Nourishing Our Nation

CTH
CREATING VALUE SINCE 1928
A MEMBER OF C T HOLDINGS PLC

SINCE 1844
Cargills

Kotmale Holdings PLC

Annual Report 2025|26

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Overview



Our Vision

To be the leading producer of food and beverage products for the local and international market



Our Mission

Providing the nation with quality and affordable food and beverage products using state-of-the-art technology and local expertise, continuously seeking opportunities for growth and creating an environment that develops, motivates and rewards all employees whilst providing consistent returns to all its stakeholders.

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Financial Highlights

Group	2026 Rs. 000	2025 Rs. 000	Change %
Operating results for the year			
Gross revenue	14,080,050	12,243,112	15.00
Government levies (VAT+SSCL)	2,066,403	2,083,125	(0.80)
Net revenue	12,013,647	10,159,987	18.24
Gross profit	2,739,496	2,280,548	20.12
Profit from operation	1,102,870	892,617	23.65
Profit before taxation	1,112,104	867,133	28.25
Profit after taxation	764,562	602,176	26.97
Highlights of financial position at the year end			
Non-current assets	2,721,540	2,550,309	6.71
Current assets	3,696,548	2,775,665	33.18
Current liabilities	1,768,493	1,449,990	21.96
Non-current liabilities	294,011	283,269	3.79
Stated capital and reserves	4,355,584	3,592,715	21.23
Total assets	6,418,088	5,325,974	20.51
Per share data (Rs.)			
Earnings per share	24.35	19.18	26.96
Net assets per share	138.71	114.42	21.23
Cash flow			
Net cash generated from/(used in);			
Operating activities	851,990	630,370	35.16
Investing activities	(492,433)	(161,117)	(205.13)
Financing activities	(5,916)	(475,216)	98.76

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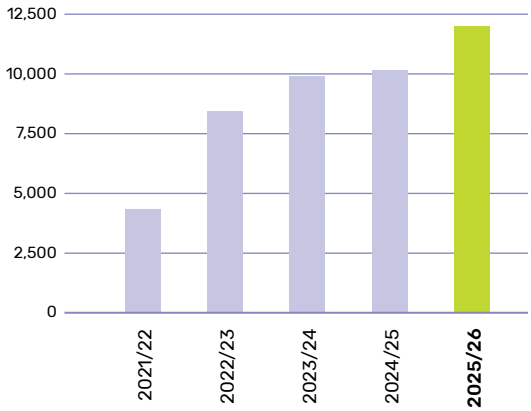
Rs. 14,080 Mn.	Rs. 2,739 Mn.	Rs. 3,697 Mn.	Rs. 138.71
+15.00%	+20.12%	+33.18%	+21.23%
GROSS REVENUE	GROSS PROFIT	CURRENT ASSETS	NET ASSETS PER SHARE

Group net revenue

Rs. Mn.
12,014



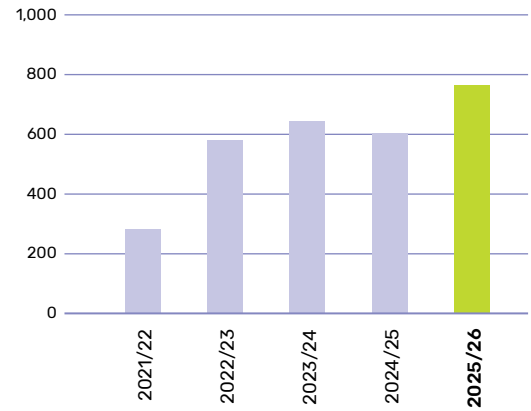
Group profit before taxation

Rs. Mn.
1,112



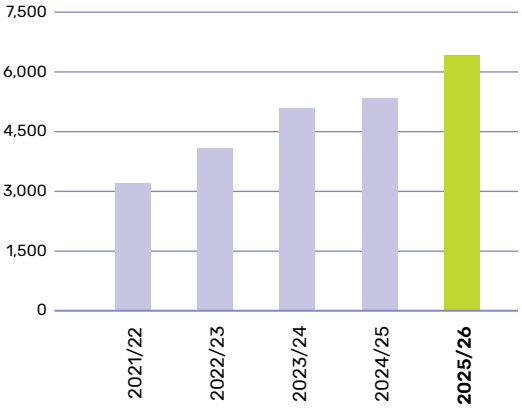
Group profit after taxation

Rs. Mn.
765



Group total assets

Rs. Mn.
6,418



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Chairman's Message

"As Sri Lanka's leading milk collector, Kotmale continues to provide an expanding and reliable marketplace for local dairy farmers through continuous product innovation, fair pricing, and timely payments. As a business that sources the majority of its raw materials locally, we are proud of the economic value we generate across rural communities while delivering high-quality dairy products at affordable prices to Sri Lankan consumers".

Dear Shareholder,

It is my pleasure to present the Annual Report and Financial Statements of Kotmale Holdings PLC for the year ended 31 March 2026.

Operating Environment

The year under review was one of resilience for Sri Lanka's dairy industry. While the economy showed encouraging signs of recovery during much of the year, the sector faced an unprecedented setback following Cyclone Ditwah, which struck the country in late November. The disaster caused widespread flooding and landslides, resulting in the loss of approx. 40,000 dairy cattle, significant damage to farms and supporting infrastructure, and severe disruption to the livelihoods of thousands of smallholder farmers. On behalf of the Company, I extend my sincere sympathies to all those affected.

Milk collection volumes declined sharply in the immediate aftermath of the cyclone before gradually recovering. However, national milk production remains below pre-disaster levels due to the loss of dairy animals and the longer-term impact on herd productivity. Unless concerted efforts are undertaken by both the public and private sectors to rebuild herd capacity through breeding programmes and the importation of quality dairy cattle, Sri Lanka risks a sustained reduction in domestic fresh milk production.

Such an outcome would further increase the country's dependence on imported milk powder, which already accounts for more than 60% of national milk consumption, placing additional pressure on foreign exchange outflows. During the year, global milk powder prices increased significantly, while the reduced availability of fresh milk intensified competition for local milk collection, driving farmgate prices higher across the industry.

Sri Lanka's broader macroeconomic environment remained relatively stable for much of the year, supported by low inflation, improving consumer sentiment, and stronger tourism and remittance inflows. However, escalating geopolitical tensions in the Middle East towards the latter part of the financial year resulted in higher global energy prices, currency depreciation, and rising costs for raw materials, packaging, and operations. These cost pressures are expected to continue into the new financial year.

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Kotmale's Contribution

As Sri Lanka's leading milk collector, Kotmale continues to provide an expanding and reliable marketplace for local dairy farmers through continuous product innovation, fair pricing, and timely payments. As a business that sources the majority of its raw materials locally, we are proud of the economic value we generate across rural communities while delivering high-quality dairy products at affordable prices to Sri Lankan consumers.

Our partnership with farmers extends well beyond milk procurement. We continue to support our outgrower network through access to affordable animal feed, veterinary care, technical training, financing assistance, and welfare initiatives designed to improve productivity and strengthen long-term sustainability. Following Cyclone Ditwah, we immediately mobilised support by providing essential dry rations to affected farming families, reaffirming our commitment to stand alongside our farming community during times of hardship.

Our Performance

Despite a challenging operating environment, Kotmale delivered a commendable financial performance. Revenue increased by 18% to Rs. 12.0 Bn., operating profit rose 23.6% to Rs 1.1 Bn., while profit for the year grew by 27% to Rs. 765 Mn. Growth was broad-based across our product portfolio. Capital expenditure during the year amounted to Rs. 516 Mn., as we continued to invest in capacity enhancements to our processing facilities, improving the milk supply chain, and in strengthening our distribution reach.

Outlook

Looking ahead, we remain cautiously optimistic about Sri Lanka's medium-term prospects while recognising that the operating environment will continue to be shaped by global uncertainty, climate-related risks, inflationary pressures, and increasing competitive intensity. Our priorities will remain centred on strengthening operational efficiency, improving productivity across the value chain, investing selectively in strategic growth opportunities, and further enhancing our capabilities in sourcing, manufacturing, distribution, digital systems, and people development.

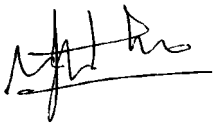
We also remain steadfast in our commitment to strengthening Sri Lanka's domestic dairy industry by working closely with farmers, industry stakeholders, and policymakers to build a more resilient, productive, and self-sufficient sector for generations to come.

Appreciation

I take this opportunity to express my appreciation to Mr. Asite Talwatte for his invaluable guidance and contribution to the Board during his tenure as a director. I also wish to express my gratitude to my fellow members of the Board for their continued guidance, counsel, and support during the year.

On behalf of the Board, I extend my sincere appreciation to our dairy farming community, consumers, partners, shareholders, and team members for their continued trust, commitment, and support. I also thank the Ministry of Agriculture, the Department of Animal Production and Health, and other government institutions for their continued collaboration in advancing Sri Lanka's dairy sector.

Together, we remain committed to creating lasting value by strengthening rural livelihoods, enhancing national food security, and providing nutritious dairy products to millions of Sri Lankan consumers.



Imtiaz Abdul Wahid
Chairman

30 July 2026

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Managing Director's Message

"While the near-term operating environment is expected to remain challenging, our long-term confidence in Sri Lanka's dairy industry remains unchanged. Rising nutritional awareness, increasing consumer demand, and the country's continued dependence on imported dairy products present significant opportunities for sustainable growth".

FY2025/26 was a year that tested the resilience of our business, our people, and the dairy farming communities we serve. Despite significant disruptions arising from Cyclone Ditwah in Q3 and increasing cost pressures towards year end, Kotmale delivered another year of strong growth while continuing to invest in the long-term development of Sri Lanka's dairy industry.

Today, Kotmale stands among Sri Lanka's leading consumer food brands, built on a foundation of trusted quality, continuous innovation, affordability, and enduring partnerships with more than 15,000 dairy farmers across the country. Since becoming part of the Cargills Group in 2010, Kotmale has benefited from the Group's community-centric business philosophy, strengthening our ability to create shared value for consumers, farmers, team members, and the wider economy.

Operational Review

The removal of Value Added Tax (VAT) on selected locally produced dairy items with effect from April 2025 provided an important boost to consumer demand. We immediately passed on the full benefit of the tax reduction through lower retail prices. Overall, the business delivered an encouraging performance during the reporting period.

The second half of the financial year presented a markedly different operating environment following Cyclone Ditwah. Severe flooding disrupted milk collection across many parts of the country, affected our distribution network, and temporarily interrupted manufacturing operations at our Kelanimulla processing facility, which remained closed for approximately two weeks. At the same time, many retail outlets in affected areas were unable to operate during the immediate aftermath of the disaster.

All factory assets, machinery, equipment, and inventories damaged during the floods were comprehensively insured. The majority of insurance claims have already been recovered, with the balance currently being processed. We also recognised that many of our distributors and retail partners did not have similar insurance protection for inventories held in the trade. As part of our commitment to supporting our business partners, we provided replacement stocks and other assistance to help them resume operations as quickly as possible.

Despite these challenges, the strength of the Kotmale brand, our nationwide distribution network, and the dedication of our team enabled us to maintain market presence and continue serving consumers. Higher temperatures and dry weather experienced during Q4 also supported sales growth across several product categories.

Financial Review

Revenue increased by 18.2% to Rs. 12.0 Bn. during the year, driven by volume growth. Distribution expansion and the strength of the Kotmale brand supported an increase in market share. Gross profit grew by 20.1% to Rs. 2.7 Bn., reflecting an improvement in gross

margins during the period. Administrative and distribution expenses increased by 29.4%, reflecting higher operating costs. Operating profit increased by 23.6% to Rs. 1.1 Bn., while profit for the year grew by 27.0% to Rs. 765 Mn. The Group's balance sheet remains strong, supported by healthy cash flows, providing a solid foundation for continued investment and future growth.

Milk Collection and Supply Chain

Cyclone Ditwah had an unprecedented impact on Sri Lanka's milk supply. Immediately following the disaster, our daily milk collection volumes fell by approx. 20-25% as farms became inaccessible and many dairy animals were impacted. Although collection volumes have improved, they remain approximately 10% below pre-cyclone levels owing to the reduction in herd numbers and the disruption to normal lactation cycles.

The constrained milk supply required careful operational planning throughout the second half of the year. Priority was given to supplying our highest-demand product categories to ensure continuity of supply for consumers, while certain SKUs experienced temporary availability constraints. Throughout this period, our milk collection teams worked closely with farmers to restore collection routes and rebuild procurement across affected regions.

Stable input prices during the first half of the year supported improvements in gross margins. However, this trend reversed during the latter part of the financial year as global commodity prices, freight costs, farmgate milk prices, packaging material costs, fuel prices, electricity tariffs, and currency movements collectively increased cost pressures across the business. While operational efficiencies helped mitigate part of these increases, margin pressures are expected to continue into the new financial year.

Investing for Future Growth

Despite the challenging operating environment, we continued to invest for the future. Capacity enhancements were completed at the cheese plant in Hatton, positioning the business to support future growth. We also continued the rollout of digitalising the milk collecting and payment mechanism at the milk chilling centres. This improves transparency, enhances quality assurance, and strengthens operational efficiency across our dairy supply chain.

During the year, we also launched our new brand campaign, "Nourishing Our Nation", reaffirming Kotmale's commitment to supporting rural livelihoods while delivering high-quality dairy nutrition to households across Sri Lanka. Alongside this, we continued investing in our distribution and sales network to further strengthen market reach and consumer accessibility.

As part of our ongoing brand development strategy, we also unveiled a refreshed Kotmale brand logo during the year. This will be complemented by the rollout of refreshed product packaging in the months ahead, further enhancing the brand's appeal and strengthening shelf presence.

Developing Sri Lanka's Dairy Industry

The long-term growth of Sri Lanka's dairy industry depends on significantly increasing domestic milk production and improving milk quality. Considerable opportunities remain to improve productivity across the value chain. One such opportunity lies in expanding evening milk collection through investments in cold chain infrastructure, a practice widely adopted in leading dairy-producing countries such as India. In Sri Lanka, milk collection has traditionally been concentrated during the morning, with comparatively limited evening collection. In our view, expanding the industry's capacity for evening milk collection has the potential to increase national milk collection volumes by an estimated 15–20%.

Further progress will require continued investment in breeding programmes, veterinary services, and improved animal nutrition. Developing a competitive domestic animal feed industry remains equally important, reducing reliance on imported feed ingredients while improving productivity and lowering production costs for farmers.

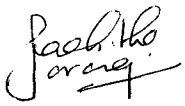
Kotmale's farmer development programme continues to support these national objectives by providing extension services, veterinary care, artificial insemination, technical training, concessionary access to animal feed, medicines, and other farm inputs. Today, we are proud to partner with over 15,000 smallholder dairy farmers across Sri Lanka, making Kotmale one of the country's largest private sector contributors to rural livelihoods and local milk production.

Looking Ahead

While the near-term operating environment is expected to remain challenging, our long-term confidence in Sri Lanka's dairy industry remains unchanged. Rising nutritional awareness, increasing consumer demand, and the country's continued dependence on imported dairy products present significant opportunities for sustainable growth.

Kotmale remains well positioned to capture these opportunities through continued investment in manufacturing, supply chain capabilities, brand development, distribution, and, most importantly, our dairy farming ecosystem.

I conclude by expressing my sincere appreciation to our employees for their commitment and resilience throughout the year. I also extend my heartfelt thanks to our dairy farming community, consumers, distributors, suppliers, shareholders, and all our stakeholders for their continued trust and partnership.



Saranga Wijesundara
Managing Director
30 July 2026

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Board of Directors

IMTIAZ A WAHID
Chairman,
Executive Director

Date of Appointment

5 January 2011

Expertise and Qualifications

Imtiaz Abdul Wahid is a senior business leader with over 30 years of experience in finance, operations, and corporate management, both in Sri Lanka and internationally. He is an Associate Member of The Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants (UK).

He first joined the Cargills Group in 1987 as Chief Internal Auditor and progressed through several senior executive roles across the business. He was appointed to the Board of Cargills (Ceylon) PLC in 1997 and served as Deputy Managing Director from 2001. During his career, he has also gained valuable international exposure through senior leadership roles held in overseas companies. He rejoined the Group and was appointed to the Board of Cargills (Ceylon) PLC on 21 May 2010. His deep understanding of the business and extensive leadership experience have been instrumental in shaping the Group's strategic direction and operational excellence.

Current Appointments

He serves as the Group Managing Director and Deputy Chief Executive Officer of Cargills (Ceylon) PLC and as a Non-Executive Director of CT Holdings PLC. He also serves as Chairman of several key subsidiaries within the Group, including Cargills Retail (Private) Limited, Cargills Dairies (Private) Limited, Cargills Food & Beverages Limited, Millers Limited, CPC (Lanka) Limited, Cargills Agri Solutions Company (Private) Limited, Cargills Confectionaries (Private) Limited, and Cargills Restaurants (Private) Limited, and serves as the Deputy Chairman of Cargills Convenient Foods Limited. He is also the Managing Director of Cargills Distributors (Private) Limited, Cargills Frozen Products (Private) Limited, and Kotmale Products Limited. In addition, he serves on the Boards of Cargills Enterprise Solutions (Private) Limited, Dawson Office Complex (Private) Limited, Cargills Foundation, the Albert A. Page Institute of Food Business, Ceylon Theatres (Private) Limited, CT Properties Limited, CT Properties GS (Private) Limited, CT Real Estate (Private) Limited, CT Property Management Company (Private) Limited, and CT Properties Lakeside (Private) Limited.

SARANGA WIJESUNDARA
Managing Director,
Executive Director

Date of Appointment

1 July 2021

Expertise and Qualifications

Saranga Wijesundara is a finance and operations professional with over 15 years of post-qualifying experience in accounting, finance, dairy operations, and management. He is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka, and an Associate Member of the Association of Chartered Certified Accountants (UK). He holds a BSc. Accountancy (Special) Honours Degree (Upper Second Class) from the University of Sri Jayewardenepura. His professional background spans both financial stewardship and operational leadership within the FMCG and dairy sectors.

Current Appointments

He also serves as the Managing Director of Cargills Dairies (Private) Limited and is also a Director of Cargills Agri Solutions Company (Private) Limited.

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RANJIT PAGE
Executive Director

Date of Appointment

5 January 2011

Expertise and Qualifications

Ranjit Page has been with the Cargills Group for over four decades, having joined the Company in May 1982. He was appointed to the Board in August 1989 and took on the role of Managing Director in April 1992, serving in that capacity for 8+ years before assuming his current position as Deputy Chairman/Group CEO in December 2000.

He has been a pivotal figure in the transformation of Cargills, playing a crucial role in evolving the Company from a small-scale operation to a leading Sri Lankan corporate that meets the diverse needs of communities across Sri Lanka. His visionary leadership and strategic acumen were key in establishing the Cargills business model, which facilitated the Company's expansion into various sectors including food retailing, food manufacturing, restaurants, and banking.

Under his guidance, Cargills has become a household name in Sri Lanka, known as a socially responsible and community-focused organisation demonstrating that a socially driven mission can be both impactful and financially sustainable. Beyond driving business growth, he has been committed in identifying and nurturing talent, shaping teams that uphold the Company's values, and fostering the next generation of business leaders.

Current Appointments

He currently serves as Deputy Chairman/ Managing Director of CT Holdings PLC, Deputy Chairman and CEO of Cargills (Ceylon) PLC, Chairman of Cargills Convenient Foods Ltd., CT Properties Ltd., CT Real Estate (Pvt) Ltd., CT Property Management Company (Pvt) Ltd., and CT Properties Lakeside (Pvt) Ltd., and as a Director of CT Land Development PLC, Cargills Retail (Pvt) Ltd., Odeon Holdings (Ceylon) (Pvt) Ltd., Cargills Enterprise Solutions (Pvt) Ltd., The Empire Investments Company (Pvt) Ltd., CT Smith Holdings, Cargills Foundation and Ceylon Theatres (Pvt) Ltd.

DUSHNI WEERAKOON
Senior Independent Director

Date of Appointment

3 April 2024

Expertise and Qualifications

Dr Dushni Weerakoon is a prominent Sri Lankan economist with extensive expertise in macroeconomic policy, international economics, and public policy engagement. She holds a BSc in Economics with First Class Honours from Queen's University of Belfast, UK, and an MA and PhD in Economics from the University of Manchester, UK. Throughout her career, she has advised the Government of Sri Lanka in various capacities and has also been a consultant to the World Bank, Asian Development Bank, and World Trade Organisation. Dr Weerakoon has published widely on topics such as macroeconomic management, regional trade integration, and international economics.

Current Appointments

Dr Weerakoon is the Executive Director of the Institute of Policy Studies of Sri Lanka (IPS). She serves as an appointed Member of the Monetary Policy Board of the Central Bank of Sri Lanka and is an Independent Non-Executive Director of Cargills (Ceylon) PLC.

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JOSEPH PAGE

Non-Independent,
Non-Executive Director

Date of Appointment

1 May 2011

Expertise and Qualifications

Joseph Page counts over 35 years of management experience in the private sector, having held several leadership roles across entities within the CT Holdings Group. He is part-qualified with the Chartered Institute of Management Accountants (CIMA), UK.

Current Appointments

He currently serves as the Deputy Chairman and Managing Director of CT Land Development PLC. He is also a Director of CT Holdings PLC and Cargills (Ceylon) PLC. In addition, he serves as a Director of Ceylon Theatres (Private) Limited, CT Properties Ltd, CT Properties GS (Pvt) Ltd, CT Properties Lakeside (Private) Limited, CT Real Estate (Private) Limited and CT Smith Asset Management (Private) Limited.

DILANTHA JAYAWARDHANA

Executive Director

Date of Appointment

20 April 2023

Expertise and Qualifications

Dilantha Jayawardhana is a highly experienced finance and management professional with over 25 years of post-qualifying experience in accounting, finance, and corporate leadership. He is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and an Associate Member of the Institute of Certified Management Accountants of Sri Lanka. He also holds a Master of Business Administration from the University of Lincoln, UK.

He joined Cargills in 1999 as an Accountant and rose through the ranks to serve as Group CFO prior to his appointment to the Board. In his current role, he continues to provide strategic leadership across the Group's finance, treasury, information technology, and human resource development functions. His extensive institutional knowledge and multidisciplinary expertise contribute significantly to driving the Group's operational effectiveness and long-term growth.

Current Appointments

In addition to serving as the Executive Director of Cargills (Ceylon) PLC, he holds directorships in Cargills Retail (Private) Limited, Cargills Convenient Foods Limited, Cargills Distributors (Private) Limited, Cargills Dairies (Private) Limited, Cargills Food & Beverages Limited, CPC (Lanka) Limited, Cargills Frozen Products (Private) Limited, Cargills Confectionaries (Private) Limited, Cargills Restaurants (Private) Limited, Cargills Foods Services (Private) Limited, Dawson Office Complex (Private) Limited, Cargills Foundation, Millers Limited, Kotmale Dairy Products (Private) Limited, Kotmale Products Limited, and Kotmale Milk Products Limited.

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INDIRA MALWATTE

Independent,
Non-Executive Director

Date of Appointment

3 April 2024

Expertise and Qualifications

Indira Malwatte is a distinguished professional with over 40 years of experience in export promotion, international marketing, and public sector leadership. She holds a combined degree in Economics and Geography from the University of Peradeniya, Sri Lanka, and was the first woman to serve as Chairperson of the Sri Lanka Export Development Board (EDB). Her extensive expertise spans across industrial, agricultural, services, and SME sectors, as well as supply chain management and women's empowerment.

She has served as a key resource person and focal point for international development projects supported by organisations such as the World Bank, International Trade Centre (ITC), GIZ, CBI, and JETRO. Recognised both locally and internationally for her contributions, she was awarded the Wifts Foundation Lifetime Achievement Award in Business (London, 2016), becoming the first Sri Lankan recipient of the honour. She has also been recognised by Zonta Sri Lanka and Women in Management for her leadership and achievements in the government and development sectors and was featured on the LMD "A-List" of Sri Lankan business people in 2018.

Current Appointments

She currently serves as Chairman and Non-Executive Director of Samson International PLC and as an Independent Non-Executive Director of Cargills (Ceylon) PLC and Lanka Shipping and Logistics (Pvt) Ltd. She is also a Director of the S W R D Bandaranaike National Memorial Foundation and the Sri Lanka Handicraft Board.

PRIYAN EDIRISINGHE

Independent,
Non-Executive Director

Date of Appointment

20 May 2025

Expertise and Qualifications

Priyan Edirisinghe is a Chartered Accountant with over 20 years of experience in audit, tax, and business consulting, serving both the private sector and professional practice. He is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka (FCA), an Associate Member of the Chartered Institute of Marketing (UK) (ACIM), and holds a Master of Business Administration from the University of Southern Queensland, Australia.

He currently serves as the Managing Partner of Baker Tilly Edirisinghe & Co., Chartered Accountants.

Current Appointments

He also serves as the Senior Independent Director of CT Holdings PLC and Cargills (Ceylon) PLC and as an Independent Non-Executive Director of CT Land Development PLC. He previously served as an Independent Director of Dialog Finance PLC.

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Corporate Governance

Corporate Governance at Kotmale encompasses a set of systems, processes, and practices in place to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency, and fairness in all transactions. We believe that sound Corporate Governance practices are essential to create sustainable value and to safeguard the interest of the stakeholders.

1. The Board of Directors

1.1 Board Composition

As at 31 March 2026, the Board comprised eight Directors, consisting of four Executive Directors and four Non-Executive Directors, of whom three were Independent Non-Executive Directors.

The Board consists of a mix of Independent, Executive, Non-Executive Directors to maintain the Board independence.

1.2 Board Responsibilities

The Board oversees the affairs of the Company and provides leadership and guidance to the Senior Management Team. The key functions and responsibilities of the Board are:

	Roles and Responsibilities
Corporate Governance	• Establishing appropriate standards and encouraging ethical behaviour and compliance with the Company's policies • Monitoring the Company's compliance with Corporate Governance standards • Overseeing the process and framework for evaluating the adequacy of internal controls, risk management, financial reporting, and compliance
Strategic Management	• Providing direction, guidelines, and approval of the strategies and business plans as developed by the Management • Directing, monitoring, and assessing the Company's performance against strategic and business plans • Approving and monitoring major capital expenditure, acquisitions, and divestments • Reviewing and approving the annual operating plans and financial budgets
Talent Management	• Appointing and recommending terms of engagement of senior management staff ensuring that a process is in place such that the remuneration and conditions of service of Executives are appropriate • Ensuring that a process is in place for Executive succession planning
Performance Review	• Evaluating the performance of the Board Committees and individual Directors • Establishing and reviewing succession plans for Board membership • Reviewing the performance of the Senior Management and the compensation framework for Executive Directors and Senior Management • Monitoring corporate performance and evaluating results compared to the strategic and annual plans
Risk Management	• Ensuring processes are in place to identify the principal risks of the businesses • Reviewing, ratifying and assessing the integrity of the systems of risk management, internal controls and compliance
Sustainability	• Overseeing all material sustainability topics and climate related considerations, including their impact on strategy, capital allocation and organisational resilience • Ensuring that appropriate structures, controls, systems and internal capabilities are in place to manage sustainability related risks and opportunities effectively

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1.3 Board Meetings

The Board met nine times in the year under review, and the following table shows the attendance record for the same.

Attendance at Board Meetings During the Year

Name of the Director	Attended/ Eligibility to Attend
Mr M I Abdul Wahid	8/9
Mr R S Wijesundara	9/9
Mr V R Page	8/9
Dr D N Weerakoon	7/9
Mr J C Page	9/9
Mr D S Jayawardhana	9/9
Mrs C I Malwatte	9/9
Mr P P Edirisinghe	9/9
Mr A D B Talwatte (up to 23 October 2025)	4/4

Report of the Senior Independent Director

This report is presented in accordance with Rule 9.6.3(e) of Section 9 of the Listing Rules of the Colombo Stock Exchange.

The appointment of a Senior Independent Director of Kotmale Holdings PLC is made in accordance with Rule 9.6.3(a) (ii) of the CSE Listing Rules. The Senior Independent Director serves as an additional and independent channel of communication for the Independent and Non-Executive Directors and supports the effective functioning of the Board.

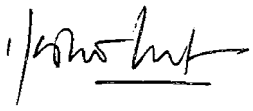
The role of the Senior Independent Director includes facilitating discussion among the Independent and Non-Executive Directors on matters relating to Board effectiveness, governance and other matters requiring independent consideration. The Senior Independent Director also facilitates the appraisal of the Chairman's performance by the Non-Executive Directors.

The Senior Independent Director facilitated discussions among the Independent and Non-Executive Directors on matters relating to Board effectiveness, the quality and timeliness of Board information, governance practices, the functioning of Board Committees and matters requiring independent director consideration.

A meeting of the Independent Directors was held under the chairmanship of the Senior Independent Director without the presence of the other Directors, in accordance with Rule 9.6.3(b) of the CSE Listing Rules. Observations arising from that discussion were communicated to the Chairman and, where appropriate, to the Board.

A meeting of the Non-Executive Directors was also held without the presence of the Chairman to appraise the performance and effectiveness of the Chairman, in accordance with Rule 9.6.3(c) of the CSE Listing Rules. The outcome of that review was communicated appropriately.

Based on the activities carried out during the year, I am satisfied that the Senior Independent Director function operated effectively in supporting independent oversight, facilitating open communication among the Independent and Non-Executive Directors and strengthening the overall governance processes of the Company.



Dr D N Weerakoon
Senior Independent Director

2. Board Committees

The Company has the following Board Committees:

1. Audit Committee
2. Nominations and Governance Committee
3. Remuneration Committee
4. Related Party Transactions Review Committee (RPTRC)

All Committees have written charters detailing their responsibilities and the extent to which they have been delegated powers of the Board of Directors.

2.1 Audit Committee Report

The Audit Committee is appointed by the Board of Directors of the Company and reports directly to the Board. The Audit Committee functions within the overall governance process established by the Board of Directors of the Company and the Listing Rules of the Colombo Stock Exchange.

Policy Framework

The policy framework for the functioning of the Audit Committee of the Company is set out in the policies adopted across the Group.

Composition of the Audit Committee

The Chairman of the Audit Committee is a Fellow member of the Institute of Chartered Accountants of Sri Lanka. The composition of the members of the Audit Committee satisfies the criteria as specified in the standards on Corporate Governance for listed companies. The Company Secretary Serves as the Secretary to the Committee.

Committee Membership During the Year

Name	Directorship Status	Membership Status	Date of Appointment	Attendance (Attended/ Eligible to Attend)
Mr P P Edirisinghe	Independent, Non-Executive Director	Chairman	20 May 2025	6/6
Dr D N Weerakoon	Senior Independent Director	Member	9 April 2024	4/6
Mrs C I Malwatte	Independent, Non-Executive Director	Member	9 April 2024	6/6
Mr A D B Talwatte	Non-Independent, Non-Executive Director	Member (up to 23 October 2025) Chairman (18 December 2020 to 19 May 2025)	18 December 2020	3/3

Procedure

In terms of the Company policy, the Audit Committee should meet at least once in every quarter, two of which should be attended by the Company Auditors. The procedure in place is for the Group Managing Director, Executive Director, Cargills (Ceylon) PLC, Group Chief Financial Officer, Group Chief Risk Officer, Chief Internal Audit Officer and Chief Financial Officer – Dairy Sector to attend all meetings when scheduled and for the Group Deputy Chairman/Group CEO to attend Audit Committee meetings as and when requested to do so by the Audit Committee. Besides this, procedures are in place to circulate the comprehensive Board papers and supporting documentation sufficiently in advance to enable informed deliberations. Where necessary, approvals may also be given by circular resolutions.

Meetings

The Audit Committee met six times during the year, two of which were with the participation of the Company's External Auditors.

Scope

The functions of the Audit Committee, as set out in the Company policy, include the following:

- Oversight of the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with SLFRS/LKAS
- Oversight of the Company's compliance with financial reporting requirements, information requirements of the Companies Act, Securities and Exchange Commission of Sri Lanka (SEC) and other related regulatory bodies
- Oversight of the processes to ensure that the Company's internal controls and risk management procedures are adequate to ensure that the various risk exposures are mitigated
- Overseeing the effectiveness of sustainability and climate related governance processes, controls, and reporting.
- Assessment of the performance and independence of the External Auditors and make recommendations to the Board pertaining to the appointment, re-appointment and removal of External Auditors and approval of the remuneration and terms of engagement
- Review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process
- Develop and implement policy on the engagement of the External Auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the External Auditors
- Review the Company's annual audited Financial Statements and quarterly Financial Statements to ensure compliance with the Sri Lanka Accounting Standards and other relevant laws and regulations
- Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations
- Report regularly to the Board with respect to the Committee's activities and make recommendations as appropriate

Financial Reporting

The Audit Committee reviewed the quarterly and annual Financial Statements of the Company prior to publication to assure that the published Financial Statements fairly present the state of affairs of the Company. The Audit Committee had discussions with the management and the External Auditors on the annual Financial Statements. In all instances, the Audit Committee obtained a declaration from the Group Chief Financial Officer stating that the respective Financial Statements are in conformity with the applicable accounting standards, company law and other statutes including Corporate Governance rules and that the presentation of such Financial Statements are consistent with those of the previous quarter or year as the case may be, and further draw attention to any departures from financial reporting, statutory requirements and Group policies (if any).

Quarterly Compliance Certificates were also obtained from the finance, legal, and secretarial divisions of the Company on a standardised exception reporting format perfected by the Audit Committee, highlighting any instances (where applicable) of, and reasons for, non-compliance, along with the Internal Audit Report.

Internal Audit, Controls and Risk Management

The Audit Committee reviewed the Internal Audit Reports containing details of the audit coverage, compliance with the laws, regulations, established policies and procedures. The Risk Management report containing detailed risk assessments and risk mitigation actions were reviewed by the Audit Committee to give assurance that the risk management process is carried out in an effective manner.

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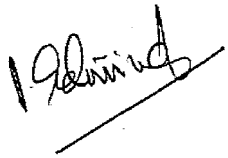
Conclusion

Based on the reviews conducted during the year, including management representations, internal audit reports and compliance reporting, the Audit Committee is of the view that the Company's internal control and risk management framework provide reasonable assurance.

Audit and Auditors' Independence

The Audit Committee assessed the independence and performance of the Company's External Auditors and made recommendations to the Board pertaining to their appointment/re-appointment. The Audit Committee also reviewed the audit fees and approved the remuneration and terms of engagement of the External Auditors and made recommendations to the Board. When doing so, the Audit Committee reviewed the type and quantum of non-audit services provided by the External Auditors to the Company to ensure that their independence as Auditors has not been impaired.

The Audit Committee has recommended to the Board that Messrs. KPMG, Chartered Accountants, remain External Auditors of the Company for the financial year ending 31 March 2027.



P P Edirisinghe
Chairman - Audit Committee

30 July 2026

2.2 Nominations and Governance Committee

Composition of the Nominations and Governance Committee

Nominations and Governance Committee was constituted on 7 August 2024 prior to this date the Nominations Committee of the parent company also functioned as the Nominations Committee for the Company.

As at the date of this Report, the Committee comprises three Independent Non-Executive Directors. During the year, the Committee composition changed as set out below.

Meetings

The Committee meets once each year or as required.

Committee Membership During the Year

Name of the Director	Directorship Status	Membership Status	Date of Appointment	Attendance (Attended/ Eligible to Attend)
Dr D N Weerakoon	Senior Independent Director	Chairman (w.e.f. 20 May 2025) Member (7 August 2024 to 19 May 2025)	7 August 2024	1/1
Mrs C I Malwatte	Independent, Non-Executive Director	Member	7 August 2024	0/0
Mr P P Edirisinghe	Independent, Non-Executive Director	Member	30 October 2025	0/0
Mr A D B Talwatte	Non-Independent, Non-Executive Director	Member (up to 23 October 2025) Chairman (07 August 2024 to 19 May 2025)	7 August 2024	1/1

The functions of the Nominations and Governance Committee:

- Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors.
- Establish and maintain a set of criteria for the selection of Directors.
- Evaluate and make recommendations for the appointment/ re-election of Directors to the Board and Board Committees
- Establish a framework for evaluating the performance of the Board of Directors and the CEO
- Develop a succession plan for the Board of Directors and Key Management Personnel of the Company
- Review the structure, size and composition of the Board and Board Committees.
- Review and recommend the overall corporate governance framework.
- Review reports from the Management on compliance with the corporate governance framework, the SEC Act, Listing Rules of the Stock Exchange and other applicable laws

Appointment of Directors

The Nominations and Governance Committee evaluates and recommends suitable persons to be Directors either to fill casual vacancies or as additional Directors, subject to the provisions in the Articles of Association of the Company. In considering candidates for Directorship, the Nominations and Governance Committee considers all relevant criteria including breadth of experience in business and industry, financial acumen, integrity, leadership as well as the diversity of the Board.

Any Director so appointed shall hold office until the next Annual General Meeting and shall then be eligible for election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such Meeting. Details of new Directors are disclosed to the shareholders at the time of their appointment by public announcement as well as in the Annual Report.

A structured framework has been established to assess the performance of the Board of Directors and to provide knowledge based training with identified needs and responsibilities of the Board.

Board Tenure, Retirement, and Re-Election of Directors

The Executive Directors are appointed and recommended for re-election subject to their prescribed retirement age whilst Non-Executive Directors are appointed and recommended for re-election subject to the age limit as per statutory provisions at the time of reappointment. At each Annual General Meeting (AGM) one third of the Directors retire by rotation on the basis prescribed in the Articles of Association of the Company and are eligible for re-election. The Directors who retire are those who have been longest in the office since their appointment or reappointment. In addition, any new Director appointed to the Board during the year is required to stand for election at the next AGM.

The details of the re-election and re-appointment of retiring Directors are given in the Annual Report of the Board of Directors.

Board Independence

The Board is well represented by the Independent Directors who support the Executive Directors in governance and strategic management. Independence of the Directors has been determined in accordance with the criteria of the CSE Listing Rules. Accordingly, the present composition of Independent Non-Executive Directors is in line with the requirements of the CSE Listing Rules. The three Independent Non-Executive Directors have submitted signed confirmations of their independence.

Mrs C I Malwatte (Independent, Non-Executive Director) attained the age of 70 years in July 2025. Under Section 9.8.3 (ix) of the listing rules, the Nominations Committee reviewed her credentials and recommended to the Board that Mrs Malwatte may nevertheless be designated as an Independent Non-Executive Director. Further, on 18 June 2026 the Board of Directors resolved to confirm the recommendation made by the Nominations and Governance Committee. The basis of the determination of Mrs Malwatte as an Independent Non-Executive Director is set out below.

1. Professional Credentials and Industry Reputation

- Ms C I Malwatte is a distinguished figure in the field of Management with a longstanding career in board governance, and public accountability. Her tenure includes experience with regulatory bodies and multilateral institutions.

2. Independence from Management and Shareholders

- Does not have any present or recent (within the last three years) employment or material business relationship with the Company or any of its subsidiaries.
- Does not hold significant shareholdings nor represent any shareholder group.
- Is not related to any current Board member, senior executive, or controlling shareholder. These factors affirm her ability to exercise objective, unfettered judgment, thus satisfying the independence criteria as defined by the CSE Listing Rules.

3. Demonstrated Contribution to Board Effectiveness

Despite being over the age of 70,

- Maintain active professional engagements, including directorships and advisory roles in public interest organisations.
- Exhibit strong cognitive and decision-making capabilities, evidenced by her participation in recent Board evaluations, and published commentary on governance trends.
- Provide a distinct multigenerational perspective, helping bridge generational gaps in strategy, ESG governance, and stakeholder management.

4. Corporate Governance and Risk Oversight Expertise

Her experience strengthens the Company's ability to:

- Oversee risk and audit functions with seasoned judgement.
- Drive boardroom accountability and ethical behavior.
- Mentor younger Board members and executives in alignment with long-term governance succession planning.

5. Public Shareholder Confidence

Profile and proven independence are expected to instill confidence among minority shareholders and reinforce the Company's commitment to robust, diverse, and experienced board oversight.

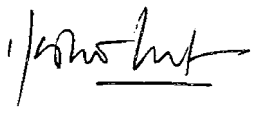
Conflict of Interest

Where the personal or business relationships or interests of Directors and Executive Officers may conflict with the interests of Cargills, they are required to disclose in writing the nature and extent of any interest they have in a material contract or material transaction with the Group.

Other Board Memberships

The Group, in assessing the performance of the individual Director, considers whether sufficient time and attention has been given by the Director to the affairs of the Group while holding Board membership in other companies. The Group expects Directors to devote sufficient time to the affairs of the Company though it does not impose a limit on the number of Board representations which a Director may hold in other companies.

Directors have demonstrated their commitment and effectiveness in discharging their duties and responsibilities and avoiding actual or potential conflicts of interest caused by serving on other Boards.



Dr D N Weerakoon
Chairman – Nominations and Governance Committee
30 July 2026

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2.3 Remuneration Committee

The Remuneration Committee consists of three Independent, Non-Executive Directors.

Remuneration Policy

The Executive Directors, Senior Management and Senior Executives play a pivotal role in achieving Company objectives as such they need to be compensated adequately and fairly in line with market conditions applicable to the respective sectors.

The Remuneration Committee studies and recommends the remuneration and perquisites applicable to the Executive Directors of the Company and makes appropriate recommendations to the Board of Directors of the Company for approval. Executive Directors' Remuneration is reviewed periodically against market comparators. Remuneration of Non-Executive Directors is determined in reference to fees paid by comparable companies and is structured in a manner not to impair their independence. The fees received by Non-Executive Directors are determined by the Board and reviewed annually. No Director participates in discussions or decisions relating to his or her own remuneration.

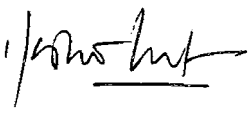
The Committee met once during the year under review.

Committee Membership During the Year

Name of the Director	Directorship Status	Membership Status	Date of appointment	Attendance (Attended/ Eligible to Attend)
Dr D N Weerakoon	Senior Independent Director	Chairman (w.e.f. 20 May 2025) Member (9 April 2024 to 19 May 2025	9 April 2024	1/1
Mrs C I Malwatte	Independent, Non-Executive Director	Member	9 April 2024	1/1
Mr P P Edirisinghe	Independent, Non-Executive Director	Member	30 October 2025	1/1
Mr A D B Talwatte	Non-Independent, Non-Executive Director	Member (up to 23 October 2025) Chairman (18 December 2020 to 19 May 2025)	18 December 2020	0/0

Disclosures

The aggregate details of the Directors' remuneration are given in Note 29.1 in the Financial Statement.



Dr D N Weerakoon
Chairman – Remuneration Committee

30 July 2026

2.4 Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee (RPTRC) is appointed by the Board of Directors of the Company and reports directly to the Board. The Committee functions within the overall governance process established by the Board of Directors of the Company and assists the Board in effectively discharging its responsibilities.

Policy Framework

The policy framework for the functioning of the RPTRC of the Company is set out in the Group policies adopted across the Group.

Composition of the RPTRC

The RPTRC comprises Three Independent Non-Executive Directors. The Chairman of the RPTRC is a Fellow member of the Institute of Chartered Accountants of Sri Lanka. The composition of the members of the RPTRC satisfies the criteria as specified in the standards on Corporate Governance for listed companies. The Company Secretary acts as the Secretary to the Committee.

Scope

The RPTRC assists the Board in reviewing all Related Party Transactions (RPT) carried out by the Company. The functions of the RPTRC include the following:

- Developing a related party transactions policy consistent with the applicable requirements of Section 9.14 of the CSE Listing Rules, applicable SEC requirements, the Committee Charter, the Company's RPT policy and the applicable Sri Lanka Accounting Standards and recommending for adoption by the Board of Directors of the Company
- Reviewing and recommending improvements to the control procedures to ensure that all recurrent and non-recurrent RPT are identified, adequately captured and reported in a timely manner in accordance with the applicable rules
- Establishing procedures to ensure that RPT that are captured within the system are reviewed in a systematic manner and certified by Key Management Personnel with an appropriate level of authority
- Reviewing all RPT as reported by management for compliance with the Section 9.14 of the CSE Listing Rules, applicable SEC requirements, LKAS 24, the Committee Charter and the Company's RPT Policy
- Ensuring that appropriate disclosures are made as applicable to the CSE where immediate market disclosures are required, and in the Annual Report

Procedures are also in place for the RPTRC to obtain and have obtained:

- Quarterly declarations of RPT from Directors and Senior Management of all Group companies on recurrent and non-recurrent transactions undertaken by them or by their close family members
- Quarterly declarations of Directors and Senior Management who have a significant shareholding/ownership in a company or partnership or proprietorship which is outside the Group companies and/or of the subsidiaries and associate companies of Group companies

- Quarterly declarations of the Group Chief Financial Officer or equivalent position in the Group companies on recurrent and/or non-recurrent transactions within the Group Companies

Likewise, procedures are also in place for the assessment of the need to obtain shareholder approval for specified transactions and to inform the SEC/CSE on the applicable non-recurrent transactions.

Related Party Transactions

Companies within the Group regularly engage in transactions with other companies within the Group. The Committee receives and reviews details of all RPT from the Group Chief Financial Officer of the Company and disposes of the same in accordance with the mandate set out above. In respect of non-recurrent transactions, if any, the Committee is empowered to seek independent expert advice on valuation or any other related matters that the Committee deems to be significant.

Meetings

The RPTRC met four times during the year. The meetings were also attended by the Chairman, Kotmale Holdings PLC/Group Managing Director, Executive Director – Cargills (Ceylon) PLC, Group Chief Financial Officer, Group Chief Risk Officer, Chief Financial Officer – Dairy Sector and Chief Internal Audit Officer.

Details of the participation of the members of the RPTRC at such meetings are set out below:

Name	Directorship Status	Membership Status	Date of Appointment	Attendance (Attended/ Eligible to Attend)
Mr P P Edirisinghe	Independent, Non-Executive Director	Chairman	20 May 2025	4/4
Dr D N Weerakoon	Senior Independent Director	Member	9 April 2024	2/4
Mrs C I Malwatte	Independent, Non-Executive Director	Member	9 April 2024	4/4
Mr A D B Talwatte	Non-Independent, Non-Executive Director	Member (up to 23 October 2025) Chairman (w.e.f. 18 December 2020 to 19 May 2025)	18 December 2020	2/2

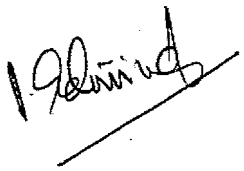
The Committee adopted policies and procedures for (a) reviewing the RPT at each quarterly meeting, (b) identifying and reporting on recurrent and non-recurrent transactions to be in line with the applicable CSE Rules.

The Committee considered the nature of the transactions, the basis of pricing, the relevant commercial terms and other applicable factors in assessing whether the transactions were carried out in the ordinary course of business and on terms comparable to those available to non-related parties under similar circumstances.

Conclusion

Based on its work, the RPTRC confirms that there were no non-recurrent transactions with related parties during the year that warranted prior shareholder approval. It is also noted that in respect of recurrent transactions, the transactions were in the ordinary course of business, there were no changes to terms or practices over the previous year. Further, general terms and conditions applicable to such transactions with related parties are similar to those entered into with non-related parties taking into account, if any, due consideration of factors such as volume, cost and any other specific benefits which form part and parcel of such transactions. The observations of the Committee have been communicated to the Board of Directors and the Board in turn has made a declaration to the effect that the Company has complied with the requirements of the rules pertaining to related party transactions as contained in Section 9 of the Listing Rules of the CSE.

The details of the recurrent transactions entered into with related parties are disclosed in Note 29.5 to the Financial Statements.



P P Edirisinghe
Chairman – Related Party Transactions Review Committee
30 July 2026

3. Business Practices and Ethics

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability across the organisation. Good governance is embedded in Kotmale's culture creating an enabling environment for growth in a structured, predictable, and sustainable manner.

The Board continued to strive to ensure that ethics are the foundation of how the Company operates. Accordingly, the Directors recognise their responsibility to set the tone from the top, by avoiding instances of conflict of interest and having the interests of the Company at the forefront of all decision making.

All employees at Kotmale are committed to responsible behaviour refraining from any direct, solicited, monetary or non-monetary benefits, entertainment, unlawful gifts, payments, or political contributions while adhering to the related provisions of the Group HR Policy.

All executives are bound by a signed code of conduct which prohibits them from accepting or offering any form of gift or emolument that may be construed as a bribe. Executives are also issued official memorandums to remind them of this obligation during festive seasons where the occurrence of such dealings are more probable.

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Kotmale has zero tolerance towards bribery and corruption. The Company actively monitors any changes to anti-corruption or other related laws and ensures its full compliance. This ethical and transparent corporate behaviour of Kotmale extends to all the stakeholders in the value chain. All partners and third parties are advised to comply with the guidelines set out.

4. Strategic and Performance Management

The Company has a robust strategic management process which involves all key internal stakeholders and is led by the Group Deputy Chairman/Group CEO. The strategic planning process is aimed at the optimal utilisation of resources of the organisation and maximum welfare of all relevant stakeholders. Developments in the external and internal environment are continuously and extensively scrutinised to develop effective strategies. Kotmale focuses on deriving the maximum advantage for the organisation through developments in the external environment through prudent as well as rapid responses.

Kotmale operates with a comprehensive performance management system which aims to uphold efficient and effective results as well as improve the knowledge and skills of employees. The budgeting exercise at Kotmale is carried out at an integrated cross-functional level and reviews are carried out on a frequent basis in order to take corrective action as appropriate.

5. Controls, Assurance and Risk Management

The Company has adequate systems of internal controls in place to ensure the orderly and efficient conduct of its business.

The Internal Auditors independently evaluate the adequacy of internal controls and compliance and concurrently audit the majority of the transactions in value terms. The Group's Internal Audit and Risk Management functions report to the Board directly through the Audit Committee assuring its independence.

The Company engages the services of independent External Auditors to conduct an audit and obtain reasonable assurance on whether the Financial Statements and relevant disclosures are free from material misstatements. The independent auditors directly report their findings to the Audit Committee which has the oversight responsibility of the integrity of financial statements and the reporting process.

The Company's risk-management process is coordinated through management risk forums, with oversight exercised by the Audit Committee on behalf of the Board. The Risk Management section and the Notes to the Financial Statements of the Annual Report carry a detailed discussion of the Company's Enterprise Risk Management Process.

The Information Technology Policy of the Group establishes an overall framework for the governance and management of the processes and actions relating to Information Technology within the Group. The framework is made up of processes designed to ensure effective and efficient use of IT in order to enable the Company to achieve its objectives.

6. Legal and Regulatory Compliance

Based on the compliance confirmations and reports received by the Board and its Committees during the year, the Company has complied in all material respects with the applicable requirements of the Companies Act, the CSE Listing Rules, SEC rules and other relevant laws and regulations.

The Company actively monitors its regulatory environments to keep in touch with the regulatory changes and acknowledges that it is compliant with all other financial, legal, and regulatory compliance requirements.

7. Disclosure and Transparency

The Company has policies and procedures that govern the provision of timely, accurate and complete information to stakeholders, in a manner which gives all stakeholders equal access to information.

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 an honest and balanced assessment of results in the quarterly and annual Financial Statements.

8. Stakeholder Engagement

The Board values the Company's stakeholders and strives to take their concerns and interests into account when making business decisions. This not only enables it to anticipate and manage risk effectively, but also helps it identify new business opportunities and improve the Company's relationship with its stakeholders.

The shareholders are given the opportunity at the AGM to get updates from the Chairman and the Board of Directors on the Company's performance, to ask questions, and to express views and vote on the various matters of Company business on the agenda. Shareholders may also ask questions from the Company's External Auditors at the meeting. The Company encourages its shareholders to attend its AGM and is committed to dealing with shareholder queries in a respectful and timely manner whenever they are received by the Company.

Company's adherence to the Corporate Governance Rules as required by Section 9 of the Listing Rules of the CSE:

CSE Rule		Status of Compliance	Details/Reference
9.1	**Applicability of Corporate Governance Rules**		
9.1.3	A statement confirming compliance with Corporate Governance Rules	Compliant	Section 6. Legal and Regulatory Compliance of Corporate Governance Report
9.2	**Policies**		
9.2.1/9.2.2 9.2.3/9.2.4	Requirement pertaining to establishment and disclosure of policies set out in the listing rules	Compliant	The policies are published in the parent Company's website
9.3	**Board Committees**		
9.3.1	Ensuring that the following Board Committees are established and are functioning effectively. (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	Compliant	
9.3.2	Comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in CSE Rules	Compliant	
9.3.3	The Chairperson of the Board of Directors shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	Compliant	
9.4	**Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders**		
9.4.1	Maintain records of all resolutions and specified information pertaining to the resolutions considered at any General Meetings	Compliant	Please refer to the 9.2 above
9.4.2 (a)/(b)/(c)/ (d)	Communication and relations with shareholders and investors	Compliant	
9.5	**Policy on matters relating to the Board of Directors**		
9.5.1	Establish and maintain a formal policy governing matters relating to the Board of Directors	Compliant	
9.5.2	Confirm compliance with the requirements of the policy referred to in Rule 9.5.1 in the Annual Report	Compliant	
9.6	**Chairperson and CEO**		
9.6.1	The Chairperson shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity	Compliant	Positions of the Chairperson and CEO are not held by the same person. SID appointed as the Chairperson is an Executive Director.
9.6.2	Where the Chairperson of a Listed Entity is an Executive Director and/ or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement	Compliant	SID was appointed
9.6.3 (a)/(b)/ (c)/(d)	Requirement pertaining to Senior Independent Director (SID)	Compliant	Dr D N Weerakoon was appointed as SID w.e.f. 20 May 2025
9.6.3 (e)	A signed explanatory disclosure by SID demonstrating the effectiveness of duties of the SID	Compliant	Report of SID on page 14
9.6.4	Rationale for appointment of SID	Compliant	Please refer Report of SID

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CSE Rule		Status of Compliance	Details/Reference
9.7	**Fitness of Directors and CEOs**		
9.7.1/9.7.2/ 9.7.3/9.7.4/ 9.7.5	Requirement to meet the fit and proper criteria stipulated by the CSE Listing Rules and disclosure in Annual Report	Compliant	Annual Report of Board of Directors on pages 55 to 57
9.8	**Board Composition**		
9.8.1/9.8.2	Requirement pertaining minimum number of Directors and independent Directors	Compliant	As at the date of the Report
9.8.3	Conformity to the criteria set by CSE on determining the independence of the Directors	Compliant	
9.8.5 (a)/(b)/(c)	Requirement pertaining to self-declarations annual determination of independence and market announcement in the event of the impairment of the independence	Compliant	
9.9	**Alternate Directors**		
9.9 (a)/(b)/ (c)/(d)/(e)	Non-Executive Directors shall be appointed as alternate Directors in exceptional circumstances and for a maximum period of one (1) year from the date of appointment	N/A	
9.10	**Disclosures relating to Directors**		
9.10.1 9.10.2 9.10.3	Requirement pertaining to the disclosure of the Directors	Compliant	
9.10.4	Disclosure of details pertaining to Directors in the Annual Report	Compliant	Directors' Profile on pages 9 to 12
9.11	**Nominations and Governance Committee**		
9.11.1/ 9.11.2/ 9.11.3	Existence of Nominations and Governance Committee, formal procedure for appointment and re-election of new Directors and written terms of reference of Nomination and Governance Committee	Compliant	
9.11.4	Composition of Nomination and Governance Committee members and appointment of its Chairperson	Compliant	
9.11.5	The Committee functions are accordance with the set criteria as per the CSE Listing Rules	Compliant	
9.11.6	Annual Report contains a report of the Nominations and Governance Committee	Compliant	Nomination and Governance Committee Report on pages 16 and 17
9.12	**Remuneration Committee**		
9.12.2	A Remuneration Committee shall be established that confirms to the requirements	Compliant	
9.12.3/ 9.12.4	CSE Listing requirement pertaining to remuneration of the Directors	Compliant	
9.12.5	Remuneration Committee shall have a written term of reference	Compliant	
9.12.6	Composition of the Remuneration Committee	Compliant	2.3 Remuneration Committee Report on page 18
9.12.6 (2)	Remuneration Committee chaired by an Independent Director	Compliant	2.3 Remuneration Committee Report on page 18
9.12.7	Recommendation to the Board of Directors regarding remuneration	Compliant	2.3 Remuneration Committee Report on page 18
9.12.8 (a)	Disclosure of Chairperson and members of the Remuneration Committee in the Annual Report	Compliant	2.3 Remuneration Committee Report on page 18

CSE Rule		Status of Compliance	Details/Reference
9.12.8 (b)	A statement regarding the remuneration policy	Compliant	2.3 Remuneration Committee Report on page 18
9.12.8 (c)	Disclosure of the aggregate remuneration of the Executive and Non-Executive Directors	Compliant	Note 29.1 of Notes to the Financial Statements on page 98
9.13	**Audit Committee**		
9.13.1	Entities who do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee (AC) shall additionally perform the Risk Functions	Compliant	Audit Committee Report on pages 14 to 16
9.13.2	The AC shall have a written term of reference	Compliant	
9.13.3	**Composition of the Audit Committee**		
(1)	Composition of the Independent Directors of the Audit Committee	Compliant	
(2)	Quorum comprising majority of Independent Directors	Compliant	
(3)	Minimum number of meetings and quarterly meetings prior to releasing the quarterly Financial Statements	Compliant	
(4)	The Chairperson being Independent Director of the Audit Committee	Compliant	Audit Committee Report on pages 14 to 16
(5)	Attendance of CEO and CFO at the Audit Committee meetings by invitation	Compliant	Audit Committee Report on pages 14 to 16
(6)	The Chairperson of the AC shall be a member of a recognised professional accounting body	Compliant	Audit Committee Report on pages 14 to 16
9.13.4	**Functions of the Audit Committee**		
(1)	Functions of the Audit Committee as set out in CSE Listing Rules	Compliant	Audit Committee Report on pages 14 to 16
9.13.5	**Disclosures (AC) in the Annual Report**		
	Disclosure of stipulated information in the Audit Committee report included in the Annual Report	Compliant	Audit Committee Report on pages 14 to 16
9.14	**Related Party Transaction Review Committee (RPTC)**		
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee	Compliant	
9.14.2	**Composition of RPTRC**		
(1)	Composition of the Independent Directors and Chairperson being an Independent	Compliant	RPTRC Report on pages 18 to 19
(2)	If both parent subsidiary are Listed Entities, the RPTRC of the parent company may function as the RPTRC of the subsidiary	N/A	
9.14.3	**Functions of RPTRC**		
	Functions of the RPTRC as set out in CSE Listing Rules	Compliant	RPTRC report on pages 18 to 19
9.14.4	**General Requirements of RPTRC**		
(1)	General requirement stipulated in CSE Listing Rules (1) to (4)	Compliant	
9.14.5	**Review of RPTs by the RPTRC**		
	Requirement pertaining of review of Related Party Transaction by RPTRC set out by CSE Listing Rules	Compliant	

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CSE Rule		Status of Compliance	Details/Reference
9.14.6	**Shareholder Approval**		
	Requirement pertaining to shareholder approval set out by CSE Listing Rules	N/A	There were no Related Party Transactions requiring shareholder approval
9.14.7	**Immediate Disclosures**		
	Immediate Market Announcement to the Exchange as set out by CSE Listing Rules	N/A	There were no Related Party Transactions requiring immediate market announcements
9.14.8	**Disclosures in the Annual Report**		
(1)	Disclosure pertaining to non recurrent RPT	No recurring RPT above the disclosure threshold	
(2)	Disclosure pertaining to recurrent RPTs	Compliant	Note 29 of Notes to the Financial Statements on pages 98 to 99
(3)	Related Party Transactions Review Committee Report in the Annual Report	Compliant	RPTRC Report on pages 18 to 19
(4)	A declaration by the Board of Directors in the Annual Report confirming that RPT Rules are complied with	Compliant	Annual Report of the Directors on the Affairs of the Company on pages 55 to 57
9.14.9	Shareholder approval and Competent independent advice on acquisition and disposal of assets from/to related parties	N/A	
9.16	**Additional Disclosures**		
	Additional Disclosures by the Board of Directors in the Annual Report	Compliant	Statement of Director's Responsibility on pages 58 to 59

The Company is compliant with identified principles of Code of Best Practice on Corporate Governance (2023) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

Principle	Details/Reference
A. Directors	
The Company is led by experienced Directors coming from different disciplines, with sound business acumen and leadership skills.	Profile of Directors on pages 9 to 12
The role of Chairman and Chief Executive Officer (CEO) has been separated and held by different person. There is a clear division of role and responsibilities between the Chairman and the CEO	SID appointed as the Chairman is an Executive Director
The Board balance is maintained as specified by the CSE Listing Rules Section 9	Section 1. The Board of Directors
Appointment and re-election of the Directors are in line with the Section 9 of the CSE Listing Rules	Nominations and Governance Committee Report on pages 16 and 17
Company follows the rules and guidelines pertaining to independence and conflict of interest of the Directors	Nominations and Governance Committee Report on pages 16 and 17
Disclosures of information in respect of Directors are made in accordance with the CSE Listing Rules	Board of Directors on pages 9 to 12

Principle	Details/Reference
B. Directors Remuneration	
The Company has a transparent policy on the Director's remuneration which ensures no conflict of interest in deciding the individual Director's remuneration.	Remuneration Committee Report on page 18
The Company has a Remuneration Committee comprising three Independent, Non-Executive Directors. The Committee follows the Listing Rules guidelines and recommended Code of Best Practices in deciding Director's remuneration	
The Board decides the remuneration of Non-Executive Directors and follows the guidelines stipulated in CSE Listing Rules and Code of Best Practices in deciding the remuneration of the Non-Executive Directors	Remuneration Committee Report on page 18
The Company follows disclosure requirement pertaining to Remuneration Committee and Directors' remuneration	Remuneration Committee Report on page 18 and Note 29.1 on Transactions with Key Management Personnel (KMP)
C. Relations with shareholders	
The Company communicates and engages with the shareholders in a constructive manner through AGM and Investors Forums. Shareholders are encouraged to contact the corporate office anytime to obtain information or for any clarification about the business affairs.	Section 8 Stakeholder engagement
D. Accountability and Audit	
Interim, other price-sensitive public reports, reports to regulators, and information required for statutory purposes are provided.	
The Company presents balanced and understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects in the Annual Report, Interim Financial Statements and public reports.	
The Annual Report contains Directors' Report giving declaration on Company's adherence to principles lay down in the Company's Act and CSE Listing Rules and assuring going concern	Statement of Director's Responsibility on page 58
The Annual Report contains a Statement of Director's Responsibility with required information.	
The Annual Report contains Management Discussion and Analysis, Corporate Governance Report and Risk Management Report providing assurance related to business performance, internal controls and risk management	
The Annual Report contains Audit Committee Report and Related Party Transaction Review Committee Report providing independence assurance on governance, internal controls and financial reporting	
E./F. Investors	
The shareholders are engaged through AGM and Investor's Forum.	Section 8 Stakeholder engagement
G. Internet of things and Cybersecurity	
The Company considers cybersecurity is critical for uninterrupted business operations and information security. Adequate measures are in place to protect the information and IT infrastructure from any cyber threats	
H. Sustainability: ESG Risks and Opportunities	
ESG factors are considered when decisions are made. The business processes and operations are continuously improved with investments to minimise negative impact on the environment and society.	
ESG initiatives are disclosed through integrated reporting in the Annual Report.	
I. Establishment and Maintenance of Policies	
Company has established policies applicable as per the CSE Listing Rules	

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Enterprise Risk Management

Kotmale has established a comprehensive Enterprise Risk Management (ERM) framework designed to identify, assess, and manage risks across the Organisation. This integrated approach enables the Company to optimise risk-adjusted returns while operating within its defined risk appetite.

In today's volatile and complex business environment, Kotmale recognises that a strong ERM process is essential to safeguard resilience and ensure sustainable growth. The framework provides a structured methodology to anticipate emerging risks, mitigate potential impacts, and capitalise on opportunities.

Oversight of risk management is anchored at the highest levels of governance. The Board of Directors, supported by the Audit Committee and the Risk Committee, plays a pivotal role in ensuring that risk is managed effectively and consistently across the enterprise. Their active involvement reinforces Kotmale's commitment to maintaining robust risk governance practices that protect stakeholder interests and strengthen long-term value creation.

Risk Management Framework







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Overview of Key Risks Affecting the Business

Kotmale is exposed to various risks due to the nature of its business operations. The key risks identified through the risk management process are as follows:

Decline in Consumer Buying Power due to Macro and Micro Economic Factors

The Company's revenue is closely correlated with consumer prices and levels of disposable income. A reduction in disposable income directly impacts both revenue and profitability. During the year, the country experienced significant economic pressures that reduced consumer spending capacity. Elevated inflation, compounded by the economic disruption caused by Cyclone Ditwah, further constrained household budgets. In addition, rising energy prices driven by geopolitical tensions placed further strain on the economy, resulting in increased costs across multiple sectors.

While internal business conditions remained supportive, external challenges posed considerable risks. Global trade disputes, increased tariffs together with ongoing international conflicts, contributed to higher input costs and reduced consumer purchasing power. These factors collectively underscore the Company's exposure to macroeconomic and geopolitical developments that may adversely affect future performance.

Risk Mitigation Actions

Kotmale continued to safeguard consumer affordability by offering value for money through competitive pricing, economical pack sizes, trade offers, and targeted promotions. The Company also strengthened operational efficiency across its supply chain and business processes, ensuring that product prices remained accessible while maintaining quality standards.

Risk	2025/26	2024/25	2023/24
Decline in consumer buying power	!	!	!

! High ! Medium ! Low

Short Supply of Milk and Continuous Escalation of Farm Gate Price of Milk

The continuous availability of fresh milk and the stability of farm gate prices are critical for Kotmale, as milk is the primary ingredient in all of its products. Supply levels are influenced by weather conditions, seasonality, and livestock diseases, which in turn affect farm gate pricing. During the year, Cyclone Ditwah impacted the milk supply chain, with death of animals and damage to transport infrastructure. Given the perishable nature of fresh milk, timely collection and delivery are essential to maintain quality standards. Interruptions in supply and escalating farm gate prices therefore pose significant risks to the Company's ability to ensure uninterrupted production and market availability.

Risk Mitigation Actions

Kotmale has established strategically located milk collection centers across the country to reduce dependency on specific regions and ensure uninterrupted supply. New centers are being added in untapped territories to meet growing demand. The Company maintains a strong farmer network of over 15,000 dairy farmers, supported them through providing cattle feed, scholarships for children, and low-cost financing via Cargills Bank.

Dairy farm modernisation project is underway with the support of government and non-governmental organisations to enhance milk quality and yield, while reducing collection costs. Farmers benefit from training and technical guidance through Kotmale's model dairy farms, improving practices and productivity. During Cyclone Ditwah, alternative transport routes were utilised to maintain timely collection and preserve milk quality, demonstrating Kotmale's resilience in safeguarding supply continuity.

Risk	2025/26	2024/25	2023/24
Short supply of milk and continuous escalation of farm gate price of milk	!	!	!

! High ! Medium ! Low

Reputational Risk

As a fast-moving consumer goods brand, Kotmale faces a heightened risk of reputational damage arising from poor product quality, inadequate customer service, unacceptable employee conduct, or violations of rules and regulations. Increasing customer expectations, combined with the pervasive influence of social media, amplify this vulnerability by enabling rapid dissemination of negative perceptions. Safeguarding brand reputation therefore remains a critical priority for the Company, as any erosion of trust could significantly impact consumer loyalty and long-term business performance.

Risk Mitigation Actions

Kotmale rigorously monitors quality and service levels across the value chain to ensure that consumers consistently receive products and services of the highest standards. Continuous staff training in quality, safety, and customer service reinforces this commitment, while internal and external audits safeguard compliance with regulatory and industry guidelines.

Customer complaints and feedback are systematically tracked, assessed, and addressed, with corrective actions implemented to resolve root causes. Consumers are actively engaged through transparent communication regarding the steps taken to address their concerns, strengthening trust and loyalty.

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The Company enforces its Code of Conduct across all operations, with strict monitoring of adherence. Employees are committed to responsible behaviour, refraining from solicited or unsolicited monetary and non-monetary inducements, unlawful gifts, payments, or political contributions. Strong disciplinary measures are applied against violations, underscoring Kotmale's dedication to ethical practices and the protection of its brand reputation.

Risk	2025/26	2024/25	2023/24
Reputational Risk	High	High	Medium

High Medium Low

Supply Chain Risk

The uninterrupted supply of goods and services to the market is essential for Kotmale's operations. Given the perishable nature of dairy products and the Company's reliance on certain imported raw materials and packaging, Kotmale is highly vulnerable to supply chain disruptions. External factors such as wars, pandemics, natural disasters, import restrictions, and foreign currency shortages can significantly impact the global supply chain. In addition, trade wars and tariff increases in global trade may negatively affect both the availability and cost of supplies, posing risks to production continuity and profitability.

Risk Mitigation Actions

Kotmale prepares an annual procurement plan at the start of each financial year, complemented by quarterly procurement forecasts shared with key suppliers to ensure the continuous availability of raw and packaging materials. To avoid overdependence on a single supplier, the Company sources materials from multiple suppliers, thereby enhancing price competitiveness and supply security.

Supplier performance is regularly monitored against fill rates, quality, and service levels, with constructive feedback provided to drive improvements. In addition, Kotmale has initiated efforts to source certain imported materials locally, reducing exposure to global supply chain disruptions and minimising the risk of stock-outs.

Risk	2025/26	2024/25	2023/24
Supply Chain Interruptions	Medium	Medium	Medium

High Medium Low

Staff Turnover

The Company operates in an industry where staff turnover poses a significant risk. The departure of experienced employees can affect productivity, erode institutional knowledge, and hinder long-term growth. Recognising the importance of retaining highly trained and skilled personnel, the Company places strong emphasis on safeguarding its workforce to ensure continuity, maintain operational standards, and uphold the quality of its services.

Risk Mitigation Actions

Kotmale has implemented comprehensive recruitment, training, and career development programmes across its business sectors to minimise staff turnover. In-house training is facilitated by the Group's training arm, the Albert A. Page Institute (AAPI), while a clear career succession plan is in place and communicated to employees to support long-term career progression. The Group's philosophy of contributing to national development is instilled among staff, fostering pride in being part of initiatives that benefit the country.

To strengthen retention, Kotmale ensures compensation is aligned with market rates and provides additional support such as hostel facilities, meals, and other fringe benefits. These measures collectively enhance employee satisfaction, reduce attrition, and safeguard the Company's ability to retain skilled professionals.

Risk	2025/26	2024/25	2023/24
Staff Turnover	Medium	Medium	Medium

High Medium Low

Political and Geopolitical Risk

The domestic and geopolitical environment continues to influence business performance. While the local political situation has stabilised over recent years, geopolitical tensions have escalated to their highest levels, with trade wars and armed conflicts disrupting supply chains and creating significant trade uncertainty. These developments highlight the Company's exposure to external risks that may affect operational resilience and long-term growth.

Risk Mitigation Actions

During periods of political instability, the Company adopts a cautious approach to major investments, deferring certain projects until conditions are stabilised. Supply chain resilience, business operations and cost structures were critically analysed, with measures implemented to minimise supply chain interruptions, enhance productivity and reduce wastage. These actions ensured that Kotmale remained agile, resilient, and sustainable, enabling the Company to withstand potential future disruptions arising from political or economic instability.

Risk	2025/26	2024/25	2023/24
Political and Geopolitical Risk	Medium	Medium	High

High Medium Low

Interruptions to Business Operations

Business operations are vulnerable to interruptions arising from fire, natural disasters, pandemics, and strikes, all of which can significantly impact revenue and profitability. Manufacturing facilities, distribution centers, and information system infrastructure are critical components of Kotmale's supply chain and must remain safeguarded and fully functional to ensure continuity.

During the year, Cyclone Ditwah caused operational disruptions, with damage to factory premises, milk collection centers, and distribution points due to flooding. The cyclone and subsequent landslides interrupted the continuous supply of raw materials and disrupted market distribution, highlighting the Company's exposure to infrastructure-related risks in the event of natural disasters.

Risk Mitigation Actions

Kotmale has implemented comprehensive fire safety measures across all locations, with regular inspections and fire drills conducted to ensure preparedness. Contingency plans are in place at major sites to minimise business interruption and protect both property and people in the event of fire or natural disasters.

The Company practices an open-door policy supported by structured grievance-handling procedures, enabling employees to raise concerns or suggest improvements to strengthen operations. In addition, Kotmale's properties and assets are adequately insured, mitigating the financial impact of potential damages caused by fire or natural disasters. These measures collectively enhance resilience and safeguard business continuity.

Risk	2025/26	2024/25	2023/24
Interruptions to Business Operations	!	!	!

! High ! Medium ! Low

Competition

The dairy industry, with its strong growth potential, continues to attract new entrants while encouraging existing players to expand their operations. Government initiatives to develop the sector further create new investment opportunities for both local and foreign participants. This intensifies competitive pressures, posing risks to Kotmale's market share, pricing strategies, and long-term profitability.

Risk Mitigation Actions

To maintain competitive position Company continuously focuses on delivering high-quality products and services at affordable prices, ensuring consumers receive value while the Company sustains margins and profitability. Productivity and efficiency improvements are prioritised to strengthen competitiveness. The Company also monitors the competitive landscape closely, implementing appropriate strategies in pricing, quality, and promotions to maintain its market position and stay ahead of competition.

Risk	2025/26	2024/25	2023/24
Competition	!	!	!

! High ! Medium ! Low

Information Security

Kotmale's IT infrastructure and application systems, which network across multiple locations and store sensitive data, are highly vulnerable to cyber-attacks. The increasing use of digital platforms and heightened concerns over personal data protection necessitate stringent measures to safeguard information security.

Cyber-attacks targeting application systems, networks, or other IT infrastructure can result in severe consequences, including economic costs, reputational damage, and legal liabilities. Potential impacts include data breaches, theft of stakeholders' personal information, loss of critical business information, operational interruptions, and erosion of consumer trust.

Risk Mitigation Actions

Kotmale has developed cyber risk mitigation strategies aligned with the Group Information Security Policy, with continuous monitoring across all operations to enable early detection of threats and minimise business impact. Strict access controls are enforced to safeguard sensitive data and application systems. The Group invests in the latest technologies to protect IT assets, ensuring systems and software are regularly updated with the most advanced security controls.

Employees are continuously trained and made aware of cybersecurity risks through structured programmes that highlight potential impacts and preventive measures. Periodic audits conducted by both internal and external teams provide assurance on the effectiveness of information security controls. Considering the rapid advancement of technology, particularly artificial intelligence, which can be exploited by cybercriminals, the risk rating has been assessed as medium.

Risk	2025/26	2024/25	2023/24
Information Security Breach	!	!	!

! High ! Medium ! Low

Credit Risk

With significant sales growth in recent years, credit risk has become increasingly important for Kotmale. A substantial portion of revenue is generated through sales to distributors, where goods are sold on credit. This exposes the Company to potential defaults if distributors go out of business or delays occur in collecting dues.

However, Kotmale's credit risk is assessed as low, as the majority of credit exposure is secured through bank guarantees. In addition, the Company's history of bad debt write-offs remains minimal compared to overall sales, reflecting strong credit management practices.

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Risk Mitigation Actions

Kotmale appoints new distributors only after a comprehensive evaluation of their operational capabilities and financial strength. To safeguard credit exposure, bank guarantees are obtained from all distributors based on their sales volumes and credit periods, with values enhanced as distributor sales increase.

Rigorous credit control measures are enforced to ensure exposure remains at minimal levels, thereby protecting the Company against defaults and maintaining financial stability. These practices strengthen Kotmale's resilience in managing distributor relationships while sustaining revenue growth.

Risk	2025/26	2024/25	2023/24
Credit Risk	!	!	!

High Medium Low

Funding, Liquidity and Interest Rate Risks

Inability to secure adequate funding for investments or operations could hinder the achievement of strategic objectives. Excessive gearing may also create liquidity concerns, particularly during periods of reduced profitability due to adverse market conditions.

High gearing further increases exposure to interest rate fluctuations, with upward movements potentially raising financing costs. Nevertheless, the Company's risk rating in this area is assessed as low, supported by an improving debt-to-equity ratio over recent years and the current downward trajectory of interest rates.

Risk Mitigation Actions

Kotmale prioritises the use of cash generated from operations to finance investments and working capital requirements, thereby reducing reliance on external borrowings. To ensure funding flexibility, the Company has established banking facilities with all major banks and financial institutions, enabling access to funds at short notice when required.

Loan facilities and interest rates are negotiated centrally by the Group Treasury to secure the most favorable terms, ensuring cost efficiency and minimising exposure to interest rate fluctuations. These measures collectively strengthen Kotmale's liquidity position and safeguard against funding risks.

Risk	2025/26	2024/25	2023/24
Funding, Liquidity and Interest Rate Risk	!	!	!

High Medium Low

Exchange Rate Risk

Kotmale is exposed to foreign exchange rate fluctuations as certain raw and packaging materials, machinery, and equipment are imported. Although the country's exchange rate with major currencies has remained relatively stable for period under review, future volatility is foreseen with the trade war and unstable condition in the West Asia.

Risk Mitigation Actions

Kotmale has taken proactive steps to gradually reduce its dependency on imported raw materials by sourcing locally available alternatives without compromising product quality. This strategy not only mitigates exposure to foreign exchange fluctuations but also supports local industries and strengthens supply chain resilience.

Risk	2025/26	2024/25	2023/24
Foreign Exchange Rate	!	!	!

High Medium Low

Misappropriation and Fraud

Kotmale is vulnerable to misappropriation and fraud risks due to the presence of multiple sales points and the daily procurement of milk across numerous locations. The decentralised nature of these operations increases exposure to potential irregularities in transactions, collections, and procurement processes, which could adversely affect financial integrity and operational efficiency.

Risk Mitigation Actions

Kotmale has digitalised sales and milk procurement processes to ensure transparency and accountability across multiple locations. Internal Audit conducts regular reviews of internal controls and substantive testing to confirm that adequate controls are in place to mitigate fraud and misappropriation risks.

Strong disciplinary and legal action are taken against employees found guilty of fraudulent activities, reinforcing a culture of integrity. The Company also encourages employees and stakeholders to report concerns directly to senior management through its whistleblowing policy, thereby strengthening early detection and response mechanisms.

Risk	2025/26	2024/25	2023/24
Misappropriation and Fraud Risk	!	!	!

High Medium Low

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General Requirements

Basis of Preparation

Reporting Entity

These disclosures present sustainability and climate-related financial information of Kotmale Holdings PLC for the year ended 31 March 2026. The reporting boundary is consistent with that applied in the Company's Consolidated Financial Statements and reflects the Company's operations.

Statement of Compliance

The disclosures have been prepared in accordance with Sri Lanka Financial Reporting Standards (SLFRS) S1 General Requirements

for Disclosure of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures, as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

These Standards are based on those issued by the International Sustainability Standards Board (ISSB). The Group has applied the Standards in the 2025/26 reporting period, including the transitional reliefs permitted by the ISSB and adopted by CA Sri Lanka.

Connectivity

These disclosures form part of the Company's Annual Report and should be read in conjunction with the Consolidated Financial Statements. Sustainability and climate-related risks and opportunities are considered alongside financial performance and position. Where relevant, cross-references are provided to other sections of the Annual Report to support clarity and avoid duplication.

Functional and Presentation Currency

The disclosures are presented in Sri Lankan Rupees (Rs.), which is the Company's functional and presentation currency, consistent with the Consolidated Financial Statements.

Sources of Guidance

In preparing these disclosures, the Company has considered applicable guidance under SLFRS S1 and S2, together with relevant industry-based standards, including Sustainability Accounting Standards Board (SASB) standards relevant to the sectors in which the Group operates.

Assumptions, Judgements and Estimates

The preparation of these disclosures requires the use of assumptions and estimates, particularly in:

- determining the potential financial effects of sustainability
- and climate-related risks and opportunities; and
- selecting appropriate methodologies for measuring
- environmental and operational metrics.

These assumptions are based on currently available information and reflect the Company's current assessment of its operating environment, and may evolve as methodologies and data availability improve.

Transitional Reliefs

As this is the Company's first year of reporting under SLFRS S1 and S2, the Company has applied the transitional reliefs permitted by the ISSB and adopted by CA Sri Lanka.

Accordingly:

- The Company has applied the climate-first transition relief, whereby disclosures for the current reporting period focus on climate-related risks and opportunities in accordance with SLFRS S2, with the requirements of SLFRS S1 applied insofar as they relate to climate-related disclosures;
- Greenhouse gas emissions disclosures currently cover Scope 1 and Scope 2 emissions, while Scope 3 emissions are being assessed and will be disclosed in future periods;
- Certain forward-looking financial effects of climate-related risks are presented qualitatively where measurement uncertainty remains high;
- Formal climate-related scenario analysis has not yet been undertaken, and the Group's current assessment of climate resilience is presented based on available information, existing operational risk assessments and qualitative evaluation; and
- Comparative information about the Company's climate-related risks and opportunities has not been presented in these disclosures.

The Company will progressively enhance the depth and scope of disclosures in future reporting periods as data availability, systems, internal capabilities and methodologies continue to evolve.

Non-adjusting Events After the Reporting Period

There were no material non-adjusting events after the reporting period that have been identified as having a significant impact on the sustainability and climate-related disclosures presented.

Judgements and Uncertainties

Judgements

The preparation of sustainability and climate-related disclosures requires the application of judgement in identifying risks and opportunities that are material to the Company. This includes assessing exposures across the Company's value chain (including milk collection activities from societies, chilling and distribution centres, manufacturing and production facilities and transportation and distribution to customer base) and determining the time horizons over which such risks and opportunities may affect the business.

Measurement Uncertainties

Measurement uncertainty arises primarily due to:

- limitations in data availability across certain operations and value chain activities;
- reliance on standard emission factors and estimation techniques; and
- the evolving nature of methodologies used to assess climate-related impacts.

The Company continues to enhance its data collection processes and measurement approaches to improve the reliability and comparability of disclosures over time.

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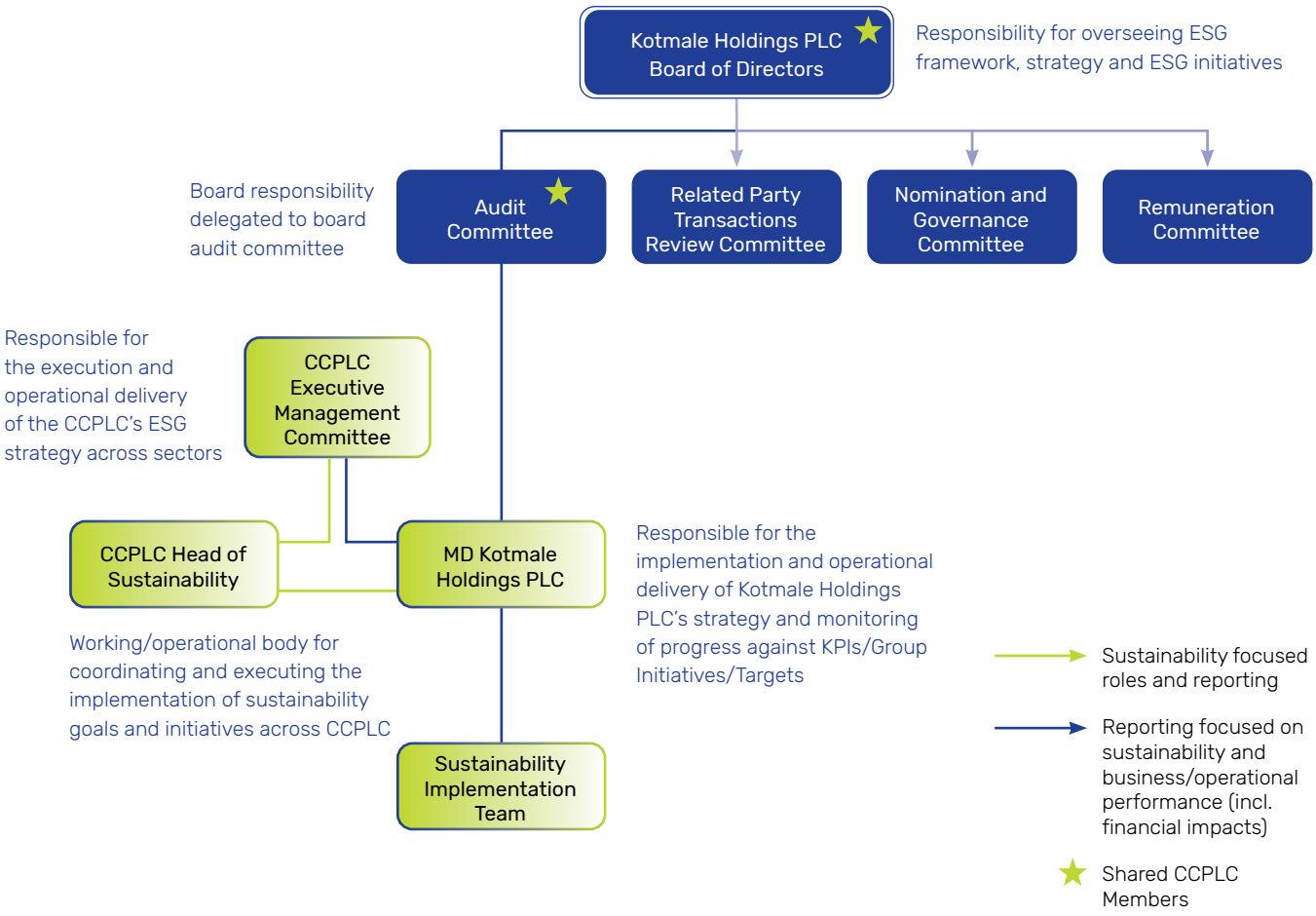
Governance

Introduction to Governance at Kotmale Holdings PLC (KH PLC)

The governance framework at Kotmale Holdings PLC ensures that sustainability and climate-related risks and opportunities (SRROs/CRROs) are addressed at the highest levels of the organisation and embedded into long-term value creation. This structure combines Board oversight, Audit Committee responsibilities, executive leadership, sector-level governance and rigorous internal controls, enabling a coordinated and comprehensive approach to managing sustainability and climate considerations across Kotmale Holdings PLC.

1. Governance and Oversight Structure

The Board of Directors of Kotmale Holdings PLC maintains ultimate oversight of SRROs and CRROs, ensuring that these considerations are embedded within Kotmale Holdings PLC's long-term value creation strategy. Oversight is exercised through a defined delegation framework and supported by structured reporting across the organisation. This governance approach strengthens accountability, promotes transparency, and enables the integration of sustainability and climate priorities into decision-making processes at every level of Kotmale Holdings PLC.



The governance model ensures that sustainability and climate considerations are systematically integrated into Kotmale Holdings PLC's broader operational and corporate governance structures.

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2. Board Responsibilities for Sustainability and Climate-related Matters [SLFRS S2.6 (a)]

The Board of Directors of Kotmale Holdings PLC has ultimate oversight of all material sustainability topics and climate-related considerations, including their implications for strategy, capital allocation and organisational resilience. Progress on SRROs and CRROs is formally reviewed at Kotmale Holdings PLC Board meetings as required.

To ensure effective governance, the Board of Kotmale Holdings PLC has established appropriate structures, controls, systems and internal capabilities that enable timely access to relevant sustainability and climate information.

Information presented to the Board of Kotmale Holdings PLC includes:

- Sustainability initiatives and related targets, reported by the Head of Sustainability of Cargills (Ceylon) PLC (CCPLC) as and when required.
- Progress updates on sustainability initiatives and targets, presented by the Managing Director of Kotmale Holdings PLC as part of the performance review process.

3. Audit Committee Role in Sustainability and Climate Oversight

The Audit Committee of Kotmale Holdings PLC supports the Board by overseeing the effectiveness of sustainability and climate-related governance processes, controls, and reporting. As the designated Board committee responsible for sustainability and climate oversight, the Audit Committee:

- **Reviews strategy** presented by the Kotmale Holdings PLC Managing Director and provides guidance on its development.
- **Recommends final strategy** to the Board for approval.
- **Oversees implementation** by management, including adequacy of controls, data processes, and cross-functional coordination.
- **Ensures risk mitigation** and adaptation plans are in place to address sustainability and climate-related risks (SRRs/CRRs).
- **Ensures opportunity planning** to capture sustainability and climate-related opportunities (SROs/CROs).
- **Reviews policies and frameworks,** initiatives, targets, and metrics prior to Board approval.
- **Monitors integration** and performance against approved policies and frameworks.
- **Reviews internal reports** covering sustainability and climate controls, data quality, risk findings, and recommendations.
- **Oversees stakeholder engagement** processes and ensures the annual materiality assessment remains relevant and decision-useful.
- **Advises on risk appetite** and tolerance in relation to sustainability and climate matters.
- **Ensures alignment** between risk appetite, internal controls, mitigation plans, and organisational capabilities.
- **Reviews external assurance needs** for sustainability and climate disclosures, appointing and monitoring external assurance providers where appropriate.

4. Management Responsibilities, Delegation and Operating Committees

Management is responsible for implementing Kotmale Holdings PLC's sustainability and climate priorities through structured operating arrangements.

- **CCPLC Executive Management Committee** develops the Environmental, Sustainability and Climate (ESC) strategy and ensures its alignment with overall organisational priorities.
- **Kotmale Holdings PLC Managing Director** translates CCPLC-level sustainability and climate priorities into Company-specific plans, annual budgets, and resource allocation decisions. They support the identification of sustainability and climate-related risks and opportunities (SRROs/CRROs), monitor progress against KPIs, targets and company initiatives and escalate material issues through formal reporting channels.
- **Kotmale Holdings PLC Chief Financial Officer** coordinates with departmental heads to ensure accurate climate-related data collection and reporting.
- **CCPLC Head of Sustainability** reviews data presented and evaluates progress on sustainability initiatives in collaboration with the Kotmale Holdings PLC Managing Director, Chief Financial Officer and other management.

5. Controls, Procedures and Information Flows [SLFRS S2.6 (b)]

The Board of Directors maintains oversight of internal controls designed to safeguard the Company's resources and ensure the completeness, accuracy, and reliability of sustainability and climate-related information.

Internal controls include:

- **Integrated data systems** to capture and manage sustainability and climate related information.
- **Internal audit reviews** and risk management oversight to ensure robustness of processes.
- **Standardised methodologies** for data collection and reporting across the Business Units.
- **Defined risk pathways** for identification and escalation of sustainability and climate risks.
- **Cross-functional governance coordination** to ensure alignment across departments.

Information flows are structured to ensure reliability: data is collected at the business unit level, validated by sector leadership, and reviewed through internal reporting mechanisms before being presented to the CCPLC Executive Management Committee (EMC), the Audit Committee, and ultimately to the Board.

6. Information Flow and Frequency of Oversight [SLFRS S2.6 (b)]

Material sustainability and climate-related issues are communicated through structured reporting processes that ensure accountability and timely oversight:

- Sustainability and climate related strategic initiatives, KPIs and progress on ESG initiatives are presented by the Managing Director to CCPLC Executive Management Committee as a part of monthly operational review.
- Material SRROs and CRROs are reported to the Audit Committee biannually during the ERM presentation. Audit Committee reviews of SRROs and CRROs are escalated to the Board as required
- Regular reporting includes ERM risk registers, performance reports, and updates on regulatory changes.
- Board oversight covers strategic proposals, material risks, and major commitments informed by these reporting processes.

This structured flow ensures timely decision-making and effective oversight at every governance layer. Attendance records of the Audit Committee and other supporting bodies demonstrate active engagement and reinforce accountability within the governance framework.

7. Skills, Competencies and Training [SLFRS S2.6 (a)]

The Board and its committees collectively bring together a diverse set of skills spanning finance, strategy, risk management, governance, operations, climate change, human rights, technology, and regulatory expertise.

Skills and competencies are continuously monitored to ensure alignment with evolving governance needs. To further strengthen capabilities, the Company plans to conduct sustainability training for the Board of Directors and Board Committee members, commencing from the forthcoming financial year.

8. Integration into Strategy, Risk and Key Decisions [SLFRS S2.6 (a)]

Sustainability and climate considerations are embedded into the Company's strategic planning, major transactions, capital allocation, and investment decisions. The Board provides direction on significant commitments, informed by executive proposals that incorporate stakeholder impact analysis, cost implications, data-driven insights, and mitigation options.

The Audit Committee ensures alignment with the enterprise risk management framework, while management evaluates emerging sustainability and climate-related risks, including potential impacts on costs, asset resilience, and long-term performance.

Further details on how SRROs and CRROs are integrated into strategy, risk management, and major decision-making processes at Kotmale Holdings PLC – including associated trade-offs – are provided in the Risk Management and Strategy sections on pages 36 and 42.

9. Targets, Monitoring and Remuneration [SLFRS S2.6 (a)]

The Board oversees the development of sustainability and climate targets for material topics and monitors progress over time.

At present, remuneration is not linked to sustainability or climate-related performance metrics. However, the management will explore the integration of sustainability and climate considerations into remunerations frameworks in future, as these practices continue to evolve.

10. Governance Documents and Role Definitions [SLFRS S2.6 (a)]

Kotmale Holdings PLC maintains and periodically updates key governance documents – including the Board Charter and Audit Committee Terms of Reference and role descriptions – to reflect responsibilities for oversight, target setting, monitoring, and escalation of sustainability and climate-related matters.

These documents formalise roles and responsibilities, ensuring that governance structures remain aligned with evolving expectations and best practices.

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Strategy

Materiality Process and Sustainability/Climate-Related Risks and Opportunities

During the reporting year, Cargills (Ceylon) PLC refined its materiality approach to identify sustainability and climate related risks and opportunities (S/CRROs) that could reasonably be expected to affect the Company's financial performance, financial position, cash flows, access to finance and cost of capital. In alignment with SLFRS S1 and S2 requirements, CCPLC applied a financial materiality lens to determine disclosures relevant to primary users of general purpose financial reports.

The assessment incorporated:

- structured stakeholder engagement surveys;
- peer benchmarking across the dairy sector;
- analysis of value chain impacts and dependencies; and
- reference to the following SASB industry based standards for the dairy sector
  - Processed foods
  - Meat, poultry and dairy

Final CRROs emerging from this assessment were assessed for relevance to Kotmale Holdings PLC, reviewed by management and approved by the Board as part of the Annual Report sign off process.

Mapping of Impacts, Dependencies, and Affected Value Chain Areas

The Company mapped relevant resource use, dependencies and potential impacts across the dairy value chain, covering:

- Upstream (e.g. milk collection activities from societies)
- Own Operations (e.g. chilling and distribution centres, manufacturing and production facilities)
- Downstream (e.g. transportation and distribution to customer base)

This mapping supported the identification of acute and chronic physical climate risks and sector specific sensitivities across Kotmale's operational footprint.

Time Horizons Applied [SLFRS S1.29 (a), 30]

We define our time horizons applied to material SRROs and CRROs below, aligning with the Kotmale Holdings PLC strategy and capital allocation cycles:

- Short-term: 0–2 years
- Medium-term: 2–10 years
- Long-term: 10+ years

These horizons are used to assess the expected timing and magnitude of SRRO/CRRO-related effects.

Key Climate-Related Risks

Risk/Opportunity

1. Extreme Weather Disruptions Affecting Sourcing of milk and supply chain

Classification: Climate-related risk (Acute)

Time Horizon: Short-term

Description

Extreme weather events, including floods, heavy rainfall, and drought conditions, can disrupt both milk collection and the broader supply chain. Such events may affect the availability and quality of raw milk, while also causing accessibility and transportation challenges that hinder the inbound movement of raw materials (including milk) and the outbound distribution of finished goods. These disruptions can lead to delays in production, reduced product availability in the market, increased operating costs, and short-term instability in revenue streams. As milk is the most important ingredient across the Company's product portfolio, any significant disruption to its supply or logistics network may create short-term instability in product availability and revenue stream.

Value Chain Exposure and Risk Manifestation

Upstream: Disruptions to milk collection, shortages of other raw materials and packaging materials, and disruptions to the wider supply chain may reduce the Company's ability to source the required quantity and quality of inputs for production. Supply constraints and logistical challenges may also lead to increased procurement costs, including higher milk prices and prices of other key materials.

Own Operations: Reduced availability or compromised quality of milk, other raw materials, and packaging materials may disrupt production schedules, affect product quality and create inconsistencies in inventory outflow.

Downstream: Disruptions to transportation and distribution networks may affect the timely delivery of finished goods to customers and markets. Reduced product availability can negatively impact customer satisfaction and loyalty, resulting in potential loss of market share and revenue.

Financial Effects

Current financial effects	Anticipated financial effects
• **Financial performance:** Loss of revenue and increase in cost of production due to increasing input material price (including milk) and short supply of products to the market which ultimately affect profitability. Increase in operating costs due to the need to secure alternative storage facilities for raw materials, packaging materials, and finished goods	• **Financial performance:** Greater volatility in revenue and profitability during disruption periods Increase in interest costs resulting from the capital investment required to relocate a manufacturing facility currently located in a high flood-risk area
• **Cash flows:** Negative impact on the cash flow due to loss of revenue and increase in cost of production	• **Cash flows:** Investment in a new manufacturing facility will affect cash flows in the short-medium term
• **Financial position:** Drop in revenue and increase in cost of production have an adverse impact on working capital and net borrowings	• **Financial position:** Long-term financial position is not significantly affected by short-term impacts however, the investment in a new manufacturing facility is expected to increase short- to medium-term borrowings due to the financing required for the project
• **Cost of capital:** No material impact currently identified	• **Cost of capital:** Additional borrowings will increase the cost of capital in the short-medium term

Strategic Response

The Company continues to strengthen its resilience to weather-related disruptions through the expansion of milk collection centres across different geographical locations, fostering long-term relationships with farmers through continuous milk procurement at competitive market prices, and providing training and other support initiatives. In addition, the Company mitigates broader supply chain risks by establishing alternative storage facilities for raw materials and finished goods in different geographical locations. Plans are also underway to relocate a manufacturing facility currently exposed to a high risk of flooding, with the aim of enhancing operational resilience and minimising potential business disruptions. These measures help reduce the impact of localised disruptions, improve supply continuity, and support uninterrupted distribution of products to the market.

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Risk/Opportunity

2. Rising Temperatures Affecting Cold Chain and Temperature-Controlled Logistics

Classification: Climate-related risk (Chronic)

Time Horizon: Medium to Long-term

Description

The Company's operations depend heavily on temperature-controlled storage and transportation systems to preserve the quality, safety, and shelf life of milk, raw materials, and finished goods. Rising ambient temperatures associated with climate change increase the demand on chilling centres, cold storage facilities, refrigerated vehicles, and production environments across the value chain. Sustained higher temperatures may reduce the efficiency of cold chain infrastructure, increase energy consumption, and place additional strain on refrigeration equipment. Failure to consistently maintain required temperature conditions may compromise product quality, increase spoilage, and disrupt product availability in the market.

Value Chain Exposure and Risk Manifestation

Upstream: Higher temperatures increase cooling requirements at milk collection and chilling centres and during transportation of milk and temperature-sensitive raw materials. Increased strain on refrigeration systems may affect product quality and increase operating costs.

Own Operations: Rising temperatures increase energy demand for refrigeration, cold storage, and temperature-controlled production environments. Increased equipment utilisation may accelerate wear and tear, potentially leading to higher maintenance requirements and reduced operational efficiency.

Downstream: Elevated temperatures increase cooling requirements during storage and downstream distribution of chilled and frozen products. Maintaining product quality throughout the distribution network may require additional energy consumption and investment in temperature-controlled logistics.

Financial Effects

Current financial effects	Anticipated financial effects
• **Financial performance:** No material impact currently identified	• **Financial performance:** Increased operating costs due to higher energy consumption required to maintain optimal temperatures across cold storage facilities and temperature-controlled transportation operations.
• **Cash flows:** No material impact currently identified	• **Cash flows:** Higher operating cash outflows arising from increased expenditure on electricity and fuel required to maintain cold chain efficiency.
• **Financial position:** No material impact currently identified	• **Financial position:** Additional capital investment may be required in energy-efficient machinery, refrigeration equipment and related research and development initiatives aimed at improving operational efficiency and reducing energy consumption.
• **Cost of capital:** No material impact currently identified	• **Cost of capital:** No material impact currently anticipated.

Strategic Response

As this risk was identified during the reporting year, the Company is currently assessing its potential operational and financial implications across cold storage facilities and temperature-controlled logistics operations. The Company is in the process of developing appropriate mitigation and adaptation strategies to address the potential impacts of rising temperatures. The effectiveness of these measures will be monitored and refined as the Company's understanding of the risk evolves.

Key Climate-Related Opportunities

Following an assessment of climate-related risks and opportunities across the Company's value chain, no material climate-related opportunities were identified during the reporting year. While the Company continues to monitor emerging developments related to climate, and sustainability-related matters, none were assessed to have a significant financial or strategic impact on the business within the current reporting period.

The Company will continue to review climate-related opportunities as part of its ongoing risk management and strategic planning processes and will reassess their potential impacts as regulatory requirements, market conditions and climate-related developments evolve.

Trade-offs Considered in Strategic Decision-Making

In responding to sustainability, and climate-related risks and opportunities, Kotmale Holdings PLC in line with Cargills Ceylon PLC considers trade-offs between operational efficiency, cost management, and long-term resilience across its value chain. These include:

- Managing input cost pressures while maintaining affordable pricing for consumers;
- Prioritising investments in infrastructure, logistics, and energy systems to enhance long-term efficiency and reliability; and
- Balancing short-term operational performance with longer-term initiatives aimed at improving supply chain stability, resource efficiency, and product quality.

Kotmale Holdings PLC evaluates these trade-offs within its broader strategic planning processes, ensuring that decisions support both immediate operational requirements and sustained long-term value creation.

Integration of SRRO/CRROs into Strategy, Investment, and Funding [SLFRS S1.35]

Sustainability, and climate-related risks and opportunities are integrated into strategic decision-making, influencing capital allocation, operational planning and long-term resilience.

Distribution operations are being enhanced through the adoption of eutectic body vehicles (investment value exceeding Rs. 21 Mn. during 25/26), and the planned implementation of a Transport Management System (TMS) in 2026/27, which is expected to reduce fuel consumption by approximately 10–15%. Refrigeration assets have been progressively upgraded to lower global warming potential refrigerants. The Company also continues to transition towards more sustainable packaging solutions and a zero-waste-to-landfill approach for internally generated waste, complemented by community-based beach clean-up initiatives.

As part of its climate resilience strategy, the Company has identified alternative storage facilities for cheese, to mitigate acute physical climate risks and enhance supply chain resilience.

To date, climate and sustainability initiatives have been funded through internally generated resources.

Climate Resilience [SLFRS S1.29(e), 41]

Kotmale Holdings PLC applies transition relief for full climate resilience disclosures in the 2025/26 reporting period. Future reports will incorporate climate related scenario analysis across operational and value chain boundaries, assessing resilience under multiple plausible climate futures (e.g., high warming and low warming pathways).

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Risk Management

Overview

The risk management framework at Kotmale Holdings PLC integrates sustainability and climate-related risks and opportunities into Kotmale Holdings PLC's Enterprise Risk Management (ERM) processes in line with CCPLC's broader ERM processes. This approach reflects global best practices, with structured processes for identifying, assessing, prioritising, managing, and monitoring risks across all levels of the organisation.

These processes are embedded within the governance cascade — comprising the Board of Directors and Audit Committee of Kotmale Holdings PLC as well as the Cargills (Ceylon) PLC (CCPLC) Group Risk Committee, CCPLC Executive Management Committee (EMC), sector committees and operating management. This ensures that sustainability and climate considerations are progressively incorporated into decision-making and risk oversight at every governance layer [SLFRS S2.25 (c)].

1. Governance and Responsibilities in Risk Management [SLFRS S2.25 (c)]

The Board of Directors of Kotmale Holdings PLC holds ultimate oversight of risk management, including sustainability and climate-related exposures, ensuring that risk insights inform long-term value creation and strategic decision-making.

- The Audit Committee of Kotmale Holdings PLC reviews the risk profile of the business biannually, incorporating sustainability and climate issues into its oversight of internal controls and mitigation plans. Material sustainability and climate-related risks (SRROs/CRROs) are escalated to the Board when strategic decisions or resource allocations are required.
- The CCPLC Group Risk and Compliance Department maintains the risk management framework, ensures methodological consistency, and leads capacity building for risk identification and assessment across the Group. Together with the Managing Director of Kotmale Holdings PLC (MD), the Group Chief Risk Officer (GCRO) reviews the reports and presentations prior to submission to the Audit Committee of Kotmale Holdings PLC to ensure accuracy and completeness.
- Operational review meetings and dairy sector Risk Committee meetings regularly address risks, including SRROs and CRROs embedding relevant considerations into agendas.
- At the operational level, Business Units and Line Managers identify emerging risks, develop mitigation actions, and escalate issues through standard reporting pathways.

This governance structure ensures that sustainability and climate-related risks are systematically integrated into risk management processes, reinforcing resilience and accountability across all levels of the organisation.

2. Risk and Opportunity Identification [SLFRS S2.25 (a)]

Risk identification begins at the business unit level and follows a consistent methodology overseen by the CCPLC Group Risk and Compliance Department. The process includes:

- Value chain mapping across upstream activities (e.g. milk collection activities from societies), own operations (e.g. chilling and distribution centres, manufacturing and production facilities), and downstream processes (e.g. transportation and distribution to customer base) to identify operational, market, regulatory, and environmental exposures.
- Identification of material SRRs and CRRs (such as climate physical acute risks).
- Consideration of internal and external signals, such as CCPLC Dairy Sector Risk Committee insights, supplier discussions, community and customer feedback and regulatory and market changes.
- Top down prompts from the CCPLC GCRO, CCPLC Group Risk and Compliance Department and Kotmale Holdings PLC MD, to ensure comprehensive coverage across all business operations.

Identified risks are documented in risk register and appropriate actions are taken to mitigate the impact as appropriate.

Sustainability and climate-related opportunities are not currently captured in a standalone register. Instead, they are highlighted within presentations as part of broader risk mitigation and adaptation strategy discussions — particularly in areas such as local sourcing, circular packaging, and renewable energy. At present, Kotmale Holdings PLC does not employ climate-related scenario analysis to inform the identification of opportunities.

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3. Assessment and Prioritisation [SLFRS S2.25 (a)]

Risk assessment within Kotmale Holdings PLC is primarily qualitative and judgment-based, reflecting current data limitations in emerging sustainability and climate metrics. All risks - business, sustainability, and climate - are evaluated within the same Enterprise Risk Management (ERM) framework to ensure comparability and consistency.

Assessment considers:

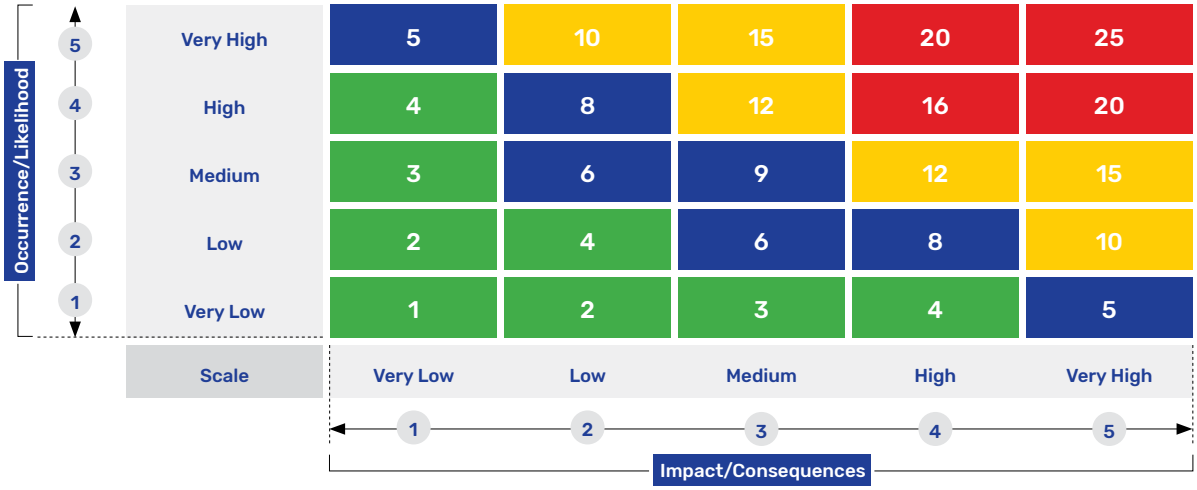
- Likelihood of occurrence.
- Severity of impact, including potential effects on operations, supply security, revenue, brand, and compliance.
- Time horizons, as defined in the strategy section.
- Cross-sector relevance and potential cascading effects.
- Judgement-based materiality, with quantitative thresholds currently under development.

4. Management and Monitoring [SLFRS S2.25 (b)]

Mitigation plans for sustainability and climate-related risks and opportunities (SRROs/CRROs) are developed and encompass operational, procedural, and engagement strategies. These may include:

- Energy efficiency enhancements to reduce consumption and emissions.
- Supplier diversification and improved traceability to strengthen resilience.
- Packaging adjustments and compliance process improvements.
- Emergency response planning and strengthened business continuity measures.
- Stakeholder engagement to improve situational awareness and organisational resilience.

Risks deemed material to Kotmale Holdings PLC or with potential multi-sector impacts across CCPLC are escalated to the Kotmale Holdings PLC Audit Committee and the CCPLC EMC for further oversight.



Kotmale Holdings PLC is in the process of defining risk appetite and tolerance thresholds specifically for sustainability and climate-related matters. At present, decisions rely on qualitative assessment and the collective judgement of leadership, including but not limited to the CCPLC GCRO, and the Kotmale Holdings PLC Audit Committee.

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Monitoring occurs through structured governance processes:

- Monthly operational reviews, monthly CCPLC EMC meetings, and CCPLC Dairy Sector Risk Committee meetings.
- Biannual presentation for Kotmale Holdings PLC Audit Committee oversight.
- Ad hoc escalations based on severity and the emergency of the risk identified.
- Emerging KRIs, such as energy usage patterns, applied where data is available.

Kotmale Holdings PLC recognises the need to expand and strengthen Key Risk Indicators (KRIs) over time to enhance monitoring and ensure sustainability and climate-related risks are managed with increasing precision and accountability.

5. Opportunities: Evaluation and Integration [SLFRS S2.25 (b)]

Although sustainability and climate-related opportunities are not captured in a standalone register, they are identified through the overall risk assessment process and leadership discussions. Examples include initiatives in renewable energy adoption, circular packaging, local sourcing, and supply chain resilience.

Progress on these opportunities is monitored through:

- Monthly performance reviews.
- CCPLC Dairy Sector Risk Committee meetings.
- Half-yearly presentations to the Kotmale Holdings PLC and CCPLC Audit Committee members.

Opportunities are evaluated based on potential benefit, feasibility, time horizon, strategic fit, and sensitivity to external trends. High-potential areas are included in sector presentations to the CCPLC EMC and Board of Directors, enabling integration into capital allocation, innovation, and operational efficiency discussions.

6. Integration with ERM and Strategy [SLFRS S2.25 (c)]

Sustainability and climate-related risks and opportunities are increasingly woven into Kotmale's Enterprise Risk Management (ERM) cycle. Risks and opportunities identified flow through the Kotmale Holdings PLC MD, CCPLC EMC and the Kotmale Holdings PLC Audit Committee to the Board of Directors, informing strategic decision-making.

This integration ensures that risk considerations shape capital allocation, portfolio resilience, operational investments, and long-term planning.

7. Developments during the Reporting Period [SLFRS S2.25 (a)]

During the year, Kotmale strengthened its risk management processes by:

- Broadening agendas of monthly operational review and CCPLC Dairy Sector Risk committee meetings to explicitly include sustainability and climate considerations.
- Enhancing stakeholder engagement at the CCPLC dairy sector level to support identification and prioritisation of sustainability and climate-related matters.

These developments have deepened the integration of sustainability and climate-related insight into overall risk management oversight, reinforcing resilience and accountability across the Organisation.

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Metrics and Targets

Overview

Kotmale Holdings PLC discloses sustainability and climate-related metrics to support an assessment of how it manages and monitors sustainability and climate-related risks and opportunities across its operations and value chain. These metrics are aligned to the areas of exposure identified in the Strategy and Risk Management sections, including energy use, greenhouse gas emissions, water management, waste, supply chain resilience, food safety, product integrity, packaging, labour practices and data security.

Given the diversified nature of the Group's operations, metrics are presented using a combination of Group-level disclosures, segment-level disclosures and industry-based metrics, where relevant. Detailed industry-based metrics are presented in the SASB Metrics Tables on page 53.

Basis of Measurement

Sustainability and climate-related metrics have been prepared using data collected from Kotmale Holdings PLC operations. The reporting boundary is aligned with the Kotmale Holdings PLC financial reporting boundary unless otherwise stated.

Certain metrics involve estimates, assumptions, boundary limitations or partial data coverage, particularly where data collection processes are still being strengthened across operations and value chain activities. Where a metric has been reported using a limited boundary, or where data was not available for the current reporting period, this has been disclosed in the relevant metric note or SASB table.

Cross-Industry Climate Metrics

GHG Emissions [SLFRS S2.29(a)]

Measurement Approach

Scope 1

Kotmale Holdings PLC measures Scope 1 greenhouse gas (GHG) emissions arising from direct emissions from sources owned or controlled by the Company. Measurement includes:

- Fuel consumption from generators
- Fuel consumption from owned and controlled vehicle fleets

These represent the primary direct emission sources within the organisational boundary.

Scope 2

Scope 2 emissions are calculated using purchased electricity consumption across facilities. Kotmale Holdings PLC applies the location-based method to quantify indirect emissions from electricity delivered through the national grid.

Scope 3

For the current reporting period, Kotmale Holdings PLC has applied the transition relief to initially report Scope 1 and Scope 2 emissions in its first year of SLFRS S1 and S2 application. Kotmale Holdings PLC is in the process of compiling emissions-related data for Scope 3 emission categories based on data availability and business relevance, with reference to the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

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Carbon Footprint by Scope and Category

Scope of GHG Emissions	2025/26 (tCO_2e)	2024/25 (tCO_2e)
Scope 1	3,972	1,412
Scope 1 – Other Investees	N/A	N/A
Scope 2 – location-based	1,585	2,021
Scope 2 – Other Investees, location-based	N/A	N/A
Total GHG Emissions	5,557	3,433

Inputs

Scope 1: Emissions are calculated using diesel, gas and furnace oil

Scope 2: Emissions are calculated using electricity consumption

Assumptions

Kotmale Holdings PLC applies reasonable and supportable assumptions aligned with SLFRS S1 and S2, including:

- Standardised fuel-use emission factors
- Sri Lanka grid emission factors

The selected measurement approach reflects Kotmale Holdings PLC material emission sources and supports consistent, verifiable and decision-useful quantification using available operational data. Kotmale Holdings PLC will disclose any material changes made to the measurement approach, inputs and assumptions during the reporting period, together with the reasons for such changes, where applicable.

Other Cross-Industry Climate Metrics [SLFRS S2.29(b)–(g)]

Kotmale Holdings PLC is in the process of compiling data in relation to the amount and percentage of assets and business activities vulnerable to the following:

- Climate-related physical risks
- Climate-related transition risks
- Climate-related opportunities

Kotmale Holdings PLC is also in the process of quantifying the amount of capital expenditure, financing and investment deployed towards climate-related risks and opportunities.

During the 2025/26 reporting period, Kotmale Holdings PLC had not implemented an internal carbon pricing mechanism and does not currently apply a carbon price in decision-making, including investment decisions, transfer pricing or scenario analysis [SLFRS S2.29 (f)].

Remuneration [SLFRS S2.29(b)–(g)]

At present, climate-related considerations are not factored into executive remuneration. However, the management will explore the integration of sustainability and climate considerations into remunerations frameworks in future, as these practices continue to evolve.

Industry-based Metrics [SLFRS S2.32]

Kotmale Holdings PLC provides SASB indexes over page 53 for the applicable industry standards of Meat, Poultry and Dairy, and Processed Foods, [SLFRS S1.59 (a-b)].

Industry-based Metrics

Kotmale Holdings PLC has considered relevant industry-based standards issued by the Sustainability Accounting Standards Board (SASB) in determining the metrics disclosed. the relevant SASB standards considered include Meat, Poultry and Dairy and Processed Foods.

The detailed SASB Metrics Tables provide metric-level disclosures by relevant business segment, including quantitative data, qualitative explanations, reporting boundaries and notes on unavailable or partially available data. These tables cover areas such as energy, water, greenhouse gas emissions, food safety, health and nutrition, animal welfare, product labelling and marketing and packaging lifecylce management.

Where a SASB metric was not applicable to Kotmale Holdings PLC operations, or where complete data was not available for FY2025/26, this has been indicated in the relevant table. Kotmale Holdings PLC will continue to strengthen data collection and monitoring processes to improve the completeness and comparability of industry-based disclosures in future reporting periods.

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Targets

Kotmale Holdings PLC is in the process of formalising measurable and time-bound sustainability and climate-related targets aligned with its operational priorities, risk profile and long-term strategy. Current focus areas include improving energy efficiency, renewable energy use, strengthening supply chain resilience, improving data quality, reducing resource intensity and enhancing operational efficiency across the Group.

Formal Scope 1 and Scope 2 emissions reduction targets have not yet been established for the current reporting period. However, the Kotmale Holdings PLC continues to monitor emissions performance and strengthen emissions management through energy efficiency initiatives, fuel monitoring and facility-level carbon footprint monitoring.

As baseline data, reporting systems and measurement methodologies continue to mature, Kotmale Holdings PLC intends to progressively develop more specific targets and related performance indicators. Once such targets are finalised, Kotmale Holdings PLC will evaluate appropriate mechanisms for monitoring progress, reporting performance and linking targets to management oversight processes.

Limitations and Future Development

As this is the Group's first year of reporting under SLFRS S1 and S2, certain limitations apply to the metrics disclosed. These include partial data coverage across certain operations and value chain activities, the use of estimates or assumptions for selected metrics, and the ongoing development of systems required to support more comprehensive and consistent reporting.

Kotmale Holdings PLC is actively working to address these limitations by strengthening data collection processes, improving internal controls over sustainability-related information, enhancing system integration and expanding coverage across additional areas of the value chain. Future reporting periods are expected to benefit from improved data completeness, stronger boundary definitions, more consistent methodologies and deeper alignment with evolving SLFRS S1, SLFRS S2 and industry-based disclosure requirements.

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Detailed SASB Metrics Tables

Sustainability Accounting Standards Board Disclosures 2025/26

Processed Foods Segment

Topic	Metric	Code	Unit of Measure
Energy Management	**1. Total energy consumed**	FB-PF-130a.1	Gigajoules (GJ)
	2. Percentage of grid electricity		Percentage (%)
	3. Percentage of renewable energy		Percentage (%)
Water Management	**1. Total water withdrawn**	FB-PF-140a.1	Thousand cubic metres (m^3)
	Water withdrawn in Water Stress Areas (classified by the WRI's Water Risk Atlas tool)		Thousand cubic metres (m^3)
	Water withdrawn in Water Stress Areas (classified by the WRI's Water Risk Atlas tool)		Percentage (%)
	2. Total water consumed		Thousand cubic metres (m^3)
	Water consumed in Water Stress Areas (classified by the WRI's Water Risk Atlas tool)		Thousand cubic metres (m^3)
	Water consumed in Water Stress Areas (classified by the WRI's Water Risk Atlas tool)		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
Food Safety	Global Food Safety Initiative (GFSI) Audit non-conformance rates for major non-conformances	FB-PF-250a.1	Rate
	Global Food Safety Initiative (GFSI) Audit non-conformance rates for minor non-conformances		Rate
	Global Food Safety Initiative (GFSI) Audit associated corrective action for major non-conformances		Rate
	Global Food Safety Initiative (GFSI) Audit associated corrective action for minor non-conformances		Rate
	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 (%)
	Total number of notices of food safety violations received	FB-PF-250a.3	Number
	Percentage corrected		Percentage (%)
	Number of recalls issued	FB-PF-250a.4	Number
	Total amount of food product recalled		Metric tonnes (t)
Health and Nutrition	Revenue from products labelled or marketed to promote health and nutrition attributes	FB-PF-260a.1	Presentation currency
	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

	Kotmlae Holdings PLC
	40,206
	46
	–
	66,398
	–
	–
	66,398
	–
	–
	–
Based on the WRI Water Risk Atlas tool, the Company's current water withdrawals are not from areas classified as having extremely high, or high water stress. Accordingly, water supply risk is currently considered limited. Nevertheless, the Company maintains access to alternative approved water sources from different locations to mitigate potential supply constraints during dry periods.	
N/A – the Company conforms to and is managed by the ISO 22000:2018 Food Safety Management System.	
Complete records are not available during FY2025/26 on the classification of suppliers by availability or non-availability of GFSI certification. As a result, the required information is not available for disclosure for the current reporting period. The Company is actively strengthening its supplier data management processes to support enhanced disclosure completeness in subsequent reporting periods.	
	–
	–
	–
	–
	Confidential
The management of products and ingredients associated with nutritional and health-related consumer concerns is done by monitoring consumer trends, scientific developments, regulatory requirements and emerging public health priorities. Where relevant, product nutritional profiles and ingredient composition are assessed, with quality and safety testing conducted to identify potential concerns relating to sugar, sodium, allergens, artificial additives and other ingredients. The Company also evaluates opportunities for reformulation, strengthens supply chain controls, and supports transparent labelling and communication to protect consumer health, maintain regulatory compliance and reinforce consumer trust.	

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Topic	Metric	Code	Unit of Measure
Product Labelling and Marketing	**1. Advertising impressions made on children**	FB-PF-270a.1	Percentage (%)
	2. Advertising impressions made on children promoting products that meet applicable dietary guidelines for children		Percentage (%)
	1. Revenue from products labelled as containing genetically modified organisms (GMOs)	FB-PF-270a.2	Presentation currency
	2. Revenue from products labelled as non-GMO		Presentation currency
	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 marketing or labelling practices	FB-PF-270a.4	Presentation currency
Packaging Life Cycle Management	**1. Total weight of packaging**	FB-PF-410a.1	Metric tonnes (t)
	2. Packaging made from recycled or renewable materials		Percentage (%)
	3. Packaging that is recyclable, reusable, or compostable		Percentage (%)
	Discussion of strategies to reduce the environmental impact of packaging throughout its life cycle	FB-PF-410a.2	N/A
Environmental and Social Impacts of Ingredient Supply Chain	Percentage of food ingredients sourced that are certified to third party environmental or social standards, and percentages by standard	FB-PF-430a.1	Percentage (%)
	Suppliers' social and environmental responsibility audit	FB-PF-430a.2	
	1. Non-conformance rate for major non-conformances		
	Non-conformance rate for minor non-conformances		
	2. Associated corrective action rate for major non-conformances		
	Associated corrective action rate for minor non-conformances		
Ingredient Sourcing	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	FB-PF-440a.1	Percentage (%)
	List of priority food ingredients and discussion of sourcing risks related to environmental and social considerations	FB-PF-440a.2	N/A

	Kotmlae Holdings PLC
There is currently no system in place to track advertising impressions or reach among children. Our marketing activities are guided by applicable regulations (Sri Lanka's Food Act No. 26 of 1980) and responsible advertising principles.	
	Confidential
	–
	–
	504
	–
	100
The environmental footprint of packaging is managed by the use of sustainable packaging materials, optimising design, building partnerships with like-minded organisations to reinforce Extended Producer Responsibility and enhance collection and recycling.	
The Company does not have complete data available for FY2025/26 for this disclosure, as a formal mechanism to record the required information was not in place during the reporting period. The Company is in the process of establishing the necessary data collection, monitoring and record-keeping processes to support more complete disclosure in subsequent reporting periods.	
The Company does not have complete data available for FY2025/26 for this disclosure, as a formal mechanism to record the required information was not in place during the reporting period. The Company is in the process of establishing the necessary data collection, monitoring and record-keeping processes to support more complete disclosure in subsequent reporting periods.	
Priority ingredient being fresh milk, is exposed to climate-related risks that may affect availability, quality and supply continuity. The Company manages these risks through diversification of milk collection locations to reduce dependence on specific souring areas, ongoing engagement with dairy farmers and farmer awareness and training programmes focused on building resilience to climate-related impacts.	

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Meat, Poultry and Dairy

Topic	Metric	Code	Unit of Measure	Kotmale Dairy Products
Greenhouse Gas Emissions	Gross global Scope 1 emissions	FB-MP-110a.1	Metric tonnes (t) CO_2-e	3,972
	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 Company manages Scope 1 emissions primarily through the monitoring of direct emissions arising from fuel used in generators and vehicle fleets, supported by greenhouse gas monitoring across facilities. Formal Scope 1 emissions reduction targets are being progressively developed as data systems and measurement processes mature. In the interim, the Company continues to strengthen emissions management through energy efficiency initiatives, and facility-level carbon footprint monitoring.
Energy Management	**1. Total energy consumed**	FB-MP-130a.1	Gigajoules (GJ)	40,206
	2. Percentage of grid electricity		Percentage (%)	46
	3. Percentage of renewable energy		Percentage (%)	–
Water Management	**1. Total water withdrawn**	FB-MP-140a.1	Thousand cubic metres (m^3)	66,398
	Water withdrawn in Water Stress Areas (classified by the WRI's Water Risk Atlas tool)		Thousand cubic metres (m^3)	–
	Water withdrawn in Water Stress Areas (classified by the WRI's Water Risk Atlas tool)		Percentage (%)	–
	2. Total water consumed		Thousand cubic metres (m^3)	66,398
	Water consumed in Water Stress Areas (classified by the WRI's Water Risk Atlas tool)		Thousand cubic metres (m^3)	Based on the WRI Water Risk Atlas tool, the current water withdrawals of the facilities are not in areas classified as having extremely high, or high-water stress. Accordingly, water supply risk, although considered limited, may be affected by changing rainfall patterns and potential climate-related impacts.
	Water consumed in Water Stress Areas (classified by the WRI's Water Risk Atlas tool)		Percentage (%)	
	Description of water management risks and discussion of strategies and practices to mitigate those risks	FB-MP-140a.2	N/A	The Company implements practices aimed at increasing water efficiency, monitoring water withdrawal and consumption, optimising operational processes and implementing water conservation initiatives
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	FB-MP-140a.3	Number	–

Topic	Metric	Code	Unit of Measure	Kotmale Dairy Products
Land Use and Ecological Impacts	Amount of animal litter and manure generated	FB-MP-160a.1	Metric tonnes (t)	This metric is not directly applicable as the Company does not manage or operate its own farms. Sourcing is done from approximately 15,000 farmers, most of whom are organised into farmer societies, and do not currently maintain a formal mechanism to record farmer-level animal litter and manure generated during the reporting period.
	Amount of manure managed under a Nutrient Management Plan (NMP)		Metric tonnes (t)	
	Percentage of facilities implementing a Nutrient Management Plan (NMP)		Percentage (%)	
	Percentage of Pasture and Grazing Land Managed to Conservation Plan Criteria	FB-MP-160a.2	Percentage (%)	
	Animal protein production from confined animal feeding operations	FB-MP-160a.3	Metric tonnes (t)	
Food Safety	**1. Non-conformance rates**	FB-MP-250a.1	Rate	N/A – the Company conforms to and is managed by the ISO 22000:2018 Food Safety Management System.
	Major non-conformance rate		Rate	
	Minor non-conformance rate		Rate	
	2. Associated corrective action rate		Rate	
	Major corrective action rate		Rate	
	Minor corrective action rate		Rate	
	Percentage of Certified Supplier Facilities	FB-MP-250a.2	Percentage (%)	53
	1. Number of recalls issued	FB-MP-250a.3	Number	–
	2. Total weight of products recalled		Metric tonnes (t)	–
	Discussion of markets that ban imports of the entity's products	FB-MP-250a.4	N/A	N/A
Antibiotic Use in Animal Production	**1. Percentage of animal production receiving medically important antibiotics**	FB-MP-260a.1	Percentage (%)	N/A
	2. Percentage of animal production receiving not medically important antibiotics		Percentage (%)	

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Topic	Metric	Code	Unit of Measure	Kotmale Dairy Products
Workforce Health and Safety	TRIR (Total Recordable Incident Rate)	FB-MP-320a.1	Rate	2.0
	TRIR Direct Employees		Rate	2.71
	TRIR Contract Employees		Rate	1.17
	Fatality Rate		Rate	–
	Fatality Rate Direct Employees		Rate	–
	Fatality Rate Contract Employees		Rate	–
	Description of efforts to assess, monitor, and mitigate acute and chronic respiratory health conditions	FB-MP-320a.2		Respiratory health risks arising from potential workplace exposure to dust, fumes, and chemicals are assessed, monitored, and mitigated through air quality testing, health screening, periodic medical checks and exposure monitoring. Mitigation measures include engineering controls such as ventilation and dust extraction systems, substitution of safer materials where feasible, and the use of appropriate personal protective equipment. Recordable incidents and near misses are reported to Senior Management through monthly reviews, together with the status of corrective actions, supporting ongoing monitoring, accountability and continuous improvement in occupational health and safety performance.
Animal Care and Welfare	Percentage of pork produced without use of gestation crates	FB-MP-410a.1	Percentage (%)	N/A
	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 (%)	
Environmental and Social Impacts of Animal Supply Chain	Percentage of livestock from suppliers implementing conservation plan criteria	FB-MP-430a.1	Percentage (%)	N/A
	Percentage of supplier and contract facilities verified to meet animal welfare standards	FB-MP-430a.2	Percentage (%)	
Animal and Feed Sourcing	Percentage of animal feed sourced from high/extremely high water-stress regions	FB-MP-440a.1	Percentage (%)	Animal feed is provided to dairy farmer societies, as a part of the farmer support model, while farmers also independently purchase feed based on their operational requirements. As the companies do not manage the farms directly, they do not currently maintain comprehensive records of total animal feed sourced or used at farmer level during the reporting period. Accordingly, a formal mechanism to record farmer-level animal feed sourcing is being reviewed to support more complete disclosure in future reporting periods.
	Percentage of contracts with producers in high/extremely high water-stress regions	FB-PF-440a.2	N/A	
	Discussion of strategy to manage opportunities and risks to feed sourcing and livestock supply presented by climate change	FB-MP-440a.3	Percentage (%)	

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SASB Disclosure Mapping Index

The preceding SASB disclosure tables set out the industry-based metrics considered relating to Kotmale Holdings PLC operations. The mapping index below provides a consolidated reference to support readers in navigating these disclosures across the relevant areas of the Company's business.

SASB Standard Considered	Topics Covered	SASB Code/Code Range	Disclosure Location
Processed Foods	Energy management, water management, food safety, health and nutrition, product labelling and marketing, packaging lifecycle management, and ingredient supply chain impacts	FB-PF-130a.1; FB-PF-140a.1–3; FB-PF-250a.1–4; FB-PF-260a.1–2; FB-PF-270a.1–4; FB-PF-410a.1–2; FB-PF-430a.1–2; FB-PF-440a.1–2	Pages 47–50
Meat, Poultry and Dairy	Greenhouse gas emissions, energy management, water management, land use and ecological impacts, food safety, antibiotic use, workforce health and safety, animal care and welfare, and animal and feed sourcing	FB-MP-110a.1–2; FB-MP-130a.1; FB-MP-140a.1–3; FB-MP-160a.1–3; FB-MP-250a.1–4; FB-MP-260a.1; FB-MP-320a.1–2; FB-MP-410a.1–3; FB-MP-430a.1–2; FB-MP-440a.1–3	Pages 51–53

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Annual Report of the Directors' on the Affairs of the Company

The Directors are pleased to present the Annual Report of Kotmale Holdings PLC for the year ended 31 March 2026.

Activities

The Group's principal activities are set out on page 69 of the Annual Report. There were no significant changes to the business activities of the Group during the year.

The important events during the year are discussed in detail in the Chairman's and Managing Director's Statements set out on pages 4 to 5 and 6 to 7 respectively.

Financial Statements

The Audited Financial Statements of the Company and Group for the year ended 31 March 2026, set out on pages 63 to 105, form an integral part of this Annual Report.

Independent Auditor's Report

The Independent Auditor's Report is set out on pages 60 to 62.

Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given in Notes 69 to 79 to the Financial Statements.

Property, Plant and Equipment and Investment Property

The movement of property, plant, and equipment and investment property during the year is given in Note 12 to the Financial Statements. The Group's outlay on property, plant and equipment during the year amounted to Rs. 516 Mn. (2025 – Rs. 167 Mn.).

The Directors are of the opinion that the carrying amounts of properties stated in Note 12 to the Financial Statements reasonably reflect their fair values.

Stated Capital

The stated capital of the Company at the reporting date amounted to Rs. 314 Mn. (2025 – Rs. 314 Mn.), comprising 31,400,000 ordinary (voting) shares (2025 – 31,400,000).

Reserves

The total reserves of the Group at the reporting date stand at Rs. 437 Mn. (2025 - Rs. 437 Mn.), while the total reserves of the Company stand at Rs. 3 Mn. (2025 - Rs. 3 Mn.).

Dividends

The company has not paid/declared dividends for the year ended 31 March 2026 (2025 – Nil).

Employment

The number of persons employed by the Group as at 31 March 2026 was 131 (2025 – 136), respectively. The Directors confirm that the Company has not granted any funding to employees to exercise any share options.

Donations

During the year, no donations were made by the Group (2025 – Nil). In addition, the Group made investments amounting to Rs. 10 Mn. for various community projects during the financial year (2025 – Rs. 1.4 Mn.).

Directorate

Brief profiles of the Directors of the Company as at the reporting date are given on pages 9 to 12 including their executive/ non-executive status and determination of independence, as appropriate. Details of the Directors of group companies are given on pages 9 to 12 of this report.

The Directors listed in the corporate information have been Directors of the Company throughout the year under review, other than the Directors against whose names dates of cessation, and appointment have been indicated.

Dr D N Weerakoon retires by rotation in terms of the Company's Articles of Association and, being eligible offers herself for re-election.

Mr J C Page who retires having surpassed seventy years of age is due to retire in terms of Section 210 (2) (a) of the Companies Act No. 07 of 2007 at the conclusion of the Annual General Meeting and offers himself for reappointment in terms of Section 211 (1) and (2) of the Companies Act No. 07 of 2007.

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Mrs C I Malwatte who retires having surpassed seventy years of age is due to retire in terms of Section 210 (2) (b) of the Companies Act No. 07 of 2007 at the conclusion of the Annual General Meeting and offers herself for reappointment in terms of Section 211 (1) and (2) of the Companies Act No. 07 of 2007.

The re-election and the reappointment of the retiring Directors have the unanimous support of the other Directors.

Mrs C I Malwatte (Independent Non-Executive Director) reached the age of 70 years in July 2025. Under Section 9.8.3 (ix) of the listing rules, the Nominations and Governance Committee reviewed her credentials and recommended to the Board that Mrs Malwatte may nevertheless be designated an Independent Non-Executive Director. Further, on 18 June 2026 the Board of Directors resolved to confirm the recommendation made by the Nominations and Governance Committee.

The Directors hereby confirm that the Directors and CEO of the company satisfy the fit and proper Assessment Criteria stipulated in Section 9.7 of the Listing Rules of the Colombo Stock Exchange for the year.

The Re-election and Reappointment of Directors

The details of the re-election and reappointment of Directors of the Company at the Annual General Meeting are detailed below and also included in the Notice of Meeting.

Members proposed for re-election and reappointment	Nature of Directorship	Date of First appointment as a Director	Date of Last reappointment as a Director	Current membership in Board Committees and other principal commitments	Any other relationships*
Dr D N Weerakoon	Independent, Non-Executive Director	03 April 2024	01 August 2024	The Corporate Governance and Stewardship sections of this Annual Report sets out these details in full	–
Mr J C Page	Non-Independent, Non-Executive Director	01 May 2011	28 July 2022		Brother of Mr V R Page
Mrs C I Malwatte	Independent, Non-Executive Director	03 April 2024	22 July 2025		

** Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten percent (10%) of the shares of the Listed Entity.*

Directors' Remuneration

The remuneration of the Directors is given in Note 29.1 to the Financial Statements.

Directors' Interests Register and Directors' interest in contracts or proposed contracts

The Company maintains a Directors' Interests Register in terms of the Companies Act No. 07 of 2007. The Directors have made necessary declarations of their interests in contracts and proposed contracts in terms of Sections 192 (1) and 192 (2) of the Companies Act. These interests are entered in the Interests Register and are available for inspection upon request.

Directors' Interests Register and Contracts or Proposed Contracts

The Company maintains a Directors' Interests Register in terms of the Companies Act No. 07 of 2007. The Directors have made necessary declarations of their interests in contracts and proposed contracts in terms of Sections 192 (1) and 192 (2) of the Companies Act. These interests are entered in the Interests Register and are available for inspection upon request.

Related Party Transactions

The particulars of the Directors' Interests in Contracts with the Company are given in Related party disclosures in Note 29.1 to the Financial Statements. The Directors hereby confirm that to the best of their knowledge and information available to them, the Company has complied with the requirements of the rules relating to the related party transactions as contained in Section 9 of the listing Rules of the Colombo Stock Exchange.

Directors' Shareholdings

The Directors' shareholdings in the Company at the reporting date were as follows:

Name	As at 31 March 2026	As at 31 March 2025
Imtiaz A Wahid	Nil	Nil
Saranga Wijesundara	Nil	Nil
Ranjit Page	Nil	Nil
Dr Dushni Weerakoon	Nil	Nil
Asite Talwatte	Nil	Nil
Joseph Page	Nil	Nil
Dilantha Jayawardhana	Nil	Nil
Indira Malwatte	Nil	Nil
Priyan Edirisinghe	Nil	Nil

Events After the Reporting Period

Events occurring after the reporting date of the Company are given in Note 28 to the Financial Statements.

Shareholders

The Company is a Subsidiary of Cargills (Ceylon) PLC, while the ultimate parent company is C T Holdings PLC. There were 803 registered shareholders as at 31 March 2026 (2025 – 656 shareholders). An analysis of shareholders according to size of holdings, public holdings, and the names of the twenty largest shareholders of the Company at the reporting date are given on pages 108 to 109.

Ratios and Market Price Information

Key ratios and market price information pertaining to the equity of the Group are set out on page 107 along with the trend for the past four years. The Company and its subsidiaries have not raised any capital through listed debt instruments during the year.

Risk Management

The overall approach to risk management within the Company and Group is set out in pages 26 to 30.

Corporate Governance

The corporate governance practices within the Group are set out in pages 13 to 25 and the report of the Audit Committee is set out on pages 14 and 16.

Environmental Protection

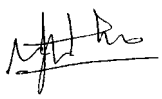
After making adequate enquiries from the management, the Directors are satisfied that the Company and its subsidiaries operate in a manner that minimises the detrimental effect on the environment and seek to provide products and services that contribute positively to customers and communities within which the Group operates.

Auditors

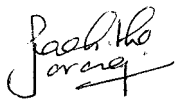
The remuneration paid to the Auditors is given in Note 8 to the Financial Statements. As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the Company or any of its subsidiaries.

M/s KPMG, Chartered Accountants, are deemed reappointed in terms of Section 158 of the Companies Act No. 07 of 2007, as Auditors of the Company. A resolution authorising the Directors to determine their remuneration will be submitted at the Annual General Meeting.

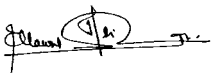
By Order of the Board



Imtiaz Abdul Wahid
Chairman



Saranga Wijesundara
Managing Director



Hemali Ellawala
Company Secretary

30 July 2026

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Statement of Directors' Responsibilities

Maintenance of Accounting Records

Under the provisions of the Companies Act ('the Act'), every company is required to maintain accounting records that correctly record and explain the Company's transactions, and will at any time enable the financial position of the Company to be determined with reasonable accuracy, enable the Directors to prepare Financial Statements in accordance with the Act, and also enable the Financial Statements of the Company to be readily and properly audited.

Preparation of Financial Statements of the Company and the Group

The Board of Directors is responsible for ensuring that Financial Statements are prepared within the prescribed time period in conformity with the Act, and give a true and fair view of the state of affairs of the Company as at the reporting date and the profit or loss or income and expenditure of the Company for the accounting period ending on that reporting date.

Further, the Act also requires that a Company with one or more subsidiaries at the reporting date also prepare Financial Statements in relation to the Group including every subsidiary, which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and the profit or loss or income and expenditure, as the case may be, of the Company and its subsidiaries for the accounting period ending on that reporting date.

Dividends

In the event of any distribution of dividends, the Board of Directors is required to satisfy itself that the Company will satisfy the solvency test immediately after the relevant distribution is made, provided that such a certificate is obtained from the auditors.

Annual Report

The Board of Directors is required to prepare an Annual Report on the affairs of the Company during the accounting period ending on the reporting date in the prescribed format and make the same accessible to every shareholder of the Company within the time frame prescribed in the Act.

Independent Audit

The Act requires the Company to appoint an Auditor to audit the Financial Statements of the Company/Group for the reporting period. Accordingly, M/s KPMG currently functions as the Auditors of the Company. Their responsibility with regard to the Financial Statements as auditors of the Company is set out in the Independent Auditors' Report set out on pages 60 to 62.

Management

The Directors are responsible for the proper management of the resources of the Company. The internal control system has been designed and implemented to obtain reasonable but not absolute assurance that the Company is protected from undue risks, frauds and other irregularities. The Directors have conducted a review of the internal control covering financial, operational, compliance control, and risk management, and have obtained reasonable assurance of the effectiveness and adherence.

Compliance

Considering the present financial position of the Group and the forecasts for the foreseeable future, the Directors have adopted the going concern basis for the preparation of these Financial Statements.

The Directors confirm that:

(a) The Company is in compliance with the requirements of the Act as aforementioned.

(b) These Financial Statements have been prepared in accordance with the requirements of the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange, and applicable Sri Lanka Accounting Standards, which have been consistently applied and supported by reasonable and prudent judgements and estimates.

(c) The Company obtained the required certificate of solvency for the dividends declared during the year.

(d) All statutory payments have been made up to date.

(e) Other than as disclosed in the Financial Statements, no material issues have arisen about employees and industrial relations of the Company that require disclosure or any adjustment to the Financial Statements.

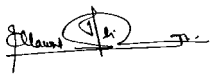
(f) The Directors have declared all material interests in contracts involving the Company and that they have refrained from voting on matters in which they were materially interested.

(g) The Directors made arrangements to make themselves aware of the applicable regulatory framework.

(h) The Directors confirm that the Company has developed the required policies in accordance with Rule No. 9.2.1 of the Listing Rules of the Colombo Stock Exchange, and that these policies are available on the corporate website.

The Directors are satisfied that the control procedures within the Company operated effectively during the year.

By Order of the Board



H S Ellawala
Company Secretary
30 July 2026

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Independent Auditor's Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

To the Shareholders of Kotmale Holdings PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kotmale Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information set out on pages 63 to 105 of the Annual Report.

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 of 31 March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics 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 judgement, were of most significance in our audit of the Company and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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T.J.S. Rajakarier FCA
W.K.D.C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.G.H. Raddella ACA,
W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA
H.U.S.T Dayananda FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

KPMG

Risk description	Our response
Revenue recognition – Group As described in Note 3.16 (Accounting Policies) and Note 4 (Revenue), the Group has recognised revenue in the amount of Rs. 12,014 Mn. for the year ended 31 March 2026. The Group's revenue comprises revenue from Kotmale Dairy Products (Private) Limited from its manufacture and distribution of dairy products. We identified revenue recognition as a key audit matter because of its significance to the consolidated Financial Statements. We focused on whether transactions have been recorded in the period in which the Group becomes entitled to record revenue in accordance with SLFRS 15.	Our audit procedures included the following, in the significant subsidiary: • Obtaining an understanding of and assessing the design, implementation, and operating effectiveness of management's key internal controls over revenue recognition and measurement. • Comparing revenue transactions recorded during the current year, on a sample basis, with invoices and underlying goods delivery notes and credit notes, to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies. • Comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying invoices and underlying goods delivery notes to assess whether the related revenue had been recognised in the correct accounting period.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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KPMG

As part of an audit in accordance with SLAuSs, we exercise professional judgement 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 Company and the Group's internal control.
- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision, and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 163(2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

Chartered Accountants
Colombo, Sri Lanka

30 July 2026

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Revenue	4	12,013,647	10,159,987	–	–
Cost of sales	5	(9,274,151)	(7,879,439)	–	–
Gross profit		2,739,496	2,280,548	–	–
Other income	6	164,165	4,081	–	–
Distribution expenses		(1,285,482)	(994,280)	–	–
Administrative expenses		(515,309)	(397,732)	(8,074)	(5,325)
Results from operating activities		1,102,870	892,617	(8,074)	(5,325)
Finance income	7.1	24,698	5,134	–	–
Finance cost	7.2	(15,464)	(30,618)	(146)	(5)
Profit/(loss) before taxation	8	1,112,104	867,133	(8,220)	(5,330)
Income tax expense	9	(347,542)	(264,957)	–	–
Profit/(loss) for the year		764,562	602,176	(8,220)	(5,330)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial (losses)/gain on employee benefits	23.2	(2,418)	(5,605)	–	–
Tax on other comprehensive income	22.2	725	1,682	–	–
Other comprehensive income for the year, net of tax		(1,693)	(3,923)	–	–
Total comprehensive income for the year		762,869	598,253	(8,220)	(5,330)
Earnings per share – basic/diluted (Rs.)	10	24.35	19.18	(0.26)	(0.17)

Figures in brackets indicate deductions.

The Accounting Policies and Notes from pages 69 to 105 form an integral part of these Financial Statements.

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Statement of Financial Position

As at 31 March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Assets					
Non-current assets					
Property, plant and equipment	12	2,632,702	2,449,817	–	–
Right-of-use assets	13.1.1	32,975	40,588	–	–
Intangible assets	14	55,863	59,904	–	–
Investments in subsidiaries	15	–	–	185,400	185,400
Total non-current assets		2,721,540	2,550,309	185,400	185,400
Current assets					
Inventories	16	1,029,968	993,224	–	–
Trade and other receivables	17	1,312,783	932,901	4,505	1,501
Amounts due from related companies	18.1	612,741	462,073	135,402	149,611
Short-term investments	19.3	48,255	46,419	–	–
Cash and cash equivalents	19.1	692,801	341,048	4,929	2,422
Total current assets		3,696,548	2,775,665	144,836	153,534
Total assets		6,418,088	5,325,974	330,236	338,934
Equity					
Stated capital	20	314,000	314,000	314,000	314,000
Reserves	21	437,067	437,067	3,054	3,054
Retained earnings		3,604,517	2,841,648	6,283	14,503
Total equity		4,355,584	3,592,715	323,337	331,557
Liabilities					
Deferred tax liability	22	164,998	163,494	–	–
Employee benefits	23	95,583	79,876	–	–
Lease liability	13.1.2	33,430	39,899	–	–
Total non-current liabilities		294,011	283,269	–	–

Statement of Financial Position (Contd.)

As at 31 March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Current liabilities					
Trade and other payables	24	1,328,880	1,101,952	6,821	5,489
Amounts due to related companies	18.2	230,782	94,615	78	–
Current tax liabilities		202,362	245,619	–	–
Lease liability	13.1.2	6,469	5,916	–	–
Borrowings	25	–	–	–	–
Bank overdrafts	19.2	–	1,888	–	1,888
Total current liabilities		1,768,493	1,449,990	6,899	7,377
Total liabilities		2,062,504	1,733,259	6,899	7,377
Total equity and liabilities		6,418,088	5,325,974	330,236	338,934

The Accounting Policies and Notes from pages 69 to 105 form an integral part of these Financial Statements.

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Amali David.

Amali David
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board of Directors:

Imtiaz Abdul Wahid
Chairman
30 July 2026
Colombo

Saranga Wijesundara
Managing Director

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Statement of Changes in Equity

Group	Notes	Stated capital Rs. '000	Capital reserves Rs. '000	Revaluation reserve Rs. '000	General reserve Rs. '000	Retained earnings Rs. '000	Total equity Rs. '000
Balance as at 1 April 2024		314,000	1,785	436,631	1,269	2,240,777	2,994,462
Total comprehensive income for the year							
Profit for the year		–	–	–	–	602,176	602,176
Transfer from revaluation reserve to retained earnings	21.1	–	–	(2,618)	–	2,618	–
Other comprehensive income, net of tax		–	–	–	–	(3,923)	(3,923)
Balance as at 31 March 2025		314,000	1,785	434,013	1,269	2,841,648	3,592,715
Balance as at 1 April 2025		314,000	1,785	434,013	1,269	2,841,648	3,592,715
Total comprehensive income for the year							
Profit for the year		–	–	–	–	764,562	764,562
Other comprehensive income, net of tax		–	–	–	–	(1,693)	(1,693)
Balance as at 31 March 2026		314,000	1,785	434,013	1,269	3,604,517	4,355,584

Company	Stated capital Rs. '000	Capital reserves Rs. '000	General reserve Rs. '000	Retained earnings Rs. '000	Total equity Rs. '000
Balance as at 1 April 2024	314,000	1,785	1,269	19,833	336,887
Total comprehensive income for the year					
Loss for the year	–	–	–	(5,330)	(5,330)
Other comprehensive income, net of tax	–	–	–	–	–
Balance as at 31 March 2025	314,000	1,785	1,269	14,503	331,557
Balance as at 1 April 2025	314,000	1,785	1,269	14,503	331,557
Total comprehensive income for the year					
Loss for the year	–	–	–	(8,220)	(8,220)
Other comprehensive income, net of tax	–	–	–	–	–
Balance as at 31 March 2026	314,000	1,785	1,269	6,283	323,337

The Accounting Policies and Notes from pages 69 to 105 form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31 March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Cash flows from operating activities					
Profit/(loss) before taxation		1,112,104	867,133	(8,220)	(5,330)
Adjustments for:					
Depreciation of property, plant and equipment	12	329,027	305,249	–	–
Employee benefits		20,807	16,453	–	–
Write back of creditors, no longer payable	6	(5,033)	–	–	–
Net finance (income)/cost	7	(9,234)	25,484	146	5
Amortisation of right-of-use assets	13.1.1	7,613	7,941	–	–
Provision for obsolete inventory	8	588	8,416	–	–
Loss on disposal of property, plant and equipment		2,559	–	–	–
Amortisation of intangible asset	14	4,041	4,847	–	–
Provision/(reversal of) for impairment of trade and other receivables	8	556	(6,390)	–	–
Operating profit/(loss) before working capital changes		1,463,028	1,229,133	(8,074)	(5,325)
Changes in working capital					
Increase in inventories		(37,332)	(173,592)	–	–
Increase in trade and other receivables		(379,628)	(192,272)	(3,004)	(168)
(Increase)/decrease in amounts due from related companies		(152,167)	(46,325)	14,209	4,492
Increase in trade and other payables		226,928	107,746	1,332	891
Increase/(decrease) in amounts due to related companies		136,091	31,251	78	(15)
Cash generated from/(used in) operations		1,256,920	955,941	4,541	(125)
Finance cost paid	7.2	(15,464)	(30,618)	(146)	(5)
Gratuity paid	23	(910)	(2,135)	–	–
Income tax paid		(388,556)	(292,818)	–	–
Net cash generated from/(used in) operating activities		851,990	630,370	4,395	(130)

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Statement of Cash Flows (Contd.)

For the year ended 31 March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Cash flows from investing activities					
Acquisition of property, plant and equipment	12	(515,597)	(166,983)	–	–
Proceeds from sale of property, plant and equipment		1,126	3,926	–	–
Net proceeds from short-term investments		(1,836)	(3,194)	–	–
Interest income received		23,874	5,134	–	–
Net cash (used in) investing activities		(492,433)	(161,117)	–	–
Cash flows from financing activities					
Repayment of lease liability		(5,916)	(5,216)	–	–
Proceeds from short-term borrowings		–	3,155,000	–	–
Repayment of short-term borrowings		–	(3,625,000)	–	–
Net cash (used in) financing activities		(5,916)	(475,216)	–	–
Net increase/(decrease) in cash and cash equivalents		353,641	(5,963)	4,395	(130)
Movement in cash and cash equivalents					
At the beginning of the year		339,160	345,123	534	664
Movement during the year		353,641	(5,963)	4,395	(130)
At the end of the year	19.2	692,801	339,160	4,929	534

The Accounting Policies and Notes from pages 69 to 105 form an integral part of these Financial Statements.

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Corporate Information

1.1 Reporting Entity

Kotmale Holdings PLC, formerly known as Lambretta (Ceylon) Ltd., is a company incorporated in Sri Lanka on 6 January 1967 and was listed on the Colombo Stock Exchange in 1969. The registered office of the Company is located at No. 40, York Street, Colombo 01.

The subsidiaries of the Company are set out below:

Subsidiary	Control Interest
Kotmale Products Ltd.	100%
Kotmale Milk Foods Ltd.	100%

1.2 Consolidated Financial Statements

The Consolidated Financial Statements of the Group for the year ended 31 March 2026 comprise Kotmale Holdings PLC (Parent Company) and its subsidiaries (together referred to as the "Group").

1.3 Parent Entity and Ultimate Parent Entity

The Company's parent entity is Cargills Dairies (Pvt) Ltd., and the Company's ultimate parent entity is C T Holdings PLC which is a Quoted Public Limited Company domiciled in Sri Lanka and listed on the Colombo Stock Exchange.

1.4 Principal Activities and Nature of Operations

The principal activities of the Group are:

(1) Manufacture and distribution of dairy products under the brand name of 'KOTMALE'

(2) Investment holding

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

2. Basis of Preparation

2.1 Statement of Compliance

The Financial Statements of the Company and the subsidiaries as at 31 March 2026 and for the year ended, have been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards ("SLFRS");
- Sri Lanka Accounting Standards ("LKAS");
- Statements of Recommended Practices (SoRPs);
- Statement of Alternate Treatment (SoATs) and
- Financial Reporting Guidelines issued by the CA Sri Lanka.

Statement of Presentation

The Financial Statements of the company and group have been presented in compliance with the requirement of the Companies Act No. 07 of 2007 and provide appropriate disclosure as requested by the listing rules of Colombo Stock Exchange (CSE).

These Financial Statements include the following components:

- The Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and Company for the year under review;
- The Statement of Financial Position providing the information on the financial position of the Group and Company as at the year-end;
- The Statement of Changes in Equity depicting all changes in shareholder equity of the Group and Company during the year under review;
- The Statement of Cash Flows providing the information to the users, on the ability to generate cash and cash equivalents of the Group and Company during the year under review; and
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

These Financial Statements, except for cash-flow information, have been prepared on the accrual basis of accounting

2.2 Responsibility for Financial Statements

The Board of Directors is responsible for preparation and presentation of the group Financial Statements in accordance with the provisions of the Companies Act No. 07 of 2007 and SLFRS and LKAS.

The Board of Directors acknowledges their responsibility for Financial Statements as set out in the Annual Report of the Directors, the Statement of Directors' Responsibility and the certification on the Statement of Financial Position in the Annual Report.

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2.3 Approval of Financial Statements by the Board of Directors

The Financial Statements for the year ended 31 March 2026 (including comparatives) were approved and authorised by the Board of Directors for issue on 30 July 2026.

2.4 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the following items in the Statement of Financial Position:

Category	Item	Basis of Measurement	Note No.
Assets	Land and Building	Revaluation	12.1
Liabilities	Employee Benefit Liability	Present value of the defined benefit obligation	23

2.5 Presentation of Financial Statements

The assets and liabilities of the Statement of Financial Position are "grouped by nature". No adjustments have been made for inflationary factors affecting the Financial Statements.

Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss and Other Comprehensive Income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

2.6 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Group's functional and presentation currency.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest Thousand, unless otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 01 on 'Presentation of Financial Statements'.

2.7 Materiality and Aggregation

Each material class of similar items is presented in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 01 on 'Presentation of Financial Statements' and amendments to the LKAS 01 on 'Disclosure Initiative' which was effective from 1 January 2016.

2.8 Comparative Information

Comparative information has been reclassified to conform to the current year's presentation, where necessary.

2.9 Key Accounting Judgements and Estimates.

In preparing these Financial Statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.9.1 Judgements

Information about judgements made in applying accounting policies that have the material effects on the amounts recognised in the Financial Statements is included in the following Notes:

- **Note 3.5.5 –** Determination of depreciation method of PPE.
- **Note 3.16 –** Revenue Recognition: whether revenue from made-to-order products is recognised over time or at a point in time.
- **Note 3.13 –** Lease Term: whether the Group is reasonably certain to exercise extension options.

2.9.2 Assumption and Estimation Uncertainties

Information about assumptions and estimation uncertainties on 31 March 2026 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following Notes:

- **Note 3.5.5 –** Determination of useful life of PPE and Intangible Assets.
- **Note 3.15 –** Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- **Note 12.1 –** Determination of fair value of freehold land and buildings: key valuation assumptions.
- **Note 14 –** Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts.
- **Note 23.4 –** Measurement of defined benefit obligations: key actuarial assumptions.
- **Note 17.3 –** Measurement of trade receivables and impairment.

2.9.3 Fair Value Measurement

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Fair value measurements using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Fair value measurements using inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following Note:

- **Note 12.1 –** Revaluation of freehold land and buildings.

2.10 Going Concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

3. Material Accounting Policies

3.1 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries for the year ended 31 March 2026. Financial Statements of the Company's subsidiaries are prepared for the same reporting year using consistent accounting policies.

3.1.1 Business Combination and Goodwill

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.
Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net amount of the identifiable assets, liabilities and contingent liabilities acquired.

Following 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, from the acquisition date is allocated to each of the Group's Cash–generating Units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU (or group of CGUs) 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 of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases. The investment in subsidiaries is accounted for on a cost basis in the separate Financial Statements.

3.1.3 Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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3.1.4 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

3.2 Foreign Currency Transactions and Balances

All foreign currency transactions are translated into the functional currency of the Group which is Sri Lankan Rupees (Rs.) at the spot exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the closing exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the spot exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the spot exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the spot exchange rate at the date of transaction.

3.3 Financial Instruments

3.3.1 Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.3.2 Classification and Subsequent Measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets classified under amortised cost include trade and other receivable, amounts due from related companies, short-term investments and cash and cash equivalents.

Financial Assets – Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial Assets – Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value for money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs. (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual cash flow such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial Assets – Subsequent Measurement and Gains And Losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial Liabilities – Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortised cost or FVTPL. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities measured at amortised cost include borrowings, trade and other payables, lease liability, bank overdrafts and amounts due to related companies.

3.3.3 Derecognition

Financial Asset

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.3.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3.5 Impairment of Financial Assets

For trade receivables, the Group applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. 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.

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.

3.3.6 Presentation of Allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The Group assesses at the reporting date whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

Credit-Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

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3.4 Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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 risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Property, Plant and Equipment

3.5.1 Recognition and Measurement

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to or replace a part of it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of computer equipment.

When major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Carrying amounts of property plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Cost Model

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Revaluation Model

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation. Where land and buildings are subsequently revalued, any increases in the carrying amount are recognised in other comprehensive income and accumulated in equity in the revaluation reserve. Decreases that offset previous increases of the same asset is charged against the revaluation reserve in the Statement of Changes in Equity, any excess and all other decreases are charged to the Statement of Profit or Loss. Revaluations of property, plant and equipment are undertaken by professionally qualified independent valuers every three years. The Group revalued all its freehold land and buildings as at 31 March 2024.

3.5.2 Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment are recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The cost of day to day servicing of property, plant and equipment are charged to the Profit or Loss as incurred.

3.5.3 Repairs and Maintenance

Repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Group and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

3.5.4 Derecognition

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other income' in the Statement of Profit or Loss in the year the asset is de-recognised.

3.5.5 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Depreciation method, useful life and residual value are reviewed at each reporting date and adjusted as appropriate

Freehold buildings	10-40 years
Plant, machinery and equipment	4-20 years
Office furniture, fittings and equipment	4-10 years
Motor vehicles	4 years
Computer and accessories	4-5 years

3.5.6 Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work-in-progress whilst, the capital assets which have been completed during the year and put to use have been transferred to property, plant and equipment.

3.6 Intangible Assets

The Group's intangible assets comprise computer software and goodwill.

3.6.1 Basis of Recognition

An intangible asset is recognised only when its cost can be reliably measured and it is probable that the expected future economic benefits attributable to the asset will flow to the Group, as per the Sri Lanka Accounting Standard – LKAS 38 'Intangible Assets'.

Intangible assets acquired separately are initially measured at cost. For intangible assets acquired in a business combination, the cost is their fair value at the acquisition date. After initial recognition, intangible assets are carried in the Statement of Financial Position at cost less accumulated amortisation and any accumulated impairment losses.

3.6.2 Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalised only if it enhances the future economic benefits associated with the specific asset. All other expenditures are expensed as incurred.

3.6.3 Useful Economic Lives, Amortisation, and Impairment

The useful economic lives of intangible assets are classified as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives. The amortisation period and method are reviewed at least at each reporting date. Adjustments to the useful life or consumption pattern of future economic benefits are treated as changes in accounting estimates, with corresponding changes to the amortisation period or method. Amortisation expense for finite-lived intangible assets is recognised in profit or loss, aligned with the asset's function.

Amortisation is recognised on a straight-line basis over estimated useful lives, after considering residual value where applicable, as follows:

Class of Asset	% per Annum	Period
Computer software	25	4 years

The unamortised balances of finite-lived intangible assets are reviewed annually for impairment, or whenever impairment indicators arise. Impairment losses are recognised in profit or loss to the extent the carrying amount exceeds recoverable future benefits.

3.7 Short-Term Investments

Short-term investments consist of investment in fixed deposits with a maturity period of less than 90 days.

3.8 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, cash at bank and fixed deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

3.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the normal course of business less estimated cost of realisation and/or cost of conversion from their existing state to saleable condition.

The following are the types of inventories and their costing methods;

- Raw materials – Actual cost on a First In First Out (FIFO) basis
- Finished goods and work in progress – Directly attributable manufacturing cost, labor cost and overheads
- Merchandising goods – Actual cost on a First In First Out (FIFO) basis
- Other inventories – Actual cost

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The Group makes provision for inventory during its monthly and year end counts by identifying perishable, damaged and slow-moving inventory with short shelf lives or expiration dates or by identifying specific seasonal inventories that require provisions.

3.10 Employee Benefits

3.10.1 Defined Contribution Plans – Cargills Employees' Provident Fund and Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay any further amounts. Obligations for contributions to Cargills Employees' Provident Fund and Employees' Trust Fund covering all employees are recognised as an expense in Profit or Loss, as incurred.

3.10.2 Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of defined benefit obligation as at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by "LKAS 19 Employee Benefits".

The assumptions based on which the results of the valuation were determined are included in the Note 23 to the Financial Statements.

The liability is not externally funded.

The Group recognises all actuarial gains and losses arising from defined benefit plan in Other Comprehensive Income and expenses related to defined benefit plan in administrative expenses, distribution expenses and cost of sales in profit or loss.

Provision has been made for retirement gratuities from the first year of service for all employees in conformity with the LKAS 19. However, 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.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gain or losses on the settlement of a defined plan when the settlement occurs.

3.11 Dividends Payable

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are recommended by and declared by the Board of Directors and approved by the shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Group.

3.12 Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.13 Leases

The Group assesses at the inception of a contract, whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16. This definition is applied to contracts entered into, on or after 1 April 2019.

3.13.1 As a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has "elected not to separate the non-lease components" and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.14 Provisions

Provisions are recognised in the Statement of Financial Position when the Group has a present obligation (legal or constructive) as a result of a past event, and 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 in accordance with the Sri Lanka Accounting Standard – LKAS 37 on 'Provision, Contingent Liabilities and Contingent Assets'. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date.

3.15 Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured as defined in the Sri Lanka Accounting Standard – LKAS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote.

3.16 Revenue

Revenue is recognised when control of the goods has transferred to the customer, generally on delivery. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of the payment and excluding taxes.

Sale of Goods

Revenue from the sale of goods is recognised when the control of the goods have been transferred to the buyer, usually on delivery of the goods. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods.

Revenue from contracts with customers is generated primarily from the sale of dairy products

3.17 Other Income

Gains or losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the net sales proceeds on disposal, the carrying amount such assets.

Foreign currency gains and losses are reported on a net basis. Income from scrap sales is recognised when control of the goods has passed to the buyer usually on delivery of goods.

3.18 Expenditure

Expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenses incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to the Statement of Profit or Loss and Other Comprehensive Income.

3.19 Net Finance Cost

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

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Finance costs comprise interest expense on borrowings that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.20 Income Tax Expense

Income tax expense comprise of current and deferred tax. The income tax expense is recognised in the Statement of Profit or Loss except to the extent that it relates to the items recognised directly in the Statement of Other Comprehensive income or Statement of Changes in Equity, in which case it is recognised directly in the respective statements.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 on Provisions, Contingent Liabilities and Contingent Assets.

3.20.1 Current Tax

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustment to tax payable in respect of previous years.

The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments here to,including any amendments legislation by Inland Revenue (Amendment) Act No. 45 of 2022.

3.20.2 Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and the differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Statement of Financial Position and are not offset against each other.

Withholding tax on the Intra-group dividends are recognised as a tax expense in the Statement of Profit or Loss.

3.21 Stated Capital

3.21.1 Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.22 Operating Profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs.

3.23 Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.24 Related Party Transaction

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

The relevant details are disclosed in Note 29 to the Financial Statements.

3.25 Statement of Cash Flows

The Statement of Cash Flows has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of Cash Flows', whereby operating activities, investing activities and financing activities are separately recognised.

Cash and Cash Equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and Cash Equivalents as referred to in the Statement of Cash Flow are comprised of those items as explained in Note 19.

3.26 Standards Issued but Not Yet Effective

The Institute of Chartered Accountants of Sri Lanka has issued a number of new accounting standards and amendments to accounting standards that are effective for annual periods after the current financial year, and earlier application is permitted. Accordingly, the Group has not early-adopted the following new or amended accounting standards in preparing these Financial Statements.

SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the Statement of Profit or Loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the Financial Statements.
- Enhanced guidance is provided on how to company information in the Financial Statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the Statement of Cash Flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's Statements of Profit or Loss, the Statement of Cash Flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is presented in the Financial Statements, including for items currently labelled as 'other'.

Other Accounting Standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's Financial Statements.

- Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7) and
- Contracts Referencing Nature-dependent Electricity (Amendments to SLFRS 9 and SLFRS 7)

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4. Revenue

For the year ended 31 March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Gross revenue on liquid milk-based products	4.1	14,080,050	12,243,112	–	–
Value Added Tax (VAT)		(1,806,322)	(1,863,082)	–	–
Social Security Contribution Levy (SSCL)		(260,081)	(220,043)	–	–
		12,013,647	10,159,987	–	–

4.1 Gross Revenue on Liquid Milk-based Products

For the year ended 31 March	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Revenue from products liable to VAT at 18%	12,005,877	12,209,998	–	–
Revenue from products exempt from VAT at 18%	2,074,173	33,114	–	–
	14,080,050	12,243,112	–	–

4.2 VAT exemption claimed by the Group on the locally produced dairy products previously is now liable for VAT at the rate of 18% with effect from 1 January 2024, due to the amendment made to the Value Added Tax Act No. 14 of 2002 by the Value Added Tax (Amendment) Act No. 32 of 2023. Hence, the net turnover of the Group has been derived after deducting Rs. 1,806 Mn. (2025 – Rs. 1,863 Mn.). as VAT (18%) for the year ended 31 March 2026.

However, Value Added Tax (Amendment) Act No. 4 of 2025, has been certified on 11 April 2025 and changes from the amendment Act to the Value Added Tax Act No. 14 of 2002, the locally produced liquid Milk and Yoghurt are exempt from Value Added Tax (VAT) effective from 11 April 2025.

5. Cost of Sales

Cost of the sales of the Group included direct operating cost and allocated overhead costs.

6. Other Income

For the year ended 31 March	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Rental income	480	480	–	–
Income from insurance claims	150,000	–	–	–
SFA service income	3,530	–	–	–
Write-back of liabilities no longer payable	5,033	–	–	–
Sundry income	5,122	3,601	–	–
	164,165	4,081	–	–

During the year, Cyclone Ditwah caused disruptions and damage to the Group's operations, resulting in losses of Rs. 90 Mn. on inventories and Rs. 26 Mn. on property, plant and equipment, which have been recognised in the Financial Statements. Insurance recoveries of Rs. 150 Mn. received to date have also been recognised, while the related insurance claim is currently at the finalisation stage as at the reporting date. Accordingly, the Group does not anticipate a material net impact on its financial position arising from this matter.

7. Net Finance Income/Cost

7.1 Finance Income

	Group		Company	
For the year ended 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Interest income	24,698	5,134	–	–
	24,698	5,134	–	–

7.2 Finance Cost

	Group		Company	
For the year ended 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Interest on other loans and bank charges	4,001	4,965	146	5
Interest cost on short-term loan	6,791	20,093	–	–
Interest on bank overdraft	548	131	–	–
Interest on lease liability	4,233	4,783	–	–
Exchange (gain)/loss	(109)	646	–	–
	15,464	30,618	146	5
Net finance income/(cost)	9,234	(25,484)	(146)	(5)

8. Profit Before Taxation

		Group		Company	
For the year ended 31 March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Profit before taxation is stated after charging/ (crediting) the following expenses/(income)					
Auditor's remuneration		2,635	2,366	880	800
Depreciation on property, plant and equipment	12	329,027	305,249	–	–
Amortisation of intangible asset	14	4,041	4,847	–	–
Provision/(reversal) for impairment of trade receivables	17.3	556	(6,390)	–	–
Amortisation of right-of-use assets	13.1.1	7,613	7,941	–	–
Provision for obsolete inventories	16.2	588	8,416	–	–
Staff costs	8.1	500,801	406,814	–	–

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8.1 Staff Costs

		Group		Company	
For the year ended 31 March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Salaries, wages, and other related costs		386,369	322,891	–	–
Employee benefits	23	14,199	11,831	–	–
Gratuity charges from inter company		6,608	4,622	–	–
Directors' emoluments	29.1	60,072	39,713	–	–
Defined contribution plan cost – EPF and ETF		33,553	27,757	–	–
		500,801	406,814	–	–
Number of employees as at 31 March		131	136	–	–

9. Income Tax Expense

		Group		Company	
For the year ended 31 March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Current tax charge	9.1	345,313	283,521	–	–
Deferred tax charge	9.2	2,229	(18,564)	–	–
		347,542	264,957	–	–

Income tax has been computed using the tax rates applicable at the reporting date, which were 30% (2025: 30%).

9.1 Reconciliation between current tax charge and profit before taxation is given below:

	Group		Company	
For the year ended 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Profit/(loss) before taxation	1,112,104	867,133	(8,220)	(5,330)
Aggregate investment income	(22,138)	(1,614)	–	–
Aggregate disallowed income/expenses	369,549	351,532	8,220	5,330
Aggregate allowable income/expenses	(333,171)	(277,060)	–	–
Taxable business income	1,126,344	939,991	–	–
Interest income	24,698	5,078	–	–
Taxable investment income	24,698	5,078	–	–
Tax losses brought forward	42,100	42,100	4,834	4,834
Writ off of expired tax losses	(37,266)	–	–	–
Tax losses carried forward	4,834	42,100	4,834	4,834
Income tax expense at 30%	345,313	283,521	–	–
Current tax charge on profit	345,313	283,521	–	–

9.2 Deferred Tax Charge/(Reversal)

	Group		Company	
For the year ended 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Deferred tax charge arising from:				
– Property, plant and equipment	3,981	(12,751)	–	–
– Employee benefits	(3,987)	(3,584)	–	–
– Provisions	2,744	(1,411)	–	–
– Right-of-use assets and lease liability	(509)	(818)	–	–
Deferred tax charge/(reversal)	2,229	(18,564)	–	–

9.2.1 Deferred tax has been computed taking into consideration the tax rates as at the reporting date which is 30% (2025 – 30%) for the Group. The deferred tax effect on reserves on subsidiaries has not been recognised since the parent can control the timing of the reversal of these temporary differences.

10. Earnings Per Share

	Group		Company	
For the year ended 31 March	2026	2025	2026	2025
Profit/(loss) attributable to ordinary shareholders (Rs. '000)	764,562	602,176	(8,220)	(5,330)
Weighted average number of ordinary shares ('000)	31,400	31,400	31,400	31,400
Basic earnings per share (Rs.)	24.35	19.18	(0.26)	(0.17)

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of Kotmale Holdings PLC by weighted average number of ordinary shares in issue.

As there were no dilutive potential ordinary shares outstanding at the end of the year, diluted earnings per share is equal to basic earnings per share for the year.

11. Dividend Per Share

	Group		Company	
For the year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Dividend per share	–	–	–	–

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12. Property, Plant and Equipment

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2025	Freehold land Rs. '000	Freehold building Rs. '000	Plant, machinery and equipment Rs. '000	Furniture and fittings Rs. '000	Computer and accessories Rs. '000	Motor vehicles Rs. '000	Capital work-in-progress Rs. '000	Total Rs. '000
Cost/revaluation								
As at 1 April 2024	335,209	1,083,919	1,435,928	40,012	19,074	47,352	471,874	3,433,368
Additions	–	–	84,865	1,026	3,874	–	77,218	166,983
Transfers from CWIP **	–	41,508	129,684	–	–	–	(171,192)	–
Disposals	–	(5,556)	(5,633)	(250)	–	–	–	(11,439)
As at 31 March 2025	335,209	1,119,871	1,644,844	40,788	22,948	47,352	377,900	3,588,912
Accumulated depreciation and impairment losses								
As at 1 April 2024	–	–	755,288	27,576	14,743	43,752	–	841,359
Depreciation	–	136,149	158,045	5,620	1,835	3,600	–	305,249
Disposals	–	(1,698)	(5,565)	(250)	–	–	–	(7,513)
As at 31 March 2025	–	134,451	907,768	32,946	16,578	47,352	–	1,139,095
Carrying value								
As at 31 March 2025	335,209	985,420	737,076	7,842	6,370	–	377,900	2,449,817

2026	Freehold land Rs. '000	Freehold building Rs. '000	Plant, machinery and equipment Rs. '000	Furniture and fittings Rs. '000	Computer and accessories Rs. '000	Motor vehicles Rs. '000	Capital work-in-progress Rs. '000	Total Rs. '000
Cost/revaluation								
As at 1 April 2025	335,209	1,119,871	1,644,844	40,788	22,948	47,352	377,900	3,588,912
Additions	–	–	215,203	3,967	3,613	–	292,814	515,597
Transfers from CWIP **	31,932	238,104	282,892	110,820	–	–	(663,748)	–
Disposals	–	–	(48,470)	(2,183)	(3,218)	(5,046)	–	(58,917)
As at 31 March 2026	367,141	1,357,975	2,094,469	153,392	23,343	42,306	6,966	4,045,592
Accumulated depreciation and impairment losses								
As at 1 April 2025	–	134,451	907,768	32,946	16,578	47,352	–	1,139,095
Depreciation	–	145,858	174,540	6,109	2,520	–	–	329,027
Disposals	–	–	(44,785)	(2,183)	(3,218)	(5,046)	–	(55,232)
As at 31 March 2026	–	280,309	1,037,523	36,872	15,880	42,306	–	1,412,890
Carrying value								
As at 31 March 2026	367,141	1,077,666	1,056,946	116,520	7,463	–	6,966	2,632,702

*** CWIP – Capital work in progress*

12.1 Revaluation of Freehold Land and Building

The Group's freehold land and buildings were revalued as at 31 March 2024 by an independent professional valuer, Mr Tissa Weeratne FIVSL (Reg. No. F 53), on a depreciated replacement cost basis for building and market-value basis for land as at the date of valuation. The revalued amount was incorporated in the Financial Statements.

These revaluations have been carried out in conformity with the requirements of LKAS 16 – "Property, Plant and Equipment". The surplus on revaluation was credited to the revaluation reserve account.

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. 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. The fair value measurement for these land and buildings classified as property, plant and equipment has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

Description of valuation techniques used and key inputs to valuation and real estate portfolio:

Property	Method of valuation	Effective date of valuation	Property valuer	Land extent	Building area (Sq. ft.)	Number of buildings	Significant unobservable inputs	Sensitivity of fair values to unobservable input	Revalued amount as at 31 March 2024 Rs. '000
Mulleriyawa	**Land – Market comparable method** This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property. **Building – Depreciated replacement cost method** This method considers the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.	31 March 2024	Mr Tissa Weeratne FIVSL	1.7 Acres	32,923	4	Land market value per perch - Rs. 250,000 to Rs. 1,350,000 and building DRC per sq. ft. - Rs. 1,900 to Rs. 7,350	Positive correlated sensitivity	Land - 215,709 Building - 293,073
Bogahawatta		31 March 2024	Mr Tissa Weeratne FIVSL	1 Acre	51,312	6	Land market value per perch - Rs. 350,000 and building DRC per sq. ft. - Rs. 325 to Rs. 9,078	Positive correlated sensitivity	Land - 56,000 Building - 770,349
Hatton		31 March 2024	Mr Tissa Weeratne FIVSL	17.5 Acres	8,882	4	Land market value per perch - Rs. 23,000 and building DRC per sq. ft. - Rs. 800 to Rs. 2,850	Positive correlated sensitivity	Land - 63,500 Building - 20,500

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The carrying amount of revalued buildings if they were carried at cost less depreciation, would be as follows:

	Building	
For the year ended 31 March	2026 Rs. '000	2025 Rs. '000
Cost	1,145,470	1,106,025
Accumulated depreciation	(464,414)	(275,534)
Additions	238,104	41,508
(Disposal)	-	(2,062)
Carrying value	919,160	869,937

12.2 Capital work in progress consists of expenditure incurred on projects that are not yet completed and have not commenced business operations as at the reporting date.

12.3 The Value of Fully Depreciated Assets of the Group as at 31 March 2026 was Rs. 486 Mn. (2025-461Mn.)

12.4 Impairment

The Management has assessed the potential impairment loss of property, plant and equipment as at 31 March 2026. Based on the assessment, the Group does not foresee any indications of impairment as at the reporting date.

13. Leases

13.1 Amounts Recognised in the Statement of Financial Position

The Group's material leases include properties leased. The useful life of the leases of the Group is between 1-20 years. Information about leases for which the Group is a lessee is presented below:

13.1.1 Right-of-use Assets

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	40,588	48,529	–	–
Amortisation	(7,613)	(7,941)	–	–
Balance as at 31 March	32,975	40,588	–	–

13.1.2 Lease Liability

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	45,815	51,031	–	–
Interest expense	4,233	4,783	–	–
Payments	(10,149)	(9,999)	–	–
Balance as at 31 March	39,899	45,815	–	–

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Lease liability included in the statement of financial position as at 31 March				
Current	6,469	5,916	–	–
Non-current	33,430	39,899	–	–
Total lease liability as at 31 March	39,899	45,815	–	–
Maturity analysis – contractual undiscounted cash flows				
Less than one year	10,084	10,149	–	–
One to five years	23,763	31,633	–	–
More than five years	29,769	31,983	–	–
Total undiscounted liabilities as at 31 March	63,616	73,765	–	–

13.2 Amounts Recognised in Profit or Loss

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Amortisation of right-of-use assets	7,613	7,941	–	–
Interest expense on lease liability	4,233	4,783	–	–
Expense relating to short-term leases	9,900	8,704	–	–
	21,746	21,428	–	–

13.3 Amounts Recognised in Statement of Cash Flows

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Total cash outflow for leases	5,916	5,216	–	–
	5,916	5,216	–	–

13.4 Impairment

Management assessed whether any indicators of impairment existed in respect of the Group's right-of-use assets as at the reporting date. Based on this assessment, management concluded that there were no indicators of impairment and, accordingly, no impairment provision was required as at the reporting date.

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14. Intangible Assets

Group

	Goodwill		Software		Total	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Cost						
Balance as at 1 April	97,773	97,773	19,390	19,390	117,163	117,163
Additions	–	–	–	–	–	–
As at 31 March	97,773	97,773	19,390	19,390	117,163	117,163
Amortisation/impairment						
Balance as at 1 April	41,910	41,910	15,349	10,502	57,259	52,412
Amortisation for the year	–	–	4,041	4,847	4,041	4,847
As at 31 March	41,910	41,910	19,390	15,349	61,300	57,259
Carrying value as at 31 March	55,863	55,863	–	4,041	55,863	59,904

All the intangible assets are separately acquired and there are no such internally generated intangible assets.

Goodwill as at the reporting date has been tested for impairment and found no impairment in carrying value. Recoverable value has been estimated based on the value in use method as stipulated in LKAS 36 – ''Impairment of Assets''.

14.1 Impairment Testing for Cash Generating Units (CGUs) Containing Goodwill

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Kotmale Products Limited	55,863	55,863	–	–
Total	55,863	55,863	–	–

14.1.1 CGU 1 – Kotmale Products Limited

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

As at 31 March	2026 %	2025 %
The key assumptions used in the estimation of value in use were as follows:		
Discount rate	18.29	18.09
Terminal value growth rate	3	3
Budgeted EBITDA growth rate (average of next five years)	10	10

The discount rate was based on the weighted average cost of capital (WACC) for the Company, determined by considering the cost of equity and cost of debt proportionately weighted.

Five years of cash flows were included in the discounted cash flow model. A long-term nominal growth rate into perpetuity has been determined as 3% based on Management's internal assessment.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years.

A reasonably possible change in any of the key assumptions on which the Management has based its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

15. Investment in Subsidiaries

			Group		Company	
As at 31 March	Number of shares	Ownership %	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Kotmale Products Limited	10,372,567	100	–	–	185,400	185,400
Kotmale Milk Foods Limited	70	100	–	–	30,000	30,000
Provision for the investment in Kotmale Milk Foods Ltd.			–	–	(30,000)	(30,000)
			–	–	185,400	185,400

16. Inventories

		Group		Company	
As at 31 March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Finished goods		291,156	203,740	–	–
Work in progress		199,216	316,027	–	–
		490,372	519,767	–	–
Raw materials		250,143	183,058	–	–
Provision for raw materials (Obsolescence)		(1,011)	(2,542)	–	–
		249,132	180,516	–	–
Packing materials		122,866	120,107	–	–
Provision for packing materials (Obsolescence)		(764)	(8,552)	–	–
		122,102	111,555	–	–
Other inventories	16.1	168,362	181,386	–	–
		168,362	181,386	–	–
		1,029,968	993,224	–	–

16.1 Other Inventories

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Engineering spares and other inventories	168,362	181,386	–	–
	168,362	181,386	–	–

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16.2 Movement of Provision for Obsolete Inventories

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
At the beginning of the year	11,094	2,678	–	–
Provision for the period	588	8,416	–	–
Write-offs during the year	(9,907)	–	–	–
At the end for the year	1,775	11,094	–	–

17. Trade and Other Receivables

		Group		Company	
As at 31 March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Trade receivables		841,203	681,321	–	–
Provision for impairment of trade receivables	17.3	(2,154)	(1,983)	–	–
		839,049	679,338	–	–
Staff debtors	17.1	21,683	12,764	–	–
Other receivables	17.2	61,741	21,485	–	–
Deposits, advances, and prepayments		390,310	219,314	4,505	1,501
		1,312,783	932,901	4,505	1,501

Deposits, advances and prepayments of the Group mainly consist of advance paid to suppliers amounting to Rs. 365 Mn. (2025 – Rs. 195 Mn.).

17.1 Staff Debtors

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance at the beginning of the year	12,764	7,273	–	–
Advances given during the year	35,781	19,289	–	–
Repayment made during the year	(26,862)	(13,798)	–	–
Balance at the end of the year	21,683	12,764	–	–

17.2 Other Receivables

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Receivable from farmers	10,201	15,330	–	–
Other debtors	55,744	10,359	–	–
	65,945	25,689	–	–
Provision for other receivables	(4,204)	(4,204)	–	–
	61,741	21,485	–	–

Receivables from farmers consist of advances and cost of cattle feed, milk cans, etc. given to farmers.

17.3 Movements of Provision for Impairment of Trade Receivables

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
At the beginning of the year	1,983	8,373	–	–
Provision/(reversal of) for the period	556	(6,390)	–	–
Write-offs during the year	(385)	–	–	–
At the end of the year	2,154	1,983	–	–

18. Amounts Due from/(Due to) Related Companies

18.1 Amount Due from Related Companies

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Subsidiaries				
Kotmale Dairy Products (Pvt) Ltd.	–	–	135,402	149,611
	–	–	135,402	149,611
Other related companies				
Cargills Convenient Foods Ltd.	3,135	2,837	–	–
Cargills Retail (Pvt) Ltd.	601,615	452,764	–	–
Cargills Enterprise Solution (Pvt) Ltd.	2,245	113	–	–
Cargills Restaurants (Pvt) Ltd.	4,875	6,064	–	–
Cargills Food Services (Pvt) Ltd.	–	295	–	–
Cargills Food & Beverage Ltd.	871	–	–	–
	612,741	462,073	–	–
Total amount due from related companies	612,741	462,073	135,402	149,611

18.2 Amount Due to Related Companies

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Parent				
Cargills (Ceylon) PLC	39,313	21,320	–	–
Cargills Dairies (Pvt) Ltd.	191,208	73,208	–	–
	230,521	94,528	–	–
Other related companies				
Cargills Retail (Pvt) Ltd.	–	–	78	-
Miller's Ltd.	261	46	–	–
Cargills Food & Beverage Ltd.	–	41	–	–
	261	87	78	–
Total amount due to related companies	230,782	94,615	78	–

19. Cash and Cash Equivalents

19.1 Cash at Banks and In Hand

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Cash at bank	692,366	340,613	4,929	2,422
Cash in hand	435	435	–	–
	692,801	341,048	4,929	2,422

19.2 For the purpose of cash flow statement, the year end cash and cash equivalents comprise the following:

		Group		Company	
As at 31 March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Cash at banks and in hand	19.1	692,801	341,048	4,929	2,422
Bank overdrafts		–	(1,888)	–	(1,888)
		692,801	339,160	4,929	534

19.3 Short-term Investments

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Fixed Deposits – Maturity period between 3 to 12 months	48,255	46,419	–	–
	48,255	46,419	–	–

20. Stated Capital

	Group		Company	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
31,400,000 ordinary shares	314,000	314,000	314,000	314,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at an Annual General Meeting (AGM) of the Company.

The value per ordinary share is Rs. 10.00.

21. Reserves

		(Group)		(Company)	
As at 31 March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Capital reserves					
Revaluation reserve	21.1	434,013	434,013	–	–
Capital reserve		1,785	1,785	1,785	1,785
		435,798	435,798	1,785	1,785
Revenue reserves					
General reserve		1,269	1,269	1,269	1,269
		437,067	437,067	3,054	3,054

21.1 Revaluation reserve consists of net surplus resulting from revaluation of land and buildings. The movement in the revaluation reserve is as follows

	(Group)		(Company)	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	434,013	436,631	–	–
Transfer from revaluation reserve to retained earnings due to disposal of building	–	(2,618)	–	–
Balance as at 31 March	434,013	434,013	–	–

22. Deferred Tax Liability

	(Group)		(Company)	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
As at 1 April	163,494	183,740	–	–
Charge/(release) for the year	1,504	(20,246)	–	–
As at 31 March	164,998	163,494	–	–

Deferred tax liability as at the year end is made up as follows.

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22.1. Taxable Temporary Differences

	(Group)					
	(Assets)		(Liabilities)		(Net)	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Property, plant and equipment	–	–	71,454	67,473	71,454	67,473
Revaluation surplus of freehold building and land	–	–	126,163	126,163	126,163	126,163
Employee benefits	(28,676)	(23,964)	–	–	(28,676)	(23,964)
Provisions	(1,866)	(4,610)	–	–	(1,866)	(4,610)
Right of use assets and lease liability	(2,077)	(1,568)	–	–	(2,077)	(1,568)
	(32,619)	(30,142)	197,617	193,636	164,998	163,494

	(Company)					
	(Assets)		(Liabilities)		(Net)	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Property, plant and equipment	–	–	–	–	–	–
Revaluation surplus of freehold building and land	–	–	–	–	–	–
Employee benefits	–	–	–	–	–	–
Provisions	–	–	–	–	–	–
Right of use assets and lease liability	–	–	–	–	–	–
	–	–	–	–	–	–

22.2 Movement of Deferred Tax Assets and Liabilities

	(Group)							
	(2026)				2025)			
	Balance as at 1 April 2025 Rs. '000	Recognised in profit or loss Rs. '000	Recognised in OCI Rs. '000	Balance as at 31 March 2026 Rs. '000	Balance as at 1 April 2024 Rs. '000	Recognised in profit or loss Rs. '000	Recognised in OCI Rs. '000	Balance as at 31 March 2025 Rs. '000
Property, plant and equipment	67,473	3,981	–	71,454	80,224	(12,751)	–	67,473
Revaluation surplus of freehold building and land	126,163	–	–	126,163	126,163	–	–	126,163
Employee benefits	(23,964)	(3,987)	(725)	(28,676)	(18,698)	(3,584)	(1,682)	(23,964)
Provisions	(4,610)	2,744	–	(1,866)	(3,199)	(1,411)	–	(4,610)
Right of use assets and lease liability	(1,568)	(509)	–	(2,077)	(750)	(818)	–	(1,568)
	163,494	2,229	(725)	164,998	183,740	(18,564)	(1,682)	163,494

	(Company)							
	(2026)				2025)			
	Balance as at 1 April 2025 Rs. '000	Recognised in profit or loss Rs. '000	Recognised in OCI Rs. '000	Balance as at 31 March 2026 Rs. '000	Balance as at 1 April 2024 Rs. '000	Recognised in profit or loss Rs. '000	Recognised in OCI Rs. '000	Balance as at 31 March 2025 Rs. '000
Property, plant and equipment	–	–	–	–	–	–	–	–
Revaluation surplus of freehold building and land	–	–	–	–	–	–	–	–
Employee benefits	–	–	–	–	–	–	–	–
Provisions	–	–	–	–	–	–	–	–
Right of use assets and lease liability	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–

22.3 Unrecognised Deferred Tax Assets

Temporary differences associated with the companies Kotmale Milk Foods Limited, Kotmale Milk Products Limited and Kotmale Holdings PLC, for which the deferred tax assets have not been recognised, are disclosed below:

	(Group)		(Company)	
As at 31 March	2026 Tax effect on temporary differences Rs. '000	2025 Tax effect on temporary differences Rs. '000	2026 Tax effect on temporary differences Rs. '000	2025 Tax effect on temporary differences Rs. '000
Provision for impairment of trade receivables	574	574	–	–
Tax losses	1,450	12,630	1,450	1,450
	2,024	13,204	1,450	1,450

23. Employee Benefits

		(Group)		(Company)	
As at 31 March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
At the beginning of the year		79,876	64,575	–	–
Expense recognised in profit or loss	23.1	14,199	11,831	–	–
Expense recognised in other comprehensive income	23.2	2,418	5,605	–	–
Benefits paid		(910)	(2,135)	–	–
At the end of the year		95,583	79,876	–	–

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23.1 Amounts Recognised in Profit or Loss

	(Group)		(Company)	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Current service cost	5,413	4,727	–	–
Interest cost	8,786	7,104	–	–
	14,199	11,831	–	–

23.2 Amounts Recognised in Other Comprehensive Income

	(Group)		(Company)	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Actuarial (loss)/gain arising from:				
Experience adjustment (financial and demographic)	(3,809)	(5,349)	–	–
Changes in financial assumptions	601	–	–	–
Changes in demographic assumptions	790	(256)	–	–
	(2,418)	(5,605)	–	–

23.3 This obligation is not externally funded.

23.4 The gratuity is based on the actuarial valuation carried out by Mr M Poopalanathan, AIA, Messrs Actuarial and Management Consultants (Pvt) Ltd., a firm of professional actuaries, as at the year end. The principal assumptions used in actuarial valuation were as follows:

	(Group)	
For the year ended 31 March	2026 %	2025 %
Discount rate (the rate of interest used to discount the future cash flows in order to determine the present value)	9	11
Future salary increment rate		
Executive	8	10
Staff	8	10
Retirement age (years)	60	60
Staff turnover rate	20	20

The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. A long-term Treasury Bond rate of 9% P.a (2025 – 11%) was used to discount future liability taking into consideration the remaining working life of employees. All assumptions are reviewed at each reporting date.

In addition to the above, demographic assumptions such as mortality and withdrawal and disability were considered for the actuarial valuation. "A 67/70 mortality table" issued by the Institute of Actuaries London was used to estimate the gratuity liability.

23.5 Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the defined benefit obligation measurement.

As at 31 March	(Group)			
	2026		2025	
	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000
Discount rate (1% movement)	(4,368)	4,768	(3,039)	3,283
Future salary increment rate (1% movement)	5,233	(4,868)	3,659	(3,442)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

23.5.1 Maturity Profile of the Retirement Benefit Obligations:

As at 31 March	(Group)		(Company)	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Less than 1 year	12,557	14,834	–	–
Between 1-5 years	41,406	35,276	–	–
Between 6-10 years	28,000	22,797	–	–
Over 10 years	13,620	6,969	–	–
Total	95,583	79,876	–	–

As at 31 March 2026, the weighted average duration of the defined benefit obligations for the Group was 5.2 years (2025: 4.4 years)

24. Trade and Other Payables

As at 31 March	(Group)		(Company)	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Trade payables	639,479	551,034	–	–
Other payables	251,993	197,775	–	–
Accrued expenses	435,453	351,188	4,866	3,534
Dividend payable	1,955	1,955	1,955	1,955
	1,328,880	1,101,952	6,821	5,489

25. Borrowings

As at 31 March	Note	(Group)		(Company)	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Short-term loans	25.1	–	–	–	–
Total borrowings		–	–	–	–

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25.1. Short-term Loan Movement

	(Group)		(Company)	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Opening balance	–	470,000	–	–
Loan granted	–	3,155,000	–	–
Interest expense	–	20,093	–	–
Loan repayment	–	(3,645,093)	–	–
Closing balance	–	–	–	–

26. Commitments

26.1 Capital Commitments

As at 31 March 2026, the Company had capital commitments amounting to Rs. 141 Mn. relating to the acquisition of machinery. An advance payment of Rs. 95 Mn. has been made as of the reporting date. The machinery is expected to be delivered and installed in the next financial period.

26.2 Financial Commitments

There were no material financial expenditure commitments approved by the Board of Directors as at 31 March 2026.

27. Contingent Liabilities

27.1 Litigation Against the Group

The Management is in the view that any pending litigation will not have a material impact on the Financial Statements of the Group.

There are no other material contingent liabilities as at the reporting date.

28. Events After the Reporting Date

No events have occurred since the reporting date which would require any adjustment to, or disclosure in, the Financial Statements.

29. Transactions with Related Companies

Companies within the Group engage in trading and business transactions under normal commercial terms which gives rise to related company balances. The transactions are carried out in the ordinary course of the business and arm's length in nature.

The related company balances have been disclosed under Note 18 to the Financial Statements.

29.1 Transactions with Key Management Personnel (KMP)

According to the Sri Lanka Accounting Standards (LKAS 24) "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) has been classified as Key Management Personnel of the Group.

The Group has paid Rs. 60 Mn. (2025 – Rs. 40 Mn.) to Directors as emoluments and no post-employment benefits were paid during the year (2025 – Nil). There are no other payments made to Key Management Personnel apart from the disclosed amount.

29.2 Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include:

(a) The individual's domestic partner and children;

(b) Children of the individual's domestic partner; and

(c) Dependents of the individual or the individual's domestic partner CFM are related parties to the entity.

There were no transactions with CFM during the year.

29.3 Transactions with Related Companies

The companies within the Group are engaged in trading and business transactions under normal commercial terms which give rise to related company balances. The balances have been disclosed under Note 18 to the Financial Statements and the transactions are summarised as follows:

	(Group)		(Company)	
For the year ended 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Parent				
Sales of goods	27,368	19,218	–	–
Purchases	(1,376,378)	(1,033,444)	–	–
(Receiving)/rendering of services	286,082	(38,195)	–	–
Settlement/fund transfer	926,935	1,079,120	–	–
Subsidiaries				
Settlement/fund transfer	–	–	(14,209)	(4,489)
Other related companies				
Sales of goods	2,700,264	2,443,518	–	–
Purchases	(123)	(35,940)	–	–
(Receiving)/rendering of services	(177,542)	(204,597)	(141)	–
Settlement/fund transfer	(2,372,105)	(2,154,614)	63	–

29.4 Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions which, in aggregate, exceed 10% of the equity or 5% of the total assets whichever is lower of the Group and/or the Company as per the audited Financial Statements as at 31 March 2025 which required additional disclosures in the 2025/26 Annual Report under the applicable provisions of Section 9.14.8 of the CSE Listing Rules, applicable SEC requirements, LKAS 24 and the Company's Related Party Transactions Policy.

29.5 Recurrent Related Party Transactions

The Group and the Company are engaged in related party transactions which in aggregate, the value exceeds 10% of the consolidated revenue of the Group as per the audited Financial Statements as at 31 March 2025, which required additional disclosures in the 2025/26 Annual Report under the applicable provisions of Section 9.14.8 of the CSE Listing Rules, applicable SEC requirements, LKAS 24 and the Company's Related Party Transactions Policy.

			(Group)						(Company)					
For the year ended 31 March			2026			2025			2026			2025		
Name of the Company	Relationship	Nature of transaction	Rs. '000	*PONR	*TCORPT	Rs. '000	*PONR	*TCORPT	Rs. '000	*PONR	*TCORPT	Rs. '000	*PONR	*TCORPT
Cargills Retail (Pvt) Ltd.	Common parent	Supermarket sales	2,579,005	21%	Arm's length	2,306,691	23%	Arm's length	–	–	–	–	–	–

**PONR – Percentage of Net Revenue*
**TCORPT – Terms and conditions of the related party transaction.*

These transactions have occurred on a daily or monthly basis throughout the year.

29.6 Amounts Due from/Due to Related Companies

The relationship of related companies along with the amounts due from and due to related companies at the year end have been disclosed under Note 18 to these Financial Statements.

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30. Financial Instruments

30.1 Financial Assets and Liabilities by Categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

		(Group)		(Company)	
		Financial assets at amortised cost		Financial assets at amortised cost	
As at 31 March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Financial assets by categories					
Trade and other receivables, excluding deposits, prepayments, and advances	17	922,473	713,587	–	–
Amounts due from related companies	18.1	612,741	462,073	135,402	149,611
Short-term investments	19.3	48,255	46,419	–	–
Cash and cash equivalents	19.1	692,801	341,048	4,929	2,422
Total		2,276,270	1,563,127	140,331	152,033

The fair value of financial assets at amortised cost category does not significantly vary from the carrying value based on amortised cost.

		(Group)		(Company)	
		Financial liabilities at amortised cost		Financial liabilities at amortised cost	
As at 31 March	Notes	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Financial liabilities at amortised cost					
Trade and other payables, excluding accrued expense	24	893,427	750,764	1,955	1,955
Amounts due to related companies	18.2	230,782	94,615	78	–
Lease liability	13.1.2	39,899	45,815	–	–
Bank overdrafts	19.2	-	1,888	–	1,888
Total		1,164,108	893,082	2,033	3,843

The above table does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair value.

30.2 Fair Value Hierarchy

The Group held the following non-financial instruments carried at fair value in the Statement of Financial Position:

		Level 3	
As at 31 March	Notes	2026 Rs. '000	2025 Rs. '000
Non-financial assets measured at fair value			
Freehold land and buildings	12	1,444,807	1,320,629

Description of fair valuation techniques used and key inputs to fair valuation of freehold land and buildings are disclosed in Note 12.1.

31. Financial Risk Management

OVERVIEW

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further, quantitative disclosures are included throughout these Financial Statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Risk Management Framework

The Group's risk management processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management processes/guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

31.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's receivables from customers.

Carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was as follows:

	(Group)		(Company)	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Trade receivables	839,049	679,338	–	–
staff debtors and other receivables	83,424	34,249	–	–
Amount due from related companies	612,741	462,073	135,402	149,611
Short-term investments	48,255	46,419	–	–
Cash and cash equivalents, excluding cash in hand	692,366	340,613	4,929	2,422
	2,275,835	1,562,692	140,331	152,033

31.1.1 Age Analysis of Trade Receivables After Provision for Impairment

As at 31 March	2026			2025		
Group	Gross debtor Rs. '000	Impairment Rs. '000	Net debtor Rs. '000	Gross debtor Rs. '000	Impairment Rs. '000	Net debtor Rs. '000
Past due 1–30 days	588,644	–	588,644	463,466	–	463,466
Past due 31–60 days	167,617	–	167,617	141,428	–	141,428
Past due 61–90 days	82,080	–	82,080	74,236	–	74,236
Past due more than 91 days	2,862	(2,154)	708	2,191	(1,983)	208
Total	841,203	(2,154)	839,049	681,321	(1,983)	679,338

The provision for impairment of trade receivables are relevant to the trade receivables outstanding for more than 90 days. The Group has obtained bank guarantees from major customers by reviewing their past performance and creditworthiness.

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31.1.2 Staff Debtors and Other Receivables

These represent amounts due from suppliers, farmers, and permanent employees.

31.1.3 Amount due from Related Companies

The Group's amounts due from related companies mainly consist of receivables from other related companies and parent companies. The Company's amount due from related companies consist of receivables from subsidiaries, other related companies, and parent companies.

31.1.4 Short-Term Investments

Short-term investments represent investment in fixed deposits with a maturity period between 3 to 12 months. The short-term investments are held with banks which are rated A-(lka), based on Fitch Ratings.

31.1.5 Cash and Cash Equivalents, Excluding Cash In Hand

The Group and the Company held cash and cash equivalents excluding cash in hand of Rs. 693 Mn. and Rs. 4.9 Mn. at 31 March 2026 (2025: Rs. 341 Mn. and Rs. 2.4 Mn.), which represents its maximum credit exposure on these assets. The cash and cash equivalents excluding cash in hand are held with banks which are rated AA (lka) to BBB (lka), based on Fitch Ratings.

31.1.6 Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries.

31.2 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk of a shortage of funds by considering maturity of both the Group's financial investments and other financial assets and other projected cash flow from operations.

The Group's objective is to maintain balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts over a wider range of maturity periods.

In liquidity risk management, the Group uses a mixed approach where it combines elements of cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against a combination of contractual cash inflows that can be generated through the sale of assets, repurchase agreement or secured borrowings.

The following are the contractual maturities of financial liabilities as at 31 March 2026

	Undiscounted contractual cash flows							
Group	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	Carrying value Rs. '000
Trade and other payables, excluding accrued expense	893,427	–	–	–	–	–	893,427	893,427
Amounts due to related companies	230,782	–	–	–	–	–	230,782	230,782
Lease liability	10,084	9,933	9,438	2,178	2,214	29,769	63,616	39,899
	1,134,293	9,933	9,438	2,178	2,214	29,769	1,187,825	1,164,108

	Undiscounted contractual cash flows							
Company	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	Carrying value Rs. '000
Amounts due to related companies	78	–	–	–	–	–	78	78
Trade and other payables, excluding accrued expense	1,955	–	–	–	–	–	1,955	1,955
	2,033	–	–	–	–	–	2,033	2,033

The following are the contractual maturities of financial liabilities as at 31 March 2025.

	Undiscounted contractual cash flows							
Group	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	Carrying value Rs. '000
Trade and other payables, excluding accrued expense	750,764	–	–	–	–	–	750,764	750,764
Amounts due to related companies	94,615	–	–	–	–	–	94,615	94,615
Lease liability	10,149	10,084	9,933	9,438	2,178	31,983	73,765	45,815
Bank overdraft	1,888	–	–	–	–	–	1,888	1,888
	857,416	10,084	9,933	9,438	2,178	31,983	921,032	893,082

	Undiscounted contractual cash flows							
Company	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	Carrying value Rs. '000
Trade and other payables, excluding accrued expense	1,955	-	-	-	-	-	1,955	1,955
Bank overdraft	1,888	-	-	-	-	-	1,888	1,888
	3,843	–	–	–	–	–	3,843	3,843

31.2.1 Borrowings

The Group has access to the following facilities in place which can be utilised to meet its liabilities when they fall due if required.

Institution and the facility	Principal amount Rs. '000	Amount outstanding Rs. '000	Repayment terms and interest rates	Security offered
Kotmale Dairy Products (Pvt) Ltd.				
Bank overdrafts				
Commercial Bank of Ceylon PLC	500,000	–	On demand, based on monthly AWPLR+0.75%	Clean basis
Short-term loans Hatton National Bank PLC	1,000,000	–	1-4 months, based on the prevailing market rates	Clean basis
Commercial Bank of Ceylon PLC	500,000	–	1-12 months, based on the prevailing market rates	Clean basis

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31.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

31.3.1 Currency Risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the Sri Lankan rupees (LKR). The Group also have limited exposure in respect of recognised foreign currency assets and liabilities. Based on the discussions with the Group's banking partners, economic conditions and expectations of the future exchange rates, management has estimated Rs. 315.19 per USD as at the reporting date, in translating its assets and liabilities.

As at 31 March	2026			2025		
	Rs. '000	Exchange rate Rs. '000	USD '000	Rs. '000	Exchange rate Rs. '000	USD '000
Foreign currency savings account – Cargills Bank	8,873	0.315	28	8,743	0.296	30

31.3.1.1 Sensitivity Analysis

A reasonably possible strengthening/(weakening) of the Sri Lankan rupees against US dollar at the year end would have affected the measurement of financial instruments denominated in a foreign currency and affected profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecasted purchases. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

	Effect on profit before tax	
	Increase in Exchange rate 5% Rs. '000	Decrease in Exchange rate 5% Rs. '000
2025/26	444	(444)
2024/25	437	(437)

31.3.2 Interest Rate Risk

The Group is exposed to interest rate risk on borrowings and short-term deposits. The Group's interest rate policy seeks to minimise the cost and volatility of the Group's interest expense by maintaining a diversified portfolio of fixed rate, floating rate and inflation-linked liabilities.

The Group adopts a policy of maintaining borrowings at manageable levels while optimising returns. Interest rates are negotiated leveraging on the strength of the Kotmale Group and thereby ensuring the availability of cost-effective funds at all times while minimising the negative effect of market fluctuations. Further, the Company has considerable banking facilities with several reputed banks which has enabled the Group to negotiate competitive rates.

31.3.2.1 Exposure to Interest Rate Risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the Management of the Group is as follows:

	(Group)		(Company)	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Fixed-rate instruments				
Financial assets	48,255	46,419	–	–
	48,255	46,419	–	–

31.4 Capital Management

The primary objective of the Group's capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

	(Group)		(Company)	
	2026 %	2025 %	2026 %	2025 %
Debt/Equity	47	48	2	2

32. Segmental Information

At present the only significant operating segment in the Group is Fast Moving Consumer Goods (FMCG). There are no distinguishable components to be identified as geographical segments for the Group.

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Five Year Financial Summary

Group		2025/26 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000	2021/22 Rs. '000
Financial Results						
Gross revenue		14,080,050	12,243,112	10,594,900	8,565,536	4,341,314
Net revenue		12,013,647	10,159,987	9,933,568	8,470,935	4,341,314
Results from operating activities		1,102,870	892,617	1,002,767	1,048,766	410,111
Profit before taxation		1,112,104	867,133	927,138	800,432	351,809
Profit attributable to equity shareholders of the parent		764,562	602,176	644,971	581,937	283,280
Financial Position						
Stated capital		314,000	314,000	314,000	314,000	314,000
Reserves		4,041,584	3,278,715	2,680,462	1,880,390	1,379,798
Capital and reserves		4,355,584	3,592,715	2,994,462	2,194,390	1,693,798
Current assets		3,696,548	2,775,665	2,372,709	1,767,725	1,306,434
Current liabilities		(1,768,493)	(1,449,990)	(1,789,606)	(1,688,673)	(1,381,161)
Working capital		1,928,055	1,325,675	583,103	79,052	(74,727)
Non-current assets		2,721,540	2,550,309	2,705,288	2,306,919	1,906,444
Non-current liabilities		(294,011)	(283,269)	(293,929)	(191,581)	(137,919)
Net assets		4,355,584	3,592,715	2,994,462	2,194,390	1,693,798
Key Indicators						
Growth in gross revenue	%	15.00	15.56	23.69	97.30	32.77
Growth in net revenue	%	18.24	2.28	17.27	95.12	32.77
Growth in earnings	%	26.97	(6.64)	10.83	105.43	48.76
Return on total assets	%	11.91	11.31	12.70	14.28	8.82
Growth in total assets	%	20.51	4.88	24.62	26.82	17.95
Growth in capital and reserves	%	21.23	19.98	36.46	29.55	20.22
Return on investment	%	17.55	16.76	21.54	26.52	16.72
Earnings per share	Rs.	24.35	19.18	20.54	18.53	9.02
Dividend per share	Rs.	–	–	–	–	–
Dividend payout	times	–	–	–	–	–
Dividend paid per share	Rs.	–	–	–	–	–
Net assets per share	Rs.	138.71	114.42	95.37	69.89	53.94
Market value per share (closing)	Rs.	1,350.50	395.00	426.25	386.25	380.25
Market capitalisation	Rs. Mn.	42,406	12,403	13,384	12,128	11,940
Debt equity ratio	times	0.47	0.48	0.70	0.86	0.90
Interest cover	times	71.32	29.15	3.95	17.36	10.6
Current ratio	times	2.09	1.91	1.33	1.05	0.95
Quick assets ratio	times	1.51	1.23	0.86	0.56	0.55

(a) The above ratios have been computed based on 31,400,000 issued and fully paid ordinary shares as at 31 March 2026.

(b) Debt equity ratio is computed by dividing the total liabilities by the shareholders' funds.

(c) Return on investment is computed by dividing profit for the year by the shareholders' funds.

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Investor Relations Supplement

General

Stated Capital	Rs. 314,000,000
Issued Shares	31,400,000
Class of Shares	Ordinary shares
Voting Rights	One vote per ordinary share

Stock Exchange Listing

The issued ordinary shares of Kotmale Holdings PLC are listed on the Colombo Stock Exchange.

Distribution of Shareholding

Shareholdings	31 March 2026				31 March 2025			
	Shareholders		Holding		Shareholders		Holding	
	Number	%	Number	%	Number	%	Number	%
1 – 1,000	783	97.51	67,760	0.22	634	96.65	62,828	0.20
1,001 – 10,000	16	1.99	27,664	0.09	18	2.74	31,287	0.10
10,001 – 100,000	3	0.37	112,114	0.36	3	0.46	113,423	0.36
100,001 – 1,000,000	–	–	–	0.00	–	–	–	0.00
Over 1,000,000	1	0.12	31,192,462	99.34	1	0.15	31,192,462	99.34
Total	803	100.00	31,400,000	100.00	656	100.00	31,400,000	100.00

Analysis of Shareholders

Shareholder category	31 March 2026				31 March 2025			
	Shareholders		Holding		Shareholders		Holding	
	Number	%	Number	%	Number	%	Number	%
Individuals	777	96.76	146,942	0.47	632	96.34	145,816	0.46
Institutions	26	3.24	31,253,058	99.53	24	3.66	31,254,184	99.54
Total	803	100.00	31,400,000	100.00	656	100.00	31,400,000	100.00
Resident	797	99.25	31,397,142	99.99	651	99.24	31,397,145	99.99
Non-resident	6	0.75	2,858	0.01	5	0.76	2,855	0.01
Total	803	100.00	31,400,000	100.00	656	100.00	31,400,000	100.00

Public Holding

The percentage of shares held by the public and the number of public shareholders as at 31 March 2026 is 0.49% (2025 – 0.49%) and 800 (2025 – 653), respectively. The total number of shares in issue is 31,400,000 of which Public Holding represents 153,222 shares. The float-adjusted market capitalisation amounts to Rs. 206.93 Mn.

Consequent to the Company being non-compliant with Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange as of 1 July 2018, the securities of the Company have been transferred to the Watch List on 1 July 2018.

Share Price Movements for the Period

The market price of shares recorded for the year ended 31 March	2026 Rs.	2025 Rs.
Highest	1,750.00	440.00
Lowest	1,010.00	350.00
Last traded price	1,350.50	395.00

Top Twenty Shareholders

Consequent to Cargills (Ceylon) PLC exercising its option under Section 246 of the Companies Act, the shareholdings in the Company are as follows:

	Names of shareholder	No. of shares as at 31 March 2026	Holding %	No. of shares as at 31 March 2025	Holding %
1.	Cargills Dairies (Pvt) Ltd	31,192,462	99.34	31,192,462	99.34
2.	Cargills (Ceylon) PLC	54,315	0.17	54,315	0.17
3.	Mrs I S Jayasinghe	37,500	0.12	37,500	0.12
4.	Estate of late K C Vignarajah	20,299	0.06	21,608	0.07
5.	Dr G R Handy	2,950	0.01	2,950	0.01
6.	Uniwalkers Limited	2,550	0.01	2,550	0.01
7.	Mr S Muhunthan	2,096	0.01	2,096	0.01
8.	Mr Z G Carimjee	2,000	0.01	2,000	0.01
9.	Mrs M J Saverimuttu	2,000	0.01	200	0.00
10.	Mrs P T D Harasgama	2,000	0.01	2,000	0.01
11.	Mrs B P Narhari	1,875	0.01	1,875	0.01
12.	Mr P R Gunasekara	1,600	0.01	1,600	0.01
13.	Mr B Nadarajah	1,500	0.00	1,500	0.00
14.	Mr D R Wickramasekara	1,500	0.00	1,500	0.00
15.	Dr G W Karunaratne	1,400	0.00	1,400	0.00
16.	Mrs R T Purasinghe	1,400	0.00	1,600	0.01
17.	Mr A Rajaratnam	1,300	0.00	1,300	0.00
18.	Mr U I Suriyabandara	1,273	0.00	848	0.00
19.	Mr P R A Jansz	1,200	0.00	2,000	0.01
20.	Mr H V M S De Silva	1,020	0.00	1,020	0.00

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Notice of Annual General Meeting

Notice is hereby given that the Fifty-Ninth Annual General Meeting ("AGM" or "Meeting") of Kotmale Holdings PLC (the "Company") will be held at The Institute of Chartered Accountants of Sri Lanka, No. 30A, Malalasekara Mawatha, Colombo 07, on Friday, 21 August 2026, at 8.30 am and the business to be brought before the meeting will be:

To Read the Notice convening the Meeting

1. To receive and consider the Annual Report of the Directors and the Financial Statements for the year ended 31 March 2026, with the Report of the Auditors thereon.
2. To re-elect as a Director, Dr D N Weerakoon, who retires by rotation in terms of the Company's Articles of Association and being eligible offers herself for re-election.
3. To reappoint Director, Mr J C Page, who retires in terms of Section 210 (2) (a) of the Companies Act No. 07 of 2007 having surpassed seventy years of age and offers himself for reappointment in terms of Section 211 (1) and (2) of the Companies Act No. 07 of 2007 with the unanimous support of the other Directors.
4. (a) To reappoint Director, Mrs C I Malwatte, who retires in terms of Section 210 (2) (b) of the Companies Act No. 07 of 2007 having surpassed seventy years of age and offers herself for reappointment in terms of Section 211 (1) and (2) of the Companies Act No. 07 of 2007 with the unanimous support of the other Directors.

   (b) Mrs C I Malwatte be designated as an Independent Director in terms of Rule No. 9.8.3.(ix) of the Listing Rules of the Colombo Stock Exchange.

   Ordinary Resolution (i)

   "Resolved that Mr J C Page, a retiring Director, who has attained the age of seventy years be and is hereby reappointed a Director of the Company and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the appointment of the said Director",

   Ordinary Resolution (ii)

   "Resolved that Mrs C I Malwatte, a retiring Director, who has attained the age of seventy-one years be and is hereby reappointed a Director of the Company and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the appointment of the said Director",

   Ordinary Resolution (iii)

   "Resolved that Mrs C I Malwatte, be designated as an Independent Non-Executive Director of the Company in terms of Section 9.8.3. (ix) of the Listing Rules of the Colombo Stock Exchange"

   The justification and rationale for the recommendation to appoint Mrs C I Malwatte are comprehensively presented in the Nominations and Governance Committee Report, contained in the Annual Report.

5. To authorise the Directors to determine contributions to charities for the financial year 2026/27.
6. To authorise the Directors to determine the remuneration of the Auditors, Messrs. KPMG, who are deemed reappointed as Auditors at the Annual General Meeting of the Company in terms of Section 158 of the Companies Act No. 07 of 2007.

The Annual Report of Kotmale Holdings PLC for the year ended 31 March 2026 is accessible via:

(1) Corporate website - https://www.cargillsceylon.com/kotmale-holdings-plc/

(2) Colombo Stock Exchange – https://www.cse.lk/company-profile?symbol=LAMB.N0000

(3) The following QR code:

Should members wish to obtain a hard copy of the Annual Report 2025/26, they may send a request to the Company by filling the Form of Request attached to the Form of Proxy. 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.

For clarification on how to download and/or access the Annual Report and Financial Statements, please contact Mr Fernando on +94 117 496 403 during normal office hours (8.30 am to 5.00 pm).

By Order of the Board

Kotmale Holdings PLC

H S Ellawala
Company Secretary
30 July 2026

Notes:

(i) A member who is unable to attend the Meeting is entitled to appoint a Proxy to attend and vote in his or her place.

(ii) The Proxy need not be a member of the Company.

(iii) A member wishing to vote by Proxy at the meeting may use the Form of Proxy enclosed herein.

(iv) In order to be valid, the completed Form of Proxy must be lodged at the Registered Office of the Company not less than 48 hours before the Meeting.

Notes

Form of Proxy

Fifty-Ninth Annual General Meeting
Kotmale Holdings PLC (PQ 213)

*I/We (name of the shareholder/s) .....

Holder of NIC/Passport/Company Registration No./s .....

of (address of shareholder/s) .....

being a *Shareholder/s of Kotmale Holdings PLC (the Company) hereby appoint:

Please indicate your preference with a ✓

☐ Name of the proxy holder: *Mr/Mrs/Miss .....

Holder of NIC/Passport /Company Registration No./s .....

of (address of shareholder/s) .....

Mobile number of proxy holder: .....

OR failing him/her

☐ The Chairman of the Meeting as my/our Proxy to represent me/us and to vote for on my/our behalf at the fifty ninth Annual General Meeting of the Company to be held on Friday, 21 August 2026, and at any adjournment thereof.

Please mark your preference with "X"

No.	Resolution	For	Against
1.	To adopt the Financial Statements for the year ended 31 March 2026		
2.	To re-elect Dr D N Weerakoon as a Director		
3.	To reappoint Mr J C Page as a Director		
4. a.	To reappoint Mrs C I Malwatte as a Director		
4. b.	To designate Mrs C I Malwatte as an Independent Director		
5.	To authorise the Directors to determine contributions to charities		
6.	To authorise the Directors to determine the remuneration of the Auditors, Messrs. KPMG, who are deemed reappointed as Auditors at the Annual General Meeting		

Signed on this ..... day of 2026

Signature/s of Shareholder/s ..... NIC/PP/Co.Reg.No. of Shareholder/s .....

Witnesses: .....

NOTES:

(a) *Strike out whichever is not desired

(b) Instructions as to completion of the Form of Proxy are set out below

(c) A Proxy holder need not be a Member of the Company

(d) Please indicate with an "X" in the cage provided how your Proxy holder should vote. If no indication is given, or if there is, in the view of the Proxy holder, any doubt (by reason of the manner in which the instructions contained in the Proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder in his/her discretion may vote as he/she thinks fit

Instructions for Completion of the Proxy Form

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: 40, York Street, Colombo 1, or an electronic document with e-signature or scan of the signed document emailed to khp.agm@kotmale.lk, with the subject title "KHP-AGM 2026" not less than 48 hours before the time appointed for the convening of the Meeting.
3. If the Proxy Form is signed by an Attorney, the relevant Power of Attorney or a notarially certified copy thereof, should also accompany the completed Form of Proxy, if it 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 authorised officer of the company or corporation in accordance with its Articles of Association or Constitution.
5. In the case of non-resident Shareholders, the stamping will be attended to upon return of the completed Form of Proxy to Sri Lanka.
6. In the case of joint holders, only one needs to sign. The votes of the senior holder who tenders a vote will alone be counted.

Form of Request

To: Company Secretary
Kotmale Holdings PLC
No. 40, York Street
Colombo 01

Request for a Printed Copy of the Annual Report 2025/2026

I hereby request you to send me a printed copy of the Annual Report of Kotmale Holdings PLC for the Financial Year ended 31 March 2026.

Name of Shareholder : .....

(as registered in the Company or in the CDS)

NIC No. : .....

Shareholder Reference No. : Folio/CDS Account No. .....

Address : .....

.....

Contact Telephone No/s. : .....

E-mail address : .....

Signature: ..... Date: .....

Corporate Information

Name of Company
Kotmale Holdings PLC

Company Registration No.
PQ 213

Legal Form
Incorporated as a Public Company in 1967 under the provisions of the Companies Ordinance No. 51 of 1938 and subsequently re-registered under the Companies Act No. 07 of 2007 on 6 May 2008.

Registered Office
No. 40, York Street, Colombo 01

Contact Details
Tel: +94 11 242 7777
Tele Fax: + 94 11 233 8704

Stock Exchange Listing
The Company was listed on the Colombo Stock Exchange in 1969

Board of Directors
Imtiaz Abdul Wahid (Chairman)
Saranga Wijesundara (Managing Director)
Ranjit Page
Dr Dushni Weerakoon (Senior Independent Director) – w.e.f. 20 May 2025)
Asite Talwatte (Up to 23 October 2025)
Joseph Page
Dilantha Jayawardhana
Indira Malwatte
Priyan Edirisinghe (w.e.f. 20 May 2025)

Company Secretary
Hemali Sagarika Ellawala

Postal Adress
P.O. Box 23, Colombo 01

Registrars
SSP corporate Service (Pvt) Ltd,
No. 101, Inner Flower Road,
Colombo 03.
Tel: + 94 11 257 3894

Remuneration Committee
Dr Dushni Weerakoon
(Chairman – w.e.f. 20 May 2025)
Indira Malwatte
Asite Talwatte (Up to 23 October 2025)
Priyan Edirisinghe (w.e.f. 30 October 2025)

Audit Committee
Priyan Edirisinghe
(Chairman – w.e.f. 20 May 2025)
Asite Talwatte (Up to 23 October 2025)
Indira Malwatte
Dr Dushni Weerakoon

Related Party Transactions Review Committee
Priyan Edirisinghe
(Chairman – w.e.f. 20 May 2025)
Asite Talwatte (Up to 23 October 2025)
Indira Malwatte
Dr Dushni Weerakoon

Nominations and Governance Committee
Dr Dushni Weerakoon
(Chairman – w.e.f. 20 May 2025)
Indira Malwatte
Asite Talwatte (Up to 23 October 2025)
Priyan Edirisinghe (w.e.f. 30 October 2025)

Auditors
KPMG
Chartered Accountants

Bankers
Cargills Bank Ltd.
Bank of Ceylon
Commercial Bank of Ceylon PLC
NDB Bank PLC
Pan Asia Banking Corporation PLC
Seylan Bank PLC
HNB Bank PLC
People's Bank
Habib Bank

Subsidiary Companies
Kotmale Dairy Products (Pvt) Ltd.
Kotmale Milk Foods Ltd.
Kotmale Milk Products Ltd.
Kotmale Products Ltd.

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Kotmale Holdings PLC
No. 40, York Street, Colombo 01

www.cargillsceylon.com/kotmale-holdings-plc