

MERCANTILE INVESTMENTS & FINANCE PLC

Company Reg No.PB 76 PQ

No.236, Galle Road, Colombo 03.

THIS DOCUMENT IS OF VALUE

***IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT
YOUR STOCKBROKER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY***

CIRCULAR TO SHAREHOLDERS – RIGHTS ISSUE 2026

Dear Shareholder/s,

**ISSUE OF UPTO THIRTY-THREE MILLION FOUR HUNDRED THOUSAND (33,400,000)
ORDINARY VOTING SHARES AT RUPEES THIRTY-THREE (LKR 33.00) PER SHARE BY WAY
OF RIGHTS**

1. BACKGROUND

We wish to inform you that the Board of Directors of Mercantile Investments & Finance PLC (“The Company” or “MERC”) has duly resolved to convene an Extraordinary General Meeting (EGM) of the Company to be held as a Fully Virtual Meeting on the 21st of April 2026 at 10:30am for the purpose of enabling its Shareholders to consider and if thought fit, to pass the Resolution set out in the Notice of the Extraordinary General Meeting (Notice of Meeting) pertaining to the Rights Issue of Ordinary Voting Shares of the Company.

The objective of this capital raising initiative is to secure funds amounting to Rupees One Billion One Hundred Two Million Two Hundred Thousand (LKR 1,102,200,000) aimed at strengthening the Company’s capital adequacy. The entirety of the funds obtained through this initiative will be allocated to further develop and expand the lending portfolio, thereby supporting the Company’s growth strategy. In the aforesaid context, the Board of Directors of the Company has decided to issue up to Thirty three million four hundred thousand (33,400,000) Ordinary Voting Shares by way of a Rights Issue (“The Rights Issue”) subject to the approval of the Shareholders at an EGM.

2. THE RIGHTS ISSUE – ORDINARY SHARES

Further to the recommendation made by the Board at the Board meeting held on 30th January 2026 and resolved by Board of the Company on 11th February 2026, subject to the approval of the Shareholders, to offer up to 33,400,000 Ordinary Voting Shares at Rupees Thirty Three (LKR 33) per Share in proportions of One (01) new Ordinary Shares for every Eighteen (18) existing ordinary Shares held, by way of a Rights Issue via Provisional Letter of Allotment with the right to request for additional rights shares and the right to renounce only in favor of the Central Depository Systems (Pvt) Limited (CDS) to the registered Ordinary Shareholders of the Company as at the end of trading on 23rd April 2026 (Record Date/ Date of entitlement which is the 2nd market day from and excluding the EGM date). Accordingly, the Company expects to raise the Tier I Capital by a total sum of Rupees One Billion One Hundred Two Million Two Hundred Thousand (LKR 1,102,200,000) through the Rights Issue of the Ordinary Voting Shares.

Table 2.1

Rights Issue	Number of new Shares by way of Rights	Issue Price (LKR)	Closing Share Price (LKR)*	VWAP (LKR)**	Ratio
Ordinary Voting Shares	33,400,000	33.00	34.00	36.62	1 for 18

*as at 10th February 2026, which is the last market day before the Board Resolution

**VWAP for the period from 17th December 2025 to 10th February 2026

The Board further resolved that in its opinion the consideration of LKR 33.00 per Ordinary Voting Share for which the Shares are to be issued is fair and reasonable to the Company and the existing Shareholders as required by the Companies Act No. 07 of 2007. When considering the Rights Issue Price per share, the Board gave due consideration to the Volume Weighted Average Price (VWAP) over the period from 17th December 2025 to 10th February 2026 and the closing share price as at 10th February 2026 (Last Market day before the Board Resolution) as shown in the Table 2.1 above. This is as a result of the subdivision of shares of MERC that occurred prior to the Rights Issue and shares commenced trading post-subdivision on the 17th of December 2025.

Further, by letter dated 11th February 2026, the Director Supervision of Non-Bank Financial Institutions (NBF1) of the Central Bank of Sri Lanka (CBSL) has granted the approval to the aforesaid Rights Issue and drawing attention to the provisions of the Finance Business Act (Maximum Percentage Limits of Share Capital of Licensed Finance Companies) Direction No. 08 of 2020 when proceeding with the proposed Rights Issue, subject to compliance with all applicable regulatory and legal requirements of the Colombo Stock Exchange (CSE), Securities and Exchange Commission of Sri Lanka (SEC), and other relevant authorities.

Further, the CSE by the letter dated 11th March 2026, has granted approval in principle, in terms of Section 5.2 of the CSE Listing Rules, subject to other conditions as set out in the said letter, to issue and list the new securities.

Rights will be issued to the existing shareholders, as at the end of trading on 23rd April 2026 (being the Record Date/ Date of Entitlement, which is the 2nd market day from and excluding the EGM date i.e. 21st April 2026) at the issue prices stated in the table above, provided that no Shareholder shall upon or in consequence of such provisional allotment be entitled to a fraction of a share, such fractional shares to be pooled together and be allotted to the respective holders of shares who applied for additional Rights Shares. The fractional entitlement referred to herein shall mean the fractions arising after applying the following formula.

The basis of allotment of new Ordinary Shares shall be as follows:

Number of Ordinary Voting Shares held by a Shareholder as at end of trading on the Record Date * x 1

18

Each Shareholder will be entitled, under the Rights Issue, based on the ratio shown in Table 2.1 above, One (01) new Ordinary Voting Share for every Eighteen (18) existing Ordinary Voting Shares held (as per the above formula).

Subsequent to the Rights Issue, assuming its full subscription, the Stated Capital of the Company would be as follows:

Subsequent to the Rights Issue, assuming its full subscription, the Stated Capital of the Company would be as follows:

	Pre Rights Issue	Proposed Rights Issue	Post Proposed Rights Issue
Number of Ordinary Voting Shares	601,200,000	33,400,000	634,600,000
Stated Capital (LKR)	36,000,000	1,102,200,000	1,138,200,000

The new Ordinary Shares upon due acceptance and payment shall rank *pari passu* in all respects with the existing Ordinary Shares including the right to participate in any dividend declared only after the final allotment which shall be after the last date of acceptance and payment.

3. MINIMUM SUBSCRIPTION / UNDERWRITING ARRANGEMENTS

The Company has not entered into any formal underwriting agreement in connection with the proposed Rights Issue. The company requires full subscription to meet its growth projections and if the Rights Issue is not fully subscribed, it will still proceed, strengthening the Tier I Capital, while profits from regular business operations will continue to enhance Tier I Capital, and growth projections will be adjusted accordingly. Since the Rights are being offered at a fair discount, compared to the market price of shares as at 10th February 2026, which amounted to Rights Price of LKR 33.00 for Ordinary Shares, the Board of Directors of the Company is of the view that the proposed Rights Issue will be considered positively by the Shareholders as an attractive investment opportunity. Accordingly, the Company expects full subscription of the Issue. In the event of an undersubscription of the Issue, the Ondaatje family and the related Companies amongst the major Shareholders will subscribe for additional shares to ensure the full subscription of the Issue.

The Board of Directors have the discretion to allot any remaining rights shares under the Rights Issue, after fully allotting to all the applicants for additional Rights on a preferential basis to the major shareholders at the same price (This may have an impact on the public holding percentage of MERC (as per Section 7.13 of the CSE Listing Rules). In such an event the major shareholders intend to take the necessary action to rectify the holding to comply with the public holding requirement.) or to any other existing shareholder/s. The objective of the Rights Issue does not amount to a major transaction as per the Companies Act No. 07 of 2007.

4. OBJECTIVES OF THE ISSUE

4.1 Objectives of the Issue

Pursuant to the Finance Business Act Direction No. 03 of 2018 on Capital Adequacy Requirements, the Company (with Assets of LKR 100 billion and above) is obligated to maintain Minimum Capital Adequacy Ratios (CAR) relative to its Total Risk-Weighted Assets, as specified below:

Tier I Capital Ratio: 10.00%

Total Capital Ratio: 14.00%

During October 2025, MERC's Total Assets surpassed LKR 100 Billion. As per the guidelines of CBSL, the Asset base used to calculate CAR should be determined based on the latest available Audited Financial Statements for the relevant period. Hence, the above minimum CAR will be applicable to the company (with assets of LKR100 billion and above) upon completing the Audited Financial Statements for the FY2025/26 which will be available in Q1 of FY2026/27.

As at 31st December 2025, MERC's Tier I Capital Ratio was 10.66% and its Total Capital Ratio was 15.90%, which are over and above the minimum requirement as specified above.

The funds raised through the Rights Issue will improve the Company's Capital Adequacy by increasing its Tier I Capital, thereby strengthening its Total Capital, as outlined below.

Capital Adequacy Ratio (CAR)	Required Minimum (with assets below LKR 100 Bn)	Required Minimum (with assets of LKR 100Bn and above)	MERC's CAR Position as at 31st December 2025	Expected level of CAR subsequent to the Rights Issue*
Tier I	8.50%	10.00%	10.66%	11.78%
Total	12.50%	14.00%	15.90%	17.00%

**Ratios as at 31st December 2025 (Unaudited) after including the proceeds of the Rights Issue assuming full subscription.*

The Company expects to utilize entire proceeds of the Rights Issue to expand its lending portfolio and the allocation of funds among the lending products will be decided at the discretion of the Management by considering the required level of product diversification, regulatory requirements, market conditions and other risk factors. The net lending portfolio growth during the past 03 months (31st October 2025 to 31st January 2026) amounted to LKR11.4Bn, on average LKR 3.8Bn per month.

The Company intends to utilize the rights proceeds in full within one (01) month from the date of listing of Ordinary Voting Shares issued through the Rights Issue towards the lending portfolio growth.

Funds raised from the Rights Issue will be temporarily invested in other financial instruments such as Money Market Instruments with Licensed Commercial Banks until the proceeds are fully utilized for its lending products.

The Board of Directors does not foresee any internal or external factors that will prevent the Company from achieving the aforesaid objectives, provided there are no significant changes in Economic or Tax Policies during the period.

The funds raised through the Rights Issue will not be given to related parties, except in the course of normal business. Any such related party transaction will be carried out in line with the rules set out in the CSE Listing Rules and in conformity with prudential directions issued by the Central Bank of Sri Lanka.

4.2 Specific Risks associated with the Objectives

Given the nature of the business, the Company does not foresee any deviation from its objectives or delays in deploying the funds raised via the Rights Issue as mentioned above and will be deployed within the time frames stipulated above. However, if the funds raised via the Rights Issue are utilized for any purpose other than the purposes mentioned above, or if the time frames vary from those mentioned above, MERC will make necessary disclosures to the Shareholders via the CSE and take necessary steps to obtain prior approvals of the relevant parties including the Shareholders as appropriate at that point in time.

5. DISCLOSURES IN THE INTERIM FINANCIAL STATEMENTS AND THE ANNUAL REPORT

Information as per the template below will be disclosed in the interim Financial Statements and the Annual Report/s from the date of raising funds until objectives are achieved, and funds are fully utilized by the Company.

Continuous Disclosures regarding status of utilization of funds raised via Rights Issue

Rights Issue proceeds utilization as at (dd-mm-yyyy)

Objective Number	Objective as per circular	Amount allocated as per Circular in LKR	Proposed date of utilization as per Circular	Amount allocated upon the receipt of proceeds in LKR (A)	As a % of total proceeds	Amount utilized in the objective (LKR) (B)	% of utilized amount against allocation (B)/(A)	Clarification if not fully utilized including where the funds are invested (e.g., whether lent to related party/s etc.)

- i. The Company would disclose in the Annual Report or in the Interim Financial Statements, whichever is published first, the manner in which the funds have been utilized in the above format.
- ii. The number, class and consideration received for shares issued through this Rights Issue and the reason for the issue

- iii. The Company would disclose any material change to the use of funds raised in terms of this Rights Issue.
- iv. If the funds raised through this Rights Issue is fully utilized by the entity as disclosed in the immediate succeeding Annual Report or the Interim Financial Statements, whichever is published first.

6. ADDITIONAL INFORMATION

6.1 Shareholding

The Top 20 Ordinary Shareholders as of 31st December 2025

	Name	No. of Shares	%
1	Nilaveli Beach Hotels (Pvt) Ltd	125,916,000	20.94%
2	G G Ondaatje	96,923,000	16.12%
3	A M Ondaatje	96,923,000	16.12%
4	T J Ondaatje	96,922,800	16.12%
5	Mercantile Fortunes (Pvt) Ltd	47,032,400	7.82%
6	Tangerine Tours (Pvt) Ltd	40,761,800	6.78%
7	C A Ondaatje	33,244,800	5.53%
8	Deutsche Bank AG Trustee to Lynear Wealth Dynamic Opportunities Fund	16,682,400	2.77%
9	A S G H Jafferjee	8,211,000	1.37%
10	S S Jafferjee	8,211,000	1.37%
11	J.B. Cocoshell (Pvt) Ltd	2,732,000	0.45%
12	N H V Perera	2,004,000	0.33%
13	R M D Abeygunawardena	2,004,000	0.33%
14	J A S S Adhietty	1,980,000	0.33%
15	Invenco Capital Private Limited	1,370,000	0.23%
16	Union Assurance PLC - Universal Life Fund	1,331,800	0.22%
17	JN Lanka Holdings Company (Pvt) Ltd	1,149,517	0.19%
18	East India Holding (Pvt) Ltd	975,200	0.16%
19	Lynear Wealth Management /Dr. J T V S Weerawarana	814,400	0.14%
20	I A H Esufally	793,200	0.13%
	Total of Top 20 Shareholders	585,982,317	97.47%
	Others	15,217,683	2.53%
	Total of all Shareholders	601,200,000	100%

Public Holding as of 31 st December 2025	Percentage
Ordinary Shares	16.09%

6.2 Ordinary Share Prices post-subdivision for the period from 17th December 2025* to 10th February 2026

*17th December 2025 is the trade resumption date following the subdivision of shares:

Period	High (LKR)	Low (LKR)	Last Traded Price (LKR)	Average Volume of Shares Traded	Average No. of Trades
17 th Dec 2025 to 10 th Feb 2026	41.00	33.80	34.00	95,690	77

6.3 Ordinary Share Prices for the preceding 3 months

Period	High (LKR)	Low (LKR)	Last Traded Price (LKR)	Volume of Shares Traded	No. of Trades
December 2025	41.00	37.00	37.20	692,160	1,064
January 2026	40.00	35.10	35.30	2,212,919	1,351
February 2026	36.00	32.00	32.80	1,609,787	884

6.4 Dividend History

The dividends declared and paid to the Ordinary Shareholders during the last 05 financial years are as follows:

FYE	2025	2024	2023	2022	2021
March (LKR)					
Total Dividend	*75,150,000	60,120,000	Nil	345,690,000	Nil
Dividend per Share	25.00	20.00	N/A	115.00	N/A

*Furthermore, 2nd interim (final) dividend of LKR 49,899,600 (LKR 16.60 per share) had been declared for the FY2024/25 and paid in July 2025

All of the above disclosed Dividends were declared and paid pre-subdivision except for an interim dividend of LKR99,198,000/- (LKR 0.165 per share) which was declared for the FY2025/26 and paid in January 2026, which is post-subdivision.

6.5 Financial Statements

Shareholders' attention is drawn to the Annual Report of the Company for the FY2024/25 which consists of the Audited Financial Statements and unaudited interim financials for the quarter ended 31st December 2025. The Annual Report is hosted on company's website (www.mil.com.lk) as well as on CSE (www.cse.lk)

There were no subsequent adjustments made to the aforesaid financial statements.

6.6 Composition of the Related Party Transaction Review Committee (RPTRC)

Name	Category
Mr. A. L. N. Dias	Independent Non-Executive Director
Mr. P. D. D. Perera	Independent Non-Executive Director
Mrs. E. D. Wickramasuriya	Independent Non-Executive Director

6.7 Contingent Liabilities & Litigations

There were no material changes to the contingent liabilities and litigations from the position disclosed in the Unaudited Interim Financial Statements as of 31st December 2025.

7. BENEFITS OF INVESTING IN RIGHTS ISSUE

The Rights Issue is anticipated to strengthen the Company's capital adequacy and enhance its operational stability. It will also enable the expansion of its loans and advances portfolio. Not only does a Rights Issue strengthen the Company's financial foundation but also offers Shareholders the opportunity to participate in the Company's growth and benefit from increased profitability in the future. By boosting Capital Adequacy, the Company's stability is further reinforced, supporting business expansion and providing Shareholders with a chance to share in the returns generated by this growth.

8. APPLICATION FOR RIGHTS AND PROVISIONAL ALLOTMENT

Upon the Shareholders approving the requisite Resolution giving effect to the Rights Issue set out in the "Notice of Meeting".

- i. Up to 33,400,000 Rights Shares will be provisionally allotted to the shareholders in the proportion of 01 (One) new Ordinary Share for every 18 (Eighteen) existing Ordinary Shares held by such Shareholders as at the end of the Trading on 23rd April 2026 (being the Record Date/ Date of Provisional Allotment, which is the 2nd market day from and excluding the EGM date, i.e. 21st April 2026)
- ii. In the allotment of the Rights Shares, the Shareholding of each Shareholder, as appearing in the CDS and the Share Ledger maintained by the Company's Registrar, will be processed separately and for identification purposes the CDS number and ledger number will be used.

- iii. Based on the proportion of the Rights Issue, no Shareholder shall upon or in consequence of such provisional allotment be entitled to a fraction of a Share.
- iv. The Letters of Provisional Allotment, in respect of the new Rights provisionally allotted to Shareholders under the Rights Issue with provision for renouncing in favor of the CDS, will be dispatched to the Shareholders on 30th April 2026 by post, and Rights Shares provisionally allotted to them directly deposit to their accounts with the CDS, within three (03) Market days from and excluding the Record Date. (i.e. 23rd April 2026). The manner in which the Letter of Provisional Allotment should be dealt with will be fully set out therein. The Shareholders must strictly adhere to the instructions therein in respect of acceptance, renunciation and when applying for additional shares.
- v. Applications for additional Rights Shares, respectively, will also be permitted. However, such additional shares will be available for due allotment only in the event of any Existing Shareholder/s not taking up their Rights Entitlement either in part or in full in addition to fractional shares and if the Forms of Acceptance and Registration of the Rights are rejected by the Company as being invalid.
- vi. In the event of an over-subscription, the Board of Directors of the Company reserves the absolute right to accept or reject any application for additional Shares in whole or in part.
- vii. Further, Rights Shares that are not subscribed as at the last date of acceptance, new Rights Shares for which payments have not been duly and validly received by the Company and Rights Shares representing fractional entitlements would be treated as declined shares and they will be pooled together and will be allotted at the same price, and the Board of Directors have the discretion to allot any remaining unsubscribed shares under the Rights Issue, to the major shareholders or to any other existing shareholder/s after fully allotting to all the applicants for additional Rights, on a preferential basis, so that it is fully subscribed.
- viii. The new Ordinary Shares provisionally allotted will, upon due acceptance and payment, rank pari passu in all respects, with the Company's existing issued Ordinary Shares respectively and will qualify for all dividends declared only after the final allotment, which shall be after the last date of acceptance and payment.
- ix. Pursuant to a Direction issued by the SEC pertaining to the de-materialization of listed securities, the Shareholders who hold Shares in Scrip Form (i.e., Share Certificates) as per the Register maintained by the Registrars to the Company, will not be issued Share Certificates in their favor. Shareholders who do not have CDS Accounts are advised to open a CDS Account. Shareholders who have CDS Accounts but whose existing Ordinary Shares are not lodged in the said CDS Accounts, are advised to lodge the Company shares in CDS Accounts prior to the date of EGM, to facilitate the direct lodgment of Rights to your CDS Account.
- x. All Ordinary Shares allotted shall be directly deposited to the respective Shareholders' CDS Accounts within Ten (10) market days from the last date of acceptance and payment as per the CSE Listing Rules and the relevant Shareholders will be notified of such direct deposits within two (02) Market Days of the direct deposit.

As such all Shareholders having CDS Accounts who accept Rights, should indicate their CDS Account Number in "Form 'A' - Letter of Acceptance and Registration and Form 'C' - Form of Application for Additional Shares".

Form 'A' and Form 'C' which does not carry a valid CDS Account Number, or which indicates an incorrect/inaccurate CDS Account Number will not be uploaded on the date specified for uploading in the Listing Rules of CSE. They will only be registered in the Share Ledger maintained by the Registrar and will not be issued a Share Certificate but will be issued an acknowledgment that the New Ordinary Shares are registered in the Share Ledger. Such shareholders would not be able to trade in the new Ordinary Shares until such time the same has been deposited with the CDS. Subsequent to opening a CDS account, the Shareholders should inform the Registrars of the Company their CDS account numbers in writing to which accounts the shares will then be uploaded and such requests will be processed on a weekly basis. Therefore, please ensure strict adherence to the Directive issued by the SEC. Shareholders have the option of having their Ordinary Shares "Locked" in the CDS. Ordinary Shares that are locked would not be available for trading purposes and would not be visible to the participants. Shareholders who wish to lock their Ordinary Shares allotted in this Issue should indicate such preference in the section provided in the Provisional Letter of Allotment (Form 'A' and Form 'C'). Ordinary Shares of Shareholders, who do not request to lock their Ordinary Shares, would be deposited to their "trading balance" in the CDS Account. However, at the option and request of the account holder, the CDS would transfer a named quantity of Ordinary Shares from the locked balance to the trading balance of the CDS Account and/or from the trading balance to the locked balance of the CDS Account.

For further clarification, you may contact the Registrars to the Issue M/s. S S P Corporate Services (Private) Ltd, 101, Inner Flower Road, Colombo 03 on Telephone +94 112 573 894.

9. DATES FOR THE RIGHTS ISSUE

- i. Subject to Shareholder approval being obtained as aforementioned, the date of provisional allotment shall be the same date as the Record Date, i.e. 23rd April 2026 (which is 2nd market date from and excluding the said EGM date). In allotting the shares provisionally, the shareholding as appearing in the CDS and the share ledger maintained by the Company Registrar, as at end of trading on the Record Date will be processed separately.
- ii. The Company's Ordinary Shares shall trade ex-rights (XR) from the Market Day immediately following the date on which the related resolution is passed by the Shareholders at the EGM, i.e. 22nd April 2026.
- iii. The Rights entitlement of the shareholders whose shares are held in CDS will be directly deposited to their CDS accounts within three (03) Market Days from and excluding the Record Date i.e. 28th April 2026.
- iv. The Provisional Letters of Allotment, together with the Acceptance and Registration Form and Form of Application for Additional Shares, will be dispatched to Shareholders on 30th April 2026 (within 05 Market Days from and excluding the Record Date) by post, together with clear instructions for returning the completed applications together with the payment therefore.
- v. Rights trading period shall commence on the fourth (4th) market day from and excluding the date of making available the Provisional Letter of Allotment and shall continue throughout the period of renunciation.
- vi. The Rights Shares may be renounced to the CDS only. The period of renunciation shall not exceed Nine (09) Market Days and excluding the date of making available the Provisional Letters of Allotment.

- vii. The last date for acceptance and payment for Rights shall be 19th May 2026 being the twelfth (12th) Market Day from and excluding the date of making available the Letters of Provisional Allotment, i.e. 30th April 2026.
- viii. All incomplete application/s with incorrect details will be rejected.
- ix. Refunds in respect of rejected/partly rejected applications for Rights shall be paid as expeditiously as possible but not exceeding ten (10) Market Days from the last date of acceptance and payment. Applicants will be entitled to Interest (the last quoted Average Weighted Prime Lending Rate (AWPLR) published by the Central Bank of Sri Lanka plus 5%.) on refunds not made within this period. Refunds will be made by way of cheque, unless the applicant has provided accurate and complete details of his/her bank account in the application, in which event the Company shall make such payment thereto, SLIPS and a payment advice shall be issued to the applicant. Cheque payments will be dispatched to Shareholders by ordinary mail.
- x. In the event payments are received in the form of cheques, Cheques received in respect of the rights may be banked on receipt and Cheques received in respect of applications for additional rights shall be banked only after the last date of acceptance and payment.

10. DECLARATIONS IN RESPECT OF THE PROPOSED RIGHTS ISSUE

1. By the letter dated 11th February 2026, Director of Department of Supervision of Non-Bank Financial Institution of the Central Bank of Sri Lanka has granted the approval to the aforesaid Rights Issue, subject to compliance with all applicable regulatory and legal requirements of the CSE, SEC and other relevant authorities.
2. The CSE by the letter dated 11th March 2026, has granted the approval in principle, in terms of Section 5.2 of the Listing Rules of the CSE, subject to other conditions as set out in the said letter, to issue and list the new securities.
3. Further, the Company confirms that no other regulatory approval is required for the proposed Rights Issue and its objectives, other than the approval of its Shareholders.
4. The listing of the new securities by the CSE will in no way be reflective of the merits of the issue. The CSE assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports included and nor any responsibility of omitted statements, undisclosed information and reports.
5. The Board of Directors of the Company collectively and individually accept full responsibility for the accuracy and completeness of the information given herein and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief that there are no other facts, and/or omission, which would render any statement in the Circular misleading.

11. NON-RESIDENT SHAREHOLDERS

Non-Resident Shareholders are required to make payments for Rights through their Inward Investment Account (IIA). More details will be set out in the Provisional Letter of Allotment which will be printed and dispatched to the Shareholders by the Registrar to the Issue upon the approval of the Rights Issue by the Shareholders at the EGM.

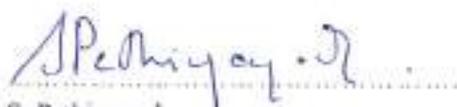
12. DIRECTORS' RECOMMENDATION

The Board of Directors of the Company recommends the Rights Issue in the manner aforesaid, for approval by the Shareholders at an EGM convened on the 21st of April 2026.

13. THE EGM

The EGM, in order to obtain approval of the Shareholders in respect of the proposed Rights Issue of Shares will be held as a Fully Virtual Meeting on the 21st of April 2026 at 10:30am. The Notice convening the EGM will set out the requisite Resolution to be passed by the Shareholders in order to give effect to the Rights Issue.

**BY ORDER OF THE BOARD OF
MERCANTILE INVESTMENTS AND FINANCE PLC**



S. Pethiyagoda
Company Secretary
26th March 2026

Advisor & Managers to the Rights Issue
First Capital Advisory Services (Pvt) Ltd.
02, Deal Place,
Colombo 03