# Kerner Haus Global Solutions PLC

Annual Report 2025/26

# Contents

# 01

# Overview


KERNER HAUS

# About Us

Kerner Haus Global Solutions PLC is a provider of purpose-developed, fully serviced office infrastructure bundled with an integrated ecosystem of business support services, listed on the Main Board of the Colombo Stock Exchange. Operating currently under an asset-light property management model, the Company manages move-in-ready, technology-enabled workspaces for Business Process Outsourcing (BPO), Knowledge Process Outsourcing (KPO) and international SME occupiers establishing and scaling operations in Sri Lanka.

The Company carries one of the longest corporate lineages on the Colombo bourse. Incorporated in 1958 as Ceylon Printers PLC, it served Sri Lanka's commercial and banking sectors for more than six decades before its transformation into Kerner Haus Global Solutions PLC in 2025. Today, under the majority ownership of Singapore-based Ekta Global Pte Ltd, the Group manages a growing portfolio of serviced office properties in Colombo, Mount Lavinia and Kandy, pairing well-located commercial real estate with the shared services international occupiers need from day one.

## From Print to Platform — The Strength of a Legacy

Kerner Haus Global Solutions PLC is a new business, but it is not a new company — and the distinction matters. For more than six decades, as Ceylon Printers PLC, the Company was a quiet mainstay of Sri Lanka's commercial life: printing and publishing for generations of businesses, and supplying ATM cards, credit cards and PIN mailers to the nation's banks. That was work in which there was no margin for error — it demanded precision, confidentiality, reliability and the sustained trust of institutional clients, and the Company delivered it year after year for sixty-eight years.

The transformation of 2024–2025 is built upon it. The Company entered its new chapter with assets that no start-up can replicate: one of the longest corporate lineages on the Colombo Stock Exchange, decades of listed-company governance and reporting discipline, deep familiarity with the compliance expectations of the banking and financial sector, and a reputation for dependable service earned over generations. These are precisely the qualities that international BPO, KPO and SME occupiers look for in an infrastructure partner.

In that sense, the move from print to platform is a continuation rather than a break. The Company has always been in the business of enabling other businesses to operate — once by producing the printed instruments of commerce and banking, now by providing the workspaces and support services from which modern global services are delivered. The legacy of Ceylon Printers is honoured not by preserving its machinery, but by carrying its standards of reliability and institutional trust into Sri Lanka's next growth industry.

# About this Report

This is the first Annual Report published by Kerner Haus Global Solutions PLC under its new strategy, covering the financial year 1 April 2025 to 31 March 2026. It presents a balanced account of the Company's strategy, governance, operations and financial performance during a year of fundamental transformation, together with the Audited Financial Statements and the disclosures required of a company listed on the Colombo Stock Exchange.

# Scope and Boundary

The Report covers Kerner Haus Global Solutions PLC and its subsidiaries, whose operations are conducted wholly within Sri Lanka across properties in Colombo, Mount Lavinia and Kandy. Comparative information relates to the period prior to the Company's transformation, when it operated as Ceylon Printers PLC. The Company follows an annual reporting cycle.

# Our Approach to Integrated Reporting

During the year, the Company initiated its transition towards the Integrated Reporting model, and this Report accordingly begins to present performance through the lens of the capitals that drive value creation. This Report does not, however, constitute a full Integrated Report; the depth and coverage of integrated disclosures will be progressively enhanced over future reporting cycles as the new business matures.

# Reporting Frameworks

This Report has been prepared in accordance with the requirements of:

- Sri Lanka Accounting Standards (SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka
- Companies Act No. 07 of 2007
- Listing Rules of the Colombo Stock Exchange (CSE), Sri Lanka
- Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka (Voluntary Compliance)

# Forward-Looking Statements

This Report contains statements concerning the Company's future plans, prospects and performance. Such statements reflect assumptions and expectations held as at the date of this Report and involve risks and uncertainties beyond the Company's control; actual outcomes may differ materially from those expressed or implied. Readers are advised not to place undue reliance on such statements, and the Company undertakes no obligation to revise them publicly.

## Our Journey

The Kerner Haus story is one of continuity and reinvention. The milestones below trace the Company's path from its incorporation in 1958 to the launch and rapid scaling of its new business — a journey in which a strategic change of ownership, a clear new mandate and disciplined execution converted a six-decade-old, listed company into a modern business-infrastructure platform in under two years.

### 1958
*Incorporated in Colombo as Ceylon Printers PLC, becoming a trusted name in commercial printing, publishing and the supply of ATM, credit and PIN mailer cards to Sri Lanka's banking sector for over six decades.*

### 12 November 2024
*Singapore-based Ekta Global Pte Ltd acquired a majority stake in the Company, becoming its controlling shareholder and setting the transformation in motion.*

### 4 August 2025
*Shareholders adopted the Company's new strategic objectives by Special Resolution, formally establishing the integrated business-infrastructure mandate.*

### 18 August 2025
*The Company changed its name to Kerner Haus Global Solutions PLC, marking the public launch of its new identity.*

### 1 October 2025
*Commercial operations commenced under the asset-light model: managing purpose-developed, fully serviced office space bundled with business support services for BPO, KPO and international SME occupiers.*

### October 2025 – March 2026
*Four Property Management Agreements signed in succession.*

### 1 April 2026
*Mr. L.P.D.L. Jayawardana assumed office as Chief Executive Officer, bringing leadership for the next growth phase.*

### 8 April 2026
*Shareholders approved the subdivision of each ordinary voting share into seventy shares, increasing shares in issue from 600,170 to 42,011,900.*

### 15 April 2026
*The Company was transferred to the Main Board of the Colombo Stock Exchange.*

### 1 June 2026
*The Board resolved to raise up to Rs. 420.1 Mn by way of a Rights Issue (one new share for every four held, at Rs. 40 per share) to strengthen the balance sheet and fund property acquisitions.*

# Developments During the Year

The financial year 2025/26 was the first in which the Company operated under its new mandate, and the pace of execution was deliberate and swift. Within six months of commencing commercial operations, the Group had signed four Property Management Agreements, taking its estimated annual management fee income from Rs. 12.6 Mn on the first agreement to a cumulative Rs. 60.1 Mn across the portfolio.

Under the agreements, Kerner Haus manages the property as a fully serviced office facility under the Kerner Haus brand, offering move-in-ready workspaces bundled with comprehensive support services, targeted at Sri Lanka's growing businesses across consulting, technology, and support functions, including Business Process Outsourcing (BPO), Knowledge Process Outsourcing (KPO), and international SME sectors. The Properties are positioned as a fully serviced, move-in-ready office facility under the Kerner Haus brand and designed with dedicated areas for collaboration, client delivery, leadership, and team wellbeing, and is built to support hybrid working arrangements.

- Meeting & conference facilities
- Business lounge / common areas
- IT & connectivity infrastructure
- Security & building services
- Parking & accessibility

This operational progress is reflected in the Group's financial performance. Revenue grew from Rs. 2.11 Mn in FY2024/25 to Rs. 6.19 Mn in FY2025/26, while the operating loss narrowed from Rs. 10.8 Mn to Rs. 6.5 Mn — early evidence that the new operating model is gaining traction. Alongside the properties, the Group began activating its integrated services layer, giving occupiers access to finance, legal, IT, human resources and digital marketing support through strategic partners.

Momentum continued after the balance sheet date. The share subdivision approved on 8 April 2026 and the transfer to the Main Board of the Colombo Stock Exchange on 15 April 2026 broadened the Company's market standing, and the Rights Issue of up to Rs. 420.1 Mn announced in June 2026 positions the Group to move from managing properties to owning and developing them.


KERNER HAUS
122

# Group Structure, Subsidiaries & Services

Kerner Haus Global Solutions PLC is a public limited company listed on the Main Board of the Colombo Stock Exchange, with Singapore-based Ekta Global Pte Ltd as its controlling shareholder since November 2024. The Group's structure is deliberately lean, comprising the listed parent and three subsidiaries, each with a defined role in the operating model:

The subsidiaries represent the intended internalisation of functions currently procured from strategic partners; the Company will bring forward a business case for each as the portfolio provides sufficient volume to justify in-house delivery.

## Services Provided

The Group's core offering is purpose-developed, fully serviced office space — furnished, connected and move-in ready — supported by 24/7 security, backup power and on-site administration. Around this, occupiers can access a curated ecosystem of business support services delivered through strategic partners:

- Finance & accounting — bookkeeping, payroll, tax support and virtual CFO services
- Legal & compliance — document review, corporate secretarial and AML/KYC support
- IT & technology — 24/7 helpdesk, cloud services and cybersecurity monitoring
- Human resources — talent acquisition and HR administration
- Digital marketing & design — brand, web and creative services

Together, this combination of space and services allows an international occupier to establish a fully operational presence in Sri Lanka with a single counterparty — the essence of the Kerner Haus proposition.

### Our Vision

*To be Sri Lanka's leading provider of integrated, tech enabled business infrastructure, empowering global businesses to thrive.*

### Our Mission

*To empower the growth of outsourcing businesses by providing purpose-built real estate bundled with a seamless ecosystem of essential shared services, fostering operational excellence and driving Sri Lanka's position as a premier global talent hub*

# Highlights

## Kerner Haus – Nawam Mawatha

In November 2025, Kerner Haus Global Solutions PLC signed its first Property Management Agreement under its new asset-light strategy, with VKM Services (Pvt) Ltd, for commercial property in the heart of Sri Lanka's financial district. The agreement marked the tangible starting point of the Company's new business avenue into commercial real estate services. The property has capacity for approximately 300 office seats.


## Kerner Haus – Mount Lavinia

The Mount Lavinia agreement took the portfolio beyond the central business district to a coastal setting at Templers Road, and is positioned as a coastal, quieter alternative for teams and functions that benefit from a more relaxed operating environment, while remaining well-connected to Colombo's city centre. The property has capacity for approximately 700 office seats.

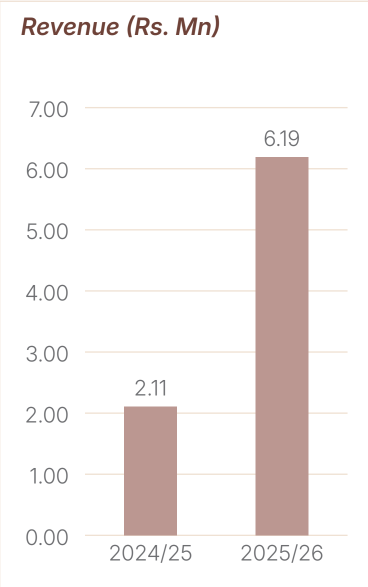
## Kerner Haus – Kew Road

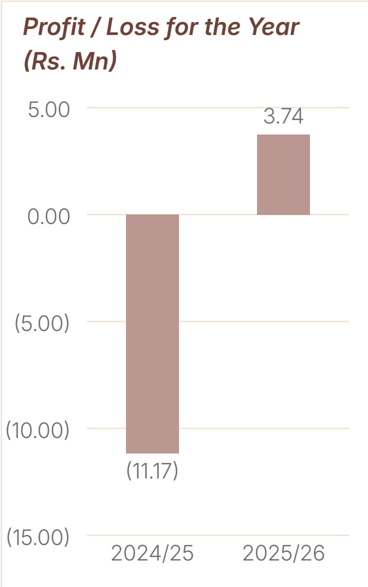
The Kew Road agreement, effective 1 February 2026, with approximately 440 seats Kew Road benefits from its location within Colombo's financial district with close proximity to major banks and corporate offices, and strong transport connectivity.

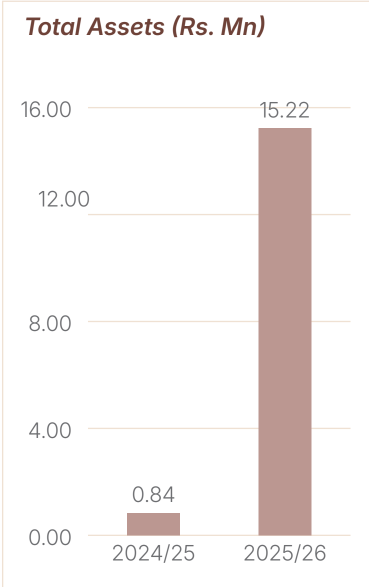

## Kerner Haus – Katukale (Kandy)

Kerner Haus Global Solutions PLC's fourth Property Management Agreement covers a commercial property in Katukale Kandy — the first property in the Company's portfolio located outside Colombo and the Western Province. Its addition brought the Group's seat capacity to 1,876.

# Financial Highlights




**Revenue**
*(Rs. Mn)*
**6.19**
2024/25 Rs. 2.11 Mn
**YoY ▲ 193.5%**

**Gross Profit**
*(Rs. Mn)*
**5.69**
2024/25 Rs. 0.57 Mn
**YoY ▲ 891.5%**

**Profit/ (Loss) for the Year**
*(Rs. Mn)*
**3.74**
2024/25 Rs. (11.17) Mn
**Profit ▲ 133.5% YoY**

**Total Assets**
*(Rs. Mn)*
**15.22**
2024/25 Rs. 0.84 Mn
**YoY ▲ 1718.0%**

**Total Liabilities**
*(Rs. Mn)*
**(48.80)**
2024/25 Rs. (38.16) Mn
**YoY ▲ 27.2%**

**Net Assets**
*(Rs. Mn)*
**(33.58)**
2024/25 Rs. (37.32) Mn
**YoY ▲ 10.0%**

**Net Assets Per Share**
*(Post Sub-division)(Rs.)*
**(0.80)**
2024/25 Rs. (0.89)
**YoY ▲ 10.0%**

**Earnings/ (Loss) Share**
*(Post Sub-division)(Rs.)*
**0.09**
2024/25 Rs. (0.27)
**Earnings per share ▲ 134.8%**

**Market Value Per Share**
*(Rs.)*
**3,414.25**
2024/25 Rs. 275.00
**YoY ▲ 1141.5%**


ERNER HAUS

# We Earn Trust

*Because our licence to operate is the confidence of others*

## *Integrity Before Opportunity*

We transact as though the most sceptical minority shareholder were in the room. Every material arrangement — particularly those with related parties — is independently reviewed, benchmarked against the open market, and disclosed to the market on execution. Our licence to grow rests on the confidence of those who cannot see inside the boardroom, and we treat that confidence as capital to be earned continuously, never assumed.

## *Stewardship*

Our business is the care of assets and capital that belong to others — owners' buildings, tenants' operations, shareholders' funds. We measure ourselves by the value we return to those who entrust resources to us, and we structure our own rewards so that we earn only when they do.

02

# Leadership

# Chairman’s Message

On behalf of the Board of Directors, it is my privilege to present the Annual Report and Financial Statements of Kerner Haus Global Solutions PLC (KHGS) for the year ended 31 March 2026. In a history spanning more than six decades, this is the first report in which the Company presents itself under an entirely new identity and a new operating model.

## A Company Reinvented

The enterprise that shareholders knew as Ceylon Printers PLC — a commercial printer with roots reaching back to 1958 — has this year completed its reinvention. The foundation was laid in the prior year, when Ekta Global Pte Ltd acquired a controlling interest of 63.62% in November 2024 and set a new direction. The year under review is when that direction became a working business under the name Kerner Haus Global Solutions PLC (KHGS). Under the Kerner Haus brand, the Company now manages fully serviced office facilities for the international business-process and knowledge-process outsourcing industry that increasingly looks to Sri Lanka as a delivery destination. The transformation was neither cosmetic nor opportunistic. It was a deliberate decision to redeploy a listed platform of enduring value towards a market with room to grow.

## Operating Environment

The Company undertook this reposition as the national economy steadied. The stabilisation of the currency, the easing of interest rates and the gradual return of investor confidence created conditions in which a services-led enterprise could be built with reasonable prospects. Sri Lanka's ambition to establish itself as a regional outsourcing hub — an earner of foreign exchange and of skilled employment — is one to which this Company's model is directly aligned. The operating environment nonetheless remained demanding: the electricity tariff rose again in March 2026, and Cyclone Ditwah was a sober reminder that resilience is not a luxury. I am pleased to report that every property under our management continued to operate without material interruption.

## Performance for the Year

Against this backdrop the Group made measurable progress. Revenue rose by 194% to Rs. 6.19 million as the first management agreements began to contribute, and the Group narrowed its loss before tax by 37% to Rs. 7.1 Mn. These are early figures, and the Board presents them as such: they mark the beginning of a business rather than the maturity of one. What they represent — a contracted portfolio of 1,876 office seats assembled within a single year, from a standing start — is, in my view, the more telling measure of the year's work.

## Recapitalising for the Next Phase

Building the platform consumed capital, as the Board expected it would; the next essential step is to strengthen it. In June 2026, the Board announced a Rights Issue of one new share for every 4 shares held raising approximately Rs 420 million subject to the Colombo Stock Exchange approving in principle the issue and listing of the Ordinary Voting Shares and obtaining shareholder approval at a General Meeting to reinforce the Company's financial position and to fund the acquisition of real estate assets. This marks the transition from managing property on behalf of others to owning it — the point at which the Company begins to capture the full economic value of the demand it has demonstrated. The Board is satisfied that the terms are fair and reasonable to all shareholders, and we are grateful for the continued commitment of our majority shareholder, Ekta Global Pte Ltd, which has underwritten this journey.

## Looking Ahead

The year ahead is about building on this foundation. Proceeds from the proposed Rights Issue will be directed towards acquiring properties, allowing the Group to move progressively from a fee-based model to one that also captures rental and asset value. We will continue to pursue additional management agreements as the outsourcing sector's demand for serviced space grows, and to strengthen the operational disciplines — energy resilience, service quality and cost control — that this demanding environment requires. The Board will keep shareholders informed of progress through the Company's regular market disclosures.

## Governance and Board Oversight

A year of this intensity placed an exceptional load on the Board. A change of objectives, a related-party borrowing requiring shareholder approval by Special Resolution, four property management agreements, a share subdivision, the transfer to the Main Board of the Colombo Stock Exchange and the announcement of the proposed Rights Issue were each carried out with all required disclosures and governance in place. I thank my fellow Directors for the diligence and independence of mind they brought to that task, and the Related Party Transactions Review Committee in particular for the rigour with which it examined every transaction concluded with a related entity.

## Leadership Transition and Appreciation

I congratulate Mr Damitha Lakmal Jayawardana on his appointment as Chief Executive Officer with effect from 1 April 2026. Having guided the Company's finances as Chief Financial Officer throughout the transformation and served as acting Chief Executive in the months before his appointment, he takes up the role with a broad-based sound command of the business, and I look forward to the leadership he will bring to the next phase. Given that the Group remains in an investment and build-out phase, The Board has determined that it is prudent to retain earnings to fund the Company's growth. On behalf of the Board, I extend my sincere appreciation to our property partners, our tenants, our service partners and our regulators, and above all to our small and dedicated team, whose efforts turned an idea into an operating business. To our shareholders, I offer my appreciation for your confidence. The foundation has been laid with care; the year ahead is about building upon it.

**Sanjeev Edward Chittampalam Gardiner**
Chairman

# CEO's Review

I present my first review as Chief Executive Officer. Having served as Chief Financial Officer from the outset of the Company's transformation, and latterly as acting Chief Executive Officer, I have been fortunate to share in the work of building the enterprise described in these pages, rather than arriving as a newcomer to an inherited business. My formal appointment on 1 April 2026 marked a change of title more than of role. The year ended 31 March 2026 was, above all, a year of construction — of a brand, a model, a portfolio and a platform — and my task is to convert what has been built into durable, repeatable earnings.

## Our Business Proposition

Kerner Haus occupies a position between two industries that Sri Lanka has historically served separately: commercial real estate and business support services. Our proposition joins them. An international firm establishing a delivery centre here does not want a lease; it wants a functioning operation — seats that are powered, connected, secured and serviced, ready in weeks rather than quarters. We create value by converting under-utilised commercial space into precisely that, and we price it not by the square foot but by the serviced seat.

## The Year in Operation

During the year we executed this model in its asset-light form, under Property Management Agreements in which the Company markets a property, sources and contracts its tenants, and manages the facility on the owner's behalf in return for a share of the rentals collected. Four such agreements were concluded, bringing 1,876 seats of capacity under the Kerner Haus brand. The market's response validated the proposition: our Nawam Mawatha property reached full occupancy in approximately two months, while Mount Lavinia — a 700-seat asset requiring anchor tenants rather than fragmented lettings — reached roughly 40% within four months. Two further properties are under construction oversight.

## Financial Performance

Financially, the year reflects a business in its investment phase. Revenue grew by 194% to Rs. 6.2 Mn as the first agreements began to contribute in the closing quarter. Administrative expenses of Rs. 12.2 Mn were incurred substantially to build the listed-company platform, the governance framework and the origination capability on which the business now rests — costs that establish capacity rather than recur with it. The Group narrowed its loss before tax by 37% to Rs. 7.1 Mn, and, importantly, our cash position strengthened to Rs. 2.5 Mn. I will not present these figures as more than they are. They are the opening entries of a business whose scale lies ahead of it, not behind.

## A Lean Operating Model

None of this was achieved through weight of headcount. The Company is lean by design, retaining in-house only the work that defines its strategy, capital, origination, letting, client relationships and property oversight and procuring specialist functions from partners. That a transformation of this magnitude was conceived and delivered by a small core team is a genuine achievement, and I record my appreciation to every member of it, and to the Board, whose depth of experience carried an extraordinary governance agenda.

## The Year Ahead

The year ahead turns the model on its axis. The Rights Issue announced in June 2026 will strengthen the balance sheet and fund the acquisition of properties onto the Company's own account. This asset-heavy phase, expected to commence in the second half of 2026/27, is where the economics change — where a management fee on another party's rental becomes the full rental on our own asset. We will approach it with discipline, acquiring selectively against criteria of location, resilience and demonstrated demand, rather than for the sake of scale alone.

## Priorities for 2026/27

Our priorities for 2026/27 are clear: to deploy the Rights Issue proceeds prudently; to convert contracted seats into collected, recurring revenue; to complete the executive team and reduce key-person dependency; and to begin reporting the operating metrics — occupancy, seat pricing and tenant retention — by which a business of this kind should properly be judged.

## In Closing

We have built the instrument; the work now is to play it well. I thank our shareholders, tenants, partners and regulators for their confidence, and I look forward to reporting on our progress in the year to come.

Damitha

**Damitha Lakmal Jayawardana**
Chief Executive Officer

# Board of Directors

## Sanjeev Gardiner

**Chairman**
**Independent Non-Executive Director**

**Appointed to the Board**

10 January 2025

**Board Committees**

Board Nominations and Governance Committee and Board Remuneration Committee

**Area of Expertise**

Business Management, Governance, Banking and Finance

Mr. Sanjeev Gardiner is the Chairman of The Gardiner Group and Group Chairman of the Galle Face Group, with extensive interests spanning the leisure, hospitality, real estate and investment sectors. The Group owns and manages a diverse portfolio of businesses, including the iconic Galle Face Hotel, one of Asia's oldest hotels established in 1864, together with hospitality and leisure assets across Sri Lanka and investments in the Maldives.

He is also the Chairman and majority shareholder of Ceylon Hotels Corporation PLC, one of Sri Lanka's leading hotel groups, comprising a portfolio of 18 properties operated through its subsidiaries. In addition, Mr. Gardiner serves on the Boards of several public listed and private companies, bringing extensive expertise in corporate leadership, strategic planning, investment management and business development.

With over 30 years of management experience, Mr. Gardiner has played a pivotal role in the growth and diversification of the businesses under his leadership. He holds a Bachelor's Degree in Business from the Royal Melbourne Institute of Technology (RMIT), Australia, and a Bachelor's Degree in Business (Banking and Finance) from Monash University, Australia.

Beyond his corporate responsibilities, Mr. Gardiner is actively involved in philanthropic and community development initiatives. He serves as the Lay Trustee of the Sir Chittampalam A. Gardiner Trust, which supports educational and charitable causes across Sri Lanka, and is a life member and patron of several leading charitable organizations dedicated to education, healthcare and social welfare.

## Indrajith Fernando

**Independent Non-Executive Director**

**Appointed to the Board**

10 January 2025

**Board Committees**

Board Audit Committee (Chairperson), Board Nominations and Governance Committee (Chairperson) and Board Remuneration Committee (Chairperson)

**Area of Expertise**

Accounting, Auditing and Finance

Mr. Indrajith Fernando is a distinguished accounting and finance professional with over 40 years of extensive experience spanning the corporate sector and professional practice. He has held several prestigious leadership positions, including President of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Member of the Developing Nations Committee of the International Federation of Accountants (IFAC), President of the South Asian Federation of Accountants (SAFA) and Advisor and Chairman of various SAFA Committees.

Mr. Fernando is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and the Chartered Institute of Management Accountants, UK (FCMA, CIMA). He holds a Master of Business Administration (MBA) from the University of Southern Queensland, Australia, and is also a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka (FCMA) and a Senior Member of CPA Maldives. He serves as a Chartered Institute of Securities Investments (CISI) Advisory Committee member in Sri Lanka.

He serves as an Independent Non-Executive Director of the Board of Lanka Rating Agency Limited, The Kandy Hotels Company (1938) PLC and Hatton Plantations PLC and acts as the Chairman of Audit and Risk Management Committees of listed entities. He is a Director of Strategic Insurance Brokers (Pvt) Ltd, Beyond Wealth (Pvt) Ltd and Global Connect Partners (Pvt) Ltd.

## Dinesh Weerakkody

**Independent Non-Executive Director**

**Appointed to the Board**

10 January 2025

**Board Committees**

Related Party Transactions Review Committee (Chairperson) and Board Nominations and Governance Committee.

**Area of Expertise**

Management accounting, Financial Planning and Strategic decision-making, Banking and Finance, Governance, Human Resources Management

Mr. Dinesh Weerakkody is a distinguished corporate leader with extensive experience in banking, corporate governance and public policy. He currently serves as Chairman of Union Bank of Colombo PLC and the Sri Lanka Institute of Directors. He is the former Chairman of the Employers' Federation of Ceylon and has previously served as Chairman of Hatton National Bank PLC and Commercial Bank of Ceylon PLC and as a Director of DFCC Bank PLC.

He has held several key public sector positions, including Advisor on Treasury Affairs to the President (2022–2024), Chairman of the Colombo Port City Economic Commission and Chairman of the Board of Investment of Sri Lanka. He has also served as Chairman of the Employees' Trust Fund Board, the National Human Resource Development Council of Sri Lanka and the International Chamber of Commerce Sri Lanka.

Mr. Weerakkody holds an MBA from the University of Leicester, UK and is a Fellow Member of the Chartered Institute of Management Accountants (UK) and the Institute of Certified Management Accountants of Sri Lanka. He is also a Professional Member of the Singapore Human Resource Institute and holds an Honorary Doctorate from the American National Business University, USA. He has undertaken executive training in economics, finance, human resources and management at leading institutions in the UK, USA, France, Japan, Singapore and India.

## Sarrani Arseculeratne

**Independent Non-Executive Director**

**Appointed to the Board**

10 January 2025

**Board Committees**

Board Audit Committee, Board Remuneration Committee, Related Party Transactions Review Committee

**Area of Expertise**

Economics, International Business and Commercial Law

Ms. Sarrani Arseculeratne is a seasoned finance professional with expertise in financial services, corporate governance, and strategic advisory. She has led high-impact projects and advised organizations at board and executive levels, combining strategic insight with strong execution capability.

Her career spans roles with the Asian Development Bank, where she contributed to fiscal reform initiatives in collaboration with Sri Lanka's Ministry of Finance, and international experience in Melbourne with General Electric. She went on to serve as General Manager and Director of multiple companies within the Tissa Jinesena Group, a diversified conglomerate with interests in manufacturing, training, welfare, and real estate.

Currently a Director at Capital City Advisory (CCA), she plays a key role in delivering integrated and results-driven advisory solutions. Sarrani holds a BA in Economics (University of Melbourne) and an LLM in International Business and Commercial Law (University of West London)

## Niro Cooke

**Non-Independent Non-Executive Director**

**Appointed to the Board**

10 January 2025

**Board Committees**

Board Remuneration Committee

**Area of Expertise**

International Business

Mr. Niro  Cooke is a Sri Lankan–British business leader with nearly two decades of experience in infrastructure, energy, private equity, and cross-border investment advisory. He currently serves as an Executive Board Director of the Commonwealth Enterprise and Investment Council (CWEIC) and Chair of its Sri Lanka Hub, where he promotes trade, investment, and strategic partnerships across the Commonwealth.

He is a Senior Advisor to Singapore-based Plus94, a private equity investment advisory firm focused on unlocking value across Sri Lanka's emerging sectors. He also serves as a Senior Advisor to LPO Solutions, a technology-enabled legal process outsourcing venture established during Sri Lanka's economic crisis to deliver legal services to global markets.

Mr. Cooke played a key role in introducing the UK's Quintessentially Group to Sri Lanka and the Maldives and subsequently led its expansion into Malaysia, contributing to the development of luxury tourism and premium service industries in the region.

He holds a Bachelor of Arts (Honours) in International Business from Regent's Business School London and is a Graduate Member of the Sri Lanka Institute of Directors (SLID). Mr. Cooke brings extensive international business expertise, strategic leadership, and investment advisory experience to the Board, with a strong commitment to advancing Sri Lanka's competitiveness and integration into regional and global value chains.

## Dinusha Herath

**Non- Independent Non-Executive Director**

### Appointed to the Board

10 January 2025

### Board Committees

Board Remuneration Committee

### Area of Expertise

Business Management, Business Process Outsourcing and Knowledge Process Outsourcing

Ms. Dinusha Herath is a highly accomplished business leader and corporate strategist with more than 27 years of experience spanning in banking, financial services, technology, outsourcing, healthcare revenue cycle management, investment management, international business development, business transformation, organizational development, risk management and corporate governance across Sri Lanka, Singapore and international markets.

She began her career with ANZ Bank before joining Standard Chartered Bank, where she spent over 20 years in progressively senior leadership roles, including Operations and Services Manager — overseeing critical banking operations, service delivery, customer experience, risk management, and operational excellence. Building on this foundation. She transitioned into board and executive leadership roles across technology, healthcare, business services, investment, and professional services, contributing to business growth, corporate governance, strategic planning, organizational development, and regional expansion.

She currently holds directorships and leadership positions across the organizations such as NorthLark (Pvt) Ltd, Kerner Norland (Pvt) Ltd, HealthRecon Connect (Pvt) Ltd, ShoreTree Holdings Pte Ltd, HRC Technology Solutions Holdings Pte Ltd, HRC SG Holdings Pte Ltd and FBC Asia Pacific Lanka (Pvt) Ltd. She is widely recognized for her ability to build high-performing teams, strengthen governance frameworks, and drive sustainable business growth, with a strong focus on technology, healthcare services, outsourcing, investment management, and business solutions across Sri Lanka and international markets.

## Jason Yatawara
**Non-Independent Non-Executive Director**

**Appointed to the Board**
10 January 2025

**Board Committees**
Board Audit Committee and Board Nominations and Governance Committee

**Area of Expertise**
Management accounting, financial planning and strategic decision-making

Mr. Jason Yatawara is the Vice President of Plus94, a private equity advisory firm specializing in technology transactions, leading cross-border M&A and strategy for the firm and its clients.

Recent transactions include the acquisition of an Australian systems integrator - where he continues to guide strategy and growth planning, and an Indian technology firm raising growth capital to scale its pan-India presence.

Jason holds a globally-ranked qualification from the Chartered Institute of Management Accountants (CIMA) with over nine years of experience across corporate and project finance. He has led project finance initiatives across real estate, infrastructure, and energy with one of Sri Lanka's largest privately held conglomerates, and earlier executed a strategic brand acquisition for a U.S. growth-stage e-commerce company.

This combination of real estate finance, acquisition execution, and capital strategy lends itself naturally to the Board's stewardship of the Company's growth agenda.

## Sandamali Chandrasekera

**Independent Non-Executive Director**

**Appointed to the Board**

10 January 2025

**Board Committees**

Related Party Transactions Review Committee

**Area of Expertise**

Legal and Corporate Governance

Ms. Sandamali Chandrasekera is an Attorney-at-Law and accomplished strategic leader with over 20 years of experience in legal practice, corporate governance, investment structuring, public sector engagement, and commercial strategy. She possesses a distinguished track record in advising and leading complex commercial, regulatory, and institutional initiatives across both the private and public sectors.

She presently functions as the Chief Operating Officer of Praxis Magnus Strategies, while continuing her longstanding practice as an Attorney-at-Law. She serves as an Independent Non-Executive Director of Janashakthi Finance PLC, where she contributes strategic oversight in the areas of governance, risk management, regulatory compliance, and financial stewardship.

Ms. Chandrasekera served as Director – Corporate Affairs & Legal at The Capital Maharaja Organization Limited, where she was involved in foreign investment structuring, regulatory advisory, commercial negotiations and corporate governance. She also served as Chairperson of Lanka Sugar Company (Pvt) Ltd, providing strategic leadership in financial and operational transformation, revenue generation, sectoral reform and stakeholder engagement.

As a practicing Attorney-at-Law for over two decades, Ms. Chandrasekera has advised corporates, institutions, and public sector entities on commercial law, constitutional law, governance, compliance, restructuring, policy reform, and complex litigation matters. She has represented clients in superior courts on matters involving regulatory frameworks, statutory interpretation, and institutional governance.

She holds a Master of Laws (LL.M.) in Public Law from the University of Colombo and is also a Registered Company Secretary and Notary Public.

# Management Team

**Damitha Lakmal Jayawardana**
**Chief Executive Officer**

Mr Damitha Jayawardana is a finance and corporate leader with over 21 years of professional experience in auditing, accounting, and business management. His career began in audit, where he spent five years building a solid foundation in financial oversight before moving into corporate finance. For more than 15 years—14 of which have been in managerial roles—he has driven operational efficiency, strengthened governance frameworks, and supported sustainable business growth across multiple industries.

He currently serves as a Director of several leading companies in Sri Lanka. In these roles, he has successfully led organisational change initiatives, optimised processes, and delivered measurable improvements in profitability and performance. His expertise spans financial management, cost control, internal controls, and business transformation.

Mr Jayawardana is a member of the Institute of Chartered Accountants of Sri Lanka and holds an MBA, along with membership in CMA Australia. Combining entrepreneurial leadership with strong planning, communication, and problemsolving skills, he continues to play a key role in aligning strategic vision with execution and driving the company's long-term success.

**Maheshika Bandara**
**Chief Financial Officer**

**Maryam Mohideen**
**Finance Manager**

**Waruni Shironika**
**Company Secretary**

**Meena Chokkalingam**
**Head of Sales**

**Vehan Sureshchandra**
**Sales Coordinator**

# We Deliver At Pace

*Because a functioning operation, not a lease, is our product*

### *Speed with Discipline*

We deliver functioning operations in weeks, not quarters, because that is the promise on which our clients build their own commitments. But pace never outruns process: every commitment is contracted, every property specified to standard, and every forecast conditioned on evidence rather than ambition.

### *Excellence in Every Seat*

A seat is our unit of value, and every one must be powered, connected, secured and serviced to the standard an international occupier demands on day one. We hold ourselves to global BPO/KPO-grade specification in a Sri Lankan cost environment, because that combination is the reason clients choose this country and this company.

03

# Management Discussion & Analysis

# Value Creation Model

Kerner Haus Global Solutions PLC (KHGS) occupies a niche market position between two industries that, in Sri Lanka, have historically been served separately:

- Commercial real estate
- Business support services

Our proposition is that these should not be separate. An international BPO, KPO or SME establishing an offshore centre in Sri Lanka does not want a lease — it wants a functioning operation. It wants seats that are powered, connected, secured and staffed, with payroll running, statutory filings made and IT infrastructure supported, on a timeline measured in weeks rather than quarters. KHGS creates value by converting under-utilised or under-specified commercial property into that functioning operation.

During the year under review the Group executed this model in its asset-light form under a Property Management Agreement ("PMA"). It markets the property, sources and contracts tenants, and manages the facility and its services on behalf of the owner. KHGS earns a percentage of the gross rentals collected as a property management fee.

The asset-heavy phase, in which the Group acquires and develops properties on its own balance sheet and captures the full economic rent, is expected to commence during the second half of the financial year 2026/2027 with the proceeds of the Rights Issue announced on 2 June 2026.

## Activity Into Value Under Asset Light Model

The management fee is calculated as a percentage of the gross rentals collected from tenants. The signing of a PMA creates capacity. KHGS performs the advertising, tenant sourcing and property management.

The Group's strategy explicitly sequences these: prove the letting and management competence at low capital risk, then deploy shareholder capital against demonstrated demand. The Rights Issue announced after the year end is the hinge between the two phases.

## Value Trade-Offs

Financial capital was consumed to build intellectual and social capital. The Group recorded a loss before tax of Rs. 7.1 Mn while generating Rs. 6.2 Mn of revenue. Administrative expenses of Rs. 12.2 Mn were incurred substantially to establish a listed-company platform, a governance structure and an origination capability for a business that had not previously existed.

All four properties brought under management during the year were contracted with entities related to the Group. This delivered a contracted portfolio of 1,876 seats within the last 2 quarters. These transactions also place a corresponding obligation on the Related Party Transactions Review Committee to be explicit about the terms, the review process and the pricing basis. That disclosure is set out in pages 206 to 208.

Growth ambition is constrained by balance sheet capacity. Total equity at 31 March 2026 was negative Rs. 33.6 Mn. The Group's ability to acquire property and obtain loans from banks is limited until this position is remedied. The Rights Issue is the Board's response, and its execution is the single most consequential item on the Company's near-term agenda.

# Inputs — The Capitals

| Capital | What we drew on during 2025/26 |
|---|---|
| **Financial** | Stated capital of Rs. 30.36 Mn; a Rs. 10.0 Mn shareholder loan facility from Ekta Global Pte Ltd, fully drawn by 9 March 2026; opening cash of Rs. 0.15 Mn |
| **Manufactured** | Four commercial properties under property management contract with an aggregate designed capacity of approximately 1,876 seats, of which 1,000 seats were operational at year end; property, plant and equipment of Rs. 0.23 Mn |
| **Intellectual** | The Kerner Haus brand and website; the seat-based commercial model and its underlying financial architecture; operating standards for BPO/KPO-grade facilities; the Group's listed status and 68-year corporate history |
| **Human** | A deliberately lean executive team supported by an eight-member Board, four Board sub-committees, and specialist advisory input from the Ekta Global / ShoreTree ecosystem |
| **Social & Relationship** | Property owner relationships across four sites; a curated network of service delivery partners; 807 shareholders; regulators, bankers and auditors |
| **Natural** | Grid electricity, standby generation, water and the embodied carbon of existing building stock — the adaptive reuse of which is itself a resource-conservation decision |

# Business Activities

Our activities during the year clustered into four repeatable processes:

1. **Origination.** Identifying commercial properties whose location, floor plan and services capacity suit BPO/KPO occupation, and negotiating management or, in future, acquisition terms with owners. Four PMAs were originated within the last two quarters.
2. **Specification and readiness.** Assessing and, where required, directing the fit-out of properties to the technical standard our clients require: resilient power with full standby generation, redundant high-speed connectivity, physical access control, and ergonomic, professionally designed workspace.
3. **Tenanting.** Marketing the seats, qualifying prospective occupiers, negotiating leases and managing the move-in. Under the PMA structure this marketing and letting function is performed by KHGS, and is the activity that directly drives our fee.
4. **Facility and service management.** Running the building — utilities, internet, maintenance, security, cleaning — and providing access to the integrated services ecosystem: finance and accounting, legal and compliance, IT, HR and talent acquisition, and digital marketing and design.

## Outputs

- **1,876 seats** of contracted, designed capacity across four premium locations in Colombo, Mount Lavinia and Kandy.
- **1,000 seats** operational and available for occupation at 31 March 2026.
- **Approximately 580 seats occupied** at 31 March 2026 — full occupancy at Nawam Mawatha from December 2025, and approximately 40% occupancy at the Mount Lavinia property.
- **Rs. 6.19 Mn** of property management fee revenue, the Company's first revenue under the new model.

| Capital | What we drew on during 2025/26 |
|---|---|
| Shareholders | Profit attributable to owners increased by 135% to Rs. 3.7 Mn; profit/(loss) per share improved from Rs. (0.26) to Rs. 0.09 (post-subdivision basis); the share price closed the year at Rs. 3,414.25 against Rs. 275.00 a year earlier; the Company was transferred to the Main Board of the CSE with effect from 15 April 2026 |
| Clients/ Tenants | Move-in ready, fully serviced seats in prime locations, available without capital expenditure or operational burden |
| Property Owners | Professional management, tenanting and a revenue stream from assets that in several cases were newly completed or under-utilised |
| Employees | The business has since been rebuilt and run by a small, deliberately lean management team, with broad responsibility and exposure to a new sector |
| Government & Regulators | Statutory compliance maintained throughout a change of objectives, name, business and board; contribution to the national objective of positioning Sri Lanka as a services and outsourcing destination |
| Community & Environment | Adaptive reuse of existing building stock rather than new construction; concentration of employment in transit-accessible locations |

# Operating Environment

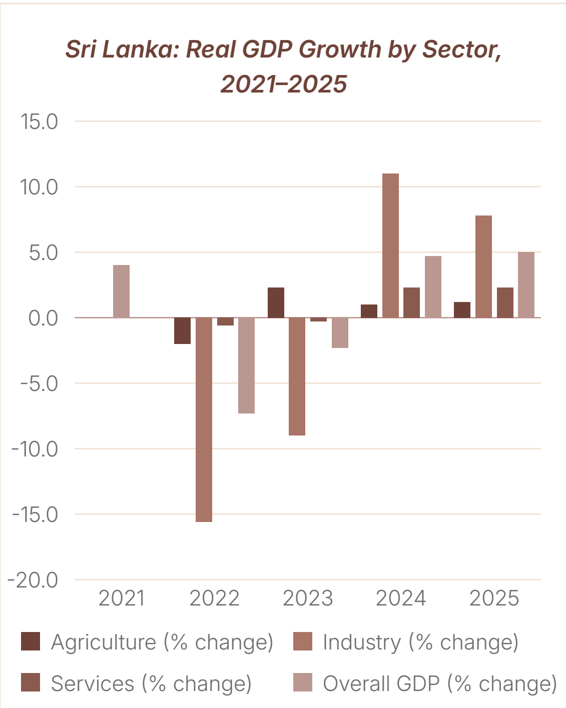
The Group commenced its new business into an economy that was, by the standards of the preceding four years, unusually stable and into a real estate market that was, by the standards of the preceding decade, unusually cheap. That combination is the premise of the KHGS investment case.

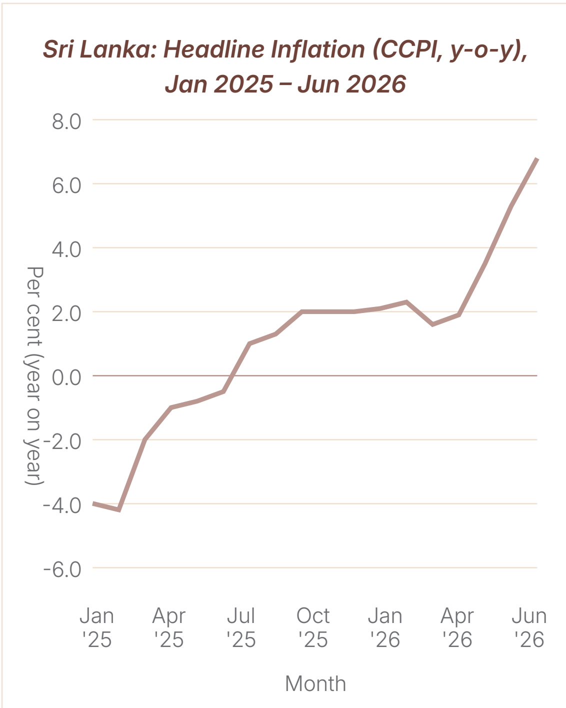
## Global Outlook

Across the year, the global economy proved resilient in the face of higher trade barriers and elevated uncertainty, before the outbreak of war in the Middle East emerged as a major test. The IMF's April 2026 World Economic Outlook, Global Economy in the Shadow of War, projects global growth slowing to 3.1% in 2026 and 3.2% in 2027, assuming the conflict remains limited in duration and scope, with headline inflation rising modestly in 2026 before resuming its decline in 2027, and both the growth slowdown and the inflation pick-up expected to be more pronounced in emerging market and developing economies. Downside risks dominate a broader conflict, deeper geopolitical fragmentation, a reassessment of AI-driven productivity expectations, or renewed trade tensions.
In this environment, emerging economies like Sri Lanka must remain agile in navigating global trade, investment flows, and financial conditions.

## Sri Lankan Macroeconomy

Sri Lanka's economy recorded real growth of 5.0% in calendar 2025, matching the previous years of expansion following the contraction of the crisis years. Nominal GDP reached approximately Rs. 32,750.8 Bn in 2025, up from Rs. 30,095.8 Bn in 2024, and according to the Central Bank of Sri Lanka, GDP per capita rose to USD 5,003 from USD 4,546 in 2024.
Growth was broad-based across agriculture, industry and services, supported by recovering domestic demand and rising gross fixed capital formation.



The external sector was the principal source of strength. Workers' remittances were the stand out performer, rising 17.5% year on year in March 2026 and 26.5% cumulatively over the first quarter, providing an important buffer to the balance of payments. The external current account recorded a surplus of US$531 Mn over the first quarter of 2026. Gross official reserves, including the swap facility with the People's Bank of China, stood at US$7.0 Bn at 31 March 2026, having eased from US$7.3 Bn a month earlier as external debt service payments were met. Fiscal performance remained disciplined, with a primary surplus under the revenue-based consolidation programme agreed with the International Monetary Fund.

Inflation, having spent much of 2025 in deflationary territory, turned positive from August 2025. Headline inflation measured by the Colombo Consumer Price Index was 2.1% in December 2025, 2.3% in January 2026, 1.6% in February 2026 and 2.2% in March 2026 — comfortably below the Central Bank's 5% target throughout the Group's financial year.

Against this backdrop the Central Bank of Sri Lanka maintained the Overnight Policy Rate at 7.75% across every monetary policy review falling within the financial year, including the reviews of 28 January 2026 and 25 March 2026. Lending rates accordingly remained at levels not seen since before the crisis, and private sector credit expanded steadily.

The Average Weighted Prime Lending Rate declined from 8.35% at the end of May 2025 to a low of 7.97% in August, before reversing over the final months of the year to reach 9.07% by the end of December 2025 and 9.86% in March 2026.

On 26 May 2026, the Central Bank increased the OPR by 100 basis points to 8.75%, citing elevated inflation of 5.4% (y-o-y) in April 2026.

The Sri Lanka rupee opened the financial year at approximately Rs. 296 against the US dollar and closed at approximately Rs. 312, representing depreciation of around 5% over the twelve months to 31 March 2026.

The Colombo Stock Exchange delivered strong returns over the period. The All Share Price Index gained 42% during calendar year 2025, to close the year at 22,624.31, while market capitalisation increased by 41.67% to Rs. 8.07 trillion. The index continued to advance into the new year, before retreating and stood  at 21,066.18 end of March 2026.

## Two Shocks – Cyclone Ditwah and the Middle East Conflict

Two exogenous events materially altered the operating environment, one within the financial year and one straddling its close.

**Cyclone Ditwah** made landfall in late November 2025, causing severe flooding, infrastructure damage and agricultural loss. The Government's Post-Disaster Needs Assessment, published in March 2026 with the support of the World Bank, the European Union, the United Nations and the Asian Development Bank, estimated verified physical damages at USD 2.0 Bn and economic losses at USD 1.4 Bn. The event disrupted supply chains, drove food price pressure into December, and caused a deferral of scheduled IMF programme reviews. Notwithstanding this, annual growth held at 5.0%, and leading indicators pointed to a strong reconstruction-led recovery in early 2026.

People navigate a flooded street. *Photo by Samithu Siriwardana*

The Group's properties sustained no material damage and no interruption to tenant operations was reported. The event is nonetheless significant. It is the clearest available evidence that physical climate risk is a live commercial risk for a business whose entire asset base is buildings.

The escalation of conflict in the Middle East from around March 2026 transmitted to Sri Lanka through the energy channel. Global petroleum prices rose sharply; because Sri Lanka imports the whole of its fuel requirement, domestic energy prices were adjusted upward, with household electricity tariffs rising and fuel prices increasing materially. The effects became fully visible only after the Group's year end:

- Headline inflation accelerated from 2.2% in March 2026 to 5.4% in April 2026, exceeding the Central Bank's target.
- The rupee, broadly stable in early 2026, depreciated by steeply between early March and late May 2026.
- On 26 May 2026 the Central Bank raised the Overnight Policy Rate by 100 basis points to 8.75%
- The Government introduced fuel rationing, higher electricity tariffs and selected import restrictions.

These developments post-date the reporting period and have no effect on the reported results. They are directly relevant to the forward-looking sections where the company acquires and manages the properties. Higher electricity tariffs raise the cost of operating a seat; a higher policy rate raises the cost of the debt component. The assessment of the net effect, and the mitigating actions taken, is set out under it's Strategies in pages 69 to 70.

*Macroeconomic data in this section is drawn from the following published sources: the Central Bank of Sri Lanka Annual Economic Review 2025 (published 20 April 2026); National Accounts Estimates of the Department of Census and Statistics for calendar year 2025 and the first quarter of 2026; the Central Bank's monthly External Sector Performance releases and Monetary Policy Reviews; the Ministry of Finance Final Budget Position Report 2025.*

# Outsourcing Market Analysis

The global business process outsourcing market was valued at USD 328.4 Bn in 2025 and is forecast to reach USD 358.6 Bn in 2026, growing at a compound annual rate of 9.9% to USD 695.8 Bn by 2033. Asia-Pacific is the fastest-growing region.

Two regional benchmarks illustrate the point. India's Global Capability Centre sector is projected to generate USD 98.4 Bn of revenue in FY2026 across 2,117 centres employing some 2.36 Mn people. The Philippines' IT-BPM industry recorded approximately USD 40 Bn in export revenue and 1.9 Mn jobs in 2025. Neither scaled on talent alone. Both were built on delivery infrastructure — telecommunications, power, and above all serviced commercial property capable of taking a client from decision to live operation in weeks.

On balance, the market is growing faster than Sri Lanka's supply of ready delivery space, and the constraint on the country's outsourcing ambition is increasingly infrastructural rather than demographic.

# Stakeholder Engagement

## Our Approach

A company that changes its name, its objectives, its board, its business and its revenue model within a single financial year owes its stakeholders an unusual amount of explanation. Stakeholder engagement during 2025/26 was accordingly less a routine programme than a continuous exercise in obtaining consent, maintaining confidence and re-establishing relevance.

The Company's approach rests on three principles:

- that engagement precedes decision rather than following it;
- that the CSE announcement platform is the primary and non-preferential channel for price-sensitive information;
- that where a stakeholder group is also a related party, disclosures were made.

## Identification and Prioritisation

Stakeholders are identified by reference to two tests — the degree to which the Group's activities affect them, and the degree to which they can affect the Group's ability to create value.
The grid below maps each group against those two tests — the power it holds over the Group's ability to create value, and the intensity of its interest in the Group's activities — and the engagement posture that follows.

| | LOW INTEREST | HIGH INTEREST |
|---|---|---|
| HIGH POWER | **Keep satisfied**<br>Government, Regulators and the Colombo Stock Exchange | **Manage closely**<br>Shareholders and Investors; Clients and Tenants; Property Owners |
| LOW POWER | **Monitor**<br>No material groups currently in this quadrant | **Keep informed**<br>Employees; Service Delivery and Business Partners |

# Stakeholder Groups, Engagement and Response

The table below summarises each stakeholder group, why it matters to the Group, the mechanisms through which engagement took place during 2025/26, the concerns raised, and the Group's response.

| Stakeholder | Why they matter | Engagement mechanism | Key concerns | Our response |
|---|---|---|---|---|
| Shareholders and Investors | The Group's transformation required shareholder approval by Special Resolution at every stage; the next phase requires shareholders to subscribe fresh capital. | Circular to shareholders dated 11 July 2025; EGMs of 4 August 2025 and 8 April 2026; four Section 8 corporate disclosures to the CSE on each Property Management Agreement; quarterly interim financial statements; Rights Issue announcement of 2 June 2026. | Whether the new business model would generate revenue on the timeline described; resolution of the historical going-concern qualification and legacy liability base; protection of minority interests in transactions with the majority shareholder and its affiliates. | All three Special Resolutions passed. Revenue commenced in October 2025, within the timeline indicated. The Rs. 10.0 Mn shareholder loan was drawn in two tranches (22 October 2025 and 9 March 2026) on terms — 11% per annum, five-year tenor, one-year grace period — reviewed by the Related Party Transactions Review Committee against quotes from three leading commercial banks. The Rights Issue is a pre-emptive one-for-four offer, preserving every shareholder's proportionate interest. |
| Clients and Tenants | They are the source of every rupee of gross rental against which the Group's management fee is calculated. | Direct marketing and letting activity by KHGS at each property; site visits and specification walkthroughs; lease negotiation; continuous facility management once occupied. | Speed to occupancy; reliability of power and connectivity; ability to scale seat count up or down without renegotiating a lease. | Nawam Mawatha was let to full occupancy within approximately two months of becoming operational. Every property is contracted on a fully serviced basis — utilities, internet, maintenance, security and support included — so occupiers commence operations without capital expenditure or operational burden. |
| Property Owners | Under the asset-light model the owner supplies the asset; KHGS supplies the demand and the management. | Negotiation of the four PMAs; ongoing reporting on letting progress, occupancy and collections; joint planning of fit-out and readiness timelines at the two properties under construction. | Owners of newly completed or under-let assets require a credible route to occupancy and a manager whose incentives are aligned with theirs. | The management fee is a percentage of gross rentals collected, aligning the Group's income directly with the owner's. Owners retain the property operating expense burden and, correspondingly, the majority economic share of the rent. |
| Employees | The Group's model is expertise-intensive and headcount-light; its output is a function of a small number of people. | Direct communication through a period of complete business change; role redefinition; performance discussion; statutory benefit administration. | Clarity on the future shape of the organisation and on individual role security through the transition from printing to property services. | A revised organisational design was developed alongside the Business Plan — a lean core team for strategy, origination, letting and client relationships, with specialist functions accessed through partners. Mr Damitha Lakmal Jayawardana was appointed Chief Executive Officer with effect from 1 April 2026. |

| Stakeholder | Why they matter | Engagement mechanism | Key concerns | Our response |
|---|---|---|---|---|
| Service Delivery and Business Partners | The integrated services layer — finance and accounting, legal and compliance, IT, HR, digital marketing — is delivered by partners, not by KHGS. The Group retains a margin; the partner delivers the work. | Partner selection; scoping of service catalogues; commercial negotiation of the revenue share. | Partners require volume visibility to commit capacity. | The contracted seat pipeline of 1,876 seats provides that visibility. The model assumes a percentage of services revenue is paid away to partners — a deliberate choice to buy capability rather than build it. |
| Government, Regulators and the Colombo Stock Exchange | The Group's licence to operate, and the integrity of its listed status, depend on them. | Special Resolutions under Sections 8(1), 185(1)(a), 185(2)(c) and 185(2)(d) of the Companies Act No. 07 of 2007; Registrar General approval for the change of name (14 June 2025); approval under CSE Listing Rule 9.14.6(1)(A)(i)(a) for the related party borrowing; four Section 8 disclosures; compliance with Listing Rule 7.13.1(a) minimum public holding under Option 5. | Timely, complete and non-selective disclosure; demonstrable independence in the review of related party transactions. | Every PMA was announced to the market on execution. The Related Party Transactions Review Committee, chaired by an Independent Non-Executive Director, reviewed the shareholder loan against external bank quotations before recommending it to the Board. Public holding stood at 27.39% across 802 public shareholders at 31 March 2026. |

# Engagement Outcomes at a Glance

| Stakeholder | Frequency of engagement | Principal channel | Key outcome in 2025/26 |
|---|---|---|---|
| Shareholders | Continuous; two EGMs | CSE announcements, circulars, EGMs | Change of objectives, name and borrowing approved unanimously by Special Resolution |
| Clients / tenants | Daily | Direct relationship management | Full occupancy at Nawam Mawatha; 40% at Mount Lavinia |
| Property owners | Continuous | Direct relationship management | Four PMAs executed; 1,876 seats contracted |
| Employees | Continuous | Direct line management | Organisational redesign; CEO appointed |
| Partners | Periodic | Commercial negotiation | Services ecosystem established |
| Regulators / CSE | Event-driven | Formal filings and disclosures | Transfer to Main Board effective 15 April 2026 |

## Looking Ahead

The engagement priority for 2026/27 is the Rights Issue. It requires the Company to explain, to a shareholder base that has just seen its shares appreciate more than twelvefold, why Rs. 420.1 Mn of fresh capital is the right use of their money at Rs. 40 per share. That explanation — the acquisition of strategic real estate assets, the acquisition of properties on a leasehold basis, and the strengthening of the balance sheet and liquidity position — will be set out fully in the Rights Issue circular and is summarised in the Section Strategy and resource allocation in pages 67 to 68.

# Material Topics

## Determining Materiality

Our materiality assessments enables us to identify areas that substantively affect the Group's ability to create, preserve or erode value over the short, medium and long term. Our determination process follows four steps:

**Identification**

A list of topics was compiled from the Business Plan, the risk register, the auditor's key audit matters, the matters raised at the Extraordinary General Meeting of 4 August 2025, and CSE Listing Rule disclosure obligations.

**Assessment**

Each topic is scored on two axes: significance of economic, environmental and social impact; and influence on stakeholder assessments and decisions.

**Prioritisation**

Topics are plotted and a materiality threshold applied by management.

**Validation**

The resulting list is reviewed and endorsed.

Because 2025/26 was the Group's first year of operation under a new business model, the materiality assessment was conducted from first principles rather than rolled forward.

# The Material Topics

Four topics that were identified to be material - occupancy and letting performance, related party governance, access to growth capital, and building climate resilience. They are ranked below in descending order of assessed materiality.

# Tier 1 — Determinative of Value

## 1. Access to Growth Capital and Balance Sheet Resilience

*Boundary: internal and external (shareholders, lenders, property owners). Capital affected: Financial.*

The Group closed the year with total equity of negative Rs. 33.6 Mn and current liabilities of Rs. 38.5 Mn against current assets of Rs. 4.2 Mn. Access to bank financing is restricted, as the Board disclosed to shareholders in the EGM circular of 11 July 2025, by the Group's negative equity position and the limited availability of tangible assets to offer as security. Every element of the growth strategy - property acquisition, leasehold acquisition, fit-out is contingent on remedying this.

**Response:**The Rs. 10.0 Mn shareholder loan facility, fully drawn; the announced Rights Issue of up to 10,502,975 shares at Rs. 40 per share, raising up to Rs. 420.1 Mn.

## 2. Occupancy and Letting Performance

*Boundary: internal and external (clients, property owners). Capitals affected: Financial, Manufactured, Social & Relationship.*

Revenue is a percentage of gross rentals collected. Occupancy is therefore not an operational metric — it is the revenue driver. At 31 March 2026 approximately 580 of 1,000 operational seats were occupied.

**Response:** In-house marketing and letting capability; seat-based contracting that lowers the commitment threshold for tenants; a fully serviced offer that shortens time to occupancy.

## 3. Delivery of the Contracted Development Pipeline

*Boundary: external (property owners, contractors). Capitals affected: Manufactured, Financial.*

Substantial amount of contracted annual management fees relate to the Kew Road and Katukale properties, which were under construction throughout the year and are expected to become available in October 2026 and January 2027 respectively. Delay defers revenue directly.

**Response:** Milestone-based monitoring with owners; conditioning of internal forecasts on stated availability dates rather than contractual dates.

## 4. Related Party Transaction Governance

*Boundary: internal and external (minority shareholders, regulators). Capitals affected: Social & Relationship, Intellectual, Financial.*

The four Property Management Agreements, the Rs. 10.0 Mn loan facility and substantially all revenue recognised in the fourth quarter were transacted with related entities. This is a structural feature of a group being rebuilt around a strategic shareholder's ecosystem, and it carries an equally structural governance obligation.

**Response:** Independent Related Party Transactions Review Committee; benchmarking of loan terms against three commercial bank quotations; shareholder approval by Special Resolution

# Tier 2 — Significant to Value

## 5. Going Concern and Legacy Liabilities

*Boundary: internal. Capital affected: Financial.*

The Company carried other loans and borrowings of Rs. 33.19 Mn at 31 March 2026, principally legacy director loans, and has historically received a going-concern emphasis from its auditors. Response: The Directors' assessment relies on the new Business Plan, the demonstrated commencement of revenue and the continuing financial support of the parent, Ekta Global Pte Ltd. The Rights Issue is intended to fund settlement of immediate liabilities other than legacy loans, and to place the Group on a self-sustaining footing.

## 6. Energy, Power Resilience and Operating Cost Inflation

*Boundary: internal and external (tenants, environment). Capitals affected: Natural, Financial, Manufactured.*

BPO/KPO occupation demands 100% standby generation and uninterrupted connectivity. It is energy-intensive by design. The increase in household electricity tariffs recorded in March 2026 and the subsequent energy-driven inflation spike illustrate the exposure.

**Response:** Under the PMA structure, property operating expenses including electricity are borne by the property owner and funded from the owner's share of gross rentals; for future owned assets, energy efficiency and load management are specified as fit-out design criteria.

## 7. Talent, Key Person Dependency and Organisational Capability

*Boundary: internal. Capitals affected: Human, Intellectual.*

The Group runs a deliberately lean executive team. The concentration of origination, client and market knowledge in a small number of individuals is the counterpart of that efficiency.

**Response:** Appointment of a Chief Executive Officer with effect from 1 April 2026; an eight-member Board with four sub-committees; documented operating standards; access to the Ekta Global and ShoreTree advisory bench.

## 8. Client Concentration and Counterparty Diversification

*Boundary: external. Capitals affected: Financial, Social & Relationship.*
Four properties, four counterparties, one economic ecosystem.

**Response:** Geographical diversification commenced with the Kandy property; counterparty diversification is an explicit objective of the acquisition programme funded by the Rights Issue.

# Tier 3 — Emerging and Monitored

## 9. Physical Climate Risk and Building Resilience

*Boundary: external. Capitals affected: Natural, Manufactured.*
Cyclone Ditwah caused physical damage within the reporting period. The Group’s assets sustained no material damage, but the event demonstrated that flood and storm exposure is a live underwriting question for Sri Lankan commercial property.

**Response:** Site-level flood and access screening incorporated into acquisition due diligence; standby power and water storage as standard specification.

## 10. Data Security, Privacy and Client Compliance Requirements

*Boundary: internal and external. Capitals affected: Intellectual, Social & Relationship.*

International BPO/KPO clients impose access control, CCTV retention, visitor management and, frequently, ISO 27001-compatible zoning requirements on their premises. These are a cost of entry and a source of pricing power.

**Response:** Physical security and access control form part of the standard specification at every managed property; formal information security certification is under evaluation as owned assets come on stream.

# Materiality Matrix

Influence on stakeholder decisions

| | |
|---|---|
| Going concern and legacy liabilities; talent and key person dependency. | Access to growth capital; occupancy and letting performance; delivery of the contracted pipeline; related party transaction governance. |
| Physical climate risk; data security and client compliance. | Energy and operating cost inflation; client concentration. |

Significance of impact

# Review of Business Operations

## The Year in Sequence

The group underwent a period of restructuring with the change of ownership and management. The operational history of the year is best understood chronologically, because the revenue reported in the financial statements is a direct arithmetic consequence of the dates below.

### 2025

| | |
|---|---|
| **14 Jun** | Prior written approval of the Registrar General of Companies received for the change of name |
| **11 Jul** | Circular to shareholders issued convening the Extraordinary General Meeting |
| **4 Aug** | EGM approves, by Special Resolution: change of objectives; change of name to Kerner Haus Global Solutions PLC; borrowing of Rs. 10,000,000 from Ekta Global Pte Ltd |
| **28 Aug** | Business Plan approved by the Board |
| **October** | **Nature of operations formally changed; the Company commences business as a property manager and integrated services provider** |
| **22 Oct** | First tranche of Rs. 5 Mn received under the shareholder loan facility |
| **25 Nov** | First Property Management Agreement announced — Nawam Mawatha, Colombo 02, with VKM Services (Pvt) Ltd; approximately 300 seats |
| **December** | Nawam Mawatha achieves full occupancy |
| **3 Dec** | Second Property Management Agreement announced — No. 73, Templers Road, Mount Lavinia, with Kerner Haus 1705 (Pvt) Ltd; approximately 700 seats |

### 2026

| | |
|---|---|
| **12 Jan** | Third Property Management Agreement announced — Kew Road, Slave Island, Colombo 02, with Kerner Haus 2203 (Pvt) Ltd, effective 1 February 2026; approximately 440 seats |
| **21 Jan** | Fourth Property Management Agreement announced — Katukale, Kandy, with RKS 17 Holdings (Pvt) Ltd, effective 1 February 2026; approximately 436 seats |
| **9 Mar** | Second tranche of Rs. 5 Mn received under the shareholder loan facility |

## 2026

| | |
|---|---|
| **31 Mar** | Year end. Mount Lavinia at approximately 40% occupancy; Kew Road and Katukale under construction |
| **8 Apr** | EGM approves subdivision of each ordinary voting share into seventy shares; 42,011,900 shares in issue |
| **15 Apr** | Company transferred to the Main Board of the CSE |
| **2 Jun** | Rights Issue announced — up to 10,502,975 shares at Rs. 40 each on a 1:4 basis |

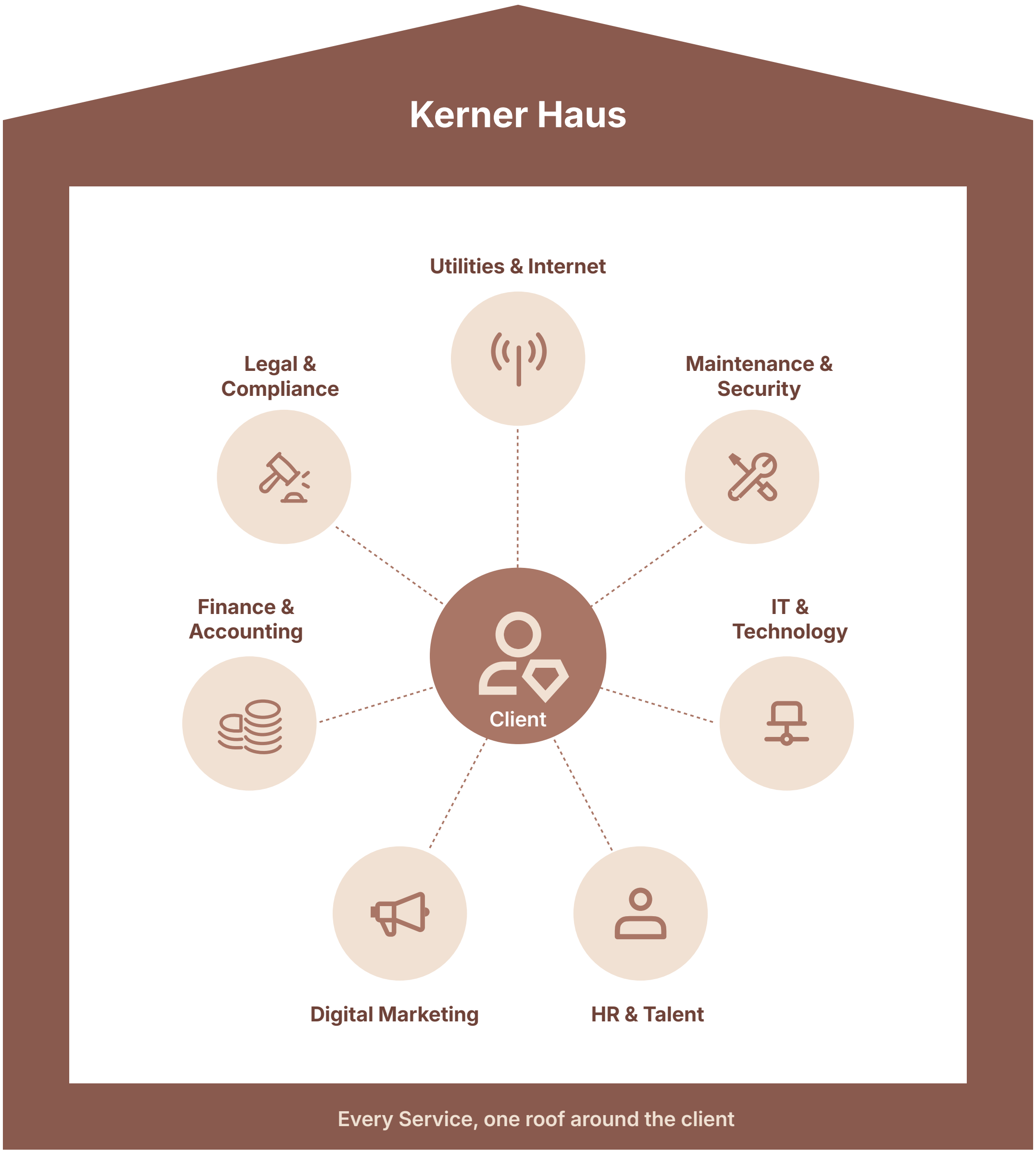
*The Company therefore operated its new business for approximately six months of the twelve-month period.*

# The Property Management Model

Under each PMA the Company:

- **markets the property** and generates enquiries from prospective occupiers;
- **sources and qualifies tenants**, negotiates leases and executes the letting;
- **manages the property** as a fully serviced office facility under the Kerner Haus brand, providing utilities, internet, maintenance, security and comprehensive support services including finance and accounting (bookkeeping, payroll, tax support, virtual CFO); legal and compliance (document review, corporate secretarial, AML/KYC); IT and technology (24/7 helpdesk, cloud, cybersecurity monitoring); human resources and talent acquisition; and digital marketing; and
- **charges a percentage of the gross rentals** received as the property management fee.

The Company does not own or lease the buildings and, crucially, does not bear the property operating expenses, which are met by the owner from the owner's share of gross rentals.



# The Managed Portfolio

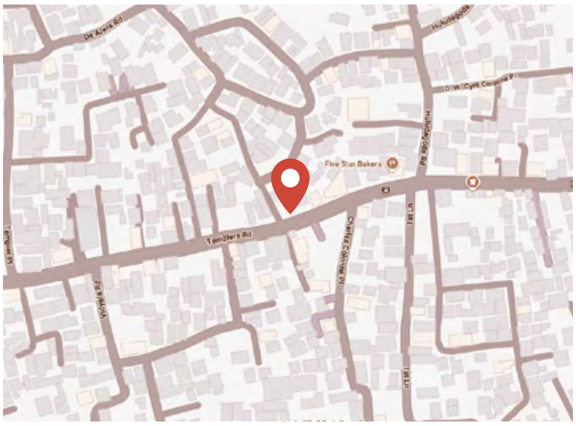
## Nawam Mawatha, Colombo 02

Located at No. 46/10, Nawam Mawatha, in Colombo's financial district, this approximately 300-seat facility is the Group's proof of concept. It is surrounded by leading banks, financial institutions and corporate offices, is well served by major transport routes, and is positioned squarely at BPO, KPO and international SME occupiers seeking premium space in the central business district.
The property achieved full occupancy in December 2025, within approximately two months of becoming operational.



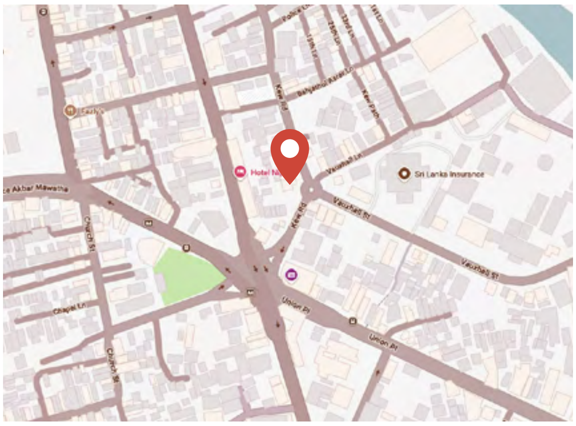
## Mount Lavinia

Located at No. 73, Templers Road, this is the Group's largest operational asset at approximately 700 seats. Mount Lavinia is the closest suburb to Colombo's business districts, offers materially lower traffic congestion, and provides the floor plate scale that larger delivery centres require. Occupancy has been increased on a graduated basis and stood at approximately 40% at 31 March 2026. The property began contributing to revenue during the fourth quarter. Management's letting strategy at Mount Lavinia has prioritised tenant quality and lease duration over speed of absorption, on the view that a 700-seat asset is best stabilised by anchor occupiers rather than by fragmented short-tenor lettings.




## Kew Road, Slave Island, Colombo 02

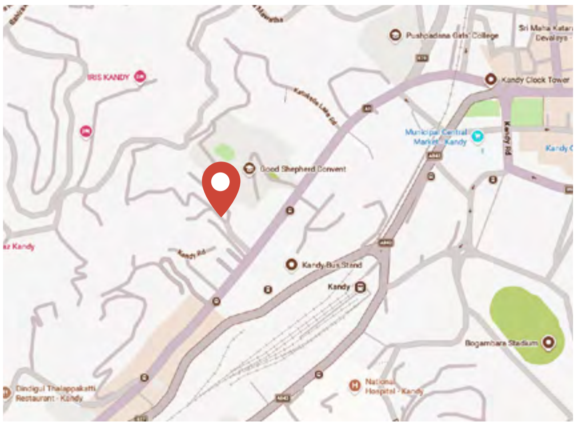
Comprising Assessment Nos. 122, 122B/1, 122M/1, 122-3/1, 122-3/2, 122-4/1, 122-4/2, 122-5/1 and 122-5/2, Kew Road, this approximately 440-seat property sits in the heart of Colombo's financial hub. The agreement with Kerner Haus 2203 (Pvt) Ltd took effect on 1 February 2026, the largest of the four, reflecting both the location and the rental levels achievable in the central business district. The property was under construction throughout the year and is expected to be available for use by October 2026. It contributed no revenue in 2025/26.





## Katukale, Kandy

The Group's first managed property outside Colombo, at approximately 436 seats, represents a strategic entry into Kandy as a regional commercial hub. The agreement with RKS 17 Holdings (Pvt) Ltd took effect on 1 February. The Colombo–Kandy Expressway compresses the journey between the two cities from approximately four hours to under an hour, and the Group's assessment is that this will drive a 30% to 40% enhancement in capital values and a step-change in demand for Grade A commercial space in Kandy as Colombo approaches capacity constraints. The property is proximate to leading banks, financial institutions and established corporate offices. It's under construction; expected to be available for use by January 2027.




# Portfolio Summary at 31 March 2026

| Property | Counterparty | Seats | Status at year end |
|---|---|---|---|
| Nawam Mawatha | VKM Services (Pvt) Ltd | 300 | Operational |
| Mount Lavinia | Kerner Haus 1705 (Pvt) Ltd | 700 | Operational |
| Kew Road, Slave Island | Kerner Haus 2203 (Pvt) Ltd | 440 | Under construction |
| Katukale, Kandy | RKS 17 Holdings (Pvt) Ltd | 436 | Under construction |
| **Total** | | **1,876** | |

# Operating Metrics

| Metric | 31 March 2026 |
|---|---|
| Properties under management | 4 |
| Contracted designed capacity | 1,876 seats |
| Operational capacity | 1,000 seats |
| Occupied seats (approximate) | 580 |
| Occupancy of operational capacity | ~58% |
| Occupancy of contracted capacity | ~31% |
| Revenue recognised in the year | Rs. 6.19 Mn |

# The Integrated Services Layer

Alongside space, the Group offers occupiers access to a curated ecosystem of business support services delivered through strategic partners: finance and accounting (bookkeeping, payroll, tax support, virtual CFO); legal and compliance (document review, corporate secretarial, AML/KYC); IT and technology (24/7 helpdesk, cloud, cybersecurity monitoring); human resources and talent acquisition; and digital marketing and design

This layer generated no separate revenue in 2025/26, as the properties reached occupancy only in the closing months of the year. It is nonetheless the Group's principal differentiator.

# Subsidiaries

The Group is repurposing its three subsidiaries in support of the new operating model:

- **C.P. Group Investments (Pvt) Ltd** is proposed to provide in-house facilities and operational management.
- **Kalamazoo Industries (Pvt) Ltd** is proposed to provide corporate and financial facilitation services.
- **Kerner 1 (Pvt) Ltd** was incorporated during the year to acquire properties on lease and sub lease.

Together they represent the intended internalisation of all the functions currently procured from partners, and the Board will bring forward a business case for each once the owned-asset portfolio provides sufficient volume to justify in-house delivery.

# Post-Balance-Sheet Operational Developments

## Share subdivision

At the Extraordinary General Meeting held on 8 April 2026, shareholders approved the subdivision of each existing ordinary voting share into seventy ordinary voting shares. Based on the shareholding as at the entitlement date of 10 April 2026, the number of ordinary voting shares in issue increased from 600,170 to 42,011,900.

## Transfer to the Main Board.

The Company was transferred to the Main Board of the Colombo Stock Exchange with effect from 15 April 2026. The Company had previously been placed on the Second Board following its non-compliance with the minimum public holding requirement under the Listing Rules, specifically the required number of public shareholders. This position was rectified and the Company was compliant with the minimum public holding requirements in terms of Rule 7.13.1(i)(a) of the Listing Rules, with a float adjusted market capitalization of LKR 561,323,185.5, a public holding percentage of 27.39% and 802 public shareholders as at 8 April 2026.

## Rights Issue

On 1 June 2026 the Board resolved to increase the Company's stated capital by way of a Rights Issue of up to 10,502,975 ordinary voting shares at Rs. 40 per share, on the basis of one new share for every four held. The issue is subject to the CSE approving in principle the issue and listing of the shares, and to shareholder approval at a General Meeting. The purposes are to strengthen the balance sheet and liquidity position turning around the net liability situation, acquire strategic real estate assets and acquire properties on a leasehold basis. Full proceeds, if the issue is taken up in full, would be Rs. 420,119,000.

# Strategy and Resource Allocation

## Strategic Intent

The Company is committed to building a resilient, future-ready business-infrastructure platform that empowers Sri Lanka's outsourcing economy to scale. Our strategy pairs purpose-developed office space with an integrated suite of shared business services, responding directly to the operational realities of the rapidly growing BPO, KPO and international SME sectors. Quality, technology-enablement, disciplined capital deployment and stakeholder trust sit at the centre of our value proposition.

The strategic objectives adopted by Special Resolution on 4 August 2025 are threefold: to revolutionise the commercial real estate sector in Sri Lanka by offering high-quality, purpose-developed office spaces seamlessly bundled with a comprehensive suite of integrated shared business services; to leverage opportunities in distressed commercial real estate, acquiring and developing these properties to meet the exacting standards of international outsourcing operations; and to become the premier provider of integrated, high-quality office infrastructure and essential shared services that empower the growth and operational excellence of outsourcing businesses in Sri Lanka.

## Growth Strategy

### **Asset-light management and proof of concept** (substantially delivered)

Operating under Property Management Agreements, the Group earns a management fee on seats without deploying acquisition capital while beginning to activate the shared-services layer.

### **Strategic asset acquisition** (activated; funding announced)

Complete the recapitalisation and restore positive equity through the Rights Issue. It contemplates acquiring and developing properties and also adding an intermediate leasehold route, capturing most of the ownership spread at a fraction of the capital outlay and accelerating the move to directly-controlled seats.

### Long Term – 5+ years

Establish the Company as Sri Lanka's premier provider of integrated, tech-enabled business infrastructure, with a portfolio weighted towards owned and leasehold seats and an increasing proportion of recurring, higher-margin income from real estate and shared services combined.

## Strategic Priorities for 2026/27

| Priority | Objective | Principal measure |
|---|---|---|
| Complete the recapitalisation | Execute the Rights Issue; restore positive equity | Rights Issue closed; total equity positive |
| Convert contracted capacity | Bring Kew Road (October 2026) and Katukale (January 2027) into operation on schedule | Seats operational; fee revenue commencing |
| Stabilise Revenue Streams from completed properties | Lift occupancy levels to 100% | Occupied seats; annualised fee run-rate |
| Acquiring the first directly-controlled asset | Deploy Rights Issue proceeds into freehold or leasehold acquisition | Seats owned or leased; capital deployed |
| Activate the services layer | Convert occupied seats into services revenue | Services revenue per utilised seat |
| Acquire through lease | Acquire properties on lease for sub-leasing | Seats owned or leased; capital deployed |

## Resource Allocation

Resources are allocated by priority and potential impact. The defining feature of the year was how little cash the model required: 1,876 contracted seats were assembled for essentially nil outlay.

| Deployed in 2025/26 | Amount | Application |
|---|---|---|
| Shareholder loan facility | Rs. 10.00 Mn | Working capital, operations, and settlement of trade payables/accruals |
| Property, plant & equipment | Rs. 0.23 Mn | Office and IT equipment supporting the new operating platform |
| Administrative expenditure | Rs. 12.2 Mn | Governance, professional fees, corporate secretarial, listing, salaries and origination expense |

| Planned for 2026/27 | Amount | Intended application |
|---|---|---|
| Rights Issue (10,502,975 shares at Rs. 40) | Up to Rs. 420.1 Mn | Strengthen the balance sheet and liquidity; acquire strategic real estate; acquire properties on a leasehold basis |
| Shareholder loan (drawn) | Rs. 10.00 Mn | Working capital; repayable in quarterly instalments after a one-year grace period |
| Operating cash flow | To be generated | Reinvested; no dividend contemplated during the growth phase |

On a fully-subscribed basis the Rights Issue would lift total equity from negative Rs. 33.6 Mn to approximately positive Rs. 386.5 Mn, and net asset value per share from Rs. (0.80) to approximately Rs. 7.36 on 52,514,875 shares.

# Navigating the Post-Year-End Environment

| Factor | Implication and response |
|---|---|
| Interest rates | The Overnight Policy Rate rose 100 bps to 8.75% on 26 May 2026, pressuring the 11% pre-tax debt assumption. This  does not directly affect as the group has resorted to equity funding and the current loans are at fixed interest rates. |
| Exchange rate | LKR depreciation since early March 2026 increases the cost refurbishment and imported fit-out. To mitigate this local sourcing is prioritised and imports are expected to be secured on fixed-price LKR terms; budget contingencies have been increased and capex phasing is reviewed quarterly to allow deferral of discretionary works. |
| Energy costs | Higher tariffs raise the cost of a seat. Under current PMAs this is borne by owners; it becomes a direct exposure on acquisition, so energy efficiency is now an acquisition due-diligence requirement. |
| Property pricing | Rising rates and tighter liquidity sustain the availability of distressed commercial assets — preserving the very acquisition opportunity the Rights Issue is designed to exploit. |

# Key Performance Indicators

| KPI | 2024/25 | 2025/26 | Direction |
|---|---|---|---|
| Revenue (Rs.) | 2,109,596 | 6,192,653 | ▲ 194% |
| Gross profit (Rs.) | 573,894 | 5,690,216 | ▲ 892% |
| Gross profit margin | 27% | 92% | ▲238% |
| Administrative expenses (Rs.) | 13,034,771 | 12,176,886 | ▼ 7% |
| Loss from operating activities (Rs.) | (10,826,940) | (6,475,927) | ▼ 40% |
| Profit/(Loss) after tax (Rs.) | (11,169,212) | 3,736,592 | ▲ 133% |
| Profit/(Loss) attributable to owners (Rs.) | (11,060,929) | 3,853,907 | ▲ 135% |
| Earnings/(Loss) per share — post-subdivision (Rs.) | (0.26) | 0.09 | ▲ 135% |
| Total assets (Rs.) | 836,928 | 15,215,394 | ▲ 1718% |
| Cash and cash equivalents (Rs.) | 151,952 | 2,516,309 | ▲ 1,556% |
| Total equity (Rs.) | (37,318,653) | (33,582,011) | ▲ 10% |
| Properties under management | — | 4 | ▲ |
| Contracted seats | — | 1,876 | ▲ |
| Operational seats | — | 1,000 | ▲ |
| Occupied seats (approximate) | — | 580 | ▲ |

Prior year revenue was from printing operations.

# Strengths, Weaknesses, Opportunities and Threats

| Strength | Evidence |
|---|---|
| Differentiated model bridging commercial real estate and business-support services | Space is priced by the serviced seat rather than the square foot, converting under-utilised commercial buildings into powered, connected, ready-to-operate delivery centres — a proposition neither pure landlords nor pure BPO providers offer alone. |
| Capital-efficient growth in year one | 1,876 seats of capacity were contracted in the first ten weeks of operation for essentially nil capital outlay, with the integrated services ecosystem built through the partner network rather than owned build-out. |
| Sharp improvement in operating economics | Revenue grew 194% and gross profit margin expanded from 27% to 92% year-on-year, evidencing early operating leverage in the platform model. |
| Lean, experienced core team | The Company retains in-house only the functions that define its strategy — capital, origination, letting, client relationships and property oversight — and procures specialist functions from partners. |

| Weakness | Mitigation |
|---|---|
| Negative shareholders' equity | Total equity stood at Rs. (33.6) Mn at 31 March 2026; the Rights Issue is intended to restore a positive equity position to approximately Rs. 386 Mn on a fully-subscribed basis. |
| Continuing net losses | The loss before tax was Rs. 7.1 Mn in 2025/26, narrower than the prior year's Rs. 11.17 Mn; no dividend is contemplated during the growth phase. |
| Occupancy trailing contracted capacity | Only around 580 of the 1,876 contracted seats were occupied at year end (1,000 operational), so a meaningful share of contracted revenue has yet to convert to occupied, cash-generating capacity. |
| Short operating track record | The platform model has been running only since the seats were contracted in the first ten weeks of operation, limiting the historical basis for evaluating the occupancy ramp and unit economics. |

| Opportunity | Management response |
|---|---|
| Structural growth in global offshoring, with Asia-Pacific the fastest-growing region | Contracted 1,876 seats of capacity in the first ten weeks of operation |
| Discounted commercial real estate with yields materially above regional peers | Rights Issue announced 2 June 2026 to fund acquisition of strategic assets |
| Colombo–Kandy Expressway unlocking a second commercial hub | First property outside Colombo secured at Katukale, Kandy |
| Under-served demand for bundled, turnkey operating platforms | Integrated services ecosystem built through partner network rather than in-house cost |

| Threat | Management response |
|---|---|
| Rising interest rates following the May 2026 policy tightening | Rights Issue proceeds reduce reliance on borrowing |
| Energy cost inflation raising the cost of operating a seat | Under PMAs, property operating expenses are borne by the owner; for owned assets, energy efficiency is a fit-out design criterion |
| Construction delay at Kew Road and Katukale deferring contracted revenue | Milestone monitoring; revenue guidance conditioned on stated availability dates |
| Concentration: four properties, four counterparties, all related entities | Diversification of both counterparties and locations is an explicit objective of the acquisition programme |
| Negative equity constraining access to bank funding | Rights Issue is expected to restore a positive equity position |
| Physical climate risk to the property portfolio, evidenced by Cyclone Ditwah | Site selection screening; standby power and water resilience as fit-out standards |

# Financial Capital

## Overview

Financial capital underpins the Group's capacity to create sustainable, long-term value. In a year of decisive transition, KHGS re-established its financial foundations — a disciplined, asset-light model delivered a new base of stable, recurring and contractually secured income, the cash position strengthened, and the announced Rights Issue set in motion the recapitalisation that the next phase of growth requires. Financial capital is not merely a quantitative measure of performance; it reflects our ability to manage risks prudently, allocate resources efficiently and fund sustainable growth.

The figures frame both the starting point and the progress made. The Group entered the year with negative equity of Rs. 37.32 Mn, cash of Rs. 0.15 Mn, and no revenue-generating business. It closed the year with negative equity of Rs. 33.6 Mn, cash of Rs. 2.52 Mn, and with a contracted revenue base.

The direction of travel matters more than the absolute position. The income statement moved favourably. The loss narrowed. The revenue is new, recurring and contractually underpinned.

## Financial Performance

### Statement of Profit or Loss — Group
### Twelve Months Ended 31 March

| Rs. | 2025 | 2026 | Change |
|---|---|---|---|
| Revenue | 2,109,596 | 6,192,653 | +194% |
| Direct operating expenses | (1,535,702) | (502,437) | (67%) |
| **Gross profit** | **573,894** | **5,690,216** | **+892%** |
| Other income | 1,633,937 | 10,744 | (99%) |
| Administrative expenses | (13,034,771) | (12,176,886) | (7%) |
| **Results from operating activities** | **(10,826,940)** | **(6,475,927)** | **(40%)** |
| Finance expenses | (376,408) | (612,366) | +63% |
| Finance income | 34,136 | 17,743 | (50%) |
| Net finance expenses | (342,273) | (594,622) | +74% |
| **Loss before taxation** | **(11,169,212)** | **(7,070,549)** | **(37%)** |
| Deferred tax | — | 10,807,141 | +100% |
| **Profit/(Loss) after taxation** | **(11,169,212)** | **3,736,592** | **+133%** |
| Attributable to owners of the parent | (11,060,929) | 3,853,907 | +135% |
| Attributable to non-controlling interest | (108,284) | (117,315) | +19% |
| Earnings/(Loss) per share — pre-subdivision (Rs.) | (18.43) | 6.42 | +135% |
| Earnings/(Loss) per share — post-subdivision (Rs.) | (0.26) | 0.09 | +135% |

## Revenue

Revenue of Rs. 6,192,653 represents property management fees earned under the Nawam Mawatha and Mount Lavinia agreements. The comparative of Rs. 2,109,596 derives entirely from the discontinued printing operation. The two figures are therefore not comparable in substance, notwithstanding that both appear on the revenue line.

Revenue is recognised as a percentage of gross rentals collected, over the period in which the management service is performed. The quarterly profile below demonstrates the ramp:

| Quarter | Group revenue (Rs.) | Commentary |
|---|---|---|
| Q1–Q3 (Apr–Dec 2025) | 2,497,827 | New business commenced October 2025; Nawam Mawatha reaching full occupancy in December |
| Q4 (Jan–Mar 2026) | 3,694,826 | Full quarter at Nawam Mawatha; initial contribution from Mount Lavinia |
| **Full year** | **6,192,653** | |

## Gross Profit

Gross profit of Rs. 5,690,216 after incurring direct operating expenses of Rs. 502,437 which was for directly managing the properties. Under the property management model — property operating expenses at managed properties are borne by the owners and funded from the owners' share of gross rentals. The prior year's gross profit of Rs. 573,894 was struck after direct operating expenses of Rs. 1,535,702 relating to printing. The reported gross margin therefore moved from 27% to 92%, which reflects a change in the structure of the business.

## Other Income

Other income fell 99% to Rs. 10,744 (2025: Rs. 1,633,937). The prior year included a Rs. 700,000 gain on disposal of fixed assets and other non-recurring items.

## Administrative Expenses

Administrative expenses of Rs. 12,176,886 were 7% lower than the prior year's Rs. 13,034,771, and represented 197% of revenue (2025: 618%). The composition changed materially. Printing-related overhead was eliminated; in its place the Group incurred, corporate secretarial and professional fees, costs associated with two Extraordinary General Meetings and four corporate disclosures, and the salaries and origination expense of the new management platform. The Board draws attention to the trajectory rather than the level. The administrative cost base is, by design, close to fixed. Contracted capacity grew from zero to 1,876 seats and administrative expenses fell. That operating leverage is the mechanism by which the Group expects to reach profitability.

## Finance Costs

Finance expenses rose 63% to Rs. 612,366 (2025: Rs. 376,408), reflecting interest on the Rs. 10.0 Mn shareholder loan facility at 11% per annum from first drawdown on 22 October 2025, alongside interest on legacy borrowings.

## Result for the Year

The Group loss before tax narrowed 37% to Rs. 7,070,549 (2025: Rs. 11,169,212). At Company level the loss narrowed 39% to Rs. 5,322,362 (2025: Rs. 8,721,401). Deferred tax of Rs. 10,807,141 was recognised, resulting in a profit after tax of Rs. 3,736,592 for the Group.

# Financial Position

## Statement of Financial Position — Group
as at 31 March

| Rs. | 2025 | 2026 |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 21,795 | 227,794 |
| Deferred tax assets | - | 10,807,141 |
| **Total non-current assets** | **21,795** | **11,034,935** |
| **Current assets** | | |
| Trade and other receivables | 424,009 | 1,414,233 |
| Other current financial assets | 239,172 | 249,916 |
| Cash and cash equivalents | 151,952 | 2,516,309 |
| **Total current assets** | **815,133** | **4,180,459** |
| **Total assets** | **836,928** | **15,215,394** |
| **Equity** | | |
| Stated capital | 30,358,500 | 30,358,500 |
| Accumulated loss | (69,598,552) | (65,744,645) |
| Equity attributable to owners | (39,240,051) | (35,386,145) |
| Non-controlling interest | 1,921,398 | 1,804,134 |
| **Total equity** | **(37,318,653)** | **(33,582,011)** |
| **Non-current liabilities** | | |
| Loans and borrowings | — | 10,291,669 |
| **Current liabilities** | | |
| Trade and other payables | 4,041,316 | 4,818,402 |
| Other loans and borrowings | 33,336,075 | 33,306,012 |
| Dues to related companies | 775,818 | 381,317 |
| Bank overdraft | 2,373 | — |
| **Total current liabilities** | **38,155,581** | **38,505,732** |
| **Total liabilities** | **38,155,581** | **48,797,401** |
| **Total equity and liabilities** | **836,928** | **15,215,394** |
| Net asset value per share — post-subdivision (Rs.) | (0.89) | (0.80) |

## Assets

Total assets grew 1718% to Rs. 15.2 Mn, driven almost entirely by cash (up Rs. 2.36 Mn) and trade and other receivables (up Rs. 1.0 Mn) and deferred tax (up Rs. 10.8 Mn). Property, plant and equipment of Rs. 227,794 reflects Rs. 249,500 of additions — office and IT equipment for the new platform.

The asset base is small because the model is asset-light. The Group manages 1,876 seats of contracted commercial property capacity, none of which appears on its balance sheet. This is the intended state during Phase 1 and will change materially once Rights Issue proceeds are deployed.

## Liabilities

Total liabilities rose to Rs. 48.79 Mn from Rs. 38.16 Mn, entirely attributable to the drawdown of the Rs. 10.0 Mn shareholder loan facility (carried at Rs. 10,291,669 including accrued interest, and classified as non-current given the five-year tenor and one-year grace period).

Other loans and borrowings of Rs. 33,306,012 — essentially unchanged comprise legacy loans inherited from the Ceylon Printers era. These are classified as current. They are not, in the Board's assessment, subject to demand in the ordinary course, and the Board's stated intention is to settle them from operating cash flow over time rather than from Rights Issue proceeds, which are earmarked for asset acquisition.

Trade and other payables rose modestly to Rs. 4,818,402 from Rs. 4,041,316.

## Equity and Going Concern

Total equity was negative Rs. 33,582,011 (2025: negative Rs. 37,318,653), the movement being the loss and the deferred tax recognised for the year. Stated capital was unchanged at Rs. 30,358,500 throughout the year.

The Directors have assessed the Group's ability to continue as a going concern and, on the basis of (i) the Business Plan approved on 28 August 2025, (ii) the commencement and demonstrated growth of management fee revenue, (iii) the continuing financial support of the parent, Ekta Global Pte Ltd, evidenced by the fully-drawn Rs. 10.0 Mn facility, and (iv) the announced Rights Issue of up to Rs. 420.1 Mn, consider it appropriate to prepare the financial statements on a going concern basis.

The Board does not present this as a resolved matter. Negative equity of Rs. 33.58 Mn and a current ratio of 0.11 times constitute a material financial constraint. The Rights Issue is the mechanism by which the Board intends to remove it, and the Board regards its successful completion as the Company's foremost financial priority.

# Cash Flow

## Statement of Cash Flows — Group
Year Ended 31 March

| Rs. | 2025 | 2026 |
|---|---|---|
| Loss before taxation | (11,169,212) | (7,070,549) |
| Adjustments (depreciation, interest, non-cash items) | 505,287 | 929,106 |
| **Operating loss before working capital changes** | **(10,663,925)** | **(6,141,444)** |
| Working capital movements | 7,296,228 | (939,377) |
| **Net cash used in operating activities** | **(3,744,105)** | **(7,401,518)** |
| Purchase of property, plant and equipment | — | (249,500) |
| Other investing flows | 3,435,590 | 17,743 |
| **Net cash (used in) / from investing activities** | **3,435,590** | **(231,757)** |
| Proceeds from loans | — | 10,000,000 |
| **Net cash from financing activities** | **—** | **10,000,000** |
| **Net increase / (decrease) in cash** | **(308,519)** | **2,366,731** |
| Cash at beginning of year | 458,099 | 149,579 |
| **Cash at end of year** | **149,579** | **2,516,309** |

Net cash used in operating activities increased to Rs. 7.40 Mn from Rs. 3.74 Mn, notwithstanding the smaller loss. Two factors explain this. First, the prior year benefited from a Rs. 7.30 Mn favourable working capital swing as payables built up during the wind-down. Second, the current year absorbed cash into receivables as revenue commenced.

The Group funded this entirely from the shareholder loan facility. Closing cash of Rs. 2,516,309 is the highest year-end cash balance the Company has reported in recent history, and the bank overdraft position was eliminated.

Cash outflow from operations of Rs. 7.40 Mn against a cash balance of Rs. 2.52 Mn and an undrawn facility of nil means the Group requires either the rapid conversion of contracted capacity into fee revenue, or the Rights Issue proceeds, or both, during 2026/27. Management's assessment is that both will occur, and that the operating cash outflow will reverse as Kew Road and Katukale come into operation.

# Capital Structure and Shareholder Returns

## Share Information

| | 2024/25 | 2025/26 |
|---|---|---|
| Ordinary voting shares in issue at year end | 600,170 | 600,170 |
| Shares after subdivision (adjusting event, LKAS 10) | - | 42,011,900 |
| Stated capital (Rs.) | 30,358,500 | 30,358,500 |
| Closing market price (Rs.) | 275.00 | 3,414.25 |
| Highest price during the year (Rs.) | 610.00 | 4,700.00 |
| Lowest price during the year (Rs.) | 80.20 | 221.00 |
| Last traded price (Rs.) | 243.00 | 3,730.00 |
| Float-adjusted market capitalisation (Rs. m) | 45.2 | 561.3 |
| Public holding | 27.40% | 27.39% |
| Number of shareholders | 425 | 807 |
| Net asset value per share — post-subdivision (Rs.) | (0.89) | (0.80) |

The share price appreciated by approximately 1,142% over the financial year, from Rs. 275.00 to Rs. 3,414.25. On a post-subdivision equivalent basis this corresponds to a movement from approximately Rs. 3.93 to approximately Rs. 48.78 per share. The Board notes, with appropriate caution, that this appreciation substantially anticipates the delivery of the Business Plan rather than reflecting realised earnings, and that the Company's net asset value per share remains negative. The Company complies with Option 5 of CSE Listing Rule 7.13.1(a) on minimum public holding, with 164,406 shares (27.39%) held by 802 public shareholders. Ekta Global Pte Ltd holds 381,840 shares, or 63.62%.

Equity capital was available on terms that made the Rights Issue feasible; and the Company's own shares performed strongly, closing the financial year at Rs. 3,414.25 against Rs. 275.00 at the previous year end. The Company's ordinary shares were subsequently subdivided on a 1:70 basis and the Company was transferred to the Main Board of the CSE with effect from 15 April 2026, improving liquidity and index eligibility.

# The Rights Issue

| Parameter | Detail |
|---|---|
| Board resolution | 1 June 2026 |
| Announcement | 2 June 2026 |
| Shares to be issued | Up to 10,502,975 ordinary voting shares |
| Basis | One (01) new share for every four (04) existing shares |
| Issue price | Rs. 40.00 per share |
| Gross proceeds if fully subscribed | Rs. 420,119,000 |
| Discount to 31 March 2026 closing price (post-subdivision equivalent of Rs. 48.78) | approximately 18.0% |
| Shares in issue post-issue | 52,514,875 |
| Conditions | CSE approval in principle; shareholder approval at a General Meeting |
| Stated purposes | Strengthening the balance sheet and liquidity position; acquisition of strategic real estate assets; acquisition of properties on a leasehold basis |

The Board resolved that, in its opinion, the consideration at which the shares are to be issued is fair and reasonable to the Company and to all existing shareholders. The pre-emptive one-for-four structure preserves each shareholder's proportionate interest, and the discount to market provides an incentive to participate without transferring value from non-participating shareholders beyond the ordinary consequence of dilution.

# Financial Ratios

| Ratio | 2025/26 | 2024/25 |
|---|---:|---:|
| Revenue growth | 194% | (75%) |
| Gross profit margin | 92% | 27% |
| Administrative expenses / revenue | 197% | 618% |
| Operating margin | (105%) | (513%) |
| Net profit/(loss) margin | 60% | (529%) |
| Current ratio (times) | 0.11 | 0.02 |
| Total liabilities / total assets (times) | 3.21 | 45.6 |
| Total borrowings (Rs. Mn) | 43.60 | 33.34 |

Several conventional ratios such as gearing, interest cover, return on equity are not meaningful for a company in negative equity that is midway through a change of business.

# Financial Capital Outlook

The Board's financial capital objectives for 2026/27 are, in order of priority:

1. Complete the Rights Issue and restore a positive equity position.
2. Achieve operating profit at Company level, based on a full occupancy from all properties.
3. Reverse the operating cash outflow, converting the receivable into positive net cash from operating activities.
4. Deploy acquisition capital into the first directly controlled asset, thereby moving revenue recognition from a management fee percentage to the full seat rental.
5. Establish the services revenue line, which does not exist yet in the financial statements for the year ending 31 March 2026.

# Manufactured Capital

Manufactured capital is the physical infrastructure through which the Group creates value: 1,876 seats of designed commercial office capacity across four properties, configured to an international outsourcing specification, and managed under contract. The year under review was defined by the assembly of this platform – and the Rights Issue announced on 2 June 2026 sets the course for bringing it onto the Group's own balance sheet.

## Manufactured Capital at a Glance

| Manufactured capital indicators | Unit | 2024/25 | 2025/26 |
|---|---|---|---|
| Properties under the Kerner Haus brand | Number | – | 4 |
| Contracted seat capacity | Seats | – | 1,876 |
| Operational seat capacity | Seats | – | 1,000 |
| Occupied seats (approximate) | Seats | – | 580 |
| Property, plant and equipment (carrying amount) | Rs. | 21,795 | 227,794 |
| Additions to property, plant and equipment | Rs. | – | 249,500 |
| Seats under construction at year end | Seats | – | 876 |

Additions of Rs. 249,500 comprise office and information technology equipment required to establish the new operating platform.

## What Manufactured Capital Means for KHGS

For a conventional property company, manufactured capital is read off the balance sheet: land, buildings, investment property and work in progress. For Kerner Haus Global, at 31 March 2026, it is not. The Group's property, plant and equipment stood at Rs. 227,794 – principally office and information technology equipment – yet the Group controls, manages and derives its entire revenue from 1,876 seats of designed commercial office capacity across four properties.

This is manufactured capital in the sense that matters: physical infrastructure, configured to a purpose, generating economic returns, and held under contract rather than under title. The distinction is deliberate – and temporary. The Rights Issue announced on 2 June 2026 exists to move a substantial part of this capacity, and future capacity, onto the Group's own balance sheet.

| Property | Location | Seats | Configuration | Status at 31.03.2026 |
|---|---|---|---|---|
| Nawam Mawatha | No. 46/10, Nawam Mawatha, Colombo 02 | 300 | Central business district; financial hub | Operational; fully occupied |
| Mount Lavinia | No. 73, Templers Road, Mount Lavinia | 700 | Suburban; large floor plate | Operational; 40% occupied |
| Kew Road | No. 122, Slave Island, Colombo 02 | 440 | Central business district | Under construction; available October 2026 |
| Katukale | Katukale, Kandy | 436 | Regional commercial hub | Under construction; available January 2027 |
| **Total contracted capacity** | | **1,876** | | **1,000 seats operational** |

### Owned Property, Plant and Equipment

| Rs. | 2025/26 | 2024/25 |
|---|---|---|
| Opening carrying amount | 21,795 | 88,387 |
| Additions during the year | 249,500 | - |
| Depreciation charge | (43,501) | (66,592) |
| Closing carrying amount | 227,794 | 21,795 |

## The Specification Standard

Manufactured capital in this business is not measured in square feet. It is measured against a specification that an international BPO or KPO client will accept without negotiation. Every property brought under the Kerner Haus brand is required to deliver:

- **Power resilience.** 100% standby generation. An outsourcing delivery centre that loses power loses its contract, not merely its productivity.
- **Connectivity.** High-speed, redundant internet with independent physical paths where available, and dedicated bandwidth per client where contracted.
- **Physical security.** Access control, 24/7 operation, CCTV coverage and retention, and visitor management. Clients operating in financial services, healthcare or legal process outsourcing frequently require zoning compatible with ISO standards.
- **Workspace quality.** Modern, ergonomic workstations, professional interior design, and floor plate geometry that support team-based delivery models rather than cellular offices.
- **Turnkey handover.** Utilities, internet, maintenance, security and support services included, so that a client commences operations without capital expenditure or operational burden.

## Portfolio Development During the Year

The Group added 1,876 seats of contracted capacity in the first year. Capacity growth of this order, delivered without capital deployment, is the defining manufactured-capital achievement of the year. Two qualifications are necessary. First, 876 of those seats — 47% of contracted capacity — were under construction at the reporting date. Second, capacity is not revenue. Achieving full occupancy is a 2026/27 undertaking.

Forty-seven per cent of the Group’s contracted annual management fee income is attached to properties that were not yet built at the reporting date. Management monitors construction milestones jointly with the owners, and the Group’s internal forecasts are conditioned on the stated availability dates above rather than on the contractual effective dates of the agreements.

## The Transition to Owned and Leasehold Assets

Through the Rights Issue, the Group intends to acquire freehold and leasehold properties. A leasehold interest in an operating property allows the Group to control seats, set seat pricing, and capture the spread between the seat price and the head rent. It is capital-efficient, faster to execute, and reversible. Management expects owned and leasehold structures to be the principal vehicle for seat growth in 2026/27.

## Manufactured Capital Outlook

| Objective for 2026/27 |
|---|
| Bring Kew Road property and Katukale property into operation |
| Achieve full occupancy of all contracted properties |
| Acquire the first directly-controlled asset |
| Establish portfolio-level infrastructure standards |

# Intellectual Capital

## The Nature of Our Intellectual Capital

A property manager that owns no property and employs few people is, definitionally, a business made of intangibles. The Group's intellectual capital comprises the brand under which seats are sold, the commercial model by which they are priced, the operating standards by which they are delivered, the relationships and knowledge that permit them to be originated, and the corporate platform — a 68-year-old listed entity — through which capital is raised.

None of these appears on the statement of financial position. All of them explain how a company with Rs. 15.2 Mn of total assets contracted 1,876 seats of commercial capacity within the last two quarters.

## The Kerner Haus Brand

The rebranding from Ceylon Printers PLC to Kerner Haus Global Solutions PLC, approved by Special Resolution on 4 August 2025 following the prior written approval of the Registrar General of Companies dated 14 June 2025, was not cosmetic. It was the deliberate construction of a category brand.

Every one of the four Property Management Agreements announced during the year specifies that the property "will be managed under the Kerner Haus brand as a fully serviced office facility". The brand therefore travels with seats, not with the building. A tenant at Nawam Mawatha and a tenant at Katukale purchase the same standard, the same service catalogue and the same operational assurance from the same brand, notwithstanding that the two buildings are owned by different parties 115 kilometres apart. This portability is what allows an asset-light manager to build a portfolio-scale reputation without portfolio-scale capital.

The brand is supported by a dedicated digital presence at kernerhaus.lk, targeted digital marketing to international businesses evaluating Sri Lanka as an outsourcing destination, and the Company's corporate identity across four CSE disclosures during the year.

## Corporate Website and Digital Presence

A brand that must travel with the seat rather than the building requires a channel that is equally independent of location. During the year the Group developed and launched its corporate website at kernerhaus.lk, which serves as the primary point of discovery and enquiry for prospective occupiers. The website presents the property portfolio, the seat-based commercial model, the integrated service catalogue and the Company's corporate and governance information on a single platform, allowing an international BPO/KPO buyer to evaluate the Group's offering without a physical site visit as the necessary first step.

The website is complemented by an active presence on social media platforms, through which the Group communicates property launches, portfolio milestones and market commentary to a professional audience, and by which the Kerner Haus brand builds visibility among the international outsourcing community evaluating Sri Lanka as a destination. This is supplemented by newspaper advertising and media coverage in the domestic press, which supports brand recognition among local property owners — the counterparties to the Group's Property Management Agreements — and the wider investor community.

Together, the website, social media presence and print media coverage constitute a proprietary marketing and origination channel. Digital enquiries are captured and qualified through the Group's tenanting and letting process, meaning the digital presence is not merely a communications asset but the front end of the commercial pipeline. As with the brand itself, this channel appears nowhere on the statement of financial position, yet it is the mechanism by which demand is originated at portfolio scale without portfolio-scale marketing expenditure.

# The Commercial Model as Intellectual Property

The Group's most valuable proprietary asset is the seat-based revenue model. Sri Lankan commercial property has historically been transacted on a rent-per-square-foot basis, which prices space and nothing else. The Group's model prices a bundle — space, power, connectivity, security, services and speed to occupancy.

The intellectual property here is not the pricing itself — it is the demonstrated ability to sell a Sri Lankan office seat on a per-seat basis at all.

## Operating Standards and Systems

During the year the Group developed and applied:

- A property specification standard for BPO/KPO-grade facilities
- A tenanting and letting process, comprising marketing, enquiry qualification, specification walkthrough, lease negotiation and move-in management
- A property management service catalogue, covering utilities, internet, maintenance, security and support services, delivered on a turnkey basis
- An integrated services architecture, defining the five service domains offered to occupiers

## Governance, Compliance and Reporting Frameworks

The Group's intellectual capital includes the accumulated compliance infrastructure of a long-listed public company. During a year in which the Company changed its objectives, its name, its business and its board, it maintained:

- compliance with the Companies Act No. 07 of 2007
- compliance with the CSE Listing Rules
- adoption of the Code of Best Practice on Corporate Governance issued jointly by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (Voluntary basis); and
- preparation of interim financial statements in accordance with LKAS/SLFRS
- Onboarding BoardPac to streamline, expedite and maintain transparency
- Develop and implement policies, frameworks and procedures in line with the new business
- Formalised Standard Operating Procedures (SOPs) covering property onboarding, tenant management, service delivery and financial reporting, so that the Group's operating knowledge is documented, repeatable and transferable across the portfolio rather than resident in individuals

The Company's transfer to the Main Board of the CSE with effect from 15 April 2026 is external validation of this platform.

## Access to the Ekta Global and ShoreTree Knowledge Base

The Group's majority shareholder, Ekta Global Pte Ltd (63.62%), and its parent, Shore Tree Holdings Pte Ltd, operate in the outsourcing and technology sectors in which the Group's clients operate. Ekta Global intends to use the Company as a strategic platform to develop innovative business models leveraging that expertise.

In practice this delivers three things that a stand-alone Sri Lankan property manager could not readily replicate: an informed view of what an international BPO buyer actually requires from a facility; access to the delivery partners who supply the integrated services layer; and, through Plus94, the Singapore-based private equity advisory firm on whose board a Non-Executive Director sits, structured financial and transaction advisory capability.

The Board is conscious that this same proximity is the source of the related party governance obligations discussed in pages 88 to 89. Knowledge advantage and conflict of interest arise from the same relationship, and both are disclosed.

# Intellectual Capital Outlook

| Objective for 2026/27 | Rationale |
|---|---|
| Formalise information security certification pathway | International BPO/KPO clients increasingly require compatible facilities; certification is a pricing lever, not merely a compliance cost |
| Codify a portfolio operating manual | Scaling from four to a larger portfolio requires transferable process, not individual knowledge |
| Establish services revenue reporting | The services layer is a high-margin element of the model and is not yet visible in the financial statements |
| Build a proprietary demand database | Enquiry, conversion and seat-pricing data across four properties constitutes an information asset no Sri Lankan competitor currently holds |
| Deepen the digital presence | Expanding website functionality and social media reach converts the digital channel from a communications asset into a measurable origination engine |
| Onboarding Interstellar | CRM platform for the Management of Property that improves property manager and tenants coordination |
| Personal Data Protection Act | Establish a PDPA compliance project to ensure the lawful handling of tenant, enquiry and employee personal data as the Group's information assets grow |
| Financial Transactions Reporting Act | Establish a risk-based AML/CFT compliance programme covering tenant and client KYC, ongoing due diligence and screening, and staff training to ensure timely identification and reporting of suspicious transactions. |
| Strengthen IT General Controls | Robust controls over user access, change management, data backup and recovery underpin the integrity of financial reporting and safeguard tenant and commercial data as the Group's systems footprint expands. |

# Human Capital

Our people are the foundation of our success and stand at the centre of our value creation journey. We view human capital as the collective strength of our workforce — the knowledge, experience, judgement and capabilities that empower us to deliver excellence, foster innovation and advance our long-term strategic ambitions. For a Group built deliberately around a small, highly skilled core team, this is not a conventional claim but a literal one: the transformation recorded in this Report — a new business, a new brand and a portfolio assembled within a single year — was conceived and executed by a handful of people.

Our human capital strategy accordingly focuses on building an empowered, engaged and future-ready workforce. Guided by values of integrity, teamwork, empowerment and a client-centric culture, and by ESG principles that place equal emphasis on economic, social and environmental considerations, KHGS remains committed to creating an enabling environment in which people thrive and contribute to sustainable, long-term value creation.

## A Lean Organisation by Design

The Group's operating model is expressly designed to minimise fixed headcount. Specialist functions — finance and accounting delivery, legal and compliance, IT, HR administration, digital marketing, and increasingly facilities management — are procured from partners rather than employed. What is retained in-house is the work that cannot be outsourced without surrendering the business itself: strategy, capital, origination, letting, client relationships and property oversight. We pursuing "a hybrid model", outsourcing specific operational functions to specialized partners to ensure efficiency and quality", supported by "a lean, highly skilled core team responsible for strategic oversight, business development, client relationships, and the execution of the company strategy".

## Leadership

### The Board

The Company is governed by a Board of eight Directors, of whom five are Independent Non-Executive Directors and three are Non-Executive Directors. Profile of the directors are in pages 27 to 34.

| Director | Category |
|---|---|
| Sanjeev Edward Chittampalam Gardiner | Independent Non-Executive Director (Chairman) |
| Dinesh Stephen Weerakkody | Independent Non-Executive Director |
| Wannakuwatte Mitiwaduge Asela Indrajith Fernando | Independent Non-Executive Director |
| Sarrani Dominique Arseculeratne | Independent Non-Executive Director |
| Devundara Liyanage Manohari Sandamali Chandrasekera | Independent Non-Executive Director |
| Nirmal de Soysa Cooke | Non-Executive Director |
| Dinusha Kumari Herath | Non-Executive Director |
| Jason Thilaka Yatawara | Non-Executive Director |

The Board operates through four sub-committees:

- **The Audit Committee**, chaired by Mr Indrajith Fernando, a past President of the Institute of Chartered Accountants of Sri Lanka;
- **The Related Party Transactions Review Committee**, chaired by Mr Dinesh Weerakkody;
- **The Nominations and Governance Committee**, chaired by Mr Indrajith Fernando;
- **The Remuneration Committee**, chaired by Mr Indrajith Fernando

Repositioning a listed company through a change of objectives, a change of name, a related party borrowing requiring Special Resolution, four related party property agreements, a share subdivision, a Main Board transfer and a Rights Issue — all within approximately twelve months — placed a governance load on the Board far in excess of what the Group's Rs. 6.19 Mn of revenue would ordinarily imply. The Board's depth in banking, accounting, governance and public policy was the resource that carried it.

## Executive Management

Mr Damitha Lakmal Jayawardana was appointed Chief Executive Officer with effect from 1 April 2026, with responsibility for vision, strategy, financial planning, management, capital raising and reporting. Ms Maheshika Bandara serves as Chief Financial Officer. Ms W.G. Waruni Shironika serves as Company Secretary.

## Building the Capability the Strategy Requires

The competencies the Group needs are not the competencies it inherited. Managing serviced office capacity for international outsourcing clients is a combination of asset management, hospitality, information technology and enterprise sales. The capability builds during the year proceeded along four lines:

- **Origination and transaction capability**. The negotiation and execution of four Property Management Agreements required commercial property, legal and structuring competence.
- **Letting and enterprise sales capability.** Nawam Mawatha reached full occupancy in approximately two months. Mount Lavinia — a 700-seat asset requiring anchor tenants rather than fragmented lettings — reached approximately 40% within four months of the agreement.
- **Facilities and service management capability.** The delivery of a fully serviced office standard across two operational properties, with two more under construction, with readiness monitored by the Group.
- **Financial and capital markets capability.** Two Extraordinary General Meetings, a related party borrowing approved by Special Resolution, a share subdivision, a Main Board transfer and a Rights Issue announcement, executed within twelve months.

## Health, Safety and Wellbeing

The Group's operational footprint changed fundamentally during the year to managed office facilities. The occupational risk profile is correspondingly transformed.

Safety obligations now attach principally to the properties under management, where the Group is responsible for security, access control, fire safety systems, emergency egress and the maintenance of standby power. These form part of the specification standard applied at every Kerner Haus property.

# Human Capital Outlook

| Objective for 2026/27 | Rationale |
| --- | --- |
| Complete the executive team | Property portfolio and operations, real estate acquisition, and customer experience roles |
| Reduce key person dependency | Documented process; succession planning |
| Establish a formal training and development framework | Capability in asset management, enterprise sales and information security |
| Introduce structured performance and reward | Alignment of incentives with occupancy, seat growth and shareholder return |
| Publish complete workforce metrics | Baseline disclosure of headcount, diversity, turnover and training from 2026/27 |

# Social and Relationship Capital

Our stakeholders are the foundation of our licence to operate and stand at the centre of our value creation journey. We understand social and relationship capital as the accumulated trust between the Group and those whose decisions shape its future — the owners who entrust us with their assets, the tenants who occupy them, the partners who deliver our services, the shareholders who fund us, the regulators who oversee us and the communities that host our properties — together with the shared standards of conduct that sustain that trust.

Social considerations are therefore weighed alongside financial ones in the Group's decisions: where a property sits and how people reach it, whose employment a seat sustains, how a related party transaction is governed and disclosed, and how a partner treats the people who deliver our services. Guided by ESG principles that place equal emphasis on economic, social and environmental outcomes, we favour relationships that are structurally aligned — arrangements in which the Group prospers only when its counterparties do — because alignment, more than any covenant, is what makes a relationship endure. The sections that follow examine each relationship in turn: what it contributes, how it is engaged and governed, and what the Group has committed to in return.

## The Relationships that Constitute Business

The Group's revenue in 2025/26 arose from a chain of four relationships: a property owner permitted the Group to manage an asset; the Group's brand and marketing attracted a tenant; the tenant paid rent; and a percentage of that rent became the Group's fee. No item of plant, no proprietary technology and no balance sheet intervened. Social and relationship capital is not a supporting narrative for this business. It is the business.

## Property Owners

Four Property Management Agreements were executed during the year, with VKM Services (Pvt) Ltd, Kerner Haus 1705 (Pvt) Ltd, Kerner Haus 2203 (Pvt) Ltd and RKS 17 Holdings (Pvt) Ltd. The relationship is structurally aligned. The Group's fee is a percentage of gross rentals collected; the owner's return is the balance. Neither party earns unless the seat is let and the rent is paid. The Group brings demand, brand and management competence; the owner brings the asset and bears operating expenses.

## Related Party Transactions — Full Disclosure

All four property counterparties are related entities of the Group, and substantially all revenue recognised in the fourth quarter of the year was transacted with related entities.

All related party transactions were evaluated for arm's length transactions by the Related Party Transactions Review Committee. Full disclosures are in page pages 206 to 208.

# Non-Recurrent Loan from the Parent

Access to bank financing was, as the Board disclosed to shareholders in the circular of 11 July 2025, restricted by the Group's negative equity position and the limited availability of tangible assets to offer as security. The parent was, in substance, the only available lender. Similarly, a company with no track record in property management, emerging from a printing business and a negative equity position, does not readily obtain management mandates over prime Colombo commercial assets from unrelated owners. The related party route was the route that existed.

## How they were governed

The Related Party Transactions Review Committee, chaired by an Independent Non-Executive Director, reviewed the loan facility under CSE Listing Rule 9.14.5, the Companies Act No. 07 of 2007, the regulations under the Foreign Exchange Act No. 12 of 2017, indicative borrowing rates quoted by three leading commercial banks, and the non-availability of tangible security, before recommending it to the Board.

Because the loan exceeded one-third of consolidated total assets, it required prior shareholder approval by Special Resolution under CSE Listing Rule 9.14.6(1)(A)(i)(a). Because it exceeded 50% of Company total assets, it constituted a major transaction under Section 185(2)(c) of the Companies Act, requiring a further Special Resolution. Both were sought and obtained at the EGM of 4 August 2025.

Each Property Management Agreement was announced to the Colombo Stock Exchange under Section 8 of the Listing Rules on execution, with the counterparty, the property, the seat capacity and the estimated annual management fee disclosed in every case.
All related party transactions are disclosed in the notes to the financial statements.

# Clients and Tenants

Tenants are the ultimate source of every rupee of Group revenue. The proposition offered to them is turnkey occupancy: move-in ready workspaces with utilities, internet, maintenance, security and comprehensive support services, enabling operations to commence immediately without capital expenditure or operational burden.

The Group's target segments are established BPO and KPO firms seeking superior infrastructure and integrated services; international SMEs seeking a simplified, low-risk entry into the Sri Lankan talent market; and companies requiring dedicated, branded offshore teams in fully managed environments.

# Service Delivery Partners

The integrated services ecosystem — finance and accounting, legal and compliance, IT and technology, human resources and talent acquisition, digital marketing and design — is delivered through strategic partners under commercial arrangements.

This is a deliberate decision to buy capability rather than build it. It converts what would otherwise be fixed cost into variable cost, it accelerates time to market, and it means the Group's clients receive services from specialists rather than from a property company's second-best internal function.

## Shareholders and the Investment Community

The Company had 807 shareholders at 31 March 2026, of whom 802 held the 27.39% public float. Ekta Global Pte Ltd holds 63.62%. The Company complies with Option 5 of CSE Listing Rule 7.13.1(a) on minimum public holding.

Engagement during the year comprised two Extraordinary General Meetings, a shareholder circular, four Section 8 corporate disclosures, quarterly interim financial statements and, after the year end, the Rights Issue announcement of 2 June 2026. The Company was transferred to the Main Board of the CSE with effect from 15 April 2026, and its shares were subdivided on a 1:70 basis, increasing the shares in issue to 42,011,900 and materially improving marketability for smaller investors.

## Community, Environment and the National Interest

The Group's social contribution is indirect but not immaterial. Most of the occupied seats represent an employed Sri Lankan professional working for an international client, earning foreign exchange for the country.

This aligns directly with the national objective of establishing Sri Lanka as a services and outsourcing destination, and with the country's services export strategy. The BPO/KPO sector's contribution to that account is a national priority.

The Group's properties are in Colombo's financial district, in Slave Island, in Mount Lavinia and in Kandy — all transit-accessible locations selected in part for commuting efficiency. The Katukale property extends professional employment opportunity beyond the Western Province, consistent with the economic decentralisation that the Colombo–Kandy Expressway is intended to enable.

## Suppliers, Bankers and Advisers

The Group banks with Commercial Bank of Ceylon PLC, Hatton National Bank PLC and Nations Trust Bank PLC. Its auditors are Jayasinghe & Company, Chartered Accountants. Its registrars are Central Depository Systems (Pvt) Limited.

## Social and Relationship Capital Outlook

| Objective for 2026/27 | Measure |
|---|---|
| Publish tenant metrics | Tenant count, concentration, lease tenor, retention |
| Deepen the partner network | Number of active delivery partners; services revenue generated |
| Broaden the shareholder base | Public holding percentage; number of shareholders post-Rights Issue |
| Tenant Relationship Strengthening | Deepened tenant engagement through Interstellar and responsive support mechanisms |
| Formalise community engagement | Documented CSR framework and reported investment |

# Natural Capital

Natural Capital comprises the environmental resources and ecosystem services on which the Group depends, and which its activities in turn affect – principally energy, water, land and a stable climate. As an asset-light property services group, the Group neither owns the buildings it manages nor operates any manufacturing process, and its direct environmental footprint is correspondingly modest. Its relationship with Natural Capital is exercised largely through influence rather than consumption: through the way the buildings under management are specified, fitted out and run, and through the criteria that shape the assets the acquisition programme will bring under management in the years ahead.

## What Natural Capital Means for the Group

Under the Property Management Agreements that govern the Group's revenue, the day-to-day utility consumption of a managed building – electricity, water and the associated waste – is met by the property owner out of the share of gross rentals it retains, while the Group earns a management fee for operating the asset. The Group's environmental boundary is therefore one of operational influence rather than direct ownership of consumption. Even so, it sets the operating standards for each property, specifies resilience features such as standby generation and water storage, and directs tenant fit-out, giving it meaningful leverage over how efficiently the space it controls performs. For the present reporting period the Group's environmental disclosure is confined to matters within this operational control; the boundary will widen as the acquisition programme converts managed properties into owned assets.

## The Environmental Dividend of the Transition

The change of business objectives completed in October 2025 repositioned the Group's operations that had run since 1958. Printing is a resource-intensive activity, drawing on paper, plates, inks, solvents and considerable electricity, and generating both chemical and paper waste. Repositioning the Group around a services-and-fee model has structurally lowered its environmental intensity: the most material sources of consumption and effluent in its history have been retired, and the successor business is digital-first and space-light. It is an uncommon case in which a strategic transformation has delivered a clear environmental benefit as a by-product of a commercial one.

## Energy and Power Resilience

Energy is the most significant environmental input associated with the space the Group manages, because the buildings are configured for business-process and knowledge-process outsourcing tenants who require uninterrupted power and connectivity. Turnkey occupancy of this kind is energy-intensive by design. The Group's standard specification therefore provides for full standby generation and continuous cooling, so that a managed property can operate through the grid interruptions that remain a feature of the national network. This resilience carries an environmental cost – standby generation relies on fossil fuel – and the Group treats the efficient sizing, maintenance and scheduling of that plant as an operating priority rather than an afterthought.
The cost of power is also rising: a tariff increase in March 2026, sharpening the case for demand-side efficiency across the managed portfolio. Because electricity is borne by the property owner under the management structure, efficient buildings directly protect the owner's net return and,

through it, the durability of the Group's fee. The Group intends to make energy performance – efficient plant, LED lighting, zoned cooling and metering that lets tenants see and manage their own consumption – a standard element of both fit-out and future acquisition criteria.

## Water, Waste and Resource Efficiency

Water use across the managed portfolio is characteristic of serviced office space rather than of any industrial process, and is confined to sanitation, cooling and cleaning. The Group's standard specification includes on-site water storage, which supports both operational continuity and prudent use during periods of restricted supply. Waste is similarly office-grade – predominantly paper, packaging and general municipal waste – and the Group's digital-first operating model, together with the exit from printing, has materially reduced the volume of paper and consumables passing through its own activities. As the portfolio matures the Group expects to introduce basic segregation and recycling arrangements at building level and to work with tenants to reduce single-use materials.

## Climate Risk and Physical Resilience

The reporting period underscored the physical dimension of climate risk. Cyclone Ditwah caused damage to the economy, yet the properties under the Group's management sustained no material damage and continued to operate. That outcome reflects deliberate choices rather than good fortune: standby power and water storage are standard specifications, and flood exposure, drainage and access are screened as part of the due diligence applied to any property considered for acquisition or management. The Group regards physical-climate resilience as inseparable from the service proposition it sells to outsourcing tenants, for whom continuity of operations is the central requirement, and it will continue to weight resilience heavily in site selection and building specification. From the financial year commencing 1 April 2026, the Group's climate-related risks, and their effects on its financial position and prospects, will be disclosed in accordance with SLFRS S2 (Climate-related Disclosures).

## Green Specification and the Path to Owned Assets

The Group's footprint today is limited by the asset-light model, but the Rights Issue has been raised precisely to fund an acquisition programme that will, over time, bring buildings onto the Group's own balance sheet. Ownership will expand both the Group's environmental responsibility and its ability to act on it. The Group intends to embed green-building principles – energy and water efficiency, quality of indoor environment, and transit-accessible locations that reduce the commuting footprint of the workforces its tenants employ – into the design and refurbishment criteria for owned assets.

## Natural Capital Outlook

| Objective for 2026/27 | Measure |
|---|---|
| Establish a baseline record of energy and water consumption for properties under management | Consumption data captured for managed buildings and reported to owners |
| Embed green-building and energy-efficiency criteria into fit-out and acquisition due diligence | Written specification criteria applied to every new property assessed |
| Maintain uninterrupted operational and climate resilience across the managed portfolio | Standby generation and water storage available at all managed sites; no material weather-related downtime |
| Reduce paper and single-use consumables in the Group's own operations | Continued digital-first working; segregation and recycling arrangements introduced at building level |
| Widen environmental reporting as owned assets are acquired | Environmental boundary extended to owned buildings on completion of acquisitions |

# Our Approach to Sustainability

Sustainability, for the Group, is not a separate programme bolted onto the business but the thread that runs through the six capitals set out in this report. The way the Group creates value – an asset-light model that houses foreign-exchange-earning service industries in resilient, well-located buildings – is in itself a sustainable proposition: economically self-supporting, socially productive and environmentally light. This section draws those threads together and sets out how the Group governs, measures and intends to advance its environmental, social and governance performance.

## How We Approach Sustainability

The Group's approach begins with the alignment of interests built into its operating model. Under the Property Management Agreements, the Group earns only when the buildings it manages perform – when they are occupied, efficient and well run – so that owner, tenant and Group are drawn in the same direction. Efficient energy use protects the owner's return; reliable, resilient space protects the tenant's operations; and both protect the durability of the Group's fee. Sustainability is therefore embedded in the commercial logic of the business rather than pursued in spite of it, and the Group treats long-term, repeatable value creation – rather than one-off gains – as the measure of whether a decision is sound.

## Governance and Reporting Frameworks

Responsibility for sustainability rests with the Board, which discharges it through its committee structure, including the sub-committees that oversee audit and risk, remuneration and nomination, and the review of related party transactions. The appointment of a Chief Executive Officer with effect from 1 April 2026 gives the day-to-day ownership of environmental, social and governance matter a clear executive home. The Group's reporting is prepared within the framework of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange, and this report is organised around the integrated-reporting principle of the six capitals. As its disclosure matures, the Group intends to completely adopt the International Integrated Reporting Framework, the Global Reporting Initiative Standards and the United Nations Sustainable Development Goals, to give structure, discipline and comparability to its environmental and social reporting over time. In keeping with the phased adoption of the Sri Lanka Sustainability Disclosure Standards under the Listing Rules of the Colombo Stock Exchange, the Group will comply with SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures) with effect from the financial year commencing 1 April 2026, aligning its sustainability and climate-related disclosures with the ISSB-based standards issued by CA Sri Lanka.

# Alignment with the UN Sustainable Development Goals

Although the Group is at an early stage of formal sustainability reporting, its activities already contribute to several of the United Nations Sustainable Development Goals. The most directly relevant are set out below.

| Sustainable Development Goal | How the Group contributes |
|---|---|
| **SDG 8** – Decent Work and Economic Growth | Provides the physical platform for foreign-exchange-earning outsourcing industries and sustained professional employment, and preserved employment continuity through the transition out of printing. |
| **SDG 9** – Industry, Innovation and Infrastructure | Supplies resilient, technology-ready office infrastructure that enables business-process and knowledge-process operations to run reliably. |
| **SDG 11** – Sustainable Cities and Communities | Locates managed space in transit-accessible urban and regional centres, including outside Colombo, supporting decentralised, lower-commute employment. |
| **SDG 13** – Climate Action | Builds physical-climate resilience into building specification and applies flood and access screening in acquisition due diligence. |
| **SDG 17** – Partnerships for the Goals | Delivers its service model through a network of management, advisory and service-delivery partners that share standards and knowledge. |

# The Economic, Social and Environmental Dimensions

## Economic.

The repositioning has placed the Group on a self-sustaining commercial footing, supported in part by the Rights Issue, while its tenants are concentrated in export-service industries that earn foreign exchange for the country. A financially durable Group that underwrites foreign-exchange-earning employment is the foundation on which its social and environmental contributions rest.

## Social.

The transition preserved livelihoods that a straightforward closure of the printing business would have ended, and the Group's model creates skilled, professional employment – including in regional centres such as Kandy – that broadens opportunity beyond the capital and supports more balanced regional development.

## Environmental.

As set out in the Natural Capital section, the Group's footprint is modest and has fallen with the repositioning of the operations. The priority now is to preserve that advantage as the portfolio grows, by embedding energy efficiency, water prudence and physical-climate resilience into every building the Group specifies, manages or acquires.

# Sustainability Priorities for 2026/27

| Objective for 2026/27 | Measure |
|---|---|
| Formalise environmental, social and governance governance under the new Chief Executive Officer | ESG responsibilities defined at Board and management level |
| Comply with the Sri Lanka Sustainability Disclosure Standards (SLFRS S1 and S2) and adopt recognised reporting frameworks as disclosure matures | SLFRS S1 and S2 applied from the 2026/27 financial year; Integrated Reporting, GRI and SDG references introduced |
| Grow foreign-exchange-earning occupancy and professional employment across the portfolio | Occupancy and headcount supported by managed properties |
| Extend resilience and efficiency standards to newly acquired assets | Standards applied to each completed acquisition |
| Deepen engagement with tenants and service partners on shared sustainability goals | Structured engagement on energy, water and resource use |

04

# Corporate Governance

# Corporate Governance Report

## Governance Philosophy

The Board of Directors ("the Board") of Kerner Haus Global Solutions PLC is committed to upholding the highest standards of corporate governance, transparency, integrity, and ethical business conduct. The Board believes that effective governance is not simply a regulatory requirement but a strategic enabler of sustainable value creation. It provides the foundation for protecting shareholder interests while balancing the legitimate expectations of customers, employees, regulators, business partners, and the wider community.

Our governance framework is designed to promote effective leadership, informed decision-making, accountability, and prudent risk management. It supports regulatory compliance, responsible employment practices, and sound business conduct while providing the discipline necessary to achieve the Company's long-term strategic objectives. As the Company expands across the real estate, Business Process Outsourcing (BPO), and Knowledge Process Outsourcing (KPO) sectors, our governance framework continues to evolve to meet the increasing complexity and scale of our operations.

## Strategic Evolution and Governance Enhancements

During the year under review, the Company undertook a significant strategic transformation following shareholder approval to diversify its principal business activities. Recognising that a changing business model requires an equally robust governance framework, the Board implemented several important initiatives to strengthen oversight, accountability, and execution.

### Key governance developments during the year included:

- **Strategic Alignment** – Obtained shareholder approval to amend the Company's Objects Clause, formally enabling the Company's expanded strategic direction.
- **Execution of Strategy** – Commenced implementation of the approved business plan, ensuring that strategic priorities are translated into disciplined operational execution.
- **Governance Framework** – Conducted a comprehensive review of governance policies and practices to ensure full compliance with the Listing Rules of the Colombo Stock Exchange, the Companies Act, and recognised governance best practices.
- **Executive Leadership** – Appointed a Chief Executive Officer to lead the day-to-day management of the Company, with clearly defined responsibilities and accountability to the Board.
- **Board Effectiveness** – Reviewed the composition, independence, diversity, and effectiveness of the Board and its Committees to ensure the appropriate mix of skills, experience, and perspectives required to support the Company's evolving strategy.
- **Enhanced Oversight** – Strengthened governance over enterprise risk management, internal controls, regulatory compliance, stakeholder engagement, and organisational performance to support sustainable growth.

# A Commitment to Continuous Improvement

The Board remains committed to the continuous enhancement of the Company's governance framework and to maintaining full compliance with the Companies Act No. 7 of 2007 (as amended), the Listing Rules of the Colombo Stock Exchange, and all applicable regulations issued by the Securities and Exchange Commission of Sri Lanka.

However, the Board's commitment extends well beyond regulatory compliance. We believe that strong governance is fundamental to building a resilient, responsible, and high-performing organisation. By embedding a culture of integrity, accountability, transparency, and continuous improvement throughout the Company, we seek to strengthen stakeholder confidence, support sustainable growth, and create long-term value for shareholders and all stakeholders.

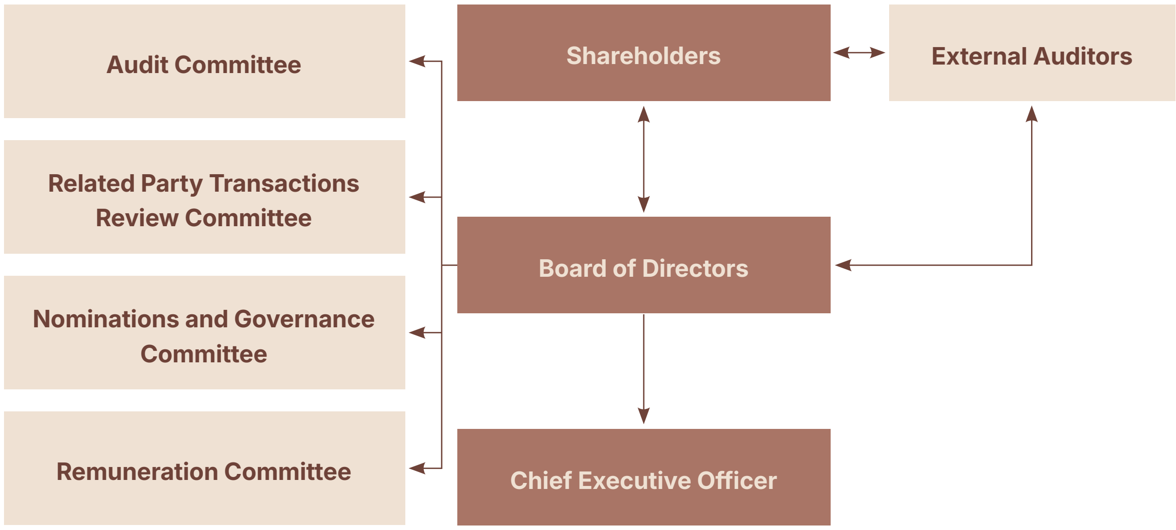
As Kerner Haus Global Solutions PLC continues its transformation, the Board will remain proactive in strengthening governance practices to reflect evolving regulatory expectations, emerging risks, and international best practices. This commitment will ensure that the Company remains well positioned to deliver sustainable success while preserving the trust and confidence of those we serve.

# Governance Framework

The Company's governance framework consists of both external regulatory requirements and internally approved governance documents.

| External Governance Framework | Internal Governance Framework |
|---|---|
| • Companies Act No. 7 of 2007 (as amended)<br>• Listing Rules of the Colombo Stock Exchange<br>• Securities and Exchange Commission Act No. 19 of 2021<br>• Sri Lanka Accounting and Auditing Standards Act<br>• Sri Lanka Financial Reporting Standards (SLFRS/LKAS)<br>• Inland Revenue Act<br>• Labour legislation<br>• Other applicable laws and regulations governing the Company's operations. | • Articles of Association<br>• Policy on matters relating to the Board of Directors<br>• Policy on Board Committees<br>• Policy on Corporate Governance, Nominations and Re-election<br>• Policy on Remuneration<br>• Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities<br>• Policy on Risk Management and Internal Controls<br>• Policy on Relations with Shareholders and Investors<br>• Policy on Environmental, Social and Governance Sustainability<br>• Policy on Control and Management of Company Assets and Shareholder Investments<br>• Policy on Corporate Disclosures<br>• Policy on Whistleblowing<br>• Policy on Anti-Bribery and Corruption<br>• Audit Committee Charter<br>• Remuneration Committee Charter<br>• Nomination and Governance Committee Charter<br>• Related Party Transactions Review Committee Charter and Policy |

# Corporate Governance Structure




## Board of Directors

The Board is collectively responsible for providing entrepreneurial leadership, approving strategic direction, overseeing management, ensuring accountability and protecting shareholder interests.

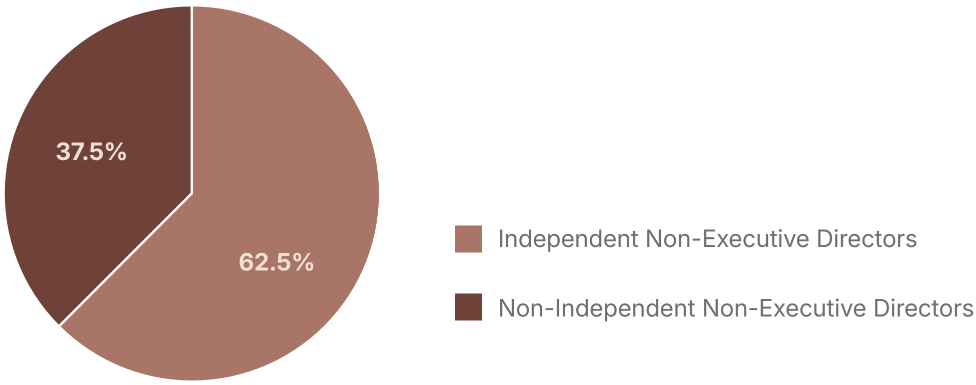
## Responsibilities of the Board of Directors

- Setting the Company's strategic direction and overseeing its implementation.
- Promoting sustainable long-term value creation while safeguarding the interests of shareholders and other stakeholders.
- Overseeing the effectiveness of governance, risk management and internal control systems.
- Ensuring the integrity of financial reporting and compliance with applicable laws, regulations and governance requirements.
- Appointing, overseeing and evaluating the performance of the Chief Executive Officer and senior management, and ensuring succession planning.
- Upholding high standards of corporate governance, ethical conduct and accountability.

The Board performs these responsibilities through scheduled Board meetings and through Board Subcommittee meetings.

## Board Composition and Board Balance

The Board comprises Independent Non-Executive Directors and Non-Independent Non-Executive Directors who were appointed on 10 January 2025 following the change in control and management of the Company. The majority of the Directors are Independent Non-Executive Directors, ensuring objective judgement and effective oversight of the Company's affairs. The Board currently has no Executive Directors, with day-to-day management and operations delegated to the executive management team under the Board's direction and supervision.




The Chairman is an Independent Non-Executive Director. The roles of Chairman and Chief Executive Officer are separate, ensuring a clear division of responsibilities and authority. This governance structure promotes effective oversight, independent judgement, and balanced decision-making, with no individual having unfettered powers of decision.

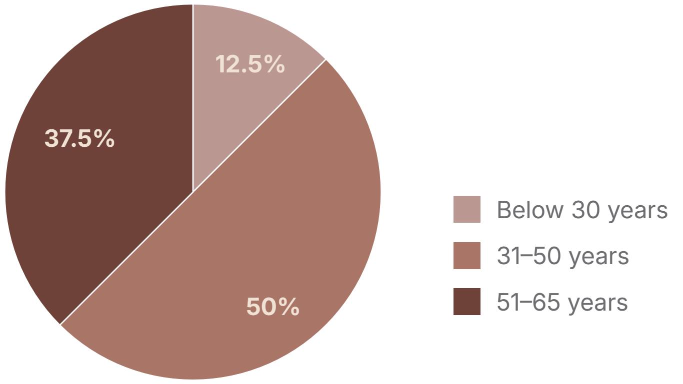
Mr. L. P. D. L. Jayawardana was appointed as Acting Chief Executive Officer with effect from 6 March 2026 and was subsequently appointed as Chief Executive Officer with effect from 1 April 2026. The appointment followed a comprehensive assessment of his fitness and propriety by the Nominations and Governance Committee and was approved by the Board of Directors.

## Board Skills and Experience

The Board comprises Directors with diverse professional backgrounds and complementary expertise, enabling balanced oversight of the Company's commercial real estate and KPO/BPO operations. Collectively, the Board possesses competencies in commercial real estate development and asset management, finance and accounting, corporate governance, legal and regulatory matters, enterprise risk management, outsourcing services (KPO/BPO), human resource management, international business, strategic leadership and audit and internal controls. This diversity of skills supports informed decision-making, effective governance and the successful execution of the Company's long-term strategy.

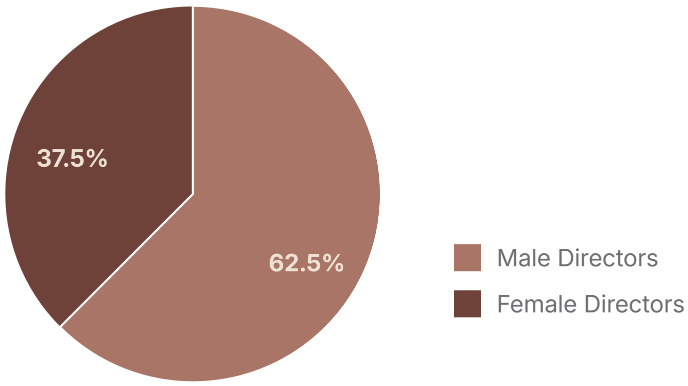
## Age Diversity of Directors

The Board recognises the importance of age diversity in fostering balanced decision-making and effective governance. Directors represent a range of age groups, bringing together extensive experience, industry knowledge, fresh perspectives, and diverse approaches to strategic oversight and long-term value creation. All the Directors are within the age group of 29 years to 65 years.




## Gender Diversity

The Company is committed to promoting diversity and inclusion at Board level. The Board comprises both male and female Directors, reflecting the Company's commitment to gender diversity and ensuring a broader range of perspectives in its deliberations and decision-making processes. Appointments to the Board are made based on merit, competence, experience, and the skills required to meet the Company's strategic objectives while supporting diversity and inclusion.



# Chairman

The Chairman provides leadership to the Board, promotes constructive dialogue among Directors, ensures that adequate time is devoted to strategic matters and facilitates effective Board decision-making. The role of Chairman is given below;

a. Provide leadership to the Board and ensure the Board works effectively and duly discharges its responsibilities;
b. Ensure That all key and appropriate issues are discussed by the Board in a timely manner;
c. Approve the agenda for each Board meeting, considering where appropriate, any matters proposed by the other directors for inclusion in the agenda. The Chairperson may delegate the preparation of agenda to the company secretary;
d. Ensure That all directors are properly briefed on issues arising at Board meetings and also ensure that directors receive adequate information in a timely manner;
e. Encourage all directors to make a full and active contribution to the Board's affairs and take the lead to ensure that the Board acts in the best interests of the Company;
f. Facilitate the effective contribution of non-executive directors in particular and ensure constructive discussions between executive and non-executive directors;
g. Encourage all directors to make critical and constructive discussions at the Board meetings and ensure that dissenting views can be freely expressed and discussed within the decision-making process;
h. Not engage in activities involving direct supervision of key management personnel, other employees or any other executive duties whatsoever; and,
i. Ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.

# Chief Executive Officer

The Chief Executive Officer is responsible for implementing Board-approved strategies, managing the Company's operations, leading the executive management team and ensuring that business objectives are achieved within the approved risk appetite. The role of CEO is given below;

a. Strategic Leadership & Direction - Execute the Board-approved strategy and drive sustainable growth and report strategic performance and recommendations to the Board.
b. Operational Management – Oversee the Company's day-to-day operations and performance and ensure efficient execution of approved plans and budgets.
c. Governance & Compliance - Ensure compliance with legal, regulatory and governance requirements and implement Board-approved policies and support Board Committees.
d. Risk Management and Internal Controls - Maintain effective risk management and internal control systems and safeguard Company assets, information and integrity.
e. Financial Management - Ensure sound financial management and accurate reporting and drive sustainable financial performance.
f. Stakeholder Relations - Manage relationships with shareholders, regulators, investors, and other stakeholders and represent the Company on operational matters.
g. Leadership & People - Lead and develop the management team and promote a high-performance, ethical, and accountable culture.

# Company Secretary

The Company Secretary supports the Board in promoting effective corporate governance and ensuring compliance with statutory and regulatory requirements. All Directors have unrestricted access to the advice and services of the Company Secretary.

The responsibilities include:

- Advising the Board on governance, legal and regulatory matters, and ensuring compliance with the Companies Act, CSE Listing Rules, SEC regulations and the Company's Articles of Association.
- Supporting the effective functioning of the Board and Board Committees by coordinating meetings, preparing agendas and Board papers, maintaining minutes, and facilitating the implementation of Board decisions.
- Ensuring compliance with statutory filing, disclosure and reporting obligations, including maintaining statutory registers and corporate records.
- Coordinating shareholder communications and general meetings, including the issuance of notices, proxy administration and meeting documentation.
- Assisting with the preparation and publication of the Annual Report and other statutory and regulatory disclosures.
- Facilitating the induction and ongoing development of Directors and serving as a key channel of communication between the Board, Management, shareholders and regulators.
- Monitoring developments in corporate governance and advising the Board on emerging governance practices and regulatory changes.

# Board Meetings

The Board meets regularly and six board meetings were held during the year under review. Directors receive comprehensive Board papers sufficiently in advance to facilitate informed decision-making.

Attendance at Board meetings for the year under review :

| Name of Director | Status of Directorship | Meetings eligible to attend | Meetings attended | As a percentage (%) |
|---|---|---|---|---|
| Mr. S E C Gardiner | Chairman/Independent Non-Executive Director | 6 | 6 | 100% |
| Mr. W M A I Fernando | Independent Non-Executive Director | 6 | 6 | 100% |
| Mr. D S Weerakkody | Independent Non-Executive Director | 6 | 5 | 83.33% |
| Ms. S D Arseculeratne | Independent Non-Executive Director | 6 | 6 | 100% |
| Mr. N De Soysa Cooke | Non-Independent Non-Executive Director | 6 | 4 | 66.66% |
| Ms. D K Herath | Non-Independent Non-Executive Director | 6 | 5 | 83.33% |
| Mr. J T Yatawara | Non-Independent Non-Executive Director | 6 | 6 | 100% |
| Ms. D L M S Chandrasekera | Independent Non-Executive Director | 6 | 4 | 66.66% |

## Board Committees

The Board has established the following mandatory Committees to assist in the discharge of its responsibilities.

| Committee | Functions | Membership |
|---|---|---|
| Audit Committee | Oversee the integrity of financial reporting, effectiveness of internal controls, risk management processes, external audit function, and compliance with applicable laws and regulations. | 2 Independent NEDs<br>1 Non-Independent NED |
| Related Party Transactions Review Committee | Responsible for reviewing all related party transactions to ensure compliance with regulatory requirements and that such transactions are conducted on normal commercial terms. | 3 Independent NEDs |
| Remuneration Committee | Responsible for establishing remuneration policies for Directors and Key Management Personnel while ensuring alignment with performance and long-term shareholder interests. | 3 Independent NEDs<br>2 Non-Independent NEDs |
| Nominations and Governance Committee | Oversee Board succession planning, appointments of Directors, assessments of independence, governance practices, Board evaluations, and the continuous development of Directors. | 3 Independent NEDs<br>1 Non-Independent NED |

## Attendance at Board Subcommittee meetings

| Director | Audit Committee | Related Party Transactions Review Committee | Remuneration Committee | Nominations & Governance Committee |
|---|---|---|---|---|
| Mr. S E C Gardiner, Chairman/ Independent Non-Executive Director | - | - | M<br>2/2 | M**<br>2/2 |
| Mr. W M A I Fernando, Independent Non-Executive Director | C<br>6/6 | - | C<br>2/2 | C*<br>2/2 |
| Mr. D S Weerakkody, Independent Non-Executive Director | - | C<br>5/5 | - | M<br>2/2 |
| Ms. S D Arseculeratne, Independent Non-Executive Director | M<br>6/6 | M<br>5/5 | M<br>2/2 | - |
| Mr. N De Soysa Cooke, Non-Independent Non-Executive Director | - | - | M<br>2/2 | - |
| Ms. D K Herath, Non-Independent Non-Executive Director | - | - | M<br>2/2 | - |
| Mr. J T Yatawara, Non-Independent Non-Executive Director | M<br>6/6 | - | - | M<br>2/2 |
| Ms. D L M S Chandrasekera, Independent Non-Executive Director | - | M<br>5/5 | - | - |
| Frequency of Meetings /Minimum number of meetings | Minimum four quarterly meetings | Minimum four quarterly meetings/Once every calendar quarter | Minimum two meetings for the year | Minimum two meetings for the year |

C : Chairperson of the Committee M : Member of the Committee

* appointed as a Member and the Chairman of the Committee with effect from 28th November 2025.

** Resigned from the position of Chairman on 28th November 2025.

## Board Evaluation

In line with good corporate governance practices, an annual performance evaluation of the Board of Directors and Board Committees is conducted. Each Director and Committee member independently completes evaluation questionnaires, and the consolidated results are reviewed by the Nominations and Governance Committee, respective Committees, and presented to the Board.

The evaluation process supports continuous improvement by identifying areas for enhancement in Board effectiveness, governance practices, and Committee performance.

## Internal Controls

The Board is responsible for establishing and maintaining an effective system of internal controls to safeguard the Company's assets, ensure the reliability of financial reporting, enhance operational efficiency, and ensure compliance with applicable laws and regulations. The internal control framework covers property management operations, KPO/BPO service activities, financial reporting, information technology, risk management, and compliance processes. The effectiveness of key controls is periodically reviewed by management and overseen by the Audit Committee.

## Ethics and Compliance

The Company is committed to maintaining a culture founded on integrity, accountability, transparency, and ethical conduct across all levels of the organization. The Code of Business Conduct and Ethics applies to Directors, management, employees, and relevant stakeholders, providing guidance on expected standards of professional behaviour, conflicts of interest, confidentiality, fair dealing, and compliance with applicable laws and regulations.

The Company maintains a confidential whistleblowing mechanism that enables employees and other stakeholders to report concerns relating to misconduct, unethical behaviour, fraud, regulatory violations or breaches of Company policies, while ensuring protection against retaliation.

The Company has established an Anti-Bribery and Corruption Policy to prevent, detect, and address bribery, corruption, facilitation payments, and other unethical practices. The Policy sets out the Company's zero-tolerance approach towards bribery and corruption and provides guidelines on dealings with customers, suppliers, business partners, government authorities, and other stakeholders. Appropriate controls, awareness initiatives, and monitoring mechanisms are maintained to promote compliance with the Policy and applicable anti-corruption laws and regulations.

# Data Protection and Information Security

The Company utilises established systems, including the Property Management System, BoardPAC Board Portal, Xerox accounting system, and other operational platforms, supported by appropriate access controls, user authentication, data backup procedures, and system monitoring mechanisms.

Access to information systems is restricted based on employees' roles and responsibilities, ensuring that confidential business information and client-related data are accessed only by authorized personnel. The Company maintains controls over data handling, storage, and sharing to mitigate risks associated with unauthorised access, data loss, and cyber threats.

The Board and management continue to review and enhance information security measures to ensure compliance with applicable data protection requirements and to support the secure delivery of the Company's property management, BPO, and KPO services.

## Sustainability and ESG

The Board recognises that sustainable long-term value creation requires responsible Environmental, Social, and Governance (ESG) practices. The Company is committed to conducting its business in a responsible manner by considering the impact of its operations on the environment, employees, customers, shareholders, and other stakeholders.

The Company integrates ESG considerations into its strategic planning, risk management framework, and operational decision-making processes. The Company continues to promote responsible business practices, efficient utilisation of resources, ethical conduct, employee well-being, stakeholder engagement, and sound governance principles to support sustainable growth and enhance long-term stakeholder value. The following policies established by the Company were reviewed by the Board during the year. The Company has complied with the Policy on Internal Code of Business conduct and Ethics during the year under review.

- Policy on matters relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance, Nominations and Re-election
- Policy on Remuneration
- Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- Policy on Risk Management and Internal Controls
- Policy on Relations with Shareholders and Investors
- Policy on Environmental, Social and Governance Sustainability
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosures
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption

## Stakeholder Engagement

The Company maintains transparent and timely communication with shareholders and stakeholders through Annual Reports, Interim Financial Statements, Colombo Stock Exchange announcements, investor presentations, Annual General Meetings, and the Company website. The Board encourages shareholder participation and constructive engagement while ensuring compliance with applicable disclosure requirements and promoting transparency and accountability.

## Conduct of Shareholder Meetings

The Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) provide shareholders with an opportunity to engage with the Board, raise questions, and exercise their voting rights. The Chairman facilitates constructive dialogue between shareholders, the Board, and management, while the Chairpersons of the Board Committees and the External Auditors are available to respond to relevant queries. The Company encourages active shareholder participation and presents each resolution separately for approval, unless related resolutions are more appropriately considered together.

# Compliance with Corporate Governance Regulations

The Company is committed to maintaining the highest standards of corporate governance and recognizes that sound governance is fundamental to sustainable business success and long-term value creation. The governance framework adopted by the Company promotes integrity, transparency, accountability, and responsible decision-making while safeguarding the interests of all stakeholders.

The Company's corporate governance practices are guided by the mandatory requirements of the Companies Act No. 07 of 2007 and Section 9 of the Listing Rules of the Colombo Stock Exchange. In addition, the Company has adopted the principles set out in the Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka, to the extent applicable. Collectively, these frameworks provide a strong foundation for effective governance, robust oversight, and the responsible management of the Company's affairs.

**SECTION A - Level of compliance with the Companies Act No. 07 of 2007 on Annual Report disclosures (mandatory compliance).**

**✓ - Complied**

| Section Reference | Requirement | Compliance Status | Annual Report Reference (Page) |
|---|---|---|---|
| 168 (1) (a) | The nature of the business of the Company together with any change thereof, if any, during the accounting period | ✓ | About the company – Page 7<br>Notes to the Financial Statements on Pages 180-211 |
| 168 (1) (b) | Signed Financial Statements of the Company for the accounting period | ✓ | Audited Financial Statements-Pages 173 to 211 |
| 168 (1) (c) | Auditors' Report on Financial Statements of the Company | ✓ | Independent Auditor's Report – Page 169 |
| 168 (1) (d) | Accounting Policies and changes thereto, if any | ✓ | Notes to the Financial Statements – Pages 180 to 211 |
| 168 (1) (e) | Particulars of the entries made in the Directors' Interests Register during the accounting period | ✓ | Annual Report of Directors on the State of Affairs of the Company- Page 142 |
| 168 (1) (f) | Remuneration and other benefits paid to Directors of the Company during the accounting period | ✓ | Annual Report of Directors on the State of Affairs of the Company- Page 142 |
| 168 (1) (g) | The total amount of donations made by the company during the accounting period | ✓ | Annual Report of Directors on the State of Affairs of the Company- Page 142 |
| 168 (1) (h) | Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period | ✓ | Annual Report of Directors on the State of Affairs of the Company- Page 142 |
| 168 (1) (i) | Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered by them during the accounting period | ✓ | Notes to the Financial Statements– Pages 180-211 |
| 168 (1) (j) | Auditors' relationship or any interest with the Company and its Subsidiaries | ✓ | Annual Report of Directors on the State of Affairs of the Company- Page 142 |
| 168 (1) (k) | Acknowledgment of the contents of this Report and Signatures on behalf of the Board (Annual Report of the Board of Directors) | ✓ | Annual Report of Directors on the State of Affairs of the Company- Page 142 |

**SECTION B - Level of compliance with the Corporate Governance requirements stipulated under Section 9 of the Listing Rules of the Colombo Stock Exchange (mandatory compliance).**

**✓ - Complied**

| Listing Rule | Compliance and Implementation | Page No | Status |
|---|---|---|---|
| 9 | Corporate Governance | | |
| 9.1 | Applicability of Corporate Governance Rules<br><br>The Company has complied with Section 9 of CSE Listing Rules by verifying its adherence to Corporate Governance Rules. | 109-113 | ✓ |
| 9.2 | Policies | | |
| 9.2.1 | The Company has established and maintained the following policies and disclosed the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website;<br><br>a) Policy on matters relating to the Board of Directors<br>b) Policy on Board Committees<br>c) Policy on Corporate Governance, Nominations and Re-election<br>d) Policy on Remuneration<br>e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities<br>f) Policy on Risk Management and Internal Controls<br>g) Policy on Relations with Shareholders and Investors<br>h) Policy on Environmental, Social and Governance Sustainability<br>i) Policy on Control and Management of Company Assets and Shareholder Investments<br>j) Policy on Corporate Disclosures<br>k) Policy on Whistleblowing<br>l) Policy on Anti-Bribery and Corruption | 107 | ✓ |
| 9.2.2 | The Company has fully complied with the Internal Code of Business Conduct and ethics. | 107 | ✓ |
| 9.2.3-9.2.4 | The list of policies has been disclosed on the Company website as well as in this Annual Report.<br><br>Details pertaining to any changes to policies are disclosed in the Annual Report.<br><br>All policies are accessible to shareholders upon a written request. | 107 | ✓ |
| 9.3 | Board Committees | | |
| 9.3.1-9.3.2 | The Company maintains 4 mandatory Board subcommittees required by CSE listing rules.<br><br>Refer respective committee reports.<br>a) Nominations and Governance Committee<br>b) Remuneration Committee<br>c) Audit Committee<br>d) Related Party Transactions Review Committee<br><br>The composition, responsibilities, and disclosures required in respect of the above Board committees have been made. | 151 | ✓ |
| 9.3.3 | The Chairperson of the Board of Directors is not the Chairperson of any Board committees referred to in Rule 9.3.1 above. | | ✓ |
| 9.4 | Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders | | |

| Listing Rule | Compliance and Implementation | Page No | Status |
|---|---|---|---|
| 9.4.1 | The Company maintains information required by 9.4.1 and the required information will be provided to the Exchange and/or the SEC upon request. | | ✓ |
| 9.4.2 | The Company has established a policy to effectively communicate with shareholders and investors, which is published in the Company website. Additionally, a designated contact person is provided for communication purposes. The policy ensures that all Directors are informed of any significant concerns or issues raised by shareholders. Furthermore, these concerns (if any) will be transparently addressed in the annual report and on the website.<br><br>Shareholder meetings conducted through virtual or hybrid means will comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange. | 153 | ✓ |
| 9.5 | Policy on matters relating to the Board of Directors | | |
| 9.5.1 | The Company has adopted the policy, along with information regarding the Board composition, the roles of the Chairperson and CEO, as well as other requirements as per Rule No 9.5.1. | 153 | ✓ |
| 9.5.2 | The Company has adopted the Policy on matters relating to the Board of Directors and comply with the contents therein. | | ✓ |
| 9.6 | Chairperson and CEO | | |
| 9.6.1 – 9.6.4 | The roles of Chairperson and CEO are occupied by distinct individuals; hence the Company has not designated a Senior Independent Director (SID)<br><br>The Chairperson is an Independent Non-Executive Director. Acting CEO was appointed with effect from 6th March 2026 and he was made the CEO with effect from 1st April 2026. | 103 | ✓ |
| 9.7 | Fitness of Directors and CEOs | | |
| 9.7.1 – 9.7.2 | Every member of the Director Board is a fit and proper person to act as Director as specified in the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 | 149 | ✓ |
| 9.7.3 – 9.7.5 | The Company has implemented a Fit and Proper Assessment process. Annual Fit and Proper Declarations submitted by all Directors were reviewed by the Nominations and Governance Committee and the Board, which confirmed that all Directors were fit and proper to serve on the Board.<br><br>Fit and Proper Assessment of CEO was carried out by the Nominations and Governance Committee and the Board of Directors at the time of his formal appointment effective from 1st April 2026.<br><br>Necessary disclosures are done in this Annual Report. | 149 | ✓ |
| 9.8 | Board Composition | | |
| 9.8.1-9.8.2 | The Board consists of 8 (eight) Non-Executive Directors and 5 (five) of them are independent. | 148 | ✓ |
| 9.8.3-9.8.4 | The criteria for determining independence as given within the Rules have been applied and the Independent Directors are disclosed in the Directors' Report. | 148 | ✓ |
| 9.8.5 | Directors have annually submitted the formal declaration of independence. The Board has reviewed these annual declarations and other available information to verify adherence to the criteria for assessing independence. | 148 | ✓ |
| 9.9 | Alternate Directors | | |
| | The Company did not appoint an Alternate Director.<br><br>The requirements for appointment of an Alternate Director are incorporated into the Articles of Association of the Company. | | ✓ |

| Listing Rule | Compliance and Implementation | Page No | Status |
|---|---|---|---|
| 9.10 | Disclosures relating to Directors | | |
| 9.10.1 | The maximum number of Directorships is in line with the policy on matters relating to the Board of Directors as per Rule No 9.5.1 | 156 | ✓ |
| 9.10.2 | There were no new appointments to the Board during the year under review. | 148 | ✓ |
| 9.10.3 | There were no changes to the composition of the Board Remuneration Committee, Board Audit Committee and Related Party Transactions Review Committee.<br><br>The Board Nominations and Governance Committee was reconstituted on 28th November 2025. Mr. Indrajith Fernando was appointed to the Committee as a member. Further, the Chairman position of the Committee held by Mr. Sanjeev Gardiner was replaced by Mr. Fernando effective from 28th November 2025. Mr. Gardiner continues to be a member of the Committee. | 128 to 139 | ✓ |
| 9.10.4 | All information required in relation to Board of Directors under this rule has been disclosed in the Directors' Report and the Governance Report. | | ✓ |
| 9.11 | Nominations and Governance Committee | | |
| 9.11.1-9.11.3 | The Company has established a Nominations and Governance Committee, which follows a formal procedure for appointing new Directors and re-electing existing Directors to the Board. The Committee operates under a set of written terms of reference that clearly defines its scope, authority, and responsibilities.<br><br>Refer to Nominations and Governance Committee report | 132 | ✓ |
| 9.11.4 | Composition of the Committee:<br>The Nominations and Governance Committee comprises three [3] Independent Non-Executive Directors and one [1] Non-Independent Non-Executive Director. An Independent Director serves as the Chairperson. The committee composition has been disclosed.<br><br>Refer to Nominations and Governance Committee report | 132 | ✓ |
| 9.11.5 | Functions of the Committee:<br>The Committee fulfils its duties by evaluating and recommending Director appointments, establishing selection criteria, reviewing the Board's structure, and updating governance policies in accordance with the stipulations outlined in Section 9.11.5, thereby ensuring compliance with regulatory requirements.<br><br>Refer to Nominations and Governance Committee report | 132 | ✓ |
| 9.11.6 | Disclosures:<br>During the year, the Company has demonstrated compliance with the necessary disclosure requirements.<br>All the relevant details available have been disclosed in the Committee Report. | 132 | ✓ |
| 9.12 | Remuneration Committee | | |
| 9.12.1 – 9.12.5 | The Company has a Remuneration Committee in place and follows a formal and transparent process for developing policies on Directors' remuneration packages. No Director is involved in deciding his/her own remuneration. The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties, and requirements for meeting quorum.<br>Refer Remuneration Committee Report. | 136 | ✓ |
| 9.12.6 | Composition of the Committee:<br>The Remuneration Committee comprises three [3] Independent Non-Executive Directors and two [2] Non-Independent Non-Executive Directors. An Independent Director serves as the Chairperson.<br>Refer Remuneration Committee Report. | 136 | ✓ |

| Listing Rule | Compliance and Implementation | Page No | Status |
|---|---|---|---|
| 9.12.7 | Functions of the Committee:<br>The committee, recommends and assesses the relevance of the remuneration payable to the Directors and KMPs of the Company.<br>Refer Remuneration Committee Report | 136 | ✓ |
| 9.12.8 | Disclosures:<br>During the year, the Company has demonstrated compliance with the necessary disclosure requirements.<br>Refer Remuneration Committee Report. | 136 | ✓ |
| 9.13 | Audit Committee | | |
| 9.13.1-9.13.2 | The Company has established an Audit Committee to perform the Audit and Risk Functions. There is no separate Risk Committee. The Audit Committee has a written terms of reference clearly defining its scope, authority and duties. | 128 | ✓ |
| 9.13.3 | Composition of the Committee:<br>The Audit Committee comprises two [2] Independent Non-Executive Directors and one [1] Non-Independent Non-Executive Director. During the year the Committee met six [6] times with the participation of the Chief Financial Officer. An Independent Director serves as the Chairperson.<br>Refer Audit Committee Report. | 128 | ✓ |
| 9.13.4 | Functions of the Committee:<br>The committee oversees the entity's compliance with financial regulations, reviewing financial statements and accounting policies, recommending external auditor appointments, ensuring assurance on financial records and risk management, overseeing compliance with auditing standards and risk management, evaluating risk policies, reviewing audit effectiveness, establishing policies for external auditor engagement, justifying auditor changes when necessary, and promptly reporting breaches to the Board and relevant authorities.<br>Refer Audit Committee Report. | 128 | ✓ |
| 9.13.5 | Disclosures: The Company has made necessary disclosures in the Annual Report.<br>All the relevant details available have been disclosed in the Committee Report. | 128 | ✓ |
| 9.14 | Related Party Transactions Review Committee | | |
| 9.14.1 | The Company has established a Related Party Transactions Review Committee and complies with the requirements outlined in Rule 9.14. The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties.<br>Refer the Related Party Transaction Review Committee Report | 139 | ✓ |
| 9.14.2 | Composition of the Committee:<br>The Committee comprises three [03] Independent Non Executive Directors. The Chief Executive Officer and Chief Financial Officer regularly attend meetings by invitation. An Independent Director serves as the Chairperson.<br>Refer the Related Party Transaction Review Committee Report | 139 | ✓ |
| 9.14.3 | Functions of the Committee:<br>The Company has set up a Related Party Transactions Review Committee to oversee such transactions, with the aim of safeguarding shareholders' interests and preventing abuse by Directors, CEOs, or Substantial Shareholders. The committee is tasked with establishing and maintaining clear policies, procedures, and processes for identifying, clarifying, and reporting related party transactions across the Company's operations.<br>Refer the Related Party Transaction Review Committee Report | 139 | ✓ |

| Listing Rule | Compliance and Implementation | Page No | Status |
|---|---|---|---|
| 9.14.4 | General requirements:<br>The Committee convenes quarterly meetings and ensures that the minutes of all meetings are properly documented and communicated to the Board of Directors. Committee members have access to adequate expertise to evaluate proposed transactions, seeking professional advice when necessary. Approval from the Board of Directors is required for reviewed transactions as mandated by Rule 9.14.4. Directors with personal interests in such matters abstain from participation and voting during relevant Board Meetings.<br>Refer the Related Party Transaction Review Committee Report | 139 | ✓ |
| 9.14.5 – 9.14.6 | The Related Party Transactions Review Committee, reviews all related party transactions, while also considering any material changes to previously reviewed transactions under Rule 9.14.5. They assess transaction details and Director's independence while reviewing the transaction.<br>Refer the Related Party Transaction Review Committee Report. | 139 | ✓ |
| 9.14.7 | Disclosures:<br>There was a non-recurrent related party transaction which exceeded the aggregate value of 10% of the Equity or 5% of the Total Assets wherein the necessary shareholder approval was obtained at an Extraordinary General Meeting.<br>There were recurrent related party transactions made in the normal course of business during the year. The Board confirms that the Company has disclosed transactions with Related Parties in terms of Sri Lanka Accounting Standard (LKAS 24) and has complied with all requirements as per the CSE Listing Rules. Refer Related Party Transaction Review Committee Report | 139 | ✓ |
| 9.14.8 | Disclosures in the Annual Report:<br>The Related Party transactions are disclosed in the Notes to the Financial Statements.<br><br>Refer Annual Report of Board of Directors and Note 24 to the Financial Statements. | 206 | ✓ |
| 9.14.9 | Acquisition and Disposal of Assets from/to related parties: No substantial acquisitions or disposals occurred during the year. Refer Note 24 Related Party Disclosure | | ✓ |
| 9.14.10 | Exempted Related Party Transactions: The Company has noted the definition given under exempted related party transactions when determine the related party transactions of the Company | | ✓ |
| 9.17 | Additional disclosures | | |
| | i. The Board of Directors has disclosed all material interests in Entity contracts and refrained from voting on such matters. Refer Annual Report of the Board of Directors | 142 | ✓ |
| | ii. The Board has reviewed internal controls and obtained reasonable assurance of effectiveness. Refer Annual Report of the Board of Directors | 106, 144 and 165 | ✓ |
| | iii. The Board stays informed about applicable laws, rules, and regulations. Refer Annual Report of Board of Directors | 106 | ✓ |
| | iv. The Board discloses instances of non-compliance and material fines in Entity- operated jurisdictions (if any) . Refer Annual Report of Board of Directors | 142 | ✓ |

**SECTION C - Level of compliance with the Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka (voluntary compliance).**

**✓ - Complied**

| Principle No. | Corporate Governance Principle | Level of Compliance and Implementations | Compliance |
|---|---|---|---|
| A | DIRECTORS | | |
| A.1 | The Board | Under the leadership of the Chairperson, the Board consists of eight Directors, of whom five are Independent Non-Executive Directors. The Board is composed of accomplished professionals with wide-ranging expertise in finance and accounting, corporate governance, legal and regulatory matters, enterprise risk management, outsourcing services (KPO/BPO), human resource management, international business, strategic leadership, and audit and internal controls. This breadth of experience and diversity of perspective strengthens the Board's ability to provide effective strategic guidance, sound oversight, and long-term stewardship of the Company. | ✓ |
| A.1.1 | Regular Board meetings, Structure and process of submitting information | The Board meets on a quarterly basis, with additional meetings convened as and when necessary to address specific matters requiring its attention. During the financial year ended 31 March 2026, the Board held six meetings. Board papers containing relevant and timely information are circulated to Directors well in advance prior to each meeting to facilitate informed deliberation and effective decision-making. | ✓ |
| A.1.2 | Responsibility of the Board | The Board is primarily responsible for setting the strategic direction of the Company and overseeing the strategic planning process, including the development of the Company's vision and mission. As part of its overall stewardship role, the Board is also responsible for, among other matters:<br>• Setting the Company's strategic direction and overseeing its implementation.<br>• Promoting sustainable long-term value creation while safeguarding the interests of shareholders and other stakeholders.<br>• Overseeing the effectiveness of governance, risk management and internal control systems.<br>• Ensuring the integrity of financial reporting and compliance with applicable laws, regulations and governance requirements.<br>• Appointing, overseeing and evaluating the performance of the Chief Executive Officer and senior management, and ensuring succession planning.<br>• Upholding high standards of corporate governance, ethical conduct and accountability. | ✓ |
| A.1.3 | Act in accordance with the law and obtain independent professional advice. | The Company places significant emphasis on ensuring compliance with all applicable laws, regulations, and regulatory requirements. To support effective oversight in this regard, statutory and regulatory compliance reports are presented at each regular Board meeting and are reviewed and monitored at Board level. Board members are also entitled, whenever considered necessary in the discharge of their duties, to seek independent professional advice from external parties, including the Company's external auditors, legal counsel, and other professional consultants, at the expense of the Company. | ✓ |
| A.1.4 | Access to the advice and services of the company secretary | All Directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible for facilitating due compliance with Board procedures, the Company's Articles of Association, the Listing Rules of the Colombo Stock Exchange, and the Companies Act No. 07 of 2007, as well as for maintaining minutes of Board and Committee meetings and other statutory records. | ✓ |

| Principle No. | Corporate Governance Principle | Level of Compliance and Implementations | Compliance |
|---|---|---|---|
| A.1.5 | Independent judgement of Directors | All Directors exercise independent judgment in matters relating to strategy, performance, resource allocation, risk management, compliance, and standards of business conduct. To support informed and objective decision-making, each Director is provided with a comprehensive set of Board papers in advance of every Board meeting, allowing adequate time to review the matters under consideration and to apply independent judgment effectively. | ✓ |
| A.1.6 | Dedication of adequate time and effort by Directors | The Board met on six occasions during the financial year ended 31 March 2026. The Board is satisfied that the Chairperson and all other Directors devoted adequate time and effort during the year to effectively discharge their responsibilities. To facilitate informed deliberation and effective decision-making, the agenda and Board papers are circulated to Directors sufficiently in advance of each meeting, enabling them to review the matters under consideration and seek clarifications, where necessary, prior to the meetings. | ✓ |
| A.1.7 | Call for resolution by Directors | In accordance with the Company's Articles of Association, resolutions of the Board are passed by majority vote. Further, any Director may call for a matter to be presented to the Board for resolution where he or she considers such action to be in the best interests of the Company. | ✓ |
| A.1.8 | Training for Directors | The Board recognizes the importance of ensuring that Directors are appropriately equipped to discharge their responsibilities effectively. Accordingly, training and development are made available as necessary, covering both general aspects of directorship and matters specific to the Company and the industry in which it operates. During the year, the Directors participated in the training on Companies (Amendment) Act, No. 12 of 2025 and the Companies (Beneficial Ownership) Regulations, No. 01 of 2026. In addition, Directors are encouraged to participate in relevant external forums, seminars, and professional development program, and are regularly briefed at Board and Board Committee meetings on significant regulatory and industry developments that may impact the Company and its operations. | ✓ |
| A.2 | Separation of the roles of Chairperson and CEO | The roles of Chairperson and Chief Executive Officer are separate, thereby ensuring a clear division of responsibilities at the highest level of the Company and promoting an appropriate balance of power and authority. | ✓ |
| A.3- A.3.1 | Chairman's role & Conduct of Board Meetings | The Board is headed by the Chairperson, Mr. Sanjeev Gardiner who provides leadership to the Board and is responsible for ensuring its effective functioning. In discharging this role, the Chairperson ensures the preparation of agenda, timely circulation of Board papers containing sufficient and relevant information, promotes the effective participation of both Independent and Non-Independent Directors, and maintains an appropriate balance of power between them. The Chairperson also ensures that the views expressed by Directors on matters under consideration are duly obtained and that the deliberations and decisions of the Board are appropriately recorded in the minutes. | ✓ |
| A.4 | Financial acumen | The Board comprises Directors with the skills, experience, expertise, and business acumen necessary to provide sound guidance on financial matters and to effectively oversee the financial affairs of the Company. The Board includes a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and two Fellow Members of the Chartered Institute of Management Accountants (UK). In addition, the other Directors possess the knowledge and capability to contribute meaningfully to the Board's deliberations on financial and related matters. | ✓ |
| A.5 | Board balance | The Board comprises of Non-Executive Directors only and out of them, 5 are Independent Non-Executive Directors. No individual Director or small group of Directors is able to dominate the Board's decision-making process. The presence of experienced Non-Executive Directors enables objective judgment and independent oversight in the discharge of the Board's responsibilities. | ✓ |

| Principle No. | Corporate Governance Principle | Level of Compliance and Implementations | Compliance |
|---|---|---|---|
| A.5.1 | Majority of Non-Executive Directors | The Board consists of Non-Executive Directors only And the majority are Independent Non-Executive Directors. Chairman is an Independent Non-Executive Director. These ensure an appropriate balance of independence, objectivity, and effective oversight in the Board's deliberations and decision-making processes.<br><br>The Chief Executive Officer position is held by a separate individual. | ✓ |
| A.5.2 | Independent Non-Executive Directors | Five out of Eight Non-Executive Directors serving on the Board are considered independent. Accordingly, the Board is satisfied that the Company complies with the applicable requirement relating to Independent Non-Executive Directors under the Code of Best Practice on Corporate Governance (2023) and the Listing Rules of the Colombo Stock Exchange. | ✓ |
| A.5.3 | Directors independent from management | The independence of Non-Executive Directors is assessed with due regard to their independence from management and freedom from any business or other relationship that could materially interfere, or be reasonably perceived to interfere, with the exercise of their unfettered and independent judgment. In this regard, the Company maintains the Interests Register required under the Companies Act No. 07 of 2007, which includes disclosures relating to Directors' interests in contracts and other relevant interests involving the Company. Related party transactions are reviewed through the established governance framework. | ✓ |
| A.5.4 | Annual Declaration of Independence by Nonexecutive Director | Each Non-Executive Director submits a signed and dated annual declaration confirming his/her independence or non-independence against the criteria specified in the Code of Best Practice on Corporate Governance (2023). | ✓ |
| A.5.5 | Determination of Independence of Director | The Board has, based on the declarations submitted by the Non-Executive Directors and other information available to it, determined that each of the Non-executive Directors is independent in character and judgment and is free from any relationships or circumstances that could materially interfere, or reasonably be perceived to interfere, with the exercise of independent judgment. Accordingly, the Independent Non-Executive Directors of the Company are<br><br>• Mr. S E C Gardiner<br>• Mr. W M A I Fernando<br>• Mr. D S Weerakkody<br>• Ms. S D Arseculeratne<br>• Ms. D L M S Chandrasekera | ✓ |
| A.5.6 | Alternate Director | No alternate Directors were appointed | ✓ |
| A.5.7 | Appointment of Senior Independent Director | As the Chairperson is an Independent Non-Executive Director and the Chief Executive Officer position is held by a separate individual, a Senior Independent Director was not appointed. | ✓ |
| A.5.8 | Confidential discussion with Senior Independent Director | Not applicable since a Senior Independent Director is not appointed. | ✓ |
| A.5.9 | Chairman's meetings with Non-Executive Directors | Not applicable since Executive Directors are not appointed by the Company. | ✓ |

| Principle No. | Corporate Governance Principle | Level of Compliance and Implementations | Compliance |
|---|---|---|---|
| A.5.10 | Recording of Concerns raised by Directors in Board Minutes | Any concerns raised by Directors during the financial year are appropriately recorded in the minutes of Board meetings by the Company Secretary, thereby ensuring that the deliberations of the Board are properly documented and maintained as part of the Company's governance records. | ✓ |
| A.6.1 | Supply of Information | The Company ensures that Directors receive adequate, accurate, and timely information to support effective decision-making and the proper discharge of their responsibilities. In respect of urgent matters, every effort is made to provide the relevant information as promptly as possible. The Board is provided with a standard set of Board papers that are comprehensive and include detailed analysis of both financial and non-financial information. In addition, Directors may seek further information, clarification, or explanation from CEO or CFO or any other member whenever considered necessary. | ✓ |
| A.6.2 | Adequate time for the conduct of Board Meetings | The agenda for Board meetings, together with the related Board papers, is ordinarily circulated to Directors at least seven days in advance of each meeting in order to facilitate informed deliberation and the effective conduct of Board proceedings. | ✓ |
| A.7.1 | Appointments of Director to the Board | The Board has established a Nominations and Governance Committee to ensure a formal, transparent, and structured process for the appointment of Directors to the Board. The Committee comprises three Independent Non-Executive Directors and one Non-Independent Non-Executive Director and is chaired by Mr. Indrajith Fernando, an Independent Nono-Executive Director. The Committee is responsible for reviewing and recommending appointments to the Board, having due regard to the skills, experience, independence, and suitability required to support the effective discharge of the Board's responsibilities. | ✓ |
| A.7.2 | Annual assessment of Board composition | The Nominations and Governance Committee annually assesses the composition of the Board to ensure that the collective knowledge, experience, skills, and diversity of the Board remain aligned with the Company's strategic direction and evolving business needs. The outcomes of these assessments are taken into consideration when identifying and recommending new appointments to the Board, thereby supporting the maintenance of an effective and well-balanced Board. | ✓ |
| A 7.4 | Disclose of required details of new Directors to shareholders | All new appointments to the Board are communicated to shareholders forthwith by way of an announcement to the Colombo Stock Exchange. During the year, there were no new appointments made to the Board. | ✓ |
| A 7.5 | Member of the Committee and the work of the Committee | Refer Nominations and Governance Committee Report on page 132 | ✓ |
| A.8.1- 8.2 | Re-election | Re-elections take place as per the provisions of the Articles of Associations of the Company. | ✓ |
| A.8.3 | Resignation | Any Director who resigns prior to the completion of his or her appointed term is required to submit a written communication to the Board setting out the reasons for such resignation. No such resignations occurred during the year under review | ✓ |
| A.9.1-9.4 | Appraisal of Board Performance | The Board has in place a formal and rigorous process for the annual evaluation of its own performance and the performance of its Board Subcommittees, The results of the evaluation are summarized and presented to the Board for consideration, with a view to identifying areas for continuous improvement and enhancing the overall effectiveness of the Board and its Committees. | ✓ |

| Principle No. | Corporate Governance Principle | Level of Compliance and Implementations | Compliance |
|---|---|---|---|
| A.10 | Disclosure of information in respect of Directors | The following information in respect of each Director is disclosed in this Annual Report:<br>• Name, qualifications and brief profile<br>• The nature of his/her expertise in relevant functional areas<br>• Whether Executive, Non-Executive and/or independent Director<br>• Names of listed companies in Sri Lanka in which the Director concerned serves as a Director<br>• Number of Board meetings of the Company attended during the year<br>• The total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an executive or non-executive capacity<br>• Names of Board Committees in which the Director serves as Chairman or a member - Refer to the "Committee Reports" and "Directors' Profiles".<br>• Number of committee meetings attended during the year- Refer to the "Committee Reports" | ✓ |
| A.11-A.12 | Appraisal of Chief Executive Officer | The Chief Executive Officer was appointed with effect from 1st April 2026. The performance is to be evaluated by the Board against the objectives and targets in order to assess the extent to which they have been achieved and to ensure alignment with the Company's strategic direction and performance expectations at the end of the financial year. | ✓ |
| B | DIRECTORS' REMUNERATION | | |
| B.1 | Directors' Remuneration | The Board has established a formal and transparent process for the development of remuneration policies through the Remuneration Committee. The Committee assists the Board in matters relating to the remuneration of Directors and Key Management Personnel, ensuring that such remuneration is determined in a structured and objective manner and is aligned with the Company's strategic objectives, performance, and good governance practices. | ✓ |
| B.2.1-B.2.2 | Establishment and composition of the Remuneration Committee | The Board has established a Remuneration Committee comprising five Non-Executive Directors and three of them are Independent. The Committee is chaired by Independent Non-Executive Director, Mr. Indrajith Fernando, | ✓ |
| B.2.3 | Remuneration of Executive Directors & Senior Management | There are no Executive Directors in the Company. In determining the remuneration of CEO and Key Management Personnel, the Remuneration Committee consults the Chairperson/CEO as applicable on its proposals, thereby ensuring that such remuneration is considered in a structured and informed manner and remains aligned with the Company's performance, responsibilities, and remuneration policies. | ✓ |
| B.2.4-2.12 | The Level and Make up of Remuneration | The Board ensures that CEO and KMPs are provided with an attractive remuneration package to attract them and retain them with the company, and the remuneration is designed to promote the long-term success of the company. | ✓ |
| B.2.13-2.14 | Remuneration of Non-Executive Directors | The Board, as a whole, including the members of the Remuneration Committee, determines the remuneration of Non-Executive Directors. In doing so, due consideration is given to the time commitment, responsibilities, and level of contribution associated with their role, while also having regard to industry best practices and the application of equitable and non-discriminatory principles. | ✓ |
| B.2.15 | Disclosure of Chairman and Members of the Remuneration Committee | Refer page 136 – for details on Remuneration Committee | ✓ |
| B.3.1<br><br>B.3.2 | Disclosure of Remuneration | The Annual Report contains the Report of the Remuneration Committee together with a statement of the Company's remuneration policy.<br>Details of the aggregate remuneration paid to Directors are disclosed in Note 24 to the Financial Statements on page 206 | ✓ |

| Principle No. | Corporate Governance Principle | Level of Compliance and Implementations | Compliance |
|---|---|---|---|
| C | RELATIONS WITH SHAREHOLDERS | | |
| C.1 - C.2 | Relationship with Shareholders | The Annual General Meeting is held on a timely basis to facilitate effective shareholder participation in the affairs of the Company. The notice of meeting, form of proxy, and related papers are circulated to shareholders in advance of the meeting, thereby providing all shareholders with an adequate opportunity to attend and participate in the Annual General Meeting. The Company is committed to maintaining effective communication with its shareholders. The primary means of communication between the Company and its shareholders is through announcements made to the Colombo Stock Exchange. In addition, the Company uses several channels to provide timely and relevant information to shareholders, including shareholder meetings, the corporate website, and press notices. | ✓ |
| C.3.1-3.3 | Major and Material Transactions | During the year under review, there was a major transactions as defined under Section 185 of the Companies Act No. 07 of 2007 with a related party. The approval of the shareholders was obtained by way of a special resolution in accordance with the Listing Rules of the Colombo Stock Exchange. | ✓ |
| D | ACCOUNTABILITY AND AUDIT | | |
| D.1.1 | Financial and Business Reporting | The Board is responsible for presenting an Annual Report, including the Financial Statements of the Company, that is true and fair, balanced, and understandable, and prepared in accordance with Sri Lanka Accounting Standards comprising LKASs and SLFRSs, the Companies Act No. 07 of 2007, and other applicable statutory requirements. The Board is satisfied that the Annual Report provides shareholders and other stakeholders with a balanced and meaningful assessment of the Company's financial position, performance, governance, and outlook. | ✓ |
| D.1.2 | Financial and Business Reporting | The Board recognizes its responsibility to ensure that statutory and regulatory reporting, together with other price-sensitive information, is presented in a balanced, clear, and understandable manner. In fulfilling this responsibility, the Company has prepared and presented its Interim and Annual Financial Statements in compliance with the Companies Act No. 07 of 2007 and in accordance with Sri Lanka Accounting Standards. The Company has also complied with the applicable reporting and disclosure requirements prescribed by relevant regulatory authorities, including the Listing Rules of the Colombo Stock Exchange. | ✓ |
| D.1.3 | Assurance of chief executive officer and chief financial Re : preparation of financial statements | Prior to their submission to the Board Audit Committee and the Board, the quarterly and year-end Financial Statements are reviewed by the Chief Executive Officer and the Chief Financial Officer to ensure that the Company's financial records have been properly maintained, that the Financial Statements have been prepared in compliance with the applicable accounting standards, and that they present a true and fair view of the Company's financial position and performance. | ✓ |
| D.1.4 | The Directors' Report in the Annual Report | The Annual Report of the Board of Directors on the affairs of the Company given on page 142 covers all of these sections. | ✓ |
| D.1.5 | Directors' and Auditors' Responsibility for the Financial Statements | A statement setting out the responsibilities of the Board of Directors for the preparation and presentation of the Financial Statements is included on page 144 of this Annual Report. In addition, the statement of the Independent Auditors setting out their reporting responsibilities is included on page 171. | ✓ |
| D.1.6 | Management discussion and analysis | A comprehensive review of the Company's performance, position, and future outlook is set out in the Chairperson's Statement on page 22, the CEO's Review on page 24, and the Management Discussion and Analysis on page 60 of this Annual Report. | ✓ |

| Principle No. | Corporate Governance Principle | Level of Compliance and Implementations | Compliance |
|---|---|---|---|
| D.1.8 | Related party transactions | Transactions entered by the Company with related parties during the financial year are disclosed in Note 24 to the Financial Statements in accordance with the applicable accounting and regulatory requirements. | ✓ |
| D.2 -D.2.1.2 | Risk Management and Internal Control | The Board has approved a Risk Management and Internal Control Policy to provide guidance for the identification, assessment, monitoring, and management of the key risks facing the Company. The Board is responsible for overseeing the effectiveness of the Company's risk management and internal control processes and reviews these periodically to ensure that appropriate controls are in place to support the achievement of the Company's strategic objectives and compliance with applicable laws and regulations.<br><br>Please refer Risk Management Report on page 123. | ✓ |
| D.2.1.3 | | The Company does not maintain a separate Board Risk Committee. Instead, oversight of risk management has been combined with the responsibilities of the Board Audit Committee, which reviews and monitors the effectiveness of the Company's risk management and internal control systems. Accordingly, the Board Audit Committee discharges both audit and risk oversight responsibilities in support of the Board's governance framework. | ✓ |
| D. 2.2 | Internal Control Function | The board has established a process to ensure internal controls are designed, implemented and monitored, to provide reasonable assurance of the achievement of the Company's objectives on reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. | ✓ |
| D.3 | Audit Committee | | |
| D.3.1 | Composition of Audit Committee | The Board Audit Committee comprises three Non-Executive Directors, two of whom are Independent. The Committee is chaired by Mr. Indrajith Fernando, an Independent Non-Executive Director and a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. The members of the Committee collectively possess expertise in finance, risk management, governance, and compliance, enabling the Committee to effectively discharge its responsibilities. | ✓ |
| D.3.2 | Terms of Reference of the Audit Committee | The Audit Committee has a written Term of Reference covering its purpose, duties and responsibilities. | ✓ |
| D.3.3 | Activities of the Audit Committee | The Board Audit Committee Report, which sets out the scope of the Committee's responsibilities and the manner in which it discharged its duties during the year, is included on page 128 of this Annual Report. | ✓ |
| D.4 | Risk Committee | The Company does not maintain a separate Board Risk Committee. In line with Section D.2.1.3 of the Code of Best Practice on Corporate Governance (2023), the audit and risk oversight functions have been combined under the Board Audit Committee, which is responsible for reviewing and monitoring the effectiveness of the Company's risk management and internal control systems. | ✓ |

| Principle No. | Corporate Governance Principle | Level of Compliance and Implementations | Compliance |
|---|---|---|---|
| D.5 | Related Party Transactions Review Committee | | |
| D.5.1 - D.5.2 | Composition of RPTRC | The Related Party Transactions Review Committee comprises three Non-Executive Directors, all of whom are Independent. The Committee is chaired by Mr. Dinesh Weerakkody, an Independent Non-Executive Director. The Committee meets at least once in every calendar quarter, with additional meetings being convened as and when necessary to discharge its responsibilities effectively. | ✓ |
| D.5.3 | Terms of Reference of the RPTRC | The Related Party Transactions Review Committee operates under a written Terms of Reference, which clearly sets out its purpose, authority, duties, and responsibilities. | ✓ |
| D.6.1 | Code of Business Conduct & Ethics | The Company has adopted a Code of Business Conduct and Ethics, which applies to Directors, Key Management Personnel, and all employees, and serves as a foundation for promoting integrity, accountability, and ethical behavior across the organization. All covered persons are expected to uphold the principles and standards set out in the Code in the discharge of their duties. During the year under review, no instances of non-compliance with the Code of Business Conduct and Ethics by any Director, Key Management Personnel, or employee were reported. | ✓ |
| D.6.2 | Process for material and price-sensitive information | The Company has established policies and procedures to ensure the timely identification and disclosure of material and price-sensitive information. In accordance with these procedures, such information is promptly disclosed to the Colombo Stock Exchange following the relevant decisions of the Board of Directors, thereby ensuring compliance with applicable regulatory requirements and maintaining transparency with shareholders and the market. | ✓ |
| D.6.3 | Policy for monitoring and disclosure of shares purchased by any directors, KMPs and other employees. | The Company Secretary should be immediately informed if a Director or close relation purchase/sell the shares of the Company in order to facilitate the necessary disclosures to the Colombo Stock Exchange in a timely manner. In addition, any shares purchased by CEO and Key Management Personnel or other employees involved in the financial reporting process are also required to be reported to ensure appropriate monitoring and regulatory compliance. | ✓ |
| D.6.4 | Procedure to deal with complaints received from whistle-blowers | The Company has adopted a Whistleblowing Policy, which sets out the procedures for reporting concerns, including the designated reporting channel, the manner in which concerns are to be raised, and the process for reviewing and addressing such matters. In terms of the Policy, whistleblowers are required to report concerns directly to the Chairperson of the Board Audit Committee or his nominee. The Policy also provides appropriate safeguards for the protection of whistleblowers and emphasizes the maintenance of confidentiality in respect of concerns reported and the identity of the whistleblower. | ✓ |
| D.6.5 | Training on the code of business conduct and ethics | The Company's Code of Business Conduct and Ethics was circulated among the connected persons. New employees at the time of onboarding, will be explained the contents of the Code. | ✓ |
| D.6.7 | Affirmative statement by the Chairperson | The Annual Report includes an affirmative statement by the Chairperson confirming that he is not aware of any material violations of the Company's Code of Business Conduct and Ethics. This statement appears on page 153 of this Annual Report. | ✓ |

| Principle No. | Corporate Governance Principle | Level of Compliance and Implementations | Compliance |
|---|---|---|---|
| D.7.1 | Corporate Governance Disclosures | The Corporate Governance Report, which sets out the manner and extent to which the Company has complied with the principles and provisions of the Code of Best Practice on Corporate Governance (2023), is included on page 114 of this Annual Report. | ✓ |
| E | INSTITUTIONAL INVESTORS | | |
| E.1 | Institutional investors/ Shareholder Voting | The Company recognizes the rights of institutional investors and all shareholders to exercise their voting rights at general meetings, and facilitates such participation in accordance with applicable legal and regulatory requirements. | ✓ |
| E.1.1 | Communication with Shareholders | The Board engages with shareholders at general meetings in an open and constructive manner, thereby promoting transparency, fostering mutual understanding, and providing an opportunity to address matters of concern in the interests of both the Company and its shareholders. | ✓ |
| E.2 | Due weight by Institutional Investors | The Company recognizes the right of institutional investors to give due consideration to matters relating to Board structure and composition when evaluating and exercising their voting rights on relevant resolutions. | ✓ |
| F | OTHER INVESTORS | | |
| F.1 | Individual Shareholder's Investing/ Divesting decision | The Company recognizes that investment and divestment decisions are matters for individual shareholders and encourages them to make such decisions based on adequate analysis and, where necessary, after obtaining appropriate independent professional advice. | ✓ |
| F.2 | Individual Shareholder Voting | The Company encourages individual shareholders to participate in general meetings and to exercise their voting rights, thereby enabling them to play an active role in the governance of the Company | ✓ |
| I | SPECIAL CONSIDERATIONS FOR LISTED ENTITIES | | |
| I.1 | Establishment and maintenance of Policies | The Company has adopted and implemented a comprehensive suite of Board-approved policies to promote good corporate governance, ethical business conduct, effective oversight, sound risk management, and the creation of sustainable long-term value for shareholders and other stakeholders. These policies include:<br><br>• Policy on matters relating to the Board of Directors<br>• Policy on Board Committees<br>• Policy on Corporate Governance, Nominations and Re-election<br>• Policy on Remuneration<br>• Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities<br>• Policy on Risk Management and Internal Controls<br>• Policy on Relations with Shareholders and Investors<br>• Policy on Environmental, Social and Governance Sustainability<br>• Policy on Control and Management of Company Assets and Shareholder Investments<br>• Policy on Corporate Disclosures<br>• Policy on Whistleblowing<br>• Policy on Anti-Bribery and Corruption | ✓ |
| I.2 - I.2.2 | Policy on matters relating to the Board of Directors | The Company has established and implemented a Policy on Matters Relating to the Board of Directors, which sets out the principles and procedures governing the composition, roles, responsibilities, and functioning of the Board. The Policy is designed to ensure compliance with the applicable provisions of this section of the Code of Best Practice on Corporate Governance (2023) and the Listing Rules of the Colombo Stock Exchange. | ✓ |

# Risk Management Report

In accordance with the Regulatory Rules, Kerner Haus Global Solutions PLC maintains a structured and systematic framework designed to identify, assess, manage, monitor, and report risks that may affect the Company's ability to achieve its business objectives. The Board of Directors remains committed to fostering a culture of accountability, transparency, and risk awareness across the organization. The Company expanded its objectives, name, business, revenue model and governance load within twelve months. The Board's priority was accordingly to ensure that the risks inherent in that transformation were governed with rigour and disclosed with candour; and to institutionalise the risk and control architecture appropriately.

## Our Risk Philosophy

At Kerner Haus Global Solutions PLC, we recognize that proactive risk management is a fundamental driver of sustainable growth and long-term value creation. Our framework is designed to balance entrepreneurial risk-taking with the necessity of safeguarding our assets, reputation, and financial integrity by evaluating the likelihood and potential impact of risks on our strategic, operational, financial, and compliance objectives with applicable laws and regulations.

## Integrated Risk Governance Structure

We employ a "Three Lines of Defense" model to ensure clear accountability across the organization:

| Line of Defense | Entity | Key Responsibility |
|---|---|---|
| 1st Line: Operational | Business Units & Employees | Day-to-day identification and immediate reporting of risks or control failures. |
| 2nd Line: Oversight | Management & Finance | Development of mitigation strategies, financial control implementation, and policy enforcement. |
| 3rd Line: Independent | Audit Committee | Independent review of control effectiveness and board-level oversight of the risk landscape. |

## The Risk Assessment Framework

Our systematic approach ensures that every risk—from strategic shifts to operational hiccups—is captured and neutralized.

### Identification & The Risk Register

Risks are identified via SWOT analysis, scenario modeling, and operational workflow. All entries are maintained in a Central Risk Register, which categorizes threats into four key domains: Strategic, Operational, Financial, and Compliance.

### Assessment & The Risk Matrix

Every identified risk is plotted on a matrix based on:

- Likelihood: The probability of the event occurring.
- Impact: The potential severity of the consequences on financial performance and reputation.

## Mitigation & Response Strategies

For every high-priority risk, we deploy one of four specific strategies:

- Avoidance: Exiting activities that give rise to the risk.
- Reduction: Implementing controls to lower the likelihood or impact.
- Sharing: Transferring risk through insurance or outsourcing.
- Acceptance: Consciously deciding to retain the risk within defined tolerances.

## Governance and Accountability

- The Board of Directors: Provides overall oversight of the risk management framework and ensures alignment with strategic objectives.
- Audit Committee: Periodically reviews key risks and the adequacy of internal controls and mitigation measures implemented by Management.
- Management: Responsible for identifying and evaluating significant risks and overseeing the application of this policy across the Company.
- Employees: Responsible for promptly reporting control failures, risk incidents, or suspicious activities through established channels or the Whistleblowing mechanism.

# Key Risk Categories and Mitigation (FY 2025/26)

The following table highlights our current primary risk focus:

| Risk Category | Potential Impact | Mitigation Strategy |
|---|---|---|
| Strategic | Market volatility affecting investment valuations. | Diversified investment portfolio and periodic strategic reviews by the Board. |
| Financial | Liquidity constrains or inaccurate reporting. | Rigorous internal financial controls and independent auditing. |
| Operational | Service delivery failures or asset damage. | Established internal control systems and regular training for employees. |
| Compliance | Regulatory penalties (CSE/SEC). | Continuous monitoring of statutory changes and strict adherence to Listing Rules. |

**Based on the company policy, the risks for Kerner Haus Global Solutions PLC across the specified topics are as follows:**

| Risk Category | Description | Mitigation |
|---|---|---|
| Currency Risks / Foreign Exchange Risk | Unusual depreciation or appreciation of the Sri Lankan Rupee against hard currencies. This risk stems from potential cost overruns for project materials or services sourced internationally. | Implementing regular price revisions on unsold units to match exchange-rate-driven cost increases.<br>Prioritizing local suppliers for future procurements to reduce foreign currency exposure. |
| Interest Rate Risk | Potential adverse impacts on financial instruments and construction costs due to market rate fluctuations. | Maintaining stringent treasury management and negotiating favorable floating or fixed rates (e.g., AWPLR + a margin) with financial institutions. |
| Operational Risk | Potential losses from failed internal processes, human error, or system failures. Key issues include the non-availability of skilled labor, construction materials, or contractors. | Establishing Standard Operating Procedures (SOPs) across all critical functions, from legal to post-sales care.<br>Entering into long-term, fixed-price contracts with suppliers to stabilize costs. |

| Risk Category | Description | Mitigation |
|---|---|---|
| Legal, Compliance, and Regulatory Risk | Risk of penalties or reputational damage due to non-compliance with the Listing Rules of the Colombo Stock Exchange (CSE), the Companies Act No. 7 of 2007, or other statutory requirements. | Continuous monitoring of regulatory changes and ensuring full adherence to reporting requirements.<br>The Audit Committee and Board of Directors provide oversight and independent evaluations. |
| Reputation Risk | The threat of losing stakeholder trust through unethical conduct, service failures, or negative brand perception. | Fostering a culture of transparency, integrity, and “authentic customer centricity”.<br>Implementing robust grievance handling and prohibition of workplace harassment policies. |
| Strategic Risk | Risks arising from adverse business decisions or a lack of responsiveness to market dynamics. | Regular strategic reviews by the Board of Directors. |
| IT & Data Security Risks | Potential disruptions or data breaches involving critical business intelligence and digital repositories. | Maintaining internal knowledge hubs and digital asset libraries with controlled access. |
| Data Privacy Risk | Unauthorized access or misuse of sensitive customer and employee data. | Institutionalizing secure lead-routing systems and formalizing digital sales protocols to manage information flow. |
| Disruption in Supply Chain Management Risks | Delays or quality failures from third-party suppliers and contractors. | Conducting thorough due diligence on all business partners.<br>Monthly monitoring of project timelines and performance metrics for contractors. |
| Climate-Related Risks | Exposure to natural hazards such as floods or extreme weather events. | Insuring all properties against common natural hazards.<br>Integrating eco-conscious designs, to build resilience. |
| Health and Safety Risk | Potential injuries or health incidents occurring at construction sites or offices. | Regular site inspections and adherence to construction safety standards. |

| Risk | Trend | Nature and potential impact | Mitigation and response |
|---|---|---|---|
| 1. Capital adequacy, liquidity and going concern<br>Financial | ▲ | The Group closed the year with negative equity and current liabilities exceeding current assets, constraining access to funding and the capacity to absorb shocks. | • Shareholder loan facility drawn on benchmarked terms<br>• Rights Issue announced to restore positive equity<br>• Rolling cash flow forecast reviewed monthly, with Board-level escalation triggers<br>• Recurring, contracted fee income commenced during the year |
| 2. Related party concentration and governance<br>Compliance / Strategic | ◀▶ | Failure of review, approval or disclosure controls would carry regulatory, listing and reputational consequences and could prejudice minority shareholders. | • Mandatory advance review of every related party transaction by the RPT Review Committee<br>• Terms independently benchmarked; shareholder approval obtained where required<br>• Market disclosure of each agreement and full disclosure in the financial statements<br>• Related party register maintained; conflicted Directors abstain from deliberations |

| Risk | Trend | Nature and potential impact | Mitigation and response |
|---|---|---|---|
| 3. Occupancy and letting performance<br>Strategic | ▼ | Revenue is earned as a percentage of gross rentals collected; occupancy is therefore the principal revenue driver. | • In-house marketing and letting capability, supported by digital channels<br>• Anchor-tenant strategy at larger properties<br>• Occupancy and fee run-rate monitored monthly against plan |
| 4. Development pipeline delivery<br>Operational | ◀▶ | A significant portion of contracted management fees attaches to properties under construction at year end; handover delay defers revenue directly. | • Milestone-based construction monitoring jointly with owners<br>• Internal forecasts based on realistic availability dates<br>• Readiness and specification reviews ahead of handover |
| 5. Counterparty, tenant and portfolio concentration<br>Strategic | ◀▶ | A small number of properties, owner counterparties and tenants concentrates the effect of any single counterparty failure, dispute or non-renewal. | • Geographical diversification commenced during the year<br>• Counterparty and tenant diversification an explicit objective of the growth programme<br>• Standard contracts with defined service levels and aligned fee structures |
| 6. Macroeconomic and market risk (interest rate, currency, energy)<br>Financial | ▲ | Post-year-end increases in interest rates and energy tariffs, together with currency depreciation, raise future funding, fit-out and operating costs and may temper tenant demand. | • Recapitalisation through equity rather than debt; existing borrowings at fixed rates<br>• Local sourcing prioritised and fixed-price terms sought; capex phasing reviewed quarterly<br>• Property operating costs borne by owners under current agreements; energy efficiency embedded in acquisition due diligence |
| 7. Key person dependency and organisational capability<br>Operational | ▼ | Origination, letting and market knowledge are concentrated in a small executive team; the loss of key individuals would disrupt execution of the growth plan. | • Chief Executive Officer appointed during the year<br>• Documentation of Standard Operating Procedures across key functions<br>• Succession planning overseen by the Nominations and Governance Committee, with access to external advisory support<br>• Completion of the executive team a stated near-term priority |
| 8. Service delivery and property operations<br>Operational | ◀▶ | Failure of power, connectivity, security or facility services at a managed property would breach the core client promise, endanger tenancies and the management mandate, and damage the brand. | • Resilient specification standard at every property, including standby generation, redundant connectivity and round-the-clock security<br>• Documented facility SOPs, testing schedules and incident logging, with regular owner reporting<br>• Business continuity arrangements reviewed by the Audit Committee; no material downtime during the year |
| 9. Information security, data privacy and IT<br>Operational / Compliance | ▲ | Growth of tenant, enquiry and employee data — and clients' security expectations — increases exposure to data breach, IT failure and non-compliance with data protection legislation. | • IT general controls over access, change management, backup and recovery being strengthened as the systems footprint expands<br>• Data protection and AML/CFT compliance programmes initiated<br>• Physical security and secure zoning within the property specification |

| Risk | Trend | Nature and potential impact | Mitigation and response |
|---|---|---|---|
| 10. Legal, regulatory and listing compliance<br>Compliance | ▼ | The transformation generated an unusually heavy compliance load across approvals, disclosures and listing requirements, where any failure could attract enforcement action. | • Compliance obligations register and calendar maintained, with quarterly reporting to the Audit Committee<br>• Defined market disclosure protocol within prescribed timelines<br>• Key listing compliance milestones achieved during the year |
| 11. Physical climate risk<br>Operational | ◀▶ | Recent severe weather events evidenced that flood and storm exposure is a live commercial risk for a business whose asset base is buildings. | • Site-level flood and access screening embedded in acquisition and onboarding due diligence<br>• Standby power and water storage as standard specification; insurance adequacy reviewed annually<br>• Climate-related disclosures to be adopted in line with applicable reporting standards |
| 12. Financial reporting and fraud risk<br>Financial / Compliance | ◀▶ | Risk of misstatement, management override or misappropriation, heightened in a lean team where full segregation of duties is inherently constrained. | • Regular reconciliation of collections to fees invoiced, with senior review of revenue recognition<br>• Dual bank signatories, delegated authority limits and compensating dual review where segregation is impracticable<br>• Audit Committee review of financial statements prior to release; independent external audit<br>• Whistleblowing mechanism with direct access to the Audit Committee Chairman |

# Confirmation of Effectiveness

In terms of CSE Listing Rule 9.13.4(1)(iv), the Audit Committee obtained and reviewed written assurance from the Chief Executive Officer and the Chief Financial Officer that the financial records of the Group have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances, and from the Chief Executive Officer and key management personnel on the adequacy and effectiveness of the Group's risk management and internal control systems.

# Report of the Board Audit Committee

The Board Audit Committee ("the Committee") is pleased to present its Report for the financial year ended 31 March 2026.

## Composition of the Committee

The Committee was constituted by the Board of Directors in accordance with the Listing Rules of the Colombo Stock Exchange and operates under a Board-approved Charter which defines its authority, responsibilities and duties. The Charter was reviewed by the Committee during the year and the approval of the Board of Directors was obtained.

The Committee comprised the following members during the year under review and as at the date of this report whose profiles are given on pages 27 to 34 of the Annual Report.

| Name | Directorship Status | Membership Status | Date Appointed to the Committee |
|---|---|---|---|
| Mr. W M A I Fernando | Independent Non-Executive Director | Chairman | 10.01.2025 |
| Ms. S D Arseculeratne | Independent Non-Executive Director | Member | 10.01.2025 |
| Mr. J T Yatawara | Non-Independent Non-Executive Director | Member | 10.01.2025 |

The Chief Executive Officer and Chief Financial Officer attended meetings by invitation whenever required.

The Company Secretary acted as the Secretary to the Committee.

## Reporting to the Board

The Minutes of the Committee meetings were tabled at Board meetings thereby providing the Board Members access to the deliberations of the Committee.

The Committee reports directly to the Board.

## Meetings

The Committee met six times during the year 2025/2026. The attendance of the Committee Members at each meeting is detailed in the table on page 105 of this Annual Report.

## Key Responsibilities of the Committee

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities relating to:

- The integrity of the financial statements and the adequacy of disclosures thereon, in accordance with Sri Lanka's Accounting Standards.
- Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements and the independent auditor's qualifications and independence
- The performance of the Company's audit function and independent auditors
- Processes to ensure that the company's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards
- The effectiveness of internal control over financial reporting
- Risk management framework to identify, monitor and manage significant business/ financial risk.
- Assessing the company's ability to continue as a going concern in the foreseeable future
- Independence and performance of the company's external audit

## Financial Reporting

The Committee, reviewed and discussed with the Management and the external auditors, the quarterly and annual Financial Statements, prior to their publication. The Committee also discussed with the external auditors and Management, any matters communicated to the Committee by the external auditors in their reports on the audit for the year and monitored the progress made by the Management in resolving the issues raised by the auditors.

## Declaration from the CEO and CFO

The Committee reviewed the written assurances provided by the Chief Executive Officer and the Chief Financial Officer confirming that the financial records had been properly maintained, the Financial Statements present a true and fair view of the Group's financial position and performance, and the Company's risk management and internal control processes were adequate and effective during the year.

## External Audit

M/s. Jayasinghe and Company, Chartered Accountants approved by the Securities and Exchange Commission of Sri Lanka ("SEC"), served as the Auditor of the Company as well as the Group.

A written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The Audit Committee has made a determination of the independence of auditors considering the number of years that the external auditor and the audit partner were engaged as well as the audit fees paid. The Auditor did not provide non-audit services during the year under review.

# Risk Management and Internal Controls

The Committee oversees the risk Management of the Company, hence no separate Committee is assigned for this purpose. The Committee assesses the adequacy and effectiveness of the Company's internal controls and risk assessment. The Committee assessed the effectiveness of the Company's internal controls by reviewing the reports submitted by the Finance/Compliance Departments. The Committee is in the process of reviewing the Policy on Risk Management and Internal Controls , Risk Management Framework and the processes in place for identification, measuring, controlling and monitoring of significant risks. Please refer the Risk Management Report on page 123 for more details.

# Compliance

The Committee monitored the Company's compliance with applicable laws, regulations and regulatory requirements by reviewing reports from Management and external regulatory bodies, and monitored the implementation of corrective actions, where necessary.

The Committee reviewed and recommended the Anti-Bribery and Corruption Policy and the Whistleblowing Policy for approval by the Board. These policies strengthen the Company's ethical governance framework by promoting integrity, preventing bribery and corruption, and providing a secure mechanism for employees and other stakeholders to report suspected misconduct or unethical practices in confidence.

# Independent Professional Advice

The Committee is empowered to obtain, at the Company's expense, any outside legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers necessary for the fulfilment of its duties.

# Committee Performance Evaluation

In terms of the Corporate Governance Practices, the Committee undertook the following evaluation processes during the year:

1. Conducted a self-assessment of the Committee to evaluate its effectiveness in discharging its responsibilities under its Terms of Reference.
2. Reviewed the performance evaluation completed by the Committee members, with the results confirming that the Committee has satisfactorily fulfilled its responsibilities during the financial year.

# Conclusion

The Committee is satisfied that internal controls and procedures are in place for assessing and managing risks that are adequately designed to operate effectively and are of the view that they provide reasonable assurance that the Company's assets are safeguarded and that the Financial Statements of the Company are reliable. The Company's external auditors as well as the internal controls have been effective and independent through-out the year. The Committee also confirms compliance with Sri Lanka Accounting Standards (LKAS / SLFRS) issued by CA Sri Lanka, the Listing

Rules, Companies Act No. 07 of 2007 (As amended), SEC Act No. 19 of 2021 and any other relevant regulations governing financial reporting.

On behalf of the Board Audit Committee

**W M A I Fernando**
Chairman

11 August 2026

# Report of the Board Nominations and Governance Committee

The Committee is entrusted with assisting the Board in ensuring that the Company maintains an effective governance framework, an appropriate Board composition, and sound succession planning to enable the Board to discharge its responsibilities effectively and in the best interests of the Company and its stakeholders.

## Composition of the Committee

The Nomination and Governance Committee ('the Committee') comprises of four Non-Executive Directors appointed by the Board of Directors ('the Board') of Kerner Haus Global Solutions PLC (the Company) three of whom are Independent Directors.

The following Directors, whose profiles are given on pages 27 to 34 of the Annual Report, currently serve on the Committee:

| Name | Directorship Status | Membership Status | Date Appointed to the Committee |
|---|---|---|---|
| Mr. W M A I Fernando | Independent Non-Executive Director | Chairman | 28.11.2025<br>Appointed as the Chairman on 28.11.2025 |
| Mr. S E C Gardiner | Independent Non-Executive Director | Member | 10.01.2025<br>Acted as Chairman of the Committee until 28.11.2025 |
| Mr. D S Weerakkody | Independent Non-Executive Director | Member | 10.01.2025 |
| Mr. J T Yatawara | Non-Independent Non-Executive Director | Member | 10.01.2025 |

The Company Secretary functions as the Secretary to the Committee.

## Terms of Reference of the Committee

The Terms of Reference of the Committee ('Charter') sets out the main responsibilities entrusted to the Committee; composition, scope, authority, conduct and scheduling of meetings as well as matters pertaining to the quorum for the meetings.

## Reporting to the Board

The Minutes of the Committee meetings were tabled at Board meetings thereby providing the Board Members with access to the deliberations of the Committee.

The Committee reports directly to the Board.

## Meetings

The Committee met two times during the year 2025/2026. The attendance of the Committee Members at each meeting is detailed in the table on page 105 of this Annual Report. The Chief Executive Officer attended these meetings by invitation.

## Key Responsibilities of the Committee

i. Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Company. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.
ii. Consider and recommend (or not recommend) the re-appointment/re-election of current Directors taking into account;
    - the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Listed Entity and the discharge of the Board's overall responsibilities; and,
    - the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
iii. Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Listed Entity.
iv. Establish and maintain a set of criteria for selection of Directors such as the academic/ professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Entity and industry specific requirements.
v. Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO of the Company to ensure that their responsibilities are satisfactorily discharged.
vi. Develop succession plan for Board of Directors and Key Management Personnel of the Company.
vii. Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.
viii. Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.
ix. Periodically review and update the Corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice.
x. Receive reports from the Management on compliance with the corporate governance framework of the Company including its compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.

# Activities during the Financial Year 2025/26 and up to the date of this Report

During the financial year under review and up to the date of this Report, the Board Nominations and Governance Committee carried out the following activities in accordance with its Terms of Reference:

- Reviewed the Terms of Reference of the Board Nominations and Governance Committee and recommended amendments where considered necessary to reflect regulatory requirements and governance best practices.
- Reviewed the Company's Corporate Governance policies and recommended the following policies for the approval of the Board of Directors:
    - Policy on Matters Relating to the Board of Directors;
    - Policy on Board Committees; and
    - Policy on Corporate Governance, Nominations and Re-election.
- Reviewed the fitness and propriety of Directors in accordance with the Listing Rules of the Colombo Stock Exchange and made appropriate recommendations to the Board.
- Reviewed the Directors due to retire by rotation and recommended their re-election at the forthcoming Annual General Meeting, after considering their performance, contribution and commitment to the effective discharge of the Board's responsibilities.

Details of Directors due to retirement by rotation are given below;

| Director | Board Subcommittee memberships held (member only) | Date of first appointment as a Director | Date of last re-appointment as a Director | Number of Directorships in Other Listed Entities | Material Relationships |
|---|---|---|---|---|---|
| Ms. Sarrani Dominique Arseculeratne - Independent Non-Executive Director | Board Audit Committee, Board Remuneration Committee and Related Party Transactions Review Committee | 10.01.2025 | 30.09.2025 | Nil | Nil |
| Mr. Jason Thilaka Yatawara - Non-Independent Non-Executive Director | Board Audit Committee and Board Nominations and Governance Committee | 10.01.2025 | 30.09.2025 | Nil | Represents the major shareholder, Ekta Global Pte. Ltd. |

- Evaluated the appointment of the Chief Executive Officer and made its recommendation to the Board.
- Reviewed the independence/non-independence status of Directors in accordance with the Listing Rules of the Colombo Stock Exchange and recommended the classification of each Director to the Board.
- Reviewed the structure, size and composition of the Board and Board Committees to ensure their continued effectiveness in discharging their respective duties and responsibilities.
- Reviewed the summary of the Board Performance Evaluation and noted that the overall evaluation indicated that the Board continued to function effectively in carrying out its responsibilities.
- Reviewed the reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the Listing Rules of CSE and other applicable laws.

## Committee Performance Evaluation

In accordance with its Terms of Reference, the Committee undertook the following evaluation processes during the year:

- Conducted a self-assessment of the Committee to evaluate its effectiveness in discharging its responsibilities under its Terms of Reference.
- Reviewed the performance evaluation completed by the Committee members, with the results confirming that the Committee has satisfactorily fulfilled its responsibilities.

## Disclosures by the Committee

- The Company has a Policy on Corporate Governance, Nominations and Re-election which is applied in the nomination, appointment and re-election of Directors.
- In accordance with the Articles of Association, one-third of the Directors retire by rotation at each Annual General Meeting and, being eligible, may offer themselves for re-election.
- The Committee reviewed the size, structure and composition of the Board and concluded that it remains appropriate for the Company's current operations, with an appropriate balance of skills, experience, diversity and independence.
- The Committee confirmed that all Independent Non-Executive Directors met the independence criteria prescribed by the Listing Rules of the Colombo Stock Exchange.
- Independent Directors were kept informed of significant matters through regular Board and Committee meetings, timely circulation of Board papers and unrestricted access to management and the Company Secretary.
- Updates on corporate governance developments, the Listing Rules of the Colombo Stock Exchange, Companies Act amendments  and other applicable legal and regulatory requirements are tabled at regular Board Meetings. The Committee also confirmed the Company's compliance with the applicable corporate governance requirements during the year.
- The Board and the Committee were regularly updated on developments in corporate governance, amendments to the Listing Rules of the Colombo Stock Exchange, the Companies Act, No. 07 of 2007 (as amended), and other applicable legal and regulatory requirements. The Committee also reviewed and confirmed the Company's compliance with the applicable corporate governance requirements throughout the financial year.

On behalf of the Board Nominations and Governance Committee

**W M A I Fernando**
Chairman

11 August 2026

# Report of the Board Remuneration Committee

The purpose of the Board Remuneration Committee is to assist the Board to ensure fair, transparent, and performance-aligned remuneration for Directors and Key Management Personnel while aligning remuneration with the long-term interests of the Company and its shareholders.

## Composition of the Committee

The Remuneration Committee ('the Committee') comprises of five Non-Executive Directors appointed by the Board of Directors of Kerner Haus Global Solutions PLC three of whom are Independent Directors.

The following Directors, whose profiles are given on pages 27 to 34 of the Annual Report, currently serve on the Committee:

| Name | Directorship Status | Membership Status | Date Appointed to the Committee |
|---|---|---|---|
| Mr. W M A I Fernando | Independent Non-Executive Director | Chairman | 10.01.2025 |
| Mr. S E C Gardiner | Independent Non-Executive Director | Member | 10.01.2025 |
| Ms. S D Arseculeratne | Independent Non-Executive Director | Member | 10.01.2025 |
| Mr. N De Soysa Cooke | Non-Independent Non-Executive Director | Member | 10.01.2025 |
| Ms. D K Herath | Non-Independent Non-Executive Director | Member | 10.01.2025 |

The Company Secretary functions as the Secretary to the Committee.

## Terms of Reference of the Committee

The Terms of Reference of the Committee ('Charter') sets out the main responsibilities entrusted to the Committee; composition, scope, authority, conduct and scheduling of meetings as well as matters pertaining to the quorum for the meetings.

## Reporting to the Board

The Minutes of the Committee meetings were tabled at Board meetings thereby providing the Board Members with access to the deliberations of the Committee.

The Committee reports directly to the Board.

## Meetings

The Committee met two times during the year 2025/2026. The attendance of the Committee Members at each meeting is detailed in the table on page 105 of this Annual Report. The Chief Executive Officer and Chief Financial Officer attended these meetings by invitation.

## Key Responsibilities of the Committee

- Recommendation of the Remuneration Policy and its specific application to the CEO, Executive and Non-Executive Directors and general application to the senior management below the main board;
- Recommendations and decisions (as relevant) on remuneration and all incentive awards including any share option schemes, equity incentive awards and terminal benefits/pension rights for the CEO, Executive Directors and senior management;
- Effective communication with shareholders on the remuneration policy and the committee's work on behalf of the board through a remuneration committee report in the Annual Report;
- Determining the terms of any compensation package in the event of early termination of the contract of CEO, executive directors and senior management.

## Activities during the Financial Year 2025/26 and up to the date of this Report

During the financial year under review and up to the date of this Report, the Board Remuneration Committee carried out the following activities in accordance with its Terms of Reference:

- Reviewed the Terms of Reference of the Committee and recommended amendments where considered necessary to reflect regulatory requirements and governance best practices.
- Reviewed the Remuneration Policy for Directors and Key Management Personnel which included the remuneration for Non-Executive Directors.
- Recommended the Directors Remuneration payable with effect from 1st April 2026
- Recommended the Remuneration of Chief Executive Officer.

## Remuneration Policy

The Company's remuneration framework is designed to provide competitive and equitable rewards while supporting sustainable business performance. The remuneration of Executive Directors and Key Management Personnel comprises fixed remuneration and other benefits, and may include performance-related incentives approved by the Board. The remuneration of Non-Executive Directors reflects their responsibilities, experience, time commitment and contribution to the Company and does not include performance-based incentives.

No remuneration was paid to the Non-Executive Directors during the year under review. There were no Executive Directors on the Board during the year. Remuneration for the Non-Executive Directors became effective from 1 April 2026.

# Committee Performance Evaluation

In accordance with its Terms of Reference, the Committee undertook the following evaluation processes during the year:

1. Conducted a self-assessment of the Committee to evaluate its effectiveness in discharging its responsibilities under its Terms of Reference.
2. Reviewed the performance evaluation completed by the Committee members, with the results confirming that the Committee had effectively fulfilled its responsibilities during the financial year.

On behalf of the Board Remuneration Committee

**W M A I Fernando**
Chairman

11 August 2026

# Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) which complies with Section 9.14 of the Listing Rules of Colombo Stock Exchange comprises three Independent Non-Executive Directors appointed by the Board of Directors of the Company.

The following Directors, whose profiles appear on pages 27 to 34 of this Annual Report, served on the Committee as at 31 March 2026 and continue to serve on the Committee as at the date of this Report.

| Director | Status | Committee Membership |
|---|---|---|
| Mr. D. S. Weerakkody | Independent Non-Executive Director | Chairman |
| Ms. D. L. M. S. Chandrasekera | Independent Non-Executive Director | Member |
| Ms. S. D. Arseculeratne | Independent Non-Executive Director | Member |

The Chief Executive Officer, the Chief Financial Officer and any other officers as may be required by the Committee attend the meetings by invitation.

The Company Secretary acts as the Secretary to the Committee.

## Reporting to the Board

The Committee reports directly to the Board of Directors, and the Minutes of all Committee meetings were tabled at the subsequent Board Meetings, thereby providing the Directors with access to the deliberations of the Committee.

## Meetings

The Committee convened five (05) meetings during the financial year. The attendance of the Committee Members at each meeting is given on the table on page 105 of this Annual Report. The Committee ensured that any Director having an interest in a transaction abstained from participating in the deliberations and decision-making process relating to such transaction, in compliance with the Listing Rules of the Colombo Stock Exchange and the provisions of the Companies Act governing Directors' interests.

# Terms of Reference and the Policy

The Terms of Reference (TOR) and the Policy of the Related Party Transactions Review Committee set out the functions and responsibilities of the Committee in accordance with the Listing Rules of the Colombo Stock Exchange. The Committee has unrestricted access to all relevant data and information necessary for the effective discharge of its duties and may obtain independent professional advice from external experts, where necessary, in compliance with the Listing Rules.

The TOR and the Policy are subject to periodic review to ensure continued alignment with applicable statutory, regulatory and operational requirements. A list of related parties is maintained as part of the Policy. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are responsible for identifying related parties and related party transactions in accordance with the criteria set out in Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures and the Listing Rules of the Colombo Stock Exchange.

In reviewing related party transactions, the Committee considers the purpose, economic rationale and commercial substance of each transaction, rather than relying solely on its legal form or technical classification. The Company Secretary is responsible for making the necessary market disclosures relating to identified related party transactions, including transactions requiring Board or shareholder approval and those subject to immediate disclosure requirements under the Listing Rules.

# Responsibilities of the Committee

- Review in advance all proposed Related Party Transactions subject to the exemptions given in terms of Rule 9.14.10 of the Listing Rules of the Colombo Stock Exchange.
- In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 9.14.5 (1) of the Listing Rules of CSE, review of such proposed material changes prior to the completion of the transaction.
- Seek any information the Committee requires from the Management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.

# Related Party Transactions

The Company obtained Shareholders' approval by way of a Special Resolution for the Loan facility of LKR 10.0 Mn obtained from the major shareholder, Ekta Global Pte. Ltd which amounted to a Non-Recurrent Related Party Transaction in terms of Rule 9.14.6(1)A(i) (a) of the Listing Rules of the Colombo Stock Exchange read together with the Sri Lanka Accounting Standard (LKAS 24) on Related Party Disclosures, of a value more than one third of the total assets of the Company as per the Audited Financial Statements of the Company. This transaction was reviewed and recommended by the Committee for the review and recommendation of the Board of Directors subject to the approval of the Shareholders at a General Meeting.

In addition, the Company entered into recurrent related party transactions during the year in the ordinary course of business and on arm's length terms which were reviewed and recommend by the Committee .

Please refer Note 24 to the Financial Statements for further details on the Related Party Transactions.

## Evaluation of the Committee's Effectiveness

As part of the annual evaluation of performance of the Board, the performance and effectiveness of the Committee was also assessed and the Board was kept informed of the outcome of such evaluation for appropriate steps to be taken.

## Declarations

The Committee has reviewed the Related Party Transactions during the financial year 2025/26 and has communicated its comments/observations to the Board of Directors.

During the year under review, the Company has complied with the related party transactions rules set out in Section 9 of the Listing rules.

An affirmative statement of compliance with the rules pertaining to related party transactions by the Board of Directors is included on page 151 of this annual report.

On behalf of the Related Party Transactions Review Committee

**D. S. Weerakkody**
Chairman

11 August 2026

# Report of the Board of Directors on the State of Affairs of the Company

The Board of Directors of Kerner Haus Global Solutions PLC ('the Board' or 'the Directors') presents its Report on the State of Affairs of Kerner Haus Global Solutions PLC ('the Company') together with the audited financial statements of the Company, the consolidated financial statements of the Group and the Auditors' Report on those financial statements for the financial year ended 31 March 2026. This Report hereinafter will also be referred to as 'the Report' or 'Report of the Directors' or 'Report of the Board of Directors'.

This Report together with the Financial Statements (as aforementioned) which are published in the Annual Report of the Company for the year ended 31 March 2026 (hereinafter referred to as 'the Annual Report') were reviewed and approved by the Board of Directors on 11 August 2026. A softcopy of this Annual Report of the Company will be hosted/published on the website of the Company, www.kernerhaus.lk and also on the website of the Colombo Stock Exchange ('CSE'), www.cse.lk. The disclosures in this Report conform to the requirements of the Companies Act No. 07 of 2007 (as amended), the Listing Rules of the CSE and the recommended best practices on Corporate Governance.

In compliance with the requirements under Section 168 of the Companies Act No. 07 of 2007, information and disclosures in respect of the financial year ended 31 March 2026 have been published on the pages/ sections of this Report and/or the pages/ sections of the Annual Report where relevant.

## About the Company

Kerner Haus Global Solutions PLC (formerly known as Ceylon Printers PLC) is a public limited liability company incorporated in Sri Lanka under the Companies Ordinance No. 51 of 1938 on 26 June 1958. Pursuant to the requirements of the new Companies Act No. 7 of 2007, the Company was re-registered on 22 May 2008 and bears registration number PQ 150. The name of the Company was changed to Kerner Haus Global Solutions PLC on 18 August 2025 pursuant to the approval of the shareholders received at the Extraordinary General Meeting held on 4th August 2025. The Registered Office of the Company is situated at No.111, T. B. Jayah Mawatha, Colombo 10. The Company is listed on the CSE.

## Principal Activities

The main activity of the Company as of early August 2025 was commercial printing. At the EGM of the Company held on 4 August 2025, the Shareholders approved the change of objectives of the company to commercial real estate in order to reflect the New Business Plan of the Company, which is entirely different from the previous business of printing which is more fully described as follows;

a. To revolutionize the commercial real estate sector in Sri Lanka by offering high quality, purpose developed office spaces seamlessly bundled with comprehensive suite of integrated shared business services designed to cater specifically to the operational needs of the rapidly growing Business Process Outsourcing (BPO), Knowledge Process Outsourcing (KPO) and International SMEs seeking to establish or expand their presence in Sri Lanka.
b. To leverage opportunities in distressed commercial real estate, acquiring and developing these properties to meet the exacting standards of international outsourcing operations.
c. To be the premier provider of integrated, high-quality office infrastructure and essential shared services, empowering the growth and operational excellence of outsourcing businesses in Sri Lanka.

Accordingly, the Company commenced commercial operations on 1 October 2025, focusing on the development and management of commercial office spaces.

There were no significant changes in the nature of the principal activities of the subsidiaries viz. Kalamazoo Industries (Pvt) Ltd and C P Group Investments (Pvt) Ltd during the financial year under review.

# Vision and Mission and Corporate Conduct

## Vision and Mission

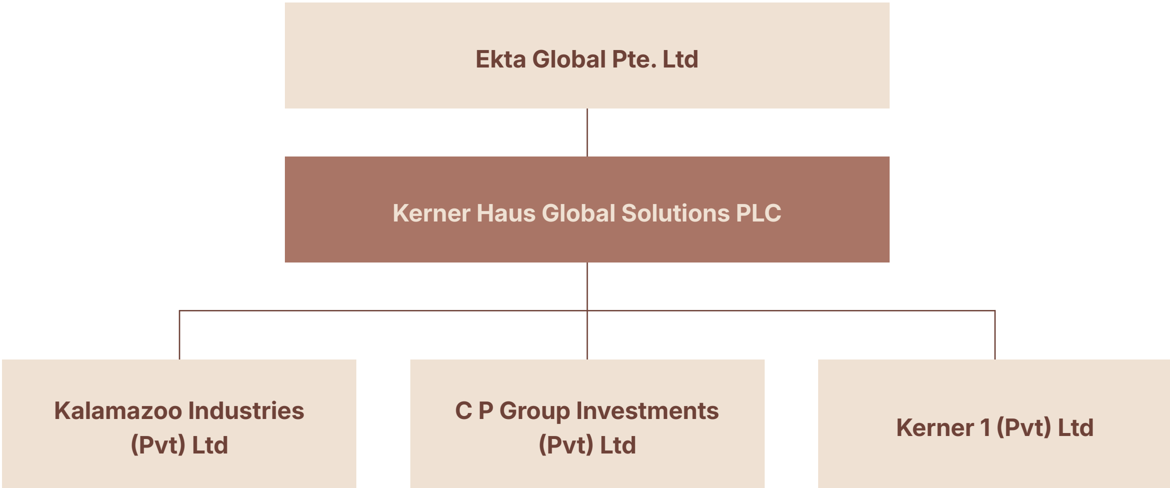
Our Vision – To be Sri Lanka's leading provider of integrated, tech enabled business infrastructure, empowering global businesses to thrive.

Our Mission - To empower the growth of outsourcing businesses by providing purpose-built real estate bundled with a seamless ecosystem of essential shared services, fostering operational excellence and driving Sri Lanka's position as a premier global talent hub.

## Corporate Conduct

The Company conducts its business activities at a high level of ethical standard in achieving its vision and mission. The Board of Directors of the Company as well as its employees have pledged to abide by and comply with the Code of Business Conduct and Ethics of the Company.

# Group Structure




# Review of Performance in 2025/2026 and Future Development Plans

The Chairman's Message, the Chief Executive Officer's Review and the reports that are published in this Annual Report provide an overall assessment and review of the operations and financial performance of the Company during the year 2025/2026 aligned to the information in the Audited Financial Statements of the Company for the year ended 31 March 2026. Said reviews and reports set out the Company's future development plans and such development proposals have been laid out in the Company's Business Plan.

# Financial Statements and Financial Reporting

The Financial Statements of the Company and the Group have been prepared in accordance with the Sri Lanka Accounting Standards (LKAS) and the Sri Lanka Financial Reporting Standards (SLFRS). The necessary quantifications and disclosures have also been made based on LKAS/ SLFRS. The Financial Statements which are published in the Annual Report are followed by the related notes to the Financial Statements and Significant Accounting Policies adopted in the preparation of the Financial Statements. The Audited Financial Statements for the year ended 31 March 2026 were certified by the Chief Financial Officer and signed by two Directors in terms of Section 151, 152 and 168(1)(b) of the Companies Act No. 07 of 2007 ('Companies Act'). They are published in this Annual Report and form an integral part of this Report.

# Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of its state of affairs. The Directors are of the view that these Financial Statements and the Notes thereto have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the CSE. The Statement of Directors' Responsibility for Financial Reporting which appears in the Annual Report forms an Integral part of this Report of the Directors.

# Auditors' Report

The Auditors' of the Company, Messrs. Jayasinghe & Company, Chartered Accountants carried out the audit of the consolidated Financial Statements for the financial year ended 31 March 2026 and the Auditors' Report is published in the Annual Report.

# Financial Results

The income and profit of the Company and those of the Group for the year ended 31 March 2026 are given in the table below. An analysis of the income is given in the Notes to the Financial Statements published in the Annual Report:

| | Company | | Group | |
|---|---|---|---|---|
| | 31.03.2026 LKR | 31.03.2025 LKR | 31.03.2026 LKR | 31.03.2025 LKR |
| Gross Income | 6,192,653 | 2,109,596 | 6,192,653 | 2,109,596 |
| Operating Income / (Loss) | (4,769,490) | (8,398,415) | (6,475,927) | (10,826,940) |
| Profit / (Loss) Before Income Tax | (5,322,362) | (8,721,401) | (7,070,549) | (11,169,212) |
| Deferred Tax | 8,443,951 | – | 10,807,141 | – |
| Profit / (Loss) after Income Tax | 3,121,589 | (8,721,401) | 3,736,592 | (11,169,212) |
| Other Comprehensive Income/ (Expense) Net of Tax | – | (170,934) | – | (141,606) |
| Total Comprehensive Income for the year | 3,121,589 | (8,892,335) | 3,736,592 | (11,310,818) |

# Taxation

Details relating to the taxation are indicated in Notes 10 and 14 to the Financial Statements.

# Capital Expenditure

The total capital expenditure incurred on the acquisition of Property, Plant and Equipment and intangible assets of the Company and the Group are given below and further described in Note 12 to the Financial Statements.

| | Company | | Group | |
|---|---|---|---|---|
| | 31.03.2026 LKR | 31.03.2025 LKR | 31.03.2026 LKR | 31.03.2025 LKR |
| Net Book Value of Property, Plant and Equipment and intangible assets | 227,794 | 21,795 | 227,794 | 21,795 |
| Net book value of freehold properties | Nil | Nil | Nil | Nil |

# Donations During the year

The Company did not make any donations during the year under review.

# Dividend

The Directors do not recommend the payment of a dividend for the year under review.

# Reserves

Total reserves/ Accumulated Losses as at the end of the financial year of the Company and the Group, were as follows:

| Company | | Group | |
|---|---|---|---|
| 31.03.2026<br>LKR | 31.03.2025<br>LKR | 31.03.2026<br>LKR | 31.03.2025<br>LKR |
| (64,474,983) | (67,596,573) | (65,744,645) | (69,598,552) |

# Stated Capital

The Stated Capital of the Company as of 31 March 2026 was LKR 30,358,500/- represented by 600,170 Ordinary Shares. There were no changes in the stated capital of the Company during the year under review.

# Subdivision of Shares

The Company proceeded with a subdivision of its ordinary voting shares at a ratio of 1:70 with the approval of the shareholders by way of an ordinary resolution at the Extraordinary General Meeting held on 8th April 2026. The subdivision did not change the Stated Capital of the Company.

| | |
|---|---|
| Number of Ordinary Voting shares prior to the subdivision | 600,170 |
| Number of Ordinary Voting shares after the subdivision | 42,011,900 |

# Proposed Rights Issue of Shares

The Board of Directors at the meeting held on 1 June 2026 resolved to increase the Company's Stated Capital by way of a Rights Issue subject to the Colombo Stock Exchange approving in principle, the issue and listing of the Ordinary Voting Shares and obtaining shareholder approval at a General Meeting. The details are as follows;

| Number of Shares to be issued | Up to a maximum of 10,502,975 Ordinary Voting Shares |
|---|---|
| The proportion in which shares to be issued | One (01) New Ordinary Voting Share for every Four (04) existing Ordinary Voting Shares held by the Shareholders in the Register of Shareholders as at end of trading on the Date of Entitlement. |
| The Consideration for which the shares are to be issued | Rs. 40/- per share |

# Investor Information

Information including earnings, profitability, dividend, net assets and market value per share is given in the Financial Highlights page and Supplementary Information page in the Annual Report. Information pertaining to share prices is given on page 216 in the Annual Report.

# Minimum Public Holding Requirement

The Company was compliant with Section 7.13.1 of the Listing Rules of the CSE in respect of the Minimum Public Holding Requirement as at 31 March 2026.

| | |
|---|---|
| Float adjusted market capitalization | LKR 561,323,185.50 |
| Public Holding Percentage | 27.39% |
| Number of Public Holders | 802 |
| Option | 5 |

During the year under review, the Company was listed on the Second Board of CSE as it did not meet the minimum number of public shareholders of 500. Following the restoration of compliance with the applicable Listing Rules, the Company was transferred to the Main Board of the CSE with effect from 15 April 2026.

# Analysis of the Shareholding Distribution and Major Shareholders

An analysis of the distribution of shareholdings and list of twenty largest ordinary voting shareholders of the Company as per the requirement of the Listing Rules of the CSE have been published under Investor Information section of this Annual Report.

# Equitable Treatment of Shareholders and Effective Shareholder Communication

The Company has at all times ensured that Shareholders are treated equitably. The General Meetings of the Company are the main forums adopted by the Board as well as the Shareholders of the Company for an effective dialogue with one another while other channels of communication were also being used to ensure that Shareholders and all interested parties have equal access to corporate information in the public domain. Policy on relations with Shareholders and Investors as adopted by the Board has been published on its corporate website, the objective of which is to enhance long-term Shareholder value through regular communication with Shareholders.

# Directorate

## Directors who held office as of 31 March 2026

| Name of Director | Status of Directorship |
|---|---|
| Mr. Sanjeev Edward Chittampalam Gardiner | Chairman/Independent Non-Executive Director |
| Mr. Wannakuwatte Mitiwaduge Asela Indrajith Fernando | Independent Non-Executive Director |
| Mr. Dinesh Stephen Weerakkody | Independent Non-Executive Director |
| Ms. Sarrani Dominique Arseculeratne | Independent Non-Executive Director |
| Mr. Nirmal De Soysa Cooke | Non-Independent Non-Executive Director |
| Ms. Dinusha Kumari Herath | Non-Independent Non-Executive Director |
| Mr. Jason Thilaka Yatawara | Non-Independent Non-Executive Director |
| Ms. Devundara Liyanage Manohari Sandamali Chandrasekera | Independent Non-Executive Director |

The profiles of the Board of Directors as at the date of this Report including their membership/s in Board Sub-committees are given on pages 27 to 34 of the Annual Report.

## Change of Directorate

There were no changes to the Directorate during the year under review.

## Declarations by Directors – Independent/ Non-Independent Status

All Independent Non-Executive Directors and Non-Independent Non-Executive Directors have submitted signed declarations confirming their independent/non-independent status in compliance with the CSE Rules on Corporate Governance. The Board of Directors determined the independence or non-independence of each Director based on the declarations and other information available.

## Declarations by Directors – 'Fit and Proper' Status

All Directors have submitted signed declarations confirming their "Fit and Proper Status' in terms of Section 9.7.4 of the Listing Rules of the CSE and the Board reviewed the same and noted that those Directors were fit and proper persons to hold the said positions.

## List of Directorships of the Directors in other Entities

Directorships and other key positions held by the Directors in other entities if any, as at 31 March 2026 are provided in the Annexure that follows this Report of the Directors. The list has also identified the status of directorships (Executive/ Non-Executive/ Independent status) and the status where an entity is a listed entity.

## Board Performance Evaluation

In line with good corporate governance practices, an annual performance evaluation of the Board of Directors and its Board Committees was conducted.

Each Director independently completed the "Performance Evaluation of the Board" questionnaire. The responses were consolidated and reviewed by the Nominations and Governance Committee, which presented the results to the Board.

Similarly, members of each Board Committee independently completed the "Performance Evaluation of the Board Committees" questionnaire. The consolidated results were reviewed by each Committee and presented to the Board for consideration.

# Appointment of Chief Executive Officer

Mr. L. P. D. L. Jayawardana was appointed as the Chief Executive Officer of Kerner Haus Global Solutions PLC with effect from 1 April 2026, following the recommendation of the Nominations and Governance Committee and the approval of the Board of Directors, after being satisfied that he met the fit and proper criteria for the position. Prior to his appointment, he served as the Acting Chief Executive Officer of the Company from 6 March 2026 to 31 March 2026.

# Re-election of Directors

In terms of Article 84 of the Articles of Association, Independent, Non-Executive Director, Ms. Sarrani Dominique Arseculeratne and Non-Independent Non-Executive Director, Mr. Jason Thilaka Yatawara retire by rotation at the forthcoming Annual General Meeting ('AGM') of the Company and offer themselves for re-election. The Board Nominations and Governance Committee and the Board having evaluated and satisfied that the said Directors are fit and proper persons for re-election, recommended the said re-elections for shareholder approval.

# Meetings of the Board of Directors

Six meetings of the Board of Directors were held during the year. A schedule of Directors' attendance at Board meetings and a schedule of Directors' attendance at Board Sub-committee meetings have been disclosed in the Corporate Governance Report published in this Annual Report.

# Directors’ Interest in Contracts and Directors’ Interest Register

The Company maintains a Directors’ Interest Register as required under Section 168(1)(e) of the Companies Act No. 07 of 2007. The Directors submitted their declarations to the Board through the Company Secretary disclosing their interests from time to time in accordance with Section 192(2) of the Companies Act No. 07 of 2007 for purposes of identification of their interest in contracts/ transactions that the Company enters into. Such disclosures are reported to the Board and minuted by the Company Secretary and thereafter recorded in the Directors’ Interest Register. The Directors’ Interest Register is available for inspection by the Shareholders or their authorised representatives as required under Section 119(1) (d) of the Companies Act No.07 of 2007. Where relevant, in Board and Board Sub-committee meetings, which dealt with matters concerning related party interest or directorship interest, respective Directors abstained and did not vote on such matters. The Company  maintained a Register of Directors and Secretaries as required under Section 223(1) of the Companies Act during the period of review.

# Directors’ Interest in Shares

Directors interest in shares of the Company as at 31 March 2026 and the comparative figures of the previous year are given below:

| Name of Director | Shares held as at 31.03.2026 | Shares held as at 31.03.2025 |
|---|---|---|
| Mr. S E C Gardiner | Nil | Nil |
| Mr. W M A I Fernando | Nil | Nil |
| Mr. D S Weerakkody | Nil | Nil |
| Ms. S D Arseculeratne | Nil | Nil |
| Mr. N D S Cooke | Nil | Nil |
| Ms. D K Herath | Nil | Nil |
| Mr. J T Yatawara | Nil | Nil |
| Ms. D L M S Chandrasekera | Nil | Nil |

The Company has not issued any debentures as at the reporting date.

Mr. L. P. D. L. Jayawardana, Chief Executive Officer, did not hold any shares in the Company as at 31 March 2026.

There were no changes in the Directors’ or the Chief Executive Officer’s interests in the shares of the Company during the period from 1 April 2026 up to the date of this Report of the Board of Directors.

# Directors’ Remuneration Details

Directors’ Remuneration details in respect of the Company and the Group for the year 2025/2026 are given in Note 24 to the Financial Statements in the Annual Report.

# Board Sub-committees

The Board is empowered by the Articles of Association to delegate any of its powers to the Board appointed Subcommittees within the scope of the respective Board approved Terms of Reference. The Subcommittees consist of members appointed as the Board thinks fit subject to meeting the criteria specified in the respective Terms of Reference. The following Board Sub-committees were functional as at 31 March 2026.

a. Board Audit Committee
b. Board Remuneration Committee
c. Board Nominations and Governance Committee
d. Related Party Transactions Review Committee

Further information relating to the above Board Subcommittees operated during the year under review, is provided in the Corporate Governance Report published in pages 98 to 107.

# Related Party Transactions

The Company obtained Shareholders' approval by way of a Special Resolution for the Loan facility of LKR 10.0 Mn obtained from the major shareholder, Ekta Global Pte. Ltd which amounted to a Non-Recurrent Related Party Transaction in terms of Rule 9.14.6(1)A(i) (a) of the Listing Rules of the Colombo Stock Exchange read together with the Sri Lanka Accounting Standard (LKAS 24) on Related Party Disclosures, of a value more than one third of the total assets of the Company as per the Audited Financial Statements of the Company. This transaction was reviewed and recommended by the Related Party Transactions Review Committee for the review and recommendation of the Board of Directors subject to the approval of the Shareholders at a General Meeting.

In addition, the Company entered into recurrent related party transactions during the year in the ordinary course of business and on arm's length terms which were reviewed and recommended by the Committee .

Please refer Note 24 to the Financial Statements for further details on the Related Party Transactions.

As required by the Listing Rules of the CSE, the Board confirms that the Company has complied with all requirements as per Section 9 of the Listing Rules of the CSE on Related Party transactions.

# Directorate of the Subsidiaries as at 31 March 2026

| Company | Directors | Percentage holding by KHGS |
|---|---|---|
| Kalamazoo Industries (Private) Ltd | Mr S E C Gardiner<br>Mr N D S Cooke<br>Ms D K Herath<br>Mr J T Yatawara<br>Ms D L M S Chandrasekera | 99.97% |
| C P Group Investments (Private) Ltd | Mr S E C Gardiner<br>Mr N D S Cooke<br>Ms D K Herath<br>Mr J T Yatawara<br>Ms D L M S Chandrasekera | 66.65% |
| Kerner 1 (Pvt) Ltd | Mr L P D L Jayawardana | 49% |

# Corporate Governance

During the year under review, the Board of Directors played an active role in ensuring that the interests of its various Stakeholders, namely Shareholders, Customers, Employees, Regulators, General Public, etc., were handled in a manner that was consistent with its obligations to these groups focusing on long-term growth and sustainability of the Company. The extent of compliance with applicable regulatory directions, rules and guidelines on Corporate Governance have been disclosed in the Corporate Governance Report published in the Annual Report.

# Risk Management and Internal Controls

The Board has delegated oversight of the Company's risk management and internal control framework to the Board Audit Committee. The Board Audit Committee assists the Board by overseeing the implementation and effectiveness of the Company's risk management framework through an ongoing process of identifying, assessing, monitoring and managing the principal risks faced by the Company.

The Board recognizes that maintaining a robust and effective system of risk management and internal controls is fundamental to safeguarding the Company's assets, ensuring the reliability of financial and operational information, supporting compliance with applicable laws and regulations, and promoting good corporate governance.

A comprehensive report on the Company's Risk Management is presented in this Annual Report.

# Compliance with Laws and Regulations

The Company operates within a robust compliance and governance framework designed to ensure adherence to all applicable statutory and regulatory requirements. Quarterly compliance reports are submitted to the Board Audit Committee and the Board of Directors for their review.

Based on the compliance reports reviewed and confirmations received during the year under review, the Board is satisfied that the Company has complied with all applicable statutory and regulatory requirements. No material regulatory breaches or significant compliance lapses were identified during the year.

The Board stays informed about applicable laws, rules, and regulations. The availability of the following Policies in conformity with Rule 9.2.1 of the Listing Rules of the CSE is published in the Company's website www.kernerhaus.lk.

- Policy on matters relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance, Nominations and Re-election
- Policy on Remuneration
- Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- Policy on Risk Management and Internal Controls
- Policy on Relations with Shareholders and Investors
- Policy on Environmental, Social and Governance Sustainability
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosures
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption

# Litigation and Contingent Liabilities

There were no litigations pending against the Company as at 31 March 2026. The contingent liabilities of the Company as at 31 March 2026 are disclosed in Note 27 to the Financial Statements.

# Environmental Protection

The Company remains committed to responsible environmental stewardship in line with applicable local and global laws, rules, regulatory requirements and industry best practices. The Company operates in accordance with its approved ESG Policy, and environmental considerations are factored into relevant decision-making processes, including procurement and operational activities. The Company will continue to strengthen its environmental risk management practices progressively in alignment with sustainable business principles and evolving regulatory requirements.

# Statutory Payments

The Directors are satisfied that all statutory payments including all taxes, duties and levies payable by the Company and its Subsidiaries, to the Government, Regulatory Institutions and related to the employees have been made or where relevant provided for.

# Events After the Reporting Date

No events have occurred after the reporting date, which would require adjustments to or disclosure in the Accounts, other than those given in Note 28 to the Financial Statements.

# Going Concern

The Directors having made appropriate enquiries on the business plans, review of corporate strategy and budget for the ensuing year, future prospects and cash flows, potential implications of uncertainties associated with the prevailing economic conditions and any other matters, which are required to be addressed in terms of applicable Corporate Governance regulations and standards, is of the view that the Company and its Subsidiaries have adequate resources to continue their operations in the foreseeable future, hence Financial Statements of the Company and the Subsidiaries are prepared based on going concern basis.

# Auditors

The Company's Auditors during the period under review were Messrs. Jayasinghe & Company, Chartered Accountants. The audit fees and consolidated audit fees for the accounting period are given in Note 08 to the Financial Statements. Based on the declaration made by Messrs. Jayasinghe & Company and as far as the Directors are aware, the Auditors do not have any relationship with or interest in the Company or its Subsidiaries other than the provision of audit and related services as given in Note 08 to the Financial Statements.

The Board Audit Committee has recommended the appointment of Messrs. Jayasinghe & Company as External Auditors for the financial year ending 31 March 2027, which was endorsed by the Board for submission to shareholders for approval at the forthcoming AGM.

# Independence of the Auditors

Based on an assessment carried out by the Board Audit Committee, the Board concluded that the External Auditors, Messrs. Jayasinghe & Company can be deemed to be independent for all intents and purposes considering the following factors:

- No partner from the Firm is on the Board of Kerner Haus Global Solutions PLC or on the Boards of its Subsidiaries.
- The audit fees paid/ payable to the Auditors are negotiated and are not above industry norms and they do not receive fees from other assignments except as stated in Note 08 to the Financial Statements
- Messrs. Jayasinghe & Company is an Audit firm registered with the Securities and Exchange Commission of Sri Lanka.

# Special Business to be transacted at AGM- Adoption of Articles of Association

The Board of Directors has recommended the adoption of new Articles of Association, which will be submitted to the shareholders for approval by way of a Special Resolution at the forthcoming Annual General Meeting of the Company.

# Notice of Annual General Meeting

Notice of Annual General Meeting of the Company scheduled to be held on 29th September 2026 at 10.30 a.m. as electronic means together with the relevant circulars/ forms will be uploaded on the websites of the CSE (www.cse.lk) and that of the company (www.kernerhaus.lk) together with the Annual Report. Hard copies of the Annual Report will be issued by the Company Secretary to any shareholder on receiving a formal request, in accordance with the Listing Rules of the CSE.

We, the undersigned acknowledge the contents of this Report and its Annexure and have placed our signatures for and on behalf of the Board of Directors of Kerner Haus Global Solutions PLC, at Colombo, this 11th day of August 2026.

**S. E. C. Gardiner**
Chairman

**J. T. Yatawara**
Director

**Waruni Shironika**
Company Secretary

# Annexure to The Report of the Board of Directors on the State of Affairs of the Company - Directors' Interest in Contracts as at 31 March 2026

The Company carried out transactions in the ordinary course of business at commercial rates with entities in which a Director of the Company is a Director of such entities. Please refer Note 24 to the Financial Statements for information on related party transactions. The Directors or their Close Family Members did not have any material business relationships with other Directors of the Company during the year under review.

The entities in which the Directors of the Company held directorships and key positions as at 31 March 2026 are disclosed below.

| Director | Entity | Directorships (Executive/Non-Executive Status)/KMP Positions |
|---|---|---|
| **Mr. S E C Gardiner** | Airline Services (Pvt) Ltd | Executive Director |
| | C H C Residencies (Pvt) Ltd | Executive Director |
| | Ceylon Hotel Holdings (Pvt) Ltd | Executive Chairman |
| | Ceylon Hotels Corporation PLC* | Executive Chairman |
| | Ceylon Hotels Investment (Pvt) Ltd | Executive Director |
| | Ceylon Hotels Maldives (Pvt) Ltd | Executive Director |
| | Cyril Gardiner (Pvt) Ltd | Executive Director |
| | Deepthi (Pvt) Ltd | Executive Director |
| | Dream Ocean Holidays Pvt Ltd (Maldives) | Executive Director |
| | Capital Land and General (Pvt) Ltd | Executive Director |
| | G F H Investment Holdings (Pvt) Ltd | Executive Director |
| | Galle Face Group (Pvt) Ltd | Executive Chairman |
| | Galle Face Hotel 1994 (Pvt) Ltd | Executive Chairman |
| | Galle Face Hotel International Management Company (Pvt) Ltd | Executive Director |
| | Galle Face Hotel Management Services (Pvt) Ltd | Executive Director |
| | Gardiner Capital (Pvt) Ltd | Executive Director |
| | Gardiner Consolidated Holdings (Pvt) Ltd | Executive Director |
| | Gardiner Group (Pvt) Ltd | Executive Director |
| | Gardiner Strategic (Pvt) Ltd | Executive Director |
| | GFH Management Company (Pvt) Ltd | Executive Chairman |
| | Great Northern Hotels (Pvt) Ltd | Executive Director |
| | I S N Gardiner C K D U Fund | Executive Director |
| | Seven 77 (Pvt) Ltd | Executive Director |
| | Studio Clay (Pvt) Ltd | Executive Director |
| | Suisse Hotel (Pvt) Ltd | Executive Director |
| | Suisse Hotel Kandy (Pvt) Ltd | Executive Director |

| Director | Entity | Directorships (Executive/Non-Executive Status)/KMP Positions |
|---|---|---|
| | Sutherland Holdings (Pvt) Ltd | Executive Director |
| | The Galle Face Hotel Company Limited | Executive Chairman |
| | The Kandy Hotels Company (1938) PLC* | Executive Chairman |
| | Unionco (Pvt) Ltd | Executive Director |
| | United Hotels Company Limited | Executive Director |
| | Kalamazoo Industries (Pvt) Ltd | Non-Executive Director |
| | C P  Groups Investments (Pvt) Ltd | Non-Executive Director |
| | | |
| **Mr. W M A I Fernando** | Beyond Wealth (Pvt) Ltd | Chairman/Managing Director |
| | Connect Global Partners (Pvt) Ltd | Chairman/Non-Executive Director |
| | Hatton Plantations PLC* | Senior Independent Director |
| | Lanka Rating Agency Ltd | Non-Executive Director |
| | Strategic Insurance Brokers (Pvt) Ltd | Chairman/Non-Executive Director |
| | The Kandy Hotels Company (1938) PLC* | Independent Non-Executive Director |
| | | |
| **Mr. D S Weerakkody** | Abans PLC* | Senior Independent Director |
| | Abans Retail Holdings (Pvt) Ltd | Non-Executive Director |
| | Ceylon Hotels Corporation PLC* | Senior Independent Director |
| | Cornucopia Lanka (Pvt) Ltd | Non-Executive Chairman |
| | Galle Face Hotel Management Co. Ltd | Non-Executive Director |
| | Haleon Sri Lanka (Pvt) Ltd | Non-Executive Director |
| | Lanka Aluminium Industries PLC* | Non-Executive Director |
| | Lanka Ashok Leyland PLC* | Independent Non-Executive Director |
| | Life Insurance Corporation (Lanka) Ltd | Non-Executive Director |
| | Union Bank of Colombo PLC | Independent Non-Executive Chairman |
| | Sri Lanka Institute of Directors | Non-Executive Chairman |
| | Employers Federation of Ceylon | Non-Executive Chairman |
| | | |
| **Ms. S D Arseculeratne** | Capital City Advisory (Pvt) Ltd | Executive Director |
| | Novotrade (Pvt) Ltd | Non-Executive Director |
| | | |
| **Mr. N D S Cooke** | 1705 Studio (Pvt) Ltd | Non-Executive Director |
| | Apex GNA Consulting (Pvt) Ltd | Non-Executive Director |
| | Asia Dredging (Pvt) Ltd | Non-Executive Director |
| | Capstone Merchant (Pvt) Ltd | Non-Executive Director |
| | Ceylon Hotels Corporation PLC | Non-Executive Director |
| | Ceylon Merchant Capital (Private) Ltd | Non-Executive Director |
| | CHC Rest Houses (Pvt) Ltd | Non-Executive Director |
| | Corporate Securities (Pvt) Ltd | Non-Executive Director |
| | Dukes Investments (Pvt) Ltd | Non-Executive Director |

| Director | Entity | Directorships (Executive/Non-Executive Status)/KMP Positions |
|---|---|---|
| | Infini Restaurant Management (Pvt) Ltd | Non-Executive Director |
| | Island Influencer (Pvt) Ltd | Non-Executive Director |
| | Kings Investments (Pvt) Ltd | Non-Executive Director |
| | Queens Investments (Pvt) Ltd | Non-Executive Director |
| | Quintessentially Ceylon (Pvt) Ltd | Non-Executive Director |
| | Seaway Enterprises (Pvt) Ltd | Non-Executive Director |
| | Techno Park Development Company (Private) Limited | Non-Executive Director |
| | The Kandy Hotels Company (1938) PLC | Non-Executive Director |
| | Kalamazoo Industries (Pvt) Ltd | Non-Executive Director |
| | C P Groups Investments (Pvt) Ltd | Non-Executive Director |
| | Airline Services Pvt Ltd | Non-Executive Director |
| | Plus94 Labs Pvt. Ltd | Non-Executive Director |
| | Kerner Haus 2203 (Pvt.) Ltd | Non-Executive Director |
| | Vidhya Consulting (Pvt.) Ltd | Non-Executive Director |
| | LPO Solutions Pte Ltd | Non-Executive Director |
| | Fore Solutions (Pvt.) Ltd | Non-Executive Director |
| | NK Ceylon Capital (Pvt.) Ltd | Non-Executive Director |
| | Clean Serendib (CSL) | Non-Executive Director |
| | Commonwealth Enterprise and Investment Council (UK) | Executive Board Member |
| | | |
| **Ms. D K Herath** | 1705 Studio (Pvt) Ltd | Executive Director |
| | 2808 Holding (Pvt) Ltd | Executive Director |
| | Capstone Merchant (Private) Limited | Non-Executive Director |
| | Ceylon Merchant Capital (Private) Limited | Non-Executive Director |
| | Cloud Marc (Pvt) Ltd | Non-Executive Director |
| | FBC Asia Pacific (Pvt) Ltd | Executive Director |
| | Garrett House (Pvt) Ltd | Non-Executive Director |
| | Health Recon Connect Pvt Ltd | Non-Executive Director |
| | HRC Labs (Pvt) Ltd | Non-Executive Director |
| | HRC Service (Pvt) Ltd | Non-Executive Director |
| | Iconnlabs (Pvt) Ltd | Non-Executive Director |
| | IT Connect (Pvt) Ltd | Non-Executive Director |
| | K1 Solutions (Pvt) Ltd | Non-Executive Director |
| | Kerner Haus 1705 (Pvt) Ltd | Executive Director |
| | Kerner Haus 2203 (Pvt) Ltd | Executive Director |
| | Kerner Norland (Pvt) Ltd | Executive Director |
| | Lanka Shared Services (Pvt) Ltd | Executive Director |
| | LPO Solutions (Pvt) Ltd | Non-Executive Director |
| | Merchant 88 (Pvt) Ltd | Non-Executive Director |

| Director | Entity | Directorships (Executive/Non-Executive Status)/KMP Positions |
|---|---|---|
| | Northlark (Pvt) Ltd | Executive Director |
| | Plus 94 Labs (Pvt) Ltd | Executive Director |
| | RKS 17 Holdings (Pvt) Ltd | Executive Director |
| | SB Technologies (Pvt) Ltd | Non-Executive Director |
| | Tanjun (Pvt) Ltd | Executive Director |
| | Think Cube Connect (Pvt) Ltd | Non-Executive Director |
| | Velox Consultants (Pvt) Ltd | Executive Director |
| | Vidhya Consulting (Pvt) Ltd | Executive Director |
| | Vishwaland (Pvt) Ltd | Executive Director |
| | VKM Services (Pvt) Ltd | Executive Director |
| | Zenith One (Pvt) Ltd | Non-Executive Director |
| | Kalamazoo Industries (Pvt) Ltd | Non-Executive Director |
| | C P Group Investments (Pvt) Ltd | Non-Executive Director |
| | | |
| **Mr. J T Yatawara** | Plus94 Pte Ltd | Vice President (VP) |
| | Kalamazoo Industries (Pvt) Ltd | Non-Executive Director |
| | C P Group Investments (Pvt) Ltd | Non-Executive Director |
| | | |
| **Ms. D L M S Chandrasekera** | Praxis Magnus Strategies (Pvt) Ltd | Chief Operating Officer |
| | Janashakthi Finance PLC* | Independent Non-Executive Director |
| | Kalamazoo Industries (Pvt) Ltd | Non-Executive Director |
| | C P Group Investments (Pvt) Ltd | Non-Executive Director |

* Listed entities

# We Grow Together

*Because our model is an ecosystem, and our assets are buildings*

## *Partnership*

We succeed only through an ecosystem — property owners who supply assets, service partners who deliver capability, tenants who anchor demand. We choose to buy capability rather than hoard it, share economics fairly, and build relationships designed to survive the cycle rather than exploit the moment.

## *Responsible Renewal*

We create value by giving under-utilised buildings a productive second life — conserving embodied carbon, concentrating employment in transit-accessible locations, and designing for energy efficiency and climate resilience. Our entire asset base is buildings; we underwrite, specify and operate accordingly.

# 05

# Financial Information

# Financial Calendar

| Interim financial statements to the Colombo Stock Exchange | |
|---|---|
| Three months ended 30th June 2025 | 15th August 2025 |
| Six months ended 30th September 2025 | 13th November 2025 |
| Nine months ended 31st December 2025 | 10th February 2026 |
| Twelve months ended 31st March 2026 | 19th May 2026 |

| Annual Report and Audited Financial Statements to Colombo Stock Exchange / Shareholders | |
|---|---|
| 2024/2025 | 3rd September 2025 |
| 2025/2026 | On or before 30th August 2026 |

| Shareholders' Meetings | |
|---|---|
| Extraordinary General Meeting | 4th August 2025 |
| 68th Annual General Meeting | 30th September 2025 |
| Extraordinary General Meeting | 8th April 2026 |
| 69th Annual General Meeting | 29th September 2026 |

# Responsibility Statement of Chief Executive Officer and Chief Financial Officer

The Chief Executive Officer and the Chief Financial Officer are responsible for ensuring that the Financial Statements of Kerner Haus Global Solutions PLC ("the Company") and its subsidiaries ("the Group") are prepared and presented in accordance with the applicable legal and regulatory requirements.

## Compliance with Laws and Regulations

The Financial Statements of the Company and the Group for the financial year ended 31 March 2026 have been prepared in compliance with:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (SLFRS/LKAS);
- The Companies Act No. 07 of 2007 (CA 2007) (as amended);
- Listing Rules of the Colombo Stock Exchange (CSE) (as amended).

## Financial Reporting

The accounting policies adopted in the preparation of the Financial Statements are appropriate and have been applied consistently, except where otherwise disclosed in the Notes to the Financial Statements. The Financial Statements have been prepared in accordance with the applicable Sri Lanka Accounting Standards without any material departures.

Significant accounting estimates and judgements involving a high degree of complexity have been made on a prudent and reasonable basis and were reviewed with the Board Audit Committee and the External Auditors. Comparative information has been reclassified where necessary to conform to the current year's presentation.

The Board of Directors and Management accept responsibility for the integrity, objectivity and completeness of the Financial Statements. Appropriate accounting records have been maintained to enable the preparation of Financial Statements that present fairly the financial position, financial performance and cash flows of the Company and the Group.

## System of Internal Controls

The Company maintains a sound system of internal controls and accounting records, reviewed and strengthened on an ongoing basis to ensure:

- Accuracy and completeness of accounting information;
- Prevention and detection of fraud and irregularities;
- Compliance with established procedures and regulatory requirements.

We have evaluated the internal controls and procedures of the Company for the Financial Year under review and confirm, based on such evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and frauds that involves the management or other employees.

## Report of Independent Auditors

The Financial Statements have been audited by Messrs. Jayasinghe & Company, Chartered Accountants, the External Auditors of the Company, who have expressed an independent opinion thereon. Their report appears on pages 169 to 172 of this Annual Report.

## Board Audit Committee

The Board Audit Committee meets regularly to review the integrity of the Financial Statements, the effectiveness of internal controls and risk management processes, the scope and findings of internal and external audits, and compliance with applicable legal and regulatory requirements. The External Auditors have unrestricted access to the Board Audit Committee to discuss any matters arising from the audit.

## Confirmation

We confirm to the best of our knowledge and belief that:

- the Financial Statements have been prepared in accordance with the applicable accounting standards and present a true and fair view of the financial position, financial performance and cash flows of the Company and the Group;
- the Financial Statements have been prepared on the going concern basis;
- the Company's system of internal controls and risk management operated effectively during the financial year under review;
- the Company and the Group have complied with all applicable laws, regulations and statutory requirements, and there are no material legal proceedings outstanding that would have a material impact on the financial position of the Company or the Group; and
- all taxes, duties, levies, statutory payments and employee-related statutory obligations due as at 31 March 2026 have been paid or adequately provided for in the Financial Statements, where applicable.

Damitha

**Damitha Jayawardana**
Chief Executive Officer

**Maheshika Bandara**
Chief Financial Officer

11 August 2026

# Statement of Directors' Responsibility for Financial Reporting

The responsibility of the Board of Directors in relation to the preparation and presentation of the Financial Statements of Kerner Haus Global Solutions PLC  and the Group is set out in this statement, which should be read in conjunction with the Auditors' statement set out in their report on pages 169 to 172 of this Annual Report.

The Companies Act No. 07 of 2007  (as amended) requires the Directors to prepare the 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, the profit and loss of the Company and the Group for the Financial Year and present the same to the Shareholders.

The Financial Statements comprise of:

- The Statement of Financial Position as at 31 March 2026;
- The Statements of Profit or Loss and Other Comprehensive Income;
- The Statement of Changes in Equity and Cash flows;
- Accounting policies and notes thereto

The Board of Directors confirms that the Financial Statements of the Company and the Group give a true and fair view of the:

- Financial position of the Company and Group as at 31 March 2026; and
- Financial performance of the Company and Group as at 31 March 2026.

The Directors have ensured that in preparing these Financial Statements:

- The appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained; and
- All applicable accounting standards in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as relevant have been applied; and
- Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected; and
- To the best of their knowledge, the statements provide the information required by and otherwise comply with the Companies Act No. 07 of 2007  (as amended), the Listing Rules of the Colombo Stock Exchange and the requirements of any other regulations applicable to the Company.

The Directors have a responsibility to ensure that the Company and the Group maintain sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and the Group. The Board of Directors accepts full responsibility for the integrity and objectivity of the Financial Statements presented. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company/Group and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting frauds and other irregularities.

The Directors are required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider appropriate to enable them to express their audit opinion.

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and the Group and all contributions, levies and taxes payable relating to the employees of the Company and the Group, which were due and payable as at the reporting date, have been paid or where relevant, provided for.

Following a review of the Company's and the Group's financial position, cash flow projections, available financing arrangements, and other relevant information, the Board of Directors is satisfied that the Company and the Group have adequate resources to continue their operations for the foreseeable future. In arriving at this assessment, the Board has taken into consideration the proposed Rights Issue, which is intended to strengthen the Company's capital base, improve its financial position, and support the funding of its strategic objectives. The proposed Rights Issue is subject to the Colombo Stock Exchange approving in principle, the issue and listing of the Ordinary Voting Shares and obtaining shareholders' approval at a General Meeting. Based on these considerations, the Directors have adopted the going concern basis in the preparation of these Financial Statements.

By order of the Board

**Waruni Shironika**
Company Secretary

11 August 2026

# Independent Auditor's Report

**Jayasinghe & Co.**
**Chartered Accountants**
*94/12, Kirulapone Avenue, Colombo 05, Sri Lanka.*
*Tel: +94 11 2512514, 2512400, 2512069*
*Website: www.aajco.lk | Email: info@aajco.lk*

## To The Shareholders Of Kerner Haus Global Solutions Plc

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Kerner Haus Global Solutions PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statements of financial position as at March 31, 2026, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Impairment assessment of investment in subsidiaries.

| Risk Description | Our Response |
|---|---|
| As at the reporting date, the Company held investments in its subsidiaries amounting to Rs. 9.3 million, indicated at cost in the Company's financial statements and the net assets of the subsidiaries were Rs. 9.8 million. Following the restructuring process of the Group, the subsidiaries have been repurposed to fit the revised business model, and one subsidiary has commenced restructured operations in the subsequent financial year. In accordance with the applicable financial reporting framework, the investment is tested for impairment whenever indicators of impairment exist.<br><br>Management performed an impairment assessment as at the reporting date and concluded that the recoverable amount of the investment exceeds its carrying value and accordingly no impairment provision was required. The assessment of the recoverable amount involves significant management judgment and estimation, particularly in relation to assumptions regarding future cash flows, expected financial performance of the subsidiaries, and prevailing market and economic conditions. Any change in these assumptions could materially impact the recoverable amount. Due to the significance and subjectivity involved in the impairment assessment, we considered this as a key audit matter. | Our audit procedures included:<br><br>• Obtaining an understanding of management's impairment assessment process.<br>• Obtained the impairment assessment valuations prepared by management for all material subsidiary investments.<br>• Assessed whether indicators of impairment exist for each subsidiary<br>• Reviewing and discussing with management the rationale and assumptions used in determining the recoverable amount.<br>• Challenged management's cash flow projections for each subsidiary by comparing to historical actuals and assessed the reasonableness of projected growth rates.<br>• Evaluating the adequacy and completeness of disclosures in the financial statements related to the impairment assessment. |

## Impairment assessment of trade and other receivables.

| Risk Description | Our Response |
|---|---|
| The Company's trade receivables amounted to Rs. 8.9 million, against which a full loss allowance has been recognized under the expected credit loss (ECL) model in accordance with SLFRS 9 - Financial Instruments.<br><br>Management assessed the recoverability of these receivables and concluded that there was objective evidence of impairment, including long-outstanding balances, limited subsequent recoveries. Given the nature and ageing of the balances, the Company recognized a 100% loss allowance (Note 15). We identified this as a key audit matter. | Our audit procedures included:<br>• Obtaining an understanding of the Group's process for assessing the recoverability of trade and other receivables and the methodology applied in determining expected credit losses.<br>• Evaluating the appropriateness of the Group's ECL model and whether it complies with the requirements of SLFRS 9.<br>• Reviewing ageing reports and historical collection patterns to assess the reasonableness of the assumptions applied.<br>• Assessing management's rationale for applying a full 100% impairment and evaluating whether such a conclusion is reasonable based on available evidence.<br>• Assessing the adequacy of related disclosures in the financial statements, particularly in relation to the judgements, estimates, and risks involved in the impairment assessment. |

## 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, the 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 the 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 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.

- 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 5319.

Jayasinghe & Co.

**Jayasinghe & Co.**
Chartered Accountants
Colombo.
11th August 2026

# Statement Of Profit Or Loss And Other Comprehensive Income

| For the year ended 31st March | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 |
| | Note | Rs. | Rs. | Rs. | Rs. |
| Revenue | **05.** | 6,192,653 | 2,109,596 | 6,192,653 | 2,109,596 |
| Direct costs | **06.** | (502,437) | (1,535,702) | (502,437) | (1,523,824) |
| **Gross profit** | | **5,690,216** | **573,894** | **5,690,216** | **585,772** |
| Other income | **07.** | 10,744 | 1,633,937 | - | 1,596,963 |
| **Profit before operating expenses** | | **5,700,960** | **2,207,831** | **5,690,216** | **2,182,735** |
| Administrative expenses | | (12,176,886) | (13,034,771) | (10,459,705) | (10,581,151) |
| **Loss after operating expenses** | | **(6,475,927)** | **(10,826,940)** | **(4,769,490)** | **(8,398,415)** |
| Finance income | | 17,743 | 34,136 | 8,797 | - |
| Finance expenses | | (612,366) | (376,408) | (561,669) | (322,985) |
| **Net financial expenses** | **08.** | **(594,622)** | **(342,273)** | **(552,872)** | **(322,985)** |
| **Net loss before tax** | **09.** | **(7,070,549)** | **(11,169,212)** | **(5,322,362)** | **(8,721,401)** |
| Deferred tax income/(expense) | **10.** | 10,807,141 | - | 8,443,951 | - |
| **Net profit/(loss) after tax** | | **3,736,592** | **(11,169,212)** | **3,121,589** | **(8,721,401)** |
| **Other comprehensive income/ (expenses)** | | | | | |
| Net change in equity instruments designated at fair value | | - | (141,606) | - | (170,934) |
| Income tax impact | | - | - | - | - |
| **Other comprehensive income/ (expense) - net of tax** | | **-** | **(141,606)** | **-** | **(170,934)** |
| **Total comprehensive income/ (expense) for the year** | | **3,736,592** | **(11,310,818)** | **3,121,589** | **(8,892,335)** |
| **Profit/(loss) attributable to:** | | | | | |
| Equity holders of the parent | | 3,853,907 | (11,060,929) | 3,121,589 | (8,721,401) |
| Non controlling interest | | (117,315) | (108,284) | - | - |
| **Profit/(loss) for the year** | | **3,736,592** | **(11,169,212)** | **3,121,589** | **(8,721,401)** |
| **Total comprehensive income/ (expense) attributable to** | | | | | |
| Equity holders of the parent | | 3,853,907 | (11,212,310) | 3,121,589 | (8,892,335) |
| Non controlling interest | | (117,315) | (98,509) | - | - |
| **Total comprehensive income/ (expense) for the year** | | **3,736,592** | **(11,310,818)** | **3,121,589** | **(8,892,335)** |
| **Earnings/(loss) per share (Rs. Cts.) - prior to sub-division** | **11.** | **6.42** | **(18.43)** | **5.20** | **(14.53)** |
| **Earnings/(loss) per share (Rs. Cts.) - after sub-division** | | **0.09** | **(0.26)** | **0.07** | **(0.21)** |

# Statement Of Financial Position

| As at 31st March | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 |
| | Note | Rs. | Rs. | Rs. | Rs. |
| **Assets** | | | | | |
| **Non - current assets** | | | | | |
| Property, plant & equipment | **12.** | 227,794 | 21,795 | 227,794 | 21,795 |
| Investments in subsidiaries | **13.** | - | - | 9,300,049 | 9,300,000 |
| Deferred tax assets | **14** | 10,807,141 | - | 8,443,951 | - |
| **Total non - current assets** | | **11,034,935** | **21,795** | **17,971,794** | **9,321,795** |
| **Current assets** | | | | | |
| Trade & other receivables | **15.** | 1,414,233 | 424,009 | 1,173,536 | 523,114 |
| Other current financial assets | **16.** | 249,916 | 239,172 | - | - |
| Cash & cash equivalents | **17.** | 2,516,309 | 151,952 | 2,446,523 | 131,834 |
| **Total current assets** | | **4,180,459** | **815,133** | **3,620,059** | **654,949** |
| **Total Assets** | | **15,215,394** | **836,928** | **21,591,853** | **9,976,744** |
| **Equity & Liabilities** | | | | | |
| Stated capital & reserves | | | | | |
| Stated capital | **18.** | 30,358,500 | 30,358,500 | 30,358,500 | 30,358,500 |
| Accumulated losses | | (65,744,645) | (69,598,552) | (64,474,983) | (67,596,573) |
| Non controlling interest | | 1,804,134 | 1,921,398 | - | - |
| **Total equity** | | **(33,582,011)** | **(37,318,653)** | **(34,116,483)** | **(37,238,073)** |

| As at 31st March | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 |
| **Non current liabilities** | | | | | |
| Loans & borrowings | **24.** | 10,291,669 | - | 10,291,669 | - |
| **Total non - current liabilities** | | **10,291,669** | **-** | **10,291,669** | **-** |
| **Current liabilities** | | | | | |
| Trade & other payables | **20.** | 4,818,402 | 4,041,316 | 6,594,112 | 7,037,829 |
| Dues to related companies | **21.** | 381,317 | 775,818 | 5,632,495 | 6,964,914 |
| Other loans & borrowings | **22.** | 33,306,012 | 33,336,075 | 33,190,061 | 33,212,074 |
| Bank overdrafts | **17.** | - | 2,373 | - | - |
| **Total current liabilities** | | **38,505,732** | **38,155,581** | **45,416,668** | **47,214,817** |
| **Total equity & liabilities** | | **15,215,394** | **836,928** | **21,591,853** | **9,976,744** |

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

**Maheshika Bandara**
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board ;

**S. E. C. Gardiner**
Director

**W. M. A. I. Fernando**
Director

11th August 2026

The accounting policies and notes from 1 to 28 form an integral part of these financial statements.

# Statement Of Changes In Equity

| GROUP | Stated capital | Accumulated losses | Fair value reserve | Revaluation reserve | Non controlling interest | Total |
|---|---|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Balance as at 01/04/2024** | **30,358,500** | **(59,055,952)** | **634,086** | **35,624** | **2,019,907** | **(26,007,835)** |
| Loss for the year | | (11,060,929) | - | - | (108,284) | (11,169,212) |
| Other comprehensive income /(expense) | - | - | (151,381) | - | 9,775 | (141,606) |
| Total comprehensive income /(expense) | 30,358,500 | (70,116,881) | 482,705 | 35,624 | 1,921,398 | (37,318,653) |
| Reclassification of fair value reserve (FVOCI) and revaluation reserve | - | 518,329 | (482,705) | (35,624) | - | - |
| **Balance as at 31/03/2025** | **30,358,500** | **(69,598,552)** | **-** | **-** | **1,921,398** | **(37,318,653)** |
| | | | | | | |
| **Balance as at 01/04/2025** | **30,358,500** | **(69,598,552)** | **-** | **-** | **1,921,398** | **(37,318,653)** |
| Profit/(loss) for the year | - | 3,853,907 | - | - | (117,315) | 3,736,592 |
| Investment by NCI | - | - | - | | 51 | 51 |
| Other comprehensive income /(expense) for the year | - | - | - | - | - | - |
| Total comprehensive income /(expense) | 30,358,500 | (65,744,645) | - | - | 1,804,134 | (33,582,011) |
| **Balance as at 31/03/2026** | **30,358,500** | **(65,744,645)** | **-** | **-** | **1,804,134** | **(33,582,011)** |

| COMPANY | Stated capital | Accumulated losses | Fair value reserve | Revaluation reserve | Total |
|---|---|---|---|---|---|
| **Balance as at 01/04/2024** | **30,358,500** | **(59,239,932)** | **535,694** | - | **(28,345,738)** |
| Loss for the year | - | (8,721,401) | - | - | (8,721,401) |
| Other comprehensive expense for the year | - | - | (170,934) | - | (170,934) |
| Total comprehensive income / (expense) | 30,358,500 | (67,961,333) | 364,760 | - | (37,238,073) |
| Reclassification of fair value reserve (FVOCI) and revaluation reserve | - | 364,760 | (364,760) | - | - |
| **Balance as at 31/03/2025** | **30,358,500** | **(67,596,573)** | **-** | - | **(37,238,073)** |
| | | | | | |
| **Balance as at 01/04/2025** | **30,358,500** | **(67,596,573)** | **-** | - | **(37,238,073)** |
| Profit for the year | - | 3,121,589 | - | - | 3,121,589 |
| Other comprehensive income / (expense) for the year | - | - | - | - | - |
| Total comprehensive income / (expense) | 30,358,500 | (64,474,983) | - | - | (34,116,483) |
| **Balance as at 31/03/2026** | **30,358,500** | **(64,474,983)** | **-** | - | **(34,116,483)** |

# Statement Of Cash Flows

| For the year ended 31st March | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 |
| | Note | Rs. | Rs. | Rs. | Rs. |
| **Cash flows from operating activities** | | | | | |
| Net profit/(loss) before tax | | (7,070,549) | (11,169,212) | (5,322,362) | (8,721,401) |
| **Adjustments for:** | | | | | |
| Depreciation | **9.** | 43,501 | 42,848 | 43,501 | 30,970 |
| Profit on disposal of fixed assets | **07.** | - | (700,000) | - | (700,000) |
| Interest expenses | **08.** | 612,366 | 376,408 | 561,669 | 322,985 |
| Interest income | **08.** | (17,743) | (34,136) | (8,797) | - |
| Impairment for trade debtors & other receivables | | 290,982 | 637,884 | 290,982 | - |
| Staff loans written off | | - | 195,509 | - | - |
| Fixed asset written off | | - | 23,748 | - | - |
| (Gain)/loss on investments in unit trusts | | - | (36,974) | - | - |
| **Operating loss before working capital changes** | | **(6,141,444)** | **(10,663,925)** | **(4,435,007)** | **(9,067,445)** |
| **Changes in working capital** | | | | | |
| (Increase)/decrease in inventories | | - | 487,780 | - | 487,780 |
| (Increase)/decrease in trade & other receivables | | (1,291,950) | 418,079 | (941,403) | 722,458 |
| Increase/(decrease) in trade & other payables | | 747,023 | 1,587,957 | (465,731) | 1,445,418 |
| Increase/(decrease) in related party balances | | (394,450) | 4,802,412 | (1,332,467) | 6,022,187 |
| **Cash generated from / (used in) operations** | | **(7,080,821)** | **(3,367,696)** | **(7,174,608)** | **(389,602)** |
| Withholding tax paid | | - | - | - | - |
| Interest paid | **08.** | (320,697) | (376,408) | (270,000) | (322,985) |
| **Net cash generated from / (used in) operating activities** | | **(7,401,518)** | **(3,744,105)** | **(7,444,608)** | **(712,588)** |
| **Cash flows from / (used in) investing activities** | | | | | |
| Interest received | | 17,743 | 34,136 | 8,797 | - |
| Withdrawal of fixed deposits | | - | 2,018,220 | - | - |
| Cash proceeds from disposal of property, plant & equipment | | - | 700,000 | - | 700,000 |

| For the year ended 31st March | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 |
| Cash proceeds from disposal of investments | | - | 683,235 | - | 404,886 |
| Purchase of property plant & equipment | | (249,500) | - | (249,500) | - |
| **Net cash generated from / (used in) investing activities** | | **(231,757)** | **3,435,590** | **(240,703)** | **1,104,886** |
| **Cash flows from financing activities** | | | | | |
| Loans obtained | | 10,000,000 | - | 10,000,000 | - |
| **Net cash generated from / (used in) financing activities** | | **10,000,000** | **-** | **10,000,000** | **-** |
| | | | | | |
| **Net increase / (decrease ) in cash & cash equivalents** | | **2,366,731** | **(308,519)** | **2,314,690** | **392,298** |
| Cash & cash equivalents at the beginning of the year | | 149,579 | 458,099 | 131,834 | (260,463) |
| **Cash & cash equivalents at the end of the year** | **A** | **2,516,309** | **149,579** | **2,446,523** | **131,834** |
| | | | | | |
| **Note A - cash & cash equivalents** | | | | | |
| Cash & cash equivalents | **17.** | 2,516,309 | 151,952 | 2,446,523 | 131,834 |
| Bank overdrafts | **17.** | - | (2,373) | - | - |
| | | **2,516,309** | **149,579** | **2,446,523** | **131,834** |

# Corporate Information

## For The Year Ended 31st March 2026

### 1. Corporate Information

**1.1 Reporting entity**

Kerner Haus Global Solutions PLC is a Public Limited Liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business is located at No.111, T.B. Jayah Mawatha, Colombo 10. The Company changed its name from "Ceylon Printers PLC" to "Kerner Haus Global Solutions PLC" with effect from 18th August 2025 after obtaining approval at the Extraordinary General Meeting on 4th August 2025.

**1.2 Parent Entity & Ultimate Parent Entity**

The company's immediate parent is Ekta Global Pte Ltd, and the ultimate parent company is Shore Tree Holdings Pte Ltd.

**1.3 Principal activities and nature of operations**

The parent Company, **Kerner Haus Global Solutions PLC**, is engaged in the outsourcing industry, providing outsourced commercial print production services to corporate clients. The Company commenced providing outsourced commercial property development and management services, developing and managing commercial office space and provides outsourced property and workplace management services to occupier clients across the country with effect from 1st October 2025.

Subsidiary **Kalamazoo Industries (Pvt) Ltd** is primarily engaged in the outsourced provision of machinery and manpower to the parent Company. Its primary activity is now focused on outsourced corporate and financial facilitation services, designed to simplify the setup and ongoing administration of Kerner Haus Global Solutions PLC's clients in line with the Group's new business.

Subsidiary **C.P. Group Investments (Pvt) Ltd** is engaged in the administration of staff loan facilities for the Group of Companies. It has now been repositioned as the dedicated provider of outsourced facilities and operational management services to Kerner Haus Global Solutions PLC, managing the physical environment of all properties within the Kerner Haus Global Solutions PLC portfolio, both managed and owned.

Subsidiary **Kerner 1 (Pvt) Ltd** was incorporated to carry on the business of acquiring properties on lease and sub-lease.

**1.4 Basis of preparation**

**1.4.1 Statement of compliance**

The consolidated financial statements of the Group are prepared in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.07 of 2007.

**1.4.2 Basis of consolidation & subsidiaries**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared in compliance with the Group's accounting policies unless otherwise stated. All intra-group balances, income and expenses, unrealized gains and losses resulting from intra - group transactions and dividends are eliminated in full.

**Subsidiaries**

Subsidiaries are those enterprises controlled by the parent. Control exists when the parent holds more than 50% of the voting rights or otherwise has a controlling interest. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.
The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, which is 12 months ending 31st March, using consistent accounting policies. Subsidiaries consolidated have been listed below. The following companies, with equity control equal to or more than or less than 50%, have been consolidated

as subsidiaries based on the power to govern the financial and operating policies of those entities.

1. C.P. Group Investments (Pvt) Ltd - 66.65%
2. Kalamazoo Industries (Pvt) Ltd - 99.97%
3. Kerner 1 (Pvt) Ltd - 49%

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the statement of financial position. Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from parent' shareholders' equity. The consolidated statement of cash flow includes the cash flows of the Company and its subsidiaries.

Investments in subsidiaries are measured at cost less accumulated impairment in the separate Financial Statements.

**1.4.3 Responsibility for the financial statements**

The Board of Directors is responsible for the preparation and presentation of the consolidated financial statements of the Group as per the provisions of the Companies Act No. 07 of 2007.

**1.4.4 Approval of financial statements by the Board of Directors**

The financial statements of the Group for the year ended 31st March 2026 were approved and authorised by the Board of Directors for issue on 11th August 2026.

**1.4.5 Basis of measurement**

The consolidated financial statements have been prepared on historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting these financial statements, except for those disclosed in Note 12 and Note 25.

**1.4.6 Functional and presentation currency**

The financial statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency.

**1.4.7 Foreign currency transactions**

Transactions in foreign currencies are translated to Sri Lanka Rupees at the exchange rate prevailing at the dates of the transactions.

**1.4.8 Going concern**

The Board of Directors have assessed the Company's ability to continue as a going concern, taking into account the prevailing macroeconomic conditions and management's forecasts of future performance and cash flows. In making this assessment, the Board noted that the Group was in a net liability position as at the reporting date with accumulated losses of Rs. 65,744,645 and liabilities exceeding assets by Rs. 33,582,011, causing the Group's net assets to be less than half of its stated capital, resulting in a serious loss of capital situation as specified in section 220 of Companies Act No 7 of 2007.

The Directors have prepared cash-flow forecasts covering the period through financial years 2026 - 2029 , which indicate that the Group expects to return to profitability based on the Board-approved strategic business restructuring plan to provide outsourced commercial property development and management services. The plan is progressing on track as projected and is expected to deliver positive results. The Directors' assessment also takes into consideration the Rights Issue announced on 2 June 2026 to raise Rs. 420,119,000, which will restore the Company to a positive net asset position and strengthen its financial position, liquidity and capital base. The proceeds will be applied towards acquiring owned and leasehold properties that will generate rental income, supporting the Company's shift from an asset-light model to owned property.

Based on this assessment, the Board has concluded that the strategic plan is both feasible and achievable, supported by favourable industry conditions and readily available financing. The Directors are therefore satisfied that the Group will have adequate resources to continue its operations and meet its obligations as they fall due and, that no material uncertainties exist that cast significant doubt on its ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

### 1.4.9 Comparative information

The accounting policies have been consistently applied by the Group with those of the previous financial year in accordance with LKAS 01 - Presentation of Financial Statements, unless otherwise stated.

### 1.4.10 Materiality & aggregation

In compliance with LKAS 01 - Presentation of Financial Statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions too are presented separately, if they are material.

### 1.4.11 Offsetting

Assets and liabilities and income and expenses in the Financial Statements are not offset unless required or permitted by a Sri Lanka Accounting Standards.

## 1.5 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with SLFRSs and LKASs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although the judgements and estimates are based on management’s best knowledge of the current events and actions, actual results would ultimately differ from those estimates.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

### 1.5.1 Loss allowance on financial assets based on recoverability

The Group reviews its trade receivables at each reporting date and assesses whether an allowance should be recorded in profit or loss. In particular, management judgement is required in the estimation of the loss allowance.

### 1.5.2 Recognition of deferred tax assets

The extent to which a deferred tax asset could be recognized on unused tax losses carried forward is determined based on the expected availability of future taxable profits. This is further described in Note 14.

# SIGNIFICANT ACCOUNTING POLICIES
## For The Year Ended 31st March 2026

### 2 Summary of significant accounting policies

The Company has consistently applied the accounting policies as to all periods presented in these financial statements, unless otherwise stated.

**2.1 Changes to accounting policies**

**(i) New and amended standards adopted by the Company**

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 April 2025:

- Disclosures on Supplier Finance Arrangements - Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments
- Classification of Liabilities as Current or Non-current - Amendments to LKAS 1
- Non-current Liabilities with Covenants - Amendments to LKAS 1 Presentation of Financial Statements
- Lease Liability in a Sale and Leaseback - Amendments to SLFRS 16 Leases

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(ii) New standards and amendments effective but not adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2025 reporting period and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
- SLFRS 18 Presentation and Disclosures in Financial StatementsSLFRS 19 Subsidiaries without Public Accountability
- Annual improvements to IFRS – Volume 11
- Contracts Referencing Nature-dependent Electricity – Amendments to SLFRS 9 and SLFRS 7
- Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency
- Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37- Disclosures about Uncertainties in the Financial Statements

**2.1 Property, plant & equipment**

The Group applies the requirements of the LKAS 16 on "Property, Plant and Equipment" in accounting for its owned assets which are held for use in the provision of services or for administrative purposes and are expected to be used for more than one year.

**Basis of recognition**

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

**Basis of measurement**

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. The cost of an item of property, plant and equipment comprises of its purchase price and any directly attributable costs of bringing the asset to a working condition for its intended use.

**Subsequent measurement**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognized in profit or loss in the period in which those are incurred.

All classes of assets, except machinery and motor vehicles, included under property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Machinery and motor vehicles are stated at its revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent impairment losses.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

**Depreciation**
Depreciation is calculated using the straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets.
Depreciation is recognized in profit or loss on the straight line basis over the estimated useful life of each component of an item of property, plant and equipment. Depreciation of an asset begins when it is available for use and ceases at the date that the asset is disposed. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The useful life time is estimated as follows:

| | |
|---|---|
| • Plant and machinery | 8 - 50 years |
| • Furniture & fittings | 5 - 20 years |
| • Electrical installation | 5 years |
| • Office & other equipment | 3 - 10 years |
| • Motor vehicles | 4 years |
| • Computer equipment | 3 - 10 years |

The useful life of plant and machinery has been assessed to be in the range of 8 - 50 years with the higher useful life being applicable to branded machinery purchased from a reputed manufacturer.

The assets residual values, useful lives and methods of depreciation are reviewed and adjusted as appropriate at each financial year.

**Derecognition**
An item of property, plant and equipment is derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognized.

## 2.2 Investment in subsidiaries
In the Company's financial statements, the investment in subsidiaries is treated as a long term investment and stated at cost less impairment.

## 2.3 Financial assets

**Measurement**
"At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to acquisition or issue of such financial instruments, except in the case of financial assets designated at fair value through profit or loss according to Sri Lanka Accounting Standard - SLFRS 09 on "Financial Instruments". Transaction costs in relation to financial assets at fair value through profit or loss are dealt with through the statement of profit or loss.

**Classification and subsequent measurement**
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost. The classification of financial assets at amortized cost and measured at fair value through other comprehensive income depends on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

**Recognition**
Financial assets are recognised when and only when the Company becomes a party to the contractual provisions of the financial instruments. The Company determines the classification of its financial assets at initial recognition.

**Subsequent measurement & gains and losses**
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows, represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets are included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss including impairment losses, if any. Cash and cash equivalents, trade and other receivables and receivables from related parties are measured at amortised cost.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets are included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented as a separate line item and charged to profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss

**De-recognition of financial assets**
A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is de-recognised when:

- The right to receive cash flows from the asset has expired.
- Transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

**Loss allowance for financial assets**
In relation to the impairment of financial assets, SLFRS 9 requires an Expected Credit Loss Model to be adopted. SLFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. SLFRS 9 also permits a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances. Accordingly, for trade receivables the Company has applied the simplified approach.

### 2.4 Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease, to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

**2.5 Cash and & equivalents**

Cash and cash equivalents in the statement of financial position comprise of cash at banks and in hand. Cash and bank balances are stated at recoverable value. The Statement of cash flows has been prepared using the "Indirect Method" in accordance with the LKAS 07 - "Statement of Cash Flows".

**2.6 Stated capital**

Ordinary shares are classified as equity. Other shares are classified as equity or liability according to the economic substance of the particular instrument. Distribution to holders of financial instruments are classified as equity instruments are charged directly to equity.

**2.7 Dividend to shareholders of the company**

Dividend distribution to the Company's shareholders are recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

**2.8 Financial liabilities**

**Initial recognition and measurement**

The Group recognizes financial liabilities in the statement of financial position when the Group becomes a party to the contractual provisions of the financial liability.

All financial liabilities are measured subsequently at Fair Value through Profit or Loss (FVPTL) or at amortised cost using the effective interest method.

**i. Financial liability at FVTPL**

A financial liability is classified as FVTPL if it is classified as held-for-trading, is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value, and changes are recognized in profit or loss.

**ii. Financial liabilities measured subsequently at amortised cost**

Financial liabilities that are not held for trading or designated as at FVTPL are measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of financial liability. Such financial liabilities measured at amortised cost includes trade andother payables, interest bearing borrowings, and amounts due to related companies etc.

**Derecognition**

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

**2.9 Provisions**

A provision is recognized 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Liabilities classified as current liabilities on the reporting date, are those that 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.

**2.10 Employee Benefits**

Defined contribution plan - EPF & ETF

The Company contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively for all employees, except for 6 employees for whom 12% of their gross emolument was contributed to the Ceylon Printers Group Employees' Provident Fund.

## 2.11 Contingent liabilities & contingent assets

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation arising from past events that is not recognised because an outflow of resources embodying economic benefits is not probable, or, in extremely rare cases, because the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the financial statements but are disclosed, unless the possibility of an outflow of resources is remote.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the group. The Group does not recognize a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

## 2.12 Taxation

Income tax expense comprises of current and deferred tax. The income tax expense is recognized in profit or loss except to the extent that it relates to the items recognized directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognized directly in the respective statements.

### Current taxes

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 its subsequent amendments thereto as described in Note 9.

### Deferred taxation

Deferred tax is recognized on temporary differences at the financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities generally are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carry-forward of unused tax credits or unused tax losses can be utilized. Deferred tax assets or liabilities are not recognized on temporary differences arising from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the year when the liability is settled or asset is realized.

The principal temporary differences arise from depreciation on property and equipment, revaluation of machinery and tax losses.

### Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

## 2.13 Revenue & expenditure

### Revenue recognition

"Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services."

### Goods transferred at a point in time

Under SLFRS 15, revenue is recognized upon satisfaction of the performance obligation. Revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

### Services transferred over time (Property Management)

Under SLFRS 15, the Group determines at contract inception whether it satisfies performance obligations over time or at a point in time. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

### Interest

Interest income is recognized as it accrues in profit or loss using the effective interest method.

### Dividends

Dividend is recognized when the right to receive such is established, which is generally when the dividend is declared.

### Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non current assets, including investments, are accounted for in profit or loss, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

### Others

Other income is recognized on an accrual basis.

### Expenditure recognition

Expenses are recognized in profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to profit or loss. Provisions in respect of other expenses are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

For the purpose of presentation of the statement of comprehensive income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Group's performance.

### Finance income & costs

Finance income comprises of interest income. Interest income is recognized in profit or loss as it accrues, using the Effective Interest Method.

Finance expense comprises interest payable on all financial liabilities such as term loans, overdrafts and finance leases.

## 2.14 Statement of cash flows

The statements of cash flow have been prepared using the "Indirect Method" in accordance with LKAS 07 on 'Statement of Cash Flows'. Cash and cash equivalents comprise cash in hand and cash at bank that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Interest paid is classified under operating cash flows. Dividend received and interest income is classified under cash flows from investing activities. Dividend paid are classified under cash flow from financing activities.

## 2.15 Related party disclosures

The Company carries out transactions with parties who are defined as related parties in LKAS 24 - "Related Party Disclosures". The Pricing applicable to such transactions is based on the management assessment of the risk and pricing model of the Company and where applicable that of related companies.

According to LKAS 24 - "Related Party Disclosures", key management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity.

## 2.15 Earnings per Share (EPS)

EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding.

# Notes To The Financial Statements

## For The Year Ended 31st March 2026

### 3 Accounting standards

**3.1 Accounting standards issued but not effective as at the reporting date**

There were no new such standards applicable to the Company during the current year.

**3.2 New accounting standards issued & effective**

**3.2.1 Classification of liabilities as current or non-current - Amendments to IAS 1**

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment is effective for annual periods beginning on or after 1st January 2023.

**3.2.2 Property, plant & equipment: proceeds before intended use - Amendments to IAS 16**

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. This amendment is effective for the annual periods beginning on or after 1st January 2022.

**3.2.3 Reference to the conceptual framework - amendments to IFRS 3**

Minor amendments were made to IFRS 3 Business Combinations to update the references to the conceptual framework for financial reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date. This amendment is effective for the annual periods beginning on or after 1st January 2022.

**3.2.4 Onerous contracts - cost of fulfilling a contract amendments to IAS 37**

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. This amendment is effective for the annual periods beginning on or after 1st January 2022.

**3.2.5 Disclosure initiative: accounting policies - amendments to IAS 1 & IFRS practice statement 2**

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments to IAS 1 will be effective for annual reporting periods beginning on or after 1st January 2023.

**3.2.6 Amendment to IAS 12 - Deferred tax related to assets & liabilities arising from a single transaction**

IAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after 1st January 2023.

**3.2.7 Definition of accounting estimates (amendments to IAS 8)**

The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after 1st January 2023.

**3.2.8 SLFRS 18 Presentation and Disclosure in Financial Statements**

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

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

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

## 4. Financial & capital risk management

**4.1 Financial risk management**

The Group is exposed to a range of financial risks as a result of holding financial instruments. In particular, the key financial risk categories are:

- Credit risk
- Liquidity risk
- Market risk

**a) Credit risk**

Credit risk arises from credit exposure to unsecured customers and cash and cash equivalents and deposits/investments with banks and financial institutions and when banks/financial institutions fail to discharge their contractual interest and principal on their debt obligations due to declining financial strength.

**Management of credit risk**

The Group manages its credit risk with different types of instruments as follows:

**Fixed deposits**

Deposits are placed only with reputed and established commercial banks and other licensed financial institutions.

**Trade & other receivables**

The Group is responsible for managing and analysing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. The management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sources of credit risks are identified, assessed and monitored and the Group has policies to manage the risks within various subcategories. The utilization of credit limits is regularly monitored. Management does not expect any losses from non-performance by these counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The ageing of trade & other receivables at the reporting date

*Group*

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs. 1.42 Mn (2025 - Rs. .424 Mn) which is recorded in Note 15.

| | Gross receivables | | Loss allowance | | Carrying value | |
|---|---|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 |
| **Past dues:** | | | | | | |
| Neither past dues nor impaired | - | - | - | - | - | - |
| Past dues 0-60 days | - | - | - | - | - | - |
| Past dues 61-120 days | - | - | - | - | - | - |
| More than 120 days | 11,433,128 | 10,145,958 | 10,012,931 | 9,721,949 | 1,420,198 | 424,009 |
| **Total** | **11,433,128** | **10,145,958** | **10,012,931** | **9,721,949** | **1,420,198** | **424,009** |

*Company*

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs. 1.17 Mn (2025 - Rs. 0.523 Mn) which is recorded in Note 15.

| | Gross receivables | | Loss allowance | | Carrying value | |
|---|---|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 |
| **Past dues:** | | | | | | |
| Past dues 0-60 days | | | | - | - | |
| Past dues 61-120 days | | | | - | - | |
| More than 120 days | 11,187,346 | 10,245,063 | 10,012,931 | 9,721,949 | 1,174,416 | 523,114 |
| **Total** | **11,187,346** | **10,245,063** | **10,012,931** | **9,721,949** | **1,174,416** | **523,114** |

| | Group | | Company | |
|---|---|---|---|---|
| | As at 31.03.2026 | As at 31.03.2025 | As at 31.03.2026 | As at 31.03.2025 |
| **Movement in the loss allowances** | | | | |
| Balance at the beginning of the year | 9,721,949 | 9,084,065 | 9,721,949 | 9,084,065 |
| Loss allowance/(reversal) during the year | 290,982 | 637,884 | 290,982 | 637,884 |
| **Balance at the end of the year** | **10,012,931** | **9,721,949** | **10,012,931** | **9,721,949** |

A loss of Rs. 290,982 (31st March 2025 - Rs. - 637,884) has been made in respect of trade & other receivables of the Group, as at the reporting date. Unimpaired amounts are considered collectible in full.

*Cash & cash equivalents*

The Group held cash and cash equivalents of Rs. 2,516,309 (2025 - Rs.151,952) which is recorded in Note 18, which represents its maximum credit exposure of these assets.

b) **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.

***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 its 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 a reasonable future period.
- Monitoring the facility limits
  i.e. overdrafts with banks.
- During the period of restructuring, the Group has obtained loan funding from its parent company to support its liquidity position and meet its obligations as they fall due.

The table below summarizes the maturity profile of the Group's and Company's financial obligations based on contractual payments.

*Group*

| As at 31 March 2026 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total (Rs.) |
|---|---|---|---|---|---|---|
| Loans and borrowings | 32,685,349 | 66,575 | 203,425 | 755,292 | - | 33,710,642 |
| Trade and other payables | - | 2,367,088 | 887,613 | 1,159,072 | - | 4,413,772 |
| Dues to related companies | - | 291,669 | 378,817 | 10,002,500 | - | 10,672,986 |
| | **32,685,349** | **2,725,332** | **1,469,854** | **11,916,864** | **-** | **48,797,400** |

| As at 31 March 2025 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total (Rs.) |
|---|---|---|---|---|---|---|
| Loans and borrowings | 24,975,000 | - | - | - | - | 24,975,000 |
| Trade and other payables | - | 1,880,335 | 1,037,411 | 1,123,565 | - | 4,041,311 |
| Dues to related companies | 9,157,892 | - | - | - | - | 9,157,892 |
| | **34,132,892** | **1,880,335** | **1,037,411** | **1,123,565** | **-** | **38,174,203** |

*Company*

| As at 31 March 2026 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total (Rs.) |
|---|---|---|---|---|---|---|
| Loans and borrowings | 32,181,349 | 66,575 | 203,425 | 1,143,341 | - | 33,594,691 |
| Trade and other payables | - | 1,688,351 | 5,522 | 4,495,609 | - | 6,189,481 |
| Dues to related companies | - | 291,669 | 49 | 15,632,446 | - | 15,924,164 |
| | **32,181,349** | **2,046,595** | **208,996** | **21,271,397** | **-** | **55,708,337** |

| As at 31 March 2025 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total (Rs.) |
|---|---|---|---|---|---|---|
| Loans and borrowings | 6,850,000 | - | - | - | - | 6,850,000 |
| Trade and other payables | - | 1,281,009 | 921,140 | 4,835,680 | - | 7,037,829 |
| Dues to related companies | 17,600,000 | - | - | - | - | 17,600,000 |
| | **24,450,000** | **1,281,009** | **921,140** | **4,835,680** | **-** | **31,487,829** |

c) **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks;

- Foreign exchange risk
- Interest rate risk
- Equity price risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to change in foreign exchange rate. The Group does not use any derivative financial instruments to hedge the risk. However, there is no significant impact to the Group from foreign currency risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates and fixed deposits. However there are no long-term debts with floating interest rates.

*Group*

If interest rates had been higher/ lower by 100 basis points and all other variables were held constant, the profit before tax for the year ended 31st March 2026 would decrease/ increase by Rs. 2,499 (31st March 2025 - Rs. 2,368). This is attributable to the Group's exposure to interest rates on variable rates of interest.

*Company*

The company  is not exposed to variable rates of interest.

*Equity price risk*

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

The Group's objectives when managing capital are to safeguard the companies ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Capital is monitored on the basis of the gearing ratio.

| For the year ended 31st March | Group 2026 (Rs.) | Group 2025 (Rs.) | Company 2026 (Rs.) | Company 2025 (Rs.) |
|---|---|---|---|---|
| **05. Revenue** | | | | |
| Property management fee | 6,192,653 | 2,109,596 | 6,192,653 | 2,109,596 |
| | **6,192,653** | **2,109,596** | **6,192,653** | **2,109,596** |
| **06. Direct costs** | | | | |
| Direct property management costs | 502,437 | - | 502,437 | - |
| Other direct costs | | 1,535,702 | | 1,523,824 |
| | **502,437** | **1,535,702** | **502,437** | **1,523,824** |
| **07. Other income** | | | | |
| Sundry income | 10,744 | 896,963 | - | 896,963 |
| Profit on disposal of fixed assets | - | 700,000 | - | 700,000 |
| Gain on investment in unit trust | - | 36,974 | - | - |
| | **10,744** | **1,633,937** | **-** | **1,596,963** |
| **08. Net finance cost** | | | | |
| **Finance cost** | | | | |
| Interest expense | (612,366) | (376,408) | (561,669) | (322,985) |
| **Total finance cost** | **(612,366)** | **(376,408)** | **(561,669)** | **(322,985)** |
| **Finance income** | | | | |
| Interest income | 17,743 | 34,136 | 8,797 | - |
| **Total finance income** | **17,743** | **34,136** | **8,797** | **-** |
| **Net finance cost** | **(594,622)** | **(342,273)** | **(552,872)** | **(322,985)** |
| **09. Loss before income tax expenses** | | | | |
| Loss before income tax expense is stated after charging all expenses including the following : | | | | |
| **Included in administrative expenses** | | | | |
| Directors fees and directors travelling | - | 1,262,700 | - | 1,208,200 |
| Salaries and other benefits | 2,945,161 | 3,777,789 | 2,945,161 | 2,591,289 |
| EPF | 212,052 | - | 212,052 | - |
| ETF | 53,013 | - | 53,013 | - |
| Depreciation | 43,501 | 42,848 | 43,501 | 30,970 |
| Auditor's remuneration | 879,128 | 1,055,254 | 509,183 | 722,581 |
| **10. Income tax expenses** | | | | |
| **Current income tax expense** | | | | |
| Tax charge on profit for the year (Note 10.1) | - | - | - | - |
| **Deferred income tax expense** | | | | |
| Relating to origination and reversal of temporary differences (Note 14) | (10,807,141) | - | (8,443,951) | - |
| Income tax expense/ (credit) in the statement of comprehensive income | **(10,807,141)** | **-** | **(8,443,951)** | **-** |

| For the year ended 31st March | | Group 2026 (Rs.) | Group 2025 (Rs.) | Company 2026 (Rs.) | Company 2025 (Rs.) |
|---|---|---|---|---|---|
| 10.1 | **Reconciliation between current tax expense & the product of accounting profit** | | | | |
| | Accounting loss before income tax | (7,070,549) | (11,169,212) | (5,322,362) | (8,721,401) |
| | Aggregate disallowed expenses | 349,793 | 899,989 | 343,977 | 668,854 |
| | Aggregate allowed expenses | (80,855) | (816,264) | (80,855) | (770,155) |
| | Aggregate allowed income | (28,488) | - | (8,797) | - |
| | Assessable charge | - | 700,000 | - | 700,000 |
| | **Taxable profit/( loss) from ordinary activities** | **(6,830,099)** | **(10,385,487)** | **(5,068,037)** | **(8,122,702)** |
| | | | | | |
| | Taxable profit from ordinary activities | - | - | - | - |
| | Interest income | 25,261 | 80,065 | 8,797 | - |
| | Less: Tax loss utilized | (25,261) | (80,065) | (8,797) | - |
| | **Taxable income** | **-** | **-** | **-** | **-** |
| | | | | | |
| | Tax at 30% or other | - | - | - | - |
| | **Tax on profit for the year** | **-** | **-** | **-** | **-** |
| | | | | | |
| | Tax loss at the beginning of the year | 7,707,733 | 65,123,652 | 1,576,034 | 57,936,127 |
| | Tax loss adjustment | 64,279,710 | (203,085) | 64,279,710 | (203,085) |
| | Taxable loss from ordinary activities | 6,830,099 | 10,385,487 | 5,068,037 | 8,122,702 |
| | Write off of expired tax losses | (52,753,216) | (67,518,256) | (52,753,216) | (64,279,710) |
| | Tax loss utilized during the year | (25,261) | (80,065) | (8,797) | - |
| | **Tax loss at the end of the year** | **26,039,065** | **7,707,733** | **18,161,767** | **1,576,034** |

**10.2 Income tax rate considered**

The Company has computed income tax at the enacted rate as at the reporting date as per the Inland Revenue Act No. 24 of 2017 and the amendments thereto

## 11. Earnings / (loss) per share

The basic earnings / (loss) per share is calculated by dividing the net profit / (loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The Sub-Division of shares One to Seventy on the 15th of April 2026 as disclosed in Note 28 - Events After the Reporting Period, is an adjusting event. Accordingly, the number of Ordinary Shares is as follows:

| | | | | |
|---|---|---|---|---|
| **Number of ordinary shares used as the denominator** | | | | |
| Number of ordinary shares - Prior to Sub-Division | 600,170 | 600,170 | 600,170 | 600,170 |
| Number of ordinary shares - After Sub-Division | 42,011,900 | 42,011,900 | 42,011,900 | 42,011,900 |
| **Amounts used as numerator** | | | | |
| Loss attributable to ordinary shareholders | 3,853,907 | (11,060,929) | 3,121,589 | (8,721,401) |
| **Earnings/(Loss) per share (Rs. Cts.) - Prior to Sub-Division** | **6.42** | **(18.43)** | **5.20** | **(14.53)** |
| **Earnings/(Loss) per share (Rs. Cts.) - After Sub-Division** | **0.09** | **(0.26)** | **0.07** | **(0.21)** |

## 12. Property, plant & equipment

| Group | Balance as at 01.04.2025 | Additions | Set-off of accumulated depreciation on revaluation / disposals | Revaluation | Balance as at 31.03.2026 |
|---|---|---|---|---|---|
| **Cost/valuation** | | | | | |
| Plant and machinery | - | - | - | - | - |
| Furniture and fittings | 1,843,804 | - | - | - | 1,843,804 |
| Electrical installations | 3,182,266 | - | - | - | 3,182,266 |
| Office appliances | 4,430,964 | 53,000 | - | - | 4,483,964 |
| Motor vehicles | 7,240 | - | - | - | 7,240 |
| Computers | 4,111,657 | 196,500 | - | - | 4,308,157 |
| | **13,575,931** | **249,500** | **-** | **-** | **13,825,431** |

| Accumulated depreciation | Balance as at 01.04.2025 | Charge for the year | Set-off of accumulated depreciation on revaluation | Disposal | Balance as at 31.03.2026 |
|---|---|---|---|---|---|
| Plant and machinery | - | - | - | - | - |
| Furniture and fitttings | 1,828,444 | 15,361 | - | - | 1,843,804 |
| Electrical installations | 3,182,266 | - | - | - | 3,182,266 |
| Office appliances | 4,424,531 | 10,266 | - | - | 4,434,797 |
| Motor vehicles | 7,240 | - | - | - | 7,240 |
| Computers | 4,111,657 | 17,873 | - | - | 4,129,530 |
| | **13,554,138** | **43,501** | **-** | **-** | **13,597,639** |
| **Written down value** | **21,793** | | | | **227,794** |

| Group | Balance as at 01.04.2024 | Additions | Set-off of accumulated depreciation on revaluation / disposals | Revaluation | Balance as at 31.03.2025 |
|---|---|---|---|---|---|
| **Cost/valuation** | | | | | |
| Plant and machinery | 95,000 | - | (95,000) | - | - |
| Furniture and fitttings | 1,843,804 | - | - | - | 1,843,804 |
| Electrical installations | 3,182,266 | - | - | - | 3,182,266 |
| Office appliances | 4,430,964 | - | - | - | 4,430,964 |
| Motor vehicles | 407,240 | - | (400,000) | - | 7,240 |
| Computers | 4,111,657 | - | - | - | 4,111,657 |
| | **14,070,931** | **-** | **(495,000)** | **-** | **13,575,931** |

| Accumulated depreciation | Balance as at 01.04.2024 | Charge for the year | Set-off of accumulated depreciation on revaluation | Disposal | Balance as at 31.03.2025 |
|---|---|---|---|---|---|
| Plant and machinery | 59,375 | 11,878 | (71,253) | - | - |
| Furniture and fitttings | 1,809,975 | 18,469 | - | - | 1,828,444 |
| Electrical installations | 3,182,266 | - | - | - | 3,182,266 |
| Office appliances | 4,412,031 | 12,500 | - | - | 4,424,531 |
| Motor vehicles | 407,240 | - | - | (400,000) | 7,240 |
| Computers | 4,111,657 | - | - | - | 4,111,657 |
| | **13,982,544** | **42,847** | **(71,253)** | **(400,000)** | **13,554,138** |
| | | | | | |
| **Written down value** | **88,387** | | | | **21,795** |

| Company | Balance as at 01.04.2025 | Additions | Set-off of accumulated depreciation on revaluation / disposals | Revaluation | Balance as at 31.03.2026 |
|---|---|---|---|---|---|
| **Cost/valuation** | | | | | |
| Plant and machinery | - | - | - | - | - |
| Furniture and fitttings | 1,843,805 | - | - | - | 1,843,805 |
| Electrical installations | 3,182,266 | - | - | - | 3,182,266 |
| Office appliances | 4,430,964 | 53,000 | - | - | 4,483,964 |
| Motor vehicles | 7,240 | - | - | - | 7,240 |
| Computers | 4,111,657 | 196,500 | - | - | 4,308,157 |
| | **13,575,932** | **249,500** | **-** | **-** | **13,825,432** |
| **Accumulated depreciation** | **Balance as at 01.04.2025** | **Charge for the year** | **Set-off of accumulated depreciation on revaluation** | **Disposal** | **Balance as at 31.03.2026** |
| Plant and machinery | - | - | - | - | - |
| Furniture and fitttings | 1,828,443 | 15,361 | - | - | 1,843,804 |
| Electrical installations | 3,182,266 | - | - | - | 3,182,266 |
| Office appliances | 4,424,531 | 10,266 | - | - | 4,434,797 |
| Motor vehicles | 7,240 | - | - | - | 7,240 |
| Computers | 4,111,657 | 17,873 | - | - | 4,129,530 |
| | **13,554,137** | **43,501** | **-** | **-** | **13,597,638** |
| **Written down value** | **21,796** | | | | **227,794** |

| Company | Balance as at 01.04.2024 | Additions | Set-off of accumulated depreciation on revaluation / disposals | Revaluation | Balance as at 31.03.2025 |
|---|---|---|---|---|---|
| **Cost/valuation** | | | | | |
| Furniture and fitttings | 1,843,805 | - | - | - | 1,843,805 |
| Electrical installations | 3,182,266 | - | - | - | 3,182,266 |
| Office appliances | 4,430,964 | - | - | - | 4,430,964 |
| Motor vehicles | 407,240 | - | (400,000) | - | 7,240 |
| Computers | 4,111,657 | - | - | - | 4,111,657 |
| | **13,975,932** | **-** | **(400,000)** | **-** | **13,575,932** |
| **Accumulated depreciation** | **Balance as at 01.04.2024** | **Charge for the year** | **Set-off of accumulated depreciation on revaluation** | **Disposal** | **Balance as at 31.03.2025** |
| Furniture and fitttings | 1,809,974 | 18,469 | - | - | 1,828,443 |
| Electrical installations | 3,182,266 | - | - | - | 3,182,266 |
| Office appliances | 4,412,031 | 12,500 | - | - | 4,424,531 |
| Motor vehicles | 407,240 | - | - | (400,000) | 7,240 |
| Computers | 4,111,657 | - | - | - | 4,111,657 |
| | **13,923,168** | **30,969** | **-** | **(400,000)** | **13,554,137** |
| **Written down value** | **52,765** | | | | **21,795** |

## 13. Investments in subsidiaries

| Company | | | | | | |
|---|---|---|---|---|---|---|
| Investments in private equity | Percentage of holding | No. of shares | Cost as at 31.03.2026<br>Rs. | Percentage of holding | No. of shares | Cost as at 31.03.2025<br>Rs. |
| **Investments in unlisted companies** | | | | | | |
| **Subsidiaries** | | | | | | |
| C.P. Group Investments (Pvt) Ltd | 66.65% | 10,000 | 100,000 | 66.65% | 10,000 | 100,000 |
| Kalamazoo Industries (Pvt) Ltd | 99.97% | 800,000 | 9,200,000 | 99.97% | 800,000 | 9,200,000 |
| Kerner 1 (Pvt) Ltd | 49.00% | 49 | 49 | - | - | - |
| **Total investments in subsidiaries** | | | **9,300,049** | | | **9,300,000** |

13.1 **Information about the composition of the Group at the end of the reporting period is as follows:**

| Name of the Company & principal place of business | Principal activity | Effective holding | |
|---|---|---|---|
| | | **31.03.2026** | **31.03.2025** |
| C.P. Group Investments (Pvt) Ltd.<br>No. 111, T. B. Jayah Mawatha, Colombo 10 | Provision of administration of staff loan facilities | 66.65% | 66.65% |
| Kalamazoo Industries (Pvt) Ltd.<br>No. 111, T. B. Jayah Mawatha, Colombo 10 | Outsourcing of machinery and manpower | 99.97% | 99.97% |
| Kerner 1 (Pvt) Ltd<br>No. 111, T. B. Jayah Mawatha, Colombo 10 | Sub leasing of properties | 49.00% | - |

13.2 **There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities.**

| For the year ended 31st March | Group 2026 (Rs.) | Group 2025 (Rs.) | Company 2026 (Rs.) | Company 2025 (Rs.) |
|---|---|---|---|---|
| **14. Deferred tax (liabilities)/ assets** | | | | |
| The gross movement on deferred tax is as follows: | | | | |
| At the beginning of the year | - | - | - | - |
| Recognised in profit or loss | (10,807,141) | - | (8,443,950) | - |
| Recognised in other comprehensive income | - | - | - | - |
| **As at the end of the year** | **(10,807,141)** | **-** | **(8,443,950)** | **-** |
| | | | | |
| **The analysis of deferred tax assets & liabilities is as follows:** | | | | |
| On property, plant and equipment | - | 2,748 | - | 2,748 |
| On provisions | 3,003,879 | 2,916,585 | 3,003,879 | 2,916,585 |
| On tax loss carried forward | 7,811,720 | 2,312,320 | 5,448,530 | 472,810 |
| **Total deferred tax assets** | **10,815,599** | **5,231,653** | **8,452,409** | **3,392,143** |
| | | | | |
| On property, plant and equipment | (8,458) | - | (8,458) | |
| **Total deferred tax liabilities** | **(8,458)** | **-** | **(8,458)** | **-** |
| | | | | |
| **Net deferred tax assets** | **10,807,141** | **5,231,653** | **8,443,951** | **3,392,143** |
| | | | | |
| Deferred tax assets not recognized due to unpredictability of future taxable profits | - | (5,231,653) | - | (3,392,143) |
| Net deferred tax (liability)/ asset recognized | 10,807,141 | - | 8,443,951 | - |

**Group**

Deferred tax assets amounting to Rs. 10,807,141 has been recognised for 2025/2026 as the company has commenced operations and it has convincing evidence that sufficient taxable profits will be available against which the deferred tax assets can be utilized by the Company. Deferred tax was not recognized in the financial statements for the year 2024/2025 as there was no convincing evidence that sufficient taxable profits will be available, against which the unrecognized deferred tax assets can be utilized by the Company.

**Company**

Deferred tax assets amounting to Rs. 8,443,951 has been recognised for 2025/2026 as the company has commenced operations and it has convincing evidence that sufficient taxable profits will be available against which the deferred tax assets can be utilized by the Company. Deferred tax was not recognized in the financial statements for the year 2024/2025 as there was no convincing evidence that sufficient taxable profits will be available, against which the unrecognized deferred tax assets can be utilized by the Company.

| For the year ended 31st March | | Group 2026 (Rs.) | Group 2025 (Rs.) | Company 2026 (Rs.) | Company 2025 (Rs.) |
|---|---|---|---|---|---|
| **15.** | **Trade & other receivables** | | | | |
| | Trade debtors | 8,954,815 | 8,954,814 | 8,954,815 | 8,954,814 |
| | Less: Loss allowance | (8,954,815) | (8,954,814) | (8,954,815) | (8,954,814) |
| | | - | - | - | - |
| | | | | | |
| | Deposits and prepayments | 1,887,050 | 480,531 | 1,887,050 | 480,531 |
| | Less: Loss allowance | (767,135) | (100,000) | (767,135) | (100,000) |
| | Other receivables | 585,299 | 710,613 | 344,602 | 809,719 |
| | Less: Loss allowance | (290,980) | (667,135) | (290,980) | (667,135) |
| | | **1,414,233** | **424,009** | **1,173,536** | **523,114** |
| | | | | | |
| **15.1** | **Other receivables** | | | | |
| | Interest receivable | 4,357 | 5,293 | - | - |
| | Tax receivables | 380,014 | 327,034 | 86,641 | 86,641 |
| | Less: Loss allowance | (90,054) | - | (33,021) | - |
| | Advances | 257,961 | 378,286 | 257,961 | 723,078 |
| | Less: Loss allowance | (257,961) | (667,135) | (257,961) | (667,135) |
| | | **294,319** | **43,478** | **53,621** | **142,583** |
| | | | | | |
| **15.1.1** | **Tax receivables** | | | | |
| | **Current tax receivable** | | | | |
| | WHT receivable | 96,300 | 96,300 | 33,021 | 33,021 |
| | Other tax receivables | 93,293 | 93,293 | 36,260 | 36,260 |
| | | 189,593 | 189,593 | 69,281 | 69,281 |
| | Less: Impairment allowance for tax receivables | (90,054) | (57,033) | (33,021) | - |
| | | **99,539** | **132,560** | **36,260** | **69,281** |
| | | | | | |
| | **Income tax refund** | | | | |
| | Balance at the beginning of the year | 194,474 | 190,304 | 17,360 | 17,360 |
| | Balance tax payment | - | - | - | - |
| | | 194,474 | 190,304 | 17,360 | 17,360 |
| | Tax provision for the year | - | - | - | - |
| | | 194,474 | 190,304 | 17,360 | 17,360 |
| | WHT paid / (claimed) | (4,053) | 4,169 | - | - |
| | Self assessment payments | - | - | - | - |
| | | **190,421** | **194,474** | **17,360** | **17,360** |
| | | **289,960** | **327,034** | **53,621** | **86,641** |

The above income tax refund of the Group is made up as follows:

| | 2026 | 2025 |
|---|---|---|
| Kerner Haus Global Solutions PLC | 17,360 | 17,360 |
| Kalamazoo Industries (Pvt) Ltd | 123,860 | 123,860 |
| C.P. Group Investments (Pvt) Ltd | 49,200 | 53,253 |
| | **190,421** | **194,474** |

**Group**

The maximum exposure to credit risk for trade and other receivables (gross) at the reporting date is Rs. 8,954,814 (2025 - Rs.8,954,814 )

| | | Neither past due nor impaired | | | Past due & impaired |
|---|---|---|---|---|---|
| | Total (Rs.) | 0-60 days (Rs.) | 61-120 days (Rs.) | 121-180 days (Rs.) | |
| Balance as at 31st March 2026 | 8,954,814 | - | - | - | 8,954,814 |

**Company**

The maximum exposure to credit risk for trade and other receivables (gross) at the reporting date is Rs. 8,954,814 (2025 - Rs.8,954,814 )

| | | Neither past due nor impaired | | | Past due & impaired |
|---|---|---|---|---|---|
| | Total (Rs.) | 0-60 days (Rs.) | 61-120 days (Rs.) | 121-180 days (Rs.) | |
| Balance as at 31st March 2026 | 8,954,814 | - | - | - | 8,954,814 |

| For the year ended 31st March | Group 2026 (Rs.) | Group 2025 (Rs.) | Company 2026 (Rs.) | Company 2025 (Rs.) |
|---|---|---|---|---|
| **16. Other current financial assets** | | | | |
| Investments in fixed deposits | 107,752 | 107,752 | - | - |
| Investments in unit trust | 142,164 | 131,420 | - | - |
| | **249,916** | **239,172** | **-** | **-** |
| | | | | |
| **17. Cash & cash equivalents** | | | | |
| Components of cash and cash equivalents | | | | |
| | | | | |
| Cash at bank | 2,516,309 | 121,889 | 2,446,523 | 109,821 |
| Cash in hand | - | 30,063 | - | 22,013 |
| | **2,516,309** | **151,952** | **2,446,523** | **131,834** |
| | | | | |
| **Unfavourable cash & cash equivalent balances** | | | | |
| Bank overdrafts | - | (2,373) | - | - |
| | **-** | **(2,373)** | **-** | **-** |
| | | | | |
| **Cash & cash equivalents for the purpose of cash flows statements** | **2,516,309** | **149,579** | **2,446,523** | **131,834** |

| For the year ended 31st March | Group 2026 (Rs.) | Group 2025 (Rs.) | Company 2026 (Rs.) | Company 2025 (Rs.) |
|---|---|---|---|---|
| **18. Stated capital** | | | | |
| Ordinary shares at the beginning of the year | 30,358,500 | 30,358,500 | 30,358,500 | 30,358,500 |
| Ordinary shares at the end of the year | **30,358,500** | **30,358,500** | **30,358,500** | **30,358,500** |
| | | | | |
| Number of ordinary shares in issue | | | | |
| At the beginning of the year | 600,170 | 600,170 | 600,170 | 600,170 |
| Total number of shares in issue as at the end of the financial year | **600,170** | **600,170** | **600,170** | **600,170** |

At the EGM held on 8th April 2026 it was approved that every existing Ordinary Voting Share (01 Ordinary Voting Share) to be subdivided into seventy (70) Ordinary Voting Shares. The Subdivision was based on the shareholding as at 10th April 2026, which was the date of entitlement/record date. Accordingly, the number of Ordinary Voting shares after the subdivision is 42,011,900.

| | | | | |
|---|---|---|---|---|
| Number of ordinary shares After the Sub-Division | **42,011,900** | **42,011,900** | **42,011,900** | **42,011,900** |

| For the year ended 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 (Rs.) | 2025 (Rs.) | 2026 (Rs.) | 2025 (Rs.) |
| **19. Other components of equity** | | | | |
| Balance as at 1st April | - | 669,710 | - | 325,474 |
| Recognized in other comprehensive income | - | (669,710) | - | (325,474) |
| Balance as at 31st March | - | - | - | - |
| **19.1 Fair value reserve of financial assets at FVOCI** | | | | |
| Balance as at 1st April | - | 634,086 | - | 535,694 |
| Fair value impact of equity investments disposed during the period | - | (482,705) | - | - |
| Gain/ (losses) from financial assets at FVOCI | - | (151,381) | - | (535,694) |
| Balance as at 31st March | - | - | - | - |

Investments classified under this category are initially recognized and subsequently measured at fair value and the changes in fair value are recognized in other comprehensive income and presented under "fair value reserve of financial assets at FVOCI" within the equity.

| For the year ended 31st March | Group | | Company | |
|---|---|---|---|---|
| | 2026 (Rs.) | 2025 (Rs.) | 2026 (Rs.) | 2025 (Rs.) |
| **19.2 Revaluation reserve** | | | | |
| Balance as at 1st April | - | 35,625 | - | - |
| Revaluation surplus on machinery revaluation | - | - | - | - |
| Deferred tax liability arising on revaluation of machinery | - | - | - | - |
| Transfer of surplus depreciation, net of tax, from retained earnings | - | (35,625) | - | - |
| Balance as at 31st March | - | - | - | - |

The amount reflected in the statement of changes in equity is the revaluation surplus net of income tax.

| For the year ended 31st March | | Group 2026 (Rs.) | Group 2025 (Rs.) | Company 2026 (Rs.) | Company 2025 (Rs.) |
|---|---|---|---|---|---|
| **20.** | **Trade & other payables** | | | | |
| | Trade creditors | 2,370,428 | 2,516,195 | 5,090,168 | 6,144,069 |
| | Other payables | 2,447,974 | 1,525,117 | 1,503,944 | 893,760 |
| | | **4,818,402** | **4,041,311** | **6,594,112** | **7,037,829** |
| **21.** | **Dues to related companies** | | | | |
| | Rananjaya Holdings (Pvt) Ltd | 381,368 | 775,818 | - | 773,318 |
| | Kalamazoo Industries (Pvt) Ltd | - | - | 3,515,080 | 3,866,596 |
| | C.P. Group Investments (Pvt) Ltd. | - | - | 2,117,367 | 2,325,000 |
| | Kerner 1 (Pvt) Ltd | - | - | 49 | - |
| | VKM Services (Pvt) Ltd | (51) | - | - | - |
| | | **381,317** | **775,818** | **5,632,495** | **6,964,914** |
| **22.** | **Other loans & borrowings** | | | | |
| | **Current loans** | | | | |
| | International Computers (Ceylon) Ltd | 1,593,381 | 1,593,381 | 1,562,381 | 1,562,381 |
| | Office Equipment PLC | 5,901,419 | 5,931,482 | 6,168,968 | 6,190,981 |
| | Paragon Ceylon PLC | 857,211 | 857,211 | 1,008,711 | 1,008,711 |
| | | **8,352,012** | **8,382,075** | **8,740,061** | **8,762,074** |
| | **Other current loans** | | | | |
| | Mr. A.J.C. Ratnanather | 14,900,000 | 14,900,000 | 14,900,000 | 14,900,000 |
| | Mrs. G.I. Ratnanather | 3,204,000 | 3,204,000 | 2,700,000 | 2,700,000 |
| | Mr. Ravi Rathnasabapathy | 6,850,000 | 6,850,000 | 6,850,000 | 6,850,000 |
| | | **24,954,000** | **24,954,000** | **24,450,000** | **24,450,000** |

## 23. Assets pledged

No assets have been pledged as security to obtain bank overdrafts.

## 24. Related party transactions

### 24.1 Transactions with key management personnel (KMP)

Related parties include KMP defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company. KMP include members of the Board of Directors of the Company. Compensation to KMP are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 (Rs.) | 2025 (Rs.) | 2026 (Rs.) | 2025 (Rs.) |
| Cash benefits | - | 1,262,700 | - | 1,208,200 |
| Non-cash benefits | - | - | - | - |
| | - | 1,262,700 | - | 1,208,200 |

### 24.2 Loans from related parties

Non-recurrent related party transactions during the year

Non-recurrent transactions are transactions other than those of a revenue or trading nature entered into in the ordinary course of business.

| Name of related party | Relationship | Nature of the transaction | Value 2026 (Rs.) | % of total assets | Terms & conditions |
|---|---|---|---|---|---|
| Ekta Global Pte Ltd | Immediate parent company | Loan 1 obtained during the year | 5,000,000 | 23.2% | The facility carries a tenor of five years, with a one-year grace period followed by quarterly instalment repayments at an annual interest rate of 11%. |
| Ekta Global Pte Ltd | Immediate parent company | Loan 2 obtained during the year | 5,000,000 | 23.2% | The facility carries a tenor of five years, with a one-year grace period followed by quarterly instalment repayments at an annual interest rate of 11%. |
| Ekta Global Pte Ltd | Immediate parent company | Interest accrued on Loan 1 and Loan 2 | 291,669 | 1.4% | Interest at 11% per annum, accrued and unpaid as at the reporting date. |
| **Total** | | | **10,291,669** | | |

### 24.3 Recurrent related party transactions during the year

Recurrent transactions are transactions of a revenue or trading nature entered into in the ordinary course of business. Amounts shown are Group figures for the year ended 31st March 2026.

| Name of related party | Relationship | Nature of the transaction | Aggregate value 2026 (Rs.) | % of gross revenue | Terms & conditions |
|---|---|---|---|---|---|
| VKM Services (Pvt) Ltd | Other related party | Revenue - Property Management Fee | 5,274,000 | 85.2% | Property management services provided on terms agreed between the parties; fees invoiced monthly and settled in cash on normal credit terms. |
| Kerner Haus 1705 (Pvt) Ltd | Other related party | Revenue - Property Management Fee | 918,653 | 14.8% | Property management services provided on terms agreed between the parties; fees invoiced monthly and settled in cash on normal credit terms. |
| Lanka Shared Services (Pvt) Ltd | Other related party | Business process outsourcing services obtained (direct and administrative expense) | 2,160,000 | 34.9% | Services obtained under a monthly service arrangement at agreed rates; settled in cash on normal credit terms. |
| 1705 Studio (Pvt) Ltd | Other related party | Designing of Annual Report & logo and social media advertising services obtained | 627,001 | 10.1% | Services obtained at agreed rates per assignment; settled in cash on normal credit terms. |
| Rananjaya Holdings (Pvt) Ltd | Other related party | Expense reimbursements and fund transfers, net | 394,450 | 6.4% | Interest free, unsecured and repayable on demand; no formal repayment terms. |

### 24.4 Recurrent related party transactions during the year

Recurrent transactions are transactions of a revenue or trading nature entered into in the ordinary course of business. Amounts shown are Company figures for the year ended 31st March 2026.

| Name of Company | Relationship | Nature of transaction | 2026 | 2025 |
|---|---|---|---|---|
| | | | Rs. | Rs. |
| | | | | |
| VKM Services (Pvt) Ltd | Other related party | Revenue - Property Management Fee | 5,274,000 | - |
| | | | **5,274,000** | - |
| | | | | |
| Kerner Haus 1705 (Pvt) Ltd | Other related party | Revenue - Property Management Fee | 918,653 | - |
| | | | **918,653** | - |
| Lanka Shared Services (Pvt) Ltd | Other related party | Business process outsourcing services obtained | 1,620,000 | - |
| | | | **1,620,000** | - |
| | | | | |
| 1705 Studio (Pvt) Ltd | Other related party | Designing Annual Report & Logo | 300,000 | - |
| | | Social Media Advertising | 327,001 | - |
| | | | **627,001** | - |
| | | | | |
| Kalamazoo Industries (Pvt) Ltd | Subsidiary | Net of expense reimbursement | 321,516 | 173,147 |
| | | Fund transfers | 30,000 | 350,000 |
| | | | **351,516** | **523,147** |
| | | | | |
| CP Group Investments (Pvt) Ltd | Subsidiary | Fund transfers | 30,000 | 1,575,000 |
| | | Net of expense reimbursement | 177,634 | - |
| | | | **207,634** | **1,575,000** |
| | | | | |
| Rananjaya Holdings (Pvt) Ltd | Other related party | Net of expense reimbursement | - | (688,318) |
| | | Fund transfers | 773,318 | (85,000) |
| | | | **773,318** | **(773,318)** |

## 25. Financial instruments - fair values & risk management

### 25.1 Accounting classification & fair value of financial instruments

The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains/(losses), are recognised. Financial assets of the Company include bank balances and cash, trade and other receivables, deposits and dues from related parties. Financial liabilities of the Company include interest bearing loans and borrowings, trade payables and other payables.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

### 25.2 Analysis of financial instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

- **Level 1** – Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**Determination of fair value & fair value hierarchy**

Set out below is the comparison, by classes, of the carrying amounts of fair values of the Group and the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

| | 2026 | | 2025 | |
|---|---|---|---|---|
| | Carrying Amount (Rs.) | Fair Value (Rs.) | Carrying Amount (Rs.) | Fair Value (Rs.) |
| **Group** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | 1,414,233 | 1,414,233 | 424,009 | 424,009 |
| Other current financial assets | 249,916 | 249,916 | 239,172 | 239,172 |
| Cash and cash equivalents | 2,516,309 | 2,516,309 | 151,952 | 151,952 |
| **Financial liabilities** | | | | |
| Non current loans and borrowings | 10,291,669 | 10,291,669 | - | - |
| Trade and other payables | 4,818,402 | 4,818,402 | 4,041,316 | 4,041,316 |
| Other loans and borrowings | 33,306,012 | 33,306,012 | 33,336,075 | 33,336,075 |
| Dues to related companies | 381,317 | 381,317 | 775,818 | 775,818 |

| | 2026 | | 2025 | |
|---|---|---|---|---|
| | Carrying Amount (Rs.) | Fair Value (Rs.) | Carrying Amount (Rs.) | Fair Value (Rs.) |
| **Company** | | | | |
| **Financial assets** | | | | |
| Trade and other receivables | 1,173,536 | 1,173,536 | 523,114 | 523,114 |
| Cash and cash equivalents | 2,446,523 | 2,446,523 | 131,834 | 131,834 |
| **Financial liabilities** | | | | |
| Non current loans and borrowings | 10,291,669 | 10,291,669 | - | - |
| Trade and other payables | 6,594,112 | 6,594,112 | 7,037,829 | 7,037,829 |
| Other loans and borrowings | 33,190,061 | 33,190,061 | 33,212,074 | 33,212,074 |
| Dues to related companies | 5,632,495 | 5,632,495 | 6,964,914 | 6,964,914 |

**Fair value of financial assets & liabilities not carried at fair value**

The following describes the methodologies and assumptions used to determine the fair values for those financial instruments which are not already recorded at fair value in the financial statements.

**Assets for which fair value approximates carrying value**

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values. This assumption is also applied to fixed deposits, and savings deposits without a specific maturity date.

**Fixed rate financial instruments**

Carrying amounts are considered as fair values for short term credit facilities.

## 26. Reclassification & comparative figures

As at 31st March 2026, the loan of Rs. 17,600,000 previously classified under “Due to related parties” has been reclassified to “Other loans and borrowings,” as Mr. A.J.C. Rathnanather and Mrs. G.I. Rathnanather are no longer considered a related party of the Company.

| Items reclassified | Company (year ended 31st March 2026) | | |
|---|---|---|---|
| | Balance as previously reported | Adjustments | "Reclassified balance" |
| **Note 24**<br>Loans from related parties | 17,600,000 | (17,600,000) | - |
| **Note 22**<br>Other Loans and borrowings | 6,850,000 | 17,600,000 | 24,450,000 |

## 27. Commitments & contingencies

There were no commitments and contingencies existing as at the reporting date.

## 28. Events occurring after the reporting date

The following events occurred subsequent to the reporting date;

Mr. Damitha Jayawardana was appointed as the Chief Executive Officer with effect from 1st April 2026.

At the EGM held on 8th April 2026 it was approved that Every existing Ordinary Voting Share (01 Ordinary Voting Share) to be subdivided into seventy (70) Ordinary Voting Shares. The Subdivision was based on the shareholding as at 10th April 2026, which was the date of entitlement/record date. Accordingly, the number of Ordinary Voting shares after the subdivision is 42,011,900. This transaction has been considered an adjusting event after the reporting period in accordance with LKAS 10. Earnings Per Share (EPS) has also been calculated based on the number of shares after the split according to LKAS 33.

The Board of Directors of Kerner Haus Global Solutions PLC resolved on 1st June 2026 to increase the Company's Stated Capital by way of a Rights Issue of up to 10,502,975 Ordinary Voting Shares, in the proportion of one (01) new Ordinary Voting Share for every four (04) existing Ordinary Voting Shares held by shareholders as at the Date of Entitlement, at a consideration of Rs. 40/- per share, amounting to gross proceeds of up to Rs. 420,119,000. The purposes of the Rights Issue are to strengthen the Company's balance sheet and liquidity position, and to fund the acquisition of strategic real estate assets and the acquisition of properties on a leasehold basis. The Rights Issue is subject to the approval in principle by the Colombo Stock Exchange and by the shareholders at a General Meeting. The application for approval in principle has been submitted to the Colombo Stock Exchange and is currently under review. The Board expects the Rights Issue to be completed during the financial year ending 31st March 2027.

Upon completion of the Rights Issue and the receipt of the proceeds in full, the Stated Capital of the Company would increase by up to Rs. 420,119,000 and the number of Ordinary Voting Shares in issue would increase to up to 52,514,875 if fully subscribed, which would result in the Company moving from the net liability position to a positive net assets position, strengthening its financial position and capital base. As the Rights Issue had not been completed as at the date of authorisation of these financial statements, no amounts have been recognised in respect of the proposed issue. This constitutes a non-adjusting event after the reporting period in terms of LKAS 10 – Events after the Reporting Period, and accordingly no adjustments have been made to these financial statements.

06

# Supplementary Information

# Top Twenty Shareholders

| | | As at 31 March 2026 | | As at 31 March 2025 | |
|---|---|---|---|---|---|
| NO. | Name of the shareholder | Shareholding | Percentage (%) | Shareholding | Percentage (%) |
| 1 | EKTA GLOBAL PTE LTD | 381,840 | 63.62 | 381,840 | 63.62 |
| 2 | SIR CHITTAMPALAM A GARDINER TRUST | 27,840 | 4.64 | 27,840 | 4.64 |
| 3 | CYRIL GARDINER (PRIVATE) LIMITED | 26,040 | 4.34 | 26,040 | 4.34 |
| 4 | MR. D.P. NAVARATNAM | 16,188 | 2.70 | 23,650 | 3.94 |
| 5 | RENAISSANCE CAPITAL INVESTMENTS LIMITED | 11,373 | 1.89 | - | - |
| 6 | MRS. A.M. DE ALWIS | 6,940 | 1.16 | 6,940 | 1.16 |
| 7 | MS. P.R. CANAGARATNA | 6,940 | 1.16 | 6,940 | 1.16 |
| 8 | MR. G.T. FAZLEABAS | 5,510 | 0.92 | 5,510 | 0.92 |
| 9 | MRS. C.A.D.S. WOODWARD | 5,000 | 0.83 | 5,000 | 0.83 |
| 10 | MR. M.A.K.E. FERNANDO | 4,096 | 0.68 | 4,320 | 0.72 |
| 11 | BANSEI SECURITIES CAPITAL (PVT) LTD/ M.A.U. GNANATILAKE | 3,700 | 0.62 | 3,700 | 0.62 |
| 12 | THE PUBLIC AS EXECUTOR OF THE ESTATE OF LATE MR D S KAHAWITA | 2,870 | 0.48 | 2,870 | 0.48 |
| 13 | T R L HOLDINGS (PVT) LIMITED | 2,694 | 0.45 | 2,694 | 0.45 |
| 14 | MR. L.L.R. MARROW | 2,610 | 0.43 | 2,610 | 0.43 |
| 15 | MRS. G.H.M. INDRANI | 2,305 | 0.38 | - | - |
| 16 | NIKAN (PVT) LTD | 2,210 | 0.37 | 2,210 | 0.37 |
| 17 | MR. L.W.P. GUNAWARDHANA | 2,117 | 0.35 | - | - |
| 18 | MR. A.A.J. FERNANDO | 2,000 | 0.33 | - | - |
| 19 | MR. E.C. BASTIAMPILLAI | 2,000 | 0.33 | 12,154 | 2.03 |
| 20 | MRS R.C.M.C. SETHUKAVALR | 1,800 | 0.30 | 1,800 | 0.30 |
| | **SHARES HELD BY 20 LARGEST SHAREHOLDERS** | **516,073** | **85.99** | **516,118** | **86.00** |
| | **SHARES HELD BY THE OTHERS** | **84,097** | **14.01** | **84,052** | **14.00** |
| | **TOTAL** | **600,170** | **100.00** | **600,170** | **100.00** |

## Public And Non-Public Shareholdings

| | As at 31 March 2026 | | | As at 31 March 2025 | | |
|---|---|---|---|---|---|---|
| | No. of shares | No. of shareholders | Percentage % | No. of shares | No. of shareholders | Percentage % |
| Issued number of ordinary shares and No. of shareholders | 600,170 | 807 | 100.00 | 600,170 | 425 | 100.00 |
| Less:- Shares held by non public | 435,764 | 5 | 72.61 | 435,720 | 1 | 72.60 |
| Shares held by the public shareholders | 164,406 | 802 | 27.39 | 164,450 | 424 | 27.40 |
| Float adjusted market capitalisation (LKR) | | | 561,323,185.50 | | | 45,223,750 |
| Option under which the Company was compliant | | | Option 5 | | | The Company was not in compliance with rule 7.13.1 (a) of the listing rules of the Colombo Stock Exchange |

## Stated Capital

Stated Capital is represented by number of shares in issue as given below.

| | As at 31 March 2026 | As at 31 March 2025 |
|---|---|---|
| Ordinary shares | 600,170 | 600,170 |
| Stated Capital (LKR) | 30,358,500.00 | 30,358,500.00 |

## Distribution of Shareholdings

| | As at 31 March 2026 | | | As at 31 March 2025 | | |
|---|---|---|---|---|---|---|
| | No. of shares | No. of shareholders | Percentage % | No. of shares | No. of shareholders | Percentage % |
| 1-1,000 | 64,872 | 773 | 10.809 | 42,942 | 395 | 7.155 |
| 1,001-10,000 | 72,017 | 29 | 11.999 | 85,704 | 25 | 14.28 |
| 10,001-100,000 | 81,441 | 4 | 13.570 | 89,684 | 4 | 14.94 |
| 100,001-1,000,000 | 381,840 | 1 | 63.622 | 381,840 | 1 | 63.62 |
| 1,000,001 & Over | - | - | - | - | - | - |
| | | | | | | |
| **Total** | **600,170** | **807** | **100** | **600,170** | **425** | **100** |

## Categories Of Shareholders

| | As at 31 March 2026 | | | As at 31 March 2025 | | |
|---|---|---|---|---|---|---|
| | No. of shares | No. of shareholders | Percentage % | No. of shares | No. of shareholders | Percentage % |
| Local Individuals | 116,827 | 738 | 19% | 124,263 | 381 | 20.70 |
| Local Institutions | 77,934 | 55 | 13% | 81,885 | 34 | 13.64 |
| Foreign Individuals | 10,676 | 10 | 2% | 10,662 | 7 | 1.78 |
| Foreign Institutions | 394,733 | 4 | 66% | 383,360 | 3 | 63.88 |
| **Total** | **600,170** | **807** | **100%** | **600,170** | **425** | **100** |

## Performance at the CSE

| Market price per share (LKR) | As at 31 March 2026 Price | As at 31 March 2025 Price |
|---|---|---|
| Highest | 4,700 | 610 |
| Lowest | 221 | 80.2 |
| Closing Price | 3,414.25 | 275 |
| Last Traded | 3,730.00 | 243 |

## Shareholdings Of Directors and Chief Executive Officer

| | As at 31 March 2026 | As at 31 March 2025 |
|---|---|---|
| Director | Shareholding | Shareholding |
| Mr. S E C Gardiner | Nil | Nil |
| Mr. W M A I Fernando | Nil | Nil |
| Mr. D S Weerakkody | Nil | Nil |
| Ms. S D Arseculeratne | Nil | Nil |
| Mr. N D S Cooke | Nil | Nil |
| Ms. D K Herath | Nil | Nil |
| Mr. J T Yatawara | Nil | Nil |
| Ms. D L M S Chandrasekera | Nil | Nil |

Chief Executive Officer, Mr. L P D L Jayawardana did not hold shares of the Company as at 31 March 2026.

# Two Year Analysis - Group

| Description | 2025/26 | 2024/25 |
|---|---|---|
| **Income Statement** | | |
| Revenue | 6,192,653 | 2,109,596 |
| Direct Expenses | (502,437) | (1,535,702) |
| Gross Profit | 5,690,216 | 573,894 |
| Other Income | 10,744 | 1,633,937 |
| Administrative Expenses | (12,176,886) | (13,034,771) |
| Operating Profit/(Loss) | (6,475,927) | (10,826,940) |
| Net finance (costs)/Income | (594,622) | (342,273) |
| Profit / (Loss) Before Tax | (7,070,549) | (11,169,212) |
| Deferred Tax | 10,807,141 | - |
| Profit/(Loss) for the year | 3,736,592 | (11,169,212) |
| Profit /(Loss) attributable to owners | 3,853,907 | (11,060,929) |
| Other Comprehensive Income/(Expense) | - | (141,606) |
| Total Comprehensive Income/(Loss) for the year | 3,736,592 | (11,310,818) |
| **Statement of Financial Position** | | |
| Current Assets | 4,180,459 | 815,133 |
| Cash & Cash Equivalents | 2,516,309 | 151,952 |
| Current Liabilities | (38,505,732) | (38,155,581) |
| Net-current Assets | (34,325,273) | (37,340,448) |
| Non Current Assets | 11,034,935 | 21,795 |
| Non Current Liabilities | (10,291,669) | - |
| Total Assets | 15,215,394 | 836,928 |
| Total Liabilities | (48,797,401) | (38,155,581) |
| Net Assets | (33,582,011) | (37,318,653) |
| **Per Share Information** | | |
| Earnings/(Loss) per share (Rs.) - after sub-division | 0.09 | (0.26) |
| Earnings/(Loss) per share (Rs.) - prior to sub-division | 6.42 | (18.43) |
| Net assets per share (Rs.) | (0.80) | (0.89) |
| Return on assets (%) | 25% | (1335%) |
| Dividend Per Share | - | - |
| Market Value per Share (Rs.) | 3,414 | 275 |
| **Cash Flow** | | |
| Net Cash Generated from Operating Activities | (7,401,518) | (3,744,105) |
| Net Cash Generated from Investing  Activities | (231,757) | 3,435,590 |
| Net Cash Generated from Financing Activities | 10,000,000 | - |
| Cash & cash equivalents at the end of the year | 2,516,309 | 149,579 |

# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-Ninth (69th) Annual General Meeting of Kerner Haus Global Solutions PLC will be held by way of electronic means on Tuesday, 29 September 2026 at 10.30 a.m. centered at No.36, Hyde Park Corner, Colombo 2 for the following purposes:

**01. Ordinary Business**

1.1 To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31 March 2026 with the Report of the Auditors thereon.

1.2 To re-elect as a Director, Ms. S D Arseculeratne, who retires by rotation in terms of Article 84 of the Articles of Association of the Company.

1.3 To re-elect as a Director, Mr. J T Yatawara, who retires by rotation in terms of Article 84 of the Articles of Association of the Company.

1.4 To re-appoint Messrs Jayasinghe & Co., Chartered Accountants, as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration.

1.5 To authorize the Board of Directors to determine donations for the year ending 31 March 2027 and up to the date of the next Annual General Meeting.

1.6 To consider any other business of which due notice has been given

**02. Special Business**

2.1 Adoption of New Articles of Association

**To consider and, if thought fit, to pass the following resolution as a Special Resolution:**
"IT IS HEREBY RESOLVED THAT the existing Articles of Association of the Company be and are hereby revoked in their entirety and that the new Articles of Association of the Company, in the form tabled before the Meeting, be and are hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association, with effect from the date of this resolution." (Draft Articles of Association is attached).

By order of the Board
Kerner Haus Global Solutions PLC

**Waruni Shironika**
Company Secretary

28 August 2026
Colombo

Notes

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her.
2 A proxy need not be a Shareholder of the Company.
3 The Form of Proxy is enclosed for this purpose.

# Form of Proxy

I/We* ____________________________________________________________________________

(NIC/Passport/Company Reg. No ________________________) of ________________________________________

being a shareholder / shareholders of **KERNER HAUS GLOBAL SOLUTIONS PLC** hereby appoint

____________________________________________________________________________________________

(NIC/Passport No ________________________) of ____________________________________________

or failing him/her*

| | |
|---|---|
| Mr. Sanjeev Edward Chittampalam Gardiner | or failing him* |
| Mr. Wannakuwatte Mitiwaduge Asela Indrajith Fernando | or failing him* |
| Mr. Dinesh Stephen Weerakkody | or failing him* |
| Ms. Sarrani Dominique Arseculeratne | or failing her* |
| Mr. Nirmal De Soysa Cooke | or failing him* |
| Ms. Dinusha Kumari Herath | or failing her* |
| Mr. Jason Thilaka Yatawara | or failing him* |
| Ms. Devundara Liyanage Manohari Sandamali Chandrasekera | |

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Sixty-Ninth (69th) Annual General Meeting of the Company to be held on 29th September 2026 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

| **1. Ordinary Business** | | For | Against |
|---|---|---|---|
| (1) | To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31 March 2026 with the Report of the Auditors thereon. | | |
| (2) | To re-elect as a Director, Ms. S D Arseculeratne, who retires by rotation in terms of Article 84 of the Articles of Association of the Company. | | |
| (3) | To re-elect as a Director, Mr. J T Yatawara, who retires by rotation in terms of Article 84 of the Articles of Association of the Company. | | |
| (4) | To re-appoint Messrs Jayasinghe & Co., Chartered Accountants, as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration. | | |
| (5) | To authorize the Board of Directors to determine donations for the year ending 31 March 2027 and up to the date of the next Annual General Meeting. | | |

| **2. Special Business** | | For | Against |
|---|---|---|---|
| (1) | To pass the Special Resolution as set out in item 2.1 of the Notice of Meeting, for adoption of New Articles of Association of the Company | | |

In witness my/our hands this ________ day of September, Two Thousand and Twenty Six.

____________________________

Signature of Shareholder/s

*Please delete what is inapplicable.

**Notes**

1. A proxy need not be a shareholder of the Company
2. Instructions as to completion appear below.

**Instructions for completion**

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be deposited at the Registered Office of the Company, No.111, T B Jayah Mawatha, Colombo 10 by 10.30 a.m. on 27th September 2026.
3. The Proxy shall
   a. In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
   b. In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
4. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

# Form of Request

To:
The Company Secretary
Kerner Haus Global Solutions PLC
No. 36, Hyde Park Corner
Colombo 02.
Email: waruni@kernerhaus.lk

Dear Madam,

**Request for a printed copy of the Annual Report 2025/2026 of Kerner Haus Global Solutions PLC**

I/We hereby request you to please forward to me/us a printed copy of the Annual Report of Kerner Haus Global Solutions PLC for the year 2025/2026.

| | |
|---|---|
| Full Name of the Shareholder/s (including joint holders) | |
| Address of the Shareholder/s | |
| National Identity Card No/s. / Passport No/s | |
| Company Registration No. | |
| CDS Account No./Folio No. | |
| Contact Telephone No. | |

_________________________ _________________________

Signature of the Shareholder/s Date

**Notes:**

1. Kindly perfect the Form of Request by filling in legibly your full name, address and the National Identity Card Number/Passport Number and by signing in the space provided and filling in the date of signature.
2. Please email or deliver the completed Form of Request to the Company Secretary at the address given above.
3. If the Form of Request is signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Form of Request.
4. If the request is made by a Company/Corporation, this Form must be executed as per the Articles of Association of the Company/ Corporation either under the Common Seal or by a duly authorised officer of that Company/Corporation.
5. In the case of a joint shareholding, the request should be signed by the joint holder whose name appears first in the Register of Members.

# Stakeholder Feedback Form

We welcome your valuable feedback on this Annual Report, on our commitments and performance.
Please complete the section below and return this page to:

The Company Secretary
Kerner Haus Global Solutions PLC
No. 36, Hyde Park Corner
Colombo 02
Sri Lanka. Email: waruni@kernerhaus.lk

| | |
|---|---|
| Name | |
| Permanent Mailing Address | |

### Contact Details

| | |
|---|---|
| Telephone (Residence): | |
| Telephone (Office): | |
| Mobile Number: | |
| Fax: | |
| E-mail: | |

### Queries / Comments

### Recommendations

# Corporate Information

**Name of Company**
Kerner Haus Global Solutions PLC

**Company Registration Number**
PQ 150

**Legal Form**
A public limited liability Company incorporated in Sri Lanka on 26th June 1958 and re-registered under the Companies Act No. 07 of 2007 on 22nd October 2007.

**Accounting Year-end**
March 31

**Taxpayer Identification Number (TIN)**
124003636

**Stock Exchange Listing**
The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

**Registered Office**
No.111, T.B. Jayah Mawatha
Colombo 10
Sri Lanka
Telephone: +94 11 7110460
Email: admin@kernerhaus.lk
Website: www.kernerhaus.lk

**Auditors**
Messrs Jayasinghe & Co.,
Chartered Accountants
94/12, Kirulapone Avenue
Colombo 05
Sri Lanka

**Subsidiaries**
Kalamazoo Industries (Private) Ltd
C P Group Investments (Private) Ltd
Kerner 1 (Pvt) Ltd

---

**Directors**
Mr. S E C Gardiner, Chairman/Independent Non-Executive Director
Mr. W M A I Fernando, Independent Non-Executive Director
Mr. D S Weerakkody, Independent Non-Executive Director
Ms. S D Arseculeratne, Independent Non-Executive Director
Mr. N D S Cooke, Non-Independent Non-Executive Director
Ms. D K Herath, Non-Independent Non-Executive Director
Mr. J T Yatawara, Non-Independent Non-Executive Director
Ms. D L M S Chandrasekera, Independent Non-Executive Director

**CEO**
Mr. L. P. D. L. Jayawardana (appointed w.e.f. 1st April 2026)

---

**Board Subcommittees**
Board Audit Committee
Related Party Transactions Review Committee
Board Remuneration Committee
Board Nominations and Governance Committee

**Company Secretary**
Ms. Waruni Shironika

**Registrars**
Central Depository Systems (Pvt) Limited
Ground Floor, M&M Center
341/5, Kotte Road, Rajagiriya, Sri Lanka
(Kindly direct any queries about the administration of the shareholding to the above Company)

**Bankers**
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Nations Trust Bank PLC

## Notes

KERNER HAUS