive Capacity	Key Management Personnel	
Mr. K N J Balendra- Chairperson	John Keells Holdings PLC	• Asian Hotels & Properties PLC • Ceylon Cold Stores PLC • John Keells PLC • John Keells Hotels PLC • Trans Asia Hotels PLC • Union Assurance PLC	Nil	Director of several unlisted companies in the John Keells Group.
Mr. J G A Cooray	John Keells Holdings PLC	• Asian Hotels & Properties PLC • Ceylon Cold Stores PLC • John Keells PLC • John Keells Hotels PLC • Trans Asia Hotels PLC	Nil	Director of several unlisted companies in the John Keells Group.

CORPORATE GOVERNANCE

Name of Director	Board Seats Held and Employed as Key Management Personnel in Other Listed Sri Lankan Companies			No. of Board Seats Held in Other Unlisted Sri Lankan Companies
	Executive Capacity	Non-Executive Capacity	Key Management Personnel	
Mr. D P Gamlath	Ceylon Cold Stores PLC	• Union Assurance PLC	Nil	Director of several unlisted companies in the John Keells Group.
Ms. P N Fernando	Ceylon Cold Stores PLC	Nil	Nil	The Colombo Ice Company (Private) Limited John Keells Restaurants (Private) Limited
Ms. A Nanayakkara**	Nil	• Sampath Bank PLC • Asian Hotels & Properties PLC • Tangerine Beach Hotels PLC • Royal Palms Beach Hotels PLC	Nil	Sri Lanka Institute of Directors - Immediate Past Chairperson Rubik International (Pvt) Ltd - Managing Director Global Consulting Company (ED)
Mr. M M J W Jayasekara***	Nil	Nil	Chief Executive Officer – International Distillers Ltd	Jaytaro International Pvt Ltd (NED)
Mr. K C S Fernando**	Nil	Nil	Nil	Fernando Ventures Limited (Chairman)

Directors' Shareholding in Keells Food Products PLC (Including the Spouse)	Number of Shares as at 31 March 2026	Number of Shares as at 31 March 2025
Mr. K N J Balendra	**Nil**	Nil
Mr. J G A Cooray	**Nil**	Nil
Mr. D P Gamlath	**Nil**	Nil
Ms. P N Fernando	**Nil**	Nil
Ms. A Nanayakkara**	**Nil**	N/A
Mr. K C S Fernando**	**Nil**	N/A
Mr. M M J K Jayasekara***	**Nil**	N/A

** Appointed to Board with effect from 02nd May 2025
***Appointed to Board with effect from 15th May 2025

DIRECTOR REMUNERATION

Non-Executive Director Remuneration

The compensation of Non-Executive Directors is determined by the Board, based on the principles of non-discriminatory pay practices and with reference to fees paid to other Non-Executive Directors of comparable companies, macro-economic conditions, time commitments to be made by such Directors and the complexities of the KFP Group.

Non-Executive Directors were paid additional fees for either chairing or being a member of a Board Committee and did not receive any performance/incentive payments/ share option plans.

The total aggregate of Non-Executive Director remuneration for the year was Rs. 13 million [2024/25: Rs.10 million].

Compensation for Early Termination

In the event of an early termination of a Director, there are no compensation commitments other than for:

- Directors: accrued fees payable for Board and Board Committee membership, if any, as per the terms of their contract.

Apart from the remuneration and compensation disclosed above, no other considerations such as recruitment incentives, termination benefits, or retirement benefits have been made to the Directors and no clawbacks have been reported during the year.

BOARD COMMITTEES

Whilst retaining final decision rights, the Board has delegated certain functions to Board Sub-Committees. Members of these Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise.

The five (5) Board Committees are as follows:

i. Audit Committee

ii. Human Resources and Compensation Committee

iii. Nominations and Governance Committee

iv. Related Party Transactions Review Committee

v. Project Risk Assessment Committee of the Parent Company - JKH

Out of the five Board Sub-Committees, four are mandatory, whilst the Project Risk Assessment Committee was formed voluntarily, considering the need to understand the risks and feasibility of material new investments at an earlier stage for better alignment with the Board, given the diverse nature of businesses within the JKH Group.

Important matters arising from the Board Sub-Committee meetings are deliberated at the Board meetings, and any concerns identified are referred to the Board for oversight. The Board Sub-Committees comprise predominantly Independent Non-Executive Directors.

The membership of the five Board Committees is as follows:

Board Committee Membership as at 31st March 2026	Audit Committee	Human Resources and Compensation Committee	Nominations and Governance Committee	Related Party Transactions Review Committee	Project Risk Assessment Committee of JKH
Non-Independent/Non-Executive					
Mr. K N J Balendra	-	-	Member	-	Member
Mr. J G A Cooray	-	Member	-	-	Member
Mr. D P Gamlath	-	-	-	-	-
Ms. P N Fernando	-	-	-	-	-
Independent / Non-Executive					
Ms. A Nanayakkara	Chairperson	-	-	Chairperson	-
Mr. K C S Fernando	Member	Member	Chairperson	Member	-
Mr. M M J W Jayasekara	Member	Chairperson	Member	Member	-

CORPORATE GOVERNANCE

AUDIT COMMITTEE

The KFP Group's Audit Committee comprises three (3) Non-Executive Independent Directors as of 31st March 2026.

Composition	• Comprises three (3) Independent Non-Executive Directors, with the Chairperson of the committee having significant, recent and relevant financial management and accounting experience, and membership in a recognised professional accounting body. • The Sector President, the Sector Chief Financial Officer and the JKH Group Business Process Review are permanent invitees for all Committee meetings.
Scope	• Overseeing the preparation, presentation and review of the quarterly and annual financial statements, including the quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations, prior to tabling the same for the approval of the Board of Directors. • Assess the adequacy and effectiveness of the internal control environment in the Group and ensure that appropriate action is taken by management on the recommendations of the internal auditors and to prevent the leakage of material information to unauthorised persons. • Obtain and review assurance received from the Sector President and the Sector Chief Financial Officer and other Key Management Personnel, as relevant, that the financial records have been properly maintained, and the financial statements give a true and fair view of the Company's and Group's operations and finances. • Evaluate the competence and effectiveness of the risk management systems and internal controls of the Group and ensure robustness and effectiveness in monitoring and controlling risks, as recommended by the internal auditors. • Review the adequacy and effectiveness of internal and external audit arrangements. • Review the risk policies adopted by the Company on an annual basis. • Recommend the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing qualifications, expertise, resources and independence.

Audit Committee Meeting Attendance

No of meetings – Five (05) - The Committee convened at least once every quarter.

Name	Date of Appointment	Eligible to Attend	Attended
Ms. A Nanayakkara- Chairperson	02/05/2025	5	5
Mr. K C S Fernando	02/05/2025	5	5
Mr. M M J W Jayasekara	15/05/2025	4	3
Mr. P D Samarasinghe *	10/06/2016	1	1
Ms. S de Silva *	10/06/2016	1	1
Mr. I Samarajiva *	10/06/2016	1	1
By Invitation			
Mr. D P Gamlath		5	5
Ms. P N Fernando		5	5

* Redesignated as Non-Independent Non-Executive Directors with effect from 9th June 2025 and resigned with effect from 20th June 2025.

Report of the Audit Committee

Refer Audit Committee Report on page 227 to 229 of the Annual Report.

Human Resources and Compensation Committee

Composition	• The Committee comprises three (3) Non-Executive Directors, out of which two (2) Directors are Independent Non-Executive Directors and the other director is a Non Independent Non- Executive Director. • The Chairperson of the Committee is an Independent Non-Executive Director. • The Company Secretary acts as Secretary to the Committee.
Scope	• Adhere to the compensation and benefit policies, plans and programs of the Company, to ensure that the Company maintains fair, appropriate and competitive remuneration practices that align with the JKH Group's remuneration practices, benefit plans, strategies and performance objectives, whilst taking into consideration other stakeholder interests. • Ratify the performance appraisals of the KMPs of the Company, as deliberated and approved by the Group Career Committee (comprising of the Chairperson-CEO and the Group Executive Committee) of the ultimate parent company, John Keells Holdings PLC (JKH). • Reviewing and monitor the performance of the Company's top talent for purposes of organisational growth and succession planning, with particular emphasis on succession at KMP levels.

Human Resources and Compensation Committee Meeting Attendance

No. of meetings - one (01)

Members	Date of Appointment	Eligible to Attend	Attended
Mr. M M J W Jayasekara -Chairperson	09/06/2025	1	1
Mr. K C S Fernando	09/06/2025	1	1
Mr. J G A Cooray	01/10/2024	1	1

Report of the Human Resources and Compensation Committee

REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Committee is governed by a Charter (Terms of Reference) that defines its mandate, functions, composition, and practices. The Charter is reviewed periodically to ensure alignment with regulatory requirements and corporate governance best practices, including Section 9.12 of the Listing Rules. The Company Secretary serves as its Secretary.

The Committee plays a vital role in the Company's governance framework by ensuring compensation and benefits policies are fair, competitive, and aligned with the John Keells Group's compensation philosophy. It reviews and ratifies the performance appraisals of Chief Executive Officer and Key Management Personnel, who are pivotal in shaping business strategy and decision-making, while also making recommendations to the Board. Additionally, the Committee monitors and evaluates top talent performance to support organizational growth and succession planning, with a focus on key executive roles. In fulfilling these responsibilities, it ensures the alignment of stakeholder interests, the retention of top talent, and compliance with legal and regulatory standards.

The Chairperson of the Committee updates the Board on pertinent matters during Board meetings, ensuring key developments and relevant issues are addressed. The Committee confirms compliance with the Companies Act No. 07 of 2007 regarding Director remuneration and confirms that no individual was involved in decisions concerning his/her own remuneration. Performance appraisals, along with short-term and long-term incentive calculations for the Chief Executive Officer and Key Management Personnel, were conducted in line with approved processes and the framework of the John Keells Group. As part of its governance responsibilities, the Committee conducted a self-evaluation of its performance for the year and concluded that its functions were carried out effectively in accordance with the Committee Charter.



M M J W Jayasekara
Chairperson of the Human Resources and Compensation Committee

25th May 2026

CORPORATE GOVERNANCE

Nominations and Governance Committee

Composition	• The Committee comprises three (3) Non-Executive Directors, out of which two (2) Directors are Independent Non-Executive Directors and the other director is a Non Independent Non-Executive Directors. • The Company Secretary acts as Secretary to the Committee.
Scope	• Lead the process of Board appointments, Board inductions and to make recommendations to the Board in respect of all new Board appointments, and the re-election/re-appointment of those retiring in terms of the Articles of Association, under contract or applicable law; • Define and establish processes for the nomination and re-appointment/re-election of Independent Non -Executive Director and Non-Independent Non-Executive Directors. • Ensure that there is an acceptable methodology in place to periodically carry out a self-evaluation of the Board, which will be administered by an Independent Director and the outcomes discussed at the Board level. • Review and recommend an overall corporate governance framework in accordance with the Group, considering applicable laws, rules, regulatory requirements and industry/international best practice

Nominations and Governance Committee Meeting Attendance

No. of meetings - one (01)

Members	Date of Appointment	Eligible to Attend	Attended
Mr. K C S Fernando- Chairperson	09/06/2025	N/A	N/A
Mr. M M J W Jayasekara	09/06/2025	N/A	N/A
Mr. K N J Balendra	01/10/2024	1	1
Mr. S De Silva*	01/10/2024	1	1
Mr. I Samarajiva*	01/10/2024	1	1

* Redesignated as Non-Independent Non-Executive Directors with effect from 9th June 2025 and resigned with effect from 20th June 2025.

Report of the Nominations and Governance Committee

NOMINATION AND GOVERNANCE COMMITTEE REPORT

The Nomination and Governance Committee, appointed by the Board, is constituted in compliance with the Listing Rules and the Company's Corporate Governance framework. Governed by a Charter (Terms of Reference), it defines the Committee's mandate, functions, composition, and operative practices, reviewed annually for alignment with regulatory requirements, including Section 9.11.5 of the Listing Rules and corporate governance best practices voluntarily adopted by the Company. The Company Secretary serves as its Secretary.

The Committee reaffirmed its mandate to:

- Lead the process of Board appointments and to make recommendations to the Board in respect of all new Board appointments, and the re-election/re-appointment of those retiring in terms of the Articles of Association, under contract or applicable law.
- Oversee the process of appointment, re-election and re-appointment of Directors to the Board of the Company, in accordance with the John Keells Group's philosophy and framework on matters pertaining to the appointment and tenure of Directors of the listed subsidiaries.
- Ensure a comprehensive Board induction process is in place and is carried out in a timely manner.

- Define and establish processes for the nomination and re-appointment/re-election of Independent Non-Executive Directors and Non-Independent Non-Executive Directors.
- Ensure that there is an acceptable methodology in place to periodically carry out a self-evaluation of the Board, which will be administered by the Chairperson of this committee and the outcomes discussed at the Board level.
- Review and recommend an overall corporate governance framework, considering applicable laws, rules, regulatory requirements and industry/ international best practices.

Activities During the Year

During the financial year ended 31 March 2026, the Committee undertook the following key activities:

- Collaborated with the Board in reviewing the skills and competencies required for effective Board functioning.
- Prioritised Board balance and diversity by considering a broad range of factors—including experience, skills, age, gender, and other attributes—to foster a well-rounded mix of perspectives that enhance decision-making and Board performance. These considerations were integrated into the Director appointment process.
- Evaluated all appointments and re-appointments to the Board, ensuring that all appointments were made in alignment with the Company's corporate governance policies and framework, including succession planning, and were conducted in an informed, equitable, and impartial manner, with no individual participating in decisions pertaining to their own appointment/re-appointment.

The following Director appointment to the Board of the Company was recommended in accordance with the nominations and re-election policy, following due diligence and a thorough review of each Director's qualifications, experience, compliance with fit and proper requirements, and, where applicable, independence criteria:

- Ms. A Nanayakkara, Independent Non-Executive Director (new appointment)
- Mr. K C S Fernando, Independent Non-Executive Director (new appointment)
- Mr. M M J W Jayasekara, Independent Non-Executive Director (new appointment)

- Ensured that in accordance with Article 83 of the Company's Articles of Association, one-third of the Directors on the Board being subject to retirement by rotation by virtue of being the longest-serving members in office (excluding the Chairperson) retired by rotation at each Annual General Meeting. Additionally, ensured adherence to Article 90, requiring Directors appointed during the year, if any, to retire at the first Annual General Meeting following their appointment.
- During the year, the following Directors, retiring under Articles 83 and 90 and being eligible for re-election, were presented along with their respective profiles, to the shareholders of the Company for re-election at the Annual General Meeting held on 20 June 2025 :
  - Mr. J G A Cooray, Non-Independent Non-Executive Director (Article 83)
  - Mr. D P Gamlath, Non-Independent Non-Executive Director (Article 83)
  - Ms. A Nanayakkara, Independent Non-Executive Director (Article 90)
  - Mr. K C S Fernando, Independent Non-Executive Director (Article 90)
  - Mr. M M J W Jayasekara, Independent Non-Executive Director (Article 90)
- Ensured that the newly appointed Director was provided with an induction to the Company and the JKH Group together with an induction pack containing key governance documents.
- Ensured that all Directors, including Independent Non-Executive Directors, remained informed of regulatory updates, governance developments and significant matters relevant to the Company and the Group, through periodic briefings at Board and Board Committee meetings from the Chairperson, CEO, Company Secretary and senior management and through Board notes.
- Reviewed general disclosure of interests, statutory and fit and proper declarations submitted by Directors and confirmed their eligibility in accordance with the Listing Rules and applicable governance requirements.
- Reviewed the independence declarations submitted by Independent Non-Executive Directors and confirmed their compliance with the criteria outlined in Rule 9.8.3 of the Listing Rules.
- Reviewed key Company policies ensuring compliance with Rule 9.2 of the Listing Rules.

CORPORATE GOVERNANCE

Director Profiles and Information Disclosures
The profiles of the Company's Directors, including details of their first appointment to the Board, most recent re-appointment, nature of Directorship, appointments to Board Committees, principal commitments and positions held and any relevant relationships (including relationships with other Directors, the Company, or significant shareholders of the Company) are provided in the Board and Management Profiles and Corporate Governance sections of this Annual Report.

Directors Retiring at the Annual General Meeting of the Company for the Financial Year 2025/2026
The following Directors who are retiring under Articles 83 of the Articles of Association of the Company will be placed before the shareholders at the Annual General Meeting of the Company for re-election:

Members proposed for re-election	Nature of Directorship	Date of first appointment as a Director	Date of last re-appointment as a Director	Current membership in Board Committees, other principal commitments and any other relationships
Ms. P N Fernando (Article 83)	Non-Executive Director	1 January 2021	18 June 2024	The details are provided in the Board Profiles and Corporate Governance sections of this Annual Report
Mr. D P Gamlath (Article 83)	Independent Non-Executive Director	1 November 2017	20 June 2025	

Board and Board Committee Evaluations

- The Committee conducted a self-evaluation of its performance for the year 2025/26 and concluded that its functions were carried out effectively in accordance with the Committee Charter.
- All other Committees of the Board underwent similar performance assessments.
- The Board completed an annual self-assessment of its performance for the financial year 2025/26, the outcome of which were discussed between the Board and the Committee.

Reporting
The Committee reports its activities at each Board Meeting of the Company.

Governance Practices and Compliance with Listing Rules
The Committee has reviewed the management report confirming compliance with the corporate governance framework and confirms that all applicable requirements under Section 9 of the Listing Rules have been met. The Company continues to strengthen its governance practices to promote transparency, accountability, and stakeholder confidence. A detailed statement of the Company's compliance with the Listing Rules may be found in the Corporate Governance section of the Annual Report.



K C S Fernando
Chairperson of the Nominations and Governance Committee
25th May 2026

Related Party Transactions Review Committee

Composition	• The Committee shall comprise three (3) Independent Non-Executive Directors. • The Sector President, the Sector Chief Financial Officer and the JKH Group Business Process Review are permanent invitees for all Committee meetings. • The Chairperson shall be an Independent Non-Executive Director.
Scope	• All proposed Related Party Transactions shall be reviewed in advance and in the event of any material changes, such changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction. • Develop and recommend for adoption by the Board of Directors a Related Party Transaction Policy which is consistent with the operating model and the delegated decision rights of the Group. • Update the Board on Related Party Transactions of the KFP Group on a quarterly basis and formally request the Board to approve the Related Party Transactions following the determination of whether such approval is needed. • Define and establish the threshold values for each of the subject companies in setting a benchmark for Related Party Transactions, Related Party Transactions which have to be pre-approved by the Board, Related Party Transactions which require to be reviewed annually, such as recurrent Related Party Transactions, and similar issues relating to listed companies. • Ensure that they have or have access to expertise to assess all aspects of proposed Related Party Transactions, and where necessary, obtain expert advice from an appropriately qualified person. • Where a Director has personal material interest in a matter being reviewed by the Committee, such Director shall not be present in the Meeting and shall not vote in the matter, except at the request of the Committee.

Related Party Transactions Review Committee Meeting Attendance

No. of meetings - four (04)

Members	Date of Appointment	Eligible to Attend	Attended
Ms. A Nanayakkara (I/NED) - Chairperson	02/05/2025	4	4
Mr. K C S Fernando	02/05/2025	4	4
Mr. M M J W Jayasekara	09/06/2025	3	2

Note: The Committee convened at least once every quarter.

CORPORATE GOVERNANCE

Report of the Related Party Transactions Review Committee

OBJECTIVE AND GOVERNING POLICIES

The objective of the Committee is to exercise oversight on behalf of the Board of KFP Group, to ensure compliance with all applicable rules and regulations, namely the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ('The Code') and the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and ensures that transactions are in line with the Groups' internal governance framework and associated policies.

Procedure

The Committee in discharging its functions primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and Key Management Personnel (KMP) with a view to ensuring that:

- there is compliance with 'The Code' and the Listing Rules of the CSE;
- shareholder interests are protected, and;
- fairness and transparency are maintained.

Non-Recurrent Related Party Transactions (RPTs)

The Committee reviewed and pre-approved all proposed non-recurrent Related Party Transactions (RPTs) of KFP Group for the full period under consideration.

Recurrent RPTs

The Committee has endorsed guidelines to facilitate disclosures and assurances to be provided by the senior Management so as to validate compliance with section 9.5(a) of the Listing Rules

Accordingly recurrent RPTs as well as the aforesaid disclosures and assurances were reviewed quarterly by the Committee.

Other Significant Transactions:

Material transactions in the KFP Group were presented to the Committee for information.

The Group continued to adopt a broader scope in defining key management personnel including therein all senior decision makers. Accordingly, in addition to the Directors, Presidents and Executive Vice Presidents have been designated as KMPs in order to increase transparency and enhance good governance. Annual disclosures from all KMPs setting out any RPTs they were associated with, if any, were obtained and reviewed by the Committee.

The activities and views of the Committee have been communicated to the Board of Directors, quarterly, through verbal briefings, and by tabling the minutes of the Committee's meetings.



A Nanayakkara
Chairperson of the Related Party Transactions Review Committee

25th May 2026

Project Risk Assessment Committee of the Parent Company- JKH

Composition	• Should comprise of a minimum of four Directors. • Must include the JKH Chairperson and JKH Deputy Chairperson/ JKH Group Finance Director. • Must include two Non-Executive Directors. • The Chairperson of the Committee must be a Non-Executive Director.
Scope	• Review and assess risks associated with large-scale investments and the mitigatory plans thereto, if mitigation is possible, and identify risks that cannot be mitigated. • Ensure stakeholder interests are aligned, as applicable, in making this investment decision. • Where appropriate, obtain specialised expertise from external sources to evaluate risks, in consultation with the JKH Group Finance Director. • Recommend to the Board, necessary action required, to mitigate risks that are identified in the course of evaluating a project in order to ensure that those risks are captured by the Group Risk Matrix for monitoring and mitigation. • The Committee shall convene only when there is a need to transact in business as per the terms of its mandate.

No of meetings – 1

Members	Eligible to Attend	Attended	Date of Appointment
Dr (Mr). S. S. H. Wijayasuriya - Chairperson	1	1	25/05/2018
Mr. B. A. Cabraal	1	1	01/10/2024
Mr. K. N. J. Balendra	1	1	25/05/2018
Mr. J. G. A. Cooray	1	1	25/05/2018

Report of the Project Risk Assessment Committee

The Project Risk Assessment Committee was established with the purpose of augmenting the Group's Investment Evaluation Framework. The Committee provides the Board with enhanced illumination of risk perspectives with respect to large scale new investments and also assists the Board in assessing the potential impact of risks associated with such investments. Investments which are referred to the Committee are those which exceed a board-agreed threshold in terms of quantum of investment and/ or potential impact to the Group. The Committee, accordingly, provides early-stage recommendations to the Board with respect to the extent of risk and adequacy of mitigation strategies.

During the year under review, the Committee reviewed the proposed Vauxhall Street development project comprising of ~750 apartment units in Colombo 2. The Committee evaluated the potential risks to the Group arising from the Project, including the financial risks arising from the proposed development under various scenarios. The assessment of the Committee included stress-testing of key operating assumptions and consideration of de-risking strategies. The risks were also evaluated in the context of the project being developed on land presently owned by the Group as a part of its Land Bank. The Committee took cognizance of the fact that additionally, the project aligned well with the Group's broader objective of monetising the said land bank. The Committee also considered the emerging opportunities for apartment living in Colombo and the market dynamics, including insights and findings from independent market research. The Committee noted the competitive landscape and the value proposition of the proposed development. The Committee was satisfied with the risk parameters of the proposed development and approved the initiation of the next steps of the project and for subsequent submission for formal approval of the Board. The project has now been formally approved by the Board and launched in the market as Vauxhall DSTRICT by the Group.

Key Strategic Project Risk Assessments also included the two landmark investment projects - City of Dreams Sri Lanka and the West Container Terminal. Given the scale and impact of the risks and opportunities associated with the said projects and the commencement of operations in both projects, the committee and board were of the view that related deliberations should take place with participation of the full Board as regular board agenda items.



Dr. S S H Wijayasuriya
Chairperson of the Project Risk Assessment Committee

25th May 2026

CORPORATE GOVERNANCE

ROLE OF THE CHAIRPERSON OF THE BOARD

The Chairperson is a Non-Executive Non-Independent Director. The Chairperson conducts Board Meetings ensuring effective participation of all Directors. The Chairperson is responsible for providing leadership to the Board and ensuring that proper order and effective discharge of Board functions is carried out at all times by the Board Members.

Chairperson

The Chairperson of JKH, the Parent Company, serves as the Chairperson of the Company and is responsible for providing leadership to the KFP Group and for performance of the Board, engaging all Directors to actively contribute to matters set before the Board. He sets the tone for the governance and ethical framework of the KFP Group, facilitates and encourages the expression of diverse views and by keeping in touch with local and global industry developments, ensures that the Board is alert to its obligations to the Company's shareholders and other stakeholders.

With the assistance of the Board Secretaries, Keells Consultants (Private) Limited, he also ensures that:

- Board procedures are followed.
- Directors receive timely, accurate and clear information.
- Updates on matters arising between meetings.
- The agenda for the board meeting, reports and papers for discussion are dispatched at least one week in advance so that the directors are able to study the material and arrive at sound decisions.
- A proper record of all proceedings of Board meetings is maintained.

The Human Resources and Compensation Committee of the Parent Company appraises the performance of the Chairperson on an organisational and individual basis as approved by the JKH Board.

GROUP EXECUTIVE COMMITTEE, OTHER MANAGEMENT COMMITTEES AND ESG AND SUSTAINABILITY STEERING COMMITTEE

The JKH Group Executive Committee and the other Management Committees met regularly as per a timetable communicated to the participants six months in advance. In the absence of a compelling reason, attendance at these Committee meetings is mandatory for the Committee members. All the Committees carried out specific tasks entrusted to each component, as expected.

Whilst the Chairperson and President are ultimately accountable for the Company/Group and the industry groups/sectors/business functions respectively, all decisions are taken on a committee structure as described below.

Group Executive Committee (GEC) -JKH

As at 31st March 2026, the Six-member GEC consisted of the Chairperson of the JKH Group, Deputy Chairperson/Group Finance Director of JKH Group and the Presidents of each business/function. The GEC is the overlay structure that implements, under the leadership and direction of the Chairperson, the strategies and policies determined by the Board, manages through delegation and empowerment, the business and affairs of the JKH Group, makes portfolio decisions and prioritises the allocation of all forms of capital.

A key responsibility of the members of the GEC is to act as enablers of the Group's operating model, ensuring that strategic objectives are effectively implemented across all business functions, including operations, finance, human resources, technology, and risk management. The GEC members bring a wealth of experience, diverse perspectives, and deep expertise, strengthening both operational efficiency and strategic decision-making.

In addition, the Board delegates executive decision-making on sustainability impacts and strategies to address operational, sustainability, and climate-related risks and opportunities to the GEC, which is supported by the ESG and Sustainability Steering Committee and further assisted by the Presidents and the Sustainability and ERM division in managing these matters.

The GEC meets twice a month, in addition to the meetings that are scheduled as necessitated by the requirements of the JKH Group.

Group Operating Committee (GOC)-JKH

As at 31st March 2026, the nineteen-member GOC consisted of the Chairperson of the JKH Group, the Deputy Chairperson/Group Finance Director of the JKH Group, the Presidents and the Executive Vice Presidents in charge of sectors and the finance functions of the industry groups and Executive Vice Presidents who are functional heads of their respective Centre Functions. The GOC provided a forum to share learnings, and identify synergies, across industry groups, sectors, business units and functions.

The GOC meets once a month throughout the year and is instrumental in preserving a common group identity across diverse business units.

Group Management Committee (GMC)

The GMC's of the Consumer Foods Industry Group and Supermarket Industry Group operate under the leadership of the respective Presidents and are dedicated and focused towards implementing strategies and policies determined by the Board and designing, implementing and monitoring the best practices in their respective functions, strategic business units or even at departmental level where appropriate and material.

Key Objectives of the GMC

The underlying intention of the GMC is to encourage the respective business units to take responsibility and accountability to the lowest possible level, via suitably structured committees and teams in a management by objectives setting.

Scope of the GMC

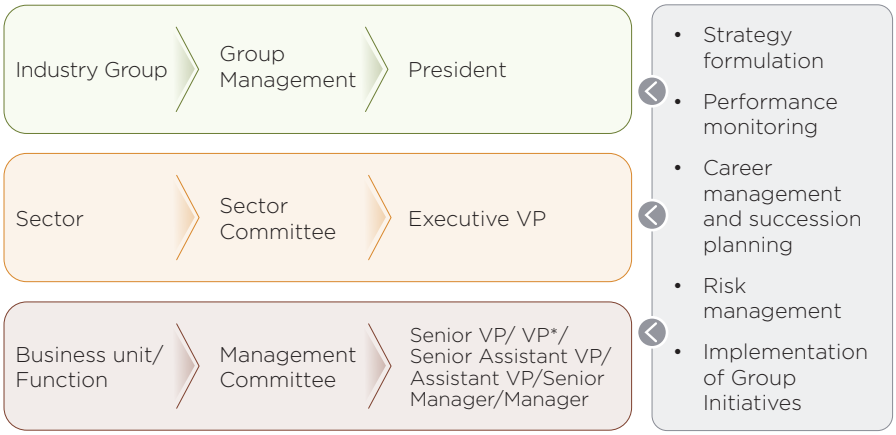
The agenda of the GMC is carefully structured to avoid duplication of effort and ensure that discussions and debate are complementary both in terms of a bottom- up and top-down flow of information and accountability. Responsibility and accountability of the effective functioning of the GMC is vested upon the President and the functional heads as applicable.

The GMC focus is aligned to headline financial and non- financial indicators, strategic priorities, risk management, implementation of the strategies and policies determined by the Board, the use of IT as a tool of competitive advantage, new business development, continuous process improvements, management of human resource and managing through delegation and empowerment, the business affairs of the respective sectors. Responsibility for monitoring and achieving plans as well as ensuring compliance with Group policies and guidelines rests with the Presidents and functional heads where applicable.

These Committees met regularly and carried out their tasks in keeping with their scope. The Management Committees proved to be key in enhancing employee engagement and empowerment

Illustrated below is the structure of the three Committees.

GMC Structure



* Note : Vice President (VP)

EMPLOYEE EMPOWERMENT

The KFP Group ensures that the necessary policies, processes and systems are in place to ensure effective recruitment, development and retention of this vital stakeholder. The bedrock of these policies is the Group's competency framework, which has been further refined and updated to reflect the current needs of the Group. To support these policies, the Group continued with, and further strengthened, the following practices.

- Top management and other senior staff are mandated to involve, as appropriate, all levels of staff in formulating goals, strategies and plans.
- Decision rights were defined for each level of employment in order to instil a sense of ownership, reduce bureaucracy and speed-up the decision-making process.
- A bottom-up approach was taken in the preparation of annual and long-term plans, and the Group also ensured employee involvement in strategy, and thereby empowerment.
- Organisational and Committee structures are designed to enable, and facilitate, high accessibility of all employees to every level of management.
- Open, honest, frank and constructive communication is encouraged at all levels. The Group strongly believes that constructive disagreement is essential for optimal decision making.

The KFP Group prioritises a safe, secure and conducive environment for all its employees, allows freedom of association and collective bargaining, prohibits child labour,

CORPORATE GOVERNANCE

forced or compulsory labour and any discrimination based on gender, race, religion, gender identity, sexual orientation or any other difference, and promotes workplaces which are free from physical, verbal or sexual harassment.

INTEGRATED GOVERNANCE SYSTEMS AND PROCEDURES

Listed below are the main governance systems and procedures of the Group adopted by the Company and KFP Group. These systems and procedures strengthen the elements of the Internal Governance Structure and are benchmarked against industry best practice.

i. Strategy formulation and decision-making process
ii. Human resource governance
iii. Integrated risk management
iv. IT governance
v. Tax governance
vi. Stakeholder management and effective communications
vii. Sustainability governance

JKH Group's ethical business practices, adopted by the Company and the KFP Group;

Seeks to ensure that ethical business practices are the norm from the most senior to the most junior employee, stemming from, and including the Board of Directors. All Group companies have procedures and processes to enable the prevention and reduction of corruption and bribery. Each business unit is also expected to evaluate the risk of corruption as part of its risk management process and put in place mitigation measures to reduce such risks. Its transparent control and prevention mechanisms also extend this expectation to its value chain comprising of its customers, suppliers and business partners. The Group is required to analyse all its business units and functions and include the risk of corruption as part of its risk management process. The JKH Group has a zero-tolerance policy towards bribery and corruption.

i. Stringent checks during the recruitment process ensures that minimum age requirements are met.
ii. Ensures that all businesses are educated on the possible sources of forced and compulsory labour.
iii. Committed to upholding the universal human rights of all its stakeholders.
iv. Is an equal opportunity employer and has zero-tolerance for physical or verbal harassment based on gender identity, race, religion, nationality, age, social origin, disability, sexual orientation, political affiliations or opinion.

STRATEGY FORMULATION AND DECISION-MAKING PROCESSES

The KFP Group have adopted the JKH Group Strategy Formulation and Decision-Making Processes.

Strategy Mapping

Strategy mapping exercises, concentrating on the short, medium and long-term aspirations of each business, are conducted annually and reviewed, at a minimum, quarterly/ half-yearly or as and when a situation so demands.

This exercise entails the following key aspects, among others.

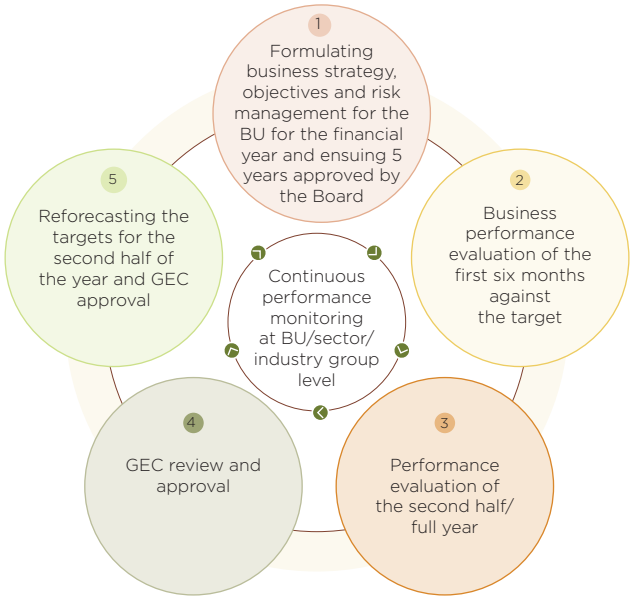
- Progress and deviation report of the strategies formed.
- Competitor analysis and competitive positioning.
- Review of ESG considerations.
- Analysis of key risks and opportunities.
- Digitisation and IT strategy
- Management of stakeholders, such as, suppliers and customers.
- Value enhancement through initiatives centred on the various forms of Capital under an integrated reporting framework.

The JKH Group's investment appraisal methodology and decision-making process ensures the involvement of all key stakeholders that are relevant to the evaluation of the decision.

In this manner:

- A broad range of views, opinions and advice are obtained prior to making an investment decision.
- A holistic view is taken on the commercial viability and potential of any project, including operational, financial, funding, legal, risk, sustainability and tax implications.
- Sensitivity and scenario analysis are conducted to understand the impacts from the macroeconomic environment, especially during periods of volatility and uncertainty.
- All investment decisions are consensual in nature, made through the afore-discussed management Committee structure where no single individual has unfettered decision making powers over investment decisions.
- The ultimate responsibility and accountability of the investment decision rests with the Chairperson.

The following section further elaborates on the Group's strategy formulation and planning process.



Medium-Term Strategy

The ensuing section illustrates the comprehensive process followed by each business in developing the business's strategy for the medium-term.

Values and Promises

Identification of the core values the business will operate with and the internal promises that the business will strive to deliver to stakeholder interests

Brand and Business Review

- Review of global and regional trends
- Identification of insights, risks, challenges, opportunities and implications, collated into key themes

Brand Plan

- Identifying key activities required to be undertaken under each theme and the articulation of the varied brand-led themes and activities
- Identification of Key Performance Indicators (KPIs) to measure delivery of promises

Long term Business Plan

- Setting of a long term goal and agreeing on the core pillars that would deliver growth
- Target setting, scheduling activities and identifying workstreams to execute long term initiatives
- Identifying operating and capital expenditure along with capability resources

Annual Business Plans

- Articulation and approval of detailed project plans for execution of workstreams
- Approval of Annual Business Plans

Performance Measurement

Measure of performance against:

- Promises
- Annual plans and projects
- Long term initiatives
- Financial objectives

Project Approval Process

Projects undertaken at the Group entail a detailed feasibility report covering key business considerations under multiple scenarios, within a framework of sustainability. The feasibility stage is not restricted to a financial feasibility and encompasses a wider scope of work covering risk management, sustainable development, ESG and HR considerations.

Based on the decision rights matrix, subsequent to review by the relevant leadership committee of the feasibility report and post in principle approval, a multi-disciplined project team will proceed to the next phase of the project evaluation which will focus on detailed operational, commercial, financial and legal due diligence, including a deep dive into ESG impacts and risks. Discussions will also commence with regulatory and licensing authorities, financial institutions and possible partners, worker representatives, as relevant and deemed necessary.

- Where the transaction involves the transfer or lease of land, title searches would be conducted for both private and State land. In case of State land, every action would be taken to ensure compliance with the relevant rules and regulations. As appropriate, written authority and approvals will be obtained.
- Any project which involves bidding on contracts and tenders, including to those of local and foreign Government and related bodies, is executed in conformance with the Group's policy on bidding on contracts and tenders. It is noted that, while the Company currently does not have any contracts with any local and foreign Governments, the Company will disclose the same in its financial statements, in such an event.

CORPORATE GOVERNANCE

- Where the project is a part of a privatisation, the entire process will be conducted in line with the directives of the relevant administrative authority as communicated through expressions of interests, request for proposals, pre-bid meetings, official approvals and correspondence.

Subsequent to the project satisfying the above highlighted criteria, the final approval to proceed will be granted by the Board. Based on thresholds of the investment quantum, the JKH Project Risk Assessment Committee, on behalf of the Board, will review and assess risks associated with such investments and the mitigatory plans thereto, if mitigation is possible, and identify risks that cannot be mitigated. The aim of this intervention is to ensure alignment with the interest of various stakeholders and to recommend to the Board, necessary action required, to mitigate risks that are identified in early stages during the course of evaluating a project in order to ensure that those risks are captured by the Group Risk Matrix for monitoring and mitigation.

When appropriate, the GEC is empowered to approve such proposals in terms of the delegated decision rights with the Board being kept informed.

Risk management

Project origination → Feasibility study → Review by the GEC → Due diligence → GEC/Board Sub-Committee/ Board approval

Sustainability Management

Legal, tax, regulatory and HR requirements/framework

Human Resource Governance

The Company and KFP Group abide by the JKH human resource governance framework, which is designed in a manner that enables high accessibility by any employee to every level of management. Constant dialogue and facilitation is also maintained, ranging from work related issues to matters pertaining to general interest that could affect employees and their families. The Company and KFP Group follows an open-door policy for its employees which is promoted at all levels of the Group.

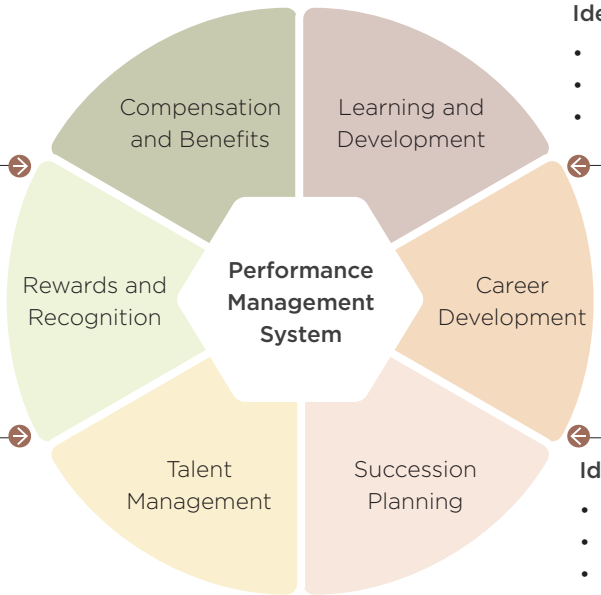
The state-of-the-art cloud based human resource information system (HRIS) manages the entire lifecycle of the employee from onboarding to performance management, succession planning, compensation, learning and development, through to offboarding.

Performance Management

The Performance Management System, as illustrated below, is at the heart of many supporting human resource management processes such as learning and development, competency mapping, career development, succession planning, talent management, rewards/recognition and compensation/benefits.

Identification of:
- Performance rating
- Competency ratings

Identification of:
- Long term development plans
- Competency-based training needs
- Business focused training needs



Identification of:
- Chairperson's Award
- Employee of the Year
- Champion of the Year

Identification of:
- Promotions
- Inter-company transfers
- Inter-department transfers

Identification of:
- High performers
- High potential

Identification of:
- Jobs at risk
- Suitable successors
- Readiness level of successors
- Development plans
- External recruitments

Whilst the employees are appraised for their performance, equal emphasis is placed on how well they embody KFP Group Values, namely: Caring, Trust, Integrity, Excellence and Innovation.

Key Initiatives during the year:

- The Temporary Crisis Allowance, which was originally introduced to support employees amid challenging macroeconomic conditions in January 2023, was consolidated into the basic salary as part of the annual increment cycle.

- As a response to the devastating impacts of Cyclone Ditwah in December 2025, employees were given the option to voluntarily donate one day's wages toward flood relief, channelled through the Chamber of Commerce of Sri Lanka. Additionally, the Group Executive Committee approved a special relief framework to support employees impacted by Cyclone Ditwah.

- The KFP Group offers all employees 100 days of parental leave, underscoring its commitment to employee wellbeing, work-life balance, gender equity, and shared parenting responsibilities.

- The JKH Group partnered with a multinational analytics and advisory company to conduct its annual employee engagement survey, adopting a more performance and productivity focused engagement model. Using the globally benchmarked Q12 framework, the survey generated data-driven insights into employee experience and key areas for development in support of a high-performance, inclusive workplace culture. The methodology empowers managers to take ownership of outcomes through targeted action planning, supported by benchmarking and analytics that drive continuous improvement and strengthen organisational performance.

. The leadership team of the Group, comprising of the GEC, GOC and heads of HR participated in a workshop to develop the teams ability to guide and empower their teams to develop and implement action plans and on key tactics to understand and engage more effectively with the relevant teams.

- The JKH Group embarked on a project to develop, articulate and institutionalise the Group Employer Value Proposition (EVP). A series of programs and initiatives have been identified for implementation to support the EVP, with the support of a globally recognised consulting firm. The process was anchored in listening to employee voices through a Group-wide survey and focus group discussions, complemented by leadership consultations with the Group Operating Committee and the Human Resources Group Management Committee (HRGMC). Phase 1 included the development of a clear EVP statement and supporting pillars, articulating the value the Group offers its employees in return for the knowledge, skills and capabilities they bring to the organisation. Phase 2 scheduled for rollout in FY2026/27, will focus on taking the EVP to market and embedding it across the organisation.

- In collaboration with a global consulting company, the Group embarked on a project to review the Group's total rewards philosophy.

- The Group introduced financial well-being programmes led by internal and external experts, offering practical guidance on financial discipline and decision-making. Individual business units also implemented tailored well-being initiatives suited to their specific operational contexts.

- The Group reviewed and renewed its employee Code of Conduct to broaden its reach and content and to ensure relevance with current workplace trends and culture.

CORPORATE GOVERNANCE

PERFORMANCE BASED COMPENSATION PHILOSOPHY

The JKH Group Compensation Policy which has been adopted by the KFP Group is as follows:

Performance Management
'Pay for performance'
Greater prominence is given to the incentive component of the total target compensation.

Satisfaction
'More than just a workplace'
Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.

Compensation Policy

- Compensation comprises of fixed (base) payments, short term incentives, and long term incentives.
- Higher the authority levels within the Group, higher the incentive component as a percentage of total pay.
- Greater the decision influencing capability of a role, higher the weight given to organisational performance as opposed to individual performance.
- Long-term incentives are in the form of Employee Share Options and cash payments.

Internal Equity

- Remuneration policy is built upon the premise of ensuring equal pay for equal roles.
- Manager and above level roles are banded using the Mercer methodology for job evaluation, on the basis of the relative worth of jobs.

External Equity

- Fixed compensation is set at competitive levels using the median, 65th percentile and 75th percentile of the best comparator set of companies (from Sri Lanka and the Region, as relevant) as a guide.
- Regular surveys are done to ensure that employees are not under/over compensated.

Equity Sharing

The Company does not offer its shares under an ESOP Scheme. The ESOP Scheme made available to the Senior Executives of the Company is from the Parent Company, JKH, at defined career levels based on pre-determined criteria which are uniformly applied across the eligible levels and performance levels. These long-term incentives have been significantly instrumental in inculcating a deep sense of ownership in the recipients and is seen to be a key driver of performance-driven rewards. Share options are awarded to individuals on the basis of their immediate performance and potential importance of their contribution to the Group's future plans.

JKH Group issues share options not exceeding a specified percentage of the total issued shares of the Company as at the date of awarding every such option, which is subject to in-principle approval of the CSE and shareholder approval, by way of a Special Resolution at a General Meeting.

INTEGRATED RISK MANAGEMENT

KFP's Group-wide risk management programme focuses on wider sustainability development, to identify, evaluate and manage significant Group risks and to stress test various risk scenarios, including a review of materiality. The programme ensures that a multitude of risks, arising as a result of the KFP Group's diverse operations, are effectively managed in creating and preserving stakeholder wealth. The KFP Group manages its enterprise risk, and incident management processes through an automated risk management platform that enables the maintenance of live, dynamic and virtual risk registers which are linked to business goals and responsible personnel. Features such as the provision of timely alerts on action plans and escalation processes for risks, where action plans are over-due, ensure maintenance of live risk grids.

Continuous steps taken towards promoting the Group's integrated risk management process are:

- Integrating and aligning activities and processes related to planning, policies/ procedures, culture, competency, internal audit, financial management, monitoring and reporting with risk management.
- Supporting executives/managers in moving the organisation forward in a cohesive, integrated

and aligned manner to improve performance, while operating effectively, efficiently, ethically and legally within the established limits for risk taking. The risk management programmes have allowed greater visibility and understanding of risk appetites. Enabled by the automated risk management platform, key management personnel have virtual visibility of the risks, as relevant, while the Board has visibility of all KFP Group risks.

- Update of the Enterprise Risk Management (ERM) platform to improve performance and include the latest features.

The Board, GEC and Group Management Committees, oversee risk management across the Group to ensure that risks are brought within tolerance, managed and/or mitigated.

Please refer to the Enterprise Risk Management section of the Annual Report for more details.

RISK MANAGEMENT PROCESS

The Group's ERM process is designed to ensure businesses are proactively identifying, assessing, and mitigating risk events. The risk management framework ensures consistency in methodology across diverse businesses and functions and follows both a top-down and bottom-up integrated approach, alongside strategic planning and decision-making. The annual cycle involves business-level risk identification and review on a quarterly basis, which is consolidated upwards at sector and industry group management committees, while Group risks are reviewed on a biannual basis by the Group Executive Committee. Risk appetite thresholds are set at a Group level and captured in the annual Group Risk Report, which also details Group-wide risk ratings, risk profile and analysis and is presented to the JKH Audit Committee where the salient aspects of this is reviewed by the Board, thereby concluding the annual risk management process. Policy level changes emerging from the discussion at the KFP Audit Committee are then incorporated in the following cycle to ensure alignment with the changing risk environment.

Risk Management System

The Group ERM review process is facilitated through an online Enterprise Risk Management System. The system is firmly embedded across the KFP Group, hosted internally, and controlled access is provided to all employees as relevant. The system was upgraded during the financial year to include additional features, increase user friendliness and improve overall performance.

Quarterly risk reviews are carried out via the system, with all business unit risk registers hosted online. Its functionality allows for a dynamic risk management environment, enabling analysis of ratings and movement of risks over time, access to historical data and risk reporting. The system also aggregates and records risk under the Group's ERM framework and provides an integrated approach to risk and risk mitigation across Group businesses.

Steps were taken to assist identification and categorisation of sustainability and climate related risks in the risk platform.

KEY IMPACTS, RISKS AND OPPORTUNITIES

The Group takes a holistic approach to risk management, covering risks that are both financial and non-financial in nature, including its own operations as well as risks that may emanate from its supply chain partners. The Precautionary Principle influences the Group's approach to risk management of environmental impacts while, management of human and social capital risks is also highlighted and prioritised.

The ERM framework operates in concurrence with the Group's corporate governance structure and is linked to sustainability, corporate social responsibility and internal audit functions and processes, ensuring that regulatory compliance, ethical guidelines and sustainability concerns are integrated seamlessly across businesses when identifying risks and opportunities.

Risk Management Framework

- Financial, strategic, operational, information technology, governance and sustainability-related risks are considered.
- All risks are categorised within a common Risk Universe.
- Headline and Related Risk classification of all Group risks to allow consistency across Group businesses.
- 5x5 risk matrix for rating of risks with respect to likelihood and anticipated impact.
- Risk owners assigned to ensure accountability and sustained focus on mitigation activities

Refer to the Key Risks section under Outlook and Risks (page 155-168) and Notes to the Financial Statements (page 240-256) for further details.

CORPORATE GOVERNANCE

During the year, the Group commenced the implementation of SLFRS S1 and SLFRS S2, sustainability reporting standards, with the support of an international external consultancy firm. As part of this process, a comprehensive, life cycle-based value chain assessment was conducted across the Group to identify key dependencies, impacts, and sustainability and climate-related risks and opportunities.

Based on this assessment, the Group identified and prioritised its Sustainability-related Risks and Opportunities (SRROs) and Climate-related Risks and Opportunities (CRROs). Given this being the first year of adoption, these were assessed qualitatively, incorporating financial impact parameters and judgement-based financial materiality considerations.

The governance and management of SRROs and CRROs are aligned to the four pillars of Governance, Strategy, Risk Management, and Metrics and Targets. Further details on the Group's prioritised SRROs and CRROs, together with the related governance structures and mitigation strategies, are presented in the SLFRS S1 and S2 Disclosure section of this Report.

During the forthcoming year, the Group intends to quantitatively assess the financial materiality of SRROs and CRROs and integrate them into the ERM framework, based on impact and likelihood. In parallel, the ERM policy will be updated to incorporate relevant thresholds, and the Group's risk appetite and tolerance statements will be reviewed to ensure alignment.

Mitigation actions and opportunity realisation plans will be embedded within the existing ERM Risk Register, taking into account short-, medium-, and long-term horizons. Risk ownership will be assigned to ensure accountability, and SRROs and CRROs will be integrated into the existing risk governance structure.

This integration enables risk identification at business unit level, aggregation at sector and Group levels, and oversight through established governance forums. The Group Business Process Review (GBPR) function will provide independent assurance on the implementation of mitigation actions, while the Sustainability and ERM Division will consolidate and report the Group's overall risk profile to the relevant management and Board committees.

This approach positions the Group's ERM framework within a double materiality perspective, incorporating both financial risks and risks arising from environmental and social impacts and dependencies.

INFORMATION TECHNOLOGY (IT) GOVERNANCE

IT governance stewardship roles are governed through layered and nested committees, cascading from the Board, GEC, GOC, the Group IT Steering Committee and to the Group IT Operations Committee with well-defined roles and responsibilities across the Group with a federated governance structure to cater to the holistic Group-level as well as specific industry level nuances. This ensures empowerment and enablement to act with a singular and more robust governance and policy framework across the Group, whilst being agile and nimble.

The Group's IT governance framework focuses on five broader segments, namely, strategic alignment, value delivery, performance management, risk management, and resource management.

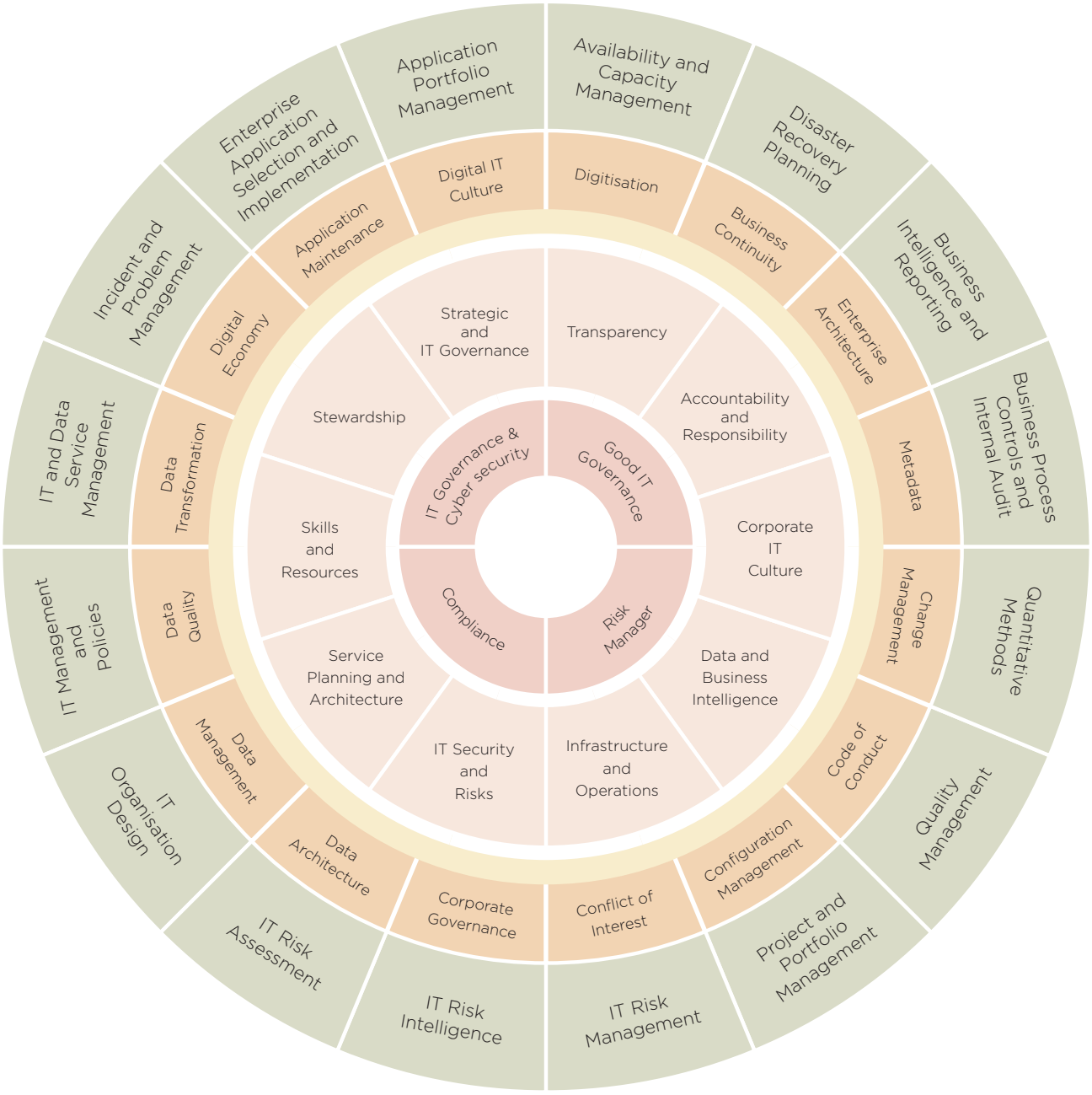
Additionally, the IT governance framework used within the Group leverages on best practice and industry leading models such as CoBIT (Control Objectives for Information and Related Technology), ISO 35800, ISO27001, ISO 9001:2015, COSO (Committee of Sponsoring Organisations of the Treadway Commission)/BCP (Business Continuity Planning), ITIL (Information Technology Infrastructure Library), CMMI (Capability Maturity Model Integration), NIST (National Institute of Standards and Technology), FAIR (Factor Analysis of Information Risk), Zero Trust Framework, among others, in formulating a state-of-the-art framework for IT governance, risk and compliance management across the KFP Group.

The Group continually focuses on enhancing the IT governance framework in line with its business and IT strategies with a focused shift towards a Zero Trust Security Model built on a mobile-first, internet-first, cloud-first and artificial intelligence (AI)-first strategy.

Privacy, data and cybersecurity have emerged as material topics for the JKH Group, driven by the increasing reliance on digital platforms, data-enabled processes, cloud services and interconnected technologies across its operations. While these capabilities play a critical role in enhancing customer experience, operational efficiency and

decision-making, they also heighten exposure to cyber threats, data breaches, regulatory risk and potential reputational impact. Accordingly, the JKH Group has adopted a structured, risk-based and policy-led approach to managing privacy, data and cybersecurity, supported by Group-wide governance frameworks, IT policies and risk management practices. The JKH Group's IT governance framework is implemented as a baseline standard across all businesses and is aligned with the data security requirements of the Sustainability Accounting Standards Board (SASB) and Professional and Commercial Services Standard.

The key focus areas of the IT governance framework are as follows:



CORPORATE GOVERNANCE

Key Initiatives during the year

Transition to SAP RISE:

- Following from the previous year, the Group advanced several strategic initiatives to strengthen governance, modernise core systems, and enhance enterprise-wide controls. A key milestone was the successful transition to SAP RISE in partnership with an international consulting firm. The transition was executed in a phased manner within the Group, establishing a standardised, cloud-enabled platform that significantly improved integration, data consistency, and operational resilience.
- The enhanced data architecture enables real-time visibility of performance, supporting faster and more informed decision-making, while advanced analytics and dashboards strengthen performance management and responsiveness. The platform further streamlines processes, reduces manual intervention, and enhances accuracy, control, and auditability, with improved scalability and security derived from the cloud environment.
- In parallel, the adoption of SAP Signavio will strengthen process intelligence and continuous improvement, enabling data-driven monitoring and optimisation of end-to-end processes in line with best practice and international benchmarks. This enhances standardisation, transparency, and governance, supporting improved efficiency and alignment with business objectives across the Group. The new platform addresses ~30% of the improvements and productivity enhancements which were identified through use cases prior to the migration to SAP RISE. The Group has a 'road map' of use cases and initiatives to ensure optimisation of the system through use of dashboards for reporting and monitoring of performance on a real-time basis, which analytics and planning, including cash and treasury management, once implemented, will enhance the decision-making capability of the businesses.

Zero Trust Security Model:

- The Group strengthened its adoption of the Zero Trust Security Model, enhancing controls across identity, devices, networks, applications, and data.
- Key improvements during the year included enhanced identity-based access controls, strengthened network security, and the transition to a Secure Service Edge (SSE) architecture, enabling more effective threat detection, monitoring, and policy enforcement.
- These enhancements support secure, location-agnostic access to systems and data, while reducing reliance on traditional perimeter-based security models. A structured implementation approach, supported by cross-sector validation through User Acceptance Testing (UAT) teams, ensured consistent adoption across the Group, while the incorporation of audit recommendations further strengthened the control environment and overall cyber resilience. The overall threat posture of the Group declined during the year, supported by improved responsiveness in addressing and resolving alerts.

TAX GOVERNANCE

KFP Group's tax governance framework is designed to ensure responsible tax practices and is aligned with the Group's broader ESG commitments focusing on compliance, transparency and stakeholder engagement. It ensures that tax decisions contribute to sustainable business practices, respect societal norms and are aligned with ethical corporate behaviour.

Key components of the framework are:

- Keeping abreast with local and international tax laws and regulations to avoid non-compliance and reputational damage.
- Transparency in tax disclosures to stakeholders, ensuring clarity on tax strategies and practices.
- Accountability to stakeholders, ensuring that tax obligations are met in a socially responsible manner, balancing shareholder interests with societal responsibilities.

Governance Structure

- The Group's Tax Governance Structure is overseen by the JKH Deputy Chairperson/JKH Group Finance Director who provides oversight to ensure that the tax strategies align with the Group's overall ESG objectives.
- Voluntary compliance, transparency and efficient tax management are key aspects of the Group's overall tax strategy.
- This is enabled through a decentralised tax structure where expertise is built at each industry group level to oversee tax compliance and execute the tax strategy, ensuring compliance with existing laws and changes to legislation, and managing tax risks for the Group.
- The Head of Tax of each industry group, reporting functionally to the Group Head of Tax, ensures uniformity of interpretation, robust compliance management and roll-out of Group tax strategy across all businesses.
- The Group Head of Tax Strategy provides periodic updates to the GOC and senior finance teams on significant tax matters, including risk exposures, compliance outcomes, and strategic tax positions, at the scheduled monthly meetings, ensuring executive-level accountability.

Policy and Strategy

- Ensure the following, taking into account the Group's business models, supply and value chains, structure, assets, investments and financing:
  - Integrity of all reported tax disclosures.
  - Robust controls and processes to manage tax risk.
  - Openness, honesty, and transparency in all dealings.
  - Presence of legitimate business transactions underpinning any tax planning or structuring decision/opportunity.
- Contribute to fiscal policy formulations constructively in the interest of all stakeholders.

Role

- Implement and maintain strong tax compliance and review processes for current and potential business operations and transactions.
- Analyse and disseminate business impact from changes in tax legislation.
- Provide clear, timely, and relevant business focused advice across all aspects of tax.
- Ensure availability of strong and well documented technical support for all tax positions.
- Obtain independent/external opinions where the law is unclear or subject to interpretation.
- Foster healthy professional relationships with all regulatory authorities

CORPORATE GOVERNANCE



- Leverage on digital platforms to support, record and report on tax compliance status across the Group.
- Continuous dialog and scheduled meetings of the Group Tax team to ensure uniformity of tax interpretation and application.
- Monitored through internal controls including compliance reporting measures and external audit reviews.
- Discussion and signoff by the Board of Directors on any significant tax positions with supporting legal rationale.
- Periodic updates to the JKH Board of Directors on KFP Group Tax positions (Quarterly at minimum).
- Compliance with the tax governance framework is evaluated annually through internal and external audit reviews and periodic independent assessments, with findings and remediation plans reported to the respective Audit Committees/Group Audit Committee.

The Groups Tax Governance Framework integrates compliance, transparency, and social responsibility, aligned with ESG reporting obligations. By adhering to this framework, the KFP Group ensures that its tax practices are both legally compliant and ethically responsible, supporting sustainable growth while creating value for all stakeholders.

The presence of a well structure tax governance framework ensures the following:

- Ability to manage tax exposures efficiently by reducing the tax burden on the KFP Group, within the ambit of applicable laws.
- Manage tax risks and implications on the KFP Group reputation through adequate policies and proactive communication defence.
- Facilitate healthy relationships amongst stakeholders, Government and tax authorities.
- Ensuring integrity of reported numbers and timely compliance.

STAKEHOLDER MANAGEMENT AND EFFECTIVE COMMUNICATION

Stakeholders play a crucial role in the Group, contributing labour, capital, and market demand. The KFP Group is committed to transparently communicating its ambitions to its diverse stakeholder groups and actively seeks their input to refine its initiatives. With well-defined objectives aligned with its sustainability and business goals and targets, the KFP Group prioritises the achievement of these commitments across the short, medium, and long term.

Recognising the broad impact of its operations, the Group actively engages with a wide range of stakeholders across different industries, communities, and regions.

Internally, the KFP Group's stakeholders consist of its business units and employees. Externally, it engages with shareholders, investors, lenders, customers, suppliers, business partners, government bodies, regulators, industry peers, advocacy groups, media, and the wider community. Through ongoing dialogue and collaboration, the KFP Group strives to integrate diverse perspectives into its sustainability efforts.

Following are the key stakeholder management methodologies adopted by the KFP Group. Whilst the KFP Group has multiple channels enabling effective communication, there were no material concerns that were raised during the year by stakeholders regarding the operations of the KFP Group.

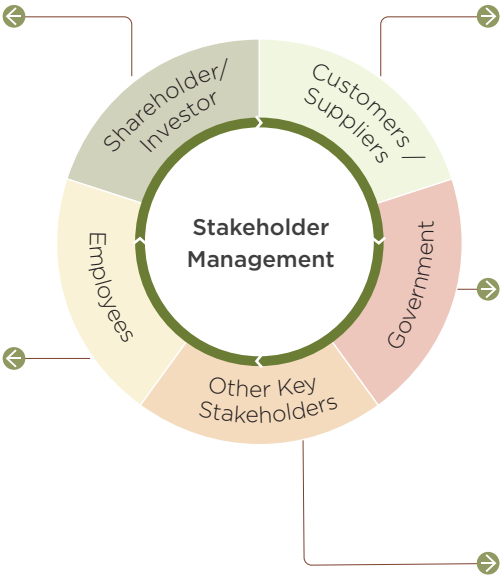
Refer to the Stakeholder Engagement section for a detailed discussion – page 41-43.

Communication with Shareholders

KFP Group maintains several communication channels with the shareholders which include the Annual Report, interim financial statements, investor presentations, AGMs, EGMs, announcements to the CSE, press releases, the corporate website, shareholder surveys on a need basis, the investor feedback form provided in the Annual Report, and through the Company Secretaries.

- Presence of an investor relations team
- Social media presence
- Prompt release of information to public/CSE
- Effective communication of AGM related matters
- Measures in place in case of serious loss of capital

- Accessibility to all levels of the management
- Various means for employee involvement
- Corporate Communications
- John Keells Employee Self Service (JESS)
- HIVE
- Staff Volunteerism



- Providing quality and safe products
- Constant engagement with customers
- Procedures to ensure long-term business relationships with suppliers

- Transactions in compliance with all relevant laws and regulations, transparently and ethically
- Zero tolerance policy in ensuring that all business units meet their statutory obligations on time and in full

- Provision of formal and sometimes informal, access to other key stakeholders

Engagement Mechanism	Frequency
Annual Reports and AGMs	Annually
Extraordinary General Meetings	As required
Interim financial statements	Quarterly
Investor relations webinar	Quarterly
Investor presentations	As required, quarterly at a minimum
Transcript of the investor relations webinar	Quarterly
Press releases	As required
Announcements to CSE	As required
One-to-one discussions	As required
Investors' section in the Corporate website	Continuous
Feedback surveys	As required

Investor Relations

The Investor Relations team of the JKH Group is responsible for maintaining an active dialogue with shareholders, potential investors, investment banks, analysts and other interested parties in ensuring effective investor communication.

- The Investor Relations team has regular discussions with shareholders, as and when applicable, as well as analysts and stockbroking firms to disseminate highlights of the JKH Group's performance as well as to obtain constructive feedback.
- The online quarterly investor forums provide stakeholders the opportunity to directly engage with the Group's Chairperson-and the JKH Deputy Chairperson/ JKH Group Finance Director. The recording and the transcript of the investor forum is made available on the corporate website for reference of all stakeholders/shareholders.
- Quarterly Investor Presentations, which include an update on the latest financial results, are made available on the corporate website, to provide easier access and in-depth detail of the operational performance of the JKH Group.
- Annual Investor Presentations, detailing an overview of the Group and industry groups with financial and non-financial performance indicators, are made available on the corporate website, to provide easier access and in-depth detail of the overall Group.
- Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Group by contacting the Investor Relations team, Secretaries, and/ or the Chairperson although individual shareholders are encouraged to carry out adequate analysis or seek independent advice on their investing, holding or divesting decisions at all times.

CORPORATE GOVERNANCE

Bronze award for Best Investor Relations at the Capital Market Awards 2025 of CFA Society Sri Lanka.

Release of Information to the Public and CSE

The Board of Directors, in conjunction with the Audit Committee, where applicable, is responsible in ensuring the accuracy and timeliness of published information and in presenting a true and fair view, and balanced assessment of results in the quarterly and annual financial statements. Accordingly, KFP has reporting a true and fair view of its financial position and performance for the year ended 31 March 2026 and at the end of each quarter of the financial year 2025/26.

All other material and price sensitive information about the Company is promptly communicated to the CSE, and, where appropriate, to employees, shareholders and the press. Shareholders and investors are encouraged to engage with the Company by directing questions, request for publicly available information or providing feedback relevant to Directors or Management of KFP, which may be addressed to the Company Secretary.

The KFP Group is committed to open, transparent, and fair communication, with a strong focus on integrity, timeliness, and relevance of information. All disclosures are carefully managed to ensure accuracy, clarity, and consistency, and to prevent the creation or continuation of a false or misleading market.

Annual General Meeting (AGM)

Information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the businesses of the KFP Group. Annual Reports are made available to shareholders in electronic form. Shareholders may also elect to receive an Annual Report from KFP in printed form, which is provided free of charge.

The KFP Group maintains records of all resolutions and applicable information upon a resolution being considered at any General Meeting and provides copies upon request to the CSE and/or the SEC and communicates the outcomes of these meetings via an announcement to the CSE.

The AGM is also used constructively to engage with shareholders, with the following practices observed:

- Notice of the AGM and related documents are made available to the shareholders along with the Annual Report within the specified time period.
- Summary of procedures governing voting at the AGM are clearly communicated.
- The Board ensures that the external auditors are present at the AGM.
- Most Executive and Non-Executive Directors are available to answer queries.
- The Chairperson ensures that the relevant senior managers are also available at the AGM to answer specific queries.
- Separate resolutions are proposed for each item that is required to be voted on.
- Proxy votes, those for, against, and withheld (abstained) are counted.

The AGM for the year ended 24/25 was held virtually, complying with the guidelines issued by the CSE.

Serious Loss of Capital

In the unlikely event that the net assets of a company fall below half of its stated capital, shareholders will be notified, and the requisite resolutions would be passed on the proposed way forward.

Extraordinary General Meetings, including Shareholder Approval through Special Resolution

The Company seeks shareholder approval, either via special or ordinary resolution at an Extraordinary General Meeting (EGM), for transactions and events that are material to the KFP Group and Company, in accordance with applicable laws and the Articles of Association.

SUSTAINABILITY GOVERNANCE

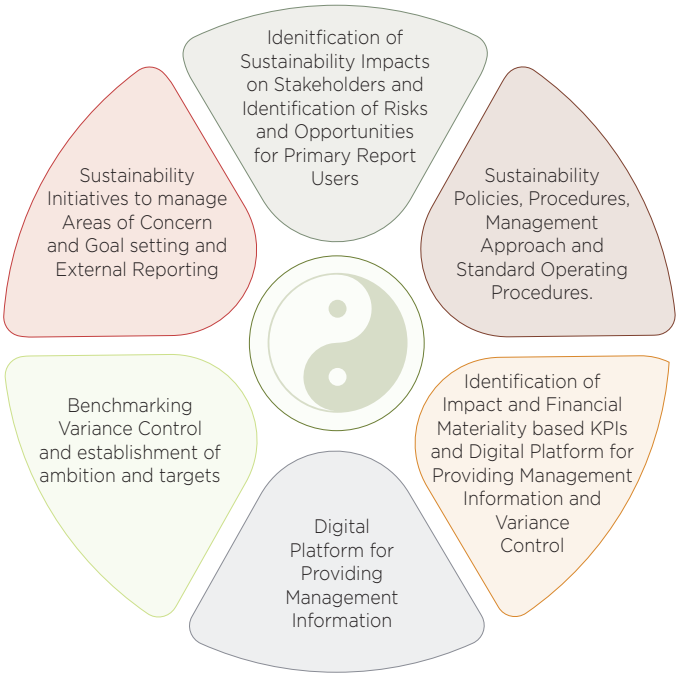
The KFP Group remains committed to responsible business practices and the integration of environmental, social and governance (ESG) considerations into its operations. Sustainability is a strategic priority and is integrated within the business operations through the Group's overarching Sustainability Management Framework (SMF).

The Group's SMF involves annual internal materiality assessments which are from the reporting year, carried out on a double materiality basis and, independent stakeholder engagements that occur approximately biennially. The outcomes of these engagements enable the Group to identify its impact and financial materiality topics. The Group's SMF requires the review and development of policies, procedures and standard operating procedures to manage the material topics, as well as the integration of financial material topics within the Group's Enterprise Risk Management (ERM) process. Key Performance Indicators are then established to track and monitor the performance of the material topics which are based on the GRI Standards to capture impact materiality-based performance, and the Sustainability Accounting Standard Board (SASB) Standards and scenario analysis to capture financial materiality-based implications on the Group's financial statements.

The Group has implemented a sustainability performance management system which enables the collection of data at business unit level, including any critical concerns, which is then consolidated and presented to the GEC, the GMCs and the GOC on a quarterly basis for performance review and course corrective action.

As part of the SMF, the Group is currently in the process of establishing Working Groups to focus on Group level ambitions and targets for selected material topics. Sustainability Initiatives are then identified based on the Group's current performance and the desired performance, thereby ensuring that the Sustainability Initiatives identified have a return on investment from a sustainability perspective. The SMF concludes its annual cycle with external and internal assurance, and the development and communication of a progress report in line with the GRI Standards, SLFRS Standards and the UNGC principles.

SUSTAINABILITY INTEGRATION PROCESS



The Group's sustainability integration processes and management framework operate alongside key functions such as human resources, health and safety, product responsibility, risk management, internal audit, legal and regulatory compliance, and corporate social responsibility. The framework is regularly updated to reflect evolving global sustainability requirements.

JKH Group's Effort Towards ESG Initiatives During the Year:

Pursuant to the adoption of SLFRS S1 and SLFRS S2 - the sustainability related financial and climate related disclosure standards issued by CA Sri Lanka - the Group undertook a structured implementation programme during the year under review to prepare for compliance with the Colombo Stock Exchange (CSE) reporting requirements, effective 1 January 2025. This process commenced with the engagement of an international consulting firm to conduct a comprehensive, Group wide gap analysis. Based on the findings of this assessment, the Group implemented the requisite frameworks, processes, and governance structures to support the enhanced disclosure requirements.

During the year, a series of workshops and working sessions for senior leadership and their teams were conducted with the consultants, to build internal capability and deepen understanding of the standards and their implications for the Group's reporting and governance processes. These sessions were attended by key stakeholders, including the JKH Group Deputy Chairperson / JKH Group Finance Director, members of the Group Executive Committee, and representatives from the Sustainability, Risk, Corporate Finance, and Finance teams, reflecting their roles in the implementation and ongoing oversight of sustainability related disclosures.

To strengthen governance and strategic oversight, the Group established an ESG and Sustainability Steering Committee, which is responsible for overseeing sustainability related impacts, risks, and opportunities, including Sustainability Related Risks and Opportunities (SRROs) and Climate Related Risks and Opportunities (CRROs). The material SRROs and CRROs from a Group perspective were evaluated and presented to the GEC for subsequent approval and clearance by the KFP Board as well. The Committee serves as the primary governance forum guiding the Group's sustainability agenda and ensuring alignment with the requirements of SLFRS S1 and SLFRS S2 as the Group progresses towards full implementation.

CORPORATE GOVERNANCE

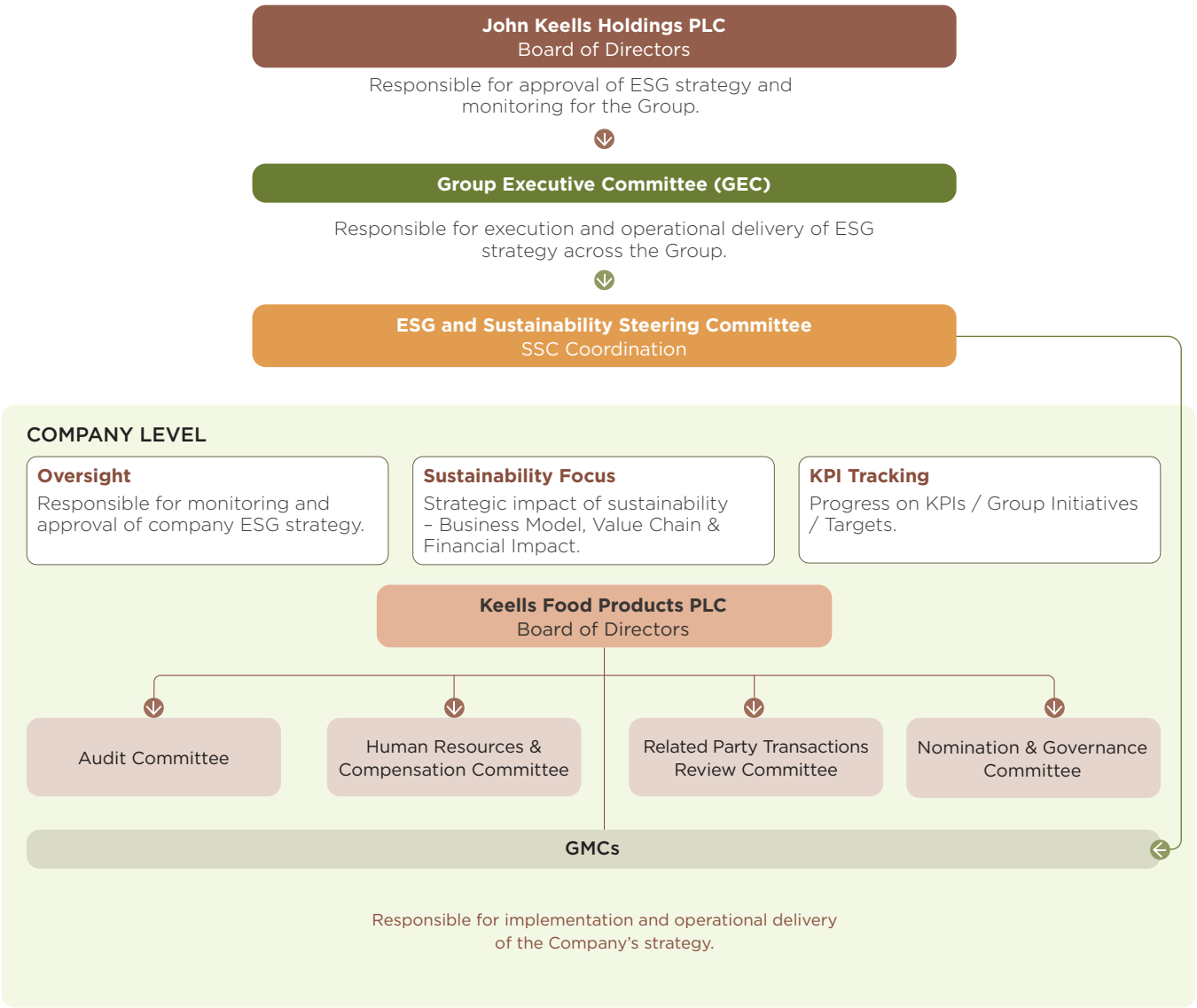
The KFP Board holds ultimate responsibility for overseeing the Group's sustainability impacts on the economy, environment and people and, sustainability and climate-related risks and opportunities (SRROs/ CRROs) that could reasonably be expected to affect the Group's financial position, performance and resilience over the short, medium and long term.

Board oversight is supported by the Group Executive Committee (GEC), the ESG and Sustainability Steering Committee and industry group level Group Management Committees (GMCs), described below. This governance architecture reflects the emphasis of SLFRS S1 and S2 on clear processes, controls and procedures for monitoring and managing sustainability and climate-related matters, while simultaneously supporting the management of the Group's sustainability impacts on the economy, environment and society in alignment with the governance disclosures of the GRI Standards.

Governance structure of the ESG and Sustainability Steering Committee:

As the Group develops its sustainability ambitions, including climate ambitions and a transition pathway, governance remains focused on ensuring robust oversight, data integrity and decision-readiness to support future target-setting and effective integration of sustainability and climate considerations into strategy and capital allocation decisions.

ESG AND SUSTAINABILITY GOVERNANCE STRUCTURE



Governance, Roles, Mandates, Procedures

Responsibilities for the oversight of the SRROs/CRROs, as well as broader sustainability impact, are embedded within the Group's governance framework and formalised through the Board Charter, GEC and the terms of reference of the ESG and Sustainability Steering Committee, together with the relevant policy documents.

These responsibilities extend to the governance and management of material sustainability impacts identified through the Group's double materiality assessment, with impact materiality considered as the starting point for identifying related risks and opportunities.

Aligned with the Group's corporate governance framework, the Board has delegated primary responsibility for the implementation and management of the Group's impacts and CRROs/SRROs to the GEC (which includes Executive Directors of the Group).

Such delegated responsibilities seek to ensure the effective execution and monitoring at management level while ensuring that the Board retains clear oversight of the Group's impact on the environment, society and economy as well as the sustainability and climate-related risks and opportunities arising from the Group's activities. This governance framework supports the alignment with both the Global Reporting Initiative's (GRI) impact materiality focusing on a broad range of stakeholder groups, and the SLFRS S1 and SLFRS S2 requirements on financial materiality focusing on investors and primary users of financial reports.

The governance structure ensures that the sustainability impacts on the economy, environment and society as well as SRROs/CRROs are embedded in operational decision-making, resource allocation and Group-wide performance management, while maintaining appropriate Board-level oversight.

Performance related to the Group's material sustainability impacts, SRROs/CRROs together with the effective mitigation actions and related metrics are communicated through a structured reporting cycle (dashboards, ERM reports, targeted briefings), with clear escalation to the appropriate decision-making level on a timely basis. Impact-related information, including material impacts identified across the value chain, is communicated through the same reporting mechanism, ensuring a unified governance and escalation framework for impacts, risks and opportunities.

The ESG and Sustainability Steering Committee will meet periodically and report to the GEC, highlighting key outcomes, recommendations, follow-up actions and emerging regulations and framework related developments relevant to sustainability and climate-related matters.

THE BOARD

The Board of Directors is responsible for overall governance and oversight of the Group's sustainability topics that have an impact on broader stakeholder groups, as well as the SRROs and CRROs, as set out in the Board Charter. The Board's responsibilities include:

- Overseeing the strategic direction and material sustainability impact topics, SRROs/CRROs, and considering their implications for long term value creation, approving related major sustainability commitments, including the climate ambitions and transition plans, and governance actions where required.
- Reviewing sustainability impacts, impact management and mitigation strategies, and SRROs and CRROs at Board meetings held quarterly, ensuring alignment with the Group's strategic direction and evolving external expectations.
- Ensuring adequacy of systems, policies, controls and capabilities to facilitate timely flow of decision-useful to the Board relating to sustainability impacts, SRROs and related performance metrics.

Information Flow and Frequency

The Board receives regular and structured information, primarily through the GEC, unless otherwise noted. These include:

- Quarterly reports on sustainability disclosures, internal controls and assurance outcomes.
- Consolidated Sustainability and ESG reports from the ESG and Sustainability Steering Committee via Board Papers.
- ERM reports incorporating climate-related risks within the Group risk register.
- Dashboards, sector summaries and ad hoc briefings on significant regulatory developments, sustainability matters or ESG-related incidents.

Historically, the Board has overseen sustainability impact management through the approval of Group policies, impact-based KPIs and oversight of capital allocation and operational initiatives. As the Group's climate ambitions are being developed, the Board's current focus includes assessment of emerging climate risks and integration of climate considerations into long-term strategic planning. The Board will review and approve the Group's climate ambitions and transition plan upon completion.

CORPORATE GOVERNANCE

Skills and Expertise
The Board's collective expertise across finance, strategy, risk management, governance, operations, technology and regulation, supported by structured briefings from the GEC, training programmes and engagement with external subject matter specialists, ensures robust oversight of the Group's impact management and SRROs/CRROs.

Following the implementation of SLFRS S1 and SLFRS S2, the JKH Group has further strengthened its sustainability governance architecture, including the development and enhancement of underlying frameworks, policies and processes. This has involved sustained engagement with management and cross-functional teams, dedicating significant time to building organisational understanding and capabilities, and establishing the foundational building blocks necessary to support robust, consistent and decision-useful sustainability reporting.

In parallel, the JKH Group Deputy Chairperson/Group Finance Director has participated in targeted training and knowledge-sharing engagements with external consultants and members of international sustainability standard-setting bodies, thereby further strengthening the Board's collective understanding of, and oversight over, evolving sustainability reporting and governance developments.

Refer to the Board Profiles section of this Report for further details from page 24 to 25.

Group Executive Committee (GEC)
In line with the Group's Operating Model, as further outlined in the Corporate Governance of this Report, the Board has designated the GEC as the principal governance body with delegated decision-making authority for the management and mitigation of sustainability impacts and SRROs/CRROs. The GEC ensures that sustainability impacts and SRROs/CRROs are appropriately incorporated into its meeting agenda for regular discussion and consideration.

The responsibilities of the GEC includes:

- Overseeing the Group's sustainability and ESG framework; including the approval of strategies, targets, policies and key sustainability disclosures.
- Ensuring integration of sustainability impact mitigation and SRROs/CRROs into strategic planning, ERM and long term value creation initiatives.
- Reviewing recommendations from the ESG and Sustainability Steering Committee to monitor and manage material stakeholder expectations, regulatory requirements and recognised good practice.
- Evaluating whether material sustainability impacts, dependencies and SRROs/CRROs are appropriately reflected in the Group's risk management framework and business strategy.
- Overseeing the integrity, completeness and consistency of internal and external sustainability reporting and ESG disclosures.

Information Flow and Frequency
The GEC receives structured quarterly updates on sustainability impacts, SRROs/CRROs, mitigation progress and related performance metrics; in addition, GEC receives annual updates on outcomes of materiality assessments, assurance requirements and key stakeholder insights. These updates are prepared by the ESG and Sustainability Steering Committee with inputs from the relevant sector GMCs.

Skills and Expertise
The GEC draws on the collective strength of its members, including expertise in governance, financial oversight and strategic leadership. Its competence is reinforced by structured updates from the ESG and Sustainability Steering Committee, including the inputs from the Sustainability function and the Working Groups on ambitions, as well as targeted capacity-building initiatives aligned to evolving priorities.

The GEC remains current with emerging sustainability and climate-related regulations, voluntary standards and reporting developments and, where specialist input is required, engages internal and external subject-matter experts. These arrangements enable the GEC to effectively evaluate material sustainability impacts and SRROs/CRROs, oversee execution of the Group's sustainability agenda, and to support robust, consistent and reliable sustainability and ESG disclosures.

ESG and Sustainability Steering Committee (ESSC)
The ESG and Sustainability Steering Committee serves as the structured conduit to the GEC, coordinating and operationalising the Group's sustainability and climate agenda. The Committee receives relevant information and updates from the Sustainability and ERM function as well as the respective sector level GMCs, as applicable.

The ESG and Sustainability Steering Committee is headed by the Deputy Chairperson/Group Finance Director. The committee convenes at least once a quarter or at appropriate intervals and otherwise as required.

The responsibilities of the ESG and Sustainability Steering Committee include:

- Consolidating value-chain and life-cycle analyses across sectors to identify key dependencies, impacts, risks and opportunities.
- Recommending Group-wide sustainability and ESG strategies, policies and targets to the GEC and Board for review and approval and supporting execution across sectors and functions.
- Monitoring Sustainability impacts and ESG/climate risks and opportunities, including reviewing the outcomes of impact and financial materiality assessments, and emerging sustainability related issues.
- Assessing the effectiveness of the sustainability governance structures, processes and controls; and supporting stakeholder engagement and disclosure readiness.
- Supporting compliance with Group-wide Sustainability and ESG policies, codes of conduct and relevant external standards.
- Ensuring that key stakeholder insights are appropriately reflected in the Group's sustainability priorities and decision-making.
- Reviewing disclosure readiness, including the adequacy of Sustainability and ESG-related reporting, and ensuring that relevant policies remain current, effective and fit for purpose.

Information Flow and Frequency
The ESG and Sustainability Steering Committee receives quarterly dashboards and formal reporting from Sector level GMCs to coordinate Group level oversight, including group-level risk reporting, sector ESG performance reviews, and updates on sustainability and ESG related disclosures, metrics, targets and methodologies.

Skills and Expertise
The ESG and Sustainability Steering Committee maintains and strengthens its collective competence through a combination of strong professional expertise and continuous development. This includes periodic briefings on emerging sustainability, climate and regulatory developments; participation in targeted training and internal capacity-building programmes; and engagement with internal and external subject matter experts. Drawing on access to multidisciplinary technical and sustainability knowledge within the Group, the Committee ensures that its approach to impact mitigation, target-setting, metrics, methodologies and disclosure requirements remains current and robust. This enables the ESG and Sustainability Steering Committee to effectively identify, assess and oversee the implementation of strategies to manage and mitigate sustainability-related impacts, risks and opportunities, review performance against established targets, and provide well-founded, informed recommendations to the GEC.

Management's Responsibilities and Role

Management is responsible for operationalising the Group's sustainability impacts and sustainability and climate-related strategies and initiatives through defined committees, reporting lines and internal controls. Execution is delegated to sector level GMCs, with oversight exercised through structured reporting as outlined previously.

Delegation and Oversight
Execution of sustainability impact management strategies, and sustainability and climate-related strategies and initiatives, is delegated to the industry group/sector level GMCs at a business level.

These GMCs play a central role in the Group's sustainability governance architecture by serving as the leadership bodies responsible for embedding sustainability impact management, SRROs/CRROs into operational and strategic decision-making. Their primary responsibility is to translate the Group's material Sustainability topics, ESG and climate ambitions set through the ESG and Sustainability Steering Committee, guided by GEC oversight and Board approval, into actionable, sector-specific strategies.

The responsibilities of GMC's include:

- Translating Group level sustainability priorities into sector-specific plans and roadmaps, by embedding long term sustainability value creation objectives and considerations into the sector business plan, budgets, operational enhancements and resource allocation decisions with clear ownership, timelines and performance indicators.
- Identifying SRROs and CRROs across the sector value chain; assessing associated sustainability impacts; and defining appropriate mitigation, adaptation or opportunity capture. This process

CORPORATE GOVERNANCE

is informed by business-level value chain and life-cycle assessments and supported by senior management review and approval.

- Monitoring emerging regulatory, market and technological developments; assessing implications for the sector; and strengthening readiness through targeted training and capacity-building initiatives, supported by documented policy and regulatory readiness tracking.

- Proposing sector level goals, targets and KPIs for Group-level consideration; establishing baselines and measurement methodologies; tracking and reporting progress; and validating the completeness, accuracy and credibility of sector data and supporting documentation to enable assurance readiness.

- Ensuring that sustainability impacts and SRROs/CRROs are explicitly considered in material investments, including implications for asset and supply-chain resilience, operating costs, value creation, transition alignment and key implementation dependencies, with documented trade-offs and mitigation measures presented for decision-makers.

- Reviewing sector sustainability reporting inputs and escalating material matters, including significant impacts, incidents, emerging risks or material deviations, in accordance with established reporting and escalation procedures.

The GMCs will take these sustainability related matters up at least quarterly with the above responsibilities forming standing agenda items.

Oversight of business level execution is exercised through a structured escalation framework as follows:

- Sector GMCs submit quarterly updates to the ESG and Sustainability Steering Committee covering sector performance, sustainability impacts, changes in SRROs and CRROs, emerging issues and progress against key deliverables.

- The ESG and Sustainability Steering Committee consolidates sector insights, applies cross-Group consistency checks, and elevates material matters and recommendations from a double materiality perspective to the GEC.

- The GEC reviews material items and strategic implications and escalates issues to the Board where strategic direction or significant decisions are required.

This governance approach ensures that sector-level execution remains closely connected to Group-level oversight and decision-making, with clear escalation pathways for material sustainability impacts, SRROs and CRROs, enabling the preparation of transparent, decision useful sustainability and climate-related disclosures.

Controls and Procedures

Sustainability impacts, and Sustainability and Climate-related information, are identified and captured at the business unit level and channelled through a defined reporting pathway, assessed from both an impact and financial materiality perspective, are escalated in accordance with the Group's sustainability governance framework and ERM processes. Management uses formal controls and procedures to support effective oversight of the Sustainability Management Framework, integrated ESG data management systems, internal audit and assurance processes, cross-functional coordination mechanisms, and standardised risk identification, assessment and reporting practices. These controls are designed to support data quality, consistency, accountability and decision readiness across the governance structure.

Integration into Strategy and Decisions

The Board considers sustainability impacts, CRROs and SRROs as part of its oversight of the Group's overall strategy, major decisions and Group risk management framework and impact mitigation activities. In doing so, the Board considers how these matters may influence the Group's business model, its corporate responsibility efforts, ensuring that impacts on the economy, environment and society are managed, ensuring organisational resilience and long term value creation, and ensuring they are addressed through appropriate governance, policies and management actions.

The GEC assesses sustainability impacts, CRROs and SRROs when developing and refining the Group's strategic priorities. This includes evaluating how sustainability impacts, CRROs and SRROs may affect long term competitiveness across business units, considering opportunities related to energy efficiency,

resource optimisation, and emerging regulatory expectations and assessing the readiness of business units to support future climate ambitions, whilst ensuring responsible business operations meeting the expectations of a broad stakeholder groups including but not limited to investors.

When evaluating material investments, the GEC assessment will include exposure to physical and transition climate risks, potential impacts on operating costs, asset resilience, and long term value and alignment with emerging climate-related commitments. These evaluations also consider material impacts on society and the environment, including potential trade-offs between short term financial performance and longer term impact-related outcomes.

The ESG and Sustainability Steering Committee translates Group priorities into sector-level actions, decision inputs and performance monitoring. It provides the GEC with structured analysis by consolidating cross-functional insights from operational leaders and functional experts (including finance, risk, legal/ compliance, HR and operations), ensuring recommendations reflect both execution realities and governance expectations.

In practice, the ESG and Sustainability Steering Committee supports strategy by:

- supporting sector plans and key initiatives to ensure they are aligned to Group Sustainability and ESG priorities and identifying delivery gaps.
- assessing emerging SRROs and CRROs and translating these into clear implications for business plans; and
- ensuring that material investment include decision-useful sustainability inputs - such as key impacts on broader stakeholder Groups, SRROs/CRROs affecting business operations, implementation readiness, data and metrics considerations, and proposed mitigation strategies.

When material investments are reviewed, the ESG and Sustainability Steering Committee applies a consistent evaluation lens to surface what management needs to address before decisions are taken - e.g. impact to key stakeholders, society and the environment, organisational resilience considerations, cost and feasibility implications, delivery dependencies and reporting requirements. The ESG and Sustainability Steering Committee also supports the quality of trade-off discussions by setting out practical options and helping decision-makers balance short term performance with longer term commitments and risk exposure.

Targets, Monitoring, and Remuneration

The Board of Directors oversees the development of targets related to the Group's sustainability impact topics, SRROs and CRROs and monitors progress toward those targets as they are established. The Board has delegated responsibility for the formulation and operationalisation of such targets to the GEC in collaboration with the ESG and Sustainability Steering Committee and sector GMCs, who are currently leading the development of the Group's sustainability impact targets including its climate ambitions and associated performance indicators.

During the 2025/26 reporting cycle and going forward, the GEC's focus through the ESG and Sustainability Steering Committee is on validating baseline metrics and assessing the feasibility of future targets, with periodic updates provided to the Board to support oversight and decision-making.

As permitted under SLFRS S1 transition reliefs, the Group has not yet introduced climate-related targets or linked remuneration metrics to such specific aspects although the broader ESG considerations form part of the key strategic priorities for key executives; however, the Board and the Human Resources and Compensation Committee (HRCC) shall evaluate how future sustainability-related performance measures may be incorporated into executive remuneration frameworks once targets are finalised.

The Board, through the HRCC, shall review and approve the integration of such metrics into remuneration policies when the Group's climate ambitions, and transition pathways are developed by the ESG and Sustainability Steering Committee and approved following the Group approval matrix.

CORPORATE GOVERNANCE

ASSURANCE MECHANISMS

The Assurance Mechanisms comprise of the various supervisory, monitoring and benchmarking elements of the KFP Group Corporate Governance System which are used to measure actuals against plan with a view to highlighting deviations, signalling the need for corrective action, and quick redress when necessary. These mechanisms also act as safety nets and internal checks in the Governance system. The KFP Group also conducts internal and external audits on a periodic basis, with a minimum frequency of once per year.

As outlined in the ensuing sections, the KFP Group has various mechanisms in place for concerns to be escalated and raised to the GEC or to the Board as relevant and required. Other than matters on significant transactions linked to the operations of the KFP Group, no critical concerns which have a material adverse effect on the KFP Group were raised during the year.

KEY INTERNAL POLICIES

The KFP Group maintains a robust set of internal policies and implementation procedures and any changes to such polices shall be communicated to the stakeholders as relevant. The Board delegates the responsibility for monitoring compliance with such policies to the Chairperson or relevant Board Committees. The Board shall monitor adherence to the policies and where relevant, will inquire into and take requisite steps to address any material departures.

The KFP Group's policies are available to all employees via the KFP Group's employee portal, and such policies are made available to the shareholders upon a written request. These policies are approved by the Group Executive Committee with Board oversight.

Key Internal Policies of the KFP Group:

- Policy on Conduct and Business Ethics supported by the:
  - Code of Conduct, encompassing policies on gifts, entertainment, facilitation payments, the protection of proprietary, confidential and personal information, insider trading and conflicts of interest.
  - Supplier Code of Conduct
  - Policy on diversity, equity and inclusion, including a gender policy
  - Policies on equal opportunities, non-discrimination, career management and promotions, including on employees with disabilities
  - Policies on Information Technology (IT), classification of information assets, Personal Data protection and security
  - Policy on communications and ethical advertising, complemented by social media and crisis communication guidelines
  - Policy against sexual harassment
- Policy on Corporate Governance
- Policies at a Board level, including the Policy on Matters Relating to the Board of Directors (BoD)
- Policy on Board Committees
- Policy on Nominations and Re-election
- Policy on Remuneration
- Recruitment and selection, rewards and recognition, and learning and development polices
- Leave (which also encompasses the equal parental leave), flexi-hours, tele-working and agile working policies including health and safety enhancements and protocols
- Policy on forced, compulsory child labour and child protection
- Group accounting procedures and policies
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on the Engagement of the External Auditor for Non-Audit Services
- Policies on fund management and foreign exchange risk mitigation
- Environmental, Social and Governance (ESG) Policy and the Group's sustainability policies including policies on energy, emissions, water, waste management and biodiversity conservation
- Policies on products and services
- Enterprise Risk Management and Internal Controls Policy
- Policy on Anti-Bribery, Anti-Corruption, Anti-Fraud, Anti-Money Laundering, Anti-Terrorism and Proliferation Financing and Sanctions.
- Policy on Corporate Disclosures and Relations with Shareholders and Investors
- Policies on Whistleblowing (Speak up Policy), grievance handling and disciplinary procedures, including the Ombudsperson policy

No other material changes were made to the Group policies during the reporting period, and all the policies were complied with and no waivers from compliance or exemptions for the internal code of conduct and business ethics were granted during the year under review. The Group is in the process of making available all applicable policies in the public domain.

During the year under review, the Group strengthened its ESG Policy in alignment with the implementation of SLFRS S1 and SLFRS S2 disclosure requirements. The policy was updated to reflect the governance and process enhancements introduced as part of the implementation of these standards.

The Code of Conduct

The Code of Conduct acts as a vital conduit between the Group's overarching governance framework (which includes the Group's internal policies) and its employees, as it is the primary tool that operationalises the governance framework.

During the year the Group revisited and updated its Code of Conduct to provide employees with a clearer, more comprehensive, and practical guide that reflects the evolving regulatory landscape, strengthened compliance requirements, and emerging environmental and workplace considerations. The updated Code addresses issues most relevant to employees and reinforces the Group's core values of Integrity, Trust, Excellence, Caring, and Innovation, promoting ethical behaviour, accountability, and a culture of responsible business practices across the organisation.

The Code of Conduct is incorporated as part of the contract of employment of every employee. For new joiners in the executive and above levels, the content of the Code of Conduct and Group policies is covered via an induction to the Group and a mandatory e-learning module whilst copies of the Code are available in Sinhala and Tamil languages for employees who are more conversant in those languages.

Through the Code of Conduct, all Group policies apply to all employees and Directors. The Company Leadership, both the Board of Directors and the Group Executive Committee, spearheads the implementation of the Code.

The objectives of the Code of Conduct are strongly affirmed by the strong set of values and 4 key principles, which are enumerated below, and are well institutionalised at all levels within the Group through structured communication.

The Company and the KFP Group abide by the JKH Code of Conduct.

JKH Code of Conduct

- Allegiance to the Company and the Group, that ensures the Group will do the right thing, by going further than the letter of any contract, the law and the Group's written policies.
- Compliance with rules and regulations applying in the territories that the Group operates in.
- Conduct all businesses in an ethical manner at all times in keeping with acceptable business practices, and demonstrate respect for the communities the Group operates in and the natural environment.
- Exercise professionalism and integrity in all business and public personal transactions.

Employee alignment with these values and key principles, as well as their adherence to the JKH Code of Conduct, are integral factors in the Group's reward and recognition programs.

The Group Values continue to be consistently referred to by the Chairperson, Presidents, Sector and Business Unit Heads during employee and other key stakeholder engagements, in order to instil these values in the DNA of the employees.

The KFP Group Values are found in the Our Values section of the Annual Report– page 3.

Deep-dive into Giving and Receiving Gifts, Favours and Entertainment:

The Group's policies prohibit the giving or receiving of gifts, entertainment or favours where a reasonable person could perceive a risk to independence or impartiality or view it as an inducement for an official or business favour. This covers interactions with clients, service providers, customers, business associates, political parties, or any stakeholder and also applies to charitable donations and sponsorships. Any modest gifts or tokens of appreciation, whether given or received, are permitted when aligned with business exigencies and provided they are well-intentioned, without ulterior motives or personal gain. All such gifts must be reported to the relevant Finance Head (Chief Financial Officer or Sector Financial Controller) for clearance and are centrally recorded and monitored.

During the year under review, no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices has been recorded.

CORPORATE GOVERNANCE

INDEPENDENT DIRECTORS

Independent Directors represent more than one third of the Non-Executive Directors on the Board to preserve corporate governance as stake holders need an independent party to voice their concerns on a confidential note.

CHAIRPERSON DIRECT

The JKH Group has a formal mechanism in place that enables both shareholders and employees to directly communicate with the Chairperson via email regarding any critical grievances or concerns. This platform ensures transparency, accountability, and open dialogue, allowing stakeholders to voice their issues in a structured and confidential manner.

BOARD COMMITTEES

The Board Committees play an important supervisory and monitoring role by focusing on the designated areas of responsibility passed to it by the Board.

For more information refer the Board Committees section – Page 103-111.

EMPLOYEE PARTICIPATION IN ASSURANCE

The KFP Group is continuously working towards introducing innovative and effective modes of employee communication and employee awareness. The importance of communication – top-down, bottom-up, and lateral – in gaining employee commitment to organisational goals has been conveyed extensively through various communications issued by the Sector president and the management. Whilst employees have many opportunities to interact with senior management, the Group has created the ensuing formal channels for such communication through feedback, without the risk of reprisal.

- Skip level meetings
- Exit interviews
- 360 degree evaluation
- Employee surveys
- Monthly staff meetings
- Chairperson-Direct
- Ombudsperson
- Continuous reiteration and the practice of the Open-Door policy

Additionally, the KFP Group continued with its policies on whistleblowing and securities trading. The Group has witnessed an increased level of communication flow from employees. Such communication and feedback received from the employees by the management are recorded, irrespective of the level of anonymity, and subsequently discussed and followed up, to the extent possible, to ensure two-way communication. The respective outcomes are duly recorded.

INTERNAL CONTROLS

The Board has taken necessary steps to ensure the integrity of the Group's accounting and financial reporting systems, and internal control systems remain robust and effective via the review and monitoring of such systems on a periodic basis.

Internal Compliance

A quarterly self-certification programme requires the Presidents, and Chief Financial Officers of the KFP group to confirm compliance with statutory and other regulatory procedures, and also to identify any significant deviations from the expected norms. The compliance statement which gets collated every quarter and tabled at the respective Audit Committee meetings are subject to periodic review and where applicable revised, to reflect and capture any material changes that drive the macro and micro operating contexts, for reporting and monitoring purposes.

System of Internal Control

The Board has taken steps to obtain assurance that systems, designed to safeguard the Company's assets and provide management information, are functioning according to expectations and proper accounting records are in place through the involvement of the Group Business Process Review function.

This also entails automated monitoring and workflow based escalation in order to facilitate timely clearing of all transactional entries including complete reconciliation, unreconciled and open entries being flagged and periodically scrutinised, and formal disclosure being made to the relevant Audit Committees, efficient management and tracking of cash and cheques deposits, in line with international best practice. This also enables the continual streamlining and optimisation of the Internal Audit function via identification of focus areas, improvement opportunities and feedback reporting in order to reinforce governance and assurance.

The JKH Group has in place two integrated frameworks, the Fraud Deterrent and Investigation Framework and the Process Review Framework that complement each other to strengthen the Group's effort to promote anti-fraud, anti-corruption and anti-bribery by proactively recognising the changing context and operating landscape. The integrated fraud deterrent and investigation framework, which enables an integrated platform for handling all aspects of fraud and stakeholder assurance, reinforces uniformity across common processes in matters relating to fraud, employs a data-driven approach to the continuous assessment of control efficacy and assesses and deploys appropriate preventive and detective controls against frauds. The Integrated Process Review Framework provides

an innovative approach to internal audits, which enables audits to be specific and highly focused on matters relevant to a business entity. Emphasis is placed on use-cases and events stemming from the current business strategy, which must be facilitated by participating processes, systems, and personnel which form micro-value chains with special attention to the efficacy of control and its placement to ensure the integrity of transactions as each traverses through each micro-value chain, at the time of audit reviews.

The digital system implemented for quarterly financial and operational information management continues to perform as per expectations facilitating data capturing for compliance reporting, providing a sustainable and structured mechanism to enable top-down and bottom-up stakeholder engagement, and tracking the progression of how the compliance posture at an entity level has evolved, among others. The Forensic Data Analytics platform feeds into Internal Audit Scoping and continues to be used to identify areas for process optimisation, strengthening controls and in feedback reporting to reinforce governance (management) and assurance structures.

Initiatives to Strengthen Internal Controls

- In alignment with the Group's migration to SAP S/4HANA (RISE), a high-level review of the authorisation matrix was executed to validate access levels, address any anomalies and ensure secure and consistent user access controls. By addressing these prior to go-live, the Group ensured a smooth transition while safeguarding system security and the integrity of its controls.
- Strengthened its risk governance capabilities through the continued development of an Integrated Credit Risk Intelligence System under the Group-wide Forensic Data Analytics Platform initiative. The system enables a shift from reactive to proactive risk management by providing timely insights on customer creditworthiness, portfolio concentration risks, collections prioritisation, and sector-level risk trends, thereby supporting faster and more informed credit decisions. Designed with strong governance and accuracy controls, the system incorporates safeguards to validate model outputs against underlying data to ensure reliability and auditability.
- In parallel, a structured review of key operational processes was initiated - including Order-to-Cash, Procure-to-Pay, and Record-to-Report cycles - to identify opportunities for automation, digital reengineering, and improved data integrity across shared services, reinforcing the Group's commitment to data-driven decision-making and responsible governance.
- Enhanced its Business Continuity Management (BCM) framework, adopting a structured, process-driven approach to safeguard operational resilience and protect stakeholder interests, while aligning with globally recognised standards such as ISO 22301:2019 and best practices recommended by Disaster Recovery Institute International (DRI). The framework incorporates proactive risk mitigation measures, regular testing, and governance oversight to support the uninterrupted functioning of critical operations during periods of disruption.
- Continued to strengthen its data governance framework to ensure compliance with the Personal Data Protection Act No. 09 of 2022, aligning practices with internal data protection principles and globally recognised standards.
- Dedicated Data Protection Officers (DPOs) are in place across industry groups, with oversight of data protection practices within their respective domains. DPOs report to Sector Data Governance Leads and Presidents and are supported by a Data Governance Steering Committee, which provides strategic direction and oversight.

  Building on the previously completed gap analysis by external consultants, the Group continued to enhance its technical, security, and organisational controls during the year. Compliance is monitored through structured reporting channels, with regular updates submitted by DPOs and periodic reporting to the Audit Committee on compliance status, emerging risks, and ongoing improvements.

  The Group also continues to monitor regulatory developments and engage with the Data Protection Authority of Sri Lanka to ensure alignment with evolving requirements. No substantiated complaints relating to breaches of customer privacy or loss of customer data were reported during the year.

CORPORATE GOVERNANCE

The risk review programme covering the internal audit of the whole Group is outsourced. Reports arising out of such audits are, in the first instance, considered and discussed at the business/ functional unit levels and, after review by the President of the industry group, are forwarded to the relevant Audit Committee on a regular basis. Further, the Audit Committees also assess the effectiveness of the risk review process and systems of internal control on a regular basis.

Segregation of Duties (SoD) under Sarbanes-Oxley (SOX)

The KFP Group recognises the importance of ensuring that no individual has excessive system access to execute transactions across entire or several business processes which have critical approval linkages. With growing reliance on information technology and integrated financial controls, there is an increased risk of unintended exposures within the Group. SoD dictates that problems such as fraud, material misstatements and manipulation of financial statements have the potential to arise when the same individual is able to execute two or more conflicting, sensitive transactions. Separating disparate jobs into task-oriented roles can often result in inefficiencies and costs which do not meet the cost versus benefit criteria. Whilst the attainment of a zero SoD conflict state is utopian, the Group continues to take steps to identify and evaluate existing conflicts through the maintenance and monitoring of a SoD matrix with defined parameters for identifying, approving and reporting on conflicting roles and how they are dealt with. The residual risks are then reduced to an acceptable level under a cost versus benefit rationale. No material conflicts were reported during the year.

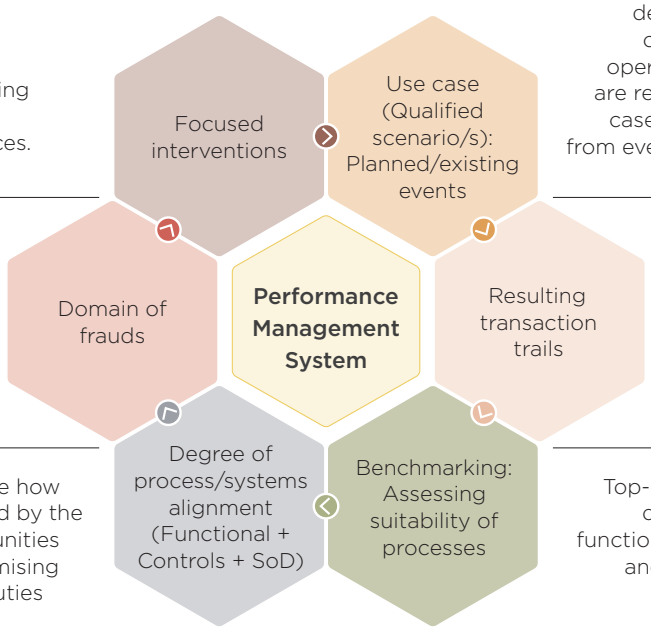
Internal Audit

The ensuing diagram provides a helicopter view of the Internal Audit Approach that has been rolled out within the KFP Group. Central to this approach is the business strategy and how the current processes, systems, and people are geared to efficiently and effectively handle the deliverables of the current business strategy at the time of review. The outer elements reflect the reporting elements which are noted in audit reports, either as observations and/or value-added recommendations.

The New Internal Audit Approach: Continuous Emphasis on Context

Prompt active engagement based on prioritised remediation for identified opportunities for continuous improvement of existing processes, systems, standard operating procedures and practices.

Central to this approach: Auditor determines how geared the factors of Process, Systems, and standard operating procedures are aligned and are ready to facilitate predominant use cases [specific scenario(s)] that stem from events occurring, consequent to the current business strategy.



Disclosure of a qualified list of fraud that the process is assessed for its susceptibility and is based on authoritative sources such as Association of Certified Fraud Examiners (ACFE), and amongst others, Global knowledge resources of Audit firms.

Transactions resulting from events are scrutinised, anomalies identified, and root causes (contributory effect of Process, Systems, People), and its potential impacts to the business are prioritised for further deliberation.

Bottom-up evaluation : Determine how well process controls are enforced by the system(s) in use, identify opportunities for process automation and optimising enforcement of segregation of duties (SoD) to enhance efficiencies.

Top-down assessment: Efficacy of the design and placement of process/ functional controls are validated/verified and benchmarked with contextually relevant best practice.

KFP Group maintains an in-house Internal Audit team to address operationally specific requirements that demand industry specific knowledge, while an outsourced Internal Auditor is engaged for selected, specialised engagements.

FORENSIC DATA ANALYTICS TO IDENTIFY ANOMALIES AND FACILITATE BEHAVIOURAL OVERSIGHT

Traditionally, internal auditing followed an approach which was based on a cyclical process that involves manually identifying control objectives, assessing and testing controls, performing tests, and sampling only a relatively small population of the dataset to measure control effectiveness and operational performance. Today, the KFP Group operates in a complex and dynamic business environment where the number of transactions has increased exponentially over the years, and traditional cyclical/sample based internal auditing techniques are becoming less effective. As such, the Group continues to use big data analysis techniques on the total data using standard deviations, z-scores and other statistical measures in establishing real-time, user-friendly outlier identification and early warning triggers.

Forensic Data Analytics

The KFP Group continues to strengthen its use of forensic data analytics as a key mechanism to enhance financial governance and risk oversight. The system facilitates the identification and investigation of unusual transactions within large data populations through the application of well-established analytical algorithms, enabling timely management attention and reinforcing process and system controls to safeguard transaction integrity.

A critical success factor of this oversight mechanism is the deployment of advanced machine learning algorithms that are continuously calibrated to reflect the operating conditions of each business. This enables the system to remain relevant and insightful, enhancing its effectiveness in supporting Continuous Controls Monitoring (CCM), enabling early detection of anomalies, and creating opportunities for optimisation and proactive intervention.

As part of this initiative, the Group continues to enhance its Forensic Data Analytics platform for automated Transaction Outlier Detection, which monitors datasets relating to accounts payable, accounts receivable, the general ledger, and other financial transactions. The system detects anomalies and routes alerts to Management for timely review and response, functioning as a robust oversight tool that helps deter fraud while further strengthening the overall control environment.

OMBUDSPERSON

The Group has appointed an Ombudsperson to serve as an independent, impartial, and confidential channel for addressing complaints, disputes, or grievances raised by employees, stakeholders, or other parties in relation to alleged violations of the Code of Conduct. The Ombudsperson complements existing mechanisms such as Chairperson Direct and formal whistleblowing channels and may be approached where concerns are not addressed satisfactorily through internal processes.

The findings and the recommendations of the Ombudsperson, subsequent to an independent inquiry, are confidentially communicated to the Chairperson, upon which the involvement of the Ombudsperson ceases.

On matters referred to him by the Ombudsperson, the Chairperson will place before the Board:

i. the decision and the recommendations.

ii. action taken based on the recommendations.

iii. where the Chairperson disagrees with any or all of the findings and or the recommendations thereon, the areas of disagreement and the reasons thereof.

In situation (iii), the Board is required to consider the areas of disagreement and determine the way forward. The Chairperson is expected to take such steps as are necessary to ensure that the complainant is not victimised, in any manner, for having invoked this process.

The Ombudsperson also provides periodic reports to the Board or the Audit Committee, including a summary of the number and nature of complaints received, investigation outcomes, and recommendations for systemic improvements, without disclosing personal or confidential information unless required by law. Safeguards have been established to ensure that complainants are not subjected to victimisation for invoking this process.

The current Ombudsperson is an attorney-of-law by profession. Typically, the appointment of the Ombudsperson is for a fixed term between three to five years, which may be renewed at the option of the Board.

CORPORATE GOVERNANCE

Mandate and Role
For purposes of easy reference, Ombudsperson's mandate and role:

(a) legal and ethical violations of the Code of Conduct for employees, but in an appellate capacity, when a satisfactory outcome using existing procedures and processes has not resulted or when the matter has been inadequately dealt with;

(b) violations referred to above by individuals at the Executive Vice President, President and Executive Director levels, including that of the Chairperson-CEO, in which case the complainant has the option of either complaining to the Ombudsperson in the first instance, or first exhausting the internal remedies;

(c) sexual harassment, in which event the complainant has the option of either complaining to the Ombudsperson in the first instance or first exhausting the internal remedies.

The mandate excludes disciplinary issues from the Ombudsperson's responsibilities. The right to take disciplinary action is vested exclusively in the Chairperson-CEO and those to whom this authority has been delegated.

During the period under review, one procedural complaint was received by the Ombudsperson, citing a delay in adhering to internal processes in addressing the issue in a timely manner. This matter has since been addressed and closed as at 15th May 2026, being the date of this report.

No other issues that fall under the purview of the Ombudsperson have been brought to the attention of the Ombudsperson during the financial year that would indicate mismanagement, unfair treatment, or justified discontent on the part of any employee or ex-employee.

Ombudsperson
15th May 2026

EXTERNAL AUDIT

Ernst & Young are the external auditors of the Company as well as the subsidiaries and audit the consolidated Financial Statements of the KFP Group. The appointment/ re-appointment of the auditors was recommended by the individual Audit Committees to their respective Boards of Directors.

In addition to the normal audit services, Ernst and Young and the other External Auditors, also provided certain non-audit services to the KFP Group. However, the lead/ consolidating auditor would not engage in any services which are in the restricted category as defined by the CSE for External Auditors. All such services have been provided with the full knowledge of the Audit Committee and are assessed to ensure that there is no compromise of External Auditor independence.

The audit and non-audit fees paid by the Company and Group to its auditors are separately classified in the Notes to the Financial Statements of the Annual Report.

GOVERNANCE OUTLOOK AND EMERGING CHALLENGES

Operating in a volatile and evolving global geo-political and local socio economic environment, the Group recognises the importance of maintaining a strong and effective corporate governance framework. Robust governance underpins accountability, transparency, fairness and sustainable value creation for stakeholders. The Board continues to assess governance readiness against emerging internal and external challenges, while aligning practices with global best standards. The key governance focus areas and challenges being continuously addressed by KFP Group are outlined below.

Board Diversity and Succession Planning

KFP values Board diversity and strives to attract skilled Directors who align with its vision and values, while understanding the complexities of its diverse business interests. The Group believes diversity enhances stakeholder insights and responsiveness. Efforts are focused on recruiting qualified individuals from various demographics, experiences, and backgrounds, all within a strong culture of meritocracy. Considering the diversity of the Group and the institutional knowledge, proactive succession planning of the Board and, more importantly, key executive leadership will enable continuity of strategy, governance and culture of the business

Board Independence

Board independence holds significant value for stakeholders, stock exchanges, and regulatory bodies globally. KFP Group emphasises the need for effective structures and nomination processes to foster independent decision-making and minimise conflicts of interest.

While criteria for defining Board independence vary across countries, evidence suggests that a combination of checks and balances, such as assurance mechanisms, comprehensive evaluations, and Independent Director led engagements, can enhance governance without compromising corporate operations. KFP Group remains committed to strengthening Board independence while aligning with its diversified conglomerate operating model.

Beneficial Ownership of the Company

While the Group does not have a controlling shareholder or any shareholder interest represented on the JKH Board, the KFP Group recognises that beneficial ownership disclosure is critical to transparency and stakeholder trust and has proactively begun collating and preliminarily verifying relevant information. The Companies Act (Amendment) No. 12 of 2025 introduced mandatory beneficial ownership requirements effective from 30 March 2026 onwards. The Group continues to engage with shareholders and monitor regulatory developments to ensure full compliance with the framework.

Anti-Fraud, Anti-Corruption and Anti-Bribery and Financial Crime Compliance

The KFP Group enforces a zero-tolerance stance on fraud, bribery, corruption, and financial crime through its Code of Conduct and comprehensive compliance policies. Ongoing monitoring and remediation processes support the ethical conduct and behaviours.

The KFP Group continues to work with the Financial Intelligence Unit of Sri Lanka to further strengthen its compliance framework and enhance monitoring and coordination in the implementation of Anti-Money Laundering, Counter-Terrorism Financing and Counter-Proliferation Financing measures, recognising the broader implications for the country.

Additionally, the KFP Group continuously enhances its monitoring and resolution processes for Code of Conduct deviations.

There were no material incidents of corruption reported during the year by the KFP Group.

Increasing Emphasis on Environmental, Social and Governance (ESG) Aspects

ESG considerations continue to gain prominence among investors, regulators and other stakeholders. The Group integrates ESG factors into strategy, operations and decision making to support sustainable growth, responsible resource management, stakeholder well being and strong governance.

Material ESG priorities have been identified through sector specific studies, stakeholder engagement and benchmarking exercises. Following the release of IFRS S1 and S2 by the International Sustainability Standards Board and their localisation to SLFRS S1 and S2 by CA Sri Lanka, KFP Group implemented the standards during the year under review.

Continual Strengthening of Internal Controls

The Group continues to strengthen its internal control environment by integrating financial, operational and technology enabled controls in line with international best practice. These initiatives are intended to improve efficiency, enhance oversight, strengthen fraud detection and prevention, and enable data driven monitoring and compliance. The implementation of SAP Rise and the related system enhancements will also facilitate further improvement in the Group's internal control and monitoring environment.

Continuous strengthening of internal controls through a structured process that optimises and facilitates process audit information, lifecycle management and related processes are expected to:

- eliminate inefficiencies inherent in manual processes.
- provide a platform based on process enforcement.
- enable management follow-up based on centrally held data in a compliance repository.
- identify trends, action taken, effectiveness and opportunities for process improvement by analysing movement of the compliance posture.
- strengthen the Group's ability to prevent and detect fraud.
- leverage data analytics and technology to raise alerts.

Digital Oversight and Cyber Security

As digitalisation expands across operations, the KFP Group recognises increased exposure to cyber and technology related risks. The Board and Audit Committee place significant emphasis on digital oversight, cyber security and data protection, with these matters periodically reviewed to ensure the adequacy of infrastructure, controls and risk mitigation measures.

Data Protection, Information Management and Adoption

The Group embeds a strong culture of data privacy and responsible data stewardship, aligned with the Personal Data Protection Act No. 09 of 2022. Governance is supported by robust policies, security controls, role-based access, training, and oversight by designated Data Protection Officers and the Group Data Governance Steering Committee. Continuous enhancements are guided by

CORPORATE GOVERNANCE

external assessments and regulatory developments, and no substantiated customer data breaches or data losses were reported during the year. The requirements under data protection laws will necessitate that businesses devise their strategies and stakeholder engagements in a manner that complies with the law while enabling better insights and understanding of its stakeholder needs.

Greater Employee Involvement in Governance

The KFP Group recognises employees as a critical pillar of effective governance. Ongoing training on the Code of Conduct and governance policies, strengthened performance management processes, enhanced communication and increased empowerment are used to reinforce accountability, ethical behaviour and engagement across the organisation.

Need for Increased Transparency

Transparency remains an evolving journey driven by changing regulations, global best practice and stakeholder expectations. Open, balanced and relevant reporting strengthens trust, credibility and organisational legitimacy, while supporting informed stakeholder decision making. The Group continues to enhance transparency in a manner that prioritises material information and long term value creation.

Geopolitical Risk and Resilience

Global volatility and heightened geo-political risks have required businesses to reinforce risk management processes. While Sri Lanka has developed the necessary macro-economic buffers to withstand external shocks, more frequent or prolonged global volatility will create the need for building resilience in the business model and value chains of corporates. Given the experience from the economic crisis, certain business resilience plans are in place while the emerging global trends will need to be continuously monitored to assess the impact on the country and the macro environment.

COMPLIANCE SUMMARY

The KFP Board, through its operating structures, strived to ensure that the Company and all its subsidiaries and associates complied with the laws and regulations of the countries they operated in. Accordingly, the KFP Group complied with all applicable laws and regulations of the countries it operates in, including anti-corruption and anti-bribery laws.

The Board of Directors also took all reasonable steps in ensuring that all financial statements were prepared in accordance with the Companies Act No 7 of 2007, the Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by CA Sri Lanka, Sri Lanka Sustainability Disclosure Standards and the requirements of the CSE and other applicable authorities. Information contained in the financial statements of the Annual Report is supplemented by a detailed Management Discussion and Analysis which explains to shareholders the strategic, operational, investment, sustainability and risk related aspects of the Company, and the means by which value is created and how it is translated into the reported financial performance and is likely to influence future results.

Statement of Compliance pertaining to the Companies Act No. 7 of 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

Section		Compliance Status	Reference	Pages
168 (1) (a)	The nature of the business of the Company or classes of business in which it has an interest together with any change thereto	Yes	Management Discussion and Analysis, Annual Report of the Board of Directors	28, 219
168 (1) (b)	Signed financial statements of the Group and the Company	Yes	Financial Statements	234-293
168 (1) (c)	Auditors' Report on Financial Statements	Yes	Independent Auditors' Report	231-233
168 (1) (d)	Accounting policies and any changes thereto	Yes	Notes to the Financial Statements	241-293

Section		Compliance Status	Reference	Pages
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors	223
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements	265
168 (1) (g)	Total corporate donations made by the Company	Yes	Notes to the Financial Statements	265
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Annual Report of Board of Directors	222
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements	265
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries (other than as auditor)	Yes	Report of the Audit Committee	229
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements/Annual Report of the Board of Directors	226, 236
168 (2)	Information specified in paragraphs (b) to (j) of subsection (1) in relation to Subsidiaries	Yes	Financial Statements/Annual Report of the Board of Directors	219, 280

Statement of Compliance under Section 7 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

MANDATORY PROVISIONS - FULLY COMPLIANT

Section		Compliance Status	Reference	Pages
7.5 a (i)	The Annual Report shall comply with applicable regulatory requirements and include audited Financial Statements prepared in accordance with Sri Lanka Accounting Standards and Sri Lanka Auditing Standards, together with disclosures prepared in accordance with Sri Lanka Sustainability Disclosure Standards.	Yes	Independent Auditor's Report and Independent Assurance Statement	231-233

CORPORATE GOVERNANCE

Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule		Compliance Status	Reference	Pages
(i)	Names of persons who were Directors of the Company	Yes	Board of Directors	24-25
(ii)	Principal activities of the Company and its subsidiaries during the year, and any changes therein	Yes	Management Discussion and Analysis, Annual Report of the Board of Directors, Financial Statements and Notes to the Financial Statements	28, 219, 241
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR and the percentage of such shares held	Yes	Your Share in Detail	294-295
(iv)	a) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Companies complies with the Minimum Public Holding requirement in respect of voting ordinary shares	Yes	Your Share in Detail	294-295
	The public holding percentage in respect of non- voting Shares (where applicable)	Not Applicable		
	b) The public holding percentage in respect of Foreign Currency denominated Shares	Not Applicable		
(v)	A statement of each Director's holding of the Company at the beginning and end of each financial year	Yes	Annual Report of the Board of Directors	222
(vi)	Information pertaining to material foreseeable risk factors of the Company	Yes	Enterprise Risk Management Report	155-168
(vii)	Details of material issues pertaining to employees and industrial relations of the Company	Not Applicable	During the year 2025/26, there were no material issues pertaining to employees and industrial relations of the KFP Group	
(viii)	Extents, locations, valuations and the number of buildings of the Company's land holdings and investment properties	Yes	Group Real Estate Portfolio	298
(ix)	Number of shares representing the Company's stated capital	Yes	Your Share in Detail	294-295

Rule		Compliance Status	Reference	Pages
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Your Share in Detail	294-295
(xi)	Ratios and market price information	Yes	Notes to the Financial Statements	294-295, 297
(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	Yes	Notes to the Financial Statements	274
(xiii)	Details of funds raised through a public issue or further issue of securities, the manner in which the funds of such issue have been utilised, details of the number of securities, class and consideration received and the reason for the issue and any material change in the use of funds	Not Applicable	Corporate Governance, / Notes to the Financial Statements	
(xiv)	Information in respect of Employee Share Ownership or Share Purchase Schemes	Yes		284-286 88-154
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Yes		
(xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Company as per audited financial statements, whichever is lower, with requisite details	Yes	Annual Report of the Board of Directors Notes to the Financial Statements	221, 290
(xvii) to (xxii)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds, Compliant Debt Securities and/or High Yield Corporate Debt Securities listed on the CSE	Not Applicable		

CORPORATE GOVERNANCE

Statement of Compliance under Section 9 of the Listing Rules of the CSE on Corporate Governance

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule		Compliance Status	Reference	Pages
9.1 Corporate Governance Rules				
9.1.3	A statement confirming compliance with Corporate Governance Rules	Yes	Chairperson's message	15
9.2 Policies				
9.2.1	Specified set of policies to be maintained together with the details relating to the implementation of such policies mentioned on the website	Yes	Corporate Governance	134
9.2.2	Disclosure of any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Company	Yes		
9.2.3 (i) (ii)	List of policies to be disclosed along with any changes made to policies	Yes		
9.2.4	Policies to be made available on written request to shareholders	Yes		
9.3 Board Committees				
9.3.1 a/b/c/d	Maintenance of minimum required Board Committees	Yes	Corporate Governance	103
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	Yes		103
9.3.3	Chairperson of the Board to not serve as the Chairperson of the Board Committees referred in 9.3.1	Yes		104-109
9.4 Meeting procedures and the conduct of all General Meetings with shareholders				
9.4.1	Maintenance of records relating to all resolutions considered at any General Meeting including requisite information. Making available copies of the same on request to the CSE and/ or SEC	Yes	Corporate Governance	126
9.4.2 a-d	Communication and relations with shareholders and investors	Yes	Corporate Governance	125

Rule		Compliance Status	Reference	Pages
9.5 Policy on matters relating to the Board of Directors				
9.5.1 a	Balanced representation between EDs and NEDs, covering Board composition, roles of the Chairperson and CEO, Board balance, and procedures for evaluating Board and CEO performance	Yes	Corporate Governance	95
9.5.1 b	Rationale for combining the roles of Chairperson and CEO, terms of reference of SID, and measures implemented to protect the interests of the SID in the event the Chairperson and CEO roles are combined	Not Applicable	Corporate Governance	
9.5.1 c	Required diversity in Board composition for Board effectiveness	Yes	Corporate Governance	96
9.5.1 d	The rationale and the maximum number of Directors	Yes	Corporate Governance	97
9.5.1 e	Frequency of Board meetings	Yes	Corporate Governance	97
9.5.1 f	Establish mechanisms to keep Directors informed of Listing Rules and the Company's status of compliance/ non-compliance	Yes	Corporate Governance	97
9.5.1 g	Minimum number of meetings (number and percentage) that a Director must attend	Yes	Corporate Governance	98
9.5.1 h	Requirements relating to trading in securities of the Company and its listed group companies, including disclosure obligations	Yes	Corporate Governance	101-102
9.5.1 i	Maximum number of directorships that may be held by Directors In listed companies	Yes		
9.5.1 j	Permit participation in Board and Committee meetings through audiovisual means, with such participation counting toward the quorum	Yes	Corporate Governance	97
9.5.2	Confirmation of compliance with policy in the annual report, with reasons for non-compliance and proposed remedial action	Yes	Corporate Governance	142-152

CORPORATE GOVERNANCE

Rule		Compliance Status	Reference	Pages
9.6 Chairperson and CEO				
9.6.1	Requirement for a SID if the positions of Chairperson and CEO are held by the same individual	Not Applicable	Corporate Governance	
9.6.2	Market announcement on the Chairperson being an Executive Director and/or combination of the Chairperson-CEO Roles including the rationale	Not Applicable		
9.6.3 a-d	Requirement for a SID	Not Applicable		
9.6.3 e	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties	Not Applicable		
9.6.4	Rationale for the appointment of a SID set out in the Annual Report	Not Applicable		
9.7 Fitness of Directors and CEO				
9.7.1	Company to take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons in terms of the rules	Yes	Corporate Governance	224
9.7.2	Ensure nominees meet fit and proper criteria before shareholder approval or appointment as Director	Yes		
9.7.3	Assessment Criteria: Honesty, Integrity and Reputation, Competence and Capability and Financial Soundness	Yes		
9.7.4	Annually obtain declarations from Directors and the CEO confirming compliance with fit and proper assessment criteria	Yes		99
9.7.5	Disclosures in the Annual Report	Not Applicable	No non-compliances were reported during the year	

Rule		Compliance Status	Reference	Pages
9.8 Board Composition				
9.8.1	Minimum number of Directors on the Board	Yes	Corporate Governance	95
9.8.2	At least 2 members or 1/3 of the Board, whichever is higher to be independent	Yes		
9.8.3 (i) to (ix)	Criteria for determining independence	Yes		100-101
9.8.5 a-c	The Board to ensure that IDs annually submit declarations on independence/ non-independence. Board to make an annual determination on the independence or otherwise of IDs and name the Directors who are determined to be independent. Market announcement if ID independence has been impaired	Yes		100
9.9 Alternate Directors				
a-e	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association	Not Applicable	No Alternate Directors were appointed during the financial year.	
9.10 Disclosures relating to Directors				
9.10.1	Disclose policy on the maximum number of directorships Board members are permitted to hold	Yes	Corporate Governance	101-102
9.10.2/ 9.10.3	Market announcement upon the appointment of a new Director and any changes to the Board and Board Committee composition, including necessary details	Yes	Corporate Governance	96
9.10.4a-i	Disclosure of details relating to the Board members	Yes	Board of Directors	24-25

CORPORATE GOVERNANCE

Rule		Compliance Status	Reference	Pages
9.11 Nominations and Governance Committee (NGC)				
9.11.1	Establishment of a NGC	Yes	Corporate Governance	106-108
9.11.2	Formal procedure for the appointment and re-election of Directors	Yes		
9.11.3	NGC to have a written Terms of Reference	Yes		
9.11.4 (1) a-b	The Composition of NGC	Yes		
9.11.4 (2)	Chairperson of NGC to be an ID	Yes		
9.11.4 (3)	Disclosure of names of the NGC Chairperson and members	Yes		
9.11.5 (i) – (x)	Functions of NGC	Yes		106
9.11.6 a-m	NGC Report with requisite information to be disclosed in Annual Report	Yes		106-108
9.12 Remuneration Committee (RC)				
9.12.2	Establishment of a RC		Corporate Governance	105-108
9.12.3	RC to establish and maintain a formal and transparent procedure for developing policy on EDs and individual Director's remuneration, ensuring that no Director is involved in fixing their own remuneration	Yes		
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure their independence	Yes		103
9.12.5	The RC to have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Yes		105
9.12.6 (1)	Composition of RC	Yes		105-108
9.12.6 (2)	Chairperson of RC to be an ID	Yes		
9.12.7	Functions of the RC	Yes		105-108
9.12.8 a	Disclosure of names of Chairperson and members of RC	Yes		
9.12.8 b	Disclosure of statement of Remuneration policy	Yes		
9.12.8 c	Aggregate remuneration paid to EDs and NEDs	Yes		

Rule		Compliance Status	Reference	Pages
9.13 Audit Committee (AC)				
9.13.1	AC to handle Risk functions where Company does not have separate Committees for Audit and Risk	Yes	Corporate Governance/ Audit Committee Report	104
9.13.2	AC to have written Terms of Reference	Yes		227
9.13.3 (1) a-b	Composition of AC	Yes		227
9.13.3 (2)	The quorum for AC Meeting shall require a majority of those in attendance to be IDs	Yes		104
9.13.3 (3)	AC to meet as often as required, provided it meets compulsorily on a quarterly basis, at minimum, prior to recommending the release of financials	Yes		104
9.13.3 (4)/ (6)	ID who is a member of a recognised professional accounting body to be appointed as Chairperson of the AC	Yes		104
9.13.3 (5)	CEO and the Chief Financial Officer (CFO) to attend the Audit Committee meetings by invitation.	Yes		228
9.13.4	Functions of AC	Yes		104
9.13.5 (1)	Report of the AC	Yes		227-229
9.13.5 (2) a-i	Disclosures to be included in the AC report	Yes		
9.14 Related Party Transactions Review Committee (RPTRC)				
9.14.1	Establishment of a RPTRC	Yes	Corporate Governance	109
9.14.2 (1)	Composition of RPTRC	Yes		
9.14.3	Functions of the RPTRC	Yes		
9.14.4 (1) – (4)	General Requirements including requirement for RPTRC to meet at least once a quarter, access to all aspects of Related Party Transactions (RPTs), RPTRC to request Board to approve RPTs reviewed by it and requirements relating to Director's material personal interest in a matter being considered at a Board Meeting in relation to a RPT	Yes		
9.14.5	Review of RPTs by the RPTRC	Yes		

CORPORATE GOVERNANCE

Rule		Compliance Status	Reference	Pages
9.14.6	Shareholder Approval for RPTs	Not Applicable	Corporate Governance During the year under review there was no requirements for Shareholder approval	
9.14.7	Immediate Disclosures	Yes	Corporate Governance	109-110
9.14.8 (1)	Details and disclosures pertaining to Non-Recurrent RPTs in the Annual Report	Yes	Notes to the Financial Statements.	290
9.14.8 (2)	Details and disclosures pertaining to Recurrent RPTs in the Annual Report	Yes		
9.14.8 (3)	Report of the RPTRC	Yes		110
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to RPTs, or a negative statement otherwise	Yes	Annual Report of the Board of Directors.	221
9.14.9 (1)/ (2)	Shareholder approval for acquisition and disposal of substantial assets	Not Applicable	Corporate Governance During the year under review there was no requirement for Shareholder approval	
9.14.9 (4)/ (5)/(6)	RPTRC to obtain competent independent advice on acquisition and disposal of substantial asset	Not Applicable	There was no acquisition and disposal of substantial assets during the year 2025/26	
9.17 Additional Disclosures				
(i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved	Yes	Corporate Governance	100
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Yes		94
(iii)	Arrangements made for Directors to be made aware of laws, rules and regulations and any changes thereto particularly to Listing Rules and applicable capital market provisions	Yes		94
(iv)	Disclosure of material non-compliance with laws/regulations and fines by relevant authorities where the Company operates	Yes	There were no significant instances of non-compliance with laws and regulations during the reporting period.	

7.4 Code of Best Practice of Corporate Governance 2023 Issued by CA Sri Lanka

VOLUNTARY PROVISIONS

The Company is compliant with almost the full 2023 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka to the extent of business exigency and as required by the Group.

Directors	• The Company is led by an effective Board that possesses the skills, experience and financial acumen enabling independent judgement on a variety of subjects. • Regular meetings of the Board are held, and at a minimum once a quarter, with access to information, the advice of the Company Secretary and independent professional advice, as required. • The Board (collectively) and Directors (individually) are aware of their obligation to act in accordance with the laws of the Country. • Board balance is maintained in line with the Code stipulates. • Whilst there is a transparent procedure for Board Appointments under the oversight of the Nominations and Governance Committee, election and re-election, subject to shareholder approval, takes place at regular intervals. • Specified information regarding Directors, such as annual appraisal of the Board and the CEO is shared in the Corporate Governance.
Directors' Remuneration	• The Human Resource and Compensation Committee, consisting of exclusively NEDs is responsible for determining the remuneration of Chairperson and EDs. • ED compensation includes performance related elements in the pay structure. • Compensation commitments in the event of early termination, determination of NED remuneration by the Board as a whole, remuneration policy and aggregate remuneration paid is disclosed under the Director Remuneration section and is in line with the Code.
Relations with Shareholders	• There is constructive use of the AGM, as per the Code. Notice of Meeting, with adequate details, is circulated to shareholders as per statute. • The Group has in place multiple channels to reach shareholders as discussed under the Stakeholder Management and Effective Communication section. • Disclosure of material transactions and requisite shareholder approvals for major transactions.
Accountability and Audit	• Interim and other price sensitive and statutorily mandated reports are disclosed to Regulators. As evident from the Annual Report of the Board of Directors, the Company carried out all business in accordance with regulations and Applicable Laws, equitably and fairly. • The Company continues to be a going concern and remedial action for any material events is in place. All related party transactions are reported under the Notes to the Financial Statements. • There is an annual review of the effectiveness of the Group's risk management and internal controls, which ensures the maintenance of a sound system of internal control, which is reported on under the Internal Controls section.

CORPORATE GOVERNANCE

Accountability and Audit	• The internal audit function and the Audit Committee functions as stipulated by the Code and are discussed under the Audit Committee section. • A Related Party Transactions Review Committee is in place and functions in line with the Code. • There were no violations of the Group Code of Conduct, the Code of Business Conduct and Ethics during the year, which is mentioned under the Chairperson's Message section. • All Corporate Governance disclosures under the CSE rules have been complied with.
Institutional Investors	• The Company conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM or other General meetings as convened on a need basis.
Other Investors	• Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and any General meetings that are convened and to exercise their voting rights and seek clarity, whenever required.
Sustainability	• ESG (environmental, social, and governance) is a pivotal consideration in the Group's decision making. In reporting performance, the Annual Report covers ESG disclosures through the <IR> framework, GRI standards and operations in conformity with the Principles of the United Nations Global Compact and United Nations Sustainable Development Goals. • The Company has established a governance framework and structure which includes conformance, performance and sustainability/ESG factors in line with the Code.
Internet and Cybersecurity	• The Board has prioritised cybersecurity by appointing a dedicated member responsible for overseeing it within the Group. The Company has implemented a group policy, conducts periodic reviews to ensure its effectiveness, discusses cybersecurity risks at the Board level, and disclose the management of risks in the Annual Report. Furthermore, measures have been taken to secure connectivity for both internal and external devices.
Special Considerations for Listed Entities	• The Company maintains policies relating to its governance and matters relating to Board of Directors in line with the Listing Rules of the CSE and the Code.

ENTERPRISE RISK MANAGEMENT

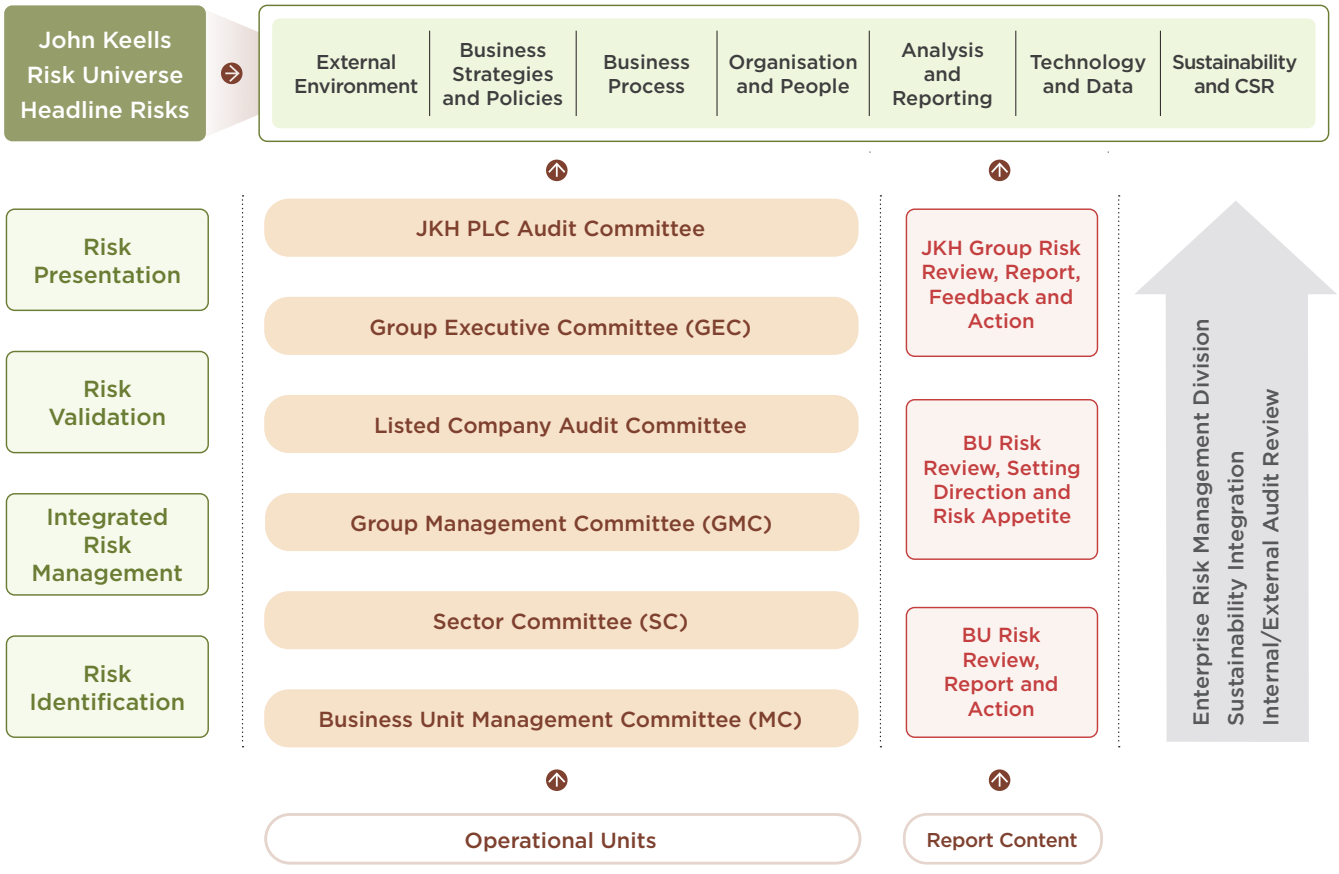
Risk management plays a pivotal role in the strategic decision-making process of the Group. A rigorous and consistent risk management culture is embedded across the Group, where an Annual Risk Management cycle begins with a detailed discussion with the Group Management Committees (GMC) on the identification of impact, likelihood and velocity of risks, along with preventive, detective and corrective mitigation plans for the identified risks. The Group assesses if the risk ratings reflect the changing macroeconomic and operating environments.

The entire Risk Management process is conducted through the online Enterprise Risk Management Platform which further enhances transparency and ownership of all risk-related responsibilities and ensures that risk management is a holistic and dynamic process.

Individual business units are the ultimate owners of their risks and are responsible for reviewing their risk assessment forms on a quarterly basis. Identified risks are then validated at the Group Management Committees (GMC) and presented to the Audit Committee.

The findings from company-level risk reviews are considered by the JKH ERM Division to form a Group-wide risk perspective for the John Keells (JK) Group. The Group Risk Register is reviewed quarterly by the Group Executive Committee (GEC), following which the risk report is submitted by the JKH ERM Division to the JK Group Audit Committee on a quarterly basis. The Risk Management process and information flow adopted by the JK Group is depicted in Table 1.

Table 1 - John Keells Group Risk Management Process



ENTERPRISE RISK MANAGEMENT

The ERM Framework adopted by the John Keells Group and implemented by the Company and its Subsidiaries involves the following three steps:

1. IDENTIFICATION OF RISK

A Risk Event - Any event with a degree of uncertainty which, if it occurs, may result in the Organisation or Business Unit failing to meet its stated objectives. The identified risks are classified as,

i. Common Risks

Common Risks are those risks which commonly appear on the risk grids of several companies of the John Keells Group. These risks are incorporated in the risk grid of the Group Executive Committee of JKH and are rated based on a consolidation of the risk ratings of such risks in the RCSAs of the constituent businesses.

ii. Business Specific Risks

Business Specific Risks - Business Specific Risks are defined as those risks which are applicable only to an individual line of business.

iii. Core Sustainability Risks

Core Sustainability Risks are defined as those risks having a catastrophic impact to and from the Organisation but may have a very low or nil probability of occurrence. These are risks that threaten the sustainability or long-term viability of a business.

2. ESTABLISHMENT OF RISK REGISTER WITH LIKELIHOOD OF OCCURRENCE AND SEVERITY OF IMPACT

Based on JK Group Guidelines, risk registers are established for the Company and its Subsidiaries. Every risk is analysed in terms of likelihood of occurrence and severity of impact, assigning a number ranging from 1 (low probability/impact) to 5 (high probability/impact) to signify the probability of occurrence and the level of impact on the Organisation. Please refer to the Table 2 for further details.

3. ESTABLISHMENT OF LEVEL OF RISK BASED ON THE RISK RATING GRID

Based on the values assigned for each individual risk, using the matrix given in Table 2, a level of risk is established by multiplying the likelihood of occurrence with severity of impact.

Table 2 -Guideline for Rating Risks

Impact / Severity		Rare/ Remote to Occur (1)	Unlikely to Occur (2)	Possible to Occur (3)	Likely to Occur (4)	Almost Certain to Occur (5)
5	Catastrophic/ Extreme Impact	5	10	15	20	25
4	Major/ Very High Impact	4	8	12	16	20
3	Moderate/ High Impact	3	6	9	12	15
2	Minor Impact	2	4	6	8	10
1	Low/ Insignificant Impact	1	2	3	4	5

Occurrence/ Likelihood

The Colour Matrix implies the following;

Priority level	5	4	3	2	1
Colour code	Ultra High	High	Medium	Low	Insignificant
Score	13-25	10-12	7-9	3-6	1-2

QUARTERLY REVIEW OF THE RISK IDENTIFIED USING RISK FRAMEWORK BY THE COMPANY

It is the responsibility of the Chief Executive Officer (CEO) and the Company Risk Management team to ensure that each risk item is reviewed on a quarterly basis and to ensure that the mitigation actions identified during the risk review process are being carried out adequately. This ensures that the Company has a 'living' document that is updated based on internal and external conditions, on a quarterly basis through the Group's online Enterprise Risk Management IT platform, facilitating a relevant and timely dynamic risk register.

RISK UNIVERSE

The identified risks are broadly classified into the risk universe as identified by the John Keells Group. The risk universe for KFP is given below in Table 3.

Table 3 - KFP Risk Universe

RISK UNIVERSE							
Headline Risk	**External Environment**	**Business Strategies and Policies**	**Business Process**	**Organisation and People**	**Analysing and Reporting**	**Technology and Data**	**Sustainability and CSR**
RELATED RISKS	Political	Reputation and Brand Image	Internal Business Process	Leadership/ Talent Pipeline	Performance Measurement and Reporting	Technology Infrastructure/ Architecture	Sustainability Strategy
	Competitor	Governance	Operations – Planning, Production, Process	Training and Development	Budgeting/ Financial Planning	Technology Reliability and Recovery	Biodiversity and Climate Change
	Catastrophic Loss	Capital and Finance	Operations – Technology, Design, Execution, Continuity	Human Resource Policies and Procedures	Accounting/ Tax	Data relevance, Processing and Integrity	Natural/ Sustainable Resource Utilisation
	Stakeholder Expectations	Strategy and Planning	Interdependency	Ethics	Internal/ External Reporting and Disclosures	Cyber Security	Community Investment and Philanthropy
	Macro Economic	Business/ Product Portfolio	Customer Satisfaction	Fraud and Abuse		IT Processes	Financing and Tax
	Foreign Exchange and Interest Rates	Organisation Structure	Legal, Regulatory Compliance and Privacy	Attrition		Cloud Computing	Oversight/ Monitoring/ Compliance
	Weather and Climate	Innovation and R&D	Property and Equipment Damage and Breakdown	Knowledge and Intellectual Capital		Data Protection and Privacy	Goal Congruence/ Dependence
		Investment, Mergers, Acquisitions and Divestments	Vendor/ Partner Reliance	Employee Relations and Welfare/ Health and Safety			
		Treasury, Hedging and Insurance		Performance Management and Compensation			

ENTERPRISE RISK MANAGEMENT

INTEGRATED RISK MANAGEMENT

The KFP Group's Risk Management strategy is closely interwoven with its sustainability management framework and corporate social responsibility functions, enabling a holistic approach to the management and mitigation of risk. Risk management therefore extends beyond managing the operational and financial risks faced by the Group, and extends to environmental, community, employee, value chain and other non-financial risks related to the triple bottom-line approach of the Group, providing a foundation for productive engagements with internal and external stakeholders.

NEW DEVELOPMENTS IN 2025/26

In line with the requirements of SLFRS Sustainability Standards S1 and S2, the Group formally identified its sustainability-related and climate-related risks and opportunities during the year. This process followed an in-depth assessment of the Group's lifecycle and value chain, undertaken with the support of an independent expert consultant.

The identified sustainability-related and climate-related risks were subsequently prioritised based on their likelihood of occurrence and potential impact on the Group, applying the same methodology used for assessing operational and financial risks. Following this evaluation, the Group's material sustainability-related and climate-related risks were integrated into the risk registers to enable effective mitigation, monitoring, and oversight.

Given the close interrelationship between sustainability-related, climate-related, and business risks, this approach has enhanced the Group's understanding of these linkages, thereby strengthening overall risk management and supporting more informed strategic decision-making.

Detailed disclosures on the Group's sustainability-related and climate-related risks and opportunities are provided in the SLFRS Sustainability Standards S1 and S2 Disclosures on page 177 of this Report.

RISK MANAGEMENT DURING THE REPORTING YEAR

Sri Lanka's economy showed relative stability in 2025, supported by fiscal reforms, debt restructuring, and the IMF-backed stabilisation programme. Inflation eased and external balances improved, gradually restoring confidence. However, consumer sentiment remained cautious, keeping discretionary spending low and intensifying competition in non-essential food categories. These conditions also reflected broader transition risks associated with economic reforms and energy price adjustments.

The industry faced several challenges. Limited poultry feed reduced output, while African Swine Fever (ASF) disrupted local pork supply and led to greater reliance on imports. Cyclone Ditwah and the subsequent monsoon conditions caused widespread infrastructure damage, prolonged road closures, and major power outages across multiple districts, disrupting distribution networks and business operations. Rising geopolitical tensions in the Middle East and the resulting volatility in global oil markets contributed to fuel rationing, supply constraints, and increased fuel, freight, and input costs, further constraining logistics and affecting the movement of goods. Higher domestic electricity tariffs and persistent supply chain disruptions also placed additional pressure on operations, alongside increasing exposure to physical climate-related disruptions.

Against this backdrop, the Company's risk management framework continues to play a critical role in identifying, assessing and managing risks arising from a complex and evolving operating environment, ensuring resilience and informed decision making in pursuit of sustainable business performance.

The Group identified the following significant risks during the year. The risk rating for 2024/25 and 2025/26 and the mitigation strategies implemented by each Company have been provided to describe for each significant risk area identified.

● Ultra High ● High ● Medium ● Low ● Insignificant

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2025/26	2024/25
1. Macroeconomic environment changes in taxes and tariffs  **Link to Strategy**	Macroeconomic conditions, including inflation, interest and exchange rates, tax and duty policy changes, and energy prices, have directly increased the Company's cost base and constrained consumer disposable income, thereby pressuring sales volumes and margins. Higher duties and taxes on locally sourced and imported raw materials have significantly raised production costs. Fuel prices increased cumulatively by approximately 36% as at March 2026, while electricity tariffs increased by 16% in June 2025, significantly increasing the Group's energy cost base. These developments have heightened exposure to energy price volatility. Collectively, these factors have adversely impacted profitability, cash flows, and overall value creation.	• Ongoing monitoring of emerging macroeconomic trends and shifts in consumer behaviour through regular market surveys and analysis. • Conduct annual reviews of banking facilities, with renegotiation of terms and limits where necessary to ensure optimal funding arrangements. • Access short-term financing facilities to meet working capital requirements and long-term loan facilities to fund capital expenditure. • Strengthening local procurement by developing and expanding local supplier partnerships to reduce reliance on imported raw materials and mitigate import-cost volatility. • Proactive demand planning supported by frequent forecasting cycles to respond effectively to market uncertainty and volatility. • Strategic sourcing and the maintenance of buffer inventory levels to ensure continuity of production and smooth execution of production plans. • Continuous product enhancement initiatives aimed at maintaining high-quality standards while ensuring affordability for consumers. • Targeted initiatives to support distributors in managing economic pressures arising from indirect tax increases and rising operating costs. • Weekly and monthly cash-flow monitoring and control to ensure effective liquidity planning and to minimise financing costs.	●	●

ENTERPRISE RISK MANAGEMENT

Ultra High High Medium Low Insignificant

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2025/26	2024/25
2. Volatility of material prices and inconsistency in supply of raw materials **Link to:** **CRR2 - Climate Physical Risk – Chronic** **CRR3 -GHG Emissions and Energy Management** **SRR1 - Environmental and Social Impacts of Ingredient Supply Chain** **SRR3 - Waste Management** Please refer to pages 179 to 193 for details on the business model, value chain impacts and related mitigation measures of the above CRRs and SRRs. **Link to Strategy**	The Company is exposed to significant price volatility in the market, particularly in respect of raw meat, which is a critical input to its operations. During the year, the outbreak of African Swine Fever (ASF) severely disrupted the local pork supply chain, resulting in limited availability and increased input costs. Given the continued shortage of locally sourced pork, the Company had to rely on imports for the foreseeable future, further exposing operations to import-related price and supply risks and increasing direct and energy-related emissions risk. Poultry prices also increased during the period, driven primarily by shortages of poultry feed and a rise in overall meat consumption. In addition, a growing number of poultry farms have moved towards further processing through forward integration, intensifying competition for raw materials. The market is further challenged by the availability of unbranded, low-quality processed meat products offered at highly competitive prices, exerting additional pressure on pricing and margins. These dynamics also heighten climate resilience challenges, supply-chain environmental impacts, and waste management pressures.	• Work closely with the Department of Animal Production and Health (DAPH) to explore the importation of swine breeds with strong genetic potential, aimed at supporting the recovery and long-term sustainability of the local pork industry. • Enter into long-term supply contracts with key suppliers on guaranteed and predictable commercial terms, and ensure timely renewal of contracts together with the use of forward contracts to secure pricing and supply continuity. • Support the development of suppliers and build the capacity of local farmers through targeted financial assistance and sharing of industry best practices to strengthen supply reliability and long-term partnerships. • Directly import key raw materials to improve cost efficiency and supply reliability, while monitoring associated energy and emissions impacts. • Conduct regular farm visits and supplier assessments to monitor production capacity, quality standards, and operational risks. • Perform ongoing market surveillance and continuous monitoring of raw material prices to enable proactive sourcing and pricing decisions. • Maintain a sustained focus on backward integration initiatives to mitigate the impact of raw material price volatility. • Develop alternative recipes and apply value engineering techniques to manage cost pressures without compromising product taste or quality. • Maintain buffer stock levels to manage unforeseen supply disruptions and market volatility.	●	●

● Ultra High ● High ● Medium ● Low ● Insignificant

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2025/26	2024/25
3. Vulnerabilities from IT related risks (Cyber Risk) **Link to Strategy**	As the Company continues to increase its reliance on information technology and digital services, it is increasingly exposed to risks associated with data privacy, cybercrime, and other information and communication technology (ICT) threats. The acceleration of digitisation and expanded connectivity across corporate networks have heightened vulnerabilities relating to network security, information leakage, and system and device stability. Greater dependence on cloud based infrastructure and data retention further elevates the risk of unauthorised access, regulatory non compliance, and system downtime that could disrupt business operations. In addition, failures or disruptions within critical enterprise systems, such as the SAP platform, could result in significant operational interruptions, data loss, and security vulnerabilities. Such incidents may adversely affect inventory tracking, reduce employee productivity, and lead to financial losses arising from system repair costs, lost revenue, and operational inefficiencies. The rapid adoption of generative artificial intelligence introduces emerging risks related to data governance, data protection, and responsible use of information. As the Group integrates AI enabled tools into its operations, there is an increased risk of unintended data exposure, misuse of sensitive information, and weaknesses in existing data control frameworks. In addition, the Group is exposed to compliance risks arising from evolving domestic and international data protection regulations, including Sri Lanka's Personal Data Protection Act No. 9 of 2022 and the European Union's General Data Protection Regulation (GDPR) (2016). Non compliance with these regulations may undermine stakeholder confidence, disrupt digital transformation initiatives, and result in legal, regulatory, and reputational consequences.	• The Zero Trust framework is continuously maintained and aligned with all five core pillars to strengthen the overall cybersecurity and information security governance framework. • Business Continuity Planning (BCP) and Disaster Recovery (DR) exercises are conducted regularly to ensure the continuity and resilience of business operations during emergencies, disruptions, or cyber incidents. • Regular security assessments, including Vulnerability Assessments and internal security reviews covering both internal and external environments, are conducted to strengthen security resilience and proactively identify potential vulnerabilities. In addition, an Incident Response Plan and a dedicated response team are in place to continuously monitor, manage, and respond to security incidents. • Risk assessments are conducted for all critical applications to identify, evaluate, and mitigate potential cybersecurity and information security risks, while supporting the continuous enhancement of the overall security posture. • Targeted awareness initiatives and ongoing engagement programmes are implemented to enhance employee awareness and sensitivity towards information security and data privacy risks across relevant internal and external stakeholders.	●	●

ENTERPRISE RISK MANAGEMENT

Ultra High High Medium Low Insignificant

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	2025/26	2024/25
4. Business process and product liability risk **Link to:** **CRR1 - Climate Physical Risk (Acute)** **CRR2 - Climate Physical Risk – (Chronic)** **SRR2 - Sustainability-related Risk Food Safety Compliance** Please refer to pages 179 to 193 for details on the business model, value chain impacts and related mitigation measures of the above CRRs and SRR. **Link to Strategy**	The Company has identified Business Process and Product Liability as a core risk, which may arise from defects in products and/or manufacturing processes, including risks related to food contamination or foodborne illness. Such events could lead to regulatory action, legal liability, and significant reputational harm, directly impacting food safety compliance and sustainability performance. This risk is further heightened by acute climate related physical hazards and chronic climate related pressures, which can compromise supply chain integrity and increase the likelihood of contamination or product defects. Given the speed and reach of digital and social media platforms, such incidents have the potential to escalate rapidly and amplify reputational damage.	• Conduct regular microbiological, chemical, and moisture testing on raw meat to ensure compliance with safety and quality standards. • Perform supplier audits, including assessments of raw meat suppliers and verification of quality control practices, and evaluation of environmental and social compliance within the supply chain. • Conduct cold-chain inspections across distribution points, transportation vehicles, and retail outlets to ensure temperature integrity is maintained throughout the supply chain. • Obtain independent external assurance on manufacturing processes through recognised certifications, including ISO 9001:2015, ISO 22000:2018 and Halal certification. • Ensure strict adherence to Good Manufacturing Practices (GMP) and established food safety standards across all production facilities. • Maintain full compliance with regulatory requirements imposed by the Consumer Affairs Authority and other relevant statutory and regulatory bodies. • Operate a formal Complaint Management System (CMS) to capture, investigate, and resolve customer complaints in a timely and systematic manner. • Implement advanced testing methodologies, including AOAC- and ISO-certified test kits, enabling more accurate results within a 24-hour turnaround time. • Deploy dedicated Physical Quality Checkers within manufacturing facilities to continuously monitor production activities and ensure compliance with stipulated quality, safety, and regulatory standards.	●	●

● Ultra High ● High ● Medium ● Low ● Insignificant

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2025/26	2024/25
5. Meeting quality expectations and change in customer expectations **Link to:** **SRR1 - Environmental and Social Impacts of Ingredient Supply Chain** **SRR2 - Food Safety Compliance** Please refer to pages 179 to 193 for details on the business model, value chain impacts and related mitigation measures of the above SRRs.	The food manufacturing industry is inherently exposed to risks such as food spoilage and contamination, evolving consumer preferences relating to nutrition and health, stringent government regulations, and potential consumer liability claims. If such risks were to materialise, they could result in significant damage to the Company's brand reputation and erosion of consumer trust, leading to loss of market share. In addition, the Company could face legal claims and financial liabilities, as well as regulatory investigations, penalties, and enforcement actions by relevant authorities, all of which could adversely affect business performance and long term sustainability.	• Ensure product packaging includes all mandatory and relevant consumer information, in line with regulatory and labelling requirements. • Maintain robust product traceability systems to enable efficient identification and execution of product recalls, if required, in a timely and controlled manner. • Maintain a comprehensive quality assurance system, led by qualified specialists and aligned with international benchmarks, to proactively address regulatory, health, nutrition, and product safety requirements across all product and process innovations. • Validate all nutritional standards of products in accordance with applicable Government regulations to ensure regulatory compliance and consumer transparency. • Use high quality ingredients that meet both international and local regulatory and safety standards, while considering environmental and social compliance across the supply chain. • Ensure continued compliance with ISO 22000:2018 (Food Safety Management Systems) and ISO 9001:2015 (Quality Management Systems) to support consistent quality and operational excellence. • Lobbying and reviewing internal standards related to material specifications.	●	●
Link to Strategy	Failure to proactively understand and meet emerging customer expectations, including monitoring market trends to maintain a satisfied and loyal customer base and a competitive edge, could further intensify risks related to environmental and social impacts within the ingredient supply chain, as well as food safety compliance requirements. This, in turn, could undermine the Company's ability to sustain growth and competitiveness.	• Maintain a strengthened microbiology and sensory evaluation system covering the entire product portfolio prior to market release. • Continuously monitor changing customer preferences and develop products aligned with emerging consumer needs and expectations. • Regularly upgrade and refine product recipes to enhance quality, taste, and nutritional value.		

ENTERPRISE RISK MANAGEMENT

Ultra High High Medium Low Insignificant

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2025/26	2024/25
		• Strengthen the Company's value for money proposition in response to heightened consumer sensitivity to affordability through value engineering initiatives and the expansion of small pack offerings across key product categories. • Continue product portfolio expansion initiatives, including crumbed snacks such as Popcorn Chicken, entry into frozen convenience foods with Kottu products, and new HoReCa offerings such as Submarine Mix, thereby strengthening the portfolio. Meal upgrades with the Elephant House Mix Griller, imported beef topside products, innovative sauces, canned spreads and meats, and crispy chicken innovations further diversify the range, supporting continued customer satisfaction and loyalty.		
6. Human Resources, Labour Relations and Talent Management **Link to: SRR4 - Skilled Labour Availability and Capability Risk** Please refer to pages 179 to 193 for details on the business model, value chain impacts and related mitigation measures of the above SRR. **Link to Strategy**	Effective management of key human resource areas, including recruitment, career development, performance management, training and development, talent management, and reward and compensation frameworks, is critical to sustaining workforce stability and productivity. Any gaps in these areas may adversely impact outcomes, with implications for skilled labour availability and capability. The Company has 378 permanent employees, of whom 34% are represented by unions. For KFP, weakening of labour relations could result in a significant increase in labour costs, disruption to operations, increased production downtime, and could impact on the image of the Company.	• Aligning Compensation and Benefits (C&B) structures and organisational culture with contemporary trends through a comprehensive Employee Value Proposition (EVP) aligned with the Group's People Promises, supported by a structured Group-wide EVP process conducted with a globally recognised consulting firm and employee engagement insights from the Gallup EmPulse survey. • Maintain continuous and structured engagement with trade unions through regular discussions involving the Union, the Joint Consultative Committee (JCC), and Management to proactively address concerns and maintain constructive industrial relations. • Foster strong employee relations through effective grievance handling mechanisms, adherence to collective agreements, and open communication channels. • Strengthen non-monetary recognition initiatives to acknowledge performance, commitment, and positive workplace behaviours.		

● Ultra High ● High ● Medium ● Low ● Insignificant

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2025/26	2024/25
7. Health and Safety **Link to:** **Climate Physical Risk (Acute)** **SRR1 - Environmental and Social Impacts of Ingredient Supply Chain** **SRR2 - Food Safety Compliance** **SRR3 - Waste Management** Please refer to pages 179 to 193 for details on the business model, value chain impacts and related mitigation measures of the above CRR and SRRs. **Link to Strategy**	Ensuring staff health and safety remains a critical priority for the Company, as it directly influences operational continuity, productivity, cost efficiency, and overall employee well-being. Any deterioration in workplace safety standards, increased exposure to acute climate-related physical risks, or failures in managing environmental, social, food safety, and waste-related risks across operations and the supply chain could disrupt operations, lead to higher operating and insurance costs, and negatively affect workforce morale and retention. Serious safety incidents, including those arising from extreme weather events, unsafe or non-compliant raw materials, or improper waste handling, may expose the Company to financial penalties, legal action or litigation, regulatory scrutiny, and reputational damage, thereby adversely impacting overall business performance and sustainability.	• Maintains ISO 45001:2018 certification for the Occupational Health and Safety Management System (OHSMS) at both the Pannala and Ekala plants. • Conducts regular internal health and safety audits, together with periodic Occupational Health and Safety Management System (OHSMS) assessments in line with ISO 45001:2018 standards, to assess compliance and identify areas for continuous improvement. • Conducts annual medical screenings for employees to proactively identify health risks and support workforce well-being.	●	●
8. Credit Risk **Link to Strategy**	Credit facilities are offered to the Company's customers and distributors in keeping with the industry norms. Hence, the Company is exposed to the risk of payment defaults and increase in cost of operations due to bad debts.	• Continuous evaluation of creditworthiness to set credit limits. • Maintain bank guarantees and periodically increase bank guarantee requirements to align with business growth and minimise exposure. • Grant approval for additional credit facilities while adequately safeguarding exposures with sufficient asset-backed securities. • Monitor debtors weekly and ensure outstanding are settled on time.	●	●

ENTERPRISE RISK MANAGEMENT

Ultra High High Medium Low Insignificant

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2025/26	2024/25
9. Natural disaster, fire and lightning **Link to:** **CRR1 - Climate Physical Risk (Acute)** **CRR2 - Climate Physical Risk – (Chronic)** Please refer to pages 179 to 193 for details on the business model, value chain impacts and related mitigation measures of the above CRRs. **Link to Strategy**	Natural disasters, fire, and lightning events may disrupt operations and damage infrastructure, leading to business interruptions and posing safety risks to employees. These risks are further intensified by acute climate-related physical hazards, such as extreme weather events, and chronic climate pressures, including long-term changes in temperature and rainfall patterns. Such events may result in production downtime, asset damage, increased recovery costs, regulatory non-compliance, and reputational damage, thereby adversely impacting business continuity and long-term sustainability.	• Review and update the Business Continuity Plan (BCP) on a quarterly basis to ensure preparedness for operational disruptions and emerging risks. • Maintain adequate insurance coverage to mitigate the financial impact of unforeseen incidents and business interruptions. • Ensure Occupational Health and Safety Management Systems (ISO 45001) are effectively implemented to safeguard employees and operations. • Maintain alternative manufacturing facilities within the Company to support continuity of operations in the event of disruptions at any single location. • Install and continuously monitor surge protection devices to safeguard electrical and electronic equipment against power surges. • Ensure comprehensive earthing and grounding systems are implemented across all plants, with regular inspections and monitoring by the engineering team. • Install lightning arresters at all facilities, with ongoing enhancements planned to further strengthen protection and reduce exposure to lightning-related risks. • Conduct regular audits of fire detection and suppression systems, supported by periodic fire drills to ensure employee preparedness and effective emergency response. • Engage independent third-party specialists to audit and continuously improve fire prevention and protection system.		

Ultra High High Medium Low Insignificant

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2025/26	2024/25
10. Environmental implications arising from effluent water, gas leaks and incinerator fumes **Link to:** **CRR1 - Climate Physical Risk (Acute)** **CRR2 - Climate Physical Risk (Chronic)** **CRR3 - GHG Emissions and Energy Management** **SRR3 - Waste Management** **SRR5 - Water and Wastewater Management** Please refer to pages 179 to 193 for details on the business model, value chain impacts and related mitigation measures of the above CRRs and SRRs. **Link to Strategy**	As a manufacturing organisation, KFP is exposed to environmental risks arising from water discharge, waste disposal, incinerator emissions, and the potential for gas, fuel, or ammonia leaks into the surrounding environment. These exposures also relate to climate and sustainability risk areas, including acute and chronic physical risks, GHG emissions, and water and waste management obligations. Such incidents pose serious health and safety risks to employees, potentially resulting in injuries, medical emergencies, or long-term health effects, while also adversely affecting the environment and nearby communities. Acute events such as leaks or emission incidents may lead to immediate disruption, while prolonged exposure and ineffective management may result in chronic environmental impacts. Any failure to effectively manage these risks could lead to regulatory scrutiny, non-compliance with environmental standards, reputational damage, erosion of stakeholder trust, and prolonged operational and financial consequences for the Company, particularly in the context of increasing environmental and climate-related regulatory expectations.	• Dispose of wastewater through centralised effluent treatment plants (ETPs) operated by the National Water Supply and Drainage Board (Ja-Ela) and the ETP at Pannala, in full compliance with Environmental Protection Licence (EPL) requirements. • Conduct regular water quality testing and emission monitoring to ensure adherence to regulatory standards and minimise environmental impact. • Installation and maintenance of ammonia leak detection and containment systems, supported by ongoing employee training and emergency response drills to ensure preparedness and rapid incident response. • Implement and maintain self-contained breathing apparatus (SCBA) for emergency response, with employees trained and periodically refreshed on proper usage.		

ENTERPRISE RISK MANAGEMENT

Ultra High High Medium Low Insignificant

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2025/26	2024/25
11. Distributor Partner Relationship and Stability Risk **Link to:** **SRR1 - Environmental and Social Impacts of Ingredient Supply Chain** **SRR2 - Food Safety Compliance** Please refer to pages 179 to 193 for details on the business model, value chain impacts and related mitigation measures of the above SRRs. **Link to Strategy**	Reliance on an extensive network of channel partners for the sale and distribution of products may increase exposure to risks arising from misalignment with the Company's operational requirements. Such misalignment may lead to operational inefficiencies, reduced collaboration and engagement, increased distributor attrition, and disruptions to distribution operations, ultimately impacting market coverage, brand presence, customer service levels, and overall business performance. In addition, inadequate alignment may affect compliance with expected environmental, quality, and food safety standards across the supply chain, potentially exposing the Company to regulatory, reputational, and operational risks.	• Provide targeted incentives to encourage distributor compliance, while maintaining open and transparent communication channels to address concerns, feedback, and operational challenges. • Conduct regular awareness programmes, training sessions, and ongoing support to help distributors clearly understand and comply with regulatory and legislative requirements. • Simplify and streamline operational processes where possible to reduce administrative burden, improve efficiency, and enhance distributor willingness to align with Company practices. • Categorise distributors and deliver tailored support on a case-by-case basis to strengthen engagement and operational alignment.	●	●
12. High cost of energy **Link to:** **CRR1 - Climate Physical Risk (Acute)** **CRR2 - Climate Physical Risk – (Chronic)** **CRR3 - GHG Emissions and Energy Management** Please refer to pages 179 to 193 for details on the business model, value chain impacts and related mitigation measures of the above CRRs. **Link to Strategy**	High energy costs significantly increase the Company's production expenses and place additional financial pressure on distributors, particularly in relation to cold chain storage and product preservation at distributor and retail points. These exposures are also linked to broader climate-related risks, including energy price volatility, the transition to low-carbon energy sources, and longer-term physical climate impacts affecting energy availability. These factors have the potential to disrupt distribution efficiency, impact customer satisfaction, and adversely affect sales performance and brand reputation.	• Evaluate and progressively invest in renewable energy solutions to reduce dependency on grid power and mitigate exposure to energy price volatility. • Conduct detailed energy audits and implement identified action plans to improve energy efficiency. • Encourage and support distributors to invest in solar energy solutions to manage cold chain costs and ensure product quality at distribution and retail points. • Improve the efficiency of existing boilers and energy-intensive equipment through upgrades, optimisation, and preventive maintenance.	●	●

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT

Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

Independent practitioner's assurance report to the Board of Directors of Keells Food Products PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2025/26

SCOPE

We have been engaged by Keells Food Products PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Keells Food Products PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Keells Food Products PLC's (the "Entity's") Integrated Annual Report for the year ended 31st March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY KEELLS FOOD PRODUCTS PLC

In preparing the Subject Matter, Keells Food Products PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

KEELLS FOOD PRODUCTS PLC'S RESPONSIBILITIES

Keells Food Products PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Keells Food Products PLC on 21st April 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT

policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/ frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

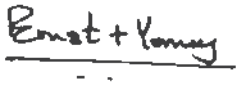
EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Keells Food Products PLC for the year ended 31st March 2026, in order for it to be in accordance with the Criteria.



25th May 2026
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage FCA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

GRI CONTENT INDEX

Statement of use	Keells Food Products PLC has reported in accordance with the GRI Standards for the period 1st April 2025 to 31st March 2026
GRI 1 used	GRI 1: Foundation 2021

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	**The organisation and its reporting practices**				
	2-1 Organisational details	6, IBC	A grey cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organisation's sustainability reporting	6, 8			
	2-3 Reporting period, frequency and contact point	6, 8			
	2-4 Restatements of information	85			
	2-5 External assurance	8, 169			
	Activities and workers				
	2-6 Activities, value chain and other business relationships	8,18-19, 44-45, 72-76			
	2-7 Employees	63-64			
	2-8 Workers who are not employees	64			
	Governance				
	2-9 Governance structure and composition	92			
	2-10 Nomination and selection of the highest governance body	96			
	2-11 Chair of the highest governance body	93, 112			
	2-12 Role of the highest governance body in overseeing the management of impacts	94			
	2-13 Delegation of responsibility for managing impacts	93			
	2-14 Role of the highest governance body in sustainability reporting	8, 126-133			
	2-15 Conflicts of interest	99			
	2-16 Communication of critical concerns	134, 136, 139			
	2-17 Collective knowledge of the highest governance body	24-25, 96			
	2-18 Evaluation of the performance of the highest governance body	99			
	2-19 Remuneration policies	103			
	2-20 Process to determine remuneration	67, 103, 105			
	2-21 Annual total compensation ratio		2-21	Confidentiality constraints	Industry does not disclose this due to confidentiality reasons.
	Strategy, policies and practices				
	2-22 Statement on sustainable development strategy	12-17			
	2-23 Policy commitments	134-135			
	2-24 Embedding policy commitments	114-117			
	2-25 Processes to remediate negative impacts	136, 155-168			
	2-26 Mechanisms for seeking advice and raising concerns	136			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
	2-27 Compliance with laws and regulations	43, 142-152			
	2-28 Membership associations	78			
	Stakeholder engagement				
	2-29 Approach to stakeholder engagement	41-43			
	2-30 Collective bargaining agreements	67			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	28-29	A grey cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	30			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	46-49			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	11			
	201-2 Financial implications and other risks and opportunities due to climate change	166-167, 179-184, 193-195			
	201-3 Defined benefit plan obligations and other retirement plans	287-289			
	201-4 Financial assistance received from government	43			
Market presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	65			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	65			
	202-2 Proportion of senior management hired from the local community	65			
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	36-37, 50-53			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	50-52			
	203-2 Significant indirect economic impacts	36-37, 78-79			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	76			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	76			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	141-142			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	114			
	205-2 Communication and training about anti-corruption policies and procedures	97, 134-136, 141			
	205-3 Confirmed incidents of corruption and actions taken	141			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Anti-competitive behaviour					
GRI 3: Material Topics 2021	3-3 Management of material topics	293			
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	135			
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	122-124			
GRI 207: Tax 2019	207-1 Approach to tax	122-124			
	207-2 Tax governance, control, and risk management	122-124			
	207-3 Stakeholder engagement and management of concerns related to tax	122-124			
	207-4 Country-by-country reporting		207-4	Not Applicable	KFP operates only in Sri Lanka
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	84			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	84			
	301-2 Recycled input materials used	84			
	301-3 Reclaimed products and their packaging materials	84			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	81-82			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	81-82			
	302-2 Energy consumption outside of the organization		302-2	Information unavailable/ incomplete	Incomplete data within the value chain
	302-3 Energy intensity	81-82			
	302-4 Reduction of energy consumption	81-82			
	302-5 Reductions in energy requirements of products		302-5	Information unavailable/ incomplete	Incomplete data within the value chain
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	83-84			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	83			
	303-2 Management of water discharge-related impacts	83			
	303-3 Water withdrawal	84			
	303-4 Water discharge	83			
	303-5 Water consumption	83			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	84-85			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	84-85			
	305-2 Energy indirect (Scope 2) GHG emissions	84-85			
	305-3 Other indirect (Scope 3) GHG emissions	84-85			
	305-4 GHG emissions intensity	84-85			
	305-5 Reduction of GHG emissions	84-85			
	305-6 Emissions of ozone-depleting substances (ODS)	84			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	85			
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	82-83			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	82-83			
	306-2 Management of significant waste-related impacts	82-83			
	306-3 Waste generated	83			
	306-4 Waste diverted from disposal	83			
	306-5 Waste directed to disposal	83			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	76-77			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	77			
	308-2 Negative environmental impacts in the supply chain and actions taken	77			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	62-70			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	64-65			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	67-68			
	401-3 Parental leave	69			
Labour/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	67			
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	67			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	66-67			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	66-67			
	403-2 Hazard identification, risk assessment, and incident investigation	66-67			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
	403-3 Occupational health services	66-67			
	403-4 Worker participation, consultation, and communication on occupational health and safety	66-67			
	403-5 Worker training on occupational health and safety	66			
	403-6 Promotion of worker health	66-67			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	66-67			
	403-8 Workers covered by an occupational health and safety management system	66-67			
	403-9 Work-related injuries	66			
	403-10 Work-related ill health	66			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	68-69			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	69			
	404-2 Programmes for upgrading employee skills and transition assistance programmes	68-69			
	404-3 Percentage of employees receiving regular performance and career development reviews	68			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	63-64, 95-96			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	63-64, 95-96			
	405-2 Ratio of basic salary and remuneration of women to men		405-2	Confidentiality constraints	KFP does not disclose this due to confidentiality reasons.
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	70			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	70			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	67			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	67			
Child labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	77			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	77			
Forced or compulsory labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	77			
GRI 409: Forced or Compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	77			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	78-79			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	78-79			
	413-2 Operations with significant actual and potential negative impacts on local communities	78			
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	76-77			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	77			
	414-2 Negative social impacts in the supply chain and actions taken	77			
Public policy					
GRI 3: Material Topics 2021	3-3 Management of material topics	42-43			
GRI 415: Public Policy 2016	415-1 Political contributions	43			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	74-77			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	77			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	75			
Marketing and labelling					
GRI 3: Material Topics 2021	3-3 Management of material topics	74-75			
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	75			
	417-2 Incidents of non-compliance concerning product and service information and labelling	75			
	417-3 Incidents of non-compliance concerning marketing communications	75			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	58			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	58			

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

BASIS OF PREPARATION

1. Reporting Entity

This report presents the sustainability related disclosures of Keells Food Products PLC (KFP) and its subsidiaries (collectively referred to as the Group). It should be read in conjunction with the Group's consolidated financial statements, which provide the primary context for understanding the sustainability related financial information disclosed.

2. Statement of Compliance

The sustainability disclosures in this report have been prepared in accordance with the following standards:

- SLFRS S1 – General Requirements for Disclosure of Sustainability Related Financial Information
- SLFRS S2 – Climate Related Disclosures

These standards are issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and are aligned with IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board (ISSB).

3. Reporting Period

This report covers the financial year from 1st April 2025 to 31st March 2026, consistent with the Group's financial reporting period. The sustainability related financial information disclosed herein relates to the financial year ended 31st March 2026 and aligns with the reporting period of the Group's consolidated financial statements.

4. Time Horizons

KFP applies time horizons consistent with those adopted by John Keells Holdings PLC, as follows:

Time Period	Definition	Year range
Short term	Less than 1 year	2026 -2027
Medium term	1–5 years	2027 – 2031
Long term	More than 5 years	Beyond 2031

These time horizons are used to assess sustainability related risks and opportunities and their potential financial impacts.

5. Connected Information

KFP presents sustainability related information in a connected manner, linking relevant disclosures to the Group's financial statements to provide a cohesive view of how Climate Related Risks and Opportunities and Sustainability Related Risks and Opportunities (CRROs & SRROs) may affect the Group's financial position, performance, and cash flows over the short, medium, and long term. Where applicable, quantitative sustainability metrics are cross referenced to relevant financial statement line items, including energy costs, provisions, and capital expenditure related to decarbonisation initiatives.

Transition Relief

In preparing this Report, the Group has availed transition relief applicable to first time reporters as follows,

- No comparative information on CRROs and SRROs for the previous reporting period is provided.
- Scope 3 emissions are not disclosed.
- Information on quantitative anticipated effects are not disclosed.

Proportional Reliefs

In applying the proportionality provisions of SLFRS S1 and S2, the Group has not undertaken climate-related scenario analysis for the financial year ended 31 March 2026.

The sustainability-related financial disclosures have been prepared based on available information, existing risk assessments, and management judgement, proportionate to the Group's data availability, systems, and analytical capabilities. Climate scenario analysis will be considered in future reporting periods as capabilities develop.

6. Sources of Guidance

In preparing its sustainability-related financial disclosures, the Group has referred to, and considered, the applicability of disclosure topics and metrics in the following standards;

- SLFRS Sustainability Standards S1
- SLFRS Sustainability Standards S2
- SASB Standards for
  - Processed Foods
  - Meat, Poultry and Dairy

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

JUDGEMENTS AND MEASUREMENT UNCERTAINTIES

1. Judgements

The preparation and presentation of this sustainability report require the exercise of judgement to determine what information is relevant, reliable, and useful to users. This includes interpreting reporting requirements and exercising judgement in areas where the standards permit flexibility. Key judgements applied are summarised below:

Materiality Assessment

Management judgement was applied to identify relevant risks, opportunities, and material information by assessing impacts and dependencies across the Group's value chain that could reasonably influence strategy, business model, financial position, or performance. A formal financial materiality assessment was not conducted; material matters were determined based on management judgement.

2. Measurement Uncertainties

Measurement uncertainty arises from data limitations, reliance on proxy information, external variables, and the inherent uncertainty of forward looking information. The key sources of measurement uncertainty are summarised below:

Resilience Assessment

Forward looking assessments of transition risks rely on assumptions related to future carbon pricing, which are subject to regulatory uncertainty. Outcomes are sensitive to price assumptions, with an estimated range of CU 20–40 per tCO2e, based on relevant jurisdictional projections.

GOVERNANCE

In line with the Group's evolving sustainability agenda and the increasing focus on structured oversight of sustainability- and climate-related matters, the ESG and Sustainability Steering Committee was established to provide a dedicated Group-level forum to coordinate, monitor, and guide sustainability and climate-related initiatives across sectors. The Committee brings together cross-functional expertise and serves as the primary conduit between sector-level management, the Group Executive Committee, and the Board, supporting consistent oversight, informed decision-making, and effective escalation of material sustainability impacts, risks, and opportunities.

1. Sustainability Governance

Refer to Sustainability Governance section of the Corporate Governance of this Report for information on governance roles, mandates, and procedures. The Board, Group Executive Committee, ESG and Sustainability Steering Committee, management's responsibilities and roles, integration into strategy and decisions, and targets, monitoring, and remuneration are outlined therein.

STRATEGY

Summary of SRROs and CRROs

Risks	
CRR1	Climate Physical Risk (Acute)
CRR2	Climate Physical Risk (Chronic)
CRR3	GHG Emissions & Energy Management
SRR1	Environmental & Social Impacts of Ingredient Supply Chain
SRR2	Food Safety Compliance
SRR3	Waste Management
SRR4	Skilled Labour Availability and Capability Risk
SRR5	Water & Wastewater Management

Opportunities	
CRO1	Climate-Resilient Operations and Cold-Chain Strengthening
SRO1	Sustainable Water Governance and Recycling Systems
SRO2	Sustainable and Reliable Ingredient Procurement
SRO3	Commitment to Food Integrity, Traceability, and Quality Excellence
SRO4	Workforce Upskilling and Technology Integration Readiness
SRO5	Sustainable and Efficient Energy Management
SRO6	Regenerative Waste Prevention

CLIMATE AND SUSTAINABILITY-RELATED RISKS

The table below summarises the relevant CRRs and SRRs that could affect the KFP over the short, medium, and long term.

Time horizons: Short term: < 1 year Medium term: 1-5 years Long term: > 5 years

CRR1 - Climate Physical Risk (Acute)	
Description	Severe weather events such as heavy rain, flash floods, cyclones, lightning, heatwaves, and strong winds can disrupt operations by damaging facilities, warehouses, and cold rooms; interrupting utilities; delaying logistics; and creating health and safety risks. These events may also affect raw material handling, reduce operational uptime, increase repair costs, and weaken supplier and distribution reliability.
Risk type	Physical Risk
Time horizon	
Affected area	• KFP Pannala and Ekala factories, including production lines and utilities • Warehouses and cold rooms • Raw material storage sites vulnerable to spoilage
Business Model and Value Chain Impacts	
Current and anticipated effects	Acute climate events are already disrupting manufacturing and cold chain operations, causing logistics delays, downtime, and higher emergency costs. As climate volatility increases, these disruptions are expected to intensify, leading to greater asset damage, cold chain failures, inventory losses and rising insurance and business continuity costs. Together, these effects are expected to increase cost to serve pressures and reduce operational efficiency and reliability across the value chain.
Concentration of the risk	Climate related risk is most concentrated in manufacturing facilities, warehouses and cold storage assets that are directly exposed to weather related hazards. Supply and distribution routes are also highly vulnerable to flooding, delays, and temperature related spoilage. In addition, ingredient sourcing, third party distribution, and sales activities depend heavily on uninterrupted logistics and cold chain integrity, making these parts of the value chain particularly sensitive to acute climate disruptions and increased resilience-related costs.
Strategy and Decision Making	
Current effects to the business model	Current climate hazards disrupt production, cold chain operations, and distribution, leading to unplanned costs for emergency repairs, temporary utilities, and operational rerouting. These disruptions require rapid reallocation of resources to maintain business continuity, manage inventory risk, and protect assets, placing sustained pressure on operational stability.
Anticipated changes to the business model	Extreme events such as floods, landslides, and sudden heatwaves can disrupt operations by straining refrigeration and cold chain systems, damaging infrastructure, and interrupting supply routes. Over time, these conditions are expected to drive higher capital investment in climate resilient assets and cold chain upgrades, reshaping cost structures and increasing reliance on stable energy and temperature control systems across the value chain.
Current and anticipated direct mitigation & adaptation efforts	Strengthening climate related controls through upgraded refrigeration and temperature monitoring systems, enhanced preventive maintenance, and improved factory level environmental controls to protect product quality under extreme weather events. Over time, these efforts are expected to expand into energy efficient cooling technologies, facility retrofits, and continuous improvements to processing and cold chain resilience to address persistent long term climate stress.
Current and anticipated indirect mitigation & adaptation efforts	Collaborating with suppliers, logistics partners, and utility providers to maintain cold chain continuity under extreme weather events through coordinated response planning, infrastructure support, and supplier engagement. Over time, these partnerships are expected to evolve into joint contingency planning, scenario analysis and strengthened networks to sustain distribution reliability and product integrity amid long term climate pressures.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

CRR1 - Climate Physical Risk (Acute)		
How KFP plans to achieve related climate-linked targets		Our climate related targets are currently under development and are being informed by a comprehensive baseline data assessment that is in progress. The Group remains committed to transparency and will disclose its specific targets, associated timelines, and progress once the target setting process has been finalised.
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		Repair provisions, asset damage, and inventory write-offs following floods, storms, or extreme heat events
Anticipated impacts	**Short term**	Financial position may be impacted by unplanned repair and emergency maintenance costs following floods, storms, or heatwaves, including potential inventory write downs from temperature deviation or spoilage and capital expenditure (capex) for backup power, cold chain fixes, and logistics rerouting.
	Medium term	Increased risk of accelerated depreciation and more frequent impairment reviews for climate stressed assets, alongside higher net realisable value (NRV) adjustment risk from elevated inventory buffers. Capitalised resilience upgrades (e.g., freezer, drainage, and structural improvements) increase non current assets.
	Long term	Repeated climate exposure may render assets economically inefficient, leading to material impairments, full replacement, or major redevelopment. Structural redesign, large scale cold chain upgrades, or site diversification may significantly reshape the asset base and reduce recoverable values of older equipment.
Impact on Financial Performance		
Current impact		Lost production volumes, downtime, increased spoilage, and higher logistics expenses.
Anticipated impacts	**Short term**	Financial performance may decline due to emergency response costs, urgent repairs, logistics delays, and temporary shutdowns, with limited revenue impact unless cold chain failures disrupt product availability.
	Medium term	Operating expenses may increase from recurring climate related maintenance, higher insurance premiums, resilience driven upgrades, and elevated utility use, with intermittent revenue pressure from weather related logistics disruptions.
	Long term	Higher depreciation, maintenance, and insurance costs are expected as climate exposed assets are upgraded or replaced, while revenue may weaken if persistent climate disruptions affect supply continuity, cold chain reliability, or customer confidence.
Impact on Cash Flows		
Current impact		Immediate repair, remediation, and emergency logistics outflows.
Anticipated impacts	**Short term**	Cash outflows may increase due to emergency repairs, backup power deployment, logistics rerouting, and replacement of damaged inventory, while operating cash inflows generally remain stable unless disruptions are prolonged.
	Medium term	Higher cash outflows are expected from resilience related capex, including freezer upgrades, monitoring systems, drainage, and utility improvements, with potential short term pressure on operating inflows during weather related disruptions.
	Long term	Cash outflows are likely to rise significantly due to major resilience investments, such as climate resilient facilities, expanded cold chain capacity or site diversification, while cash inflows may be pressured during redevelopment phases or if climate impacts affect demand or brand strength.

CRR1 - Climate Physical Risk (Acute)		
Impact on Cost of Capital		
Current impact		No material impact
Anticipated impacts	**Short term**	Financing costs may increase due to additional working capital requirements for emergency repairs, higher inventory levels, and logistics adjustments, with modest increases in insurance premiums following severe weather events.
	Medium term	Borrowing and insurance costs may rise as spending on resilience upgrades increases and climate risk is more heavily factored into risk assessments.
	Long term	Cost of capital may increase in the long term due to the higher business risk arising from extreme weather events by elevating earnings volatility, weakening credit profiles, and driving higher risk premiums from both lenders and investors.

CRR2 - Climate Physical Risk (Chronic)	
Description	Gradual shifts in climate patterns, including rising temperatures, long term heat stress, changing rainfall patterns, drought conditions and ecosystem degradation, may lead to sustained pressure on assets, operations, supply chains, and surrounding communities. These risks typically emerge over time but may significantly affect business performance and operational resilience.
Risk type	Physical Risk
Time horizon	● ●
Affected area	• KFP Pannala and Ekala factories • Warehouses and cold rooms • Raw material storage sites
Business Model and Value Chain Impacts	
Current and anticipated effects	Persistent heat, humidity, and rainfall changes are straining refrigeration and increasing reliance on energy intensive cold chain operations, driving higher costs, inefficiencies and reduced reliability across manufacturing, storage, and distribution over time.
Concentration of the risk	Chronic climate risks are concentrated in manufacturing, cold storage, and distribution, which will strain refrigeration and product stability. These stresses increase energy and maintenance costs, cause inefficiencies, and reduce reliability across sourcing, warehousing, and delivery.
Strategy and Decision Making	
Current effects to the business model	Chronic climate risks are increasing refrigeration demand, energy use, and maintenance needs across KFP's manufacturing and cold chain operations, driving higher baseline costs and more frequent resource allocation to maintain product quality and supply reliability.
Anticipated changes to the business model	Chronic climate risks are pushing up operating costs and inefficiencies by straining refrigeration and cold chain systems, driving greater reliance on climate resilient assets, energy, and maintenance across the value chain.
Current and anticipated direct mitigation & adaptation efforts	Strengthening climate related controls by upgrading refrigeration and temperature monitoring systems, increasing preventive maintenance, and enhancing factory environmental controls to protect product quality under chronic climate risks. Over time, these measures are expected to expand into more energy efficient cooling technologies, facility retrofits, and continuous improvements to processing and cold chain resilience to manage long term climate stress.
Current and anticipated indirect mitigation & adaptation efforts	Collaborating with suppliers, logistics partners, and utility providers to protect cold chain continuity through coordinated response planning, shared infrastructure support, and supplier engagement. Over time, these collaborations are expected to evolve into joint contingency planning, scenario analysis, and stronger partner networks to maintain distribution reliability and product integrity under sustained climate pressures.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

CRR2 - Climate Physical Risk (Chronic)		
How KFP plans to achieve related climate-linked targets		Climate targets are currently being developed based on an ongoing baseline data assessment, and the Group will disclose the targets, timelines, and progress once the process is finalised.
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		No material impact
Anticipated impacts	**Short term**	No immediate balance sheet impact, as impacts are mainly operational inefficiencies rather than asset damage
	Medium term	Higher protection focused capex for refrigeration upgrades, environmental controls and climate resilient manufacturing and cold chain assets.
	Long term	Increased risk of accelerated depreciation, impairment, or replacement of climate stressed assets, raising capital intensity and reshaping asset values.
Impact on Financial Performance		
Current impact		No material impact
Anticipated impacts	**Short term**	No immediate impact, with only minor cost effects from higher energy use and small efficiency losses.
	Medium term	Margin pressure from higher maintenance, logistics, sourcing and spoilage costs as chronic climate risks strain equipment and cold chain operations.
	Long term	Sustained margin erosion risk as persistent climate stress raises operating intensity, reduces efficiency, and structurally increases costs across production and the cold chain.
Impact on Cash Flows		
Current impact		No material impact
Anticipated impacts	**Short term**	No immediate cash impact, with only minor variations from energy use and routine operating adjustments.
	Medium term	Increased working capital needs due to higher spoilage risk, stronger sourcing and logistics demands, and more frequent replenishment of temperature sensitive inventory.
	Long term	Greater cash flow volatility and higher ongoing cash buffers required as persistent climate stress drives recurring cost variability across maintenance, energy, and sourcing.
Impact on Cost of Capital		
Current impact		No material impact
Anticipated impacts	**Short term**	No immediate impact, as gradual climate pressures do not yet affect lender or insurer perceptions.
	Medium term	Higher insurance premiums and increased lender risk sensitivity as sustained chronic climate risks raise operational and asset risks
	Long term	Elevated cost of capital driven by higher climate risk premiums, with financing and insurance costs reflecting long term physical climate exposure.

CRR 3 -GHG Emissions and Energy Management	
Description	Energy intensive manufacturing, processing, and cold chain operations expose the Group to rising electricity and fuel costs, supply instability, and increasing regulatory and stakeholder pressure to reduce greenhouse gas emissions. Expectations around energy efficiency and emissions reduction may increase operating and capital costs, compress margins and influence access to ESG linked financing if energy consumption and emissions are not effectively managed.
Risk type	Transition Risk
Time horizon	
Affected area	• KFP Pannala and Ekala factories • Warehouses, cold rooms and cold chain operations
Business Model and Value Chain Impacts	
Current and anticipated effects	Energy intensive manufacturing and cold chain operations are already exposed to rising electricity and fuel costs and tighter monitoring requirements. Over time, sustained energy cost inflation, grid instability and increasing pressure to reduce emissions are expected to raise operating and capital costs, compress margins, and drive greater investment in energy efficient and low carbon technologies across processing, warehousing and logistics.
Concentration of the risk	KFP's energy dependent manufacturing and cold chain operations at Ekala and Pannala, along with warehousing and third party distribution, are highly exposed to energy price volatility, grid instability, and emissions reduction pressures due to their reliance on continuous electricity and fuel intensive temperature control across the value chain.
Strategy and Decision Making	
Current effects to the business model	Rising electricity and fuel costs, along with stricter monitoring requirements, are increasing operating expenses and putting pressure on efficiency and cost to serve.
Anticipated changes to the business model	Continued energy cost inflation and tighter emissions expectations are driving greater reliance on energy efficient systems and low carbon solutions, increasing long term operating and capital needs.
Current and anticipated direct mitigation & adaptation efforts	Enhanced energy monitoring, phased equipment upgrades, and targeted maintenance to improve efficiency and manage energy price volatility.
Current and anticipated indirect mitigation & adaptation efforts	Collaborating with utilities and fuel providers to monitor regulatory and market developments and adjust procurement and operations to maintain energy continuity and strengthen long term resilience.
How KFP plans to achieve related climate-linked targets	Climate targets are under development, informed by an ongoing baseline assessment, and will be disclosed with timelines and progress updates once finalised.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

CRR 3 -GHG Emissions and Energy Management		
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		No material impact
Anticipated impacts	**Short term**	No material impact, as energy cost and compliance pressures affect operating expenses rather than asset values.
	Medium term	Increased capex for energy efficient upgrades to refrigeration, processing, and monitoring systems.
	Long term	Risk of major asset upgrades or stranded assets as prolonged emissions reduction pressures render older, high energy assets inefficient.
Impact on Financial Performance		
Current impact		Higher electricity and fuel expenses.
Anticipated impacts	**Short term**	Higher energy costs from temporary electricity and fuel price increases across manufacturing and cold chain operations.
	Medium term	Margin pressure as faster rising energy costs, higher consumption intensity, compliance requirements, and efficiency gaps affect operating margins.
	Long term	Structural margin compression if energy intensity remains high, with sustained energy dependence and regulatory pressures driving permanently higher cost levels.
Impact on Cash Flows		
Current impact		Increased energy-related cash outflows.
Anticipated impacts	**Short term**	Higher operating cash outflows due to rising electricity and fuel costs.
	Medium term	Increased cash requirements for capex linked to energy efficient technologies, refrigeration upgrades, and enhanced monitoring systems.
	Long term	Sustained operating cash pressure as persistently high energy costs and transition related investments elevate long term cash needs.
Impact on Cost of Capital		
Current impact		No material impact
Anticipated impacts	**Short term**	No material impact, as short term energy cost volatility does not yet affect lender or insurer risk assessments.
	Medium term	Moderate increase in financing and insurance sensitivity as emissions and energy efficiency scrutiny intensifies.
	Long term	Higher risk premium if transition progress weakens, with financing and insurance costs rising due to persistent emissions, slow efficiency gains, or non compliance.

SRR1 - Environmental and Social Impacts of Ingredient Supply Chain		
Description		Environmental and social risks across animal based and agricultural ingredient supply chains including animal welfare concerns, feed sourcing issues, antibiotic use, livestock disease outbreaks, climate impacts on farming and regulatory non compliance may disrupt supply continuity, reduce raw material quality, increase costs, heighten regulatory exposure, and negatively affect customer trust and demand.
Risk type		Sustainability-related risk
Time horizon		
Affected area		• KFP Pannala and Ekala factories • Agricultural suppliers • Both local and import dependent ingredient suppliers
Business Model and Value Chain Impacts		
Current and anticipated effects		Environmental and social pressures in the ingredient supply chain are already affecting raw material availability, quality, and costs, especially during extreme weather events. Over time, increasing climate stress and stricter responsible sourcing expectations are likely to drive higher costs, greater supply instability and increased investment in supplier oversight and sustainable sourcing, impacting production continuity and long term resilience.
Concentration of the risk		Upstream with climate sensitive agricultural producers, livestock suppliers, and ingredient processors, particularly those with weaker ESG controls. Exposure is highest at the Pannala and Ekala factories, where reliance on consistent, compliant raw materials directly affects manufacturing efficiency, cold chain operations, distribution and overall product quality and availability.
Strategy and Decision Making		
Response in strategy & decision-making		Integrated sustainability sourcing into procurement through stronger supplier governance, improved traceability, alignment with environmental and social standards, and diversification of high risk suppliers to support reliable and responsible ingredient supply.
Progress to date		Enhanced supplier monitoring and closer engagement with suppliers and certification bodies have improved compliance, transparency, and supply stability, particularly in higher risk regions.
Trade-offs considered		While strengthened sustainable procurement introduces short term cost and working capital pressures, these are balanced by longer term benefits such as improved supply resilience, reduced regulatory and reputational risks, and more reliable, ethically sourced raw materials.
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		Inventory shortages, higher input-cost provisions due to supply disruptions and quality variability
Anticipated impacts	**Short term**	Supply disruptions and price volatility may lead to inventory shortages, higher input cost provisions, and increased working capital needs from short term sourcing premiums.
	Medium term	Rising sourcing costs and investments in supplier audits, diversification and traceability may increase capitalised assets and provisioning risk due to agricultural variability and compliance expenses.
	Long term	Structural changes to the supplier base, greater reliance on long term contracts and higher capital employed to secure resilient supply models.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

SRR1 - Environmental and Social Impacts of Ingredient Supply Chain		
Impact on Financial Performance		
Current impact		Elevated cost of sales from disruptions to production and reliance on alternative sourcing channels.
Anticipated impacts	**Short term**	Production disruptions, price volatility, and emergency sourcing may temporarily raise cost of sales and reduce profitability.
	Medium term	Ongoing input cost inflation, compliance investments, and logistics volatility may pressure margins, with added variability from climate affected yields.
	Long term	Persistent supply instability may lead to structural margin pressure, while supplier ESG or animal welfare failures could trigger reputational, regulatory and competitiveness risks.
Impact on Cash Flows		
Current impact		Emergency sourcing and logistics related cash outflows.
Anticipated impacts	**Short term**	Short term cash outflows may increase due to emergency sourcing, expedited logistics and rapid supplier substitution.
	Medium term	Working capital needs may rise from higher inventory buffers, supplier support, compliance, and certification costs, with diversified sourcing increasing routine cash commitments.
	Long term	Ongoing climate, disease, or regulatory risks may drive sustained cash flow volatility, while long term supplier development and ethical sourcing programmes increase recurring cash outflows.
Impact on Cost of Capital		
Current impact		No material impact
Anticipated impacts	**Short term**	No material impact
	Medium term	Modest increase in cost of capital as lenders factor in supply volatility, ESG risks and exposure to climate sensitive inputs.
	Long term	Potential structural increase in cost of capital if supply chain resilience is not strengthened, with higher risk premiums and stricter lending terms driven by persistent climate and ESG risks.

SRR2 - Food Safety Compliance	
Description	Risks arising from contamination, cold chain failures or supplier quality issues may result in product recalls, regulatory sanctions, legal claims, and reputational damage. Such failures can undermine consumer confidence, pose risks to consumer health and safety, and impact the validity of certifications and licences critical to continued operations.
Risk type	Sustainability-related risk
Time horizon	● ●
Affected area	• KFP Pannala and Ekala factories • Cold chain dependent storage and distribution points

SRR2 - Food Safety Compliance		
Business Model and Value Chain Impacts		
Current and anticipated effects		Food safety risks are currently managed through established Quality Assurance controls with minimal disruption. However, an increase in incidents could lead to recalls, regulatory action, and reputational damage. Over time, growing regulatory and customer expectations may require enhanced traceability, stronger quality controls, and tighter supplier oversight across the value chain.
Concentration of the risk		In production lines and cold storage facilities at Ekala and Pannala, where temperature control and sanitation directly affect product integrity. Additional exposure exists in ingredient sourcing, third party logistics and sales channels, where cold chain or handling failures can impact downstream operations and customer experience.
Strategy and Decision Making		
Response in Strategy & Decision-Making		Food safety incidents require immediate quality and supply chain actions, increasing pressure on operations and affecting margins, working capital and brand trust.
Progress to Date		Strengthened Quality Assurance monitoring, tighter traceability controls, upgraded cold chain management, improved compliance with food safety standards, and enhanced supplier oversight to reduce recurrence risk.
Trade-offs Considered		Higher short term costs and operational complexity from stricter compliance and preventive controls, balanced against reduced long term recall risk, regulatory exposure, and reputational damage.
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		No material impact
Anticipated impacts	**Short term**	Inventory write offs, recall provisions and temporary sourcing or testing costs may increase working capital requirements.
	Medium term	Continued investment in Quality Assurance systems, certifications and supplier compliance programmes may increase asset values and provisioning needs.
	Long term	Repeated incidents may require higher capital investment to sustain compliance and food safety assurance capabilities.
Impact on Financial Performance		
Current impact		No material impact
Anticipated impacts	**Short term**	Refunds, lost sales, and recall related expenses may reduce short term profitability.
	Medium term	Continued Quality Assurance investments, remediation efforts and supplier compliance costs may place ongoing pressure on margins.
	Long term	Repeated incidents may result in sustained margin compression, reputational damage, and long term competitiveness risks.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

SRR2 - Food Safety Compliance		
Impact on Cash Flows		
Current impact		No material impact
Anticipated impacts	**Short term**	Recall and remediation actions may result in immediate cash outflows.
	Medium term	Greater working capital volatility may arise from higher inventory buffers, quality assurance investments and compliance costs.
	Long term	Ongoing food safety risks may lead to sustained cash strain through continued remediation, supplier improvements, and long term partnership investments.
Impact on Cost of Capital		
Current impact		No material impact
Anticipated impacts	**Short term**	No material short-term effects expected.
	Medium term	Investor sentiment may be affected by recurring incidents, marginally increasing risk premiums.
	Long term	If incidents recur, lenders may apply higher risk premiums and more stringent conditions, raising the long-term cost of capital.

SRR3 - Waste Management	
Description	Inadequate waste management practices may result in regulatory penalties, enforcement actions, increased compliance costs, reputational damage, loss of customer trust and potential declines in sales. Poor waste handling may also affect environmental performance and social licence to operate.
Risk type	Sustainability-related risks
Time horizon	● ●
Affected area	• KFP Pannala and Ekala factories • Pannala Effluent Treatment Plant (ETP)
Business Model and Value Chain Impacts	
Current and anticipated effects	Waste management challenges are raising compliance costs and operational demands, with risks of penalties and reputational damage if poorly managed. Over time, tighter regulations, Extended Producer Responsibility (EPR), and circularity expectations are likely to increase structural costs and influence procurement, capex, and post consumer packaging obligations.
Concentration of the risk	The risk is concentrated in KFP's internal waste handling operations, including production processes, sludge management, and packaging flows. Additional exposure arises across the value chain particularly with suppliers, recyclers, packaging partners, and distributors where failures in external waste systems may affect compliance and reputational standing.
Strategy and Decision Making	
Response in strategy & decision-making	Strengthening regulatory compliance, improving waste handling procedures, engaging licensed disposal providers, and conducting regular environmental inspections, supported by preventive maintenance, monitoring and staff training to reduce regulatory and reputational risk.

SRR3 - Waste Management		
Progress to date		Strengthened waste disposal processes, improved monitoring and internal compliance controls, and reinforced partnerships with licensed waste vendors. Packaging optimisation and waste minimisation initiatives are already reducing material use and supporting regulatory alignment.
Trade-offs considered		Higher short term costs from waste management upgrades, packaging redesign and EPR compliance, balanced against improved long term outcomes through reduced regulatory, reputational, and operational risk while maintaining competitiveness.
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		Provisions for compliance-related expenses
Anticipated impacts	**Short term**	Input cost volatility and rapid procurement adjustments may increase working capital requirements.
	Medium term	Higher compliance costs and capital investment in waste treatment, recycling infrastructure, and monitoring systems may increase non-current assets, while stricter regulations elevate provisioning and operational risk.
	Long term	Sustained investment in circular economy initiatives, sustainable packaging, and waste reduction systems may increase capital employed, while evolving ESG regulations could impact asset recoverability and long-term asset structures.
Impact on Financial Performance		
Current impact		Compliance related expenses
Anticipated impacts	**Short term**	Inefficiencies in waste segregation, disposal, or treatment may disrupt production processes, increase cost of sales, and temporarily reduce profitability due to rework, disposal costs, or operational interruptions.
	Medium term	Rising waste management and compliance costs, including investments in treatment systems, recycling, and monitoring, may exert pressure on margins and increase operating expenditure.
	Long term	Sustained investment in sustainable packaging, circular economy initiatives, and waste reduction systems may reshape cost structures, while stricter ESG expectations and compliance risks could lead to structural margin pressure and reputational impacts affecting long-term competitiveness.
Impact on Cash Flows		
Current impact		Compliance related cash outflows
Anticipated impacts	**Short term**	Increased cash outflows due to waste handling inefficiencies, urgent disposal requirements, and corrective actions, including third-party treatment and regulatory compliance measures
	Medium term	Higher cash outflows for investment in waste management infrastructure, recycling systems, monitoring processes, and compliance upgrades, alongside increased operating costs for sustainable waste handling.
	Long term	Sustained cash commitments toward circular economy initiatives, sustainable packaging transformation, and waste reduction programs, with potential cash flow volatility driven by evolving ESG regulations and compliance requirements.
Impact on Cost of Capital		
Current impact		No material impact
Anticipated impacts	**Short term**	No material short-term impact is expected
	Medium term	Financing costs may increase modestly as lenders and investors incorporate waste management practices, regulatory compliance, and ESG performance into credit assessments and risk pricing
	Long term	Persistent gaps in waste management, regulatory non-compliance, or weak progress toward circular economy goals may elevate perceived ESG risk, leading to higher risk premiums, tighter lending conditions, and increased long-term cost of capital.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

SRR4 - Skilled Labour Availability and Capability Risk		
Description		Shortages of skilled labour and capability gaps across manufacturing and cold chain operations driven by demographic shifts, labour migration, talent competition, and rising automation needs may reduce productivity, increase safety risks, and disrupt operations. Workforce instability may also affect customer service, quality outcomes, and operational reliability, while reliance on unskilled labour can heighten error and misconduct risks.
Risk type		Sustainability-related risk
Time horizon		
Affected area		• Water intensive operational processes
Business Model and Value Chain Impacts		
Current and anticipated effects		Current shortages of skilled labour are increasing reliance on overtime, contract staff and rapid training, reducing efficiency and straining operations. Over time, persistent skill gaps are expected to raise labour and training costs, slow automation adoption, increase safety and quality risks, and weaken productivity and competitiveness across manufacturing, warehousing, and distribution.
Concentration of the risk		Manufacturing, warehousing, and cold chain distribution (including third parties), where operations rely on technically skilled staff to manage equipment, quality controls, and temperature sensitive handling. Skill shortages directly threaten operational continuity and service levels at critical value chain points requiring precision, safety, and timeliness.
Strategy and Decision Making		
Response in Strategy & Decision-Making		Stronger workforce planning, targeted hiring, expanded training and upskilling, succession development, and improved role structures to reduce reliance on overtime and contract labour while building long term technical capability.
Progress to Date		Workforce planning has been strengthened through targeted recruitment and accelerated training and upskilling initiatives.
Trade-offs Considered		Short term reliance on overtime, contract labour and rapid training is balanced against higher near term costs to support long term productivity, safety, and quality, while transitioning toward a more skilled and automation ready workforce.
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		No material impact
Anticipated impacts	**Short term**	Higher provisions for overtime, temporary labour, and recruitment costs to maintain production continuity amid skill shortages.
	Medium term	Increased capitalised investment in training systems and automation to build capability and reduce reliance on scarce skilled labour.
	Long term	Risk of structural productivity constraints and potential impairment of under utilised assets if persistent skill shortages limit operational efficiency and the effective use of automation and cold chain equipment.

SRR4 - Skilled Labour Availability and Capability Risk		
Impact on Financial Performance		
Current impact		Higher labour costs, reduced efficiency.
Anticipated impacts	**Short term**	Higher labour, overtime, and contractor costs due to reliance on premium temporary labour and extended shifts to maintain operations.
	Medium term	Margin pressure from reduced throughput and efficiency as skill gaps slow operations and increase the cost of meeting service and quality standards.
	Long term	Structural margin erosion if skill shortages persist, driven by sustained inefficiencies, elevated labour costs, and slower adoption of automation.
Impact on Cash Flows		
Current impact		Higher wages, training, and recruitment cash outflows
Anticipated impacts	**Short term**	Higher cash outflows for wages, overtime, training, and recruitment as skill shortages drive reliance on temporary labour and accelerated hiring to maintain production continuity.
	Medium term	Increased capex funding for automation, equipment upgrades, and structured capability building initiatives to reduce long term dependence on scarce skilled labour.
	Long term	Structurally higher operating cash requirements as persistent skill gaps elevate recurring labour, training and system support costs across manufacturing and cold chain operations.
Impact on Cost of Capital		
Current impact		No material impact
Anticipated impacts	**Short term**	No immediate impact, as skill shortages mainly affect operating costs and do not yet influence lender or insurer perceptions.
	Medium term	Increased insurance premiums and lender scrutiny may arise as persistent skill gaps heighten concerns around productivity, safety, and operational continuity.
	Long term	Sustained skill shortages may raise the cost of capital, with lenders and insurers pricing in higher operational risk, slower efficiency gains, and greater reliance on automation investments.

SRR5 - Water and Wastewater Management	
Description	Reliable water availability and effective wastewater management are critical to uninterrupted operations. Poor water quality, supply disruptions, or failure in effluent treatment systems may disrupt production, result in regulatory penalties, and cause reputational harm. Inadequate waste water management may also pose environmental risks, including ecosystem degradation and freshwater depletion, threatening long term licence to operate.
Risk type	Sustainability-related risk
Time horizon	
Affected area	• KFP Pannala and Ekala factories • Pannala Effluent Treatment Plant (ETP) • Water intensive processes

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

SRR5 - Water and Wastewater Management		
Business Model and Value Chain Impacts		
Current and anticipated effects		Water availability constraints, rising sourcing costs, and stricter effluent treatment requirements are already increasing operational strain and compliance risk across KFP's manufacturing processes. Over time, sustained water scarcity and tighter regulation are expected to raise costs, increase downtime risk, and challenge the ability to maintain stable production, product quality, and regulatory compliance at the Pannala and Ekala facilities and associated treatment operations.
Concentration of the risk		The risk is concentrated at KFP's Pannala and Ekala manufacturing facilities and the Pannala effluent treatment plant, where reliable water access and compliant wastewater treatment are critical to operations. Any disruption or non compliance can affect production continuity, regulatory standing and downstream activities across sourcing, processing, cold storage, and distribution.
Strategy and Decision Making		
Response in Strategy & Decision-Making		Improving water use efficiency, strengthening intake and discharge monitoring, upgrading wastewater treatment systems, and enhancing on site storage and treatment capacity to maintain compliance and reduce exposure to water scarcity and production disruptions.
Progress to Date		Monitoring and treatment processes have been upgraded, wastewater recycling expanded, and operating procedures strengthened, with initial resilience measures implemented to stabilise production under water stressed conditions.
Trade-offs Considered		Higher short term costs for treatment and recycling infrastructure are balanced against the need for reliable production, regulatory compliance, and long term resilience to water related risks.
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		No material impact
Anticipated impacts	**Short term**	Increased provisions for penalties and remediation due to non compliance risks, emergency treatment needs or discharge quality deviations requiring immediate corrective action.
	Medium term	Higher capex for treatment upgrades, including improved effluent systems, enhanced monitoring, and expanded water recycling infrastructure to meet regulatory and operational requirements.
	Long term	Risk of impairment or replacement of non compliant infrastructure, with additional capital investment required to support long term water resilience and compliance.
Impact on Financial Performance		
Current impact		No material impact
Anticipated impacts	**Short term**	Incident related costs, remediation expenses and lost production or sales due to water scarcity events or treatment failures causing temporary downtime.
	Medium term	Higher recurring operating costs from stricter regulation, monitoring, and water quality requirements, placing pressure on margins.
	Long term	Sustained margin pressure driven by ongoing increases in water management, treatment and compliance costs, and efficiency impacts from continued water related disruptions.

SRR5 - Water and Wastewater Management		
Impact on Cash Flows		
Current impact		No material impact
Anticipated impacts	**Short term**	Emergency cash outflows for remediation and alternative water sourcing, including temporary treatment and compliance actions.
	Medium term	Higher ongoing operating cash requirements as treatment, monitoring and water procurement increase day-to-day outflows and working capital needs.
	Long term	Structural cash strain if water scarcity or compliance challenges persist, requiring sustained cost coverage and larger cash buffers.
Impact on Cost of Capital		
Current impact		No material impact
Anticipated impacts	**Short term**	No material impact, as water related operational risks do not immediately affect lender perceptions or financing terms.
	Medium term	Increased regulatory and lender scrutiny as higher water risk exposure and compliance requirements raise perceived operational and environmental risk, potentially tightening financing conditions.
	Long term	Higher ESG linked risk premiums and financing costs if water related non compliance or recurring issues persist, reflecting elevated long term environmental risk exposure.

CLIMATE AND SUSTAINABILITY-RELATED OPPORTUNITIES

The table below summarises the relevant CROs and SROs that could affect the KFP over the short, medium, and long term.

CRO1 - Climate Resilient Operations and Cold Chain Strengthening	
Description	Enhancing production, storage, and distribution systems to withstand climate related disruptions such as floods and heat stress while maintaining food safety and product quality. Investments in resilient and energy efficient cold chain infrastructure can reduce operational vulnerability and strengthen long term resilience.
Risk type	Climate-related opportunity
Time horizon	● ●
Affected area	• KFP Pannala and Ekala factories • Warehouses, cold rooms, and temperature sensitive storage facilities
Business Model and Value Chain Impacts	
Current and anticipated effects	Strengthening climate resilient operations and the cold chain is improving the stability and reliability of production, storage, and distribution by reducing exposure to extreme weather disruptions. These enhancements support better risk management, lower spoilage, and stronger food safety assurance, while over time embedding resilience and sustainability more deeply into the business model and improving overall value chain efficiency.
Concentration of the opportunity	The greatest opportunity to strengthen climate resilient operations and the cold chain lies in KFP's Ekala and Pannala manufacturing sites, key warehouses, and cold rooms, where improved temperature control enhances reliability and product quality. Additional gains can be achieved upstream through more resilient ingredient sourcing and logistics, and downstream by strengthening third party distribution, improving delivery consistency and customer confidence across the value chain.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

CRO1 - Climate Resilient Operations and Cold Chain Strengthening		
Strategy and Decision Making		
Current effects to the business model		Early resilience initiatives have reduced weather related disruptions, improved cold chain reliability, enhanced product quality consistency, and strengthened logistics performance through lower downtime and more reliable deliveries.
Anticipated changes to the business model		Improved resilience is expected to reduce disruption related costs, protect assets and support steady production under climate stress. Over time, lower write offs, improved asset durability, potential insurance benefits, and stronger customer confidence are expected to enhance competitiveness and ensure continuity in temperature sensitive product categories.
Current and anticipated direct mitigation & adaptation efforts		Implementing targeted adaptation measures, including asset hardening assessments across factories, storage facilities, and cold chain nodes, supported by infrastructure reinforcement, backup power, enhanced monitoring, and temperature control redundancies to reduce disruption and cold chain failure risk. These measures are strengthening resilience across the supply chain from sourcing to distribution.
How the entity plans to achieve related climate-linked targets		Climate targets are currently under development, informed by an ongoing baseline data assessment, and will be disclosed with associated timelines and progress updates once finalised.
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		No material impact
Anticipated impacts	**Short term**	Asset hardening assessments are initiated, with early evaluations of cold chain equipment and facility resilience informing planning and having no material balance sheet impact.
	Medium term	Targeted investments in asset hardening and resilience upgrades, including improved cold chain reliability, structural reinforcements, and climate resilient equipment.
	Long term	Broader resilience driven asset improvements to protect production and cold chain infrastructure against long term climate and temperature variability.
Impact on Financial Performance		
Current impact		Reduced disruption-related losses where backup systems are in place.
Anticipated impacts	**Short term**	Reduced disruption related losses as backup systems and early preparedness measures support operational continuity during climate events.
	Medium term	Improved margin stability as stronger cold chain reliability lowers quality deviations and downtime.
	Long term	Sustained margin resilience supported by structurally stronger operations and reduced exposure to climate driven disruptions.

CRO1 - Climate Resilient Operations and Cold Chain Strengthening		
Impact on Cash Flows		
Current impact		Minor operating cash outflows for preparedness measures
Anticipated impacts	**Short term**	Minor operating cash outflows related to preparedness measures and early monitoring enhancements.
	Medium term	Increased capex and operating cash outflows for resilience upgrades, with expected longer term performance benefits.
	Long term	More stable operating cash flows as strengthened cold chain systems reduce emergency costs and operational disruption.
Impact on Cost of Capital		
Current impact		No material impact
Anticipated impacts	**Short term**	Near term capital needs may increase due to investments in climate resilient and cold chain infrastructure, with a slight upward effect on the cost of capital.
	Medium term	Improved operational reliability and fewer climate related disruptions are expected to stabilise the cost of capital by reducing perceived business risk.
	Long term	Stronger resilience and protected cash flows may lower the overall cost of capital as the business is viewed as lower risk and more sustainable by investors.

SRO1 – Sustainable Water Governance and Recycling Systems	
Description	Implementing sustainable water management practices across processing, cleaning, and packaging operations, including water efficiency measures, safe wastewater recycling and improved compliance with food safety and environmental standards. These initiatives protect local ecosystems and community water resources while improving long term operational efficiency and resilience.
Risk type	Sustainability-related opportunity
Time horizon	
Affected area	• KFP Pannala and Ekala factories • Pannala Effluent Treatment Plant (ETP)-
Business Model and Value Chain Impacts	
Current and anticipated effects	Water governance and recycling initiatives are reducing water use costs, strengthening effluent treatment compliance, and improving operational reliability in water stressed areas. Over time, these measures are expected to lower sourcing costs, reduce regulatory and climate related water risks, secure production continuity and enhance the company's reputation for responsible water stewardship across the value chain.
Concentration of the opportunity	Concentrated in water intensive stages of the value chain, particularly cleaning and preparation processes, as well as in wastewater treatment through the Pannala ETP, which supports recycling and regulatory compliance. Additional efficiency gains can be achieved across sanitation and utility functions, offering meaningful improvements in sustainable water use across KFP's operations.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

SRO1 – Sustainable Water Governance and Recycling Systems		
Strategy and Decision Making		
Response in strategy & decision-making		Sustainable water management has been integrated into operational strategy, with targets to reduce water intensity, expand recycling and invest in advanced recycling technologies and ETP upgrades, prioritising circular water use, stronger monitoring and alignment with food safety and environmental standards.
Progress to date		Water recycling systems have been deployed in high usage areas, delivering slight reductions in freshwater intake, supported by established baselines and monitoring processes.
Trade-offs considered		Higher short term capex and potential operational disruption are balanced against long term cost savings, efficiency gains, regulatory benefits, and the need to maintain food safety and water quality.
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		No material impact
Anticipated impacts	**Short term**	Compliance focused capex planning, with initial investments aimed at maintaining regulatory alignment and strengthening water treatment readiness.
Anticipated impacts	**Medium term**	Continued compliance driven capex as water treatment and recycling systems are upgraded to improve efficiency and reliability.
Anticipated impacts	**Long term**	Sustained investment in water treatment and recycling infrastructure to support long term water resilience and reduce regulatory exposure.
Impact on Financial Performance		
Current impact		No material impact
Anticipated impacts	**Short term**	Compliance-driven cost control; avoidance of penalties supports stable margins.
Anticipated impacts	**Medium term**	Operational efficiency improves as reduced water related disruptions enhance cost management and consistency.
Anticipated impacts	**Long term**	Lower water related risk supports more stable margins through sustained improvements in treatment, recycling, and regulatory compliance.
Impact on Cash Flows		
Current impact		No material impact
Anticipated impacts	**Short term**	Routine operating cash outflows related to water treatment and compliance activities.
Anticipated impacts	**Medium term**	Capex driven cash outflows with longer term payback as improved recycling and treatment systems reduce water use and compliance costs.
Anticipated impacts	**Long term**	More stable operating cash flows supported by enhanced water efficiency, lower penalty risk, and reduced exposure to water scarcity.

SRO1 – Sustainable Water Governance and Recycling Systems		
Impact on Cost of Capital		
Current impact		No immediate impact identified.
Anticipated impacts	**Short term**	Upfront capex for water efficiency and recycling systems may slightly increase the cost of capital.
	Medium term	Lower water usage reduces operating costs and improved compliance are expected to reduce operational risk and stabilise the cost of capital.
	Long term	Stronger water security, enhanced sustainability credentials, and higher investor confidence may lower the overall cost of capital as the business is viewed as more resilient and resource efficient.

SRO2- Sustainable and Reliable Ingredient Procurement	
Description	Strengthening sustainable and resilient ingredient procurement enables the Group to secure consistent access to meat, spices, additives, and packaging inputs while reinforcing ethical sourcing and environmental responsibility. By building diversified and resilient supplier networks aligned to responsible sourcing practices, the Group can improve supply security, reduce exposure to sourcing disruptions, and enhance customer trust in its products.
Risk type	Sustainability-related opportunity
Time horizon	
Affected area	• KFP Pannala and Ekala factories • Agricultural suppliers • Ingredient suppliers (local and import dependent)
Business Model and Value Chain Impacts	
Current and anticipated effects	Strengthening sustainable and reliable ingredient procurement improves short term supply stability by diversifying sourcing and enhancing supplier monitoring, reducing cost volatility and quality risks. Over time, ESG aligned and climate resilient sourcing is expected to improve reliability, reduce disruptions and reinforce customer confidence across sourcing, manufacturing, and distribution.
Concentration of opportunity	In ingredient sourcing, where diversified, ESG aligned supplier partnerships strengthen access to key inputs. It extends to KFP's Ekala and Pannala manufacturing operations, where consistent, high quality raw materials support production stability, and to third party distribution and sales, where reliable inputs reinforce product consistency, brand trust, and long term customer relationships.
Strategy and Decision Making	
Response in strategy & decision-making	Strengthening supplier oversight by diversifying sourcing, expanding supplier audits, and embedding ESG criteria into procurement to improve supply stability and reduce sourcing volatility.
Progress to date	Supplier engagement has improved through ESG assessments, diversified sourcing, enhanced traceability, stronger procurement controls and reinforced quality and performance monitoring.
Trade-offs considered	Higher short term costs from sustainable sourcing, audits and diversification are balanced against long term benefits of improved supply reliability, reduced quality risks, and stronger brand credibility.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

SRO2- Sustainable and Reliable Ingredient Procurement		
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		No material impact
Anticipated impacts	**Short term**	Inventory optimisation improves input availability and enables appropriate buffer levels, reducing exposure to ingredient variability.
	Medium term	Continued optimisation and diversified supplier relationships support more predictable raw material flows and reduce reactive procurement.
	Long term	Stable sourcing improves asset utilisation, production planning, and long term resource allocation.
Impact on Financial Performance		
Current impact		No material impact
Anticipated impacts	**Short term**	Margin pressure from higher sourcing and audit costs due to supplier assessments and compliance checks.
	Medium term	Improved supplier reliability supports steadier margins by reducing variability, quality issues, and disruption related losses.
	Long term	Sustained margin resilience as reliable sourcing lowers volatility, strengthens quality consistency and improves long term operational predictability.
Impact on Cash Flows		
Current impact		No material impact
Anticipated impacts	**Short term**	Higher working capital needs as inventory buffers are maintained to manage supplier variability and ensure production continuity.
	Medium term	More predictable procurement related cash flows as improved supplier performance and fewer disruptions stabilise ordering and replenishment cycles.
	Long term	Steadier operating cash flows as resilient ingredient sourcing reduces long term volatility and reliance on costly emergency procurement.
Impact on Cost of Capital		
Current impact		No immediate impact identified
Anticipated impacts	**Short term**	Upfront investment in supplier development, traceability and sustainable sourcing may slightly increase capital requirements and the cost of capital.
	Medium term	A more stable and diversified supply base reduces price volatility and disruption risk, helping to stabilise the cost of capital.
	Long term	Reliable, sustainably sourced ingredients strengthen supply chain resilience and support long term financial stability.

SRO3 - Commitment to Food Integrity, Traceability and Quality Excellence		
Description		Strengthening product integrity, traceability and quality management systems across the supply chain enhances consistency, authenticity, and regulatory compliance. Through advanced ingredient tracking, rigorous quality standards and recognised certifications, the Group can reduce contamination and fraud risks, reinforce food safety, build stronger consumer trust, and brand credibility.
Risk type		Sustainability-related opportunity
Time horizon		● ●
Affected area		• KFP Pannala and Ekala production lines
Business Model and Value Chain Impacts		
Current and anticipated effects		Strengthening food integrity and traceability reduces recall risk, improves regulatory responsiveness and builds consumer trust in the near term. Over time, advanced tracking, transparent quality assurance and stronger compliance are expected to enhance customer loyalty, reinforce brand credibility and reduce regulatory exposure across sourcing, manufacturing, cold storage and distribution.
Concentration of the opportunity		Spans ingredient sourcing, production lines at Ekala and Pannala, cold storage facilities and downstream distribution, where robust quality controls and enhanced traceability strengthen product assurance, regulatory compliance and consistent quality across the entire value chain.
Strategy and Decision Making		
Response in strategy & decision-making		Strengthening product integrity by enhancing traceability systems, tightening Quality Assurance controls, increasing supplier transparency, and introducing stronger inspection protocols and digital tracking across sourcing, processing and distribution.
Progress to date		Recall readiness has improved through strengthened Quality Assurance inspections, expanded traceability checks, enhanced documentation and certification alignment, resulting in fewer quality deviations and better regulatory responsiveness.
Trade-offs considered		Higher short term costs from advanced traceability tools, stricter Quality Assurance and more frequent supplier audits are balanced against long term benefits in product integrity, customer trust, regulatory compliance and brand reputation.
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		No material impact
Anticipated impacts	**Short term**	Quality Assurance system upgrades strengthen inventory valuation stability by reducing the risk of quality related write offs and improving short term asset assurance.
	Medium term	Continued enhancements to Quality Assurance processes support more consistent asset utilisation, reduce variability in production inputs and improve medium to long term planning reliability.
	Long term	Robust Quality Assurance and traceability systems lower recall related asset risk, supporting durable asset resilience and sustained inventory stability over the long term.
Impact on Financial Performance		
Current impact		No material impact
Anticipated impacts	**Short term**	Stronger Quality Assurance controls lower near term recall and write off risk, helping stabilise margins.
	Medium term	Improved quality consistency supports more predictable margins as disruptions and deviations decline.
	Long term	Sustained margin resilience driven by stronger brand trust, higher product integrity and reduced regulatory exposure.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

SRO3 - Commitment to Food Integrity, Traceability and Quality Excellence		
Impact on Cash Flows		
Current impact		No material impact
Anticipated impacts	**Short term**	Modest increases in compliance and monitoring outflows driven by enhanced testing, traceability checks and supplier documentation.
	Medium term	Quality Assurance related capex supports smoother production and fewer disruptions, leading to more stable operational cash flows.
	Long term	More stable long term cash flows as recalls, rework and regulatory intervention risks are reduced.
Impact on Cost of Capital		
Current impact		No material impact
Anticipated impacts	**Short term**	Slight upward pressure on cost of capital due to increased investment in quality assurance, traceability and compliance systems.
	Medium term	Improved quality consistency and reduced recall risk strengthen earnings visibility, contributing to lower operational risk and stabilisation of the cost of capital.
	Long term	Enhanced brand trust, stronger governance and lower regulatory risk support higher investor confidence, potentially reducing the overall cost of capital.

SR04: Workforce Upskilling and Technology Integration Readiness	
Description	Investing in workforce capability and digital readiness enables employees to effectively adopt automation, digital traceability, AI driven quality controls and sustainable operational practices. These investments improve operational efficiency, innovation capability, compliance and product integrity across the value chain while supporting long term organisational resilience.
Risk type	Sustainability-related opportunity
Time horizon	
Affected area	• KFP Pannala and Ekala factories
Business Model and Value Chain Impacts	
Current and anticipated effects	Targeted upskilling is already improving productivity, reducing reliance on overtime and contract labour, and strengthening efficiency across manufacturing and cold chain operations. Over time, a more capable and tech ready workforce is expected to improve production stability, safety and quality, accelerate automation and digital adoption, and enhance resilience and competitiveness across the value chain.
Concentration of the opportunity	In manufacturing at Ekala and Pannala, storage and warehousing, and the cold chain distribution network, where skilled, tech-ready employees are critical to operating automation, digital traceability and advanced quality systems, supporting efficiency across sourcing, processing, logistics and Quality Assurance.

SR04: Workforce Upskilling and Technology Integration Readiness		
Strategy and Decision Making		
Response in strategy & decision-making		Expanding targeted training, strengthening succession planning and aligning workforce structures to support automation and digital adoption, building a more capable, tech ready workforce while improving efficiency and safety.
Progress to date		Focused training programmes, enhanced development pathways and refined organisational structures have been implemented, with early upskilling initiatives already strengthening capability across manufacturing and cold chain operations.
Trade-offs considered		Higher short term investment in training and technology readiness is balanced against immediate productivity and labour cost pressures, prioritising long term capability and automation readiness while managing near term operational impacts.
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		No material impact
Anticipated impacts	**Short term**	Increased capitalised costs from systems investments to build workforce capability and support early technology readiness.
	Medium term	Continued capitalised investment in upskilling and digital integration to strengthen workforce capability and enable smoother technology adoption.
	Long term	Sustained investment in training and system readiness to reinforce long term organisational capability and maximise the effective use of future automation and digital tools.
Impact on Financial Performance		
Current impact		No material impact
Anticipated impacts	**Short term**	Training and development costs modestly pressure margins as expanded learning initiatives increase operating expenses.
	Medium term	Improved productivity supports margin uplift as a more capable workforce reduces inefficiencies and accelerates adoption of performance enhancing technologies.
	Long term	Stronger margin resilience driven by sustained workforce capability, efficient technology utilisation and reduced reliance on overtime and contract labour.
Impact on Cash Flows		
Current impact		No material impact
Anticipated impacts	**Short term**	Ongoing operating cash outflows for training and capability building programmes as skills development continues.
	Medium term	Capex driven cash outflows with expected payback, as investments in training systems, digital tools and technology readiness initiatives begin to improve operational efficiency and stability.
	Long term	More stable operating cash flows supported by a skilled, tech-ready workforce that reduces disruption related costs and enables more efficient, sustainable long term operations.
Impact on Cost of Capital		
Current impact		No immediate impact identified
Anticipated impacts	**Short term**	Slight increase in the cost of capital due to upfront investment in training and technology.
	Medium term	Stabilisation of the cost of capital as productivity and operational efficiency will improve.
	Long term	Potential reduction in the cost of capital as skilled, tech ready workforce lowers operational risk and strengthens investor confidence.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

SR05: Sustainable and Efficient Energy Management		
Description		Implementing integrated energy management across production, packaging, storage and distribution operations enables optimisation of energy use through efficiency measures, renewable energy adoption and clean technology solutions. Reducing energy intensity without compromising product quality or shelf life can lower environmental impact, reduce operating costs, enhance resilience to energy price volatility and support compliance with sustainability and climate related expectations.
Risk type		Sustainability-related opportunity
Time horizon		● ●
Affected area		• KFP Pannala and Ekala factories • Cold chain operations
Business Model and Value Chain Impacts		
Current and anticipated effects		Energy efficiency measures are already reducing utility costs and improving visibility and control over energy use across KFP's production, refrigeration and distribution activities. Over time, further efficiency gains and the adoption of renewable or low carbon solutions are expected to strengthen resilience to energy price volatility, support compliance with emerging reporting requirements, reduce emissions intensity and enhance operational stability, reinforcing the Group's ESG profile across factory operations and the distribution network.
Concentration of the opportunity		Within KFP's energy intensive operations at the Ekala and Pannala factories, particularly across production, refrigeration and cold chain processes. It also extends across the wider distribution network, where continuous cooling drives energy demand. Targeted improvements in these areas enhance operational efficiency, reduce exposure to energy costs and support regulatory compliance across core processing and logistics activities.
Strategy and Decision Making		
Response in strategy & decision-making		Strengthening energy efficiency by expanding energy saving measures, improving consumption monitoring and exploring renewable energy and efficiency upgrades to reduce energy intensity, manage cost exposure and support sustainability compliance.
Progress to date		Basic energy saving practices, enhanced metering and improved monitoring have been implemented, with early identification of inefficiencies across production and cold chain operations leading to initial reductions in utility use.
Trade-offs considered		Upfront investment in efficiency upgrades and monitoring is balanced against short term operational constraints, weighing immediate cost pressures against long term savings, resilience and compliance benefits.
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		No material impact
Anticipated impacts	**Short term**	No material balance sheet impact, as early energy saving actions primarily affect operating expenses rather than asset values or capital commitments.
	Medium term	Capital investment in energy efficient equipment and refrigeration upgrades to reduce long term energy intensity and improve operational efficiency.
	Long term	Transition toward lower carbon, energy efficient infrastructure, strengthening asset performance and reducing long term exposure to energy related operational risks.

SR05: Sustainable and Efficient Energy Management		
Impact on Financial Performance		
Current impact		Marginal reduction in energy cost volatility where efficiency initiatives are already implemented.
Anticipated impacts	**Short term**	Minor margin improvements from quick reductions in utility consumption through basic energy saving measures.
	Medium term	Structural margin uplift as efficiency initiatives and upgraded equipment reduce energy intensity and deliver more consistent cost savings.
	Long term	Sustained margin resilience against energy price volatility as improved efficiency lowers exposure to future energy market fluctuations.
Impact on Cash Flows		
Current impact		Limited short-term operating cash flow benefits from reduced energy consumption.
Anticipated impacts	**Short term**	Limited capex related cash outflows, as early energy efficiency measures require minimal upfront investment while delivering modest cost savings.
	Medium term	Capex driven cash outflows with clear payback potential, as targeted upgrades to refrigeration and energy efficient systems generate increasing operational savings over time.
	Long term	Stable operating cash flows supported by lower energy consumption, reduced cost volatility and sustained efficiency improvements across production and cold chain operations.
Impact on Cost of Capital		
Current impact		No immediate impact identified.
Anticipated impacts	**Short term**	Slight increase in the cost of capital due to upfront investment in energy efficient technologies and systems.
	Medium term	Stabilisation of the cost of capital as energy savings reduce operating costs and exposure to energy price volatility.
	Long term	Potential reduction in the cost of capital as improved energy efficiency lowers operational risk.

SR06: Regenerative Waste Prevention	
Description	Advancing regenerative waste prevention enables KFP to shift from single use plastics to biodegradable, compostable or recyclable materials and embed circular economy principles into packaging and waste management practices. By designing packaging that reduces waste and supports environmental restoration, KFP can lower ecological impact, strengthen regulatory alignment, and enhance brand reputation among sustainability focused consumers.
Risk type	Sustainability-related opportunity
Time horizon	● ●
Affected area	Waste handling facilities inside KFP

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

SR06: Regenerative Waste Prevention		
Business Model and Value Chain Impacts		
Current and anticipated effects		Regenerative packaging initiatives improve regulatory alignment, reduce short term waste disposal and EPR exposure, and enhance consumer perception through visible eco-friendly packaging. Over time, the adoption of recyclable or biodegradable materials and circular practices is expected to strengthen compliance, lower remediation costs, and improve brand differentiation and customer trust across packaging, production, distribution and post consumer stages.
Concentration of the risk		The opportunity is concentrated in packaging operations and waste handling processes, with additional impact downstream in distribution and post consumer stages, where improved packaging design reduces environmental impact, supports compliance and strengthens sustainability driven brand value.
Strategy and Decision Making		
Response in strategy & decision-making		Advancing regenerative packaging by increasing biodegradable, compostable and recyclable materials, refining packaging design to reduce waste, strengthening regulatory compliance, and embedding circular economy principles into procurement and production.
Progress to date		Early packaging design improvements, trials of sustainable materials and stronger supplier compliance have reduced waste volumes and improved alignment with regulatory and customer expectations.
Trade-offs considered		Higher short term costs for sustainable materials, redesign and recycling are balanced against long term benefits, including regulatory compliance, lower waste handling costs and enhanced brand value.
Financial Position, Financial Performance, Cash Flows and Cost of Capital		
Impact on Financial Position		
Current impact		No material impact
Anticipated impacts	**Short term**	Pilot scale trials of alternative packaging materials, treated as limited capitalised test investments rather than structural asset changes.
	Medium term	Expanded pilot investments in sustainable packaging and waste handling solutions, including biodegradable, compostable and recyclable materials.
	Long term	Ongoing investment in regenerative packaging systems, supporting a gradual transition to lower waste, compliant and sustainable packaging infrastructure.
Impact on Financial Performance		
Current impact		No material impact
Anticipated impacts	**Short term**	Sustainable packaging trials create some early cost pressure but are partly offset by reduced compliance risk and positive consumer perception.
	Medium term	Pilot level costs stabilise as efficiency improves and stronger compliance reduces margin impact.
	Long term	Scalable regenerative packaging strengthens margin resilience by lowering waste handling costs and enhancing brand trust.

SR06: Regenerative Waste Prevention		
Impact on Cash Flows		
Current impact		No material impact
Anticipated impacts	**Short term**	Minor working capital impacts from maintaining trial stage packaging inventory and material testing.
	Medium term	Pilot driven capex and operating cash outflows associated with testing new materials and adapting packaging processes.
	Long term	More stable operating cash flows as regenerative packaging reduces long term waste handling and compliance related costs.
Impact on Cost of Capital		
Current impact		No material impact
Anticipated impacts	**Short term**	Slight increase in the cost of capital due to investment in waste reduction systems and process changes.
	Medium term	Stabilisation of the cost of capital as waste related costs decline and operational efficiency improves.
	Long term	Potential reduction in the cost of capital as regenerative practices lower environmental risk and strengthen sustainability credentials valued by investors.

Climate Resilience

During the current reporting period, KFP did not undertake a climate related scenario analysis. Accordingly, climate resilience disclosures based on scenario analysis are not provided for this reporting period.

Transition Plan

KFP does not currently have a formal climate related transition plan, and no related assumptions or dependencies have been developed to date. The importance of transition planning is recognised, and the development of an appropriate transition plan will be considered in future reporting periods.

RISK MANAGEMENT

KFP has established a comprehensive Enterprise Risk Management (ERM) framework to support effective risk identification, assessment, mitigation and monitoring across the organisation. Sustainability and climate related risks and opportunities identified as material are included in the quarterly Risk Committee agenda, where they are formally presented and reviewed. These risks are integrated into the Company's overall risk management processes and are assessed using the same approach applied to operational, financial and compliance risks.

To support thorough risk identification, KFP undertook a detailed mapping of its value chain and conducted a structured assessment of sustainability and climate related risks and opportunities. This process included input from relevant internal teams and selected external stakeholders, providing a comprehensive view of potential impacts and dependencies across the business.

(a) Process for Climate Related Risks

KFP identifies, assesses, prioritises and monitors sustainability and climate related risks and opportunities through its integrated Enterprise Risk Management Framework (ERMF). The ERMF is applied consistently across the organisation and aligned with KFP's established risk assessment methodology and governance arrangements

(Please refer to the Enterprise Risk Management Report on page 155).

Sustainability and climate related risks are managed as part of the

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

broader risk governance framework, rather than as standalone issues. This ensures that climate and sustainability considerations are assessed alongside strategic, operational, financial and compliance risks, supporting informed decision making and effective oversight.

Integrated Enterprise Risk Management Framework (ERM)
The ERM Framework of KFP integrates financial, operational, sustainability and climate related inputs into a structured risk identification process, supported by strong governance and embedded across the enterprise.

The SRRs and CRRs have been identified according to the KFP's Enterprise Risk Management Framework disclosed in pages from 155 to 168.

(ii) Climate Related Scenario Analysis
At present, KFP does not apply climate related scenario analysis in the identification or assessment of climate related risks. However, the Company recognises the value of scenario analysis in strengthening climate risk assessment and enhancing forward looking decision making. Accordingly, KFP is evaluating the potential adoption of appropriate climate related scenario analysis methodologies as part of the ongoing development of its risk management framework.

(iii) Nature, Likelihood and Magnitude of Risks
KFP assesses the nature, likelihood and magnitude of sustainability and climate related risks using a structured and standardised risk assessment methodology. For the current reporting year, this assessment has been conducted on a qualitative basis and applied consistently across business segments and value chain activities.

Nature of risk:
The nature of each risk is identified through detailed risk descriptions that link potential risk events to specific operational exposures, environmental dependencies and broader sustainability related impacts. This includes consideration of acute and chronic physical climate risks, transition related regulatory and market changes, and key social and environmental dependencies across the value chain.

Likelihood:
The likelihood of occurrence is assessed using a structured qualitative scoring scale. Assessments are informed by expert judgement, historical incident data, climate related considerations, external operating conditions and the effectiveness of existing mitigation measures implemented across the Group.

Magnitude of impact:
The magnitude of impact is supported by quantitative estimates where reliably measurable and considers financial, operational, environmental, regulatory and reputational dimensions. A net risk rating is determined by combining likelihood and impact assessments, enabling consistent comparison across different risk types and supporting prioritisation within the enterprise risk framework.

This integrated approach ensures that KFP's risk assessments are robust, forward looking and decision useful, capturing both financial and non financial dimensions while remaining aligned with the Company's governance arrangements, risk appetite and strategic objectives.

During the year, the Management Committee convened on three occasions and applied a value chain mapping approach to identify climate related risks and opportunities at each stage of the business. The likelihood and impact of each identified risk and opportunity were assessed qualitatively through Management Committee discussions, ensuring consistent consideration of climate related factors throughout the assessment process.

(iv) Prioritisation of Climate Related Risks
Climate related risks are prioritised within KFP's Enterprise Risk Management framework based on their potential impact on operational continuity, safety, regulatory compliance, financial performance and reputation.

- Acute physical climate risks are prioritised alongside key operational and sourcing risks due to their potential to disrupt inbound logistics, supplier performance and production or service delivery.
- Physical risks to assets are treated as key operational and safety risks given their potential to cause asset damage, operational downtime and employee safety impacts.
- Workforce related risks linked to climate and sustainability factors are managed as people related operational risks due to their influence on talent availability, capability development and service quality.
- Product quality and customer facing risks are prioritised

alongside health, safety and compliance risks due to their regulatory and reputational significance.

- Compliance driven risks, including those arising from evolving sustainability and data related regulations, are prioritised with other operational compliance risks due to their potential regulatory and reputational consequences.

Risks and opportunities identified through the value chain mapping exercise were prioritised based on assessed likelihood and impact. Likelihood assessments considered probability of occurrence, informed by historical data, operational experience, climate trends and industry insights. Impact assessments considered potential effects on financial performance, financial position, cash flows and long term operational resilience across short , medium and long term horizons. The degree of controllability available to KFP was also considered when determining overall risk significance.

Material climate related risks are included in the quarterly Risk Committee agenda, where they are formally presented, reviewed and monitored. These risks are fully integrated into KFP's broader risk management systems and are assessed with the same level of rigour applied to operational, financial, strategic and compliance risks. Through this approach, climate related risks receive equivalent priority to other material business risks across the Company.

(v) Monitoring Climate Related Risks
KFP monitors climate related risks through ongoing tracking of operational, regulatory and environmental indicators across the business. Monitoring activities include regular review of energy consumption, emissions performance, water use, waste generation and resource efficiency measures, alongside continuous monitoring of regulatory developments and stakeholder expectations related to sustainability and climate matters. Physical climate risk indicators, such as extreme weather alerts and asset condition assessments, are also monitored across relevant operations.

Climate related risks are reported through established governance structures, with oversight provided by the Group Executive Committee (GEC). These risks are incorporated into quarterly risk reporting and escalated to management committees where necessary.

While current monitoring focuses primarily on operational, compliance and resource efficiency indicators, KFP is strengthening its approach by exploring more forward looking tools, including enhanced climate risk analytics, scenario analysis and value chain based climate impact assessments. These enhancements are expected to further improve the Company's ability to anticipate, respond to and manage climate related risks over time.

(vi) Changes in Processes
The Group has retained its core Enterprise Risk Management (ERM) processes for identifying, assessing, prioritising and managing climate related risks and opportunities. While the underlying methodology remains unchanged, several refinements have been introduced to strengthen governance, integration and alignment with evolving sustainability and climate disclosure expectations.

Key enhancements include stronger Board and committee oversight, more detailed value chain mapping to assess physical and transition risks, and more formal integration of climate related opportunities into sustainability strategy and strategic planning. The Group has also strengthened supporting processes such as stakeholder engagement, regulatory horizon scanning, asset level risk assessments, supplier due diligence and cross functional workshops.

These changes represent incremental improvements rather than fundamental process changes, supporting more robust, forward looking and integrated management of climate related risks and opportunities across the value chain.

(b) Processes for Climate Related Opportunities
KFP uses the same governance and risk management processes applied to climate related risks to identify and assess climate related opportunities. Opportunities are identified through monitoring market trends, regulatory developments, technology changes and stakeholder expectations, and are evaluated by governance bodies including the GEC for feasibility, commercial viability and strategic relevance. Relevant opportunities are integrated into the sustainability strategy and the five year business planning cycle, supported by inputs such as environmental performance data, resource efficiency metrics and feasibility assessments, with cost benefit analysis used to assess financial, environmental and social value.

(c) Integration into Overall Risk Management
As part of its developing sustainability reporting journey, KFP is progressively strengthening the integration of climate related risks and opportunities into strategic and operational decision making. Future

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

enhancements include more detailed assessments, clearer visibility of financial impacts, scenario based insights and improved value chain mapping. Climate related risks and opportunities will be increasingly embedded within the Enterprise Risk Management Framework, enabling consistent identification, assessment, prioritisation, monitoring and management across all business units.

METRICS AND TARGETS

GHG Emissions

Measurement Approach

Scope 1 – Direct emissions

KFP measures Scope 1 greenhouse gas (GHG) emissions from direct sources owned or controlled by the Company. Measurement is conducted in accordance with the GHG Protocol and GRI 305 and includes emissions from fossil fuel combustion and fugitive emissions across relevant operations.

These sources represent the primary contributors to KFP's direct emissions within the defined organisational boundary.

Scope 2 – Indirect emissions from purchased electricity

Scope 2 emissions are calculated based on electricity consumption across all operational locations. KFP applies the location based method to quantify indirect emissions associated with purchased electricity. Emission factors are derived from IPCC AR6 guidance and applicable local grid emission factors.

Scope 3 – Other indirect emissions

Scope 3 emissions are not disclosed in the current reporting period due to the absence of complete and sufficiently reliable data required to produce a consistent and accurate inventory. As data availability, quality and collection processes continue to be strengthened, the Company will consider Scope 3 measurement and disclosure in future reporting periods.

Inputs

Scope 1: Fossil fuel usage and fugitive emissions from Company-controlled sources.

Scope 2: Electricity consumption across operational locations.

Scope 3: Not disclosed in the current reporting period.

Assumptions

KFP uses reasonable and supportable assumptions based on recognised methodologies, including fuel-use conversion factors, grid emission factors, and other emission factors aligned with the IPCC AR6 and GHG Protocol. Where direct measurements are not available, conservative and industry-aligned assumptions are applied to ensure consistency and reliability in Scope 1 and Scope 2 quantification.

Reasoning for the selected measurement approach, inputs and assumptions

The selected assumptions and inputs reflect the most material and reliably measurable emission sources for KFP. They ensure accurate and consistent quantification of Scope 1 and Scope 2 emissions using available operational data and globally accepted best-practice methodologies.

KFP continues to evaluate climate-related risks and expects to enhance quantitative disclosures as more complete datasets become available.

Internal Carbon Pricing

Application of carbon pricing in decision-making:

KFP has not implemented an internal carbon pricing mechanism as of 2025 and does not currently apply a carbon price in decision-making, capital allocation, investment evaluation, or scenario analysis. The Company continues to monitor regulatory developments and industry practices to determine the appropriate timing and approach for adopting internal carbon pricing in the future.

Price per Metric Tonne of GHG Emissions: Not applicable as internal carbon pricing has not yet been implemented

Carbon Footprint by Scope and Category (tCO_2e)

Scope of GHG Emissions	Description	2025/26	2024/25
Scope 1	Direct emissions	**4,491**	3,631
Scope 2	Emissions from purchased energy	**4,090**	3,775
Total GHG Emissions		**8,581**	7,406

INDUSTRY BASED METRICS

The Sustainability Accounting Standards for Processed Foods, Meat, Poultry & Dairy are applicable to KFP. The relevant KPIs set out in these standards are presented below.

Table 1 : Sustainability Disclosure Topics and Metrics - Meat, Poultry and Dairy

Topic	Metric	Code	Unit of Measure	Disclosure
Greenhouse Gas Emissions	Gross global Scope 1 emissions	FB-MP-110a.1	Metric tonnes (MT) CO2-e	4,491
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	FB-MP-110a.2	N/A	The businesses focus on operational controls, preventive maintenance, and process optimisation to improve efficiency and reduce emissions from both fuel and refrigerants. Performance is monitored against internal KPIs. Refer Natural Capital under Management Discussion and Analysis section for further information.
Energy Management	Total energy consumed	FB-MP-130a.1	Gigajoules (GJ)	39,214
	Percentage of grid electricity		Percentage (%)	58
	Percentage of renewable energy		Percentage (%)	-
Water Management	Total water withdrawn	FB-MP-140a.1	Thousand cubic metres (m3)	119
	Total water consumed		Thousand cubic metres (m3)	51
	Percentage of water withdrawn in regions with High or Extremely High Baseline Water Stress		Percentage (%)	Based on the World Resources Institute Aqueduct Water Risk Atlas, the Group's operations are located in regions classified as medium to high baseline water stress (20%–40%). Accordingly, no water is withdrawn or consumed from areas classified as high or extremely high baseline water stress during the reporting period.
	Percentage of total water consumed in regions with High or Extremely High Baseline Water Stress		Percentage (%)	-
	Description of water management risks and discussion of strategies and practices to mitigate those risks	FB-MP-140a.2	N/A	Risks for the businesses include high process water use, potential wastewater pollution, and disruptions from water scarcity, poor water quality, and effluent treatment plant failures, which may impact operations and lead to regulatory, environmental, and reputational consequences; these are mitigated through water efficiency initiatives, effective effluent treatment and discharge compliance, and continuous monitoring.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Topic	Metric	Code	Unit of Measure	Disclosure
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	FB-MP-140a.3	Number	-
Land Use and Ecological Impacts	Amount of animal litter and manure generated	FB-MP-160a.1	Metric tonnes (MT)	Not applicable as the businesses are engaged in processed food manufacturing and does not conduct livestock farming, grazing, or confined animal feeding operations.
	Percentage managed according to a nutrient management plan		Percentage (%)	N/A
	Percentage of pasture and grazing land managed to conservation plan criteria	FB-MP-160a.2	Percentage (%) by hectares	N/A
	Animal protein production from confined animal feeding operations	FB-MP-160a.3	Metric tonnes (MT)	N/A
Food Safety	Global Food Safety Initiative (GFSI) audit non-conformance rates for major non-conformances	FB-MP-250a.1	Rate	Not Applicable as food safety is managed through the ISO 22000:2018-management system.
	Global Food Safety Initiative (GFSI) audit non-conformance rates for minor non-conformances		Rate	N/A
	Associated corrective action rates for major non-conformances		Rate	N/A
	Associated corrective action rates for minor non-conformances		Rate	N/A
	Percentage of supplier facilities certified to a Global Food Safety Initiative (GFSI) food safety certification programme	FB-MP-250a.2	Percentage (%)	-
	Number of recalls issued	FB-MP-250a.3	Number	-
	Total weight of products recalled		Metric tonnes (MT)	-
	Discussion of markets that ban imports of the entity's products	FB-MP-250a.4	N/A	N/A

Topic	Metric	Code	Unit of Measure	Disclosure
Antibiotic Use in Animal Production	Percentage of animal production that received medically important antibiotics, by animal type	FB-MP-260a.1	Percentage (%) by weight	Chicken-69 Swine & Cattle - Unable to report due to limited information.
	Percentage of animal production that received not medically important antibiotics, by animal type		Percentage (%) by weight	Chicken-31 Swine & Cattle - Unable to report due to limited information.
Workforce Health and Safety	Total recordable incident rate (TRIR) - Direct employees	FB-MP-320a.1	Rate	0.5
	Total recordable incident rate (TRIR) - Contract employees		Rate	0.9
	Fatality rate for direct employees		Rate	-
	Fatality rate for contract employees		Rate	-
	Description of efforts to assess, monitor, and mitigate acute and chronic respiratory health conditions	FB-MP-320a.2	N/A	Respiratory health risks are managed in line with the Group's Health and Safety policy, with manufacturing facilities certified to and aligned with ISO 45001:2018 Standards. Controls include maintaining air quality, managing emissions, and implementing appropriate workplace safeguards, supported by employee training and the provision of personal protective equipment, to mitigate both acute and chronic respiratory health risks. Refer Health and Safety section of the Human Capital Review for further information on health and safety management – Page 66.
Animal Care and Welfare	Percentage of pork produced without the use of gestation crates	FB-MP-410a.1	Percentage (%) by weight	17
	Percentage of cage-free shell egg sales	FB-MP-410a.2	Percentage (%)	-
	Percentage of production certified to a third-party animal welfare standard	FB-MP-410a.3	Percentage (%) by weight	-
Environmental and Social Impacts of Animal Supply Chain	Percentage of livestock from suppliers implementing conservation plan criteria	FB-MP-430a.1	Percentage (%) by weight	100

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Topic	Metric	Code	Unit of Measure	Disclosure
	Percentage of supplier and contract production facilities verified to meet animal welfare standards	FB-MP-430a.2	Percentage (%)	-
Animal and Feed Sourcing	Percentage of animal feed sourced from regions with High or Extremely High Baseline Water Stress	FB-MP-440a.1	Percentage (%) by weight	Based on the World Resources Institute Aqueduct Water Risk Atlas, the Group's operations are located in regions classified as medium to high baseline water stress (20%–40%). Accordingly, no water is withdrawn or consumed from areas classified as high or extremely high baseline water stress during the reporting period.
	Percentage of contracts with producers located in regions with High or Extremely High Baseline Water Stress	FB-MP-440a.2	Percentage (%) by contract value	-
	Discussion of strategy to manage opportunities and risks to feed sourcing and livestock supply presented by climate change	FB-MP-440a.3	N/A	As KFP does not maintain livestock operations or engage in feed sourcing directly, its strategy focuses on strengthening supply chain resilience against increasing climate-related disruptions in Sri Lanka. Severe flooding during the year impacted poultry farms, storage facilities, transport access, and market prices. To mitigate disruptions, KFP maintained a diversified supplier base across multiple regions, strategic buffer stock levels, and medium-term supplier contracts to support supply and pricing stability. The sector also strengthened imported pork sourcing in response to African Swine Fever (ASF) outbreaks affecting local supply chains.

Table 1a: Activity metrics

Activity Metrics	Code	Unit of Measure	Disclosure
Number of processing and manufacturing facilities	FB-MP-000.A	Number	4
Animal protein production, by category; percentage outsourced	FB-MP-000.B	Various, Percentage (%)	N/A

Table 2: Sustainability Disclosure Topics and Metrics – Processed Foods

Topic	Metric	Code	Unit of Measure	Disclosure
Energy Management	Total energy consumed	FB-PF-130a.1	Gigajoules (GJ)	39,214
	Percentage grid electricity		Percentage (%)	58
	Percentage renewable		Percentage (%)	-
Water Management	Total water withdrawn	FB-PF-140a.1	Thousand cubic meters (m3)	119
	Total water consumed		Thousand cubic meters (m3)	51
	Percentage of total water withdrawn in regions with High or Extremely High Baseline Water Stress		Percentage (%)	-
	Percentage of water consumed in regions with High or Extremely High Baseline Water Stress		Percentage (%)	-
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	FB-PF-140a.2	Number	-
	Description of water management risks and discussion of strategies and practices to mitigate those risks	FB-PF-140a.3	n/a	Water management risks include high process water use, potential wastewater pollution, and disruptions from water scarcity, poor water quality, and ETP failures, which may impact operations and lead to regulatory, environmental, and reputational consequences; these are mitigated through water efficiency initiatives, effective effluent treatment and discharge compliance, and continuous monitoring. Refer to the Management Discussion and Analysis Section for further information on strategies and mitigation plans.
Food Safety	Global Food Safety Initiative (GFSI) audit non-conformance rates for major non-conformances	FB-PF-250a.1	Rate	Not applicable as KFP is not certified under a GFSI recognised standard; however, food safety is managed through ISO 22000:2018-management system.
	Global Food Safety Initiative (GFSI) audit non-conformance rates for minor non-conformances		Rate	N/A

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Topic	Metric	Code	Unit of Measure	Disclosure
Food Safety	Global Food Safety Initiative (GFSI) audit	FB-PF-250a.1	Rate	N/A
	Associated corrective action rates for major non-conformances		Rate	N/A
	Global Food Safety Initiative (GFSI) audit associated corrective action rates for major non-conformances		Rate	N/A
	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	FB-PF-250a.2	Percentage (%) by cost	N/A
	Total number of notices of food safety violation received	FB-PF-250a.3	Number	-
	Percentage corrected		Percentage (%)	-
	Number of recalls issued	FB-PF-250a.4	Number	-
	Total amount (weight) of food products recalled		Metric tonnes (MT)	-
Health and Nutrition	Revenue from products labelled or marketed to promote health and nutrition attributes	FB-PF-260a.1	Presentation currency (Rs.)	-
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	FB-PF-260a.2	N/A	KFP identifies and manages nutrition and health-related risks through regulatory compliance, ingredient approval processes, and nutritional analysis. Consumer concerns are monitored, with clear labelling, periodic product reviews, and reformulation driven by feedback, emerging health trends, and regulatory requirements.
Product Labelling and Marketing	Percentage of advertising impressions made on children	FB-PF-270a.1	Percentage (%)	N/A
	Percentage of advertising impressions made on children promoting products that meet dietary guidelines		Percentage (%)	N/A
	Discussion of applicable dietary guidelines and the method used to estimate advertising impressions.		N/A	KFP abides by the applicable laws including regulations published under the Food Act. Food (Labelling & Advertising) Regulation published by the Ministry of Health, prohibits the promotion of any food directly or indirectly to children under twelve (12) years of age. In line with the regulatory requirement, KFP do not market any products to children below the age of 12 years.

Topic	Metric	Code	Unit of Measure	Disclosure
	Revenue from products labelled as containing genetically modified organisms (GMOs)	FB-PF-270a.2	Presentation currency (Rs.)	-
	Revenue from products labelled as containing non-GMO		Presentation currency (Rs.)	-
	Number of incidents of non-compliance with industry or regulatory labelling or marketing codes	FB-PF-270a.3	Number	-
	Total amount of monetary losses as a result of legal proceedings associated with labelling or marketing practices	FB-PF-270a.4	Presentation currency (Rs.)	-
Packaging Lifecycle Management	Total weight of packaging	FB-PF-410a.1	Metric tonnes (MT)	24
	Percentage made from recycled or renewable materials		Percentage (%)	-
	Percentage that is recyclable, reusable, or compostable		Percentage (%)	9.6
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	FB-PF-410a.2	N/A	KFP reduces packaging lifecycle impacts through compliance checks, adoption of sustainable packaging solutions supported by collaboration with recyclers and retailers to enhance recovery, recycling, and responsible end-of-life management aligning with Extended Product Responsibility (EPR) requirements.
				Please refer to the Management Discussion and Analysis Section for further information on strategies and mitigation plans – Page 27.
Environmental and Social Impacts of Ingredient supply chain	Percentage of food ingredients sourced that are certified to third-party environmental or social standards	FB-PF-430a.1	Percentage (%) by cost	-
	ISO 14001:2015 Environmental Management System		Percentage (%) by cost	-
	Sedex Members Ethical Trade Audit Standard		Percentage (%) by cost	-
	Roundtable on Sustainable Palm Oil Certification		Percentage (%) by cost	-
	US FDA Safety and Regulatory Standards		Percentage (%) by cost	-

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Topic	Metric	Code	Unit of Measure	Disclosure
	Suppliers' social and environmental responsibility audit non-conformance rate for major non conformances	FB-PF-430a.2	Rate	-
	Suppliers' social and environmental responsibility audit non-conformance rate for minor non- conformances		Rate	-
	Associated corrective action rate for major non-conformances		Rate	-
	Associated corrective action rate for minor non-conformances		Rate	-
Ingredient Sourcing	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	FB-PF-440a.1	Percentage (%) by cost	-
	List of priority food ingredients and discussion of sourcing risks related to environmental and social considerations	FB-PF-440a.2	N/A	**List of priority food** Poultry & pork: High resource use and emissions; animal welfare, labour, and pollution risks Spices & seasonings: Soil degradation, pesticide use, and smallholder labour risks. **Approach:** Sourcing from suppliers adhering to sustainable and responsible. agricultural practices Promoting animal welfare and improved waste management across the supply chain. Refer to the Management Discussion and Analysis Section for further information – Page 27

Table 2a: Activity Metric

Activity Metrics	Code	Unit of Measure	Disclosure
Weight of products sold in	FB-PF-000.A	Metric tonnes (MT)	Confidential
Number of production facilities	FB-PF-000.B	Number	4

REALIGNED

Our financial performance reflects a year of restored momentum and strengthened fundamentals. With a focus on balance, we continue to build a platform for sustained, meaningful growth.



FINANCIAL REPORTS

FINANCIAL CALENDAR

	Date
First Quarter Released on	29th July 2025
Second Quarter Released on	3rd November 2025
Third Quarter Released on	27th January 2026
Fourth Quarter Released on	25th May 2026
Annual Report 2025/26 Released on	25th May 2026
Forty Fourth Annual General Meeting on	18th June 2026

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Keells Food Products PLC (Company) has pleasure in presenting the 44th Annual Report of your Company which covers the Audited Financial Statements of the Company and its Subsidiary John Keells Foods India (Private) Limited (Group). Chairperson's Message, Corporate Governance, Management Discussion and Analysis, Enterprise Risk Management and all other relevant information for the year ended 31st March 2026.

The Group has achieved a strong 84% growth in Profit After Tax (PAT), reaching Rs. 245 million compared to Rs. 133 million last year, driven by a strategic focus on operational excellence and sustainable growth initiatives.

The management has formed judgment that the Group have adequate resources to continue in operational existence for the foreseeable future driven by the continuous application of risk mitigation initiatives and monitoring of business continuity, and response plans by the operations, backed by the financial strength of the Group.

The content of this Annual Report has also considered the requirements of the Companies Act No. 07 of 2007 (Companies Act), the relevant Listing Rules of the Colombo Stock Exchange (CSE) and recommended best practices on reporting.

The Company was incorporated on the 5th November 1982 as a Public Limited Liability Company and the shares of the Company were listed on the Colombo Stock Exchange. Subsequently, in pursuant to the requirements of the Companies Act, the Company was re-registered and given a new Company number PQ 3 on 15th June 2007.

CORPORATE VISION AND VALUES

A culture of innovation, integrity, excellence, caring and trust has been developed within the Group. By being aligned with these values the Directors and employees conduct their activities in accordance with the highest levels of ethical standards to achieve the vision, "To become a convenient food powerhouse by enhancing every meal occasion via products that taste great and are good for you. And we do this profitably and sustainably."

PRINCIPAL ACTIVITIES

Company

The principal activity of the Company is the manufacture and sale of processed meats, raw meats, crumbed products and other convenient food products, which remained unchanged during the year.

Subsidiary

John Keells Foods India (Private) Limited.

The principal activity of John Keells Foods India (Private) Limited (JKFI) is the marketing of processed meat products in India. JKFI was incorporated on the 7th of April 2008. JKFI has not carried out any commercial operations during the year ended 31st March 2026.

Ultimate Parent

The Company's ultimate Parent and controlling entity is John Keells Holdings PLC (JKH or Parent Company), which is incorporated in Sri Lanka.

REVIEW OF BUSINESS SEGMENTS

A review of the financial and operational performance and future business developments of the Group is described in the Chairperson's Message and in the Management Discussion and Analysis section of the Annual Report. These reports form an integral part of the Annual Report of the Board of Directors and together with the Audited Financial Statements provide a fair review of the performance of the Company and its Subsidiary during the financial year ended 31st March 2026. The Segment wise contribution to Group revenue, results, assets and liabilities are provided in Note 7.1 to the Financial Statements of this Annual Report.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

Financial Statements of the Group and the Company for the year ended 31st March 2026, have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) with the inclusion of the signatures of the Director/Group Finance Director, Non-Executive Director and Chief Financial Officer/ Non-Executive Director given as a part of the Integrated Annual Report.

For the year ended 31 March	2026 Rs. '000	2025 Rs. '000
Profit/(Loss) after tax	**244,536**	133,161
Other adjustments	**(9,607)**	15,493
Balance brought forward from the previous year	**229,192**	143,013
Amount available for appropriation	**464,121**	291,667
Final dividend paid for the previous year	**(29,325)**	-
Interim dividend paid for the current year	**(54,060)**	(62,475)
Balance carried forward	**380,736**	229,192

ANNUAL REPORT OF THE BOARD OF DIRECTORS

ACCOUNTING POLICIES

All the significant accounting policies based on the Accounting Standards (SLFRS/ LKAS) issued by the CA Sri Lanka are provided in detail, in the notes to the Financial Statements on pages 241 to 293. There have been no changes in the accounting policies adopted by the Group during the year under review.

REVENUE

The Revenue generated by the Group and the Company for the financial year amounted to Rs. 8,392 million (Rs. 6,741 million in 2024/25). An analysis of the Revenue is given in Note 13 to the Financial Statements.

PROFITS AND APPROPRIATIONS

The Profit of the Group attributable to equity holders of the Parent for the financial year was Rs. 245 million (Rs. 133 million - 2024/25) whilst for the Company, it was a profit of Rs. 244 million (Rs. 131 million - 2024/25).

The Group's total comprehensive income net of tax attributable to equity holders of the Parent was Rs. 285 million of Income (Rs. 167 million - 2024/25), and the Company's total Comprehensive Income net of tax was Rs. 285 million (Rs. 167 million - 2024/25).

DIVIDENDS

1st Interim dividend of Rs. 0.37 was paid on the 27th August 2025, 2nd Interim dividend of Rs. 0.10 was paid on the 27th November 2025 and the 3rd Interim dividend of Rs. 1.65 was paid on the 24th February 2026.

The Board of Directors has now approved a final dividend of Rs. 2.67 per share for the financial year 2025/26 to be paid on or before 12th June 2026 to those shareholders on the register as of the record date 26th May 2026 . In accordance with the Sri Lanka Accounting Standard 10, events after the reporting period, the declared dividend has not been recognised as a liability as at 31st March 2026.

As required by Section 56(2) of the Companies Act, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act and a certificate has been obtained from the Auditors, prior to declaring all dividends.

Dividend per share has been computed for all periods based on the number of shares in issue at the time of the dividend payout. The dividends are paid out of taxable profits of the Company and will be subjected to a withholding tax at the rate prevailing on the date of payment.

RESERVES

Total reserves as at 31st March 2026 for the Group amounted to Rs. 884 million (Rs. 677 million as at 31st March 2025) whilst the Company was Rs. 888 million (Rs. 681 million as at 31st March 2025). The detailed movement of Reserves is given in the Statement of Changes in Equity on page 239 of this Annual Report.

CAPITAL EXPENDITURE

The total capital expenditure on acquisition of Property, Plant and Equipment and Intangible Assets of the Group and the Company amounted to Rs. 210 million (Rs. 124 million in 2024/25) details of which are given in Note 20 and 22 to the Financial Statements. Capital expenditure approved but not provided in the Financial Statements for the Group and Company is given in Note 39 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The value of Property, Plant and Equipment as at the reporting date amounted to Rs. 1,679 million (Rs. 1,619 million 2024/25) for the Group and the Company. The details of Property, Plant and Equipment and their movements are shown in Note 20 to the Financial Statements. The details of Intangible assets are shown in Note 22 to the Financial Statements.

VALUATION OF LAND AND BUILDINGS

All Land and Buildings owned by the Group were revalued by a professionally qualified independent valuer as at 31st December 2025. The valuation was carried out by Upali Silva & Lochana Silva- Chartered Valuers (Pvt) Limited.

The Directors are of the opinion that the revalued amounts are not in excess of the current market values of such properties. The details of the revalued land and buildings of the Company as well as the extent of land, location and the number of buildings along with the relevant accounting policies are given in Note 20 of the Financial Statements and the Real Estate Portfolio on page 298 of the Annual Report.

INVESTMENTS

Details of investments held by the Company are disclosed in Note 23 to the Financial Statements.

STATED CAPITAL

In compliance with the Companies Act, the Financial Statements reflect the Stated Capital of the Company. The Stated Capital is the total of all amounts received by the Company in respect of the issue of shares and calls on shares.

The total Stated Capital of the Company as at 31st March 2026 was Rs. 1,295 million (Rs. 1,295 million as at 31st March 2025) details of which are provided in Note 30 to the Financial Statements.

PROVISION FOR TAXATION

Provision for taxation has been computed at the rates given in Note 19 to the Financial Statements

DONATIONS

Total donations made by the Group during the year amounted to Rs. 1.3 million (Nil - 2024/25). The Group made this donation to the John Keells Foundation which is funded by JKH and its Subsidiaries that handles most of the JKH Group's CSR initiatives and activities.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no material Contingent Liabilities or Capital Commitments as at 31st March 2026, except those disclosed in Note 38 to 39 to the Financial Statements.

OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company lawyers, litigations currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company.

RELATED PARTY TRANSACTIONS

The Company did not engage in any Non-Recurrent Related Party Transactions during the year under review.

Recurrent Related Party Transactions exceeding 10% of the consolidated revenue as per the Audited Financial Statements as at 31st March 2025 have been disclosed in the table below;

The Directors confirm that transactions with Related Parties in terms of the Sri Lanka Accounting Standard LKAS 24- Related Party Disclosures have been detailed in Note 37 to the Financial Statements, as well as that the requirements as per the Section 9.14 of the CSE Listing Rules pertaining to Related Party Transactions have been complied with.

SHARE INFORMATION

An Ordinary Share of the Company was quoted on the CSE at Rs. 160.25 as at 31st March 2026 (Rs. 169.00 as at 31st March 2025). Information relating to earnings, dividends, net assets and market value per share is given in the Ten- Year Information at a Glance section on page 296 , Key Figures and Ratios are given on page 297 of this report.

SHAREHOLDINGS

There were 1,382 registered shareholders, holding ordinary voting shares as at 31st March 2026 (1,225 registered shareholders as at 31st March 2025). The distribution of shareholdings including the percentage held by the public is given on page 294 of this report. The Company is listed in the Diri Savi Board of CSE.

FLOAT ADJUSTED MARKET CAPITALISATION

As at 31st March 2026 Keells Food Products PLC had a float adjusted market capitalisation of Rs. 411 million, 10.05% Public shareholding which includes 1,380 Public shareholders. Thus, the Company is compliant under option 2 of the minimum threshold requirements for the Diri Savi Board of the CSE, as per section 7.6 of the listing rules of the CSE.

Name of Related Party	Relationship	Nature of the Transactions	Aggregate Value of Related Party Transactions entered into During the Financial Year	Aggregate Value of Related Party Transactions as a % of Net Revenue	Terms and Conditions of the Related Party Transactions
Jaykay Marketing Services (Private) Limited	Company under common control	Sale of goods	1,982,762,650.46	29.41	Ordinary course of business on an arm's length basis

ANNUAL REPORT OF THE BOARD OF DIRECTORS

MAJOR SHAREHOLDERS

The list of the top twenty shareholders is given on page 295 of this report.

INFORMATION TO SHAREHOLDERS

The Board strives to be transparent and provide accurate information to shareholders in all published material. The quarterly financial information during the year has been sent to the CSE in a timely manner.

EQUITABLE TREATMENT TO ALL SHAREHOLDERS

The Company has made every endeavour to ensure the equitable treatment to all shareholders and has adopted adequate measures to prevent information asymmetry.

DIRECTORATE

The Board of Directors of the Company who served during the year and as at the end of the Financial Year are given below:

- Mr. K N J Balendra (Non-Executive, Non-Independent)
- Mr. J G A Cooray (Non-Executive, Non-Independent)
- Mr. D P Gamlath (Non-Executive, Non-Independent)
- Ms. P N Fernando (Non-Executive, Non-Independent)
- Mr. P D Samarasinghe (Non-Executive, Independent) – Retired w.e.f 20th June 2025
- Mr. I Samarajiva (Non-Executive, Independent) – Retired w.e.f 20th June 2025
- Ms. S De Silva (Non-Executive, Independent) – Retired w.e.f 20th June 2025
- Ms. A Nanayakkara (Non-Executive, Independent) – Appointed on 2nd May 2025
- Mr. K C S Fernando (Non-Executive, Independent) – Appointed on 2nd May 2025
- Mr. M M J W Jayasekara (Non-Executive, Independent) – Appointed on 15th May 2025

Ms. S De Silva, Mr. I Samarajiva and Mr. P D Samarasinghe, retired from the Board of Directors of the Company effective from and upon the conclusion of the Annual General Meeting of the Company held on 20th June 2025, having completed 9 years on the Board.

No other Director held office during the period under review.

Brief Profiles of the Directors as at 31st March 2026, appear on pages 24 to 25 of this Annual Report.

The Board of Directors of John Keells Foods India (Private) Limited who served during the year and as at the end of the Financial Year are given below.

- Mr. D P Gamlath (Non-Executive, Non-Independent)
- Ms. P N Fernando (Non-Executive, Non-Independent)
- Mr. G Satapathy (Non-Executive, Non-Independent)

No other Director held office during the period under review.

RETIREMENT AND RE-ELECTION OF DIRECTORS

Retirement and Re-election of Directors of the Company are given in the Notice of Meeting and Proxy Form.

REVIEW OF THE PERFORMANCE OF THE BOARD

The performance of the Board has been appraised through a formalised process, where each individual Director anonymously comments on the dynamics of the Board. The process is described in the Corporate Governance Commentary section of the Annual Report.

BOARD SUB-COMMITTEES

Information relating to members of the Audit Committee, Human Resources and Compensation Committee, Nominations and Governance Committee, Related Party Transactions Review Committee and Project Risk Assessment Committee, including reports of each of the Committees, where applicable, and the attendance of Directors for each of the Committee meetings, are disclosed in the Corporate Governance section of the Annual Report.

DIRECTORS INTEREST IN SHARES

The Director's (Including their spouses) Individual shareholdings in the Company as at 31st March 2026 and 31st March 2025 were as follows;

DIRECTORS INTEREST IN SHARES

Name of the Directors	31/03/2026 No. of Shares	31/03/2025 No. of Shares
Mr. K N J Balendra - Chairperson	-	-
Mr. J G A Cooray	-	-
Mr. D P Gamlath	-	-
Ms. A Nanayakkara	-	-
Mr. K C S Fernando	-	-
Mr. M M J W Jayasekara	-	-
Ms. P N Fernando	-	-

CEO'S INTEREST IN SHARES

CEO	31/03/2026 No. of Shares	31/03/2025 No. of Shares
Mr. V I Wickramaratne	-	-

REMUNERATION TO DIRECTORS

Directors' remuneration is established within a framework approved by the Board of KFP. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The remuneration of the Non- Executive Directors is determined according to scales of payment decided upon by the Board previously. Details of Directors' fees and emoluments paid during the year are disclosed in the Note 16 and Note 37 to the Financial Statements.

DIRECTORS' MEETINGS

Details of Directors' meetings is presented on page 98 of this report.

INTERESTS REGISTER

The Company has maintained an Interests Register as contemplated by the Companies Act, In compliance with the requirements of the Companies Act this Annual Report contains particulars of entries made in the Interests Register.

Particulars of entries in the Interests Register for the Financial Year 2025/26;

a) Interests in contracts

The Directors have made a general disclosure to the Board of Directors as permitted by Section 192 (2) of the Companies Act and no additional interests have been disclosed by any Director.

b) Indemnities and remuneration

Ms. A Nanayakkara and Mr. K C S Fernando were appointed as Independent Non-Executive Directors to the Board with effect from 2nd May 2025 at the standard Non-Executive fees approved by the Board for Non-Executive Directors, which fees are commensurate with the market complexities of the Company.

Mr. M M J W Jayasekara was appointed as an Independent Non-Executive Director to the Board with effect from 15th May 2025 at the standard Non-Executive fees approved by the Board for Non-Executive Directors, which fees are commensurate with the market complexities of the Company.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Group and the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No.07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Listing Rules of the CSE.

EMPLOYEE SHARE OPTION SCHEME (ESOP)

The Company does not offer its shares under an ESOP Scheme. The ESOP Scheme made available to the Senior Executives of the Company is from the Parent Company, JKH. The Company has not directly or indirectly provided funds to its employees to purchase shares under ESOP Scheme.

EMPLOYMENT

The Group has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. During the year the Group instituted a Diversity, Equity and Inclusion team towards increasing the diversity of its workforce. The Group is part of the 'ONE JKH' brand that consolidates its efforts towards diversity, equity and inclusion and reinforce its position on non-discrimination and equal opportunity.

Details of the Group's human resource initiatives are detailed in the Human Capital section of the Management Discussion and Analysis section of the Annual Report.

The number of persons directly employed by the Company and Group as at 31st March 2026 was 378 (385 - 2025). There have been no material issues pertaining to employees and industrial relations of the Company and the Group.

EQUITY & INCLUSION POLICY

The Group recognises the importance of diversity, equity and inclusion and the role it plays in ensuring workplace respect, organisational success and sustainability for all stakeholders. In this regard, it is committed to providing a working environment where all employees are included, their diversity is embraced and where their contributions are valued.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

SUPPLIER POLICY

The Group applies an overall policy of agreeing and clearly communicating the terms of payment as part of the commercial agreements negotiated with suppliers, and endeavours to pay for all items in accordance with these agreed terms. As at 31st March 2026, the trade and other payables of the Group and the Company amounted to Rs. 951 million (Rs. 824 million as at 31st March 2025) and Rs. 925 million (Rs. 820 million as at 31st March 2025), respectively.

The Group strives to integrate principles of sustainable practices and policies in its value chain through extensive stakeholder consultations, the findings of which are integrated into work-plans.

RATIOS AND MARKET PRICE INFORMATION

The ratios relating to equity, debt and market price information as required by the listing requirements of the Colombo Stock Exchange are given under the Key Figures and Ratios of this Report on page 297.

CORPORATE GOVERNANCE

Corporate Governance practices and principles with respect to the management and operations of the Group are set out on pages 88 to 154 of this Annual Report. The Directors confirm that the Group is in compliance with the rules on Corporate Governance as per the listing rules of the CSE.

The Directors declare that to the best of their knowledge:

- The Company and its Subsidiary have not engaged in any activities, which contravene laws and regulations.
- The Directors have declared all material interests in contracts involving the Company and its Subsidiary and refrained from voting on matters in which they were materially interested.
- The Company has made all endeavours to ensure the equitable treatment to all shareholders.
- The Company, being listed on the CSE, is fully compliant with the rules on Corporate Governance under the Listing Rules of the CSE.
- A review of internal controls covering financial, operational and compliance controls and risk management has been conducted, and the Directors have obtained a reasonable assurance of their effectiveness and successful adherence.
- The Company is complied with the Code of Best Practice on Corporate Governance (2023) issued by the CA Sri Lanka to the extent of business exigency and as required by the John Keells Group.
- Directors made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes, particularly to Listing Rules and applicable capital market provisions.
- The Company has implemented a formal policy governing matters relating to the Board of Directors as required by the Listing Rules of the CSE and confirms compliance with such policy.
- The Directors and the CEO of the Company satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.
- The Independent Directors meet the independent criteria set out in the Listing Rules consequent to the annual determination.
- There are no waivers from compliance with the Policy on Internal Code of Business Conduct and Ethics.
- In compliance with the formal policy governing matters relating to the Board of Directors, Directors of the Company do not hold more than fifteen (15) Directorships in listed companies.

The Board of Directors is committed to maintaining an effective Corporate Governance structure and process. A full report on Corporate Governance is given on pages 88 to 154.

SUSTAINABILITY

This is the Group's 11th Integrated Annual Report, which presents a comprehensive discussion on its financial and non-financial performance, in a bid to provide its stakeholders with holistic information relating to its value creation proposition through the six forms of capital reported under the International <IR> Framework.

Following the comprehensive gap analysis conducted in the prior year, the Group has adopted SLFRS S1 and S2, the local standards introduced by CA Sri Lanka for sustainability-related financial disclosures and climate-specific disclosures, in compliance with the CSE reporting requirements for 2025/26. Relevant disclosures are included in the SLFRS S1 S2 Disclosures section of this report.

RESEARCH AND DEVELOPMENT

The Group has an active approach to research and development and recognises the contribution that it can make to Group's intellectual property and operations. Significant expenditure has taken place over the years and substantial efforts will continue to be made to introduce intellectual property rights, develop new products and processes and to improve the existing products.

ENVIRONMENTAL PROTECTION

The Group complies with the relevant environmental laws, regulations and endeavours to comply with best practices applicable in the country of operation.

STATUTORY PAYMENTS

The Directors confirm to the best of their knowledge all taxes, duties and levies payable by the Group and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Group and all other known statutory dues as were due and payable by the Group as at the end of the reporting period have been paid or where relevant provided for.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group have complied with all applicable laws and regulations. A compliance checklist is signed on a quarterly basis by responsible officers and any violations are reported to the Audit Committee and Board of Directors.

ENTERPRISE RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, evaluating and managing any significant risk faced by the Group, where annual risk reviews are carried out by the JKH Enterprise Risk Management Division and the risks are further reviewed each quarter by the Group and the headline risks are presented to the Audit Committee.

INTERNAL CONTROLS AND ASSURANCE

The Board, through the involvement of the JKH Business Process Review Division, takes steps to gain assurance on the effectiveness over the financial, operational and risk management control systems in place. The Audit Committee receives regular reports on the adequacy and effectiveness of internal controls in the Group, compliance with laws and regulations and established policies and procedures of the Group. The head of the JKH Business Process Review Division has direct access to the Chairperson of the Audit Committee. Reports of the outsourced Internal Auditors are also reviewed by the Committee.

EVENTS AFTER THE REPORTING PERIOD

There have been no events subsequent to the reporting period, which would have any material effect on the Company or on the Group other than those disclosed in Note 40 to the Financial Statements.

GOING CONCERN

The management has formed judgment that the Company and its Subsidiary have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group. The Group's outlook has been presented in the Chairperson's Message on page 12 to 17.

AUDITORS

The Financial Statements for the year has been audited by Messrs. Ernst & Young, Chartered Accountants. The retiring Auditors, Messrs. Ernst & Young, Chartered Accountants, are willing to continue as Auditors of the Company, and a resolution proposing their reappointment will be tabled at the Annual General Meeting.

The Audit Committee reviews the appointment of the Auditor, its effectiveness, its independence and its relationship with the Group, including the level of audit and non-audit fees paid to the Auditor.

The Group works with two firms of Chartered Accountants namely, Ernst & Young and Luthra & Luthra Chartered Accountants. Details of audit fees are set out in Note 16 to the Financial Statements. The Auditors do not have any relationship (other than that of an Auditor) with the Company or any of its Subsidiary.

Further details on the work of the Auditor and the Audit Committee are set out in the Audit Committee Report.

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report is found in the Financial Statements section of the Annual Report on pages 231 to 233.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

APPROVAL OF THE FINANCIAL STATEMENTS

The Board of Directors approved the Integrated Annual Report on the 25th May 2026. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held as a virtual meeting on 18th June 2026 at 10.00 am.

This Annual Report is signed for and on behalf of the Board of Directors.

By order of the Board.

D P Gamlath
Director

J G A Cooray
Director

Keells Consultants (Private) Limited
Secretaries

25th May 2026

AUDIT COMMITTEE REPORT

The powers and responsibilities of the Audit Committee are governed by the Audit Committee Charter which is approved and adopted by the Board. The terms of reference comply with the requirements of the Corporate Governance Rules as per Section 7.10 of the Listing Rules of the Colombo Stock Exchange (CSE) with the functions and scope of the Audit Committee being in compliance with the requirements of the Code of Best Practice for Audit Committees. The Audit Committee conducted it's affairs in compliance with regulatory requirements and the Code of Best Practice of Audit Committees.

The Committee is tasked with assisting the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and other stakeholders in relation to the integrity of the Financial Statements of the Group, ensuring that a good financial reporting system is in place and is well managed in order to give accurate, appropriate and timely information, that it is in accordance with the Companies Act and other legislative reporting requirements and that adequate disclosures are made in the Financial Statements in accordance with the Sri Lanka Accounting Standards.

The Audit Committee reviews the design and operational effectiveness of internal controls and implement changes where required and ensures that the risk management processes are effective and adequate to identify and mitigate risks.

The Audit Committee ensures that the conduct of the business is in compliance with applicable laws and regulations and policies of the Group. The Audit Committee also assesses the Group's ability to continue as a going concern in the foreseeable future.

The Committee evaluates the performance and the independence of the Internal Auditors and the External Auditors. The Committee is also tasked with the responsibility of recommending to the Board the re-appointment and change of External Auditors and to recommend their remuneration and terms of engagement.

In fulfilling its purpose, it is the responsibility of the Audit Committee to maintain free and open communication with the Independent External Auditors, the outsourced Internal Auditors and the management of the Company and to ensure that all parties are aware of their responsibilities.

The Audit Committee is empowered to carry out any investigations it deems necessary and review all internal control systems and procedures, compliance reports, risk management reports etc. to achieve the objectives as stated above. The Committee has reviewed and discussed with Management and Internal and External Auditors, the Audited Financial Statements, the quarterly unaudited Financial Statements as well as matters relating to the Company's internal control over financial reporting, key judgments and estimates in the preparation of Financial Statements and the processes that support certification of the Financial Statements by the Directors and the Chief Financial Officer (CFO).

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is a sub-committee of the Board of Directors, appointed by and responsible to the Board of Directors.

The Audit Committee consists of three Non-Executive, Independent Directors in conformity with the Listing Rules of The Colombo Stock Exchange.

- Ms. A Nanayakkara – Chairperson (Appointed w.e.f 02.05.2025)
- Mr. K C S Fernando (Appointed w.e.f 02.05.2025)
- Mr. M M J W Jayasekara (Appointed w.e.f 15.05.2025)

The Audit Committee comprises of individuals with extensive experience and expertise in the fields of Finance, Corporate Management and Marketing. The Chairperson of the Audit Committee is a Chartered Management Accountant.

A brief profile of each member of the Audit Committee is given on pages 24 and 25 of this report under the section the Board of Directors.

MEETINGS OF AUDIT COMMITTEE

The Audit Committee meets as often as may be deemed necessary or appropriate in its judgment and at least quarterly each year. During the year under review there were five (5) meetings, and the attendance of the committee members are given in the table below.

AUDIT COMMITTEE REPORT

Audit Committee Attendance

Name	07.05.25	23.07.25	22.10.25	21.01.26	31.03.26	Total attendance
Ms. A. Nanayakkara	X	x	x	x	x	5
Mr. K C S Fernando	X	x	x	x	x	5
Mr. M M J W Jayasekara **	N/A	x	x	x	Excused	3
Mr. P.D Samarasinghe *	X	N/A	N/A	N/A	N/A	1
Ms. S. de Silva *	X	N/A	N/A	N/A	N/A	1
Mr. I Samarajiva *	X	N/A	N/A	N/A	N/A	1

* Retired w.e.f. 20.06.2025 ** Appointed w.e.f. 15.05.2025

The Chief Executive Officer (CEO), the Industry Group President, the CFO and the Head of JKH Group Business Process Review attended such meetings by invitation and briefed the committee on specific issues.

The External Auditors and the Internal Auditors were also invited to attend meetings when necessary. The proceedings of the Audit Committee are reported to the Board of Directors by the Chairperson of the Audit Committee.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

Oversight of Company and Consolidated Financial Statements

The Committee reviewed with the Independent External Auditor, who is responsible for expressing an opinion on the truth and fairness of the audited Financial Statements, on their conformity with the Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS).

The Committee also reviewed the Accounting Policies of the Company, and such other matters as are required to be discussed with the Independent External Auditors in compliance with Sri Lanka Auditing Standard 260 - Communication with those charged with Governance. The quarterly Financial Statements were reviewed by the Committee with them being recommended for adoption by the Board.

The Committee evaluated the process to assess the effectiveness of the internal financial controls that have been designed to provide reasonable assurance to the Directors that the Financial Reporting System can be relied upon in preparation and presentation of the Financial Statements of the Company.

INTERNAL AUDIT

The Committee monitors the effectiveness of the Internal Audit function and is responsible for approving their appointment or removal and for ensuring they have adequate access to information required to conduct their audits.

The Internal Audit function of the Company has been outsourced to Messrs. Deloitte Advisory Services Pvt Ltd, a firm of Chartered Accountants. The Audit Committee has agreed with the Internal Auditor as to the Audit plan for the year, the frequency of audits to be carried out, the scope of the audit, the areas to be covered and the fee to be paid for their services.

During the year under review, the Audit Committee has met with the Internal Auditors to consider their reports, management responses and matters requiring follow-up on the effectiveness of the internal controls and audit recommendations.

The Internal Audit Frequency depends on the risk profile of each area, higher-risk areas being on a shorter audit cycle. The Audit Committee is of the opinion that the above approach provides an optimal balance between the need to manage risk and the costs thereof.

RISK AND CONTROL REVIEW

The Audit Committee has reviewed the Business Risk Management Process and Procedures adopted to manage and mitigate the effects of such risks and observed that the risk analysis exercise has been conducted. The key risks that could impact operations have been identified with the Audit Committee reviewing the high level risks and ensuring appropriate action has been taken to mitigate their impact.

EXTERNAL AUDIT

The External Auditors of the Company Messrs. Ernst & Young Chartered Accountants submitted a detailed audit plan for the financial year 2025/26, which specified, inter alia, the areas of operations to be covered in respect of the Company. The audit plan specified 'areas of special emphasis' which had been identified from the last audit as well as from a review of current operations. The Audit committee had meetings with the External Auditor to review the scope, and timelines of the audit plan and approach for the audits. Messrs Luthra & Luthra Chartered Accountants is the External Auditor of the Subsidiary Company.

The areas of special emphasis have been selected due to the probability of error and the material impact it can have on the Financial Statements. At the conclusion of the audit, the External Auditors met with the Audit Committee to discuss and agree on the treatment of any matter of concern discovered in the course of the audit as well as to discuss the Management Letters. Actions taken by the Management in response to the issues raised were discussed with the Audit Committee. There were no issues of significant importance during the year under review.

The Audit Committee also reviewed the audit fees of the External Auditors of the Company and recommended its adoption by the Board. It also reviewed the other services provided by the Auditors in ensuring that their independence as Auditors was not compromised.

The Audit Committee has received a declaration from Messrs. Ernst & Young, as required by the Companies Act No.07 of 2007, confirming that they do not have any relationship or interest in the Company, which may have a bearing on their independence as per the Code of Conduct and Ethics of The Institute of Chartered Accountants of Sri Lanka.

The Audit Committee has proposed to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, be recommended for re-appointment as Auditors of the Company for the financial year commencing 1st April 2026, at the next Annual General Meeting.

COMPLIANCE WITH FINANCIAL REPORTING AND STATUTORY REQUIREMENTS

The Audit Committee receives a quarterly declaration from the CEO, President and the CFO, listing any departures from financial reporting, statutory requirements and Group policies. Reported exceptions, if any, are followed to ensure that appropriate corrective action has been taken.

With the view of ensuring uniformity of reporting, the Group has adopted a standardized format of Annual Financial Statements developed by the ultimate Parent Company.

SUPPORT TO THE COMMITTEE

The Committee received excellent support and timely information at all times from the Management during the year enabling it to carry out its duties and responsibilities effectively.

EVALUATION OF COMMITTEE

The Audit Committee formally evaluated the performance of the Committee as well as the individual contribution of each member. Steps have been taken to address the matters highlighted following such evaluation.

CONCLUSION

The Audit Committee is satisfied that the effectiveness of the organizational structure of the Company in the implementation of the accounting policies and operational controls, provide reasonable assurance that the affairs of the Company are managed in accordance with accepted policies and that assets are properly accounted for and adequately safeguarded. The Committee is also satisfied that the Company's Internal and External Auditors have been effective and independent throughout the period under review.



A. Nanayakkara
Chairperson, Audit Committee
25th May 2026

STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors, in relation to the Financial Statements, is set out in the following statement. The responsibility of the Auditors, in relation to the Financial Statements prepared in accordance with the provisions of the Companies Act No. 07 of 2007 ('Companies Act'), is set out in the Independent Auditors' Report.

As per the provisions of the Companies Act No. 07 of 2007 the Directors are required to prepare, for each financial year and place before a Annual General Meeting, Financial Statements which comprise of;

- A Statement of Income, which presents a true and fair view of the profit or loss of the Company for the financial year; and
- A Statement of Other Comprehensive Income; and
- A Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year.

The Directors have ensured that, in preparing these Financial Statements:

- Appropriate accounting policies, have been selected and applied in a consistent manner and material departures, if any have been disclosed and explained; and
- All applicable accounting standards as relevant have been applied; and
- Reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- Provides the information required by and otherwise comply with the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are also required to ensure that the Company and its Subsidiary have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company and its Subsidiary maintain sufficient accounting records to disclose, with reasonable accuracy of the Financial Position of the Company and of the Group.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and its Subsidiary, and in this regard to give a proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider being appropriate to enable them to give their audit opinion.

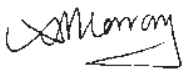
Further, as required by section 56(2) of the Companies Act, No. 07 of 2007 the Board of Directors confirm that the Company, satisfies the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007, and has obtained a certificate from the Auditors, prior to declaring for all the dividend paid during the year ended 31st March 2026.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its Subsidiary, all contributions, levies and taxes payable on behalf of the employees of the Company and its Subsidiary, and all other known statutory dues as were due and payable by the Company and its Subsidiary as at the date of the Statement of Financial Position have been paid or, where relevant provided for except as specified in Note 38 to the Financial Statements covering contingent liabilities.

By Order of the Board



Keells Consultants (Private) Limited
25th May 2026

INDEPENDENT AUDITORS' REPORT

Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF KEELLS FOOD PRODUCTS PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Keells Food Products PLC ("the Company"), and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2026, and the income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company 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 Auditors' 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 for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the 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 Auditors' 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Existence and carrying value of inventory	
As at 31 March 2026, the carrying value of inventory amounted to Rs. 1,338 Mn (2025 – Rs. 1,146 Mn) subsequent to writing off of spoilage and wastage amounting to Rs. 118 Mn (2025 – Rs. 65 Mn) as disclosed in Note 26 and 14.2 to the financial statements. Existence and carrying value of inventory was a key audit matter due to: • The materiality of the reported inventory balance which represents 26% of the Group's total assets as of the reporting date; and • Judgements applied by the management on the condition of inventory due to wastages spoilages, shelf life of products, slow moving goods and other compliance requirements as disclosed in Note 26 and 14.2 to the financial statements.	Our audit procedures included the following key procedures: • observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported. • tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices. • assessed the reasonableness of management judgements applied in determining that the provision is based on the condition of inventory in relation to wastages, spoilages, shelf life of products, slow moving products and due to other compliance requirements. We also evaluated the adequacy of the disclosures in Note 26 and 14.2 to the financial statements.

INDEPENDENT AUDITORS' REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of impairment of goodwill	
The Group's Statement of Financial Position includes an amount of Rs. 242 Mn relating to Goodwill acquired through the purchase of the manufacturing facility at Pannala (CGU). The CGU with goodwill is tested annually for impairment based on its recoverable amount. The recoverable amount is estimated using value in use (VIU) computations prepared by Management based on discounted future cash-flows. Assessment of impairment of this CGU with goodwill was a key audit matter due to: • The degree of assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations considering current economic conditions • As disclosed in Note 22.2, key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the gross margins, volume growth over forecast period, discount rate and terminal growth rate including the potential impacts of the current economic conditions prevailing in the country.	Our audit procedures included the following: • We gained an understanding of how management has forecast its discounted future cash flows. Our procedures included understanding how management has considered the potential impact of the current economic conditions prevailing in the country in forecasting the cash flows. • We checked the calculations of the discounted future cash flows and cross checked the data used by management to relevant underlying accounting records, to evaluate their completeness and accuracy. • Based on the best available information up to the date of our report, we assessed the reasonableness of significant assumptions used by the Company, in particular those relating to the volume growth rates and discount rate of the estimated future cashflows. We assessed the adequacy of the disclosures made in Note 22.2 in the financial statements.

OTHER INFORMATION INCLUDED IN THE GROUP'S 2025/2026 ANNUAL REPORT

Other information consists of the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

AUDITORS' 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 auditors' 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 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 auditors' 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 auditors' 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.

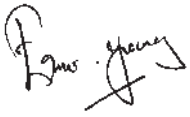
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditors' report is 2097.



25th May 2026
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage FCA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) · MIS Msc · IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

INCOME STATEMENT

For the year ended 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Continuing operations					
Goods transferred at a point in time	13.1	**8,391,987**	6,741,140	**8,391,987**	6,741,140
Total Revenue from contracts with customers		**8,391,987**	6,741,140	**8,391,987**	6,741,140
Cost of sales		**(6,083,630)**	(4,918,435)	**(6,083,630)**	(4,918,435)
Gross profit		**2,308,357**	1,822,705	**2,308,357**	1,822,705
Other operating income	14.1	**61,362**	23,374	**61,324**	21,459
Selling and distribution expenses		**(1,169,031)**	(972,465)	**(1,169,031)**	(972,465)
Administrative expenses		**(465,535)**	(382,973)	**(465,535)**	(382,973)
Other operating expenses	14.2	**(307,012)**	(242,220)	**(307,012)**	(242,220)
Results from operating activities		**428,141**	248,421	**428,103**	246,506
Finance cost	15.1	**(90,061)**	(83,993)	**(90,061)**	(83,993)
Finance income	15.1	**12,614**	14,140	**12,614**	14,140
Net finance cost		**(77,447)**	(69,853)	**(77,447)**	(69,853)
Profit before tax	16	**350,694**	178,568	**350,656**	176,653
Tax expense	19.1	**(106,158)**	(45,407)	**(106,158)**	(45,407)
Profit for the year		**244,536**	133,161	**244,498**	131,246
Attributable to:					
Equity holders of the parent		**244,536**	133,161		
		244,536	133,161		
Earnings per share					
Basic (Rs.)	17.1	**9.59**	5.22		
Diluted (Rs.)	17.2	**9.59**	5.22		
Dividend per share (Rs.)	18	**3.27**	2.45		

Figures in brackets indicate deductions.
The accounting policies and notes as set out in pages 241 to 293 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Profit for the year		**244,536**	133,161	**244,498**	131,246
Other comprehensive income					
Other comprehensive income to be reclassified to Income Statement in subsequent periods					
Currency translation of foreign operations		**161**	(1,761)	**-**	-
Net other comprehensive income/ (expense) to be reclassified to Income Statement in subsequent periods		**161**	(1,761)	**-**	-
Other comprehensive income / (expense) not to be reclassified to Income Statement in subsequent periods					
Revaluation gain on land and buildings	20.1	**71,281**	29,248	**71,281**	29,248
Re-measurement (loss)/gain on defined benefit plans	34.3	**(13,725)**	22,133	**(13,725)**	22,133
Net other comprehensive income /(expense) not to be reclassified to Income Statement in subsequent periods		**57,556**	51,381	**57,556**	51,381
Tax expense on other comprehensive income	19.2	**(17,266)**	(15,414)	**(17,266)**	(15,414)
Other comprehensive income for the year, net of tax		**40,451**	34,206	**40,290**	35,967
Total comprehensive income for the year, net of tax		**284,987**	167,367	**284,788**	167,213
Attributable to:					
Equity holders of the parent		**284,987**	167,367		
		284,987	167,367		

Figures in brackets indicate deductions.
The accounting policies and notes as set out in pages 241 to 293 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31st March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
ASSETS					
Non-current assets					
Property, plant and equipment	20.1	**1,678,858**	1,619,434	**1,678,858**	1,619,434
Right-of-use assets	21.1.1	**12,270**	2,194	**12,270**	2,194
Investment in subsidiary	23.1	**-**	-	**-**	-
Intangible assets	22.1	**244,750**	246,286	**244,750**	246,286
Non-current financial assets	24	**73,949**	53,659	**73,949**	53,659
Other non-current assets	25	**18,057**	25,007	**18,057**	25,007
		2,027,884	1,946,580	**2,027,884**	1,946,580
Current assets					
Inventories	26	**1,338,111**	1,146,181	**1,338,111**	1,146,181
Trade and other receivables	27	**1,127,880**	854,943	**1,127,880**	854,943
Amounts due from related parties	37.1	**354,756**	220,837	**354,756**	220,837
Income tax receivables	19.3.1	**31,861**	31,861	**31,861**	31,861
Other current assets	28	**119,900**	38,679	**119,859**	38,675
Cash in hand and at bank	29	**76,618**	128,568	**53,960**	127,918
		3,049,126	2,421,069	**3,026,427**	2,420,415
Total assets		**5,077,010**	4,367,649	**5,054,311**	4,366,995
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	30	**1,294,815**	1,294,815	**1,294,815**	1,294,815
Revenue reserve	31	**380,736**	229,192	**377,846**	226,340
Other components of equity	32	**503,718**	448,225	**510,028**	454,696
Total equity		**2,179,269**	1,972,232	**2,182,689**	1,975,851
Non-current liabilities					
Lease liabilities	21.1.2	**6,549**	2,238	**6,549**	2,238
Deferred tax liabilities	19.4	**265,642**	267,012	**265,642**	267,012
Employee benefit liabilities	34.1	**179,363**	158,636	**179,363**	158,636
		451,554	427,886	**451,554**	427,886
Current liabilities					
Trade and other payables	35	**951,075**	823,980	**924,956**	819,877
Amounts due to related parties	37.2	**41,236**	48,102	**41,236**	48,102
Income tax liabilities	19.3.2	**62,157**	-	**62,157**	-
Interest-bearing loans and borrowings	33.2	**460,000**	-	**460,000**	-
Lease liabilities	21.1.2	**6,742**	1,119	**6,742**	1,119
Other current liabilities	36	**96,786**	61,071	**96,786**	60,901
Bank overdrafts	29	**828,191**	1,033,259	**828,191**	1,033,259
		2,446,187	1,967,531	**2,420,068**	1,963,258
Total equity and liabilities		**5,077,010**	4,367,649	**5,054,311**	4,366,995

I certify that the Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.

P N Fernando
Chief Financial Officer/ Director

The Board of Directors is responsible of these Financial Statements.

D P Gamlath
Director

J G A Cooray
Director

25th May 2026
Colombo

The accounting policies and notes as set out in pages 241 to 293 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
OPERATING ACTIVITIES					
Profit before working capital changes	A	**714,451**	480,156	**714,413**	478,241
(Increase) / Decrease in inventories		**(218,955)**	(238,868)	**(218,955)**	(238,868)
(Increase) / Decrease in trade and other receivables		**(275,597)**	(110,373)	**(275,597)**	(110,373)
(Increase) / Decrease in amounts due from related parties		**(133,919)**	(15,277)	**(133,919)**	(15,277)
(Increase) / Decrease in other current assets		**(81,221)**	(18,452)	**(81,184)**	(18,452)
Increase / (Decrease) in trade and other payables		**127,095**	259,506	**105,079**	259,779
Increase / (Decrease) in amounts due to related parties		**(6,866)**	2,938	**(6,866)**	2,938
Increase / (Decrease) in other current liabilities		**35,715**	18,157	**35,885**	18,065
Cash generated from operations		**160,703**	377,787	**138,856**	376,053
Finance income received		**3,856**	4,417	**3,856**	4,417
Finance cost paid*		**(88,743)**	(83,111)	**(88,743)**	(83,111)
Tax paid		**(62,637)**	-	**(62,637)**	-
Gratuity paid/transfers	34.3	**(21,082)**	(8,213)	**(21,082)**	(8,213)
Net cash flow generated from/(used in) operating activities		**(7,903)**	290,880	**(29,750)**	289,146
INVESTING ACTIVITIES					
Purchase and construction of property, plant and equipment	20.1	**(210,233)**	(124,293)	**(210,233)**	(124,293)
Proceeds from sale of property, plant and equipment		**-**	1,279	**-**	1,279
Net cash flow used in investing activities		**(210,233)**	(123,014)	**(210,233)**	(123,014)
FINANCING ACTIVITIES					
Dividend paid	18	**(83,385)**	(62,475)	**(83,385)**	(62,475)
Proceeds from short term interest-bearing loans and borrowings	33.1	**460,000**	-	**460,000**	-
Repayment of short term interest-bearing loans and borrowings	33.1	**-**	(224,916)	**-**	(224,916)
Payment of lease liabilities	21.1.2	**(5,522)**	(2,545)	**(5,522)**	(2,545)
Net cash flow generated from/(used in) financing activities		**371,093**	(289,936)	**371,093**	(289,936)

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**152,957**	(122,070)	**131,110**	(123,804)
CASH AND CASH EQUIVALENTS AT THE BEGINNING		**(904,691)**	(780,860)	**(905,341)**	(781,537)
Effect of exchange rate changes		**161**	(1,761)	**-**	-
CASH AND CASH EQUIVALENTS AT THE END		**(751,573)**	(904,691)	**(774,231)**	(905,341)
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Favourable balances					
Cash in hand and at bank	29	**76,618**	128,568	**53,960**	127,918
Unfavourable balances					
Bank overdrafts	29	**(828,191)**	(1,033,259)	**(828,191)**	(1,033,259)
Cash and cash equivalents **		**(751,573)**	(904,691)	**(774,231)**	(905,341)
Note A					
Profit before working capital changes					
Profit before tax		**350,694**	178,568	**350,656**	176,653
Adjustments for:					
Finance income	15.1	**(12,614)**	(14,140)	**(12,614)**	(14,140)
Finance cost	15.1	**90,061**	83,993	**90,061**	83,993
Depreciation of property, plant and equipment	20.1	**222,090**	209,807	**222,090**	209,807
Amortisation of right of use assets	21.1.1	**4,062**	1,423	**4,062**	1,423
Amortisation of intangible assets	22.1	**1,536**	1,536	**1,536**	1,536
Net gain on disposal of property, plant and equipment	14.1	**-**	(1,040)	**-**	(1,040)
Employees benefit provisions and related costs	34.2	**28,084**	28,557	**28,084**	28,557
Provision /(reversal) for slow moving inventory	26	**27,025**	(17,825)	**27,025**	(17,825)
(Reversal) / Provision for impairment of trade receivable	27	**(1,922)**	5,198	**(1,922)**	5,198
Share based payment expense	32.3	**5,435**	4,079	**5,435**	4,079
		714,451	480,156	**714,413**	478,241

* Finance cost paid represents the finance cost incurred (Note 15) excluding interest on lease liabilities (Note 21.1.2)

** Cash and cash equivalents in the Statement of Financial Position comprise of cash at banks and in hand and short-term deposits with a maturity of three months or less. For the purpose of the Cash Flow Statement, cash and cash equivalents consists of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 241 to 293 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent					
	Stated capital	Revaluation reserve	Foreign currency translation reserve	Other capital reserve	Revenue reserve	Total equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Group						
As at 01st April 2024	1,294,815	367,672	(4,710)	62,471	143,013	1,863,261
Profit for the year					133,161	133,161
Other comprehensive income/ (expense)	-	20,474	(1,761)	-	15,493	34,206
Total comprehensive income / (expense)	-	20,474	(1,761)	-	148,654	167,367
Share based payment transactions	-	-	-	4,079	-	4,079
Interim dividend paid - 2024/25	-	-	-	-	(62,475)	(62,475)
As at 31st March 2025	1,294,815	388,146	(6,471)	66,550	229,192	1,972,232
As at 1st April 2025	1,294,815	388,146	(6,471)	66,550	229,192	1,972,232
Profit for the year					244,536	244,536
Other comprehensive income/ (expense)	-	49,897	161	-	(9,607)	40,451
Total comprehensive income / (expense)	-	49,897	161	-	234,929	284,987
Share based payment transactions	-	-	-	5,435	-	5,435
Final dividend paid - 2024/25				-	(29,325)	(29,325)
Interim dividend paid -2025/26	-	-	-	-	(54,060)	(54,060)
As at 31st March 2026	1,294,815	438,043	(6,310)	71,985	380,736	2,179,269

	Stated capital	Revaluation reserve	Other capital reserve	Revenue reserve	Total equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Company					
As at 01st April 2024	1,294,815	367,672	62,471	142,076	1,867,034
Profit for the year	-	-	-	131,246	131,246
Other comprehensive income	-	20,474	-	15,493	35,967
Total comprehensive income	-	20,474	-	146,739	167,213
Share based payment transactions	-	-	4,079	-	4,079
Interim dividend paid -2024/25	-	-	-	(62,475)	(62,475)
As at 31st March 2025	1,294,815	388,146	66,550	226,340	1,975,851
As at 1st April 2025	1,294,815	388,146	66,550	226,340	1,975,851
Profit for the year	-	-	-	244,498	244,498
Other comprehensive income/(expense)	-	49,897	-	(9,607)	40,290
Total comprehensive income	-	49,897	-	234,891	284,788
Share based payment transactions	-	-	5,435	-	5,435
Final dividend paid - 2024/25	-	-	-	(29,325)	(29,325)
Interim dividend paid -2025/26	-	-	-	(54,060)	(54,060)
As at 31st March 2026	1,294,815	438,043	71,985	377,846	2,182,689

Figures in brackets indicate deductions.
The accounting policies and notes as set out in pages 241 to 293 form an integral part of these Financial Statements.

INDEX TO NOTES

CORPORATE AND GROUP INFORMATION

1	Corporate information	241
2	Group information	241

BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

3	Basis of preparation	241
4	Summary of material accounting policies	242
5	Significant accounting judgements, estimates and assumptions	243
6	Changes in accounting standards and standards issued but not yet effective	244

GROUP BUSINESS, OPERATION AND MANAGEMENT

7	Operating segment information	244
8	Basis of consolidation	246
9	Business combinations and goodwill	247
10	Financial risk management objectives and policies	248
11	Fair value measurement and related fair value disclosures	256
12	Financial instruments and related policies	258

NOTES TO INCOME STATEMENT, STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

13	Revenue	262
14	Other operating income and other operating expenses	263
15	Finance income and finance cost	264
16	Profit/ (loss) before tax	264
17	Earnings per share (EPS)	265
18	Dividend per share (DPS)	266
19	Taxes	266
20	Property, plant and equipment	271
21	Right-of-use assets and lease liabilities	275
22	Intangible assets	277
23	Investment in Subsidiary	280
24	Non-current financial assets	280
25	Other non-current assets	281
26	Inventories	281
27	Trade and other receivables	282
28	Other current assets	282
29	Cash in hand and at bank	282
30	Stated capital	283
31	Revenue reserve	283
32	Other components of equity	283
33	Interest-bearing loans and borrowings	286
34	Employee benefit liabilities	287
35	Trade and other payables	289
36	Other current liabilities	290
37	Related party transactions	290
38	Contingent liabilities	293
39	Capital and other commitments	293
40	Events after the reporting period	293

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Reporting entity

Keells Food Products PLC (PQ3) is a Public Limited Liability Company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange. The registered office of the Company is located at No.117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2, and the principal place of business is at no. 16, Minuwangoda Road, Ekala, Ja Ela. The Company also has a manufacturing facility at the Makandura Industrial Estate in Pannala.

Ordinary shares of the Company are listed on the Colombo Stock Exchange.

Consolidated Financial Statements

The Financial Statements for the year ended 31st March 2026, comprise "the Company" referring to Keells Food Products PLC as the holding Company and "the Group" referring to the Company that have been consolidated therein.

Approval of Consolidated Financial Statements

The Consolidated Financial Statements of the Group for the year ended 31st March 2026 were authorised for issue by the Board of Directors on the 25th May 2026.

Principal activities and nature of operations

Company

The principal activities of the Company were manufacture and sale of processed meats, raw meats, crumbed products and other convenient food products which remained unchanged during the year.

Subsidiary

The principal activity of John Keells Foods India (Private) Limited was marketing of processed and formed meat products, which remained unchanged during the year.

The Subsidiary did not carry out any commercial operation during the year ended 31st March 2026.

Responsibility for Financial Statements

The responsibility of the Board of Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility report in the Annual report.

Statements of compliance

The Financial Statements which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows, together with the accounting policies and notes (the "Financial Statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No.07 of 2007.

2. GROUP INFORMATION

Parent Enterprise and Ultimate Parent Enterprise

The Company's Parent undertaking is John Keells Holdings PLC. The Directors are of the opinion that the Company's Ultimate Parent undertaking and controlling party is John Keells Holdings PLC which is incorporated in Sri Lanka.

3. BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for Land and Buildings that has been measured at fair value through Other Comprehensive Income.

Going concern

The Group has prepared the Financial Statements for the year ended 31 March 2026 on the basis that it will continue to operate as a going concern.

Based on available information, the management has assessed prevailing macroeconomic conditions and its effect on the Group companies in determining the going concern basis for preparation of Financial Statements.
The management has formed judgment that the Company, its subsidiary have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

NOTES TO THE FINANCIAL STATEMENTS

Presentation and functional currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Group's functional and presentation currency, which is the primary economic environment in which the holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as its functional currency.

Each material class of similar items is presented cumulatively in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard-LKAS 1 on 'Presentation of Financial Statements'.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupees thousand (LKR '000) except when otherwise indicated.

Comparative information

The presentation and classification of the Financial Statements of the previous years have been amended if necessary, where relevant for better presentation and to be comparable with those of the current year.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Summary of Material accounting policies have been disclosed along with the relevant individual notes in the subsequent pages.

Those accounting policies presented with each note, have been applied consistently by the Group.

Other Significant accounting policies not covered with individual notes

Following accounting policies which have been applied consistently by the Group, are considered to be Material but are not covered in any other sections.

Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/ non-current classification.

An asset is considered as current when it is:

- Expected to be realised or intended to be 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 accordingly.

Foreign currency translation, foreign currency transactions and balances

The Consolidated Financial Statements are presented in Sri Lanka Rupees (Rs.), which is the Company's functional and presentation currency.

The functional currency is the currency of the primary economic environment in which the entities of the Group operate.

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing 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. Non monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on changing fair value of the item.

Foreign operations

The Statement of Financial Position and Income Statement of the overseas Subsidiary which is deemed to be foreign operation is translated to Sri Lanka rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period respectively.

The exchange differences arising on the translation are taken directly to Other Comprehensive Income. On disposal of a foreign entity, the deferred cumulative amount recognised in Other Comprehensive Income relating to that particular foreign operation is recognised in the Income Statement.

Any goodwill arising on the acquisition of a foreign operation subsequent to 1st April 2012 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Prior to 1st April 2012, the date of transition to SLFRS/ LKAS, the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

During the year the extent of fluctuation in the Sri Lankan Rupee exchange rate to the Indian Rupee can be observed by looking at the two extremes in the exchange rates that prevailed during the year which is the highest and lowest rate set during the year. This is especially important when deducing the potential foreign currency translation impact that could affect the Group's Financial Statements.

The exchange rates applicable during the period were as follows:

	Statement of Financial Position		Income Statement	
Currency	Closing rate as at 31st March		Average rate	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Indian Rupee	**3.33**	3.47	**3.44**	3.53

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements of the Group require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets , liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies , management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the Consolidated Financial Statements have been discussed in the individual notes of the related Financial Statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date , that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the Financial Statements. The Group has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however ,may change due to market changes or

NOTES TO THE FINANCIAL STATEMENTS

circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The line items which have most significant effect on accounting, judgements, estimate and assumptions are as follows;

a) Valuation of property, plant and equipment - Note 20.2

b) Impairment of non-financial assets - Note 23 and 22.2

c) Taxes - Note 19

d) Employee benefit liability - Note 34

e) Share based payments - Note 32.3

f) Goodwill - Note 22.2

g) Provision for expected credit losses of trade receivables and contract assets - Note 10.1.3

h) Leases - Estimating the incremental borrowing rate - Note 21

i) Going Concern- Note 3

6. CHANGES IN ACCOUNTING STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

6.1 Changes in accounting standard

The following amendments and improvements do not expect to have a significant impact on the Group's financial statements

- Amendments to LKAS 21: Lack of Exchangeability

6.2 Standards issued but not yet effective

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements.

- SLFRS 18: Presentation and Disclosure in Financial Statements

The Group is currently assessing the potential impact of SLFRS 18 on its financial statements and related disclosures. A comprehensive evaluation, including transition planning and implementation activities, is expected to be completed prior to the adoption of the standard.

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements.

- Amendments to SLFRS 9 and SLFRS 7: Classification and Measurement of Financial Instruments
- SLFRS 19 Subsidiaries without public accountability: Disclosures

7. Operating Segment Information

Accounting Policy

The Group's internal organisation and management is structured based on individual products and services which are similar in nature and process and where the risks and returns are similar. The operating segments represent this business structure.

In addition, segments are determined based on the Group's geographical spread of operations as well. The geographical analysis of turnover and profits are based on location of customers and assets respectively.

As such for management purposes, the Group is organised into business units based on their products and services and has two operating business segments as manufacturing and trading.

The measurement policies the Group uses for segment reporting under SLFRS 8 are the same as those used in its Financial Statements.

Segment information

Segment information has been prepared in conformity with the Accounting Policies adopted for preparing and presenting the Financial Statements of the Group.

All Inter-Segment transfers are carried out at arm's length prices.

7.1 BUSINESS SEGMENT ANALYSIS -GROUP

The following tables present revenue and profit information regarding the Group's operating segments.

	2026			2025		
For the year ended 31st March	Manufacturing	Trading	Total	Manufacturing	Trading	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Goods transferred at a point in time	**7,916,504**	**475,483**	**8,391,987**	6,464,582	276,558	6,741,140
Total segment revenue from contracts with customers	**7,916,504**	**475,483**	**8,391,987**	6,464,582	276,558	6,741,140
Segment Results	**2,189,684**	**118,673**	**2,308,357**	1,780,051	42,654	1,822,705
Other operating income	**61,362**	**-**	**61,362**	23,374	-	23,374
Selling and distribution expenses	**(1,115,805)**	**(53,226)**	**(1,169,031)**	(944,163)	(28,302)	(972,465)
Administrative expenses	**(438,306)**	**(27,229)**	**(465,535)**	(366,869)	(16,104)	(382,973)
Other operating expenses	**(298,819)**	**(8,193)**	**(307,012)**	(233,866)	(8,354)	(242,220)
Operating Profit /(Loss)	**398,116**	**30,025**	**428,141**	258,527	(10,106)	248,421
Finance cost	**(84,958)**	**(5,103)**	**(90,061)**	(80,437)	(3,556)	(83,993)
Finance income	**12,614**	**-**	**12,614**	14,140	-	14,140
Net finance cost	**(72,344)**	**(5,103)**	**(77,447)**	(66,297)	(3,556)	(69,853)
Profit /(Loss) before tax	**325,772**	**24,922**	**350,694**	192,230	(13,662)	178,568
Tax expense			**(106,158)**			(45,407)
Profit after tax			**244,536**			133,161
Segment Assets	**5,019,689**	**57,321**	**5,077,010**	4,352,443	15,206	4,367,649
Segment Liabilities	**2,897,741**	**-**	**2,897,741**	2,395,417	-	2,395,417
Purchase and construction of PPE*	**210,233**	**-**	**210,233**	124,293	-	124,293
Depreciation of PPE*	**222,090**	**-**	**222,090**	209,807	-	209,807
Amortisation of IA**	**1,536**	**-**	**1,536**	1,536	-	1,536
Amortisation of ROUA***	**4,062**	**-**	**4,062**	1,423	-	1,423
Employees benefit provisions and related costs	**28,084**	**-**	**28,084**	28,557	-	28,557

PPE* - Property plant and equipment **IA**** - Intangible assets **ROUA***** - Right-of-use assets

Non-current assets have not been allocated to the trading segment.

NOTES TO THE FINANCIAL STATEMENTS

7.2 Disaggregation of revenue- Geographical segment analysis (by location of customers)

The disaggregation of revenue based on geographical segment is discussed in Note. 13.2

8. BASIS OF CONSOLIDATION

Accounting Policy

The Consolidated Financial Statements comprise the Financial Statements of the Company and its Subsidiary as at the end of the reporting period. The Financial Statements of the Subsidiary is prepared in compliance with the Group's accounting policies unless otherwise stated.

Control over an investee

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 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

The following Companies have been consolidated based on above criteria.

Name of the Company	Effective Holding
John Keells Foods India (Private) Ltd	100%

John Keells Foods India (Private) Limited was incorporated in India on the 7th of April 2008.

Subsidiaries

The Subsidiary is fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The Financial Statements of the Subsidiary is prepared for the same reporting period as the Company, which is 12 months ending 31st March, using consistent accounting policies.

The total profits and losses for the year of the Company and of its Subsidiary included in consolidation are shown in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income and all assets and liabilities of the Company and of its Subsidiary included in consolidation are shown in the Consolidated Statement of Financial Position.

The Consolidated Statement of Cash Flows includes the Cash Flows of the Company and its Subsidiary. 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 assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the Parent's share of components previously recognised in Other Comprehensive Income to profit or loss or retained earnings, as appropriate.

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the Consolidated Income Statement and Statement of Comprehensive Income and as a component of equity in the Consolidated Statement of Financial Position, separately from Parent's shareholders' equity.

9. BUSINESS COMBINATIONS AND GOODWILL

Accounting Policy

Business combinations are accounted for using the acquisition method of accounting. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

When the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree is lower than the fair value of net assets acquired, a gain is recognised immediately in the Income Statement. The Group elects on a transaction by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Income Statement, in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO THE FINANCIAL STATEMENTS

BUSINESS COMBINATIONS AND GOODWILL (CONTD.)

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation, goodwill disposed in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Common Control Business Combinations

SLFRS 3 – Business Combination scopes out common control business combinations. LKAS 8 – Accounting policies, Changes in Accounting estimates and errors – requires that in the absence of specific guidance in SLFRS, management should use its judgment in developing and applying an accounting policy that is relevant and reliable. Accordingly, The Group selected pooling of interest method as the most appropriate method for accounting the business combinations involving business under common control.

The concept underlying the use of pooling of interest method to account for a business combination is that no acquisition has occurred and there has been a continuation of the risks and benefits to the controlling party (or parties) that existed prior to the business combination.

Under the pooling of interest method, the net assets of the combining entities are consolidated using the existing book values from the controlling parties' perspective. The assets and liabilities of the acquired entity are recorded at the book values as stated in the Financial Statements of the controlling party.

The amount has been recognised as the consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. (Note No. 22.2)

Impairment of goodwill

Goodwill is tested for impairment annually (as at 31st March) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has loans and other receivables, trade and other receivable and cash and that arise directly from its operations.

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 and to provide guarantees to support it's operations.

The financial risk governance framework provides assurance to the senior management that the financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group is exposed to market risk, credit risk and liquidity risk.

10.1 Credit risk

Credit risk is the risk that a counter party 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 trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure the counterparties, fulfil their obligations.

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the different rearrangement of homogeneous groups. Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low, whilst the improved operating environment resulted in improved collections during the financial year although there could be stresses in the ensuing year on account of the macroeconomic uncertainty and related impacts to our customers on account of elevated inflation and interest rates and the possible impact on consumer discretionary spend.

10.1.1 Credit risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available).

The following table shows the maximum risk positions;

As at 31st March 2026	Notes	Non-current financial assets Rs. '000	Cash in hand and at bank Rs. '000	Trade and other receivables Rs. '000	Amounts due from related parties Rs. '000	Total Rs. '000	% of allocation
Group							
Loans to executives	10.1.2	73,949	-	21,829	-	95,778	6
Trade and other receivables	10.1.3	-	-	1,106,051	-	1,106,051	68
Amounts due from related parties	10.1.4	-	-	-	354,756	354,756	22
Cash in hand and at bank	10.1.5	-	76,618	-	-	76,618	4
Total credit risk exposure		73,949	76,618	1,127,880	354,756	1,633,203	100

NOTES TO THE FINANCIAL STATEMENTS

10.1.1 Credit risk exposure (Contd.)

As at 31st March 2025	Notes	Non-current financial assets Rs. '000	Cash in hand and at bank Rs. '000	Trade and other receivables Rs. '000	Amounts due from related parties Rs. '000	Total Rs. '000	% of allocation
Group							
Loans to executives	10.1.2	53,659	-	23,206	-	76,865	6
Trade and other receivables	10.1.3	-	-	831,737	-	831,737	66
Amounts due from related parties	10.1.4	-	-	-	220,837	220,837	18
Cash in hand and at bank	10.1.5	-	128,568	-	-	128,568	10
Total credit risk exposure		53,659	128,568	854,943	220,837	1,258,007	100

As at 31st March 2026	Notes	Non-current financial assets Rs. '000	Cash in hand and at bank Rs. '000	Trade and other receivables Rs. '000	Amounts due from related parties Rs. '000	Total Rs. '000	% of allocation
Company							
Loans to executives	10.1.2	73,949	-	21,829	-	95,778	6
Trade and other receivables	10.1.3	-	-	1,106,051	-	1,106,051	69
Amounts due from related parties	10.1.4	-	-	-	354,756	354,756	22
Cash in hand and at bank	10.1.5	-	53,960	-	-	53,960	3
Total credit risk exposure		73,949	53,960	1,127,880	354,756	1,610,545	100

As at 31st March 2025	Notes	Non-current financial assets Rs. '000	Cash in hand and at bank Rs. '000	Trade and other receivables Rs. '000	Amounts due from related parties Rs. '000	Total Rs. '000	% of allocation
Company							
Loans to executives	10.1.2	53,659	-	23,206	-	76,865	6
Trade and other receivables	10.1.3	-	-	831,737	-	831,737	66
Amounts due from related parties	10.1.4	-	-	-	220,837	220,837	18
Cash in hand and at bank	10.1.5	-	127,918	-	-	127,918	10
Total credit risk exposure		53,659	127,918	854,943	220,837	1,257,357	100

10.1.2 Loans to executives

Loans to executives is made up of vehicle loans which are given to staff at executive level and above. The Company has obtained the necessary Power of Attorney/promissory notes as collateral for the loans granted.

10.1.3 Trade and other receivables

	Group		Company	
As at 31st March	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Neither past due nor impaired				
01–60 days	**1,049,073**	796,768	**1,049,073**	796,768
Past due but not impaired				
61–90 days	**44,750**	29,832	**44,750**	29,832
91–120 days	**7,720**	2,390	**7,720**	2,390
121–180 days	**4,508**	2,747	**4,508**	2,747
Allowance for expected credit losses	**9,643**	11,565	**9,643**	11,565
Gross carrying value	**1,115,694**	843,302	**1,115,694**	843,302
Less: Allowance for expected credit losses				
Individually assessed Allowance for expected credit losses	**(9,643)**	(11,565)	**(9,643)**	(11,565)
Total	**1,106,051**	831,737	**1,106,051**	831,737

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group has obtained bank guarantees from major customers by reviewing their past performance and credit worthiness, as collateral. The requirement for an impairment is analysed at each reporting date on an individual basis for major customers and uses a provision matrix to calculate Expected Credit Loss (ECL) for the balance. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix was initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group considers a financial asset including trade and receivable in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

10.1.4 Amounts due from related parties

The balance consists of amounts due from the entities which has significant influence over Parent, Parent Companies under common control, Joint Ventures and Associates of the Parent.

NOTES TO THE FINANCIAL STATEMENTS

10.1.5 Cash and cash equivalents

In order to mitigate the concentration, settlement and operational risks related to cash and cash equivalents, the Group consciously manages the exposure to a single counter-party, where taking into consideration, where relevant, the rating or financial standing of the counter-party, where the position is reviewed as and when required, the duration of the exposure in managing such exposures and the nature of the transaction and agreement governing the exposure. The Group held a net negative cash and cash equivalents of Rs.752 Mn as at 31st March 2026 (2024/25 net negative cash and cash equivalents of Rs. 905 Mn). The Company held a net negative cash and cash equivalents of Rs. 774 Mn as at 31 March 2026 (2024/25 net negative cash and cash equivalents of Rs.905 Mn).

10.2 Liquidity risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that there is available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts over a broad spread of maturities.

10.2.1 Net debt/ (cash)

		Group		Company	
As at 31st March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Cash in hand and at bank	29	**76,618**	128,568	**53,960**	127,918
Total liquid Assets		**76,618**	128,568	**53,960**	127,918
Interest-bearing borrowings - current	33.2	**460,000**	-	**460,000**	-
Bank overdrafts	29	**828,191**	1,033,259	**828,191**	1,033,259
Total liquid liabilities		**1,288,191**	1,033,259	**1,288,191**	1,033,259
Net debt		**1,211,573**	904,691	**1,234,231**	905,341

10.2.2 Liquidity risk management

Group has implemented a mixed approach that combines elements of the cash flow matching approach and the liquid assets approach. The Group attempt to match cash outflows in each time bucket against the combination of contractual cash inflows plus other inflows that can be generated through the sale of assets or other borrowings.

The Group continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between Group companies and banks regarding financing requirements, ensures that availability within each single borrower limit is optimised by efficiently reallocating under-utilised facilities within the Group.

The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings.

Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted (principle plus interest) payments.

As at 31st March 2026	Within 1 year Rs. '000	Between 1-2 years Rs. '000	Between 2-3 years Rs. '000	Between 3-4 years Rs. '000	Between 4-5 years Rs. '000	More than 5 years Rs. '000	Total Rs. '000
Interest-bearing loans and borrowings	463,215	-	-	-	-	-	463,215
Lease liabilities	8,094	3,962	825	894	933	25,768	40,476
Trade and other payables	951,075	-	-	-	-	-	951,075
Amounts due to related parties	41,236	-	-	-	-	-	41,236
Bank overdrafts	828,191	-	-	-	-	-	828,191
	2,291,811	3,962	825	894	933	25,768	2,324,193

As at 31st March 2025	Within 1 year Rs. '000	Between 1-2 years Rs. '000	Between 2-3 years Rs. '000	Between 3-4 years Rs. '000	Between 4-5 years Rs. '000	More than 5 years Rs. '000	Total Rs. '000
Lease liabilities	1,407	578	625	675	729	26,554	30,568
Trade and other payables	823,980	-	-	-	-	-	823,980
Amounts due to related parties	48,102	-	-	-	-	-	48,102
Bank overdrafts	1,033,259	-	-	-	-	-	1,033,259
	1,906,748	578	625	675	729	26,554	1,935,909

Maturity analysis - Company

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted (principle plus interest) payments.

As at 31st March 2026	Within 1 year Rs. '000	Between 1-2 years Rs. '000	Between 2-3 years Rs. '000	Between 3-4 years Rs. '000	Between 4-5 years Rs. '000	More than 5 years Rs. '000	Total Rs. '000
Interest-bearing loans and borrowings	463,215	-	-	-	-	-	463,215
Lease liabilities	8,094	3,962	825	894	933	25,768	40,476
Trade and other payables	924,956	-	-	-	-	-	924,956
Amounts due to related parties	41,236	-	-	-	-	-	41,236
Bank overdrafts	828,191	-	-	-	-	-	828,191
	2,265,692	3,962	825	894	933	25,768	2,298,074

NOTES TO THE FINANCIAL STATEMENTS

10.2.2 Liquidity risk management (Contd.)

As at 31st March 2025	Within 1 year Rs. '000	Between 1-2 years Rs. '000	Between 2-3 years Rs. '000	Between 3-4 years Rs. '000	Between 4-5 years Rs. '000	More than 5 years Rs. '000	Total Rs. '000
Lease liabilities	1,407	578	625	675	729	26,554	30,568
Trade and other payables	819,877	-	-	-	-	-	819,877
Amounts due to related parties	48,102	-	-	-	-	-	48,102
Bank overdrafts	1,033,258	-	-	-	-	-	1,033,258
	1,902,644	578	625	675	729	26,554	1,931,805

10.3 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.

Market risk comprises of the following risks:

* Interest rate risk
* Foreign currency risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sensitivity analysis in the following sections relate to the position as at 31 March in 2026 and 2025.

The analysis excludes the impact of movements in market variables on; the carrying values of other post-retirement obligations; provisions; and the non-financial assets and liabilities.

The following assumptions have been made in calculating the sensitivity analyses;

- The sensitivity of the relevant Income Statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March 2026 and 2025.

10.3.1 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 and Company's long-term debt obligations with floating interest rates.

Most lenders grant loans under floating interest rates.

The Group has managed the risk of volatile interest rates by having a balanced portfolio of borrowings at fixed and variable rates while interest rate swap agreements are in place for a significant portion of the Group's foreign currency borrowing portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. (through the impact on floating rate borrowings).

Rupee borrowings	Increase/ (decrease) in basis points	Group Rs. '000	Company Rs. '000
For the year ended 31st March			
2026	**+72**	**(3,312)**	**(3,312)**
	-72	**3,312**	**3,312**
2025	+225	-	-
	-225	-	-

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base floating interest rates.

10.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements. Group treasury analyses the market condition of foreign exchange and provides market updates to the Group Executive Committee (GEC), with the use of external consultants' advice. Based on the suggestions made by Group treasury the GEC takes decisions on whether to hold, sell, or make forward bookings of foreign currency as per decision rights given by Board of Directors. For a comprehensive assessment, reference is made to Note 14 (other operating expenses / other operating income), which include the effects of foreign exchange gains and losses recognized in the Income Statement.

The Group adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows. At a Group level, the translation risk on foreign currency debt is largely hedged "naturally" because of the conscious strategy of maintaining US Dollar cash balances at the holding company whilst also ensuring obligations can be managed through US Dollar denominated revenue streams.

10.3.2.1 Effects of currency translation

For purposes of Keells Food Products PLC's Consolidated Financial Statements, the income and expenses and the assets and liabilities of the subsidiary located outside Sri Lanka are converted into Sri Lankan Rupees (LKR). Therefore, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment results (earnings before interest and taxes – EBIT) and assets and liabilities of the Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in book values caused by exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

10.3.2.1 Effects of currency translation (Contd.)

		Group	
Exchange rate	Increase/ (decrease) in exchange rate	Effect on profit before tax (Rs. '000)	Effect on equity (Rs. '000)
2026			
USD	+5.20%	2,082	2,082
USD	-5.20%	(2,082)	(2,082)
INR	+3.83%	(132)	(132)
INR	-3.83%	132	132
EUR	+12.58%	(412)	(412)
EUR	-12.58%	412	412
GBP	+8.28%	(53)	(53)
GBP	-8.28%	53	53
2025			
USD	+1.48%	1,988	1,988
USD	-1.48%	(1,988)	(1,988)
INR	+3.88%	6,169	6,169
INR	-3.88%	(6,169)	(6,169)

Assumptions
The assumed movement, in the spread of the exchange rate sensitivity analysis, is based on the current observable market environment.

10.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, have a rights issue or buy back of shares.

	Group		Company	
	2026	2025	2026	2025
Debt/ Equity	59.11%	52.39%	59.02%	52.29%

11 FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are only, disclosed and are reflected in this note. Besides this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

- Investment in Subsidiary- Note 23.1
- Property, plant and equipment under revaluation model - Note 20
- Financial instruments and related policies (including those carried at amortised cost) - Note 12

Accounting Policy

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (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

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets fair value through Other Comprehensive Income, and for non-recurring measurements, such as assets held for sale in discontinued operations.

External valuers are involved for valuation of significant assets, such as land and buildings, and significant liabilities. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides after discussion with the external valuers, which valuation techniques and inputs to used for individual assets and liabilities.

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.

NOTES TO THE FINANCIAL STATEMENTS

Fair Value Hierarchy

11.1 Non-Financial Assets -Group and Company

As at 31st March	Notes	Level 1		Level 2		Level 3	
		2026	2025	2026	2025	2026	2025
Assets measured at fair value (Rs. '000)							
Land and buildings on freehold land	20.1	-	-	-	-	**602,921**	563,680
Buildings on leasehold land	20.1	-	-	-	-	**343,218**	340,465
Total		-	-	-	-	**946,139**	904,145

In determining the fair value, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

12 FINANCIAL INSTRUMENTS AND RELATED POLICIES

Accounting Policy

Financial Instruments — Initial recognition and subsequent measurement

Financial Assets- Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and unquoted financial instruments.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no re-cycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Debt Instruments
Financial assets at amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost is disclosed under note 12.1.

Financial assets-de-recognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets
From 1st April 2021, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS

12 FINANCIAL INSTRUMENTS AND RELATED POLICIES (CONTD.)

Financial liabilities-Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Financial liabilities-Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below;

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Income Statement.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Income Statement.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

12.1 Financial assets and liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9 .

Financial assets at amortised cost

		Group		Company	
As at 31st March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Financial instruments in non-current assets					
Non-current financial assets	24	**73,949**	53,659	**73,949**	53,659
Financial instruments in current assets					
Trade and other receivables	27	**1,127,880**	854,943	**1,127,880**	854,943
Amounts due from related parties	37.1	**354,756**	220,837	**354,756**	220,837
Cash in hand and at bank	29	**76,618**	128,568	**53,960**	127,918
		1,559,254	1,204,348	**1,536,596**	1,203,698
Total		**1,633,203**	1,258,007	**1,610,545**	1,257,357

Financial liabilities measured at amortised cost

		Group		Company	
As at 31st March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Financial instruments in non-current liabilities					
Lease liabilities	21.1.2	**6,549**	2,238	**6,549**	2,238
		6,549	2,238	**6,549**	2,238
Financial instruments in current liabilities					
Trade and other payables	35	**951,075**	823,980	**924,956**	819,877
Amounts due to related parties	37.2	**41,236**	48,102	**41,236**	48,102
Interest-bearing loans and borrowings	33.2	**460,000**	-	**460,000**	-
Lease liabilities	21.1.2	**6,742**	1,119	**6,742**	1,119
Bank overdrafts	29	**828,191**	1,033,259	**828,191**	1,033,259
		2,287,244	1,906,460	**2,261,125**	1,902,357
Total		**2,293,793**	1,908,698	**2,267,674**	1,904,595

The following methods and assumptions were used to estimate the fair values;

The fair value of loans and receivables is not significantly different from the value based on amortised cost methodology.

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current financial liabilities approximate

Their carrying amounts largely due to short-term maturities of these instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in ordinary transaction between market participants at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS

12.1 Financial assets and liabilities by categories (Contd.)

Accounting judgements, estimates and assumptions

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The input to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values. The judgement include consideration of input such as liquidity risk, credit risk and volatility.

13 REVENUE

Accounting Policy

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Services transferred over time

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

Turnover based taxes

Turnover based taxes include Value Added Tax and Social Security Contribution Levy. The Company pays such taxes in accordance with the respective statutes.

		Group		Company	
	For the year ended 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
13.1	Goods transferred at a point in time	**8,391,987**	6,741,140	**8,391,987**	6,741,140

		Group		Company	
	For the year ended 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
13.2	**Disaggregation of Revenue**				
	Geographical segment analysis (by location of customers)				
	Sri Lanka	**8,175,705**	6,527,483	**8,175,705**	6,527,483
	Others	**216,282**	213,657	**216,282**	213,657
	Total revenue	**8,391,987**	6,741,140	**8,391,987**	6,741,140

13.3 Reconciliation of revenue

Reconciliation between Revenue from contracts with customers and revenue information that is disclosed for each reportable segment has been provided in the operating segment information section.

13.4 Contract balances

Contract assets

Contract assets are Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, with rights that are conditioned on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables. The Group has not held contract assets at the reporting date.

Contract liabilities

Contract liabilities are Group's obligation to transfer goods or services to a customer for which the group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services. The Group has not held contract liabilities at the reporting date.

13.5 Performance obligations and significant judgements

The Group's performance obligations and significant judgements are summarised below:

Manufacturing and trading

Manufacturing and Trading segments focused on manufacturing of a wide range of processed meat products. Revenue is recognised at the point in time when the control of the asset is transferred to the customer, which is generally upon delivery of the goods. Revenue is measured based on actual sales, and therefore the output method is used for revenue recognition.

14 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Accounting Policy

Other income and expense

Other income and expenses are recognised on an accrual basis.

Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets are accounted for in the Income Statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

14.1 Other operating income

For the year ended 31st March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Exchange gain	**4,399**	1,915	**4,399**	-
Net gain on disposal of property, plant and equipment	**-**	1,040	**-**	1,040
Unclaimed dividend	**515**	476	**515**	476
Sundry income	**56,448**	19,943	**56,410**	19,943
	61,362	23,374	**61,324**	21,459

14.2 Other operating expenses

For the year ended 31st March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Spoilage and wastage	**118,086**	64,554	**118,086**	64,554
Bank charges	**6,195**	5,304	**6,195**	5,304
Exchange loss	**-**	1,133	**-**	1,133
Provision for closure expenses of subsidiary	**12,015**	-	**12,015**	-
Social security contribution levy	**170,716**	171,229	**170,716**	171,229
	307,012	242,220	**307,012**	242,220

NOTES TO THE FINANCIAL STATEMENTS

15 FINANCE INCOME AND FINANCE COST

Accounting Policy

Finance income

Finance income comprises interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree that are recognised in the income statement.

Finance income from financial instruments includes, notional interest pertaining to loan granted to executive staff.

Interest income is recorded as it accrues using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash receipt though the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset. Interest income is included under finance income in the Income Statement.

Finance cost

Finance cost comprise interest expense on borrowings, unwinding of the discount on provisions, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the Income Statement.

Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

		Group		Company	
	For the year ended 31st March	2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
15.1	**Finance Income and Finance Cost**				
	Finance income				
	Finance income from other financial instruments	**12,614**	14,140	**12,614**	14,140
	Total finance income	**12,614**	14,140	**12,614**	14,140
	Finance cost				
	Finance charge on lease liabilities	**(1,318)**	(882)	**(1,318)**	(882)
	Interest expense on borrowings - Short-term	**(88,743)**	(83,111)	**(88,743)**	(83,111)
	Total finance cost	**(90,061)**	(83,993)	**(90,061)**	(83,993)
	Net finance cost	**(77,447)**	(69,853)	**(77,447)**	(69,853)

16 PROFIT BEFORE /(LOSS) TAX

Accounting Policy

Expenditure recognition

Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's and Group's performance.

Profit before tax is stated after charging all expenses including the following;

	Group		Company	
For the year ended 31st March	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit /(Loss) before tax				
Remuneration to Non- Executive Directors	**12,657**	10,112	**12,657**	10,112
Auditors' Fees and expenses - Audit Service	**1,437**	1,355	**1,183**	1,095
- Non-Audit Service	**1,329**	486	**1,329**	486
Costs of defined employee benefits				
Employee defined benefit provision and related cost	**28,084**	28,557	**28,084**	28,557
Defined contribution plan cost - EPF and ETF	**70,897**	62,889	**70,897**	62,889
Staff expenses	**1,107,208**	939,492	**1,107,208**	939,492
Depreciation of property, plant and equipment	**222,090**	209,807	**222,090**	209,807
Research and Development costs	**14,761**	19,647	**14,761**	19,647
Amortisation of right-of-use assets	**4,062**	1,423	**4,062**	1,423
Amortisation of intangible assets	**1,536**	1,536	**1,536**	1,536
Donations	**1,313**	-	**1,313**	-

17 EARNINGS PER SHARE (EPS)

Accounting Policy

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for outstanding share options) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

			Group	
	For the year ended 31st March	Notes	2026	2025
17.1	**Basic earnings per share**			
	Profit attributable to equity holders of the parent (Rs. '000)		**244,536**	133,161
	Weighted average number of ordinary shares (No. '000)	17.3	**25,500**	25,500
	Basic earnings per share (Rs.)		**9.59**	5.22

			Group	
	For the year ended 31st March	Notes	2026	2025
17.2	**Diluted earnings per share**			
	Profit attributable to equity holders of the parent (Rs. '000)		**244,536**	133,161
	Adjusted Weighted average number of ordinary shares (No. '000)	17.3	**25,500**	25,500
	Diluted earnings per share (Rs.)		**9.59**	5.22

NOTES TO THE FINANCIAL STATEMENTS

		Group	
	For the year ended 31st March	2026	2025
		No. '000	No. '000
17.3	**Amount used as denominator**		
	Ordinary shares at the beginning of the year	**25,500**	25,500
	Ordinary shares at the end of the year	**25,500**	25,500
	Weighted average number of ordinary shares outstanding during the year	**25,500**	25,500
	Adjusted Weighted average number of ordinary shares*	**25,500**	25,500

* There are no effects of dilution to the weighted average number of shares at present.

18 DIVIDEND PER SHARE (DPS)

Equity dividend on ordinary shares

	Group			
For the year ended 31st March	2026		2025	
	Rs.	Rs. '000	Rs.	Rs. '000
Declared and paid during the year				
Final dividend - 2024/25	**1.15**	**29,325**	-	-
1st Interim dividend	**0.37**	**9,435**	0.48	12,240
2nd Interim dividend	**0.10**	**2,550**	1.97	50,235
3rd Interim dividend	**1.65**	**42,075**	-	-
Total dividend	**3.27**	**83,385**	2.45	62,475

19 TAXES

Accounting Policy

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity, is recognised in equity and for items recognised in other comprehensive income is recognised in Other Comprehensive Income and not in the Income Statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

The management has used its judgement on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanisms.

The Group has confirmed with the arm's length principles relating to Transfer Pricing, as prescribed in the Inland Revenue Act.

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in Subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and unused tax credits and tax losses carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised except;

Where the deferred tax assets relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deducible temporary differences associated with investments in Subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

- Deferred tax relating to items recognised outside the Income Statement is recognised outside the Income Statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Sales tax
Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of an asset or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable and;
- Where receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

			Group		Company	
	For the year ended 31st March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
19.1	**Tax expense**					
	Income tax					
	Tax charge for the year	19.5	**124,795**	-	**124,795**	-
			124,795	-	**124,795**	-
	Deferred Tax					
	Relating to origination and (reversal) of temporary differences	19.2	**(18,637)**	45,407	**(18,637)**	45,407
			106,158	45,407	**106,158**	45,407

Applicable Rates of Income Tax

Income tax has been provided as per the its rates legislated in accordance with the Inland Revenue Act, No. 45 of 2022 and it's amendments. (Note 19.5)

		Group		Company	
	For the year ended 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
19.2	**Deferred tax expense**				
	Income Statement				
	Deferred tax expense/(reversal) arising from;				
	Accelerated depreciation for tax purposes	**(10,550)**	(15,236)	**(10,550)**	(15,236)
	Employee benefit liability	**(2,101)**	(6,104)	**(2,101)**	(6,104)
	Reversal/(Benefits) arising from tax losses	**2,605**	66,456	**2,605**	66,456
	Unrealized capital gain/others	**(8,591)**	291	**(8,591)**	291
	Deferred tax charge/(reversal) directly to Income Statement	**(18,637)**	45,407	**(18,637)**	45,407
	Other Comprehensive Income				
	Deferred tax expense/(reversal) arising from;				
	Actuarial gain/(loss)	**(4,118)**	6,640	**(4,118)**	6,640
	Revaluation of land and building to fair value	**21,384**	8,774	**21,384**	8,774
	Deferred tax charge/ (reversal) directly to other comprehensive income	**17,266**	15,414	**17,266**	15,414
	Total deferred tax charge/ (reversal)	**(1,370)**	60,821	**(1,370)**	60,821

Deferred tax has been computed at the rate of 30% (2024/25-30%).

19.3 Income tax receivables and payables

			Group		Company	
	As at 31st March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
19.3.1	**Income tax receivables**					
	At the beginning of the year		**31,861**	31,861	**31,861**	31,861
	At the end of the year		**31,861**	31,861	**31,861**	31,861

As at 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
19.3.2 Income tax payables					
At the beginning of the year		**-**	-	**-**	-
At the end of the year		**62,157**	-	**62,157**	-

As at 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
19.4 Deferred tax liabilities/(assets)					
At the beginning of the year		**267,012**	206,191	**267,012**	206,191
Charge/(reversal) for the year	19.2	**(1,370)**	60,821	**(1,370)**	60,821
At the end of the year		**265,642**	267,012	**265,642**	267,012
The closing deferred tax asset and liability balances relate to the following;					
Accelerated depreciation for tax purposes		**193,754**	204,787	**193,754**	204,787
Employee benefit liability		**(53,809)**	(47,591)	**(53,809)**	(47,591)
Losses available for offset against future taxable income		**(2,538)**	(5,143)	**(2,538)**	(5,143)
Provision for slow-moving inventories		**(8,108)**	-	**(8,108)**	-
Revaluation gained in relation to land buildings		**136,343**	114,959	**136,343**	114,959
At the end of the year		**265,642**	267,012	**265,642**	267,012

Accounting judgement, estimates and assumptions

The Group is subject to income tax and other taxes including VAT and SSCL. Significant judgment was required to determine the total provision for current, deferred and other taxes due to uncertainties that exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these Financial Statements.

Uncertainties also with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
For the year ended 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
19.5 Reconciliation between current tax charge and the accounting profit				
Profit /(Loss) before tax	**350,694**	178,568	**350,656**	176,653
Income not liable for income tax	**(515)**	(1,623)	**(515)**	(1,623)
Other consolidated adjustments	**(38)**	(1,915)	**-**	-
Adjusted accounting profit chargeable to income taxes	**350,141**	175,030	**350,141**	175,030
Disallowable expenses	**314,359**	277,299	**314,359**	277,299
Allowable expenses	**(248,515)**	(469,474)	**(248,515)**	(469,474)
Taxable income	**415,985**	(17,145)	**415,985**	(17,145)

19.6 Reconciliation between tax expense and the product of accounting profit

	Group		Company	
For the year ended 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Tax effect on chargeable profits	**105,042**	52,509	**105,042**	52,509
Tax effect on non deductible expenses	**8,598**	5,977	**8,598**	5,977
Net tax effect of deffered tax from tax losses and other temporary differences	**2,538**	-	**2,538**	-
Tax effect on gratuity transfers	**(31)**	407	**(31)**	407
Tax effect on deductions claimed	**(9,989)**	(13,486)	**(9,989)**	(13,486)
Tax expense	**106,158**	45,407	**106,158**	45,407

19.7 Income tax rates of off-shore subsidiaries

Country of incorporation	Company	Rate
India	John Keells Foods India (Private) Ltd	25%

20 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Basis of recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be reliably measured.

Basis of measurement

Property, plant and equipment except for land and buildings are stated at cost less accumulated depreciation and any accumulated impairment loss. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Any revaluation surplus is recognised in Other Comprehensive Income and Changes in Equity under asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Income Statement, in which case the increase is recognised in the Income Statement. A revaluation deficit is recognised in the Income Statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation. The Group has adopted a policy of revaluing Land and Building by a professional valuer at least once every 5 years.

Capital Work-in-Progress is stated at cost including borrowing cost capitalised where applicable.

Derecognition

An item of property, plant and equipment is derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Income Statement in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

Depreciation
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 economic life of such assets.

Depreciation commences in the month following the purchase/commissioning of the assets and ceases in the month of disposal/scrapped.

The estimated useful life of assets is as follows:

Assets	Years
Buildings on Freehold Land	30
Buildings on Leasehold Land	20-25
Plant and machinery	2-20
Furniture and fittings and equipment	5-8
Motor vehicles	5
Freezers	10-12
Other assets	2-6

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

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 assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Impairment of property, plant and equipment
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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the Income Statement, except that, impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve though the Statement of Other Comprehensive Income to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased if such indication exists the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value on a systematic basis or its remaining useful life.

20 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

As at 31st March	Land and buildings Rs. '000	Buildings on leasehold land Rs. '000	Plant and machinery Rs. '000	Furniture, fittings and equipment Rs. '000	Motor vehicles Rs. '000	Freezers Rs. '000	Other assets Rs. '000	Total 2026 Rs. '000	Total 2025 Rs. '000
20.1 **Group and Company**									
Cost or valuation									
At the beginning of the year	573,333	344,873	1,748,491	90,475	2,590	215,782	82,338	**3,057,882**	2,998,503
Additions	21,050	45,921	63,270	17,340	-	42,791	19,861	**210,233**	124,293
Disposals	-	-	-	-	-	-	-	**-**	(65,719)
Transfers on revaluation	(9,513)	(18,380)	-	-	-	-	-	**(27,893)**	(28,443)
Revaluations	49,326	21,955	-	-	-	-	-	**71,281**	29,248
At the end of the year	634,196	394,369	1,811,761	107,815	2,590	258,573	102,199	**3,311,503**	3,057,882
Accumulated depreciation									
At the beginning of the year	(2,906)	(4,408)	(1,206,994)	(69,774)	(1,036)	(97,583)	(55,747)	**(1,438,448)**	(1,322,564)
Charge for the year	(11,245)	(21,360)	(148,832)	(8,170)	(518)	(21,013)	(10,952)	**(222,090)**	(209,807)
Disposals	-	-	-	-	-	-	-	**-**	65,480
Transfers on revaluation	9,513	18,380	-	-	-	-	-	**27,893**	28,443
At the end of the year	(4,638)	(7,388)	(1,355,826)	(77,944)	(1,554)	(118,596)	(66,699)	**(1,632,645)**	(1,438,448)
Carrying value									
As at 31 March 2026									
At Valuation	602,921	343,218	-	-	-	-	-	**946,139**	
At Cost	26,637	43,763	455,935	29,871	1,036	139,977	35,500	**732,719**	
	629,558	386,981	455,935	29,871	1,036	139,977	35,500	**1,678,858**	
Carrying value									
As at 31 March 2025									
At Valuation	563,680	340,465	-	-	-	-	-	**-**	904,145
At Cost	6,747	-	541,497	20,701	1,554	118,199	26,591	**-**	715,289
	570,427	340,465	541,497	20,701	1,554	118,199	26,591		1,619,434

NOTES TO THE FINANCIAL STATEMENTS

20.2 Revaluation of land and buildings

Accounting judgements, estimates and assumptions

The Group / Company uses the revaluation model of measurement of land and buildings. The Group / Company engaged independent expert valuers to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location, or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The date of the most recent revaluation was carried out on 31st December 2025.

The valuations as of 31st December 2025 contained a higher estimation uncertainty as there were fewer market transactions which are ordinarily a strong source of evidence regarding fair value. The value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

The changes in fair value recognised in Other Comprehensive Income and in the Statement of Changes in Equity.

Details of Land and Building stated at valuation are indicated below;

Property	Location	Method of valuation	Effective date of valuation	Independent Valuer
Land and Building at Keells Food Products PLC	Ja Ela	Open market value	31st December 2025	Upali Silva and Lochana Silva - Chartered Valuers (Pvt) Ltd.
Land and Building at Keells Food Products PLC	Pannala	Open market value	31st December 2025	

			Group and Company		
Type of Asset	Valuation technique	Significant unobservable inputs	Estimates for unobservable inputs 2026	2025	Sensitivity of fair value to unobservable inputs
Land - Ja ela	Comparable market approach *	Estimated price per perch	Rs. 810,000/-	Rs. 775,000/-	Positively correlated sensitivity
Land - Pannala	Comparable market approach*	Estimated price per perch	Rs. 77,000/-	Rs. 73,500/-	
Buildings on freehold land	Comparable market approach *	Estimated price per square feet	Rs. 4,850/- Rs. 600/-	Rs. 3,790/- Rs. 420/-	
Buildings on leasehold land	Depreciated replacement cost**	Estimated price per square feet**	Rs.200/- Rs.13,215/-	Rs.160/- Rs.10,895/-	

Summary description of valuation methodologies;

* Comparable market approach (CMA)

This method uses prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

**Depreciated replacement cost (DRC)

The replacement cost method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist. The valuations are based on two components: the depreciated cost of the building element and the market value of the land. Current building costs and often the land price will be established by comparison.

20.3 Carrying value of total assets

The carrying amount of Revalued Buildings if they were carried at cost less depreciation, would be as follows;

	Group		Company	
As at 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Cost	**567,131**	500,158	**567,131**	500,158
Accumulated depreciation	**(198,734)**	(170,377)	**(198,734)**	(170,377)
Carrying value	**368,397**	329,781	**368,397**	329,781

20.4 Usage of Fully Depreciated Assets

	Group		Company	
As at 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Cost of property, plant, and equipment that is fully depreciated but continues to be in use	**622,380**	533,297	**622,380**	533,297

20.5 During the financial year, the Group and the Company acquired property, plant and equipment to the aggregate value of Rs. 210 Mn (2024/25 -Rs. 124 Mn) cash payments amounting to Rs. 210Mn (2024/25 -Rs. 124 Mn) were made during the year for purchase of property, plant and equipment.

20.6 During the year, borrowing costs had not been capitalized.

21 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Accounting policy

Right-of-use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group uses 6 months AWPLR based plus margin when calculating the incremental borrowing rate which reflects the average rate of borrowings in the Group. Quarterly calculated incremental borrowing rates were used to discount new leases obtained during the year.

NOTES TO THE FINANCIAL STATEMENTS

21 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTD.)

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.

Businesses continued to respond with specific plans to enable smooth and uninterrupted functioning of businesses and operations, despite some of the immediate term challenges due to constraints on supply chains and electricity and fuel disruptions, whilst maintaining strict adherence to Government directives and health and safety considerations. The Group managed to circumvent these issues without a significant impact on output. As such, the Group has not determined impairment as at the reporting date.

21.1 Amounts recognised in the Statement of Financial Position and Income Statement

Set out below, are the carrying amounts of the Group and company's right of use assets and the movements for the period ended 31 March.

		Group and Company	
	As at 31st March	2026	2025
		Rs. '000	Rs. '000
21.1.1	**Lease hold properties - Right-of-use assets**		
	Cost		
	At the beginning of the year	**10,632**	10,632
	Additions	**14,138**	-
	At the end of the year	**24,770**	10,632
	Accumulated amortisation		
	At the beginning of the year	**(8,438)**	(7,015)
	Amortisation	**(4,062)**	(1,423)
	At the end of the year	**(12,500)**	(8,438)
	Carrying value	**12,270**	2,194

Set out below are the carrying amounts of lease liabilities and the movements for the period ended 31st March.

		Group and Company	
	As at 31st March	2026 Rs. '000	2025 Rs. '000
21.1.2	**Lease hold properties - Lease liabilities**		
	At the beginning of the year	**3,357**	5,020
	Additions	**14,138**	-
	Finance charge on lease liabilities	**1,318**	882
	Payments	**(5,522)**	(2,545)
	At the end of the year	**13,291**	3,357
	Payable within one year	**6,742**	1,119
	Payable after one year	**6,549**	2,238
	Total lease liabilities as at 31 March	**13,291**	3,357

The following are the amounts recognised in Income Statement

	Group and Company	
For the year ended	2026 Rs. '000	2025 Rs. '000
Amortisation expense of right-of-use assets	**4,062**	1,423
Finance charge on lease liabilities	**1,318**	882
Total amount recognised in Income Statement	**5,380**	2,305

During the year the company hasn't recognised expenses relating to short-term leases and leases of low value assets in Income Statement.

The Group had total cash outflows for leases of 5.5 Mn in 2025/26. (2024/25 - Rs. 2.5Mn).

The maturity analysis of lease liabilities is disclosed in Note 10.2.2.

22 INTANGIBLE ASSETS

Accounting Policy

Basis of recognition

An Intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be reliably measured.

Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is charged against Income Statement in the year in which the expenditure is incurred.

Useful economic lives, amortisation and impairment

The useful lives of intangible assets are assessed as either finite or indefinite lives. 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 and treated as accounting estimates. The amortisation is calculated by using straight-line method on the cost of all the intangible assets and the amortisation expense on intangible assets with finite lives is recognised in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS

22 INTANGIBLE ASSETS (CONTD.)

Intangible assets with indefinite useful lives and goodwill are not amortised but tested for impairment annually, or more frequently when an indication of impairment exists either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Purchased software
Purchased software is recognised as an intangible asset and is amortised on a straight line basis over its useful life.

Software license
Software license costs are recognised as an intangible asset and amortised over the period of the related license.

A summary of the policies applied to the Company's intangible assets are as follows;

Intangible Assets	Useful life	Acquired/ Internally generated	Impairment testing
Purchased Software	4-6 years	Acquired	When indicators of impairment exists, the amortization method is reviewed at each financial year end.
Software License	4-6 years	Acquired	

De-recognition
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognised.

		Group and Company			
	As at 31st March Rs. '000	Purchased software	Goodwill	2026 Total	2025 Total
22.1	**Intangible assets**				
	Cost				
	At the beginning of the year	9,816	242,268	**252,084**	252,084
	At the end of the year	9,816	242,268	**252,084**	252,084
	Accumulated amortisation and impairment				
	At the beginning of the year	(5,798)	-	**(5,798)**	(4,262)
	Amortisation	(1,536)	-	**(1,536)**	(1,536)
	At the end of the year	(7,334)	-	**(7,334)**	(5,798)
	Carrying value				
	As at 31 March 2026	2,482	242,268	**244,750**	
	As at 31 March 2025	4,018	242,268		246,286

Group Intangible assets with a cost of Rs. 1.3 Mn (2025 - Rs. 1.3 Mn) have been fully amortised and continue to be used by the Group.

		Group and Company	
	As at 31st March	Net carrying value of goodwill 2026 Rs. '000	Net carrying value of goodwill 2025 Rs. '000
22.2	Goodwill	**242,268**	242,268

Accounting judgements, estimates and assumptions

Goodwill acquired through business combination is due to the purchase of the manufacturing facility (CGU) of D&W Food Products (Pvt) Ltd and goodwill is tested for impairment as follows;

Impairment of Goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. A zero terminal growth rate has been incorporated into the value-in-use calculations for cash flows extending beyond five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The recoverable amount of the cash generating unit relevant to the goodwill is more than the carrying amount at the end of the reporting period. Therefore, no impairment loss is recognized in respect of goodwill as at 31st March 2026.

The key assumptions used to determine the recoverable amount for the cash generating units as follows;

Gross margins

The basis used to determine the value assigned to the budgeted gross margins, is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates

The discount rate used is the risk free rate adjusted by the addition of an appropriate risk premium of 15%.

Inflation

The basis used to determine the value assigned to the budgeted cost inflation is the inflation rates based on projected economic conditions.

Volume growth

A volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on industry growth rates. Cash flows beyond the five year period are extrapolated using reasonable growth rate.

Sensitivity of assumptions used

The Management tested several scenarios based calculations on possible changes of the assumptions due to the prevailing macroeconomic conditions. Based on those calculations, the management has concluded that there is no material impact to Value in Use which was computed.

NOTES TO THE FINANCIAL STATEMENTS

23 INVESTMENT IN SUBSIDIARY

Accounting Policy

Investment in Subsidiary is initially recognised at cost in the Financial Statements of the Company. Any transaction cost relating to acquisition of an investment in Subsidiary is immediately recognised in the Income Statement. Following the initial recognition, the Investment in Subsidiary is carried at cost less any accumulated impairment losses.

		Company	
	As at 31st March	2026	2025
		Rs. '000	Rs. '000
23.1	**Carrying value**		
	Investments in subsidiary	**220,292**	220,292
	Less		
	Allowance for impairment of investment	**(220,292)**	(220,292)
	Effective holding %	**100%**	100%

The Subsidiary, John Keells Foods India (Private) Limited remained non-operational since the financial year 2014/15. The investment in the Subsidiary was fully impaired in the financial year 2021/22.

24 NON-CURRENT FINANCIAL ASSETS

Accounting Policy

Non-current financial assets within the scope of SLFRS 9 are classified as financial assets at initial recognition.

			Group		Company	
	As at 31st March	Notes	2026	2025	2026	2025
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
	Loans to executives	24.1	**73,949**	53,659	**73,949**	53,659
			73,949	53,659	**73,949**	53,659
24.1	**Loans to executives**					
	At the beginning of the year		**76,865**	82,986	**76,865**	82,986
	Loans granted		**88,850**	31,450	**88,850**	31,450
	Recoveries		**(69,937)**	(37,571)	**(69,937)**	(37,571)
	At the end of the year		**95,778**	76,865	**95,778**	76,865
	Receivable within one year	27	**21,829**	23,206	**21,829**	23,206
	Receivable after one year	24	**73,949**	53,659	**73,949**	53,659
	Receivable between one and five years					
			95,778	76,865	**95,778**	76,865

25 OTHER NON-CURRENT ASSETS

Accounting Policy

Group classifies all non-financial non-current assets that are not expected to be realised within twelve months under other non-current assets.

	Group		Company	
As at 31st March	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Pre-paid staff cost*	**18,057**	25,007	**18,057**	25,007
	18,057	25,007	**18,057**	25,007

*Prepaid staff cost represents the prepaid portion of the loans granted to the staff.

26 INVENTORIES

Accounting Policy

Inventories are valued at the lower of cost or net realizable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

Significant accounting judgements, estimates and assumptions

Inventory provisions are recognized in cases where the expected net realizable value of inventory is lower than its carrying amount, including provisions for obsolete, slow moving stock and waste. The provision is based on periodical reviews performed by the Group. All inventory provisioning requires a level of judgement on how the condition of inventory is impacted by spoilages, shelf – life of products and other compliance requirements.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

Inventory	Basis of Valuation
Raw materials,machinery spares and other inventories	At actual cost on weighted average basis
Manufactured finished goods, retail inventories and work-in-progress	At the actual cost of direct materials, direct labour and an appropriate portion of fixed production overheads based on normal operating capacity but excluding borrowing cost

	Group		Company	
As at 31st March	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Inventories				
Raw materials	**340,600**	339,126	**340,600**	339,126
Work-in-progress	**107,441**	60,170	**107,441**	60,170
Finished goods	**607,845**	411,390	**607,845**	411,390
Spare parts	**275,459**	264,145	**275,459**	264,145
Goods in transit	**32,464**	69,988	**32,464**	69,988
Other inventories	**1,327**	1,362	**1,327**	1,362
	1,365,136	1,146,181	**1,365,136**	1,146,181
Provision for slow-moving inventories	**(27,025)**	-	**(27,025)**	-
	1,338,111	1,146,181	**1,338,111**	1,146,181

NOTES TO THE FINANCIAL STATEMENTS

27 TRADE AND OTHER RECEIVABLES

Accounting Policy

Trade receivables are classified as current assets if payment is due within one year.

A receivable represents the Group's right to an amount of consideration that is unconditional. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. In 2025/26, Rs. 9.6 Mn (2024/25 Rs.11.6Mn) was recognised as provision for expected credit losses on trade receivables.

		Group		Company	
As at 31st March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Trade receivables		**1,069,584**	839,549	**1,069,584**	839,549
Less: Allowance for expected credit losses		**(9,643)**	(11,565)	**(9,643)**	(11,565)
		1,059,941	827,984	**1,059,941**	827,984
Other receivables		**46,110**	3,753	**46,110**	3,753
Loans to executives	24.1	**21,829**	23,206	**21,829**	23,206
		1,127,880	854,943	**1,127,880**	854,943

For further explanation on the Group's liquidity risk management process refer note 10.2.2.

28 OTHER CURRENT ASSETS

Accounting Policy

Group classifies all non-financial current assets under other current assets.

	Group		Company	
As at 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Pre-payments and non-cash receivables	**119,900**	38,679	**119,859**	38,675
	119,900	38,679	**119,859**	38,675

		Group		Company	
	As at 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
29	**CASH IN HAND AND AT BANK**				
	Cash in hand	**626**	999	**626**	999
	Cash at bank	**75,992**	127,569	**53,334**	126,919
	Cash in hand and at bank - favourable	**76,618**	128,568	**53,960**	127,918
	Bank overdraft	**(828,191)**	(1,033,259)	**(828,191)**	(1,033,259)
	Cash in hand and at bank - unfavourable	**(828,191)**	(1,033,259)	**(828,191)**	(1,033,259)

Security and repayment terms of borrowings - Group and Company

Type of facility	Nature of facility	Facility amount Rs. '000	Security	Repayment terms
Short-term	Bank overdraft	2,240,000	Clean basis	On demand

		2026		2025	
	As at 31st March	Number of shares No. '000	Value of shares Rs. '000	Number of shares No. '000	Value of shares Rs. '000
30	**STATED CAPITAL**				
	Fully paid ordinary shares				
	At the beginning of the year	**25,500**	**1,294,815**	25,500	1,294,815
	At the end of the year	**25,500**	**1,294,815**	25,500	1,294,815

The issued ordinary shares of the Company are listed on the Colombo Stock Exchange.

		Group		Company	
	As at 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
31	**REVENUE RESERVE**				
	Retained Earnings	**380,736**	229,192	**377,846**	226,340
		380,736	229,192	**377,846**	226,340

			Group		Company	
	As at 31st March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
32	**OTHER COMPONENTS OF EQUITY**					
	Revaluation reserve	32.1	**438,043**	388,146	**438,043**	388,146
	Foreign currency translation reserve	32.2	**(6,310)**	(6,471)	**-**	-
	Employee share option reserve	32.3	**71,985**	66,550	**71,985**	66,550
			503,718	448,225	**510,028**	454,696

32.1 Revaluation reserve consists of the surplus on the revaluation of property, plant and equipment net of deferred tax effect.

32.2 Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of the foreign subsidiary into Sri Lanka rupees.

NOTES TO THE FINANCIAL STATEMENTS

32.3 Share-based payment plans

Accounting Policy

Employee Share Option Plan- Equity-settled transactions

Employees receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of the employee services received in respect of the shares or share options granted is recognised in the Income Statement over the period that employees provide services, from the time when the award is granted up to the vesting date of the options. The overall cost of the award is calculated using the number of share options expected to vest and the fair value of the options at the date of grant.

In accounting for employee remuneration in the form of shares, SLFRS 2- Share Based Payments, is effective for the Company, from the financial year beginning 2013/14.

The employee remuneration expense resulting from the John Keells Group's Employees share option (ESOP) scheme to the employees of Keells Food Products PLC is recognized in the Income Statements of the Company. This transaction does not result in a cash outflow and the expense recognised is met with a corresponding Equity reserve increase, thus having no impact on the Statement of Financial Position (SOFP).

The fair value of the options granted is determined by using an option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Income Statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in the share based payment plan.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled transaction award is modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled award and the new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Employee Share Option Scheme

Under the John Keells Group's Employees share option scheme (ESOP), share options of the Parent Company are granted to Senior Executives with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share

options vest over a period of four years and is dependent on a performance criteria and a service criteria. The performance criteria being a minimum performance achievement of "Met Expectations" and service criteria being that the employee has to be in employment at the time the share options vest. The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The contractual term for each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

Accounting judgements, estimates and assumptions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

The expense recognised for employee services received during the year is shown in the following table:

		Group		Company	
As at 31st March	Notes	2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year		**66,550**	62,471	**66,550**	62,471
Expense arising from equity-settled share-based payment transactions		**5,435**	4,079	**5,435**	4,079
At the end of the year	32	**71,985**	66,550	**71,985**	66,550

Estimating fair value for share-based payment transactions require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The John Keells Group measures the cost of equity settled transactions with employees relevant to the entire Group by reference to the fair value of the equity instruments on the date at which they are granted. The same assumptions have been used by the Company as John Keells Group's Employee Share Option Scheme applies to the Company.

The expected life of the share options is based on the historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

NOTES TO THE FINANCIAL STATEMENTS

32.3 Share-based payment plans (Contd.)

The following information were used and results were generated using binomial model for ESOP.

For the year ended 31st March	2026 Plan no 12 Award 1	2025 Plan no 11 Award 3	2024 Plan no 11 Award 2.1	2024 Plan no 11 Award 2	2023 Plan no 11 Award 1	2022 Plan no 10 Award 3
Dividend yield (%)	**1**	1.46	2.07	2.54	2.9	3.28
Expected volatility (%)	**22.71**	24.54	25.05	24.99	24.15	22.37
Risk free interest rate (%)	**9.56**	12.76	14.49	26.92	23.1	8.87
Expected life of share options (Years)	**5**	5	5	5	5	5
Weighted average share price at the grant date (LKR)	**22.93**	194	158.36	137.83	119.85	132.63
Weighted average remaining contractual life for the share options outstanding (Years)	**3**	3	3	3	3	3
Weighted average fair value of options granted during the year (LKR)	**7.64**	64.67	52.79	45.94	39.95	44.21
Exercise price for options outstanding at the end of the year (LKR)	**21.8**	20.03	14.53	13.76	12.17	13.64

Movements in the year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	Group		Company	
	2026		2026	
	No.	WAEP Rs.	No.	WAEP Rs.
ESOP PLAN 8				
Outstanding at the beginning of the year	**1,630,842**	**17.27**	**1,630,842**	**17.27**
Granted during the year	**789,850**	**21.80**	**789,850**	**21.80**
Transfer in/ (Out)	**(122,288)**	**20.03**	**(122,288)**	**20.03**
Outstanding at the end of the year	**2,298,404**	**18.68**	**2,298,404**	**18.68**
Vested as at 31st March	**661,077**	**15.75**	**661,077**	**15.75**

Fair value of the share option and assumptions

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The valuation takes into account factors such as stock price, expected time to maturity, exercise price, expected volatility of share price, expected dividend yield and risk free interest rate.

33 INTEREST -BEARING LOANS AND BORROWINGS

		Group		Company	
	As at 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
33.1	**Movement**				
	Interest- bearing loans and borrowings				
	At the beginning of the year	**-**	224,916	**-**	224,916
	Cash movements				
	Loans obtained	**460,000**	-	**460,000**	
	Repayments	**-**	(224,916)	**-**	(224,916)
	At the end of the year	**460,000**	-	**460,000**	-

		Group		Company	
	As at 31st March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
33.2	**Total Borrowings**				
	Repayable within one year	**460,000**	-	**460,000**	-
	Total Interest -bearing loans and borrowings	**460,000**	-	**460,000**	*

Security and repayment terms-Group and Company

Nature of facility	Interest rate and security	Maturity	Repayment Terms	2026 Rs. '000	2025 Rs. '000
Short term borrowings	Pre-agreed fixed rate	April 2026	Lump Sum payment in April 2026	**300,000**	-
Short term borrowings	Pre-agreed fixed rate	May 2026	Lump Sum payment in May 2026	**160,000**	-
				460,000	-

34 EMPLOYEE BENEFIT LIABILITIES

Accounting Policy

Defined contribution plan - 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 Company contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

Employee defined benefit plan - gratuity

The liability recognised in the Statement of Financial Position is the present value of the defined benefit obligation as at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in Other Comprehensive Income. Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The obligation is not externally funded.

			Group		Company	
	As at 31st March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
34.1	**Total employee liabilities**					
	Employee defined benefit plan- gratuity	34.3	**179,363**	158,636	**179,363**	158,636
	At the end of the year		**179,363**	158,636	**179,363**	158,636

NOTES TO THE FINANCIAL STATEMENTS

	For the year ended 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
34.2	**Employee benefit provisions and related costs**					
	Employee defined benefit plan- gratuity	34.3	**28,084**	28,557	**28,084**	28,557
			28,084	28,557	**28,084**	28,557

	As at 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
34.3	**Employee defined benefit plan- gratuity**					
	At the beginning of the year		**158,636**	160,425	**158,636**	160,425
	Current service cost		**10,634**	9,306	**10,634**	9,306
	Interest cost on benefit obligation		**17,450**	19,251	**17,450**	19,251
			28,084	28,557	**28,084**	28,557
	Transfers		**103**	(1,358)	**103**	(1,358)
	Payments		**(21,185)**	(6,855)	**(21,185)**	(6,855)
			(21,082)	(8,213)	**(21,082)**	(8,213)
	Loss/(gain) arising from changes in assumptions		**13,725**	(22,133)	**13,725**	(22,133)
	At the end of the year	34.1	**179,363**	158,636	**179,363**	158,636
	The expenses are recognised in the Income Statement in the following line items;					
	Cost of sales		**19,779**	21,561	**19,779**	21,561
	Selling and distribution expenses		**4,646**	4,286	**4,646**	4,286
	Administrative expenses		**3,659**	2,710	**3,659**	2,710
		34.2	**28,084**	28,557	**28,084**	28,557

The employee defined benefit liability of the Group is based on the actuarial valuations carried out by Messrs. Smiles Global (Pvt) Ltd.

34.4 Accounting judgements, estimates and assumptions

Employee Benefit Liability

The employee benefit liability of the Group and Company is based on the actuarial valuation carried out by Independent Actuarial Specialists. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

	Group and Company	
The principal assumptions used in determining the cost of employee benefits were:	**2026**	**2025**
Discount rate	**10% p.a**	11% p.a
Future salary increases:		
Executives	**7%**	6%
Non-executives	**9%**	9%
Retirement age		
As on 17 Nov 2021, employees who have attained the age of;		
Less than 52 years	**60 years**	60 years
52 years	**59 years**	59 years
53 years	**58 years**	58 years
54 years	**57 years**	57 years

34.5 Sensitivity of assumptions used

A percentage point change in the assumptions would have the following effects to employee benefit plan - gratuity;

	Group		Company	
As at 31st March	**2026**	**2025**	**2026**	**2025**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
Discount rate				
1% Increase	**(5,758)**	(5,297)	**(5,758)**	(5,297)
1% Decrease	**6,150**	5,667	**6,150**	5,667
Salary increment rate				
1% Increase	**6,629**	5,834	**6,629**	5,834
1% Decrease	**(6,306)**	(5,540)	**(6,306)**	(5,540)

Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years;

	Group and Company	
As at 31st March	**2026**	**2025**
	Rs. '000	**Rs. '000**
Within the next 12 months	**3,651**	6,251
Between 1 and 2 years	**12,364**	1,869
Between 2 and 5 years	**150,631**	112,280
Between 5 and 10 years	**12,717**	38,236
Total expected payments	**179,363**	158,636
Weighted average duration of the defined benefit plan obligation in years	**4.51**	4.99

35 TRADE AND OTHER PAYABLES

Accounting Policy

Trade payables are aggregate amount of obligations to pay for goods or services, that have been acquired in the ordinary course of business. Trade and other payables are normally non-interest bearing and settled within one year.

	Group		Company	
As at 31st March	**2026**	**2025**	**2026**	**2025**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
Trade payables	**492,342**	391,043	**492,342**	391,043
Sundry creditors including accrued expenses	**458,733**	432,937	**432,614**	428,834
	951,075	823,980	**924,956**	819,877

For further explanation on the Group's liquidity risk management process refer note 10.2.2.

NOTES TO THE FINANCIAL STATEMENTS

36 OTHER CURRENT LIABILITIES

Accounting Policy

Group and company classifies all non-financial current liabilities under other current liabilities.

	Group		Company	
As at 31st March	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Other taxes payable	**96,786**	61,071	**96,786**	60,901

37 RELATED PARTY TRANSACTIONS

Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business on an arm's length basis. Outstanding current account balances as at year end are unsecured, interest free and settlement occurs in cash. There are no related party transactions other than that, which have been disclosed below;

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2025 Audited Financial Statements, which requires additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act

Re-current related party transactions

Recurrent related party transactions which have an aggregate value exceeding 10% of the consolidated revenue of the Group as per the Audited Financial Statements as at 31st March 2025 which requires additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Name of related party	:-	Jaykay Marketing Service (Pvt) Ltd
Relationship	:-	Company under common control
Nature of the transaction	:-	Sale of goods
Aggregate value of related party transactions entered into during the financial year	:-	1,983 Mn
Aggregate value of related party transactions as a % of net revenue	:-	29.41%
Terms and Conditions of the related party transaction	:-	Ordinary course of business on an arm's length basis

			Group and Company	
	As at 31st March	Notes	2026	2025
			Rs. '000	Rs. '000
37.1	**Amounts due from related parties**			
	Companies under common control	37.3	**354,756**	220,837
			354,756	220,837

The Company has not recognized a provision for expected credit losses for amounts due from related parties as such recoverability is certain.

			Group and Company	
	As at 31st March	Notes	2026 Rs. '000	2025 Rs. '000
37.2	**Amounts due to related parties**	37.3		
	Entity including its affiliated entities with significant influence over ultimate parent		**1,953**	9,506
	Ultimate Parent		**7,396**	6,135
	Companies under common control		**31,887**	32,413
	Equity accounted investees of the Parent		**-**	48
			41,236	48,102

		Group and Company			
	As at 31st March	Amounts due from		Amounts due to	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
37.3	**Details of due from/due to related parties**				
	Entity including its affiliated entities with significant influence over ultimate parent				
	CIC Poultry Farms Ltd	**-**	-	**1,953**	9,506
	Ultimate Parent				
	John Keells Holdings PLC	**-**	-	**7,396**	6,135
	Subsidiary				
	John Keells Foods India (Pvt) Ltd	**-**	-	**-**	-
	Companies under common control				
	Ceylon Cold Stores PLC	**290**	-	**18,472**	27,420
	InfoMate (Pvt) Ltd	**-**	-	**1,291**	1,117
	Jaykay Marketing Services (Pvt) Ltd	**352,387**	219,613	**10,301**	2,712
	John Keells Information Technology (Pvt) Limited	**-**	-	**-**	241
	John Keells Office Automation (Pvt) Ltd	**-**	-	**919**	620
	Travel Club (Pte) Ltd	**192**	242	**-**	-
	Trinco Holiday Resorts (Pvt) Ltd	**1,887**	880	**-**	-
	Tranquility (Pte) Ltd	**-**	102	**-**	-
	John Keells PLC	**-**	-	**704**	196
	Keells Consultants (Pvt) Ltd	**-**	-	**200**	107
	Equity accounted investees of the Parent				
	Fairfirst Insurance Limited	**N/A**	-	**N/A**	48
		354,756	220,837	**41,236**	48,102

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
	For the year ended 31st March	2026	2025	2026	2025
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
37.4	**Transactions with related parties**				
	Entity including its affiliated entities with significant influence over ultimate parent				
	Purchase of Goods	**25,282**	129,678	**25,282**	129,678
	Ultimate Parent Company - John Keells Holdings PLC				
	Receiving of services	**69,542**	67,854	**69,542**	67,854
	Companies under common control				
	Sales of Goods	**1,996,736**	1,601,933	**1,996,736**	1,601,933
	Purchase of goods			**-**	
	Receiving of services	**196,729**	111,820	**196,729**	111,820
	Subsidiary	**-**	-	**-**	-
	Equity accounted investees of the Parent				
	Receiving of services	**-**	250	**-**	250
	Interest Paid	**(640)**	(1,012)	**(640)**	(1,012)
	Key management personnel (KMP)				
	Sales of goods	**-**	-	**-**	-
	Close family members of KMP				
	Sales of goods	**-**	-	**-**	-
	Companies controlled / jointly controlled / significantly influenced by KMP and their close family members	**-**	-	**-**	-
	Post Employment Benefit				
	Contribution to provident fund	**2,589**	1,481	**2,589**	1,481

Governance structure, nature of the entity's relationships, principal place of business and the country of incorporation have been disclosed in the "Report of the Related Party Transactions Review Committee".

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

37.5 Compensations to Key management personnel

Key management personnel include members of the Board of Directors of the Group.

	Group		Company	
For the year ended 31st March	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Short term employee benefits	**12,657**	10,112	**12,657**	10,112

The governance structure, nature of the entity's relationships, principal place of business and the country of incorporation have been disclosed in the "Report of the Related Party Transaction Review Committee" under Corporate Governance Commentary and the Corporate Information in Note 1 of the Financial Statements.

38 CONTINGENT LIABILITIES

Accounting Policy

Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of:

- The amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37) or
- The amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (SLFRS 15)

Contingent assets are disclosed, where inflow of economic benefit is probable.

There were no contingent liabilities for the Group at the end of reporting period.

39 CAPITAL AND OTHER COMMITMENTS

39.1 Capital Commitment

Capital Commitments approved but not provided for as at the reporting date is as follows;

	Group		Company	
As at 31st March	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Approved and contracted but not provided for	**204,617**	77,684	**204,617**	77,684
	204,617	77,684	**204,617**	77,684

40 EVENTS AFTER THE REPORTING PERIOD

There were no material events occurring after reporting period that required adjustment to or disclosure to the Financial Statements other than following.

The Board of Directors has approved the payment of a final dividend of Rs. 2.67 per share to be paid on or before 12th June 2026.

As required by section 56 (2) of the Companies Act, No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act, No. 07 of 2007, and has obtained a certificate from the auditors, prior to approving the final dividend.

In accordance with LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the Financial Statements as at 31st March 2026.

YOUR SHARE IN DETAIL

ORDINARY SHAREHOLDING

Number of Ordinary Shares - 25,500,000

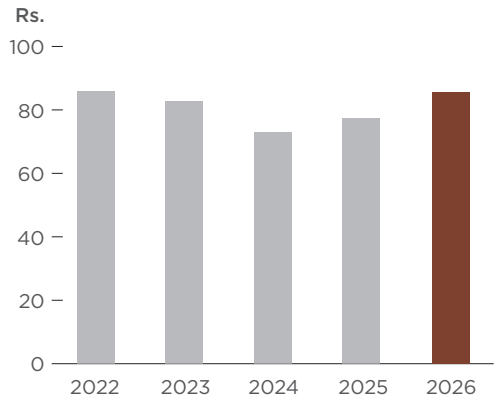
Distribution of Shareholders

	As at 31st March 2026			As at 31st March 2025		
Shareholding Range	**No. of Shareholders**	**No. of Shares Held**	**%**	**No. of Shareholders**	**No. of Shares Held**	**%**
Less than or equal to 1,000	**1,235**	**164,806**	**0.65**	1,081	151,864	0.60
1,001 to 10,000	**122**	**352,953**	**1.38**	117	338,319	1.33
10,001 to 100,000	**19**	**759,369**	**2.98**	20	698,798	2.73
100,001 to 1,000,000	**4**	**1,285,622**	**5.04**	5	1,373,769	5.39
Over 1,000,001	**2**	**22,937,250**	**89.95**	2	22,937,250	89.95
	1,382	**25,500,000**	**100.00**	1,225	25,500,000	100.00

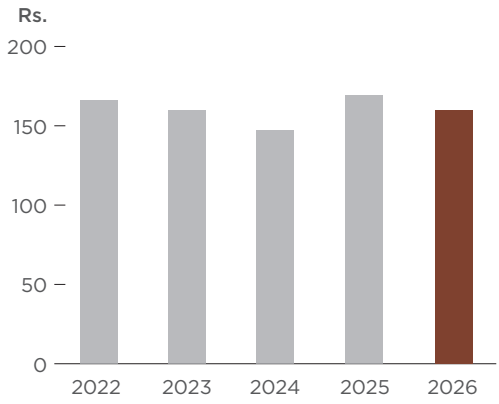
	As at 31st March 2026			As at 31st March 2025		
Categories of Shareholders	**No. of Shareholders**	**No. of Shares Held**	**%**	**No. of Shareholders**	**No. of Shares Held**	**%**
John Keells Holdings PLC and Subsidiaries	**2**	**22,937,250**	**89.95**	2	22,937,250	89.95
Directors and Spouses	**-**	**-**	**-**	-	-	-
CEO and Spouse	**-**	**-**	**-**	-	-	-
Shareholders Holding more than 10%	**-**	**-**	**-**	-	-	-
Public	**1,380**	**2,562,750**	**10.05**	1,223	2,562,750	10.05
Total	**1,382**	**25,500,000**	**100.00**	1,225	25,500,000	100.00
Sri Lankan Residents	**1,364**	**25,303,309**	**99.23**	1,206	25,256,617	99.05
Non-Residents	**18**	**196,691**	**0.77**	19	243,383	0.95
Total	**1,382**	**25,500,000**	**100.00**	1,225	25,500,000	100.00

The Company had a float adjusted market Capitalisation of Rs. 411 Mn, 10.05% public shareholding which includes 1,380 public shareholders. Therefore, the Company is compliant under option 2 of the minimum threshold requirements for the Diri Savi Board of the CSE, as per section 7.6 of the listing rules of the CSE.

NET ASSET PER SHARE



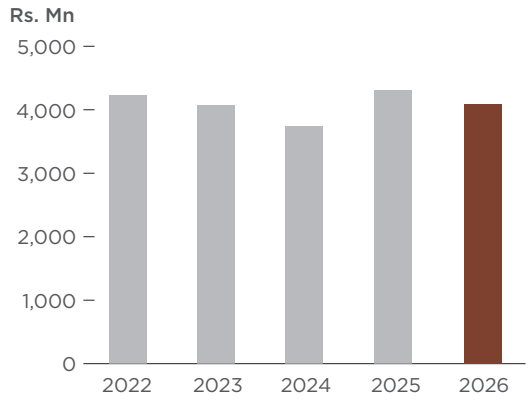
MARKET PRICE PER SHARE



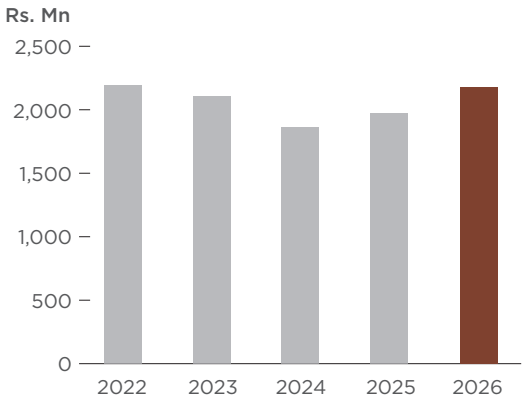
Top 20 Shareholders	As at 31st March 2026 No. of Shares Held	% of Issued Capital	As at 31st March 2025 No. of Shares Held	% of Issued Capital
John Keells Holdings PLC	**20,364,054**	**79.86**	20,364,054	79.86
John Keells PLC	**2,573,196**	**10.09**	2,573,196	10.09
Usui Lanka (Pvt) Ltd	**745,498**	**2.92**	745,498	2.92
People's Leasing and Finance PLC/ L P Hapangama	**290,637**	**1.14**	276,298	1.08
People's Leasing and Finance PLC/ H L M P Haradasa	**133,142**	**0.52**	134,753	0.53
T R L Holdings (Pvt) Limited	**116,345**	**0.46**	112,500	0.44
MR. R.S. Ingram	**85,252**	**0.33**	38,311	0.15
Sampath Bank PLC/Mrs.Priyani Dharshini Ratnagopal	**84,049**	**0.33**	84,049	0.33
Mr. J B Hirdaramani	**83,374**	**0.33**	104,720	0.41
Ms. N Harnam	**82,842**	**0.32**	82,844	0.32
Harnam Holdings SDN BHD	**49,707**	**0.19**	49,711	0.19
Employees Trust Fund Board	**48,842**	**0.19**	48,842	0.19
Deustche Bank AG Singapore A/C 02 / P.W.M. WM Client	**47,469**	**0.19**	47,469	0.19
Mr. A J M Jinadasa	**43,000**	**0.17**	43,000	0.17
Mrs. G J I S De Fonseka	**33,240**	**0.13**	33,240	0.13
People's Leasing & Finance PLC/Dr.H.S.D.Soysa & Mrs.G.Soysa	**29,959**	**0.12**	29,959	0.12
People's Leasing and Finance PLC/ L.H.L Noris de Silva and Son (Pvt) Ltd	**28,273**	**0.11**	28,273	0.11
Ms. N Bandaranayake	**25,270**	**0.10**	25,270	0.10
Ms. I Bandaranayake	**23,759**	**0.09**	23,759	0.09
Mr. K C Vignarajah	**23,219**	**0.09**	24,600	0.10

Share Prices - (Rs.)	2026		2025	
Beginning of the year (As at 01st April)	**169.00**		147.00	
Highest for the year	**184.50**	**(13-08-2025)**	190.00	(10-01-2025)
Lowest for the year	**155.00**	**(23-03-2026)**	131.00	(01-08-2024)
End of the year (As at 31st March)	**160.25**		169.00	

MARKET CAPITALISATION



SHAREHOLDERS FUNDS



TEN YEAR INFORMATION AT A GLANCE

For the year ended 31st March	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Revenue	**8,391,987**	6,741,140	5,798,813	6,444,270	4,601,230	3,651,241	3,590,579	3,429,791	3,118,976	3,048,594
Profit / (loss) from operating activities	**428,141**	248,421	(137,186)	230,477	394,896	329,304	207,667	362,892	338,884	380,354
Net finance (cost) / income	**(77,447)**	(69,853)	(152,751)	(161,362)	(5,131)	(3,063)	(2,949)	14,892	10,521	11,460
Profit / (loss) before Tax	**350,694**	178,568	(289,937)	69,115	389,765	326,241	204,718	377,784	349,404	391,814
Income Tax (expense) / reversal	**(106,158)**	(45,407)	71,666	(55,170)	(60,192)	(5,261)	(54,543)	(110,651)	(105,801)	(116,395)
Net profit after tax	**244,536**	133,161	(218,271)	13,945	329,573	320,980	150,175	267,133	243,603	275,419

As at 31st March	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
WHAT WE OWNED										
Property, plant and equipment	**1,678,858**	1,619,434	1,675,939	1,702,029	1,502,851	1,546,009	1,583,519	1,250,470	1,183,804	1,183,711
Non Current assets (Including Goodwill)	**349,026**	327,146	338,876	325,253	314,763	307,836	305,978	294,164	293,376	298,659
Short term investments	**-**	-	-	-	-	514	1,795	37,466	108,095	137,558
Inventories	**1,338,111**	1,146,181	889,488	1,194,409	585,727	543,139	399,214	337,117	309,081	294,587
Trade and other receivable including amounts due from related parties	**1,482,636**	1,075,780	936,834	921,080	817,684	626,292	525,552	559,104	446,172	446,986
Other current assets (Including income tax refunds)	**228,379**	199,108	120,743	159,924	218,509	44,844	70,709	89,970	91,574	46,921
Total Assets	**5,077,010**	4,367,649	3,961,880	4,302,695	3,439,534	3,068,634	2,886,767	2,568,291	2,432,102	2,408,422
WHAT WE OWED										
Stated capital	**1,294,815**	1,294,815	1,294,815	1,294,815	1,294,815	1,294,815	1,294,815	1,294,815	1,294,815	1,294,815
Revenue reserves	**380,736**	229,192	143,013	399,669	503,344	422,733	285,844	286,241	220,510	128,747
Other components of equity	**503,718**	448,225	425,433	413,792	394,472	358,834	295,331	266,119	231,538	246,567
Total equity	**2,179,269**	1,972,232	1,863,261	2,108,276	2,192,631	2,076,382	1,875,990	1,847,175	1,746,863	1,670,129
Non-current liabilities	**451,554**	427,886	369,973	405,607	344,332	373,756	484,751	351,490	325,922	306,688
Interest bearing borrowings - current	**460,000**	-	224,916	67,213	43,455	43,455	43,455	4,629	33,495	50,000
Lease liabilities - current	**6,742**	1,119	1,663	1,391	1,243	1,041	960	-	-	-
Bank overdrafts	**828,191**	1,033,259	849,515	1,162,846	245,261	160,780	176,280	15,632	1,332	39,471
Trade and other payables including amounts due to related parties and other current liabilities	**1,089,097**	933,153	652,552	557,362	572,459	393,947	305,331	315,794	282,080	276,642
Income tax payable	**62,157**	-	-	-	40,153	19,273	-	33,571	42,410	65,492
Total Equity and Liabilities	**5,077,010**	4,367,649	3,961,880	4,302,695	3,439,534	3,068,634	2,886,767	2,568,291	2,432,102	2,408,422

The above indicates the simplified Income Statement and the Statement of Financial Position of the Group.
The Statement of Financial Position is categorised in to its key Assets and Liabilities.
All figures are given in Rs. '000s unless otherwise stated.

For the year ended 31st March			2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
KEY INDICATORS												
(A)	**PROFITABILITY AND RETURN TO SHAREHOLDERS**											
	Net profit ratio	%	**2.91**	1.98	(3.76)	0.22	7.16	8.79	4.18	7.79	7.81	9.03
	Earnings per share	Rs.	**9.59**	5.22	(8.56)	0.55	12.92	12.59	5.89	10.48	9.55	10.80
	Return on equity	%	**11.78**	6.94	(10.99)	0.65	15.44	16.24	8.07	14.87	14.26	16.01
	Return on capital employed	%	**13.19**	8.35	(4.36)	7.84	16.09	14.31	10.10	19.79	18.96	20.51
	Dividend per share	Rs.	**3.27**	2.45	0.50	2.00	9.50	7.00	6.00	8.00	6.00	16.75
	Debt equity ratio	%	**59.11**	52.39	57.66	58.34	15.09	13.96	18.21	2.10	1.99	7.38
	Shareholder equity ratio	%	**42.92**	45.16	47.03	49.00	63.75	67.66	64.99	71.92	71.83	69.35
(B)	**Liquidity**											
	Current ratio	Times	**1.25**	1.23	1.13	1.27	1.80	1.96	1.90	2.77	2.66	2.15
	Quick ratio	Times	**0.70**	0.65	0.61	0.60	1.15	1.09	1.14	1.86	1.80	1.46
	Interest cover	Times	**4.75**	2.96	(0.82)	1.34	31.91	26.17	16.97	229.63	42.47	30.38
(C)	**Investor Ratio**											
	Price earnings ratio	Times	**16.71**	32.38	(17.17)	290.91	12.87	12.91	18.37	11.91	13.60	13.43
	Dividend cover	Times	**2.93**	2.13	(17.12)	0.28	1.36	1.80	0.98	1.31	1.59	0.64
	Dividend payout	%	**34.10**	46.92	(5.84)	365.72	73.50	55.61	101.88	76.37	62.81	155.08
	Dividend yield	%	**2.04**	1.45	0.34	1.25	5.71	4.31	5.55	6.41	4.62	11.55
	Earnings yield	%	**5.98**	3.09	(5.82)	0.34	7.77	7.75	5.44	8.40	7.35	7.45
	Net assets per share	Rs.	**85.46**	77.34	73.07	82.68	85.99	81.43	73.57	72.44	68.50	65.50
(D)	**SHARE VALUATION**											
	Market value per share	Rs.	**160.25**	169.00	147.00	160.00	166.25	162.50	108.20	124.80	129.90	145.00
(E)	**Other Information**											
	Number of permanent employees	No	**378**	385	400	397	399	399	383	352	339	343
	Turnover per permanent employee	Rs.'000	**22,201**	17,509	14,497	16,232	11,532	9,151	9,375	9,744	9,201	8,888

The above ratio are based on the Income Statement and the Statement of Financial Position of the Group.

REAL ESTATE PORTFOLIO

Location	Number of Buildings	Buildings in Sq. Feet	Land in Acres		NBV 2026	NBV 2025
			Freehold	Leasehold	Rs. '000	Rs. '000
KEELLS FOOD PRODUCTS PLC						
16, Minuwangoda Road, Ekala, Ja-Ela	5	44,675	3.00	-	**576,965**	518,809
16, Minuwangoda Road, Ekala, Ja-Ela	3	8,120	-	1.00	**20,556**	16,807
Industrial Estate, Makadura, Gonawila, Pannala	4	41,808	-	4.08	**364,931**	323,658
Industrial Estate, Makadura, Gonawila, Pannala	-	-	3.86	-	**54,087**	51,618
					1,016,539	910,892

GLOSSARY OF FINANCIAL TERMINOLOGY

ACCRUAL BASIS
Recording Revenues and Expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

CAPITAL EMPLOYED
Shareholders' funds plus non-controlling interests and debt including lease liabilities.

CASH EARNINGS PER SHARE
Profit After Tax attributable to Ordinary Shareholding adjusted for non-cash items over by weighted average number of shares in issue during the year.

CONTINGENT LIABILITIES
A condition or situation existing at the end of the reporting period due to past events, where the financial effect is not recognised because:

1. The obligation is crystallised by the occurrence or non-occurrence of one or more future events or,
2. A probable outflow of economic resources is not expected or,
3. It is unable to be measured with sufficient reliability.

CURRENT RATIO
Current Assets over Current Liabilities.

DEBT/ EQUITY RATIO (GEARING)
Debt as a percentage of Shareholders' Funds.

DIVIDEND PAYABLE
Final Dividend per share multiplied by the latest available total number of shares as at the reporting date.

DIVIDEND PER SHARE - PAID
Gross Dividends paid to ordinary shareholders divided by Number of Ordinary Shares issued.

DIVIDEND COVER
Earnings per Share over Dividend per Share.

DIVIDEND PAYOUT RATIO
Total Dividend as a percentage of Profit After Tax.

DIVIDEND YIELD
Dividend per Share as a percentage of Market Price of Share at the end of the period.

EARNINGS PER SHARE (EPS)
Profit After Tax attributable to Ordinary Share holding over weighted average number of shares in issue during the period.

ENTERPRISE VALUE
Market Capitalisation plus Debt and minus Total Cash and Cash Equivalents.

EARNINGS YIELD
Earnings per Share as a percentage of Market Price per Share at the end of the period.

EBIT
Earnings Before Interest and Tax (includes other operating income)

EBITDA
Earnings before interest expense, tax, depreciation and amortization (includes other operating income). Note that EBITDA includes interest income but excludes exchange gains or losses.

EFFECTIVE RATE OF TAXATION
Income Tax including Deferred Tax over Profit Before Tax.

INTEREST COVER
Profit Before Interest and Tax over Finance Expenses.

MARKET CAPITALISATION
Number of Shares in issue at the end the of period multiplied by the share price at end of the period.

NET ASSETS
Total Assets minus Current Liabilities minus Long Term Liabilities minus Minority Interest.

NET ASSET PER SHARE
Net Assets divided by the number of Ordinary Shares in issue at the end of the period

NET DEBT
Debt minus Cash and Short-Term Deposits.

NET PROFIT MARGIN
Profit After Tax attributable to equity holders of the Parent divided by total Revenue.

NET WORKING CAPITAL
Current Assets - Current Liabilities

NET TURNOVER PER PERMANENT EMPLOYEE
Net Turnover over average number of permanent employees.

PRICE EARNINGS RATIO
Market Price of Share over Earnings per Share.

PUBLIC HOLDING
Percentage of shares held by the public calculated as per the Colombo Stock Exchange Listing Rules as at the date of the Report.

QUICK RATIO
Cash plus Short-Term Investments plus Receivables over Current Liabilities.

RETURN ON ASSETS
Profit After Tax over Average Total Assets.

RETURN ON CAPITAL EMPLOYED
EBIT as a percentage of average capital employed.

RETURN ON EQUITY
Consolidated Profit After Tax as a Percentage of Average Shareholders' Funds.

SHAREHOLDERS' FUND
Stated Capital, Other Components of Equity and Revenue Reserves.

SHAREHOLDERS' EQUITY RATIO/ EQUITY ASSETS RATIO
Total Equity over Total Assets.

TOTAL ASSETS
Fixed Assets plus Investment plus Non-Current Assets plus Current Assets.

TOTAL DEBTS
Long and short-term loans, including overdrafts, but excluding lease liabilities.

TOTAL DEBTS/ TOTAL ASSETS
Total Debts over Total Assets.

TOTAL VALUE ADDED
The difference between Revenue (including Other Income) and Expenses, Cost of Materials and Services purchased from External Sources.

WORKING CAPITAL
Trade Receivables + Inventory + Amount due from Related Parties - Trade and Other Payables - Amount due to Related Parties

NOTES

NOTICE OF MEETING

Notice is hereby given that the 44th **Annual General Meeting (AGM) of Keells Food Products PLC** (Company) will be held as a virtual meeting on Thursday, 18th June 2026 at 10.00 a.m.

The business to be brought before the Meeting will be:

1. To read the Notice convening the Meeting.

2. To receive and consider the Annual Report and the Financial Statements for the Financial Year ended 31st March 2026 with the Report of the Auditors thereon.

3. To re-elect as a Director, Ms. P N Fernando who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of Ms. P N Fernando is contained in the Board of Directors' section in the Annual Report.

4. To re-elect as a Director, Mr. D P Gamlath who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of Mr. D P Gamlath is contained in the Board of Directors' section in the Annual Report.

5. To re-appoint Messrs. Ernst & Young , Chartered Accountants as Auditors of the Company for the year 2026/27 and to authorise the Directors to determine their remuneration.

6. To consider any other business of which due notice has been given in terms of the relevant laws and regulations.

The Annual Report and the Financial Statements of the Company are available on the:

(1) Corporate Website - https://www.keellsfoods.lk/investor-relations/#shareholder-information

(2) Colombo Stock Exchange Website - https://www.cse.lk/company-profile?symbol=KFP.N0000

Members may also access the Annual Report and the Financial Statements on their electronic devices by scanning the following QR code.

By Order of the Board
Keells Food Products PLC

Keells Consultants (Private) Limited
Secretaries

25th May 2026

NOTICE OF MEETING

For clarifications on how to download and/or access the Annual Report and the Financial Statements, please contact Ms. Jani Ganeshan on +94 77 167 7366 during normal office hours (8.30 a.m. to 4.30 p.m.) or e-mail janig.ccs@keells.com.

Should any Members wish to obtain a hard copy of the Annual Report, they may complete and send the Form of Request to Level 20, The Offices at Cinnamon Life, No. 05, Justice Akbar Mawatha, Colombo 02 or email janig.ccs@keells.com.
A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days subject to the prevailing circumstances at the time from the date of receipt of the request, unless collected in person.

Notes:

a. A Member unable to attend is entitled to appoint a Proxy to attend and vote in his/her place.

b. A proxy need not be a Member of the Company.

c. A Member wishing to vote by Proxy at the AGM may use the Form of Proxy enclosed herein.

d. Members are encouraged to vote by proxy through the appointment of a Member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the AGM in the Form of Proxy.

e. In order to be valid, the completed Form of Proxy must be lodged at the registered office of the Company at No. 117, Sir Chittampalam A . Gardiner Mawatha, Colombo 2 or forwarded to the email address: keellsconsultants@keells.com not less than 48 hours before the AGM.

f. A vote can be taken on a show of hands or by a poll. If a poll is demanded, each share is entitled to one vote. Votes can be cast in person, by proxy or corporate representatives. In the event an individual Member and his/her proxy holder are both present at the Meeting, only the Member's vote is counted. If the proxy holder's appointer has indicated the manner of voting , only the appointer's indication of the manner to vote will be used.

FORM OF PROXY

I/We.....of

.....being a shareholder/s of Keells Food Products PLC,

hereby appoint: .....of

..... or failing him/her

Mr. Krishan Niraj Jayasekara Balendra	or failing him
Mr. Joseph Gihan Adisha Cooray	or failing him
Mr. Daminda Prabhath Gamlath	or failing him
Ms. Payagalage Nelindra Fernando	or failing her
Ms. Aroshi Nanayakkara	or failing her
Mr. Kurukulasuriya Christopher Shanil Fernando	or failing him
Mr. Moderage Marian Janek Waas Jayasekara	

as my/our proxy to represent me/us and vote for m e/us on my/our behalf at the Forty Fourth Annual General Meeting of the Company to be held on Thursday, 18th June 2026 at 10.00 a.m. and at any postponement or adjournment thereof and at every poll which may be taken in consequence thereof.

I/We, the undersigned, hereby direct my/our proxy to vote for me/us and on my/our behalf on the specified Resolution as indicated by the letter "X " in the appropriate cage:

	FOR	AGAINST	ABSTAINED
To re-elect as a Director, Ms. P N Fernando, who retires in terms of Article 83 of the Articles of Association of the Company.			
To re-elect as a Director, Mr. D P Gamlath, who retires in terms of Article 83 of the Articles of Association of the Company.			
To re-appoint the Auditors and to authorise the Directors to determine their remuneration.			

Signed on this ..... day of ..... Two Thousand and Twenty Six (2026).

.....

Signature/s of shareholder/s

NOTE: INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY ARE NOTED ON THE REVERSE.

FORM OF PROXY

INSTRUCTIONS FOR COMPLETION OF THE FORM OF PROXY

1. Please perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.

2. The completed Form of Proxy should be deposited at the Registered Office of the Company at No.117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2, or forwarded to the email address: keellsconsultants@keells.com no later than 48 hours before the time appointed for the holding of the AGM.

3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

4. If the appointer is a company or corporation, the Form of Proxy should be executed under its Common Seal or by a duly authorized officer of the company or corporation in accordance with its Articles of Association or Constitution.

5. If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise his/her discretion as to how he/she votes or, whether or not he/she abstains from voting .

Please fill in the following details:

Name : .....

Address : .....

Jointly with : .....

Share Folio No/ CDS Account No : .....

National Identity Card No. .....

CORPORATE INFORMATION

NAME OF COMPANY
Keells Food Products PLC

COMPANY REGISTRATION NUMBER
PQ 3

LEGAL FORM
Public Limited Liability Company Established in 1982

REGISTERED OFFICE OF THE COMPANY
No. 117, Sir Chittampalam A. Gardiner Mawatha,
Colombo 02, Sri Lanka.
Tel: +94 11 2421101

EKALA FACTORY
No. 16, Minuwangoda Road,
Ekala, Ja-Ela, Sri Lanka.
Tel: +94 11 2236317
E-mail: foods@keells.com
Web: www.keellsfoods.com

PANNALA FACTORY
P.O. Box 14, Industrial State, Makadura,
Gonawila (NWP), Sri Lanka.
Tel: +94 37 4933248-51

BOARD OF DIRECTORS
Mr. K N J Balendra - Chairperson
Mr. J G A Cooray
Mr. D P Gamlath
Ms. P N Fernando
Ms. A Nanayakkara
Mr. S Fernando
Mr. J Jayasekara

AUDIT COMMITTEE
Ms. A Nanayakkara - Chairperson
Mr. S Fernando
Mr. J Jayasekara

HUMAN RESOURCES AND COMPENSATION COMMITTEE
Mr. M M J W Jayasekara (Chairperson)
Mr. K C S Fernando
Mr. J G A Cooray

Designed & produced by
emagewise
Printed by Printel (Pvt) Limited.

NOMINATIONS AND GOVERNANCE COMMITTEE
Mr. K C S Fernando (Chairperson)
Mr. M M J W Jayasekara
Mr. K N J Balendra

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
Ms. A Nanayakkara (Chairperson)
Mr. K C S Fernando
Mr. M M J W Jayasekara

PROJECT RISK ASSESSMENT COMMITTEE
Dr. (Mr.) S S H Wijayasuriya (Chairperson),
Mr. K N J Balendra,
Mr. J G A Cooray
Mr. D A Cabraal

SECRETARIES AND REGISTRARS
Keells Consultants (Pvt) Ltd
No. 117, Sir Chittampalam A. Gardiner
Mawatha, Colombo 02, Sri Lanka.
Tel: +94 11 2306242

EXTERNAL AUDITORS
Ernst & Young, Chartered Accountants,
Rotunda Towers, 109 Galle Rd, Colombo 03
Sri Lanka.

Luthra and Luthra Chartered Accountants.
A 16 / 9, Vasant Vihar, New Delhi -110057,
India

INTERNAL AUDITORS
Deloitte Advisory Services (Pvt) Ltd
100 Braybrooke Place, Colombo 02
Sri Lanka.

BANKERS
Commercial Bank of Ceylon PLC
Deutsche Bank AG
Hongkong & Shanghai Banking Corporation Ltd
Hatton National Bank PLC
Union Bank of Colombo PLC
NDB Bank PLC
Sampath Bank PLC
Seylan Bank PLC

STOCK EXCHANGE LISTING
The Ordinary Shares of the Company are Listed with the Colombo Stock Exchange of Sri Lanka

SUBSIDIARY COMPANY
John Keells Foods India (Pvt) Ltd


KEELLS
KREST