Built on Legacy Driven by Innovation

Crafting the Future, One Pour at a Time

LION

LION BREWERY (CEYLON) PLC

ANNUAL REPORT 2025/26

BUILT ON LEGACY DRIVEN BY INNOVATION

CRAFTING THE FUTURE, ONE POUR AT A TIME

Lion Brewery's journey has been shaped by a proud legacy built over decades of brewing excellence, trusted brands, and enduring relationships with consumers, customers, and communities. Yet, while our heritage provides a strong foundation, it is innovation that continues to propel us forward. From product development and portfolio premiumisation to operational excellence, sustainability, and digital transformation, we remain focused on anticipating change and responding to evolving consumer needs. Built on a legacy of resilience and leadership, we continue to innovate with purpose, creating sustainable value for all stakeholders and positioning Lion for long-term growth.

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ABOUT THIS REPORT

About

This Integrated Annual Report of Lion Brewery (Ceylon) PLC ("Lion" or the "Company"), summarises the Company's activities for the financial year ended 31 March 2026.

Lion is Sri Lanka's leading brewery and is primarily engaged in brewing, packaging, distribution and sale of a wide range of beers under the iconic "Lion" brand, as well as internationally recognised alcobev brands through strategic partnerships. The Company serves both local and export markets and is Sri Lanka's largest exporter of alcoholic beverages.

Reporting period

The reporting period covers the financial year ended 31 March 2026. This Report provides a comprehensive overview of the Company's strategic, operational, governance and sustainability performance during the reporting period and offers insight into the factors that may influence value creation over the short, medium and long term.

Comparative information is provided, where appropriate, for the preceding financial year ended 31 March 2025, to facilitate meaningful analysis of trends and performance.

Organisational boundary

The reporting boundary encompasses Lion and its subsidiaries, namely Millers Brewery Limited and Lion Beer (Ceylon) Pte. Ltd. (collectively referred to as the "Company").

Unless otherwise stated, all financial and non-financial disclosures relate to the activities of Lion and its subsidiaries during the year under review. Where specific disclosures relate to particular entities within the Company, this is clearly indicated within the relevant sections.

There were no significant changes to the organisational boundary during the reporting period. Any limitations in the scope of data collection or coverage are explained within the relevant sections of the Report.

Nature of the report

This is the first fully Integrated Annual Report of Lion. The Report has been prepared in accordance with the principles of the International Integrated Reporting Framework and seeks to provide a cohesive and comprehensive account of how the Company creates, preserves and delivers value over time.

The Report brings together financial performance, governance practices, risk management, strategy, stakeholder engagement and sustainability performance into a single, connected narrative.

Rather than presenting financial and non-financial information separately, the Report demonstrates the interrelationships between the Company's strategy, the resources and capitals it relies upon, the risks it manages and the outcomes it generates. In doing so, the Report aims to provide shareholders and other stakeholders with a clear understanding of the Company's business model, strategic priorities, operating environment, and long-term value creation potential.

Reporting frameworks

This Integrated Annual Report has been prepared in accordance with applicable statutory and regulatory requirements, together with widely recognised reporting frameworks and standards.

The Company has applied these frameworks to ensure transparency, reliability, in reporting financial, governance, and sustainability information.

Companies Act No. 07 of 2007 and amendments thereto
Sri Lanka Accounting Standards (SLFRSs/LKASs) including SLFRS S1 Sustainability-related Financial Disclosures and SLFRS S2 Climate-related Disclosures
Listing Rules of the Colombo Stock Exchange (CSE)
International Integrated Reporting Framework (<IR> Framework) – for integrated presentation of financial and non-financial information
GRI Standards 2021, including GRI 1: Foundation 2021, GRI 2: General Disclosures 2021, and GRI 3: Material Topics 2021.
A Supplement to A Preparer's Guide to Integrated Corporate Reporting published by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) – referred to for best practice guidance in integrated reporting
SASB Alcoholic Beverages Sustainability Accounting Standard, Version 2023-12

The Company has applied the following transition reliefs of SLFRS S1 and SLFRS S2 in preparing SLFRS Sustainability-related Financial Disclosures for the year FY 2026.

Reporting standard	Transitional reliefs	Details
SLFRS S1	Disclosure of information on only climate-related risks and opportunities	In the first annual reporting period in which an entity applies this Standard, the entity is permitted to disclose information on only climate-related risks and opportunities (in accordance with SLFRS S2) and consequently apply the requirements in this Standard only insofar as they relate to the disclosure of information on climate-related risks and opportunities.
	Disclosure of comparative information	In the first annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its climate-related risks and opportunities; and in the second annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its sustainability-related risks and opportunities, other than its climate-related risks and opportunities.
SLFRS S2	Disclosure of Scope 3 greenhouse gas (GHG) emissions	Entities must initially report only Scope 1 and Scope 2 emissions. Full compliance with Scope 3 emissions becomes mandatory two years after the initial application date.
	Disclosure of qualitative information regarding the anticipated financial effects of climate-related risks and opportunities	Entities are permitted to defer the disclosure of qualitative information regarding anticipated financial effects for a period of two years following the mandatory application of the standard.
	Disclosures on climate resilience	A relief period of two years is granted to apply the requirements from the date of mandatory application to fully comply with the climate resilience disclosure requirement.

Note: Where partial information is available in applying the permitted reliefs, such information has been disclosed in the relevant sections, together with related assumptions and forward-looking considerations

The Financial Statements included in this Report have been independently audited in accordance with Sri Lanka Accounting Standards.

Lion's sustainability-related financial disclosures have been prepared in accordance with Sri Lanka Financial Reporting Standards (SLFRS S1 and S2). These standards are aligned with the global sustainability-related financial disclosures issued by the International Sustainability Standards Board (ISSB), enabling the provision of consistent, comparable, and decision-useful information to primary report users assessing the Company's enterprise value.

In preparing its broader sustainability disclosures, Lion has also referred to the Global Reporting Initiative (GRI) Standards for guidance. A GRI Content Index is provided within the relevant section of this Report to enhance transparency and facilitate stakeholder access to information.

Sustainability disclosures have been prepared in line with the Global Reporting Initiative (GRI) Standards, and a GRI Content index is provided within the relevant section of the Report to facilitate transparency and accessibility.

Data collection and measurement

Financial data presented in this Report is derived from the audited Financial Statements of the Company and its subsidiaries. Non-financial data, including environmental, social and governance (ESG) metrics, is collected through established internal reporting systems across the Company.

Where estimates or assumptions have been applied in the preparation of non-financial disclosures, these are based on reasonable and supportable methodologies, consistent with the GRI Standards, applicable topic-specific standards, and the Company internal controls.

Management is responsible for maintaining appropriate systems and processes to ensure the reliability, accuracy and consistency of reported information. Internal review mechanisms are in place to validate data prior to publication.

Assurance

The Financial Statements for the year ended 31 March 2026 have been independently audited in accordance with applicable statutory and regulatory requirements. The Independent Auditor's Report is presented within the Financial Statements section of this Integrated Annual Report.

This Integrated Annual Report, including both financial and non-financial disclosures, have been reviewed by the Executive Committee and Board of Directors regarding the integrity, consistency, and completeness of the report.

Where applicable, specific sustainability disclosures may be subject to independent limited assurance. Details of the scope and conclusions of any such assurance engagements, if obtained, are provided in the relevant sections of the report.

Relevant sustainability-related disclosures are presented to the best of the Company's knowledge, recognising that certain gaps may exist. Decisions and targets have been established based on reasonable internal data and relevant external information, the latter obtained without undue cost or effort, in line with applicable standards. The Company remains committed to continuously enhancing the quality and completeness of the disclosures in future reporting cycles, including refining targets in response to evolving conditions and improvements in data availability and integrity. This approach is intended to provide information that is relevant and useful to primary users of general-purpose financial reports in assessing Lion's performance and long-term value creation.

Board responsibility statement

The Board of Directors of Lion Brewery (Ceylon) PLC acknowledges its responsibility for the preparation and presentation of this Integrated Annual Report.

The Board confirms that it has collectively reviewed the content of this Report and is satisfied that it provides a balanced, transparent and comprehensive account of the Company's performance, governance, strategy and sustainability matters for the year ended 31 March 2026.

The Board is of the view that this Integrated Annual Report addresses all material matters that could reasonably influence the assessments and decisions of stakeholders and that it reflects the Company's commitment to accountability, integrity and long-term value creation.

Forward-looking statements

This Integrated Annual Report contains forward-looking statements relating to the plans, objectives, expectations and intentions of the Company. Such statements are based on current assumptions and assessments made by the Board and Management, in light of available information.

Given the inherent uncertainties of the economic, regulatory and operating environment, actual results may differ from those expressed or implied in such statements. The Company undertakes no obligation to publicly update or revise forward-looking statements to reflect subsequent events or changed circumstances.

Accessibility and feedback

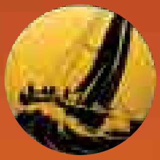
The Integrated Annual Report is made available to shareholders and other stakeholders through the Company's website, in compliance with regulatory requirements via submission to the Colombo Stock Exchange (CSE) website, and through any other appropriate channels the Company may use to facilitate stakeholder access.

The Company welcomes feedback on the content and presentation of this Report as part of its ongoing commitment to continuous improvement in corporate reporting practices.

All such feedback should be directed to: info@lionbeer.com

01 OVERVIEW

LION VALUES

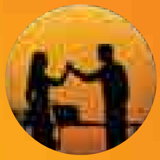


We are trailblazers

We lead with undisputed leadership in all our territories, challenge the status quo to inspire bold change, and redefine what's next.

We are adventurous

We are empowered to chase brave ideas to daringly explore our limitless potential.



We celebrate each other

We cheer each other on, embrace our differences, and stand united in pursuit of one shared goal.

We brew good times

We make every experience as good as our brews for everyone we serve, support, and stand with.

LION VALUE CHAIN

Upstream

Business Process

Raw Materials	Packaging Material

Description and ESG Integration

Raw Materials

Brewing raw materials are sourced from both local farmers and global markets. While the Company does not operate its own farms, Lion remains deeply committed to the environmental and social well-being of the agricultural supply chains that support the business.

Packaging Material

For Lion, primary packaging format consists of returnable glass bottles, complemented by cans and returnable steel kegs. For distribution, the operations utilise a combination of returnable plastic crates and pallets, alongside recyclable corrugated cartons and shrink films.

While local sourcing is prioritised, a strategic global supply network is maintained to mitigate single-supplier risk.

Lion is also committed to advancing circularity through the development of material-efficient and lightweight packaging for the one-way formats. By increasing recycled content and optimising design, the Company continues to meet evolving consumer expectations while managing environmental responsibility.

Relevant ESG Metrics/ ESG Focus

Raw Materials

ESG focus:

Evaluated

87.3%

of raw and packaging material supplier base against ESG criteria.

Packaging Material

ESG focus:

93.0%

of glass bottles and

99.0%

of plastic crates are reused; recycled material inclusion is 35.0% for bottles and 30.0% for crates; energy-efficient processes further reduce the overall footprint.

Conversion

Brewing, Processing, and Packaging

Beer is brewed at the primary facility in Sri Lanka, while also leveraging contract brewing arrangements in Vietnam to mitigate single-site risk, move closer to key export markets, and enhance pricing competitiveness.

The manufacturing process encompasses material handling and preparation, brewing, fermentation, and processing, all carried out with a strong focus on quality and cost efficiency, alongside key sustainability parameters.

These efforts are guided by measurable targets and supported by investments in resource-efficient technologies and disciplined operational planning, as the Company continues to reduce the emissions footprint.

ESG focus:

- Electricity consumption per hectolitre improved **21.0%** since the 2017/18 baseline
- Furnace fuel efficiency improved **36.0%** since the 2017/18 baseline
- In-house biogas generation reduces reliance on fossil fuels, contributing **3.58%** of Lion's total renewable energy share
- Water consumption index improved by **39.0%** against the 2017/18 baseline

Consumer

Route to Market

Products are distributed both locally and globally through a combination of land and sea transport. Local distribution is managed by third-party transport providers operating on planned routes to optimise cost, efficiency, and emissions. The Company is also exploring the adoption of clean energy solutions within the transport operations to further enhance environmental performance.

ESG focus:

Selected facilities incorporate repurposed materials – including discarded containers, reclaimed bottle components, and reused kegs.

Lion has invested in the first Green Logistics Hub, constructed using a range of repurposed materials, and is geared to incorporate rainwater harvesting and solar energy systems moving forward. The latter will support the powering of the first electric prime mover, which is planned for deployment in 2026 as part of the broader decarbonisation efforts.

Trade Partners

Lion primarily retail products through off-trade outlets, including wine and beer shops, while continuing to expand the presence in modern trade channels. Lion also serves the on-trade segment, comprising pubs, bars, hotels, restaurants, and clubs. These venues utilise beer-cooling units, including fridges and draft systems. Lion is committed to providing energy-efficient cooling solutions and collaborate with retail partners to explore clean energy installations, such as solar, to further reduce environmental impact.

ESG focus:

135kWh

of renewable energy installed capacity by Lion across its retail base.

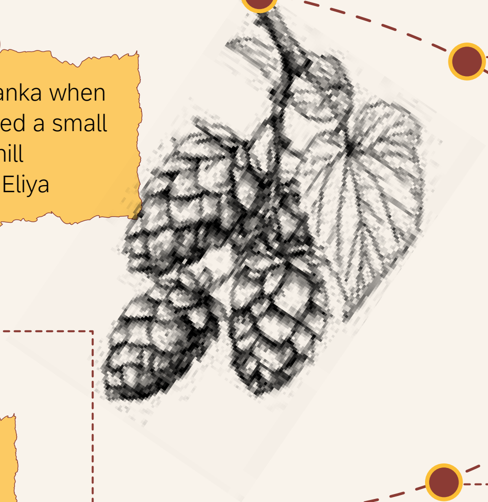
Consumer

A diverse range of beer styles and packaging formats is offered to meet evolving consumer preferences across different occasions and segments. Recognising the growing demand for low-and no-alcohol alternatives, opportunities to expand such offerings continue to be explored across global markets. Responsible consumption is promoted through voluntary logos and messaging on product packaging and at relevant points of sale.

ESG focus:

of local market offerings in bottles and cans feature five (05) aspects of responsible consumption messaging, reflecting the commitment to supporting informed choices for consumers.

OUR HISTORY



1849

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

1881

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

1884

The Murree Brewery Company acquires ownership and management of the brewery

1893

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

1910

The Ceylon Brewery becomes a limited liability company

1954

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

1988

First consignment of Lion beer and stout was exported to Japan

1991

Listing of The Ceylon Brewery Ltd. in the Colombo Stock Exchange. Carlsberg Group acquired a 8.0% share in The Ceylon Brewery Ltd.

1992
The first batch of Carlsberg beer manufactured in Sri Lanka was introduced to the local market

1993
The Ceylon Brewery Ltd. becomes a subsidiary of Carson Cumberbatch & Co Ltd.

1996
Incorporation of The Lion Brewery (Ceylon) Ltd. as a subsidiary of The Ceylon Brewery Ltd. Carlsberg Group acquired 25.0% shareholding in The Lion Brewery (Ceylon) Ltd.

1997
Listing of Lion Brewery (Ceylon) PLC in the Colombo Stock Exchange

1998
Lion Brewery established a new state-of-the-art brewery in Biyagama

2001
Ceasing operations in Nuwara Eliya

2014
Acquired Millers Brewery Ltd.

2021
Partnered with Diageo to locally manufacture Guinness Stout

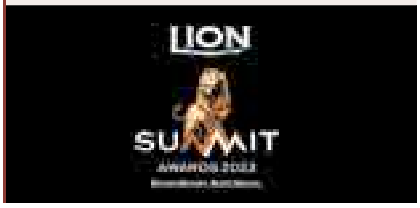
2024
Completion of the innovation brewery. Introduction of the Lion Craft Range

2025
First green concept logistics hub established

YEAR IN REVIEW – NON-FINANCIAL

April 2025

Lion hosted its flagship Summit Awards, recognising the achievements of its sales team and business partners across local and international markets. The event celebrated their contributions to driving growth, strengthening partnerships, and delivering memorable brand experiences.



May 2025

Carlsberg Export & License Conference Awards 2025, Copenhagen – Best in Class Execution, for Carlsberg Sri Lanka Display Drive.

June 2025

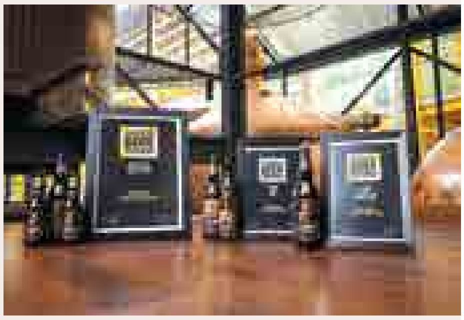
Lion hosted the CEO Awards, celebrating individuals and teams who exemplify The Lion Way. The event recognised bold leadership, innovation, long-standing service, and national and international achievements, reflecting the Company's commitment to courage, excellence, and a culture of recognition.

July 2025

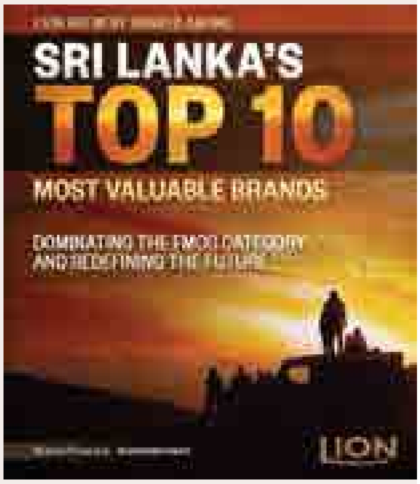
Lion joined VLB Berlin, a leading global institute for brewing science and education. This partnership strengthens the Company's focus on innovation and research while further enhancing its international presence.

August 2025

Lion Stout was crowned World's Best Tropical Stout, while Lion Lager won Silver in the Lager Light category at the 2025 World Beer Awards, one of the world's most prestigious brewing competitions. These achievements mark a proud milestone for Sri Lanka on the international stage.

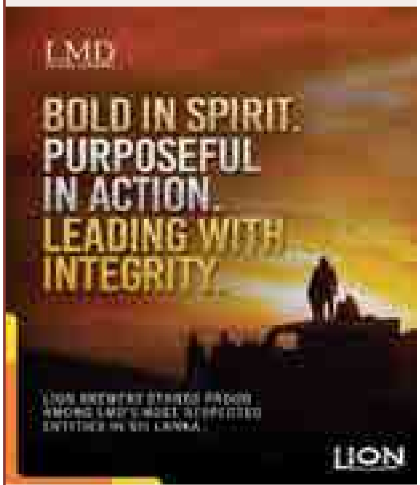


Lion was ranked Sri Lanka's Most Valuable Heritage Brand and Most Valuable Alcoholic Beverage Brand, and placed 9th overall in Brand Finance Sri Lanka 100 Most Valuable Brands 2025. The recognition saw Lion lead the FMCG category, reflecting its strong market leadership, innovation, and continued growth in brand value globally.



September 2025

Lion was named among Sri Lanka's Most Respected Entities in the 21st edition of LMD, ranking among the Top 50 organisations for leadership, corporate dynamism, crisis management, workplace culture, employee well-being, and ethical outlook.



Lion was recognised as runner-up in the Continuous Improvement – Extra Large Scale category at the 2025 CILT Sri Lanka Awards, hosted by the Chartered Institute of Logistics and Transport Sri Lanka (CILT Sri Lanka). The recognition highlights the Company's commitment to operational excellence and continuous innovation.

October 2025

Lion was named winner of the "Waste Reduction Achievement of the Year" at the Global Drinks Intel ESG Awards 2025, recognising the Company's leadership in sustainability and its innovative waste-to-value initiatives.

Lion won the Silver Award in the Food & Beverage Category (Type A & B) at the 2025 Presidential Environment Awards, organised by the Central Environmental Authority of Sri Lanka. The recognition reflects the Company's commitment to sustainability, energy efficiency, and resource optimisation.

Lion launched its Lion Craft portfolio, introducing seasonal and limited-edition beers inspired by Sri Lankan flavours and culture.

Year in Review – Non-Financial

November 2025

Lion clinched two wins at the FMCG Asia Awards 2025, for Seasonal Campaign of the Year and New Brand Launch of the Year in Sri Lanka, recognising the Carlsberg Seasonal Campaign and the launch of Lion Trueborn.

Lion received the Excellence in Employer Branding award and was named Runner-up in the Food, Beverage & Distilleries sector at The Great HR Awards 2025, organised by CIPM Sri Lanka and Mercer. The recognition highlights excellence in human resources practices and employer branding in Sri Lanka.

Lion's Crisis Response Team, together with A-PAD-trained colleagues, stepped up during the weather crisis triggered by Cyclone Ditwah in late November. The team supported business continuity efforts while also assisting the local Biyagama community with essential supplies during severe flooding.

December 2025

Lion was recognised as Best Exporter – Beverages at the Presidential Export Awards 2024/25, hosted by the Sri Lanka Export Development Board (EDB), celebrating the Company's commitment to quality, innovation, and international market growth.

February 2026

Lion was certified by Great Place to Work® for the 6th consecutive year, recognising the Company's continued commitment to fostering trust, engagement, and a high-performing workplace culture.

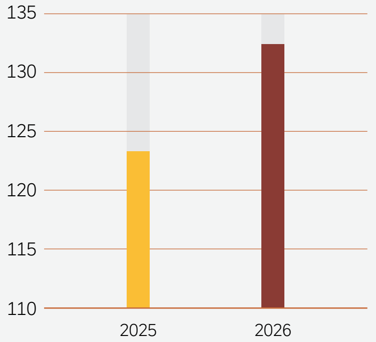
Lion was recognised as one of the Top 15 Best Workplaces™ in the Manufacturing and Production Industry by Great Place to Work®, reflecting the Company's focus on innovation, leadership, and an inclusive, high-trust workplace environment.

YEAR IN REVIEW – FINANCIAL/ESG

Total revenues

+7% YoY

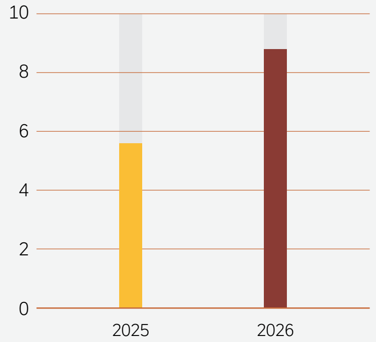
Rs. Bn.



International business revenues

+57% YoY

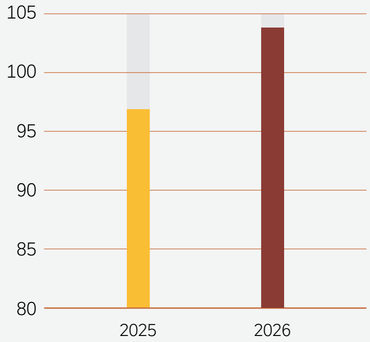
Rs. Bn.



Tax contribution

+7% YoY

Rs. Bn.



Environment

Percentage of renewable energy used **3.58%**	Waste-to-value of internal waste **379 Mn.**	Community level waste collection **22.7 MT**	Renewable energy installed in retail **135 kWh**	Recycled glass in bottles **35%**
Waste to energy (Methane) generated 260,513 Nm³ furnace fuel replaced **160,316 L**	Biogenic CO_2 sold **2,030 MT** avoiding burning 769,000L of diesel	Waste-to energy (label waste) 69.9 MT generated **26,822 kWh**	Index reduction from the baseline year Electricity: 21% Furnace fuel: 36% Water: 39%	Bottles and crates reuse percentage **93% and 99%**

Social

External training **1,491 personnel** **4,913 man/h**	Days since last lost time accident (LTA) **1,791 days**	Clean drinking water **20,000 L/day** **Recipients 3,600**	Trees and forest plants **5,392**	Volunteering **386 people** **1,370.5 man/h**
Apprenticeship opportunities **57**	Waste bin sets **24**	Aluminum can bins **51**	Voluntary signage (bottles and cans local market) **40%**	Vendors of RM evaluated for ESG (total spend) **87.3%**

Governance

ESG training for staff **98.4%**	Anti-bribery and corruption training for staff **87.8%**	**ISO 22000**	**ISO 14001**	**ISO 50001**
		ISO 27001	**GPTW**	**SEDEX**

02
KEY MESSAGES

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the first Integrated Annual Report and Audited Financial Statements of Lion Brewery (Ceylon) PLC for the financial year ended 31 March 2026.

During the financial year under review, Lion continued to advance its 2030 vision through focused execution. In its role as custodian of long-term value, the Board remained steady in its strategic oversight amidst challenging local and global macroeconomic and industry conditions. The Company delivered creditable financial results, maintained its strategic direction, and emerged from the year in a position of genuine strength – a reflection of disciplined management and the resilience of our people.

Economic backdrop and policy developments

Sri Lanka's economy continued its gradual recovery trajectory in 2025, supported by sustained momentum in reforms and improved macroeconomic stability. Growth was supported by stronger performance across key sectors, a continued recovery in tourism, steady inflows of worker remittances, and further improvements in Government revenue mobilisation. Inflation remained broadly contained, enabling a more supportive monetary environment and contributing to a gradual strengthening in business sentiment and consumer spending. Progress under the International Monetary Fund's (IMF) Extended Fund Facility, continued to reinforce policy credibility and sustain international confidence in Sri Lanka's economic reform path. In July 2025, the IMF carried out its fourth review, disbursing a further USD 350.0 Mn.

Despite this momentum, volume pressure within the beer sector continued as consumers traded down into more affordable categories. While we acknowledge the evolving regulatory conditions of the sector and the need to implement robust excise duties to bolster Government revenue collection, we remain concerned of the excessive taxation burden on the industry. The successive tax increases since 2023 have outpaced real income growth, rendering legal products unaffordable, and compelling consumers to switch to unregulated products. We continue to support a transparent, inflation-indexed excise mechanism, free of multipliers, which would provide long-term predictability for industry investments and stable revenue generation for the Government. We equally encourage continued progress on access liberalisation, particularly in on-trade licensing, for underserved areas.

Furthermore, given the important role exports play in Sri Lanka's economic growth, we believe there is an opportunity to further enhance competitiveness and grow our international volumes through a more efficient excise tax rebate framework. This would support long-term pricing competitiveness, improve cash flow efficiency, and enable reinvestment towards export expansion.

We are committed to engaging in constructive dialogue with policymakers, advocating for a balanced approach that minimises unintended consequences while prioritising consumer safety through effective measures to limit the growth of the unregulated market.

"FY 2026 marked another year of disciplined execution for Lion Brewery, as the Company advanced its 2030 vision, strengthened its innovation and premiumisation agenda, and delivered resilient financial performance, while navigating a challenging operating environment with a continued focus on long-term value creation."

Strategic developments and sustainability agenda

Building on the progress achieved in FY 2025, including category expansion and the commissioning of the Innovation Brewery, momentum was sustained across our strategic priorities. A continued focus on innovation and premiumisation remained central to this journey.

During the year, a series of new product launches across our brand portfolio enabled us to further broaden and strengthen our offering. These initiatives not only enhanced the depth and diversity of our product range, but also reinforced our ability to respond to evolving consumer preferences and capture emerging growth opportunities within higher-value segments. These efforts were recognised at the 2025 World Beer Awards, with Lion Stout being awarded World's Best Tropical Stout, and the Lion Lager being awarded the Silver in the Lager Light category.

Additionally, we continued to strengthen the Lion Team, with our Company receiving recognition as one of the Top 15 Best Manufacturing Workplaces, reflecting our sustained investment in the human capital that powers everything we build.

Sustainability remains woven into our strategic priorities, including across key areas such as food safety, environmental compliance, occupational health and safety, energy management, and information security, where Lion consistently upheld robust standards.

The impact of Cyclone Ditwah in late 2025 created significant disruption across Sri Lanka, affecting communities, infrastructure, and supply chains in several parts of the island. Despite these challenges, Lion demonstrated resilience through the swift mobilisation of our Crisis Response Team, enabling the restoration of operations and stabilisation of supply chains within a short period.

Financial performance and shareholder returns

For FY 2026, the Company generated revenue of Rs. 132.4 Bn. and a profit after tax of Rs. 11.2 Bn. Lion paid Rs. 103.8 Bn. in taxes to the Government, an increase of Rs. 6.9 Bn. compared to the previous year. Over the past decade, the Company has paid approximately half a trillion rupees in taxes, a significant contribution to national revenue that reflects the scale and responsibility of our operations.

During the year, shareholders benefited from strong returns, with an interim dividend of Rs. 17.00 per share paid in November 2025, followed by a second interim dividend of Rs. 22.90 per share in May 2026. This brought the total dividend for the year to Rs. 39.90 per share, compared to Rs. 46.00 in the previous year.

Board transitions and acknowledgements

I would like to extend my sincere gratitude to Ms. Vivian Gun Ling Ling, who stepped down from the Board in September 2025. Her expertise and guidance have been invaluable to our growth journey, and we wish her every success in her future endeavours. On behalf of the Board, I am also pleased to welcome Anthony Yong Mun Seng and Mahen De Saram as new Board members. Their extensive expertise, broad experience, and diverse perspectives, will play a pivotal role in shaping Lion's continued growth and strategic direction.

I extend my heartfelt gratitude to the entire Lion team for their unwavering commitment, resilience, and exceptional service to our customers throughout the year. These qualities are the cornerstone of our continued success and our ability to strengthen the Lion brand both locally and globally.

I also extend my sincere thanks to our partners Carlsberg and Diageo, whose collaboration and shared standards of excellence remain integral to Lion's ability to deliver for its consumers and shareholders. I also extend my gratitude to our business partners, bankers, and suppliers, both in Sri Lanka and internationally, for your unwavering support throughout the year.

I express my sincere gratitude to the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee, and Nominations and Governance Committee, as well as my fellow Board members, for their invaluable advice, rigorous oversight, and continued guidance. I look forward to our continued collaboration in upholding and advancing Lion Brewery's long-term success.

To our shareholders, your continued confidence and trust form the cornerstone of our commitment to sustainable, long-term value creation. We remain unwaveringly dedicated to honouring that trust.

Sincerely,

(Sgd.)
D A Cabraal
Chairman, Board of Directors
Lion Brewery (Ceylon) PLC
Colombo

2 July 2026

CHIEF EXECUTIVE OFFICER'S REVIEW

Sustained resilience: Leading in a complex and challenging market conditions

The Sri Lankan economy remained on a stable trajectory in 2025, expanding 5.0% year-on-year, supported by both the industrial and service sector performance, resulting in strong reserves.

In the midst of this recovery, however, the beer industry continued to remain under pressure. The cumulative effect of multiple years of excise increases weighed heavily on affordability, with direct implications for consumption patterns.

Since 2023, the industry faced four excise duty hikes, coupled with a further 3.0% increase in value added tax (VAT) during 2024. These price adjustments during the past few years have outpaced real income growth, directly impacting industry volumes.

As a result, Lion paid Rs. 67.8 Bn. to the Excise Department of Sri Lanka and Rs. 103.8 Bn. in total taxes to the Government of Sri Lanka for the year ended 31 March 2026. While excise duties are a key revenue-generating mechanism for the Government, we continue to believe that a balanced approach is necessary to maintain consumer affordability. Moreover, the sharp increases in duties over the years have contributed to an expansion of unregulated and low-excise alternatives in the market.

We welcome the Government's move in 2024 to introduce a structured excise tax formula linked to average inflation, enhancing transparency and consistency, and support the Government to continue with an inflation-indexed regime sans multipliers.

We believe regulated accessibility is essential for countering the unregulated market and providing consumers with high-quality products. Furthermore, we believe that with the strong growth in tourism, liberalisation of trade licences should be considered, supported by a strong and transparent policy framework. This will in turn protect and guarantee future revenue streams of the Government, whilst assuring consumers legal and quality products.

During the latter part of the financial year, the cost base came under pressure due to the Middle-East crisis, which drove up global fuel prices and freight costs.

As a result, we implemented necessary contingency plans to address the uncertainty surrounding global supply chains. Amidst these industry conditions, Lion's performance remained resilient, generating an operating profit of Rs. 18.9 Bn., up 16.8% year-on-year.

Portfolio expansion: Continued focus on innovation

Our response to this environment was deliberate and consistent, and firmly driven by consumer expectations. We remained guided by our 2030 Long-Term Plan and a clear set of priorities: stay close to the consumer, strengthen product quality, execute with discipline, and continue investing in the long-term development of our products. These principles shaped our decisions throughout the year and ensured that short-term pressures did not compromise our long-term direction.

During the year, Lion continued to build on its strategic foundations, driving growth through premium innovation and international expansion. By staying close to our consumers and investing in the capabilities of our people, we have reinforced our commitment to the 2030 Long-Term Plan, ensuring the business remains well-positioned to deliver sustainable value.

To this end, our main production facility at Biyagama, supported by the Innovation Brewery commissioned in 2024, continued to expand the product portfolio. During the year, a number of new product launches were carried out, including Lion Trueborn, representing a key milestone in our premiumisation strategy.

We also expanded the Somersby portfolio with the addition of the mango-lime variant, whilst our Innovation Brewery continued to play a critical role in developing craft beer styles inspired by local ingredients.

Our draught beer strategy gained further momentum through expanded investments in outlets and dispensing systems, enhancing the consumer experience and increasing accessibility. At the same time, we developed new routes to market, particularly within social and event-based occasions.

International business: Growth built on partnerships

Our international operations delivered a strong performance in FY 2026, providing an important source of growth and diversification and playing a critical role in balancing domestic volume pressures, while also strengthening Lion's position as a competitive regional player.

International business volumes recorded double-digit growth, driven primarily by continued expansion in African markets, alongside stable contributions from the Middle-East, which were affected towards the latter part of the financial year, and South Asia. Margin improvements were supported by both cost efficiencies and targeted pricing actions, reflecting a disciplined approach to managing international operations. Our strategy remains focused on a defined set of priority markets where we have established capabilities and clear growth potential. This outstanding performance enabled us to secure the Presidential Export Award in the beverages category.

Resilience in the face of disruption

The impact of Cyclone Ditwah in late November 2025 was a critical moment for the business. The scale of disruption across the country was significant, affecting communities, infrastructure, and supply chains simultaneously.

Our response demonstrated the strength of the systems and capabilities we have built over time. Our Crisis Response Team mobilised rapidly, drawing on established protocols to restore operations within a compressed timeframe. Following the disruption, production was reinstated efficiently, supply chains stabilised, and the business returned to full operational capacity within a matter of days.

Equally important was our response beyond the business. We supported employees impacted by the floods and contributed to recovery efforts within the surrounding communities. This approach reflects a broader philosophy that extends beyond operational continuity, recognising that resilience is not only measured by how quickly we recover, but also by how we support the ecosystems we operate within. We also supported customers who experienced damage to property and inventory.

Earlier in 2025 we conducted extensive long-run modelling of the impact of climate change and the Kelani River. We are currently executing an investment programme to further strengthen our flood defenses and increase in-built redundancies to withstand extreme climate events based on 2050 scenarios.

Efficiency in action: Delivering sustained value

Despite clear volume pressures, the business delivered results that reflect disciplined execution and strong operational control. Smart cost management is embedded in our day-to-day operations with a long-term view of building a sustainable business, including Kaizen practices which are included across the supply chain, driving continued improvement.

Focus on operational efficiency and building cash reserves continue to be a key focus for Lion. Our cost optimisation efforts were carried out through a combination of strategic sourcing, supplier diversification, and local capability development, which enabled us to deliver savings in the range of Rs. 829.0 Mn. These initiatives were implemented without compromising product quality, brand investments and our investments in people, reinforcing our approach to smart cost management as a driver of efficiency rather than a trade-off against standards.

This discipline ensured that while volumes were under pressure, the underlying strength of the business remained intact. It also created a stronger foundation for future growth, with structural improvements embedded across the supply chain.

Our people: The strength of Lion

The performance of the business during FY 2026 is closely linked to the strength and commitment of our people. In a year that required sustained focus and adaptability, the Organisation demonstrated a high level of alignment and execution.

As the country continues to face challenges in talent acquisition and retention across industries, Lion is committed to setting the benchmark for human resource practices. During the year, we introduced the "Lion Values", providing a clear framework for behaviour and decision-making across the organisation. These values are not symbolic. They are embedded in how we operate and how we lead.

Alongside this, we strengthened our approach to talent development through the introduction of structured learning and leadership programmes. The Lion Learning Framework, supported by our Learning Management System and external partnerships, provides a clear pathway for capability development across all levels of the Organisation. Furthermore, we also enhanced our employee value proposition through improved benefits, greater flexibility, and expanded support systems. These initiatives are part of a broader effort to build a workplace that supports individuals across different stages of their careers and lives.

As such, recognition as a "Great Place to Work" for the sixth consecutive year reflects the consistency of these efforts and the engagement of our workforce.

Sustainability: Building for generations

Sustainability remains integrated into our operating model, with continued progress across multiple focus areas. Our waste-to-value initiatives have scaled further, with by-products repurposed into commercially viable outputs and circular systems strengthened across packaging.

The wastewater methane recovery facility to power our boilers is now fully operational, reducing our dependency on furnace oil. Investments in infrastructure, including the development of our first Green Logistics Hub, reflects a forward-looking approach to operational efficiency and environmental responsibility. Our safety performance also remained strong, with continued adherence to high standards across operations.

These efforts are not stand-alone initiatives. They form part of a broader commitment to building a business that is sustainable, efficient, and aligned with long-term stakeholder expectations. Additionally, our practices continued to be supported by internationally recognised ISO certifications, reinforcing a strong and disciplined approach to operational excellence and governance.

Looking forward

As we look ahead to FY 2027, the external environment remains complex. Consumer affordability, regulatory dynamics, and broader economic conditions will continue to shape our operating landscape. Additionally, the ongoing Middle-East conflict adds further complexity to supply chain stability and our operations in the region impacting the cost base.

However, we enter the new year with confidence grounded in clear fundamentals. While we continue to actively monitor and appropriately respond to external factors, our innovation pipeline continues to be strong, and we are committed to actively growing both our local and international businesses, while strengthening our operational capabilities through targeted investments. Our efforts will also be focused on developing and expanding adjacent categories and producing global brands locally. Furthermore, the progress made across people, systems, and infrastructure is beginning to deliver compounding benefits.

Our focus remains consistent. Drive sustainable growth, strengthen the category, and create long-term value for all stakeholders.

Acknowledgements

My deepest gratitude to the Chairman and our Board of Directors for their consistent counsel, strategic clarity, and unwavering confidence throughout the year. Your guidance has been indispensable, and your steadiness in the face of uncertainty has been a source of genuine strength for the entire organisation.

To our partners across Sri Lanka and internationally, you are at the frontlines of what we do, and your commitment is what makes our strategy real every single day. I would also like to acknowledge our suppliers, both local and international, for their consistent support which has been instrumental in ensuring continuity of supply and the smooth operation of our business.

Most importantly, I acknowledge the contribution of the Lion team. Their efforts throughout the year have been central to the progress we have achieved.

To our shareholders, we remain committed to delivering sustainable, long-term value and navigating the future with clarity and confidence.

Sincerely,

(Sgd.)
R H Meewakkala
Director/Chief Executive Officer
Lion Brewery (Ceylon) PLC
Colombo
2 July 2026

03
LEADERSHIP

BOARD OF DIRECTORS

AMAL CABRAAL
Chairman
Non-Executive Director

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

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

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

HARI SELVANATHAN
Deputy Chairman
Non-Executive Director

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

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

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

He holds a Bachelor's Degree in Commerce.

RAJIV MEEWAKKALA
Director/CEO
Executive Director

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

His responsibilities included building both global and local brands by strengthening brand values through targeted communication, innovation in product and packaging whilst being responsible for the trade marketing and sales function. He was a member of the South Asia Marketing Leadership team of BAT, and was also Head of Brand Marketing for BAT Cambodia and Laos. Post BAT, Rajiv worked as a Brand Consultant with Interbrand, a global brand consultancy group. He also had a short work tenure in the Public Sector.

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

KRISHNA SELVANATHAN
Non-Executive Director

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

He holds a BA Degree in Accounting and Finance and Business Administration from the University of Kent, UK.

RANIL GOONETILLEKE
Non-Executive Director

Ranil Goonetilleke (FCMA), is a fellow member of the Chartered Institute of Management Accountants UK (CIMA). He began his career at KPMG Sri Lanka, and thereafter joined Haycarb PLC to its Finance Division and progressed to be its Divisional Manager – Finance. Subsequent to his employment at Haycarb, in 1998, he joined

Board of Directors

Ceylon Brewery PLC as its Financial Controller and in April 2004 was appointed Director Finance Lion Brewery (Ceylon) PLC which post he held until his retirement in December 2023.

Currently he is a Non-Executive Director of Lion Brewery (Ceylon) PLC, Ceylon Beverage Holdings PLC, Pegasus Hotels of Ceylon PLC and Carsons Management Services (Private) Limited, whilst he serves as an Independent Non-Executive Director of Namunukula Plantations PLC, Ceylinco Holdings PLC, and National Savings Bank. He also serves in their various governance committees including audit, risk and related party.

He is a Board member of the National Council for Child & Youth Welfare, a charity organisation providing shelter and care to destitute children through their six care centres located islandwide. He is the immediate past Chairman of the Exporters Association of Sri Lanka of the Ceylon Chamber of Commerce.

He has undergone executive training both locally and overseas in varied general management topics including Strategic Cost Management at INSEAD France and Formulating & Actioning Strategy, at the Wharton University, Philadelphia.

SUDARSHAN SELVANATHAN
Non-Executive Director

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

STEFANO CLINI
Non-Executive Director

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

Stefano also serves on the Board of Maybev Pte. Ltd. (a 51.0% owned subsidiary of Carlsberg Singapore Pte. Ltd.), Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC. He is also a member of the Governing Council of the Confederation of Malaysian Brewers Berhad.

AJAY BALIGA
Independent Non-Executive Director

Ajay B Baliga has over 42 years of experience in the alcobev space in various roles with different companies, starting from factory management and production control to end-to-end global supply solutions. A Chemical Engineer by qualification, he was an Executive Director for Allied Blenders and Distillers Private Ltd., a manufacturer and marketer of spirits brands based in Mumbai, India, till January 2020. Before this, he served as the Global Supply Director – Mainstream Spirits for Diageo, the global leader in beverage alcohol. He has in the past worked for United Spirits Limited (USL) and Shaw Wallace & Company Ltd., both in executive and senior management roles.

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

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

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

- EID Parry (India) Ltd., India: Independent Non-Executive Director
- Ramco Industries Ltd., India: Independent Non-Executive Director
- The Ramco Cements Ltd., India: Independent Non-Executive Director
- Lion Brewery (Ceylon) PLC, Sri Lanka: Independent Non-Executive Director
- Parry Sugar Refinery India Pvt. Ltd., India: Independent Non-Executive Director
- Ceylon Beverage Holdings PLC, Sri Lanka: Independent Non-Executive Director

RAVI RAJAGOPAL
Independent Non-Executive Director

Ravi Rajagopal is currently a Non-Executive Director and Audit Chair of Airtel Africa PLC, a major telecom company that is in the FTSE 50 and has operations across 14 countries in Africa. As an Advisor to CDPQ, the Canadian pension fund on their private equity side for their investments in Asia, is a Nominee Director on the Boards of

API Holdings and Edelweiss Asset Reconstruction Co., both in India. He is an Independent Director of Burjeel Holdings PLC, Abu Dhabi, a health care company. He is also a member of the Board of the British Army and Audit Chair of the Audit and Risk Assurance Committee. He is a member of the Advisory Board of Sanmar Group Enterprises, India. Until 30 September 2024, he was Chair of Fortis Healthcare, India, one of the largest healthcare companies in India with 27 hospitals and 400 diagnostic centres, and Chair of Agilus Diagnostics (a subsidiary of Fortis Healthcare). He was in this role for seven years. Until late 2023, he was the Vice Chair of Peabody Housing, one of UK's largest affordable housing entities and till 2019, Non-Executive Director and Audit Chair of Vedanta PLC, a FTSE 150 Company with mining interests in India and Africa. Member till 2024 of the Foundation Board of the Science Museum, UK.

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

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

JONATHAN ALLES
Independent Non-Executive Director

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

He served on many Boards within the HNB Group as well as in the Banking Industry. Jonathan was a Director of the Sri Lanka Banks Association (SLBA) and was its Chairman from 2014 to 2016. In 2018, he was elected Chairman of Asian Bankers Association, a position he held for three years and was a member of its Board of Directors and also served as the Chairman of the Advisory Committee.

Jonathan is an Independent Non-Executive Director of Ceylon Beverage Holdings PLC, Lion Brewery (Ceylon) PLC, Hayleys PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC, Vallibel One PLC, Alumex PLC, United Motors Lanka PLC, New Wave Consultants Pvt Ltd, DHT Cement (Pvt) Ltd and LAUGFS Holdings Ltd. And he is a Non-Independent Non-Executive Director at Singer Finance (Lanka) PLC.

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

SAKTHA AMARATUNGA
Independent Non-Executive Director

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

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

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

Board of Directors

KARTHIK SUBRAMANIAN
Independent Non-Executive Director

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

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

ANTHONY YONG
Non-Executive Director
(Appointed w.e.f. 8 September 2025)

Anthony Yong is responsible for finance and investor relations, and IT functions. He joined the Carlsberg Malaysia Group in September 2025 as Chief Financial Officer.

Prior to joining Carlsberg, He held senior finance leadership roles with established multinational and listed corporations, including British American Tobacco and XCL Education Group Malaysia. He has worked in Malaysia, the United States, Bangladesh, Australia and Switzerland.

Anthony's academic and professional qualifications include;

- Certified Public Accountant under the Malaysian Institute of Certified Public Accountants (MICPA)
- Chartered Accountant under the Chartered Accountants Australia and New Zealand (CAANZ)

MAHEN DE SARAM
Independent Non-Executive Director
(Appointed w.e.f. 1 April 2026)

Mahen De Saram is an experienced professional with over 30 years of extensive experience in the corporate sector both locally and internationally. He commenced his professional career at Messrs. Ernst & Young Chartered Accountants in Sri Lanka prior to joining the multinational British American Tobacco (BAT) Group of Companies. During his extensive career with BAT, he held a range of senior finance leadership roles across numerous BAT Group entities in Sri Lanka, Vietnam, Papua New Guinea, and Australia where he played a pivotal role in developing and driving strategic objectives, delivering commercial value, ensuring fit for purpose governance and the adoption of transformative practices as the Group undertook a comprehensive change of its operating model.

Mahen currently serves as the Group Finance Director of the CBL Group of Companies. He is also a member of the Board of Directors of Central Finance Company PLC. Prior to joining the CBL Group, he served as Group Chief Financial Officer of an Australian-based group of companies engaged in construction, property development, and property management headquartered in Sydney.

He is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), a member of the Chartered Institute of Management Accountants (CIMA), UK, and a member of CPA Australia. He also holds a Master of Business Administration from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura.

VIVIAN GUN (Ms.)
Non-Executive
(Resigned w.e.f. 7 September 2025)

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

She has worked in Malaysia and other South East Asian countries including Myanmar and Vietnam. She is a qualified CPA Australia and a member of Malaysia Institute of Accountant. She was a member of the Chartered Institute of Management Accounting (CIMA). She graduated from Victoria University of Wellington, New Zealand.

EXECUTIVE MANAGEMENT TEAM

01 **Channa Senarathne**
Chief Corporate and Regulatory Affairs Officer

02 **Jehan Goonaratne**
Chief Financial Officer

03 **Nishantha Hulangamuwa**
Chief International Business Officer

04 **Eshantha Salgado**
Chief Sustainability Officer

05 **Rajiv Meewakkala**
Chief Executive Officer

06 **Madhushanka Ranatunga**
Chief Sales and Marketing Officer

07 **Ruwandhi Thanthrige**
Senior Vice President Legal

08 **Niranjan Perera**
Chief People Officer

09 **Chathura Dissanayake**
Chief Supply Chain Officer

10 **Shaminda Samaraweera**
Chief Officer Spirits and Luxury Brands Business

SENIOR MANAGEMENT TEAM

01 **Chathura Amarapriya**
Senior Vice President Brewing and Planning

02 **Prashan Costa**
Senior Vice President Marketing, Regular Category

03 **Kaveen Gayathma**
Senior Vice President Outbound Logistics

04 **Gopinath Sundareson**
Senior Vice President – Sales and Marketing (Spirits Business)

05 **Irusha Palawatta**
Senior Vice President Planning, Packaging and Contract Manufacturing

06 **Arno Matthee**
Senior Vice President Brewmaster

07 **Ruchira Money**
Senior Vice President-Premium Category and MOFT

08 **Gayan Dodanwala**
Senior Vice President – Sales and Trade Marketing

09 **Gihan Vidanapathirana**
Senior Vice President Procurement

10 **Widhura Nuwan**
Senior Vice President Engineering

11 **Aroshan Indujeeva**
Senior Vice President – Commercial Finance

04

LION'S APPROACH TO INTEGRATED VALUE CREATION

LION'S VALUE CREATION MODEL

OPERATING ENVIRONMENT

RISK AND OPPORTUNITY

SUSTAINABILITY

Environmental

Social

Governance

THE CAPITALS WE DEPLOY

Financial Capital

- Equity capital and retained earnings
- Debt funding and access to credit facilities
- Strong cash flow generation and liquidity management
- Capital allocation towards capacity expansion, innovation, and sustainability investments
- Financial discipline and cost optimisation frameworks

Manufactured Capital

- State-of-the-art brewing and packaging facility
- Warehousing and logistics infrastructure
- Returnable packaging systems (glass bottles, crates, kegs)
- Route-to-market and distribution systems
- Waste to value systems
- Safety culture

Human Capital

- Skilled brewmasters and technical specialists
- Leadership and management expertise
- Continuous learning, training, and capability development programmes
- Wellness and well-being initiatives

Intellectual Capital

- Strong portfolio of brands and trademarks
- Brewing expertise and proprietary know-how
- Innovation platforms (e.g. Innovation Brewery, NPD processes)
- Consumer insights and market intelligence
- Data analytics and digital sales systems (SKU-level tracking, route optimisation)
- Process standards
- Brand-building strategies

Social and Relationship Capital

- Product quality and responsible engagement
- Collaborative supplier relationships across local and global networks
- Engagement with communities in areas of operation, including environmental and social initiatives
- Partnerships with like-minded conservation based organisations

Natural Capital

- Water resources, managed through responsible use and stewardship practices
- Energy inputs, including a growing share of renewable energy
- Operational practices and technologies focused on energy optimisation and Emission reduction
- Strategic partnerships with industry, academia, and environmental organisations to advance sustainability outcomes

VALUE CREATION

Lion Values

Strategic Pillars

- Building a segmented and differentiated
- Brand portfolio to drive premiumisation in beer
- Drive international business
- Explore adjacent categories for growth
- Build an innovative value chain
- Cost optimisation and cash release

Enablers

- People and talent
- Sustainability
- Digital Lion
- Corporate reputation

OUR VALUE DELIVERED

Financial Capital

- Sustainable profitability and margin growth
- Strong cash flow generation and capital efficiency
- Consistent dividend returns to shareholders
- Long-term value creation and capital appreciation

Manufactured Capital

- High-quality, consistent product output
- Optimised distribution and route-to-market performance
- Reduced operational costs through efficiency and asset optimisation
- Agility and customer centricity
- Cleaner and value added outcomes
- Enhanced duty of care

Human Capital

- Growth in knowledge and expertise leading to excellence in delivery
- Strong organisational culture aligned to The Lion Way
- Career progression and an engaged and motivated workforce

Intellectual Capital

- Strong brand equity and differentiated market positioning
- Continuous product innovation and portfolio expansion
- Data-driven decision-making and consumer insights
- Consistent delivery on customer expectations

Social and Relationship Capital

- Consumer trust and enhanced brand loyalty
- Responsible consumption advocacy
- Sustainable procurement through strengthened governance
- Added value to communities Lion operates in

Natural Capital

- Responsible water use and strengthened water stewardship
- Improved energy indices and reduced GHG intensity
- Strengthened ecosystems

OUR APPROACH TO SUSTAINABILITY

At Lion, sustainability is embedded within the framework of Environmental, Social, and Governance (ESG) principles and is recognised as a key enabler of the value chain strategy.

Lion's structured ESG journey commenced in FY 2023, drawing inspiration from leading practices across the global alcoholic beverage industry. This benchmarking exercise enabled the Company to develop a road map tailored to its operating context, stakeholder expectations, and strategic ambitions, culminating in the introduction of a formal ESG framework in March 2023.

Built around four pillars — Lead, Innovate, Optimise, and Nurture — the framework serves as a foundational element of Lion's 2030 Business Plan. It reflects a holistic approach to managing both immediate operational impacts and longer-term sustainability-related risks and opportunities, while supporting the future-readiness of the business.

Through this framework, sustainability considerations are integrated into decision-making processes across the organisation, supporting responsible growth, operational excellence, stakeholder value creation, and long-term resilience.

Lion's sustainability journey to date

FY 2023	FY 2024	FY 2025	FY 2026
Functions, frameworks and internal assessments	**Develop strategy goals and actions**	**Sustainability reporting and stakeholder communication**	**Sustainability reporting and stakeholder communication**
Sustainability function reporting to CEO and establishing of ESG framework	Attend to identified gaps and improvements	Understanding reporting requirements for integrated reporting	Understanding reporting requirements for SLFRS S1 and S2 transition
Carry out benchmarking and gap audit	Establish specific high level corporate goals and related actions	Assessment of company ESG data and formal publication	Monitoring of goals and actions
Establish materialities	Provide resource requirements in terms of funding and personnel	Develop suitability led partnerships	Enhance partnerships to drive aspects of ESG beyond manufacturing entity

Governance and oversight structure

GRI: 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-17, 2-18, 2-22, 2-23, 2-24

Lion's sustainability efforts are guided by a dedicated ESG Committee comprising 13 members including 11 Executive Committee (EXCO) members. This structure ensures strong alignment with operational priorities. The Committee also includes one non-EXCO Board representative, providing strategic oversight while maintaining execution agility. This structure reflects an internal commitment to ESG, embedded within the highest levels of management.

Chaired by the CEO and operating under a formal Charter, the ESG Committee convened four times during the year under review. The Committee oversees the setting of ESG targets, ensuring alignment with strategic priorities, and monitors progress against established performance indicators. Where appropriate, ESG-related performance measures are incorporated into management performance evaluations and remuneration structures to reinforce accountability.

The Committee also oversees the integration of climate-related risks and opportunities into its evaluation of major transactions and risk management processes by assessing their financial, operational, and strategic implications. With input from the Chief Financial Officer (CFO), the Committee evaluates key trade-offs, including short-term costs versus long-term resilience and value creation. These considerations are embedded within risk management frameworks and policies to support balanced decision-making and alignment between sustainability objectives and business performance.

Execution responsibility for ESG-related initiatives is delegated to the Chief Sustainability Officer (CSO), who serves as the management-level lead for climate and broader ESG initiatives. The CSO works closely with Heads of Departments and their respective teams, while the ESG Committee retains operational level oversight through regular reporting and performance reviews.

Management applies established controls, including KPI monitoring and risk assessments, integrated into existing functions such as risk management, finance, and operations to ensure effective oversight of climate-related risks and opportunities. Board-level oversight of risks and opportunities is exercised through both the Audit Committee and the Board of Directors. During the year, the Audit Committee received biannual updates on key Material Topics including the CRRO, while the Board was updated on three occasions.

In addition, a special Board meeting was convened following Cyclone Ditwah to appraise Directors on the impact of the incident and obtain approval for the proposed response and related resource allocations. The Company's sustainability budget was reviewed and endorsed by the ESG Committee, including the Chief Financial Officer, prior to its integration into the annual budget submitted for Board approval.

Roles, responsibilities and capability

Board of Directors

The Board is committed to upholding high standards of ethics and corporate conduct, ensuring that robust governance practices underpin all aspects of Lion's operations. This includes setting strategic direction and undertaking periodic reviews, as well as identifying and managing principal risks and opportunities. The Board also reviews the adequacy and integrity of its internal control system, while ensuring appropriate financial planning and reporting frameworks are in place. In fulfilling its accountability to shareholders, governance practices are regularly evaluated and refined to remain effective and responsive to evolving requirements.

Audit Committee

The Committee ensures that a robust internal audit function is in place to support the effective review of internal controls, compliance, and governance processes. It also oversees the assessment of key business risks and opportunities and exercises due diligence in safeguarding the integrity of the Company's Financial Statements, performance-related disclosures, and compliance monitoring and reporting mechanisms.

ESG Committee

The ESG Committee is responsible for reviewing the Company's strategy in relation to ESG matters, and for considering and recommending ESG-related policies, practices, and disclosures that align with the overall business strategy while mitigating emerging ESG concerns which may impact the Company's operations, performance, or public image, and are pertinent to its stakeholders. In addition, it reviews and assesses its charter on an annual basis, recommending changes where necessary, and undertakes such other duties and responsibilities as may be assigned by the Board of Directors and the Audit Committee from time to time in relation to ESG matters.

Skills and experience: Board of Directors and the ESG Committee

Skill type	Skill and experience – Board	Skill and experience – ESG Committee	Description	Relevance to entity
Manufacturing and Supply Chain Operations	1 / 9 / 3	3 / 8 / 1	Experience in the management of FMCG manufacturing operations	Provides insight towards driving operational excellence
Consumer Sales and Marketing	3 / 7 / 3	5 / 6 / 1	Experience in FMCG sales, marketing, brand building with emphasis on the alcobev industry	Provide local and global best practices towards brand building and driving customer centricity
Financial Expertise	5 / 7 / 1	3 / 6 / 3	Experience in corporate finance	Ensure financial acumen is deployed towards driving profitability and financial resilience
Governance and Risk Management	4 / 8 / 1	5 / 6 / 1	Experience in local company law and the functions of audit and compliance	Ensure due oversight towards compliance and due diligence in operations and investments
ESG and Sustainability	11 / 2	2 / 9 / 1	Experience in the role of sustainability and ESG	Supporting the use of ESG as a lever in compliance and building of the corporate brand
Human Capital Management	2 / 10 / 1	3 / 9	Experience in managing teams and driving corporate culture	Ensuring proper succession and resource planning towards driving the employer brand
Digitisation	1 / 9 / 3	7 / 5	Experience and/or exposure to best practice in cybersecurity and digitisation initiatives at organisational level	Support the digitisation journey towards driving efficiency, data-driven analytics and integrity of information

- Knowledge and working experience as Functional Lead
- Knowledge and experience as part of an Executive Management Team
- Awareness

Operationalisation of policies and standards

Lion has implemented a comprehensive suite of policies that guide the operations and reflect its commitment to strong governance, transparency, and responsible business practices (refer page 109 for further details). They are publicly accessible through the Company's website and are subject to periodic review to ensure their continued relevance, adequacy, and effectiveness.

As part of its broader ESG approach, these policies are reinforced through standard operating procedures (SOPs), robust risk management practices, and a clearly defined governance structure. Together, these elements support compliance with applicable country laws and regulations while aligning operations with internationally recognised standards and best practices.

In addition, Lion maintains certification to a range of globally recognised management systems and sector-specific standards, including:

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

Enterprise risk and opportunity management

GRI: 2-16, 2-29, 3-1, 3-2, 3-3, 201-2, 207-1, 207-2, 207-3

This forms a fundamental component of Lion's broader governance framework, supporting operational stability, business continuity, and the delivery of sustained stakeholder value.

The Company's approach is embedded across the organisation and is designed to identify, assess, monitor, and respond to key risks and opportunities that may influence business performance, reputation, and long-term growth. Closely aligned with strategic priorities, the framework enables continued awareness within a dynamic operating landscape, ensuring a forward-looking response to emerging business challenges while retaining the flexibility to pursue new opportunities.

Strong emphasis is placed on safeguarding brand equity, recognised as a critical asset, through the integration of risk awareness and accountability into day-to-day operations. By cultivating an environment that supports early identification of risks, Lion continues to enhance its ability to manage uncertainty, enhance decision-making, and uphold the confidence of all its stakeholders.

Lion identifies, evaluates, and manages risks through an integrated Enterprise Risk Management (ERM) framework. This is applied consistently across the organisation and is aligned to the Company's risk assessment methodology and governance structure.

Sustainability-related risks and opportunities, including climate-related matters, are embedded within the Company's broader risk governance structure rather than being managed in isolation. This ensures that climate considerations are evaluated alongside strategic, operational, financial, and compliance-related risks.

Identification and evaluation of risks

Lion's risk management framework is supported by a structured set of inputs and parameters that enable consistent risk identification and evaluation across the organisation.

Key inputs include financial and operational data, internal risk registers and asset-level assessments, industry and market developments, regulatory and compliance updates, stakeholder feedback, and sustainability-related performance indicators relating to environmental and operational metrics.

These inputs are assessed across defined risk categories that form the foundation for how risks are identified, assessed, and managed, ensuring that risks are systematically integrated into enterprise-wide risk processes.

Stakeholder group	Medium of engagement	Key concerns raised by stakeholders	Our response
Shareholders	• Annual General Meeting • Annual Report • Quarterly results via CSE • Response to queries • Website and digital communication	• Sustaining cash flow generation across both domestic and export operations remains challenging amid rising cost pressures from excise duty increases, escalating raw material prices, and currency fluctuations. This, in turn, constrains the Company's capacity to reinvest in growth initiatives and deliver returns to shareholders	• Continue emphasis on operational efficiency, innovation, and cost optimisation, supported by disciplined risk management and robust governance practices, to drive sustainable value creation • Engaged in multiple sourcing options to mitigate material and finished product availability risks both for the domestic market and the international business operations
Regulators	• Regulatory reporting • Participation in business forums • Annual report • Website and corporate digital communications	• Regulatory related revenue • Effectiveness of governance structures	• Continue to adhere to regulatory compliance requirements • Request the authorities to facilitate the ease of doing business while also supporting development of export market potential which is supportive of revenue to government

Our Approach to Sustainability

Stakeholder group	Medium of engagement	Key concerns raised by stakeholders	Our response
Business Partners	• Business discussions • Annual report • Quarterly results via CSE • Website and corporate digital communications	• Growth opportunities within the prevailing macroeconomic environment.	• Continue to work collaboratively with business partners to reinforce the business model, driving business continuity and sustainable value creation.
Vendors and Service Providers	• Annual supplier audits • Onboarding training (as needed) • EHS training (as needed)	• Consistency in order volumes • Opportunities for business expansion • Ongoing cost pressures across the supplier base • Timely payments to support supplier cash flow management	• Build and sustain strong vendor partnerships • Facilitate knowledge sharing to drive efficiency, cost optimisation and improved recycling and reuse initiatives • Refer "Social and Relationship Capital" on page 070.
Customers and Consumers	• Market feedback • Product labels • Consumer feedback • Complaints mechanism • Website and corporate digital communications	• Pricing that supports affordability • Availability of technical and product safety information • Transparent terms and conditions of sale • Expanded product choice and value offerings	• Continue to innovate product offerings towards a wider choice while maintaining product quality and standards • Refer "Social and Relationship Capital" on page 070.
Employees	• Annual performance appraisal • Periodic internal and external surveys • Lion People Connect • CEO Connect • Coffee with CEO • Training and development activities • Wellness, sports, recreation, cultural activities and staff recognition events • Formal internal comms groups which operate via email and WhatsApp • Website and corporate digital communication	• Equitable pay, benefits and development opportunities • Remuneration aligned with cost-of-living pressures • Safe and healthy work environment • Long-term career progression	• Continue to cultivate an empowering workplace that supports employees and their dependents, while enabling continuous personal and professional growth • Refer "Human Capital" on page 077.

The direct manufacturing-related ISO standards are managed through an integrated management system and provide a structured framework for governance. This enables operational synergies, while fostering a more cross-functional approach to problem-solving and continuous improvement. Risks and opportunities that exceed the control capability of the operational-level system, are escalated to the ESG Committee.

Each identified risk is evaluated based on its potential impact and likelihood of occurrence, enabling a clear understanding of its significance. The likelihood assessment may draw on historical incident data, current trends, and, where available, qualitative forecasting information. The magnitude of the impact is assessed across operational, environmental, and reputational dimensions, incorporating quantitative estimates where feasible, together with the potential cumulative financial implications on cash flow, access to finance, and cost of capital. Through this prioritisation process, attention and resources are directed towards the most critical areas. This structured assessment supports timely and informed responses, enhancing the Organisation's ability to address risks at an early stage and reduce the likelihood of material impact on the business.

Monitoring and reporting

As part of its continuous improvement approach, Lion reviews and updates its material topics every two years, or earlier where necessary. These assessments are subsequently reviewed and validated by the ESG Committee, Audit Committee, and Board in the context of their potential impact on the Board-approved 2030 Plan. This process facilitates effective oversight while enabling the approval of resources required to support the growth strategy, financial stability and long-term business continuity. Approved actions are communicated to the relevant functional heads through meeting minutes issued by the Board Secretaries. These actions, in turn form the basis for implementation and for updating existing registers, SOPs, and Policies.

The materiality assessment for FY 2026 was conducted by a cross-functional team. The impacts of adverse weather events were considered under the material topic of "Climate Change" while the topics of "Sustainable Packaging" and "Waste Management and Circularity" were consolidated as "Resource Utilisation and Circularity", reflecting the commonalities and synergies in their management approach.

As part of its ongoing sustainability reporting journey, Lion continues to strengthen the integration of climate-related risks into its risk management processes. The Company is progressively enhancing its assessment capabilities through improved data quality and stronger linkage to financial and operational outcomes. Going forward, Lion aims to further embed climate-related considerations into decision-making processes and provide more comprehensive disclosures, including clearer visibility of financial impacts and value chain exposures.

Mitigation strategies for identified risks

Risk responses are designed to avoid, minimise, transfer, or, where appropriate, accept identified exposures. These measures may involve enhancing operational processes, reinforcing financial controls, or implementing targeted strategic initiatives to reduce potential impact. By embedding risk considerations into routine decision-making, alignment is maintained with defined risk appetite and overarching business objectives. This proactive approach supports effective management of uncertainty while preserving the flexibility required to respond to emerging opportunities.

To support effective implementation, risk management and sustainability awareness are embedded across the Organisation. Training on sustainability-related risks and processes is provided through induction programmes and targeted sessions, with 99.0% of personnel having undergone such training.

The ESG Committee, Audit Committee, and Board have also been updated on the requirements of the SLFRS S1 and SLFRS S2 standards, and personnel directly involved in disclosures have participated in external seminars and gap audit discussions to facilitate knowledge transfer.

The Company adopts a structured approach to risk management, distinguishing between principal business risks and material topics that carry a stronger ESG dimension. The sections below outline the key business risks that may impact operations and performance. Materialities from an ESG perspective and Climate-Related Risks and Opportunities (CRROs) are addressed thereafter (page 043).

Key business risks

Risks	Impact	Mitigation strategies
Global developments and supply chain instability	Global developments, including geopolitical tensions, public health crises, natural disasters, economic instability, and regulatory changes, may affect the timely availability of critical raw materials and packaging inputs. Given the Company's reliance on international suppliers, such disruptions may result in extended lead times, interruptions to production schedules, and increased input costs, including freight and material price volatility. These factors may place pressure on operational continuity and margins, with consequent implications for profitability.	The Company continues to strengthen supply chain resilience through a diversified sourcing strategy, supported by established relationships with suppliers across multiple regions. Ongoing monitoring of global developments enables early identification of potential disruptions and timely response. Strategic inventory buffers are maintained where appropriate to manage supply uncertainty, while efforts to expand the local supplier base are being pursued to reduce reliance on imports and enhance long-term cost stability and local value addition.
Domestic market conditions and economic risks	Heightened volatility in the macroeconomic environment in Sri Lanka may result in increased input costs and shifts in consumer spending behaviour. Rising living expenses and higher indirect taxation can place pressure on disposable income, with potential implications for demand levels. These conditions may, in turn, affect profitability and market share.	Macroeconomic conditions are closely monitored to enable timely adjustments to pricing strategies in response to prevailing market dynamics. At the same time, ongoing operational efficiency initiatives, support effective cost management and help sustain margins. Lion also continues to align its product portfolio with evolving consumer purchasing patterns, ensuring that its offerings remain relevant and competitive in a changing environment.
Taxation framework and tariff exposure	Changes in import tariffs and cross-border taxation policies across key international markets may impact pricing competitiveness, cost structures, and demand for export products. Increases in tariffs or shifts in trade policies can raise landed costs, compress margins, and affect market access in certain jurisdictions. These dynamics may also introduce volatility in demand and impact the Company's ability to sustain growth across its international portfolio.	The Company continues to monitor global trade developments and engage with relevant stakeholders to anticipate and respond to changes in tariff regimes. The export portfolio spans 18 markets across three key geographic regions, providing a diversified revenue base. This breadth of exposure is being developed to reduce reliance on any single market and also helps mitigate the impact of changes in taxation or tariff regimes within individual jurisdictions. In parallel, the Company continues to manage its production cost base through ongoing efficiency initiatives, while also exploring alternative manufacturing locations to enhance flexibility and competitiveness in different markets.
Changes to policies and regulatory frameworks	Frequent changes in policies and regulatory frameworks, together with increasing complexity in compliance requirements, may adversely affect the ease of doing business. This may impact the predictability of the operating environment, delay investment planning, and extend the payback period of capital investments. In certain instances, they may also affect business continuity and long-term value realisation from strategic investments.	Lion maintains active monitoring of policy and regulatory developments to ensure early awareness of potential changes and their implications. The Company also participates in relevant industry and technical forums to contribute constructively towards the development of balanced, practical, and predictable policy frameworks that support both industry sustainability and Government objectives.

Risks	Impact	Mitigation strategies
Evolving consumer preferences and competitive market dynamics	Shifts in consumer preferences, including increasing demand for premium, low-alcohol, and non-alcoholic products, may impact the Company's ability to remain competitive across regulated markets. Failure to respond effectively could result in loss of market presence, reduced brand relevance, and slower revenue growth in both existing and new markets.	The Company continues to invest in innovation, portfolio expansion, and product diversification to meet evolving consumer needs. A focused premiumisation strategy is pursued to cater to aspirational consumption trends, while the development of low-alcohol offerings enables participation in markets where such segments are growing. These initiatives are supported by ongoing market insights and agile route-to-market strategies to enhance competitiveness.
Strategic implementation risk	Challenges in executing planned growth initiatives may arise from delays, resource constraints, or insufficient alignment across business units. Such factors can limit the effective delivery of strategic priorities, resulting in missed opportunities, reduced operational efficiency, and weaker financial outcomes. Over time, this may also affect reputation and erode stakeholder confidence.	This risk is addressed through the promotion of a culture which emphasises continuous improvement, innovation, and accountability across the Organisation. Investments are directed towards product development and market expansion, alongside focused efforts to attract, develop, and retain the talent required to deliver on strategic priorities. Clarity in the articulation of strategy is reinforced through well-defined roles and responsibilities, aligned performance indicators, and structured reward and recognition frameworks. These mechanisms support a strong sense of ownership while encouraging accountability at both individual and team levels.
Financial stability and risk management	Exposure to fluctuations in foreign exchange rates, particularly in relation to imports of raw and packaging materials and capital equipment, may have a direct impact on cost structures and margin performance. Variability in interest rates can also influence borrowing costs and affect the viability of future investment decisions. In addition, periods of constrained liquidity, especially during broader economic downturns, may limit the Company's ability to meet short-term financial obligations or pursue strategic growth initiatives in a timely manner.	Lion adopts a disciplined approach to financial management, supported by structured planning and continuous monitoring of market developments. Access to a range of funding sources is maintained to support financial flexibility, while hedging mechanisms are utilised to manage exposure to foreign exchange movements and interest rate fluctuations. In parallel, organisation-wide initiatives focused on cost efficiency and working capital management contribute to strengthening cash generation and preserving liquidity. These measures support the maintenance of adequate reserves and enhance the Company's ability to remain resilient in a volatile economic environment.

ESG materialities

Value chain impact (Refer to the Value Chain on page 008 for further details.)	U = Upstream | C = Conversion | D = Downstream
Potential impact	Financial (cost impact) Operational (shortage of which can result in stoppage or inefficiencies) Reputational (impact to corporate and brand equity)

Materiality	U	C	D	Aspects	Mitigation	Standards and measures	Potential impacts	Integrated reporting capital
Environment								
Energy and greenhouse gas emission	X	X	X	Fossil fuel availability, cost and the development of clean energy alternatives present both risks and opportunities. Consumer sentiment, as well as carbon-related and other cross-border taxation measures, may also emerge as factors that may impact market entry moving forward and are currently being evaluated prior to any further classification	Investment in energy-efficient equipment and clean energy solutions is being pursued, while also improving resource utilisation through planning and continuous improvement. This is driven through fuel and energy indices linked to remuneration.	ISO 14001 ISO 50001 internally derived energy index for furnace fuel and electricity	**GEF impact:** (6) Natural Resource Shortages (10) Pollution **Org impact:** Financial Operational	Natural
Water stewardship	X	X		Changes in water availability, as well as the costs associated with the management and treatment of water and wastewater may evolve and are currently being further evaluated prior to any further classification	Investment in water-efficient equipment and the development of efficient water and wastewater management in operations. This is linked to water indices tied to remuneration.	ISO 14001 Internally derived Water index	**GEF impact:** (6) Natural Resource Shortages (10) Pollution **Org impact:** Financial Reputational Operational	Natural
Resource utilisation and circularity	X	X	X	Scarcity of materials, along with related price increases, as well as changes in regulations and tariffs associated with waste, are the main areas of concern. Opportunities to drive waste-to-value through recycling and/or upcycling are also important aspects to consider.	Optimisation of incoming materials and handling within operations is prioritised to minimise waste, with performance being KPI-driven and linked to remuneration. Focused projects to drive waste-to-value also form part of the current agenda.	ISO 14001 Internally derived Production loss indexes	**GEF impact:** (6) Natural Resource Shortages (10) Pollution **Org impact:** Financial Reputational Operational	Natural

Materiality	U	C	D	Aspects	Mitigation	Standards and measures	Potential impacts	Integrated reporting capital
Climate change (CRRO 01)	X	X	X	A significant issue arising from the multiple effects of climate change on the business, is the increase in extreme weather events, particularly flooding. This can impact the facility, distribution, as well as upstream raw material supply and downstream off-take. This is detailed further in the CRRO discussion	Investment in forecasting and modelling is undertaken to future-proof the facility, alongside a key focus on route-to-market strategies to minimise weather-related disruptions to product availability at retail.	Meeting flood defence preparedness	**GEF impact:** (1) Extreme weather events **Org impact:** Financial Operational	Natural | Manufactured
Social								
Responsible sourcing	X	X		Suppliers of materials and services are required to meet the Organisation's ESG expectations to ensure that its reputation is not compromised.	Supplier onboarding process, KYC, and supplier audits are conducted at materials supplier locations, while the onboarding and training of on-premise service providers remain key aspects of addressing this area.	SEDEX Monitoring supplier compliance	**Org impact:** Operational Reputational	Social and Relationship
Occupational health and safety		X	X	Incidents which result in injury or fatality must be avoided, as well as damage to assets that may arise from events such as fire or the accidental discharge of materials.	Induction and follow-up training, the provision of a safe working environment, appropriate signage, and PPE, along with constant inspections, are implemented to create awareness so that safety and wellness become internalised in behaviour, and individuals take personal responsibility for safety.	ISO 45001, SEDEX, GPTW LTA and Accident Index	**GEF impact:** (28) Decline in health and well-being **Org impact:** Reputational Financial	Human | Manufactured
Human capital management		X		Availability of a suitably skilled workforce, coupled with situational attrition, contributes to organisational instability, while morale influences productivity.	Ensuring clear KPIs, a robust and transparent appraisal system linked to attractive reward and remuneration remains at the heart of this system. Significant investments are made in training and development not only for key talent but also towards upskilling the workforce, which is supportive of retention and productivity.	GPTW Score	**GEF impact:** (28) Talent and or labour shortages **Org impact:** Operational	Human
Product quality safety and transparency	X	X	X	Variation in quality can lead to consumer rejection, while non-compliance or significant product defects may result in product recalls, litigation, loss of brand equity, and loss of consumer trust.	A stringent sampling plan based on quality and food safety control and assurance is in place, extending from incoming materials through conversion and ending with trade quality. Defects per million opportunities and quality indexes are pivotal in meeting the requirements of this area.	ISO 22000 DPMO, Internal Quality indexes Awards	**Org impact:** Reputational Operational Financial	Intellectual | Social and Relationship

Our Approach to Sustainability

Materiality	U	C	D	Aspects	Mitigation	Standards and measures	Potential impacts	Integrated reporting capital
Community and economic development	X	X	X	Corporate social responsibility necessitates active engagement from both internal and external stakeholders. This, in turn, influences corporate and employer brand equity and may contribute to polarization between the industry and its operational communities.	Lion seeks to create meaningful social value through community-focused initiatives. Lion's efforts are centred on driving waste-to-value solutions, managing the environmental footprint, and actively participating in national and local clean-up and waste segregation programmes. In addition to Company-led initiatives, Lion supports these efforts through the Lion Nation Foundation (Guarantee) Limited (LNF). The Foundation's activities are structured around three core focus areas – Water, Waste, and Knowledge – reflecting a long-term commitment to environmental stewardship.		**GEF impact:** (28) Societal polarisation **Org impact:** Reputational	Social and Relationship
Responsible consumption			X	The misuse of alcohol and negative behaviours by a minority can contribute to broader social issues.	Given the regulatory framework, which significantly limits direct consumer communication, providing responsible consumption messaging on product labelling and at the point of sale remains the primary approach. While the local market maintains a minimum threshold of 4.0% ABV, posing a barrier to offering lower and non-alcohol alternatives, Lion is actively pursuing these opportunities in international markets where regulations permit such products and consumer demand continues to grow.	Voluntary signage	**Org impact:** Reputational	Social and Relationship
Governance								
Cybersecurity	X	X	X	With growing dependence on and migration to digital systems, incidents of data breaches and/or corruption can result in both operational and reputational issues, against the backdrop of increasingly stringent personal data protection policies.	Investments in updated systems and processes, alongside efforts to drive user awareness and accountability through training and simulations, remain at the forefront of risk mitigation. In the event of a breach, established processes to contain the incident and restore systems form an integral part of the existing framework.	ISO 27001	**GEF impact:** (9) Cyber insecurity **Org impact:** Operational Reputational Financial	Intellectual | Manufactured

Materiality	U	C	D	Aspects	Mitigation	Standards and Measures	Potential impacts	Integrated reporting Capital
Compliant business conduct and ethical behaviour	X	X	X	Breaches of compliance can result in the loss of licences required to operate, as well as litigation, fines, and reputational damage, ultimately impacting brand equity.	Upholding strong ethical standards is a key pillar of Lion's ESG philosophy. The Board fosters a culture of integrity through a structured framework encompassing a Code of Conduct, compliance policies, and standard operating procedures that guide behaviour across the Company. All employees are introduced to this framework during onboarding, with ESG and ethics training embedded within the Company's learning agenda. To strengthen social compliance, Lion continues to undergo third-party SEDEX audits in line with SMETA 4-Pillar 7.0 standards. Lion ensures compliance across all operating facilities and processes based on best practices, established policies, and applicable documentation and test reports. Compliance is further reinforced through internal and external audits, serving as a second line of control. In addition, induction-level and ongoing training on compliance are provided to staff, while adherence to compliance requirements forms part of contractual agreements with vendors.	SMETA Internal training coverage	**GEF impact:** (29) Crime and illicit economic activity **Org impact:** Reputational Operational Financial	Social and Relationship
Economic impact and taxation	X	X	X	Taxation remains the most significant cost component of the product, affecting consumer pricing and affordability, and consequently impacting organisational profitability.	Timely tax payments, along with participation in relevant regulatory and financial stakeholder forums to advocate for an equitable and affordable taxation structure and operating environment, remain core to continuity of operations		**GEF impact:** (31) Inflation **Org impact:** Financial Operational	Social and Relationship

Source: GEF: Global Economic Forum (10-year risk) https://www.weforum.org/publications/global-risks-report-2026/digest/

Note: "Integrated reporting capitals" alignment as per ACCA Integrated reporting and performance management (Integrated reporting and performance management | ACCA Global)

Climate-related risks and opportunities (CRRO)

Name of risk/opportunity	Extreme weather events
Type	Physical (Acute)
Time horizon	Short, Medium and Long term
Value chain impact	Across the entire chain
Governing policies	ESG Policy, Environmental Policy
Adopted standards/Compliance and resilience audits	ISO 14001: 2015, Climate Change and Flood Hazard Report CDR International B.V.

Characterisation of the CRROs

The effects of climate change are impacting organisations and communities across the globe, with consequences also evident in Sri Lanka, as demonstrated by the impacts of Cyclone Ditwah. Unlike many other risks, these impacts cut across the entire value chain and may have far-reaching consequences if global mitigation efforts do not accelerate.

These effects range from direct operational costs and supply chain disruptions to broader business continuity risks. The impacts are highly interlinked, making parameter-wise quantification challenging. Accordingly, the Company presents these effects qualitatively, indicating where potential effects are expected to arise.

Inputs for the characterisation of CRROs

The World Economic Forum Risk Report 2025 identifies extreme weather events (a primary manifestation of climate change) as the second-highest risk over the next two years, rising to the highest risk over a 10-year horizon. The World Meteorological Organization's Global Annual to Decadal Climate Update (2025–2029) and its State of the Climate in Asia 2024 reports also highlight the increased probability of extreme weather events.

Inputs have also been drawn from CDR International Netherlands (a brewery-commissioned assignment focused on risk mitigation for its manufacturing location in Biyagama), which carried out a climate change assessment using IPCC AR6 (the Sixth Assessment Report covering physical science, impacts/ adaptation, mitigation, and synthesis of climate change). This assessment uses five illustrative, CMIP6-based scenarios built from Shared Socioeconomic Pathways (SSPs), which combine socio-economic storylines with 2100 radiative forcing levels to explore plausible futures.

Mid-century (2041–2060 ≈ 2050) global warming levels (relative to 1850–1900) were used, with SSP2-4.5 (1.6–2.5°C) and SSP3-7.0 (1.7–2.6°C) selected to represent a realistic policy range without relying on highly optimistic or extreme assumptions. A 2050 planning horizon was adopted as it aligns with asset lifetimes and mid-century targets, while matching AR6's mid-term window, where projections and downscaling remain comparatively robust for actionable design.

The modelling incorporated site-specific data, including precipitation records, river discharge and water level data from the Department of Irrigation of Sri Lanka, LiDAR datasets from the Survey Department of Sri Lanka, topographic information from the Copernicus COP30 Digital Elevation Model (DEM), land-use data from the Copernicus 2021 Land Cover Dataset, and climate projections sourced from the World Bank Climate Knowledge Portal.

These datasets, together with operational experience and learnings from previous weather-related incidents, have been used to characterise the risk and to develop mitigation measures, where possible, to ensure business continuity.

Areas of impact

		Term		
Cause	Risk	Short 1-3Y	Medium 3-5Y	Long >5Y
Adverse rainfall (which includes excess and unpredictability)	**Flooding of manufacturing facility** Possible loss of production	Low	Low	Low
	Managing finished goods and distribution Potential flooding of access routes to the factory, storage locations, retail locations, resulting in supply chain disruptions and stock damage	Moderate	Moderate	High
	Agri-based upstream product shortage Resulting in cost escalation and disruption to the supply chain	Low	Moderate	Moderate
	Increasing cost and insurability of the plant due to flooding	Low	Low	Low
	Disruption to consumer income and purchase patterns resulting in reduced offtake	Moderate	Moderate	High

Low risk **Moderate risk** **High risk**

Actions taken to manage risk and optimise opportunity

Risk	Actions	Frequency	Expected outcome
Flooding of manufacturing facility	• The recommendations of the 2017 flood resilience study have been carried out and were revalidated by a follow up study in 2025 which proposes further improvements. • Assumptions and models are periodically revalidated to support the enhancement of defence measures.	10 years	• Resilience of the manufacturing plant and overall business continuity. • In line with the report of 2026, the implementation of improvement measures to further strengthen defences is expected to reduce the likelihood of overtopping under climate change 2050 scenarios.
Managing finished goods distribution	Based on seasonal rainfall patterns or adverse weather warnings, higher stock levels are maintained at external warehouses.	Biannual or as per intervention	• Ensure retail stock width and depth are maintained.
	• Ensure distribution channels maintain access to markets. • Assess both new and existing distribution points for preparedness against adverse weather conditions.	Continuous	• Ensure all distribution points have multiple access routes and are situated in safe zones.
Agri-based upstream product shortage	• Assessment of suppliers and diversification of sourcing across geographies. • Exploration of alternative material options.	Continuous	• Minimise dependence on single-source geographies to minimise supply disruption risk. • Identify resilient crop alternatives and build technical capability to transition without impacting product taste and flavour.
Increasing cost and insurability	• Strengthen flood resilience controls to maintain insurance coverage at sustainable premium levels, alongside the regular updating of Business Continuity Plans.	Continuous	• Appropriate processes to be established to ensure continuity of coverage and effective cost management.
Disruption to consumer income and purchase patterns	• Consumer income and purchase patterns following an extreme weather event are influenced by macro-economic factors outside the Company's direct operational control. This risk is therefore managed indirectly through the supply chain continuity, route-to-market preparedness, and finished goods distribution actions described above, which preserve the Company's capacity to serve available demand during and after an adverse event and to thereafter support demand recovery. The financial impact attributable specifically to this risk cannot be meaningfully segregated from broader climate-related demand effects, as noted in the Limits and Assumptions section of this Report.	Continuous during adverse weather	• Maintained route-to-market readiness and product availability to capture demand recovery as normalcy is restored

Allocation of resources and key achievements

Climate-related risks are managed as an overarching enterprise risk under the stewardship of Corporate Affairs, headed by the CEO and governed through the ESG Committee. Monitoring and response to flooding at the facility level are coordinated by a cross-functional crisis management team operating under a predefined Emergency Response SOP. The team utilises inputs from the ArcGIS online system, which provides data on river levels and precipitation within the catchment areas affecting the Kelani River.

Following the flooding incident of 2016, CDR International was commissioned to conduct a flood mitigation study, which was subsequently implemented. This was followed by a second assessment conducted by Enrobe and Singhe in 2024, which validated that the mitigation measures put in place, based on projected adverse weather conditions, were adequate. This was further validated under real conditions during Cyclone Ditwah, where flooding levels exceeded those of 2016 but did not breach the main brewery defences.

Given the frequency and severity of extreme weather incidents since 2024, a second CDR audit was commissioned in September 2025. Its findings incorporated the extreme weather events of November/December 2025, and recommendations have been made to further strengthen the plant's resilience for the 2050 horizon. Investment in the current period amounted to Rs. 20 Mn. for the resilience study, with an additional Rs. 500 Mn. anticipated in FY 2027 to further fortify infrastructure.

Lion adopts a structured and integrated approach to achieving its climate-related targets, embedding them within its overall strategy, risk management, and operational planning processes. Progress is driven through continuous improvement initiatives, aligned investments, and regular performance monitoring

The Company continues to advance its climate transition through scenario-based planning, targeted investments, and evolving operations, informed by key assumptions and dependent on external factors such as regulatory, technological, and supply chain developments.

Financial impact in current period

During the financial year, the Company was affected by Cyclone Ditwah, which had an impact on certain aspects of its operations. However, the primary brewing facility remained fully operational throughout the event, with no damage to critical machinery. The Company attributes this outcome to the effectiveness of the mitigatory measures implemented following the flood incident experienced in 2016.

Losses were however incurred in respect of finished goods and packaging materials held across warehouses and retail locations, as well as damage to certain fixed assets. The total financial impact recognised in the Financial Statements comprises inventory losses of Rs. 613.4 Mn. and fixed asset impairments of Rs. 25.2 Mn.

The Company maintains appropriate insurance coverage in respect of such events, and recovery proceedings are actively in progress with the relevant insurers. Amounts received and receivable under these arrangements have been recognised in the Financial Statements to the extent that recovery has been assessed as virtually certain in accordance with applicable accounting standards.

Changes to existing business model/operational strategy

The Company is also reviewing its finished goods and material storage options to mitigate flood-related impacts, incorporating learnings from the flooding of 2025.

These measures are intended to reduce potential impacts on financial capital through improved insurability and management of insurance costs, on manufactured capital through reduced exposure of raw materials, packaging materials, and finished goods to flood damage, and on social and relationship capital through enhanced continuity of supply and strengthened customer and consumer confidence.

Limits and/or assumptions

The projections are based on current and available data, which may be influenced by the global response to managing climate risk. Accordingly, frequency-based assessments will continue.

Given the inability to predict upstream and downstream disruptions with any level of certainty, particularly in terms of timing, magnitude and duration, meaningful quantification is not possible for certain aspects of climate-related risk. Furthermore, as consumer demand is influenced by factors such as affordability, availability of disposable income, and overall consumer sentiment, a meaningful segregation of costs attributable to each aspect of this risk is also not feasible.

Cross Industry Matrix: Greenhouse gas emissions

GRI: 305-1, 305-2

Lion Brewery (Ceylon) PLC discloses climate-related metrics and performance indicators to enable stakeholders to assess how the Company monitors greenhouse gas (GHG) emissions, which would contribute towards decarbonisation opportunities, mitigation of climate related risks and overall environmental performance in alignment with national and global climate objectives. These metrics reflect the brewery's operational carbon footprint and climate action initiatives, and are aligned with ISO 14064-1:2018 and the GHG Protocol Corporate GHG accounting and reporting Standards.

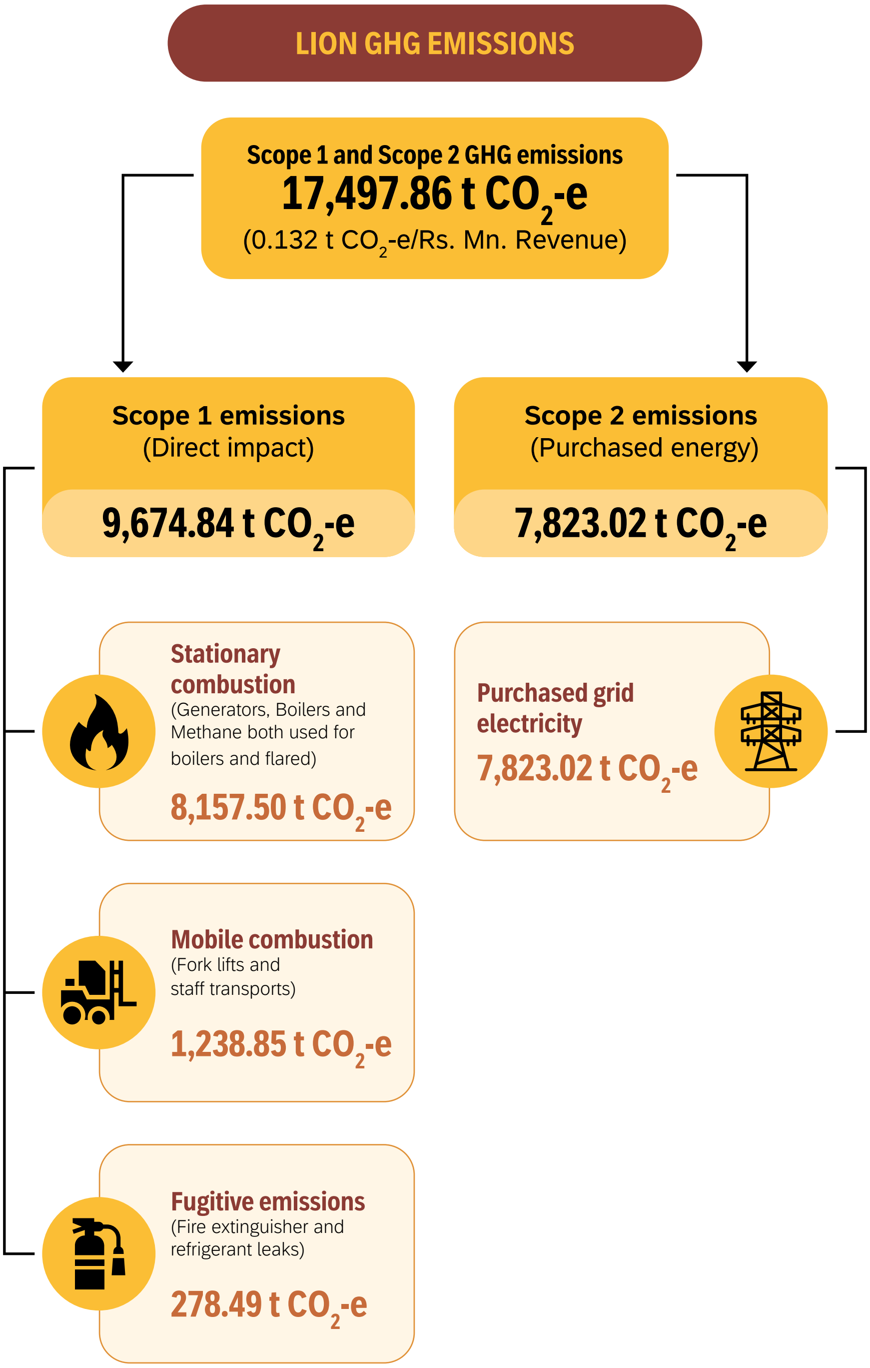
Lion's emissions management strategy is anchored in reducing energy intensity, improving operational efficiency, and embedding sustainability into core production processes. The Company prioritises integrated planning, lean manufacturing principles, and the deployment of energy-efficient technologies to systematically reduce emissions intensity.

1.1 Cross-industry metrics

Greenhouse Gas (GHG) Emissions
Lion Brewery calculates and reports its GHG emissions using the emission-factor method. The disclosures apply to all operations within the operational control boundary at the Biyagama facility, covering Scope 1 and Scope 2 (location-based) emissions. All activity data are extracted from recorded primary data with the verifiable source documents at the facility. Thus, the GHG inventory includes:

- Direct emissions from stationary and mobile fuel combustion (Scope 1)
- Fugitive emissions from refrigerant leakages and CO_2 fire extinguishers (Scope 1)
- Indirect emissions associated with purchased electricity (Scope 2)

Emission factors and secondary data methodologies are aligned with Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories for Scope 1 emission calculations, and the national electricity grid emission factor, accounted and reported in the Sri Lanka Energy Balance published by Sri Lanka Sustainable Energy Authority (SLSEA) for Scope 2 emission calculations.



1.2 Scope-level performance

Scope 1 – Direct emissions

Scope 1 emissions are driven by onsite fuel combustion (furnace oil and biogas for boilers and diesel for generators), directly-pumped staff-transport fuel, refrigerant leakages, and releases from CO_2 fire extinguishers. Furnace-oil boilers remain the dominant Scope 1 contributor.

Independent Verification of Greenhouse Gas Emissions

Lion Brewery's greenhouse gas (GHG) emmissions for the financial year ended 31 March 2026 was independently verified by SGS Lanka (Pvt) Ltd in accordance with ISO 14064-3:2019. The verification covered both direct and indirect emissions quantified and reported in line with ISO 14064-1:2018. Based on the verification procedures performed, SGS concluded that the GHG statement fairly presents, in all material respects, the Company's GHG emissions for the reporting period.

Scope 2 – Purchased electricity

Scope 2 emissions are due to the variations in annual electricity consumption for the manufacturing facility at Biyagama. Continued improvement is expected through renewable-energy integration and energy efficiency improvements in the upcoming years.

Scope	Source category	Activity data source	EF source*
Scope 1	Stationary combustion by boilers, generators	Fuel invoices, logbooks	2006 IPCC AR6 V2_2_Ch2_ Stationary Combustion; Ceypetco fuel properties
Scope 1	Mobile combustion from directly pumped fuel	Fuel invoices, logbooks, distance records	2006 IPCC AR6 V2_3_Ch3_Mobile_ Combustion; Ceypetco fuel properties
Scope 1	Fugitive emissions	A/C and cooler service logs CO_2 fire extinguisher records	IPCC (AR6) 2021
Scope 2	Purchased electricity	CEB bills	SLSEA Sri Lanka Energy Balance Report 2022; Location-based only

To reduce GHG intensity and optimise energy use, the Company continues to implement operational best practices, including process heat recovery through condensate return and heat exchanger optimisation for thermal energy and regular monitoring and maintenance of electrical machineries and equipment. Lion also invests in energy-efficient equipment during asset replacement cycles and expansion phases.

In addition, Lion is exploring greater integration of renewable energy as a key opportunity for improvement. Enhancing biogas recovery and shifting from flaring to controlled boiler co-firing are expected to reduce furnace oil consumption, thereby lowering Scope 1 emissions. At the same time, the adoption of solar photovoltaic systems at brewery and warehouse facilities is being explored to offset grid electricity use and reduce reliance on diesel generators during outages, supporting Scope 2 emission reductions.

Way forward

Looking ahead, Lion will continue to strengthen its ESG approach. The Company will maintain a robust framework to identify and manage sustainability-related risks and opportunities, as well as overarching business risks. These efforts align with its 2030 ambitions. Lion will also focus on enhancing the quantification and classification of ESG metrics to support more informed planning and decision-making.

In parallel, efforts will focus on strengthening mitigation actions across key areas. This will strengthen proactive management of physical and transition risks through relevant capital allocation. Lion will also continue to focus on improving operational efficiencies to reduce GHG emissions, while exploring internal carbon pricing mechanisms (which have currently not been established) to support strategic decision-making.

The Company will continue to integrate climate-related performance indicators into remuneration frameworks, in line with its sustainability objectives. Through these initiatives, Lion aims to further embed sustainability into its core operations and drive measurable progress over the medium to long term.

05

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

Global economy

The global economy demonstrated notable resilience during the year, with growth reaching 3.4% year-on-year in 2025, despite a complex and dynamic macroeconomic environment. While trade policy uncertainty and geopolitical tensions persisted, these headwinds were partially offset by a strong investment momentum in technology sectors, particularly artificial intelligence (AI). Investment activity was especially prominent in North America and parts of Asia, where high-tech capital expenditure and semiconductor-related exports supported broader economic activity.

Trade tensions moderated relative to previous years, including a temporary easing of tariff disputes between the United States and China. Although overall effective tariff rates remained elevated, selective removals of sector-specific tariffs helped stabilise global trade flows. Nonetheless, policy uncertainty remained significantly above historical norms, contributing to cautious business sentiment across most regions.

Financial conditions remained broadly accommodative throughout the year, despite volatility in sovereign bond markets and currency fluctuations. Equity market performance became increasingly divergent with major technology firms substantially outperforming broader market indices. AI-related investment continued to support business expansion, although the concentration of growth within a limited number of sectors raised concerns regarding the narrow base of global economic momentum.

Global inflation trends showed signs of stabilisation during the year. Headline inflation declined gradually, supported by easing energy prices and moderating demand pressures. However, regional variations remained evident. Inflation in the United States continued to remain elevated due to strong consumer demand and tariff-related impacts, while Europe and several emerging markets recorded inflation levels that moved closer towards policy targets.

Economic growth momentum also varied across regions. The U.S. economy expanded at a stronger-than-expected pace, supported by government spending and continued investment in technology sectors. China maintained steady growth through policy support measures and strong export performance. Europe on the other hand, experienced slower growth due to structural challenges and elevated energy costs, while many emerging markets outperformed advanced economies, supported by economic reforms and stabilisation measures.

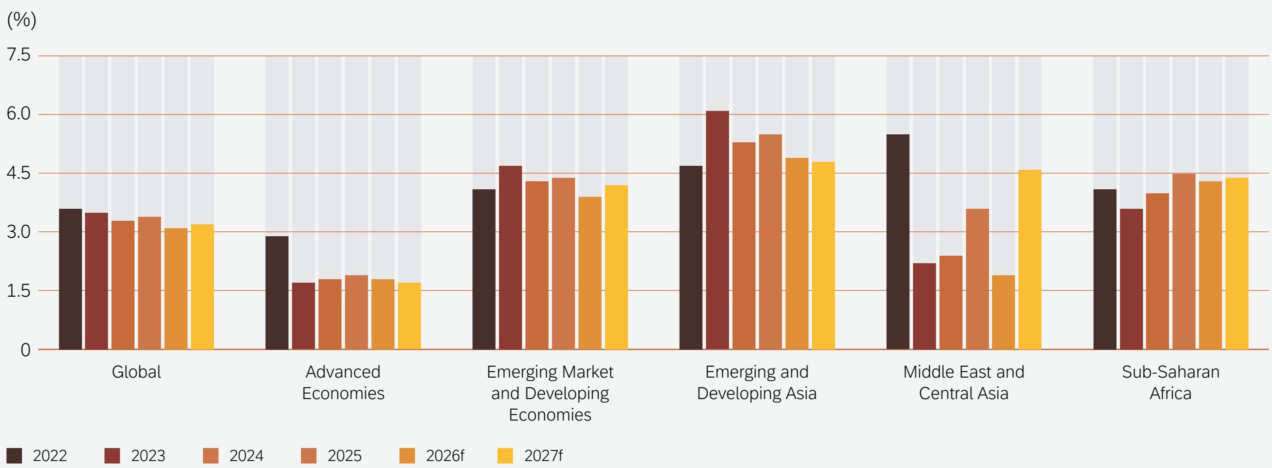
However, recent developments in the Middle-East have introduced renewed uncertainty into global markets, potentially reversing some of the gains achieved during 2025. According to the IMF, assuming the conflict remains short-lived, global growth is expected to slow down to 3.1% in 2026, while global headline inflation is projected to increase to 4.5%, compared to 4.1% in 2025.

Developed economies are expected to demonstrate relative resilience, supported by stronger institutional frameworks and policy buffers, although growth may moderate amid tighter financial conditions and persistent inflationary pressures. Maintaining policy credibility, managing fiscal balances, and navigating evolving trade dynamics are expected to remain critical to sustaining economic stability.

For emerging and developing economies, the IMF highlights a more uneven outlook, with commodity-importing countries particularly exposed to rising energy and food prices, currency depreciation, and tighter financial conditions. These economies are expected to face increased pressure on external balances and fiscal positions, underscoring the importance of prudent macroeconomic management, targeted policy interventions, and strengthened resilience to external shocks.

Despite the challenging global backdrop, the IMF notes that coordinated policy action can continue to support economic growth. Key priorities include maintaining price and financial system stability, safeguarding fiscal discipline, and accelerating structural reforms. Strengthening trade integration, ensuring predictable policy frameworks, and leveraging productivity gains from technology and innovation, will remain critical to sustaining growth momentum amid ongoing geopolitical uncertainty.

Global GDP growth



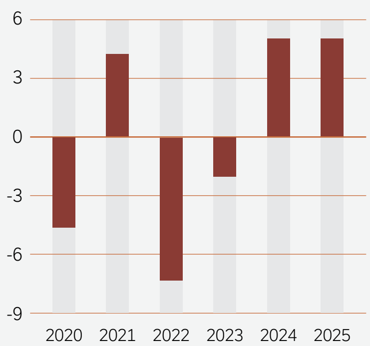
IMF – World Economic Outlook April 2026

Sri Lankan economy

Sri Lanka recorded real GDP growth of 5.0% in 2025, sustaining the recovery momentum observed in the previous year. This expansion was primarily driven by a strong rebound in the services sector, supported by the continued recovery in tourism, increased trade activity and improved mobility.

The industrial sector also contributed positively to growth, reflecting a gradual normalisation of production activities supported by easing supply constraints and improved access to inputs. Meanwhile, agricultural performance remained uneven due to weather-related challenges, although improved input availability relative to prior periods provided some support to output levels.

Sri Lanka GDP growth

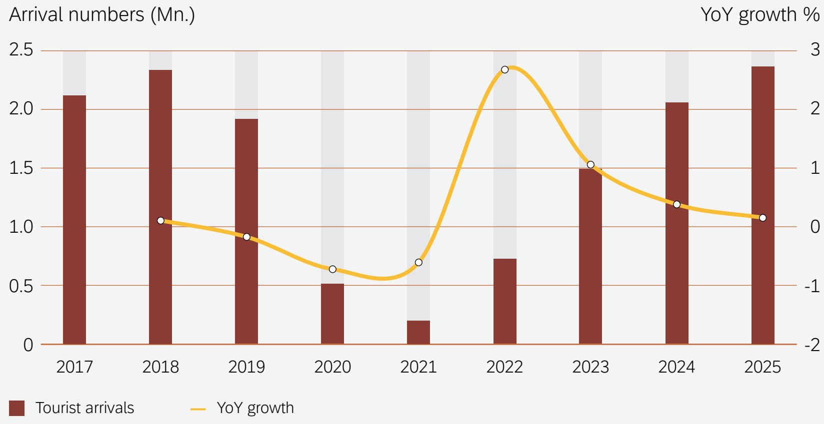


Source: Central Bank of Sri Lanka – Annual Economic Review 2025

The external sector recorded notable improvement during the year, supported by strong recoveries in tourism and worker remittances, both of which contributed to improved foreign currency inflows. Tourist arrivals increased by 15.1% year-on-year to 2.36 Mn. in 2025, generating approximately USD 3.2 Bn. in earnings and reflecting a continued recovery in the sector.

Worker remittances also recorded significant growth, exceeding USD 8.1 Bn. during the year, marking one of the highest inflow levels in recent years. As a result of these inflows, Sri Lanka's gross official foreign reserves strengthened to approximately USD 6.8 Bn. by end-2025.

Sri Lanka tourist arrivals

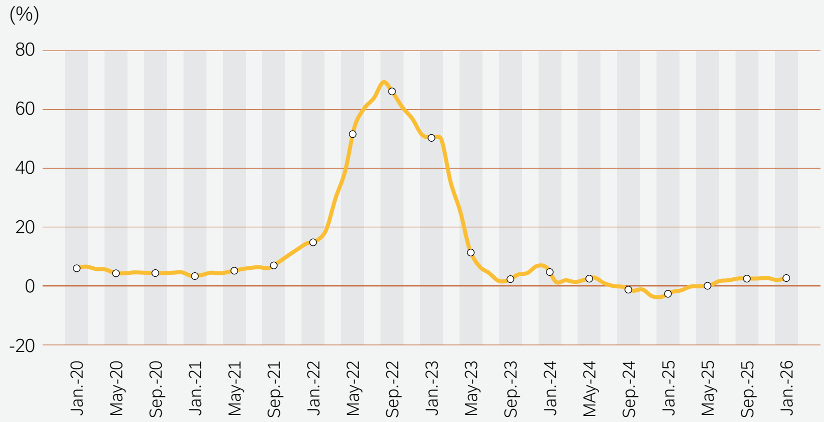


Source: Sri Lanka Tourism Development Authority

Despite these improvements, the Sri Lankan Rupee depreciated 5.9% during the year, driven by increased foreign debt repayments, active reserve accumulation efforts and relaxation of vehicle import restrictions during the year.

Inflation trends during 2025 shifted from a deflationary phase in the first half of the year to low but positive inflation towards year-end, remaining largely below the Central Bank's 5.0% target. However, the impact of Cyclone Ditwah in November 2025 affected several regions across the country, disrupting livelihoods, particularly within vulnerable communities and creating short-term economic strain through infrastructure damage and disruptions to local economic activity. These impacts contributed to temporary supply chain disruptions and crop damage, resulting in an increase in inflationary pressures towards the latter part of the year.

Sri Lanka inflation growth



Source: Central Bank of Sri Lanka

The ongoing programme with the International Monetary Fund remained a key anchor for economic stability, with additional funding tranches disbursed during the year. Continued progress in fiscal consolidation, revenue mobilisation, debt restructuring and structural reforms remains critical to sustaining the recovery momentum and ensuring long-term economic resilience.

While Sri Lanka's economic recovery remained relatively stable throughout 2025, the escalating conflict in the Middle East has introduced additional external risks to the 2026 outlook. As a net importer of fuel, Sri Lanka remains vulnerable to energy price volatility and potential supply chain disruptions, which can inflate freight costs for global sourcing. Furthermore, given that a significant share of worker remittances originate from the Gulf region, any prolonged regional instability could place pressure on foreign exchange inflows.

Although these developments have not materially disrupted the broader recovery trajectory to date, they reinforce the importance of disciplined cost management, prudent macroeconomic policy, and strategic planning in navigating an increasingly uncertain global operating environment.

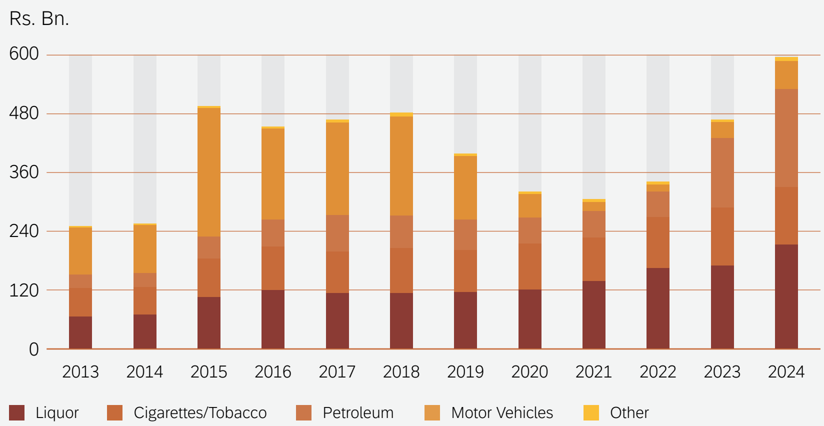
Sri Lankan alcoholic beverage industry

The alcoholic beverage sector remains a significant contributor to government excise revenue and is among the most highly regulated and taxed industries in the country. Market dynamics remain inherently seasonal, with demand closely aligned to key festive periods and peaks in tourism activity. Encouragingly, the continued recovery in tourism supported growth in both tourist arrivals and tourism-related earnings during the year, providing a partial uplift to sector performance.

However, consumer affordability has been significantly impacted by successive excise duty increases implemented since 2023, with cumulative tax levels rising by approximately 88.0% to-date. In the absence of motor vehicle imports between 2020 to mid-2025, the alcoholic beverage sector emerged as the single largest contributor to government tax revenues.

Although no further excise duty increases have been introduced in 2026 thus far, the elevated tax base continues to exert pressure on consumer purchasing power. As a result, volume growth within the formal, regulated alcoholic beverage sector remained constrained, reflecting a shift in consumption patterns driven by price sensitivity and affordability challenges. These conditions have also contributed to a noticeable shift in consumer preference towards lower-taxed alcoholic beverages such as toddy, as well as the unregulated sector.

Excise duty contribution by industry



Source: Ministry of Finance – Annual Report 2024

Despite prevailing industry challenges, regulated operators have continued to drive the evolution of the industry through innovation and the premiumisation of offerings, effectively responding to evolving and diverse consumer preferences.

LOCAL MARKET REVIEW

The Company continues to strengthen the Lion brand through continuous reinvention and innovation, operational efficiency and a deeper understanding of evolving consumer preferences. By expanding choice, enhancing accessibility, and investing in sustainable growth, the Company continues to create long-term value across its portfolio and operations.

Operational excellence and brewing capabilities

The flagship production facility in Biyagama continues to serve as the backbone of the Company's operations, supporting both domestic and international markets through high-quality brewing, operational efficiency, and responsible manufacturing practices.

Over the years, the brewery has evolved through continuous investments in automation, digital integration, and process optimisation, enabling greater agility and consistency across operations. These efforts continue to strengthen production reliability while supporting the Company's long-term growth ambitions within an increasingly dynamic operating environment.

Innovation and consumer-centric growth

During the year under review, the Company further strengthened its focus on portfolio innovation and expanding consumer choice in response to evolving consumption trends and changing affordability dynamics within the market. Amid continued excise-related pressures on the alcoholic beverage sector, innovation remains critical in maintaining category relevance, creating differentiated consumption occasions, and broadening accessibility across consumer segments.

Accordingly, during the year, the Company further expanded its portfolio through several new product launches across the Carlsberg and Lion brands, including Somersby Mango & Lime and Lion Trueborn, alongside a range of craft beer variants introduced for Oktoberfest. The focus remained on strengthening the product innovation pipeline and accelerating market-led development initiatives.

For further details, please refer to our discussions in Intellectual Capital (pages 066-069).

Value accessibility and market relevance

Against the backdrop of continued taxation pressures and constrained consumer purchasing power, the Company remained focused on balancing affordability with product quality.

These initiatives form part of the Company's broader strategy to balance value and volume, while mitigating migration towards unregulated alternatives. Through a combination of pricing innovation, portfolio diversification, and strengthened route-to-market execution, the Company continues to reinforce its competitive positioning across both on-trade and off-trade channels.

Strengthening the Lion master brand

The Lion Master Brand Strategy continues to guide portfolio development and brand communication across the business. The strategy ensures greater consistency across product categories while allowing new launches to benefit from the heritage, trust, and recognition associated with the Lion brand.

During the year, this unified brand architecture continued to strengthen overall brand equity and consumer relevance, while supporting the Company's efforts to build stronger emotional connections with consumers across multiple demographics and consumption occasions.

INTERNATIONAL MARKET REVIEW

Our international growth strategy continues to be driven by disciplined execution across strategic markets, trusted partnerships, and operational excellence, enabling the business to scale efficiently while delivering sustainable value.

The International Business segment continued its strong growth trajectory during the year, supported by a focused strategy centred on operational efficiency, disciplined market expansion and strengthened global partnerships. Following the restructuring of the business in FY 2025, the Company enhanced end-to-end visibility across the value chain from customer engagement through to procurement driving improved coordination, cost optimisation and execution efficiency.

These initiatives, together with targeted cost management programmes, contributed to both volume growth and margin expansion during the year under review. The business recorded strong double-digit volume growth supported by long-standing relationships with strategic partners across multiple continents, while operating across 18 international markets.

These efforts were further recognised through several international accolades, reaffirming the strength of Lion's brands and export capabilities. At the World Beer Awards, the portfolio achieved global distinction, including the title of World's Best Stout & Porter (Tropical Stout of the Year), alongside Gold and Silver awards in the "Taste" category for Stout and Lager products.

Lion Brewery (Ceylon) PLC's CEO, Rajiv Meewakkala, received the Sectoral Award for "Best Exporter – Beverages" at the 27th Presidential Export Awards, held at the BMICH in Colombo.

Africa: Primary growth driver

The region remained the primary growth driver of Lion's international business, supported by strengthened route-to-market capabilities and deeper partnerships with long-standing distributors across the region. During the year, initiatives aimed at enhancing end-to-end visibility across the value chain, combined with targeted cost optimisation measures, contributed to improved operational efficiency and margin expansion. Continued investments in resilient distribution networks and high-performing sales channels enabled broader market reach and stronger execution capabilities. This resulted in strong double digit topline growth within the business.

Africa's expanding population and rising income levels continue to create attractive opportunities for premium beverage brands, supported by East Africa's strategic trade networks and fast-growing economies. With these positive macroeconomic trends, Lion remains focused on positioning its brands as preferred and relevant choices for consumers across the region.

Middle East: Strong potential continues

The Middle East continued to present steady growth opportunities for Lion, underpinned by an established market presence and strong partner relationships. During the year, the Company focused on strengthening supply chain coordination and maintaining consistent product availability, while advancing cost optimisation initiatives to support margins.

Key focus markets in the region continued to include the United Arab Emirates (UAE), Qatar, Bahrain, and Oman with a core consumer base comprising Sri Lankan expatriates, as well as South Asian and East Asian communities residing within these markets.

The region is also characterised by a growing preference for non-alcoholic beverages and low alcoholic beer products, representing a rapidly expanding market opportunity. In response, Lion continues to explore product innovation in this segment.

South Asia: Expanding market opportunities

South Asia continued to demonstrate strong growth momentum, driven by expanding consumer demand and deeper market engagement. During the year, Lion expanded its footprint in the region.

Lion's long-standing global partners from Japan were honoured at the 2025 Summit Awards with the International Business Awards. This recognition celebrates a partnership of over 30 years, built on shared trust, growth, and the successful expansion of Lion's footprint in Japan.

The Company's focus on strengthening distributor relationships, improving route-to-market efficiency, and maintaining supply consistency contributed positively to performance across the region. In parallel, initiatives aimed at improving cost efficiency and optimising the value chain supported margin enhancement.

As Lion continues to expand its international footprint, South Asia remains an important strategic market with significant opportunities for future scale and growth.

Strategic priorities

Lion will continue to prioritise Africa and the Middle East as core growth regions while operating within an increasingly dynamic global environment. Ensuring cost effective, consistent and reliable supply will remain critical, supported by enhanced demand planning, inventory management and supply chain coordination playing a pivotal role in achieving this target.

Despite ongoing geopolitical uncertainties in the Middle East, Lion will continue to adopt a measured and responsive approach while remaining confident in the region's long-term growth potential.

In addition, policy consistency and regulatory frameworks remain important considerations in maintaining efficient international market operations. The Company remains mindful of structural challenges arising from inefficiencies within Sri Lanka's current excise rebate mechanism applicable to export products. The financial cost of these inefficiencies is ultimately reflected in international retail pricing, impacting competitiveness within global markets.

Notwithstanding these challenges, Lion will continue to strengthen its route-to-market capabilities, including exploring offshore manufacturing opportunities to further de-risk the business. Continued focus on enhancing distribution efficiency, investing in high-performing sales channels, improving gross profit margins through targeted cost optimisation initiatives, and driving operational efficiencies across the value chain and leveraging strong partner networks will further facilitate the organisation to capture growth opportunities in the coming years.

STRATEGY AND RESOURCE ALLOCATION | OUTLOOK

The Company's strategy continues to be guided by its 2030 Long-Term Plan, which is centred on investing in innovation to future-proof the business. Five strategic pillars have been identified to drive growth over the next five years, supported by four critical enablers designed to strengthen execution and sustain long-term progress.

Strategic Pillars				
Building a segmented and differentiated brand portfolio to drive premiumisation in beer	Drive international business	Explore adjacent categories for growth	Build a product innovation value chain	Cost optimisation and cash release
Lion aims to infuse its product portfolio with excitement and energy, through a strong focus on meeting both identified and evolving consumer needs. This is achieved through the development of a differentiated and segmented portfolio designed to appeal to diverse consumer groups and consumption occasions. In this context, the launch of the Innovation Brewery during the year marked a significant milestone, enabling the introduction of eight new beer variants. This dedicated facility provides the flexibility to explore new flavours, brewing techniques, and value addition to local raw materials. Looking ahead, the Innovation Brewery will continue to play a key role in supporting product diversification, responding to emerging market trends and delivering distinctive drinking experiences.	As part of its strategic direction, the Company has streamlined its international operations to focus on a select group of high-potential markets. This has enabled more effective allocation of resources across three priority regions: Africa, the Middle East, and South Asia. This focused approach enhances the Company's agility in capturing consumer insights and developing tailored products that reflect a deep understanding of local market dynamics and diverse consumer segments. Looking ahead, Lion will pursue growth in a disciplined manner by leveraging its strong network of trusted partnerships and on-ground capabilities, ensuring sustainable expansion across these regions.	Alongside its core portfolio, Lion will continue to explore opportunities to manufacture adjacent beer categories and related products, leveraging its partnerships with global brands and strategic partners.	The Company will prioritise the development of end-to-end processes that enable a continuous innovation culture in a structured, efficient and sustainable manner. In parallel, efforts will remain focused on building a flexible and agile supply chain capable of responding swiftly to evolving market demands, effectively managing risks and supporting the seamless introduction of new products. To support this, the Company remains committed to fostering a workforce with an innovation mindset, enabling new product development while driving manufacturing excellence.	The Company's profitability must be carefully balanced against rising costs, particularly the continued increase in excise duties, as fully passing on price increases to consumers could adversely impact affordability and market demand. Accordingly, the Company remains focused on managing cost of sales and related overheads through leaner operational processes, improved category procurement practices and the implementation of sustainability initiatives aimed at reducing long-term energy costs. In addition, the adoption of ISO 50001:2018 for Energy Management will provide a structured framework to support reductions in energy consumption and facilitate the transition towards alternative energy solutions, reinforcing the Company's commitment to sustainable operations. The resulting efficiencies and savings will be reinvested into the business to support future growth.

Enablers	
People and talent	Lion's people remain central to the delivery of the Company's long-term strategic plan. Lion's people strategy is anchored on three pillars: building capacity, strengthening capabilities and fostering a culture of excitement, winning, inclusion, and well-being under a shared value system. Amid ongoing challenges such as talent migration and elevated attrition, Lion remains committed to a long-term talent management approach. This is supported by the robust implementation of a comprehensive HR policy framework, alongside efforts to cultivate a great place to work, build new capabilities, enable career mobility, strengthen rewards and recognition, promote employee well-being and enhance training and development.
Sustainability	Lion's commitment to sustainability is deeply embedded across every aspect of its business model, from the sourcing of raw materials and management of production processes to how Lion innovates, distributes and engages with its consumers and communities. The ESG Steering Committee, endorsed and supported by the Board, provides the necessary direction and oversight to ensure that sustainability, priorities are fully integrated into strategic decision-making and operational execution across the organisation.
Digital Lion	Lion Brewery has embraced digital transformation as a core enabler of its growth strategy. Under the Company's long-term plan, key focus areas include process automation, smart factory initiatives, data analytics, cybersecurity, and a cloud-first strategy. Having automated its main production facility in Biyagama nearly three decades ago, the Company is now progressing towards full integration of the brewery with its ERP platform, reflecting its continued commitment to digital transformation and operational integration. Further reinforcing this focus on digital excellence, the Company remains certified for ISO 27001:2022, ensuring robust data security and information integrity across both cloud-based and on-premises operations.
Corporate reputation	Lion recognises that a strong corporate reputation extends beyond product excellence to the depth and integrity of Lion's stakeholder and community relationships. The Company remains committed to fostering meaningful engagement, advancing environmental stewardship, sharing best practices across industries and collaborating with like-minded partners to drive sustainable impact.

Strategic focus for FY 2027

- **Strengthen consumer-centric portfolio innovation**
  Accelerate product diversification through the Innovation Brewery, delivering differentiated, segmented offerings that respond to evolving consumer preferences while supporting premiumisation.

- **Cost optimisation and cash release**
  The Company will continue to focus on cost optimisation and cash release initiatives to enhance efficiency across operations and the broader value chain. Ongoing reviews across procurement, inventory, logistics, and operational processes will support productivity improvements and working capital optimisation.

- **Advance digital integration and operational excellence**
  Deepen end-to-end digital transformation by fully integrating smart factory systems with ERP, enhancing data-driven decision-making, efficiency, cybersecurity, and scalability.

- **Embed sustainability across the value chain**
  Drive measurable progress across energy, water, waste and packaging while strengthening circularity initiatives and advancing Scopes 1–3 emissions reduction strategies.

- **Enhance stakeholder and community engagement**
  Build deeper, trust-based relationships through transparent communication, community partnerships, and collaborative initiatives that generate shared environmental and social value.

- **Strengthen governance, talent and capability building**
  Further embed governance, develop future-ready talent and foster a high-performance culture aligned with long-term value creation and responsible business practices.

FINANCIAL CAPITAL

Disciplined financial management, strong cash generation, and a focus on value-accretive growth initiatives continued to strengthen Lion's ability to create sustainable returns for shareholders.

Strategic focus

Financial capital enables the Company to sustain operations, invest in strategic priorities, and create long-term value for stakeholders. Through disciplined financial management, strong cash flow generation, and prudent capital allocation, Lion continues to strengthen its financial resilience while supporting growth, operational efficiency, and future investments.

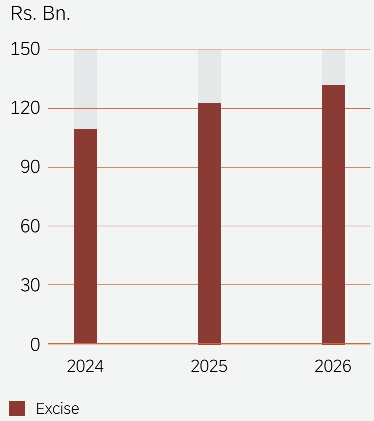
Analysis of profitability

Revenue

While the Sri Lankan economy remained on a stable trajectory in 2025, the regulated alcoholic beverage industry continued to face challenges. Successive excise duty increases implemented since January 2023 have placed pressure on consumer affordability and contributed to subdued volume growth across the category over the past few years.

Despite these pressures, Lion reported a revenue of Rs. 132.4 Bn., representing a 7.4% year-on-year increase. Local revenues, which were up 5.0% for the year, were driven largely by price increases. The export business continued its strong performance, supported by the restructuring of the business in the previous year and focused market development activities.

Lion revenues



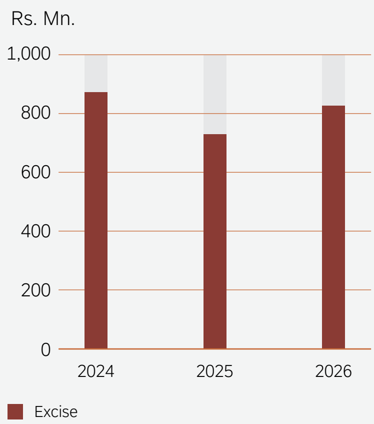
Cost optimisation

With continued increases in taxation, the Company recognises the importance of balancing profitability with effective cost management, as the full impact of tax escalations cannot always be passed on to consumers. Accordingly, Lion focused on managing its cost of sales and other operational expenses, following a rigorous cost optimisation exercise over the past few years.

These efforts are primarily led by the Lion supply chain team with a focus on improving operational planning, exploring strategic sourcing opportunities, process efficiencies, automation, and leveraging data-driven decision-making. In the year under review, Lion continued to improve working capital efficiencies, whilst supporting suppliers and ensuring continuous raw material and packaging material supply.

Collectively, these initiatives have enabled Lion to realise approximately Rs. 2.4 Bn. in savings over the past three years, bolstering the Company's cash reserves. As such, cost optimisation and strengthening cash reserves will continue to be key focus areas in the Company's long-term strategy, while continuing to maintain the quality of the end product.

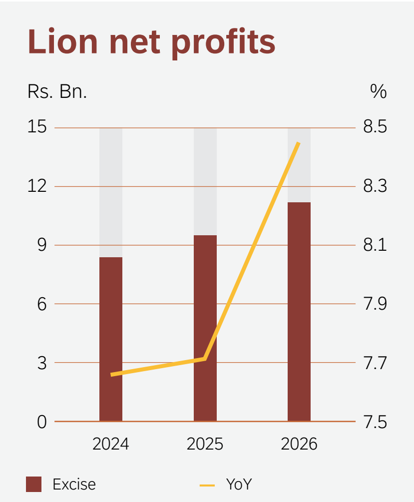
Savings from cost optimisation efforts



Furthermore, Lion's increased foreign currency earnings aided the Company's natural hedge position, enabling it to cover more than 90.0% of the input material import bill through export proceeds. This not only reduced exposure to foreign exchange volatility but also contributed positively to the country's external sector by reducing reliance on foreign currency funding.

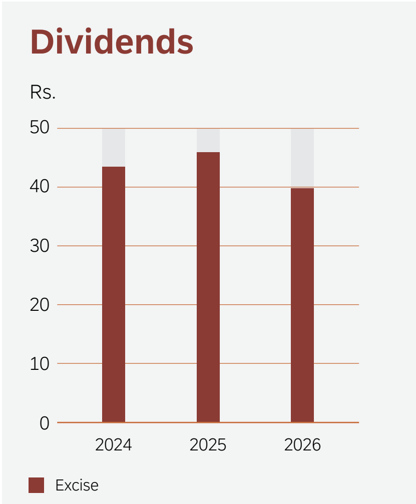
Profitability

As a result of the Company's cost optimisation efforts, operating profits for the year increased to Rs. 18.9 Bn., representing a 16.8% year-on-year growth, with operating margins improving by 1.2 percentage points. Despite higher taxation for the year, profitability was supported by strong finance income, resulting in a net profit of Rs. 11.2 Bn, an increase of 17.7% compared to the previous year. Accordingly, earnings per share (EPS) increased to Rs. 139.93 for the year, compared to Rs. 118.86 in FY 2025.



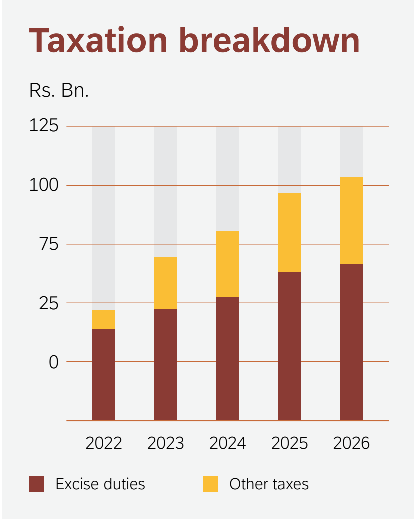
Dividends

The Company paid an interim dividend of Rs. 17.00 per share in November 2025, followed by a second interim dividend of Rs. 22.90 per share, bringing the total annual dividend to Rs. 39.90, after taking into consideration the Company's future investment and growth plans. This compares to Rs. 46.00 per share in FY 2025.



Taxation

Lion continues to be one of the largest taxpayers to the Sri Lankan Government, with taxes paid in FY 2026 amounting to Rs. 103.8 Bn., compared to Rs. 96.9 Bn. in the previous year. Over the past five-year period, Lion has paid close to Rs. 400 Bn. in taxes, growing at a 22% CAGR during the period.



Analysis of financial position

Cash generation

The Company generated a year-end cash balance of Rs. 18.2 Bn., representing an increase of 54.2% year-on-year. This balance was driven by strong operating cash flow generation, which benefited from Lion's working capital optimisation strategies during the year. With major investments in manufacturing facilities completed, capital expenditure declined by ~24.0% over the previous year due to deferments in selected major capex projects.

The strong cash position enhances Lion's financial flexibility, supports future growth investments, strengthens resilience against external uncertainties, and enables the Company to continue delivering sustainable returns to shareholders.

MANUFACTURED CAPITAL

Continued investment in world-class brewing facilities, innovation capabilities, and operational efficiencies enhanced production resilience, quality standards, and the ability to meet evolving consumer demand.

Strategic focus

Lion's manufacturing operations are anchored in a mature and strategically developed production footprint that has evolved over decades into a high-capacity, fully integrated system. At the centre of this footprint is the Biyagama brewery, which serves as the core production hub catering to both domestic and international demand. The main brewery operates on an operational excellence model designed for scale and efficiency. Complementing this is the innovation brewery facility, established to support the flexibility and smaller batch sizes required for new product development (NPD), enabling the combined operation to deliver scale, agility, and responsiveness.

In addition to ongoing investments in plant and machinery, focused efforts have been made to strengthen systems and processes that support responsible manufacturing, particularly in the areas of safety and circularity.

The facility has also benefited from successive investments and technological upgrades in recent years with digitisation now fully embedded across into daily operations. This has enabled the brewery to remain at the forefront of efficiency, quality, reliability and responsible manufacturing.

Brewery operations

GRI: 2-28

The Biyagama facility continues to operate as a fully automated and digitally integrated production hub, forming the backbone of Lion's manufacturing operations. Automation is deeply embedded across all brewing and packaging stages, ensuring precise process control, consistent product quality, and efficient throughput. Real-time monitoring capabilities further minimise downtime and support seamless production, enabling Lion to respond effectively to both domestic and export market demand.

In line with evolving industrial practices, Lion continues to advance its digital transformation journey through the Digital Lion programme which serves as a key enabler of operational excellence and long-term growth. SAP-enabled tools are leveraged to automate processes, optimise workflows, and strengthen data-driven decision-making. Key initiatives under this programme include:

- Integrated production monitoring: Automation across brewing stages supports consistent output while maximising operational efficiency.
- Smart factory integration: Full integration of the Biyagama facility with the ERP platform enables operational synergies across production, inventory, and logistics.
- Digital quality assurance: Laboratory and sensory testing processes are integrated into digital workflows, enhancing accuracy, traceability, and record-keeping.
- Information security: ISO 27001:2022 certification safeguards data integrity across both cloud and on-premise systems, supporting compliance and operational resilience.

These initiatives along with a continuous improvement culture and disciplined operational planning, collectively enhance productivity, reduce operational risks, unlock capacity and optimise costs. During the year, these continuous improvement initiatives collectively delivered Rs. 829 Mn. in savings, supporting the management of costs amid a subdued economic environment and rising production and taxation-related expenses.

The factory maintains a valid Environmental Protection Licence (EPL) issued by the Central Environmental Authority (CEA), reflecting compliance with national environment standards.

Innovation brewery

Lion's Innovation Brewery continues to operate as a fully functional research and development and pilot production facility embedded within the Company's broader manufacturing ecosystem. Commissioned in 2024, it serves as a platform for portfolio expansion, enabling the Company to broaden its category presence and introduce a wider range of global beer experiences to both local and international markets. By exploring new styles, flavours, and formats, it supports the development of products that enhance consumer choice responding to evolving market preferences.

Beyond product development, the Innovation Brewery functions as a hub for integrating local ingredients and exploring new brewing techniques. Its operations are closely aligned with consumer trends, enabling Lion to trial flavours inspired by local tastes and preferences while assessing supply chain feasibility and ingredient sustainability considerations. These activities contribute to the Company's long-term innovation pipeline and strengthen its capacity for brewing creativity both locally and internationally.

Strategically, the Innovation Brewery also supports overall production efficiency. By decentralising small-batch and experimental production, the facility enables the main Biyagama brewery to focus on large-scale, high-volume operations. This separation optimises resource utilisation, minimises operational disruptions, and improves production scheduling flexibility, supporting consistent operational performance and product quality across the broader manufacturing system.

Resource optimisation and circularity

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

Sustainability at Lion is integrated into the day-to-day manufacturing operations, reflecting the Company's commitment to resource efficiency, cost management, and operational continuity. Throughout FY 2026, Lion continued its efforts in embedding environmentally responsible practices within its production processes rather than positioning them as stand-alone initiatives.

The cost of input materials, waste management and emissions continues to rise for both businesses and the broader environment. While the direct financial impact of material inputs on operations can be clearly quantified, the cost to the environment and the evolving expectations of increasingly sustainability-conscious consumers present both a challenge and an opportunity.

Against a backdrop of growing consumer awareness, sustainability considerations are increasingly influencing purchasing decisions. PwC's 2024 Voice of the Consumer Survey indicates that consumers are willing to pay an average premium of 9.7% for sustainably produced or sourced goods, with over 80.0% expressing a willingness to do so. In response, Lion continues to embed sustainability into its operational and strategic priorities by advancing waste reduction initiatives while creating value through reuse, recycling, and upcycling programmes.

Through strengthened stakeholder engagement and participation in industry forums, the Company continues to enhance its understanding of emerging risks and opportunities, supporting improved measurement and management. Internally, continuous improvement is driven through ISO-aligned frameworks, Kaizen-led material optimisation initiatives, and collaboration with OEMs and research institutions to adopt best-in-class technologies.

In parallel, Lion is developing waste-to-value pathways and engaging directly with business partners to convert waste streams into inputs for related industries. These support the creation of new revenue opportunities while contributing to emissions reduction.

During FY 2026, the waste-to-value generation at Lion was Rs. 379 Mn.

Through a collaborative research initiative with the Western Province Waste Management Authority (WPWMA) and academic institutions including the University of Colombo, Wayamba University, and the University of Sri Jayewardenepura, wastewater sludge generated from operations has successfully repurposed as a composting accelerator. This solution has since progressed to commercial-scale application at the Karadiyana Mihisaru composting facility, demonstrating a practical pathway for transforming operational by-products into value-added inputs.

Manufactured Capital

Biogenic CO_2 generated during the fermentation process is captured and utilised to meet the Brewery's internal CO_2 requirements, with surplus volumes supplied to the industrial gas market through partner organisations. During the year, 2,030 MT of CO_2 was supplied in this manner, equivalent to approximately 769,000L of diesel that would otherwise have been required to generate a comparable level of energy. This initiative not only supports the cost management of CO_2 within the local market but also contributes towards lowering the overall carbon footprint of end users.

Purchased packaging material amounted to approximately 10, 862 MT with primary packaging containers in the form of glass bottles, cans, and kegs all made from recyclable material. Glass bottles and plastic crates, continue to play a central role in Lion's reuse model through an established return logistics network. Used bottles and crates are collected from the market, inspected, and subjected to automated washing and quality assurance processes before being once more reintroduced into the packaging cycle.

Data disclosures: Waste and packaging

	Unit	FY 2026	FY 2025	FY 2024
Waste management				
Share of reused waste material	%	90.9	91.4	89.4
Share of recycled waste material	%	7.4	8.6	10.6
Share of upcycled waste material	%	1.8	0.05	0.10
Packaging materials				
Share of reused glass bottles	%	93.0	92.0	> 90.0
Share of reused plastic crates	%	99.0	98.0	> 96.0
Recycled material inclusion – bottles	%	35.0	35.0	32.0
Recycled material inclusion – crates	%	30.0*	52.0	56.0

Note: Waste material split represents solid-waste items which result in value creation.

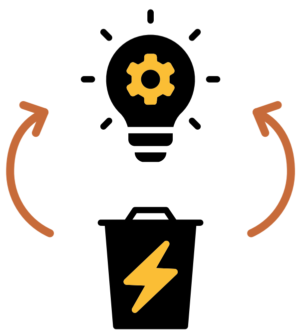
* No new crates were purchased during the year, leading to a reduction in the weighted average recycled material content, as new crates generally contain a higher recycled material percentage.

During the year, the Company advanced a project in collaboration with a local SMEs to repurpose used filter material as an input in concrete paving stones. This commercial application was recognised globally with the Waste Reduction Achievement of the Year award at the Global Drinks Intel ESG Awards 2025. Lion is currently working with a private sector partner to further enhance the value potential and scalability of this material.

Lion also continued to support the segregation and collection of aluminium cans through the placement of dedicated collection bins across retail locations, with an additional 51 bins introduced during the current financial year. During the year under review, the Company also partnered with a commercial waste collection entity aimed at improving collection efficiency and expanding operational reach.

Lion also contributes to waste-to-energy solutions through its partnership with a private sector organisation, where used label waste is converted into energy through controlled incineration processes. The energy generated through this process is supplied to the national grid, supporting both landfill diversion and broader energy recovery objectives.

26,822 kWh
of energy generated



69.9 MT
of label waste

Collectively, these initiatives contribute to operational benefits beyond sustainability. By reducing resource consumption, lowering waste disposal costs, and supporting energy security, Lion enhances factory efficiency and operational continuity. Environmental infrastructure therefore forms an integral component of the Company's manufacturing capital, supporting its ability to maintain consistent production levels and deliver value to both domestic and export markets.

Logistics Capabilities

Lion operates a highly efficient route-to-market model in Sri Lanka, supported by a well-structured logistics network which accounted for approximately 4,673,908 km during the past year. Products are transported over long distances to logistics partner locations, from where a fleet of trucks services retail outlets along carefully planned routes. These outlets are geo-fenced, enabling the optimisation of delivery schedules, vehicle utilisation, and turnaround times. Trucks are equipped with side-loading capabilities to efficiently serve outlets on both sides of the road, while route-based loading minimises handling time and operational effort.

Sales execution is enabled through handheld digital devices, with stock movements across the value chain updated daily to provide end-of-day visibility at SKU level by outlet and market. This data-driven approach strengthens operational efficiency while supporting advanced analytics and future forecasting capabilities.

Green logistics

Lion Brewery Tangalle warehouse represents more than a conventional storage facility, serving as a significant step forward in sustainable logistics infrastructure. Designed as an eco-conscious facility, it redefines cost optimisation, operational efficiency, flexibility, and environmental harmony. The result is a next-generation logistics hub built for businesses that think beyond conventional infrastructure and are focused on long-term value creation and sustainability.

The project, valued at LKR 183 Mn, was financed under an OPEX-based model through monthly rentals over a 10-year period, after which ownership will transfer to Lion. This structure enables the Company to expand its asset base while maintaining financial flexibility.

The Company's standard warehouse deployment typically relies on conventional brick, mortar, and steel construction, with a best-case completion timeline of around 5–6 months from the point of groundbreaking, along with the associated costs.		
Concept	**Operations**	**ESG aspects**
• Adopted a forward-looking approach centred on modern, scalable, and disruptive operational processes. • Transitioned from a build-and-own model to a fast-launch rental structure (including maintenance), with ownership transferring to Lion Brewery after 10 years, creating a zero-capex, low-risk model leveraging LION-owned land to support regulatory compliance. • Embedded sustainability across all stages of project execution. • Designed for flexibility, future readiness, and scalable cost efficiency.	• Direct construction costs were significantly reduced through the use of recyclable containers, delivering ~25.0% savings, with integrated solar and rainwater harvesting systems (currently being retrofitted despite operational status). • Designed in an expandable configuration to accommodate projected 2030 Long-Term Plan (LTP) • Delivered from groundbreaking to handover in four (04) months, including periods of rain. • Structured as a 10-year staggered monthly operational fee model, enabling full benefit from day one of handover with no upfront cash flow commitments. • Highly scalable, with the model deployable across any agent operation and location within months.	• Reduced construction footprint through the use of containers and recycled materials across key elements of the build. • Passive design features Integrated to minimise cooling energy requirements. • Provision for rooftop solar installation, enabling potential energy self-sufficiency through net metering or off-grid configurations. • Future-ready for EV Prime and RD truck integration, supporting cleaner energy use and reduced fossil fuel dependency (first EV Prime expected Mid 2026). • Mature trees within the construction footprint were root-balled and relocated, with significant greening integrated into the landscape design. • Use of beer filter-aid infused paving stones in the yard, reinforcing circularity by repurposing brewery by-products, an innovation previously recognised through a global waste management award.

Workplace safety and culture

GRI: 2-28, GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

At Lion, safety is embedded as a core operational pillar across all manufacturing activities. The Company recognises that a strong safety culture is essential not only for employee well-being but also for operational reliability, efficiency, and continuity in high-capacity production environments. During the year, continued emphasis was placed on strengthening and evolving the safety culture established over the previous years, ensuring that safety remains an integral part of day-to-day operations at both the Biyagama production hub and the Innovation Brewery.

Lion's safety practices are aligned with both international best practices and local regulatory requirements, supported by regular risk assessments, compliance audits, and structured incident reporting to ensure early identification and effective management of potential hazards. A comprehensive Environment, Health, and Safety (EHS) framework guides the Company's approach, ensuring consistency in managing environmental, health, and safety considerations across the Organisation. This framework extends to employees, contractors, service providers, and all third parties operating onsite, reinforcing a shared responsibility for maintaining a safe and responsible working environment.

Lion remains compliant with all applicable regulatory requirements, including the Factories Ordinance of 1942, and maintains workmen's compensation insurance to support employees in the event of workplace injuries. The Company is also a member of The Royal Society for the Prevention of Accidents (RoSPA). Its Occupational Health and Safety (OH&S) Management System is certified to ISO 45001:2018, reflecting an ongoing commitment to maintaining high standards of workplace health and safety. The most recent audit recorded zero non-conformities for the third consecutive year, demonstrating consistent adherence to high safety standards.

The Company promotes a culture in which every employee is encouraged to uphold a duty of care towards colleagues and actively contribute to the identification and reporting of safety improvements across the organisation.

Safety improvements

Financial year	Safety improvements (Individual reporting)		Safety improvements (Operational EHS team reporting)		Total	
	Reported	Rectified	Reported	Rectified	Reported	Rectified
FY 2026	927	927	107	88	1,034	1,015

Demonstrating a strong commitment to workplace safety, **52.0%** of Lion's employees actively contributed by suggesting at least one safety improvement during the period.

Lion injury/ill health record

	FY 2026	FY 2025	FY 2024
Number of minor injuries (Medical cases)	1	1	3
Number of major injuries (LTI)	–	–	–
Number of fatalities	–	–	–
Number of lost workdays due to injury	1	1	3
Number of cases of ill health	–	–	–
Number of fatalities due to ill health	–	–	–
Number of lost workdays due to ill health	–	–	–

As of 31 March 2026, it has been **1,791 days** since the last Lost Time Incident (LTI).

Lion continues to prioritise the development and sustainment of a strong safety culture, recognising it as fundamental to both employee well-being and manufacturing performance. Efforts during FY 2026 focused on reinforcing safety as an integral component of day-to-day operations, ensuring that accountability and awareness are embedded across all organisational levels.

This culture is driven through ongoing engagement, training, and active leadership involvement, encouraging employees to take shared responsibility for maintaining a safe work environment.

The Environment, Health, and Safety (EHS) function is led by a dedicated team and supported by a cross-functional, cross-hierarchical committee that includes representation from two EXCO members. The active involvement of supervisory and management teams plays an important role in translating safety standards into daily operational practices, fostering consistency and reinforcing expected behaviours across production environments.

Employees undergo regular induction and refresher training programmes covering equipment handling, operational hazards, emergency response procedures, and regulatory compliance requirements. In parallel, targeted workshops for supervisory and line management teams equip leaders to embed safe practices within daily production routines. Specialised training modules are also conducted for higher-risk operational areas including chemical handling, machinery operation, and maintenance activities.

Safety training hours

	FY 2026	FY 2025	FY 2024
Lion staff	1,438	2,015	1,861
Service provider	2,111	2,175	1,458
Total hours	3,549	4,190	3,319

Additionally, the provision of appropriate equipment and safety safeguards further strengthens the overall system. Personal protective equipment, safety signage, automated monitoring systems, and fail-safe mechanisms across machinery collectively support risk mitigation on the production floor, contributing to both accident prevention and operational consistency.

By integrating safety into operational decision-making and day-to-day execution, Lion continues to foster an environment where employees can perform with confidence. In this way, safety extends beyond compliance, and functions as a strategic enabler of efficiency, capacity utilisation, and the Company's ability to consistently meet both domestic and export market commitments.

Way forward

Manufacturing capital will continue to be deployed to meet evolving consumer demand and support growth in both domestic and international markets. Investments in digitalisation, predictive analytics, and process innovation will drive further efficiency, operational resilience, and sustainability, while also strengthening safety standards and embedding circularity principles across operations to optimise resource utilisation and minimise waste.

Through the continued development of these capabilities, Lion aims to strengthen its competitive position, optimise operational effectiveness, and create long-term value across the business and wider communities, in alignment with its 2030 strategic road map.

INTELLECTUAL CAPITAL

Innovation, brewing expertise, consumer insights, and digital capabilities enabled Lion to strengthen its portfolio, enhance brand equity, and maintain competitiveness in a dynamic marketplace.

Strategic focus

Lion Brewery's intellectual capital represents a strategic cornerstone that supports its market leadership in Sri Lanka while strengthening its presence across international markets. It encompasses the Company's brand portfolio, product innovation capabilities, proprietary knowledge, ISO and other relevant industry certifications, operational expertise, and the accumulated insights derived from decades of brewing experience.

By strategically leveraging these intangible assets, the Company continues to enhance operational efficiency, strengthen consumer satisfaction, and foster long-term value creation, ensuring that Lion remains adaptive, resilient, and forward-looking in an evolving industry landscape.

Brand portfolio and consumer-centric innovation

GRI: 2-6

At the core of Lion's intellectual capital is its strong brand portfolio. Products and packaging formats including Lion Lager, Lion Strong, Lion Stout, and Lion Ice continue to maintain strong market presence through consistent quality, deep consumer trust, and high levels of brand recognition.

These core brands are continuously maintained to remain aligned with evolving consumer expectations, delivering premium taste experiences while reflecting the authenticity and heritage associated with Sri Lankan brewing traditions.

The strength of the portfolio is further reinforced through responsible sales and marketing initiatives, which operate within the prevailing regulatory framework while providing consumers with the information they need to make informed choices.

Building on this foundation, the Innovation Brewery, commissioned in 2024, serves as a dynamic hub for experimental brewing and product innovation, enabling the Company to respond directly to evolving consumer preferences.

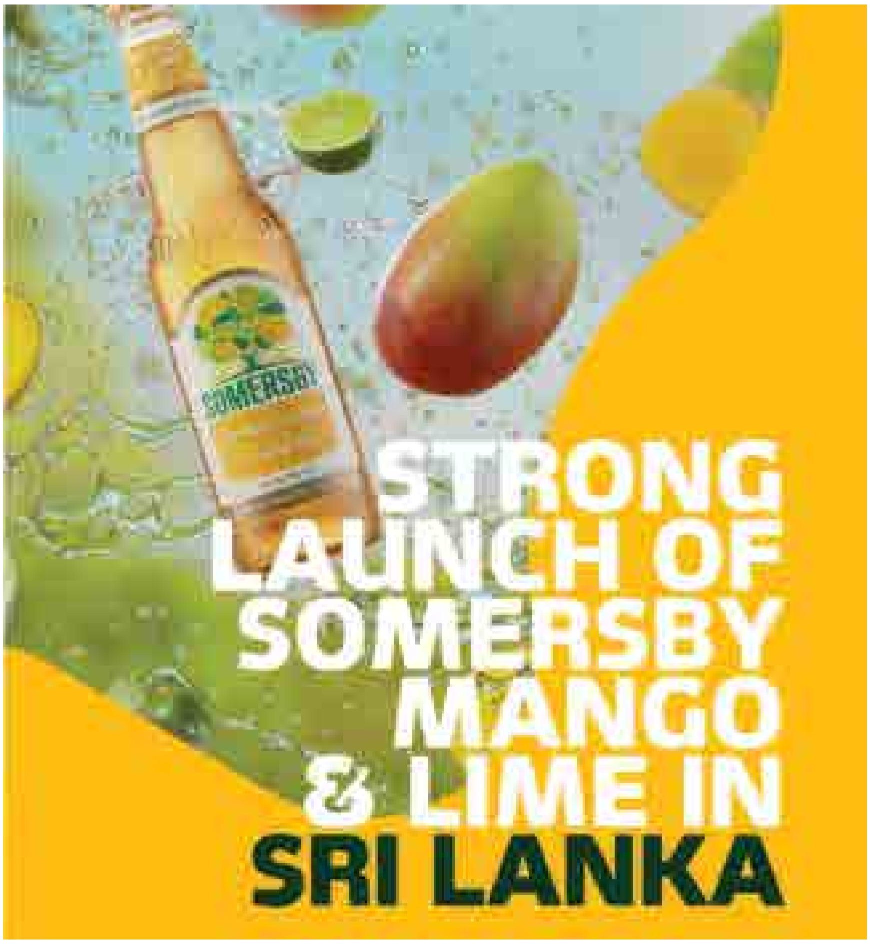
Over the past year, the portfolio was further expanded through the introduction of new brewing styles and flavour variants inspired by native fruits and spice blends. Each new variant undergoes a structured New Product Development (NPD) stage-gate process, ensuring alignment with local tastes while meeting international standards of product quality and delivery.

During the year under review, several new products were launched under both the Carlsberg and Lion brands. Under Carlsberg, the Somersby Mango and Lime Premium Beer was introduced in both bottle and can form.

The Innovation Brewery continued to add to the Lion portfolio. Under the Lion brand, "Lion Trueborn", a premium scotch malt based beer, was launched during the year, which then expanded to the mainstream market.

In addition, a range of craft beer variants were introduced in conjunction with Oktoberfest, including King Coconut, Mango Passion, Narang, Strawberry Lime and a Pilsner variant, which are currently available on tap at selected outlets.

New launches in FY 2026



Furthermore, Tambapanni Red, which was first introduced in 2024 through the Innovation Brewery, is expected to scale up to on-shelf packaging formats (cans and bottles) in the coming year. This highlights the role of the Innovation Brewery as a strategic platform to experiment, refine, and respond to evolving consumer preferences, allowing the Company to develop, validate, and scale products that resonate strongly with the market, as evidenced with the success of Lion Trueborn during the year.

Focus on quality

GRI: 416-1, 416-2

Quality remains central to Lion's intellectual capital. The main production facility in Biyagama reflects the Company's commitment to quality, innovation and sustainable brewing practices across both local and international operations. From the sourcing of raw materials to the final pour, rigorous quality standards are embedded at every stage of the production process to ensure consistent and exceptional consumer experiences.

The Company's quality assurance systems are supported by globally recognised best practices gained through international partnerships and reinforced through ISO 22000:2018 Food Safety Management certification. This ensures alignment with the highest global food safety standards, while 97.0% of raw and packaging materials are sourced from suppliers certified under ISO or comparable internationally recognised food safety and quality standards.

Across operations, structured testing and verification processes form a critical component of quality control systems. The reliability of laboratory testing is validated through participation in the internationally recognised Brewing Analytes Proficiency Scheme (BAPS), which benchmarks analytical capabilities against global brewing standards. Product evaluations, including organoleptic testing, are conducted by trained tasters qualified under recognised industry benchmark programmes.

This disciplined and integrated approach to quality management has resulted in exceptionally low defect levels in the local operation, with customer complaints recorded at approximately 0.35 defects per million units sold, demonstrating the effectiveness of the Company's systems in safeguarding product integrity and consumer satisfaction.

Lion's continued focus on brewing quality and operational excellence has also translated into strong international

recognition. As a testament to this commitment, Lion Stout and Lion Lager received multiple accolades at the 2025 World Beer Awards, including World's Best Tropical Stout, Gold Winner – Taste Category, Country Winner awards for Lion Stout, and a Silver award for Lion Lager – Lager Taste Category. These achievements further reinforce Lion's reputation for world class brewing and product quality.

The Company's commitment to quality extends beyond product quality and packaging standards to the manner in which products are presented to both trade partners and consumers. Reflecting this commitment, Lion received recognition at the FMCG Asia Awards 2025 under the "Seasonal Campaign of the Year – Sri Lanka" category for the Carlsberg Seasonal Campaign executed across 270 modern trade outlets, and under the "New Brand Launch of the Year – Sri Lanka" category for Lion TrueBorn.

Furthermore, Lion received the award for "Best in Class Execution" for the Carlsberg Sri Lanka display drive at the Carlsberg Export & License Conference Awards 2025 held in Copenhagen.

Knowledge and expertise

Lion's long-standing history and decades of brewing expertise continue to represent a significant strategic asset for the Company. From recipe formulation and production management to logistics

and distribution, teams across the organisation possess deep institutional and sector knowledge that is continuously transferred through mentorship, structured training programmes, and cross-functional collaboration.

Knowledge management systems, digital monitoring tools, and data analytics platforms support informed decision-making across operations, while real-time production dashboards allow operational teams to track KPIs, identify quality deviations, and implement corrective actions promptly. This integration of human expertise with digital insights strengthens both operational efficiency and innovation capacity, enabling high standards and agile response to evolving market dynamics.

Way forward

Looking ahead, the Company aims to further strengthen its intellectual capital by expanding the output of its Innovation Brewery and developing additional consumer-driven flavours and brewing styles.

In line with the Company's focus on premiumisation, the Brewery also intends to introduce new premium and super premium variants in the upcoming year, thereby further expanding and strengthening the portfolio.

Lion will also focus on integrating advanced digital monitoring and analytics across production lines to enhance operational efficiency, responsiveness, and quality control.

In the longer term, the Company aspires to position itself as a global leader in consumer-focused brewing innovation by combining local authenticity, sustainability, and premium product experiences to further strengthen its brand influence across international markets.

Through ongoing investment in people, processes, certifications, and technology, Lion will continue to leverage its intellectual capital to deliver a strong product portfolio, enhance brand equity, and maintain a competitive edge in an evolving marketplace, ensuring that the Lion name remains synonymous with excellence, innovation, and sustainability.

SOCIAL AND RELATIONSHIP CAPITAL

Strong relationships with consumers, customers, suppliers, communities, and regulators continue to underpin Lion's reputation, market leadership, and long-term value creation journey.

Strategic focus

Lion's strategic focus remains centred on delivering sustainable, long-term value through a balanced integration of consumer relevance, responsible supplier and service provider practices, and meaningful community impact. We continue to adopt a consumer-first approach, strengthening the portfolio through innovation, while reinforcing responsible consumption practices to build long-term brand trust and engagement.

At the same time, the Company remains focused on strengthening supplier resilience through structured governance frameworks, ESG-driven evaluations, and deeper collaboration to ensure ethical, reliable, and high-quality sourcing across the value chain.

Complementing these efforts, Lion remains committed to empowering communities through targeted initiatives focused on access to clean drinking water, waste management, disaster resilience, and skills development, implemented in partnership with credible stakeholders. Collectively, these priorities position the Company to drive resilient growth, strengthen stakeholder relationships, and create shared value across the broader ecosystems in which it operates.

Consumer

GRI: 301-3, 417-1

Expanding choice

Strong customer relationships are built on consistent product quality and availability, reliable route-to-market execution, and responsible engagement practices. Maintaining dependable supply chains, even during periods of disruption, continues to reinforce customer trust while providing a strong platform to deliver broader and more responsive product offerings aligned with evolving consumer needs.

During the year, the Company further strengthened its consumer value proposition by expanding portfolio diversity and responding proactively to evolving consumption preferences. A key focus area was the development and introduction of lower ABV and alternative flavour offerings, providing consumers with greater choice for moderate and occasion-based consumption. At the same time, existing variants such as Lion Ice, Carlsberg Smooth Draught, and Somersby flavours, continued to strengthen the Company's presence within the lower-alcohol and flavoured beverage segments, responding to evolving consumer demand patterns.

The introduction of Lion Trueborn further supported the mainstream premiumisation agenda alongside a diverse range of craft brews introduced as draft beer offerings to meet the preferences of on-premise consumers seeking beverages that complement their culinary experiences.

In parallel, the Company remained attentive to changing economic conditions and evolving consumer expectations around affordability and value.

These initiatives reflect a deliberate, consumer-first approach, supporting portfolio premiumisation, expanding choice across price points and consumption occasions, and reinforcing the Company's relevance in an increasingly dynamic marketplace with significant restrictions on brand communication and advertising.

Crafting conscious consumption

In a landscape where social responsibility is inseparable from customer trust, Lion's customer engagement efforts focus on promoting responsible consumption through clear consumer information and initiatives that support informed decision-making.

Across the bottle and can packaging portfolio, Lion continued voluntary "responsible consumption" messaging including:

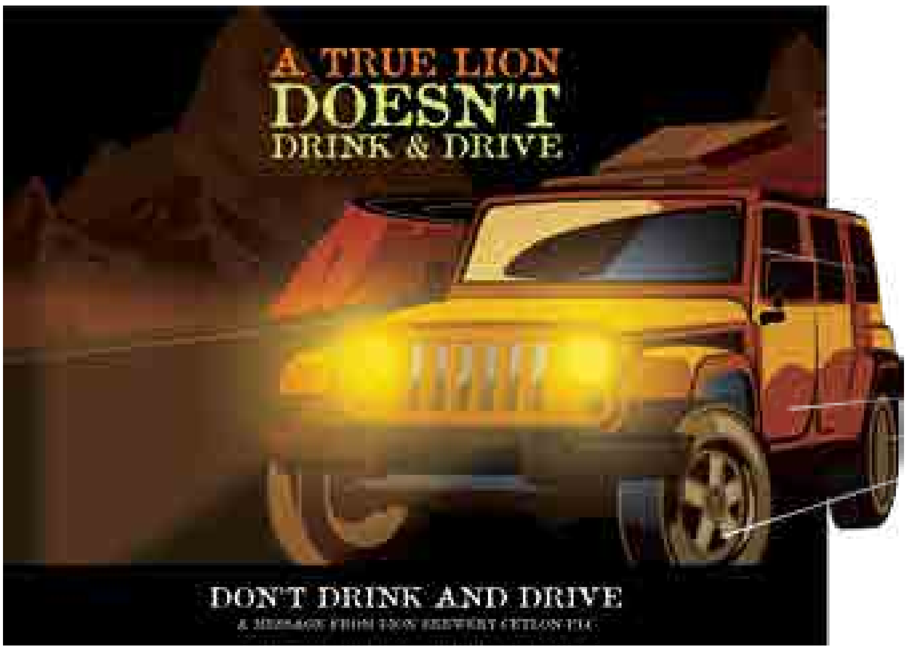
- Don't drink and drive
- Legal age for purchasing alcohol
- Don't litter
- Recycle
- Avoid alcohol during pregnancy

Approximately 40.0% of the Company's packaging currently carries all these messages, with ongoing efforts underway to further expand coverage across the portfolio. "Responsible Drinking" messaging is also displayed on point-of-sale materials featuring pack visuals, reinforcing consumer responsibility at the point of purchase as well as at beverage-related events where the Company's products are served.

Way forward

Looking ahead, Lion will continue to deepen its consumer-first approach by leveraging data-driven insights to anticipate evolving preferences and shape a more agile, responsive portfolio. Focus will remain on expanding lower ABV and alternative flavour offerings, enhancing affordability across key formats, and strengthening innovation through the capabilities of the Innovation Brewery.

At the same time, the Company will further embed responsible consumption practices across consumer touchpoints, ensuring that trust, transparency and informed choice remain central to the brand experience. By continuously aligning product development, route-to-market execution and consumer engagement strategies with evolving market expectations, Lion is well-positioned to sustain portfolio premiumisation, broaden participation across consumption occasions and deliver long-term, resilient growth.



Communities

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

Lion's community relationship model is built on the belief that environmental performance and social outcomes are closely interconnected. Therefore, we strive to play a meaningful role in enhancing community well-being, supporting their development, and collaborating to address shared challenges.

To support these objectives, the Company continues to work with credible external partners to extend its reach, optimise resource utilisation, and improve the effectiveness of its interventions. Community engagement efforts remain focused on key priority areas including water, knowledge sharing, waste management and recycling, and other high-impact initiatives where meaningful and measurable value can be created for both communities and the environment.

Waste Management

At the community level, Lion continues to strengthen local waste management systems through collaborative initiatives that promote shared responsibility and improved living conditions.

In partnership with organisations such as "Janamanasa", the Company has supported the installation of waste segregation infrastructure in regions including Hatton and Maskeliya, with similar initiatives extended across other parts of the country. These efforts support more efficient waste collection practices at the community level, while encouraging behavioural change towards responsible waste disposal and recycling.

Waste segregation bins at Ella Railway Station

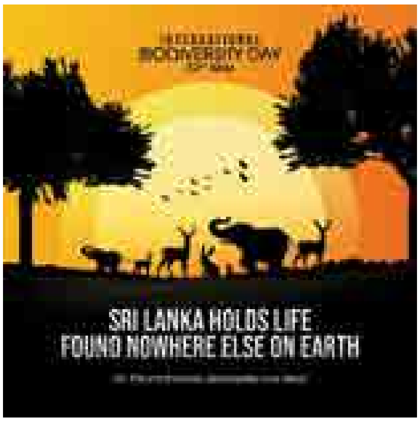
In collaboration with the MAS Foundation for Change, the Company has supported the installation of an Ocean Strainer in Weligama to intercept plastic waste before it enters marine ecosystems, with further expansion initiatives currently under consideration.

Through conservation partnerships with Biodiversity Sri Lanka (BSL) Lion supported aspects of the "Life to Our Beaches" programme by financing a beach caretaker programme for Kayankerni. In parallel, the Company continued its beach caretaker programme with "Clean Ocean Force" for a designated beach stretch in Negombo.

Joint beach cleanup with Angle Beach, Unawatuna

Complementing these interventions, Lion also supported clean-up programmes across several locations, including Kalladi, Galle, Trincomalee Dutch Bay, Negombo and Sigiriya. These initiatives brought together employees and community members, fostering civic participation and collective ownership in maintaining shared public spaces.

Through these collaborative efforts, the Company continues to contribute towards improving the cleanliness, safety, and usability of community environments, while reinforcing environmental awareness and long-term behavioural change among the communities it serves.



Community resilience and disaster support

Lion remains committed to supporting the communities in which it operates, particularly during times of crisis, through timely, coordinated and impactful interventions.

In response to the recent flooding and extreme weather events that followed Cyclone Ditwah, the Company mobilised resources to provide immediate relief and recovery support. Working alongside the Asia Pacific Alliance for Disaster Management (APAD) and local stakeholders, trained search and rescue teams from Lion facilitated the safe evacuation of affected individuals, while also distributing essential supplies including food and drinking water to impacted communities.

Post-disaster, Lion contributed LKR 50 Mn. towards the Government's "Rebuild Sri Lanka" initiative. In parallel, support was extended to local authorities in Biyagama through the provision of heavy vehicles to assist with clean-up operations, together with contributions towards the distribution of ration packs to affected households. These efforts were aimed at accelerating recovery initiatives and restoring normalcy within impacted communities as swiftly as possible.

Community cleanup post Cyclone Ditwah

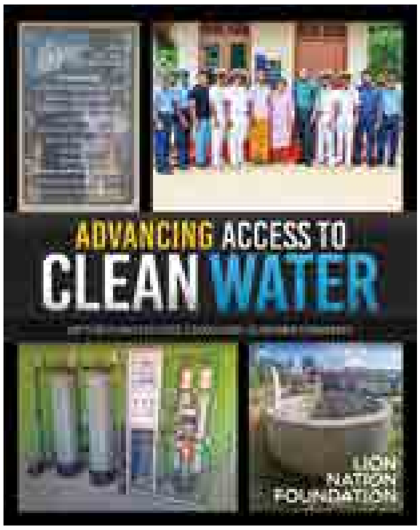
Recognising the importance of continuity in education during times of disruption, Lion also provided essential school supplies to families of employees, service provider personnel, and those within surrounding communities affected by the flooding. This initiative aimed to minimise disruptions to education while reinforcing the Company's ongoing commitment to community wellbeing and resilience during times of adversity.

Through these initiatives, Lion remains actively engaged and prepared to respond swiftly to future emergencies, supporting community resilience and recovery where it is needed most.

Water access and community health

Through the Lion Nation Foundation (LNF), the Company continued to support access to clean drinking water by enabling community-owned reverse osmosis (RO) plant operations in collaboration with the Sri Lanka Navy and the Ministry of Health.

During the year, the RO plant installed in Mannar completed its full year of operation, while a second plant was commissioned in the Kurunegala District. Collectively, the two plants have a treatment capacity of 20,000 litres per day and are aimed at providing drinking water requirements of approximately 3,600 individuals as indicated in the site evaluation conducted by the Sri Lanka Navy. Once commissioned, the plants are owned and operated by the respective communities, while technical maintenance support continues to be provided by the Sri Lanka Navy, supporting long-term operational sustainability and community ownership.



Newly commissioned RO plant in Bayawa, Kurunegala

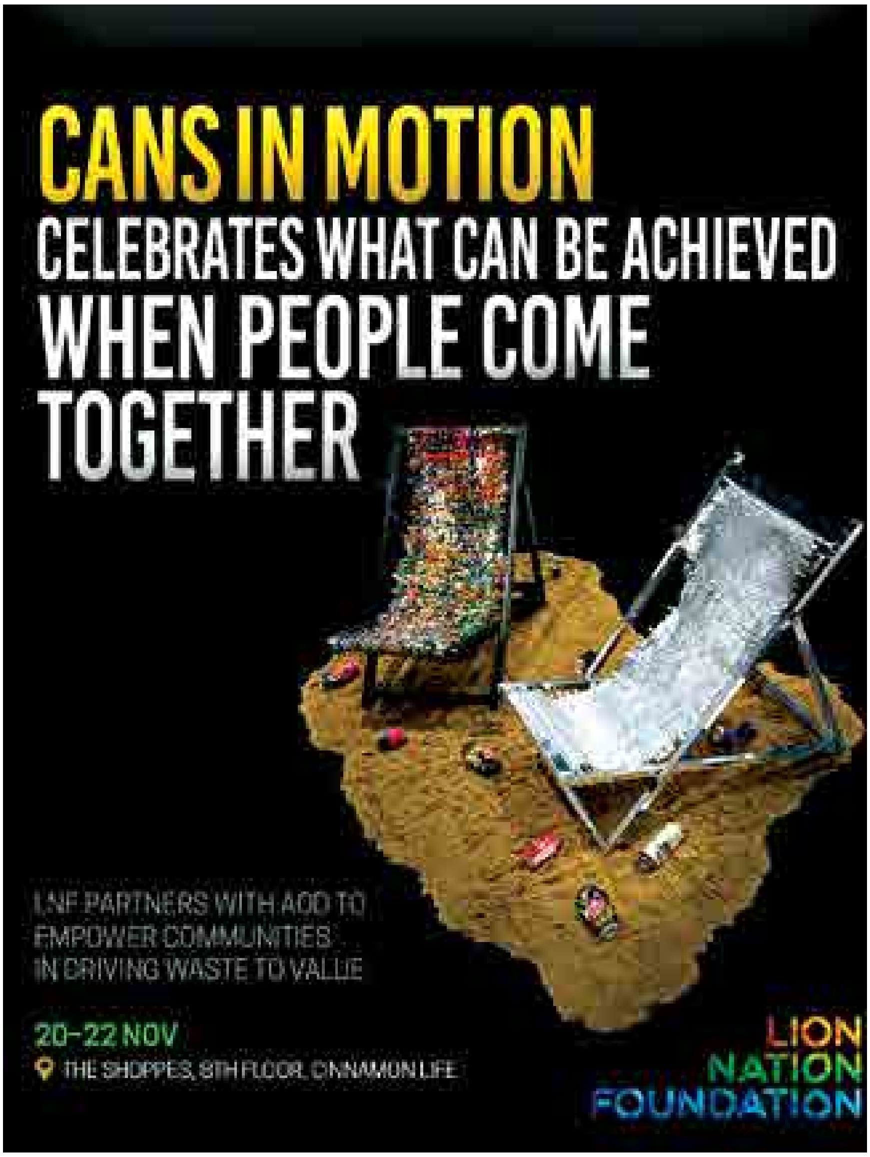
Melting point: Upcycling for livelihoods and community enterprise

The Company continued to advance the Melting Point initiative, which transforms used aluminium cans into value-added products such as trophies, gift items, and design pieces. This initiative gained further recognition during the year through its production of awards for the Presidential Environmental Awards and the Biodiversity Sri Lanka 10-year anniversary, demonstrating the integration of circular design applications across high-impact platforms.

Building on this momentum, the Lion Nation Foundation (LNF), in collaboration with the Academy of Design (AOD), is further expanding this initiative into handcrafted jewellery and lifestyle products.

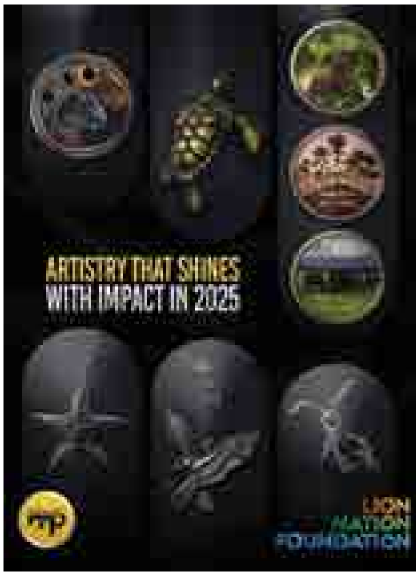
This next phase is designed to create sustainable livelihood opportunities by enabling individuals, particularly within coastal and community-based settings, to engage in small-scale production using accessible tools and locally available materials. The initiative is expected to lower barriers to participation while enabling broader community involvement in value creation.

As part of efforts to strengthen visibility and market access, a product crafted from recycled aluminium was featured as a key design feature at the Sri Lanka Design Festival 2025. Plans are currently underway to further scale these initiatives and position the creations for broader international exposure during 2026.



Through this initiative, the Company aims to strengthen community-based value creation, support sustainable income generation, and promote cultural expression, while encouraging responsible waste collection practices and circular economy thinking at the grassroots level.

Melting Point initiative: from waste to worth



Knowledge sharing and training

The Company continued to strengthen knowledge sharing and skills development through structured industrial training and apprenticeship opportunities across its facilities, with 57 placements facilitated during the year.

These programmes are designed not only to provide practical hands-on industry exposure, but also to serve as a pipeline for future talent, supporting participants in transitioning from academic learning into industry-relevant employment opportunities.

In addition, Lion supports academic and professional learning through field visits aligned with university, tertiary education and corporate exposure requirements. These visits provide practical insights across key operational areas including fermentation, engineering and automation, health, safety and environment, flood resilience, logistics, and supply chain management.

Through these initiatives, Lion continues to bridge the link between academia and industry, enhance employability, and contribute towards building a skilled and future-ready workforce.

University of Sri Jayewardenepura for Industrial Microbiology site visit

FY 2026 Lion knowledge sharing scorecard

Training	Unit	FY 2026	FY 2025	FY 2024
Site visits	#	43	23	32
People trained	#	1,491	795	1,161
Training provided	Man Hours	4,913	3,141	3,951
Internships	#	40	32	22
Industrial training opportunities	#	17	25	24

Way forward

Building on the progress achieved across community-focused initiatives, the Company will continue to deepen its impact through a more integrated and partnership-driven approach.

Focus will remain on scaling programmes that deliver tangible community benefits, including strengthening local waste management systems, enhancing disaster preparedness and response capabilities, and expanding livelihood opportunities through circular economy initiatives.

The Company will also continue to strengthen collaborations with external partners, academic institutions, and community organisations to extend the reach and improve the effectiveness of its interventions.

At the same time, efforts will remain focused on broadening access to skills development and training opportunities, reinforcing clear pathways from education to employment while maintaining high standards of programme quality and participant experience.

As Lion moves forward, the Company remains committed to creating sustainable, long-term value by empowering communities, supporting resilience during times of need, and enabling inclusive growth across the regions in which it operates.

Suppliers

GRI: 2-6, 204-1, 407-1, 408-1, 409-1

Lion's supply network spans both local and international partners who provide the necessary materials and services essential to the Company's operations. These partnerships play a critical role in enabling the consistent delivery of high-quality products across its markets.

The Company remains focused on building long-term relationships with suppliers who meet its standards of quality, reliability, and operational performance, while also aligning with its values on ethics, environmental responsibility, and social impact. Through this collaborative approach, Lion continues to strengthen a resilient and responsible supply chain that supports the long-term business growth.

Responsible sourcing and supplier governance

Lion maintains a structured and risk-informed supplier onboarding process, supported by comprehensive due diligence protocols to assess supplier eligibility, operational integrity, and alignment with Company standards. This approach supports the development of a resilient and responsible supplier base while safeguarding product quality and brand reputation.

During FY 2026, ESG-focused evaluations were conducted across 87.3% of material suppliers based on spend, compared to 78.0% in the previous period with no significant lapses noted. This targeted approach ensures that Lion's material supplier relationships are prioritised for sustainability and ethical performance assessments alongside traditional cost and quality considerations.

The Company's own operations are subject to independent ethical and sustainability assessments through the SEDEX Members Ethical Trade Audit (SMETA 7) framework. This four-pillar audit evaluates Labour Standards, Health and Safety, Environmental Practices, and Business Ethics, covering all on-site operations, including third-party service personnel.

To date, Lion has successfully completed four consecutive annual audit cycles, reinforcing its commitment to transparency, accountability, and continuous improvement. In managing overseas supplier relationships, the Company also leverages the Carlsberg Group network to support verification processes where applicable, enhancing oversight across global sourcing channels.

Strengthening supplier partnerships

Building enduring supplier relationships remains central to the Company's operational resilience and long-term value creation. Lion actively integrates key suppliers into day-to-day operations, fostering a culture of continuous engagement, collaboration, and shared accountability to drive mutual growth.

To strengthen these partnerships, the Company has implemented a structured supplier engagement framework, including comprehensive annual audits of supplier facilities, and targeted on-the-job training programmes for service personnel. These initiatives provide a platform for open dialogue, and facilitate the exchange of insights, feedback and best practices across the value chain.

Toolbox training at Lion

These efforts have translated into tangible outcomes, including improved service quality, stronger alignment with the Company's sustainability priorities, and a shared commitment to continuous improvement, reinforcing the resilience and integrity of the supply network.

Way forward

In the long term, Lion will continue to strengthen and diversify its supply base to drive operational efficiency and enhance resilience against potential supply disruptions. This remains particularly important given that 26.4% of the Company's ingredient spend was sourced from countries classified as High or Extremely High water-stressed regions (AQUEDUCT Country rankings), which may face increasing resource-related challenges in the future.

To support the Company's product innovation agenda through the Innovation Brewery and broader innovation pipeline, Lion will continue to engage with local suppliers based in different geographies to develop and incorporate value-added ingredients into the product portfolio and thereby support the local economy. The Company also aims to expand ESG evaluations across a broader proportion of its supplier base, while deepening engagement through capability-building initiatives, structured collaboration, and continuous knowledge sharing.

In parallel, Lion will continue to promote alignment with internationally recognised standards while leveraging strategic partnerships, to reinforce oversight across global sourcing channels. Through these efforts, the Company seeks to build a more resilient, responsible, and future-ready supply ecosystem that supports sustainable long-term value creation.

HUMAN CAPITAL

The passion, expertise, and commitment of employees remain central to the Company's success, fostering a culture of performance, innovation, safety, and continuous development.

Strategic focus

At Lion, people remain central to the creation of sustainable value and are managed as a strategic enabler of long-term performance. Operating within a dynamic and increasingly competitive environment, the Company's ability to deliver consistent results, drive innovation, and respond to evolving market demands is supported by the strength, capability, and engagement of its workforce.

The people strategy is closely aligned with Lion's broader business objectives, ensuring organisational capability evolves in step with strategic priorities. The strategy is anchored on three key pillars: capacity development to support transformation, capability development to build a continuous talent pipeline through learning, and culture development to foster a sustained sense of pride.

Through a structured and forward-looking approach, Lion continues to build a workforce that is agile, skilled, and equipped to deliver operational excellence while supporting growth across both domestic and international markets. This is supported through ongoing investments in organisational design, capability development, and talent pipeline strengthening.

During the year, the Company further strengthened its human capital framework through targeted initiatives in employer branding, digitalisation, diversity, equity and inclusion, enhancing its position as an employer of choice while improving organisational agility.

This approach is supported by a comprehensive employee lifecycle framework spanning talent attraction, development, engagement, and retention, underpinned by transparent processes and data-driven decision-making. Continued investment in digital HR platforms has further enhanced efficiency, responsiveness, and workforce insights across the organisation.

Recognising the evolving talent landscape, particularly in specialised and technical roles, Lion continues to prioritise internal capability development while strengthening external talent pipelines to mitigate talent-related risks and ensure continuity in critical roles.

A high-performance culture grounded in shared values, accountability, and continuous improvement remains central, supported by structured performance management, leadership engagement, and employee feedback mechanisms. At the same time, the Company remains committed to employee well-being through initiatives that promote work-life balance, mental health, and overall wellness.

Lion's continued recognition as a Great Place to Work for the sixth consecutive year, alongside its ranking among the Top 15 Best workplaces in the Manufacturing and Production sector in Sri Lanka, reflects the strength of its employee value proposition and workplace culture.

Enabling people excellence at Lion

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

Regulatory compliance and best practices

GRI: 2-27

Labour Regulations

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

Best Practices

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

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

UNGC Principle 5:
Effective abolition of child labour.

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

FY 2026 Scorecard

ZERO – Incidents of non-compliance of labour laws

ZERO – Incidents of discrimination

GRI: 406-1

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

GRI: 407-1

ZERO – Incidents of child labour

GRI: 408-1

ZERO – Incidents of forced or compulsory labour

GRI: 409-1

New policies introduced in FY 2026

During the year, Lion implemented its diversity, equity and inclusion strategy, branded as "Abhimana", under which several new policies were introduced. These included the introduction of a hybrid working policy, enhanced maternity benefits, the introduction of paternity leave for the first time, and the provision of childcare support for employees.

In addition, the Company introduced "Volunteering Days", encouraging employees to take up to two days of leave annually to engage in activities that contribute positively to society and the environment.

Employee statistics

GRI: 2-7, 2-8

Breakdown of permanent employees by gender and region

	M				F							
Financial year	Senior Manager	Middle Manager	Executive	Non-Executive	Senior Manager	Middle Manager	Executive	Non-Executive	M	F	Total	%F
LION – Location: Sri Lanka												
FY 2024	33	65	84	100	11	13	20	1	282	45	327	14
FY 2025	45	68	94	104	9	14	22	1	311	45	357	13
FY 2026	45	69	103	105	10	22	30	–	322	62	384	16
LION – Location: Overseas												
FY 2025	–	1	–	–	–	–	–	–	1	–	1	–
FY 2026	–	1	–	–	–	–	–	–	1	–	1	–

Breakdown of permanent employees by age group

	FY 2026				FY 2025				FY 2024			
	Senior Manager	Middle Manager	Executive	Non-Executive	Senior Manager	Middle Manager	Executive	Non-Executive	Senior Manager	Middle Manager	Executive	Non-Executive
LION – Location Sri Lanka												
18-30 years	–	19	68	30	1	20	65	37	1	6	47	34
31-50 years	45	69	58	58	41	57	44	55	33	67	50	51
>50 years	10	4	7	17	12	5	7	13	10	5	7	16
Total	55	92	133	105	54	82	116	105	44	78	104	101

Breakdown of contract employees by gender and region

	M				F							
Financial year	Senior Manager	Middle Manager	Executive	Non-Executive	Senior Manager	Middle Manager	Executive	Non-Executive	M	F	Total	%F
LION – Location: Sri Lanka												
FY 2024	2	1	1	4	–	–	2	–	8	2	10	20
FY 2025	–	1	–	1	–	1	1	–	2	2	4	50
FY 2026	–	1	–	1	–	1	–	–	2	1	3	33

Trainees/Interns/Apprentices by gender

	Trainees/interns/apprentices, non-supply chain		Trainees/interns/apprentices supply chain			
Financial year	M	F	M	F	Total	%F
LION – Location Sri Lanka						
FY 2024	2	5	6	5	18	56
FY 2025	4	8	30	15	57	40
FY 2026	4	13	29	11	57	42

Note: *During FY 2026, Lion provided a total of 57 opportunities across three categories: 17 Trainees, 28 Interns, and 12 Apprentices. Furthermore, Lion continues to provide internship opportunities with a focus on enhancing diversity, with female representation among interns exceeding the Company's current internal gender ratio.*

Diversity, Equity and Inclusion Initiatives (DEI)

Lion is committed to fostering a workplace that is fair, inclusive, and respectful, where all employees are provided with equal opportunities to contribute and succeed.

Diversity, equity, and inclusion principles are embedded within the Company's people practices, guiding the manner in which employees are recruited, developed, and supported throughout their careers.

To reinforce this commitment, Lion maintains a robust policy framework, including its Policy on Prevention of Harassment and Discrimination, which ensures that all employment-related decisions are made without bias, while promoting a workplace culture in which employees are consistently treated with dignity, respect, and professionalism.

No employee will be discriminated against on the basis of:

- Race, colour, ethnic or national origin
- Religion or religious beliefs
- Gender, including pregnancy, childbirth, or breastfeeding
- Sexual orientation
- Gender identity and gender expression
- Nationality, immigration status, citizenship, or ancestry
- Physical or mental disability or medical condition, where such condition does not pose a risk to fellow employees

Empowering women in the workforce

As part of its broader focus on diversity, equity and inclusion, Lion places strong emphasis on enhancing opportunities for women in an industry that has traditionally experienced lower female representation in Sri Lanka.

The female cadre within the workforce currently stands at 16.0%, and Lion remains committed to driving meaningful and sustained progress in this area. The organisation also recognises the important role women play in balancing professional and personal responsibilities, and continues to foster an environment that supports their growth, wellbeing, and career advancement.

Workplace safety and harassment prevention initiatives

Lion is committed to fostering a safe, respectful, and inclusive workplace, with a strong focus on preventing sexual harassment. During the year, a series of awareness programmes and workshops were conducted to educate employees on appropriate workplace behaviour, prevention mechanisms, and reporting channels. These initiatives are aimed at building a more supportive environment for all employees, particularly women, while reinforcing a culture of accountability and zero tolerance towards harassment.

Attracting and engaging talent

GRI: 2-7, 401-1

During the year, Lion strengthened its employer branding initiatives, through enhanced digital engagement and targeted talent outreach activities, contributing to improved organisational visibility and stronger candidate engagement. In addition, proactive talent pooling strategies were implemented across critical technical areas, enabling faster recruitment and ensuring continuity in key operational roles.

Attracting and retaining the right talent remains a strategic priority for Lion, particularly within an increasingly competitive labour market characterised by the migration of skilled professionals and a limited pool of specialised technical expertise. In response, Lion has adopted a proactive and structured approach to talent management, focused on strengthening both external talent pipelines and internal capability development to ensure long-term organisational resilience.

Recruitment activities are guided by a disciplined workforce planning process anchored on an annually approved cadre plan, ensuring that hiring decisions are aligned with business strategy and operational requirements. Departmental workforce needs are consolidated into a company-wide recruitment plan, while any additional requirements are subject to structured review and approval processes.

All recruitment processes are conducted on a merit-based and non-discriminatory basis, supported by competency assessments and objective evaluation criteria to ensure the selection of candidates with the right skills, potential, and cultural alignment.

During the year, Lion further strengthened its recruitment approach by developing pre-qualified talent pools in critical technical areas, enabling faster replacement of key roles and reducing overall time-to-hire.

Recognising the importance of building a sustainable long-term talent pipeline, the Company continues to strengthen its engagement with universities, professional institutions, and industry networks.

Programmes such as the Lion Cubs structured internship programme, together with trainee and apprenticeship initiatives, continue to serve as key entry points for early-career talent, enabling Lion to develop future employees while addressing long-term capability requirements.

Lion Cubs in training

These initiatives contributed to a steady inflow of new talent during the year, particularly within younger workforce segments.

Digitisation of recruitment and onboarding

Lion has digitised key elements of its recruitment and onboarding process to improve efficiency and reduce paper usage. Offer letters, appointment letters, and onboarding documentation (including NDAs and declarations) are now processed and signed electronically, enabling a fully paperless joining experience. Recruitment approvals have also been automated through workflow systems, improving speed and control. All employee records are centrally stored in the HR Information System (SuccessFactors), ensuring seamless integration and accessibility.

Key workforce challenges

While attrition levels driven by skilled migration have stabilised over the past year, the limited availability of suitably qualified talent, particularly individuals with relevant industry exposure and specialised capabilities, continues to remain a key workforce challenge.

Measures implemented to address challenges

- Targeted recruitment efforts are prioritised within technically specialised functions, where attrition linked to skilled migration is more pronounced, ensuring operational continuity.
- Pre-screening and maintaining a pool of suitable candidates allows for immediate deployment upon vacancies arising, significantly reducing time-to-fill and improving workforce agility.
- Broadened talent sourcing initiatives through active collaboration with universities, academic institutions, and professional bodies via career development platforms.
- Implemented competitive remuneration enhancements, including salary realignments, special allowances, and performance-linked reward mechanisms to support retention and recognise employee contributions.
- Strengthened managerial capability through targeted networking opportunities and structured knowledge-sharing initiatives.
- Promoted internal career movement through formalised transfer processes, cross-functional exposure, and leadership development programmes.
- Enhanced employee well-being initiatives by encouraging work-life balance, raising awareness of mental health, and improving access to support services. The introduction of the Employee Assistance Programme (EAP) was a key initiative that contributed positively towards engagement and retention outcomes.

Lion's employer value proposition is anchored in its commitment to fostering a fair, inclusive, and development-oriented workplace. Continued recognition as a 'Great Place to Work' further reinforces its position as an employer of choice.

All new employees participate in a structured onboarding process, which includes formal induction sessions, policy orientation, and introductions to key stakeholders prior to assuming their roles. This is followed by a six-month probationary period, during which performance is closely evaluated before confirmation of employment.

In addition to permanent employees, the Company engages contract personnel for project-based requirements and maintains an active internship programme to support the development of future talent pipelines.

New recruits by age, gender, and region

Financial year	Total new recruits	Age			Gender	
		18-30 years	31-50 years	> 50 years	M	F
LION – Location Sri Lanka						
FY 2023/24	71	35	36	–	56	15
FY 2024/25	66	41	24	1	56	10
FY 2025/26	92	51	41	–	63	29

Resignations by age, gender, and region

Financial year	Total new recruits	Age			Gender	
		18-30 years	31-50 years	> 50 years	M	F
LION – Location Sri Lanka						
FY 2023/24	51	16	28	7	43	8
FY 2024/25	46	12	30	4	34	12
FY 2025/26	61	28	27	6	49	12

Workforce development and training

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

Learning priorities during the year were guided by key themes identified through internal assessments, including strengthening of commercial and financial acumen, together with enhanced stakeholder and customer-centric capabilities.

Lion continues to place strong emphasis on building organisational capability, recognising that a skilled and capable workforce is essential to both individual development and long-term organisational performance.

As part of this approach, Lion continues to invest in training and development initiatives aimed at addressing identified knowledge and skills gaps across environmental, financial, social, and governance areas, enabling employees to perform their roles with confidence and effectiveness.

Technical training programmes are designed to build specialised expertise required across different job functions, while soft skills training focuses on strengthening competencies in areas such as communication, leadership, and teamwork.

These capabilities play an important role in shaping organisational culture and supporting sustained business performance.

Overall training hours analysis

Breakdown by employee grade	FY 2026	FY 2025	FY 2024
Senior Manager	3,851	2,805	2,134
Middle Manager	3,505	4,407	3,665
Executive	6,559	6,359	4,964
Non-Executive	4,824	5,358	4,872
Total	18,739	18,929	15,635
Training hours per permanent employee	48.79	53.02	47.81

Breakdown by training type	FY 2026	FY 2025	FY 2024
Awareness	2,998	4,400	3,203
Behavioural	5,018	2,519	1,318
Compliance	712	394	1,165
Familiarisation	2,904	3,545	2,424
Health and safety	1,796	2,014	796
Technical	5,311	6,058	6,729
Total	18,739	18,929	15,635

Learning Management System

As part of this strategy, Lion launched a Learning Management System (LMS) implemented through SAP SuccessFactors, integrated with LinkedIn Learning during the year. The platform provides employees with access to a wide range of learning resources and supports a more structured and accessible approach to capability development.

The Company is also in the process of digitising induction content for new hires by converting traditional presentation-based onboarding materials into interactive video and audio-visual formats. These digital modules will be hosted on the LMS, enabling a more engaging, consistent, and easily accessible onboarding experience across the organisation.

This initiative is aimed at strengthening a learning organisation culture by making learning more accessible, consistent, and engaging across the workforce. By leveraging digital learning formats, the Company continues to improve access to learning resources, encourage continuous learning, and embed capability development as an integral part of the overall employee experience.

Lion Learning Framework

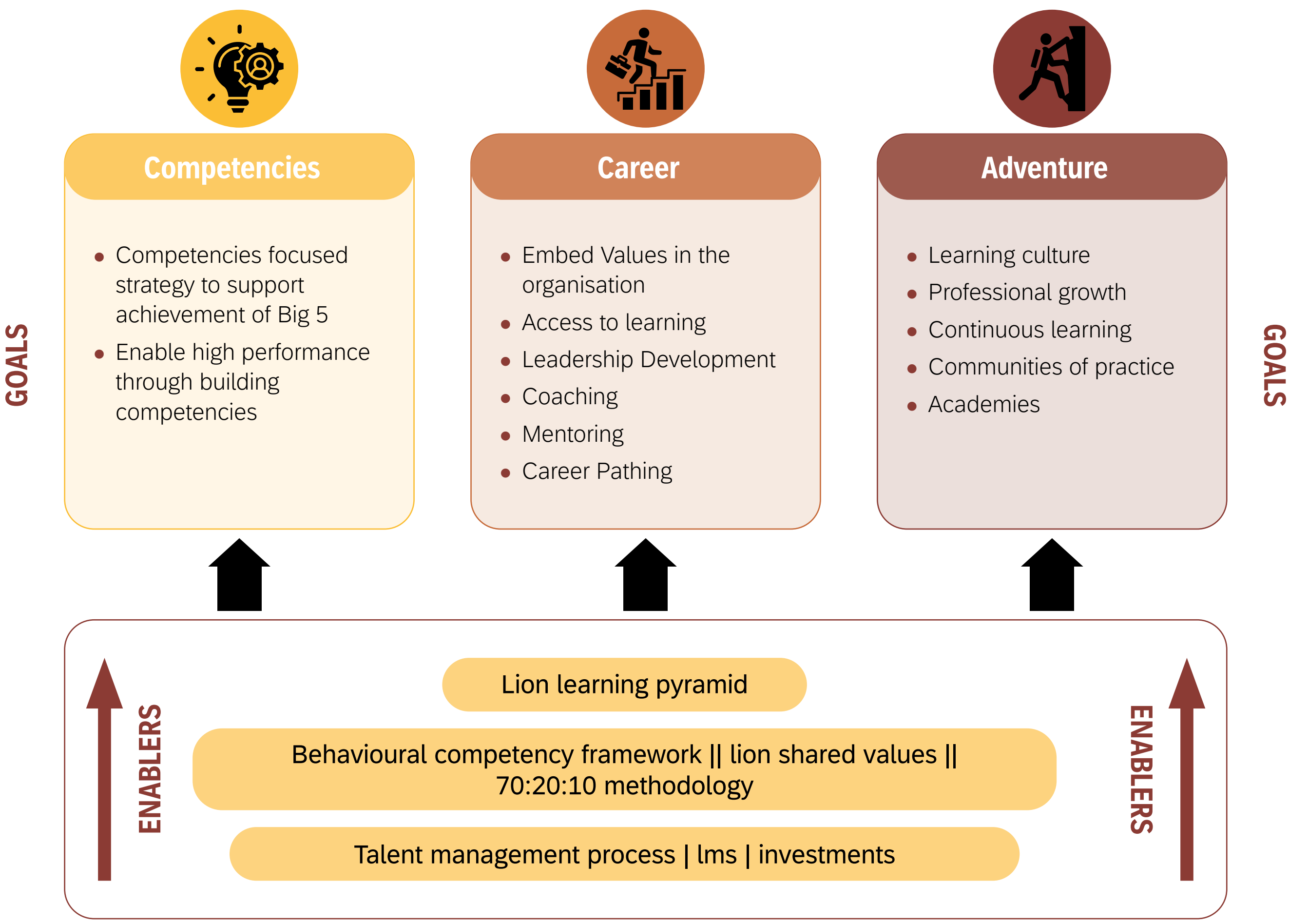
Lion introduced a structured Learning Framework during the year to strengthen capability building and embed a more consistent, organisation-wide approach to learning and development. The framework replaces ad-hoc training practices with a clearly defined progression pathway aligned with each employee's career journey.

The framework is structured around key career stages, beginning with individual contributors, progressing to people management roles to functional and senior leadership positions. At each stage, employees are required to complete a defined set of modular learning programmes tailored to their development needs before progressing to the next level.

It also includes structured programmes for different employee cohorts, including executive development initiatives and senior leadership programmes delivered in partnership with external institutions.

Across the system, approximately 8–10 core learning modules are mapped to each career pathway to ensure capability readiness, consistency, and disciplined progression across the organisation.

Overall, the framework institutionalises learning as a structured and continuous journey rather than a standalone activity, reinforcing a stronger culture of learning and development across the Company.



Lion directs its training and development efforts towards strengthening a culture of innovation and high performance across the organisation. Within the Supply Chain function, the Manufacturing Excellence Unit plays a key role in developing employees' ability to challenge existing practices and adopt more effective ways of working.

This approach encourages employees at all levels to contribute towards continuous improvement efforts in their day-to-day activities, embedding innovation into routine operations rather than limiting it to large-scale initiatives.

A key component of this approach is the application of Kaizen methodologies, which promote continuous refinement of processes and incremental improvements in operational efficiency. These efforts have translated into measurable outcomes, with employee-driven Kaizen initiatives generating cost savings in excess of LKR 22 Mn. during the year under review.

Kaizen's delivered

	FY 2026	FY 2025	FY 2024
Total number of Kaizen programmes	230	184	48
Productivity	32	1	–
Quality	49	16	3
Cost	44	68	28
Delivery	28	36	1
Safety	55	59	16
Morale	22	4	–
Total number of personnel recognised for Kaizens	144	101	59

Lion strengthened organisational capability in environmental, social, and governance and corporate governance practices through the continuation of targeted training initiatives delivered across all employee levels. These programmes are designed to enhance awareness, reinforce accountability, and ensure consistent application of established policies and governance frameworks.

By integrating governance principles into routine business activities, Lion promotes responsible decision-making and ethical conduct, supporting sustainable operations and long-term value creation.

ESG and governance training

	FY 2026	FY 2025	FY 2024
No. of personnel trained on ESG as a % of total employees	98.4	94.0	93.3
No. of personnel trained on Anti-Bribery and Corruption as a % of total employees	87.8	86.0	>90.0

Executive Development Programme

Lion continues to strengthen its leadership pipeline through a series of structured development initiatives designed to build capability across different career stages in collaboration with the Post Graduate Institute of Management (PIM).

During the year, the Executive Development Programme, conducted in partnership with the PIM, was successfully concluded. The programme focused on developing executive-level talent through a structured curriculum which included modules tailored to the alcoholic beverage industry, alongside live business projects that required participants to apply their learning to real organisational challenges.

Building on this foundation, Lion also introduced the "Leadership Brew", an initiative in collaboration with Luminary Learning. This targeted programme was designed to further strengthen leadership capability by addressing key development areas aligned with organisational priorities.

Future Leaders Programme

In addition, the Future Leaders Programme was launched to develop the next generation of leadership talent in collaboration with PIM. The first phase of the programme commenced during the year, with a structured curriculum aimed at strengthening strategic thinking and leadership effectiveness. A second phase of the programme, in collaboration with an international learning partner, is scheduled for implementation in the following financial year.

Collectively, these initiatives reflect Lion's continued focus on developing leadership capability and building a strong and sustainable talent pipeline aligned with its long-term strategic objectives.

The programmes will focus on mindset transformation, psychological resilience, and practical behavioural shifts;

- Leadership Excellence
- Operational Excellence
- Customer/Client-centric Business Analysis
- Decision Making, Scientific Problem Solving and Stakeholder Management
- Effective Communication Skill

Participants of Executive Development Programme held in October 2025 at PIM

Soft skills training

Lion continued to implement a range of initiatives aimed at strengthening both technical and behavioural competencies across the workforce. These efforts focused on enhancing core capabilities such as communication, analytical thinking, financial acumen, and effective stakeholder engagement.

To support these objectives, structured programmes were introduced to develop presentation and public speaking skills, alongside employee-led learning initiatives that encourage reading, knowledge sharing, and critical reflection.

In parallel, accredited training programmes were rolled out to build internal capability in facilitation and coaching, enabling employees to contribute more effectively towards learning and development within the organisation.

Career progression

Lion has established a structured and forward-looking framework for career progression, supported by the Lion Learning Framework, which defines clear development pathways across key career stages from individual contributor roles to people management and functional leadership positions.

Career progression within the organisation is closely aligned with the completion of targeted development programmes at each stage, ensuring a consistent and merit-based approach to advancement.

This structured approach is reinforced through a comprehensive learning architecture, where employees are required to complete defined development interventions prior to progressing to the next career level. This ensures that career advancement decisions are based on demonstrated capability, readiness, and performance rather than ad-hoc progression.

In parallel, Lion adopts a systematic approach to talent identification and leadership development through a formal succession planning process applicable to managerial roles and above. Employees demonstrating strong performance and future potential are identified and assessed for progression into more complex and strategic roles.

Employees identified as ready for advancement are provided with opportunities including cross-functional assignments, job rotations, and participation in strategic projects, enabling the organisation to assess readiness for increased responsibility.

Based on assessed performance and potential, tailored development plans are implemented over a defined time horizon to support their transition into future leadership roles and ensure continuity within the organisation's leadership pipeline.

To support this model, Lion has developed targeted programmes in collaboration with external learning partners, including the Executive Development Programme for executive-level employees and structured leadership development initiatives for senior managers. These modular programmes are designed to build capability across key leadership dimensions and strengthen the organisation's leadership bench.

Going forward, Lion's Learning Framework will play a key role in identifying the necessary capability requirements across career stages and ensuring structured development pathways that align learning interventions with organisational needs and progression criteria.

During the year, a total of 59 employees progressed through career advancement initiatives, including 7 promotions, 17 role progressions, 34 lateral movements across functions, and one international assignment. These movements reflect the organisation's continued focus on internal mobility, capability development, and talent retention.

Overall, the Company maintained a strong organisational emphasis on learning and development during the year, reinforcing the role of capability building as a key enabler of career progression and long-term organisational growth.

Number of promotions and progressions

	FY 2026		FY 2025		FY 2024	
	M	F	M	F	M	F
Senior Manager	1	3	3	1	5	1
Middle Manager	5	2	14	2	21	1
Executive	7	4	15	1	21	2
Non-Executive	2	–	4	–	–	–

Managing and evaluating performance

GRI: 404-3

Lion adopts a disciplined and structured approach to managing employee performance management, with a strong focus on driving accountability, consistency, and continuous improvement across the organisation.

Performance expectations are established at the beginning of each cycle through a systematic planning process, where organisational priorities are translated into functional objectives and subsequently cascaded into individual performance measures.

Performance is monitored throughout the year through formal review discussions between employees and their supervisors. These sessions provide an opportunity to evaluate progress, address any challenges, and realign objectives in response to evolving business requirements and operational priorities.

At the conclusion of the financial year, a comprehensive performance evaluation is conducted to determine overall performance outcomes.

To maintain objectivity and consistency, performance assessments undergo a multi-level review process. Departmental evaluations are reviewed collaboratively by Heads of Department and functional leaders, while final outcomes for Executive-level employees and above are assessed at Company level and endorsed by the Talent Council.

This structured approach ensures consistency and fairness in performance outcomes across the organisation.
In support of this framework, several targeted initiatives were implemented during the year. These included preparatory sessions for managers prior to performance reviews, as well as post-cycle evaluations to assess the robustness of the system and identify opportunities for further refinement.

Final performance outcomes, together with any related remuneration adjustments, are formally communicated to employees in accordance with established Company practices.

Number of employees receiving the annual performance review

	FY 2026		FY 2025		FY 2024	
	M	F	M	F	M	F
Senior Manager	36	10	38	8	33	10
Middle Manager	61	17	64	13	63	12
Executive	85	19	84	21	68	16
Non-Executive	98	0	104	1	99	1
Total	280	46	290	43	263	39

Note: Performance appraisals are carried out only for personnel who have completed 6 months

As part of its broader digitalisation agenda, Lion continued to embed the integration of SAP SuccessFactors Human Resources Information System, implemented in June 2024, within its performance evaluation processes. The system's mobile-enabled functionality enhances accessibility and supports greater automation across performance management activities.

During the year, focus remained on driving adoption and improving utilisation, particularly through the mobile platform, contributing to increased efficiency and user engagement.

The system enables continuous tracking of employee performance by incorporating clearly defined checkpoints, allowing progress against key deliverables to be monitored throughout the review cycle. This provides both employees and supervisors with greater visibility into performance outcomes, facilitating early identification of gaps and timely corrective action.

In parallel, development priorities can be formally assigned and reviewed on an ongoing basis, supporting continuous skill enhancement and alignment with evolving role requirements.

The transition towards a more automated platform has also streamlined administrative processes, improving the reliability and consistency, and transparency of performance evaluations. By minimising manual intervention, the system enhances data accuracy and strengthens transparency, contributing to greater trust in the process and reinforcing a culture focused on performance and continuous improvement.

Performance recognition and rewards

GRI: 404-3, 2-19, 2-20, 403-6

Lion's reward philosophy is centred on attracting, retaining, and motivating talent through fair and competitive remuneration structures that reflect individual skills, experience, and contribution.

Winners at the CEO Awards 2025 – The highest platform for recognition at Lion

Employees are recognised as a key driver of organisational success, and compensation practices are regularly benchmarked against industry standards to ensure alignment with market conditions. The Company also maintains pay equity by ensuring that there are no gender-based disparities among employees performing comparable roles across all levels.

All recruitment and employment practices are conducted in compliance with applicable labour laws, and remuneration for non-executive employees is maintained at levels significantly above the national minimum wage. Statutory obligations, including contributions to the Employees' Provident Fund (EPF), Employees' Trust Fund (ETF), and gratuity payments, are fulfilled in full compliance with regulatory requirements.

In addition, Lion promotes a culture of recognition through structured employee recognition programmes such as CEO Awards, Long Service Awards, Quick Wins, Living Lion Values Awards, Team Excellence Awards, and special recognition for achievements at national and international levels.

During the year, this was further strengthened through the introduction of the "Fearless Lion" award, which recognises employees who demonstrate initiative, innovation, and calculated risk-taking in support of organisational progress.

Beyond financial rewards, the benefits framework extends to supporting employees' physical, mental, and emotional well-being through Lion "WE CARE" employee wellness programme, reflecting Lion's commitment to a holistic approach to employee empowerment and wellbeing.

Fearless Lion Award

The Fearless Lion Award was introduced as part of Lion's Rewards and Recognition framework to encourage a culture of innovation, experimentation, and empowered decision-making. The award recognises individuals and teams who take bold initiatives and pursue ambitious ideas, even where outcomes may fall short of expectations.

What the Fearless Lion Award celebrates:

- Courage to take initiative and challenge the status quo.
- Willingness to take calculated risks in pursuit of innovation.
- Strong effort and commitment, even when outcomes fall short.
- Learning and growth through experimentation and failure.
- Empowerment and ownership in driving new ideas and projects.
- Contribution to a culture of agility, innovation, and continuous improvement.

By acknowledging such contributions, Lion aims to build a more agile, empowered, and high-performance culture where people are encouraged to take calculated risks in pursuit of improvement and growth.

Employee benefits and support

Complementing financial rewards, Lion offers a comprehensive benefits portfolio that supports employee well-being across financial, physical, and social dimensions.

Financial benefits	Non-financial benefits
• Annual performance-based bonus benefits • Vehicle/travelling allowance based on job grades • Budgetary relief allowance (for applicable staff) • Fuel allowances based on job grades • Spectacle allowance to employee and family • OPD Allowance • Professional subscription on annual basis • Childcare facility cost reimbursement facility for employees' children • British Council English programme fee reimbursement • Long service awards	• Staff meal (Lunch/dinner for all staff as per working shift) • Hospitalisation cover • Critical Illness, life and personal accident cover • Staff transport • School books and Stationery packs for children of staff members – Annually • Welfare benefits (Death benefits for staff family members) • "Athwela" – scholarship supporting children's education • Annual medical checkup and wellness initiatives • Free medical check-ups (Every year) • Programmes for employee's physical and mental wellbeing • Gala Dinner for employees & their families

Supporting employees through parenthood

GRI: 401-3

Lion supports employees through key life stages by providing a range of benefits, including maternity and paternity leave, childcare support, and dedicated facilities for working mothers.

During the year, the Company further strengthened this approach through the implementation of its diversity, equity and inclusion strategy, branded as "Abhimana", under which several new employee-focused policies were introduced. These included the introduction of a hybrid working policy, enhanced maternity benefits, the introduction of paternity leave for the first time, and expanded childcare support for employees.

As per the provisions of the Shop and Office Employees Act of 1954, female employees are entitled to 84 days of paid maternity leave following childbirth. Lion has extended this entitlement to 100 days of paid maternity leave.

In addition, nursing mothers are provided with one hour of paid nursing time each working day until the child reaches one year of age.

These measures form part of Lion's broader commitment to fostering a supportive, inclusive, and employee-centric work environment.

Parental leave at LION

	FY 2026		FY 2025		FY 2024	
	M	F	M	F	M	F
Total number of employees who were entitled to parental leave	14	5	–	–	–	1
Total number of employees who took parental leave	11	5	–	–	–	1
Total number of employees who returned to work in the reporting period after parental leave ended	11	5	–	–	–	1
Total number of employees that returned to work after parental leave ended and were still employed 12 months after their return to work	9	4	–	1*	–	–
Return to work and retention rates of employees who took parental leave (%)	82	80	–	100	–	100

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

Employee relations

GRI: 402-1

Lion fosters an open and transparent culture supported by structured mechanisms that facilitate continuous dialogue between employees and management. Employees are provided with multiple avenues to share feedback, raise concerns, and contribute ideas, promoting a strong sense of ownership and participation, and engagement across the organisation.

This approach is reinforced through a combination of formal and informal communication channels that support timely and effective information flow. Key engagement platforms enable regular interaction with leadership, strengthen alignment across functions, and provide valuable insights into employee sentiment.

Platform	Purpose
Lion People Connect	Quarterly forum led by the CEO and Executive Committee to share business updates and address employee queries
CEO Connect	Direct engagement platform between employees, the CEO, and Chief People Officer to gather feedback and understand workforce sentiment
Coffee with CEO	Informal platform encouraging open dialogue, idea sharing, and inclusive discussion with senior leadership
Chief Supply Chain Officer Connect	Engagement forum for supply chain employees, particularly blue-collar staff, to strengthen communication and alignment with leadership
A Trail with the CMO	Purpose driven, sharing of experience and knowledge by the CMO with young talent in Sales and Marketing
Staff Well-being Committee	Cross-functional forum to plan and implement employee well-being initiatives
GPTW Survey and Focus Group Discussions	Annual survey supported by discussions to assess employee sentiment and inform engagement strategies
Mid-year and Annual Appraisals	Structured one-to-one discussions to review performance, address challenges, and align on future goals

In addition to these structured platforms, Lion leverages digital communication channels to enhance accessibility and real-time connectivity across the workforce, contributing to a culture of openness, trust, and collaboration.

Employee engagement is further strengthened through the annual Great Place to Work survey, which serves as a key mechanism for assessing employee perceptions and identifying areas for improvement.

During the year, Lion achieved recertification for the sixth consecutive year and improved its Trust Index score, while also being recognised among the top workplaces in the manufacturing and production sector in Sri Lanka.

Insights generated through the survey are supplemented by focused group discussions, enabling a deeper understanding of employee expectations and develop targeted action plans to strengthen engagement and workplace culture.

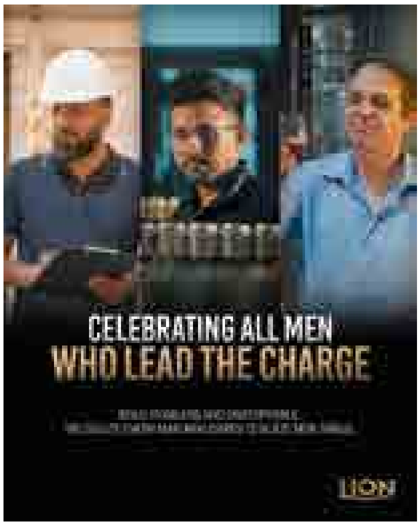
Lion also places strong emphasis on fostering a sense of belonging through a structured employee engagement calendar, with initiatives organised throughout the year to strengthen relationships and reinforce organisational values.

A structured approach to managing organisational change ensures that employees are adequately informed and supported during periods of transition. As a responsible employer, the Company provides timely and adequate communication before any operational changes and supports transitions through structured change management initiatives designed to facilitate effective adaptation.

During the year, Lion extended support to employees affected by severe flooding that impacted several regions. Despite accessibility challenges, immediate relief was provided, followed by structured assistance based on the severity of the impact experienced by employees. This included support for cleaning and restoration, as well as assistance to replace essential household and electrical items, ensuring that affected employees were able to recover and resume normalcy as quickly as possible.

In parallel, Lion continues to foster a supportive work environment that recognises the importance of employee wellbeing, enabling employees to perform effectively while maintaining overall personal wellbeing and resilience.

Employee engagement activities



Lion places strong emphasis on creating a connected and inclusive workplace by promoting employee engagement throughout the year. A structured calendar of engagement initiatives is implemented to strengthen relationships, encourage interaction beyond day-to-day responsibilities, and foster a sense of belonging across the organisation.

These activities play an important role in sustaining employee motivation, enhancing morale, and reinforcing pride in being part of Lion.

Key initiatives conducted during the year included:

- Lion Family Day
- Annual Cricket Tournament
- Activities celebrating national and religious events
- Activities celebrating international events such as Women's Day, Mother's Day and Men's Day, amongst others

Sinhala and Tamil New Year celebrations 2025

Employee wellness

GRI: 403-6

Lion continues to prioritise employee well-being through structured initiatives aimed at promoting a healthier, safer, and more resilient workforce.

Building on the foundation established in the previous year, the Lion "We Care" programme remained a key platform for driving employee participation in wellness-related activities across the organisation.

During the year, wellness initiatives were further refined to ensure relevance and participation, including initiatives such as medical camps and programmes addressing both physical and mental health.

Annual medical screening programmes were conducted during the year, with participation reaching 96.0% of the permanent workforce, reflecting strong employee engagement with health-related initiatives. In addition, mental health awareness sessions continued to support employee well-being across the organisation.

A key development during the year was the introduction of the Employee Assistance Programme, which provides access to professional external counselling services to support employees in managing personal and work-related challenges.

Looking ahead, Lion will continue to expand its wellness initiatives through additional programmes aimed at further strengthening employee participation, wellbeing, and overall workforce resilience.

Handling grievances

GRI: 2-15, 2-25, 2-26

Lion maintains a structured and clearly defined framework for addressing employee concerns, ensuring that all matters are handled in a timely, consistent, and impartial manner. The approach incorporates both informal and formal channels, enabling issues to be addressed at the appropriate level based on their nature and complexity.

For routine concerns, employees are encouraged to engage directly with their immediate supervisors to seek resolution. Where required, matters are escalated to the relevant Head of Department to facilitate prompt and appropriate action, ensuring employees receive timely feedback and closure.

More complex or sensitive issues are managed through a formal grievance handling process. Employees may submit concerns in writing, following which the matter is initially reviewed at the supervisory level. Where resolution is not achieved, the issue is escalated with supporting information to the relevant Head of Department, who undertakes a more detailed review and provides recommendations for further action.

Final oversight of formal grievances rests with the Chief People Officer, who ensures that all matters are managed thoroughly, fairly, and in accordance with the Company's Grievance Handling Policy and Procedure. Where necessary, external legal advice may be sought to ensure compliance with applicable regulatory requirements and Lion's internal policies, procedures, and standards.

Grievances reported and resolved at Lion

5 Whistleblower cases reported and addressed

10 Grievances reported and addressed

Furthermore, all personnel completed the Annual Declaration – Conflict of Interest Disclosure for 2026, reinforcing the Company's commitment to transparency, accountability, and ethical conduct across the organisation.

In addition to the grievance handling framework, Lion continues to strengthen employee awareness of related policies that support a fair, ethical, and respectful workplace. During the year, initiatives were conducted to enhance employee awareness of the whistleblowing framework, as well as programmes focused on the prevention of sexual harassment.

These areas are governed through distinct policies and processes, complementing the grievance handling framework while reinforcing a safe, inclusive, and transparent working environment for all employees.

Way forward

Human capital at Lion will continue to serve as a critical enabler of sustainable growth and long-term value creation. As the business evolves in response to increasing competition and operational complexity, Lion remains focused on strengthening workforce resilience, agility, and performance.

A key priority will be aligning workforce capability with the Company's expansion into adjacent categories, including spirits and non-alcoholic beverages. This will require enhanced technical capability, organisational agility, and continued investment in talent acquisition and capability development.

Lion will further strengthen organisational capability through a structured learning ecosystem, building technical expertise, leadership capacity, and future-ready skills such as digital proficiency and data-driven decision-making.

In parallel, succession planning and targeted development initiatives will continue to support the development of a strong leadership pipeline and ensure continuity in critical roles.

Talent attraction and retention will remain a priority amid ongoing challenges associated with skilled migration and the limited availability of specialised talent. Lion will continue to enhance its employer value proposition through competitive reward structures, employee engagement initiatives, and a sustained focus on employee well-being, supported by partnerships with educational and professional institutions to strengthen long-term talent pipeline.

At the same time, Lion will continue to foster a high-performance and inclusive workplace culture, supported by enhanced communication platforms, regular feedback mechanisms, and targeted initiatives aligned with evolving employee expectations. Focus will also remain on advancing diversity, equity and inclusion, improving representation over time.

Health, safety, and employee well-being will remain integral components of Lion's people strategy, supported through continued investment in workplace safety practices, wellness initiatives, and mental health support programmes.

Through these priorities, Lion aims to build a resilient and future-ready workforce aligned with its long-term strategic ambitions and evolving business needs.

NATURAL CAPITAL

Through responsible resource stewardship and ongoing efficiency initiatives, Lion remains focused on reducing its environmental footprint while supporting a more sustainable future.

Strategic focus

Lion's Natural Capital strategy is anchored on improving resource efficiency within its operations, thereby reducing environmental impact while supporting the strengthening of the ecosystem beyond its operational boundaries.

The Company's primary focus areas include safeguarding water resources through responsible usage practices and optimising energy consumption, which in turn supports the reduction of its GHG emission intensity and its associated climate-related impacts. These areas are considered Material to the organisation from an ESG perspective.

These strategic priorities are supported through data-driven systems, operational discipline, and strategic partnerships with industry bodies, academia, and environmental organisations. Collectively, these efforts enable Lion to integrate environmental stewardship into core business processes while delivering measurable improvements in efficiency, regulatory compliance and long-term sustainability outcomes.

During the year, Lion's environmental performance was recognised through the Silver Award in the Food & Beverage Category at the Presidential Environment Awards 2025, organised by the Central Environmental Authority (CEA). This recognition further reinforces the credibility of the Company's environmental stewardship efforts within the value chain and within the communities and ecosystems in which it operates.

Energy management

GRI: 302-1, 302-2, 302-4, 302-5, 305-5

Energy remains a key cost driver and a significant contributor to greenhouse gas (GHG) emissions within the brewing industry. The Company's on-site energy mix primarily comprises electricity and thermal fuels, including furnace oil for boiler operations and diesel for standby power generation.

Significant energy demand hotspots exist within refrigeration and temperature control processes during fermentation, which are critical to maintaining product consistency and quality standards.

Additional energy loads include steam generation for raw material processing and packaging operations, together with electricity usage associated with wastewater treatment facilities.

As per the 2025 fourth quarter report of the Public Utilities Commission of Sri Lanka, 61.0% of grid power for the period was generated from renewable sources. However, a significant portion of the energy mix continues to be derived from fossil fuels, exposing the sector to price volatility as well as the impact of dry weather conditions on hydro power generation. Accordingly, energy management remains a key performance indicator (KPI) within the supply chain function, primarily focused on furnace fuel and electricity consumption.

The plant and equipment, sourced from leading manufacturers such as Krones, Alfa Laval, Global Water, and Union, provides access to best-in-class technology and operational expertise. Combined with historical performance data, projected production volumes, SKU mix, planned capacity expansions, technology upgrades, and emerging regulatory and standards frameworks, these inputs support robust target setting, informed risk mitigation and identification of efficiency opportunities.

Electricity remains the primary energy source, supporting the majority of production processes. To drive optimisation, Lion utilises advanced SCADA-enabled energy management systems, supported by sub-metering across key operational nodes. This setup enables real-time monitoring, rapid detection of consumption anomalies, and data-driven decision-making, thereby improving both operational efficiency and environmental performance.

The Company's approach to operational resilience is built on a proactive framework designed to mitigate industrial risks while capturing efficiency improvements. Risk management is supported through rigorous audit and compliance processes, including OEM utility audits and annual ISO assessments, ensuring infrastructure and operational systems remain aligned with international best practices.

To optimise opportunities, Lion has embedded a culture of continuous improvement through Kaizen-based initiatives and real-time KPI monitoring across the manufacturing and distribution operations.

These efforts are further supported through strategic investments in technological renewal and the expansion of renewable energy initiatives, including solar and methane recovery systems. By integrating these measurable actions, the Company continues to reduce exposure to resource volatility while driving long-term value creation through lower emissions, optimised capacity utilisation, and reduced per-unit production costs.

During the reporting period, Lion recorded measurable improvements in both electricity and fuel efficiency compared to the previous year. Performance during the year was influenced by commissioning-related loads from the Innovation Brewery and ramp-up challenges associated with the biogas plant.

In an effort to reduce dependency on furnace oils, Lion commissioned a biogas conversion project integrated with its on-site wastewater treatment facility. This initiative has enabled reductions in emissions while demonstrating how investments initially undertaken to fulfil compliance requirements can also generate climate-positive outcomes, support cost optimisation, and reduce dependency on conventional energy sources.

CH_4

260,513 Nm^3
methane generated

6.0%
of annual furnace oil usage reduced

GHG

470 t CO_2-e
GHG emissions reduced

Systems and processes continue to remain central to Lion's governance framework, with the Company maintaining certification under the ISO 50001:2018 Energy Management System. This internationally recognised standard requires demonstrable, data-driven improvements and provides a structured methodology for continuously enhancing energy performance across operations.

In parallel, Lion continues to extend its sustainability efforts beyond core operations by supporting retail partners through solar energy installations, reducing both direct outlet consumption and the energy intensity associated with beer cooling systems.

Through this approach, the Company not only strives to reduce the environmental impact across its extended value chain but also contributes to cost savings and long-term sustainability for its retail partners.

Data disclosures: Energy consumption

Energy consumption	FY 2026	FY 2025
Electricity index* improvement over 2017/18 (baseline)	21.0%	20.0%
Furnace fuel index** improvement over 2017/18 (baseline)	36.0%	31.0%
Total energy (GJ)	182,778.14	174,428.67
Renewable energy share at Lion (biogas from the wastewater plant)	3.58%	1.29%
Renewable energy installed by Lion in retail base (installed capacity)	135kWh	135kWh

Note: Energy as represented in Scope 1 and Scope 2
* kWh consumed to produce one hectolitre of beer.
** Litre of fuel needed to produce one hectolitre of beer.

Water stewardship

GRI: 301-1, 303-1, 303-2, 303-3, 303-4, 306-3

Sri Lanka is considered a Medium to High water-stressed country; even though, the Western Province, where the Brewery is located, faces greater challenges associated with high rainfall intensity and flooding risks rather than a significant shortage of water.

Water, as the primary raw material used in Lion's products, is intrinsically linked to multiple aspects of its value chain. It is also fundamental to everyday life and the ecosystems within which the Company operates.

Accordingly, water management has always been a strategic priority for Lion, with primary focus on water usage within the Brewery operations and the effective treatment and discharge of wastewater. As these efforts continue to strengthen, Lion has also begun to extend its focus towards broader water stewardship initiatives within the communities in which it operates.

Water management is a key performance indicator within the supply chain function, with detailed operational usage data monitored across core production processes, including wastewater discharge. Wastewater generated through operations is treated on-site in accordance with the requirements of the Environmental Protection Licence (EPL), supported through regular internal testing with periodic independent testing by regulatory bodies to ensure ongoing compliance with applicable discharge standards.

These operational inputs, together with product trends, and planned technology upgrades support KPI target setting and performance management. KPI's in turn are linked to reward and recognition through the Company's balanced scorecard framework which is integrated to reward and recognition mechanisms to reinforce accountability and support achievement of established targets.

Lion's approach to managing water-related risks while optimising operational opportunities is anchored in continuous monitoring, efficiency improvement, and responsible resource management practices.

The Company continues to strengthen its understanding of water availability and associated risks through regular pump tests conducted by the relevant authorities to establish sustainable extraction limits and ensure no adverse impact on surrounding communities. These efforts are complemented by periodic third-party water availability studies, and benchmarking against industry best practices to support informed long-term planning.

Operationally, Lion focuses on reducing water intensity through KPI-driven performance management, Kaizen-led efficiency initiatives, and targeted technology upgrades implemented during expansion and asset replacement cycles.

Further strengthening these efforts, the Company continues its collaboration with Krones AG, a global leader in brewing and packaging technology, to advance the "Brewnomic" concept – a holistic and resource-efficient brewing model focused on optimising water, energy, and material consumption across operations.

In parallel, Lion continues to minimise environmental impact through effective wastewater treatment and controlled discharge processes, while also advancing water stewardship through rainwater harvesting and the reuse of treated water for non-product applications.

Collectively, these initiatives support sustainable water usage, mitigate risks, and enhance operational resilience.

Data disclosures: Water management

Water consumption	FY 2026	FY 2025
Water index*** improvement over 2017/18 (baseline)	39.0%	36.0%
Water drawn (cubic metres)	603,137	598,187
Water treated and discharged (cubic metres)	405,306	454,234

Note: Measurements indicated above for the current financial year represent 100.0% of water usage in Sri Lanka, which accounts for 96.6% of the total beer volume sold.

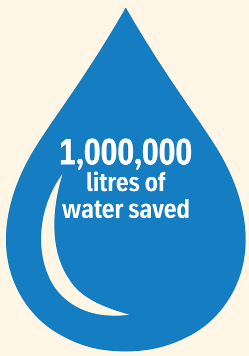
*** Hectolitre of water consumed to make one hectolitre of beer.

Capital investment in water stewardship and operational excellence initiatives

Lion committed

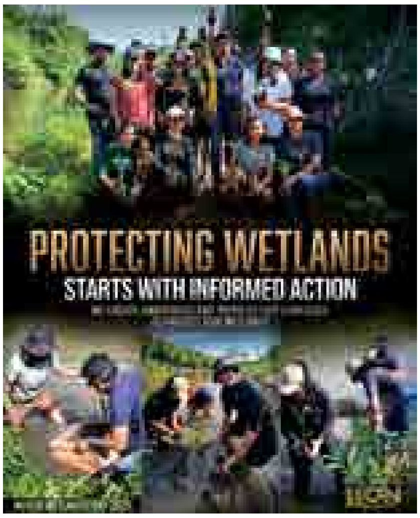
Rs. 67.8 Mn. in CAPEX

toward a specialised backwash recovery system this year. This direct investment strengthens operational resilience and reinforces the commitment to responsible water management in the manufacturing process.



Beyond the brewery boundary

Lion also provides opportunities for employees, interns, and trainees to actively participate in conservation initiatives. These include partnerships with conservation organisations on activities such as mangrove restoration, as well as tree planting programmes conducted in collaboration with local government authorities and logistics business partners.



Fruit tree planting event at the Jaffna Divisional Secretariat

Special projects – Lion Nation Foundation

GRI: 101-1, 101-2

Lion Brewery PLC extends its environmental and community impact through its support of the Lion Nation Foundation (LNF), an independent entity delivering sustainability initiatives across Sri Lanka.

Lion contributes through funding, technical expertise, and operational collaboration, enabling the effective implementation and scaling of selected environmental and community development projects.

Protecting Sinharaja's waters and its biodiversity

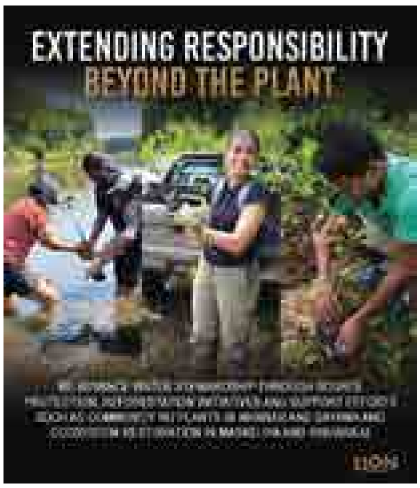
In collaboration with the Lion Nation Foundation (LNF) and Wildlife Conservation Galle, Lion supports a model conservation initiative in the Morningside Research Station area located on the eastern slopes of Sinharaja. The project focuses on reducing agrochemical runoff into forest-originating stream networks that serve as critical habitats for several point-endemic species in the country.

Interventions under the programme combine capacity building, infrastructure support, and data-driven environmental monitoring. Estate personnel have been trained on the safe handling and management of agrochemical containers, while repurposed plastic barrels provided by Lion Brewery have been utilised to establish designated washing bays, minimising the risk of direct contamination.

In parallel, water quality and weather-related data are systematically collected and shared with estate decision-makers to enable more precise and responsible agrochemical application practices, thereby reducing the risk of concentrated runoff into surrounding ecosystems. Monitoring point-endemic species is also carried out as a long-term indicator of ecological impact and project effectiveness.

To further strengthen catchment protection and ecological resilience, a forest plant nursery has been established, while over 600 native plants have already been planted along stream banks. This supports both watershed stability and the generation of organic leaf litter essential for sustaining stream biodiversity.

As the initiative progresses, research findings and practical learnings will be shared with a broader stakeholder base, supporting replication and scaling across similar high-sensitivity landscapes.



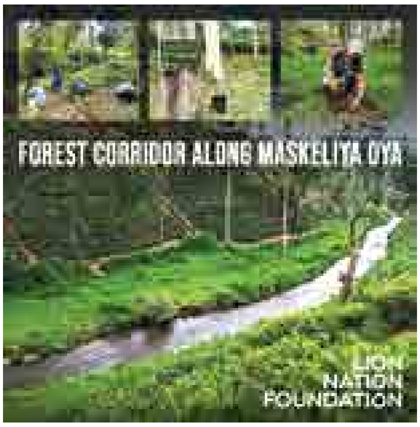
Advancing science for cleaner waters: Strengthening Kelani River monitoring

LNF also contributes to data-driven environmental management through its involvement in the extended Kelani River water quality study, conducted in partnership with the Central Environmental Authority (CEA), the University of Ruhuna, and the Industrial Technology Institute (ITI).

The project expands monitoring coverage by increasing sampling points along the river basin while incorporating advanced analytical parameters, including heavy metal testing, to strengthen the depth and accuracy of environmental data. Conducted through a structured multi-year approach with biannual sampling cycles, the study enhances the understanding of pollution sources, seasonal variations, and emerging risks within the watershed.

The insights generated will support scientific research, inform evidence-based decision-making, and contribute towards shaping future environmental policy and regulatory interventions.

Restoring landscapes, reconnecting ecosystems: the Maskeliya forest corridor initiative



LNF continued to support multi-organisational reforestation efforts in Maskeliya, in partnership with Preserving Land and Nature Trust (PLANT), an arm of the Wildlife and Nature Protection Society. The initiative focused on restoring a 9 km stream corridor, strengthening catchment conservation while establishing a functional ecological corridor to support wildlife movement and habitat connectivity.

During the reporting period, LNF supported the procurement and grounding of 4,400 native forest plants, reinforcing its ongoing commitment to long-term ecosystem restoration.

Way forward

Looking ahead, Lion will continue to strengthen its Natural Capital approach by deepening resource efficiency initiatives, scaling renewable energy integration, and advancing circular economy solutions across its operations.

Key priorities include optimising the performance of the biogas plant, exploring additional cleaner energy alternatives, and further reducing emissions intensity through improved energy management practices and improved production planning.

The Company also aims to strengthen collaboration with external partners to scale ecosystem protection and research-driven initiatives, particularly in areas such as water stewardship, biodiversity conservation, and landscape restoration.

In parallel, Lion will continue to embed sustainability considerations into operational and strategic decision-making processes, supported by robust monitoring systems and international standards, to ensure consistent progress towards long-term environmental and operational goals.

Through these efforts, the Company seeks to drive consistent progress towards its long-term environmental, operational, and sustainability objectives while strengthening resilience across the business and the ecosystems in which it operates.

06 GOVERNANCE

CORPORATE GOVERNANCE INTRODUCTION

At Lion, corporate governance is embedded as a core pillar of sustainable value creation. Built on a foundation of ethical leadership, transparency, and accountability, the governance framework supports informed decision-making, effective oversight, and proactive risk management. It enables the Company to execute its strategic priorities with discipline while maintaining compliance with regulatory requirements and responding to the evolving expectations of stakeholders.

At Lion, effective corporate governance is recognised as a fundamental driver of resilience, accountability, and long-term sustainability. Lion's approach is built on a strong ethical foundation, with integrity and responsible leadership guiding decision-making across all levels of the organisation. This framework enables the Company to safeguard stakeholder trust, deliver sustainable value, and operate in alignment with both local regulatory requirements and internationally recognised best practices.

The Board of Directors provides strategic leadership to the Company, setting its overall direction while overseeing management performance. The Board is also responsible for ensuring that appropriate systems of risk management and internal control are established and operate effectively.

Lion's governance framework is aligned with the requirements of the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules, and the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka. Beyond regulatory compliance, the Company continues to strengthen its governance practices to foster a culture of accountability, responsibility, transparency, and sound corporate conduct.

During the year under review, the Board remained actively engaged in strengthening its oversight across key priority areas, including risk management, digital advancement, sustainability, and regulatory compliance. In navigating a complex and evolving operating environment characterised by economic uncertainty and evolving stakeholder expectations, the governance framework provided a disciplined and stable foundation for timely, informed, and ethical decision-making.

The Board is supported by its subcommittees, including the Audit Committee, Remuneration Committee, Nominations and Governance Committee, and Related Party Transactions Review Committee, each of which provides focused oversight and independent guidance within their respective mandates. Their contributions continue to play an important role in strengthening governance standards and enhancing the quality of decision-making across the organisation.

In parallel, Lion ensures that Directors are supported through timely access to relevant information, specialist expertise, and continuous development opportunities, enabling them to effectively discharge their fiduciary and oversight responsibilities.

Consistent with its commitment to transparency, the Company maintains open, timely, and constructive engagement with shareholders and other stakeholders. Lion recognises that clear communication, supported by strong governance practices, is essential to building confidence, protecting reputation, and supporting sustainable long-term growth.

Looking ahead, Lion will continue to strengthen its governance framework in response to emerging risks, evolving market conditions, and changing stakeholder expectations. As the business expands and adapts to new opportunities, the Company remains focused on embedding robust governance practices across all aspects of its operations.

Through this approach, Lion seeks to remain accountable, resilient, and well-positioned to create sustainable value for all stakeholders over the long term.

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

The Board of Directors of Lion Brewery (Ceylon) PLC have pleasure in presenting to the shareholders their Report together with the Audited Consolidated Financial Statements of the Company and its Subsidiaries (the Group) for the year ended 31 March 2026.

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

The Annual Report was approved by the Board of Directors on 2 July 2026.

1. GENERAL

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

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

2. PRINCIPAL ACTIVITY OF THE GROUP

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

3. REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

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

4. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the year are contained in the Chief Executive's Review on pages 019 to 021 of this Report.

5. STATEMENT OF DIRECTORS RESPONSIBILITIES

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

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

The financial statements comprise of *inter alia*:

- a Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year;
- a Statement of Profit or Loss and Other Comprehensive Income of the Company, which presents a true and fair view of the financial performance of the Company for the financial year.

In preparing these financial statements, the Directors are required to ensure that:

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

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

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

These financial statements have been prepared on a going concern basis since the Directors are of the view that the Company has adequate resources to continue in operation in the foreseeable future from the date of approving these financial statements. The Directors are also of the view that they have discharged their responsibilities as set out in this statement.

The Directors confirm that to the best of their knowledge,

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

6. FINANCIAL STATEMENTS

The Financial Statements which include the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Notes to the Financial Statements of the Company and the Group for the year ended 31 March 2026 are set out on pages 134 to 140 of this Report.

6.1 Reserves

After the above-mentioned appropriations, the total reserves of the Group stand at Rs. 40,104 Mn. (2024/25 – Rs. 31,882 Mn.) comprising Revaluation Reserves of Rs. 3,220 Mn. (2024/25 – Rs. 2,583 Mn.) and Revenue Reserves of Rs. 36,872 Mn. (2024/25 – Rs. 29,321 Mn.) Translation Reserve of Rs. 13 Mn. (2024/25 – Rs. -22 Mn.). Details are shown in the Statement of Changes in Equity on page 137.

6.2 Capital expenditure on property, plant and equipment and intangible assets

The total expenditure on the purchase of capital assets by the Group during the year amounted to Rs. 3,774 Mn. (2024/25 Rs. 4,850 Mn.). The movements in capital assets during the year are set out in Notes 8 and 10 to the Financial Statements.

6.3 Market value of freehold properties

The land and buildings owned by the Group were valued in March 2026 by a qualified independent valuer. The market value arrived at was Rs. 11,318 Mn. These are further explained in Note 8 to the Financial Statements.

6.4 Risk management/ material foreseeable risk factors

The need for risk management has been identified and action plans to monitor and manage these risks are incorporated into.

6.5 Accounting policies and changes during the year

There were no major changes made to the accounting policies other than those disclosed in the Notes to the Financial Statements for the financial year ended 31 March 2026.

6.6 Significant Accounting Policies

The accounting policies set out in Note 1 to 7 in the Notes to the Financial Statements on pages 141 to 151.

7. MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS

There were no material issues relating to employees and industrial relations during the year ended 31 March 2026.

8. STATUTORY PAYMENTS

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

9. GOING CONCERN

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

10. INTERESTS REGISTER

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

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

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

10.1 Remuneration of Directors

Directors' remuneration, for the financial year ended 31 March 2026 is given in Note 29 to the Financial Statements, on page 170.

10.2 Directors' interest in contracts and shares

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

Directors	Number of shares as at 31 March 2026	Number of shares as at 31 March 2025
Mr D A Cabraal (Chairman)	–	–
Mr H Selvanathan (Deputy Chairman)	–	1,579
Mr D R P Goonetilleke	1	1
Mr K Selvanathan	–	–
Mr R H Meewakkala (Director/CEO)	–	–
Mr S Selvanathan	–	–
Mr S Clini	–	–
Mr A B Baliga	–	–
Mr R Rajagopal	–	–
Mr A J Alles	–	–
Mr A S Amaratunga	–	–
Mr K K Subramanian	–	–
Mr A Yong M S (appointed w.e.f. 8 September 2025)	–	–
Mr M S De Saram (appointed w.e.f. 1 April 2026)	–	–
Ms V Gun L L (resigned w.e.f. 7 September 2025)	–	–

- Mr H Selvanathan, Deputy Chairman/Non-Executive Director of the Company, sold 1,579 ordinary shares, his shareholding in the Company as disclosed to CSE on 9 December 2025.

11. DIRECTORS

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

11.1 Changes in the Directorate

Ms V Gun L L, who served as Non-Executive Director of the Company, resigned from the Board of Directors with effect from 7 September 2025.

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

- Mr A Yong M S was appointed as a Non-Executive Director of the Company with effect from 8 September 2025.
- Mr M S De Saram was appointed as an Independent Non-Executive Director of the Company with effect from 1 April 2026.

Mr R Rajagopal, an Independent Non-Executive Director of the Company, being over seventy years of age, was re-appointed at the Annual General Meeting held on 28 July 2025 to hold office until the next Annual General Meeting of the Company. Such re-appointment was effected by way of a resolution passed with the affirmative votes of a majority of the Company's public shareholders, present in person or by proxy, in accordance with Section 9.8.3(ix) of the Listing Rules.

The Nominations and Governance Committee has assessed and determined that he does not exert control over the Company and is capable of exercising unfettered judgement and acting impartially and has recommended the re-appointment of Mr R Rajagopal as an Independent Non-Executive Director. The Board of Directors at its meeting held on 22 June 2026, resolved and confirmed the recommendations made by the Nominations and Governance Committee.

Accordingly, in accordance with Rule 9.8.3 (ix) (c) of the Listing Rules of the CSE, shareholder approval is sought to appoint Mr R Rajagopal as an Independent Non-Executive Director of the Company at the Annual General Meeting to be held on Tuesday, 28 July 2026, until the next Annual General meeting of the Company.

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

In terms of Rule 9.11.5 (ii) of the Listing Rules of the Colombo Stock Exchange, the Nominations and Governance Committee recommended the re-election of Messrs A Yong M S and M S De Saram who were appointed to the Board since the last Annual General Meeting. Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange the Board has ensured that Messrs. A Yong M S and M S De Saram are fit and proper based on the "Fit and Proper Criteria" stipulated in the Listing Rules.

Accordingly, in terms of Article 68 of the Articles of Association of the Company, shareholder approval is sought to re-elect Messrs. A Yong M S and M S De Saram at the Annual General Meeting (AGM) to be held on Tuesday, 28 July 2026.

11.3 Directors to retire by rotation

In terms of Rule 9.11.5 (ii) of the Listing Rule of the Colombo Stock Exchange, the Nominations and Governance Committee recommended the re-election of Messrs D A Cabraal, K Selvanathan and D R P Goonetilleke who retire by rotation. Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange the Board has ensured that Messrs D A Cabraal, K Selvanathan and D R P Goonetilleke are fit and proper based on the "Fit and Proper Criteria" stipulated in the Listing Rules.

Accordingly, in terms of Articles 72, 73, and 74 of the Articles of Association of the Company, shareholder approval is sought to re-elect Messrs D A Cabraal, K Selvanathan and D R P Goonetilleke, who retire by rotation and being eligible, offer themselves for re-election.

11.4 Appointment of Directors who are over 70 years of age

Mr H Selvanathan – Non-Executive Director and Mr R Rajagopal – Independent Non-Executive Director, who are over 70 years of age were re-appointed as Directors of the Company in terms of Section 210 and 211 of the Companies Act, No. 07 of 2007 at the Annual General Meeting held on 28 July 2025 for a period of one year commencing from the conclusion of the said AGM, i.e. till 28 July 2026.

In terms of Rule 9.11.5 (ii) of the Listing Rules of the Colombo Stock Exchange, the Nominations and Governance Committee recommended the re-appointment of Messrs H Selvanathan and R Rajagopal who are over 70 years of age. Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange the Board has ensured that Messrs H Selvanathan and R Rajagopal are fit and proper based on the "Fit and Proper Criteria" stipulated in the Listing Rules.

Accordingly, Messrs H Selvanathan and R Rajagopal, who are over seventy years of age, are to be re-appointed as Directors of the Company at the Annual General Meeting to be held on Tuesday, 28 July 2026 until the next Annual General Meeting of the Company, and the age limit stipulated under Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to them.

12. AUDITORS

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

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

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

12.1 Auditors' relationship or any interest with the Company

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

13. CORPORATE GOVERNANCE

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

13.1 Board of Directors

The following Directors held office as at reporting date and their brief profiles are given on pages 023 to 026 of the Annual Report.

Directors	Executive/Non-Executive/ Independent Non-Executive
Mr D A Cabraal (Chairman)	Non-Executive
Mr H Selvanathan (Deputy Chairman)	Non-Executive
Mr D R P Goonetilleke	Non-Executive
Mr K Selvanathan	Non-Executive
Mr R H Meewakkala (Director/CEO)	Executive
Mr S Selvanathan	Non-Executive
Mr S Clini	Non-Executive
Mr A B Baliga	Independent Non-Executive
Mr R Rajagopal	Independent Non-Executive*
Mr A J Alles	Independent Non-Executive
Mr A S Amaratunga	Independent Non-Executive
Mr K K Subramanian (appointed w.e.f. 25 April 2025)	Independent Non-Executive
Mr A Yong M S (appointed w.e.f. 8 September 2025)	Non-Executive
Mr M S De Saram (appointed w.e.f. 1 April 2026)	Independent Non-Executive
Ms V Gun L L (Resigned w.e.f. 7 September 2025)	Non-Executive

13.2 Statement on Directors' Fitness and Propriety

The Company obtained an annual declaration from the Directors as per Rules 9.7.3 and 9.7.4 of the Listing Rules of the Colombo Stock Exchange (CSE) confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria set out in the Listing Rules during the Financial Year 2025/26 and satisfies the said criteria as at the date of such confirmation. Therefore, no Director was identified as a person who has failed to fulfil the required assessment criteria during the year under review.

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

13.3 Statement on Directors' Independence

Each of the Independent Directors of the Company have submitted a signed declaration on Independence/Non-Independence as per Rule 9.8.5 of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting of the Board of Directors of the Company held on 22 June 2026, in order to enable the Board of Directors to determine the Independence/Non-Independence of each of the Independent Directors, in terms of Rule 9.8.3. of the Listing Rules of the CSE.

* Mr R Rajagopal was appointed as an Independent Non-Executive Director of the Company at the Annual General Meeting held on 28 July 2025 until the next Annual General Meeting of the Company, pursuant to a resolution passed with the affirmative votes of the majority of the public shareholders present in person or by proxy.

In accordance with Rule 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, the Nominations and Governance Committee has assessed the independence of Mr R Rajagopal, an Independent Non Executive Director of the Company, who is over seventy years of age. The Committee has determined that Mr Rajagopal continues to satisfy the criteria for independence, as he does not exert control over the Company and is capable of exercising unfettered judgment and acting impartially.

Based on its assessment, the Nominations and Governance Committee has recommended the re-appointment of Mr R Rajagopal as an Independent Non-Executive Director of the Company, in terms of Rule 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, to continue in office until the conclusion of the next Annual General Meeting of the Company to be held in 2027.

The Board of Directors at its meeting held on 22 June 2026 has reviewed and confirmed the Committee's recommendation.

Accordingly, in accordance with Rule 9.8.3 (ix) (c) of the Listing Rules of the CSE, shareholder approval is sought to appoint Mr R Rajagopal as an Independent Non-Executive Director the Annual General Meeting to be held on Tuesday, 28 July 2026.

13.4 Directors' meetings attendance

The Board of Directors met Seven (07) times as at the reporting date and the attendance of the Directors were as follows;

Directors	Meeting Attended
Mr D A Cabraal (Chairman)	6/7
Mr H Selvanathan (Deputy Chairman)	7/7
Mr D R P Goonetilleke	7/7
Mr K Selvanathan	5/7
Mr S Clini	6/7
Mr R H Meewakkala (Director/CEO)	6/6
Mr S Selvanathan	7/7
Mr A B Baliga	7/7
Mr R Rajagopal	7/7
Mr A J Alles	7/7
Mr A S Amaratunga	7/7
Mr K K Subramanian	7/7
Mr A Yong M S (appointed w.e.f. 8 September 2025)	5/5
Mr M S De Saram (appointed w.e.f 1 April 2026)	-/1
Ms V Gun L L (Resigned w.e.f 7 September 2025)	2/2

13.5 Board evaluation

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

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

13.6 Board Sub-Committees

The Board, while assuming the overall responsibility and accountability for the management of the Company, has also appointed Board sub-committees to ensure more effective control over certain affairs of the Company, conforming to the Corporate Governance Standards of the Listing Rules of the CSE and industry best practices. Accordingly, the following Board Sub-Committees have been constituted by the Board.

- Audit Committee
- Remuneration Committee
- Nominations and Governance Committee
- Related Party Transactions Review Committee

Each Sub-Committee operates under the oversight of its respective Chair and functions in accordance with its approved Committee Charter.

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

13.6.1 Audit Committee

The Audit Committee Report is given on pages 123 to 124 of this Annual Report.

13.6.2 Remuneration Committee

1. Committee composition

As at the reporting date, the Remuneration Committee of Lion Brewery (Ceylon) PLC consists of the following Members:

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

2. Meeting attendance

From 1 April 2025 until the reporting date, the Remuneration Committee met five (5) times. The attendance of the Committee Members at these meetings was as follows:

Member	Independent Non-Executive/ Non-Executive	Attendance
Mr A B Baliga (Chairman)	Independent Non-Executive	5/5
Mr A J Alles	Independent Non-Executive	5/5
Mr D A Cabraal	Non-Executive	5/5

3. Remuneration policy statement

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

On an annual basis, the Committee is also kept apprised of the Company's remuneration practices and outcomes at a wider organisation level.

The aggregate remuneration of the Directors for the year ended 31 March 2026 was Rs. 53,186,012/-.

13.6.3 Nominations and Governance Committee

The Nominations and Governance Committee Report is given on pages 118 to 122 of this Annual Report.

13.6.4 Related Party Transactions Review Committee

The Related Party Transactions Review Committee Report is given on pages 125 to 126 of this Annual Report.

Declaration

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

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

13.7 Policies

In accordance with Rule 9.2.1 of the Colombo Stock Exchange, the Company established and maintains the following policies which are published on the Carson Cumberbatch PLC Group's website www.carsoncumberbatch.com w.e.f. 1 October 2024.

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

13.8 Compliance with Section 9 of the listing rules of the Colombo Stock Exchange on Corporate Governance as at date

Rule No.	Subject	Criteria	Compliance Status	Details
9.1.3	Applicability of Corporate Governance Rules	All Listed Entities shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity	Compliant	Please refer to Corporate Governance point on page 106 of the Annual Report of the Board of Directors
9.2	Policies	Policies	Compliant	The Company has established and maintains required policies with effect from 1 October 2024, and which have been disclosed on Carson Cumberbatch PLC Group's website and Company website. Please refer to page 109 of the Annual Report of the Board of Directors.
9.3	Board Committees	Board Committees	Compliant	The Company has established and maintains Audit Committee, Remuneration Committee, Nominations and Governance Committee and Related Party Transactions Review Committee, which are functioning effectively. Please refer to pages page 108 of the Annual Report of the Board of Directors.
9.4.1	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	Listed Entities shall maintain records of all resolutions and information pertaining to its adoption	Compliant	The Company Secretaries maintain records of all resolutions and requisite information.

Rule No.	Subject	Criteria	Compliance Status	Details
9.4.2	Communication and relations with shareholders and investors	Communication and relations with shareholders and investors	Compliant	The Company has established and maintains a policy on Shareholder Communication and Relations and has been published on Carson Cumberbatch PLC Group's website and the Company's website. The contact person is mentioned. The policy includes a process whereby Directors are informed of major issues and concerns of shareholders. Please refer to page 115 of the Annual Report of the Board of Directors.
9.5	Policy on matters relating to the Board of Directors	Policy on matters relating to the Board of Directors	Compliant	The Company has established and maintains Policy on the matters relating to the Board of Directors which addresses the requirements in Rules 9.5.1 and 9.5.2, and same has been published on Carson Cumberbatch PLC Group's website and the Company's website.
9.6.1	Chairperson and CEO	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual.	Compliant	Chairman is a Non-Executive Director
9.6.2	Chairperson and CEO	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement	Not applicable	Chairman is a Non-Executive Director and the positions of the Chairperson and CEO are not held by the same individual
9.6.3 and 9.6.4	The requirement for a Senior Independent Director (SID)	SID to be appointed in the following instances; i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or related parties.	Not applicable	Chairman is a Non-Executive Director, the positions of the Chairperson and CEO are not held by the same individual and the Chairman and CEO are not Close Family Members or related parties.
9.7	Fitness of Directors and CEO	Fitness of Directors and CEO	Compliant	The Company obtained annual declaration from the Directors confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria. All Directors met the Fit and Proper Assessment Criteria stipulated in the Listing Rules of CSE.

Rule No.	Subject	Criteria	Compliance Status	Details
9.8.1	Board composition	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Compliant	The Board comprises 14 Directors.
9.8.2 9.8.3 and 9.8.5	Independent Directors	Minimum number of Independent Directors/criteria for defining independence and declaration and disclosures relating to Directors	Compliant	Please refer to page 106 of the Annual Report of the Board of Directors.
9.9	Alternate Director	Alternate Director	Compliant	No Alternate Directors were appointed to the Board throughout the reporting period.
9.10.4 (a) and 9.10.4 (b)	Disclosure relating to Directors	Company shall publish a brief résumé in the Annual Report including expertise in relevant functional areas of each Director	Compliant	Please refer the Profile of the Directors on pages 023 to 026.
9.10.4 (c)	Disclosure relating to Directors	Whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity	Compliant	As at the conclusion of the last AGM and throughout the financial year, none of the Directors or Close Family Members have had any material business relationship with other Directors of the Company.
9.10.4 (d)/ 9.10.4 (e)/ 9.10.4 (f)/ 9.10.4 (g) and 9.10.4(h)	Disclosure relating to Directors	Disclosure relating to Directors	Compliant	Please refer to pages 106 and 112 to 115 of the Annual Report of the Board of Directors.
9.11	Nominations and Governance Committee	Nominations and Governance Committee	Compliant	The Nominations and Governance Committee Report is given on pages 118 to 122 of this Annual Report.
9.12	Remuneration Committee	Remuneration Committee	Compliant	The Remuneration Committee matters are given on page 108 of this Annual Report.
9.13	Audit Committee	Audit Committee	Compliant	the Audit Committee Report is given on pages 123 to 124 of this Annual Report.
9.14	Related Party Transactions Review Committee	Related Party Transactions Review Committee	Compliant	The Related Party Transactions Review Committee Report is given on pages 125 to 126 of this Annual Report.
9.17 (i)	Additional disclosures	The Board of Directors should declare all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested	Compliant	Directors declared at a Board Meeting that they have no material interests in contracts with the Company and there were no matters in which they were materially interested.

Rule No.	Subject	Criteria	Compliance Status	Details
9.17 (ii)	Additional disclosures	Board of Directors should conduct a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith.	Compliant	The Board, having reviewed the system of internal controls covering financial, operational and compliance controls and risk management, is satisfied with the Company's adherence to and effectiveness of these controls for the period up to the date of signing the Financial Statements.
9.17 (iii)	Additional disclosures	The Board of Directors should make arrangements to make themselves aware of applicable laws, rules, and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.	Compliant	The Board of Directors have declared that the Company and the Board of Directors have complied with applicable laws, rules and regulations and also are aware of changes particularly to the Listing Rules of the Colombo Stock Exchange and all other applicable capital market provisions.
9.17 (iv)	Additional disclosures	The Board of Directors should disclose relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	Compliant	The Board of Directors have no disclosures to be made of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Company has operations.

13.9 Disclosures relating to the Directors as per Section 9.10.4 (e) of the listing rules of the Colombo Stock Exchange

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

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

Name of the Director	Name of the Company, Functioning Capacity, Listed/Unlisted
Mr H Selvanathan (Total No. of Directorships – 26) (Total No. of Companies within the Carson Cumberbatch PLC Group where Mr H Selvanathan is a Key Management Personnel but not a Director – 07)	He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Carson Cumberbatch PLC, Bukit Darah PLC, Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC. He is a Key Management Personnel in the mentioned Listed Companies – Ceylon Guardian Investment Trust PLC and Pegasus Hotels of Ceylon PLC. He is an Executive Director and Key Management Personnel in the mentioned unlisted companies – Boutique Resorts (Pvt) Ltd, Ceylon Securities and Investments (Pvt) Ltd, Sri Krishna Corporation (Pvt) Ltd, and Riverside Resorts (Private) Limited. He is a Non-Executive Director and Key Management Personnel in the mentioned unlisted companies – Bukit Investments (Pvt) Ltd, Eskaycee Travels Limited, Fulcrum (Pvt) Limited, Krish Investment Co. (Pvt) Ltd, Hambros Investments (Pvt) Ltd, Interkrish Investment Co. (Pvt) Ltd, Korea Lanka Garments (Pvt) Ltd, Skan Investments (Pvt) Ltd, Tower Investments (Pvt) Ltd, Goodhope Holdings (Pvt) Ltd, and S. Kanapathy Chetty (Pvt) Ltd. He is a Director and/or Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch PLC Group.
Mr D R P Goonetilleke (Total No. of Directorships – 07) (Total No. of Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC where Mr D R P Goonetilleke is a Key Management Personnel but not a Director – 04)	He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Lion Brewery (Ceylon) PLC, Ceylon Beverage Holdings PLC and Pegasus Hotels of Ceylon PLC. He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Namunukula Plantations PLC and Ceylinco Holdings PLC. He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Unlisted Company – National Savings Bank. He is a Director and/or Key Management Personnel in other Unlisted Subsidiary Companies of Carson Cumberbatch PLC Group.
Mr R H Meewakkala (Total No. of Directorships – 04) (Total No. of Subsidiary Companies of Ceylon Beverage Holdings PLC where Mr R H Meewakkala is a Key Management Personnel but not a Director – 02)	He is an Executive Director and Key Management Personnel in the mentioned Listed Companies – Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC. He is a Director and/or Key Management Personnel in other Unlisted Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC.
Mr K Selvanathan (Total No. of Directorships – 14) (Total No. of Companies within the Carson Cumberbatch Group where Mr K Selvanathan is a Key Management Personnel but not a Director – 01)	He is an Executive Director and Key Management Personnel in the mentioned Listed Companies – Ceylon Investment PLC and Ceylon Guardian Investment Trust PLC. He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC. He is a Director and/or Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch Group. He is a Non-Executive Director and Key Management Personnel in the mentioned Unlisted Companies – Ceylon Securities and Investments (Private) Limited, S Kanapathy Chetty (Private) Limited, Tower Investments (Private) Limited, Sri Krishna Corporation (Private) Limited, Interkrish Investment Company (Private) Limited, Hambros Investments (Private) Limited, and Aurora Studio (Private) Limited.

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

Name of the Director	Name of the Company, Functioning Capacity, Listed/Unlisted
Mr S Selvanathan (Total No. of Directorships – 07) (Total No. of Companies within the Carson Cumberbatch Group where Mr S Selvanathan is a Key Management Personnel but not a Director – 01)	He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Company – Lion Brewery (Ceylon) PLC. He is a Director and/or Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch Group. He is a Non-Executive Director and Key Management Personnel in the mentioned Unlisted Companies – Interkrish Investment Company (Private) Limited, Sri Krishna Corporation (Private) Limited, Krish Investment Company (Pvt) Ltd, Tower Investments (Private) Limited and Hambros Investments (Private) Limited.
Mr S Clini (Total No. of Directorships – 02) (Total No. of Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC where Mr S Clini is a Key Management Personnel but not a Director – 04)	He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC. He is a Key Management Personnel in other Unlisted Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC
Mr A B Baliga (Total No. of Directorships – 02) (Total No. of Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC where Mr A B Baliga is a Key Management Personnel but not a Director – 04)	He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC. He is a Key Management Personnel in other Unlisted Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC.
Mr A S Amaratunga (Total No. of Directorships – 09) (Total No. of Companies within the Carson Cumberbatch PLC Group where Mr A S Amaratunga is a Key Management Personnel but not a Director – 09)	He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Equity Two PLC, Ceylon Beverage Holdings PLC, Bukit Darah PLC, Carson Cumberbatch PLC, Lion Brewery (Ceylon) PLC, Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC and Pegasus Hotels of Ceylon PLC. He is a Non-Executive Director and Key Management Personnel on the mentioned Unlisted Company – SAARA LABs (Pvt) Ltd. He is a Key Management Personnel in other Unlisted Companies within the Carson Cumberbatch PLC Group.
Mr A J Alles (Total No. of Directorships – 13) (Total No. of Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC where Mr. A J Alles is a Key Management Personnel but not a Director – 04)	He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Lion Brewery (Ceylon) PLC, Ceylon Beverage Holdings PLC, United Motors Lanka PLC, Hayleys PLC, Alumex PLC, The Kingsbury PLC, Vallibel One PLC and Singer (Sri Lanka) PLC. He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Singer Finance (Lanka) PLC. He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Unlisted Companies – LAUGFS Holdings Limited and DHT Cements (Pvt) Ltd. He is a Non-Executive Director and Key Management Personnel in the mentioned Unlisted Company – L B R Foundation (Pvt) Ltd. He is an Executive Director and Key Management Personnel in the mentioned Unlisted Company – New Wave Consultants (Pvt) Ltd. He is a Key Management Personnel in other Unlisted Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC.

Name of the Director	Name of the Company, Functioning Capacity, Listed/Unlisted
Mr R Rajagopal (Total No. of Directorships – 01) (Total No. of Subsidiary Companies of Lion Brewery (Ceylon) PLC where Mr R Rajagopal is a Key Management Personnel but not a Director – 01)	He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Company – Lion Brewery (Ceylon) PLC. He is a Key Management Personnel in another Unlisted Subsidiary Company of Lion Brewery (Ceylon) PLC.
Mr K K Subramanian (Total No. of Directorships – 01) (Total No. of Subsidiary Companies of Lion Brewery (Ceylon) PLC where Mr K K Subramanian is a Key Management Personnel but not a Director – 01)	He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Company – Lion Brewery (Ceylon) PLC. He is a Key Management Personnel in another Unlisted Subsidiary Company of Lion Brewery (Ceylon) PLC.
Mr A Yong M S (Total No. of Directorships – 01) (Total No. of Subsidiary Companies of Lion Brewery (Ceylon) PLC where Mr A Yong M S is a Key Management Personnel but not a Director – 01)	He is a Non-Executive Director and Key Management Personnel in the mentioned Listed Company – Lion Brewery (Ceylon) PLC. He is a Key Management Personnel in another Unlisted Subsidiary Company of Lion Brewery (Ceylon) PLC.
Mr M S De Saram (Total No. of Directorships – 04) (Total No. of Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC where Mr M S De Saram is a Key Management Personnel but not a Director – 04)	He is an Independent Non-Executive Director and Key Management Personnel in the mentioned Listed Companies – Lion Brewery (Ceylon) PLC, Ceylon Beverage Holdings PLC and Central Finance Company PLC. He is an Executive Director and Key Management Personnel in the mentioned Unlisted Company – CBL Investments Limited He is a Key Management Personnel in other Unlisted Subsidiary Companies of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC.

14. EQUITABLE TREATMENT TO SHAREHOLDERS

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

The Policy on Relations with Shareholders and Investors is available on the Company's website.

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

1. Annual General Meeting (AGM) and Extraordinary General Meetings (EGM).

   The Annual General Meeting provides shareholders with the opportunity to share their views and to meet the Board, including the Chairman of the Board committees and members of Key Management Personnel. Further Company's external auditors are also present at the Annual General Meeting
2. Announcements to the Colombo Stock Exchange
3. Company website
4. Shareholder Communication through the Company Secretaries

   Shareholders may direct any major issues and concerns which they may have to the Company Secretaries of the Company who will forward same to the Board of Directors.

15. DIVIDEND

15.1 A Second Interim Dividend of Rs. 28/70 per ordinary share amounting to Rs. 2,296,000,000/- for the year ended 31 March 2025 was announced on 9 May 2025. Shareholders of the Company who had provided accurate bank account details were paid on 28 May 2025 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends were paid on 11 June 2025 via cheques.

15.2 A First Interim Dividend of Rs. 17/- per ordinary share amounting to Rs. 1,360,000,000/- for the year ended 31 March 2026 was announced on 10 November 2025. Shareholders of the Company who had provided accurate bank account details were paid on 25 November 2025 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends were paid on 9 December 2025 via cheques.

15.3 A Second Interim Dividend of Rs. 17/00 per ordinary share amounting to Rs. 1,832,000,000/- for the year ended 31 March 2026 was announced on 15 May 2026. Shareholders of the Company who had provided accurate bank account details were paid on 2 June 2026 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends was paid on 15 June 2026 via cheques.

16. SOLVENCY TEST

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

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

17. STATED CAPITAL

The Stated Capital of the Company as at 31 March 2026 was Rs. 2,537,801,310/- consisting of 80,000,000 Ordinary shares. There was no change in the Stated Capital of the Company during the year.

18. EVENTS OCCURRING AFTER THE REPORTING DATE

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

19. SHARE INFORMATION

Information relating to share trading are given on pages 192 and 193 of this Report.

19.1 Twenty Major Shareholders

		31 March 2026		31 March 2025	
	Name of shareholders	No. of shares	%	No. of shares	%
1	CEYLON BEVERAGE HOLDINGS PLC	41,798,788	52.25	41,798,788	52.25
2	CARLSBERG BREWERY MALAYSIA BERHAD	20,000,686	25.00	20,000,686	25.00
3	CB NY S/A ALLAN GRAY FRONTIER MARKETS EQUITY FUND	5,589,256	6.99	5,589,256	6.99
4	CARSON CUMBERBATCH PLC A/C NO. 02	4,107,793	5.13	4,107,793	5.13
	CARSON CUMBERBATCH PLC A/C NO. 01	2,553,792	3.19	2,553,792	3.19
5	BUKIT DARAH PLC A/C NO. 02	1,300,000	1.63	1,300,000	1.63
6	CACEIS BANK LUXMOURG BRANCH S/A COELI SICAV I-FRONTIER MARKETS FUND	683,116	0.85	683,116	0.85
7	GF CAPITAL GLOBAL LIMITED	435,281	0.54	427,179	0.53
8	J B COCOSHELL (PVT) LTD	363,010	0.45	423,304	0.53
9	SAMPATH BANK PLC/MRS.PRIYANI DHARSHINI RATNAGOPAL	300,000	0.38	300,000	0.38
10	ODYSSEY CAPITAL PARTNERS (PRIVATE) LIMITED	262,846	0.33	250,000	0.31
11	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	206,321	0.26	150,771	0.19
12	PORTELET LIMITED	161,920	0.20	161,920	0.20
13	TRANZ DOMINION,L.L.C.	129,251	0.16	129,251	0.16
14	JAFFERJEE BROTHERS EXPORTS (PRIVATE) LIMITED	113,077	0.14	113,077	0.14
15	CITIBANK HONG KONG S/A HOSTPLUS POOLED SUPERANNUATION TRUST	105,996	0.13	73,997	0.09
16	SSBT-SUNSUPER PTY. LTD. AS TRUSTEE FOR SUNSUPER SUPERANNUATION FUND	92,600	0.12	63,777	0.08
17	COMMERCIAL BANK OF CEYLON PLC A/C NO. 03	92,000	0.12	76,000	0.10
18	MR M A JAFFERJEE	91,884	0.11	91,884	0.11
19	NEWGREENS LIMITED	83,200	0.10	83,200	0.10
20	EMPLOYEE S PROVIDENT FUND	81,300	0.10	–	–

20. ANNUAL REPORT

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

The Board of Directors have approved the Audited Financial Statements of the Company together with the Reviews and other Reports, which form part of the Annual Report on 2 July 2026.

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

21. ANNUAL GENERAL MEETING

The 30th Annual General Meeting of the Company will be held on Tuesday, 28 July 2026 at 9.30am at the Auditorium, Ground Floor, The Ceylon Chamber of Commerce, No.50, Nawam Mawatha, Colombo 2, Sri Lanka.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on pages 200 to 201 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)
R H Meewakkala
CEO/Director

(Sgd.)
D R P Goonetilleke
Director

(Sgd.)
Natasha Selvaratnam
President – Group Company Secretarial
Carsons Management Services
(Private) Limited
Secretaries
Colombo

2 July 2026

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

1. Committee composition

As at the reporting date, the Nominations and Governance Committee of Lion Brewery (Ceylon) PLC consists of the following Members:

Member	Independent Non-Executive/ Non-Executive	Date of Appointment to the Committee
Mr A B Baliga (Chairman)	Independent Non-Executive	25 September 2024
Mr A J Alles	Independent Non-Executive	25 September 2024
Mr D A Cabraal	Non-Executive Appointed as an Independent Non-Executive Director and was designated a Non-Executive Director w.e.f. 25 September 2024	Appointed as Chairman of the Committee w.e.f. 21 July 2017 and resigned as the Chairman of the Committee w.e.f. 25 September 2024 and continuous as a Member of the Committee

2. Director Nomination and Committee Appointments

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

3. Retirement and Re-election of Directors

As provided in the Articles of Association of the Company, one-third of the Directors elected by the Company shall retire from office at each Annual General Meeting. The Directors to retire each year shall be those who have been in office the longest since their last election. Every retiring Director is eligible for re-election, subject to the recommendation of the Board, and shall continue to act as a Director throughout the meeting at which they retire. Directors appointed as Nominee Directors, as provided in the Articles of Association, are not subject to retirement and re-election. All Directors who are subject to retirement by rotation and re-election, as per the Articles of Association of the Company are required to submit themselves for re-election at regular intervals and at least once in every three years, as explained above.

3.1 In terms of Rule 9.11.5 (ii) of the Listing Rules of the Colombo Stock Exchange (CSE), the Committee has recommended the re-election of Mr D A Cabraal, Mr K Selvanathan and Mr D R P Goonetilleke to the Board at the Annual General Meeting (AGM) to be held on 28 July 2026, in accordance with Articles 72, 73, and 74 of the Company's Articles of Association. This recommendation is based on their combined knowledge, experience, and the valuable contributions they have made towards achieving the objectives of the Board.

3.2 In terms of Article 68 of the Company's Articles of Association, any Director appointed to the Board under this Article shall hold office only until the next AGM and shall then be eligible for re-election. Accordingly, in compliance with the Articles and Rule 9.11.5 (ii) of the Listing Rules of the CSE, the Committee has recommended the re-election of Mr A Yong M S and Mr M S De Saram who were appointed to the Board since the last AGM, at the forthcoming AGM scheduled to be held on 28 July 2026.

3.3 In recognition of their extensive experience, deep insight and domain knowledge, the Committee recommended to the Board and Board approved the re-appointment of Mr H Selvanathan and Mr R Rajagopal, who are over 70 years of age, and were due to retire in terms of Section 210 of the Companies Act, No. 07 of 2007. Messrs. H. Selvanathan and R. Rajagopal, who are over 70 years of age are to be re-appointed as Directors of the Company until the next AGM of the Company and that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007, shall not be applicable to them.

3.4 In accordance with Rule 9.8.3 (ix) of the Listing Rules of the CSE, the Committee has assessed and determined that Mr R Rajagopal, who was appointed as an Independent Non-Executive Director of the Company with effect from 12 July 2024 and attained the age of 70 years on 29 January 2025, continues to meet the criteria for independence. In terms of Rule 9.8.3(ix) of the Listing Rules of the CSE Mr R Rajagopal was appointed to remain as an Independent Non-Executive Director of the Company at the last AGM held on 28 July 2025.

The Committee is of the view that Mr R Rajagopal does not exert control over the Company, and is capable of exercising unfettered judgement and acting impartially. Accordingly, the Committee has recommended the re-appointment of Mr R Rajagopal as an Independent Non-Executive Director of the Company, in terms of Rule 9.8.3 (ix) of the Listing Rules of the CSE, to continue in office until the next AGM of the Company in 2027.

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

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

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

Board Member	Re-elected or re-appointed	Board Committees served on as a Member/ Chairman	Date of first appointment as a Director	Date of last Re-appointment as a Director	Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities	Any relationships* including close family relationships (as defined in CSE Rule 9.8.4) between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Company (*business relationships)
Mr D A Cabraal	To be Re-elected as per Articles 72, 73 and 74 of the Articles of Association of the Company at the AGM on 28 July 2026	Member of: • Remuneration Committee • Nominations and Governance Committee	1 November 2013	18 July 2023	Chairman/Non-Executive Director of: • Ceylon Beverage Holdings PLC Non-Executive Director of: • John Keells Holdings PLC Chairman/Independent Non-Executive Director of: • Sunshine Holdings PLC Independent Non-Executive Director of: • Watawala Plantations PLC • Hatton National Bank PLC (from 1 April 2014 to 1 April 2023)	• Director and Shareholder of Ceylon Beverage Holdings PLC (CBH) • CBH holds 52.25% in Lion Brewery (Ceylon) PLC
Mr K Selvanathan	To be Re-elected as per Articles 72, 73 and 74 of the Articles of Association of the Company at the AGM on 28 July 2026	–	2 September 2009	18 July 2023	Executive Director of: • Ceylon Guardian Investment Trust PLC • Ceylon Investment PLC Non-Executive Director of: • Pegasus Hotels of Ceylon PLC	• Ceylon Beverage Holdings PLC (CBH) holds 52.25% in Lion Brewery (Ceylon) PLC • A close family member is a Director of CBH
Mr D R P Goonetilleke	To be Re-elected as per Articles 72, 73 and 74 of the Articles of Association of the Company at the AGM on 28 July 2026	Member of: • Audit Committee • Related Party Transactions Review Committee	1 April 2005	8 July 2024	Independent Non-Executive Director of: • Namunukula Plantations PLC • Ceylinco Holdings PLC Non-Executive Director of: • Pegasus Hotels of Ceylon PLC • Ceylon Beverage Holdings PLC	• Director of Ceylon Beverage Holdings PLC (CBH) • CBH holds 52.25% in Lion Brewery (Ceylon) PLC • Shareholder of the Company

Nominations and Governance Committee Report

Board Member	Re-elected or reappointed	Board Committees served on as a Member/ Chairman	Date of first appointment as a Director	Date of last Reappoint-ment as a Director	Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities	Any relationships* including close family relationships (as defined in CSE Rule 9.8.4) between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Company (*business relationships)
Mr A Yong M S	To be Re-elected as per Article 68 of the Articles of Association of the Company at the AGM on 28 July 2026	–	8 September 2025	Appointed to the Board on 8 September 2025	–	–
Mr M S De Saram	To be Re-elected as per Article 68 of the Articles of Association of the Company at the AGM on 28 July 2026	Member of: • Audit Committee • Related Party Transactions Review Committee	1 April 2026	Appointed to the Board on 1 April 2026	Independent Non-Executive Director of: • Ceylon Beverage Holdings PLC • Central Finance Company PLC	• Director of Ceylon Beverage Holdings PLC (CBH) • CBH holds 52.25% in Lion Brewery (Ceylon) PLC
Mr H Selvanathan	To be Re-appointed as per Section 210 of the Companies Act, No. 07 of 2007 at the AGM on 28 July 2026	–	19 April 1996	28 July 2025	Chairman/Non-Executive Director of: • Bukit Darah PLC Deputy Chairman/ Non-Executive Director of: • Carson Cumberbatch PLC • Ceylon Beverage Holdings PLC	• Director of Ceylon Beverage Holdings PLC (CBH) • CBH holds 52.25% in Lion Brewery (Ceylon) PLC • Spouse holds shares in the Company
Mr R Rajagopal	To be Re-appointed as per Section 210 of the Companies Act, No. 07 of 2007 and to be appointed as an Independent Non-Executive Director of the Company in terms of Rule 9.8.3 (ix) of the Listing Rules of the CSE at the AGM on 28 July 2026, and to serve as an Independent Non-Executive Director until the next Annual General Meeting of the Company.	–	12 July 2024	28 July 2025	–	–

4. Board diversity

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

5. Directors' Appointment and Re-appointment

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

6. Board and CEO performance evaluation

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

The Committee reviewed the CEO's performance for the financial year 2025/26 and evaluated the Key Performance Indicators (KPIs) for the CEO for the financial year 2026/27.

On an annual basis, the Committee is kept apprised of the Company's succession planning for Senior Managers and outcomes at a wider organisation level.

7. Engagement of Independent Directors

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

8. Induction and orientation for new Directors

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

9. Quarterly updates to existing Directors

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

In addition to these updates, the Committee reviews a comprehensive Regulatory and Corporate Compliance Statement and the Nominations and Governance Committee Compliance Statement, which also outlines the Company's adherence to policies under Rule 9.2.1. The Committee also evaluates Fit and Proper Assessment Criteria declarations and annual declarations of independence submitted by the Directors, and the process of recommending new appointments to the Board.

10. Meeting attendance

From 1 April 2025 until the reporting date, the Committee met five (05) times. The attendance of the Committee Members at these Meetings was as follows:

Member	Independent Non-Executive/Non-Executive	Attendance
Mr A B Baliga (Chairman)	Independent Non-Executive	5/5
Mr A J Alles	Independent Non-Executive	5/5
Mr D A Cabraal	Non-Executive	5/5

11. Statement on Directors' Independence

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

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

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

11.3 As provided under Rule 9.8.3 (ix) of the Listing Rules of the CSE, the Committee has determined that Mr R Rajagopal, who was appointed to the Board as an Independent Non-Executive Director on 12 July 2024, and attained the age of 70 years on 29 January 2025, continues to satisfy the criteria for independence. At the AGM held on 28 July 2025 Mr R Rajagopal was appointed to continue as an Independent Non-Executive Director.

The Committee is of the view that Mr R Rajagopal does not exert control over the Company, and is capable of exercising unfettered judgement and acting impartially. Accordingly, the Committee has recommended his reappointment as an Independent Non-Executive Director at the Annual General Meeting scheduled to be held on 28 July 2026, as detailed earlier in this Report.

12. Statement on directors' fitness and propriety

12.1 As required by Rule 9.7.4 of the Listing Rules of the CSE, the Company is required to obtain confirmation annually and has obtained signed declarations from all Directors and the Director/Chief Executive Officer of the Company confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out under the Listing Rules of the CSE during the financial year 2025/26, and satisfies the said criteria as at the date of such confirmation.

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

13. Statement on Corporate Governance

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

(Sgd.)
A B Baliga
Chairman – Nominations and Governance Committee

2 July 2026

AUDIT COMMITTEE REPORT

1. Committee composition

1.1 As at the reporting date, the Audit Committee of Lion Brewery (Ceylon) PLC consists of the following Members:

Member	Independent Non-Executive/Non-Executive
Mr A S Amaratunga (Chairman)	Independent Non-Executive
Mr A J Alles	Independent Non-Executive
Mr D R P Goonetilleke	Non-Executive
Mr M S De Saram (Appointed w.e.f. 1 April 2026)	Independent Non-Executive

1.2 Profile of the Members of the Audit Committee

Refer pages 023 to 026 for the profiles of the Audit Committee Members.

2. Meetings of the Audit Committee

2.1 From 1 April 2025 until the reporting date, the Audit Committee of Lion Brewery (Ceylon) PLC met Twelve (12) times and the attendance of the Audit Committee Members was as follows:

Member	Independent Non-Executive/ Non-Executive	Attendance
Mr A S Amaratunga (Chairman)	Independent Non-Executive	12/12
Mr A J Alles	Independent Non-Executive	12/12
Mr D R P Goonetilleke	Non-Executive	12/12
Mr M S De Saram (Appointed w.e.f. 1 April 2026)	Independent Non-Executive	2/3

2.2 The Chief Executive Officer-Beverage Sector, the Chief Financial Officer of the Company, Internal Auditors and Senior management staff members, also attended the Audit Committee Meetings by invitation.

3. Audit Committee Charter

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

4. Functions and duties

4.1 Assists the Board of Directors in fulfilling its oversight responsibilities of the financial reporting process, the system of internal control over financial reporting, the audit process, risk management and the Company's processes for monitoring compliance with financial reporting requirements, information requirements under the Corporate Governance Rules of the Colombo Stock Exchange, the Companies Act, No.07 of 2007 and the Securities and Exchange Commission of Sri Lanka (SEC) Act, No.19 of 2021, and other relevant financial reporting related regulations.

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

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

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

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

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

4.7 Reviews and oversees processes to ensure that the Company's internal controls and risk management systems are adequate.

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

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

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

4.11 Reviews the policy and the process on engaging External Auditors for non-audit services, ensuring compliance with independence and ethical guidelines. Reports any concerns or areas for improvement to the Board along with recommended actions.

5. Assurance from the CEO and CFO regarding the Company's operations and finances, and an Opinion on Compliance with financial reporting and information requirements under relevant Regulations

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

6. Internal audit

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

6.2 The Audit Committee approved the Beverage Sector Audit Plan for the financial year 2025/2026. In accordance with the plan, the Group Internal Audit team conducted relevant reviews of the Beverage Sector companies. Where necessary, the Audit Plan was reviewed and adjusted to enable the Internal Audit team to address areas requiring attention beyond the initial scope of the Internal Audit Plan.

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

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

7. Status of risk management and internal control

7.1 As required under Rule 9.13.5(2)(b) of the Listing Rules of the CSE, the Committee reviews the risk management reports, risk heat map, risk register and activities related to managing risks, especially the processes adopted with management to identify, assess and mitigate risks through appropriate and timely action.

7.2 The Committee provides oversight on adequacy and effectiveness of the Company's internal controls and risk management processes.

8. External audit

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

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

8.3 Messrs. KPMG have been the External Auditors of the Company since 1996 and the Audit Engagement Partner for the financial year ended 31 March 2026 is Mr Chamara Abeyrathne, who was appointed as Audit Partner in 2026 following the rotation of the previous Partner.

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

8.5 The Members of the Audit Committee have concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31 March 2027, subject to the approval of the shareholders of Lion Brewery (Ceylon) PLC at the Annual General Meeting.

8.6 The Audit Committee held a meeting to discuss and review the Financial Statements of the Company, the Audit Opinion and External Audit matters of the Company for the year ended 31 March 2026, together with the External Auditors, Messrs. KPMG, prior to release of same to the Regulatory Authorities and to the Shareholders.

(Sgd.)
A.S. Amaratunga
Chairman – Audit Committee

2 July 2026

RELATED PARTY TRANSACTIONS COMMITTEE REPORT

1. Committee composition

As at the reporting date, the Related Party Transactions Review Committee (RPTRC) of Lion Brewery (Ceylon) PLC consists of the following members:

Member	Independent Non-Executive/Non-Executive/Executive
Mr A S Amaratunga (Chairman)	Independent Non-Executive Director
Mr A B Baliga	Independent Non-Executive Director
Mr D R P Goonetilleke	Non-Executive Director
Mr M S De Saram (Appointed w.e.f. 1 April 2026)	Independent Non-Executive Director

2. Meeting attendance

From 1 April 2025 until the reporting date the RPTRC of Lion Brewery (Ceylon) PLC met Six (6) times, and the attendance of the Committee Members was as follows:

Member	Independent Non-Executive/Non-Executive/Executive	Attendance
Mr A S Amaratunga (Chairman)	Independent Non-Executive Director	6/6
Mr A B Baliga	Independent Non-Executive Director	6/6
Mr D R P Goonetilleke	Non-Executive Director	5/6
Mr M S De Saram (Appointed w.e.f. 1 April 2026)	Independent Non-Executive Director	1/1

3. Disclosures as per section 9.14.8 of the listing rules of the Colombo Stock Exchange

3.1 Non-Recurrent Related Party Transactions

In accordance with Rule 9.14.8 (1) of the Listing Rules of the Colombo Stock Exchange, there were no non-recurrent related party transactions entered into by the Company, where the aggregate value of the non-recurrent related party transactions exceeded 10.0% of the equity or 5.0% of the total assets of the Company, whichever is lower, as per the Audited Financial Statements available during the year.

3.2 Recurrent Related Party Transactions

In accordance with Rule 9.14.8 (2) of the Listing Rules of the Colombo Stock Exchange, there were no recurrent related party transactions entered into by the Company, where the aggregate value of the recurrent related party transactions exceeded 10.0% of the Gross Revenue/ Income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) of the Company, as per the latest Audited Financial Statements.

4. Statement on review of Related Party Transactions

As required by Rule 9.14.8 (3) of the Listing Rules of the Colombo Stock Exchange, the RPTRC of the Company reviewed all Related Party Transactions (RPTs) carried out during the financial year from 1 April 2025 to 31 March 2026, excluding those transactions exempted under Listing Rule 9.14.10 of the Listing Rules of the Colombo Stock Exchange.

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

5. Policies and procedures for review and approval of related party transactions

As required by Rule 9.14.8 (3) of the Listing Rules of the Colombo Stock Exchange, the Committee adopts the following policies and procedures for reviewing RPTs of the Company:

(1) The RPTRC reviews all relevant RPTs of the Company, and where the Committee determines that approval of the Board of Directors of the respective Company is required, such approval is obtained prior to entering into the relevant transaction.

(2) Senior management provides RPTRC with all the facts and circumstances of a proposed RPT to facilitate the review of a RPT and such information includes;

- related party's relationship to the Company and interest in the transaction;
- material facts of the proposed RPT, including the proposed aggregate value of such transaction;
- benefits of the proposed RPT to the Company;
- availability of other sources of comparable products or services; and
- an assessment of whether the proposed RPT is on terms that are comparable to the terms generally available to an unaffiliated third party under the same or similar circumstances, or to employees generally.

(3) In reviewing a transaction, RPTRC assesses whether the proposed RPT is conducted during the ordinary course of business and is carried out at an arm's length basis, regardless of whether the transaction is recurrent or non-recurrent in nature.

(4) Review and approve the RPTs either at duly convened Meetings of the Committee or when necessary by way of Circular Resolution.

(5) Decide whether to seek approval of the Board of Directors for a given RPT. The RPTRC considers, among other relevant factors, whether the transaction poses any actual or potential conflict of interest to the Directors and advise the Board accordingly.

(6) Submit Related Party Transactions that require shareholder approval by way of a Special Resolution, as stipulated under Rule 9.14 of the Listing Rules of the Colombo Stock Exchange, for shareholder approval once reviewed and approved by the RPTRC and the Board of Directors of the Company.

(7) Identify the Key Management Personnel (KMP) of the Company, which includes the Board of Directors. Each Director and KMPs provide declarations to identify parties related to them. Related Party Transactions are identified based on the disclosures made in these declarations.

6. Declaration

As required by Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange, the following declaration by the Board of Directors is captured in Section 13.6.4 of the "Annual Report of the Board of Directors on the Affairs of the Company" of this Report.

The Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange, pertaining to Related Party Transactions, during the financial year ended 31 March 2026.

(Sgd.)
A S Amaratunga
Chairman – Related Party Transactions Review Committee

2 July 2026

07

FINANCIAL STATEMENTS

FINANCIAL CALENDAR

Financial Year	31 March 2026
Announcement of Results	
1st Quarter	30 June 2025
Issued to Colombo Stock Exchange	14 August 2025
2nd Quarter	30 September 2025
Issued to Colombo Stock Exchange	14 November 2025
3rd Quarter	31 December 2025
Issued to Colombo Stock Exchange	13 February 2026
4th Quarter	31 March 2026
Issued to Colombo Stock Exchange	15 May 2026
Meetings	
29th Annual General Meeting	28 July 2025
30th Annual General Meeting	28 July 2026

INDEPENDENT AUDITOR'S REPORT

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

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

To the Shareholders of Lion Brewery (Ceylon) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Lion Brewery (Ceylon) PLC ("the Company") and the consolidated Financial Statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2026, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies set out on pages 134 to 183.

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

Basis for Opinion

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

Key Audit Matters

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

KPMG

1. Revenue Recognition

Refer Note 4.1 for accounting policy and explanatory Note 27 of Financial Statements.

Risk Description	Our audit procedures included;
The Group and Company have recorded revenue of Rs. 132.43 Bn. and Rs. 130.16 Bn. respectively for the year ended 31 March 2026. Whilst revenue recognition and measurement are not complex for the Company, the Company operates in a market which is affected by different customer behaviour and the various discounts and locally imposed duties and fees with regard to revenue recognition introduce an inherent risk to the revenue recognition process and determines the respective accounting treatment. This, together with the focus on volumes and revenue as key performance measures resulted in revenue being selected as a key audit matter.	• Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition, including the assessment of trade discount, duties and fees from sales transactions. • Testing the operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment with the assistance of IT specialists. • Obtaining an understanding and testing design, implementation and operating effectiveness of controls over journal entries and post-closing adjustments. • Comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts, underlying goods delivery and acceptance notes, where appropriate, to assess whether the related revenue was recognised in accordance with the Company's revenue recognition accounting policies. • Agreeing the monthly sales system reports to the general ledger to ensure that the revenue is accounted accurately and completely in the general ledger. • Testing, on a sample basis, revenue transactions recorded to the supporting documents to assess whether the revenue transactions have been recorded accurately and recognised in the correct accounting period.

2. Carrying value of inventories

Refer Note 3.8 for accounting policy and explanatory Note 12 of Financial Statements.

Risk Description	Our audit procedures included;
The Group and Company have recorded inventories of Rs. 8.16 Bn. and Rs. 8.14 Bn. respectively as at 31 March 2026. The Group holds a significant level of inventories over many locations. Given the level of judgement, estimates and significance of inventories to the financial statements, the carrying value of inventories has been identified as a key audit matter.	• Testing the design, implementation, and operating effectiveness of the key controls relating assessment of provision for inventories and to ensure the accuracy of the inventory provision. • Attending inventory verification at the year-end to ensure the existence of the inventories. • Assessing the results of cyclical counts performed by management and third parties throughout the period to determine the level of count variances, which are adjusted periodically. • Performing the required substantive test for NRV on a sample basis by comparing the selling prices of finished goods after the reporting date with their carrying value at the financial year-end. • Vouching, on a sample basis, the purchase prices and quantities of inventories recorded by the Group with supplier invoices, goods delivery notes, and goods receipt notes. • Evaluating the inventory costing methodology and valuation policy established by the management, including compliance with the applicable financial reporting standards and verifying IT controls over inventory costing and recomputing the Weighted Average Cost (WAC) for a sample of inventory items.

KPMG

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

KPMG

- 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 3029.

KPMG

Chartered Accountants

Colombo, Sri Lanka

2 July 2026

STATEMENT OF FINANCIAL POSITION

		Company		Group	
As at 31 March In Rs. '000s	Notes	2026	2025	2026	2025
Assets					
Non-current assets					
Property, plant, and equipment	8	28,641,210	27,197,660	30,808,172	29,188,002
Right-of-use assets	9	145,086	170,768	145,086	170,768
Intangible assets	10	836,268	723,801	836,268	723,801
Investments in subsidiaries	11	2,164,000	1,471,000	–	–
Other financial assets	15	1,871,178	1,611,178	1,871,178	1,611,178
Total non-current assets		33,657,742	31,174,407	33,660,704	31,693,749
Current assets					
Inventories	12	8,143,027	7,929,092	8,163,438	7,948,505
Trade and other receivables	13	3,812,525	5,154,084	4,067,696	5,414,523
Amounts due from related companies	14	485,052	453,698	57,382	441,344
Other financial assets	15	9,497,642	4,540,723	10,403,623	4,657,842
Cash and cash equivalents	16	17,349,895	13,031,506	19,020,627	13,419,194
Total current assets		39,288,141	31,109,103	41,712,766	31,881,408
Total assets		72,945,883	62,283,510	75,373,470	63,575,157
Equity and liabilities					
Equity					
Stated capital	17	2,537,801	2,537,801	2,537,801	2,537,801
Revaluation reserves	18	2,337,708	1,822,542	3,219,543	2,583,415
Retained earnings		36,467,519	29,567,185	36,871,625	29,320,523
Translation reserve	19	–	–	12,606	(21,839)
Total equity		41,343,028	33,927,528	42,641,575	34,419,900
Non-current liabilities					
Loans and borrowings	20	2,049,062	2,236,667	2,049,062	2,236,667
Lease liabilities	9.1	166,131	196,404	166,131	196,404
Employee benefits	21	396,473	389,600	396,473	389,600
Deferred tax liabilities	22	6,955,038	6,405,254	7,793,634	7,162,810
Total non-current liabilities		9,566,704	9,227,925	10,405,300	9,985,481

As at 31 March In Rs. '000s	Notes	Company 2026	Company 2025	Group 2026	Group 2025
Current liabilities					
Trade and other payables	23	6,424,739	5,333,530	6,596,996	5,370,262
Amounts due to related companies	24	175,823	123,784	160,323	123,878
Refundable deposits	25	4,246,723	3,539,121	4,246,723	3,539,121
Current tax liabilities	26	8,205,563	5,871,937	8,339,250	5,876,830
Loans and borrowings	20	2,156,218	2,634,258	2,156,218	2,634,258
Lease liabilities	9.1	39,972	30,262	39,972	30,262
Bank overdrafts	16	787,113	1,595,165	787,113	1,595,165
Total current liabilities		22,036,151	19,128,057	22,326,595	19,169,776
Total liabilities		31,602,855	28,355,982	32,731,895	29,155,257
Total equity and liabilities		72,945,883	62,283,510	75,373,470	63,575,157
Net assets per ordinary share (Rs.)		516.79	424.09	533.02	430.25

The Notes to the Financial Statements from pages 141 to 183 form an integral part of these Financial Statements.

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

(Sgd.)
J N Goonaratne
Chief Financial Officer

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

Approved and signed on behalf of the Managers

(Sgd.)
V R Wijesinghe
Director

Carsons Management Services (Private) Limited

Approved and signed on behalf of the Board

(Sgd.)
R H Meewakkala
Director

(Sgd.)
D R P Goonetilleke
Director

2 July 2026
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March In Rs. '000s	Notes	Company 2026	Company 2025	Group 2026	Group 2025
Revenue	27	130,162,909	123,116,923	132,431,870	123,309,354
Cost of sales		(98,403,329)	(94,564,232)	(99,642,925)	(94,617,377)
Gross profit		31,759,580	28,552,691	32,788,945	28,691,977
Other income	28	409,483	329,537	412,752	339,537
		32,169,063	28,882,228	33,201,697	29,031,514
Distribution expenses		(7,797,819)	(7,747,296)	(8,022,742)	(7,773,024)
Administrative expenses		(4,604,575)	(4,396,792)	(4,673,308)	(4,434,912)
Other expenses		(1,598,053)	(637,702)	(1,598,053)	(637,702)
Profit from operations	29	18,168,616	16,100,438	18,907,594	16,185,876
Finance income	30	1,756,985	871,731	1,781,302	893,785
Finance costs	30	(1,410,384)	(1,336,794)	(1,410,384)	(1,336,794)
Net finance income/(cost)		346,601	(465,063)	370,918	(443,009)
Profit before taxation		18,515,217	15,635,375	19,278,512	15,742,867
Income tax expense	31	(7,853,481)	(5,721,740)	(7,983,937)	(5,726,633)
Deferred tax	31	(118,259)	(508,939)	(100,330)	(507,780)
Profit for the year		10,543,477	9,404,696	11,194,245	9,508,454
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of employee benefit obligations	21	22,279	(68,346)	22,279	(68,346)
Deferred tax charge on actuarial gain	31	(10,025)	30,756	(10,025)	30,756
Revaluation gain on land and buildings	8	936,665	–	1,156,597	–
Deferred tax charge on land and building revaluation gain	31	(421,499)	(182,942)	(520,469)	(252,408)
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation gain/(loss) from foreign operations		–	–	34,445	(14,834)
Total other comprehensive income for the year, net of tax		527,420	(220,532)	682,827	(304,832)
Total comprehensive income for the year		11,070,897	9,184,164	11,877,072	9,203,622
Earnings per ordinary share (Rs.)	33	131.79	117.56	139.93	118.86

The Notes to the Financial Statements from pages 141 to 183 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

Company In Rs. '000s	Notes	Stated Capital	Revaluation Reserve	Translation Reserve	Retained Earnings	Total Equity
Balance as at 1 April 2024		2,537,801	2,005,484	–	22,583,969	27,127,254
Total comprehensive income for the year						
Profit for the year		–	–	–	9,404,696	9,404,696
Other comprehensive income/(loss) for the year		–	(182,942)	–	(37,590)	(220,532)
Total comprehensive income for the year		–	(182,942)	–	9,367,106	9,184,164
Transactions with owners of the company						
Distribution made to owners						
Second interim dividend paid – 2023/24	32	–	–	–	(1,000,000)	(1,000,000)
First interim dividend paid – 2024/25	32	–	–	–	(1,384,000)	(1,384,000)
Forfeiture of unclaimed dividends		–	–		110	110
Balance as at 31 March 2025		2,537,801	1,822,542	–	29,567,185	33,927,528
Balance as at 1 April 2025		2,537,801	1,822,542	–	29,567,185	33,927,528
Profit for the year		–	–	–	10,543,477	10,543,477
Other comprehensive income/(loss) for the year		–	515,166	–	12,254	527,420
Total comprehensive income for the year		–	515,166	–	10,555,731	11,070,897
Transactions with owners of the company						
Distribution made to owners						
Second interim dividend paid – 2024/25	32	–	–	–	(2,296,000)	(2,296,000)
First interim dividend paid – 2025/26	32	–	–	–	(1,360,000)	(1,360,000)
Forfeiture of unclaimed dividends		–	–	–	603	603
Balance as at 31 March 2026		2,537,801	2,337,708	–	36,467,519	41,343,028

The Notes to the Financial Statements from pages 141 to 183 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Statement of Changes in Equity

Group In Rs. '000s	Notes	Stated Capital	Revaluation Reserve	Translation Reserve	Retained Earnings	Total Equity
Balance as at 1 April 2024		2,537,801	2,835,823	(7,005)	22,233,549	27,600,168
Total comprehensive income for the year						
Profit for the year		–	–	–	9,508,454	9,508,454
Other comprehensive income/(loss) for the year		–	(252,408)	(14,834)	(37,590)	(304,832)
Total Comprehensive income for the year		–	(252,408)	(14,834)	9,470,864	9,203,622
Transactions with owners of the company						
Distribution made to owners						
Second interim dividend paid – 2023/24	32	–	–	–	(1,000,000)	(1,000,000)
First interim dividend paid – 2024/25	32				(1,384,000)	(1,384,000)
Forfeiture of unclaimed dividends		–	–	–	110	110
Balance as at 31 March 2025		2,537,801	2,583,415	(21,839)	29,320,523	34,419,900
Balance as at 1 April 2025		2,537,801	2,583,415	(21,839)	29,320,523	34,419,900
Profit for the year		–	–	–	11,194,245	11,194,245
Other comprehensive income/(loss) for the year		–	636,128	34,445	12,254	682,827
Total comprehensive income for the year		–	636,128	34,445	11,206,499	11,877,072
Transactions with owners of the company						
Distributions made to owners						
Second interim dividend paid – 2024/25	32	–	–	–	(2,296,000)	(2,296,000)
First interim dividend paid – 2025/26	32	–	–	–	(1,360,000)	(1,360,000)
Forfeiture of unclaimed dividends		–	–	–	603	603
Balance as at 31 March 2026		2,537,801	3,219,543	12,606	36,871,625	42,641,575

The Notes to the Financial Statements from pages 141 to 183 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

		Company		Group	
For the year ended 31 March In Rs. '000s	Notes	2026	2025	2026	2025
Cash flows from operating activities					
Profit before taxation		18,515,217	15,635,375	19,278,512	15,742,867
Adjustments for:					
Depreciation on property, plant, and equipment	8	3,027,462	2,733,581	3,068,006	2,773,566
(Gain)/loss on disposal of property, plant, and equipment		30,026	1,847	30,026	1,847
Amortisation on intangible assets	10	16,720	16,157	16,720	16,157
Net inventory provision/(reversal)	12	669,575	231,191	669,575	231,191
Depreciation of right-of-use assets	9	38,505	35,120	38,505	35,120
Provision for retirement benefit obligation	21	83,403	68,323	83,403	68,323
Provision/(Reversal) – Impairment of property, plant, and equipment	8	77,713	(11,951)	77,713	(11,951)
Provision/(reversal) for Impairment of Trade Receivables		22,425	(1,651)	22,425	(1,651)
Write-off unrecoverable VAT		–	–	1,993	–
Unrealised foreign exchange gain		(173,617)	(32,413)	(173,617)	(32,413)
Finance costs	30	1,410,384	1,336,794	1,410,384	1,336,794
Finance income	30	(1,506,971)	(970,394)	(1,530,009)	(987,360)
Operating cash flow before working capital changes		22,210,843	19,041,979	22,993,638	19,172,490
(Increase)/decrease in inventories	12	(883,510)	606,852	(884,508)	598,834
(Increase)/decrease in trade and other receivables		1,606,963	500,800	1,610,069	268,640
(Increase)/decrease in amounts due from related companies	14	(31,354)	14,667	383,962	27,019
Increase/(decrease) in tax payable		1,871,422	(764,252)	1,871,422	(764,253)
Increase/(decrease) in trade and other payables		1,083,377	933,543	1,218,200	954,684
Increase/(decrease) in amounts due to related companies	24	52,039	(24,822)	36,445	(24,741)
Operating cash flows after working capital changes		25,909,780	20,308,767	27,229,229	20,232,673
Retirement benefits paid	21	(54,251)	(32,337)	(54,251)	(32,337)
Tax paid		(7,391,277)	(5,957,706)	(7,392,238)	(5,957,706)
Net cash generated from operating activities		18,464,252	14,318,724	19,782,740	14,242,630
Cash flows from investing activities					
Purchase and construction of property, plant, and equipment	8	(3,647,594)	(4,823,987)	(3,644,827)	(4,823,987)
Movement in other financial assets		(5,216,919)	(3,000,000)	(6,005,781)	(3,000,000)
Proceeds from sale of property, plant, and equipment		5,508	–	5,508	–
Purchase of intangible assets	10	(129,187)	(26,145)	(129,187)	(26,145)
Agent deposits received	25	710,488	561,228	710,488	561,228
Agent deposits refunded	25	(2,886)	–	(2,886)	–
Investment in subsidiaries	11	(693,000)	(215,400)	–	–
Interest received		1,240,052	767,267	1,263,259	784,954
Net cash used in investing activities		(7,733,538)	(6,737,037)	(7,803,426)	(6,503,950)

Statement of Cash Flows

For the year ended 31 March In Rs. '000s	Notes	Company 2026	Company 2025	Group 2026	Group 2025
Cash flows from financing activities					
Finance expenses paid		(1,385,274)	(2,092,503)	(1,385,274)	(2,092,503)
Repayments of lease rentals		(71,120)	(63,316)	(71,120)	(63,316)
Loans and borrowings obtained	20	12,193,750	16,350,000	12,193,750	16,350,000
Repayments of loans and borrowings	20	(12,846,771)	(15,333,333)	(12,846,771)	(15,333,333)
Forfeiture of unclaimed dividends		603	110	603	110
Dividend paid net of tax		(3,656,653)	(2,382,663)	(3,656,653)	(2,382,663)
Net cash used in financing activities		(5,765,465)	(3,521,705)	(5,765,465)	(3,521,705)
Net increase/(decrease) in cash and cash equivalents		4,965,249	4,059,982	6,213,848	4,216,975
Cash and cash equivalents at the beginning of the year		11,436,341	7,407,967	11,824,029	7,653,496
Effect of movements in exchange rate on translation reserve		–	–	34,445	(14,834)
Effect of exchange rate changes on cash and cash equivalents		161,192	(31,608)	161,192	(31,608)
Cash and cash equivalents at the end of the year	16	16,562,782	11,436,341	18,233,514	11,824,029
Analysis of cash and cash equivalents					
Cash and cash equivalents		17,349,895	13,031,506	19,020,627	13,419,194
Bank overdraft		(787,113)	(1,595,165)	(787,113)	(1,595,165)
Cash and cash equivalents at the end of the year	16	16,562,782	11,436,341	18,233,514	11,824,029

The Notes to the Financial Statements from pages 141 to 183 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. Information

1.1 Reporting Entity

Lion Brewery (Ceylon) PLC ("LBCPLC") is a public limited liability Company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange. Ceylon Beverage Holdings PLC is the immediate Parent Company of Lion Brewery (Ceylon) PLC. In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Ceylon Beverage Holdings PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Beverage Holdings PLC. The registered office of the Company is situated at No. 61, Janadhipathi Mawatha, Colombo 1, and the principal place of business is situated at No. 254, Colombo Road, Biyagama.

The Consolidated Financial Statements for the year ended 31 March 2026 comprise the Company and its subsidiaries (together referred to as the "Group" and individually Group entities).

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

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

There were 385 employees in the Company and the Group as at the reporting date (2025 – 361).

2. Basis of Preparation

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

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

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com.

The Financial Statements were authorised for issue by the Board of Directors on 2 July 2026.

2.2 Basis of Measurement

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

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

2.3 Going Concern

In preparing the Financial Statements for the year ended 31 March 2026, the Company's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company and its subsidiaries continue to be prepared on a going concern basis.

2.4 Functional Currency and Presentation Currency

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

2.5 Use of Estimates and Judgements

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

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

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

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

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

2.6 Comparative Information

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

2.7 Measurement of Fair Value

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. Material Accounting Policies

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

3.1 Changes in Material Accounting Policies

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

3.2 Basis of Consolidation

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

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

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

The Group measures goodwill at the acquisition date as:

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

(II) Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

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

During the year, the Company has held the following subsidiaries:

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

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

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

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

(III) Loss of Control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in the Profit or Loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(IV) Non-Controlling Interest
The Group does not have non-controlling interest as of the reporting date, as subsidiaries are wholly owned by the Company.

(V) Financial Period
The Consolidated Financial Statements are prepared to a common financial year ending 31 March.

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

3.2.1 Consolidated Financial Statements/Separate Financial Statements

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

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

3.3 Foreign Currency

3.3.1 Foreign Currency Transactions

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

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

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

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

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

3.3.2 Foreign Operations

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

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

3.4 Financial Instruments – Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated.

All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

3.4.1 Financial Assets

Classification and Subsequent Measurement of Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; fair value through other comprehensive income (FVOCI) – equity investment; or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets classified and measured at amortised cost are limited to its trade debtors, related party receivables, short-term investments, other financial assets, and cash and cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Financial Assets – Business Model Assessment

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

The information considered includes:

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

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

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

3.4.2 Financial Liabilities – Classification, Subsequent Measurement, and Gains and Losses

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

3.4.3 De-Recognition

Financial Assets
The Group de-recognised a financial asset when the contractual rights to the cash flows from the financial asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset were transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial Liabilities
The Group derecognised a financial liability when its contractual obligations were discharged or cancelled, or expired. The Group also derecognised a financial liability when its terms were modified and the cash flows of the modified liability were substantially different, in which case a new financial liability based on the modified terms were recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) was recognised in profit or loss.

3.4.4 Offsetting

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

3.4.5 Impairment – Financial Instruments and Contract Assets

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

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

Presentation of Allowance for ECL in the Statement of Financial Position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.4.6 Write-Off

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

3.4.7 Impairment of Non-Financial Assets

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

An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the Profit or Loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGU (if any) and then to reduce the carrying amounts of other assets in the CGU (group of CGUs) on pro rata basis. For other assets, an impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Property, Plant, and Equipment

Recognition and Measurement

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

(I) Recognition

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

(II) Measurement

An item of property, plant, and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

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

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

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

(III) Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant, and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. The cost of replacing part of an item of property, plant, and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of property, plant, and equipment is recognised in the Profit or Loss as and when the expense is incurred.

(IV) Revaluation of Land and Buildings

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

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

(V) Depreciation

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

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

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

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

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

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

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

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

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

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

3.6 Leases

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

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

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

Short-Term Leases and Leases of Low-Value Assets

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

As a Lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

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

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

- fixed payments, including in-substance fixed payments;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if they are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

3.7 Intangible Assets

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

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

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

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

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

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

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs. The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Accordingly, the costs of inventories are accounted as follows:

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

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

3.9 Investments

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

3.10 Cash and Cash Equivalents

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

3.11 Liabilities and Provisions

3.11.1 Liabilities

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

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

3.11.2 Refundable Deposits

Returnable containers issued to agents are secured against a refundable deposit representing the cost. Refunding of deposits could arise due to a discontinuance of an agency or due to contraction in sales. Deposits are collected from the agents for the returnable containers in their possession and are classified under current liabilities. The said deposit will be refunded to the agent only upon them returning these returnable containers due to cessation of their operation or due to contraction in sales.

3.11.3 Provisions

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

3.12 Employee Benefits

(i) Defined Contribution Plans

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

Employees' Provident Fund

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

Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund. The contribution to the Employees' Trust Fund is recognised as an expense in the Profit or Loss.

(ii) Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The calculation is performed annually by a qualified actuary using the Projected Unit Credit (PUC) method. The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continuous service. Any actuarial gains or losses arising are recognised in the Other Comprehensive Income and all expenses related to the defined benefit plans are in personnel expenses in the Profit or Loss. The liability was not externally funded.

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

3.13 Capital Commitments and Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitment and contingent liabilities of the Group are disclosed in the respective Notes to the Financial Statements.

3.14 Events Subsequent to the Reporting Period

The materiality of the events after the reporting period has been considered and appropriate adjustments and provisions have been made in the Financial Statements wherever necessary.

3.15 Related Party Transactions

Disclosures are made in respect of transactions in which one party has the ability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of whether a price is being charged or not. Related Party Transactions are disclosed in the respective Notes to the Financial Statements.

4. Statements of Profit or Loss and Other Comprehensive Income

4.1 Revenue Recognition

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer with a right of return within a specified period, being the point at which the Group satisfies its performance obligations under the contract. Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring the promised goods to the customer. Amounts disclosed as revenue are net of discounts and sales taxes.

(i) Others

Other income is recognised on an accrual basis. Net gains/losses of a revenue nature arising from the disposal of property, plant, and equipment, and other non-current assets, including investments, are accounted for in the Profit or Loss, after deducting from the proceeds from disposal, the carrying amount of such assets and the related selling expenses.

4.2 Expenditure Recognition

(i) Operating Expenditure

All expenditure incurred in running of the business and in maintaining the property, plant, and equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year. For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive Income, the Directors are of the opinion that the function of the expense method presents fairly the elements of the enterprise's performance, hence such presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding, or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure. Repairs and renewals are charged to the Profit or Loss in the year in which the expenditure is incurred.

(ii) Finance Income and Finance Cost

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the Profit or Loss, using the effective interest method.

Finance cost comprises interest expenses on borrowings, unwinding of the discount on provisions and contingent consideration, and impairment losses recognised on financial assets (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognised in the Profit or Loss using the effective interest rate method.

Foreign currency gains and losses are reported on a net basis in the finance income.

4.3 Income Tax

Income tax comprises current and deferred tax. Income tax is recognised directly in the Profit or Loss except to the extent that if it relates to items recognised directly in equity or in other comprehensive income.

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

(i) Current Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and any subsequent amendments thereto.

(ii) Deferred Tax

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

Deferred tax assets, including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

4.4 Earnings per Share

The Financial Statements present basic Earnings per Share (EPS) data for its ordinary shareholders. The EPS is calculated by dividing the Profit or Loss attributable to ordinary shareholders of the Company by the number of ordinary shares in issue.

4.5 Dividend Distribution

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

5. Statement of Cash Flows

5.1 Cash and Cash Equivalents

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

The Statement of Cash Flows has been prepared using the "Indirect Method". For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand, cash in the bank, and short-term demand deposits, net of bank overdrafts.

Investments with short maturities, i.e. three months or less from the date of acquisition, are also treated as cash equivalents.

Interest received is classified as investing cash flows, while interest paid and dividends paid are classified as financing cash flows for the purpose of presenting the Statement of Cash Flows.

6. Segmental Reporting

An operating segment is a component of the Group that engages in the business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. No separate reportable segment has been identified. Hence, performance of the Group is reported together.

7. New Accounting Standards Not Effective at the Reporting Date

The Institute of Chartered Accountants of Sri Lanka has issued the following new and amended Sri Lanka Accounting Standards (SLFRSs/LKASs), which will become applicable for annual reporting periods beginning on or after 1 April 2026 and are available for early adoption. Accordingly, the Group has not early adopted these amended standards in preparing these Financial Statements.

The Group does not expect the adoption of the standards listed below to have a material impact on the Financial Statements of the Group and the Company.

SLFRS 18 Presentation and Disclosures in Financial Statements

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and is applicable 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, discontin ued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.

Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements. Enhanced guidance is provided on how to group information in the financial statements.

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

The Group is in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements.

8. Property, Plant, and Equipment

8.1 Property, Plant, and Equipment – Company

In Rs. '000s	Freehold Land	Freehold Buildings	Plant and Machinery	Furniture and Fittings
Cost/Valuation				
As at 1 April 2025	4,581,837	5,346,823	20,529,201	79,962
Additions	103,309	75,608	126,411	4,048
Transfers from work in progress	–	189,341	35,147	16,825
(Impairment)/reversal	–	(48,246)	(29,467)	–
Revaluation gain	601,212	335,453	–	–
Depreciation adjustment on revaluation	–	(363,278)	–	–
Disposals/Breakages	–	–	(235,517)	(206)
As at 31 March 2026	5,286,358	5,535,701	20,425,775	100,629
Accumulated Depreciation				
As at 1 April 2025	–	160,462	8,123,586	29,043
Charge for the year	–	202,816	1,241,427	10,484
Depreciation adjustment on revaluation	–	(363,278)	–	–
Disposals/Breakages	–	–	(210,237)	(206)
As at 31 March 2026	–	–	9,154,776	39,321
Net Book Value				
As at 31 March 2026	5,286,358	5,535,701	11,270,999	61,308
As at 31 March 2025	4,581,837	5,186,361	12,405,615	50,919

Except for the additions made during the year ended 31 March 2026 to freehold land and building at Biyagama, all other freehold lands and buildings of the Company were revalued based on the Group policy as at 31 March 2026 which were assessed on a going concern basis by Mr S Shivaskantha, an independent professional valuer, at a value of Rs. 9,151 Mn. and the resultant surplus arising from there was transferred to the Revaluation Reserve in the said period.

Office Equipment	Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work -in-Progress	31 March 2026	31 March 2025
222,404	324,311	35,683	134,515	8,720,136	389,736	40,364,608	36,273,371
51,628	65,484	60,182	29,929	1,208,296	1,925,008	3,649,903	4,846,216
30,998	59,588	–	261	–	(334,469)	(2,309)	(22,228)
–	–	–	–	–	–	(77,713)	11,951
–	–	–	–	–	–	936,665	–
–	–	–	–	–	–	(363,278)	–
–	(53)	(18,500)	(13,916)	(153,440)	–	(421,632)	(744,702)
305,030	449,331	77,365	150,789	9,774,992	1,980,275	44,086,244	40,364,608
66,491	203,884	28,634	84,560	4,470,283	5	13,166,948	11,157,420
52,508	67,198	8,933	20,295	1,423,801	–	3,027,462	2,733,581
–	–	–	–	–	–	(363,278)	–
–	(53)	(15,108)	(13,916)	(146,578)	–	(386,098)	(724,053)
118,999	271,029	22,459	90,939	5,747,506	5	15,445,034	13,166,948
186,031	178,301	54,906	59,850	4,027,486	1,980,270	28,641,210	–
155,913	120,427	7,049	49,955	4,249,853	389,731	–	27,197,660

8. Property, Plant, and Equipment

8.1 Property, Plant, and Equipment – Group

In Rs. '000s	Freehold Land	Freehold Buildings	Plant and Machinery	Furniture and Fittings
Cost/Valuation				
As at 1 April 2025	5,898,338	6,060,649	20,764,866	87,420
Additions	103,309	75,608	123,261	4,431
Transfers from work in progress	–	189,341	35,147	16,825
(Impairment)/reversal	–	(48,246)	(29,467)	–
Revaluation gain	725,012	431,586	–	–
Depreciation adjustment on revaluation	–	(443,745)	–	–
Disposals/Breakages	–	–	(235,517)	(206)
As at 31 March 2026	6,726,659	6,265,194	20,658,290	108,470
Accumulated Depreciation				
As at 1 April 2025	–	200,447	8,359,253	36,496
Charge for the year	–	243,298	1,241,426	10,548
Depreciation adjustment on revaluation	–	(443,745)	–	–
Disposals/Breakages	–	–	(210,236)	(206)
As at 31 March 2026	–	–	9,390,443	46,838
Net Book Value				
As at 31 March 2026	6,726,659	6,265,194	11,267,847	61,632
As at 31 March 2025	5,898,338	5,860,202	12,405,613	50,924

Freehold land and buildings of subsidiary (Millers Brewery Limited) were revalued based on the Group policy as at 31 March 2026 by Mr S Shivaskantha, independent professional valuer at a value, of Rs. 2,167 Mn. and the resultant surplus arising from there was transferred to the Revaluation Reserve in the said period.

	Office Equipment	Computer Equipment	Motor Vehicles	Laboratory Equipment	Returnable Containers	Capital Work -in-Progress	31 March 2026	31 March 2025
	222,719	333,779	35,828	134,515	8,722,085	389,736	42,649,936	38,558,699
	51,628	65,484	60,182	29,929	1,208,296	1,925,008	3,647,136	4,846,216
	30,998	59,588	–	261	–	(334,469)	(2,309)	(22,228)
	–	–	–	–	–	–	(77,713)	11,951
	–	–	–	–	–	–	1,156,598	–
	–	–	–	–	–	–	(443,745)	–
	–	(53)	(18,500)	(13,916)	(153,440)	–	(330,826)	(744,702)
	305,345	458,798	77,510	150,789	9,776,941	1,980,275	46,508,271	42,649,936
	66,807	213,355	28,779	84,560	4,472,232	5	13,461,934	11,412,421
	52,508	67,198	8,933	20,295	1,423,801	–	3,068,007	2,773,566
	–	–	–	–	–	–	(443,745)	–
	–	(53)	(15,108)	(13,916)	(146,578)	–	(386,097)	(724,053)
	119,315	280,500	22,604	90,939	5,749,455	5	15,700,099	13,461,934
	186,030	178,298	54,906	59,850	4,027,486	1,980,270	30,808,172	–
	155,912	120,424	7,049	49,955	4,249,853	389,731	–	29,188,002

8.2 Carrying amount of the revalued assets, if they were carried at cost model

	Company		Group	
In Rs. '000s	Land	Buildings	Land	Buildings
Cost as at 1 April 2025	2,297,124	5,264,405	2,609,473	5,736,952
Additions during the year	103,309	264,947	103,309	264,947
Cost as at 31 March 2026	2,400,433	5,529,351	2,712,782	6,001,899
Accumulated depreciation	–	(1,132,723)	–	(1,268,724)
Carrying amount as at 31 March 2026	2,400,433	4,396,628	2,712,782	4,733,175
Carrying amount as at 31 March 2025	2,297,124	4,296,059	2,609,473	4,644,864

8.3 Extents, locations, valuations, and number of buildings and land holdings.

	2026						2025					
Location	Extent of Lands			Cost/ Revalue of Lands Rs. '000s	Number of buildings/ Blocks	Cost/ Revalue of Buildings Rs. '000s	Extent of Lands			Cost/ Revalue of Lands Rs. '000s	Number of buildings/ Blocks	Cost/ Revalue of Buildings Rs. '000s
Lion Brewery (Ceylon) PLC	A	R	P				A	R	P			
Biyagama	31.00	2.00	37.10	4,289,650	36	5,280,471	29.00	2.00	39.63	3,769,638	36	5,270,308
Kaduwela	3.00	–	27.00	479,000	1	2,651	3.00	–	27.00	431,000	1	3,360
Tangalle	3.00	2.00	–	36,400	1	4,900	3.00	2.00	–	32,200	1	5,205
Kurunegala	3.00	–	34.25	277,700	4	247,677	3.00	–	34.25	252,000	4	67,950
Nuwara Eliya	–	3.00	36.67	100,300	–	–	–	3.00	36.67	96,999	–	–
Eheliyagoda	1.00	–	7.62	103,309	–	–	–	–	–	–	–	–
Total – Company	41.00	2.00	25.27	5,286,359	42	5,535,699	40.00	2.00	17.55	4,581,837	42	5,346,823
Millers Brewery Limited												
Meegoda	22.00	3.00	16.45	1,440,300	18	729,495	22.00	3.00	16.45	1,316,501	18	713,826
Total – Group	64.00	2.00	1.72	6,726,659	60	6,265,194	63.00	1.00	34.00	5,898,338	60	6,060,649

A: Acres R: Roods P: Perches

8.4 The cost of fully-depreciated Property, Plant, and Equipment of the Group and the Company which are still in use amounts to Rs. 3,929 Mn. (2024/25 – Rs. 2,936 Mn.) and Rs. 3,647 Mn. (2024/25 – Rs. 2,654 Mn.), respectively.

8.5 Property, plant, and equipment has not been pledged as security against the borrowings during the period (2024/25 – Nil).

8.6 Borrowing cost has not been capitalised during the financial year (2024/25 – Nil).

8.7 Fair value measurement

(a) Fair Value Hierarchy

The fair value of the land and buildings was determined by an external independent property valuer, having appropriately recognised professional qualifications for the category of the property being valued. Fair value measurements of the property has been categorised as a Level 3 fair value based on the valuation techniques used.

(b) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used.

Property	Method of valuation	Estimated price per perch Rs.	Estimated price per square foot Rs.	Effective date of valuation	Correlation to fair value
Lion Brewery (Ceylon) PLC, Biyagama	OMV	700,000-1,100,000	3,000-17,000	31 March 2026	Positive
Lion Brewery (Ceylon) PLC, Kaduwela	OMV	950,000	4,500-5,750	31 March 2026	Positive
Lion Brewery (Ceylon) PLC, Tangalle	OMV	65,000	7,500	31 March 2026	Positive
Lion Brewery (Ceylon) PLC, Kurunegala	OMV	540,000	4,250-8,500	31 March 2026	Positive
Lion Brewery (Ceylon) PLC, Nuwara Eliya	OMV	640,000	–	31 March 2026	Positive
Millers Brewery Limited, Meegoda	OMV	465,750-750,000	4,250-8,250	31 March 2026	Positive

The open market value (OMV) method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities, such as a business.

The additions made during the year ended 31 March 2026 to freehold lands and buildings at Biyagama were not revalued, as the directors are of the view that there is no material value difference against the market value.

9. Right-of-Use Assets

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Balance as at 1 April	170,768	173,464	170,768	173,464
Additions during the period	12,823	32,424	12,823	32,424
Derecognition of assets	–	–	–	–
Depreciation charge for the period	(38,505)	(35,120)	(38,505)	(35,120)
Balance as at 31 March	145,086	170,768	145,086	170,768

9.1 Lease Liabilities

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Balance as at 1 April	226,666	219,195	226,666	219,195
Leases obtained	12,823	32,424	12,823	32,424
Interest expenses for the period	37,734	38,363	37,734	38,363
Lease rentals paid	(71,120)	(63,316)	(71,120)	(63,316)
Balance as at 31 March	206,103	226,666	206,103	226,666

Analysis of lease liabilities by period of repayment

As at 31 March 2026 In Rs. '000s	Company			Group		
	Contractual CF	Interest	Present value of lease payments	Contractual CF	Interest	Present value of lease payments
Current	72,419	(32,447)	39,972	72,419	(32,447)	39,972
Non-current	233,392	(67,261)	166,131	233,392	(67,261)	166,131
	305,811	(99,708)	206,103	305,811	(99,708)	206,103

Analysis of lease liabilities by period of repayment

As at 31 March 2025 In Rs. '000s	Company			Group		
	Contractual CF	Interest	Present value of lease payments	Contractual CF	Interest	Present value of lease payments
Current	67,111	(36,849)	30,262	67,111	(36,849)	30,262
Non-current	295,034	(98,630)	196,404	295,034	(98,630)	196,404
	362,145	(135,479)	226,666	362,145	(135,479)	226,666

As at 31 March In Rs. '000s	Company		Group	
	2026	2025	2026	2025
Following are the amounts recognised in the statement of profit or loss and statement of cash flows during the financial year				
Depreciation of right-of-use assets	38,505	35,120	38,505	35,120
Interest expenses on lease liability	37,734	38,363	37,734	38,363
Total amount recognised in statement of profit or loss and statement of cash flows	76,239	73,483	76,239	73,483

There were no expenses relating to short-term leases and leases of low-value assets during the financial year (2024/25 – Nil).

10. Intangible Assets

As at 31 March In Rs. '000s	Brands	Computer Software	Excise License	Trade Mark	2026	2025
Company						
Cost						
Opening balance	4,000,000	450,631	38,200	41,222	4,530,053	4,503,908
Additions during the year	–	16,878	110,000	–	126,878	3,917
Transfers from capital WIP	–	2,309	–	–	2,309	22,228
Closing balance	4,000,000	469,818	148,200	41,222	4,659,240	4,530,053
Amortisation/Impairment						
Opening balance	3,388,208	415,124	–	2,920	3,806,252	3,790,095
Amortisation for the year	–	14,048	611	2,061	16,720	16,157
Impairment/(reversal) during the year	–	–	–	–	–	–
Closing balance	3,388,208	429,172	611	4,981	3,822,972	3,806,252
Net Book Value	611,792	40,646	147,589	36,241	836,268	723,801

As at 31 March In Rs. '000s	Brands	Computer Software	Excise License	Trade Mark	2026	2025
Group						
Cost						
Opening balance	4,000,000	450,631	38,200	41,222	4,530,053	4,503,908
Additions during the year	–	16,878	110,000	–	126,878	3,917
Transfers from capital WIP	–	2,309	–	–	2,309	22,228
Closing balance	4,000,000	469,818	148,200	41,222	4,659,240	4,530,053
Amortisation/Impairment						
Opening balance	3,388,208	415,124	–	2,920	3,806,252	3,790,095
Amortisation for the year	–	14,048	611	2,061	16,720	16,157
Impairment/(reversal) during the year	–	–	–	–	–	–
Closing balance	3,388,208	429,172	611	4,981	3,822,972	3,806,252
Net Book Value	611,792	40,646	147,589	36,241	836,268	723,801

10.1 Brands of Millers Brewery Ltd

The Company acquired brands amounting to Rs. 4,000,000,000/- during FY 2014/15 from Millers Brewery Limited. Brands are not amortised as the useful life is considered to be infinite given the nature of the assets. However, the assessment of indefinite life is reviewed annually.

Impairment assumptions for brands acquired from Millers Brewery Ltd

An impairment test was carried out for the brands acquired from Millers Brewery Ltd as at 31 March 2026 as per the Sri Lanka Accounting Standards LKAS 36 Impairment of Assets. The Company computed its recoverable amount of the acquired brands by forecasting the annual sales values and discounting such estimated cash flows by its cost of equity adjusted with a risk premium. Cost of equity was determined based on the risk-free rate of a 5-year treasury bond at 9.83% for the relevant cash flows, whereas the equity risk premium added was based on non-observable inputs as estimated for a valuation of the business in a previous period. Therefore, the difference in the discount rate compared with the previous financial year is the change in the risk-free rate due to market changes.

The contribution growth was determined based on the historical records (rate not disclosed due to commercial sensitivity) along with a zero-volume growth rate. A terminal growth rate of 4.25% was applied in determining the terminal value of the cash flows. Accordingly, the recoverable value of the said brands as at 31 March 2026 exceeds the carrying value of Rs. 611,792,845/- resulting in no impairment charge or reversal to the income statement during the financial year.

Sensitivity Analysis

	Discount Rate	
As at 31 March 2026 In Rs.'000s	2026	2025
Increase by one percentage	(56,233)	(44,164)
Decrease by one percentage	64,999	50,791

10.2 Computer Software

Computer software represents the costs incurred for the Enterprise Resource Planning ("ERP") systems and other software applications that are used to generate financial and management information. Software with a finite life is amortised over the period of expected economic benefit.

10.3 Excise Licenses

Excise licenses contain wholesale distributor licenses and alcobev manufacturing licenses held by the Company.

10.4 Trade Mark

Trademarks contain intellectual property owned by the Company. Trademarks with a finite life are amortised over the period of expected economic benefit.

11. Investment in Subsidiaries

Company

In Rs. '000s	Notes	No. of Shares	% Holding	Cost as at 31 March 2026	Cost as at 31 March 2025
Millers Brewery Limited		115,000,000	100	1,150,000	1,150,000
Lion Beer (Ceylon) Pte. Ltd., Singapore	11.1	1,352,913	100	1,014,000	321,000
Balance				2,164,000	1,471,000

As the subsidiaries are 100% equity owned companies, no presentation for non-controlling interest has been made.

11.1 During the year, the Company invested Rs. 693,000,000/- in exchange for 2,832,525 ordinary shares in Lion Beer (Ceylon) Pte. Ltd. which is a fully owned subsidiary of the Company.

12. Inventories

		Company		Group	
As at 31 March In Rs. '000s	Notes	2026	2025	2026	2025
Raw and packing materials		2,321,849	1,758,717	2,342,260	1,778,130
Work in progress		690,053	850,812	690,053	850,812
Finished goods		3,925,628	3,693,728	3,925,628	3,693,728
Maintenance spares and others		1,879,826	1,786,893	1,879,826	1,786,893
		8,817,356	8,090,150	8,837,767	8,109,563
Provision for obsolete inventories	12.1	(674,329)	(161,058)	(674,329)	(161,058)
		8,143,027	7,929,092	8,163,438	7,948,505

12.1 Provision for Obsolete Inventories

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Balance as at the beginning of the year	161,058	49,836	161,058	49,836
Provisions made during the year	669,575	231,191	669,575	231,191
Reversals/(written off) during the year	(156,304)	(119,969)	(156,304)	(119,969)
Balance as at end of the year	674,329	161,058	674,329	161,058

13. Trade and Other Receivables

		Company		Group	
As at 31 March In Rs. '000s	Notes	2026	2025	2026	2025
Trade receivables		1,397,441	4,247,079	1,624,108	4,486,611
Provision for impairment	13.1	(6,845)	(7,445)	(6,845)	(7,445)
		1,390,596	4,239,634	1,617,263	4,479,166
Advances		1,031,212	171,792	1,039,260	171,792
Prepayments		1,146,106	683,737	1,148,949	686,572
Other receivables		244,612	58,921	262,224	76,993
		3,812,525	5,154,084	4,067,696	5,414,523

13.1 Provision for Impairment

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Balance as at the beginning of the year	7,445	9,096	7,445	9,096
Provisions made/(reversal) during the year	22,425	(1,651)	22,425	(1,651)
Written off during the year	(23,025)	–	(23,025)	–
Balance as at end of the year	6,845	7,445	6,845	7,445

14. Amounts Due from Related Companies

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Millers Brewery Limited	612	–	–	–
Luxury Brands (Private) Ltd	7,724	5,762	7,724	5,762
Pubs 'N Places (Private) Ltd	16	–	16	–
Lion Beer (Ceylon) Pte. Ltd.	476,700	12,354	–	–
Ceylon Beverage Holdings PLC	–	435,582	–	435,582
Carlsberg Vietnam Breweries Limited	–	–	49,642	–
	485,052	453,698	57,382	441,344

15. Other Financial Assets

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
More than 1 year				
Fixed deposits with financial institutions	1,871,178	1,611,178	1,871,178	1,611,178
	1,871,178	1,611,178	1,871,178	1,611,178
More than 3 months and less than 1 year				
Fixed deposits with financial institutions	9,497,642	4,540,723	10,403,623	4,657,842
	9,497,642	4,540,723	10,403,623	4,657,842

16. Cash and Cash Equivalents

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Fixed deposits with financial institutions	6,130,275	4,922,759	6,353,696	5,146,231
Savings accounts	4,427,833	1,462,479	4,427,903	1,462,549
Cash at bank	6,783,027	6,639,563	8,230,268	6,803,709
Cash in hand	8,760	6,705	8,760	6,705
	17,349,895	13,031,506	19,020,627	13,419,194
Cash and cash equivalents include the following for the purpose of Statement of Cash Flows				
Cash and cash equivalents	17,349,895	13,031,506	19,020,627	13,419,194
Bank overdrafts	(787,113)	(1,595,165)	(787,113)	(1,595,165)
	16,562,782	11,436,341	18,233,514	11,824,029

17. Stated Capital

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
80,000,000 ordinary shares	2,537,801	2,537,801	2,537,801	2,537,801

The stated capital of the Company as at 31 March 2026 was Rs. 2,537,801,310/- consisting of 80,000,000 ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. All ordinary shares rank equally with regard to the right to the Company's residual assets, at the point of distribution.

18. Revaluation Reserves

The Capital Reserve relates to revaluation of land and buildings. It comprises the increase in the fair value of land and buildings at the date of revaluation net of deferred tax.

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Balance as at the beginning of the year	1,822,542	2,005,484	2,583,415	2,835,823
Revaluation of land and buildings	936,665	–	1,156,597	–
Deferred tax charge on land and building revaluation	(421,499)	(182,942)	(520,469)	(252,408)
Balance as at end of the year	2,337,708	1,822,542	3,219,543	2,583,415

19. Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the Financial Statements of foreign operations. An amount of Rs. 12,606,000/- was recognised in the Group Statement of Financial Position as at 31 March 2026. (2024/25: Rs. (21,839,000)/-)

20. Loans and Borrowings

As at 31 March In Rs. '000s	2026	2025	2026	2025
Balance as at the beginning of the year	4,850,000	3,833,333	4,850,000	3,833,333
Obtained during the year	12,193,750	16,350,000	12,193,750	16,350,000
Repayments during the year	(12,846,771)	(15,333,333)	(12,846,771)	(15,333,333)
Principle Balance	4,196,979	4,850,000	4,196,979	4,850,000
Interest payable	8,301	20,925	8,301	20,925
Balance as at the end of the year	4,205,280	4,870,925	4,205,280	4,870,925

20.1 Details of loans and borrowings

Name of the Lender	31 March 2026 Rs. '000s	31 March 2025 Rs. '000s	Repayment Terms	Security Offered	Type of Interest
Commercial Bank – Rs. 500 Mn. (2025)	500,000	–	Payable in 60 equal monthly installments commencing from June 2025	Unsecured	Fixed
Commercial Bank – Rs. 2.5 Bn. (2025)	1,920,000	2,400,000	Payable in 60 equal monthly installments commencing from April 2025	Unsecured	Fixed
Bank of China – Rs. 1.9 Bn. (2023)	316,667	950,000	Payable in 12 equal quarterly installments commencing from November 2023	Unsecured	Floating
Standard Chartered Bank (Mauritius) Ltd. – $ 1.25 Mn. (2026)	360,312	–	Payable in 12 equal quarterly installments commencing from March 2026	Secured	Floating
NDB – (2024)	–	500,000	Payable in 1 month-Renewable	Unsecured	Fixed
NTB – (2024)	–	300,000	Payable in 1 month-Renewable	Unsecured	Fixed
Commercial Bank – (2024)	–	700,000	Payable in 1 month-Renewable	Unsecured	Fixed
Sampath Bank – (2026)	1,100,000	–	Payable in 1 month-Renewable	Unsecured	Fixed
Total	4,196,979	4,850,000			

The loan obtained from Standard Chartered Bank (Mauritius) Limited amounting to USD 1.25 Mn. is secured by way of a lien over a fixed deposit amounting to Rs. 450 Mn.

20.2 Analysis of loans and borrowings by repayment period

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Classified under non-current liabilities				
Loans and borrowings falling due after one year	2,049,062	2,236,667	2,049,062	2,236,667
Interest payable	–	–	–	–
	2,049,062	2,236,667	2,049,062	2,236,667
Classified under current liabilities				
Loans and borrowings falling due within one year	2,147,917	2,613,333	2,147,917	2,613,333
Interest payable	8,301	20,925	8,301	20,925
	2,156,218	2,634,258	2,156,218	2,634,258
Balance as at the end of the year	4,205,280	4,870,925	4,205,280	4,870,925

21. Employee Benefits

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
The amounts recognised in the Statement of Financial Position is as follows:				
Present value of unfunded obligation	396,473	389,600	396,473	389,600
Liability in the Statement of Financial Position	396,473	389,600	396,473	389,600
The movement in the defined benefit obligation over the year as follows:				
Balance as at 1 April	389,600	285,268	389,600	285,268
Interest cost	40,908	34,232	40,908	34,232
Current service cost	42,495	34,091	42,495	34,091
Actuarial (gain)/loss	(22,279)	68,346	(22,279)	68,346
Benefits paid	(54,251)	(32,337)	(54,251)	(32,337)
Balance as at 31 March	396,473	389,600	396,473	389,600

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
The amounts recognised in the Statement of Profit or Loss are as follows:				
Interest cost	40,908	34,232	40,908	34,232
Current service cost	42,495	34,091	42,495	34,091
	83,403	68,323	83,403	68,323
The amounts recognised in Other Comprehensive Income (OCI) are as follows:				
Actuarial (Gain)/Loss	(22,279)	68,346	(22,279)	68,346

21.1 The gratuity liability as at 31 March 2026 was valued based on the Projected Unit Credit (PUC) method by Mr K Arumugam, AIA, of M/s. Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries.

The principal assumptions used in determining the cost of employee benefits were:

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Discount rate (%)	10.0	10.5	10.0	10.5
Salary increment (%)	8.5	10.0	8.5	10.0
Retirement age (Years)	60	60	60	60
Weighted average duration (years) of defined benefit obligation	6.7	8.0	6.7	8.0

A long-term treasury bond rate of 10% p.a. (2024/25 – 10.5% p.a.) has been used to discount future liabilities taking into consideration remaining working life of eligible employees.

21.2 Sensitivity of assumptions used

Reasonable possible changes at the reporting date to one of the actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

As at 31 March 2026	Discount rate		Salary increment	
In Rs. '000s	Company	Group	Company	Group
Increase by one percentage	(23,208)	(23,208)	27,665	27,665
Decrease by one percentage	25,839	25,839	(25,224)	(25,224)

As at 31 March 2025	Discount rate		Salary increment	
In Rs. '000s	Company	Group	Company	Group
Increase by one percentage	(25,441)	(25,441)	29,929	29,929
Decrease by one percentage	28,456	28,456	(27,169)	(27,169)

21.3 Maturity analysis of the payments

The following payments are expected on the employee benefit plan in future years.

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Within the next 12 months	39,630	22,145	39,630	22,145
Between 1 and 5 years	181,903	180,497	181,903	180,497
Over 5 years	103,093	103,558	103,093	103,558
Over 10 years	71,847	83,400	71,847	83,400
Total expected payments	396,473	389,600	396,473	389,600

21.4 The above provisions are not externally funded.

22. Deferred Tax Liabilities

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Deferred tax liability	7,285,034	6,783,176	8,123,629	7,540,731
Deferred tax asset	(329,996)	(377,922)	(329,995)	(377,921)
Balance as at the end of the year	6,955,038	6,405,254	7,793,634	7,162,810

Movement in Deferred Tax Balances – Company

In Rs. '000s	Balance as at 1 April 2025	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31 March 2026
Deferred Tax Liabilities				
Property, plant, and equipment	6,399,676	(54,373)	421,499	6,766,802
Intangible assets	292,071	9,617	–	301,688
Unrealised exchange difference	76,845	136,672	–	213,517
Right-of-use assets	14,584	(11,557)	–	3,027
Total deferred tax Liabilities	6,783,176	80,359	421,499	7,285,034
Deferred Tax Assets				
Employee benefit	(175,320)	(13,118)	10,025	(178,413)
Lease creditor	(101,999)	9,253	–	(92,746)
Inventory and trade receivable provision	(100,603)	41,765	–	(58,838)
Total deferred tax assets	(377,922)	37,900	10,025	(329,996)
Net deferred tax liabilities	6,405,254	118,259	431,524	6,955,038

Movement in Deferred Tax Balances – Group

In Rs. '000s	Balance as at 1 April 2025	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31 March 2026
Deferred Tax Liabilities				
Property, plant, and equipment	7,157,231	(72,303)	520,469	7,605,397
Intangible assets	292,071	9,617	–	301,688
Unrealised exchange difference	14,584	136,672	–	151,256
Right-of-use assets	76,845	(11,557)	–	65,288
Total Deferred Tax Liabilities	7,540,731	62,429	520,469	8,123,629
Deferred Tax Assets				
Employee benefit	(175,320)	(13,118)	10,025	(178,413)
Lease creditor	(101,998)	9,253	–	(92,745)
Inventory and trade receivable provision	(100,603)	41,765	–	(58,838)
Total Deferred Tax Assets	(377,921)	37,900	10,025	(329,995)
Net deferred tax liabilities	7,162,810	100,330	530,494	7,793,634

Movement in Deferred Tax Balances – Company

In Rs. '000s	Balance as at 1 April 2024	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31 March 2025
Deferred Tax Liabilities				
Property, plant, and equipment	5,774,057	442,677	182,942	6,399,676
Intangible assets	150,400	141,671	–	292,071
Unrealised exchange difference	69,385	7,460		76,845
Right-of-use assets	3,078	11,506	–	14,584
Total Deferred Tax Liabilities	5,996,920	603,314	182,942	6,783,176
Deferred Tax Assets				
Employee benefit	(114,107)	(30,457)	(30,756)	(175,320)
Lease creditor	(87,678)	(14,321)	–	(101,999)
Inventory and trade receivable provision	(51,006)	(49,597)	–	(100,603)
Total Deferred Tax Assets	(252,791)	(94,375)	(30,756)	(377,922)
Net deferred tax liabilities	5,744,129	508,939	152,186	6,405,254

Movement in Deferred Tax Balances – Group

In Rs. '000s	Balance as at 1 April 2024	Recognised in Profit or Loss	Recognised in OCI	Balance as at 31 March 2025
Deferred Tax Liabilities				
Property, plant, and equipment	6,463,307	441,517	252,408	7,157,231
Intangible assets	150,400	141,671	–	292,071
Unrealised exchange difference	3,078	11,506		14,584
Right-of-use assets	69,385	7,460	–	76,845
Total Deferred Tax Liabilities	6,686,170	602,154	252,408	7,540,731
Deferred Tax Assets				
Employee benefit	(114,107)	(30,457)	(30,756)	(175,320)
Lease creditor	(87,678)	(14,320)	–	(101,998)
Inventory and trade receivable provision	(51,006)	(49,597)	–	(100,603)
Total Deferred Tax Assets	(252,791)	(94,374)	(30,756)	(377,921)
Net deferred tax liabilities	6,433,379	507,780	221,652	7,162,810

As at 31 March 2026, the Group has not recognised deferred tax assets amounting to Rs. 49 Mn. (2024/25 – 77 Mn.) on brought forward tax losses of Rs. 109 Mn. (2024/25 – 171 Mn.) relating to Millers Brewery Limited as the utilisation against the future taxable profits is uncertain.

23. Trade and Other Payables

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Trade payables	3,104,695	2,791,294	3,211,108	2,806,566
Trade discounts	225,926	143,903	225,924	143,903
Accruals	2,332,964	1,758,484	2,398,110	1,779,944
Other payables	761,154	639,849	761,854	639,849
	6,424,739	5,333,530	6,596,996	5,370,262

24. Amounts Due to Related Companies

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Carlsberg A/S	106,868	102,235	106,868	102,235
Ceylon Beverage Holdings PLC	24,075	21,322	24,075	21,322
Lion Beer (Ceylon) Pte. Ltd.	18,328	–	6,272	94
Pubs and Places Pvt Ltd.	296	227	296	227
Luxury Brands (Pvt) Ltd.	22,813	–	22,813	–
Millers Brewery Limited	3,443	–	–	–
	175,823	123,784	160,323	123,878

25. Refundable Deposits

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Balance as at the beginning of the year	3,539,121	2,996,694	3,539,121	2,996,694
Deposits received during the year	710,488	561,228	710,488	561,228
Empty deposits refunded	(2,886)	–	(2,886)	–
Empty deposit write back during the year		(18,801)		(18,801)
Balance as at the end of the year	4,246,723	3,539,121	4,246,723	3,539,121

Refundable deposits are taken from agents as security against the returnable containers held with them.

26. Current Tax Liabilities

	Company		Group	
As at 31 March In Rs. '000s	2026	2025	2026	2025
Excise duty payable	3,916,485	2,365,277	3,916,486	2,365,277
Value added tax	1,884,362	1,608,080	1,884,362	1,608,080
Social security contribution levy	285,013	241,081	285,013	241,081
Income tax	2,119,703	1,657,499	2,253,389	1,662,392
	8,205,563	5,871,937	8,339,250	5,876,830

27. Revenue

	Company		Group	
For the year ended 31 March In Rs. '000	2026	2025	2026	2025
Local revenue	123,650,460	117,730,810	123,650,460	117,730,810
International revenue	6,512,449	5,386,113	8,781,410	5,578,544
	130,162,909	123,116,923	132,431,870	123,309,354

28. Other Income

	Company		Group	
For the year ended 31 March In Rs. '000	2026	2025	2026	2025
Profit on disposal of property, plant, and equipment and right-of-use assets	2,117	–	2,117	–
Income from by-products	325,560	272,200	325,560	272,200
Sundry Income	81,806	57,337	85,075	67,337
	409,483	329,537	412,752	339,537

29. Profit from Operations

Profit from operations is stated after charging all expenses/(reversals) including the following:

		Company		Group	
For the year ended 31 March In Rs. '000s	Note	2026	2025	2026	2025
Directors' fees and emoluments		53,186	45,378	53,186	45,378
Auditors' remuneration					
– Audit fees		3,225	3,000	9,555	7,251
– Audit-related services		900	560	900	560
– Non-audit services		600	300	600	949
Depreciation on property, plant, and equipment	8	3,027,462	2,733,581	3,068,006	2,773,566
Depreciation of right-of-use assets	9	38,505	35,120	38,505	35,120
Amortisation of intangible assets	10	16,720	16,157	16,720	16,157
Provision made/(Reversed) for inventories	12.1	669,575	231,191	669,575	231,191
Provision/(Reversal) of impairment for trade receivables	13.1	22,425	(1,651)	22,425	(1,651)
Impairment of property, plant, and equipment	8	77,713	(11,951)	77,713	(11,951)
Write-off unrecoverable VAT		–	–	1,993	–
Royalty fees		654,910	672,090	655,004	672,184
Support service fees		1,542,884	1,272,423	1,542,884	1,272,423
Personnel expenses	29.1	2,873,835	2,481,795	2,873,835	2,481,795

29.1 Personnel expenses

		Company		Group	
For the year ended 31 March In Rs. '000	Note	2026	2025	2026	2025
Salaries, wages, and other related expenses		2,606,330	2,262,718	2,606,330	2,262,718
Defined benefit plan costs	21	83,403	68,323	83,403	68,323
Defined contribution plan costs – EPF and ETF		184,102	150,754	184,102	150,754
		2,873,835	2,481,795	2,873,835	2,481,795

30. Net Finance income/(cost)

	Company		Group	
For the year ended 31 March In Rs. '000	2026	2025	2026	2025
Finance Income:				
Interest income – fixed deposits	1,047,611	711,296	1,069,108	728,262
Interest income – intercompany loans	–	43,972	–	43,972
Interest income – savings and call deposits	329,261	270,188	330,802	270,188
Finance income	1,376,872	1,025,456	1,399,910	1,042,422
Net gain on foreign exchange transactions	250,014	(98,663)	251,293	(93,575)
Gain or loss on fair valuation of derivatives	130,099	(55,062)	130,099	(55,062)
Total finance income	1,756,985	871,731	1,781,302	893,785
Finance Cost				
Interest expenses – term loans	324,039	144,870	324,039	144,870
Interest expenses – bank overdrafts	92	6,356	92	6,356
Interest on lease	37,734	38,363	37,734	38,363
Interest expenses – short-term loans and agent finance costs	1,048,519	1,147,205	1,048,519	1,147,205
Total finance expenses	1,410,384	1,336,794	1,410,384	1,336,794
Net Finance income/(cost)	346,601	(465,063)	370,918	(443,009)

31. Income Tax/Deferred Tax

		Company		Group	
For the year ended 31 March In Rs. '000	Note	2026	2025	2026	2025
Income tax	31.1.1	7,853,481	5,721,740	7,983,937	5,726,633
Deferred tax		118,259	508,939	100,330	507,780
Total income tax		7,971,740	6,230,679	8,084,267	6,234,413
Deferred tax recognised in other comprehensive income					
Remeasurement of employee benefit obligations		10,025	(30,756)	10,025	(30,756)
Revaluation gain on land and buildings		421,499	182,942	520,469	252,408
		431,525	152,186	530,494	221,652

31.1.1 Reconciliation of the accounting profit and tax expenses

		Company		Group	
For the year ended 31 March In Rs. '000	Note	2026	2025	2026	2025
Profit before taxation		18,515,217	15,635,375	19,278,512	15,742,867
Consolidated adjustment		–	–	8,009	–
Remeasurement of employee benefit obligations	21	22,279	(68,346)	22,279	(68,346)
Adjusted profit before tax		18,537,496	15,567,029	19,308,800	15,674,521
Aggregate of disallowable expenses		3,413,607	3,272,102	3,456,145	3,312,110
Aggregate of allowable claims		(4,997,483)	(4,375,892)	(4,997,803)	(4,376,211)
Utilisation of tax losses		–	–	(73,405)	(128,134)
Operating losses incurred during the year		–	–	52,138	41,067
Adjusted profit for taxation		16,953,620	14,463,239	17,745,875	14,523,353
Investment income		1,319,501	966,360	1,319,501	966,360
Exempt income		–	–	(24,502)	(23,080)
Effect of exchange differences		–	–		(8,231)
Assessable income/taxable income		18,273,121	15,429,599	19,040,874	15,458,401
Tax at special rate	31.3	7,114,633	5,442,339	7,114,633	5,442,339
Tax at standard rate	31.3	738,848	547,132	738,848	547,132
Tax on overseas operations				130,455	4,893
Reversal of over-provision in respect of prior periods		–	(267,731)	–	(267,731)
Total tax expense		7,853,481	5,721,740	7,983,937	5,726,633

31.1.2 Reconciliation of the effective tax rate

The following table provides a reconciliation of the Group-weighted average statutory corporate income tax rate to the effective tax rate of the Group on profit before taxation.

	Company		Group	
For the year ended 31 March In Rs. '000	2026	2025	2026	2025
Profit before taxation	18,515,217	15,635,375	19,278,512	15,742,867
Tax charge on profit	7,971,740	6,230,679	8,084,267	6,234,413
Effective tax rate (%)	43.1	39.8	41.9	39.6

	Company				Group			
For the year ended 31 March In Rs. '000	%	2026	%	2025	%	2026	%	2025
Profit before taxation		18,515,217		15,635,375		19,278,512		15,742,867
Tax calculated @ 45%	45.0	8,331,848	40.0	6,254,150	45.0	8,675,330	40.0	6,297,147
The Effect of Tax								
Aggregate of disallowable expenses	8.3	1,536,123	8.4	1,308,841	8.1	1,555,265	8.4	1,324,844
Aggregate of allowable claims	(12.1)	(2,248,867)	(11.9)	(1,868,062)	(11.7)	(2,249,011)	(11.9)	(1,868,189)
Operating losses incurred during the year		–		–	0.1	23,462	0.1	16,427
Rate differential and over/under-provision LY	1.3	234,378	(0.2)	26,811	0.1	11,923	(0.0)	7,658
Tax loss utilised		–		–	(0.2)	(33,032)	(0.3)	(51,254)
Deferred tax charge	0.6	118,259	3.3	508,939	0.5	100,330	3.2	507,780
Tax charge	43.1	7,971,740	39.8	6,230,679	41.9	8,084,267	39.6	6,234,413

31.2. Analysis of Tax Losses

	Company		Group	
For the year ended 31 March In Rs. '000	2026	2025	2026	2025
Tax losses brought forward	–	–	171,285	1,437,058
Adjustment on losses brought forward	–	–	(41,067)	11,566
Tax losses incurred during the year	–	–	52,138	41,067
Utilisation of tax losses during the year	–	–	(73,405)	(128,134)
Tax losses expired before utilisation			–	(1,190,272)
Tax losses carried forward	–	–	108,951	171,285

31.3 Income Tax

Company

In terms of the Inland Revenue Act No. 24 of 2017, and amendments thereto, operating profits on beer sales from local operations are liable to income tax at a special rate of 45% (2024/25 – 40%). All other profits and income are liable for income tax at the standard rate of 30% (2024/25 – 30%).

As per the subsection (iii) of Section (i) of the Third Schedule of the Act, interest income accruing or derived by the Company from foreign currency accounts are exempt from tax effective from 1 January 2020.

Group

Group tax expenses are based on the taxable profit of individual companies within the Group. At present, the tax laws of Sri Lanka do not provide for Group taxation.

In terms of the Inland Revenue Act No. 24 of 2017, and amendments thereto, operating profits on beer sales from local operations of the companies incorporated in Sri Lanka within the Group are liable to income tax at the special rate of 45% (2024/25 – 40%). All other profits and income are liable to income tax at the standard rate of 30% (2024/25 – 30%).

As per Section 19 of the Inland Revenue Act No. 24 of 2017, and amendments thereto, any unclaimed tax losses brought forward or incurred during the year can be carried forward for a further six years, subject to a maximum of six years based on the year in which such losses were incurred. Such losses can be set off against the profits without any limitation but subject to the source of income as provided in the Act. In the Group, Millers Brewery Limited has carried forward tax losses amounting to Rs. 109 Mn., as at 31 March 2026 which are available to be set off against the future tax profits of the Company.

Tax on Overseas Operation

Lion Beer (Ceylon) Pte. Ltd. is liable for income tax in accordance with the provisions of the Singapore income tax law. The corporate income tax rate applicable to Lion Beer (Ceylon) Pte. Ltd. is 17%.

32. Dividends

For the year ended 31 March In Rs. '000	2026	2025
On ordinary shares Rs. 17.00 per share and Rs. 22.90 per share	3,192,000	3,680,000
(2025 – Rs. 28.70 per share and Rs. 17.30 per share)	3,192,000	3,680,000

32.1 A First Interim Dividend of Rs. 17/00 per ordinary share amounting to Rs. 1,360,000,000/- for the year ending 31 March 2026 was announced on 10 November 2025. Shareholders of the Company who had provided accurate bank account details were paid on 25 November 2025 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends were paid on 9 December 2025.

32.2 A Second Interim Dividend of Rs. 22/90 per ordinary share amounting to Rs. 1,832,000,000/- for the year ended 31 March 2026 was announced on 15 May 2026. Shareholders of the Company who had provided accurate bank account details were paid on 2 June 2026 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends were paid on 15 June 2026.

32.3 As required by Section 56 of the Companies Act No. 7 of 2007, the Board of Directors was satisfied that the solvency of the Company is in accordance with Section 57, prior to approving the two interim dividends. A statement of solvency was compiled and was duly signed by the Board of Directors

33. Earnings per Ordinary Share

The calculation of earnings per ordinary share is based on profit for the year attributable to the ordinary shareholders and weighted average number of ordinary shares outstanding during the year. There were no potentially dilutive ordinary shares outstanding at any time during the year/previous year. Therefore, diluted earnings per share is the same as basic earnings per share.

	Company		Group	
For the year ended 31 March In Rs. '000	2026	2025	2026	2025
Net profit attributable to ordinary shareholders (as the numerator)	10,543,477	9,404,696	11,194,245	9,508,454
Number of ordinary shares in '000 (as denominator)	80,000	80,000	80,000	80,000
Earnings per ordinary share basic and diluted (Rs.)	131.79	117.56	139.93	118.86

34. Financial Instruments – Fair Value and Risk Management

34.1 Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows. SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI (Fair Value Through Other Comprehensive Income), and FVTPL (Fair Value Through Profit or Loss).

	Company					
As at 31 March	2026			2025		
Financial instrument category In Rs. '000	Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI
Financial assets						
Other financial assets	11,368,820	–	–	6,151,901		
Trade and other receivables	1,560,171	75,037	–	4,298,556	–	–
Amounts due from related companies	485,052	–	–	453,698	–	–
Cash and cash equivalents	17,349,895	–	–	13,031,506	–	–
Financial liabilities						
Loans and borrowings	4,205,280	–	–	4,870,925	–	–
Trade and other payables	6,424,739	–	–	5,278,468	55,062	–
Lease creditors	206,103	–	–	226,666	–	–
Refundable deposits	4,246,723	–	–	3,539,121	–	–
Amounts due to related companies	175,823	–	–	123,784	–	–
Bank overdraft	787,113	–	–	1,595,165	–	–

	Company					
As at 31 March	2026			2025		
Financial instrument category In Rs. '000	Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI
Financial assets						
Other financial assets	12,274,801	–	–	6,269,020	–	–
Trade and other receivables	1,804,450	75,037	–	4,556,159	–	–
Amounts due from related companies	57,382	–	–	441,344	–	–
Cash and cash equivalents	19,020,627	–	–	13,419,194	–	–
Financial liabilities						
Loans and borrowings	4,205,280	–	–	4,870,925	–	–
Trade and other payables	6,596,996	–	–	5,315,200	55,062	–
Lease creditors	206,103	–	–	226,666	–	–
Refundable deposits	4,246,723	–	–	3,539,121	–	–
Amounts due to related companies	160,323	–	–	123,878	–	–
Bank overdraft	787,113	–	–	1,595,165	–	–

Financial assets and liabilities with shorter maturities and/or with interest rates which are in line with normal market rates are considered to have a reasonable approximation to its fair value. Accordingly, the fair value hierarchy was not applicable.

Forward exchange contracts (Level 2) are classified as FVTPL, with their fair value determined based on current market forward rates as of the reporting date.

34.2 Financial Risk Management

The Group is exposed to a range of financial risks through its use of financial instruments.
In particular, the key financial risk categories are:

(A) Credit Risk/Counterparty Risk

(B) Liquidity risk

(C) Market risk

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

Risk Management Framework

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

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

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

34.2.1 Credit Risk/Counterparty Risk

Credit/Counterparty risk is the risk that, at a future date, the other party to a financial transaction may cause a financial loss to the Group by failing to discharge an obligation.

Key areas where the Group is exposed to counterparty risk as a part of its operations are:

- Trade and other receivables
- Amounts due from related companies
- Cash and cash equivalents including fixed deposits
- Other financial assets including fixed deposits

34.2.2 Management of credit risk

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

Item	Procedure
Fixed deposits	Deposits are only with reputed and established commercial banks with a rating of "BBB+" or above.
Trade and other receivables	Most of trade receivables are covered through either bank guarantees or on discounting arrangements with commercial banks without recourse to the Company.
Amounts due from related companies	Monitor the balance outstanding regularly
Cash and cash equivalents	Balances are monitored regularly and maintained with reputed and established banks with a rating of "BBB+" or above.

34.2.3 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.
The maximum exposure to credit risk at the reporting date was as follows:

	Company		Group	
As at 31 March In Rs. '000	2026	2025	2026	2025
Trade and other receivables	1,560,171	4,298,556	1,804,450	4,556,159
Amounts due from related companies	485,052	453,698	57,382	441,344
Other financial assets	11,368,820	6,151,901	12,274,801	6,269,020
Cash and cash equivalents	17,341,135	13,024,801	19,011,867	13,412,489
	30,755,178	23,928,956	33,148,500	24,679,012
The maximum exposure to credit risk at the reporting date by type of counterparty was:				
Financial institutions	28,709,955	19,176,702	31,286,668	19,681,509
Customers and other parties	1,560,171	4,298,556	1,804,450	4,556,159
Related parties	485,052	453,698	57,382	441,344
	30,755,178	23,928,956	33,148,500	24,679,012

34.2.4 Trade and Other Receivables

The Group has a well-established credit policy for both international and domestic customers to minimise credit risk. A credit evaluation team comprising personnel from Finance, Sales, and Operations evaluate and recommend the credit worthiness of the customer. The Company obtains bank guarantees from all the agents to cover part of their outstanding whilst the balance is covered through a facility from a bank. This banking facility is extended to all agents except those who are out of the scheme.

In the case of international customers, credit terms are offered after evaluation by senior management.

The bank guarantees and the facility from the bank cover 82% (2024/25 – 66%) of the trade receivables.

34.2.5 Aging of Trade Receivables

The aging of trade receivables at the reporting date are as follows:

	Company		Group	
As at 31 March In Rs. '000	2026	2025	2026	2025
Age				
0-365 days	1,390,596	4,239,634	1,617,263	4,479,166
More than 365 days	6,845	7,445	6,845	7,445
Impairment provision – more than 365	(6,845)	(7,445)	(6,845)	(7,445)
	1,390,596	4,239,634	1,617,263	4,479,166

34.3.1 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or other financial assets.

34.3.2 Management of liquidity risk

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.
The Group's approach to managing its liquidity risk is as follows:

(a) Regularly monitoring of the Group's assets and liabilities in order to forecast cash flows for up to future period.

(b) Arrange adequate facilities with banks as contingency measures.

(c) Daily monitoring the facility limits, i.e., overdrafts with banks.

34.3.3 The maturity analysis of liabilities

The tables below summarise the maturity profile of financial liabilities on contractual undiscounted (principal plus interest) payments.

As at 31 March 2026 (Current and Non-Current) – Company

In Rs. '000	Total	Current Up to year 1	Non-Current Above year 1
Bank overdrafts	787,113	787,113	–
Loans and borrowings	4,205,280	2,156,218	2,049,062
Trade and other payables	6,424,739	6,424,739	–
Amounts due to related companies	175,823	175,823	–
Lease liability	305,811	72,419	233,392
Refundable deposits	4,246,723	4,246,723	–
	16,145,489	13,863,035	2,282,454

As at 31 March 2025 (Current and Non-Current) – Company

In Rs. '000	Total	Current Up to year 1	Non-Current Above year 1
Bank overdrafts	1,595,165	1,595,165	–
Loans and borrowings	4,870,925	2,634,258	2,236,667
Trade and other payables	5,333,530	5,333,530	–
Amounts due to related companies	123,784	123,784	–
Lease liability	362,145	67,111	295,034
Refundable deposits	3,539,121	3,539,121	–
	15,824,670	13,292,969	2,531,701

As at 31 March 2026 (Current and Non-Current) – Group

In Rs. '000	Total	Current Up to year 1	Non-Current Above year 1
Bank overdrafts	787,113	787,113	–
Loans and borrowings	4,205,280	2,156,218	2,049,062
Trade and other payables	6,596,996	6,596,996	–
Amounts due to related companies	160,323	160,323	–
Lease liability	305,811	72,419	233,392
Refundable deposits	4,246,723	4,246,723	–
	16,302,246	14,019,792	2,282,454

As at 31 March 2025 (Current and Non-Current) – Group

In Rs. '000	Total	Current Up to year 1	Non-Current Above year 1
Bank overdrafts	1,595,165	1,595,165	–
Loans and borrowings	4,870,925	2,634,258	2,236,667
Trade and other payables	5,370,262	5,370,262	–
Amounts due to related companies	123,878	123,878	–
Lease liability	362,145	67,111	295,034
Refundable deposits	3,539,121	3,539,121	–
	15,861,496	13,329,795	2,531,701

34.4.1 Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates, and credit spreads (not relating to changes in the obligor's/issuer's credit standing) that can affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

34.4.2 Management of market risks

Interest rates of most borrowings are linked to AWPLR. Hence, any movement will be in line with the market and have a corresponding impact.

34.4.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar (USD), Euro (EUR), and the British Pound (GBP). As protection against exchange rate fluctuations, the Group backs its commitments in local currency and enters into derivatives with commercial banks rated "A-" or above.

The following significant exchange rates were applied during the year:

	Closing exchange rates		Average exchange rates	
In Rs. '000	2026	2025	2026	2025
US Dollar (USD)	319.31	300.58	308.31	302.43
British Pound (GBP)	423.02	390.71	414.74	387.67
Euro (EUR)	367.78	326.16	359.06	326.61

The Group considered a further 5% strengthening or weakening of the functional currency against non-functional currencies as a reasonably possible change. The impact is calculated with reference to the financial assets or liabilities held as at the year end. A 5% increase or decrease of functional currency against non-functional currencies would result in Rs. 199 Mn. impact on pre-tax profit.

34.4.4 Interest rate risk

Interest rate risk is the risk to the Group's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

The Group's short-term investments are at fixed interest rates and mature within one year from the date of the deposit.

34.4.4.1 Fixed and variable rated instruments

	Company		Group	
As at 31 March In Rs. '000	2026	2025	2026	2025
Fixed rated instruments				
– Financial assets	17,499,095	11,074,660	18,628,497	11,415,251
– Financial liabilities	3,726,103	4,126,666	3,726,103	4,126,666
Variable rated instruments				
– Financial assets	4,427,833	1,462,479	4,427,903	1,462,549
– Financial liabilities	1,464,092	2,545,165	1,464,092	2,545,165

34.4.4.2 Sensitivity analysis on interest rate fluctuation

A one percentage point change in the interest rate would have the following impact on pre-tax profit.

Instrument In Rs. '000	Increase by one percentage	Decrease by one percentage
BOCC – Rs. 1.9 Bn. (Floating rate borrowing)	7,088	(7,088)
Standard Chartered Bank (Mauritius) Ltd. – $ 1.25 Mn.	1,003	(1,003)
Potential impact	8,091	(8,091)

34.4.4.3 Management of interest rate risk

The facility limits given by banks are reviewed annually or whenever required. The market rates/values, trends, and movements are reviewed weekly to ascertain the interest rate risk and plan of action. A daily review is made on outstanding balances and interest rates.

35. Related Party Disclosures

35.1 Parent and ultimate controlling party

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

35.2 Transactions with key management personnel (KMP)

According to Sri Lanka Accounting Standard 24 "Related Party Disclosures", key management personnel are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company and its parent company (including Executive, Non-executive directors and Chief Financial Officer) have been classified as KMP of the Company.

Compensation paid to the key management personnel of the Company comprise as follows;

	Company		Group	
For the year ended 31 March In Rs. '000	2026	2025	2026	2025
Short-term benefits	92,228	82,281	92,228	82,281
Post employment benefits	9,998	8,925	9,998	8,925
	102,226	91,206	102,226	91,206

35.3 Other related party transactions

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard LKAS 24 – "Related Party Disclosures", the details of which are reported below.

Outstanding balances as at year end are unsecured, interest free and all related-party dues are on demand and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables for the year ended 31 March 2026 and the Group has not recorded any impairment for receivables relating to amount owed by Group entities.

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the Company as per 31 March 2026 audited Financial Statements, which required additional disclosures in the 2025/26 Annual Report under Listing Rule 9.3.2 of the Colombo Stock Exchange and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2026 audited Financial Statements, which required additional disclosures in the 2025/26 Annual Report under Listing Rule 9.3.2 of the Colombo Stock Exchange and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

35.4 Transactions with related companies

			Company (Rs. '000)		Group (Rs. '000)	
Name of the company	Relationship	Nature of the transaction	2026	2025	2026	2025
Ceylon Beverage Holdings PLC	Parent company	Interest income	–	43,972	–	43,972
		Royalty expense	212,704	196,896	221,696	196,990
		Dividend expense	1,910,260	1,058,763	1,910,260	1,058,763
Millers Brewery Limited	Subsidiary	Rent Expense	41,495	38,324	–	–
		Purchases	–	74,724	–	–
		Purchase of fixed asset	3,150	–	–	–
Lion Beer (Ceylon) Pte. Ltd., SG	Subsidiary	Beer sale income	6,162,160	3,323,969	–	–
		Dividend Income	4,951	–	–	–
		Investment in subsidiary	693,000	215,400	–	–
		RM/PM Purchases	25,913	–	–	–
Pubs 'N Places (Private) Limited	Fellow Subsidiary	Beer sale income	46,133	244,168	46,133	244,168
		Rebate on beer purchases	2,431	2,708	2,431	2,708
		Bar services	323	–	323	–
Retail Spaces (Private) Limited	Fellow Subsidiary	Beer sale income	323,962	408,180	323,962	408,180
Luxury Brands (Private) Limited	Fellow Subsidiary	Distribution fee income	6,908	4,669	6,908	4,669
		Rent income	4,860	4,860	4,860	4,860
Carlsberg A/S	Related entity	Royalty expense	434,329	467,740	434,329	467,740
Carlsberg Vietnam Breweries Ltd	Related entity	Contract brewing	–	–	1,462,689	–
Carsons Management Services (Private) Limited	Related entity	Support service fee	1,504,229	1,240,000	1,504,529	1,240,000
Equity Two PLC	Related entity	Parking fee	90	90	90	90
Pegasus Hotels of Ceylon PLC	Related entity	Beer sale income	6,637	6,785	6,637	6,785
		Hotel services	5,605	9,759	5,605	9,759
Lion Nation Foundation (Guarantee) Ltd.	Related entity	Member Contributions	8,500	–	8,500	–

36. Commitments and Contingencies

36.1 Finance Commitments

Documentary credits established for foreign purchases of the Company as at 31 March 2026 amounts to Rs. 2,406 Mn. (31 March 2025 – Rs. 810 Mn.).

36.2 Capital Commitments

Capital expenditure committed by the Company for which a provision has not been made in the Financial Statements amounts to Rs. 1,825 Mn. as at 31 March 2026 (31 March 2025 – Rs. 639 Mn.).

36.3 Contingencies

Contingent liabilities as at 31 March 2026 amounts to Rs. 3,514 Mn. (31 March 2025 – Rs 4,070 Mn.), being bank guarantees given to government bodies and foreign suppliers for operational purposes.

37. Events Occurring After the Reporting Period

Interim dividend

The Board of Directors approved a second interim dividend of Rs. 22.90 per share for the year ended 31 March 2026 on 15 May 2026. In accordance with Sri Lanka Accounting Standards LKAS 10 Events after the Reporting period, this dividend has not been recognised as a liability as at 31 March 2026.

38. Comparative Figures

Where required, comparative figures have been reclassified to give proper presentations as at 31 March 2026.

39. Segmental Analysis

The Group does not distinguish its products into significant components for different geographical segments as the differentiations are insignificant.

40. Directors' Responsibility Statement

The Board of Directors takes the responsibility for the preparation and presentation of these Financial Statements. Please refer the Annual Report of the Board of Directors on the Affairs of the Company for the Directors' Responsibilities for Financial Reporting.

08

APPENDIX

VALUE ADDED STATEMENT

For the year ended March In Rs. '000	2026	2025
Revenue	132,431,870	123,309,354
Value added tax	22,863,830	21,751,946
Other income	412,752	339,537
Finance income	1,781,302	893,785
	157,489,754	146,294,622
Cost of material and services bought from outside	(31,183,441)	(29,862,755)
Value added	126,306,313	116,431,867

For the year ended 31 March In Rs. '000	2026	%	2025	%
Distributed as follows				
To employees				
as remuneration and other employee costs	2,873,835	2.28	2,481,795	2.13
To Government				
as value added tax	22,863,830	18.10	21,751,946	18.68
as excise duty	66,582,036	52.71	63,477,098	54.52
as excise other levies	1,238,910	0.98	847,587	0.73
as import duty	2,818,774	2.23	2,546,132	2.19
as income tax	7,630,456	6.04	5,719,893	4.91
as social security contribution levy	2,695,784	2.13	2,562,157	2.20
To providers of capital				
as dividends to shareholders	3,192,000	2.53	3,680,000	3.16
as finance expenses	1,410,384	1.12	1,336,794	1.15
Retained in the business				
as depreciation/amortisation	3,123,232	2.47	2,824,843	2.43
as profit for the year	11,877,072	9.40	9,203,622	7.90
	126,306,313	100.00	116,431,867	100.00

Notes:

1. The Statement of Value Added shows the quantum of wealth generated by the activities of the Group and its applications.

2. The total tax liability/payment made to the government during the year includes the following:

In Rs. '000	2026	2025
Value added tax	22,863,830	21,751,946
Excise duty	66,582,036	63,477,098
Excise other levies	1,238,910	847,587
Import duty	2,818,774	2,546,132
Income tax	7,630,456	5,719,893
Social security contribution levy	2,695,784	2,562,157
Total taxes paid to the government	103,829,791	96,904,813

FIVE YEAR SUMMARY

Year ended 31 March In Rs. '000	2026	2025	2024	2023	2022
Revenue	132,431,870	123,309,354	109,586,646	94,918,363	58,567,491
Other income	412,752	339,537	489,921	299,029	189,902
	132,844,622	123,648,891	110,076,567	95,217,392	58,757,393
Total expenditure	(113,937,028)	(107,463,015)	(94,999,874)	(81,793,911)	(53,020,706)
Reversal/(provision) impairment of intangible assets	–	–	291,063	(353,229)	(463,578)
Profit before finance cost	18,907,594	16,185,876	15,367,756	13,070,252	5,273,109
Net finance expenses	370,918	(443,009)	(1,365,808)	(1,880,999)	259,076
Profit before tax	19,278,512	15,742,867	14,001,948	11,189,253	5,532,185
Income tax expense	(8,084,267)	(6,234,413)	(5,598,470)	(4,197,650)	(1,864,080)
Profit for the year	11,194,245	9,508,454	8,403,478	6,991,603	3,668,105
Total other comprehensive income/ (loss) for the year net of tax	682,827	(304,832)	713,827	(30,539)	731,086
Total comprehensive income for the year	11,877,072	9,203,622	9,117,305	6,961,064	4,399,191
Dividends – Ordinary (Note 30)	3,192,000	3,680,000	3,480,000	3,352,000	1,674,400
Excise duty expense	66,582,036	63,477,098	52,457,109	47,638,763	38,963,054

Year ended 31 March In Rs. '000	2026	2025	2024	2023	2022
Balance sheet					
Statement of Financial Position					
Stated capital	2,537,801	2,537,801	2,537,801	2,537,801	2,537,801
Revaluation reserves	3,219,543	2,583,415	2,835,823	2,092,103	2,092,103
Retained profits	36,871,625	29,320,523	22,233,549	18,596,857	15,297,757
Translation reserve	12,606	(21,839)	(7,005)	–	–
	42,641,575	34,419,900	27,600,168	23,226,761	19,927,661
Loans and borrowings	4,411,383	5,097,591	4,812,463	6,811,401	5,833,084
Less: Cash and other financial assets	(30,508,315)	(18,093,049)	(10,665,048)	(9,710,765)	(11,916,746)
Capital employed	16,544,642	21,424,442	21,747,583	20,327,397	13,843,999
Represented by					
Total non-current assets excluding other financial assets	31,789,526	30,082,571	28,033,555	23,534,907	21,444,595
Total current assets excluding cash and other financial assets	12,288,516	13,804,372	14,857,209	12,609,959	6,609,052
Total current liabilities-excluding borrowings and overdraft	(19,343,292)	(14,910,091)	(14,424,534)	(10,027,010)	(8,810,318)
Employee benefits	(396,473)	(389,600)	(285,268)	(249,767)	(173,704)
Deferred tax liabilities	(7,793,634)	(7,162,810)	(6,433,379)	(5,540,692)	(5,225,626)
	16,544,642	21,424,442	21,747,583	20,327,397	13,843,999

Five Year Summary

Year ended 31 March In Rs. '000	2026	2025	2024	2023	2022
Cash flow statistics					
Net cash inflows from operating activities	19,782,740	14,242,630	13,889,289	1,498,374	4,818,026
Net cash inflows/(outflows) from investing activities	(7,803,427)	(6,503,950)	(4,556,657)	425,786	2,051,670
Net cash inflows/(outflows) from financing activities	(5,765,465)	(3,521,705)	(9,165,797)	(1,710,307)	(1,249,786)
Net cash movement for the year	6,213,848	4,216,975	166,835	213,853	5,619,910
Ratios and statistics					
Return on shareholders' funds (%)	27.86	26.74	33.03	29.97	22.08
Return on capital employed (ROCE) (%)	114.28	75.55	70.65	64.30	38.09
Assets turnover (times)	1.76	1.94	1.98	2.00	1.43
Equity to total assets (times)	0.57	0.54	0.50	0.49	0.49
Interest cover (times)	–	36.54	11.25	6.95	–
Current ratio (times)	1.87	1.66	1.33	1.39	1.48
Quick ratio (times)	1.50	1.25	0.88	0.95	1.14
Price earnings ratio (times)	12.20	10.70	9.07	8.18	11.45
Net assets per share (Rs.)	533.02	430.25	345.00	290.33	249.10
Dividends – Ordinary (Rs.) (Note 32)	39.90	46.00	43.50	41.90	20.93
Dividend payout ratio (%) – Company	30.27	39.13	41.51	47.88	45.31
Interest Rate of Comparable Government Securities					
Treasury Bill (1 year) %	8.41	8.25	10.28	24.31	12.00
Treasury Bond (5 year) %	9.80	10.72	12.25	28.11	14.70

Figures in brackets indicate deductions.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – (GROUP) – USD

For the year ended 31 March In USD '000s	Note	2026	2025
Revenue	2	429,541	407,725
Cost of sales		(323,191)	(312,854)
Gross profit		106,351	94,871
Other income		1,339	1,123
		107,689	95,993
Distribution expenses		(26,022)	(25,702)
Administrative expenses		(15,158)	(14,664)
Other expenses		(5,183)	(2,109)
Reversal/(provision) impairment of intangible assets		–	–
Profit from operations		61,327	53,519
Finance income		5,778	2,955
Finance costs		(4,575)	(4,420)
Net finance costs		1,203	(1,465)
Profit before taxation		62,530	52,054
Income tax expense		(25,896)	(18,935)
Deferred taxation		(325)	(1,679)
Profit for the period		36,308	31,440
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of employee benefit obligations		72	(226)
Deferred tax charge on actuarial gain		(33)	102
Revaluation gain on land and buildings		3,751	–
Deferred tax charge on land and building revaluation		(1,688)	(835)
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation gain from foreign operation		112	(49)
Total other comprehensive income for the year net of tax		2,215	(1,008)
Total comprehensive income for the year		38,523	30,432

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION – GROUP – USD

As at 31 March In USD '000s	2026	2025
Assets		
Non-Current Assets		
Property, plant, and equipment	96,484	97,105
Right-of-use assets	454	568
Intangible assets	2,619	2,408
Other financial assets	5,860	5,360
Total non-current assets	105,417	105,441
Current Assets		
Inventories	25,566	26,444
Trade and other receivables	12,739	18,014
Amounts due from related companies	180	1,468
Other financial assets	32,582	15,496
Cash and cash equivalents	59,568	44,644
Total current assets	130,635	106,066
Total assets	236,052	211,507
Equity and liabilities		
Equity		
Stated capital	33,068	33,068
Revaluation reserves	15,466	13,403
Translation reserve	39	(73)
Retained earnings	84,970	68,112
Total equity	133,544	114,510
Loans and borrowings	6,417	7,441
Lease creditor	520	653
Employee benefits	1,242	1,296
Net deferred tax liabilities	24,408	23,830
Total non-current liabilities	32,587	33,220
Current Liabilities		
Trade and other payables	20,660	17,867
Amounts due to related companies	502	412
Refundable deposits	13,300	11,774
Current tax liabilities	26,116	19,552
Loans and borrowings	6,753	8,764
Lease creditor	125	101
Bank overdrafts	2,465	5,307
Total current liabilities	69,921	63,777
Total liabilities	102,508	96,997
Total equity and liabilities	236,052	211,507

Statement of Profit or Loss and Other Comprehensive Income – (Group) – USD

1. Basis of conversion

The translation of Sri Lanka Rupee amounts into US Dollar amounts is solely for the convenience of the shareholders, investors, bankers and other users of the Financial Statements.

The translation of the Financial Statements into US Dollars was effected based on the following exchange rates:

As at 31 March		2026	2025
Income statement	Average rate	308.31	302.43
Monetary assets and liabilities	Closing rate	319.31	300.58
Non-current assets and liabilities	Closing rate	319.31	300.58
Ordinary share capital	Historical rate	76.74	76.74

2. Revenue

For the year ended 31 March In USD '000	2026	2025
Local revenue	401,059	389,279
International revenue	28,482	18,446
	429,541	407,725

FIVE YEAR SUMMARY – USD

Year ended 31 March In USD '000	2026	2025	2024	2023	2022
Revenue	429,541	407,725	338,324	266,970	285,388
Other income	1,339	1,123	1,513	841	925
	430,880	408,848	339,837	267,811	286,313
Total expenditure	(369,553)	(355,328)	(293,291)	(230,056)	(258,360)
Reversal/(provision) impairment of intangible assets	–	–	899	(993)	(2,259)
Profit/(loss) before finance cost	61,327	53,520	47,445	36,762	25,694
Net finance income/(cost) expenses	1,203	(1,465)	(4,217)	(5,291)	1,263
Profit before tax	62,530	52,055	43,228	31,471	26,957
Income tax expense	(26,221)	(20,614)	(17,284)	(11,806)	(9,083)
Profit for the year	36,308	31,441	25,944	19,665	17,874
Total other comprehensive income/(loss) for the year	2,215	(1,008)	2,204	(86)	3,562
Total comprehensive income for the year	38,523	30,433	28,148	19,579	21,436
Dividends – Ordinary	6,626	11,934	10,768	10,039	5,238
Excise duty expense	215,958	209,888	161,950	133,990	189,860

As at 31 March In USD '000	2026	2025	2024	2023	2022
Statement of Financial Position					
Stated capital	33,068	33,068	33,068	33,068	33,068
Revaluation reserves	15,466	13,403	14,238	11,942	11,942
Translation reserve	39	(73)	(23)	–	–
Retained profits	84,970	68,112	43,111	24,116	21,639
	133,544	114,510	90,394	69,126	66,649
Loans and borrowings	13,815	16,959	15,762	20,271	19,508
Cash and other financial assets	(95,545)	(60,193)	(34,929)	(28,900)	(39,856)
Capital employed	51,814	71,276	71,227	60,497	46,301
Represented by					
Total non-current assets excluding other financial assets	99,557	100,080	91,814	70,043	71,721
Total current assets excluding cash and cash equivalents and other financial asses	38,485	45,926	48,660	37,528	22,104
Total current liabilities-excluding borrowings and overdraft	(60,578)	(49,605)	(47,243)	(29,841)	(29,466)
Employee benefits	(1,242)	(1,296)	(934)	(743)	(581)
Deferred tax liabilities	(24,408)	(23,830)	(21,070)	(16,490)	(17,477)
	51,814	71,276	71,227	60,497	46,301

INFORMATION TO SHAREHOLDERS AND INVESTORS

1. Stock exchange listing

Lion Brewery (Ceylon) PLC is a Publicly Quoted Company, the issued ordinary shares of which are listed with the Colombo Stock Exchange of Sri Lanka.

The Stock Exchange code for Lion Brewery (Ceylon) PLC shares is "LION".

2. Share valuation

The market price of the Company's share as at 31 March 2026 was Rs. 1,706.75 per share (2025 – Rs. 1,271.50)

3. Ordinary shareholders

As at 31 March	2026	2025
Number of Shareholders	1,769	1,439

4. Frequency distribution of shareholdings as 31 March 2026

Distribution of Shares	Residents			Non-Residents			Total		
	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%
1 – 1,000	1,557	169,799	0.21	12	3,885	0.00	1,569	173,684	0.21
1001 – 10,000	133	401,363	0.50	13	47,432	0.06	146	448,795	0.56
10,001 – 100,000	25	849,342	1.06	13	417,046	0.53	38	1,266,388	1.59
100,001 – 1,000,000	5	1,245,254	1.56	5	1,515,564	1.89	10	2,760,818	3.45
Above 1,000,000	4	49,760,373	62.20	2	25,589,942	31.99	6	75,350,315	94.19
Grand Total	1,724	52,426,131	65.53	45	27,573,869	34.47	1,769	80,000,000	100.00

5. Categories of Shareholders as at 31 March 2026

	No. of Members	No. of Shares	%
Individual	1,657	938,224	1.17
Institutions	112	79,061,776	98.83
Total	1,769	80,000,000	100.00

The number of shares held by non-residents as at 31 March 2026 was 27,573,869 (2025 – 27,513,274) which amounts to 34.47% (2025 – 34.39%) of the total number of shares in issue.

6. Public holding

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.13.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange, under Option 1, i.e. Float-Adjusted Market Capitalisation of Rs. 10 Bn. with 500 Public Shareholders and a no minimum Public Holding percentage required.

The Company's Public Holding as at 31 March	2026
Float Adjusted Market Capitalisation (Rs.)	16,521,340,000
Percentage of ordinary shares held by the public	12.10%
Number of Public Shareholders	1,750

Market performance – ordinary shares

For the year ended 31 March	2026	2025
Highest (Rs.)	1,900.00	1,300.00
Lowest (Rs.)	1,052.00	925.00
Last traded (Rs.)	1,740.00	1,270.00
Value of Shares traded (Rs. Mn.)	839	1,237
No. of shares traded	559,624	1,074,269

7. Dividends

7.1 A Second Interim Dividend of Rs.28/70 per ordinary share amounting to Rs. 2,296,000,000/- for the year ended 31 March 2025 was announced on 9 May 2025. Shareholders of the Company who had provided accurate bank account details were paid on 28 May 2025 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends were paid on 11 June 2025 via cheques.

7.2 A First Interim Dividend of Rs. 17/00 per ordinary share amounting to Rs. 1,360,000,000/- for the year ended 31 March 2026 was announced on 10 November 2025. Shareholders of the Company who had provided accurate bank account details were paid on 25 November 2025 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends were paid on 9 December 2025 via cheques.

7.3 A Second Interim Dividend of Rs.22/90 per ordinary share amounting to Rs. 1,832,000,000/- for the year ended 31 March 2026 was announced on 15 May 2026. Shareholders of the Company who had provided accurate bank account details were paid on 2 June 2026 and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends were paid on 15 June 2026 via cheques.

GLOSSARY OF FINANCIAL TERMS

Appropriations
Apportioning of earnings as dividends, capital and revenue reserves

Cash Equivalents
Liquid investments with original maturities of six months or less.

Contingent Liabilities
Conditions or situations at the Balance Sheet date, the financial effects of which are to be determined by future events which may or may not occur.

Current Ratio
Current assets divided by current liabilities.

Debt
Total interest bearing loans (including bank OD).

Dividend Cover (Ordinary)
Post-tax profit after preference dividend, divided by gross ordinary dividend. It measures the number of times ordinary dividends are covered by distributable profits.

Dividend Payout Ratio
The percentage of earnings paid to shareholders in dividends.

Dividend Per Ordinary Share
Dividends paid and proposed, divided by the number of ordinary shares in issue which ranked for those dividends.

Earnings Per Ordinary Share
Profits attributable to ordinary shareholders divided by the number of ordinary shares in issue and ranking for dividend.

Equity
Stated capital plus reserves.

Events Occurring After Reporting Date
Significant events that occur between the reporting date and the date on which Financial Statements are authorised for issue.

Gearing
Ratio of borrowings to capital employed.

Interest Cover
Profit from Operations divided by Net finance income/(cost).

Market Capitalisation
The market value of a company at a given date obtained by multiplying the market price of a share by the number of issued ordinary shares.

Net Assets Per Ordinary Share
Total assets less total liabilities divided by the number of ordinary shares in issue. This represents the theoretical value per share if the Company is broken up.

Price Earning Ratio – (P/E)
Market price of a share divided by earnings per share.

Related Parties
Parties who could control or significantly influence the financial and operating decisions/policies of the Company.

Return on shareholders' funds
Profit attributable to the equity holders of the company as a percentage of equity.

Revaluation Reserves
Reserves identified for specified purposes and considered not available for distribution.

Revenue Reserves
Reserves considered as being available for future distribution and appropriations.

Value Addition
The quantum of wealth generated by the activities of the Company.

Working Capital
Capital required to finance the day-to-day operations (current assets less current liabilities).

GRI INDEX

GRI STANDARD	DISCLOSURE	LOCATION – AR26
GRI 2: General Disclosures 2021	2-1 Organisational details	Overview of the Company
	2-2 Entities included in the organisation's sustainability reporting	About the Report
	2-3 Reporting period, frequency and contact point	About the Report | Corporate information
	2-6 Activities, value chain and other business relationships	Intellectual Capital - Brand portfolio and consumer-centric innovation
	2-7 Employees	Human capital – Attracting and engaging talent | Human Capital – Employee statistics
	2-8 Workers who are not employees	Human Capital – Employee statistics
	2-9 Governance structure and composition	Our approach to sustainability – Governance and oversight structure
	2-10 Nomination and selection of the highest governance body	Our approach to sustainability – Governance and oversight structure
	2-11 Chair of the highest governance body	Our approach to sustainability – Governance and oversight structure
	2-12 Role of the highest governance body in overseeing the management of impacts	Our approach to sustainability – Governance and oversight structure
	2-13 Delegation of responsibility for managing impacts	Our approach to sustainability – Governance and oversight structure
	2-14 Role of the highest governance body in sustainability reporting	Our approach to sustainability – Governance and oversight structure
	2-15 Conflicts of interest	Human Capital – Handling grievances
	2-16 Communication of critical concerns	Our approach to sustainability – Enterprise risk and opportunity management
	2-17 Collective knowledge of the highest governance body	Our approach to sustainability – Governance and oversight structure
	2-18 Evaluation of the performance of the highest governance body	Our approach to sustainability – Governance and oversight structure
	2-19 Remuneration policies	Human capital – Performance recognition and rewards
	2-20 Process to determine remuneration	Human capital – Performance recognition and rewards
	2-22 Statement on sustainable development strategy	Our approach to sustainability – Governance and oversight structure
	2-23 Policy commitments	Our approach to sustainability – Governance and oversight structure
	2-24 Embedding policy commitments	Our approach to sustainability – Governance and oversight structure
	2-25 Processes to remediate negative impacts	Human Capital – Handling grievances
	2-26 Mechanisms for seeking advice and raising concerns	Human Capital – Handling grievances
	2-27 Compliance with laws and regulations	Human Capital – Regulatory compliance and best practices
	2-28 Membership associations	Manufactured Capital – Brewery Operations | Manufactured Capital – Workplace safety and culture
	2-29 Approach to stakeholder engagement	Our approach to sustainability – Enterprise risk and opportunity management

GRI Index

GRI STANDARD	DISCLOSURE	LOCATION – AR26
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Our approach to sustainability – Enterprise risk and opportunity management
	3-2 List of material topics	Our approach to sustainability – Enterprise risk and opportunity management
	3-3 Management of material topics	Our approach to sustainability – Enterprise risk and opportunity management
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	Natural Capital – Special Projects
	101-2 Management of biodiversity impacts	Natural Capital – Special Projects
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Our approach to sustainability – Enterprise risk and opportunity management
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social and Relationship Capital – Communities
	203-2 Significant indirect economic impacts	Social and Relationship Capital – Communities
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Social and Relationship Capital – Suppliers
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Human Capital - Workforce development and training
GRI 207: Tax 2019	207-1 Approach to tax	Our approach to sustainability – Enterprise risk and opportunity management
	207-2 Tax governance, control, and risk management	Our approach to sustainability – Enterprise risk and opportunity management
	207-3 Stakeholder engagement and management of concerns related to tax	Our approach to sustainability – Enterprise risk and opportunity management
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Natural Capital – Water Stewardship
	301-2 Recycled input materials used	Natural Capital – Resource optimisation and circularity
	301-3 Reclaimed products and their packaging materials	Social and Relationship Capital – Consumer | Natural Capital – Resource optimisation and circularity

GRI Index

GRI STANDARD	DISCLOSURE	LOCATION – AR26
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Natural Capital – Energy Management
	302-2 Energy consumption outside of the organisation	Natural Capital – Energy Management
	302-4 Reduction of energy consumption	Natural Capital – Energy Management
	302-5 Reductions in energy requirements of products and services	Natural Capital – Energy Management
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Natural Capital – Water Stewardship
	303-2 Management of water discharge-related impacts	Natural Capital – Water Stewardship
	303-3 Water withdrawal	Natural Capital – Water Stewardship
	303-4 Water discharge	Natural Capital – Water Stewardship
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Our approach to sustainability – Greenhouse gas emissions
	305-2 Energy indirect (Scope 2) GHG emissions	Our approach to sustainability – Greenhouse gas emissions
	305-5 Reduction of GHG emissions	Natural Capital – Energy Management
GRI 306: Effluents and Waste 2016	306-3 Significant spills	Natural Capital – Water Stewardship
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Natural Capital – Resource optimisation and circularity
	306-2 Management of significant waste-related impacts	Natural Capital – Resource optimisation and circularity
	306-4 Waste diverted from disposal	Natural Capital – Resource optimisation and circularity
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital – Attracting and engaging talent
	401-3 Parental leave	Human capital – Supporting employees through parenthood
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Human Capital – Employee relations

GRI Index

GRI STANDARD	DISCLOSURE	LOCATION – AR26
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Manufactured Capital – Workplace safety and culture
	403-2 Hazard identification, risk assessment, and incident investigation	Manufactured Capital – Workplace safety and culture
	403-3 Occupational health services	Manufactured Capital – Workplace safety and culture
	403-4 Worker participation, consultation, and communication on occupational health and safety	Manufactured Capital – Workplace safety and culture
	403-5 Worker training on occupational health and safety	Manufactured Capital – Workplace safety and culture
	403-6 Promotion of worker health	Manufactured Capital – Workplace safety and culture | Human Capital – Performance recognition and rewards | Human Capital – Employee wellness
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Manufactured Capital – Workplace safety and culture
	403-8 Workers covered by an occupational health and safety management system	Manufactured Capital – Workplace safety and culture
	403-9 Work-related injuries	Manufactured Capital – Workplace safety and culture
	403-10 Work-related ill health	Manufactured Capital – Workplace safety and culture
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human capital – Workforce development and training
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Human capital – Workforce development and training
	404-3 Percentage of employees receiving regular performance and career development reviews	Human capital – Managing and evaluating performance
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Capital – Regulatory compliance and best practices

GRI STANDARD	DISCLOSURE	LOCATION – AR26
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Social and Relationship Capital – Suppliers | Human Capital – Regulatory compliance and best practices
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Social and Relationship Capital – Suppliers | Human Capital – Regulatory compliance and best practices
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Social and Relationship Capital – Suppliers | Human Capital – Regulatory compliance and best practices
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	Social and Relationship Capital - Communities
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Intellectual Capital - Focus on quality
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Intellectual Capital - Focus on quality
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Social and Relationship Capital – Consumer

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 30th Annual General Meeting of **LION BREWERY (CEYLON) PLC** will be held on **Tuesday, 28 July 2026 at 9.30am** at the Auditorium, Ground Floor, The Ceylon Chamber of Commerce, No. 50, Nawam Mawatha, Colombo 2, Sri Lanka for the following purposes:

1. To consider the Annual Report of the Board of Directors including the Financial Statements for the financial year ended 31 March 2026, together with the Report of the Auditors thereon.
2. To re-elect as a Director Mr A Yong Mun Seng, who has been appointed to the Board as a Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.
3. To re-elect as a Director Mr M S De Saram, who has been appointed to the Board as an Independent Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.
4. To re-appoint Mr R Rajagopal – Independent Non-Executive Director, who is over seventy years of age, as a Director of the Company in terms of Section 211 of the Companies Act No.07 of 2007, and to consider and if deemed fit to pass the following resolution;

   "**IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr R Rajagopal who is 71 years of age and that he be re-appointed as a Director of the Company until the next Annual General Meeting of the Company."
5. Subsequent to obtaining the approval of the shareholders for above mentioned agenda item 4, to appoint Mr R Rajagopal as an Independent Non-Executive Director of the Company who is seventy one years of age and to consider and if deemed fit to pass the following resolution;

   "As per the Rule 9.8.3 (ix) of the Listing Rules, **IT IS NOTED THAT** the Nominations and Governance Committee of the Company at the meeting held on 29 April 2026, has recommended the appointment of Mr R Rajagopal who is aged 71 years, as an Independent Non-Executive Director of the Company and the Nominations and Governance Committee has determined and is of the view that Mr R Rajagopal who was appointed as an Independent Non-Executive Director of the Company at the last Annual General Meeting, does not exert control over the Company and is able to make unfettered judgements and act impartially."

   "**IT IS FURTHER NOTED** that the Board of Directors, at its meeting held on 22 June 2026, reviewed and confirmed the recommendation of the Nominations and Governance Committee."

   "**IT IS HEREBY RESOLVED** as recommended by the Nominations and Governance Committee along with the confirmation by the Board of Directors of the Company, that Mr R Rajagopal being over 70 years of age be appointed as an Independent Non-Executive Director of the Company in terms of Rule 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, and that he shall continue to serve as an Independent Non-Executive Director until the next Annual General Meeting of the Company."
6. To re-appoint Mr H Selvanathan – Non-Executive Director, who is over seventy years of age, as a Director of the Company in terms of Section 211 of the Companies Act, No.07 of 2007, and to consider and if deemed fit to pass the following resolution;

   "**IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr H Selvanathan who is 77 years of age and that he be re-appointed as a Director of the Company until the next Annual General Meeting of the Company."
7. To re-elect Mr D A Cabraal – Non-Executive Director, who retires by rotation in terms of Articles 72, 73, and 74 of the Articles of Association of the Company.
8. To re-elect Mr K Selvanathan – Non-Executive Director, who retires by rotation in terms of Articles 72, 73, and 74 of the Articles of Association of the Company.
9. To re-elect Mr D R P Goonetilleke – Non-Executive Director, who retires by rotation in terms of Articles 72, 73, and 74 of the Articles of Association of the Company.
10. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 07 of 2007 and to authorise the Directors to determine their remuneration.

By Order of the Board

(Sgd.)
Natasha Selvaratnam
President – Group Company Secretarial

Carsons Management Services (Private) Limited

Secretaries

Colombo

2 July 2026

Notes:

1. The Annual Report 2025/2026 and the Notice convening the Annual General Meeting (AGM) will be made available on the Colombo Stock Exchange website www.cse.lk and on the Group's website www.carsoncumberbatch.com.
2. A member is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.
3. The completed Form of Proxy should be submitted to the Company not later than 4.45pm on 26 July 2026,

   – via email to LIONAGM2026@carcumb.com, or

   – via WhatsApp to mobile no. +94 764 765 463 or +94 767 410 683, or

   – by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
4. A person representing a corporation is required to submit a certified copy of the resolution authorising him/her to act as the representative of the corporation. A representative need not be a member.
5. The transfer books of the Company will remain open.
6. Security Check

   We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance lobby.

NOTES

FORM OF PROXY

* I/We .... of

.... being

*a shareholder/shareholders of **LION BREWERY (CEYLON) PLC**

hereby appoint ....

of .... bearing NIC No./ Passport No .... or failing him/her.

Damian Amal Cabraal	or failing him,
Hariharan Selvanathan	or failing him,
Dilkushan Ranil Pieris Goonetilleke	or failing him,
Krishna Selvanathan	or failing him,
Rajiv Herath Meewakkala	or failing him,
Sudarshan Selvanathan	or failing him,
Stefano Clini	or failing him,
Ajay Bhaskar Baliga	or failing him,
Ravi Rajagopal	or failing him,
Antonio Jonathan Alles	or failing him,
Amitha Saktha Amaratunga	or failing him,
Kumar Karthik Subramanian	or failing him,
Anthony Yong Mun Seng	or failing him,
Mahen Senani De Saram	

as *my/our proxy to attend at the 30th Annual General Meeting of the Company to be held on **Tuesday, 28 July 2026 at 9.30am** at the Auditorium, Ground Floor, The Ceylon Chamber of Commerce, No. 50, Nawam Mawatha, Colombo 2, Sri Lanka and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To re-elect as a Director Mr A Yong Mun Seng, who has been appointed to the Board as a Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.		
2.	To re-elect as a Director Mr M S De Saram, who has been appointed to the Board as an Independent Non-Executive Director since the last Annual General Meeting, in terms of Article 68 of the Articles of Association of the Company.		
3.	To re-appoint Mr R Rajagopal – Independent Non-Executive Director, who is over seventy years of age, as a Director of the Company in terms of Section 211 of the Companies Act, No. 07 of 2007.		
4.	To appoint Mr R Rajagopal as an Independent Non-Executive Director of the Company who is over seventy years of age.		
5.	To re-appoint Mr H Selvanathan – Non-Executive Director, who is over seventy years of age as a Director of the Company in terms of Section 211 of the Companies Act, No. 07 of 2007.		
6.	To re-elect Mr D A Cabraal – Non-Executive Director, who retires by rotation in terms of Articles 72, 73, and 74 of the Articles of Association of the Company.		
7.	To re-elect Mr K Selvanathan – Non-Executive Director, who retires by rotation in terms of Articles 72, 73, and 74 of the Articles of Association of the Company.		
8.	To re-elect Mr D R P Goonetilleke – Non-Executive Director, who retires by rotation in terms of Articles 72, 73, and 74 of the Articles of Association of the Company.		
9.	To re-appoint Messrs KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 07 of 2007 and to authorise the Directors to determine their remuneration.		

Signed this .... day of .... Two Thousand and Twenty-Six.

....

Signature/s

Notes

1. *Please delete the inappropriate words.
2. A shareholder entitled to attend and vote at a General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the Company.

   A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the General Meeting of the shareholders.
3. A shareholder is not entitled to appoint more than one proxy on the same occasion.
4. Instructions are noted on the reverse hereof.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address, and sign in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 54 of the Articles of Association of the Company:
   (i) Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a Shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting.
   (ii) The instrument appointing a proxy shall be in writing and:
      (a) in the case of an individual shall be signed by the appointer or by his attorney; and
      (b) in the case of a Corporation shall be either under its common seal or signed by its attorney or by an authorised officer on behalf of the Corporation.

   The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer. A proxy need not be a shareholder of the Company.

   (iii) An instrument appointing a proxy or the power of attorney or other authority, if any, must be left or received at the Office or such other place (if any) as is specified for the purpose in the notice convening the meeting not less than forty-eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used and in default shall not be treated as valid unless the Directors otherwise determine.
4. In terms of Article 50 of the Articles of Association of the Company:

   In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

5. To be valid, the completed Form of Proxy should be submitted to the Company not later than 4.45pm on 26 July 2026,
   – via email to LIONAGM2026@carcumb.com, or
   – via WhatsApp to mobile no. +94 764 765 463 or +94 767 410 683, or
   – by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 01.

6. Shareholders could also appoint a member of the Board to act as their proxy if they so choose. The Shareholders who wish to appoint a Director as his/her/its proxy must forward the duly completed Form of Proxy clearly indicating their vote under each matter set out in the Form of Proxy and forward same to the Company.

Please fill in the following details:

Name & contact no. of Shareholder : ....

CDS Account No./Folio No. : ....

Name & contact no. of Proxyholder : ....

NIC No. of the Proxyholder : ....

CORPORATE INFORMATION

Name of the Company
Lion Brewery (Ceylon) PLC
(A Carson Cumberbatch Company)

Company Registration Number
PQ 57

Legal Form
A Public Quoted Company with Limited Liability.
Incorporated in Sri Lanka in 1996
Official listing on the Colombo Stock Exchange obtained in 1997

Subsidiary Companies
Millers Brewery Limited
Lion Beer (Ceylon) Pte. Ltd.

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

Directors
Mr D A Cabraal
(Chairman) – Non-Executive

Mr H Selvanathan
(Deputy Chairman) – Non-Executive

Mr R H Meewakkala
(CEO/Director) – Executive

Mr K Selvanathan – Non-Executive

Mr D R P Goonetilleke – Non-Executive

Mr S Selvanathan – Non-Executive

Mr S Clini – Non-Executive

Mr A B Baliga –
Independent Non-Executive

Mr R Rajagopal –
Independent Non-Executive

Mr A J Alles –
Independent Non-Executive

Mr A S Amaratunga –
Independent Non-Executive

Mr K K Subramanian –
Independent Non-Executive
(appointed w.e.f. 25 April 2025)

Mr A Yong M S –
Non-Executive (appointed w.e.f. 8 September 2025)

Mr M S De Saram –
Independent Non-Executive
(appointed w.e.f. 1 April 2026)

Ms V Gun – Non-Executive
(Resigned w.e.f. 7 September 2025)

Audit Committee
Mr A S Amaratunga (Chairman) –
Independent Non-Executive

Mr A J Alles –
Independent Non-Executive

Mr D R P Goonetilleke – Non-Executive

Mr M S De Saram –
Independent Non-Executive
(Appointed w.e.f. 1 April 2026)

Remuneration Committee
Mr A B Baliga (Chairman) –
Independent Non-Executive

Mr A J Alles –
Independent Non-Executive

Mr D A Cabraal – Non-Executive

Related Party Transactions Review Committee
Mr A S Amaratunga (Chairman) –
Independent Non-Executive

Mr A B Baliga –
Independent Non-Executive

Mr D R P Goonetilleke – Non-Executive

Mr M S De Saram –
Independent Non-Executive
(Appointed w.e.f. 1 April 2026)

Nominations and Governance Committee
Mr A B Baliga (Chairman) –
Independent Non-Executive
Mr A J Alles –
Independent Non-Executive
Mr D A Cabraal – Non-Executive

Bankers
Citibank
Commercial Bank of Ceylon PLC
Deutsche Bank AG.
DFCC Bank
Hatton National Bank PLC
Nations Trust Bank PLC
National Development Bank PLC
Standard Chartered Bank
Sampath Bank PLC
Bank of China Limited
People's Bank

Legal advisers
Messrs F J and G De Saram
216, De Saram Place
Colombo 10 Sri Lanka
Tel: +94 11 4718 200
Fax:+94 11 4718 220

Auditors
Messrs KPMG
Chartered Accountants
No. 32A, Sir Mohamed Macan Markar Mawatha
Colombo 3
Sri Lanka
Tel: +94 11 5426 426
Fax: +94 11 2445 872

Managers and Secretaries
Carsons Management Services (Private) Limited
No. 61, Janadhipathi Mawatha
Colombo 1
Sri Lanka
Tel: +94 11 2039 200
Fax: +94 11 2039 300

Registered Office
No. 61, Janadhipathi Mawatha
Colombo 1
Sri Lanka
Tel : +94 11 2039 200
Fax: +94 11 2039 300

Corporate Office and Brewery
254, Colombo Road
Biyagama Sri Lanka
Tel: +94 11 2465 900 (10 Lines)
Fax: +94 11 2465 901

Group Website
www.lionbeer.com

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LION BREWERY (CEYLON) PLC
P.O.Box 24, No. 61, Janadhipathi Mawatha,
Colombo 01, Sri Lanka.
Tel: +94 11 2039 200 Fax: + 94 11 2039 300