



Annual Report 2024/25

Pioneering New Frontiers

Adventure on Tap:
Brewing What's Next

LION BREWERY (CEYLON) PLC

Pioneering New Frontiers

Adventure on Tap: Brewing What's Next

At Lion Brewery, innovation begins where tradition meets bold exploration. With every pour, we are not just serving beer—we are crafting new experiences, pushing the boundaries of flavour, and unlocking opportunities for discovery. From launching adventurous new brews to expanding our reach across borders, we continue to lead the way in reimagining what is possible at the tap. Fueled by curiosity, creativity, and craftsmanship, Lion stands proudly at the frontier of the next great beer adventure.

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ABOUT THIS REPORT



ABOUT

This Annual Report of Lion Brewery PLC ("Lion", "Company" or "Group") summarises the Company's activities during the financial year ended 31 March 2025. Lion is Sri Lanka's leading brewery, primarily engaged in brewing, packaging, distribution and sales of a wide range of beers under the iconic "Lion" brand, as well as internationally recognised brands through partnerships. We cater to both local and export markets and is Sri Lanka's largest exporter of alcoholic beverages.

REPORTING CONTENT, SCOPE, AND BOUNDARY

The reporting period covers the financial year ending 31 March 2025. This Report includes a comprehensive overview of the Company's operations and strategy, compares the year's performance to the previous financial year, and outlines its long-term prospects. It combines both financial and non-financial information relevant to this period.

The Report also focuses on significant Environmental, Social and Governance (ESG) aspects associated with our operations and the measures taken to address them.

COMPLIANCE

The Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS), guided by the International Financial Reporting Standards (IFRS). Independent auditors have audited the Financial Statements and related notes. The ESG aspects of this Report have been prepared in line with the guidance provided by the Global Reporting Initiative (GRI) Standards for the purpose of defining the context of sustainability.

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About Us

OVERVIEW

Tracing its roots back to the origins of brewing in Sri Lanka in 1800's, Lion Brewery (Ceylon) PLC stands today as the country's leading brewery. Its flagship brand Lion, is a national icon, widely recognised and enjoyed by both locals and tourists.

Listed on the Colombo Stock Exchange in 1997, the Company operates under the umbrella of Carson Cumberbatch & Co., with ownership stakes held by Ceylon Beverage Holdings PLC and the Carlsberg Group.

The Company's state-of-the-art brewery is located in Biyagama, with an annual production capacity of 2.0 million hectolitres. This facility brews a diverse portfolio of beers under the Lion, Carlsberg, and Guinness master brands. Lion also has a notable presence overseas, exporting its products to nearly 17 countries, including the United Kingdom, Australia, Netherlands, Japan, the Middle East, and Africa. It also operates in the Maldives where it enjoys a dominant market position.



KEY MILESTONES

1849

Brewing begins in Sri Lanka when Samuel Baker established a small brewery at the hill station of Nuwara Eliya

1881

Auguste de Bavay, a Belgian brewer and chemist, collaborated with Mountsteven Bremer, a planter from Nuwara Eliya, to set up the island's second brewery

1884

The Murree Brewery Company, acquires ownership and management of the brewery

1997

Listing of Lion Brewery (Ceylon) PLC in the Colombo Stock Exchange

1996

Incorporation of The Lion Brewery (Ceylon) Ltd. as a subsidiary of The Ceylon Brewery Ltd. Carlsberg Group acquired 25% shareholding in The Lion Brewery (Ceylon) Ltd.

1993

The Ceylon Brewery Ltd. becomes a subsidiary of Carson Cumberbatch & Co Ltd.

1998

Lion Brewery established a new state-of-the-art brewery in Biyagama

2001

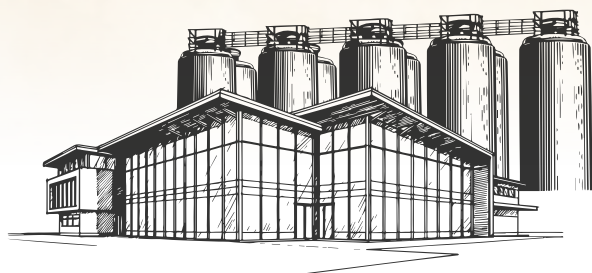
Ceasing operations in Nuwara Eliya

2014

Acquired Millers Brewery Ltd.



Carson
Cumberbatch



1893

A consortium, spearheaded by the brewery's former transport agent, Lindsay White, an Irishman, took over the business



1910

The Ceylon Brewery becomes a Limited Liability Company



1954

Introduction of "Lion Ale", the inaugural draft beer offering to the local market

1991

Listing of The Ceylon Brewery Ltd. in the Colombo Stock Exchange. Carlsberg Group acquired a 8% share in The Ceylon Brewery Ltd.

1988

First consignment of Lion beer and stout was exported to Japan

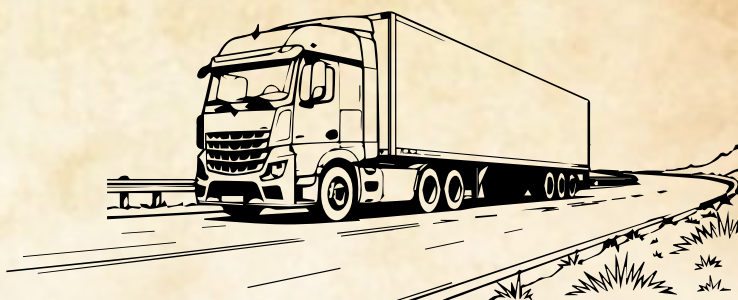
1992

The first batch of Carlsberg beer manufactured in Sri Lanka was introduced to the local market



2024

Completion of our innovation brewery



2021

Partnered with Diageo to locally manufacture Guinness Stout



DIAGEO

HIGHLIGHTS 2025 – NON-FINANCIAL



MAY 2024

- Somersby (launched in Sri Lanka) recognised as the "Best New Launch" at the Carlsberg Export and License Conference in Denmark



June 2024

- The Company launched SAP Success Factors cloud based human capital management solution
- Lion won the Silver Award in the food and beverage category at the 10th Presidential Environmental Awards 2024



July 2024

- Lion obtains ISO 50001:2018 Energy Management System certification



March 2025

- Lion Stout wins a Gold Award at the Monde Selection World Quality Awards 2025



December 2024

- Lion opens the Innovation Brewery



August 2024

- Lion wins Gold at the People Development Awards 2024



October 2024

- Lion beer is served in porcelain beer mugs at the 2024 Colombo Oktoberfest, replacing plastic beer cups, in-line with our sustainability commitments



November 2024

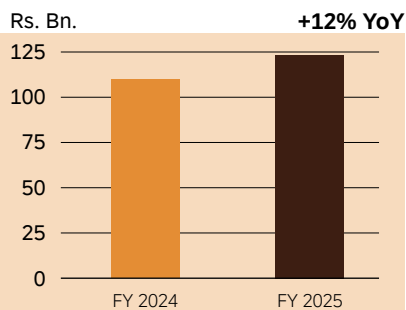
- Lion won the "Excellence Award – Sri Lanka", while Lion Ice won Product Packaging of the Year – Sri Lanka, at the FMCG Asia Awards 2024



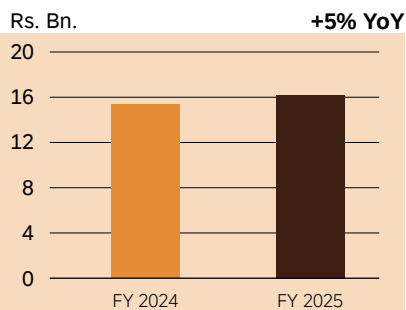
- Lion received special commendation at the National Supply Chain Excellence Awards 2024 under the large-scale category

HIGHLIGHTS 2025 – FINANCIAL

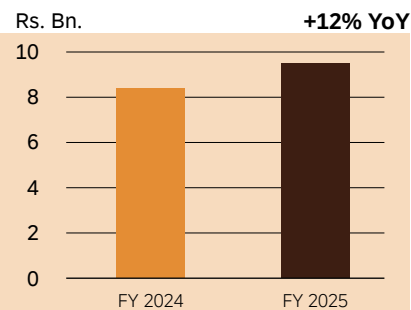
Revenue



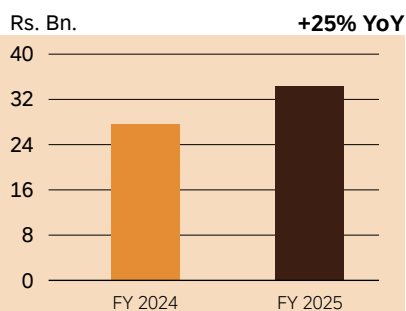
Profit from operations



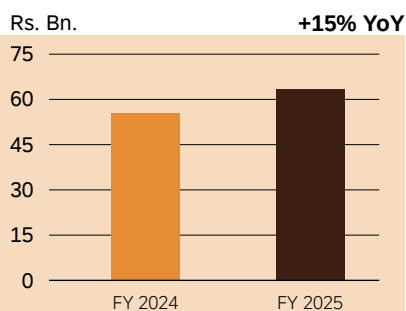
Profit after taxation



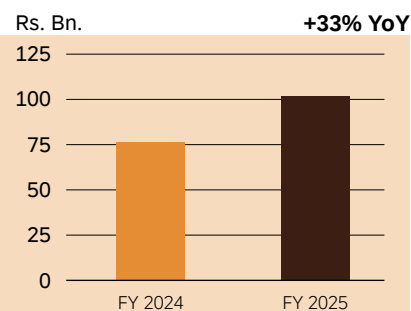
Shareholders' funds



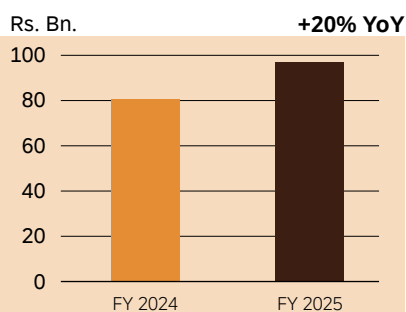
Total assets



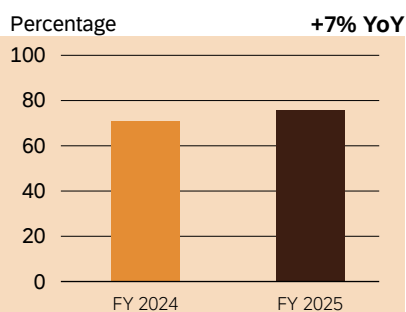
Market capitalisation



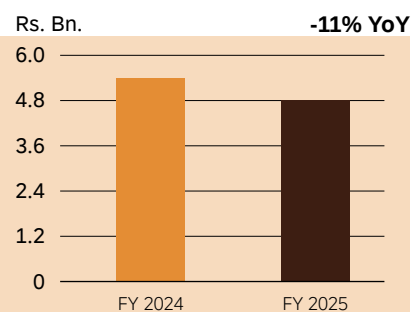
Tax contribution



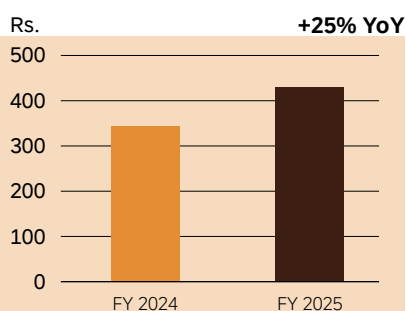
Return on capital employed (ROCE)



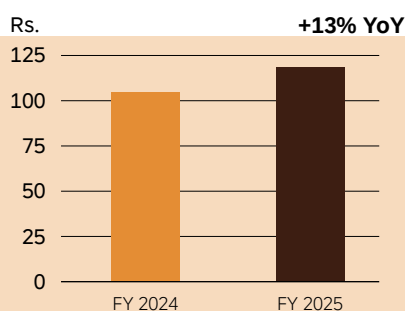
Capex



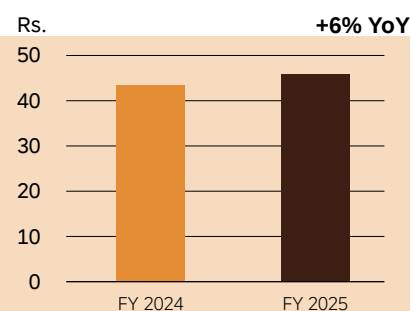
Net assets per ordinary share



Earnings per ordinary share



Dividend per share



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Key Messages

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Company for the year ended 31 March 2025.

FY 2025 was a year of measured progress and continued transformation for Lion Brewery. As stewards of long-term value creation, the Board remained focused on strategic oversight, prudent governance, and advancing our 2030 vision – a roadmap designed to position Lion to lead with innovation, resilience, and responsibility.

ECONOMIC LANDSCAPE AND POLICY ENVIRONMENT

Sri Lanka's economy showed signs of recovery in 2024, achieving a 5.0% GDP growth, supported by structural reforms, a resurgence in tourism, increased worker remittances, and improved Government revenue collection. Inflation declined steadily, allowing for a more accommodative monetary stance and a rebound in consumer spending. The successful completion of the third IMF Extended Fund Facility (EFF) review in early 2025 further reinforced international confidence in Sri Lanka's reform agenda.

We acknowledge the dynamic regulatory environment and the Government's revenue-raising imperatives through excise taxation. However, we remain concerned about excessive tax increases that surpass inflation and real income growth, widening the gap between regulated and unregulated alcohol markets. These disparities pose significant risks to public health and safety, particularly among price-sensitive consumer segments.

To address this, we advocate for a transparent, inflation-indexed excise mechanism free of multipliers that ensures predictability, protects Government revenue, and enables strategic planning for regulated industry players. This system must also be accompanied by a firm commitment to improving access to licensed, legal alcohol, particularly in underserved areas.

We continue to engage policymakers in constructive dialogue, emphasising the need for a balanced approach – one that mitigates unintended consequences and prioritises consumer safety by curbing the expansion of the unregulated market.

STRATEGIC GROWTH AND SUSTAINABILITY

Lion remains committed to sustainable long-term growth. This year marked significant strides, including the commissioning of the Innovation Brewery and the streamlining of our export strategy – key milestones that strengthen our global footprint and enrich our product portfolio. These initiatives align with our 2030 Long-Term Plan, centred on innovation, efficiency and premiumisation – core pillars of value creation.

Sustainability remained a priority. In a pivotal move, we commissioned a wastewater methane recovery facility to power our boilers, reducing our reliance on fossil fuels. Across food safety, environmental compliance, occupational health and safety, energy management, and information security, we upheld rigorous standards, reinforced by internationally recognised ISO certifications.

CHAIRMAN'S MESSAGE

In recognition of our commitment to excellence, Lion Stout was awarded Gold at the 2025 Monde Selection World Quality Awards, following a comprehensive evaluation of taste, quality, and compliance with global industry standards.

FINANCIAL PERFORMANCE AND SHAREHOLDER RETURNS

For FY 2025, the Group generated revenue of Rs. 123.4 Bn. and a profit after tax of Rs. 9.5 Bn. Lion contributed Rs. 96.9 Bn. in taxes to the Government, an increase of Rs. 16.1 Bn. compared to the previous year. Over the past decade, the Company has contributed approximately half a trillion rupees in taxes.

Shareholders benefited from strong returns, with an interim dividend of Rs. 17.30 per share paid in November 2024, followed by a second interim dividend of Rs. 28.70 per share in May 2025. This brought the total dividend for the year to Rs. 46.00 per share, up from Rs. 43.50 in the prior year.

BOARD TRANSITIONS AND ACKNOWLEDGEMENTS

I would like to extend my sincere gratitude to Susan Evans and Chandima Gunawardena, who stepped down from the Board in September 2024. Their expertise and guidance have been invaluable in supporting our growth journey, and we wish them success in their future endeavour.

We were delighted to welcome new Board members, Ravi Rajagopal, Jonathan Alles, Saktha Amaratunga, and Karthik Subramanian whose extensive expertise, broad experience, and diverse perspectives will play a vital role in shaping Lion's continued growth and strategic direction.

I extend my heartfelt appreciation to the Lion team for their unwavering dedication, resilience, and outstanding service throughout the year. Your passion and commitment remain the driving force behind our continued success. I also extend my gratitude to our suppliers, distribution partners both in Sri Lanka and overseas, bankers, and our esteemed partners at Carlsberg and Diageo for their steadfast support and invaluable collaboration.

My grateful thanks for the invaluable counsel and oversight provided by the Audit, Remuneration, Related Party, and Nominations and Governance Committees, as well as my fellow Board members. Their guidance has been instrumental in shaping our strategic direction and steering Lion Brewery forward. To our shareholders, your unwavering confidence and trust form the cornerstone of our commitment to sustainable, long-term value creation.

Sincerely,

(Sgd.)

D A Cabraal

Chairman, Board of Directors
Colombo

01 July 2025

CHIEF EXECUTIVE'S REVIEW

During the year under review, we made strong progress against our 2030 Long-Term Plan, expanding consumer choice, advancing our sustainability agenda, and strengthening our operational foundations to drive sustainable growth and long-term value creation.

COMPLEX MARKET DYNAMICS: A DELICATE BALANCING ACT

The year 2024 marked a period of stability and recovery for the Sri Lankan economy. Following a 2.3% contraction in 2023, the country's GDP rebounded with a 5.0% expansion in 2024, with growth momentum strengthening in the latter half of the year.

Despite this backdrop of economic recovery, the alcoholic beverage industry experienced a year of subdued growth, largely driven by excise-related price adjustments, which outpaced real income growth, leading to a decline in consumer purchasing power.

The impact of taxation remained a focal point for the industry. Following two excise duty increases in 2023, 2024 saw an additional 14.0% excise hike alongside a 3.0% increase in VAT, with a further 5.9% excise adjustment implemented in early 2025. As a result, the Company paid a total Rs. 64.8 Bn. in excise duty for the year ended 31 March 2025. While we acknowledge the role of excise taxation as a key revenue-generating mechanism for the Government, a balanced approach is essential for maintaining consumer affordability. Sharp increases in taxation can inadvertently drive consumers toward unregulated alternatives, a trend evidenced by the increased availability of spurious products in the market.

Encouragingly, the year saw an improvement in regulatory accessibility, a measure which helps counter the unregulated trade and supports consumer access to high-quality, safety-assured products. The issuance of new licences in underserved areas represents a step in the right direction. We encourage continued efforts in this direction with a greater level of transparency, fostering confidence in policymaking and promoting consistency in the regulatory framework.

Amidst this backdrop, the Group generated a revenue of Rs. 123.4 Bn., while Fitch Ratings affirmed the Company's National Long-Term Rating at "AAA(lka)".

CRAFTING INNOVATION: EXPANDING POSSIBILITIES

Despite the challenges in the external environment, we remained focused on executing our 2030 Long-Term Plan.

A significant milestone in this journey was the commissioning of our state-of-the-art innovation brewery, designed to elevate our product portfolio through draught and specialty beers. This supports our goal of catering to evolving consumer preferences for sessionable and premiumised product offerings.

Globally, craft and specialty beers have reinvigorated the beer category by offering distinctive, high-quality brews that cater to evolving consumer preferences. This

trend is especially pronounced in tourism-driven markets, where visitors seek out unique, locally inspired flavours. During the year under review, we introduced eight new flavour and style variants, which are currently available across 58 on-trade outlets. These offerings will be expanded further in 2025, as we scale up our innovation portfolio.

GLOBAL REACH: A REFINED APPROACH

Strengthening our international footprint remains a cornerstone of our long-term growth strategy. The innovation brewery is expected to play a key role in increasing our export share from 15.0% to 20.0% of our total sales volume, reinforcing our presence in high-potential markets. To optimise our global strategy, we have focused on 17 core export destinations, including Africa, the Middle East, and South Asia.

In Africa, we expanded our footprint, achieving healthy volume growth and are also exploring contract manufacturing opportunities to make our products more competitive in the region. In the Middle East, we continue to strengthen our presence in key markets such as the United Arab Emirates, Qatar, and Bahrain with a focus on expanding our on-trade reach and diversifying our product portfolio. In South Asia, our efforts remain concentrated on the Maldives, where we

CHIEF EXECUTIVE'S REVIEW

aim to further consolidate our leadership position through Lion Lager, export of Carlsberg products through our licensing agreement, and new products from the innovation brewery.

Our export business recorded a growth of 20.0% in FY 2025, in line with the previous year, and recorded a compounded annual growth rate (CAGR) of 21.0% over the past five years. Given the vital role of exports in Sri Lanka's economic trajectory, we see an opportunity for policy refinements to enhance competitiveness. A more efficient excise tax and rebate framework for export products would not only support pricing competitiveness but also improve cash flow efficiency, enabling reinvestment into export expansion.

Currently, the time taken to process rebates in lieu of excise duties paid on production, remains a significant concern for the export business. Manufacturers are reimbursed only after submitting several qualifying documents. These include certifications from regulators and shipping agents for pre-shipment inspections and approvals, proof of shipment and tax payments, and evidence of funds remitted back to Sri Lanka. However, delays in processing these claims – even after all documentation has been submitted – to increased financing costs, ultimately affecting the price competitiveness of products in destination markets.

We recommend that the regulatory authorities provide a speedy solution to the rebate process, as this is a key inhibitor for growth.

OPERATIONAL DISCIPLINE: UNLOCKING VALUE FROM WITHIN

We maintained a strong focus on operational efficiency and cost optimisation in FY 2025, delivering Rs. 732 Mn. in savings across the business. Key drivers included strategic sourcing, manufacturing excellence and more responsive planning and execution.

During the year, we also introduced SAP-enabled tools to improve process automation under our Digital Lion programme. Looking ahead, our priority is the seamless integration of these digital initiatives to unlock synergies.

OUR PEOPLE: THE CORE OF OUR SUCCESS

Our people remain the driving force behind our growth. At a time when talent acquisition and retention are becoming increasingly competitive, we are committed to setting industry benchmarks in human resource practices. During the year under review, we further strengthened our performance and talent management programmes, leading to more transparency and governance. We were also recertified as a "Great Place to Work" for 2024/25, with further improvements in our trust index, which validates the overall improvement in the cultural aspect of our business. Beyond structured career development and rewards programmes, we have also introduced initiatives that promote employee well-being, both physically and emotionally, ensuring a thriving workplace culture.

SUSTAINABILITY: A RESPONSIBILITY BEYOND BUSINESS

At Lion, sustainability is more than a business imperative – it is a moral responsibility. We are committed to creating a positive and lasting impact on the environment and the communities we serve. In 2024, we published our inaugural Sustainability Report, marking a key step towards greater transparency and accountability.

Building on this commitment, we advanced several impactful environmental initiatives during the year. Notably, we commissioned a methane-to-boiler facility and expanded our waste-to-value efforts. These initiatives not only support circularity but will also reduce our environmental footprint.

LOOKING AHEAD

As we step into FY 2026, we remain steadfast in our commitment to delivering sustainable growth, leveraging innovation, expanding our export business, and optimising costs to create long-term value for all stakeholders. While the operating environment remains challenging due to consumer affordability of legal alcoholic beverages, we are confident in our ability to execute our strategy and seize new growth opportunities. It is essential that authorities address the issue of affordability, as its long-term impact could undermine future revenue growth for the Government.

ACKNOWLEDGEMENTS

I am grateful to our Chairman and the Board of Directors for their steadfast guidance and strategic leadership throughout the year. I also extend my sincere thanks to our business partners, whose commitment and presence on the frontlines are vital to our continued success. A special word of appreciation goes to our suppliers, whose reliability and collaboration continue to support the strength and consistency of our operations. Most importantly, I thank the Lion team, your dedication, passion, and resilience remain the driving force behind everything we achieve.

Together, we look forward to another year of progress, resilience, and success.

Sincerely,

(Sgd.)

R H Meewakkala

Director/Chief Executive Officer
Colombo

01 July 2025

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Leadership

PROFILE OF DIRECTORS

AMAL CABRAAL

Chairman

Amal Cabraal is an accomplished business leader with over four decades of management experience in both local and international markets. He currently serves as the Chairman of Lion Brewery (Ceylon) PLC, Ceylon Beverage Holdings PLC, Sunshine Holdings PLC, Silvermill Investment Holdings and CIC Feeds Group of Companies. In addition to his numerous leadership roles, he also serves as a Non-Executive Director of John Keells Holdings PLC and is a business advisor to several other companies.

Previously, Cabraal served as the Chairman and Chief Executive Officer of Unilever Sri Lanka, where he gained extensive knowledge and expertise in the consumer goods industry. He has also completed the stipulated maximum nine-year tenure as a Non-Executive Director of Hatton National Bank PLC, which provided him with deep insights into the banking sector.

Cabraal is a member of the Colombo Port City Economic Commission and a member of the Board of the Ceylon Chamber of Commerce and serves on the Management Committee of the Mercantile Services Provident Society. He is also a member of the Ethics Committee of the Central Bank of Sri Lanka and a member of the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka. As a marketer by profession and a Fellow of the Chartered Institute of Marketing-UK, he brings a wealth of marketing and branding expertise to his leadership roles. Cabraal holds an MBA from the University of Colombo and is an executive education alumnus of INSEAD-France.

HARI SELVANATHAN

Deputy Chairman

Hari Selvanathan is the Chairman of Bukit Darah PLC and Deputy Chairman of Carson Cumberbatch PLC. He is the Deputy Chairman/Group Chief Executive Officer of Goodhope Asia Holdings Ltd., Singapore.

He is the President Commissioner of palm oil related companies in Indonesia, and Director of Sri Krishna Corporation (Private) Limited.

He was the Past President of the National Chamber of Commerce and Past Vice Chairman of the International Chamber of Commerce (Sri Lanka).

He holds a Bachelor's Degree in Commerce.

RAJIV MEEWAKKALA

Director/CEO

Rajiv Meewakkala's management experience spans across both private and public sector organisations and his core expertise is in marketing and general management. He commenced his career in the private sector, working for a multinational group for 19 years, after which he lead three large state sector businesses in retail, construction and banking. In the private sector, Rajiv was the Marketing Director of Ceylon Tobacco Company (fully-owned subsidiary of British American Tobacco – BAT) where he managed a diverse brand portfolio.

His responsibilities included building both global and local brands by strengthening brand values through targeted communication, and innovation in product and packaging, whilst being responsible

for the trade marketing and sales function. He was a Member of the South Asia Marketing Leadership team of BAT and was also Head of Brand Marketing for BAT Cambodia and Laos. Post BAT, Rajiv worked as a Brand Consultant with Interbrand, a global brand consultancy group. He also had a short work tenure in the public sector.

Rajiv holds a PhD (Management) from the University of Honolulu, an MSc in International Marketing from the University of Strathclyde (Glasgow), and a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing (UK).

RANIL GOONETILLEKE

Ranil Goonetilleke is a Fellow of the Chartered Institute of Management Accountants, UK consequent to initial training at KPMG, he has held various positions in the mercantile sector in the field of Finance and counts over 35 years experience.

Ranil joined the Carson's Group in 1998 as a Financial Controller and in 2005, he was appointed as the Finance Director of the Brewery Sector – a post he held until his retirement in December 2023. He is the Immediate Past Chairman of the Exporters Association of Sri Lanka of the Ceylon Chamber of Commerce. He serves on the Boards and Audit Committees of Lion Brewery (Ceylon) PLC, Pegasus Hotels of Ceylon PLC, Namunukula Plantations PLC, and Ceylinco Holdings PLC. Ranil is also a Director of Carsons Management Services (Private) Ltd., and serves as a Board Member of the National Council for Child and Youth Welfare.

PROFILE OF DIRECTORS

KRISHNA SELVANATHAN

Krishna Selvanathan serves as a Director of Carsons Management Services (Private) Limited and is the CEO of Guardian Fund Management Limited. He also serves as a Director of Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC.

Krishna holds a Bachelor's Degree in Accounting & Finance and Business Administration from the University of Kent, UK.

SUDARSHAN SELVANATHAN

Sudarshan Selvanathan joined Carson Cumberbatch in 2019, focusing on the Group's beverage business. Prior to this, he was involved in various roles in the asset management industry from 2000 to 2019. He received a Bachelor's Degree from the University of Warwick – UK.

STEFANO CLINI

Stefano Clini is the Managing Director of Carlsberg Brewery Malaysia Berhad. He is a Director on the Boards of Carlsberg Marketing Sdn. Bhd. and Carlsberg Singapore Pte. Ltd., both are wholly owned subsidiaries of Carlsberg Brewery Malaysia Berhad.

He also serves on the Boards of MayBev Pte. Ltd. (a 51% owned subsidiary of Carlsberg Singapore Pte. Ltd.), Lion Brewery (Ceylon) PLC, and Ceylon Beverage Holdings PLC. He is also a Member of the Governing Council of the Confederation of Malaysian Brewers Berhad.

VIVIAN GUN LING LING

Ms Vivian Gun Ling Ling is the Chief Financial Officer of Carlsberg Brewery Malaysia Berhad. She joined Carlsberg in 2018 as the Chief Financial Officer in Myanmar Carlsberg Co. Ltd., (MCCL) before taking on the current role where she is responsible for the Finance and IT functions. Prior to joining Carlsberg, she had held senior finance roles with established Malaysian corporations including GlaxoSmithKline (GSK), British American Tobacco, BMW, and KPMG.

She has also worked in Malaysia and other South-East Asian countries, including Myanmar and Vietnam.

Having graduated from Victoria University of Wellington, New Zealand, she is also a qualified CPA Australia, a Member of the Malaysian Institute of Accountants, and was a Member of the Chartered Institute of Management Accounting (CIMA).

AJAY B. BALIGA

Ajay B Baliga has over 40 years of experience in the Alcobev space in various roles with different companies, starting from factory management and production control to end-to-end global supply solutions. A Chemical Engineer by qualification, he was an Executive Director for Allied Blenders and Distillers Private Ltd., a manufacturer & marketer of spirits brands based in Mumbai, India, till Jan 2020. Before this, he served as the Global Supply Director – Mainstream Spirits for Diageo, the global leader in beverage alcohol. He has in the past worked for United Spirits Limited (USL) and Shaw Wallace & Company Ltd., both in executive and senior management roles.

He served on the Executive Committee of United Spirits Ltd., India's largest alcobev manufacturer and a Diageo Group Company, and thereafter on the Global Supply Executive Committee of Diageo PLC.

His areas of expertise lie in Corporate & Business Strategy, Governance, General Management, Projects & Acquisitions, Procurement & Sourcing, Supply & Planning, Regulatory & Compliance, Innovation & Product Development, and Technical & Operations Excellence within the Indian and global spaces. His long years of association with the Indian alcobev space lends to his extensive knowledge, interest and insights on trends, consumer behaviour, market dynamics & regulatory framework for market penetration and development.

Presently, he also serves as a Director on the Board of the following publicly listed & unlisted companies and a few Committees of the Board:

EID Parry (India) Ltd., India:

Non-Executive Independent Director

Ramco Industries Ltd., India:

Non-Executive Independent Director

Globus Spirits Ltd., India:

Non-Executive Director

The Ramco Cements Ltd., India:

Non-Executive Independent Director

Lion Brewery (Ceylon) PLC, Sri Lanka:

Non-Executive Independent Director

Parry Sugar Refinery India Pvt. Ltd., India:

Non-Executive Independent Director

RAVI RAJAGOPAL

Appointed w.e.f. 12 July 2024

Ravi Rajagopal is currently a Non-Executive Director and Audit Chair of Airtel Africa PLC, a major telecom company that is listed on the FTSE 100 and has operations across 14 countries in Africa. He is also an Advisor to CDPQ, the Canadian pension fund on their private equity side for their investments in Asia,

PROFILE OF DIRECTORS

and a Board Member of the Army Audit and Risk Assurance Committee. Until 30 September 2024, he was Chair of Fortis Healthcare, India, one of the largest healthcare companies in India with 27 hospitals and 400 diagnostic centres, and Chair of Agilus Diagnostics (a subsidiary of Fortis Healthcare). Until late 2023, he was the Vice Chair of Peabody Housing, one of UK's largest affordable housing entities, and until 2019, the Non-Executive Director and Audit Chair of Vedanta PLC, an FTSE 150 Company with mining interests in India and Africa. Currently, he is a Member of the Foundation Board of the Science Museum.

This follows a 35-year career with two leading organisations – Diageo PLC in London. He held a variety of roles spanning Finance, Commercial, Business and M&A where he spent 20 years before fully retiring in 2016. Before that, with ITC, India's largest consumer business where he worked for 15 years across different businesses of Tobacco, Packaging and Agri Businesses.

Ravi is a Chartered Accountant (India) and Cost Accountant (India) with a B. Com from Madras University, and has attended the Advanced Management Program at Harvard Business School.

JONATHAN ALLES

Appointed w.e.f. 25 September 2024

Jonathan Alles was the Managing Director/ Chief Executive Officer of Hatton National Bank PLC, one of Sri Lanka's largest private sector banks. He counts over 37 years of banking experience, having served several international banks including the National Bank of Abu Dhabi, Saudi British Bank – Riyadh, British Bank of the Middle-East and HSBC, Dubai and Colombo, before taking on the reins at HNB.

He served on many Boards within the HNB Group as well as in the banking industry. He was a Director of the Sri Lanka Banks Association (SLBA) and was its Chairman from 2014 to 2016.

In 2018, he was elected Chairman of the Asian Bankers Association, a position he held for three years, and was a Member of its Board of Directors and also served as the Chairman of the Advisory Committee.

Jonathan was recently appointed as an Independent Non-Executive Director of Ceylon Beverage Holdings PLC, Lion Brewery (Ceylon) PLC, Hayleys PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC, Vallibel One PLC, Alumex PLC, and United Motors Lanka PLC.

He holds a First Class MBA in Finance from the University of Stirling – UK. An Associate Member of the Institute of Bankers of Sri Lanka (AIB SL), he was recognised as a Gold Medalist in 1990 for best results.

SAKTHA AMARATUNGA

Appointed w.e.f. 25 September 2024

Saktha Amaratunga is an Independent, Non-Executive Director of Bukit Darah PLC, Carson Cumberbatch PLC, as well as in several companies of the Carson Cumberbatch Group. He serves as the Chairman – Audit Committees of the Carson Cumberbatch Group, and is also a Commissioner of PT Agro Indomas Indonesia, a subsidiary of the Carson Cumberbatch Group. He is also an Audit Committee Member of MAS Holdings Ltd.

Previously, Saktha was the Regional Audit Controller (Asia Pacific) for British American Tobacco. He has more than 20 years' experience with British American Tobacco, having held senior finance roles for the Group in Sri Lanka and the United Kingdom, and also being the Finance Director of British American Tobacco Operations in the Czech Republic, Sri Lanka, Switzerland, Japan and Malaysia (IT Shared Services Organisation). He was also an Independent Non-Executive Director and Chair of the Audit Committee at Hemas Holdings PLC until November 2024.

He holds many years of experience in Strategy Development, Business Restructuring, Risk and Governance, International Finance, and People Development. He is a Fellow Member of The Chartered Accountants of Sri Lanka, Associate Member of the Chartered Institute of Management Accountants, UK, and also a Member of CPA Australia.

KARTHIK SUBRAMANIAN

Appointed w.e.f. 25 April 2025

Karthik Subramanian is the Group Chief Technology Officer at Global Fashion Group (GFG) – a global fashion e-commerce business. Since 2018, he has driven a comprehensive technology, product, and data strategy for GFG. He has been on the leadership team since before the Company's IPO on the Frankfurt Stock Exchange and two subsequent public capital raises. His focus on strengthening cybersecurity and optimising the technology portfolio has been instrumental in enhancing operational efficiencies across GFG's portfolio, including LAMODA in Russia, DAFITI in South America, ZALORA in Southeast Asia, and THE ICONIC in Australia and New Zealand.

Previously, Karthik co-founded ZALORA and served as its Chief Technology and Product Officer from 2012 to 2018, transforming it into a leading online fashion platform in Southeast Asia. His prior roles at The Comcraft Group and IBM, combined with an MBA from INSEAD and a Bachelor of Computing (Honour) from the National University of Singapore, further underscore his expertise in technology innovation and scalable business solutions.

EXECUTIVE MANAGEMENT TEAM

We are a winning team, driven by the desire to delight our customers.



BACK ROW

Left to Right

Nishantha Hulangamuwa

Chief International Business Officer

Shaminda Samaraweera

Chief Officer Sprits & Luxury Brands Business

Niranjana Perera

Chief People Officer

Madhushanka Ranatunga

Chief Sales & Marketing Officer

Sampath Perumbuli

Chief Information Officer

Eshantha Salgado

Chief Sustainability Officer

Jehan Goonaratne

Chief Financial Officer

FRONT ROW

Left to Right

Chathura Dissanayake

Chief Supply Chain Officer

Rajiv Meewakkala

Chief Executive Officer

Ruwandhi Thantrige

Senior Vice President Legal

Channa Senarathne

Chief Corporate & Regulatory Affairs Officer

SENIOR MANAGEMENT TEAM

Our horizons are limitless, confined only by the boundaries of our imagination.



Left to Right

Kaveen Gayathma – Senior Vice President Outbound Logistics

Irusha Palawatta – Senior Vice President Planning & Contract Manufacturing

Gayan Dodanwala – Senior Vice President Sales & Trade Marketing

Prashan Costa – Senior Vice President Marketing, Regular Category

Arno Matthee – Senior Vice President Brew Master

Chandana DeSilva – Senior Vice President Quality Assurance

Gihan Vidanapathirana – Senior Vice President Procurement

Chathura Amarapriya – Senior Vice President Brewing & Planning

Widhura Nuwan – Senior Vice President Engineering

Anuruddha Jayatilake – Senior Vice President Packaging

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Management Discussion and Analysis

EXTERNAL ENVIRONMENT REVIEW

GLOBAL ECONOMY

The past year saw the global economy remain resilient amidst the tightening of monetary policy across many economies – both advanced and developing – to tackle inflationary pressures, while successfully side-stepping a global recession. Furthermore, 2024 witnessed a welcome rebound in global trade volumes, signalling a recovery in international commerce following periods of disruption.

However, this progress came against a number of headwinds and persistent risks. Geopolitical tensions, particularly ongoing conflicts, continued to cast a shadow over energy security and supply chain stability. Additionally, the economic slowdown in China created a drag on its trading partners and overall global prospects. 2024 also saw a large number of elections across both major developed economies as well as developing economies, creating further complexity around potential new policy formulation, international relations, and implications for trade.

As such, global gross domestic product (GDP) growth settled at 3.3% in 2024 compared to 3.5% in 2023. Regionally, the Middle-East and Sub-Saharan Africa recorded a bounce back, while emerging and developing Asia recorded a slowdown, reflecting a deceleration in China and India's expansion normalising from a high base.

Amidst the ongoing tariff and trade tensions, the International Monetary Fund (IMF) projects global GDP growth to decline to 2.8-3.0% through 2025-26, with global headline inflation expected to decline to 4.3% in 2025 and to 3.6% in 2026 from around 5.8% in 2024. Additionally, the IMF highlights increased downside risks including continued regional conflicts, climate risks, monetary policy remaining tight for too long, a possible return of financial market volatility, further GDP growth slowdown in China, and the continued shift towards protectionist trade and industrial policies.

SRI LANKAN ECONOMY

Following a tumultuous few years since the financial crisis in 2022, the Sri Lankan economy showed notable signs of recovery in 2024. As per the Central Bank of Sri Lanka (CBSL), the economy grew by 5.0% during the year compared to a contraction of 2.0% in 2023 – the highest annual growth since 2017.

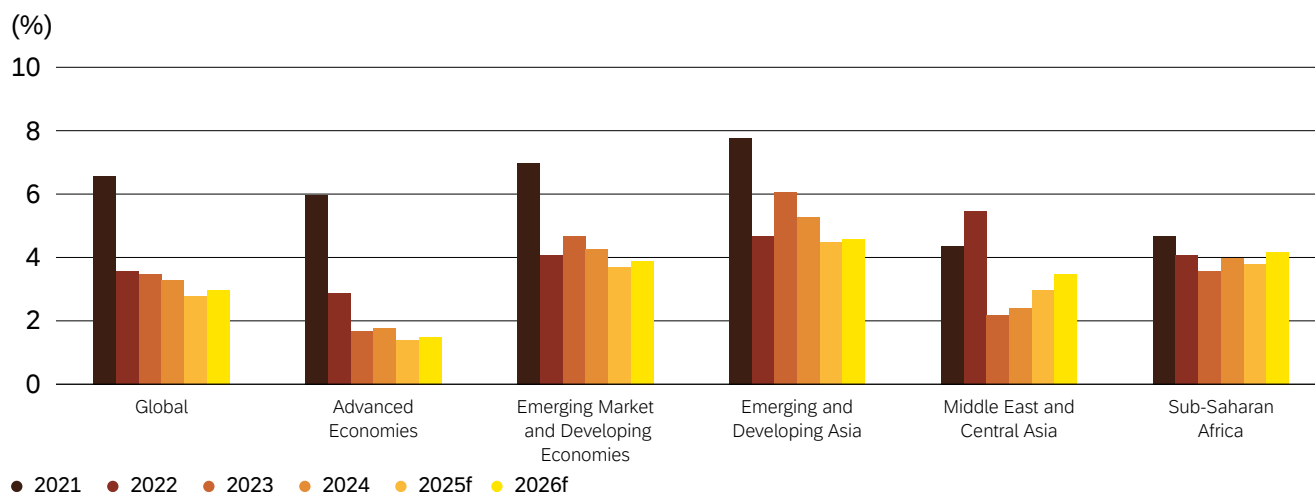
Growth was predominantly driven by a bounce-back in the industrial sector, and a strong recovery in tourism and IT-related services. Aided by strong tourism receipts, robust worker remittances and import controls, the CBSL continued to build a steady foreign currency reserves position, with the Rupee strengthening by around 7.8%

during the year. This led to restrictions being lifted on most imports, with the exception of vehicles, which was later lifted in early 2025.

Furthermore, Sri Lanka experienced a decrease in inflation rates throughout 2024, and even entered a period of temporary deflation. As a result, the CBSL relaxed its monetary policy stance to stimulate economic recovery amidst declining inflation, encouraging recovery in private sector lending. Consumer spending, which was heavily subdued during the 2022-23 period, saw a recovery during the year.

However, on a broad basis, consumers continue to remain somewhat cautious, with a focus on essentials and value-for-money deals. At the same time, the overall cost base for companies remain elevated, with limited reduction despite the easing of inflationary pressures.

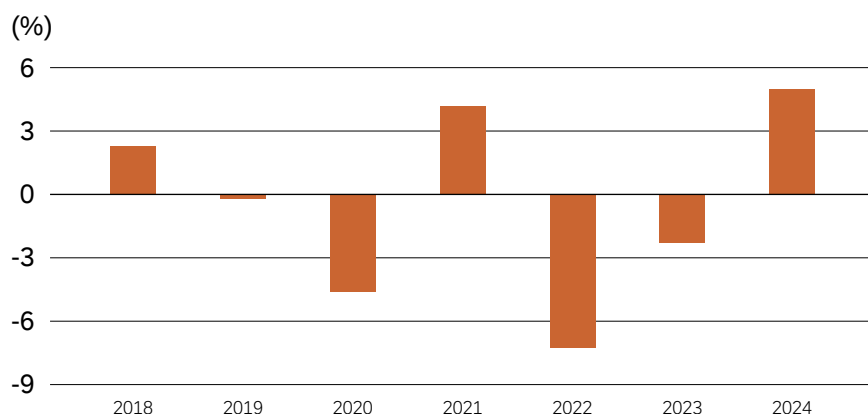
Global GDP growth



Source: IMF – World Economic Outlook April 2025

EXTERNAL ENVIRONMENT REVIEW

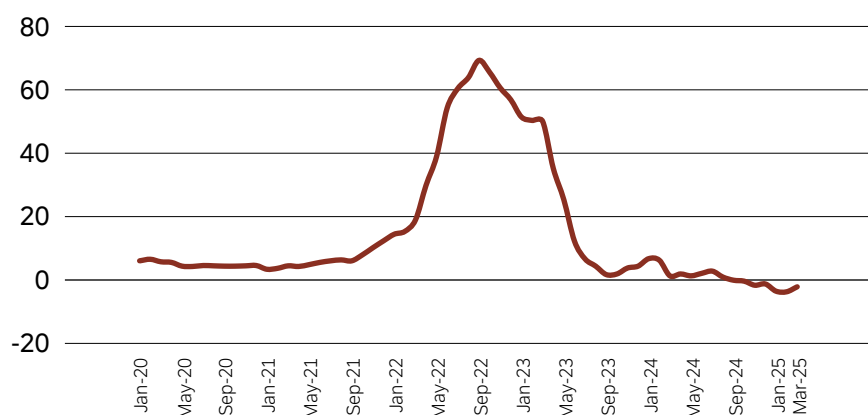
Sri Lanka GDP growth



Source: Central Bank of Sri Lanka – Annual Economic Review 2024

Sri Lanka inflation growth

CCPI headline inflation % (YoY)



Source: Central Bank of Sri Lanka

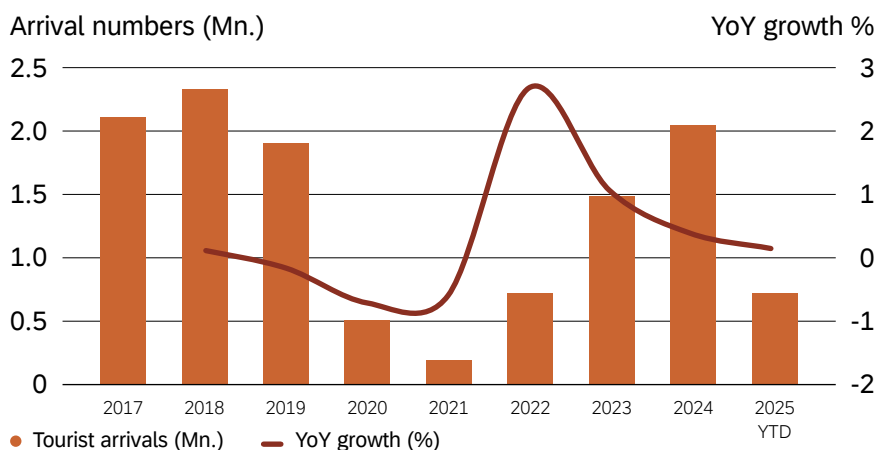
The IMF Executive Board successfully completed the third review under the Extended Fund Facility (EFF) arrangement in February 2025, allowing for the disbursement of the fourth tranche of the financial assistance, amounting to approximately USD 334.0 Mn. The successful completion of the bond exchange for International Sovereign Bonds (ISBs), low inflation, improved Government revenue collection and foreign reserves were key considerations for this decision. While acknowledging the progress, the IMF emphasised that the economy remains vulnerable, and sustaining the reform agenda is critical for a lasting economic recovery and debt sustainability. Sustained revenue mobilisation by boosting tax compliance and limiting tax exemptions, well-targeted social support for the most disadvantaged, restoring cost-recovery electricity pricing, and advancing the debt restructuring process by finalising agreements with all creditors remain some of the key focus areas as the country moves into 2025.

SRI LANKAN ALCOHOLIC BEVERAGE INDUSTRY

The Sri Lankan alcoholic beverage sector is a notable contributor to Government revenues through excise duties, while supporting employment and supply chains across agriculture, manufacturing, and retail. The industry operates within a highly regulated environment, facing frequent policy and taxation changes, alongside evolving consumer preferences. The sector is marked by its seasonal trends, particularly linked to the key tourist and holiday seasons. The rebound in tourism, post-economic crisis, has had a positive impact on the industry, enabling volume stability amidst recent tax hikes. Tourism receipts improved, with arrivals to the country settling in at 2.1 million by end of 2024, up 38.0% year-over-year, with tourism earnings estimated to have surpassed the USD 3.0 Bn. mark.

EXTERNAL ENVIRONMENT REVIEW

Sri Lanka tourist arrivals



Source: Sri Lanka Tourism Development Authority

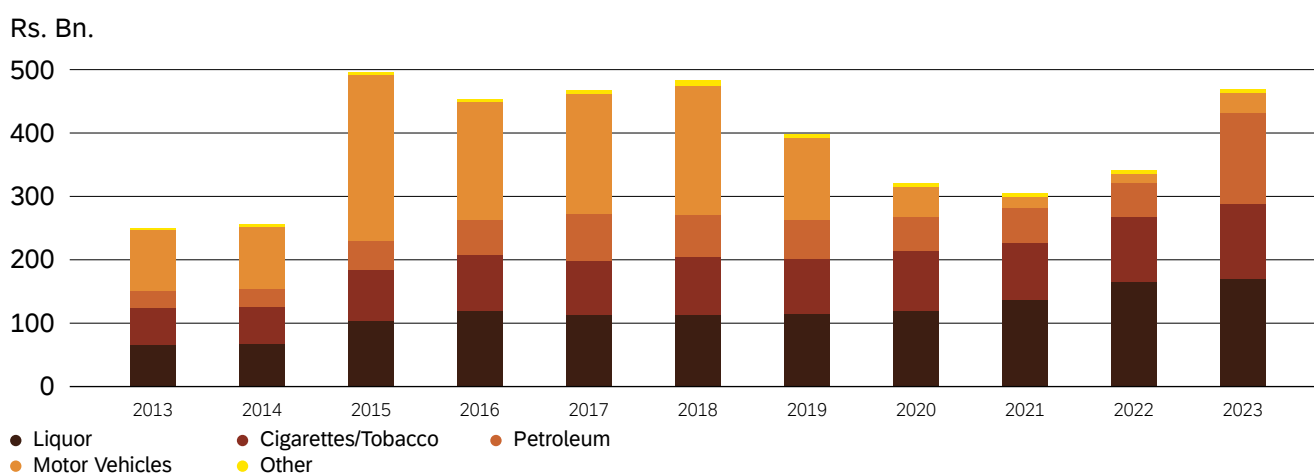
While consumer spending showed encouraging signs of recovery, the economic landscape presented a mixed picture for the alcoholic beverage industry, which encountered several difficulties during 2024. Since early 2023, the industry has faced multiple rounds of excise duty hikes, with the most recent being in January 2025 – representing a staggering 88.0% increase in taxes over the past three years. With taxes accounting for a significant portion of the cost structure, these increases

were largely passed on to consumers, driving up retail prices and eroding affordability. Coupled with slow income growth, there has been a notable shift in volumes towards the unregulated sector. As a result, the overall formal alcoholic beverage industry volume growth for the year remained stagnant year-over-year. In the absence of motor vehicle imports, the alcoholic beverage industry was the largest contributor to taxes in the country through 2020-24.

On a positive note, the Government has stated that future excise increases will be aligned with inflation, in line with global practices. However, the implementation of such mechanisms must be transparent and consistent in the long-run, allowing the industry to manage its cost structure and increase pricing in a conducive manner to consumers. In addition, the Government policy on access liberalisation, mainly for on-trade locations has been a welcome change. While this supports the tourism industry, it also aids the Government to curb unregulated products, thereby ensuring consumers have access to regulated and safer products for consumption. In regions with a lower outlet penetration, this policy has yielded positive results and will also help curb tax revenues being lost to the unregulated market in the long-run.

Amidst these challenges, regulated operators have been successful in driving and shaping the industry through innovation and premiumisation of product offerings, catering to varied consumer preferences.

Excise duty contribution by industry



Source: Ministry of Finance – Annual Report 2023

LOCAL BUSINESS REVIEW

Lion Brewery operates a highly efficient production system, combining traditional brewing craftsmanship with modern technology to ensure consistent quality and large-scale output. Our operations span the entire brewing process, from carefully sourcing quality raw materials to precise brewing, fermentation, packaging, and final product distribution and placement.

Our main production facility, located in Biyagama, is a testament to our commitment to quality, innovation, and sustainable brewing practices. The facility caters to both our local and international operations. Our production process ensures foremost attention to product quality and safety and is backed by the ISO 22000:2018 Food Safety Management Systems certification.

As a result of this focus, the year under consideration saw the completion of our mini brewery, also known as the “Innovation Brewery”. The state-of-the-art facility will allow the Company greater production flexibility to produce new styles in smaller batches. In addition, the facility will also provide the opportunity to add value through local raw materials and manage entry volumes for export markets.

As a result, In during the year under review, the Company introduced eight new variants including Ella Valley White (wheat beer), Thambapanni Red Ale, Ambalavi Mango, Cucumber Lime, Fest Celebration Lager, Blonde (Belgian-style beer), Pure Ceylon Tea Beer, and Coffee Stout. These products are currently available at selected on-trade locations, creating new consumption occasions for the consumer.

FOCUS ON INNOVATION AND EXPANDING CONSUMER CHOICE

Over the past year, the Company has refocused its efforts strongly on expanding consumer choice through a differentiated product portfolio. As noted in the External Environment Review, the Company was affected by multiple excise duty hikes, impacting the affordability of our products in the market. As such, we believe that innovation and differentiation, in terms of new flavours and stock keeping units (SKU) sizes, are necessary for catering to evolving consumer preferences, maintaining market relevance, and offering more accessible price points without compromising on quality. This approach allows us to appeal to a broader consumer base, drive volume growth, and strengthen our competitive position in a challenging economic environment.



LOCAL BUSINESS REVIEW

Additionally, the introduction of Carlsberg Smooth Draught, Guinness, Lion Ice, and the two variants of Somersby into the market in 2022–2023 continues to perform well.

The Company also continues to seek ways to provide value for money on our strong beer brands, in the midst of continued tax increases. In FY 2025, we launched the 500ml returnable glass bottle for both Lion Strong and Carlsberg Special Brew, which is priced around 15.0–20.0% lower compared to the traditional 625ml bottle and the 500ml can SKUs. This launch, which has been well-received by consumers, provides them with continuous access to affordable and legal products. The introduction of such SKUs speaks to our focus on balancing value and volume, enabling us to offset the impact of volume migration to the unregulated market.

STRENGTHENING THE LION BRAND

In the previous year, we completed the adoption of the Lion Master Brand Strategy, aligning all products under a unified “Lion” brand identity, built around three core brand values: Leadership, Adventure and Global Pride. This results in a consistency in look, feel, and messaging across all product sub-categories, allowing every new product to leverage the strength, trust, and heritage associated with the master brand.

Guided by these brand values, we remain committed to delivering a consistent, high-quality product experience to consumers, while ensuring broad product availability across both on-trade (bars, clubs and restaurants) and off-trade (wine and beer shops and supermarkets). To this end, we welcome the implementation of the access liberalisation policy, particularly for on-trade locations, allowing further consumer access to regulated products. Furthermore, through our ongoing efforts to ensure product availability across key outlets, and our strategic expansion of the lower ABV beer category, we remain committed to promoting moderation and reinforcing our message of responsible consumption.

COST-OPTIMISATION EFFORTS

With continued tax increases, it is imperative for the Company to carefully balance profitability with the management of cost of sales and overheads, as we believe the burden of higher taxes cannot be always fully passed on to the consumer. Accordingly, cost optimisation and strengthening cash reserves will be key focus areas in the Company's long-term strategy.

To this end, the supply chain team has undertaken an aggressive exercise to identify cost-saving opportunities, enhance operational planning, and drive strategic sourcing across the business. Work is currently underway to localise the sourcing of labels. With the launch of the Innovation Brewery, local supplier development will play an even greater role, supporting the introduction of new products, especially those featuring home grown ingredients and flavours.

Alongside these initiatives, technology will also be a key element in reducing costs, as it enables greater automation, improved process efficiency, and better resource management across the supply chain. As a part of this journey, we have now successfully integrated our manufacturing system with SAP, to strengthen data-driven decision making.

It must be noted however, that all cost-related projects are based on a key principle that they do not compromise consumer quality and the long-term health of the Lion brand. All-in-all, the Company achieved a further Rs. 732 Mn. in cost optimisations for the year, in addition to the Rs. 875 Mn. saved in the previous year.

SUSTAINABILITY-DRIVEN OPERATIONS

While we will provide further details in our overall sustainability and ESG discussion, it is important to note that the Company actively practises sustainability throughout its supply chain, from sourcing raw materials to production and distribution, ensuring that environmental responsibility and ethical practices are embedded at every stage. Furthermore, we engage in a number of waste-to-value projects, reducing waste at both production and end-consumer levels. All our material suppliers are also held to sustainability standards, ensuring they align with our commitment to maintain environmentally responsible practices across our entire supply chain.



INTERNATIONAL BUSINESS REVIEW

“Our international growth is powered by focus – on the right markets, the right partnerships, and the right products – guided by local insights and a clear ambition to scale sustainably.”

In a rapidly evolving global landscape, Lion has streamlined its international operations, refining its focus to 17 core export destinations including Africa, the Middle East, and South Asia. This has allowed the Company to concentrate its resources where they yield the greatest impact. This strategic realignment has enhanced both margin and volume through an optimised product mix and targeted investments in key growth markets.

Our approach has been guided by market insights and consumer preferences, enabling more effective portfolio development and stronger go-to-market strategies. By consolidating our geographic footprint, we have also deepened brand presence and commercial capabilities in our priority regions.

AFRICA: EXPANDING REACH AND MARKET PRESENCE

Africa remains a central pillar of our international strategy and has seen encouraging momentum, showing robust volume growth. Across Central and East Africa, we are pursuing further expansion by strengthening distribution and deploying market-specific consumer engagement initiatives.

Africa's growing population and rising disposable incomes present immense opportunities for premium beverage brands. In addition, East Africa stands out for its strategic logistics and trade networks, serving as a crucial hub for regional and global commerce. The region also boasts some of the fastest-growing

economies on the continent, drawing investments from technology, fintech, and agricultural industries eager to capitalise on its dynamic market.

Hence, our initiatives are aligned with these macroeconomic trends, ensuring Lion beer is positioned as a trusted and relevant choice for new and existing consumers alike.

MIDDLE EAST: POSITIONING FOR EMERGING TRENDS

In the Middle East, we continue to strengthen our footprint in key markets including the United Arab Emirates (UAE), Qatar, Bahrain, and Oman. Our efforts in these countries are concentrated on expanding on-trade channels and diversifying product offerings to align with market-specific preferences. These markets are currently dominated by retail (off-trade) channels. Therefore, Lion will focus mainly on off-trade expansion, while on-trade will remain a longer-term focus. Currently, our customer focus is on Sri Lankan expatriates, as well as South Asian and East Asian consumers residing in these markets, by positioning our iconic brew as a distinctive and culturally resonant offering.

The region presents unique dynamics – although overall alcohol consumption remains low (less than one litre per capita annually), rising interest in non-alcoholic beverages and low alcoholic beer are creating a niche but fast-growing opportunity. Recognising this shift, Lion is exploring product innovation in this segment to tap into evolving consumer aspirations across the Middle East.

SOUTH ASIA: SUSTAINING LEADERSHIP IN THE MALDIVES

In South Asia, our efforts remain focused on the Maldives, where Lion Lager continues to command market leadership, both in bottled and draught formats. The market has rebounded strongly on the back of a revival in tourism, and Lion has sustained its growth momentum while reinforcing brand equity. While strong competition from international beer brands continue to be challenging, our focused route-to-market (RTM) strategy, supported by a strong distributor partner, enables Lion to remain competitive in the region.

The Company also currently exports Carlsberg, produced under license, further expanding our offering in the Maldives.

INNOVATION AS A CATALYST FOR EXPORT GROWTH

Supporting our international ambitions is the Innovation Brewery – a critical platform for product development tailored to international markets. With new brewing capabilities and consumer-centric research and development (R&D), the brewery has become instrumental in strengthening our international business and responding to emerging trends.

In FY 2025, our export business recorded a 20% year-over-year growth. With strong momentum across our focus geographies, we expect to drive sustained top-line and bottom-line performance through the export channel.

INTERNATIONAL BUSINESS REVIEW

OUTLOOK: STAYING THE COURSE

Lion's international journey is defined by focus, adaptability, and a deep understanding of our markets. As we look ahead, our streamlined approach, concentrating on high-potential regions and aligning closely with local consumer needs, provides a strong foundation for sustained growth. We are also placing greater emphasis on market intelligence and consumer research, which has provided us with valuable insights into these markets, and reinforced the importance of adopting a data-driven, consumer-focused strategy moving forward.

However, we are also mindful of structural challenges that hinder our momentum. Chief among them is the inefficiency of the current excise rebate mechanism on export products. The financial cost of these inefficiencies is finally reflected in our international retail prices, diminishing our competitiveness in global markets. A more streamlined and efficient mechanism would ease the burden and better support Lion's contribution to Sri Lanka's broader goal of driving export-led economic growth.

Nonetheless, we see encouraging signs across all three focus geographies, supported by a sharper go-to-market execution and greater agility in portfolio innovation. Backed by strong partnerships and our enhanced brewing capabilities, we are well-positioned to build our international business thoughtfully and profitably delivering enduring value to all stakeholders.



STRATEGY AND RESOURCE ALLOCATION

The Company's strategy is anchored in its 2030 Long-Term Plan, built around the central theme of investing in innovation to future-proof the business. Five key strategic pillars have been identified to drive growth over the next five years, supported by four critical enablers that will strengthen and sustain our progress.

Strategic Pillars				
Building a segmented and differentiated brand portfolio to drive premiumisation in beer	Drive international business	Explore adjacent categories for growth	Build an innovative value chain	Cost optimisation and cash release
Lion aims to bring excitement and energy to its product portfolio, primarily driven by catering to the identified and anticipated needs of its consumers. This will be achieved by building a differentiated and segmented product portfolio, which will cater to different consumers. To this end, the launch of the Innovation Brewery during the year has been a significant milestone, allowing us to introduce eight new variants of beer. This dedicated facility provides us with the flexibility to experiment with new flavours, brewing styles, and value addition to local raw materials. As such, we will continue to leverage the Innovation Brewery to drive product diversification, cater to emerging market trends, and deliver unique drinking experiences.	As part of our strategic direction, we have consolidated our international business, focusing on a carefully selected group of key markets. This has allowed the Company to channel resources more effectively into three priority geographies: Africa, the Middle East, and South Asia. By concentrating our efforts, we are able to be more agile in capturing consumer insights and developing tailor-made products that reflect our deep understanding of local market dynamics and the needs of various consumer segments. Moving forward, we will drive growth strategically through our strong and trusted network of established partnerships and on-ground resources, ensuring sustainable expansion across these regions.	Alongside the main portfolio, Lion would also explore opportunities to manufacture adjacent categories of beer and other related products, particularly through leveraging our partnerships with global brands and partners.	We will focus on creating an end to end process within the Company that supports building a continuous innovation culture in a structured, efficient and sustainable manner. We will also build a flexible and agile supply chain that can swiftly respond to evolving market demands, manage risks effectively, and support the seamless introduction of new products. To this end, we are committed to fostering a workforce with an innovation mindset, which will aid the Company with new product development and achieve manufacturing excellence.	The Company's profitability will have to be balanced with costs, particularly constant increases in excise duties, as it will not be possible to put the entire weight of pricing on to consumers without impacting affordability. Therefore, the Company is focused on managing its cost of sales and other related overheads. Much of this will be achieved through leaner operational processes, better category buying, and the use of sustainability measures to reduce energy costs in the long-run. In addition, the adoption of ISO 50001:2018 for Energy Management will serve as a critical framework to help us reduce energy consumption and transition towards alternative energy solutions, strengthening our commitment to sustainable operations. The resulting savings will be reinvested into the business to drive future growth.

STRATEGY AND RESOURCE ALLOCATION

Enablers

People and talent	Our people will be at the centre of driving our long-term plan. Lion's people strategy is built on the three pillars of building capacity, building capabilities and inspiring a culture of excitement; winning; and inclusion and well-being with a shared value system. As we face the challenge of continued attrition due to talent migration in the country, we are committed to maintaining a long-term talent management plan. This is focused on the robust implementation of our comprehensive HR policy framework, cultivating a great place to work, building new capabilities, career mobility, rewards and recognition, employee wellbeing, and training and development.
Sustainability	Lion's commitment to sustainability is deeply embedded into every aspect of our business model, from how we source our raw materials and manage our production process, to how we innovate, distribute, and engage with our consumers and communities. The ESG Steering Committee, endorsed and backed by the Board – provides the Company with the necessary direction and oversight to ensure that sustainability goals are integrated into strategic decision-making and operational execution across the organisation.
Digital Lion	Lion Brewery has embraced digital transformation as a core enabler of its growth strategy. Under our long-term plan, we have prioritised key areas such as process automation, smart factory initiatives, data analytics, cybersecurity, and cloud first strategy. Having automated our main production facility at the Biyagama location nearly three decades ago, we are now in the process of fully integrating it with our ERP platform – a clear reflection of our commitment to digital transformation. Further reinforcing our focus on digital excellence, the Company has in place the ISO 27001:2022 certification, ensuring robust data security and information integrity across both cloud-based and on-premises operations.
Corporate reputation	At Lion Brewery, we believe that a strong corporate reputation is built not only on the quality of our products but also on the strength of our relationships with stakeholders and the wider community through meaningful engagement. To this end, we are committed to broader environmental stewardship, sharing best practices across relevant sectors, and collaborating with like-minded corporate partners to drive sustainable initiatives.

STRATEGIC FOCUS FOR FY 2026

With a strong foundation in place to steer the Company forward, the new financial year will see the implementation of several strategic initiatives:

- **Localisation of material suppliers** to reduce dependency on imports, which are often exposed to currency fluctuations and global supply chain disruptions, such as those caused by pandemics or regional conflicts, that result in longer lead times.
- **Investments in technology** to unlock capacity to provide Lion the flexibility to scale production more effectively, optimise costs, and improve the speed and quality of our output.
- **Product development** to build a diversified product portfolio.
- **Investing in talent upskilling** to manage attrition, strengthen our talent pipeline, and foster an innovation-driven mindset across the Company.
- **Strengthen exports** through exploration of route to market opportunities.

OVERALL FINANCIAL REVIEW AND OUTLOOK

Lion demonstrated strong financial performance during the year, with net profits increasing by 13.1% year-over-year. This growth was driven by effective cost management, continued focus on operational efficiency, and focused efforts in route-to-market and retail execution excellence to strengthen product availability and in-market performance.

For the year ended 31 March 2025, the Company reported a revenue of Rs. 123.4 Bn., recording a 12.5% year-over-year growth.

Despite inflationary pressures easing during the year, operational costs remained elevated, particularly with material costs remaining relatively unchanged. In addition, the launch of the Innovation Brewery also contributed to higher operational expenses during the latter half of the year.

However, these were offset by our strong focus on operational efficiency and cost optimisation efforts, which included improved sourcing, planning and execution excellence, and continuous improvement initiatives. These efforts resulted in Rs. 732 Mn. in savings across the business during the year. Furthermore, restructuring of our export business also contributed to improved profitability, as we refocused our efforts to just 17 countries. As a result, our operating profits grew by 5.3% year-over-year to Rs. 16.1 Bn.

For the full year, profit after tax stood at Rs. 9.5 Bn., up 13.1% year-over-year, resulting in an earnings per share of Rs. 118.86 compared to Rs. 105.04 in FY 2024.

The Company declared an interim dividend of Rs. 17.30 per share, which was paid in November 2024, followed by a second interim dividend of Rs. 28.70 per share in May 2025. This brought the total dividend for the year to Rs. 46.00 per share, up from Rs. 43.50 in the prior year.

Financial snapshot for FY 2025

In Rs. '000 unless otherwise stated	FY 2025	FY 2024	Change %
Revenue	123,431,021	109,755,568	12.5
Profit from operations	16,185,876	15,367,756	5.3
Profit before taxation	15,742,867	14,001,948	12.4
Profit after taxation	9,508,454	8,403,478	13.1
Shareholders' funds	34,419,900	27,600,168	24.7
Total assets	63,575,157	55,352,860	14.9
Earnings per ordinary share (Rs.)	118.86	105.04	13.1
Net assets per ordinary share (Rs.)	430.25	345.00	24.7
Market capitalisation	101,720,000	76,260,000	33.4

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Environmental, Social and Governance

STAKEHOLDER ENGAGEMENT

GRI 2-29

Stakeholder group	Medium of engagement	Key concerns raised	Our response
Shareholders	- Annual General Meeting - Annual Report - Quarterly results via CSE - Response to queries - Website and digital communication	Managing cash flow generation, from both our local and export businesses, amidst cost escalations from continuous excise duty hikes, raw material price increases, and currency pressures. This in turn hampers the Company's ability to reinvest for growth and provide returns to our shareholders	Strong focus on operational efficiency, innovation, and cost optimisation, supported by prudent risk management and strong governance to ensure value creation
Regulators	- Regulatory reporting - Consultation and meetings - Participation in industry forums - Annual Report - Quarterly results via CSE - Website and digital communication	- Regulatory compliance - Taxes paid - Effectiveness of governance frameworks	Maintain compliance and support process optimisation initiatives
Business Partners	- Business discussions - Annual Report - Quarterly results via CSE - Website and digital communication	Growth opportunities in the context of the current economic situation	Work jointly with business partners to strengthen the business model towards business continuity and value creation
Vendors and Service Providers	- Annual supplier audits - Service Provider Summit - Onboarding training (as needed) - EHS training (as needed)	- Consistency in orders - Opportunities for business expansion - Ongoing cost pressures faced by our vendors - On-time payments to aid suppliers in managing their cash flow	- Build strong, sustainable relationships with vendors - Knowledge sharing to improve efficiency, cost, and aspects of recycling and reuse - Refer "Suppliers" section on page 58
Customers and Consumers	- Market feedback - Product labels - Consumer feedback and complaints mechanism - Website and digital communication	- Price affordability - Technical information, regarding the product - Terms and conditions of sale - Greater choice and value propositions	- New product development to meet emerging needs - Ensure consistent quality and product standards - Refer "Consumer" section on page 44
Employees	- Annual performance appraisal - Annual Great Place to Work survey - Periodic surveys - Lion People Connect - CEO Connect - Coffee with CEO - Training and development activities/change management initiatives - Wellness, sports and recreation, cultural activities, staff recognition events, and family day - Formal internal comms groups which operate via email and WhatsApp - Website and digital communication	- Fair employment terms including equitable pay, benefits, and opportunities for training and development - Remuneration and benefits in the face of prevailing cost of living - Safe working environment - Long-term career prospects	Foster a dynamic workplace, where employees are inspired and empowered to pursue continuous personal and professional development. Refer "People" section on page 46

MATERIAL TOPICS

GRI 3-1, 3-2, 3-3

Guided by the Principle of Materiality, we focus on the most impactful Environmental, Social, and Governance (ESG) issues affecting our business and stakeholders. This approach enables us to prioritise initiatives, allocate resources efficiently, and drive sustainable growth and long-term value creation.

Our approach to determining Material Topics is broad based, taking into account the performance and progress of our business within a complex operating environment shaped by economic,

regulatory, competitive, technological, social, and environmental factors. This assessment is further enhanced by valuable insights and feedback from both internal and external stakeholders. In addition, we consider emerging global trends, the UN Sustainable Development Goals (SDGs), and international best practices to identify areas of significance to both our business and its stakeholders.

Once the Material Topics are identified, we assess their importance based on their potential impact and relevance,

from both internal and external perspectives. These topics are then mapped to help us prioritise what matters most for our strategy. As part of our process, we review and update these topics every two years, or sooner if there are any significant changes.

This year's materiality assessment is closely aligned with the previous year's findings. As such, the 13 Material ESG Topics outlined below remain central to Lion Brewery's ESG framework.

Environment

- Energy use and greenhouse gas emission
- Water stewardship
- Waste management and circularity
- Sustainable packaging



Social

- Human capital management
- Occupational health and safety
- Responsible sourcing of material and services
- Product quality safety and transparency
- Community and economic development
- Responsible consumption
- Data security and privacy



Governance

- Compliant business conduct and ethical behaviour
- Economic impact and taxation



OUR APPROACH TO ESG

Every step we take – whether in brewing, governance, or community engagement – is guided by our commitment to do right by the people and the planet, today and into the future.

At Lion, Environmental, Social, and Governance (ESG) principles are at the heart of our long-term strategy and daily operations. We began our structured ESG journey in 2022, drawing inspiration from best-in-class practices across the global alcoholic beverage industry. This benchmarking exercise helped us shape a roadmap which was tailored to our operational context and ambition, culminating in the introduction of our formal ESG framework in March 2023.

Built around four strategic pillars Lead, Innovate, Optimise, and Nurture, the framework serves as the foundation for our 2030 sustainability plan. It reflects a holistic approach to managing both immediate operational impacts and longer-term environmental and social challenges.

Sustainability in action: Our ESG framework in motion

FY 2023		FY 2024	FY 2025
Function and Framework	Internal assessment	Develop strategy, goals and actions	Sustainability reporting and stakeholder communication
Management Commitment Sustainability Function setup reporting to CEO	Gap audit benchmarking global alcobev companies and leading local conglomerates	Close out identified gaps and improvements	Understand regulatory requirements for reporting
Determine resource requirements – SVP Sustainability and supporting team	Gather data from business and stakeholders	Establish specific high level corporate goals including both short-term and long-term actions	Decide on reporting standards and best practice
Identify ESG framework partner	Materiality assessment – 42 personnel representing 15% of the organisation took part	Assign ESG leadership roles with mandates	Assessment of company ESG data and formal publication
		Provide resource requirements in terms of funding and personnel	

OUR APPROACH TO ESG

GOVERNANCE AND OVERSIGHT

▶ GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2,14

Our ESG efforts are steered by a dedicated ESG Committee comprising 11 members, of which 10 are Executive Committee (EXCO) members, ensuring alignment with operational priorities. The Committee includes a single non-Exco Board representative, enabling strategic input while maintaining execution agility. This structure reflects a strong internal commitment to ESG, embedded within the highest tiers of management.

Lion ESG organisational structure



The ESG Committee operates under a defined Charter and meets quarterly to review progress against targets, evaluate key risks and opportunities, and drive cross-functional coordination. The Committee's work is operationalised by the Chief Sustainability Officer (CSO), who leads execution in partnership with Heads of Departments and their teams. ESG-related KPIs are monitored regularly and discussed across the organisation at multiple levels – from daily shift reviews to weekly operational meetings, monthly management forums, and Executive Committee updates.

Lion has implemented a comprehensive suite of policies that guide our operations and reflect our commitment to strong governance, transparency, and responsible business practices. These policies, which cover key areas such as ethics, environmental management, occupational health and safety, and social responsibility, form a core part of our ESG framework. They are publicly accessible via our website and are reviewed annually to ensure ongoing suitability, adequacy, and effectiveness. As part of our broader ESG approach, these policies are complemented by standard operating procedures (SOPs), risk management practices, and a clear governance structure that aligns with both local regulations and international standards.

OUR APPROACH TO ESG

OUR POLICIES

- ▶ Environmental, social governance (ESG) policy
- ▶ Environment policy
- ▶ Human rights policy
- ▶ Remuneration policy
- ▶ Policy on prevention of harassment and discrimination
- ▶ Policy on whistleblowing
- ▶ Policy on internal code of business conduct and ethics
- ▶ Anti-bribery and anti-corruption policy
- ▶ Health and safety policy
- ▶ Responsible sourcing policy
- ▶ Tax policy
- ▶ Policy on matters relating to the board of directors
- ▶ Policy on board committees
- ▶ Corporate governance, nominations and re-election
- ▶ Policy on corporate disclosures
- ▶ Policy on risk management and internal controls
- ▶ Policy on relations with shareholders and investors
- ▶ Policy on control and management of company assets and shareholder investments

To ensure that ESG is deeply integrated across all facets of our operations, we have adopted a blend of sector-specific best practices and globally recognised management systems, including:

- ISO 22000:2018 for Food Safety
- ISO 14001:2015 for Environment
- ISO 45001:2018 for Occupational Health and Safety
- ISO 50001:2018 for Energy
- ISO 27001:2022 for Information Security

The direct manufacturing-related standards are managed through an integrated system. This gives operational synergies, as well as a more cross-functional approach to problem solving and continuous improvement.

ETHICS AND RESPONSIBLE CONDUCT

GRI 207-1, 207-2

Upholding strong ethical standards is a key pillar of our ESG philosophy. The Board drives a culture of integrity through a framework, encompassing a Code of Conduct, compliance policies, and standard operating procedures that guide behaviour across the Company.

Every employee is introduced to this framework during onboarding, with ESG and ethics training embedded into our learning agenda. To strengthen our social compliance, we continue to undergo third-party SEDEX audits in line with SMETA 6.1.

Tax compliance is another cornerstone of our ethical mandate. Being one of the largest taxpayers in Sri Lanka, we view tax payments as part of our contribution to the country's economic well-being. During FY 2024/25, Lion contributed Rs. 96.9 Bn. in direct taxes, bringing the total cumulative tax contribution over a decade to approximately half a trillion rupees.

At Lion, we also seek to create meaningful social value through community-focused initiatives. Our focus is to drive waste-to-value initiatives, manage our environmental footprint, and actively participate in national and local clean-up and waste segregation efforts.

Apart from Company efforts we also engage in these projects by supporting Lion Nation Foundation (LNF). The Foundation's efforts are structured around three core focus areas – Water, Waste, and Knowledge – aligning with a long-term commitment to environmental.

WAY FORWARD

GRI 2-22, 2-23, 2-24

Our ESG journey will continue to evolve in line with our 2030 Plan. In the coming years, our priorities include:

- Managing our carbon footprint per unit produced
- Fostering a company-wide sustainability mindset through training and advocacy
- Supporting national and industry-level sustainability initiatives through active knowledge sharing and participation

Our approach is clear and focused: embed ESG into decision-making, measure what matters, and lead responsibly. In doing so, we remain committed to building a responsible, resilient business – one that creates enduring value for our employees, partners, consumers, and communities.

Additionally, in the coming year, Lion is preparing to align with the requirements of Sri Lanka Financial Reporting Standards (SLFRS) S1 and S2, which focus on general sustainability-related disclosures and climate-related disclosures, respectively. As we continue to strengthen our commitment to transparency and responsible business practices, our aim is to enhance the consistency, comparability, and reliability of sustainability information shared with our stakeholders.

ENVIRONMENTAL REVIEW

STRATEGIC FOCUS

GRI 2-28

At Lion, our environmental strategy is anchored in a commitment: to meet regulatory obligations while actively aligning with global best practices in managing our environmental footprint. This commitment is formalised in our Environmental Policy which guides our approach across all operations.

Our factory holds a valid Environmental Protection Licence (EPL) issued by the Central Environmental Authority (CEA), reflecting our compliance with national standards. However, we aim to go further. By adopting the ISO 14001:2015 Environmental Management Systems standard, we have embedded environmental considerations into our core processes through a structured Environment, Health, and Safety (EHS) system.

The Environment management system addresses four key impact areas central to our business and forms the foundation of our 2030 long-term environmental roadmap:

- Energy and greenhouse gas emissions
- Water stewardship
- Waste management and circularity
- Sustainable packaging

The oversight of the system lies with a dedicated internal team that works across departments to set measurable targets, monitor progress, and drive continuous improvement. Key Performance Indicators (KPIs) are not only integrated into functional and departmental plans, but are also cascaded to individual performance goals – ensuring accountability at all levels of the Organisation.

Progress is tracked through regular reviews, on-ground assessments and audits, while findings are reviewed during management forums to inform decisions and refine strategies. The EHS team also plays a critical role in ensuring compliance and responding proactively to potential risks.

Beyond our own operations, we continue to work with like-minded partners and local communities on impactful environmental projects. We are also a member of biodiversity Sri Lanka, which allows us to collaborate with other like-minded corporates who uphold elevated benchmarks of environmental stewardship. These collaborations extend our sustainability goals into the broader ecosystem, reinforcing our role as a responsible corporate citizen.



Presidential Environment Awards 2024
Lion won the Silver Award in the Food and Beverage Category

ENERGY MANAGEMENT

GRI 302-1, 302-2, 302-4, 302-5

Managing energy consumption is a key priority in our broader environmental efforts, given the energy demands of brewery operations. Lion primarily relies on two sources of energy: electricity and fuel – specifically furnace oil for the boilers and diesel for emergency generators.

Data disclosures: Energy consumption

Energy consumption	FY 2025
Electricity index* improvement over 2017/18 (baseline)	20.0%
Furnace fuel index** improvement over 2017/18 (baseline)	31.0%
Renewable energy share at Lion	1.29% (Biogas from the wastewater plant commissioned this year)
Renewable energy installed by Lion in retail base	135 kWh installed capacity

* kWh consumed to produce one hectolitre of beer.

** Litre of fuel needed to produce one hectolitre of beer.

Lion also supports retail outlets with solar energy installations, as it will help reduce not only their daily energy consumption, but also the energy consumption associated with beer coolers.

Over the past year, we recorded improvements in both electricity and fuel efficiency compared to the previous year. However, we did not fully meet our internal efficiency targets due to commissioning-related loads from the Innovation Brewery, start-up issues with the biogas plant, and a higher-than-anticipated bottle-to-can production ratio. Despite these challenges, we achieved a 1.33% improvement in our electricity index and a 3.28% improvement in our fuel index compared to the previous year.

Electricity remains our dominant energy source, powering most aspects of production. To enable smarter usage, energy consumption is closely monitored through SCADA-controlled energy management systems and separate meters installed across key areas. This allows us to track anomalies in energy consumption in real time, and make data-driven decisions that enhance both operational efficiency and environmental performance.

Furnace oil and diesel continue to be used to power the boiler and backup generators, respectively. During the year, we took a significant step towards diversifying our energy mix with the commissioning of a Rs. 296 Mn. biogas conversion project linked to our on-site wastewater treatment facility.

ENVIRONMENTAL REVIEW

Biogas conversion: Lion's first renewable energy source

Our anaerobic wastewater treatment plant generates methane as a by-product. Through the biogas conversion project, we now capture this methane and use it as a renewable fuel source in our boilers. Once fully operational, this system is expected to reduce furnace fuel consumption by up to 15.0%, which will significantly increase the share of renewable energy in the years ahead, marking a major transition in our energy profile.



Our broader strategy includes continuous investments in energy-efficient equipment, strong production planning practices, and continuous energy reduction initiatives. These efforts have yielded measurable progress as we improved electricity efficiency by 20.0% and furnace fuel efficiency by 31.0% since FY 2018 (baseline year) – a clear demonstration of our commitment to align environmental responsibility with operational excellence.

Reinforcing our commitment to energy stewardship, we obtained the ISO 50001: 2018 Energy Management System certification during the year. The standard requires tangible, data-backed improvements, and supports a structured approach to optimising energy use across operations.



GREENHOUSE GAS EMISSIONS

We manage our greenhouse gas (GHG) emissions across all three scopes – Direct, Indirect, and Value-chain related – ensuring a comprehensive approach to climate responsibility.

Scope 1

Direct

Emissions stem from our direct energy use, primarily furnace fuel for boilers and diesel for standby generators.

Scope 2

Indirect

Emissions arise from electricity purchased from the national grid.

Scope 3

Value-chain related

Emissions tied to upstream and downstream activities – everything from sourcing raw and packaging materials to the distribution of our finished goods in domestic and export markets.

Our strategy for managing emissions focuses on reducing consumption and improving operational efficiency. We prioritise integrated planning, lean production, and the use of energy-efficient systems to keep emissions in check. Where possible, we convert waste into energy – such as biogas generated from our wastewater treatment process – and repurpose by-products. One example is the recovery of excess carbon dioxide (CO₂) from fermentation, which is supplied for industrial use, reducing the need for fossil-fuel-derived alternatives across Sri Lanka's industrial sector.

WATER STEWARDSHIP

GRI 301-1, 303-1, 303-2, 303-4, 303-5, 306-3 (Significant spills)

Water plays a critical role across our operations – from production to cleaning processes and general utility usage. We meet our requirements through on-site groundwater wells, which are metered and monitored by the Water Resources Board along with annual pump test.

ENVIRONMENTAL REVIEW

Data disclosures: Water management

Water consumption	FY 2025
Water index*** improvement over 2017/18 (baseline)	36.0%
Water drawn (cubic metres)	598,187
Water treated and released (cubic metres)	445,234

*** Hectolitre of water consumed to make one hectolitre of beer.

Recognising the value of water as a shared and finite resource, we continue to invest in water-saving technologies and optimise usage through operational improvements. These efforts have led to a 36.0% reduction in water consumption since FY 2018 (baseline year). Annual water conservation KPIs are embedded into departmental plans and support the longer-term targets outlined in our LTP 2030 strategy.

All wastewater generated at the facility is treated on-site in line with our Environmental Protection Licence. Our internal teams monitor the quality of treated water, with additional random sampling carried out by the Industrial Technology Institute (ITI) and the CEA, to ensure compliance with regulatory standards.

In 2023, in collaboration with our OEM partner Krones – a global leader in Brewery and packaging equipment – we carried out an extensive evaluation to reduce water consumption and improve sustainability through the implementation of the “Brewnomic” concept – a holistic, resource-efficient brewing model. This concept integrates innovative technologies aimed at creating a more circular and sustainable brewing process. Through a comprehensive sustainability assessment, the collaboration identified key areas for improvement, leading to the implementation of advanced technologies and process optimisations.

WASTE MANAGEMENT, SUSTAINABLE PACKAGING AND CIRCULARITY

GRI 301-2, 301-3, 306-1, 306-2, 306-4

Effective waste management is embedded into the daily rhythm of operations at Lion Brewery. A key enabler of this circularity is the set of Standard Operating Procedures which detail how each waste type should be handled. These include clear protocols on segregation, collection, and onward use – whether for recycling, repurposing, or safe disposal. Notably, filter aid material from the brewing process is used as a part substitute for quarry dust in the manufacture of concrete interlocking bricks.

Data disclosures: Sustainable packaging

	Unit	FY 2025	FY 2024
Packaging materials			
Share of reused glass bottles	%	92.0	>90.0
Share of reused plastic crates	%	98.0	>96.0
Recycled material inclusion – bottles	%	35.0	32.0
Recycled material inclusion – crates	%	52.0	56.0

Packaging materials, particularly glass bottles and plastic crates, are integral to our reuse model. Through a robust return logistics network, we collect used bottles and crates from the local market. After undergoing basic visual inspections at the retail collection point, bottles and crates are subjected to stringent automated washing and inspection processes before being reused at the filling plant.

Recycled material made up about a third of the glass in new bottles, and over half of the material in new crates purchased during the year. These numbers underscore our commitment to embedding sustainability not just within our operations, but across the value chain as well.

In parallel, Lion continues to pursue innovative avenues for transforming waste into value. Through ongoing collaborations with research institutes, local authorities, and private manufacturers, we are working to convert industrial by-products into commercially viable, value-added solutions.

ENVIRONMENTAL REVIEW

Turning coastal waste into craft

In March 2025, we joined the MAS Foundation for Change, in deploying an ocean strainer at Weligama to intercept coastal waste. We are now exploring opportunities to work with local SMEs and cottage industries to upcycle collected waste – especially aluminium cans – into handcrafted souvenirs for tourists, creating both environmental and livelihood benefits.



Converting industrial by-products into local solutions

Lion continues to engage with SLINTEC, SLIBTEC, and the Western Province Waste Management Authority on “waste-to-value” projects.

E-waste collection

The Company launched an e-waste management campaign to recycle internal electronic waste, and encourage employees to responsibly dispose of the e-waste generated in their own homes. The Company was able to collect nearly 37.3 kilos of e-waste through this initiative.



SPECIAL PROJECTS: LION NATION FOUNDATION (LNF)

GRI 101-1, 101-2, 304-3

Lion Brewery supports broader environmental sustainability through the Lion Nation Foundation (Guarantee) Limited (LNF), an entity established in 2024 to champion environmental stewardship. A collaborative platform, the foundation is anchored around three focus areas – Water, Waste, and Knowledge. The Foundation drives impact through a blend of direct action, research, and strategic partnerships. Its capabilities lie not just in on-the-ground results, but also in its ability to unite diverse stakeholders around shared sustainability goals. Among the initiatives supported during the year are the following projects:

Protecting water and biodiversity in Eastern Sinharaja

In collaboration with the Wildlife Conservation Society, Galle, LNF is advancing a multi-phase project aimed at protecting the Eastern Sinharaja rainforest. Phase 1, which has been completed, included the establishment of plant nurseries, and carrying out the necessary training for responsible disposal of agrochemical containers. The remainder of the project includes geo-tagging of point endemic species, habitats monitoring chemical runoff, and engaging estate communities on responsible chemical use. The project also supports catchment restoration through targeted tree planting, with three more phases planned.

ENVIRONMENTAL REVIEW

Forest corridor restoration along Maskeli Oya

LNF (along with other corporates) supports a reforestation initiative along a 9 km stretch of the Maskeli Oya. Implemented in partnership with the Preserving Land and Nature Trust (PLANT), an affiliate of the Wildlife and Nature Protection Society (WNPS), the project seeks to establish a thriving forest corridor that safeguards the river catchment while enabling safe passage for wildlife. The commitment by LNF is to support the planting of 3,500 native trees over an 18-month period. Phase 1 is underway, with Phase 2 scheduled to commence in July 2025. LNF will extend its support as one of the partner entities in this endeavour.

Advancing circularity through the “Melting Point” initiative

Lion Brewery continues to be a long-standing advocate of the Melting Point initiative, a circular economy project that upcycles aluminium scrap, primarily used beverage cans, into high-quality souvenirs, trophies, and gift items. The initiative blends environmental purpose with local craftsmanship, and offers a route to market via premium retail partnerships. In 2024, a significant milestone was achieved when 125 Presidential Environment Award trophies were crafted from aluminium upcycled through this initiative.



Presidential Environment Award Trophies
created from recycled aluminium cans through the Melting Point project. 125 trophies in total were created for the awards.

WAY FORWARD

Lion Brewery's approach to environmental sustainability is rooted in continuous improvement, innovation, and collaboration. From reducing energy and water consumption to driving waste circularity and supporting ecosystem restoration, we aim to embed environmental responsibility into every aspect of our operations. Our efforts are guided by clear targets and supported by strategic partnerships that amplify our impact beyond the brewery.

As we move forward, we remain focused on scaling renewable energy, advancing waste-to-value solutions, and protecting vital natural resources thereby, strengthening our long-term commitment to environmental stewardship.

As we extend our environmental commitments beyond our Brewery setting, we have commenced work on our first “green concept” facility. Located at one of our distribution partner/agent facilities, it will include the application of reusable materials in construction, the generation of renewable energy, and harvesting of rainwater towards reducing our route to market footprint.

SOCIAL REVIEW

CONSUMER

STRATEGIC FOCUS

The consumer is at the focal point of our product development and innovation, and we remain committed to providing our consumers with a range of high-quality products. In addition to our signature brand Lion, and international brands such as Carlsberg, Guinness, and Somersby, consumers will now have the opportunity to experience a range of new styles and flavours. At the heart of this is the commissioning of our Innovation Brewery, which will remain at the forefront of developing new products to cater to evolving consumer preferences. The launch of eight new variants of craft and speciality beer during the year is a testament to this commitment.

Furthermore, to provide consumers with a more affordable option without compromising on quality, we introduced the 500ml returnable glass bottle for both Lion Strong and Carlsberg Special Brew. This initiative aims to ease cost pressures while continuing to deliver value.

QUALITY AT THE CORE

GRI 416-1, 416-2

At Lion, an unwavering commitment to quality defines how we operate. From raw materials to the final pour, we embed rigorous quality standards at every stage of our production process to deliver consistent and exceptional products to our consumers.

Our quality assurance system is underpinned by globally recognised best practices, gained from our global partners and further reinforced by the ISO 22000:2018 Food Safety Management certification. This ensures that our operations align with the highest international food safety standards, significantly reducing risk and upholding product integrity.

Our product quality is ensured from the point of acquiring source materials. Over 90.0% of our source materials are acquired from suppliers who are aligned with food safety and/or quality standards, which have been verified independently. Additionally, our quality control teams regularly carry out due diligence activities to verify vendor compliance. We also actively engage with our suppliers to share best practices for continuous improvement of quality systems across the supply chain.

Across our operation, structured testing is a key aspect of our quality control process. To this end, the reliability of our testing processes is validated through our participation in the internationally recognised Brewing Analytes Proficiency Scheme (BAPS). Testing of organoleptic properties is carried out by tasters who are qualified through a robust industry benchmark scheme, guaranteeing consistency and expertise. Additionally, to ensure our products meet the highest standards of taste and aroma, we regularly have them evaluated by a globally respected Sensory Analysis Panel – an approach that plays a key role in maintaining the sensorial quality and consistency expected at an international level.

As a result of this disciplined approach, we continue to achieve industry-leading outcomes, including keeping customer complaints to a minimum at 1.02 defects per million units sold.

During the year, our Lion Stout product received the Gold Quality Award at the international Monde Selection Awards 2025 – a further testament to our focus on product quality and our ability to meet international standards.

We were also recognised for our packaging excellence at the FMCG Asia Awards 2024, where Lion Ice won the Product Packaging of the Year – Sri Lanka award while Lion was also awarded the Excellence Award – Sri Lanka.



Our focus on quality is not limited to our products and packaging, it extends to how we pitch our products at the trade and consumer level. This was recognised at the Carlsberg Export and License Conference and Awards Night 2024 in Copenhagen, where the Somersby launch in Sri Lanka garnered the Best New Launch honour.



Lion Stout
Lion Brewery (Ceylon) PLC

has been granted a
Gold Quality Award

“A bold and well-crafted stout
The Jury of the 61st World Selection 2025 of Beers

“Aromatically, the profile is rich and well-balanced. Roasted malt and coffee notes take centre stage, accompanied by hints of caramel and a subtle freshness...”

As the flavours develop, a gentle sweetness emerges before giving way to a dry, roasted bitterness that lingers into the aftertaste. A slightly smoky, toasted note extends the finish, reinforcing the beer's depth and character.”

SOCIAL REVIEW

CREATING A CONSCIOUS CONSUMER

▶ GRI 301-3, 417-1

At Lion Brewery, our commitment to responsible consumption is reflected in our focus on consumer education and awareness. We invest in initiatives that empower consumers to make informed choices and, to this end, 47.0% of all our local SKUs for bottles and cans carry voluntary notifications on the labels. These include “Don’t Drink and Drive”, “Legal Age for Consumption” and “Don’t Drink When Pregnant”. In 2023, we launched a “Don’t Drink and Drive” campaign in collaboration with the *Machan* chain of pubs. Building on its initial success, the initiative has since been expanded to include our broader network of points of sale, reinforcing our commitment to responsible consumption. Keeping in line with our sustainability initiatives, signage also includes “Don’t Litter” and “Recycle” notifications.



As part of our commitment to providing consumer choice in the lower ABV segment, we introduced a variety of products in 2023 – including Lion Ice, Carlsberg Smooth, Somersby Apple, and Somersby Blackberry – and these continue to fulfil their positioning and purpose.



The innovation brewery variants introduced this year further support this commitment. These brews, having been introduced in draught beer, not only deliver a unique on-premise drinking experience but also provide consumers with a product that has a lower packaging footprint. In a further initiative, Lion beers were served at Colombo Oktoberfest 2024 in reusable ceramic mugs, thereby replacing the use of plastic cups. As consumer preferences shift toward more immersive and socially engaging formats, such initiatives align with both environmental goals and evolving lifestyle trends.



WAY FORWARD

As we move forward, we will continue to serve our customers by catering to their evolving preferences. Our Innovation Brewery will play a key role in this journey, allowing us to provide new products incorporating more local flavours, which resonate with our local consumers. The facility will also be used to produce small-batch products, enabling us to explore international markets more effectively. This approach allows us to trial new flavours without disrupting the efficiency of our main brewery, which is optimised for high-speed, large-volume production.

SOCIAL REVIEW

PEOPLE

STRATEGIC FOCUS

At Lion, our people strategy is designed to attract, engage, and retain top talent by offering a compelling employee experience at every stage of the journey. We take a holistic view of people management, aligning individual aspirations with the Company's broader goals to foster a motivated and high-performing workforce. This is supported by a robust HR policy framework that ensures full compliance with all applicable labour regulations, while also embedding global standards for ethical conduct and human rights through our Code of Conduct. Moreover, we continue to enhance our people practices through investments in modern HR technologies, data analytics, and systems that enable smarter, more inclusive, and future-focused decision-making.

Our key strategic focus areas include:

- Build capacity to fuel growth through organisational structure and design
- Building capabilities by driving learning agility, innovation, and talent pipeline development
- Inspiring a culture of excitement, winning, inclusion, and well-being with a shared value system

These key strategic areas are driven through our transparent people processes which oversee an employee life cycle from hire to retire.

PEOPLE PROCESSES AT LION

- Talent management and development process
- Succession planning
- Performance management process
- Rewards management process
- Learning management process
- Employee engagement process
- Employee wellness process

REGULATORY COMPLIANCE AND BEST PRACTICES

Labour Regulations

GRI 2-27

Shop and Office Employees Act. of 1954
EPF Act.
ETF Act.
Payment of Gratuity Act. of Sri Lanka

Best Practices

UNGC Principle 3: Freedom of association and the effective recognition of the right to collective bargaining.

UNGC Principle 4: Elimination of all forms of forced and compulsory labour.

UNGC Principle 5: Effective abolition of child labour.

UNGC Principle 6: Elimination of discrimination in respect of employment and occupation.



FY 2025 Scorecard

ZERO – Incidents of non-compliance of labour laws

ZERO – Incidents of discrimination

GRI 406-1

ZERO – Incidents of violation of employee right to freedom of association and collective bargaining

GRI 407-1

ZERO – Incidents of child labour

GRI 408-1

ZERO – Incidents of forced or compulsory labour

GRI 409-1

Contribution to the UN SDGs



New policies introduced in FY 2025

Lion Whistleblowing Policy

Lion Brewery's Whistleblowing Policy empowers employees and contractors to report any illegal or unethical behaviour in the workplace with confidence and without fear. The policy encourages transparency and accountability by allowing concerns related to breaches of Company policy, unethical conduct, and illegal activities to be reported confidentially.

SOCIAL REVIEW

The process:

- Reports can be made via a manager or directly to the Ombudsman with strict protections in place to ensure the whistleblower's identity remains confidential and free from retaliation.
- The Ombudsman function is designed to ensure impartiality. It operates as a two-way process, allowing the Ombudsman to both seek additional clarity from the complainant and provide feedback on their query or concern.
- Individual grievances such as promotions or workload, and any form of harassment, are to be addressed through other dedicated channels.
- Policy will be renewed at least once in two years.

RECRUITMENT AND EMPLOYEE VALUE PROPOSITION (EVP)

GRI 2-7,202-2, 401-1

Lion Brewery's approach to recruitment is grounded in fairness, transparency, and in strict compliance with all labour regulations. All hiring decisions—across every level—are guided by an annually approved cadre plan that aligns with the Company's strategic objectives. This structured process begins with department-level workforce assessments and is consolidated into a company-wide recruitment budget. When unforeseen needs arise, additions are approved by the CEO and Executive Committee, following a rigorous justification process.

Recruitment and selection procedures are merit-based and non-discriminatory, offering equal opportunities for both internal and external candidates. All applicants are evaluated objectively, based on their qualifications, capabilities, and potential. This includes using Competency Assessment tools which is done by independent experts to support the fair and right decision on hiring. Recruitment is strictly limited to individuals who are 21 years of age or older.

Commitment to Diversity, Equity, and Inclusivity (DEI)

Lion is committed to being an equal opportunity employer, fostering DEI within our organisation. This ethos is a part of our day-to-day operations, guiding how we hire, develop, and support our people while creating an inclusive and respectful workplace culture for all.

Our commitment to DEI is strengthened by our Policy on Prevention of Harassment and Discrimination, which was launched in FY 2025. At Lion, we have pledged to provide equal opportunity in hiring, termination of employment, promoting, disciplining, training, and deciding compensation. No employee will be discriminated against:

- Race, colour, ethnic or national origin
- Religion or religious beliefs
- Gender, including pregnancy, childbirth, or breastfeeding
- Sexual orientation
- Gender and gender expression
- Nationality, immigration status, citizenship, or ancestry
- Physical or mental disability/medical condition, which does not put fellow employees at risk



SOCIAL REVIEW

Key people challenges

Attrition due to migration of skilled professionals, particularly those in technical roles, remains the most pressing HR challenge for the Company. The difficulty is compounded by the limited availability of talent in the market with both relevant industry experience and the specialised skill sets required.

Mitigation strategies

- Strengthened the talent pipeline to maintain a ready pool of candidates.
- Expanded recruitment efforts by actively engaging with universities, academic bodies, and professional institutions through their career development units.
- Introduced salary adjustments, special allowances, and targeted reward schemes to recognise employee performance and loyalty.
- Invested in capacity building for management teams through focused networking opportunities and knowledge-sharing forums.
- Supported career mobility through structured internal transfers, cross-functional exposure, and leadership development initiatives.
- Prioritised employee well-being by promoting work-life balance, mental health awareness, and access to wellness resources. Introduction of the Employee Assistance Programme (EAP) for mental health was one of the highlights during the year.

New recruits undergo a structured onboarding programme that includes formal induction, policy briefings, and introductions to key personnel before assuming their roles. All employees begin with a six-month probationary period, during which performance is closely monitored before permanent placement. In addition to permanent roles, the Company also employs contract staff for time-bound projects and maintains an active internship programme to build future talent pipelines.

New recruits by age, gender, and region

Financial year	Total new recruits	Age			Gender	
		18-30 years	31-50 years	> 50 years	M	F
LION – Location Sri Lanka						
FY 2022/23	67	28	38	1	55	12
FY 2023/24	71	35	36	–	56	15
FY 2024/25	66	41	24	1	56	10

Resignations by age, gender, and region

Financial year	Total resignations	Age			Gender	
		18-30 years	31-50 years	> 50 years	M	F
LION – Location Sri Lanka						
FY 2022/23	43	10	26	7	39	4
FY 2023/24	51	16	28	7	43	8
FY 2024/25	46	12	30	4	34	12

RECOGNISING THE ROLE OF WOMEN

As part of our broader DEI focus, Lion places particular emphasis on creating opportunities and empowering women in the workforce. While we recognise that female representation currently stands at 13.0%, we are committed to making meaningful progress. We also acknowledge and value the critical role women play in balancing work and family responsibilities, and we continue to foster a supportive environment that enables them to thrive professionally.

Within our training and development efforts, we ensure equal opportunities for women. During FY25, our ongoing Management Trainee Programme included a female candidate among the two selected, and women represented 40.0% of our internship and trainee opportunities during the year.



Women's Day celebration in March 2025

SOCIAL REVIEW

PARENTAL LEAVE

GRI 401-3

Lion Brewery fully complies with the Shop and Office Employees Act of 1954, ensuring female employees receive 84 days of paid maternity leave following childbirth. In addition, nursing mothers are entitled to one hour of daily nursing time until the child reaches one year of age. These provisions form part of our broader commitment to supporting employees through important life stages.

	FY 2025		FY 2024		FY 2023	
	M	F	M	F	M	F
Total number of employees who were entitled to parental leave	–	–	–	1	–	2
Total number of employees who took parental leave	–	–	–	1	–	2
Total number of employees who returned to work in the reporting period after parental leave ended	–	–	–	1	–	2
Total number of employees that returned to work after parental leave ended and were still employed 12 months after their return to work	–	1*	–	0	–	2
Return to work and retention rates of employees who took parental leave	–	100%	–	100%	–	100%

Note: At the end of FY 2025, 1 employee who returned from maternity leave completed 12 months of service.

REWARDING PERFORMANCE

GRI 2-19, 2-20

At Lion Brewery, we recognise that our people are central to our success. Our remuneration and benefits framework is designed to attract, retain, and motivate top talent, offering fair and competitive salaries that reflect skills, experience, and contribution. Pay structures are regularly benchmarked against industry standards, and we ensure there are no gender-based pay disparities for individuals in comparable roles across all levels.

All recruitment adheres to applicable labour laws, and salaries for non-executive employees are significantly above the national minimum wage. Moreover, statutory obligations such as Employees' Provident Fund (EPF), Employees' Trust Fund (ETF), and gratuity are fully honoured.

Permanent employees are also eligible for performance-based bonuses and incentives that are directly linked to individual and organisational outcomes. We further reinforce a culture of recognition through structured programmes such as Long Service Awards, Quick Wins, Living Lion Values Awards, CEO Awards, and special recognition for achievements at national or international level.



Team Excellence Award at the Lion CEO Awards 2024

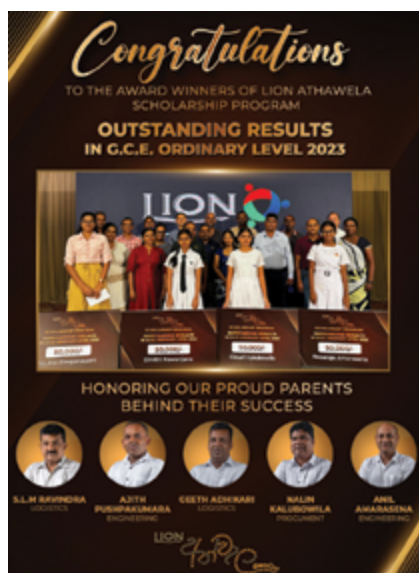
Complementing financial rewards, our benefits portfolio includes support for physical, mental, and emotional well-being, reflecting our belief in holistic employee empowerment.

SOCIAL REVIEW

Employee benefits offered by Lion

GRI 401-2, 403-6

Financial benefits	Non-financial benefits
- Annual performance-based bonus benefits - Vehicle/travelling allowance based on job grades - Budgetary relief allowance (for applicable staff) - Fuel allowance based on job grades	- Staff meal (Lunch and Dinner) - Hospitalisation cover - Critical Illness, Life and Personal Accident cover - Staff transport - School books and stationery packs for children of staff members - Welfare benefits (Death benefits for staff family members) - Special scholarship supporting children's education - Annual medical checkup and wellness initiatives - Spectacle allowance to the employee and family



PERFORMANCE MANAGEMENT

GRI 404-3

A robust, transparent, performance management system is central to our EVP, fostering a culture of continuous improvement and accountability. The process begins with a structured target-setting exercise, where corporate objectives are cascaded down to departmental goals and translated into individual Key Performance Indicators (KPIs) through the balanced scorecard approach. This ensures a clear alignment between personal contributions and organisational priorities. Midway through the review cycle, employees engage in a 'progress review' with their supervisors to assess performance, address challenges, and recalibrate objectives as needed.

At the end of the financial year, a formal year-end review takes place, forming the basis for each employee's performance rating.

To ensure fairness and consistency, performance ratings are subjected to a rigorous calibration process. At all levels, ratings undergo calibration by the respective Head of Department (HOD) in collaboration with functional heads. For Executive and above grades, a final Company-level calibration is carried out and approved by the Talent Council, ensuring consistency across the Organisation. Final ratings, along with any applicable salary increments, are communicated to employees via formal letters, reinforcing our commitment to recognising performance and rewarding achievement.

Number of employees receiving the annual performance review

	FY 2025		FY 2024		FY 2023	
	M	F	M	F	M	F
Senior Management (Grade 3 and above)	38	8	33	10	34	8
Middle Management (Grades 2A and 2B)	64	13	63	12	42	5
Executive (Grades 1A, 1B and 1C)	84	21	68	16	71	11
Non-Executive (Grade 1D)	104	1	99	1	101	1
TOTAL	290	43	263	39	248	25

SOCIAL REVIEW

As part of our commitment to fully digitising Human Resources practices, Lion upgraded its performance evaluation process in June 2024, with the implementation of the SAP SuccessFactors Human Resources Information System (HRIS). With mobile-enabled functionality, the system offers a range of features that enhance convenience and automation. In the near term, our focus is on driving adoption – particularly through the increased use of the mobile platform.



A key enhancement of the new system is the ability to set milestones, enabling better tracking of deliverables and allowing both employees and supervisors to monitor progress and address deviations in real time. Supervisors can also assign Development Goals to support continuous improvement and skill building. These goals are tracked and reviewed periodically to ensure alignment with role expectations and individual growth paths.

By automating administrative aspects of performance management, SuccessFactors significantly reduces the risk of human error and enhances the accuracy, transparency, and consistency of evaluations – leading to improved employee morale and a stronger performance culture across the organisation.

TRAINING AND DEVELOPMENT

GRI 205-2, 404-1, 404-2

At Lion Brewery, we recognise that a skilled workforce is vital for both individual and organisational success. We invest in training and development to bridge

knowledge and skills gaps, enabling employees to perform their roles with confidence and competence.

Our technical training programmes focus on building the specific expertise required for various job functions. Soft skills training, on the other hand, strengthens capabilities in areas such as communication, leadership, and teamwork – key elements that shape workplace culture and drive performance.



Recognition for training and development

Lion won the Gold award at the Sri Lanka Institute of Training and Development – People Development Awards 2023/24, signifying the company's strong commitment to nurturing talent, fostering continuous learning, and investing in the professional growth and development of its people.

Overall training hours analysis

Breakdown by employee grade	FY 2025	FY 2024
Senior Management	2,805	2,134
Middle Management	4,407	3,665
Executive	6,359	4,964
Non-Executive	5,358	4,872
Total	18,929	15,635
Training hours per permanent employee	53.02	47.81
Breakdown by training type	FY 2025	FY 2024
Awareness	4,400	3,203
Behavioural	2,519	1,318
Compliance	394	1,165
Familiarisation	3,544	2,424
Health and safety	2,014	796
Technical	6,058	6,729
Total	18,929	15,635

SOCIAL REVIEW

Our training and development is also directed towards achieving excellence and innovation across the organisation. Through the Manufacturing Excellence Unit – part of the Supply Chain team – employees across the supply chain are being trained and empowered to think differently and adopt innovative approaches in their daily roles. This ongoing effort ensures that innovation is not confined to large-scale projects but is a mindset embraced by every individual, driving continuous improvement and operational excellence from the ground up. One key example is training on Kaizen principles, which has helped instil a culture of continuous improvement and innovation among our employees. As a result, new ideas and suggestions generated through Kaizen initiatives have collectively contributed to over LKR 18 Mn. in annual cost savings during the year under review.

Kaizen's delivered

Breakdown by outcome	FY 2025	FY 2024
Total number of Kaizen programmes	184	48
– Productivity	1	–
– Quality	16	3
– Cost	68	28
– Delivery	36	1
– Safety	59	16
– Morale	4	–
Total number of personnel recognised for Kaizens	101	59



Lion also took proactive steps to build internal capacity around ESG and corporate governance by continuing with dedicated training programmes for employees across all levels. These sessions are designed to deepen awareness, strengthen accountability, and ensure alignment with the Company's policies and governance procedures. By embedding governance principles into day-to-day operations, Lion fosters a culture of responsible business conduct that supports long-term value creation.

Training ESG and governance

	FY 2025	FY 2024
Number of personnel trained on ESG as a % of total employees	94.0	93.3
Number of personnel trained on Anti-Bribery and Corruption as a % of total employees	86.0	>90.0

Divisional Heads lead the process of identifying training needs, ensuring that programmes are tailored to each team's operational requirements. In addition, the annual performance appraisal plays a central role in pinpointing individual learning needs. These insights feed into the Company's annual training plan, which is supported by a dedicated training budget. To maximise impact, we deliver training through a blend of internal and external resources, leveraging diverse learning formats to suit different development goals.

Executive Development Programme – Nurturing future leaders

The Executive Development Programme (EDP), focused on developing young Executive Talent at Lion, concluded successfully in FY 2025 with the facilitation from the Postgraduate Institute of Management (PIM). The programme included 12 modules, including two specific modules on the alcobev industry. It also included participants taking real-time Company projects where they needed to apply the learning from EDP and propose a possible solution.

SOCIAL REVIEW



The most recent graduates from the Lion Executive Development Programme

Soft skills training

We have also implemented a range of programmes aimed at developing the soft skills of our employees. These include Speechcraft sessions to enhance public speaking and communication abilities, a Book Club initiative which encourages reading and reflective discussions, and Train the Trainer City & Guilds certification programs, designed to build internal coaching and facilitation capabilities.



Speech Crafter graduation ceremony



Lion Train the Trainer certificate course graduation

CAREER PROGRESSION

We approach career progression through a structured succession planning process, currently applied to managerial grades and above. High performers are identified based on demonstrated competence in their current roles and assessed for future potential.

Those deemed “Ready now” are assigned to special projects, cross-functional roles, or job rotations to evaluate their ability to take on greater responsibilities. Based on performance in these assignments, suitable candidates are offered tailored individual development plans that chart their growth trajectory over a one- to three-year horizon. This approach ensures our leadership pipeline remains strong and responsive to future business needs.

During FY 2024/25, a total of 51 staff members benefitted from career advancement opportunities. These included 11 promotions, 29 progression opportunities, 10 lateral transfers/parallel movements and 1 overseas placement.

SOCIAL REVIEW

Number of promotions and progressions

	FY 2025		FY 2024		FY 2023	
	M	F	M	F	M	F
Senior Management [Grade 3 & above]	3	1	5	1	3	–
Middle Management [Grades 2A & 2B]	14	2	21	1	12	4
Executive	15	1	21	2	–	–
Non-Executive	4	–	–	–	–	–

EMPLOYEE RELATIONS

► GRI 402-1

At Lion Brewery, we recognise that strong employee relationships are central to organisational success. We foster a supportive, diverse, and inclusive workplace where employees feel valued, motivated, and committed to the Company's long-term vision.

Employee relations are deeply embedded in our culture. We maintain an open-door policy which encourages open dialogue and trust between management and staff. From the outset, we have prioritised creating an environment where employees feel confident to voice their opinions, offer ideas, and share feedback.

We also promote employee involvement in organisational decision-making through a mix of formal and informal communication channels. All permanent employees are issued official email addresses for formal updates and operational communications. In recent years, we introduced a dedicated WhatsApp channel to enhance real-time communication and keep staff informed of developments across the business.

As a responsible employer, we provide timely and adequate notice before any operational changes and support transitions through structured change management initiatives that prepare employees to adapt effectively.

At Lion, we also prioritise work-life balance by fostering a supportive environment that values both professional and personal well-being. Employee wellness initiatives, and a culture of mutual respect help our employees thrive both in and out of the workplace.

Staying connected to our employees

At Lion Brewery, we place strong emphasis on maintaining open, transparent, and consistent communication with our employees. Through a variety of structured platforms, we ensure that every team member has the opportunity to stay informed, share their thoughts, and feel heard.

• Lion People Connect

A quarterly open forum where the CEO and Executive Committee update all employees on the organisation's progress and respond to any questions raised. This session serves as a vital touchpoint to keep employees informed and engaged.

• CEO Connect

A dedicated platform for direct interaction between the employees, the Chief Executive Officer, and the Chief People Officer. It offers leadership valuable insight into the sentiments of the workforce, while employees gain a voice in shaping the Company's direction.

• Coffee with CEO

An informal initiative designed to encourage open dialogue between employees and top leadership. Participants are encouraged to express their perspectives freely, challenge conventional thinking, and contribute to a culture of innovation and inclusivity.

• Chief Supply Chain Officer Connect

A casual engagement where the Chief Supply Chain Officer meets with supply chain staff to promote open communication, collaboration, and alignment within the department. This initiative is specifically aimed at blue-collar workers, ensuring they have access to and a meaningful connection with senior management.

• Staff well-being committee meeting

A cross-functional gathering of departmental representatives focused on planning and implementing initiatives to improve employee well-being across the organisation.

• GPTW Survey and focus group discussions

Conducted annually, the Great Place to Work (GPTW) Survey is followed by focused group discussions with different employee segments. These sessions provide deeper insights into employee expectations and inform future strategies to support their evolving needs.

SOCIAL REVIEW

• Mid-year and annual appraisals

As part of the performance management framework, these one-on-one discussions between employees and supervisors offer an opportunity to review performance, address challenges, and align on future goals.

EMPLOYEE ENGAGEMENT ACTIVITIES

At Lion, employee engagement is a key pillar of our workplace culture. Throughout the year, we organise a variety of events through our Employee Engagement Calendar to foster a sense of camaraderie and belonging. These initiatives not only bring employees together beyond their daily roles but also contribute to maintaining high levels of motivation, morale, and pride in being part of the Lion family.

Some of the key events held during the year included:

- Lion Family Day
- Annual Cricket Tournament
- Activities on special days such as Women's Day, Mother's Day, Father's Day etc.
- Activities celebrating religious events



Intra-company Cricket Sixers



Avurudhu games at LION Suriya Mangallya

EMPLOYEE WELLNESS

GRI 403-6

With a vision of building a healthy workforce, the Lion We Care employee wellness programme was launched in FY 2024 and continued with greater participation in wellness activities during FY 2025.

Our free annual medical screening continued during the year, and recorded the participation of 93.0% of the permanent workforce. In addition to this, several initiatives were undertaken to promote employee wellness, including mental health awareness programmes. A key highlight was the launch of the Lion Employee Assistance Programme (EAP), which offers confidential counselling support to employees dealing with stress or personal challenges.



Travelfit Trek wellness expedition

SOCIAL REVIEW

HANDLING GRIEVANCES

GRI 2-25, 2-26

At Lion Brewery, we have implemented a comprehensive grievance handling process to address employee concerns promptly, fairly, and transparently. The process includes both informal and formal mechanisms, allowing us to manage issues effectively, based on their nature and severity.

The initial step in our approach is the Two-Step Grievance Handling Procedure, which is intended for swift resolution of minor concerns. Employees are encouraged to raise grievances verbally with their immediate supervisor, who

will work towards a resolution. Where necessary, the Head of Department (HOD) becomes involved to ensure the matter is addressed appropriately, and timely feedback is given to the employee.

For more serious or complex matters, a formal grievance procedure is in place. In such instances, employees may submit their grievances in writing to their supervisor and expect a formal response. If the issue cannot be resolved at the supervisory level, the grievance is handed over to the respective HOD along with the supervisor's preliminary investigation and feedback. If further resolution is required, the HOD conducts a more

detailed investigation and forwards their comments to the Chief People Officer for final review.

The Chief People Officer plays a key role in ensuring the fair and thorough handling of formal grievances. Depending on the complexity and nature of the matter, the Chief People Officer may consult with a legal counsellor to ensure that the resolution complies with both legal requirements and the Company's internal policies. The Grievance Handling Policy and Procedure itself follows a structured approach designed to address any reported discontent or perceived unfairness in a systematic and transparent manner, reinforcing our commitment to maintaining a fair and respectful workplace.

EMPLOYEE STATISTICS

GRI 2-7, 2-8, 405-1

Breakdown of permanent employees by gender and region

Financial year	M				F				M	F	Total	%F
	Senior Mang.	Middle Mang.	Executive	Non-Executive	Senior Mang.	Middle Mang.	Executive	Non-Executive				
LION – Location: Sri Lanka												
FY 2023	21	67	87	102	2	19	14	–	277	35	312	11
FY 2024	33	65	84	100	11	13	20	1	282	45	327	14
FY 2025	45	68	94	104	9	14	22	1	311	46	357	13

Breakdown of permanent employees by age group

	FY 2025				FY 2024				FY 2023			
	Senior Mang.	Middle Mang.	Executive	Non-Executive	Senior Mang.	Middle Mang.	Executive	Non-Executive	Senior Mang.	Middle Mang.	Executive	Non-Executive
LION – Location Sri Lanka												
18-30 years	1	20	65	37	1	6	47	34	1	7	33	31
31-50 years	41	57	44	55	33	67	50	51	32	49	59	57
>50 years	12	5	7	13	10	5	7	16	12	5	7	15
Total	54	82	116	105	44	78	104	101	45	61	99	103

SOCIAL REVIEW

Breakdown of contract employees by gender and region

Financial year	M				F				M	F	Total	%F
	Senior Mang.	Middle Mang.	Executive	Non- Executive	Senior Mang.	Middle Mang.	Executive	Non- Executive				
LION – Location: Sri Lanka												
FY 2023	1	2	–	–	–	–	4	1	3	5	8	63
FY 2024	2	1	1	4	–	–	2	–	8	2	10	20
FY 2025	–	1	–	1	–	1	1	–	2	2	4	50

Trainees/Interns/Apprentices by gender

Financial year	Trainees/Interns/Apprentices, Non-Supply Chain		Trainees/Interns/Apprentices Supply Chain		Total	%F
	M	F	M	F		
LION – Location Sri Lanka						
FY 2023	3	9	23	4	39	33
FY 2024	2	5	6	5	18	56
FY 2025	4	8	30	15	57	40

Note: During FY 2025, Lion provided a total of 57 opportunities across three categories: 18 Trainees, 32 Interns, and 7 Apprentices.

WAY FORWARD

Going forward, the Company will continue to strengthen its position as an Employer of Choice by fostering a work environment that prioritises both professional growth and personal well-being. In addition to investing in career development and recognition programmes, Lion remains committed to promoting a healthy work-life balance through employee engagement initiatives and wellness-focused interventions. Continuous efforts will be made to listen to employee feedback, enhance workplace culture, and ensure that every team member feels supported, valued, and empowered to thrive, both within and beyond the workplace. Additionally, we are focused on strengthening our DEI principles through a structured campaign in the current financial year in order to foster a more inclusive workplace culture.

SOCIAL REVIEW

SUPPLIERS

STRATEGIC FOCUS

GRI 2-6

At Lion, our supply network includes both local and international partners who deliver the materials and services critical to the production, packaging, and distribution of our products. These suppliers are an integral part of our operations, allowing us to deliver high-quality products which are recognised in both our local and international markets.

Our aim is to cultivate strong, long-term relationships with suppliers who not only meet our quality and service standards, but also share our commitment to ethical

practices, environmental stewardship, and social responsibility. By partnering with suppliers who align with our brand values and sustainability goals, we work together to create a more responsible and resilient supply chain that supports our broader mission for sustainable growth.

SUSTAINABLE PROCUREMENT

GRI 204-1, 407-1, 408-1, 409-1

Currently, our suppliers are onboarded through a comprehensive registration process which includes due diligence to verify supplier eligibility and operations. During FY 2025, we evaluated 15.0% of our supplier base for ESG criteria, with these suppliers accounting for approximately 78.0% of our raw and packaging material spend.

As noted in our consumer discussion, 90.0% of our raw materials and packaging materials is sourced from suppliers certified under ISO or comparable food safety and quality standards. Furthermore, Lion itself undergoes audits by the Supplier Ethical Data Exchange (SEDEX) under the SMETA 6.1 (SEDEX Members Ethical Trade Audit) framework. This comprehensive four-pillar audit evaluates Labour Standards, Health and Safety, Environmental Practices, and Business Ethics. It covers all areas of our on site operations, including all service provider personnel stationed at our site. To date, we have successfully completed three annual audit cycles. For our overseas vendors of key materials, we leverage the Carlsberg network towards supporting verification requirements where applicable.

ESG evaluation criteria for suppliers



Environment

- Internal policies regarding the environment, water management, energy, emissions management, and waste management
- Compliance with ISO 14001, ISO 45001, ISO 50001, or any other similar standards



Social

- Policies regarding permanent employees, minimum wage, overtime, health and safety, and forced and child labour
- Training and development for employees
- Emergency response procedures
- Adoption of non-discrimination and or anti-harassment policies
- Compliance with standards such as ISO 45001, SA 8000, and SEDEX



Governance

- Compliance with national and local laws and regulations
- Adoption of anti-bribery and whistleblower policies
- Management of conflicts of interest, gifts, and entertainment
- Data protection policies

All local vendors are inspected through onsite audit visits which are carried out annually. For the year under review, there have not been any major non-compliance incidents requiring corrective actions.

WORKING WITH OUR SUPPLIERS

Part of our journey in building strong supplier relationships is including them in our day-to-day operations and engaging them through continuous communication, collaboration, and shared goals to drive mutual growth. To this end, we have introduced several initiatives to strengthen supplier engagement, including an annual supplier summit, regular site visits, detailed yearly audits of supplier premises, and on-the-job training for service personnel. These events allow us to openly exchange ideas and feedback with our suppliers. We have seen the fruits of these efforts in the form of improved service quality, greater alignment with our sustainability goals, and a shared commitment to continuous improvement.

SOCIAL REVIEW



Service Provider Summit 2025

WAY FORWARD

As we continue to strengthen our supplier base, mitigating supplier risks becomes a key focal point. We have established a formal Sourcing Policy along with detailed vendor evaluation procedures, enabling a more rigorous assessment of suppliers on sustainability and ethical standards. Additionally, we are currently finalising a vendor Code of Conduct to ensure that our suppliers remain in alignment with our standards for quality and operational efficiency, as well as environmental and social responsibility that represent our broader Lion values. During the year, we included environmental and social criteria in our supplier evaluation framework to ensure that our suppliers are in alignment with our sustainability goals. It will also provide us with an opportunity to identify areas of improvement, both within our suppliers and our own supply chain – making the way for strong supplier relations.

SOCIAL REVIEW

COMMUNITY

STRATEGIC FOCUS

GRI 203-1, 203-2, 413-1

We recognise that our operations are deeply interwoven with the communities in which we are active. As a result, we believe that it is our duty and responsibility to contribute meaningfully to their well-being, support their development, and work collaboratively to address the challenges they face.

Our approach to community engagement is centred around enabling people to overcome challenges by equipping them with the skills, knowledge, and tools they need to thrive. By supporting locally driven initiatives, we aim to foster independence, long-term resilience, and sustainable development at the grassroots level.

All community-related initiatives are reviewed by our ESG Committee to ensure they align with our broader sustainability goals, while the dedicated Sustainability Function oversees project implementation within approved budgets. Where possible, we collaborate with external organisations to amplify our impact and drive the efficient use of resources. Our focus spans knowledge sharing, waste management and recycling, and other high-impact areas where we can make a meaningful difference.

Beyond long-term development, we also respond swiftly in times of crisis. Whether it is natural disasters or other emergencies, we mobilise our personnel and resources rapidly to work alongside APAD teams, and provide essential relief and recovery support to communities that are most in need.

ENVIRONMENTAL STEWARDSHIP

Our key focus in servicing communities is the conservation of the environment. This includes initiatives ranging from water conservation to environmental clean-ups, tree planting, and providing bins for responsible waste segregation. During the year, through partnerships with local government entities and other corporates, we engaged with communities across the country in several activities to create a cleaner and more sustainable environment.

We have continued to partner Clean Ocean Force in their beach caretaker programme at Kamachoday Beach in Negombo, and we have commenced a similar programme with Biodiversity Sri Lanka Platform towards supporting their "Life to Our Beaches" project in Kayankerni, Batticaloa.

FY 2025 Lion environmental scorecard



1,046 volunteers and 3,728 man-hours

Volunteers – Lion and community members



100,000L RO treated clean drinking water through LNF



1,776 trees planted

876 directly through Lion employees and a further 900 as part of LNF



12
Environmental clean-ups



2,308 Kg
Waste collected through community-based clean-up projects



58 bin sets

Units provided to communities (3 bins per unit). 76 units supplied to the community since 2022.

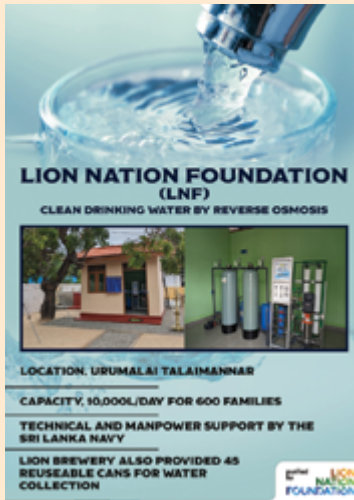


86 bins

Aluminium can segregation bins. 326 bins in total supplied to the market since 2022.

SOCIAL REVIEW

Water conservation



Installation of Reverse Osmosis (RO) plant in Mannar with a capacity of 10,000L/day

Waste segregation



Bins to support waste segregation at Ella



Providing aluminium can segregation bins to the retail sector

Tree planting



Community level engagement



Tree planting campaign at the Brewery to mark Father's Day



Tree planting projects at Hiyare Galle.

Health campaigns



5000 Dengue awareness leaflets were provided to the PHI Officers in Biyagama as part of its ISO 45001 commitment towards health and safety, both within and outside of the Company

Environmental clean-ups

Our environmental clean-ups included beaches, lagoons, and inland areas in collaboration with our business partners and other like-minded organisations.



SOCIAL REVIEW

KNOWLEDGE SHARING

As a leading manufacturing corporation in the country, Lion participates in sharing its industry best practices with upcoming professionals, including students of local universities and students of vocational training institutes, as part of fulfilling their practical experience requirements.

FY 2025 Lion knowledge sharing scorecard

Training	Unit	FY 2025	FY 2024
Site visits	#	23	32
People trained	#	795	1,161
Training duration	Man hours	3,141	3,951
Internships	#	32	22
Industrial training opportunities	#	25	24

Brewery site visits

These are carried out upon the formal request by universities and other tertiary education bodies, towards the sharing of best practice or technical knowledge. We have also worked with universities to extend this into Environment, Health and Safety-related training modules, which also have a practical aspect.



University of Sri Jayawardenapura student field visit



Institute of Packaging visit for automation and quality assurance systems

Supporting crisis management

RECOGNIZING CONTRIBUTIONS DURING CHALLENGING TIMES



Swift water search and rescue

Lion was supported by APAD with training and in turn, our teams have been able to support communities during flood situations.

Supporting staff and service providers with their children's education



Permanent and outsourced employees and their children were supported with stationery packs during the year

WAY FORWARD

A key aim over the coming years is to work with our partners to increase our community engagement to conserve the environment. Among these, water conservation and waste management are key areas. We also expect to extend our support to students of universities and vocational training institutes to learn about manufacturing best practices as part of their curriculum. With this initiative, we will continue to provide internships and training opportunities.

We continue to encourage and expect ongoing enthusiasm from our employees to volunteer their time and skills in community outreach efforts. Their active participation not only strengthens our social impact but also fosters a sense of purpose and connection between the Company and the communities we serve.

SOCIAL REVIEW

SAFETY

STRATEGIC FOCUS

► GRI 2-28

Our strategic focus on safety is built on a proactive, prevention-first approach. The safety protocols across the Company, and in particular in the manufacturing facilities, are fully aligned with global best practices and local regulatory requirements. Through regular risk assessments, stringent compliance audits, and robust incident reporting mechanisms, we ensure that hazards are identified early and effectively managed.

We have established a comprehensive Environment, Health, and Safety (EHS) framework to ensure a consistent and thorough approach to managing environmental, health, and safety aspects across all our operations. This framework applies to all employees, contract staff, service providers, and any third parties present onsite, reinforcing our commitment to maintaining a safe and responsible working environment for everyone.

We are in compliance with the Factories Ordinance of 1942, and maintain a workmen's compensation insurance in line with the Workmen's Compensation Ordinance of 1935, to support workers who may face injuries on the job. We are also a member of The Royal Society for the Prevention of Accidents (RoSPA) FY 2024/25. Our Occupational Health and Safety (OH&S) Management System is certified under ISO 45001:2018, reflecting our commitment to maintaining the highest standards of workplace health and safety.

OCCUPATIONAL HEALTH AND SAFETY (OH&S) MANAGEMENT SYSTEM

► GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

The core elements of our OH&S Management System include thorough hazard identification, detailed risk assessments, and the implementation of effective controls to manage significant risks. We have also established measurable KPIs which are continuously monitored as part of the overall approach to continuous improvement.

Initially certified in 2016, Lion undergoes annual surveillance audits conducted by third parties to verify continued compliance with the requirements of ISO 45001:2018. To this end, the surveillance audit carried out during the year showed zero major and minor non-conformities – a track record that we have successfully maintained over the years.

In addition to ensuring the safety of our employees, we also have in place a strong Contractor Safety Management System within our OH&S framework, which ensures that all third-party contractors are fully equipped to operate safely within our premises. The Contractor Safety Management System includes onboarding processes, inductions for contractors, and ongoing job safety assessments with individual compliance tracked through a Service Provider Personnel Safety Card system. Monthly service provider compliance is evaluated through a matrix, through which exceptional safety performance is acknowledged and celebrated at our annual Service Provider Summit.



100%
of permanent, contract, and outsourced employees are covered by the OH&S Management System in FY 2024/25

We prioritise the well-being of our employees as well as our visitors alike, by offering onsite ambulance services. All our permanent employees are provided with comprehensive medical insurance, routine doctor visits, disability cover, annual health checkups, and wellness programmes.



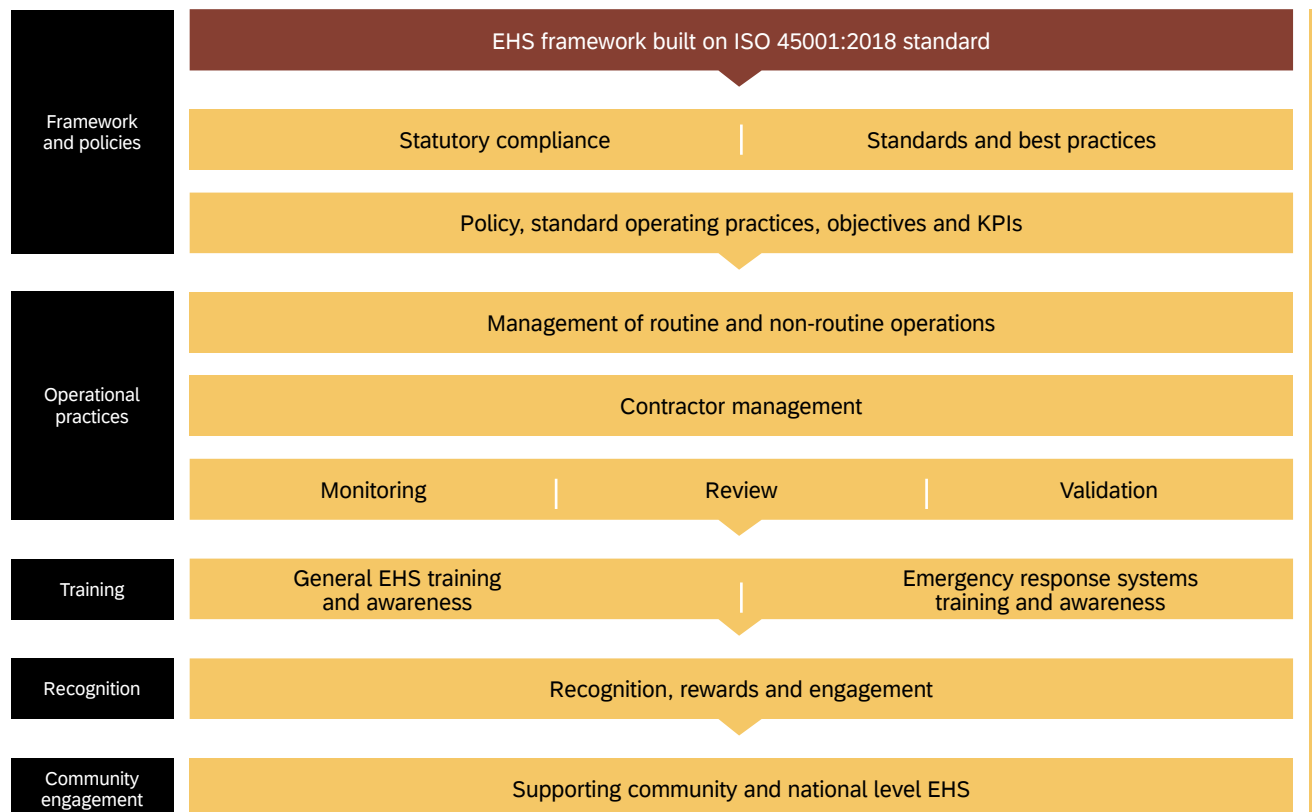
Tool box talk for service provider personnel

OUR SAFETY GOVERNANCE STRUCTURE

Our OH&S Management system is coupled with an internally established governance structure. The key components include the following:

SOCIAL REVIEW

Lion safety and governance structure



Lion safety and governance management

Management and governance	Team composition	Actions taken by team
The Core Environment, Health, and Safety (EHS) Team	This is the main team responsible for overseeing all OH&S functions across the Company. The team comprises six members and is headed by the Vice President – EHS, reporting to the Chief Supply Chain Officer who is part of the Executive Committee. The team also includes an Assistant Manager, two Executives, two Shift Assistants, and a Project Safety Officer, who oversee daily safety operations, ensure compliance with regulations, and promptly address any risks or hazards that may arise.	Their responsibilities include: - Management of the ISO 45001:2018 System including risk identification, mitigation, and putting in place standard operating best practices. - Carrying out due diligence activities such as site inspections and regular internal audits. - Leading incident investigations, applying root cause analysis techniques such as the “Five Why” and the “Fishbone” method. - Documenting all incidents through formal accident reports, with corrective actions implemented to prevent recurrence.
The Operational EHS Team	This is a larger team comprising 36 personnel (approximately 10.0% of our permanent cadre), including two C Suite personnel, as well as senior managers and functional executives.	The Operational EHS Team is responsible for: - Driving management commitment of our Duty of Care, across functions. - Identifying risks by conducting regular safety walks across the plant, recording any potential safety lapses, and following up on corrective actions to drive continuous improvement. They are also tasked with overseeing safety in their respective functions and supporting relevant OPEX and CAPEX projects in this area. - Over the past year, the team conducted 8 safety walks and held 10 safety meetings.

SOCIAL REVIEW

Safety measures implemented during FY 2025

- Connection of the two primary fire hydrant systems for increasing the water capacity of the packaging site
- Expansion of safety lifelines for flat-bed vehicle loading and unloading operations
- Mechanisation of keg lifting towards the improvement of operational ergonomics
- Forced ventilation system for the packaging floor towards the improvement of thermal comfort levels



Safety improvements

Financial Year	Safety Improvements (Individual reporting)		Safety Improvements (Operational EHS team reporting)		Total	
	Reported	Rectified	Reported	Rectified	Reported	Rectified
FY 2025	947	935	256	237	1,203	1,172

Demonstrating a strong commitment to workplace safety, 51% of our employees actively contributed by suggesting at least one safety improvement during the period.

Lion injury/ill health record

	FY 2025	FY 2024	FY 2023
Number of minor injuries (Medical cases)	0	1	3
Number of major injuries (LTI)	–	–	–
Number of fatalities	–	–	–
Number of lost workdays due to injury	0	1	4
Number of cases of ill health	–	–	–
Number of fatalities due to ill health	–	–	–
Number of lost workdays due to ill health	–	–	–

SOCIAL REVIEW

**As of 31 March 2025,
it has been 1,427 days
since the last Lost
Time Incident (LTI)**

ESTABLISHING A SAFETY CULTURE

We believe that building a strong safety culture is essential to the success of our OH&S Management System. To this end, all employees and service providers complete a comprehensive safety induction, ensuring they are familiar with our OH&S protocols. This foundation is strengthened through ongoing awareness and safety training sessions, which reinforce the importance of compliance and encourage a culture of heightened safety awareness across the Organisation.



Lion marked World Day for Safety and Health at Work with a road safety awareness campaign for staff and service provider personnel

Safety training man hours

	FY 2025	FY 2024
Lion staff	2,015	1,861
Service provider	2,175	1,458
Total hours	4,190	3,319

Community engagement

During the year, selected members of the EHS Team received both local and overseas training Swift Water Rescue Training from the Asia Pacific Alliance for Disaster Management (APAD). This training has equipped them to support national safety and crisis management efforts as needed, as well as strengthening both their individual capabilities and our broader emergency response readiness.



Lion members join APAD search and rescue training

We have also supported sharing of knowledge of EHS best practices with our business partners, other corporates, as well as universities. We were able to carry out two such sessions. One with a team from CEAT Tyres and a two-day training programme for students from the University of Moratuwa studying Facility Management. The latter included exposure to the relevant standards, safety equipment, systems in place, and two practical sessions, which included firefighting and first aid.



Logistics partner cluster safety training programme



Two-day practical Environment, Health, and Safety training for University of Moratuwa Facility Management Students



CEAT team visit to Lion for Health and Safety Best Practice knowledge share

WAY FORWARD

In the medium term, our key priorities include investing in software-based EHS applications to streamline our safety reporting and corrective action, and fire safety.

We also plan to expand training and exposure opportunities to further embed a proactive safety culture across the Organisation.

GOVERNANCE AND RISK REVIEW

Lion Brewery is committed to upholding the highest standards of corporate governance, guided by transparency, accountability, and ethical leadership. Our robust governance framework ensures effective oversight, risk management, and strategic alignment, enabling the Company to deliver long-term value while remaining compliant with regulatory requirements and stakeholder expectations.

At Lion, we believe that sound corporate governance is essential to building a resilient, transparent, and accountable business. Our governance framework is anchored in integrity, ethical leadership, and the continuous pursuit of excellence. It ensures that we uphold the trust placed in us by our stakeholders, deliver long-term value, and operate in line with both local regulatory expectations and international best practices.

The Board of Directors plays a central role in setting the strategic direction of the Company, overseeing management performance, and ensuring that robust systems of risk management and internal controls are in place. The governance practices adopted by the Company are designed not only to comply with the requirements of the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules, and the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission, but also to go beyond compliance in cultivating a culture of responsible corporate citizenship.

During the year under review, the Board remained focused on reinforcing its oversight capabilities in key areas including risk management, digital transformation, sustainability, and regulatory compliance. As the Company navigated a dynamic business environment shaped by external economic pressures and evolving stakeholder expectations, our governance framework provided the stability and discipline needed to respond decisively and ethically.

Board committees – such as the Audit Committee, Remuneration Committee, and Related Party Transactions Review Committee, continued to play a critical role in strengthening governance by providing independent oversight and recommendations in their respective areas. The Company also ensured that directors were provided with ongoing access to relevant information, expert advice, and development opportunities to support informed decision-making.

In line with our commitment to transparency, we continue to maintain open and timely communication with our shareholders and other stakeholders. We recognise that robust engagement, coupled with effective governance, is key to building confidence, enhancing reputation, and ensuring long-term sustainability.

Looking ahead, Lion Brewery remains committed to enhancing its governance practices in response to emerging risks, market developments, and stakeholder expectations. As we scale our operations and broaden our impact, we will continue to embed strong governance principles across all levels of the organisation – ensuring that the Company remains future-ready, accountable, and aligned with its values.

RISK MANAGEMENT

Effective risk management is a cornerstone of sound decision-making at Lion. We are committed to proactively identifying and mitigating key risks affecting our performance, growth trajectory, and Company and brand reputation. We have in place a comprehensive risk framework, internal controls, and strong ethical practices to ensure we effectively manage the issues with the greatest potential impact on our business.

Risk management at Lion is an integral part of our overall governance approach, aimed at safeguarding operational resilience, business continuity, and long-term stakeholder value. This framework is embedded across the Organisation to identify, assess, and address key risks that could impact our performance, reputation, and future growth.

Aligned with our strategic objectives, this framework helps us remain vigilant in a rapidly evolving business environment, ensuring we take a proactive stance on emerging challenges while staying agile enough to capture new opportunities. We place particular emphasis on protecting our brand – one of our most valuable assets – by embedding risk awareness and accountability into day-to-day operations.

By fostering a culture that encourages early risk detection and transparent reporting, Lion continues to strengthen its capacity to manage uncertainty, enhance decision-making, and maintain the trust of consumers, partners, and regulators alike.

RISK IDENTIFICATION AND ASSESSMENT

Our risk management process is structured to cover all areas of the business, including strategic, operational, financial, and compliance-related issues. Each identified risk is assessed for

both its potential impact and likelihood, allowing us to gauge its significance. By prioritising risks based on severity, we ensure that our focus and resources are directed to the areas of greatest concern. This disciplined evaluation helps us respond proactively, strengthening our ability to mitigate risks before they pose a significant threat to the business.

RISK MONITORING AND REPORTING

GRI 2-16

Ongoing risk oversight is central to maintaining business resilience. We carry out regular evaluations and internal audits to identify and address new or evolving risks.

Through the adoption of ISO management systems, risks are systematically identified and appropriate controls are implemented. Any risk deemed significant is escalated to the ESG Committee, which meets quarterly and serves as the primary forum for discussing organisational risks.

Additionally, the internal audit function conducts reviews in line with the audit plan, with any findings presented at Audit Committee Meetings. Significant risks identified through both forums are consolidated in the organisational risk register, which is reviewed by the Board.

We are committed to continuously improving our practices, refining processes to respond effectively to emerging risks and opportunities. This adaptability enables us to stay competitive while safeguarding stakeholder value and ensuring long-term business resilience.

RISK MITIGATION PRACTICES

GRI 201-2, 207-2, 207-3

Our risk responses are formulated to avoid, reduce, transfer, or, where appropriate, accept identified risks. These responses may include strengthening operational processes, tightening financial controls, or launching strategic initiatives to lessen the potential impact. By integrating risk considerations into our everyday decision-making, we ensure alignment with our risk tolerance and broader business goals. This forward-looking approach helps us manage uncertainty effectively while remaining agile enough to pursue new opportunities.

RISK MANAGEMENT

Risk	Impact	Mitigation Strategies
Global events and supply chain disruptions	Global events such as geopolitical tensions, pandemics, natural disasters, financial crises or market downturns, regulatory changes, or changes to tariffs, can present significant risks ranging from supply chain disruptions to increased costs, and impact demand – both at home and in the international markets where we operate. As such, given our reliance on international suppliers for key raw materials and packaging components, global disruptions such as geopolitical instability, shipping delays, or foreign exchange volatility can significantly impact our supply chain, leading to production delays which impact profitability.	Actively monitor geopolitical developments impacting our operations and markets. By staying informed of potential risks, the Company can anticipate and respond effectively to emerging challenges. Additionally, Lion engages with key stakeholders to foster collaborative relationships, which strengthen overall preparedness and response capabilities. Maintain diversified sourcing strategies, build strong relationships with multiple suppliers across regions, and hold strategic inventory reserves where feasible. We are also strengthening our local supplier base for new product development, towards reducing the dependency on the import of raw materials.
Local market and economic risks	Increased fluctuations in the macroeconomic environment in Sri Lanka could lead to high input costs and impact consumer buying patterns due to the high cost of living and increased indirect taxes, causing adverse effects on demand, our profitability, and market share.	Continuously monitor macroeconomic trends and manage our pricing strategies to align with changing market conditions. We focus on improving operational efficiencies to manage input costs and maintain profitability. Additionally, we remain engaged with consumers through product offerings that cater to evolving purchasing behaviours, ensuring we remain relevant and competitive.
Taxation and tariffs	Significant increases in excise duties, tariffs, and changes in regulatory policies, both locally and in global markets, can negatively impact product pricing, consumer demand, and overall profitability of the Company. Additionally, significant tax hikes in Sri Lanka could also lead consumers towards unregulated alternatives, leading to a decline in legal industry sales and a loss of government revenue.	Maintain an open dialogue with policymakers to encourage fair and balanced tax frameworks that support industry sustainability. At the same time, we adapt our pricing strategies to stay competitive and pursue operational efficiencies to help cushion the financial impact of tax changes. Furthermore, our export business is spread across 17 countries in three key geographic areas, which provides us with the advantage of market diversification and helps mitigate risks associated with changes to product taxation and tariffs in any single region.
Compliance	Possibilities of paying legal fines, or even cancellation of licences to operate due to non-compliance with statutory and regulatory laws. A misalignment in the understanding of regulations or practices could also lead to legal action and operational disruptions.	Conduct regular internal and external audits, and ensure ongoing staff training on legal and regulatory requirements. Work with the regulators towards the efficient implementation of governance processes, such as the placement of security stickers. Additionally, we maintain proactive communication with regulatory bodies to stay updated on any changes in laws and regulations, ensuring timely adjustments to our operations.

RISK MANAGEMENT

Risk	Impact	Mitigation Strategies
Strategy execution risk	The Company being unable to implement growth plans effectively due to delays, resource limitations, or inadequate alignment across business divisions, leading to missed opportunities, operational inefficiencies, and financial underperformance, ultimately damaging the Company's reputation and stakeholder confidence.	We manage this risk by fostering a culture of continuous growth, innovation, and accountability. This includes investing in product and market development, as well as acquiring, retaining, and training the talent necessary to successfully execute the Company's growth strategies. Furthermore, we engage in clear communication of the Company strategy, set up well-defined roles and responsibilities, align KPIs, and provide transparent reward and recognition mechanisms to help foster ownership, and drive accountability for individual and team deliverables.
Product quality risks	Inconsistencies in raw material quality, equipment malfunctions, contamination during production or packaging, and lapses in quality control protocols. Such issues can compromise product safety and taste, leading to customer dissatisfaction, damage to brand reputation, and potential regulatory action.	Maintaining the ISO 22000:2018 Management System, ensures that our products adhere to the highest food safety standards. In addition, we carry out rigorous product evaluations using best-in-class testing and validation processes across raw materials, production stages, and finished beverages. Our quality is further validated by internationally recognised tasting panels and reinforced through accolades received at global industry awards. All our material suppliers adhere to strict quality protocols from on boarding through to delivery. Furthermore, 90.0% of our source material – both raw materials and packaging items – are acquired from suppliers aligned with food safety and quality standards, verified independently. For more details, refer to the "Consumer" and "Supplier" sections on pages 44 and 58.
Technology and data risks	With our production fully automated and increasingly integrated with SAP, we face the risk of system failures, cybersecurity threats, and data integrity issues that could disrupt operations, compromise sensitive information, or lead to inefficiencies.	Through the implementation of ISO 27001:2022, we ensure robust cybersecurity protocols, monitor system redundancies, and implement regular data validation measures – critical safeguards for mitigating risks and maintaining seamless, secure, production processes. These measures have supported us in improving our Azure identity score.
Financial risks	Currency fluctuations, particularly in the context of imports for raw materials and machinery, can significantly impact our costs and margins. Interest rate volatility poses risks to financing costs and future investment decisions, while liquidity challenges – especially in times of economic downturn – can hinder the Company's ability to meet short-term obligations or capitalise on strategic growth opportunities.	The Company employs prudent financial planning, actively monitors market conditions, and maintains access to diversified funding sources, while hedging strategies are also used to mitigate the impact of foreign exchange and interest rate movements. Our costs and working capital optimisation strategies, implemented across the Organisation, enable us to improve our cash reserves, enhance liquidity, and ensure financial resilience in the face of market volatility.

RISK MANAGEMENT

Risk	Impact	Mitigation Strategies
Retaining skilled talent	Includes potential challenges in sourcing and retaining skilled talent, which may affect productivity and slow down innovation. A lack of robust leadership development and succession planning mechanisms could pose risks to strategic decision-making and operational continuity, ultimately impacting the Company's ability to stay competitive and agile in a dynamic market.	To mitigate this risk, we have adopted a people strategy focused on growing additional capacity, building strong skills and capabilities, and creating a culture of inclusion and well-being. We have also implemented a comprehensive HR policy framework focused on career mobility, rewards and recognition, and training and development. For more details, refer to the "People" section on page 46.
Health and safety risks	These include potential workplace injuries, which can impact morale and productivity.	We have adopted a comprehensive Occupational Health and Safety (OH&S) Management System in line with the requirements of the ISO 45001:2018 Occupational Health and Safety Management Systems, ensuring that all of our permanent, contract, and service provider personnel are fully equipped to operate safely within our premises. For more details, refer to the "Safety" section on page 63.
Environmental risks	Lion's operations are inherently resource-intensive, with the most significant environmental aspects arising from energy consumption, water usage, GHG emissions, waste management, and packaging material. Rising energy costs, water scarcity, and increasingly stringent environmental regulations could impact operational continuity and cost structures. Additionally, the failure to manage emissions or reduce resource intensity may affect the Company's ability to meet stakeholder expectations around sustainability. Furthermore, our manufacturing facilities are exposed to potential flooding risks, which could disrupt production operations. Additionally, climate change can impact crop yields, reduce water availability, disrupt production through extreme weather events, and affect consumer livelihoods, ultimately influencing their income levels and purchasing power.	Through the continued maintenance of ISO 14001: 2015 for Environmental Management and ISO 50001: 2018 for Energy Management, we have put in place the management systems needed to govern these aspects. We continue to drive continuous improvement initiatives focused on energy and water efficiency, advance waste-to-value projects, and explore opportunities in renewable energy. With respect to the impact of floods, we have invested in fortifying our production facilities with the necessary flood prevention mechanisms. We are focusing on a diversified purchasing strategy across geographies, optimising resource utilisation, and enhancing site-level risk resilience. For more details, refer to the "Environment" section on page 39.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of Lion Brewery (Ceylon) PLC have pleasure in presenting to the shareholders their Report together with the Audited Consolidated Financial Statements of the Company and its Subsidiaries (the Group) for the year ended 31 March 2025.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and are guided by recommended best accounting practices.

The Annual Report was approved by the Board of Directors on 1 July 2025.

GENERAL

Lion Brewery (Ceylon) PLC is a public limited liability company incorporated in Sri Lanka in 1996.

As at the reporting date, the Group consists of Lion Brewery (Ceylon) PLC and its fully owned subsidiaries Millers Brewery Limited and Lion Beer Pte Ltd., Singapore.

PRINCIPAL ACTIVITY OF THE GROUP

The Principal activity of the Group is brewing and marketing of high quality beers for both the local and export markets.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman's Statement and the Chief Executive's Review describe in detail the performance during the year together with comments on the financial results and future developments of the Company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the year are contained in the Chief Executive's Review on pages 14 to 15 of this Report.

STATEMENT OF DIRECTORS RESPONSIBILITIES

The responsibilities of the Directors in relation to the Financial Statements, are detailed in the following paragraphs, whilst the responsibilities of the Auditors are set out in the Report of the Auditors.

According to the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Directors are required to prepare Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results for the said period.

In preparing these Financial Statements, the Directors are required to ensure that:

- appropriate accounting policies have been selected and applied consistently, while material departures, if any, have been disclosed and explained,
- all applicable Accounting Standards have been complied with,
- reasonable and prudent judgements and estimates have been made, and
- provides the information required by and otherwise comply with the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Directors are responsible for ensuring that the Group maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company in order to ensure that its Financial Statements meet with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

They are also responsible for taking reasonable measures to safeguard the assets of the Group and in this regard to give proper consideration to the establishment of appropriate systems of internal control with a view to prevent, detect and rectify frauds and other irregularities.

These Financial Statements have been prepared on a going concern basis, since the Directors are of the view that the Group has adequate resources to continue operations for the foreseeable future from the date of signing these Financial Statements. The Directors are also of the view that they have discharged their responsibilities as set out in this statement.

The Directors confirm that to the best of their knowledge,

- all taxes, duties and levies payable to the statutory bodies,
- all contributions, levies and taxes payable on behalf of and in respect of the employees, and,
- all other known statutory dues as were due and payable by the Company as at the reporting date have been paid, or where relevant provided for in these Financial Statements.

ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

There were no major changes made to the accounting policies other than those disclosed in the Notes to the Financial Statements for the financial year ended 31 March 2025.

FINANCIAL STATEMENTS

The Financial Statements which include the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Notes to the Financial Statements of the Company and the Group for the year ended 31 March 2025 are set out on pages 111 to 158 of this Report.

RESERVES

After the above-mentioned appropriations, the total reserves of the Group stand at Rs. 31,882 Mn. (2023/24 – Rs. 25,062 Mn.) comprising Capital Reserves of Rs. 2,583 Mn. (2023/24 – Rs. 2,836 Mn.) and Revenue Reserves of Rs. 29,321 Mn. (2023/24 – Rs. 22,234 Mn.) Translation Reserve of Rs. -22 Mn. (2023/24 Rs. -7 Mn.). Details are shown in the Statement of Changes in Equity on page 115.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

CAPITAL EXPENDITURE ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The total expenditure on the purchase of capital assets by the Group during the year amounted to Rs. 4,872 Mn. (2023/24 Rs. 5,440 Mn.). The movements in capital assets during the year are set out in Notes 8 and 10 to the Financial Statements.

MARKET VALUE OF FREEHOLD PROPERTIES

The land and buildings owned by the Group were valued in March 2024 by a qualified independent valuer. The market value arrived at was Rs. 10,316 Mn. These are further explained in Note 8 to the Financial Statements.

RISK MANAGEMENT/MATERIAL FORESEEABLE RISK FACTORS

The need for risk management has been identified and action plans to monitor and manage these risks are incorporated into the business plans and reviewed on a continuous basis.

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS

There were no material issues relating to employees and industrial relations during the year ended 31 March 2025.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments have been paid up to date or have been provided for in these Financial Statements.

GOING CONCERN

The Board of Directors is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, these Financial Statements are prepared based on the going concern concept.

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on pages 106 to 110 of this Report.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in Note 1 to 7 in the Notes to the Financial Statements on pages 117 to 158.

INTERESTS REGISTER

The Company maintains an Interests Register conforming to the provisions of the Companies Act No. 07 of 2007.

All Directors have made declarations as provided in Section 192 (2) of the Companies Act aforesaid. The relevant details as required by the Companies Act No. 07 of 2007 have been entered in the Interests Register during the year under review.

The Interests Register is available for inspection as required under the Companies Act.

REMUNERATION OF DIRECTORS

Directors' remuneration, for the financial year ended 31 March 2025 is given in Note 29 to the Financial Statements, on page 145.

DIRECTORS' INTEREST IN CONTRACTS AND SHARES

The related party transactions of the Group as required by the Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures are disclosed in Note 35 to the Financial Statements and have been declared at Meetings of the Board of Directors. The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Group, while they had the following interests in the ordinary shares of the Company as shown in the table below:

Directors	Number of shares as at	
	31 March 2025	31 March 2024
Mr D A Cabraal (Chairman)	–	–
Mr H Selvanathan (Deputy Chairman)	1,579	1,579
Mr D R P Goonetilleke	1	1
Mr K Selvanathan	–	–
Mr R H Meewakkala (Director/CEO)	–	–
Mr S Selvanathan	–	–
Mr S Clini	–	–
Ms V Gun L L	–	–
Mr A B Baliga	–	–
Mr R Rajagopal (appointed w.e.f. 12 July 2024)	–	–
Mr A J Alles (appointed w.e.f. 25 September 2024)	–	–
Mr A S Amaratunga (appointed w.e.f. 25 September 2024)	–	–
Mr K K Subramanian (appointed w.e.f. 25 April 2025)	–	–
Mrs S J F Evans (resigned w.e.f. 25 September 2024)	–	–
Mr D C R Gunawardena (resigned w.e.f. 25 September 2024)	34	34

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

DIRECTORS

The names of the Directors who served during the year are given under Corporate Information provided in the inner back cover of the Annual Report.

Changes in the Directorate

Considering the “Criteria for determining independence” provided under Rule 9.8.3, Mr D A Cabraal (Chairman) who was an Independent Non-Executive Director was designated as a Non-Executive Director w.e.f. 25 September 2024.

Mr D C R Gunawardena who served as Non-Executive Director of the Company and Ms S J F Evans who served as an Independent Non-Executive Director of the Company resigned from the Board of Directors with effect from 25 September 2024.

Upon the recommendation of the Nominations and Governance Committee the following Directors were appointed to the Board.

- Mr R Rajagopal was appointed as an Independent Non-Executive Director of the Company with effect from 12 July 2024.
- Mr A J Alles and Mr A S Amaratunga were appointed as Independent Non-Executive Directors of the Company with effect from 25 September 2024.
- Mr K K Subramanian was appointed as an Independent Non-Executive Director of the Company with effect from 25 April 2025.

Mr R Rajagopal, who was appointed as an Independent Non-Executive Director of the Company with effect from 12 July 2024, has reached the age of seventy years on 29 January 2025. However, in accordance with section 9.8.3. (ix) (d) of the Listing Rule he will be considered as nevertheless independent until the Annual General Meeting of the Company to be held on Monday, 28 July 2025.

The Nominations and Governance Committee has assessed and determined that he does not exert control over the Company and is capable of exercising unfettered judgement and acting impartially and has recommended the re-appointment of Mr R Rajagopal as an Independent Non-Executive Director. The Board of Directors at its meeting held on 16 June 2025, resolved and confirmed the recommendations made by the Nominations and Governance Committee.

Accordingly, in accordance with Rule 9.8.3 (ix) (c) of the Listing Rules of the CSE, shareholder approval is sought to appoint Mr R Rajagopal as an Independent Non-Executive Director of the Company at the Annual General Meeting to be held on Monday, 28 July 2025, until next Annual General meeting of the Company.

Re-election of newly appointed Directors, since the last AGM

In terms of Rule 9.11.5 (ii) of the Listing Rules of the Colombo Stock Exchange, the Nominations and Governance Committee recommended the re-election of Messrs R Rajagopal, A J Alles, A S Amaratunga and K K Subramanian who were appointed to the Board since the last Annual General Meeting. Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange the Board has ensured that Messrs. R Rajagopal, A J Alles, A S Amaratunga and K K Subramanian are fit and proper based on the “Fit and Proper Criteria” stipulated in the Listing Rules.

Accordingly, in terms of Article 68 of the Articles of Association of the Company, shareholder approval is sought to re-elect Messrs R Rajagopal, A J Alles, A S Amaratunga and K K Subramanian at the Annual General Meeting to be held on Monday, 28 July 2025.

Directors to retire by rotation

In terms of Rule 9.11.5 (ii) of the Listing Rule of the Colombo Stock Exchange, the Nominations and Governance Committee recommended the re-election of Mr S Clini and Mr S Selvanathan who retires by rotation. Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange the Board has ensured that Mr S Clini and Mr S Selvanathan are fit and proper based on the “Fit and Proper Criteria” stipulated in the Listing Rules.

Accordingly, in terms of Articles 72, 73, and 74 of the Articles of Association of the Company, shareholder approval is sought to re-elect Mr S Clini and Mr S Selvanathan, who retires by rotation and being eligible, offer themselves for re-election.

Appointment of Directors who are over 70 years of age

Mr H Selvanathan – Non-Executive Director who is over 70 years of age was appointed as a Director of the Company in terms of Section 210 of the Companies Act No. 07 of 2007 at the Extraordinary General Meeting held on 25 February 2025 for a further period of one year commencing from 25 February 2025 or until the forthcoming Annual General Meeting of the Company, whichever comes first.

Mr R Rajagopal, who was appointed as an Independent Non-Executive Director of the Company with effect from 12 July 2024 has attained the age of seventy years on 29 January 2025.

In terms of Rule 9.11.5 (ii) of the Listing Rule of the Colombo Stock Exchange, the Nominations and Governance Committee recommended the re-election of Messrs H Selvanathan and R Rajagopal who are over 70 years of age. Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange the Board has

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ensured that Messrs H Selvanathan and R. Rajagopal are fit and proper based on the “Fit and Proper Criteria” stipulated in the Listing Rules.

Accordingly, Messrs H Selvanathan and R Rajagopal who are over 70 years of age are to be reappointed as Directors of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable to them.

AUDITORS

Company's Auditors during the year under review were Messrs KPMG, Chartered Accountants. Details of audit fees are set out in Note No. 29 to the Financial Statements.

The retiring Auditors have expressed their willingness to continue in office. A Resolution to reappoint them as Auditors of the Company and authorising the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The Audit Committee reviewed the appointment of the Auditors, its effectiveness and its relationship with the Company, including the level of audit and non-audit fees paid to the Auditor.

Auditors' relationship or any interest with the Company

The Directors are satisfied that, based on written representations made by the Independent Auditors to the Board, the Auditors did not have any interest with the Company that would impair their independence.

CORPORATE GOVERNANCE

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE).

Board of Directors

The following Directors held office during the period under review and current Directors brief profiles are given on pages 17 to 19 of the Annual Report.

Directors	Executive/Non-Executive/ Independent Non-Executive
Mr D A Cabraal (Chairman)	Independent Non-Executive – until 25 September 2024 Non Executive w.e.f. 25 September 2024
Mr H Selvanathan (Deputy Chairman)	Non-Executive
Mr D R P Goonetilleke	Non-Executive
Mr K Selvanathan	Non-Executive
Mr R H Meewakkala (Director/CEO)	Executive
Mr S Selvanathan	Non-Executive
Mr S Clini	Non-Executive
Ms V Gun L L	Non-Executive
Mr A B Baliga	Independent Non-Executive
Mr R Rajagopal (appointed w.e.f. 12 July 2024)	Independent Non-Executive*
Mr A J Alles (appointed w.e.f. 25 September 2024)	Independent Non-Executive
Mr A S Amaratunga (appointed w.e.f. 25 September 2024)	Independent Non-Executive
Mr K K Subramanian (appointed w.e.f. 25 April 2025)	Independent Non-Executive
Mr D C R Gunawardena (Resigned w.e.f. 25 September 2024)	Non-Executive
Mrs S J F Evans (Resigned w.e.f. 25 September 2024)	Independent Non-Executive

Statement on Directors' Fitness and Propriety

The Company obtained an annual declaration from the Directors as per Rule 9.7.2 and 9.7.4 of the Listing Rules of the Colombo Stock Exchange (CSE) confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria set out in the Rules during the financial year and as at the reporting date. Therefore, no Director was identified as a person who has failed to fulfil the required assessment criteria during the year under review.

The Nominations and Governance Committee reviewed and evaluated the fitness and propriety of the Directors and Director/Chief Executive Officer of the Company based on the Fit and Proper Assessment Criteria declarations, confirms that all Directors and Director/Chief Executive Officer of the Company as at the reporting date, satisfies the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

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Statement on Directors' Independence

Each of the Independent Directors of the Company have submitted a signed declaration on Independence/Non-Independence as per Rule 9.8.5 of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting of the Board of Directors of the Company held on 16 June 2025, in order to enable the Board of Directors to determine the Independence/Non-Independence of each of the Independent Directors, in terms of Rule 9.8.3. of the Listing Rules of the CSE.

*In accordance with Rule 9.8.3 (ix) of the Listing Rules of the CSE, the Nominations and Governance Committee has assessed and determined that Mr R Rajagopal, who was appointed as an Independent Non-Executive Director of the Company with effect from 12 July 2024 and attained the age of seventy years on 29 January 2025, continues to meet the criteria for independence since he does not exert control over the Company and is capable of exercising unfettered judgement and acting impartially and has recommended the re-appointment of Mr R Rajagopal as an Independent Non-Executive Director of the Company, in terms of Rule 9.8.3 (ix) of the Listing Rules of the CSE, to continue in office until the next AGM of the Company in 2026

The Board of Directors at its meeting held on 16 June 2025 has reviewed and confirmed the Committee's recommendation.

Accordingly, in accordance with Rule 9.8.3 (ix) (c) of the Listing Rules of the CSE, shareholder approval is sought to appoint Mr R Rajagopal at the Annual General Meeting to be held on Monday, 28 July 2025.

DIRECTORS' MEETINGS ATTENDANCE

During the period under review, the Board of Directors had Six (06) Board Meetings and the attendance of the Directors were as follows;

Directors	Meeting Attended
Mr D A Cabraal (Chairman)	6/6
Mr H Selvanathan (Deputy Chairman)	6/6
Mr D R P Goonetilleke	6/6
Mr K Selvanathan	4/6
Mr S Clini	4/6
Mr R H Meewakkala	5/5
Mr S Selvanathan	6/6
Ms V Gun L L	6/6
Mr A B Baliga	6/6
Mr R Rajagopal (Appointed w.e.f. 12 July 2024)	5/5
Mr A J Alles (Appointed w.e.f. 25 September 2024)	4/4
Mr A S Amaratunga (Appointed w.e.f. 25 September 2024)	4/4
Mr K K Subramanian (Appointed w.e.f. 25 April 2025)	1/1
Ms S J F Evans (Resigned w.e.f. 25 September 2024)	2/2
Mr D C R Gunawardena (Resigned w.e.f. 25 September 2024)	2/2

BOARD EVALUATION

Each Director individually appraises the Board's performance to ensure discharging its responsibilities satisfactorily. This process takes into account and evaluates all aspects in relation to Board responsibilities.

Independent observations made by the Directors are collated and addressed by the Nominations and Governance Committee of the Company and recommended as relevant, to the Board of Directors for consideration.

BOARD SUB-COMMITTEES

In accordance with Rule 9.3.1 of the Colombo Stock Exchange, the Company established its own Sub-Committees effective from 25 September 2024. Each Sub-Committees operates under the oversight of its respective Chair and functions in alignment with its approved Committee Charter.

The Sub-Committees ensure compliance with all applicable regulatory frameworks and reports to the Board accordingly.

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Nominations and Governance Committee

The Nomination Committee of the Company has been renamed as “Nominations and Governance Committee” with effect from 25 September 2024 and the Nominations and Governance Committee Report is given on page 88 to 92 of this Annual Report.

Remuneration Committee

1. Committee composition

- 1.1 Ceylon Beverage Holdings PLC (CBH) is the Parent Company of Lion Brewery (Ceylon) PLC and Carson Cumberbatch PLC (CCPLC) is, in turn, the Parent Company of CBH. In accordance with the Listing Rules of the Colombo Stock Exchange (CSE) prior to the amendments to Rule 9.3.1 effective from 01 October 2024, each listed entity was not required to maintain a separate Remuneration Committee.

Accordingly, the Remuneration Committee of CCPLC functioned as the Remuneration Committee of the Company until 25 September 2024 and comprised of the following members:

Member	Independent Non-Executive/Non-Executive
Mr T de Zoysa (Chairman)	Independent Non-Executive Director of CCPLC
Mr R Theagarajah	Independent Non-Executive Director of CCPLC
Mr W M R S Dias	Independent Non-Executive Director of CCPLC
Mr D C R Gunawardena	Non-Executive Director of CCPLC

Following the regulatory amendment, effective 01 October 2024, which mandates that each listed entity must establish and maintain its own Remuneration Committee, the Remuneration Committee of CCPLC ceased to function as the Remuneration Committee of Lion Brewery (Ceylon) PLC with effect from 25 September 2024.

- 1.2 In terms of Rule 9.12 of the Listing Rules of the Colombo Stock Exchange (CSE), the Remuneration Committee of Lion Brewery (Ceylon) PLC was formed w.e.f. 25 September 2024. As at the reporting date, the Remuneration Committee consists of the following Members:

Member	Independent Non-Executive/Non-Executive
Mr A B Baliga (Chairman)	Independent Non-Executive
Mr A J Alles	Independent Non-Executive
Mr D A Cabraal	Non-Executive

2. Meeting attendance

- 2.1 From 1 April 2024 to 25 September 2024, the Carson Cumberbatch PLC Remuneration Committee which functioned as the Remuneration Committee of the Company until 25 September 2024 did not meet.
- 2.2 From 25 September 2024 until the reporting date, the Lion Brewery (Ceylon) PLC Remuneration Committee met four times (4). The attendance of the Lion Brewery (Ceylon) PLC Committee Members at these meetings was as follows:

Member	Independent Non-Executive/Non-Executive	Attendance
Mr A B Baliga (Chairman)	Independent Non-Executive	4/4
Mr A J Alles	Independent Non-Executive	4/4
Mr D A Cabraal	Non-Executive	4/4

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3. Remuneration Policy Statement

Lion Brewery (Ceylon) PLC has implemented a formal Remuneration Policy to ensure transparent and equitable compensation. The policy applies to Executive Directors, Non-Executive Directors, and Chief Executive Officers (CEOs). For the purposes of this policy, "remuneration" encompasses both cash and non-cash benefits received by these individuals. The Remuneration Committee, comprising Non-Executive and Independent Directors, is responsible for overseeing the implementation and periodic review of this policy. No Director shall participate in decisions regarding their own remuneration. The policy is reviewed annually, with adjustments recommended by the Committee as deemed necessary.

The aggregate remuneration of the Directors for the year ended 31st March 2025 was Rs. 45.4 Mn.

Audit Committee

In compliance with Rule 9.3 of the Colombo Stock Exchange, the Company formed the Audit Committee with effect from 25 September 2024 and the Audit Committee Report is given on page 93 to 95 of this Annual Report.

Related Party Transactions Review Committee

In compliance with Rule 9.3 of the Colombo Stock Exchange, the Company formed the Related Party Transactions Review Committee with effect from 25 September 2024 and the Related Party Transactions Review Committee Report is given on page 96 to 98 of this Annual Report.

Declaration

The Directors have made self-declarations for the purpose of identifying parties related to them. The said declarations were noted at the Related Party Transactions Review Committee Meetings.

The Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year.

Policies

In accordance with Rule 9.2.1 of the Colombo Stock Exchange, the Company established and maintains the following policies and was published on the Carson Cumberbatch PLC group website www.carsoncumberbatch.com and Company website www.lionbeer.com w.e.f. 01 October 2024.

- (1) Policy on the matters relating to the Board of Directors
- (2) Policy on Board Committees
- (3) Policy on Corporate Governance, Nominations and re-election
- (4) Policy on Remuneration
- (5) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- (6) Policy on Risk management and internal controls
- (7) Policy on Relations with Shareholders and Investors
- (8) Policy on Environmental, Social and Governance Sustainability
- (9) Policy on Control and Management of Company Assets and Shareholder Investments
- (10) Policy on Corporate Disclosures
- (11) Policy on Whistleblowing
- (12) Policy on Anti-Bribery and Corruption

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COMPLIANCE WITH SECTION 9 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE ON CORPORATE GOVERNANCE AS AT DATE

Rule No.	Subject	Criteria	Compliance Status	Details
9.1.3.	Applicability of Corporate Governance Rules	All Listed Entities shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity	Compliant	Please refer to corporate governance point of page 75 of the Annual Report of the Board of Directors
9.2	Policies	Policies	Compliant	The Company has established and maintains required policies with effect from 01 October 2024, and which have been disclosed on Carson Cumberbatch PLC Group's website and Company website. Please refer to page 78 of the Annual Report of the Board of Directors
9.3	Board Committees	Board Committees	Compliant	The Company has established its own Audit Committee, Remuneration Committee, Nominations and Governance Committee and Related Party Transactions Review Committee w.e.f. 25 September 2024 as per Section 9.3.1 of the Listing Rules of the Colombo Stock Exchange. Please refer to pages 77 to 78 of the Annual Report of the Board of Directors.
9.4.1.	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	Listed Entities shall maintain records of all resolutions and information pertaining to its adoption	Compliant	The Company Secretaries maintain records of all resolutions and requisite information.
9.4.2	Communication and relations with shareholders and investors	Communication and relations with shareholders and investors	Compliant	The Company has established and maintains a policy on Shareholder Communication and Relations with effect from 01 October 2024 and has been published on Carson Cumberbatch PLC Group's website and the Company's website. The contact person is mentioned. The policy includes a process whereby Directors are informed of major issues and concerns of shareholders Please refer to page 85 of the Annual Report of the Board of Directors.
9.5	Policy on matters relating to the Board of Directors	Policy on matters relating to the Board of Directors	Compliant	The Company has established and maintains Policy on the matters relating to the Board of Directors with effect from 01 October 2024 which addresses the requirements in Rules 9.5.1 and 9.5.2, and same has been published on Carson Cumberbatch PLC Group's website and the Company's website.

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Rule No.	Subject	Criteria	Compliance Status	Details
9.6.1	Chairperson and CEO	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual.	Compliant	Chairman is a Non-Executive Director
9.6.2	Chairperson and CEO	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	Not applicable	Chairman is a Non-Executive Director and the positions of the Chairperson and CEO are not held by the same individual
9.6.3. and 9.6.4.	The requirement for a Senior Independent Director (SID)	SID to be appointed in the following instances; i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or related parties.	Not applicable	Chairman is a Non-Executive Director, the positions of the Chairperson and CEO are not held by the same individual and the Chairman and CEO are not Close Family Members or related parties.
9.7	Fitness of Directors and CEO	Fitness of Directors and CEO	Compliant	The Company obtained annual declaration from the Directors confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria. All Directors met the Fit and Proper Assessment Criteria stipulated in the listing
9.8.1	Board composition	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Compliant	The Board comprises 13 Directors.
9.8.2/ 9.8.3 and 9.8.5.	Independent Directors	Minimum number of Independent Directors/criteria for defining independence and declaration and disclosures relating to Directors	Compliant	Please refer to page 75 to 76 of the Annual Report of the Board of Directors.
9.9	Alternate Director	Alternate Director	Compliant	No Alternate Directors were appointed to the Board throughout the reporting period.
9.10.4.(a) and 9.10.4(b)	Disclosure relating to Directors	Company shall publish a brief résumé in the Annual Report including expertise in relevant functional areas of each Director	Compliant	Please refer the Profile of the Directors on pages 17 to 19.
9.10.4.(c)	Disclosure relating to Directors	Whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity	Compliant	As at the conclusion of the last AGM and throughout the financial year, none of the Directors or Close Family Members have had any material business relationship with other Directors of the Company.

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Rule No.	Subject	Criteria	Compliance Status	Details
9.10.4.(d)/ 9.10.4.(e)/ 9.10.4.(f)/ 9.10.4.(g) and 9.10.4.(h)	Disclosure relating to Directors	Disclosure relating to Directors	Compliant	Please refer to pages 75 and 82 to 85 of the Annual Report of the Board of Directors.
9.11	Nominations and Governance Committee	Nominations and Governance Committee	Compliant	The Nomination Committee of the Company has been renamed as "Nominations and Governance Committee" with effect from 25 September 2024 and the Nominations and Governance Committee Report is given on page 88 to 92 of this Annual Report.
9.12	Remuneration Committee	Remuneration Committee	Compliant	In compliance with Rule 9.3 of the Colombo Stock Exchange, the Company formed the Remuneration Committee with effect from 25 September 2024. The Remuneration Committee matters are given on page 77 to 78 of this Annual Report.
9.13	Audit Committee	Audit Committee	Compliant	In compliance with Rule 9.3 of the Colombo Stock Exchange, the Company formed the Audit Committee with effect from 25 September 2024 and the Audit Committee Report is given on page 93 to 95 of this Annual Report.
9.14	Related Party Transactions Review Committee	Related Party Transactions Review Committee	Compliant	In compliance with Rule 9.3 of the Colombo Stock Exchange, the Company formed the Related Party Transactions Review Committee with effect from 25 September 2024 and the Related Party Transactions Review Committee Report is given on page 96 to 98 of this Annual Report.
9.17 (i)	Additional disclosures	The Board of Directors should declare all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested	Compliant	Directors declared at a Board Meeting that they have no material interests in contracts with the Company and there were no matters in which they were materially interested.
9.17 (ii)	Additional disclosures	The Board of Directors should conduct a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith	Compliant	The Board, having reviewed the system of internal controls covering financial, operational and compliance controls and risk management, is satisfied with the Company's adherence to and effectiveness of these controls for the period up to the date of signing the Financial Statements.

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Rule No.	Subject	Criteria	Compliance Status	Details
9.17 (iii)	Additional disclosures	The Board of Directors should make arrangements to make themselves aware of applicable laws, rules, and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.	Compliant	The Board of Directors have declared that the Company and the Board of Directors have complied with applicable laws, rules and regulations and also are aware of changes particularly to the Listing Rules of the Colombo Stock Exchange including the new rules on Corporate Governance initially issued in October 2023 and all other applicable capital market provisions.
9.17 (iv)	Additional disclosures	The Board of Directors should disclose relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	Compliant	The Board of Directors have no disclosures to be made of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Company has operations.

DISCLOSURES RELATING TO THE DIRECTORS AS PER SECTION 9.10.4 (e) OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE

Ceylon Beverage Holdings PLC is the immediate Parent Company of Lion Brewery (Ceylon) PLC. Carson Cumberbatch PLC is the Parent Company of Ceylon Beverage Holdings PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Beverage Holdings PLC.

Name of the Director	Name of the Company, Functioning Capacity, Listed/Unlisted
Mr D A Cabraal (Total No. of Directorships – 19) (Total No. of Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC where Mr D A Cabraal is a Key Management Personnel but not a Director – 04)	He is Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC. He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – John Keells Holdings PLC, Sunshine Holdings PLC and Watawala Plantations PLC. He is a Director and Key Management Personnel in the mentioned Unlisted Companies - CIC Poultry Farms (Pvt) Ltd., CIC Bio Security Breeder Farms (Pvt) Ltd., CIC Feeds (Pvt) Ltd., CIC Vetcare (Pvt) Ltd., Sunshine Consumer Lanka Ltd., Sunshine Healthcare Lanka Ltd., Sunshine Foundation for Good , Sunshine Tea (Pvt) Ltd., Healthguard Pharmacy Ltd., Lina Manufacturing (Pvt) Ltd., Lina Spiro (Pvt) Ltd., Moose Clothing Colombo (Pvt) Ltd., Asiavet Lifesence (Private) Ltd. and Silvermill Investment Holdings (Pvt) Ltd. He is a Key Management Personnel in other Unlisted Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC.

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Name of the Director	Name of the Company, Functioning Capacity, Listed/Unlisted
Mr H Selvanathan (Total No. of Directorships – 26) (Total No. of Companies within the Carson Cumberbatch PLC Group where Mr H Selvanathan is a Key Management Personnel but not a Director – 07)	He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Carson Cumberbatch PLC, Bukit Darah PLC, Ceylon Beverage Holdings PLC, Lion Brewery (Ceylon) PLC. He is a Key Management Personnel in the mentioned Listed Companies – Ceylon Guardian Investment Trust PLC and Pegasus Hotels of Ceylon PLC. He is a Director and Key Management Personnel in the mentioned Unlisted Companies – Riverside Resorts (Private) Limited, Hambros Investments (Pvt) Ltd., Interkrish Investment Co. (Pvt) Ltd., Ceylon Securities and Investments (Pvt) Ltd., Eskaycee Travels Limited, Krish Investment Co. (Pvt) Ltd., Korea Lanka Garments (Pvt) Ltd., S. Kanapathy Chetty (Pvt) Ltd., Sri Krishna Corporation (Pvt) Ltd., Skan Investments (Pvt) Ltd., Tower Investments (Pvt) Ltd., Bukit Investments (Pvt) Ltd., Fulcrum (Pvt) Limited, Goodhope Holdings (Pvt) Ltd., Goodhope Investment (Pvt) Ltd., Boutique Resorts (Pvt) Ltd. He is a Director and/or Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch PLC Group.
Mr D R P Goonetilleke (Total No. of Directorships – 05) (Total No. of Companies within the Carson Cumberbatch PLC Group where Mr D R P Goonetilleke is a Key Management Personnel but not a Director – 02, includes 1 unlisted company within the group, in which he ceased to be a KMP w.e.f. 28 March 2025)	He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Namunukula Plantations PLC and Ceylinco Holdings PLC He is a Director and/or Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch PLC Group.
Mr R H Meewakkala (Total No. of Directorships – 03) (Total No. of Subsidiary Companies of Ceylon Beverage Holdings PLC where Mr R Meewakkala is a Key Management Personnel but not a Director – 03)	He is an Executive Director and Key Management Personnel in the mentioned Listed Companies – Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC. He is a Director and/or Key Management Personnel in other Unlisted Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC.
Mr K Selvanathan (Total No. of Directorships – 14) (Total No. of Companies within the Carson Cumberbatch PLC Group where Mr K Selvanathan is a Key Management Personnel but not a Director – 02, includes 1 unlisted company within the group, in which he ceased to be a KMP w.e.f. 28 March 2025)	He is an Executive Director and Key Management Personnel in the mentioned Listed Companies – Ceylon Guardian Investment Trust PLC and Ceylon Investment PLC. He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC. He is a Director and Key Management Personnel on the mentioned Unlisted Companies – Ceylon Securities and Investments (Pvt) Ltd, S. Kanapathy Chetty (Pvt) Ltd, Tower Investments (Pvt) Ltd, Sri Krishna Corporation (Pvt) Ltd, Interkrish Investment Company (Pvt) Ltd, Hambros Investments (Pvt) Ltd and Aurora Studio (Pvt) Limited. He is a Director and/or Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch PLC Group.

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Name of the Director	Name of the Company, Functioning Capacity, Listed/Unlisted
Mr S Selvanathan (Total No. of Directorships – 07) (Total No. of Subsidiary Companies of Lion Brewery (Ceylon) PLC where Mr S Selvanathan is a Key Management Personnel but not a Director – 01)	He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Company – Lion Brewery (Ceylon) PLC. He is a Director and Key Management Personnel on the mentioned Unlisted Companies – Tower Investments (Pvt) Ltd., Sri Krishna Corporation (Pvt) Ltd., Interkrish Investment Company (Pvt) Ltd., Hambros Investments (Pvt) Ltd., Krish Investment Company (Pvt) Ltd. He is a Director and/or Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch PLC Group.
Mr S Clini (Total No. of Directorships – 02) (Total No. of Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC where Mr S Clini is a Key Management Personnel but not a Director – 04)	He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC. He is a Key Management Personnel in other Unlisted Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC.
Ms V Gun L L (Total No. of Directorships – 01) (Total No. of Subsidiary Companies of Lion Brewery (Ceylon) PLC where Ms V Gun L L is a Key Management Personnel but not a Director – 01)	She is a Non-Executive Director and Key Management Personnel in the mentioned Listed Company – Lion Brewery (Ceylon) PLC. She is a Key Management Personnel in another Unlisted Subsidiary Company of Lion Brewery (Ceylon) PLC.
Mr A B Baliga (Total No. of Directorships – 02) (Total No. of Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC where Mr A B Baliga is a Key Management Personnel but not a Director – 04)	He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC. He is a Key Management Personnel in other Unlisted Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC.
Mr R Rajagopal (Total No. of Directorships – 01) (Total No. of Subsidiary Companies of Lion Brewery (Ceylon) PLC where Mr R Rajagopal is a Key Management Personnel but not a Director – 01)	He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Company – Lion Brewery (Ceylon) PLC. He is a Key Management Personnel in another Unlisted Subsidiary Company of Lion Brewery (Ceylon) PLC.
Mr A S Amaratunga (Total No. of Directorships – 09) (Total No. of Companies within the Carson Cumberbatch PLC Group where Mr A S Amaratunga is a Key Management Personnel but not a Director – 10, includes 1 unlisted company within the group, in which he ceased to be a KMP w.e.f. 28 March 2025)	He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Equity Two PLC, Ceylon Beverage Holdings PLC, Bukit Darah PLC, Carson Cumberbatch PLC, Lion Brewery (Ceylon) PLC, Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC, Pegasus Hotels of Ceylon PLC. He is a Director and Key Management Personnel on the mentioned Unlisted Company – SAARA LABs (Pvt) Ltd. He is a Director and/or Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch PLC Group.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Name of the Director	Name of the Company, Functioning Capacity, Listed/Unlisted
Mr A J Alles (Total No. of Directorships – 08) (Total No. of Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC where Mr A J Alles is a Key Management Personnel but not a Director – 04)	He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Lion Brewery (Ceylon) PLC, Ceylon Beverage Holdings PLC, United Motors Lanka PLC, Hayleys PLC, Alumex PLC, The Kingsbury PLC, Vallibel One PLC and Singer (Sri Lanka) PLC. He is a Key Management Personnel in other Unlisted Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC.
Mr K K Subramanian (Total No. of Directorships – 01) (Total No. of Subsidiary Companies of Lion Brewery (Ceylon) PLC where Mr K K Subramanian is a Key Management Personnel but not a Director – 01)	He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Company – Lion Brewery (Ceylon) PLC. He is a Key Management Personnel in another Unlisted Subsidiary Company of Lion Brewery (Ceylon) PLC.

EQUITABLE TREATMENT TO SHAREHOLDERS

The Company ensures that the rights of all shareholders are preserved and has established procedures to ensure the fair and equitable treatment of all shareholders. An array of measures is also in place to ensure that shareholder views are identified and fully considered.

The policy on relations with Shareholders and Investors is available on the Company's website.

The Company communicates with the shareholders through the following means of communication:

1. Annual General Meeting (AGM) and Extraordinary General Meetings. (EGM)
The Annual General Meeting provides shareholders with the opportunity to share their views and to meet the Board, including the Chairman of the Board committees and members of Key Management Personnel. Further Company's external auditors are also present at the Annual General Meeting

2. Announcements to the Colombo Stock Exchange
3. Company website
4. Interaction through the Company Secretaries.
Shareholders may direct any major issues and concerns which they may have to the Company Secretaries of the Company who will forward same to the Board of Directors.

DIVIDEND

A Second Interim Dividend of Rs. 12/50 per ordinary share amounting to Rs. 1,000,000,000/- for the year ended 31 March 2024 was announced on 09 May 2024. Shareholders of the Company who had provided accurate bank account details were paid on 29 May 2024 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends was paid on 11 June 2024 via cheques.

A First Interim Dividend of Rs. 17/30 per ordinary share amounting to Rs. 1,384,000,000/- for the year ended 31 March 2025 was announced on 25 October 2024. Shareholders of the Company who had provided accurate bank account details were paid on 12 November 2024 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends was paid on 26 November 2024 via cheques.

A Second Interim Dividend of Rs. 28/70 per ordinary share amounting to Rs. 2,296,000,000/- for the year ended 31 March 2025 was announced on 09 May 2025. Shareholders of the Company who had provided accurate bank account details were paid on 28 May 2025 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends was paid on 11 June 2025 via cheques.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

SOLVENCY TEST

At the time of approving the above distributions, the Directors were satisfied that the Company would meet the Solvency Test requirement under Section 56(2) of the Companies Act, No. 07 of 2007 immediately after the said distributions.

The Company's Auditors, KPMG, Chartered Accountants have issued Certificates of Solvency for the dividends mentioned above, confirming same.

STATED CAPITAL

The Stated Capital of the Company as at 31 March 2025 was Rs. 2,537,801,310/- consisting of 80,000,000 Ordinary shares.

There was no change in the Stated Capital of the Company during the year.

EVENTS OCCURRING AFTER THE REPORTING DATE

Further to the Note 36 Events Occurring After the reporting date, no circumstances have arisen which would require adjustments to or disclosure in the Financial Statements.

SHARE INFORMATION

Information relating to share trading are given on pages 166 and 167 of this Report.

Name of shareholders	31 March 2025		31 March 2024	
	No. of shares	%	No. of shares	%
1 CEYLON BEVERAGE HOLDINGS PLC	41,798,788	52.25	41,798,788	52.25
2 CARLSBERG BREWERY MALAYSIA BERHAD	20,000,686	25.00	20,000,686	25.00
3 CB NY S/A ALLAN GRAY FRONTIER MARKETS EQUITY FUND	5,589,256	6.99	5,589,256	6.99
4 CARSON CUMBERBATCH PLC A/C NO.2	4,107,793	5.13	4,107,793	5.13
CARSON CUMBERBATCH PLC A/C NO. 01	2,553,792	3.19	2,553,792	3.19
5 BUKIT DARAH PLC A/C NO 2	1,300,000	1.63	1,300,000	1.63
6 CACEIS BANK LUXMOURG BRANCH S/A COELI SICAV I-FRONTIER MARKETS FUND	683,116	0.85	683,116	0.85
7 GF CAPITAL GLOBAL LIMITED	427,179	0.53	427,179	0.53
8 J.B. COCOSHELL (PVT) LTD.	423,304	0.53	265,518	0.33
9 SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	300,000	0.38	300,000	0.38
10 ODYSSEY CAPITAL PARTNERS (PRIVATE) LIMITED	250,000	0.31	159,521	0.20
11 PORTELET LIMITED	161,920	0.20	161,920	0.20
12 DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	150,771	0.19	133,771	0.17
13 TRANZ DOMINION, L.L.C.	129,251	0.16	129,251	0.16
14 JAFFERJEE BROTHERS EXPORTS (PRIVATE)LIMITED	113,077	0.14	11,100	0.01
15 MR M A JAFFERJEE	91,884	0.11	91,884	0.11
16 NEWGREENS LIMITED	83,200	0.10	83,200	0.10
17 COMMERCIAL BANK OF CEYLON PLC A/C NO. 03	76,000	0.10	50,000	0.06
18 CITIBANK HONG KONG S/A HOSTPLUS POOLED SUPERANNUATION TRUST	73,997	0.09	-	0.00
19 FERN HOLDINGS (PRIVATE) LIMITED	73,000	0.09	68,701	0.09
20 SSBT-FRANK RUSSEL TRUST COMPANY COMINGLED BENEFIT FUNDS TRUST GNA-6QH3	70,848	0.09	114,879	0.14

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

ANNUAL REPORT

The information provided herein is in pursuance of the requirements of the Companies Act, No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors have approved the Audited Financial Statements of the Company together with the Reviews and other Reports, which form part of the Annual Report on 01 July 2025.

The appropriate number of copies of the Annual Report will be submitted to the Colombo Stock Exchange, the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies within the applicable time frames.

ANNUAL GENERAL MEETING

The 29th Annual General Meeting of the Company will be held on Monday, 28 July 2025 at 9.00 a.m. at the "Lavender Hall" (LOT 2) BMICH International Convention & Exhibition Center, Bauddaloka Mawatha, Colombo 07, Sri Lanka.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on pages 169 to 170 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)

R H Meewakkala

CEO/Director

(Sgd.)

D R P Goonetilleke

Director

(Sgd.)

K D De Silva (Mrs)

Director

Carsons Management Services (Private) Limited

Secretaries Colombo

01 July 2025

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

1. COMMITTEE COMPOSITION

In terms of Rule 9.11 of the Listing Rules of the Colombo Stock Exchange (CSE), the Nomination Committee of the Company was renamed as the "Nominations and Governance Committee" with effect from 25 September 2024. From 01 April 2024 to the reporting date, the Nominations and Governance Committee consists of the following Members:

Member	Independent Non-Executive/Non-Executive	Position
Mr A B Baliga (Chairman w.e.f. 25 September 2024)	Independent Non-Executive	Appointed as a Member and Chairman w.e.f. 25 September 2024
Mr A J Alles	Independent Non-Executive	Appointed as a Member w.e.f. 25 September 2024
Mr D A Cabraal (Chairman until 25 September 2024)	Non-Executive Appointed as an Independent Non-Executive Director and was designated a Non-Executive Director w.e.f. 25 September 2024	Appointed as Chairman of the Nomination Committee w.e.f. 21 July 2017 and resigned as the Chairman of the Committee w.e.f. 25 September 2024 and continues as a Member of the Committee
Ms S J F Evans	Independent Non-Executive Director	Appointed as a Member w.e.f. 01 April 2012 and resigned w.e.f. 25 September 2024
Mr D C R Gunawardena	Non-Executive Director	Appointed as a Member w.e.f. 01 April 2012 and resigned w.e.f. 25 September 2024

2. NOMINATION OF DIRECTORS AND COMMITTEE APPOINTMENTS

The Nominations and Governance Committee operates under a documented policy and established procedures for nominating Directors to the Board and recommending appointments to the Company's subcommittees. These processes ensure that all appointments are made based on merit, experience, and in alignment with the Company's strategic needs and governance principles. Members of the Committee abstain from participating in decisions relating to their own appointments.

3. RETIREMENT AND RE-ELECTION OF DIRECTORS

As provided in the Articles of Association of the Company, one-third of the Directors elected by the Company shall retire from office at each Annual General Meeting. The Directors to retire each year shall be those who have been in office the longest since their last election. Every retiring Director is eligible for re-election, subject

to the recommendation of the Board, and shall continue to act as a Director throughout the Meeting at which they retire. Directors appointed as Nominee Directors, as provided in the Articles of Association, are not subject to retirement and re-election. All Directors who are subject to retirement by rotation and re-election, as per the Articles of Association of the Company, are required to submit themselves for re-election at regular intervals and at least once every three years as explained above.

3.1 In terms of Rule 9.11.5 (ii) of the Listing Rules of the CSE, the Committee has recommended the re-election of Mr S Selvanathan and Mr S Clini to the Board at the Annual General Meeting (AGM) to be held on 28 July 2025, in accordance with Articles 72, 73, and 74 of the Company's Articles of Association. This recommendation is based on their combined knowledge, experience, and the valuable contributions they have made towards achieving the objectives of the Board.

3.2 In terms of Article 68 of the Company's Articles of Association, any Director appointed to the Board under this Article shall hold office only until the next AGM and shall then be eligible for re-election. Accordingly, in compliance with the Articles and Rule 9.11.5 (ii) of the Listing Rules of the CSE, the Committee has recommended the re-election of Mr R Rajagopal, Mr A J Alles, Mr A S Amaratunga, and Mr K K Subramanian, who were appointed to the Board since the last AGM, at the forthcoming AGM scheduled to be held on 28 July 2025.

3.3 In recognition of their extensive experience, deep insight and domain knowledge, the Committee recommended to the Board and the Board approved the reappointment of Mr H Selvanathan who is over seventy years of age, and Mr R Rajagopal who is seventy years of age, and were due to retire in terms of Section 210 of the Companies Act, No. 07 of 2007. Accordingly, the said Directors are to be re-appointed as Directors of the Company for a further period of one year from the conclusion of the AGM and that

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to them.

3.4 In accordance with Rule 9.8.3 (ix) of the Listing Rules of the CSE, the Committee has assessed and determined that Mr R Rajagopal, who was appointed as an Independent Non-Executive Director of the Company with effect from 12 July 2024, and attained the age

of seventy years on 29 January 2025, continues to meet the criteria for independence. The Committee is of the view that Mr R Rajagopal does not exert control over the Company, and is capable of exercising unfettered judgement and acting impartially. Accordingly, the Committee has recommended the reappointment of Mr R Rajagopal as an Independent Non-Executive Director of the Company, in terms of Rule 9.8.3 (ix)

of the Listing Rules of the CSE, to continue in office until the next AGM of the Company in 2026.

The Board of Directors has reviewed and confirmed the Committee's recommendation and is seeking the approval of the public shareholders through a resolution to be passed by a majority of the public shareholders voting in person or by proxy at the AGM, as detailed in the Notice of Meeting.

3.5 Details of Directors being re-elected and/or reappointed:

Board Member	Re-elected or reappointed	Board Committees served on as a Member/ Chairman	Date of first appointment as a Director	Date of last reappointment as a Director	Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities	Any relationships* including close family relationships (as defined in CSE Rule 9.8.4) between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Company (*business relationships)
Mr S Selvanathan	To be Re-elected as per Articles 72, 73 and 74 of the Articles of Association of the Company at the AGM on 28 July 2025	–	05 April 2019	–	–	–
Mr S Clini	To be Re-elected as per Articles 72, 73 and 74 of the Articles of Association of the Company at the AGM on 28 July 2025	–	26 October 2019	03 August 2022	–	–
Mr R Rajagopal	To be re-elected as per Article 68 of the Articles of Association of the Company and to be re-appointed as per Section 210 of the Companies Act No. 07 of 2007 and to be appointed as an Independent Non-Executive Director of the Company in terms of Rule 9.8.3 (ix) of the Listing Rules of the CSE at the AGM on 28 July 2025, and he shall continue to serve as an Independent Non-Executive Director until the next Annual General Meeting of the Company.	–	12 July 2024	Appointed to the Board on 12 July 2024	–	–

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

Board Member	Re-elected or reappointed	Board Committees served on as a Member/ Chairman	Date of first appointment as a Director	Date of last reappointment as a Director	Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities	Any relationships* including close family relationships (as defined in CSE Rule 9.8.4) between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Company (*business relationships)
Mr A J Alles	To be Re-elected as per Articles 68 of the Articles of Association of the Company at the AGM on 28 July 2025	Member of: • Audit Committee • Remuneration Committee • Nominations and Governance Committee	25 September 2024	Appointed to the Board on 25 September 2024	Independent Non-Executive Director of: • Ceylon Beverage Holdings PLC • United Motors Lanka PLC • Hayleys PLC • Singer (Sri Lanka) PLC • The Kingsbury PLC • Vallibel One PLC • Alumex PLC • Managing Director of Hatton National Bank PLC from May 2013 to August 2024.	Director of Ceylon Beverage Holdings PLC
Mr A S Amaratunga	To be Re-elected as per Articles 68 of the Articles of Association of the Company at the AGM on 28 July 2025	Chairman of: • Audit Committee • Related Party Transactions Review Committee	25 September 2024	Appointed to the Board on 25 September 2024	Independent Non-Executive Director of: • Ceylon Beverage Holdings PLC • Bukit Darah PLC • Carson Cumberbatch PLC • Ceylon Guardian Investment Trust PLC • Ceylon Investment PLC • Pegasus Hotels of Ceylon PLC • Equity Two PLC	Director of Ceylon Beverage Holdings PLC
Mr K K Subramanian	To be Re-elected as per Articles 68 of the Articles of Association of the Company at the AGM on 28 July 2025	–	25 April 2025	Appointed to the Board on 25 April 2025	–	–
Mr H Selvanathan	To be Re-appointed as per Section 210 of the Companies Act, No. 07 of 2007 at the AGM on 28 July 2025	–	19 April 1996	25 February 2025 at the EGM	Non-Executive Director of: • Ceylon Beverage Holdings PLC • Bukit Darah PLC • Carson Cumberbatch PLC	• Shareholder of the Company • Director of Ceylon Beverage Holdings PLC • Spouse holds shares in the Company

Ceylon Beverage Holdings PLC is the immediate Parent Company of Lion Brewery (Ceylon) PLC. Carson Cumberbatch PLC is the Parent Company of Ceylon Beverage Holdings PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Beverage Holdings PLC.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

4. BOARD DIVERSITY

The Board of Directors recognises diversity in experience, skills, age, and gender as a key enabler of effective governance and strategic oversight. The Board comprises individuals with varied professional backgrounds, combining local insights with international experience to guide the Company through evolving challenges. Age and gender diversity are promoted, ensuring a balanced mix of perspectives that drive innovation and sound decision-making.

5. DIRECTORS' APPOINTMENT AND REAPPOINTMENT

The Company follows a transparent and well-structured process for the appointment and reappointment of Directors, in line with its Articles of Association, the Listing Rules of the CSE, and corporate governance best practices. The Nominations and Governance Committee is responsible for identifying and evaluating candidates based on qualifications, experience, leadership competencies, and independence. Reappointments are based on Directors' contributions and alignment with the Company's strategic goals. Directors retiring by rotation are subject to shareholder approval at the Annual General Meeting. For Independent Non-Executive Directors, compliance with the criteria for independence as per Rule 9.8.3 of the Listing Rules of the CSE is verified prior to reappointment. This ensures that the integrity and objectivity of the Board are maintained.

6. BOARD AND CEO PERFORMANCE EVALUATION

In compliance with Rule 9.11.5 of the Listing Rules of the CSE, the Committee confirms that periodic evaluations have been conducted on the performance of the Board of Directors and the Director/Chief Executive Officer (CEO). These evaluations are aimed at assessing the effectiveness of the Board's oversight responsibilities and the CEO's leadership in achieving the Company's strategic objectives. The performance reviews are structured, criteria-based, and carried out under the supervision of the Nominations and Governance Committee. Feedback from these evaluations is used to identify areas for improvement and to support ongoing Board and executive effectiveness.

The Committee reviewed the CEO's performance for the financial year 2024/25 and evaluated the Key Performance Indicators (KPIs) for the CEO for the financial year 2025/26.

7. ENGAGEMENT OF INDEPENDENT DIRECTORS

The Company has implemented structured processes to ensure Independent Directors are kept fully informed of all significant matters impacting the Company. These include the timely distribution of detailed Board packs, participation in key Board Committees, unrestricted access to Senior Management, regular updates on material developments, and ongoing inductions and briefings. These measures enable Independent Directors to effectively fulfil their oversight and governance responsibilities.

8. INDUCTION AND ORIENTATION FOR NEW DIRECTORS

The Company conducts structured induction and orientation programmes for newly appointed Directors. These programmes are designed to familiarise the Directors with the Company's governance framework, business operations, industry environment, and key regulatory obligations. The sessions cover topics including corporate governance practices, the Listing Rules of the CSE, securities market regulations, and other applicable legal and regulatory requirements. This ensures that new Directors are well-equipped to discharge their duties effectively from the outset of their appointment.

9. QUARTERLY UPDATES TO EXISTING DIRECTORS

During the year under review, the Nominations and Governance Committee facilitated quarterly updates to the Board of Directors on key developments in corporate governance, amendments to the Listing Rules of the CSE, securities market regulations, and other applicable laws and regulations. These sessions are intended to ensure that Directors remain well-informed and compliant with evolving governance and regulatory standards.

In addition to these updates, the Committee reviews a comprehensive Regulatory and Corporate Compliance Statement, and all compliance requirements under CSE Rule 9.2.1. The Committee also evaluates Fit and Proper Assessment Criteria declarations and annual declarations of independence submitted by the Directors, as well as during the process of recommending new appointments to the Board.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

10. MEETING ATTENDANCE

As at the reporting date, the Committee met five (05) times. The attendance of the Committee Members at these meetings is as follows:

Member	Independent Non-Executive/Non-Executive	Attendance
Mr A B Baliga (Chairman and Member w.e.f. 25 September 2024)	Independent Non-Executive	4/4
Mr A J Alles	Independent Non-Executive	4/4
Mr D A Cabraal (Chairman until 25 September 2024)	Non-Executive	5/5
Ms S J F Evans (Resigned w.e.f. 25 September 2024)	Independent Non-Executive	1/1
Mr D C R Gunawardena (Resigned w.e.f. 25 September 2024)	Non-Executive	1/1

11. STATEMENT ON DIRECTORS' INDEPENDENCE

11.1 As required under Rule 9.8.5 (a) of the Listing Rules of the CSE, the following Independent Non-Executive Directors of the Company have each submitted a signed and dated declaration confirming their independence, in accordance with the criteria specified in the CSE Listing Rules:

1. Mr A B Baliga – Independent Non-Executive
2. Mr R Rajagopal – Independent Non-Executive
3. Mr A S Amaratunga – Independent Non-Executive
4. Mr A J Alles – Independent Non-Executive
5. Mr K K Subramanian – Independent Non-Executive

11.2 In accordance with Rule 9.11.6 (l) of the Listing Rules of the CSE, the Nominations and Governance Committee confirms that, as at the reporting date, the Independent Non-Executive Directors of the Company have satisfied the criteria for determining independence as specified under Rule 9.8.3 of the CSE Listing Rules.

11.3 As provided under Rule 9.8.3 (ix) of the Listing Rules of the CSE, the Committee has determined that Mr R Rajagopal, who was appointed to the Board as an Independent Non-Executive Director on 12 July 2024, and attained the age of seventy years on 29 January 2025, continues to satisfy the criteria for independence. The Committee is of the view that Mr R Rajagopal does not exert control over the Company, and is capable of exercising unfettered judgement and acting impartially. Accordingly, the Committee has recommended his reappointment as an Independent Non-Executive Director at the Annual General Meeting scheduled to be held on 28 July 2025, as detailed earlier in this Report.

12. STATEMENT ON DIRECTORS' FITNESS AND PROPRIETY

12.1 As required by Rule 9.7.4 of the Listing Rules of the CSE, the Company has obtained signed declarations from all Directors and the Director/Chief Executive Officer of the Company, as at the reporting date, confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out under the Listing Rules of the CSE during the financial year 2024/25, and satisfies the said criteria as at the date of such confirmation.

12.2 The Nominations and Governance Committee has reviewed and evaluated the fitness and propriety of the Directors and Director/Chief Executive Officer of the Company based on the Fit and Proper Assessment Criteria declarations, and confirms that all Directors and Director/Chief Executive Officer of the Company as at the reporting date, satisfies the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the CSE.

13. STATEMENT ON CORPORATE GOVERNANCE

In accordance with Rule 9.11.6 (m) of the Listing Rules of the CSE, the Nominations and Governance Committee confirms that the Company is in compliance with the Corporate Governance requirements stipulated under the said Listing Rules.

(Sgd.)

A B Baliga

Chairman – Nominations and Governance Committee

01 July 2025

AUDIT COMMITTEE REPORT

1. COMMITTEE COMPOSITION

1.1 Ceylon Beverage Holdings PLC is the Parent Company of Lion Brewery (Ceylon) PLC, and Carson Cumberbatch PLC (CCPLC) in turn is the Parent Company of Ceylon Beverage Holdings PLC. In accordance with the Listing Rules of the Colombo Stock Exchange (CSE), prior to the amendments to Rule 9.3.1 effective 01 October 2024, each listed entity was not required to maintain a separate Audit Committee.

Accordingly, the Audit Committee of CCPLC functioned as the Audit Committee of the Company until 25 September 2024, and comprised of the following Members:

Member	Independent Non-Executive/Non-Executive
Mr A S Amaratunga (Chairman)	Independent Non-Executive Director of CCPLC
Mr Y H Ong	Independent Non-Executive Director of CCPLC
Mr D C R Gunawardena	Non-Executive Director of CCPLC

Following the regulatory amendment, effective 01 October 2024, which mandates that each listed entity must establish and maintain its own Audit Committee, the Audit Committee of CCPLC ceased to function as the Audit Committee of Lion Brewery (Ceylon) PLC with effect from 25 September 2024.

1.2 In terms of Rule 9.13 of the Listing Rules of the Colombo Stock Exchange (CSE), an Audit Committee was formed for Lion Brewery (Ceylon) PLC on 25 September 2024. As at the reporting date, the Audit Committee consists of the following Members:

Member	Independent Non-Executive/Non-Executive
Mr A S Amaratunga (Chairman)	Independent Non-Executive
Mr A J Alles	Independent Non-Executive
Mr D R P Goonetilleke	Non-Executive

1.3 Profile of the Members of the Audit Committee

Mr A S Amaratunga (Chairman)

Mr Saktha Amaratunga is an Independent, Non-Executive Director of Bukit Darah PLC, Carson Cumberbatch PLC and in several companies of Carson Cumberbatch Group and the Chairman of the Audit Committees of Carson Cumberbatch Group. He is a Commissioner of PT Agro Indomas, Indonesia, a subsidiary of the Carson Cumberbatch Group. He is also an Audit Committee Member of MAS Holdings Ltd., and was an Independent Non-Executive Director and Audit Committee Chair of Hemas Holdings PLC for 9 years.

Mr Amaratunga has many years of experience in Strategy Development, Business Restructuring, Risk and Governance, International Finance and People Development.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Associate Member of the Chartered Institute of Management Accountants – UK, and also a Member of CPA Australia.

Mr A J Alles

Mr Jonathan Alles was the Managing Director/Chief Executive Officer of Hatton National Bank PLC, one of Sri Lanka's largest private sector banks. He counts over 37 years of banking experience, having served several international banks including the National Bank of Abu Dhabi, Saudi British Bank – Riyadh, British Bank of the Middle-East and HSBC, Dubai and Colombo, before taking on the reins at HNB.

He is an Independent Non-Executive Director of Ceylon Beverage Holdings PLC, Lion Brewery (Ceylon) PLC, Hayleys PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC, Vallibel One PLC, Alumex PLC and United Motors Lanka PLC.

Mr Alles holds a First Class MBA in Finance from the University of Stirling, UK. He is an Associate Member of the Institute of Bankers of Sri Lanka (AIB SL).

Mr D R P Goonetilleke

Mr Ranil Goonetilleke is a Fellow of the Chartered Institute of Management Accountants, UK. Consequent to initial training at KPMG he has held various positions in the mercantile sector in the field of Finance and counts over 35 years experience.

Mr Goonetilleke joined the Carsons Group in 1998 as a Financial Controller and in 2005, he was appointed as Finance Director of the Brewery Sector, which post he held until his retirement in December 2023. He is the immediate Past Chairman of the Exporters Association of Sri Lanka of the Ceylon Chamber of Commerce. He serves on the Boards and Audit Committees of Lion Brewery (Ceylon) PLC, Pegasus Hotels of Ceylon PLC, Namunukula Plantations PLC and Ceylinco Holdings PLC and is also a Director at Carsons Management Services (Private) Ltd.

AUDIT COMMITTEE REPORT

2. MEETINGS OF THE AUDIT COMMITTEE

2.1 From 01 April 2024 to 25 September 2024, the Carson Cumberbatch PLC – Audit Committee, which functioned as the Audit Committee of Lion Brewery (Ceylon) PLC held six (06) meetings to discuss matters pertaining to the Company and the attendance of the Members at the Committee Meetings was as follows:

Member	Independent Non-Executive/ Non-Executive	Attendance
Mr A S Amaratunga (Chairman)	Independent Non-Executive Director of CCPLC	06/06
Mr Y H Ong	Independent Non-Executive Director of CCPLC	06/06
Mr D C R Gunawardena	Non-Executive Director of CCPLC	06/06

2.2 From 25 September 2024 until the reporting date, the Audit Committee of Lion Brewery (Ceylon) PLC met seven (07) times and the attendance of the Audit Committee Members was as follows:

Member	Independent Non-Executive/ Non-Executive	Attendance
Mr A S Amaratunga (Chairman)	Independent Non-Executive	07/07
Mr A J Alles	Independent Non-Executive	07/07
Mr D R P Goonetilleke	Non-Executive	07/07

2.3 The Chief Executive Officer – Beverage Sector, Chief Financial Officer of the Company, Internal Auditors and senior management staff members also attended the Audit Committee meetings by invitation.

3. AUDIT COMMITTEE CHARTER

The Company has an Audit Committee Charter and the powers and responsibilities of the Audit Committee are governed by the Audit Committee Charter.

4. FUNCTIONS AND DUTIES

4.1 Assists the Board of Directors in fulfilling its oversight responsibilities of the financial reporting process, the system of internal control over financial reporting, the audit process, risk management and the Company's processes for monitoring compliance with financial reporting requirements, information requirements under the Corporate Governance Rules of the Colombo Stock Exchange, the

Companies Act, No.07 of 2007 and the Securities and Exchange Commission of Sri Lanka (SEC) Act No.19 of 2021, and other relevant financial reporting related regulations.

4.2 Reviews and recommends for approval the Interim Financial Statements of Lion (Brewery) Ceylon PLC to the Board of Directors and release of same to the Regulatory Authorities and to the Shareholders. The Audit Committee held meetings to discuss and review the Interim Financial Statements of the Company.

4.3 Reviews and recommends for approval the Annual Financial Report of Lion Brewery (Ceylon) PLC to the Board of Directors and release of same to the Regulatory Authorities and to the Shareholders.

4.4 Recommends appointment/re-appointment/removal of External Auditors and approve their remuneration and engagement terms.

4.5 Obtains and reviews assurances received from the Management that the financial records have been properly maintained and the Financial Statements give a true and fair view of the Company's operations and finances. Reviews assurances given by the Management and Key Management Personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

4.6 Reviews the internal controls in place to prevent the leakage of material information to unauthorised persons.

4.7 Reviews and oversees processes to ensure that the Company's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.

4.8 Reviews and assesses the Company's risk management process, including control environment in high-risk areas, Business continuity plans, and reviews the risk policies adopted by the Company on an annual basis.

4.9 Takes prompt corrective action to request management to mitigate the effects of specific risks.

4.10 Reviews the scope and results of the internal and external audits and its effectiveness, and the independence, performance and objectivity of the auditors.

4.11 Developed and implemented a policy on how to engage External Auditors for non-audit services, ensuring compliance with independence and ethical guidelines. Reports any concerns or areas for improvement to the Board along with recommended actions.

AUDIT COMMITTEE REPORT

5. ASSURANCE FROM THE CEO AND CFO REGARDING THE COMPANY'S OPERATIONS AND FINANCES, AND

AN OPINION ON COMPLIANCE WITH FINANCIAL REPORTING AND INFORMATION REQUIREMENTS UNDER RELEVANT REGULATIONS

As required under Rule 9.13.5 (2)(c) and (d) of the Listing Rules of the CSE, the Audit Committee was provided with confirmations and declarations as required by Management and Managers, Carsons Management Services (Private) Limited that the Financial Statements have been prepared in accordance with the Listing Rules of the Colombo Stock Exchange, Sri Lanka Accounting Standards, information required by the Companies Act, No. 07 of 2007 and the Securities and Exchange Commission of Sri Lanka therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

6. INTERNAL AUDIT

6.1 The objective of the Group Internal Audit function is to provide an independent assessment of the system of internal controls established by management. This includes evaluating their adequacy and integrity in relation to the objectives they are intended to support, as well as determining the extent of compliance by responsible staff. Where necessary, corrective or preventive actions are recommended.

6.2 The Audit Committee approved the Beverage Sector Audit Plan for the financial year 2024/2025. In accordance with the plan, the Group Internal Audit has conducted relevant reviews of the Beverage Sector companies. Where necessary, the Audit Plan was reviewed and adjusted to enable the Internal Audit team to address areas requiring attention beyond the initial scope of the Internal Audit Plan.

6.3 The findings and content of the Group Internal Audit reports are initially discussed with the relevant management

staff. The reports are then presented at Audit Committee meetings, where they are reviewed in the presence of senior management. Particular focus is given to significant findings, associated recommendations, proposed corrective actions, management responses and the implementation status, which is monitored regularly.

6.4 Where necessary, material concerns highlighted by the Group Internal Audit are taken up by the Audit Committee for further discussion and deliberation at Board Meetings.

7. STATUS OF RISK MANAGEMENT AND INTERNAL CONTROL

7.1 As required under Rule 9.13.5(2)(b) of the Listing Rules of the CSE, the Committee reviews Risk Management Reports and activities related management of risks, especially the processes adopted by management to identify, assesses and mitigate risks through appropriate and timely action.

7.2 The Committee provides oversight on adequacy and effectiveness of the Company's internal controls and risk management processes, in meeting the requirements of the Sri Lanka Auditing Standards.

8. EXTERNAL AUDIT

8.1 The External Auditors' Letter of Engagement was reviewed and discussed by the Committee with Messrs. KPMG and Management prior to the commencement of the audit, and the Committee followed up on all matters raised by the External Auditors after the final review.

8.2 The Audit Committee has determined that the independence of Messrs. KPMG, Chartered Accountants, have not been impaired by any event or service that gives rise to a conflict of interest. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and written confirmation has been received from the Auditors of their compliance, with the independence guidelines given

in the "Code of Professional Conduct and Ethics" issued by the Institute of Chartered Accountants of Sri Lanka.

8.3 Messrs. KPMG have been the External Auditors of the Company since 1996, and the Audit Engagement Partner for the financial year ended 31 March 2025 is Mr Suren Rajakarier, who was appointed in 2019 following the rotation of the previous partner.

8.4 The Committee reviews the Non-Audit services obtained from Messrs. KPMG and the fees paid to them for such services, at quarterly Audit Committee Meetings. The Auditors have confirmed that they are not aware of any relationship with or interest in Lion Brewery (Ceylon) PLC that, in their judgment, may reasonably be deemed to have a bearing on their independence within the meaning of the "Code of Professional Conduct and Ethics" issued by the Institute of Chartered Accountants of Sri Lanka.

8.5 The Members of the Audit Committee have concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31 March 2026, subject to the approval of the shareholders of Lion Brewery (Ceylon) PLC at the Annual General Meeting.

8.6 The Audit Committee held a meeting to discuss and review the Financial Statements of the Company, the Audit Opinion and External Audit matters of the Company for the year ended 31 March 2025, together with the External Auditors, Messrs. KPMG, prior to release of same to the Regulatory Authorities and to the Shareholders.

I take this opportunity to thank the Members of the Audit Committee of Carson Cumberbatch PLC for the invaluable contribution made by them to the Company in the past years.

(Sgd.)

A S Amaratunga

Chairman – Audit Committee
01 July 2025

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

1. COMMITTEE COMPOSITION

1.1 The Parent Company of Lion Brewery (Ceylon) PLC is Ceylon Beverage Holdings PLC (CBH), and Carson Cumberbatch PLC (CCPLC) in turn is the Parent Company of CBH. In accordance with the Listing Rules of the Colombo Stock Exchange (CSE), prior to the amendments to Rule 9.3.1 effective 01 October 2024, each listed entity was not required to maintain a separate Related Party Transactions Review Committee.

Accordingly, the Related Party Transactions Review Committee (RPTRC) of CCPLC functioned as the RPTRC of Lion Brewery (Ceylon) PLC until 25 September 2024 and comprised of the following Members:

Member	Independent Non-Executive/Non-Executive/Executive
Mr W M R S Dias (Chairman)	Independent Non-Executive Director of CCPLC
Mr R Theagarajah	Independent Non-Executive Director of CCPLC
Mr D C R Gunawardena	Non-Executive Director of CCPLC
Mr H Selvanathan	Non-Executive Director of CCPLC
Mr M Selvanathan	Non-Executive Director of CCPLC
Mr S K Shah	Non-Executive Director of CCPLC

1.2 Following the regulatory amendment, effective 01 October 2024, which mandates that each listed entity must establish and maintain its own Related Party Transactions Review Committee, the Related Party Transactions Review Committee of CCPLC ceased to function as the Related Party Transactions Review Committee of Lion Brewery (Ceylon) PLC with effect from 25 September 2024.

In terms of Rule 9.14 of the Listing Rules of the Colombo Stock Exchange (CSE), the Related Party Transactions Review Committee (RPTRC) of Lion Brewery (Ceylon) PLC was formed with effect from 25 September 2024. As at the reporting date, the RPTRC consists of the following Members:

Member	Independent Non-Executive/Non-Executive/Executive
Mr A S Amaratunga (Chairman)	Independent Non-Executive
Mr A B Baliga	Independent Non-Executive
Mr D R P Goonetilleke	Non-Executive

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

2. MEETING ATTENDANCE

2.1 From 01 April 2024 to 25 September 2024, the Carson Cumberbatch PLC (CCPLC) Related Party Transactions Review Committee which functioned as the RPTRC of the Company until 25 September 2024, met twice (02). The attendance of the CCPLC Committee Members at these meetings was as follows:

Member	Independent Non-Executive/ Non-Executive/Executive	Attendance
Mr W M R S Dias (Chairman)	Independent Non-Executive Director of CCPLC	2/2
Mr R Theagarajah	Independent Non-Executive Director of CCPLC	1/2
Mr D C R Gunawardena	Non-Executive Director of CCPLC	2/2
Mr H Selvanathan	Non-Executive Director of CCPLC	–
Mr M Selvanathan	Non-Executive Director of CCPLC	2/2
Mr S K Shah	Non-Executive Director of CCPLC	2/2

2.2 From 25 September 2024 until the reporting date, the Lion Brewery (Ceylon) PLC Related Party Transactions Review Committee met three (03) times. The attendance of Lion Brewery (Ceylon) PLC Committee Members at these meetings was as follows:

Member	Independent Non-Executive/ Non-Executive/Executive	Attendance
Mr A S Amaratunga (Chairman)	Independent Non-Executive	3/3
Mr A B Baliga	Independent Non-Executive	3/3
Mr D R P Goonetilleke	Non-Executive	3/3

3. DISCLOSURES AS PER SECTION 9.14.8 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE

3.1 Non-Recurrent Related Party Transactions

In accordance with Rule 9.14.8 (1) of the Listing Rules of the Colombo Stock Exchange, there were no Non-Recurrent Related Party Transactions entered into by the Company, where the aggregate value of such Transactions exceeded 10% of the Equity or 5% of the total assets of the Company, whichever is lower, as per the Audited Financial Statements as at 31 March 2025.

3.2 Recurrent Related Party Transactions

In accordance with Rule 9.14.8 (2) of the Listing Rules of the Colombo Stock Exchange, there were no Recurrent Related Party Transactions entered into by the Company, where the aggregate value of such Transactions exceeded 10% of the gross revenue/income (or equivalent term in the Income Statement, and in the case of group entity, consolidated revenue) as per the latest Audited Financial Statements as at 31 March 2025.

4. STATEMENT ON REVIEW OF RELATED PARTY TRANSACTIONS

As required by Rule 9.14.8 (3) of the Listing Rules of the Colombo Stock Exchange, the Related Party Transactions Review Committee (RPTRC) of the Company effective as at that time has reviewed all Related Party Transactions (RPTs) carried out during the financial year from 01 April 2024 to 31 March 2025, excluding those transactions exempted under Listing Rule 9.14.10 of the Listing Rules of the CSE and those exempted by the RPTRC Charter.

Following its review, the RPTRC communicated its comments and observations to the Board of Directors of the Company.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

5. POLICIES AND PROCEDURES FOR REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

- (1) As required by Rule 9.14.8 (3) of the Listing Rules of the Colombo Stock Exchange, the Committee adopts the following policies and procedures for reviewing related party transactions of the Company. The Related Party Transactions Review Committee (RPTRC) reviews relevant Related Party Transactions (RPTs) of the Company. Where the Committee determines that approval of the Board of Directors of the Company is required, such approval will be obtained prior to entering into the relevant transaction.
- (2) The RPTRC is provided with all the facts and circumstances of proposed RPT by senior management to facilitate the review of a RPT and such information includes:
- The Related Party's relationship to the Company and interest in the transaction;
 - material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - the benefits of the proposed RPT to the Company;
 - availability of other sources of comparable products or services; and
 - an assessment of whether the proposed RPT is on terms that are comparable to the terms generally available to an unaffiliated third party under the same or similar circumstances, or to employees generally.

- (3) In reviewing a transaction, the RPTRC assesses whether the proposed RPT conducted during the ordinary course of business and is carried out at an arm's length basis, regardless of whether the transaction is of recurrent or non-recurrent in nature.
- (4) Reviews and approvals by the RPTRC are conducted either at duly convened Meetings of the Committee (subject to quorum requirements being met) or by way of Circular Resolution.
- (5) In deciding whether to seek the approval of the Board of Directors for a given RPT, the RPTRC considers, among other relevant factors, whether the transaction pose any actual or potential conflict of interest to the Directors and advising them accordingly.
- (6) Submit Related Party Transactions that require shareholder approval by way of a Special Resolution, as stipulated under Rule 9.14 of the Listing Rules of the Colombo Stock Exchange and the provisions of the RPTRC Charter, for shareholder approval once reviewed and approved by the RPTRC and the Board of Directors of the Company.
- (7) The Board of Directors of the Company has been identified as Key Management Personnel (KMP). Each Director and KMPs provide declarations to identify parties related to them. Related party transactions are identified based on the disclosures made in these declarations.

6. DECLARATION

As required by Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange, the following declaration by the Board of Directors is captured in the "Annual Report of the Board of Directors on the Affairs of the Company" of this Report.

The Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange, pertaining to Related Party Transactions, during the financial year ended 31 March 2025.

I take this opportunity to thank the Members of the Related Party Transactions Review Committee of Carson Cumberbatch PLC for the invaluable contribution made by them to the Company in the past years.

(Sgd.)

A S Amaratunga

Chairman – Related Party Transactions Review Committee

01 July 2025

GLOBAL REPORTING INITIATIVE INDEX

Statement of use	Lion Brewery (Ceylon) PLC has reported the information cited in this GRI content index for the period 1 April 2024 to 31 March 2025 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI standard/ Other source	Disclosure	Location
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organisational details	Overview of the Company
	2-2 Entities included in the organisation's sustainability reporting	About the Report
	2-3 Reporting period, frequency and contact point	About the Report Corporate Information
	2-6 Activities, value chain and other business relationships	ESG – Supplier
	2-7 Employees	ESG – People
	2-8 Workers who are not employees	ESG – People
	2-9 Governance structure and composition	ESG – Approach to ESG
	2-10 Nomination and selection of the highest governance body	ESG – Approach to ESG
	2-11 Chair of the highest governance body	ESG – Approach to ESG
	2-12 Role of the highest governance body in overseeing the management of impacts	ESG – Approach to ESG
	2-13 Delegation of responsibility for managing impacts	ESG – Approach to ESG
	2-14 Role of the highest governance body in sustainability reporting	ESG – Approach to ESG
	2-16 Communication of critical concerns	Risk Management
	2-19 Remuneration policies	ESG – People
	2-20 Process to determine remuneration	ESG – People
	2-22 Statement on sustainable development strategy	ESG – Approach to ESG CEO's Message
	2-23 Policy commitments	ESG – Approach to ESG
	2-24 Embedding policy commitments	ESG – Approach to ESG
	2-25 Processes to remediate negative impacts	ESG – People
	2-26 Mechanisms for seeking advice and raising concerns	ESG – People
	2-27 Compliance with laws and regulations	ESG – People
	2-28 Membership associations	ESG – Environment ESG – Safety
	2-29 Approach to stakeholder engagement	ESG – Stakeholder Engagement

GLOBAL REPORTING INITIATIVE INDEX

GRI standard/ Other source	Disclosure	Location
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	ESG – Material Topics
	3-2 List of material topics	ESG – Material Topics
	3-3 Management of material topics	ESG – Material Topics
Biodiversity		
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	ESG – Environment – Special Projects
	101-2 Management of biodiversity impacts	ESG – Environment – Special Projects
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	ESG – Environment – Special Projects
Economic performance		
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Risk Management
Market presence		
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	ESG – People
Indirect economic impacts		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	ESG – Community
	203-2 Significant indirect economic impacts	ESG – Community
Procurement practices		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	ESG – Supplier
Anti-corruption		
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	ESG – People
Tax		
GRI 207: Tax 2019	207-1 Approach to tax	ESG – Approach to ESG
	207-2 Tax governance, control, and risk management	ESG – Approach to ESG Risk Management
	207-3 Stakeholder engagement and management of concerns related to tax	ESG – Risk Management

GLOBAL REPORTING INITIATIVE INDEX

GRI standard/ Other source	Disclosure	Location
Materials		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	ESG – Environment – Water Stewardship and Waste Management
	301-2 Recycled input materials used	ESG – Consumer Environment – Waste Management
	301-3 Reclaimed products and their packaging materials	ESG – Consumer ESG – Environment – Waste Management
Energy		
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	ESG – Environment – Energy Management
	302-2 Energy consumption outside of the organisation	ESG – Environment – Energy Management
	302-4 Reduction of energy consumption	ESG – Environment – Energy Management
	302-5 Reductions in energy requirements of products and services	ESG – Environment – Energy Management
Water and effluents		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	ESG – Environment – Water Stewardship
	303-2 Management of water discharge-related impacts	ESG – Environment – Water Stewardship
	303-4 Water discharge	ESG – Environment – Water Stewardship
	303-5 Water consumption	ESG – Environment – Water Stewardship
Spills		
GRI 306: Effluents and Waste 2016	306-3 Significant spills	ESG – Environment – Water Stewardship
Waste		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	ESG – Environment – Waste Management
	306-2 Management of significant waste-related impacts	ESG – Environment – Waste Management
	306-4 Waste diverted from disposal	ESG – Environment – Waste Management

GLOBAL REPORTING INITIATIVE INDEX

GRI standard/ Other source	Disclosure	Location
Employment		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	ESG – People
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESG – People
	401-3 Parental leave	ESG – People
Labor/management relations		
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	ESG – People
Occupational health and safety		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	ESG – Safety
	403-2 Hazard identification, risk assessment, and incident investigation	ESG – Safety
	403-3 Occupational health services	ESG – Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	ESG – Safety
	403-5 Worker training on occupational health and safety	ESG – Safety
	403-6 Promotion of worker health	ESG – People ESG – Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	ESG – Safety
	403-8 Workers covered by an occupational health and safety management system	ESG – Safety
	403-9 Work-related injuries	ESG – Safety
	403-10 Work-related ill health	ESG – Safety
Training and education		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	ESG – People
	404-2 Programs for upgrading employee skills and transition assistance programs	ESG – People
	404-3 Percentage of employees receiving regular performance and career development reviews	ESG – People
Diversity and equal opportunity		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	ESG – People

GLOBAL REPORTING INITIATIVE INDEX

GRI standard/ Other source	Disclosure	Location
Non-discrimination		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	ESG – People
Freedom of association and collective bargaining		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	ESG – People ESG – Supplier
Child labor		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	ESG – People ESG – Supplier
Forced or compulsory labor		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	ESG – People ESG – Supplier
Local communities		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	ESG – Community
Customer health and safety		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	ESG – Consumer
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	ESG – Consumer
Marketing and labeling		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	ESG – Consumer

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Financial Information

FINANCIAL CALENDAR

Financial Year	31 March 2025
Announcement of Results	
1st Quarter	30 June 2024
Issued to Colombo Stock Exchange	14 August 2024
2nd Quarter	30 September 2024
Issued to Colombo Stock Exchange	13 November 2024
3rd Quarter	31 December 2024
Issued to Colombo Stock Exchange	14 February 2025
4th Quarter	31 March 2025
Issued to Colombo Stock Exchange	30 May 2025
Meetings	
28th Annual General Meeting	08 July 2024
29th Annual General Meeting	28 July 2025

INDEPENDENT AUDITOR'S REPORT



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To the shareholders of
Lion Brewery (Ceylon) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lion Brewery (Ceylon) 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 March 31, 2025, 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 as set out on pages 111 to 158.

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 March 31, 2025, 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 judgment, were of most significance in our audit of the Company financial statements the consolidated financial statements of the current period. These matters were addressed in the context of our audit of 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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INDEPENDENT AUDITOR'S REPORT

**Revenue Recognition**

Refer Note 4.1 for accounting policy and Note 27 for information.

Risk Description	Our response
The Company recorded revenue of Rs. 123.24 Bn for year ended March 31, 2025, and the Group recorded revenue of Rs. 123.43 Bn for the year ended March 31, 2025. Whilst revenue recognition and measurement is not complex for the Company; the Company operates in a market which is affected by different customer behavior and the various discounts and locally imposed duties and fees in regard to revenue recognition introduce an inherent risk to the revenue recognition process and determines the respective accounting treatment. This, together with the focus on volumes and revenue as key performance measures resulted in revenue being selected as a key audit matter.	Our audit procedures included: ● Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition, including the assessment of trade discount, duties and fees from sales transactions. ● Testing the operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment with the assistance of IT specialists. ● Obtaining an understanding and testing design, implementation and operating effectiveness of controls over journal entries and post-closing adjustments. ● Comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts, underlying goods delivery and acceptance notes, where appropriate, to assess whether the related revenue was recognised in accordance with the Company's revenue recognition accounting policies. ● Agreeing the monthly sales system reports to the general ledger to ensure that the revenue is accounted accurately and completely in the general ledger. ● On a sample basis, testing that sales have been recognised in the correct accounting period and evaluating whether there are any significant product returns after year end.

INDEPENDENT AUDITOR'S REPORT

**Carrying value of inventories**

Refer Note 3.8 for accounting policy and Note 12 for information.

Risk Description	Our response
The company recorded inventory of Rs. 7.93 Bn, and the group recorded 7.95 Bn for the year ended March 31, 2025. The Group holds a significant level of inventory over many locations. Given the level of judgement, estimates and significance of inventory to the financial statement, inventory has been identified as a key audit matter.	Our audit procedures included: • Testing the design, implementation, and operating effectiveness of the key controls management establishes for provision computation and to ensure the accuracy of the inventory provision. • Attending inventory verification at the year-end to ensure the existence of the inventory. • Assessing the results of other cyclical counts performed by management and third parties throughout the period to determine the level of count variances, which are adjusted periodically. • Performing the required substantive test for NRV on a sample basis by comparing the selling price of finished goods after the reporting date with their carrying value at the financial year-end. • Vouching, on a sample basis, the purchase prices and quantities of inventories recorded by the Group with supplier invoices, goods delivery notes, and goods receipt notes. • Evaluating the inventory costing methodology and valuation policy established by management, including compliance with the applicable financial reporting standard and Verify IT controls over inventory costing and recompute the Weighted Average Cost (WAC) for a sample of inventory items.

INDEPENDENT AUDITOR'S REPORT



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.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

INDEPENDENT AUDITOR'S REPORT



- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 1798.

Chartered Accountants

Colombo, Sri Lanka

01 July 2025

STATEMENT OF FINANCIAL POSITION

As at 31 March In Rs. '000		Company		Group	
		2025	2024	2025	2024
Notes					
Assets					
Non-current assets					
Property, plant and equipment	8	27,197,660	25,115,951	29,188,002	27,146,278
Right of use assets	9	170,768	173,464	170,768	173,464
Intangible assets	10	723,801	713,813	723,801	713,813
Investments in subsidiaries	11	1,471,000	1,255,600	—	—
Other financial assets	15	1,611,178	1,351,178	1,611,178	1,351,178
Total non-current assets		31,174,407	28,610,006	31,693,749	29,384,733
Current assets					
Inventories	12	7,929,092	8,767,135	7,948,505	8,778,530
Trade and other receivables	13	5,154,084	5,582,037	5,414,523	5,610,316
Amounts due from related companies	14	453,698	468,365	441,344	468,363
Other financial assets	15	4,540,723	1,542,534	4,657,842	1,660,374
Cash and cash equivalents	16	13,031,506	9,205,015	13,419,194	9,450,544
Total current assets		31,109,103	25,565,086	31,881,408	25,968,127
Total assets		62,283,510	54,175,092	63,575,157	55,352,860
Equity and liabilities					
Equity					
Stated capital	17	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	18	1,822,542	2,005,484	2,583,415	2,835,823
Retained earnings		29,567,185	22,583,969	29,320,523	22,233,549
Translation reserve	19	—	—	(21,839)	(7,005)
Total equity		33,927,528	27,127,254	34,419,900	27,600,168

STATEMENT OF FINANCIAL POSITION

As at 31 March In Rs. '000	Notes	Company		Group	
		2025	2024	2025	2024
Non-current liabilities					
Loans and borrowings	20	2,236,667	1,373,569	2,236,667	1,373,569
Lease creditor	9	196,404	194,798	196,404	194,798
Employee benefits	21	389,600	285,268	389,600	285,268
Net deferred tax liabilities	22	6,405,254	5,744,129	7,162,810	6,433,379
Total non-current liabilities		9,227,925	7,597,764	9,985,481	8,287,014
Current liabilities					
Trade and other payables	23	5,333,530	4,391,474	5,370,262	4,407,065
Amounts due to related companies	24	123,784	148,606	123,878	148,619
Refundable deposits	25	3,539,121	2,996,694	3,539,121	2,996,694
Current tax liabilities	26	5,871,937	6,872,156	5,876,830	6,872,156
Loans and borrowings	20	2,634,258	3,219,699	2,634,258	3,219,699
Lease creditor	9	30,262	24,397	30,262	24,397
Bank overdrafts	16	1,595,165	1,797,048	1,595,165	1,797,048
Total current liabilities		19,128,057	19,450,074	19,169,776	19,465,678
Total liabilities		28,355,982	27,047,838	29,155,257	27,752,692
Total equity and liabilities		62,283,510	54,175,092	63,575,157	55,352,860
Net assets per ordinary share (Rs.)		424.09	339.09	430.25	345.00

The Notes to the Financial Statements from page 117 to 158 form an integral part of these Financial Statements.

I certify that the above Financial Statements comply with the requirements of Companies Act No. 07 of 2007.

(Sgd.)

J N Goonaratne

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed on behalf of the Managers

(Sgd.)

V R Wijesinghe

Director

Approved and signed on behalf of the Board

(Sgd.)

R H Meewakkala

Director

(Sgd.)

D R P Goonetilleke

Director

Carsons Management Services (Private) Limited

01 July 2025

Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March In Rs. '000	Notes	Company		Group	
		2025	2024	2025	2024
Revenue	27	123,238,590	109,745,332	123,431,021	109,755,568
Cost of sales		(94,566,556)	(83,395,828)	(94,619,701)	(83,403,555)
Gross profit		28,672,034	26,349,504	28,811,320	26,352,013
Other income	28	329,537	484,385	339,537	489,921
		29,001,571	26,833,889	29,150,857	26,841,934
Distribution expenses		(7,892,078)	(7,282,225)	(7,917,806)	(7,282,225)
Administrative expenses		(4,359,251)	(3,900,179)	(4,397,371)	(3,929,892)
Other expenses		(649,804)	(553,124)	(649,804)	(553,124)
Reversal of impairment provision for intangible assets	10	–	291,063	–	291,063
Profit from operations	29	16,100,438	15,389,424	16,185,876	15,367,756
Finance income	30	1,025,456	1,189,758	1,042,422	1,215,800
Finance costs	30	(1,490,519)	(2,581,608)	(1,485,431)	(2,581,608)
Net finance cost		(465,063)	(1,391,850)	(443,009)	(1,365,808)
Profit before taxation		15,635,375	13,997,574	15,742,867	14,001,948
Income tax expense	31	(5,721,740)	(5,189,000)	(5,726,633)	(5,186,338)
Deferred tax	31	(508,939)	(424,175)	(507,780)	(412,132)
Profit for the year		9,404,696	8,384,399	9,508,454	8,403,478
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Re-measurement of employee benefit obligations	21	(68,346)	(38,146)	(68,346)	(38,146)
Deferred tax on actuarial loss	31	30,756	15,258	30,756	15,258
Revaluation gain on land and buildings	8	–	862,690	–	1,239,533
Deferred tax charge on land and building revaluation	31	(182,942)	(345,076)	(252,408)	(495,813)
Item that are or may be reclassified subsequently to profit or loss					
Foreign currency translation loss from foreign operation	19	–	–	(14,834)	(7,005)
Total other comprehensive income/ (expenses) for the year net of tax		(220,532)	494,726	(304,832)	713,827
Total comprehensive income for the year		9,184,164	8,879,125	9,203,622	9,117,305
Earnings per ordinary share (Rs.)	33	117.56	104.80	118.86	105.04

The Notes to the Financial Statements from page 117 to 158 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

COMPANY		Stated Capital	Revaluation Reserve	Translation Reserve	Retained Earnings	Total Equity
In Rs. '000	Notes					
Balance as at 1 April 2023		2,537,801	1,487,870	—	18,966,356	22,992,027
Total comprehensive income for the year						
Profit for the year		—	—	—	8,384,399	8,384,399
Other comprehensive income/(loss) for the year		—	517,614	—	(22,888)	494,726
Total comprehensive income for the year		—	517,614	—	8,361,511	8,879,125
Transactions with owners of the Company						
Distribution made to owners						
Second interim dividend paid – 2022/23	32	—	—	—	(2,264,000)	(2,264,000)
First interim dividend paid – 2023/24	32	—	—	—	(2,480,000)	(2,480,000)
Forfeiture of unclaimed dividends		—	—	—	102	102
Balance as at 31 March 2024		2,537,801	2,005,484	—	22,583,969	27,127,254
Balance as at 1 April 2024		2,537,801	2,005,484	—	22,583,969	27,127,254
Profit for the period		—	—	—	9,404,696	9,404,696
Other comprehensive loss for the year		—	(182,942)	—	(37,590)	(220,532)
Total comprehensive income for the year		—	(182,942)	—	9,367,106	9,184,164
Transactions with owners of the Company						
Distribution made to owners						
Second interim dividend paid – 2023/24	32	—	—	—	(1,000,000)	(1,000,000)
First interim dividend paid – 2024/25	32	—	—	—	(1,384,000)	(1,384,000)
Forfeiture of unclaimed dividends		—	—	—	110	110
Balance as at 31 March 2025		2,537,801	1,822,542	—	29,567,185	33,927,528

The Notes to the Financial Statements from page 117 to 158 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

GROUP		Stated Capital	Revaluation Reserve	Translation Reserve	Retained Earnings	Total Equity
In Rs. '000	Notes					
Balance as at 1 April 2023		2,537,801	2,092,103	–	18,596,857	23,226,761
Total comprehensive income for the year						
Profit for the year		–	–	–	8,403,478	8,403,478
Other comprehensive income/(loss) for the year		–	743,720	(7,005)	(22,888)	713,827
Total comprehensive income for the year		–	743,720	(7,005)	8,380,590	9,117,305
Transactions with owners of the Company						
Distribution made to owners						
Second interim dividend paid – 2022/23	32	–	–	–	(2,264,000)	(2,264,000)
First interim dividend paid – 2023/24	32	–	–	–	(2,480,000)	(2,480,000)
Forfeiture of unclaimed dividends		–	–	–	102	102
Balance as at 31 March 2024		2,537,801	2,835,823	(7,005)	22,233,549	27,600,168
Balance as at 1 April 2024		2,537,801	2,835,823	(7,005)	22,233,549	27,600,168
Profit for the year		–	–	–	9,508,454	9,508,454
Other comprehensive loss for the year		–	(252,408)	(14,834)	(37,590)	(304,832)
Total comprehensive income for the year		–	(252,408)	(14,834)	9,470,864	9,203,622
Transactions with owners of the Company						
Distributions made to owners						
Second interim dividend paid – 2023/24	32	–	–	–	(1,000,000)	(1,000,000)
First interim dividend paid – 2024/25	32	–	–	–	(1,384,000)	(1,384,000)
Forfeiture of unclaimed dividends		–	–	–	110	110
Balance as at 31 March 2025		2,537,801	2,583,415	(21,839)	29,320,523	34,419,900

The Notes to the Financial Statements from page 117 to 158 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31 March In Rs. '000	Notes	Company		Group	
		2025	2024	2025	2024
Cash flows from operating activities					
Profit before taxation		15,635,375	13,997,574	15,742,867	14,001,948
Adjustments for:					
Finance costs	30	1,391,856	2,395,673	1,391,856	2,395,673
Depreciation on property, plant and equipment	8	2,733,581	2,322,867	2,773,566	2,353,351
(Gain)/loss on disposal of property, plant and equipment		1,847	(189,513)	1,847	(189,513)
Amortisation of intangible assets	10	16,157	13,463	16,157	13,463
Reversal of impairment of intangible assets	10	–	(291,063)	–	(291,063)
Net inventory provision/(reversal)	12	111,222	(63,220)	111,222	(63,220)
Depreciation of right of use assets	9	35,120	38,873	35,120	38,873
Provision for retirement benefit obligation	21	68,323	69,253	68,323	69,253
Gain on derecognition of right of use assets		–	(14,330)	–	(14,330)
Provision/(reversal) – impairment of property, plant and equipment	8	(11,951)	84,888	(11,951)	84,888
Reversal – impairment of trade receivable		(1,651)	(2,140)	(1,651)	(2,140)
Unrealised foreign exchange gain		(32,413)	(7,694)	(32,413)	(7,694)
Finance Income	30	(1,025,456)	(1,189,758)	(1,042,422)	(1,215,800)
Operating cash flow before working capital changes		18,922,010	17,164,873	19,052,521	17,173,689
(Increase)/decrease in inventories	12	726,821	(1,515,085)	718,803	(1,526,480)
(Increase)/decrease trade and other receivables		500,800	(545,297)	268,640	(562,891)
(Increase)/decrease in amounts due from related companies	14	14,667	(84,854)	27,019	(84,854)
Increase/(decrease) in tax payable		(764,252)	3,175,763	(764,253)	3,177,755
Increase/(decrease) in trade and other payables		933,543	(130,889)	954,684	(116,610)
Increase/(decrease) in amounts due to related companies	24	(24,822)	(50,526)	(24,741)	72,578
Operating cash flows after working capital changes		20,308,767	18,013,985	20,232,673	18,133,187
Retirement benefits paid	21	(32,337)	(71,898)	(32,337)	(71,898)
Tax paid		(5,957,706)	(4,172,000)	(5,957,706)	(4,172,000)
Net cash generated from operating activities		14,318,724	13,770,087	14,242,630	13,889,289
Cash flows from investing activities					
Purchase and construction of property, plant and equipment	8	(4,823,987)	(5,391,912)	(4,823,987)	(5,398,293)
Movement in other financial assets		(3,000,000)	(500,000)	(3,000,000)	(500,000)
Proceeds from sale of property, plant and equipment		–	21,345	–	21,345
Purchase of intangible assets	10	(26,145)	(41,222)	(26,145)	(41,222)
Agent deposits received	25	561,228	451,251	561,228	451,251
Investment in subsidiaries	11	(215,400)	(105,600)	–	–
Interest received		767,267	887,059	784,954	910,262
Net cash used in investing activities		(6,737,037)	(4,679,079)	(6,503,950)	(4,556,657)
Cash flows from financing activities					
Finance expenses paid		(2,092,503)	(2,528,304)	(2,092,503)	(2,528,304)
Repayments of lease rentals		(63,316)	(58,303)	(63,316)	(58,303)
Loans and borrowings obtained	20	16,350,000	4,400,000	16,350,000	4,400,000
Repayments of loans and borrowings	20	(15,333,333)	(6,241,667)	(15,333,333)	(6,241,667)
Forfeiture of unclaimed dividends		110	102	110	102
Dividend paid net of tax		(2,382,663)	(4,737,625)	(2,382,663)	(4,737,625)
Net cash used in financing activities		(3,521,705)	(9,165,797)	(3,521,705)	(9,165,797)
Net increase/(decrease) in cash and cash equivalents		4,059,982	(74,789)	4,216,975	166,835
Cash and cash equivalents at the beginning of the year		7,407,967	7,496,681	7,653,496	7,507,591
Effect of movements in exchange rate on translation reserve		–	–	(14,834)	(7,005)
Effect of exchange rate changes on cash and cash equivalents		(31,608)	(13,925)	(31,608)	(13,925)
Cash & cash equivalents at the end of the year	16	11,436,341	7,407,967	11,824,029	7,653,496
Analysis of cash and cash equivalents					
Cash and cash equivalents		13,031,506	9,205,015	13,419,194	9,450,544
Bank overdraft		(1,595,165)	(1,797,048)	(1,595,165)	(1,797,048)
Cash & cash equivalents at the end of the year	16	11,436,341	7,407,967	11,824,029	7,653,496

The Notes to the Financial Statements from page 117 to 158 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. INFORMATION

1.1 Reporting entity

Lion Brewery (Ceylon) PLC ("LBCPLC") is a public limited liability Company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange. Ceylon Beverage Holdings PLC is the immediate Parent Company of Lion Brewery (Ceylon) PLC. In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Ceylon Beverage Holdings PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Beverage Holdings PLC. The registered office of the Company is situated at No. 61, Janadhipathi Mawatha, Colombo 01 and the principal place of business is situated at No. 254, Colombo Road, Biyagama.

The Consolidated Financial Statements for the year ended 31 March 2025 comprise of the Company and its subsidiaries (together referred to as the "Group" and individually Group entities).

Subsidiary	Controlling interest
Lion Beer (Ceylon) Pte Ltd, Singapore	100%
Millers Brewery Limited	100%

The principal activities of the Group is brewing and marketing of high quality beers for both local and international markets.

There were 361 employees in the Company and the Group as at the reporting date (2024 – 337).

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Financial Statements of Lion Brewery (Ceylon) PLC, (Company) and the Consolidated Financial Statements of the Company and its subsidiaries (Group), comprise the Statements of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows together with the Notes to the

Financial Statements. The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as LKAS/SLFRS) as laid down by the Institute of Chartered Accountants of Sri Lanka.

Further, these Financial Statements comply within the requirements of the Company's Act No. 07 of 2007.

These Financial Statements also comply with the listing rules of the Colombo Stock Exchange.

The Financial Statements were authorised for issue by the Board of Directors on 1 July 2025.

2.2 Basis of measurement

The Consolidated Financial Statements have been prepared on a historical cost basis except for the following;

- Land and building – Fair value
- Employee defined benefit obligation – Actuarially valued and obligation recognised at present value of the defined benefit obligation.

2.3 Going concern

In preparing the financial statements for the year ended 31 March 2025, the company's management has assessed 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, the management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements of the company and its subsidiaries continue to be prepared on a going concern basis.

2.4 Functional currency and presentation currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency. All financial information presented in Sri Lanka Rupees has been rounded to the nearest rupee thousands.

2.5 Use of estimates and judgements

The preparation of Financial Statements in conformity with LKAS/SLFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future period affected.

Information about critical estimates and underlying assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in following notes.

- Note 8 & 3.5 – Revaluation of land and building
- Note 10 & 3.7 – Impairment test on intangible assets
- Note 13 & 3.4 – Provision for impairment of debtors
- Note 12 & 3.8 – Provision for impairment of inventory
- Note 21 & 3.12 – Employee benefit obligations
- Note 22 & 4.3 – Net deferred tax liabilities
- Note 36 & 3.13 – Commitments and contingencies

2.6 Comparative information

The presentation and classification of the Financial Statements of the previous year has been amended where relevant for better presentation and to be comparable with those of the current year.

NOTES TO THE FINANCIAL STATEMENTS

2.7 Measurement of fair value

A number of Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Group regularly reviews significant unobservable inputs and valuation adjustments.

If third party information is used to measure fair values, the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee. 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: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: 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: Inputs for the asset or liability that is 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.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in these Consolidated Financial Statements and have been applied consistently by Group entities, unless otherwise indicated.

3.1 Changes in material accounting policies

The Group has consistently applied the accounting policies to all periods presented in these Financial Statements.

3.2 Basis of consolidation

(I) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets 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 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 Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

(II) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right 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 Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. Subsequent to the acquisition the Company continues to recognise the investment in subsidiaries at cost.

During the year the Company has held the following subsidiaries:

Subsidiary	Controlling interest
Millers Brewery Limited, Meegoda	100%
Lion Beer (Ceylon) Pte Ltd, Singapore	100%

NOTES TO THE FINANCIAL STATEMENTS

The accounting policies of Subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

In the Company's Financial Statements, investments in subsidiaries are carried at cost less impairment if any.

The carrying amount of the investment at the date that such entity ceases to be a Subsidiary would be regarded at the cost of initial measurement of a financial asset.

(III) 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 the Profit or Loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(IV) Non-Controlling interest

The Group does not have non-controlling interest as of the reporting date, as subsidiaries are wholly owned by the Company.

(V) Financial period

The Consolidated Financial Statements are prepared to a common financial year ending 31 March.

(VI) Intra-Group transactions

Intra-group balances, intra-group transactions and resulting unrealised profits are eliminated in full in the Financial Statements. Unrealised losses resulting from intra-group transactions are eliminated unless the cost cannot be recovered.

3.2.1 Consolidated Financial Statements/separate Financial Statements

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. The assets and liabilities of the acquired entity

or business should be recorded at the book values as stated in the Financial Statements of the controlling party. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party or parties interests; and comparative amounts in the Financial Statements are presented using the principles as set out above as if the entities or businesses had been combined at the previous balance sheet date unless the combining entities or businesses first came under common control at a later date.

The Consolidated Income Statement includes the results of each of the combining entities or businesses from the earliest date presented (i.e. including the comparative period) or since the date when the combining entities or businesses first came under the control of the controlling party or parties, where this is a shorter period, regardless of the date of the common control combination. The Consolidated Income Statement also takes into account the profit or loss attributable to the minority interest recorded in the Consolidated Financial Statements of the controlling party.

3.3 Foreign currency

3.3.1 Foreign currency transactions

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate prevailing as at the reporting date.

Foreign exchange differences arising on the settlement or reporting of the Group's monetary items at rates different from those which were initially recorded are dealt with in the Profit or Loss.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost at the reporting date are translated to Sri Lankan Rupees at the foreign exchange rate prevailing at the date of initial transaction.

Non-monetary assets and liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate prevailing at the dates that the values were determined. Foreign exchange differences arising on translation are recognised in the Profit or Loss.

3.3.2 Foreign operations

The assets and liabilities of foreign operations are translated to Sri Lanka Rupees at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Sri Lanka Rupees at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve in equity.

3.4 Financial instruments 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.

A 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 fair value through profit or loss (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.

NOTES TO THE FINANCIAL STATEMENTS

3.4.1 Financial assets

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; fair value through other comprehensive income (FVOCI) – equity investment; or fair value through profit or loss (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 achieved by both collecting contractual cash flows and selling financial assets; 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 and measured at amortised cost are limited to its trade debtors, related party receivables, short term investments, other financial assets and cash and cash equivalents.

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group does not have any financial assets classified and measured at fair value through other comprehensive income (FVOCI)

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 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.

- 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 expectations 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 purposes 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 of 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 term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

NOTES TO THE FINANCIAL STATEMENTS

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.

3.4.2 Financial liabilities

Classification, subsequent measurement and gain and losses

Financial liabilities were classified as measured at amortised cost or FVTPL. A financial liability was classified as FVTPL if it was classified as held-for-trading, it was a derivative or it was designated as such on initial recognition. Financial liabilities at FVTPL were measured at fair value and gains and losses, including any interest expense, were recognised in profit or loss. Other financial liabilities were subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses were recognised in profit or loss. Any gain or loss on derecognition was recognised in profit or loss.

3.4.3 De-recognition

Financial assets

The Group derecognised a financial asset when the contractual rights to the cash flows from the financial asset expired, or it transferred 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 were transferred or 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.

The Group entered into transactions whereby it transferred assets recognised in its statement of financial position, but retained either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets were not derecognised.

Financial liabilities

The Group derecognised a financial liability when its contractual obligations were discharged or cancelled, or expired. The Group also derecognised a financial liability when its terms were modified and the cash flows of the modified liability were substantially different, in which case a new financial liability based on the modified terms were 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) was recognised in profit or loss.

3.4.4 Offsetting

Financial assets and financial liabilities were offset and the net amount presented in the statement of financial position when, and only when, the Group had 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.

3.4.5 Impairment

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Group uses simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

Credit-impaired financial assets

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to further actions of recovery.

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.

3.4.6 Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is irrevocable based on historical experience of recoveries of similar assets. For Agents, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. However, financial assets that are written off could still be subjected to enforcement activities in order to comply with the Group's procedures to recovery of amounts due. Further, write off requires the approval of Board of Directors.

3.4.7 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an assets or cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the Profit or Loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGU (if any) and then to reduce the carrying amounts of other assets in the CGU (group of CGUs) on pro rata basis. For other assets, an impairment loss is reversed only to the extent that the assets 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

Recognition and Measurement

Property, plant and equipment are tangible items that are held for manufacturing, or for administrative purposes and are expected to be used during more than one period.

(I) Recognition

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

(II) Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets

includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integrated to the functionality of the related equipment is capitalised as part of that equipment.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognised as an expense when incurred.

The Group applies the revaluation model for freehold land and buildings while cost model is applied for other items classified under Property Plant and Equipment.

(III) Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. The cost of replacing part of an item of property, plant & equipment is recognised

in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of property, plant and equipment are recognised in the Profit or Loss as and when the expense is incurred.

(IV) Revaluation of land and buildings

The freehold land and buildings of the Company and subsidiaries have been revalued and revaluation of these assets is carried out at least once in every two years in order to ensure that the book values reflect the realisable values. Any surplus or deficit that arises is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve except to the extent that it reverses a revaluation decrease of the same asset previously recognised in Statement of Profit or Loss in which case the increase is recognised in the income statement.

A revaluation deficit is recognised in the Statement of Profit or Loss except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

(V) Depreciation

Depreciation is recognised in the Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives of the assets are as follows.

Asset	Lion Brewery (Ceylon) PLC (Years)	Millers Brewery Limited (Years)	Lion Beer (Ceylon) Pte Ltd, Singapore (Years)
Freehold buildings	2 – 50	40	–
Plant and machinery	3 – 22	20	–
Furniture and fittings	5 – 10	5	–
Office equipment	3 – 10	5	–
Computer equipment	2 – 5	3	–
Returnable containers	5	–	–
Motor vehicles	4 – 5	5	–
Laboratory equipment	4 – 5	–	–

NOTES TO THE FINANCIAL STATEMENTS

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date the asset is derecognised. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(VI) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. Borrowing Costs include foreign exchange differences to the extent that such differences are regarded as an adjustment to interest cost as permitted by the accounting standards.

(VII) Returnable containers

Returnable containers are classified under property, plant and equipment. All purchases of returnable containers except empty bottles meant for exports and specific local brands are recognised at cost and depreciated over a period of five years. In the event a returnable container breaks within the premises of the Group, the written down value on a first in first out (FIFO) basis will be charged to the Profit or Loss.

Empty bottles used for exports are recognised as an expense in the Profit or Loss at the time the export takes place.

(VIII) Capital work-in-progress

The cost of self-constructed assets includes the cost of materials, direct labour, and direct overheads including any other costs directly attributable to bring the assets to a workable condition of their intended use and capitalised borrowing cost. Capital work-in-progress is transferred to the respective asset accounts when the asset is available for use and all work connected to construction is completed.

(IX) Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the Profit or Loss unless it reverses a previous revaluation surplus for the same asset.

(X) De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Profit or Loss in the year the asset is de-recognised.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is de-recognised. Major inspection costs are capitalised. At each such capitalisation the remaining carrying amount of the previous cost of inspections is de-recognised.

3.6 Leases

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

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplies have substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings in which it is a lease, the Group has elected not to separate non lease components and account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessee

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 earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are 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 remeasurement 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.

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

- fixed payments, including in-substance fixed payments;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if they are 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, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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.

The Group presents right-of-use assets in "Right-of-Use Asset" and lease liability in "Lease Creditor" in the Statement of Financial Position.

3.7 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure of an intangible asset is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Profit or Loss as incurred.

Intangible assets with finite lives are amortised based on the cost of an asset less its residual value and recognised in the Profit or Loss and on a straight line basis over the estimated useful lives of the intangible assets from the date that they are available for use. Amortisation methods, useful lives & residual values are reviewed at each financial year end. The estimated useful life of a software license is 3-5 years. The estimated useful life of a Trade Mark is 20 years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Accordingly, the brands and excise licenses recorded in the Financial Statements are considered to have an indefinite useful life.

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from it. The gain or loss arising from the de-recognition of such intangible assets is included in the Profit or Loss when the item is de-recognised.

NOTES TO THE FINANCIAL STATEMENTS

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Accordingly, the costs of inventories are accounted as follows: recognised in the Profit or Loss as incurred.

Category	Basis
Raw and packing material	Cost of purchase together with any incidental expenses. The cost of the inventories is based on the weighted average principle.
Work-in-progress	Raw material cost and a proportion of manufacturing expenses.
Finished goods	Raw material cost and manufacturing expenses in full.
Maintenance stock	On a weighted average basis.

Appropriate provisions will be made for the value of any stocks which are obsolete.

3.9 Investments

Investments in subsidiaries of the Group are classified as non-current investments, which are stated in the Statement of Financial Position at cost less accumulated impairment losses, if any.

3.10 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, bank demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

3.11 Liabilities and provisions

3.11.1 Liabilities

Liabilities classified as current liabilities on the Statement of Financial Position are those, which fall due for payment on demand or within one year from the reporting date.

Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

3.11.2 Refundable deposits

Returnable containers issued to Agents are secured against a refundable deposit representing the cost. Refunding of deposits could arise due to a discontinuance of an agency or due to contraction in sales.

Deposits are collected from the agents for the returnable containers in their possession and are classified under current liabilities. The said deposit will be refunded to the agent only upon them returning these returnable containers due to cessation of their operation or due to contraction in sales.

3.11.3 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.12 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment plan under which an entity pays a fixed contribution into a separate entity during the period of employment and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as an expense in the Profit or Loss in the period during which related services are rendered by employees.

Employees' provident fund

The Company and Employees contribute 12% and 10% respectively on the salary of each employee respectively. The contribution to the Employees' Provident Fund is recognised as an expense in the Profit or Loss.

Employees' trust fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund. The contribution to the Employee Trust Fund is recognised as an expense in the Profit or Loss.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The calculation is performed annually by a qualified actuary using the Projected Unit Credit method (PUC). The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value. However, under the payment of Gratuity Act No. 12 of 1983,

NOTES TO THE FINANCIAL STATEMENTS

the liability to an employee arises only on completion of 5 years of continuous service. Any actuarial gains or losses arising are recognised in the Other Comprehensive Income and all expenses related to the defined benefit plans are in personnel expenses in the Profit or Loss. The liability was not externally funded. 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.

3.13 Capital commitments and contingencies

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. Capital commitment and contingent liabilities of the Group are disclosed in the respective notes to the Financial Statements.

3.14 Events subsequent to the reporting period

The materiality of the events after the reporting period has been considered and appropriate adjustments and provisions have been made in the Financial Statements wherever necessary.

3.15 Related Party Transactions

Disclosures are made in respect of transactions in which one party has the ability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of whether a price is being charged or not. Related Party Transactions are disclosed in the respective notes to the Financial Statements.

4. STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

4.1 Revenue recognition

Revenue principally comprises sales of Beer to external customers. Revenue recognised at the point in time when the control of goods and products is transferred to customers with a right of return within a specified period, the Group considers the timing of recognition. Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Amounts disclosed as revenue is net of discounts and sales taxes.

(i) Others

Other income is recognised on an accrual basis. Net gains/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 Profit or Loss, after deducting from the proceeds from disposal, the carrying amount of such assets and the related selling expenses.

4.2 Expenditure recognition

(i) Operating expenditure

All expenditure incurred in running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year. For the purpose of presentation of Statements of Profit or Loss and Other Comprehensive Income, the Directors are of the opinion that function of expense method presents fairly the elements of the enterprise's performance, hence such presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning

capacity of the business has been treated as capital expenditure. Repairs and renewals are charged to the Profit or Loss in the year in which the expenditure is incurred.

(ii) Finance income and finance cost

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the Profit or Loss, using the effective interest method.

Finance cost comprises interest expenses on borrowings, unwinding of the discount on provisions and contingent consideration, impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the Profit or Loss using the effective interest rate method.

Foreign currency gains and losses are reported on a net basis in the finance cost.

4.3 Income tax

Income tax comprises of current and deferred tax. Income tax is recognised directly in the Profit or Loss except to the extent that if it relates to items recognised directly in equity or in other comprehensive income.

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 Provisions, Contingent Liabilities and Contingent Assets.

NOTES TO THE FINANCIAL STATEMENTS

(i) Current taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at 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. It is measured using tax rates enacted or substantively enacted at the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and any subsequent amendments thereto.

(ii) Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full,

then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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. Such reductions are reversed when the probability of future taxable profits improves.

4.4 Earnings per share

The Financial Statements present basic earnings per share (EPS) data for its ordinary shareholders. The EPS is calculated by dividing the Profit or Loss attributable to ordinary shareholders of the Company by the number of ordinary shares in issue.

4.5 Dividend distribution

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

5. STATEMENT OF CASH FLOWS

5.1 Cash and cash equivalents

Cash and cash equivalents are defined as cash balances at the bank and in hand, short-term demand deposits, and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

The statement of cash flows has been prepared using the "Indirect Method".

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, cash in the bank, and short-term demand deposits, net of bank overdrafts.

Investments with short maturities, i.e. three months or less from the date of acquisition are also treated as cash equivalents.

Interest received is classified as investing cash flows, while interest paid and dividends paid are classified as financing cash flows for the purpose of presenting the statement of cash flows.

6. SEGMENTAL REPORTING

An operating segment is a component of the Group that engages in the business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. No separate reportable segment has been identified. Hence, performance of the Group is reported together.

7. NEW ACCOUNTING STANDARDS NOT EFFECTIVE AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following new and amended Sri Lanka Accounting Standards (SLFRSs/LKASs), which will become applicable for annual reporting periods beginning on or after 1 January 2025 and are available for early adoption. Accordingly, the Group has not early adopted these amended standards in preparing these financial statements.

The Group does not expect the adoption of the standards listed below to have a material impact on the Financial Statements of the Group and the Company.

- (1) SLFRS S1 – General requirements for disclosure of sustainability – related financial information.
- (2) SLFRS S2 – Climate-related disclosure.

NOTES TO THE FINANCIAL STATEMENTS

8. PROPERTY, PLANT and EQUIPMENT

8.1 Property, Plant and Equipment

Company In Rs. '000	Freehold land	Freehold buildings	Plant and machinery	Furniture and fittings	Office equipment
Cost/Valuation					
As at 1 April 2024	4,440,648	3,845,664	18,151,386	75,350	124,010
Additions	139,953	1,181,692	1,547,516	14,117	23,116
Transfers from work in progress	1,236	319,467	1,149,676	3,247	92,675
(Impairment)/reversal	–	–	10,494	837	250
Revaluation gain	–	–	–	–	–
Depreciation adjustment on revaluation	–	–	–	–	–
Disposals/breakages	–	–	(329,871)	(13,589)	(17,647)
As at 31 March 2025	4,581,837	5,346,823	20,529,201	79,962	222,404
Accumulated Depreciation					
As at 1 April 2024	–	–	7,361,288	35,391	59,485
Charge for the year	–	160,462	1,074,996	6,768	24,518
Depreciation adjustment on revaluation	–	–	–	–	–
Disposals/breakages	–	–	(312,698)	(13,116)	(17,512)
As at 31 March 2025	–	160,462	8,123,586	29,043	66,491
Net Book Value					
As at 31 March 2025	4,581,837	5,186,361	12,405,615	50,919	155,913
As at 31 March 2024	4,440,648	3,845,664	10,790,098	39,959	64,525

Except for the additions made during the year ended 31 March 2025 to freehold land and building at Biyagama, all other freehold lands and buildings of the Company were revalued based on the group policy as at 31 March 2024 which were assessed on a going concern basis by Arthur Perera & Company, an independent professional valuer at a value of Rs. 8,286 Mn. and the resultant surplus arising from there was transferred to the Revaluation Reserve in the said period.

Group In Rs. '000	Freehold land	Freehold buildings	Plant and machinery	Furniture and fittings	Office equipment
Cost/Valuation					
As at 1 April 2024	5,757,149	4,559,490	18,387,051	82,808	124,325
Additions	139,953	1,181,692	1,547,516	14,117	23,116
Transfers from work in progress	1,236	319,467	1,149,676	3,247	92,675
(Impairment)/reversal	–	–	10,494	837	250
Revaluation gain	–	–	–	–	–
Depreciation adjustment on revaluation	–	–	–	–	–
Disposals/breakages	–	–	(329,871)	(13,589)	(17,647)
As at 31 March 2025	5,898,338	6,060,649	20,764,866	87,420	222,719
Accumulated Depreciation					
As at 1 April 2023	–	–	7,596,955	42,844	59,801
Charge for the year	–	200,447	1,074,996	6,768	24,518
Depreciation adjustment on revaluation	–	–	–	–	–
Disposals/breakages	–	–	(312,698)	(13,116)	(17,512)
As at 31 March 2025	–	200,447	8,359,253	36,496	66,807
Net Book Value					
As at 31 March 2025	5,898,338	5,860,202	12,405,613	50,924	155,912
As at 31 March 2024	5,757,149	4,559,490	10,790,096	39,964	64,524

Freehold land and buildings of subsidiary (Millers Brewery Limited) were revalued based on the group policy as at 31 March 2024 by Arthur Perera & Company, independent professional valuer at a value of Rs. 2,030 Mn. and the resultant surplus arising from there was transferred to the Revaluation Reserve in the said period.

NOTES TO THE FINANCIAL STATEMENTS

Computer equipment	Motor vehicles	Laboratory equipment	Returnable containers	Capital work-in-progress	31 March 2025	31 March 2024
446,499	59,183	120,730	7,379,793	1,630,108	36,273,371	30,739,075
48,181	–	24,931	1,509,871	356,839	4,846,216	5,391,912
5,275	–	3,407	–	(1,597,211)	(22,228)	–
370	–	–	–	–	11,951	(84,888)
–	–	–	–	–	–	862,690
–	–	–	–	–	–	(240,772)
(176,014)	(23,500)	(14,553)	(169,528)	–	(744,702)	(394,646)
324,311	35,683	134,515	8,720,136	389,736	40,364,608	36,273,371
320,753	45,394	86,618	3,248,486	5	11,157,420	9,441,091
59,070	6,740	12,495	1,388,532	–	2,733,581	2,322,867
–	–	–	–	–	–	(240,772)
(175,939)	(23,500)	(14,553)	(166,735)	–	(724,053)	(365,766)
203,884	28,634	84,560	4,470,283	5	13,166,948	11,157,420
120,427	7,049	49,955	4,249,853	389,731	27,197,660	
125,746	13,789	34,112	4,131,307	1,630,103		25,115,951

Computer equipment	Motor vehicles	Laboratory equipment	Returnable containers	Capital work-in-progress	31 March 2025	31 March 2024
455,968	59,328	120,730	7,381,742	1,630,108	38,558,699	32,686,878
48,181	–	24,931	1,509,871	356,839	4,846,216	5,398,293
5,275	–	3,407	–	(1,597,211)	(22,228)	–
370	–	–	–	–	11,951	(84,888)
–	–	–	–	–	–	1,239,533
–	–	–	–	–	–	(286,471)
(176,014)	(23,500)	(14,553)	(169,528)	–	(744,702)	(394,646)
333,779	35,828	134,515	8,722,085	389,736	42,649,936	38,558,699
330,224	45,539	86,618	3,250,435	5	11,412,421	9,711,307
59,070	6,740	12,495	1,388,532	–	2,773,566	2,353,351
–	–	–	–	–	–	(286,471)
(175,939)	(23,500)	(14,553)	(166,735)	–	(724,053)	(365,766)
213,355	28,779	84,560	4,472,232	5	13,461,934	11,412,421
120,424	7,049	49,955	4,249,853	389,732	29,188,002	
125,744	13,789	34,112	4,131,307	1,630,103		27,146,278

NOTES TO THE FINANCIAL STATEMENTS

8.2 Carrying amount of the revalued assets, if they were carried at cost model

In Rs. '000	Company		Group	
	Land	Buildings	Land	Buildings
Cost as at 1 April 2024	2,155,935	3,763,246	2,468,284	4,235,793
Additions during the year	141,189	1,501,159	141,189	1,501,159
Cost as at 31 March 2025	2,297,124	5,264,405	2,609,473	5,736,952
Accumulated depreciation	–	(968,346)	–	(1,092,089)
Carrying amount as at 31 March 2025	2,297,124	4,296,059	2,609,473	4,644,864
Carrying amount as at 31 March 2024	2,155,935	2,917,556	2,468,284	3,278,619

8.3 Extents, locations, valuations and number of buildings and land holdings

Location	Extent of lands			Cost/valuation of lands Rs. '000	Number of buildings/ blocks	Cost/valuation of buildings Rs. '000
2025						
Lion Brewery (Ceylon) PLC	A	R	P			
Biyagama	29.00	2.00	39.63	3,769,638	50	5,270,308
Kaduwela	3.00	–	27.00	431,000	1	3,360
Tangalle	3.00	2.00	–	32,200	1	5,205
Kurunegala	3.00	–	34.25	252,000	1	67,950
Nuwara Eliya		3.00	36.67	96,998	–	–
Total – Company	40.00	2.00	17.55	4,581,836	53	5,346,823
Millers Brewery Limited						
Meegoda	22.00	3.00	16.45	1,316,501	12	713,826
Total – Group	63.00	1.00	34.00	5,898,337	65	6,060,649
2024						
Lion Brewery (Ceylon) PLC	A	R	P			
Biyagama	29.00	–	23.78	3,628,450	49	3,769,149
Kaduwela	3.00	–	27.00	431,000	1	3,360
Tangalle	3.00	2.00	–	32,200	1	5,205
Kurunegala	3.00	–	34.25	252,000	1	67,950
Nuwara Eliya		3.00	36.67	96,998	–	–
Total – Company	40.00	–	1.70	4,440,648	52	3,845,664
Millers Brewery Limited						
Meegoda	22.00	3.00	16.45	1,316,501	12	713,826
Total – Group	62.00	3.00	18.15	5,757,149	64	4,559,490

A: Acres R: Roads P: Perches

NOTES TO THE FINANCIAL STATEMENTS

8.4 The cost of fully-depreciated property, plant and equipment of the Group and the Company which are still in use amounts to Rs. 2,936 Mn. (2023/24 – Rs. 2,631 Mn.) and Rs. 2,654 Mn. (2023/24 – Rs. 2,342 Mn.) respectively.

8.5 Property plant and equipment has not been pledged as security against the borrowings during the period (2023/24 – Nil).

8.6 Borrowing cost has not been capitalised during the financial year (2023/24 – Nil).

8.7 Fair value measurement

(a) Fair Value Hierarchy

The fair value of the land and buildings was determined by external independent property valuer, having appropriate recognised professional qualifications for the category of the property being valued. Fair value measurements of the property has been categorised as a Level 3 fair value based on the valuation techniques used.

(b) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used.

Property	Method of valuation	Estimated price per perch Rs.	Estimated price per square foot Rs.	Effective date of valuation	Correlation to fair value
Lion Brewery (Ceylon) PLC, Biyagama	OMV	675,000-1,000,000	2,500-16,250	31 March 2024	Positive
Lion Brewery (Ceylon) PLC, Kaduwela	OMV	850,000	4,250-5,500	31 March 2024	Positive
Lion Brewery (Ceylon) PLC, Tangalle	OMV	57,500	7,500	31 March 2024	Positive
Lion Brewery (Ceylon) PLC, Kurunegala	OMV	490,000	4,000-8,000	31 March 2024	Positive
Lion Brewery (Ceylon) PLC, Nuwara Eliya	OMV	560,000	5,500	31 March 2024	Positive
Millers Brewery Limited, Meegoda	OMV	4,375-425,000	2,750-7,750	31 March 2024	Positive

Open market value (OMV) method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

The additions made during the year ended 31 March 2025 to freehold lands and buildings at Biyagama were not revalued, as the directors are of the view that there is no material value difference against the market value.

9. RIGHT OF USE ASSETS

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Balance as at 1 April	173,464	164,345	173,464	164,345
Additions during the period	32,424	62,384	32,424	62,384
Derecognition of assets	–	(14,392)	–	(14,392)
Depreciation charge for the period	(35,120)	(38,873)	(35,120)	(38,873)
Balance as at 31 March	170,768	173,464	170,768	173,464

NOTES TO THE FINANCIAL STATEMENTS

9.1 Lease Creditor

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Balance as at 1 April	219,195	206,801	219,195	206,801
Leases obtained	32,424	62,384	32,424	62,384
Interest expenses for the period	38,363	37,035	38,363	37,035
Derecognition of lease liability	—	(28,722)	—	(28,722)
Lease rentals paid	(63,316)	(58,303)	(63,316)	(58,303)
Balance as at 31 March	226,666	219,195	226,666	219,195

Analysis of lease liabilities by period of re-payment

As at 31 March 2025 In Rs. '000	Company			Group		
	Contractual CF	Interest	Present value of lease payments	Contractual CF	Interest	Present value of lease payments
Current	67,111	(36,849)	30,262	67,111	(36,849)	30,262
Non current	295,034	(98,630)	196,404	295,034	(98,630)	196,404
	362,145	(135,479)	226,666	362,145	(135,479)	226,666

Analysis of lease liabilities by period of re-payment

As at 31 March 2024 In Rs. '000	Company			Group		
	Contractual CF	Interest	Present value of lease payments	Contractual CF	Interest	Present value of lease payments
Current	66,520	(42,123)	24,397	66,520	(42,123)	24,397
Non current	321,127	(126,329)	194,798	321,127	(126,329)	194,798
	387,647	(168,452)	219,195	387,647	(168,452)	219,195

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Following are the amounts recognised in statement of profit or loss and statement of cash flows during the financial year				
Depreciation of right of use assets	35,120	38,873	35,120	38,873
Interest expenses on lease liability	38,363	37,035	38,363	37,035
Total amount recognised in statement of profit or loss and statement of cash flows	73,483	75,908	73,483	75,908

There were no expenses relating to short term leases and leases of low value assets during the financial year (2023/24 – Nil).

NOTES TO THE FINANCIAL STATEMENTS

10. INTANGIBLE ASSETS

Company As at 31 March In Rs. '000	Brands	Computer software	Excise license	Trade mark	2025	2024
Cost						
Opening balance	4,000,000	424,486	38,200	41,222	4,503,908	4,462,686
Additions during the year	–	3,917	–	–	3,917	41,222
Transfers from capital WIP	–	22,228	–	–	22,228	–
Closing balance	4,000,000	450,631	38,200	41,222	4,530,053	4,503,908
Amortisation/Impairment						
Opening balance	3,388,208	401,028	–	859	3,790,095	4,067,695
Amortisation for the year	–	14,096	–	2,061	16,157	13,463
Impairment/(reversal) during the year	–	–	–	–	–	(291,063)
Closing balance	3,388,208	415,124	–	2,920	3,806,252	3,790,095
Net book value	611,792	35,507	38,200	38,302	723,801	713,813

Group As at 31 March In Rs. '000	Brands	Computer software	Excise license	Trade mark	2025	2024
Cost						
Opening balance	4,000,000	424,486	38,200	41,222	4,503,908	4,462,686
Additions during the year	–	3,917	–	–	3,917	41,222
Transfers from capital WIP	–	22,228	–	–	22,228	–
Closing balance	4,000,000	450,631	38,200	41,222	4,530,053	4,503,908
Amortisation/Impairment						
Opening balance	3,388,208	401,028	–	859	3,790,095	4,067,695
Amortisation for the year	–	14,096	–	2,061	16,157	13,463
Impairment/(reversal) during the year	–	–	–	–	–	(291,063)
Closing balance	3,388,208	415,124	–	2,920	3,806,252	3,790,095
Net book value	611,792	35,507	38,200	38,302	723,801	713,813

10.1 Brands of Millers Brewery Ltd

The Company acquired brands amounting to Rs. 4,000,000,000/- during FY 2014/15 from Millers Brewery Limited. Brands are not amortised as the useful life is considered to be infinite given the nature of the assets. However, the assessment of indefinite life is reviewed annually.

Impairment assumptions

An impairment test was carried out for the brands acquired from Millers Brewery Ltd as at 31 March 2025 as per the accounting standard LKAS 36. The Company computed its recoverable amount of the acquired brands by forecasting the annual sales values and discounting such estimated cash flows by its cost of equity adjusted with a risk premium. Cost of equity was determined based on the risk-free rate of a 5-year treasury bond at 10.33% for the relevant cash flows, whereas the equity risk premium added was based on non-observable inputs as estimated for a valuation of the business in a previous period. Therefore, the difference in the discount rate compared with previous financial year is the change in the risk-free rate due to market changes.

NOTES TO THE FINANCIAL STATEMENTS

The contribution growth was determined based on the historical records (rate not disclosed due to commercial sensitivity) along with a zero-volume growth rate. A terminal growth rate of 4.25% was applied in determining the terminal value of the cash flows. Accordingly, the carrying value of the said brands as at 31 March 2025 stands at Rs. 611,792,845/- resulting in no impairment charge or reversal to the income statement during the financial year.

10.2 Computer software

Computer software represent the costs incurred for the Enterprise Resource Planning ("ERP") systems, its related licenses and other software application that are used to generate financial and management information. Software with a finite life is amortised over the period of expected economic benefit.

10.3 Excise licenses

Excise licenses contains wholesale distributor licenses held by the Company. Licenses are not amortised as the useful life is considered to be infinite given the nature of the assets. However, the assessment of indefinite life is reviewed annually. These licenses are tested for impairment annually.

10.4 Trade Mark

Trademarks contains intellectual property owned by the Company. Trademarks with a finite life are amortised over the period of expected economic benefit.

11. INVESTMENT IN SUBSIDIARIES

Company

Notes	No of shares	% holding	Market value/ Directors value as at		Cost as at	
			31 March 2025	31 March 2025	31 March 2024	31 March 2024
Millers Brewery Limited	115,000,000	100	1,150,000	1,150,000	1,150,000	1,150,000
Lion Beer (Ceylon) Pte Ltd, Singapore	11.1 1,352,913	100	321,000	321,000	105,600	105,600
Balance			1,471,000	1,471,000	1,255,600	1,255,600

As the subsidiaries are 100% equity owned companies, no presentation for non-controlling interest has been made.

11.1 During the year, the Company invested Rs. 215,400,000/- in exchange for 917,967 ordinary shares in Lion Beer (Ceylon) Pte Ltd, which is a fully owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

12. INVENTORIES

As at 31 March In Rs. '000	Notes	Company		Group	
		2025	2024	2025	2024
Raw and packing materials		1,758,717	1,784,670	1,778,130	1,796,065
Work in progress		850,812	968,151	850,812	968,151
Finished goods		3,693,728	4,407,726	3,693,728	4,407,726
Maintenance spares and others		1,786,893	1,656,424	1,786,893	1,656,424
		8,090,150	8,816,971	8,109,563	8,828,366
Impairment provision for inventory	12.1	(161,058)	(49,836)	(161,058)	(49,836)
		7,929,092	8,767,135	7,948,505	8,778,530

12.1 Impairment provision for inventory

As at 31 March In Rs. '000		Company		Group	
		2025	2024	2025	2024
Balance as at beginning of the year		49,836	113,056	49,836	113,056
Provisions made during the year		231,191	48,189	231,191	48,189
Reversals/written off during the year		(119,969)	(111,409)	(119,969)	(111,409)
Balance as at end of the year		161,058	49,836	161,058	49,836

13. TRADE AND OTHER RECEIVABLES

As at 31 March In Rs. '000	Notes	Company		Group	
		2025	2024	2025	2024
Trade receivables		4,247,079	3,878,123	4,486,611	3,878,123
Impairment provision for trade receivables	13.1	(7,445)	(9,096)	(7,445)	(9,096)
		4,239,634	3,869,027	4,479,166	3,869,027
Advances		171,792	1,076,702	171,792	1,076,702
Prepayments		683,737	531,539	686,572	542,042
Other receivables		58,921	104,769	76,993	125,385
		5,154,084	5,582,037	5,414,523	5,613,156

NOTES TO THE FINANCIAL STATEMENTS

13.1 Impairment provision for trade receivables

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Balance as at beginning of the year	9,096	11,236	9,096	11,236
Provisions/(reversal) during the year	(1,651)	(2,140)	(1,651)	(2,140)
Balance as at end of the year	7,445	9,096	7,445	9,096

14. AMOUNTS DUE FROM RELATED COMPANIES

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Millers Brewery Limited	–	2	–	–
Luxury Brands (Private) Ltd	5,762	7,123	5,762	7,123
Lion Beer (Ceylon) Pte Ltd	12,354	–	–	–
Ceylon Beverage Holdings PLC	435,582	461,240	435,582	461,240
	453,698	468,365	441,344	468,363

15. OTHER FINANCIAL ASSETS

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Classified under non current assets				
Fixed deposits with financial institutions	1,611,178	1,351,178	1,611,178	1,351,178
	1,611,178	1,351,178	1,611,178	1,351,178
Classified under current assets				
Fixed deposits with financial institutions	4,540,723	1,542,534	4,657,842	1,660,374
	4,540,723	1,542,534	4,657,842	1,660,374

NOTES TO THE FINANCIAL STATEMENTS

16. CASH AND CASH EQUIVALENTS

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Fixed deposits with financial institutions	4,922,759	3,546,115	5,146,231	3,546,115
Savings accounts	1,462,479	1,678,958	1,462,549	1,679,026
Cash at bank	6,639,563	3,969,533	6,803,709	4,214,994
Cash in hand	6,705	10,409	6,705	10,409
	13,031,506	9,205,015	13,419,194	9,450,544
Cash and cash equivalents include following for the purpose of Statement of Cash Flows.				
Cash and cash equivalents	13,031,506	9,205,015	13,419,194	9,450,544
Bank overdrafts	(1,595,165)	(1,797,048)	(1,595,165)	(1,797,048)
	11,436,341	7,407,967	11,824,029	7,653,496

17. STATED CAPITAL

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Shares issued and fully paid (80,000,000 ordinary shares)	2,537,801	2,537,801	2,537,801	2,537,801

The stated capital of the Company as at 31 March 2025 was Rs. 2,537,801,310/- consisting of 80,000,000 ordinary shares.

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 shareholder meetings of the Company. All ordinary shares rank equally with regard to the right to the Company's residual assets, at the point of distribution.

18. CAPITAL RESERVES

The Capital Reserve relates to revaluation of land and buildings. It comprises of the increase in the fair value of land and buildings at the date of revaluation net of deferred tax.

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Balance as at beginning of the year	2,005,484	1,487,870	2,835,823	2,092,103
Revaluation of land and buildings	—	862,690	—	1,239,533
Deferred tax charge on land and building revaluation	(182,942)	(345,076)	(252,408)	(495,813)
Balance as at end of the year	1,822,542	2,005,484	2,583,415	2,835,823

In terms of the Inland Revenue Act No. 24 of 2017 and its amendments, the income tax rate applicable to operating profits on beer sales from local operations increased from 40% to 45%, effective 1 April 2025, resulting in a deferred tax charge on land and building revaluation amounting to Rs. 252 Mn. during the financial year ending 31 March 2025

NOTES TO THE FINANCIAL STATEMENTS

19. TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. An amount of Rs. 21,839,000/- was recognised in the Group Statement of Financial Position as at 31 March 2025 (2023/24 – Rs. 7,005,000/-).

20. LOANS AND BORROWINGS

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Balance as at the beginning of the year	3,833,333	5,675,000	3,833,333	5,675,000
Obtained during the year	16,350,000	4,400,000	16,350,000	4,400,000
Repayments during the year	(15,333,333)	(6,241,667)	(15,333,333)	(6,241,667)
	4,850,000	3,833,333	4,850,000	3,833,333
Interest payable	20,925	759,935	20,925	759,935
Balance as at the end of the year	4,870,925	4,593,268	4,870,925	4,593,268

20.1 Details of loans and borrowings

Name of the lender In Rs. '000	31 March 2025	31 March 2024	Repayment terms	Security offered	Type of interest
NDB Investment Bank – Rs. 1.5 Bn. (2019)	–	562,500	Payable in 8 years, commencing from July 2019	Unsecured	Floating
Commercial Bank of Ceylon PLC – Rs. 2.5 Bn. (2025)	2,400,000	–	Payable in 60 equal monthly installments commencing from April 2025	Unsecured	Fixed
Commercial Bank of Ceylon PLC – Rs. 1.5 Bn. (2020)	–	187,500	Payable in 16 equal quarterly installments commencing from December 2021	Unsecured	Fixed
National Development Bank PLC – (2025)	500,000	–	Payable in 1 month – Renewable	Unsecured	Fixed
Nations Trust Bank PLC – (2025)	300,000	–	Payable in 1 month – Renewable	Unsecured	Fixed
Commercial Bank of Ceylon PLC – (2025)	700,000	1,500,000	Payable in 1 month – Renewable	Unsecured	Fixed
Bank of China Limited – Rs. 1.9 Bn. (2023)	950,000	1,583,333	Payable in 12 equal quarterly installments commencing from November 2023	Unsecured	Floating
Total	4,850,000	3,833,333			

NOTES TO THE FINANCIAL STATEMENTS

20.2 Composition of loans and borrowings repayment

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Classified under non current liabilities				
Loans and borrowings falling due after one year	2,236,667	1,137,500	2,236,667	1,137,500
Interest payable	—	236,069	—	236,069
	2,236,667	1,373,569	2,236,667	1,373,569
Classified under current liabilities				
Loans and borrowings falling due within one year	2,613,333	2,695,833	2,613,333	2,695,833
Interest payable	20,925	523,866	20,925	523,866
	2,634,258	3,219,699	2,634,258	3,219,699
Balance as at the end of the year	4,870,925	4,593,268	4,870,925	4,593,268

21. EMPLOYEE BENEFITS

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
The amounts recognised in the statements of financial position are as follows:				
Present value of unfunded obligation	389,600	285,268	389,600	285,268
Liability in the statements of financial position	389,600	285,268	389,600	285,268
The movement in the defined benefit obligation over the year as follows:				
Balance as at 1 April	285,268	249,767	285,268	249,767
Interest cost	34,232	44,958	34,232	44,958
Current service cost	34,091	24,295	34,091	24,295
Actuarial loss	68,346	38,146	68,346	38,146
Benefits paid	(32,337)	(71,898)	(32,337)	(71,898)
Balance as at 31 March	389,600	285,268	389,600	285,268

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
The amounts recognised in the Statement of Profit or Loss are as follows:				
Interest cost	34,232	44,958	34,232	44,958
Current service cost	34,091	24,295	34,091	24,295
	68,323	69,253	68,323	69,253
The amounts recognised in the Other Comprehensive Income are as follows:				
Actuarial loss	68,346	38,146	68,346	38,146

21.1 The gratuity liability as at 31 March 2025 was valued under the Projected Unit Credit (PUC) method by Mr M Poopalanathan, AIA, of M/s. Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries.

The principal assumptions used in determining the cost of employee benefits were:

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Discount rate (%)	10.5	12.0	10.5	12.0
Salary increment (%)	10.0	11.0	10.0	11.0
Retirement age (Years)	60	60	60	60
Weighted average duration (years) of defined benefit obligation	8.0	6.00	8.0	6.00

A long-term treasury bond rate of 10.5% p.a. (2023/24 – 12% p.a.) has been used to discount future liabilities taking into consideration remaining working life of eligible employees.

21.2 Sensitivity of assumptions used

Reasonable possible changes at the reporting date to one of the actuarial assumptions, holding other assumptions constant would have affected the defined benefit obligations by the amounts shown below,

As at 31 March 2025 In Rs. '000	Discount Rate		Salary increment	
	Company	Group	Company	Group
Increase by one percentage	(25,441)	(25,441)	29,929	29,929
Decrease by one percentage	28,456	28,456	(27,169)	(27,169)

As at 31 March 2024 In Rs. '000	Discount Rate		Salary increment	
	Company	Group	Company	Group
Increase by one percentage	(15,758)	(15,758)	18,466	18,466
Decrease by one percentage	17,276	17,276	(17,041)	(17,041)

NOTES TO THE FINANCIAL STATEMENTS

21.3 Maturity analysis of the payments

The following payments are expected on employee benefit plan in future years

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Within the next 12 months	22,145	26,136	22,145	26,136
Between 1 and 5 years	180,497	115,103	180,497	115,103
Over 5 years	103,558	103,639	103,558	103,639
Over 10 years	83,400	40,390	83,400	40,390
Total expected payments	389,600	285,268	389,600	285,268

21.4 The above provisions are not externally funded

22. NET DEFERRED TAX LIABILITIES

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Deferred tax liability	6,783,176	5,996,920	7,540,732	6,686,170
Deferred tax asset	(377,922)	(252,791)	(377,922)	(252,791)
Balance as at the end of the year	6,405,254	5,744,129	7,162,810	6,433,379

Movement in Deferred Tax Balances – Company

In Rs. '000	Balance as at 1 April 2024	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31 March 2025
Deferred tax liability				
Property, plant and equipment	5,774,057	442,677	182,942	6,399,676
Intangible assets	150,400	141,671	–	292,071
Unrealised exchange differences	69,385	7,460	–	76,845
Right of use assets	3,078	11,506	–	14,584
Deferred tax assets				
Employee benefits	(114,107)	(30,457)	(30,756)	(175,320)
Lease creditor	(87,678)	(14,321)	–	(101,999)
Inventory & trade receivable provision/others	(51,006)	(49,597)	–	(100,603)
Net deferred tax liabilities	5,744,129	508,939	152,186	6,405,254

NOTES TO THE FINANCIAL STATEMENTS

Movement in Deferred Tax Balances – Group

In Rs. '000	Balance as at 1 April 2024	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31 March 2025
Deferred tax liability				
Property, plant and equipment	6,463,307	441,517	252,408	7,157,231
Intangible assets	150,400	141,671	–	292,071
Unrealised exchange differences	3,078	11,506	–	14,584
Right of use assets	69,385	7,460	–	76,845
Deferred tax assets				
Employee benefits	(114,107)	(30,457)	(30,756)	(175,320)
Lease creditor	(87,678)	(14,320)	–	(101,998)
Inventory & trade receivable provision/others	(51,006)	(49,597)	–	(100,603)
Net deferred tax liabilities	6,433,379	507,780	221,652	7,162,810

Movement in Deferred Tax Balances – Company

In Rs. '000	Balance as at 1 April 2023	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31 March 2024
Deferred tax liability				
Property, plant and equipment	5,055,839	373,142	345,076	5,774,057
Intangible assets	117,304	33,096	–	150,400
Unrealised exchange differences	–	3,078	–	3,078
Right of use assets	65,738	3,647	–	69,385
Deferred tax assets				
Employee benefits	(99,906)	1,057	(15,258)	(114,107)
Lease creditor	(82,720)	(4,958)	–	(87,678)
Inventory & trade receivable provision/others	(66,119)	15,113	–	(51,006)
Net deferred tax liabilities	4,990,136	424,175	329,818	5,744,129

NOTES TO THE FINANCIAL STATEMENTS

Movement in Deferred Tax Balances – Group

In Rs. '000	Balance as at 1 April 2023	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31 March 2024
Deferred tax liability				
Property, plant and equipment	5,606,395	361,099	495,813	6,463,307
Intangible assets	117,304	33,096	–	150,400
Unrealised exchange differences	–	3,078	–	3,078
Right of use assets	65,738	3,647	–	69,385
Deferred tax assets				
Employee benefits	(99,906)	1,057	(15,258)	(114,107)
Lease creditor	(82,720)	(4,958)	–	(87,678)
Inventory & trade receivable provision/others	(66,119)	15,113	–	(51,006)
Net deferred tax liabilities	5,540,692	412,132	480,555	6,433,379

As at 31 March 2025, deferred tax assets and liabilities are measured at the tax rate of 45% based on the Inland Revenue (Amendment) Act, No. 2 of 2025 which was enacted as at the reporting date.

As at 31 March 2025, the Group has not recognised deferred tax asset amounting to Rs. 77 Mn. (2023/24 – 575 Mn.) on brought forward tax losses of Rs. 171 Mn. (2023/24 – 1,437 Mn.) for Millers Brewery Limited as the utilisation against the future taxable profits are uncertain.

23. TRADE AND OTHER PAYABLES

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Trade payables	2,791,294	2,572,918	2,806,566	2,586,410
Trade discounts	143,903	139,567	143,903	139,567
Accruals	1,758,484	1,131,425	1,779,944	1,133,524
Other payables	639,849	547,564	639,849	547,564
	5,333,530	4,391,474	5,370,262	4,407,065

24. AMOUNTS DUE TO RELATED COMPANIES

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Carlsberg A/S	102,235	123,606	102,235	123,606
Ceylon Beverage Holdings PLC	21,322	22,429	21,322	22,429
Lion Beer (Ceylon) Pte Ltd	–	–	94	13
Pubs 'N Places Pvt Ltd	227	2,454	227	2,454
Luxury Brands (Pvt) Ltd	–	117	–	117
	123,784	148,606	123,878	148,619

NOTES TO THE FINANCIAL STATEMENTS

25. REFUNDABLE DEPOSITS

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Balance as at the beginning of the year	2,996,694	2,742,490	2,996,694	2,742,490
Deposits received during the year	561,228	451,251	561,228	451,251
Empty deposit write back during the year	(18,801)	(197,047)	(18,801)	(197,047)
Balance as at the end of the year	3,539,121	2,996,694	3,539,121	2,996,694

Refundable deposits are taken from agents as security against the returnable containers held with them.

26. CURRENT TAX LIABILITIES

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Excise duty payable	2,365,277	2,974,930	2,365,277	2,974,930
Value added tax	1,608,080	1,742,848	1,608,080	1,742,848
Social security contribution levy	241,081	260,912	241,081	260,912
Income tax	1,657,499	1,893,466	1,662,392	1,893,466
	5,871,937	6,872,156	5,876,830	6,872,156

27. REVENUE

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Local revenue	117,852,477	104,858,957	117,852,477	104,858,957
Export revenue	5,386,113	4,886,375	5,578,544	4,896,611
	123,238,590	109,745,332	123,431,021	109,755,568

28. OTHER INCOME

For the year ended 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Profit on disposal of property, plant & equipment and right of use assets	—	189,513	—	189,513
Other income	329,537	294,872	339,537	300,408
	329,537	484,385	339,537	489,921

NOTES TO THE FINANCIAL STATEMENTS

29. PROFIT FROM OPERATIONS

Profit from operations is stated after charging all expenses/(reversals) including the following:

For the year ended 31 March In Rs. '000	Notes	Company		Group	
		2025	2024	2025	2024
Directors' fees and emoluments	35.2	45,378	44,675	45,378	44,675
Auditors' remuneration					
– Audit fee		3,000	2,700	7,370	4,401
– Audit related services		280	494	280	494
– Non audit services		300	220	949	767
Depreciation on property, plant and equipment	8	2,733,581	2,322,867	2,773,566	2,353,351
Depreciation of right of use assets	9	35,120	38,873	35,120	38,873
Amortisation of intangible assets	10	16,157	13,463	16,157	13,463
Reversal of impairment for trade receivables	13.1	(1,651)	(2,140)	(1,651)	(2,140)
Provision/(reversal) – impairment of property, plant and equipment	8	(11,951)	84,888	(11,951)	84,888
Reversal – impairment for intangible assets	10	–	(291,063)	–	(291,063)
Royalty expenses		672,090	609,555	672,184	609,555
Supporting service fees		1,240,240	923,077	1,240,240	923,077
Personnel expenses	29.1	2,481,795	2,177,778	2,481,795	2,177,778

29.1 Personnel expenses

For the year ended 31 March In Rs. '000	Notes	Company		Group	
		2025	2024	2025	2024
Salaries, wages and other related expenses		2,262,718	1,987,120	2,262,718	1,987,120
Defined benefit plan costs	21	68,323	69,253	68,323	69,253
Defined contribution plan cost – EPF and ETF		150,754	121,405	150,754	121,405
		2,481,795	2,177,778	2,481,795	2,177,778

NOTES TO THE FINANCIAL STATEMENTS

30. NET FINANCE COSTS

For the year ended 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Finance Income:				
Interest income – fixed deposits	711,296	1,046,893	728,262	1,072,935
Interest income – intercompany loans	43,972	67,132	43,972	67,132
Interest income – savings	270,188	75,733	270,188	75,733
Total finance income	1,025,456	1,189,758	1,042,422	1,215,800
Finance cost:				
Interest expenses – term loans	144,870	393,458	144,870	393,458
Interest expenses – bank overdrafts	6,356	54,021	6,356	54,021
Interest on lease	38,363	37,035	38,363	37,035
Interest expenses – short term loans and agent finance cost	1,202,267	1,911,159	1,202,267	1,911,159
Finance cost	1,391,856	2,395,673	1,391,856	2,395,673
Net loss on foreign exchange transactions	98,663	185,935	93,575	185,935
Total finance costs	1,490,519	2,581,608	1,485,431	2,581,608
Net finance cost	(465,063)	(1,391,850)	(443,009)	(1,365,808)

31. INCOME TAX/DEFERRED TAX

For the year ended 31 March In Rs. '000	Notes	Company		Group	
		2025	2024	2025	2024
Income tax	31.1.1	5,721,740	5,189,000	5,726,633	5,186,338
Deferred tax		508,939	424,175	507,780	412,132
Total tax		6,230,679	5,613,175	6,234,413	5,598,470
Deferred tax recognised in other comprehensive income					
Re-measurement of employee benefit obligations		(30,756)	(15,258)	(30,756)	(15,258)
Revaluation gain on land and buildings		182,942	345,076	252,412	495,813
		152,186	329,818	221,656	480,555

NOTES TO THE FINANCIAL STATEMENTS

31.1.1 Reconciliation of the accounting profit and tax expenses

For the year ended 31 March In Rs. '000	Notes	Company		Group	
		2025	2024	2025	2024
Profit before taxation		15,635,375	13,997,574	15,742,867	14,001,948
Interest cost and current service cost of employee benefit obligations	21	(68,323)	(69,253)	(68,323)	(69,253)
Adjusted profit before tax		15,567,052	13,928,321	15,674,544	13,932,695
Aggregate of disallowable expenses		3,272,102	2,598,043	3,312,087	2,628,527
Aggregate of allowable claims		(4,375,892)	(4,294,653)	(4,376,211)	(4,295,028)
Utilisation of tax losses		–	–	(128,134)	(68,709)
Operating losses incurred during the year		–	–	41,067	34,226
Adjusted profit for taxation		14,463,262	12,231,711	14,523,353	12,231,711
Investment income		966,360	1,165,661	966,360	1,165,661
Exempt income		–	–	(23,080)	–
Effect of exchange differences		–	–	(8,231)	–
Assessable income/taxable income		15,429,622	13,397,372	15,458,402	13,397,372
Tax at special rate	31.3	5,442,339	4,679,153	5,442,339	4,679,153
Tax at standard rate	31.3	547,132	509,847	547,132	509,847
Tax on overseas operation		–	–	4,893	–
Reversal of over-provision in respect of prior periods		(267,731)	–	(267,731)	(2,662)
Total tax expense		5,721,740	5,189,000	5,726,633	5,186,338

31.1.2 Reconciliation of the effective tax rate

The following table provides a reconciliation of the group weighted average statutory corporate income tax rate to the effective tax rate of the group on profit before taxation.

For the year ended 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Profit before taxation	15,635,375	13,997,574	15,742,867	14,001,948
Tax charge on profit	6,230,679	5,613,175	6,234,413	5,598,470
Effective tax rate (%)	39.8	40.1	39.6	40.0

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March	Company				Group			
	%	2025 Rs. '000	%	2024 Rs. '000	%	2025 Rs. '000	%	2024 Rs. '000
Profit before taxation		15,635,375		13,997,574		15,742,867		14,001,948
Tax calculated @ 40%	40.0	6,254,150	40.0	5,599,030	40.0	6,297,147	40.0	5,600,779
The Effect of Tax								
Aggregate of disallowable expenses	8.4	1,308,841	7.4	1,039,217	8.4	1,324,835	7.5	1,051,411
Aggregate of allowable claims	(11.2)	(1,750,357)	(12.3)	(1,717,861)	(11.1)	(1,750,484)	(12.3)	(1,718,010)
Operating losses incurred during the year		–		–	0.1	16,427	0.1	13,691
Rate differential & over/under provision LY	(0.6)	(90,894)	1.9	268,614	(0.7)	(110,038)	1.9	265,951
Tax loss utilised		–		–	(0.3)	(51,254)	(0.2)	(27,484)
Deferred tax charge	3.3	508,939	3.0	424,175	3.2	507,780	2.9	412,132
Tax charge	39.8	6,230,679	40.0	5,613,175	39.6	6,234,413	40.0	5,598,470

31.2 Analysis of Tax Losses

For the year ended 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Tax losses brought forward	–	–	1,437,058	1,499,342
Adjustment on losses brought forward	–	–	11,566	(27,801)
Tax losses incurred during the year	–	–	41,067	34,226
Utilisation of tax losses during the year	–	–	(128,134)	(68,709)
Tax losses expired before utilisation	–	–	(1,190,272)	–
Tax losses carried forward	–	–	171,285	1,437,058

31.3 Income Tax

Company

In terms of the Inland Revenue Act No. 24 of 2017 and amendments thereto, operating profits on beer sales from local operations is liable to income tax at a special rate of 40% (2023/24 – 40%), and with effect from 1 April 2025, this rate will be increased to 45%. All other profits and income are liable for income tax at the standard rate of 30% (2023/24 – 30%).

As per the subsection (iii) of Section (i) of the Third Schedule of the Act, interest income accruing or derived by the Company from foreign currency accounts are exempt from tax effective from 1 January 2021.

NOTES TO THE FINANCIAL STATEMENTS

Group

Group tax expenses is based on the taxable profit of individual companies within the Group. At present, the tax laws of Sri Lanka do not provide for Group taxation.

In terms of the Inland Revenue Act, No. 24 of 2017, and amendments thereto, operating profits on local operations of the companies incorporated in Sri Lanka within the group is liable to income tax at the special rate of 40% (2023/24 – 40%), and with effect from 1 April 2025, this rate has been increased to 45%. All other profits and income are liable to income tax at the standard rate of 30% (2023/24 – 30%).

As per Section 19 of the Inland Revenue Act No. 24 of 2017 and amendments thereto, any unclaimed tax losses brought forward or incurred during the year can be carried forward for a further six years, subject to a maximum of six years based on the year in which such losses were incurred. Such losses can be set off against the profits without any limitation but subject to the source of income as provided in the Act. In the group, Millers Brewery Limited has carried forward tax losses amounting to Rs. 171 Mn., which are available to be set off against the future tax profits of the company. Adjustment for the tax losses of Lion Beer (Ceylon) Pte. Ltd. are made in accordance with the provisions of relevant statute in Singapore.

Tax on Overseas Operation

Lion Beer (Ceylon) Pte. Ltd is liable for income tax in accordance with the provisions of the Singapore income tax law. The corporate income tax rate applicable to Lion Beer (Ceylon) Pte. Ltd is 17%.

32. DIVIDENDS

For the year ended 31 March In Rs. '000	2025	2024
On ordinary shares Rs. 17.30 per share and Rs. 28.70 per share (2023/24 – Rs. 31.00 per share & Rs. 12.50 per share)	3,680,000	3,480,000
	3,680,000	3,480,000

32.1 A First Interim Dividend of Rs. 17/30 per ordinary share amounting to Rs. 1,384,000,000/- for the year ending 31 March 2025 was announced on 25 October 2024. Shareholders of the Company who had provided accurate bank account details were paid on 12 November 2024 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends was paid on 26 November 2024.

32.2 A Second Interim Dividend of Rs. 28/70 per ordinary share amounting to Rs. 2,296,000,000/- for the year ended 31 March 2025 was announced on 09 May 2025. Shareholders of the Company who had provided accurate bank account details were paid on 28 May 2025 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends was paid on 11 June 2025.

NOTES TO THE FINANCIAL STATEMENTS

32.3 As required by Section 56 of the Companies Act No. 7 of 2007, the Board of Directors were satisfied that the solvency of the Company is in accordance with the Section 57, prior to approving the two interim dividends. A statement of solvency was compiled and was duly signed by the Board of Directors.

33. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on profit for the year attributable to the ordinary shareholders and weighted average number of ordinary shares outstanding during the year. There were no potentially dilutive ordinary shares outstanding at any time during the year/previous year, therefore, diluted earnings per share is same as basic earnings per share.

For the year ended 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Net profit attributable to ordinary shareholders (as the numerator)	9,404,696	8,384,399	9,508,454	8,403,478
Number of ordinary shares in '000 (as denominator)	80,000	80,000	80,000	80,000
Earnings per ordinary share basic and diluted (Rs.)	117.56	104.80	118.86	105.04

34. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

34.1 Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows. SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI (Fair Value through Other Comprehensive Income) and FVTPL (Fair Value Through Profit or Loss).

As at 31 March Financial Instrument category In Rs. '000	Company					
	2025			2024		
	Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI
Financial assets						
Other financial assets	6,151,901	–	–	2,893,712		
Trade and other receivables	4,298,555	–	–	3,973,796	–	–
Amounts due from related companies	453,698	–	–	468,365	–	–
Cash and cash equivalents	13,031,506	–	–	9,205,015	–	–
Financial liabilities						
Loans and borrowings	4,870,925	–	–	4,593,268	–	–
Trade and other payables	5,278,468	55,062	–	4,391,474	–	–
Lease creditor	226,666	–	–	219,195	–	–
Refundable deposits	3,539,121	–	–	2,996,694	–	–
Amounts due to related companies	123,784	–	–	148,606	–	–
Bank overdraft	1,595,165	–	–	1,797,048	–	–

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March Financial Instrument category In Rs. '000	Group					
	2025			2024		
	Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI
Financial assets						
Other financial assets	6,269,020	—	—	3,011,552	—	—
Trade and other receivables	4,556,159	—	—	3,991,572	—	—
Amounts due from related companies	441,344	—	—	468,363	—	—
Cash and cash equivalents	13,419,194	—	—	9,450,544	—	—
Financial liabilities						
Loans and borrowings	4,870,925	—	—	4,593,268	—	—
Trade and other payables	5,315,200	55,062	—	4,407,065	—	—
Lease creditor	226,666	—	—	219,195	—	—
Refundable deposits	3,539,121	—	—	2,996,694	—	—
Amounts due to related companies	123,878	—	—	148,619	—	—
Bank overdraft	1,595,165	—	—	1,797,048	—	—

Financial assets and liabilities with shorter maturities and/or with interest rates which are in line with normal market rates are considered to have a reasonable approximation to its' fair value. Accordingly the fair value hierarchy was not applicable.

Forward exchange contracts (Level 2) are classified as FVTPL, with their fair value determined based on current market forward rates as of the reporting date.

34.2 Financial Risk Management

The Group is exposed to a range of financial risks through its number of financial instruments.

In particular, the key financial risk categories are:

- A. Credit Risk/Counterparty Risk
- B. Liquidity risk
- C. 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 management of capital. Further, quantitative disclosures are included throughout these financial statements.

Risk Management Framework

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

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

The Audit Committee oversees how management monitors compliance with the Group risk management processes/guidelines and procedures to review 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.

NOTES TO THE FINANCIAL STATEMENTS

34.2.1 Credit Risk/Counterparty Risk

Credit /Counterparty risk is the risk that at a future date, the other party to a financial transaction may cause a financial loss to the Group by failing to discharge an obligation.

Key areas where the Group is exposed to counterparty risk as a part of its operations are:

- Trade and other receivables
- Amounts due from related companies
- Cash and cash equivalents including fixed deposits
- Other financial assets including fixed deposits

34.2.2 Management of credit risk

The Group manages its credit risk with different types of instruments as follows.

Item	Procedure
Fixed deposits	Deposits are only with reputed and established commercial banks with a rating of "A-" or above.
Trade and other receivables	Most of trade receivables are covered through either bank guarantees or on discounting arrangements with a commercial bank without recourse to the Company.
Amounts due from related companies	Monitor the balance outstanding regularly
Cash and cash equivalents	Monitor the balance outstanding regularly and also balances are with reputed and established banks with a rating of "BBB+" or above.

34.2.3 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

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

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Trade and other receivables	4,298,555	3,973,796	4,556,159	3,991,572
Amounts due from related companies	453,698	468,365	441,344	468,363
Other financial assets	6,151,901	2,893,712	6,269,020	3,011,552
Cash and cash equivalents	13,024,801	9,205,015	13,412,489	9,450,544
	23,928,955	16,540,888	24,679,012	16,922,031
The maximum exposure to credit risk at the reporting date by type of counterparty was:				
Financial institutions	19,176,702	12,098,727	19,681,509	12,462,096
Customers and other parties	4,298,555	3,973,796	4,556,159	3,991,572
Related parties	453,698	468,365	441,344	468,363
	23,928,955	16,540,888	24,679,012	16,922,031

NOTES TO THE FINANCIAL STATEMENTS

34.2.4 Trade & Other Receivables

The Group has a well established credit policy for both international and domestic customers to minimise credit risk. A credit evaluation team comprising of personnel from Finance, Sales and Operations evaluate and recommend the credit worthiness of the customer. The Company obtains bank guarantee from all the local agents to cover part of their outstanding whilst the balance is covered through a facility from a bank. This banking facility is extended to all agents except those who are out of the scheme. In the case of international customers, credit terms are offered after evaluation by the credit evaluation team.

The bank guarantees and the facility from the bank cover 66% (2023/24 – 85%) of the trade receivables.

34.2.5 Aging of trade receivable

The aging of trade receivables at the reporting date are as follows.

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Age				
0 – 365 days	4,239,634	3,869,027	4,479,166	3,869,027
More than 365 days	7,445	9,096	7,445	9,096
Impairment provision – more than 365 days	(7,445)	(9,096)	(7,445)	(9,096)
	4,239,634	3,869,027	4,479,166	3,869,027

34.3.1 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 other financial assets.

34.3.2 Management of liquidity risk

The Group's approach to managing liquidity is to ensure, 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's approach to managing its liquidity risk is as follows:

- Regularly monitoring of the Group's assets and liabilities in order to forecast cash flows for up to future period.
- Arrange adequate facilities with banks as contingency measures.
- Daily monitoring the facility limits i.e. overdrafts with banks.

34.3.3 The maturity analysis of liabilities

The tables below summarises the maturity profile of financial liabilities on contractual undiscounted (principal plus interest) payments.

As at 31 March 2025 (Current & Non-Current) – Company

In Rs. '000	Carrying value	Current Up to Year 1	Non-Current Above Year 1
Bank overdrafts	1,595,165	1,595,165	–
Loans and borrowings	4,870,925	2,634,258	2,236,667
Trade & other payables	5,333,530	5,333,530	–
Amounts due to related companies	123,784	123,784	–
Lease creditor	226,666	67,111	295,034
Refundable deposits	3,539,121	3,539,121	–
	15,689,191	13,292,969	2,531,701

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2024 (Current & Non-Current) – Company

In Rs. '000	Carrying value	Current Up to Year 1	Non-Current Above Year 1
Bank overdrafts	1,797,048	1,797,048	–
Loans and borrowings	4,593,268	3,219,699	1,373,569
Trade & other payables	4,391,474	4,391,474	–
Amounts due to related companies	148,606	148,606	–
Lease creditor	219,195	66,520	321,127
Refundable deposits	2,996,694	2,996,694	–
	14,146,285	12,620,041	1,694,696

As at 31 March 2025 (Current & Non-Current) – Group

In Rs. '000	Carrying value	Current Up to Year 1	Non-Current Above Year 1
Bank overdrafts	1,595,165	1,595,165	–
Loans and borrowings	4,870,925	2,634,258	2,236,667
Trade & other payables	5,370,262	5,370,262	–
Amounts due to related companies	123,878	123,878	–
Lease creditor	226,666	67,111	295,034
Refundable deposits	3,539,121	3,539,121	–
	15,726,017	13,329,795	2,531,701

As at 31 March 2024 (Current & Non-Current) – Group

In Rs. '000	Carrying value	Current Up to Year 1	Non-Current Above Year 1
Bank overdrafts	1,797,048	1,797,048	–
Loans and borrowings	4,593,268	3,219,699	1,373,569
Trade & other payables	4,407,065	4,407,065	–
Amounts due to related companies	148,619	148,619	–
Lease creditor	219,195	66,520	321,127
Refundable deposits	2,996,694	2,996,694	–
	14,161,889	12,635,645	1,694,696

34.4.1 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) that can 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 the return on risk.

NOTES TO THE FINANCIAL STATEMENTS

34.4.2 Management of market risks

Interest rates of most borrowings are linked to AWPLR. Hence, any movement will be in line with the market and have a corresponding impact.

34.4.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar (USD), Euro (EUR) and the Great Britain Pound (GBP). As protection against exchange rate fluctuations, the Group backs its commitments in local currency and enters into derivatives with commercial banks rated "A-" or above.

The following significant exchange rates were applied during the year:

In Rs.	Closing exchange rates		Average exchange rates	
	2025	2024	2025	2024
US Dollar (USD)	300.58	305.33	302.43	323.91
Great Britain Pound (GBP)	390.71	387.24	387.67	408.52
Euro (EUR)	326.16	332.11	326.61	352.98

The Group considered a further 5% strengthening or weakening of the functional currency against non-functional currencies as a reasonably possible change. The impact is calculated with reference to the financial assets or liabilities held as at the year end. A 5% increase or decrease of functional currency against non-functional currencies would result in Rs. 140 Mn. impact on pre-tax profit.

34.4.4 Interest rate risk

Interest rate risk is the risk to the Group's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

The Group's short-term investments are at fixed interest rates and mature within one year from the date of the deposit.

34.4.4.1 Fixed and variable rated instruments

As at 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Fixed rated instruments				
– Financial assets	11,074,660	6,439,827	11,415,251	6,557,667
– Financial liabilities	4,126,666	1,906,695	4,126,666	1,906,695
Variable rated instruments				
– Financial assets	1,462,479	1,678,958	1,462,549	1,679,026
– Financial liabilities	2,545,165	3,942,881	2,545,165	3,942,881

NOTES TO THE FINANCIAL STATEMENTS

34.4.4.2 Sensitivity analysis on interest rate fluctuation

A one percentage point change in the interest rate would have the following impact on pre tax profit.

Instrument In Rs. '000	Increase by one percentage	Decrease by one percentage
BOCC – Rs. 1.9 Bn. (Floating rate borrowing)	9,500	(9,500)
Potential impact	9,500	(9,500)

34.4.4.3 Management of interest rate risk

The facility limits given by banks are reviewed annually or whenever required. The market rates/values, trends & movements are reviewed weekly to ascertain the interest rate risk and plan of action. A daily review is made on outstanding balances and interest rates.

35. RELATED PARTY DISCLOSURES

35.1 Parent and ultimate controlling party

Ceylon Beverage Holdings PLC is the immediate Parent Company of Lion Brewery (Ceylon) PLC. Carson Cumberbatch PLC is the Parent Company of Ceylon Beverage Holdings PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Beverage Holdings PLC.

35.2 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard 24 “Related Party Disclosures”, key management personnel are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company and its parent company (including executive and non executive directors) have been classified as KMP of the Company.

Compensation paid to the key management personnel of the Company comprise as follows;

For the year ended 31 March In Rs. '000	Company		Group	
	2025	2024	2025	2024
Directors' fees and emoluments	45,378	44,675	45,378	44,675
	45,378	44,675	45,378	44,675

As at 31 March 2025, no amount was paid towards the gratuity of Key Management Personnel.

35.3 Other related party transactions

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard LKAS 24 – “Related Party Disclosures”, the details of which are reported below.

Transactions with related parties are carried out on an arms length basis. Outstanding balances as at year end are unsecured, interest free (except for Ceylon Beverage Holdings PLC) and all related-party dues are on demand and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables for the year ended 31 March 2025 and the Group has not recorded any impairment for receivables relating to amount owed by Group entities.

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the Company as per 31 March 2025 Audited Financial Statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

NOTES TO THE FINANCIAL STATEMENTS

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2025 Audited Financial Statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

35.4 Transactions with related companies

Name of the company In Rs. '000	Relationship	Nature of the transaction	Company		Group	
			2025	2024	2025	2024
Ceylon Beverage Holdings PLC	Parent company	Interest income	43,972	66,757	43,972	66,757
		Royalty expense	196,896	184,881	196,896	184,881
		Reimbursement of expenses	15,335	21,692	15,335	21,692
Millers Brewery Limited	Subsidiary	Rent expense	38,324	37,410	–	–
		Purchases	74,724	1,420	–	–
Lion Beer (Ceylon) Pte, Ltd, SG	Subsidiary	Beer sale income	3,323,969	–	–	–
Pubs 'N Places (Private) Limited	Fellow Subsidiary	Beer sale income	244,168	162,010	244,168	162,010
		Rebate on beer purchases	2,708	2,720	2,708	2,720
		Interest income	–	376	–	376
		Marketing assistance fee	–	23,167	–	23,167
Retail Spaces (Private) Limited	Fellow Subsidiary	Beer sale income	408,180	686,653	408,180	686,653
Luxury Brands (Private) Limited	Fellow Subsidiary	Distribution fee income	4,669	4,591	4,669	4,591
		Rent income	4,860	4,860	4,860	4,860
		Reimbursement of expenses	62,921	64,501	62,921	64,501
Carlsberg A/S	Related entity	Royalty expense	467,740	415,474	467,740	415,474
Carlsberg Brewery Malaysia Berhad	Related entity	Purchases	–	518,933	–	518,933
Carsons Management Services (Private) Limited	Related entity	Support service fee	1,240,000	923,077	1,240,000	923,077
		Reimbursement of expenses	209,703	157,453	209,703	157,453
Equity One Ltd	Related entity	Meeting room expenses	101	92	101	92
Equity Two PLC	Related entity	Parking fee	90	90	90	90
Pegasus Hotels of Ceylon PLC	Related entity	Beer sale income	6,785	4,741	6,785	4,741
		Hotel expenses	9,759	7,457	9,759	7,457

NOTES TO THE FINANCIAL STATEMENTS

36. COMMITMENTS AND CONTINGENCIES

36.1 Finance commitments

Document credits established for foreign purchases of the Company as at 31 March 2025 amounts to Rs. 810 Mn. (31 March 2024 – Rs. 1,308 Mn.).

36.2 Capital commitments

Capital expenditure committed by the Company for which a provision has not been made in the Financial Statements amounts to Rs. 639 Mn. as at 31 March 2025 (31 March 2024 – Rs. 1,249 Mn.).

36.3 Contingencies

Contingent liabilities as at 31 March 2025 amounts to Rs. 4,070 Mn. (31 March 2024 – Rs. 781 Mn.), being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Interim dividend

The Board of Directors approved a second interim dividend of Rs. 28.70 per share for the year ended 31 March 2025 on 08 May 2025. In Accordance with Sri Lanka Accounting Standards LKAS 10 Events after the Reporting period, this dividend has not been recognised as a liability as at 31 March 2025.

38. COMPARATIVE FIGURES

Where required comparative figures have been reclassified to give proper presentations as at 31 March 2025.

39. SEGMENTAL ANALYSIS

The Group does not distinguish its products into significant components for different geographical segments as the differentiations are insignificant.

40. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors takes the responsibility for the preparation and presentation of these Financial Statements. Please refer the Annual Report of the Board of Directors on the affairs of the Company for the Directors' Responsibilities for financial reporting.

VALUE ADDED STATEMENT

For the year ended 31 March In Rs. '000	2025	2024
Revenue	123,431,021	109,755,568
Value added tax	21,751,946	17,043,986
Other income	339,537	489,921
Finance income	1,042,422	1,215,800
	146,564,926	128,505,275
Cost of material & services bought from outside	(29,984,422)	(27,934,038)
Value added	116,580,504	100,571,237

For the year ended 31 March	2025 Rs. '000	%	2024 Rs. '000	%
Distributed as follows				
To employees				
as remuneration and other employee costs	2,481,795	2.13	2,177,778	2.17
To Government				
as value added tax	21,751,946	18.66	17,043,986	16.95
as excise duty	63,477,098	54.45	52,457,109	52.16
as excise other levies	847,587	0.73	720,966	0.72
as import duty	2,546,132	2.18	3,487,732	3.47
as income tax	5,719,893	4.91	4,822,000	4.79
as social security contribution levy	2,562,157	2.20	2,277,067	2.26
To providers of capital				
as dividends to shareholders	3,680,000	3.16	3,480,000	3.46
as finance expenses	1,485,431	1.27	2,581,608	2.57
Retained in the business				
as depreciation/amortisation	2,824,843	2.42	2,405,686	2.39
as profit for the year	9,203,622	7.89	9,117,305	9.06
	116,580,504	100.00	100,571,237	100.00

Notes:

1. The Statement of Value Added shows the quantum of wealth generated by the activities of the Group and its applications.
2. The total tax liability/payment made to the Government during the year include the following:

In Rs. '000	2025	2024
Value added tax	21,751,946	17,043,986
Excise duty	63,477,098	52,457,109
Excise other levies	847,587	720,966
Import duty	2,546,132	3,487,732
Income tax	5,719,893	4,822,000
Social security contribution levy	2,562,157	2,277,067
Total taxes paid to the Government	96,904,813	80,808,860

FIVE YEAR SUMMARY

Year ended 31 March In Rs. '000	2025	2024	2023	2022	2021
Revenue	123,431,021	109,755,568	94,969,346	58,570,885	49,849,287
Other income	339,537	489,921	299,029	189,902	338,404
	123,770,558	110,245,489	95,268,375	58,760,787	50,187,691
Total expenditure	(107,584,682)	(95,168,796)	(81,844,894)	(53,024,100)	(45,032,670)
Reversal/(provision) impairment of intangible assets	—	291,063	(353,229)	(463,578)	(449,084)
Profit before finance cost	16,185,876	15,367,756	13,070,252	5,273,109	4,705,937
Net finance expenses	(443,009)	(1,365,808)	(1,880,999)	259,076	(448,115)
Profit before tax	15,742,867	14,001,948	11,189,253	5,532,185	4,257,822
Tax expense	(6,234,413)	(5,598,470)	(4,197,650)	(1,864,080)	(1,786,726)
Profit for the year	9,508,454	8,403,478	6,991,603	3,668,105	2,471,096
Total other comprehensive income/ (expense) for the year net of tax	(304,832)	713,827	(30,539)	731,086	672
Total comprehensive income for the year	9,203,622	9,117,305	6,961,064	4,399,191	2,471,768
Dividends – Ordinary (Note 32)	3,680,000	3,480,000	3,352,000	1,674,400	1,152,000
Excise duty expense	63,477,098	52,457,109	47,638,763	38,963,054	30,646,315

As at 31 March In Rs. '000	2025	2024	2023	2022	2021
Balance sheet					
Statement of financial position					
Stated capital	2,537,801	2,537,801	2,537,801	2,537,801	2,537,801
Capital reserves	2,583,415	2,835,823	2,092,103	2,092,103	1,388,475
Retained profits	29,320,523	22,233,549	18,596,857	15,297,757	13,048,135
Translation reserve	(21,839)	(7,005)	—	—	—
	34,419,900	27,600,168	23,226,761	19,927,661	16,974,411
Loans and borrowings	5,097,591	4,812,463	6,811,401	5,833,084	5,550,945
Less: Cash & other financial assets	(18,093,049)	(10,665,048)	(9,710,765)	(11,916,746)	(8,642,977)
Capital employed	21,424,442	21,747,583	20,327,397	13,843,999	13,882,379
Represented by					
Total non-current assets excluding other financial assets	30,082,571	28,033,555	23,534,907	21,444,595	20,209,115
Total current assets excluding cash & other financial assets	13,804,372	14,857,209	12,609,959	6,609,052	5,279,052
Total current liabilities-excluding borrowings & overdraft	(14,910,091)	(14,424,534)	(10,027,010)	(8,810,318)	(6,283,330)
Employee benefits	(389,600)	(285,268)	(249,767)	(173,704)	(233,933)
Deferred tax liabilities	(7,162,810)	(6,433,379)	(5,540,692)	(5,225,626)	(5,088,525)
	21,424,442	21,747,583	20,327,397	13,843,999	13,882,379

FIVE YEAR SUMMARY

Year ended 31 March In Rs. '000	2025	2024	2023	2022	2021
Cash flow statistics					
Net cash inflows from operating activities	14,242,630	13,889,289	1,498,374	4,818,026	5,544,893
Net cash inflows/(outflows) from investing activities	(6,503,950)	(4,556,657)	425,786	2,051,670	(8,207,191)
Net cash inflows/(outflows) from financing activities	(3,521,705)	(9,165,797)	(1,710,307)	(1,249,786)	(7,985,462)
Net cash movement for the year	4,216,975	166,835	213,853	5,619,910	(10,647,760)
Ratios & statistics					
Return on shareholders' funds (%)	26.74	33.03	29.97	22.08	14.56
Return on capital employed (ROCE) (times)	75.55	70.65	64.30	38.09	33.90
Assets turnover (times)	1.94	1.98	2.00	1.43	1.42
Equity to total assets (times)	1.85	2.01	2.04	2.06	2.07
Interest cover (times)	36.54	11.25	6.95	–	10.50
Current ratio (times)	1.66	1.33	1.39	1.48	1.63
Quick ratio (times)	1.25	0.88	0.95	1.14	1.25
Price earnings ratio (times)	10.70	9.07	8.18	11.45	18.42
Net assets per share (Rs)	430.25	345.00	290.33	249.10	212.18
Dividends – Ordinary (Rs.) (Note 32)	46.00	43.50	41.90	20.93	14.40
Dividend payout ratio (%) – Company	39.13	41.51	47.88	45.31	44.44

Figures in brackets indicate deductions.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (GROUP) – USD

For the year ended 31 March In USD '000	Notes	2025	2024
Revenue	2	408,127	338,846
Cost of sales		(312,862)	(257,490)
Gross profit		95,265	81,356
Other income		1,123	1,513
		96,388	82,869
Distribution expenses		(26,180)	(22,482)
Administrative expenses		(14,540)	(12,134)
Other expenses		(2,149)	(1,708)
Reversal of impairment provision for intangible assets		–	899
Profit from operations		53,519	47,444
Finance income		3,447	3,754
Finance costs		(4,912)	(7,970)
Net finance costs		(1,465)	(4,216)
Profit before taxation		52,054	43,228
Income tax expense		(18,935)	(16,012)
Deferred Taxation		(1,679)	(1,272)
Profit for the period		31,440	25,944
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of employee benefit obligations		(226)	(118)
Deferred tax charge on actuarial gain		102	47
Revaluation gain on land & buildings		–	3,828
Deferred tax charge on land and building revaluation		(835)	(1,531)
Item that are or may be reclassified subsequently to profit or loss			
Foreign currency translation gain from foreign operation		(49)	(22)
Total other comprehensive income for the year net of tax		(1,008)	2,204
Total comprehensive income for the year		30,432	28,148

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION (GROUP) – USD

As at 31 March In USD '000	2025	2024
Assets		
Non-current assets		
Property, plant & equipment	97,105	88,908
Right of use assets	568	568
Intangible assets	2,408	2,338
Other financial assets	5,360	4,425
Total non-current assets	105,441	96,239
Current assets		
Inventories	26,444	28,751
Trade and other receivables	18,014	18,375
Amounts due from related companies	1,468	1,534
Other financial assets	15,496	5,438
Cash and cash equivalents	44,644	30,952
Total current assets	106,066	85,050
Total assets	211,507	181,289
Equity and liabilities		
Equity		
Stated capital	33,068	33,068
Capital reserves	13,403	14,238
Translation reserve	(73)	(23)
Retained earnings	68,112	43,111
Total equity	114,510	90,394
Non-current liabilities		
Loans and borrowings	7,441	4,499
Lease creditor	653	638
Employee benefits	1,296	934
Net deferred tax liabilities	23,830	21,070
Total non-current liabilities	33,220	27,141
Current liabilities		
Trade and other payables	17,866	14,434
Amounts due to related companies	413	487
Refundable deposits	11,774	9,815
Current tax liabilities	19,552	22,507
Loans and borrowings	8,764	10,545
Lease creditor	101	80
Bank overdrafts	5,307	5,886
Total current liabilities	63,776	63,754
Total liabilities	96,996	90,895
Total equity and liabilities	211,507	181,289

STATEMENT OF FINANCIAL POSITION (GROUP) – USD**1. Basis of conversion**

The translation of Sri Lankan Rupee amounts into US Dollar amounts is solely for the convenience of the shareholders, investors, bankers and other users of the Financial Statements.

The translation of the Financial Statements into US Dollars were effected based on the following exchange rates:

As at 31 March		2025	2024
Income statement	Average rate	302.43	323.91
Monetary assets and liabilities	Closing rate	300.58	305.33
Non-current assets and liabilities	Closing rate	300.58	305.33
Ordinary share capital	Historical rate	76.74	76.74

2. Revenue

For the year ended 31 March In USD '000		2025	2024
Local revenue		389,681	323,729
Export revenue		18,446	15,117
		408,127	338,846

FIVE YEAR SUMMARY – USD

Year ended 31 March In USD '000	2025	2024	2023	2022	2021
Revenue	408,127	338,846	267,113	285,405	264,613
Other income	1,123	1,513	841	925	1,796
	409,250	340,359	267,954	286,330	266,409
Total expenditure	(355,731)	(293,813)	(230,199)	(258,377)	(239,045)
Reversal/(provision) impairment of intangible assets	–	899	(993)	(2,259)	(2,384)
Profit/(loss) before finance cost	53,519	47,445	36,762	25,694	24,980
Net finance income/(cost) expenses	(1,465)	(4,217)	(5,291)	1,263	(2,378)
Profit before tax	52,054	43,228	31,471	26,957	22,602
Tax expense	(20,614)	(17,284)	(11,806)	(9,083)	(9,485)
Profit for the year	31,440	25,944	19,665	17,874	13,117
Total other comprehensive income/ (expense) for the year	(1,008)	2,204	(86)	3,562	4
Total comprehensive income for the year	30,432	28,148	19,579	21,436	13,121
Dividends – Ordinary	11,934	10,768	10,039	5,238	5,702
Excise duty expense	209,888	161,950	133,990	189,860	162,675
As at 31 March In USD '000	2025	2024	2023	2022	2021
Statement of financial position					
Stated capital	33,068	33,068	33,068	33,068	33,068
Capital reserves	13,403	14,238	11,942	11,942	8,513
Translation reserve	(73)	(23)	–	–	–
Retained profits	68,112	43,111	24,116	21,639	42,435
	114,510	90,394	69,126	66,649	84,016
Loans and borrowings	16,959	15,762	20,271	19,508	27,474
Less: Cash & other financial assets	(60,193)	(34,929)	(28,900)	(39,856)	(42,779)
Capital employed	71,276	71,227	60,497	46,301	68,711
Represented by					
Total non-current assets excluding other financial assets	100,080	91,814	70,043	71,721	100,025
Total current assets excluding cash & other financial assets	45,926	48,660	37,528	22,104	26,129
Total current liabilities – excluding borrowings and overdraft	(49,604)	(47,243)	(29,841)	(29,466)	(31,099)
Employee benefits	(1,296)	(934)	(743)	(581)	(1,158)
Deferred tax liabilities	(23,830)	(21,070)	(16,490)	(17,477)	(25,186)
	71,276	71,227	60,497	46,301	68,711

INFORMATION TO SHAREHOLDERS AND INVESTORS

1. Stock exchange listing

Lion Brewery (Ceylon) PLC is a Public Quoted Company, the issued ordinary shares of which are listed with the Colombo Stock Exchange of Sri Lanka.

The Stock Exchange code for Lion Brewery (Ceylon) PLC shares is "LION".

2. Share valuation

The market price of the Company's share as at 31 March 2025 was Rs. 1,271.50 per share (2023 – Rs. 953.25)

3. Ordinary shareholders

As at 31 March	2025	2024
Number of shareholders	1,439	1,286

(a) Frequency distribution of shareholdings as at 31 March 2025

Distribution of Shares	Residents			Non-Residents			Total		
	Number of Members	Number of Shares	%	Number of Members	Number of Shares	%	Number of Members	Number of Shares	%
1 – 1,000	1,219	159,292	0.20	13	4,586	0.01	1,232	163,878	0.20
1,001 – 10,000	132	378,070	0.47	16	54,451	0.07	148	432,521	0.54
10,001 – 100,000	32	951,839	1.19	12	462,829	0.58	44	1,414,668	1.77
100,001 – 1,000,000	5	1,237,152	1.55	4	1,401,466	1.75	9	2,638,618	3.30
Above 1,000,000	4	49,760,373	62.20	2	25,589,942	31.99	6	75,350,315	94.19
Grand Total	1,392	52,486,726	65.61	47	27,513,274	34.39	1,439	80,000,000	100.00

(b) category of shareholders

Categories of Shareholders as at 31 March 2025	Number of Shareholders	Number of Shares	%
Individual	1,334	1,011,847	1.26
Institutions	105	78,988,153	98.74
Total	1,439	80,000,000	100.00

(c) The number of shares held by non-residents as at 31 March 2025 was 27,513,274 (2023/24 – 28,154,644) which amounts to 34.39% (2023/24- 35.19%) of the total number of shares in issue.

(d) Public Holding

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.13.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange, under Option 1, i.e. Float-Adjusted Market Capitalisation of Rs. 10 Bn. with 500 Public Shareholders and a no minimum Public Holding percentage required.

INFORMATION TO SHAREHOLDERS AND INVESTORS

The Company's Public Holding as at 31 March	2025
Float Adjusted Market Capitalisation (Rs.)	12,308,120,000
Percentage of ordinary shares held by the public	12.10%
Number of Public Shareholders	1,418

4. Market performance – ordinary shares

For the year ended 31 March	2025	2024
Highest (Rs.)	1,300.00	991.00
Lowest (Rs.)	925.00	650.00
Last traded (Rs.)	1,270.00	982.50
Value of shares traded (Rs. Mn.)	1,237	1,174
Number of shares traded	1,074,269	1,340,361

5. Market capitalisation

The market capitalisation of the Company, which is the number of ordinary shares in issue multiplied by the market value of a share was Rs. 101,720,000,000/- as at 31 March 2025. (2024 – Rs. 76,260,000,000/-)

6. DIVIDENDS

6.1 A Second Interim Dividend of Rs. 12/50 per ordinary share amounting to Rs. 1,000,000,000/- for the year ended 31 March 2024 was announced on 09 May 2024. Shareholders of the Company who had provided accurate bank account details were paid on 29 May 2024 and to the shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends was paid on 11 June 2024 via cheques.

6.2 A First Interim Dividend of Rs. 17/30 per ordinary share amounting to Rs. 1,384,000,000/- for the year ended 31 March 2025 was announced on 25 October 2024. Shareholders of the Company who had provided accurate bank account details were paid on 12 November 2024 and to the shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends was paid on 26 November 2024 via cheques.

6.3 A Second Interim Dividend of Rs. 28/70 per ordinary share amounting to Rs. 2,296,000,000/- for the year ended 31 March 2025 was announced on 09 May 2025. Shareholders of the Company who had provided accurate bank account details were paid on 28 May 2025 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends was paid on 11 June 2025 via cheques.

GLOSSARY OF FINANCIAL TERMS

APPROPRIATIONS

Apportioning of earnings as dividends, capital and revenue reserves

CAPITAL RESERVES

Reserves identified for specified purposes and considered not available for distribution.

CASH EQUIVALENTS

Liquid investments with maturities of three months or less at the balance sheet date.

CONTINGENT LIABILITIES

Conditions or situations at the Balance Sheet date, the financial effects of which are to be determined by future events which may or may not occur.

CURRENT RATIO

Current assets divided by current liabilities.

DEBT

Total interest bearing loans (including bank overdraft less interest bearing deposits).

DIVIDEND COVER (ORDINARY)

Post tax profit divided by gross ordinary dividend. It measures the number of times ordinary dividends are covered by distributable profits.

DIVIDEND PER ORDINARY SHARE

Dividends paid and proposed, divided by the number of ordinary shares in issue which ranked for those dividends.

EARNINGS PER ORDINARY SHARE

Profits attributable to ordinary shareholders divided by the number of ordinary shares in issue and ranking for dividend

EQUITY

Stated capital plus reserves.

EVENTS OCCURRING AFTER REPORTING DATE

Significant events that occur between the reporting date and the date on which financial statements are authorised for issue.

GEARING

Ratio of borrowings to capital employed.

INTEREST COVER

Profits before tax and interest charges divide by Net interest charges.

MARKET CAPITALISATION

The market value of a company at a given date obtained by multiplying the market price of a share by the number of issued ordinary shares.

NET ASSETS PER ORDINARY SHARE

Total assets less total liabilities divided by the number of ordinary shares in issue.

PRICE EARNING RATIO – (P/E)

Market price of a share divided by earnings per share

RELATED PARTIES

One party has ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

REVENUE RESERVES

Reserves considered as being available for future distribution and appropriations.

VALUE ADDITION

The quantum of wealth generated by the activities of the Company

WORKING CAPITAL

Capital required to finance the day-to-day operations (current assets less current liabilities).

DIVIDEND PAYOUT RATIO

The percentage of earnings paid to shareholders in dividends.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 29th Annual General Meeting of **LION BREWERY (CEYLON) PLC** will be held on **Monday, 28 July 2025 at 9.00am** at the “Lavender Hall” (Lot 2) BMICH International Convention & Exhibition Center, Bauddaloka Mawatha, Colombo 07, Sri Lanka for the following purposes:

1. To consider the Annual Report of the Board of Directors including the Financial Statements for the financial year ended 31 March 2025, together with the Report of the Auditors thereon.
2. To re-elect as a Director Mr A J Alles, who has been appointed to the Board as an Independent Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.
3. To re-elect as a Director Mr A S Amaratunga, who has been appointed to the Board as an Independent Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.
4. To re-elect as a Director Mr K K Subramanian, who has been appointed to the Board as an Independent Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.
5. To re-appoint Mr R Rajagopal – Independent Non-Executive Director, who is seventy years of age, as a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007, and to re-elect him as a Director, in terms of Article 68 of the Articles of Association of the Company and to consider and if deemed fit to pass the following resolution:

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr R Rajagopal who is 70 years of age and that

he be reappointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”

6. Subsequent to obtaining the approval of the Shareholders for above mentioned agenda item 5, to appoint Mr R Rajagopal as an Independent Non-Executive Director of the Company who is seventy years of age and to consider and if deemed fit to pass the following resolution:
“As per the Rule 9.8.3 (ix) of the Listing Rules, **IT IS NOTED THAT** the Nominations and Governance Committee of the Company at the meeting held on 09 May 2025, has recommended the appointment of Mr R Rajagopal who is aged 70 years, as an Independent Non-Executive Director of the Company and the Nominations and Governance Committee has determined and is of the view that Mr R Rajagopal who was appointed as an Independent Non-Executive Director of the Company effective 12 July 2024, does not exert control over the Company and is able to make unfettered judgments and act impartially.”

“IT IS FURTHER NOTED that the Board of Directors, at its meeting held on 16 June 2025, reviewed and confirmed the recommendation of the Nominations and Governance Committee.”

“IT IS HEREBY RESOLVED as recommended by the Nominations and Governance Committee along with the confirmation by the Board of Directors of the Company, that Mr R Rajagopal being 70 years of age be appointed as an Independent Non-Executive Director of the Company in terms of Rule 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, and that he shall continue to serve as an Independent Non-Executive Director until the next Annual General Meeting of the Company.”

7. To re-appoint Mr H Selvanathan – Non-Executive Director, as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution;

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr H Selvanathan who is 76 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting until next Annual General Meeting of the company.”

8. To re-elect Mr S Selvanathan – Non-Executive Director, who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
9. To re-elect Mr S Clini – Non-Executive Director, who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
10. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 07 of 2007 and to authorise the Directors to determine their remuneration.

By Order of the Board

(Sgd.)

K D De Silva (Mrs)

Director

CARSONS MANAGEMENT SERVICES
(PRIVATE) LIMITED
Secretaries
Colombo

01 July 2025

NOTICE OF MEETING

Notes:

1. The Annual Report 2024/25 will be made available on the Colombo Stock Exchange website www.cse.lk and on the Group's website www.carsoncumberbatch.com.
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.
3. The completed **Form of Proxy** should be submitted to the Company **not later than 4.45pm on 26 July 2025**,
 - via email to LIONAGM2025@carcumb.com, or
 - via WhatsApp to mobile no. +94 764 765 463 or +94 767 410 683, or
 - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
4. A person representing a Corporation is required to submit a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a member.
5. The transfer books of the Company will remain open.
6. Security Check

We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance lobby.

FORM OF PROXY

* I/We of
..... being

*a Shareholder/Shareholders of **LION BREWERY (CEYLON) PLC**

hereby appoint
of bearing NIC No./ Passport No or failing him/her.

Damian Amal Cabraal	Or failing him,
Hariharan Selvanathan	Or failing him,
Dilkushan Ranil Pieris Goonetilleke	Or failing him,
Krishna Selvanathan	Or failing him,
Rajiv Herath Meewakkala	Or failing him,
Sudarshan Selvanathan	Or failing him,
Stefano Clini	Or failing him,
Vivian Gun Ling Ling (Ms)	Or failing her,
Ajay Bhaskar Baliga	Or failing him,
Ravi Rajagopal	Or failing him,
Antonio Jonathan Alles	Or failing him,
Amitha Saktha Amaratunga	Or failing him,
Kumar Karthik Subramanian	

as *my/our proxy to attend at the 29th Annual General Meeting of the Company to be held on **Monday, 28 July 2025 at 9.00am** at the "Lavender Hall" (Lot 2) BMICH International Convention & Exhibition Center, Bauddaloka Mawatha, Colombo 07, Sri Lanka and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To re-elect as a Director Mr A J Alles, who has been appointed to the Board as an Independent Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.	☐	☐
2. To re-elect as a Director Mr A S Amaratunga, who has been appointed to the Board as an Independent Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.	☐	☐
3. To re-elect as a Director Mr K K Subramanian, who has been appointed to the Board as an Independent Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.	☐	☐
4. To re-appoint Mr R Rajagopal – Independent Non-Executive Director, who is seventy years of age, as a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007, and to re-elect him as a Director, in terms of Article 68 of the Articles of Association of the Company.	☐	☐
5. To appoint Mr R Rajagopal as an Independent Non-Executive Director of the Company who is over seventy years of age.	☐	☐
6. To re-appoint Mr H Selvanathan – Non-Executive Director, who is over seventy years of age as a Director of the Company.	☐	☐
7. To re-elect Mr S Selvanathan – Non-Executive Director, who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.	☐	☐
8. To re-elect Mr S Clini – Non-Executive Director, who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.	☐	☐
9. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No.07 of 2007 and to authorise the Directors to determine their remuneration.	☐	☐

Signed this day of Two Thousand and Twenty Five.

.....
Signature/s

Notes

- *Please delete the inappropriate words.
- A shareholder entitled to attend and vote at a General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the Company.
A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the General Meeting of the shareholders.
- A shareholder is not entitled to appoint more than one proxy on the same occasion.
- Instructions are noted on the reverse hereof.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly with your full name and address, and sign in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf. Shareholders could also appoint a member of the Board to act as their proxy if they so choose.
3. In terms of Article 54 of the Articles of Association of the Company:
The instrument appointing a proxy shall be in writing and:
(i) in the case of an individual shall be signed by the appointor or by his attorney; and
(ii) in the case of a Corporation shall be either under its common seal or signed by its attorney or by an authorised officer on behalf of the Corporation.
The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer.
A proxy need not be a shareholder of the Company.
4. In terms of Article 50 of the Articles of Association of the Company:
In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
5. The completed **Form of Proxy** should be submitted to the Company not later than 4.45pm on 26 July 2025,
– via email to LIONAGM2025@carcumb.com, or
– via WhatsApp to mobile no. +94 764 765 463 or +94 767 410 683, or
– by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
6. Shareholders could also appoint a member of the Board to act as their proxy if they so choose. The Shareholders who wish to appoint a Director as his/her/its proxy must forward the duly completed **Form of Proxy** clearly indicating their vote under each matter set out in the Form of Proxy and forward same to the Company.

Please fill in the following details:

Name & contact no. of Shareholder :

CDS Account No./Folio No. :

Name & contact no. of Proxyholder :

NIC No. of the Proxyholder :

CORPORATE INFORMATION

NAME OF COMPANY

Lion Brewery (Ceylon) PLC
(A Carson Cumberbatch Company)

COMPANY REGISTRATION NUMBER

PQ 57

LEGAL FORM

A Public Quoted Company with
Limited Liability.
Incorporated in Sri Lanka in 1996
Official listing of the Colombo Stock
Exchange obtained in 1997

SUBSIDIARY COMPANIES

Millers Brewery Limited
Lion Beer (Ceylon) Pte Ltd (Singapore)

PARENT AND CONTROLLING ENTITY

Ceylon Beverage Holdings PLC is
the immediate Parent Company of
Lion Brewery (Ceylon) PLC. Carson
Cumberbatch PLC is the Parent Company
of Ceylon Beverage Holdings PLC and
Bukit Darah PLC is the Ultimate Parent
and Controlling Entity of Ceylon Beverage
Holdings PLC.

DIRECTORS

Mr D A Cabraal
(Chairman) – Non-Executive
Mr H Selvanathan
(Deputy Chairman) – Non-Executive
Mr R H Meewakkala
(CEO/Director) – Executive
Mr K Selvanathan –
Non-Executive
Mr D R P Goonetilleke –
Non-Executive
Mr S Selvanathan –
Non-Executive
Mr S Clini – Non-Executive
Ms V Gun – Non-Executive
Mr A B Baliga –
Independent Non-Executive

Mr R Rajagopal
(Appointed w.e.f. 12 July 2024) –
Independent Non-Executive
Mr A J Alles
(Appointed w.e.f. 25 September 2024) –
Independent Non-Executive
Mr A S Amaratunga
(Appointed w.e.f. 25 September 2024) –
Independent Non-Executive
Mr K K Subramanian
(Appointed w.e.f. 25 April 2025) –
Independent Non-Executive

Mr D C R Gunawardena
(Resigned w.e.f. 25 September 2024) –
Non-Executive

Mrs S J F Evans
(Resigned w.e.f. 25 September 2024) –
Independent Non-Executive

AUDIT COMMITTEE

Mr A S Amaratunga (Chairman) –
Independent Non-Executive
Mr A J Alles – Independent Non-Executive
Mr D R P Goonetilleke – Non-Executive

REMUNERATION COMMITTEE

Mr A B Baliga (Chairman) –
Independent Non-Executive
Mr A J Alles – Independent Non-Executive
Mr D A Cabraal – Non-Executive

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr A S Amaratunga (Chairman) –
Independent Non-Executive
Mr A B Baliga –
Independent Non-Executive
Mr D R P Goonetilleke – Non-Executive

NOMINATIONS AND GOVERNANCE COMMITTEE

Mr A B Baliga (Chairman) –
Independent Non-Executive
Mr A J Alles –
Independent Non-Executive
Mr D A Cabraal – Non-Executive

BANKERS

Citibank
Commercial Bank of Ceylon PLC
Deutsche Bank AG.
DFCC Bank
Hatton National Bank PLC
Nations Trust Bank PLC
National Development Bank PLC
Standard Chartered Bank
Sampath Bank PLC
Bank of China Limited
People's Bank

LEGAL ADVISERS

Messrs. F. J. & G. De Saram
216, De Saram Place
Colombo 10, Sri Lanka
Tel: +94 11 4718 200
Fax: +94 11 4718 220

AUDITORS

Messrs. KPMG
Chartered Accountants
No. 32A, Sir Mohamed Macan
Markar Mawatha
Colombo 3, Sri Lanka
Tel: +94 11 5426 426
Fax: +94 11 2445 872

MANAGERS & SECRETARIES

Carsons Management Services
(Private) Limited
No. 61, Janadhipathi Mawatha
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