MERCANTILE INVESTMENTS AND FINANCE PLC

CIRCULAR TO SHAREHOLDERS

RE: SUBDIVISION OF SHARES OF MERCANTILE INVESTMENTS AND FINANCE PLC

BACKGROUND

The Board of Directors of Mercantile Investments and Finance PLC ("the Company") resolved on 22nd September 2025, subject to approval of shareholders at an Extraordinary General Meeting ('EGM") to increase the shares in the Company by way of a subdivision of its shares in issue with the objective of increasing the liquidity of the shares, thereby affording better trading opportunities to the holders of such shares, in the manner prescribed herein below.

Details of the proposed subdivision of shares

1. The total number of issued shares of the Company as at date is Three Million and Six Thousand (3,006,000) ("Pre – Subdivision of Shares").

2. The proportion at which the subdivision will be carried out is as one (01) Pre – Subdivision Shares into Two Hundred (200) shares.

3. The number of issued shares of the Company prior to the proposed subdivision is Three Million and Six Thousand (3,006,000) shares ("Pre – Subdivision of Shares") and pursuant to the proposed subdivision the number of shares of the Company will be Six Hundred and One Million Two Hundred Thousand (601,200,000) shares ("Post – Subdivision of Shares").

4. The current stated capital of the Company is LKR 36,000,000.00 and the proposed subdivision will not result in any change of the stated capital of the Company.

5. The Post Subdivision Shares will have the same right vis-a-vis the Pre- Subdivision Shares and the Subdivision will leave unaffected the relative voting and distribution rights of the holders of the ordinary shares.

6. The date of entitlement/record date will be 11th December 2025 which will be the 2nd market day from and excluding the said EGM date. Accordingly, the shareholding of the shareholders of the Company as at end of the Record Date will be considered for purposes of effecting the said subdivision of shares.

DEALING SUSPENSION

For the purpose of updating records of the shareholders whose shares are lodged in the Central Depository System (Private) Limited ("CDS") dealing in the shares of the Company will be suspended by the Colombo Stock Exchange at the end of trading on the date of EGM for a period of five (05) market days from and excluding the date of the EGM. Accordingly, dealing in the shares of the Company will be suspended for a period of Five (05) market days from 10th December 2025 to 16th December 2025.

The dealing of shares following the subdivision will recommence on 17th December 2025.

UPLOADING OF SHARES TO THE CDS RECORDS FOR POST – SUBDIVISION SHARES.

Subsequent to the subdivision the CDS records will be updated and with regard to shareholders whose shares have been lodged with the CDS the new shares will be directly uploaded to their respective CDS accounts prior to the commencement of trading on 17th December 2025.

When determining the number of shares held by a shareholder as at the relevant date for the purposes of subdivision, if a shareholder holds shares through multiple accounts maintained through several stockbrokers, the said shares will be aggregated for the purposes of calculating the entitlement at the subdivision, and the shares arising as a result thereof will be uploaded to the respective CDS accounts in its original proportion held with each broker.

COMPLIANCE WITH THE LAW

Subdivision and the modality the Company proposes to adopt in effecting the increase of shares by way of subdivision is consistent with the Companies Act No 7 of 2007 and other applicable laws.

The Article 8(1) (i) of the Articles of Association of the Company ("the Articles") as quoted below permits the Company to subdivide all or all of the shares of any particular class of shares in issue by Ordinary Resolution.

"*8 (1) The Company may by Ordinary Resolution and subject to the provisions of the Act,*

> *(i) Consolidate or split (i.e. sub divide) all or all shares of any particular class of shares in issue in such proportions as it may seem fit, in a manner which would leave the relative voting and distribution rights of all shareholders substantially unaffected;*"

The approval of the Director, Supervision of Non-Bank Financial Institutions, Central Bank of Sri Lanka has been received by letter dated 19th September 2025 for the subdivision of shares. The concurrence of the Colombo Stock Exchange has also been obtained.

An EGM will be held on 09th December 2025 as per the attached Notice of EGM, for the purposes of the shareholders considering and thought fit, approving the proposed subdivision of shares by ordinary resolution.

By Order of the Board

D S Pethiyagoda
Company Secretary

19th November 2025