

EVERY MOVE MATTERS



EVERY MOVE MATTERS

Growth is achieved not by simplifying complexity, but by understanding how each move made to further a goal, affects the whole operation.

At Horana Plantations PLC, our business operates as a system of interconnected dimensions, where every decision carries weight and every action contributes to the larger outcome. From land use and cultivation to innovation, diversification, and community impact, each element must be considered, coordinated and aligned to create meaningful progress.

We expanded beyond traditional models, investing in new avenues such as Coconuts, Coffee, use of Biochar, and precision agriculture, while strengthening control through direct sourcing and data-driven practices. Each move was deliberately made to ensure that growth is achieved and sustained.

Progress is not built in isolation. It is shaped through coordination, discipline, and clarity across every part of the system.

At Horana Plantations PLC, we continue to refine, align, and strengthen every dimension for growth to take its true form, every move matters.



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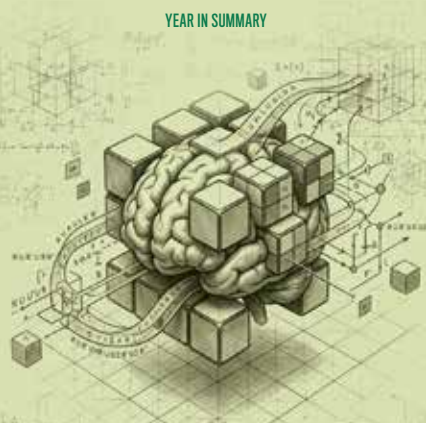
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YEAR IN SUMMARY



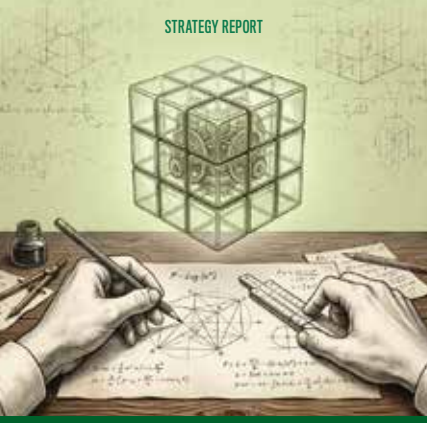
Before the Rubik's Cube became widely known, it began as a simple idea to solve a complex problem of how to demonstrate movement while keeping a structure connected.

At HPL, this reflects how we work. We operate in a changing environment where everything is connected. To manage this, we focus on understanding how each part affects the other. Our focus is on:

- Understanding complexity through clear perspectives
- Connecting individual actions to a unified direction
- Building a structured path for continuous progress

We believe that clarity begins with understanding, and that even the most complex systems can be managed through thoughtful design and insight.

STRATEGY REPORT

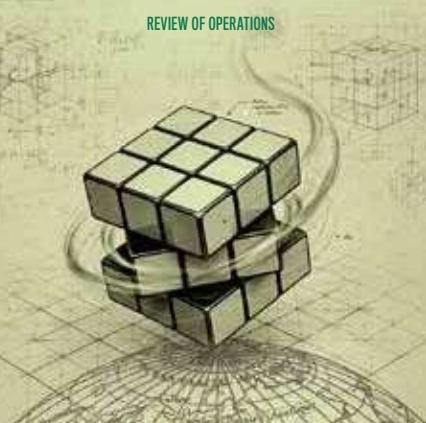


In 1974, Ernő Rubik created what was initially a teaching tool to explain three-dimensional movement. What began as a simple concept soon revealed immense complexity – a system with over 43 quintillion possible combinations.

At HPL, this mirrors our strategic culture. We operate in an interconnected, complex environment where systems constantly shift. The ability to break down complexity into manageable actions, applying every move with long-term objectives, and turning challenges into strategic opportunities.

We believe that even the most complex systems can be mastered through innovation, discipline, and foresight.

REVIEW OF OPERATIONS



When the Rubik's Cube entered global markets in 1980, it quickly became a worldwide phenomenon. Millions engaged with the puzzle, each move influencing the next outcome.

Similarly, HPL's operations are interconnected and dynamic. Every decision impacts performance across the organization. Our operational approach is built on:

- Precision in execution
- Collaboration across functions
- Continuous improvement and adaptability

Like solving the cube layer by layer, we progress systematically – ensuring every component is aligned to deliver consistent and reliable outcomes.

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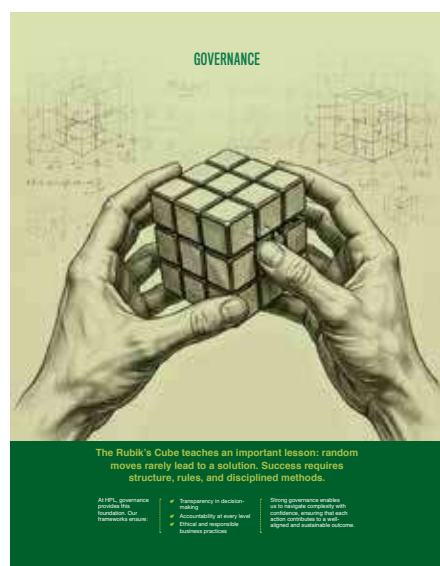


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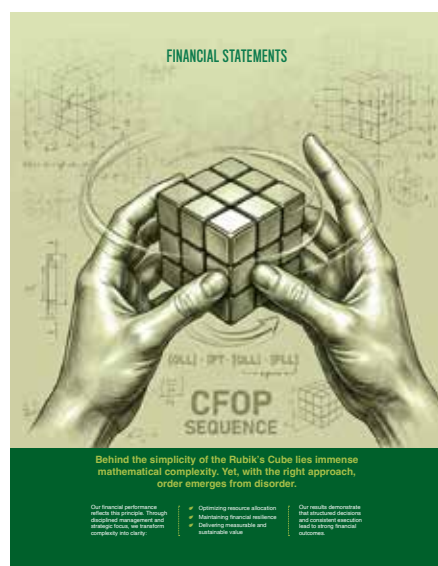
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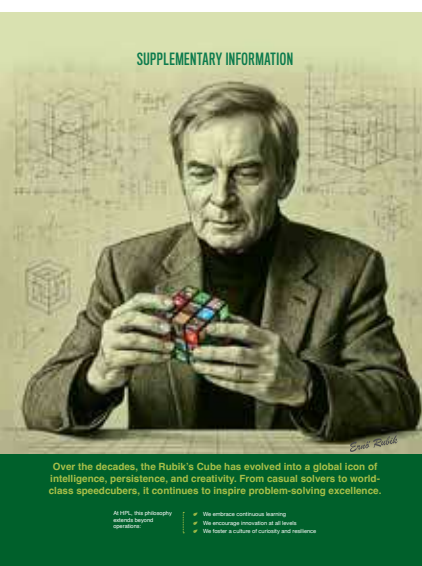
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ABOUT THE REPORT



Horana Plantation's 5th Integrated and ESG Report

Horana Plantations PLC (HPL) reaffirms its commitment to transparency and accountability through the adoption of the Integrated Reporting framework for the 2025/26 financial year. This report provides a comprehensive overview of the company's financial, operational, and sustainability performance, while aligning with internationally recognised reporting standards.

Building on our Environmental, Social, and Governance (ESG) reporting advancements, we have further strengthened our disclosures by fully transitioning to the GRI Sector Standard for Agriculture (2022). Given the critical impact of climate conditions on our business sustainability, we have also adopted the Sri Lanka Financial Reporting Standards SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 -Climate-Related Disclosures, in line with the 'Climate First' Reporting approach.

This Integrated Annual Report enhances transparency for our stakeholders by incorporating multiple ESG reporting formats alongside statutory financial disclosures, ensuring a comprehensive and accountable presentation of our value creation journey.

REPORTING SCOPE AND FRAMEWORKS

The report covers the period from 1st April 2025 to 31st March 2026 and applies to all estates and operational units under Horana Plantations PLC.

HPL's Annual Report

Audited Financial Statements of HPL for the Financial year 1st April 2025 to 31st March 2026. This report also includes statutory disclosures under.



HPL's Annual ESG Report

- The Integrated Reporting Framework of 2001.
- GRI Universal Standards (2021).
- GRI 13: Agriculture, Aquaculture and Fishing Sectors (2022).
- UN Sustainable Development Goals (UNSDGs) for ESG Reporting.
- SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 - Climate Related Disclosures under 'Climate First' Reporting.
- Non-Financial Reporting Guideline issued by the Institute of Chartered Accountants of Sri Lanka.

HPL's Annual Progress Report under the UN Global Compact (UNGC):

- UNGC Human Rights Principles. Page 148
- UNGC Labour Principles. Page 148
- UNGC Environmental Principles. Page 186
- UNGC Anti-corruption Principles. Page 170

Forward Looking Report

This report contains forward-looking statements regarding HPL's strategic direction, sustainability commitments, and anticipated financial performance. These statements are based on current expectations and projections and are subject to risks and uncertainties. Actual outcomes may differ materially due to several factors, including external conditions.

GRI 2-14

Board Responsibility Statement

The Board of Directors of Horana Plantations PLC (HPL) acknowledges its responsibility for ensuring the integrity, accuracy, and completeness of this Integrated Annual Report for the financial year 2025/26. The Board is committed to upholding the highest standards of transparency, accountability, and good corporate governance, and to presenting a fair, balanced, and comprehensive assessment of the Company's financial performance, strategic direction, risk management practices, and sustainability initiatives.

In preparing this Report, the Board has ensured compliance with applicable financial, governance, and sustainability reporting frameworks, including:

- International <IR> Framework for integrated reporting.
- Sri Lanka Financial Reporting Standards (SLFRS) for financial disclosures.
- GRI Universal Standards (2021) and GRI 13: Agriculture, Aquaculture and Fishing Sectors (2022) for ESG reporting.
- Sustainability Accounting Standards Board (SASB) Agriculture Sector Standards for industry-specific insights.
- Task Force on Climate-Related Financial Disclosures (TCFD) for climate risk reporting.
- The Sri Lanka Code of Best Practice on Corporate Governance and the Colombo Stock Exchange (CSE) ESG Disclosure Guidelines.



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ABOUT THE REPORT

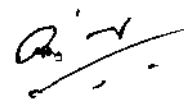
SCOPE AND BOUNDARY OF THE REPORT

GRI 2-2 Entities included in the Sustainability Report	This Integrated/ESG Report and Financial Statements to applies to all estates and operational units under Horana Plantations PLC.
GRI 2-3 Reporting Period	
Reporting period for Financial and Sustainability	1st April 2025 to 31st March 2026.
Reporting Cycle	Annual.
Publication date of the Report	03rd June 2026.
Contact point for questions about the report	General Manager – Finance Horana Plantations PLC No. 400, Deans Road, Colombo 10. Tel : +94 0112627302 E-mail: horanap@hplnet.com
GRI 2-4 Restatements of information made from previous reporting periods.	There are no restatements related to financial and sustainability data from the previous reporting period (1st April 2024 – 31st March 2025)
Omission of information	There is no omission of information related to financial or sustainability data from the previous reporting period (1st April 2024 – 31st March 2025)
GRI 2-5 Policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved	This report has been prepared by the management of Horana Plantations PLC and has been approved by HPL's Board of Directors/Audit Committee. The current report has received External assurance on financial information by Messrs. KPMG (Page 261) External assurance on the Integrated Reporting and Economic, Environment, Social and Governance indicators (EESG) by Messrs. Ernst & Young (Page 335 to 338)
Relationship between the Organisation and the Assurance Provider	Messrs. KPMG and Ernst & Young, Chartered Accountants are an independent external service provider appointed by the Board of Directors/Audit Committee of Horana Plantations PLC after the following of recommended procedures. There is no further affiliation between HPL and Messrs. KPMG and Ernst & Young, Chartered Accountants.

The Board has exercised due diligence in overseeing the Company's risk management, internal controls, and governance practices, ensuring that material issues impacting value creation are accurately reflected in this report. We have also relied on internal and external assurance mechanisms to enhance the credibility of financial and sustainability disclosures.

HPL's Board of Directors ensure the accuracy and transparency of the integrated annual report for Financial Year 2025/26 in addressing all significant issues related to the company's sustainability.

We are dedicated to strengthening the governance aspect of ESG by adhering to both regulatory and voluntary standards, fostering ethical business and responsible leadership.



Mohan Pandithage
Chairman - Executive Director

11th May 2026

DIGITAL TRANSFORMATION OF THE ANNUAL REPORT

This report can be accessed in digital format by scanning the QR code below



Interactive Web
Version of the
Annual Report



Annual Report
2025/26

Navigation Icons



Financial
Capital



Manufactured
Capital



Intellectual
Capital



Social &
Relationship
Capital



Human
Capital



Natural
Capital

“Interconnected for Sustainable Growth”

At Horana Plantations PLC (HPL), we believe long term value is created through interconnected thinking. Across our estates, operations, people, technologies, and communities, every element of our business is linked – shaping resilience, enabling innovation, and strengthening sustainable growth.

As a diversified agribusiness operating across Sri Lanka, HPL manages a portfolio spanning tea, rubber, oil palm, coconut, cinnamon, coffee, pepper, and other ancillary crops. Through an integrated operating model, we balance environmental stewardship with operational excellence while continuously adapting to evolving market and climate realities.

Listed on the Colombo Stock Exchange under the stock symbol HOPL.N0000, Horana Plantations PLC is a subsidiary of Hayleys Plantation Services (Private) Limited, with Hayleys PLC serving as its ultimate parent company. Guided by strong governance and a long term strategic outlook, we remain committed to creating sustainable value for all stakeholders.

At HPL, we recognise that sustainable progress cannot be achieved in isolation. Productivity is connected to people. Innovation is connected to sustainability. Communities are connected to long term resilience. This interconnected approach shapes how we cultivate, operate, invest, and grow.



VISION

To be the foremost producer and marketer of tea, rubber, oil palm & other ancillary crops in Sri Lanka



MISSION

To adopt the best agricultural practices, measuring returns against a long term investment horizon



VALUES

Employees
Customers
Owners
Suppliers
Society

ABOUT HORANA PLANTATIONS

Vision

Creating Value Through Connected Thinking

To be the foremost producer and marketer of tea, rubber, oil palm, and other ancillary crops in Sri Lanka.

Our vision reflects our ambition to build a future ready plantation business where sustainability, operational excellence, innovation, and community empowerment work together to create enduring value.

To bring this vision to life, we focus on:

- Diversifying into high-value crops and multiple revenue streams
- Advancing mechanisation and precision agriculture
- Enhancing operational efficiency through digital transformation
- Promoting environmentally responsible agricultural practices
- Strengthening climate resilience and renewable energy integration
- Empowering employees and uplifting communities

Each of these priorities strengthens the others creating a more resilient, adaptive, and sustainable business model.

Mission

Mission-Led. Future-Focused

To adopt the best agricultural practices, measuring returns against a long term investment horizon.

Our mission serves as the foundation for how we manage our estates, engage stakeholders, allocate resources, and shape long term strategy. It reflects our commitment to balancing productivity with responsibility while continuously improving the way we cultivate, manufacture, and deliver value.

Through a mission led approach, we integrate sustainability, operational excellence, governance, innovation, and community development into a unified business model designed to optimise resources, mitigate risk, and create enduring value.

This approach is driven through five interconnected strategic focus areas.

Our Purpose

A Flourishing Business to Enrich Life in an Inclusive World

At HPL, our purpose extends beyond agriculture. We are committed to creating meaningful economic, environmental, and social impact by strengthening livelihoods, protecting ecosystems, and contributing to a more inclusive and sustainable future.

OUR BUSINESS MODEL

HPL's integrated business model connects cultivation, manufacturing, sustainability, innovation, and stakeholder engagement into a mutually reinforcing ecosystem that supports long term value creation. Through diversified agricultural operations, renewable energy initiatives, value added products, and sustainable land management practices, we continue to evolve

STRATEGIC PILLARS FOR SUSTAINABLE AGRICULTURE



DIVERSIFICATION OF CROPS
Expanding into high-value crops such as coffee, coconut, cinnamon, oil palm, pepper, and fruits to optimize land use and strengthen revenue resilience.



SUSTAINABILITY & ENVIRONMENTAL STEWARDSHIP
Promoting biodiversity conservation, responsible resource management, regenerative agricultural practices, and climate-conscious operations.



TECHNOLOGICAL ADVANCEMENT
Investing in mechanization, automation, digital systems, and precision agriculture to improve productivity, efficiency, and operational agility.



MARKET GROWTH & VALUE ADDITION
Exploring new market opportunities and value-added products to enhance competitiveness and create sustainable revenue streams.



EMPLOYEE WELFARE & COMMUNITY DEVELOPMENT
Strengthening workforce wellbeing, skills development, and community engagement to create inclusive and socially responsible growth.

as a resilient and future-ready plantation business.

Across our operations, we maintain a strong focus on:

- Sustainable agricultural practices
- Ethical and transparent governance
- Climate resilience and environmental stewardship
- Innovation and digital transformation
- Responsible stakeholder engagement
- Long term economic sustainability

By strengthening the connections between these areas, HPL continues to build a business that is adaptable, inclusive, and positioned for enduring growth.

GRI 2-1

ORGANISATIONAL DETAILS

Legal Name	Horana Plantations PLC (Company registration No PQ 126)
Nature of ownership and Legal Form	HPL is a subsidiary of Hayleys Plantation Services (Private) Limited, and the ultimate parent is Hayleys PLC. Horana Plantations PLC is a quoted public company with limited liability, incorporated and domiciled in Sri Lanka, under the Companies Act No.17 of 1982 in terms of the provisions of the Conversion of Public Corporations of Government Owned Business Undertakings into Public Companies Act No.23 of 1987 and reregistered under the Companies Act No.7 of 2007. Horana Plantations PLC has been listed on the Colombo Stock Exchange (CSE) since 1996, under the stock symbol HOPL. N0000.
Location of its Head Office	No. 400, Deans Road, Colombo 10
Countries of Operation	Sri Lanka

During the financial year 2025/26, Horana Plantations PLC changed its organizational logo.


horana
Plantations

OUR PLANTATIONS

1. Alton Estate

- ✓ Planting District - **Nuwara Eliya**
- ✓ Crop - **Tea**
- ✓ Extent - **350 (Ha)**
- ✓ Elevation (Ft) - **4,700-5,550**
- ✓ Garden Mark - **Alton**
- ✓ MF No - **MF 0769**
- ✓ Production (Kg'000) - **Tea -325**
- ✓ Employee Strength - **307**



2. Fairlawn Estate

- ✓ Planting District - **Nuwara Eliya**
- ✓ Crop - **Tea**
- ✓ Extent - **448 (Ha)**
- ✓ Elevation (Ft) - **4,500-4,870**
- ✓ Garden Mark - **Fairlawn**
- ✓ MF No - **MF 0584**
- ✓ Production (kg'000) - **Tea -237**
- ✓ Employee Strength - **419**



3. Gouravilla Estate

- ✓ Planting District - **Nuwara Eliya**
- ✓ Crop - **Tea**
- ✓ Extent - **381 (Ha)**
- ✓ Elevation (Ft) - **3,600-5,300**
- ✓ Garden Mark - **Gouravilla**
- ✓ MF No - **MF 0066**
- ✓ Production (Kg'000) - **Tea -473**
- ✓ Employee Strength - **356**



4. Mahanilu Estate

- ✓ Planting District - **Nuwara Eliya**
- ✓ Crop - **Tea**
- ✓ Extent - **236 (Ha)**
- ✓ Elevation (Ft) - **4,500-5,000**
- ✓ Garden Mark - **Mahanilu**
- ✓ MF No - **MF 0044**
- ✓ Production (kg'000) - **Tea -176**
- ✓ Employee Strength - **202**



5. Stockholm Estate

- ✓ Planting District - **Nuwara Eliya**
- ✓ Crop - **Tea**
- ✓ Extent - **305 (Ha)**
- ✓ Elevation (Ft) - **4,800**
- ✓ Garden Mark - **Stockholm**
- ✓ MF No - **MF 0159**
- ✓ Production (kg'000) - **Tea -270**
- ✓ Employee Strength - **483**



6. Bambrakelly Estate

- ✓ Planting District - **Nuwara Eliya**
- ✓ Crop - **Tea**
- ✓ Extent - **591 (Ha)**
- ✓ Elevation (Ft) - **4,200-5,400**
- ✓ Garden Mark - **Bambrakelly**
- ✓ MF No - **MF 0568**
- ✓ Production (kg'000) - **Tea -335**
- ✓ Employee Strength - **389**



7. Eildon Hall Estate

- ✓ Planting District - **Nuwara Eliya**
- ✓ Crop - **Tea**
- ✓ Extent - **162 (Ha)**
- ✓ Elevation (Ft) - **4,430**
- ✓ Garden Mark - **Eildon Hall**
- ✓ MF No - **MF 0829**
- ✓ Production (kg'000) - **Tea -164**
- ✓ Employee Strength - **169**



8. Tillicoultry Estate

- ✓ Planting District - **Nuwara Eliya**
- ✓ Crop - **Tea**
- ✓ Extent - **377 (Ha)**
- ✓ Elevation (Ft) - **4,200-5,000**
- ✓ Garden Mark - **Mousa Ella**
- ✓ MF No - **MF 0715**
- ✓ Production (kg'000) - **Tea -261**
- ✓ Employee Strength - **194**



9. Millakanda Estate

- ✓ Planting District - **Kalutara**
- ✓ Crop - **Tea**
- ✓ Extent - **387 (Ha)**
- ✓ Elevation (Ft) - **100**
- ✓ Garden Mark - **Cristombu/Mihirigeekelle**
- ✓ MF No - **MFB1280**
- ✓ Production (kg'000) - **Tea-119**
- ✓ Employee Strength - **198**



10. Halwatura Estate

- ✓ Planting District - **Kalutara**
- ✓ Crop - **Rubber/ Oil Palm**
- ✓ Extent - **612 (Ha)**
- ✓ Elevation (Ft) - **396-825**
- ✓ Garden Mark - **Halwatura**
- ✓ Production (kg'000) - **Rubber-53/ Oil Palm - 266**
- ✓ Employee Strength - **79**



11. Hillstream Estate

- ✓ Planting District - **Kalutara**
- ✓ Crop - **Rubber**
- ✓ Extent - **400 (Ha)**
- ✓ Elevation (Ft) - **429**
- ✓ Garden Mark - **Hillstream**
- ✓ Production(kg'000) - **Rubber-26**
- ✓ Employee Strength - **87**



12. Neuchatel Estate

- ✓ Planting District - **Kalutara**
- ✓ Crop - **Rubber/ Oil Palm**
- ✓ Extent - **902 (Ha)**
- ✓ Elevation (Ft) - **172-495**
- ✓ Garden Mark - **Neuchatel**
- ✓ Production (kg'000) - **Rubber-118/ Oil Palm - 2,026**
- ✓ Employee Strength - **339**



13. Mirishena Estate

- ✓ Planting District - **Kalutara**
- ✓ Crop - **Rubber/ Oil Palm**
- ✓ Extent - **504 (Ha)**
- ✓ Elevation (Ft) - **246-330**
- ✓ Garden Mark - **Mirishena**
- ✓ Production (kg'000) - **Rubber-64/ Oil Palm - 911**
- ✓ Employee Strength - **70**



14. Frocester Estate

- ✓ Planting District - **Kalutara**
- ✓ Crop - **Rubber/ Oil Palm**
- ✓ Extent - **864 (Ha)**
- ✓ Elevation (Ft) - **165-330**
- ✓ Garden Mark - **Frocester**
- ✓ Production (kg'000) - **Rubber 154/ Oil Palm - 314**
- ✓ Employee Strength - **240**

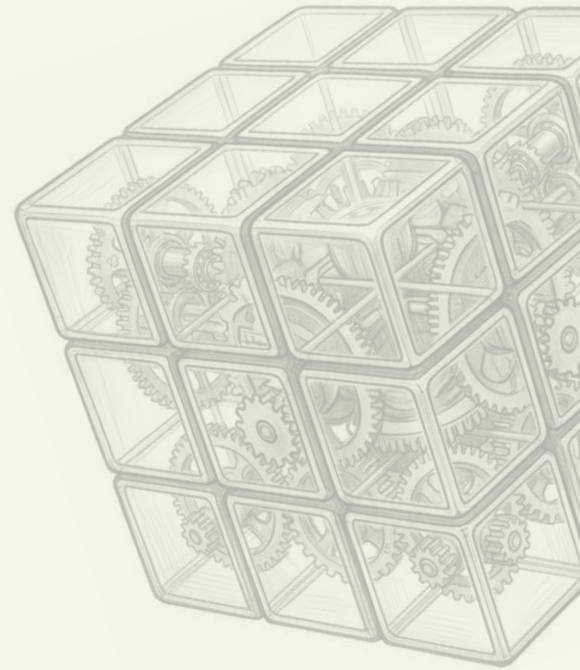


Nuwara Eliya District



Kalutara District

Directions to each estate location can be accessed by scanning the QR codes above



HISTORICAL MILESTONES

1992

Horana Plantations Limited (HPL) was Incorporated on 22nd of June 1992, under the Companies Act No 17 of 1982.

1996

Ordinary shares of the Company were listed on the CSE and trading commenced on 12th .February 1996

1997

Fairtrade Certification for Stockholm and Alton Estates

1995

The long-term lease period was reduced from 99 years to 53 years with retrospective effect from 22nd of June 1992, to 21st June 2045.

Bonus share issue of 19,500,000 Ordinary Shares of Rs 10/- and a single Golden Share of Rs 10/- favouring the Secretary to the Treasury.

Mn, 6% convertible debentures 5 of Rs 10/- each, issued to Ceyexxe Plantations Ltd. ((Managing Agent

Since the privatisation, 1st dividend of Rs. 30 Mn paid on .26th June 1996

2022-23

Change of Ownership - The Company became a subsidiary of Hayleys Plantation Services (Pvt) Ltd., and ultimate parent company of Hayleys PLC.

Great Place to Work Certified & recognised as one of the 15 best workplaces in the manufacturing and production industry.

Solar Project Registered under the Sri Lanka Carbon Crediting Scheme (SLCCS) as the 7th project in Sri Lanka.

Achieved the highest PBT of Rs. 657 Mn.

Bronze Award for the Plantation Sector at the 57th Annual Report Awards 2022 at CA Sri Lanka TAGS Awards.

2021-22

Runners-up – Agriculture & Plantation sector, Merit Award in CSR at National Business Excellence Awards)

Commenced Rooftop Solar Power project covering 5 Tea Factories in Upcot.

Created an 18 km "Peak-Ridge Forest Corridor" cutting across Stockholm, Mahanilu and Alton estates.

Bronze Award for the Plantation sector at the 56th Annual Report Awards 2021 at ICSL Awards.

2020-21

1st Plantation Company in Sri Lanka to obtain Eco Label Certification.

GHG/ Carbon foot Print Certification.

ISO 14001: 2015 Certification for Gouravilla Estate.

2018-19

Introduced electronic weighing scale & web-based performance monitoring system for Upcot Estates.

2023-24

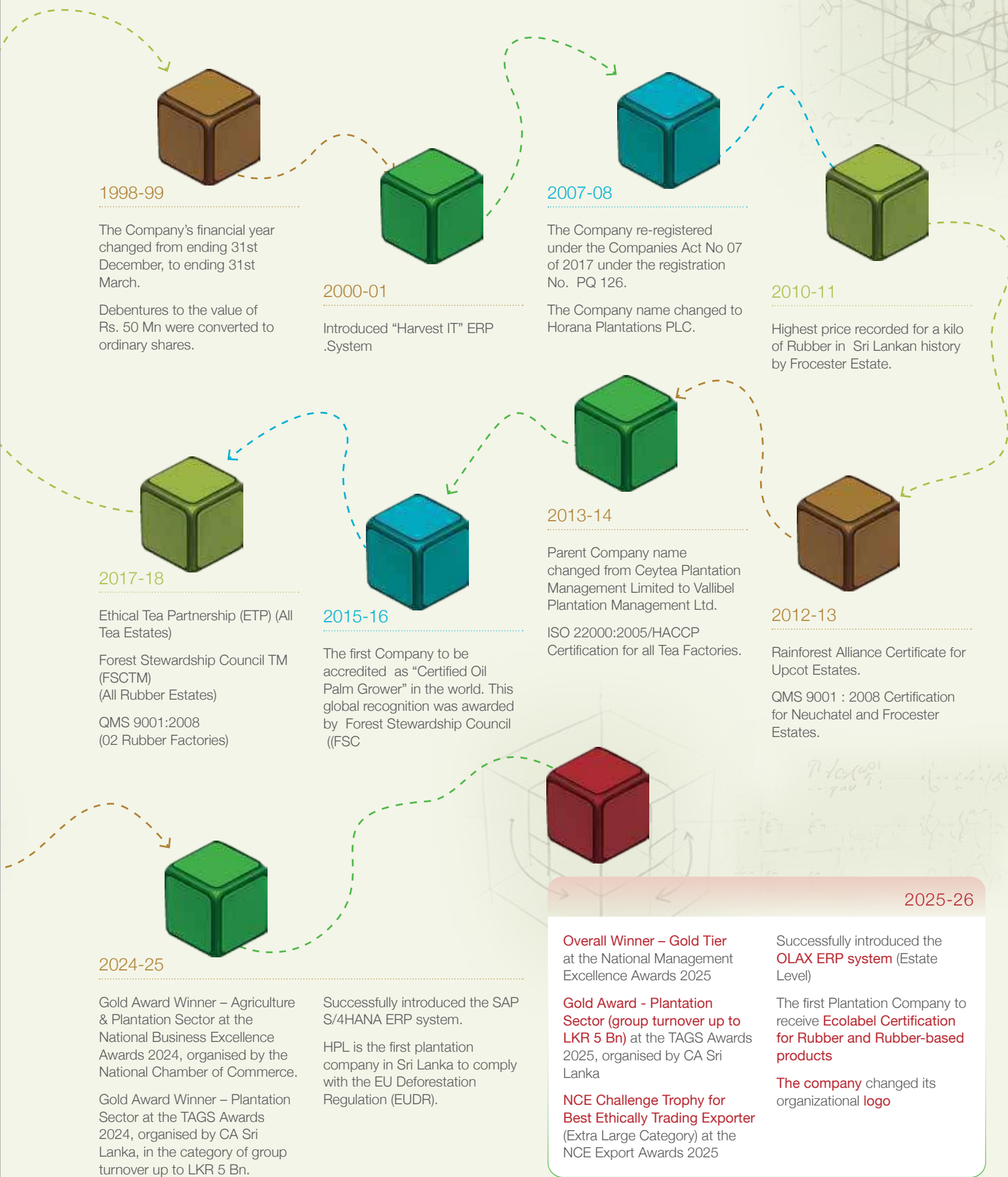
Gold Award - Agriculture Sector, at Best Presented Annual Report -2021/22 Awards and Integrated Reporting Awards - South Asian Federation of Accountants.

Silver Award for the Plantation sector at the 58th Annual Report

Awards 2023 at CA Sri Lanka TAGS Awards.

HPL is the first Asian company that has been certified under the Ecosystem Restoration Verification (ERV) program





OUR BUSINESS

GRI 2-6

Business Sector

There have been no changes to the Company's activities, products and services, business relationships, value chain and supply chain, from the previous reporting period.

HPL business sector is the plantations sector and HPL's primary activity is the management of Tea and Rubber estates and the cultivation, manufacture and sale of plantations produce. HPL has diversified its portfolio to include Oil Palm, Coconut, Coffee and Other Agricultural Produce, which are cultivated in the Company's Tea and Rubber estates. HPL manages 14 estates that are accredited for international quality and ethical production.

Activities, Products and Markets

HPL Activities	HPL Products	Markets Served
Tea cultivation in 9 Tea Estates - Alton Estate - Fairlawn Estate - Gouravilla Estate - Stockholm Estate - Mahanilu Estate - Bambrakelly Estate - Eildon Hall Estate - Tillicoultry Estate - Millakanda Estate		
Tea produced in 8 Tea Factories in bulk form	- Fair-trade Certified Teas - Orthodox Rotorvane type of Small Grade Teas - High Grown Orthodox Semi Leafy Grade Teas - Flavoured Teas - Single Origin Teas	Local and Export Market (Through Colombo Tea Auction and Direct exports)
Value Added Tea	- Single Garden Teas - Flavoured Teas to be marketed under the HPL brand.	Local and Export markets
Rubber cultivation in 5 Rubber Estates - Halwatura Estate - Hillstream Estate - Neuchatel Estate - Mirishena Estate - Frocester Estate		
Rubber produced in 3 Rubber Estates	- Sole Crepe - FUB, UFUB - Council Certified Rubber - Thick Crepe - Forest Stewardship	Local and Export markets (Through Auctions and Direct Marketing)
Value Added Rubber	- Coloured Sole Crepe - Pale crepe	Local and Export Markets
Oil Palm Cultivation	Oil Palm (Fresh Fruit Bunches)	Local Palm Oil Manufacturers
Coconut Cultivation	- Coconut - Coconut Oil	Local Consumers
Cinnamon Cultivation	Cinnamon and Cinnamon Leaf Oil	Local Consumers

GRI 2-28

ASSOCIATIONS

In today's dynamic business environment, strategic partnerships are essential to driving sustainable growth and fostering innovation. HPL places significant emphasis on cultivating strong and meaningful affiliations to enhance its capabilities and deliver greater value to stakeholders. Through these partnerships, we harness synergies, strengthen operational excellence, and pursue mutually beneficial opportunities that support long term success. aligned opportunities.

Colombo Tea Traders Association



Colombo Rubber Traders Association



The Employers' Federation of Ceylon



The Planters Association of Ceylon



Palm Oil Industry Association of Sri Lanka



AFFILIATIONS

 <i>Sri Lanka Tea Board</i>	 <i>Save the Children - Sri Lanka</i>	 <i>Ministry of Plantation Industries</i>
 <i>National Institute of Plantation Management</i>	 <i>Tea Research Institute of Sri Lanka</i>	 <i>Biodiversity Sri Lanka</i>
 <i>The Ceylon Chamber of Commerce</i>	 <i>Rubber Research Institute of Sri Lanka</i>	 <i>Wildlife and Nature Protection Society</i>
 <i>Plantation Human Development Trust (PHDT)</i>	 <i>Coconut Research Institute of Sri Lanka</i>	 <i>Sri Lanka Association for the Advancement of Quality and Productivity</i>
 <i>Department of Labour</i>	 <i>Coconut Cultivation Board</i>	 <i>The Centre for Child Rights and Business</i>
 <i>United Nations Global Compact (UNGC)</i>	 <i>United Nations Development Programme</i>	 <i>Wayamba University of Sri Lanka</i>

OUR BUSINESS

GRI 2-6

Our Supply Chain

Please refer the UNGC disclosures and GRI Procurement Practices, in Social and Relationship Capital Page 173

Entities downstream from the Organisation and their Activities

Downstream entities are mainly Tea and Rubber brokers and Other Agricultural Produce marketers that are involved in exporting and marketing HPL produce. HPL's dealing with these entities are conducted through contractual agreements and HPL has no further connection to these entities.



- Suppliers of Input Materials and Equipment
- Suppliers of Financial Services, Energy and Utilities
- Sri Lanka Customs and other Regulators
- Accreditation service providers



- Transport Providers
- Warehousing Providers
- Auction Centres



- Buyers, Brokers, Exporters, Retailers
- Regulators related to Exports and Food Safety

Other relevant Business Relationships

Relevant Business Relationships - other than the Upstream, Midstream and

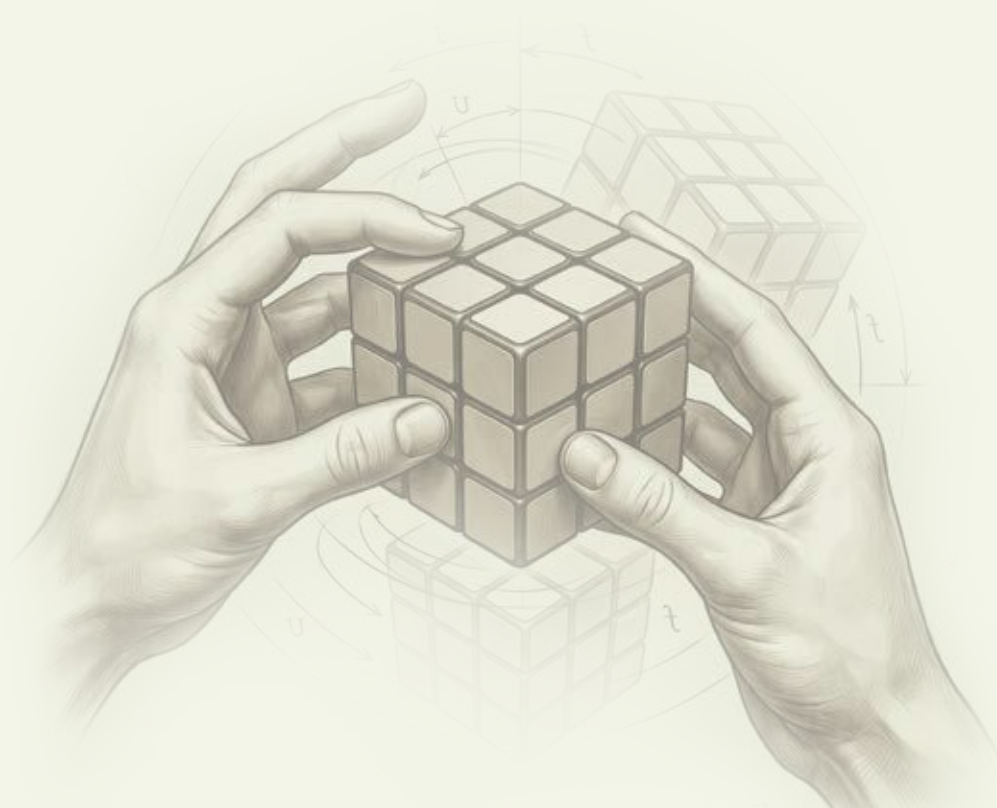
Downstream entities- include:

- Joint Venture Partners
- Accreditation/Certification Providers
- Technical Institutions
- National and Non-Governmental Organisations that engage with the Company to provide Social Welfare facilities for Estate Communities

Significant changes in the Supply Chain

There were no significant changes to HPL's Supply Chain and Supply Chain Entities

during the current financial year, compared to the previous year.



OUR SOCIAL AND ECONOMIC IMPACT

At Horana Plantations, we believe that the prosperity of our estates is inseparable from the wellbeing of our communities. Our plantations are not just fields of tea and rubber they are centers of opportunity, learning, and growth for the people who live and work alongside us. Every decision we make is guided by the principle that sustainable business is built on thriving communities

COMMUNITY WELLBEING

We support over **7400** families



with access to education, healthcare, and housing. Initiatives include 01 scholarships, 689 awareness programs, and 22 annual medical camps-empowering communities and nurturing long term growth. Through the development of infrastructure such as roads, community centers, and educational facilities, we help create lasting value for the regions where we operate.



01

Scholarships



689

Awareness Programs



22

Medical Camps

EMPLOYEES AND ECONOMIC CONTRIBUTION

Our plantations provide **3591** direct jobs



and hundreds of indirect roles in local supply chains. We disburse Rs 2,317 Mn of benefits across our cadre. Through fair wages, safe working conditions, and skill-building initiatives, we strengthen both livelihoods and the regional economy.



BROADER SOCIO ECONOMIC BENEFITS



Beyond our direct operations, we make a meaningful contribution to the national economy through foreign exchange earnings generated from our export markets, supporting Sri Lanka's balance of payments and global trade presence.

Our business creates and distributes value across multiple stakeholders:

Government through taxes and statutory payments that contribute to national development - **Rs 79Mn**

Capital providers through responsible servicing of debt and financial obligations

Shareholders through the distribution of dividends and long term value creation **Rs 53Mn** dividend

We are equally focused on how this value is created. Our ongoing investments in renewable energy initiatives and circular resource management practices reflect our commitment to reducing environmental impact while improving operational efficiency.

BUSINESS MODEL

CAPITAL INPUTS

CAPITAL RESOURCES AND ADOPTIONS



Financial Capital

"Creating Momentum"

Each system adjustment creates value and through diversification, market expansion and value added products, strengthens financial resilience and keeps the model sustainable, competitive and adaptable.



Manufacturing Capital

"Building the System"

Structure provides the framework that holds complexity together: Horana Plantations' estates, factories and infrastructure form its operational backbone and through modernization, efficiency gains and sustainable energy integration the company keeps systems strong, reliable and future ready ensuring the whole operation functions in harmony



Social and Relationship Capital

"Every Connection Creates Alignment"

Strong relationships with communities, customers, suppliers and stakeholders built on trust, collaboration and shared value connect every part of the business and keep progress balanced and meaningful



Intellectual Capital

"Solving with Intelligence"

Digital transformation, research and innovation enhance precision and efficiency, while data and knowledge continuously refine operations for better decisions and stronger outcomes



Natural Capital

"Where Alignment Begins"

The natural environment is the foundational layer of our system by conserving biodiversity, using regenerative practices and managing land sustainably, we maintain the soil, water and climate conditions that keep the plantations stable and resilient



Human Capital

"Every Turn is People Led"

People are the driving force of our system by empowering employees, estate workers, families and communities through education, wellbeing and inclusive growth, we ensure progress benefits those who make it possible.

OUR INPUTS

Rs. 1,003 Mn
Equity Capital

Rs. 1,959 Mn
Debt Capital

Rs. 5,472 Mn
Total Assets

14
Estate

6,519
Land Extent (Ha)

38
Rooftop Solar
units

2
Mini Hydropower
Plants

5 No of brokers **24 Bought** Leaf Suppliers **29,070** Estate Resident Community

- ✓ Procurement Best Practices
- ✓ Global best practices estate manufacturing quality
- ✓ Service Providers Selection Policy
- ✓ Community Investment Strategy

- ✓ Certifications and Licenses
- ✓ Long standing brand reputation
- ✓ Innovation strategy
- ✓ Knowledge-based systems
- ✓ Industry memberships
- ✓ Business Ethics

- ✓ Environmental Policy
- ✓ Environmental Compliance
- ✓ Environmental Best practices
- ✓ GHG Inventory Report
- ✓ Organic fertiliser manufacturing project
- ✓ Investment in energy efficient infrastructure

3,591 Employees

- ✓ Competitive Remuneration
- ✓ Motivation and Rewards
- ✓ Training and Development
- ✓ Industrial Relations Framework

VALUE GENERATING PROCESSES



Vision

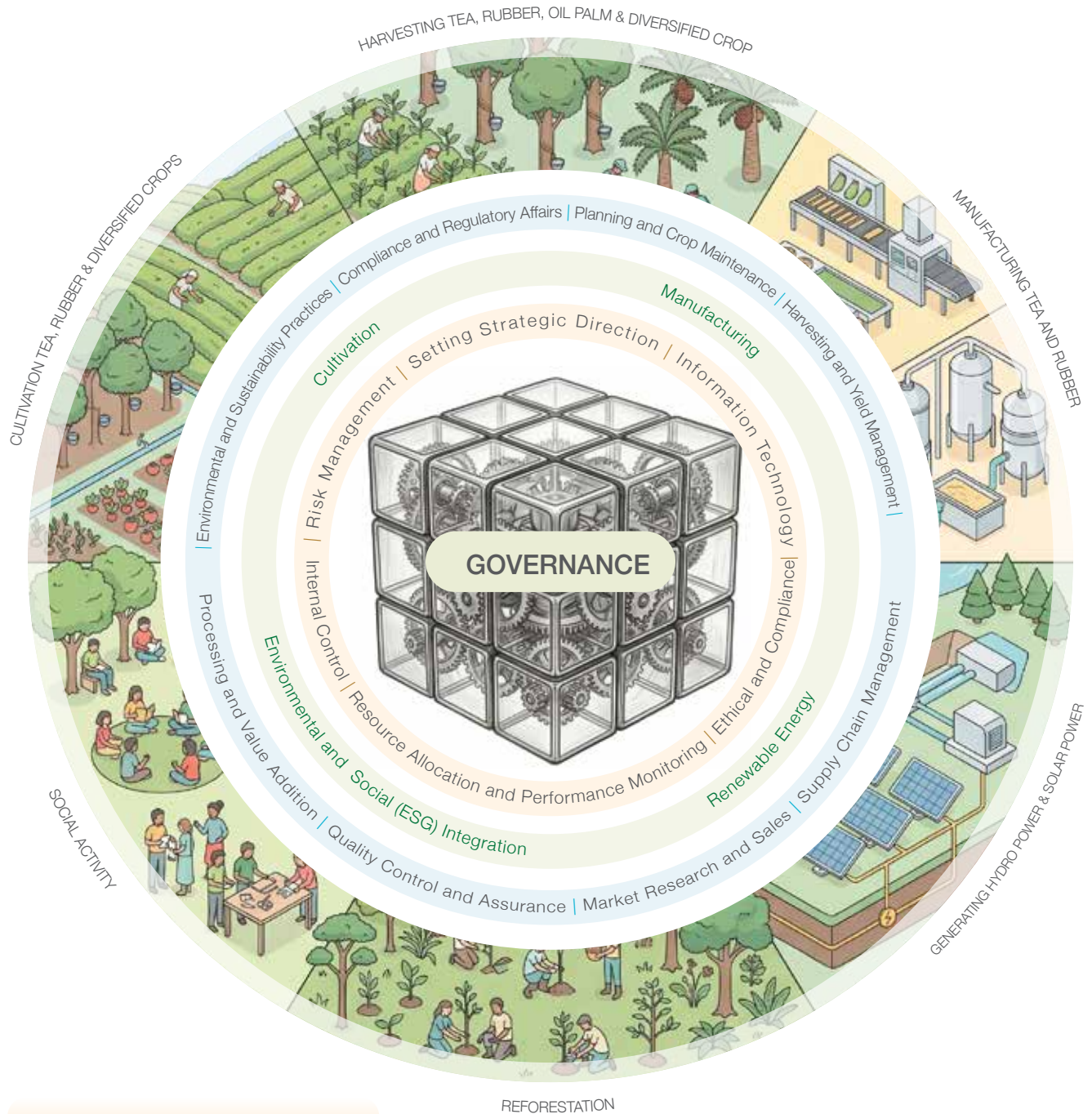
TO BE THE FOREMOST PRODUCER AND MARKETER OF TEA, RUBBER, OIL PALM & OTHER ANCILLARY CROPS IN SRI LANKA



Mission

TO ADOPT THE BEST AGRICULTURAL PRACTICES, MEASURING RETURNS AGAINST A LONG TERM INVESTMENT HORIZON.

OUR BUSINESS ACTIVITIES



SUPPORTING SERVICES (Hayleys Group)

Group Plantation Cluster

Group Management Committee

Group Procurement

Group Finance - Tax & Treasury

Group HR & Legal

Group IT

Company Secretary

Group ESG

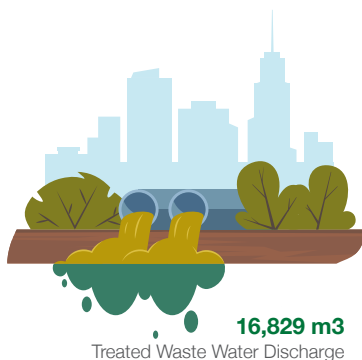
BUSINESS MODEL

OUTPUTS

PRODUCTS & SERVICES

- Black Tea
- Value Added Tea
- Crepe Rubber
- Sole Crepe Rubber
- Oil Palm (FFB)
- Coconut
- Coconut Oil
- Cinnamon
- Cinnamon Oil
- Coffee/Pepper
- Value Added Coffee
- Bottled Bee Honey
- Bee Honey Jar
- Greenhouse Products
- Fruits
- Solar Power
- Hydro Power
- Holiday Bungalows

WASTE AND EMISSIONS



OUTCOMES

CAPITAL OUTCOMES



Financial Capital

- Rs. 3,950 Mn Revenue
- Rs. 216 Mn Profit Before Tax
- 13% ROCE
- 14% ROE
- 2 Times Interest Coverage Ratio



Manufacturing Capital

- 2.4 Mn Kg Tea Production
- 0.4 Mn Kg Rubber Production
- 3.5 Mn Kg Oil Palm Production
- 0.2 Mn Nuts Coconut Production



Social and Relationship Capital

- Rs. 173Mn Bought Leaf Supplier Payments
- Zero Incidents of Non-compliance
- 69 New Housing Units
- 22 Medical Camps



Intellectual Capital

- 6 Innovations
- 4 Research & Development
- 15 Certifications
- 1 New Value Added Product



Natural Capital

- 1,243 Mwh Generated Through Renewable Energy
- 166 Tonnes Own Compost Production
- 245.25 Ha Conservation Extent
- 2 Garden Marks Carbon Neutral Tea
- 38 Solar units



Human Capital

- 19,296 Total Training hours
- 82 Training Events
- Rs. 2,286 Mn Value of Benefits Distributed
- Rs. 1 Mn Revenue per employee

EFFORTS TO SUSTAIN VALUE

- Maximizing Profits
- Developing Financial Scenarios
- Manage Relationships
- Tracking Liquidity and Cash Flow
- Strong Earnings Per Share

- Additional Revenue Streams
- Improvement in overall estate Productivity
- Increase in Production Capacity

- Improved Industry Standards
- Enhanced Quality of Teas
- Improved reliability of the Supply Chain
- Enhanced Operational Efficiency

- Enhance Brand Reputation
- Better Monitoring and Oversight
- Reduction the impact of Climate Change
- Competitive Edge through Innovation

- Investments in long term Renewable Energy Solutions
- Carbon Neutral Tea Production
- Rain Water Harvesting

- Increase in Plucker Output
- Higher Employee Productivity
- Investment in Training

SDGS



RESPONSIBLE OPERATIONS ACROSS OUR VALUE CHAIN



Sustainable Cultivation



Efficient Processing



Quality Assurance



Responsible Packaging



Reliable Distribution



Customer Satisfaction



BOARD OF DIRECTORS



A M PANDITHAGE
Chairman - Executive Director

Appointed as Executive Chairman on 10th March 2017
Appointed to the Board on 1st July 2013

Since assuming the role of Chairman and Chief Executive in Hayleys PLC in 2009, Mr. Mohan Pandithage's strategic vision has redefined the growth trajectory of Hayleys, transforming the Group to one of Sri Lanka's most diversified, sustainable and socio-economically impactful enterprises. His foresight in capturing emerging opportunities and driving strategic investments in key industries have significantly enhanced the Group's earnings potential and long term resilience and he was named as 'Business Leader For the Year 2025' by LMD. Mr. Pandithage is an accomplished industry veteran and respected leader in the field of transportation and logistics, having led the Group's Transportation Sector prior to this appointment as Chairman of the Group. He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport and has been honoured with the prestigious 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers, in recognition of his outstanding contributions to the industry. He was also inducted as a 'Legend of Logistics' by the Sri Lanka Logistics and Freight Forwarding Association.

He is a Fellow of the Chartered Institute of Logistics and Transport (UK) and a Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA). He also serves as a Council Member of the Employers' Federation of Ceylon.

Mr. Pandithage also serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka.

Mr. Pandithage is the Chairman and Chief Executive of Hayleys PLC and the Executive Chairman of Haycarb PLC, Dipped Products PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC, Singer (Sri Lanka) PLC, Alumex PLC, The Kingsbury PLC and Hayleys Leisure PLC. He also serves as a Non-Executive Director on the Board of Diesel & Motor Engineering PLC.



ROSHAN RAJADURAI
Managing Director

Appointed as Managing Director on 10th March 2017
Appointed to the Board on 15th November 2014

Mr. Roshan Rajadurai joined Hayleys Group in 2013 as a member of Group Management Committee for Plantations Sector.

He joined the Plantation Sector in 1983, and served in the Janatha Estates Development Board (JEDB) till privatization of Plantations in 1992 and counts over 42 years of planting experience. In 1992, he joined Hayleys Kelani Valley Plantations as Estate Group Manager and Kahawatta Plantations of Dilmah in 2002 as General Manager and was Director/CEO from 2008 to 2012.

He had been the Chairman of the Planters' Association of Ceylon, Board Member of the Sri Lanka Tea Board, Tea Research Institute, Rubber Research Board, Tea Small Holdings Development Authority and the Tea Council of Sri Lanka. He serves as Chairman of the Consultative Committee on Estates of Tea Research Board. He is a Member of the Board of Study in the Faculty of Agriculture and Plantation Management at Wayamba University, Board of Academic Affairs of the National Institute of Plantation Management. He served as Chairman of the Plantations Group in the Council for Agriculture Research and Policy (CARP). He serves in the Standing Committee on Agriculture of University Grants Commission and also, served as a member of Public Expenditure Review Committee (PERC) of Ministry of Plantations.

He holds a B.Sc Honours in Plantation Management, M.Sc. (OB), an MBA and an M.Sc. In Agriculture and Plantation Crops from the Post Graduate Institute of Agriculture, University of Peradeniya. He is a PhD in Management and a DSc in Agriculture.

He holds the position of Managing Director at;

Talawakelle Tea Estates PLC

Kelani Valley Plantations PLC

He also serves as a Director of Hayleys Plantation Services (Private) Limited. and our two subsidiary companies;

TTEL Hydro Power Company (Pvt) Ltd,

TTEL Somerset Hydro Power Company (Pvt) Ltd.



S C GANEGODA
Non-Executive Director

Appointed to the Board on 1st September 2017

Mr. Sarath Ganegoda is an accomplished corporate leader counting over 30 years of multifaceted experience across diverse industries, Mr. Ganegoda has held several senior leadership positions in large private sector organisations in Sri Lanka and overseas. Having served the Hayleys Group between 1987 and 2002, he rejoined in 2007 and was appointed to the Group Management Committee the same year. Mr. Ganegoda was appointed to Hayleys PLC Board on 24th September 2009. He is currently responsible for the Strategic Business Development Unit and Group Information Technology of Hayleys PLC. He is also the Deputy Chairman of Alumex PLC.

Mr. Ganegoda holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. He is a Fellow Member of CA Sri Lanka and a Member of the Institute of Certified Management Accountants of Australia.

Mr. Ganegoda is an Executive Director of Hayleys PLC and Non-Executive Director of Haycarb PLC, Dipped Products PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Singer (Sri Lanka) PLC, Hayleys Fabric PLC, The Kingsbury PLC and Hayleys Leisure PLC. He serves on the Boards of several private and unlisted public companies in the Hayleys Group.



K D G GUNARATNE
Non-Executive Director

Appointed to the Board on 4th December 2018

Mr. Gamini Gunaratne has held diverse leadership positions in both private and state sector organisations.

He previously served as Vice Chairman of National Water Supply and Drainage Board.

Mr. Gunaratne is the Chairman of Lanka Hotels and Residencies (Pvt) Ltd (Sheraton Colombo). He presently serves as a Non-Executive Director of Hayleys PLC, Dipped Products PLC, Vallibel Power Erathna PLC, Swisstek Ceylon PLC, East West Properties PLC, Hiru Rice Products (Private) Limited and Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT).



J A RODRIGO
Director/Chief Executive Officer

Appointed to the Board on 1st April 2020

Mr. Johann Rodrigo is a senior planter counting 37 years' experience under his cap and started his career as an Assistant Manager under JEDB.

Director of Ceylon Tea Museum and the Plantation Human Development Trust. He is an active Committee Member of Ceylon Planters' Provident Society & Estate Staffs' Provident Society.

Has been trained from the business school of management in Hyderabad, JASTICA in Japan and Child Protection In Emergencies from Thailand Under Save The Children.

Mr. Rodrigo played a key role in introducing Save the Children among plantation companies in Sri Lanka and one of the 1st signatories to Mother & Child Friendly Plantations concept.

BOARD OF DIRECTORS



T A B SPELDEWINDE
Senior Independent Director

Appointed to the Board on 11th August 2023

Mr. Timothy Speldewinde is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants, UK.

He possesses extensive experience in the management of local as well as international facilities and has been an integral member of the MAS Group for over 25 years. He served as the CEO of Stretchline Holdings headquartered in Hong Kong, with manufacturing facilities in Sri Lanka and overseas.

He currently serves as Independent Non-Executive Director of Hayleys PLC, Haycarb PLC, Hayleys Fabric PLC and Dipped Products PLC. He is an Independent Non-Executive Director and the Audit Committee Chairman of The Kingsbury PLC, Ceylon Grain Elevators PLC, Three Acre Farms PLC and WealthTrust Securities PLC. Mr. Speldewinde is a Director of Contemporary Ceylon (Pvt) Ltd.



M C B Talwatte
Independent Non-Executive Director

Appointed to the Board on 3rd January 2024

Mr. Malaka Talwatte is a long-standing business professional and holds a BEng (Hons) in Manufacturing Systems Engineering and an MSc in Engineering Business Management from the University of Warwick, UK.

He commenced his career at Nortel Networks in Project Management, with stints in Malaysia and Sri Lanka. With over two decades of management experience, Mr. Talwatte has made significant contributions to the success of businesses locally and internationally. His acumen for innovation and knowledge of the business landscape is evident in his role as a Founder-Director in Healthcare (Lifeline Pharmaceuticals, Credence Genomics), Technology (UPay), and Tourism ventures (Saffron Leisure, Plush Villas), two of which were acquired by publicly listed companies in Sri Lanka.

Formerly, he served as the Chairman of the Sri Lanka Broadcasting Corporation and currently serves as the Chair of the George Keyt Foundation, drawing on his extensive knowledge of Sri Lankan art to support the development of the arts in Sri Lanka.

Mr. Talwatte is Independent Non-Executive Director of Kelani Valley Plantations PLC and Talawakelle Tea Estates PLC. Executive Director of Saffron Leisure (Pvt) Ltd, Saffron Solutions (Pvt) Ltd and Saffron Investments (Pvt) Ltd.



MS. A I WANIGASEKERA
Independent Non-Executive Director

Appointed to the Board on 31st December 2024

Mrs. Anomi Wanigasekera is the Senior Partner of Julius & Creasy, a prominent law firm in Sri Lanka, founded in 1879 and also heads the Intellectual Property Division of the firm. Mrs. Wanigasekera is a leading Commercial Lawyer with a wealth of knowledge and extensive experience of over 42 years. Mrs. Wanigasekera holds a Master's degree from the University of Wales on International Trade Law and holds Diplomas in Intellectual Property Law, International Trade Law, Banking and Insurance Law of Institute of Advanced Legal Studies of the Incorporated Council of Legal Education expanding her legal knowledge in distinct fields of law. She has contributed to many local as well as international journals on different topics.

Mrs. Wanigasekera is a Life Member of the Bar Association of Sri Lanka and the Colombo Law Society. She is a member of the International Trademark Association (INTA) and co-chairs the INTA General Advisory Council South Asia region for the term 2026–2027. She is also a member of the INTA Unfair Competition Committee for the term 2026-2027. Mrs. Wanigasekera is a member and Councilor of the Asian Patent Attorneys Association (APAA) and the Vice president of the Sri Lanka Group. Mrs. Wanigasekera also overlooks drafting and reviewing of contracts and advises on regulatory compliance matters. Mrs. Wanigasekera has extensive experience in all Intellectual Property prosecution as well as enforcement matters and transactional matters.

Mrs. Wanigasekera serves as an Independent Non-Executive Director of Haycarb PLC and Dipped Products PLC.



MS. K A D S PERERA
Non-Executive Director

Appointed to the Board on 01st October 2025

Ms. Samara Perera has been actively involved in business projects and initiatives at both Hayleys PLC and Vallibel One PLC, where she gained extensive experience.

She is pursuing a Bachelor of Business with a strong passion for leadership, entrepreneurship and innovation.

Ms. Perera is a Non-Executive Director of The Kingsbury PLC and a Director of Manatee Clothing (Private) Limited.

MANAGEMENT TEAM

CORPORATE MANAGEMENT TEAM



1. **B C GUNASEKARA**
Director Plantations – Low Country

2. **D M P Weerasinghe**
Director Plantations – Up Country

3. **N A A K NISSANKA**
General Manager- Finance

4. **P S SAMARAKOON**
General Manager- Corporate Affairs

5. **B L W GUNAWARDENE**
General Manager - Marketing

6. **J R GUNATHILAKE**
Deputy General Manager – Finance



7. D C JEEWANTHA
Manager – Accounts &
Business Analyst

8. K R I BERNARD
Manager – Supplies

9. W C TILAKARATNE
Manager – Information
Technology

10. W M D K WEERASINGHE
Manager – Finance

11. G W L P A BANDARA
Manager – Certification and
Sustainability

MANAGEMENT TEAM

ESTATE MANAGEMENT TEAM

UP COUNTRY CLUSTER :



1. **N P SUDARSHAN**
Deputy General Manager
Gouravilla Estate

2. **G R T DAMINDA**
Deputy General Manager
Bambarakalley Estate/
Eildonhall Estate

3. **M H JAYALATH**
Estate Manager
Alton Estate

4. **P D B THELIJAGODA**
Acting Manager
Fairlawn Estate

5. **C L PALLIYAGURUGE**
Acting Manager
Stockholm Estate

6. **R D M ABEYDHEERA**
Acting Manager
Tillicoultry Estate

7. **Y R S KARUNANAYAKE**
Deputy Manager in Charge
Mahanilu Estate

LOW COUNTRY CLUSTER :



1. M A K G PERERA
Deputy General Manager
Mirishena Estate/Hillstream Estate

2. K D L G SANJEEWA
Senior Estate Manager
Frocester Estate

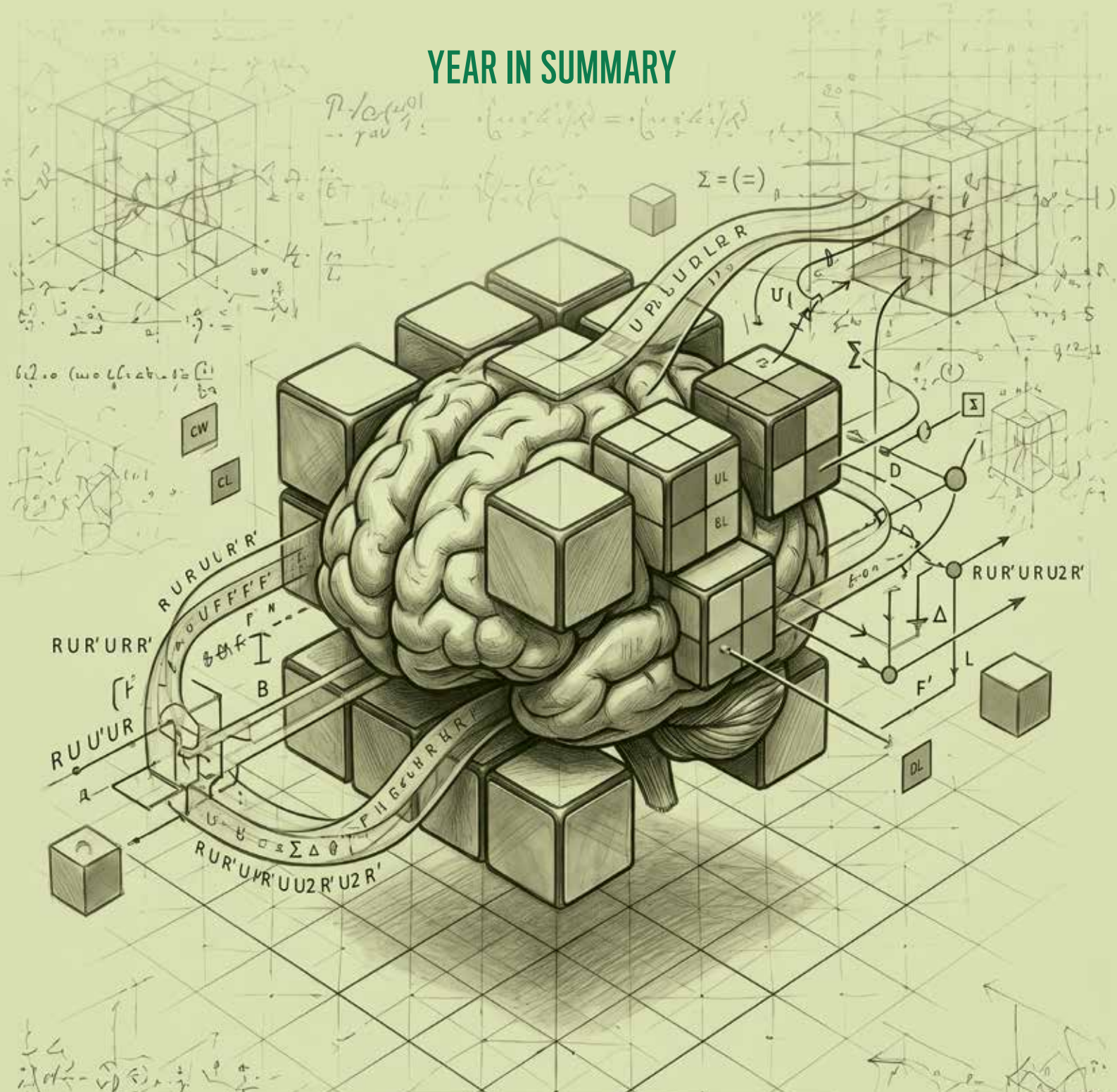
3. S H M GUNAWARDENA
Senior Estate Manager
Neuchatel Estate

4. P EPITAWALA
Estate Manager
Halwathura Estate

5. V KARUNARATHNA
Estate Manager
Millakanda Estate



YEAR IN SUMMARY



Before the Rubik's Cube became widely known, it began as a simple idea to solve a complex problem of how to demonstrate movement while keeping a structure connected.

At HPL, this reflects how we work. We operate in a changing environment where everything is connected. To manage this, we focus on understanding how each part affects the other. Our focus is on:

- ✓ Understanding complexity through clear perspectives
- ✓ Connecting individual actions to a unified direction
- ✓ Building a structured path for continuous progress

We believe that clarity begins with understanding, and that even the most complex systems can be managed through thoughtful design and insight.

FINANCIAL PERFORMANCE

As at 31st March	2026 Rs'000	2025 Rs'000	Change %
Revenue	3,950,039	3,697,217	6.8
Gross Profit	652,379	731,821	(10.9)
Profit from Operations	378,782	459,522	(17.6)
Net Finance Expenses	(162,472)	(154,099)	(5.4)
Profit before Taxation	216,310	305,423	(29.2)
Tax Expense	(78,907)	(124,793)	36.8
Profit after Taxation	137,403	180,630	(23.9)
Other Comprehensive Expense	252	(81,762)	99.7
Total Comprehensive Income	137,655	98,868	39.2

Financial Position

Shareholders' Funds	1,003,169	918,014	9.3
Borrowings	1,959,078	1,838,232	6.6
Total Liabilities (Excluding Borrowings)	2,509,324	2,346,213	7.0
Total Assets	5,471,571	5,102,459	7.2

Cash Flows

Operating Activities	357,839	570,494	(37.3)
Investing Activities	(380,473)	(431,720)	(11.9)
Financing Activities	(61,497)	(406,485)	(84.9)
Total Net Cash Outflow for the period	(84,131)	(267,711)	(68.6)
Cash & Cash Equivalents at the end	(628,264)	(544,133)	15.5

Key Indicators per Ordinary Share

Earnings per Share (Rs. Cts.)	5.50	7.23	(24)
Market Price per Share (Rs. Cts.)	46.90	44.40	5.6
Dividend per Share (Rs. Cts.)	2.10	2.45	(14.3)
Net Assets per Share (Rs. Cts.)	40.13	36.72	9.3
Price-Earnings Ratio (times)	8.53	6.14	38.9
Earnings Yield (%)	11.72	16.28	(28.0)

Key Ratios

Current Ratio (times)	0.59	0.57	3.5
Interest Cover (times covered)	2.33	2.98	(21.8)
Revenue to Capital Employed (times)	1.33	1.34	(0.7)
Property, Plant & Equipment to Shareholders' Equity (times)	0.74	0.74	-
Gross Profit Margin (%)	16.52	19.79	(16.6)
Operating Profit Margin (%)	9.59	12.43	(22.8)
Net Profit Margin (%)	3.48	4.89	(28.8)
Return on Equity (%)	13.70	19.68	(30.4)
Return on Capital Employed (%)	12.79	16.67	(23.3)
Gearing (%)	66.13	66.69	(0.8)
Equity to Total Assets Ratio (%)	18.33	17.99	1.9

REVENUE (Rs' 000)

3,950

Change %

+6.8 ▲

vs 2024/25

MARKET PRICE PER SHARE (Rs. Cts.)

46.9

Change %

+5.6 ▲

vs 2024/25

SHAREHOLDERS' FUNDS (Rs' 000)

1,003

Change %

+9.3 ▲

vs 2024/25

PRICE-EARNINGS RATIO (Times)

8.53

Change %

+39 ▲

vs 2024/25

ESG PERFORMANCE

TOTAL NO OF EMPLOYEES

3591

Change %

+14 ▲

vs 2024/25

EMPLOYEE TURNOVER (%)

5

Change %

(67) ▼

vs 2024/25

TRAINING HOURS PER EMPLOYEE (Hours)

41

Change %

+173 ▲

vs 2024/25

RENEWABLE ENERGY GENERATION (Gj)

4,477

Change %

+39 ▲

vs 2024/25

As at 31st March

	Section	2026	2025	Change %
Environmental Performance				
Inputs/ Resources				
Total Energy Consumption (Gj)	2.1	144,651	142,505	1.5
Renewable Energy Consumption (Gj)	2.1	128,422	124,908	2.8
Non-renewable Energy Consumption (Gj)	2.1	16,228	17,597	(7.8)
Renewable Energy Generation (Gj)	2.2	4,477	3,219	39
Waste Water Generation (m3)	2.3	16829	20,653	(18.5)
Emissions				
Scope 1 (Direct) (tCO2e)	2.4	3,871	4,148	(7.1)
Scope 2 (Indirect) (tCO2e)	2.4	1,059	1,116	(5.1)
Scope 3 (Indirect) (tCO2e)	2.4	174	660	(73.6)
Investment in Environment and Biodiversity Conservation				
Investment in Environment and Restoration Projects (Rs. Mn)	3.8	39.9	39.3	2
Social Performance				
Employees				
Total Employees	3.1	3,591	3,149	14
Employee Turnover (%)	3.1	5	15	(66.7)
Female Employees as a % of Total Employees (%)	3.1	53	54	(1.9)
Employee Trust Index (%)	3.2	97	99	(2.0)
Average Training Hours per Employee	3.3	41	15	<100
Investment in Training (Rs. Mn)	3.4	6.2	3.6	72.2
Gender in Leadership Positions (ratio men:women)	3.5	49:10	10:3	
Total Number of Injuries	3.6	5	6	25.5
Total Employee Benefits Distributed (Rs. Mn)	3.7	2,317	1,846	25.5
Community				
Investment in Health and Nutrition (Rs. Mn)	3.8	75.8	86.2	(12.1)
Investment in Capacity Building (Rs. Mn)	3.8	3.1	5.4	(42.6)
Investment in Community Empowerment (Rs. Mn)	3.8	29	19.5	48.7
Donations and Other Welfare Activities (Rs. Mn)	3.8	42.5	37.9	12.1
Value Chain				
Customer Satisfaction Index (%)	3.9	88	88	-
Customer rejections and complaints	3.9	13	10	30
Governance Performance				
Board Composition				
Board Position (ratio Independent:Non independent)	4.1	3:6	3:6	-
Values				
Number of whistle-blower cases reported and resolved	4.2	-	-	-
Management Systems				
Total number of audits conducted on management systems	4.3	15	15	-
Number of non-compliances of management systems	4.3	-	-	-
ESG Steering Committee meetings	4.4	5	5	-

Note- Basis of Preparation (Section 1) and Measurement basis (Section 2 to 4) are the described in Page 339 to 340.

E-BRIDGE

BRIDGING YOUNG MINDS TO A DIGITAL FUTURE

At Horana Plantations PLC (HPL), we believe sustainability begins with people. While we nurture land and safeguard biodiversity, we also carry a responsibility to invest in the next generation of estate communities. Education remains one of the most powerful enablers of social mobility, dignity, and long term resilience.

With this conviction, and in alignment with key United Nations Sustainable Development Goals (SDGs), we partnered with Ahmad Tea to establish the E-BRIDGE E-Learning Centre at Alton Estate, serving children across the Upcot cluster.

This initiative contributes to:



SDG 4: Quality Education

Expanding access to **inclusive** and **equitable learning** opportunities



E-BRIDGE E-Learning Centre



SDG 10: Reduced Inequalities



Target 10.2 Promote universal social, economic and political inclusion **Target 10.3** Ensure equal opportunities and end discrimination

SDG 8 - Promoting decent work and economic growth

Target 8.6: Promote youth employment, education and training



SDG 5: Gender Equality

Target 5.B Promote empowerment of women through technology, supported by the provision of separate sanitation facilities for girls



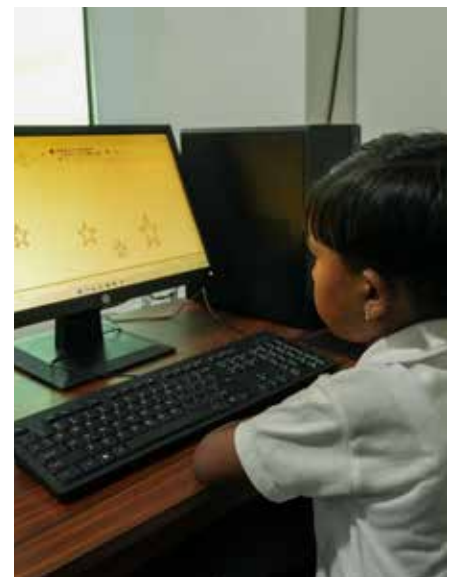
We created E-BRIDGE in response to a clear and urgent need. Many children in plantation communities rely solely on under resourced rural schools. They have limited exposure to spoken English, minimal access to computers, and little familiarity with digital platforms. As education and employment increasingly depend on technology, this gap threatened to widen inequality.

We witnessed capable students hesitate during scholarship applications and struggle with online learning tools not because they lacked intelligence, but because they lacked access. That realisation compelled us to act.

BUILDING CAPACITY, NOT OFFERING CHARITY

Rather than funding short term tuition classes, we chose to build permanent digital capacity within the estate. E-BRIDGE accommodates 20 students per session, each with individual access to a computer and reliable internet connectivity. Multimedia tools support interactive learning, allowing children to engage confidently with technology rather than fear it.

The centre goes beyond ICT instruction. We established a mini library that nurtures curiosity and independent learning. Children explore English language resources, ICT materials, storybooks, environmental education texts, poetry, puzzles, and health related content. Through reading, they strengthen



One mother shared that her daughter had never touched a computer before joining the centre. Within months, the child confidently created digital drawings and paintings an early sign of how access unlocks expression and imagination.

language proficiency, creativity, and critical thinking.

We also designed the centre to reflect our commitment to dignity and inclusion. Separate sanitation facilities for girls and boys ensure safety and comfort. Educational wall displays highlight environmental protection, wildlife conservation, water stewardship, waste reduction, and health awareness reinforcing the broader ESG values that guide HPL's operations.

A SHIFT IN CONFIDENCE

The impact of E-BRIDGE extends beyond digital literacy. We see children raise their hands more confidently. We hear them speak in English without hesitation. We observe them navigate software tools independently and participate in online academic activities with assurance.

Before E-BRIDGE, structured digital exposure did not exist within the estate. Today, ICT learning forms a regular part of children's educational journey. Parents express pride. Estate employees recognise the long term value of investing in their children's future.

STRATEGIC RELEVANCE

E-BRIDGE reflects HPL's broader sustainability strategy:



We view education not as philanthropy, but as a strategic investment in the social capital that sustains our business and our communities. When children gain confidence, families gain hope. When communities gain skills, estates gain resilience.

E-BRIDGE stands as more than a learning centre. It represents a promise to equip young minds with tools that allow them to participate fully in a digital world and dream beyond the boundaries that once defined plantation life.



ECO-PULSE

RESTORING A RARE CLOUD FOREST ECOSYSTEM

Eco-Pulse establishes a benchmark for high altitude ecosystem restoration within Sri Lanka's plantation sector. We intend to strengthen biodiversity indexing, expand monitoring frameworks, and explore broader conservation education initiatives in future phases.

Natural capital underpins plantation sustainability. Water security, climate regulation, soil stability, and biodiversity resilience directly influence operational continuity and long term value creation.

Within Bambrakelly Estate, the Dell Mountain Range rises above 6,000 feet, sheltering a rare cloud forest ecosystem. These high altitude forests capture moisture from persistent mist, regulate downstream water systems, stabilise microclimates, and support endemic species. Their ecological health directly affects watershed services across the estate landscape.

When environmental assessments revealed fragmentation in native canopy cover and reduced regeneration of indigenous species, we recognised that passive protection would not restore ecological balance. We required deliberate, science based intervention.

In October 2025, in collaboration with Dipped Products PLC, we launched Eco-Pulse Sri Lanka's first structured ecosystem restoration initiative focused specifically on a cloud forest ecosystem above 6,000 feet.

FROM PROTECTION TO REGENERATION

Eco-Pulse moves beyond compliance driven conservation toward active restoration. Rapid biodiversity assessments guided the identification of suitable native species adapted to mist dominant, high altitude conditions.

ENVIRONMENTAL AND CULTURAL OUTCOMES

Eco-Pulse has initiated measurable progress:



Where visible ecological gaps once signaled gradual degradation, structured planting and monitoring now support long term regeneration.

The initiative also strengthens environmental awareness among estate employees. Awareness sessions have deepened understanding of how cloud forests regulate water cycles and support climate stability – in other words “catching water from the clouds and returning it to the soil”. An estate supervisor noted that while mist has always enveloped

We prioritised habitat connectivity and integrated improved land use management practices to safeguard sensitive zones.

Restoration at this elevation presents operational challenges. Steep terrain, unpredictable climatic conditions, and slow native growth cycles demand sustained commitment and careful monitoring. Despite these constraints, we selected restoration over minimal intervention because degraded patches required ecological rebuilding to restore watershed function and biodiversity integrity.





the mountains, only through Eco-Pulse did the team fully appreciate how these forests function as natural reservoirs for the region.

This shift in understanding reinforces a culture of stewardship across our workforce.

STRATEGIC ALIGNMENT

Eco-Pulse reflects the integration of environmental responsibility within HPL's operating model:

The initiative also contributes to key United Nations Sustainable Development Goals (SDGs), reinforcing its broader environmental impact:

- SDG 15: Life on Land - 15.1 Conserve and restore terrestrial and freshwater ecosystems 15.2 End deforestation and restore degraded forests 15.3 End desertification and restore degraded land 15.4 Ensure conservation of mountain ecosystems 15.5 Protect biodiversity and natural habitats.
- SDG 13: Climate Action – Target 13.1 Strengthen resilience and adaptive capacity to climate related disasters
- SDG 6: Clean Water and Sanitation – Target 6.6 Protect and restore water related ecosystems

By embedding restoration within estate management practices, we align environmental regeneration with long term business continuity.



The Sri Lankan White-eye is a small greenish-yellow bird found only in Sri Lanka, known for the distinct white ring around its eyes and its cheerful chirping.

SECTOR LEADERSHIP AND REPLICATION

Sustainable plantation management requires moving beyond preservation toward regeneration. Through Eco-Pulse, we reaffirm our responsibility to restore fragile ecosystems that sustain both communities and operations.

Together, E-BRIDGE and Eco-Pulse reflect a unified sustainability philosophy:

We invest in people to strengthen social capital.

We restore ecosystems to secure natural capital.

When communities gain capability and landscapes regain resilience, plantation sustainability becomes not only possible but enduring.

AWARDS AND ACCOLADES

- 1 Overall Winner – GOLD Tier at the National Management Excellence Awards (NMEA) 2025, organized by the Institute of Management of Sri Lanka (IMSL).
- 2 Winner – Agriculture & Plantation Sector at the National Business Excellence Awards 2025, organized by the National Chamber of Commerce.
- 3 Gold Award – Plantations Companies (Group Turnover up to LKR 5 Billion) at the TAGS Awards 2025, organized by CA Sri Lanka.
- 4 Gold Award – Management Excellence in Corporate Social Responsibility (CSR) at the National Management Excellence Awards (NMEA) 2025, organized by IMSL.
- 5 Commonwealth Business Excellence Awards 2025 – Learning & Development: Excellence in Sustainability.
- 6 Commonwealth Business Excellence Awards 2025 – Best Waste Management Initiative.
- 7 Commonwealth Business Excellence Awards 2025 – Best Climate Change Initiative.
- 8 Commonwealth Business Excellence Awards 2025 – Best HR Team of the Year.
- 9 Management Leadership Excellence Awards conducted by CPM – HPL Director/CEO honored as Winner – Agriculture & Plantations Sector under the Executive Director category.
- 10 Management Leadership Excellence Awards conducted by CPM – HPL Director/CEO honored as Winner – Corporate Social Responsibility (CSR) under the Executive Director category.
- 11 Management Leadership Excellence Awards conducted by CPM – HPL Director/CEO honored as Winner – Diversity, Equity & Inclusion (DEI) under the Executive Director category.
- 12 Management Leadership Excellence Awards conducted by CPM – HPL Director/CEO recognized as 1st Runner-Up – Sustainability & Circular Economy under the Executive Director category.
- 13 Hayleys Plantations ranked 3rd in Sri Lanka's Best Workplaces 2025 – Large Category, organized by Great Place to Work.
- 14 Hayleys Plantations ranked 54th in Asia's Best Workplaces 2025 – Large Category, organized by Great Place to Work.
- 15 Hayleys Plantations recognized as the Best Public Limited Company in Sri Lanka, organized by Great Place to Work.
- 16 Hayleys Plantations received the Industry Excellence Award for Workplace Culture in Agriculture & Plantations, organized by Great Place to Work.
- 17 Runner-Up – Sustainability Award 2025 at the North American Tea Conference, organized by the Tea and Herbal Association of Canada.
- 18 Winner – HPL REGROW Project at the International Green Apple Environment Awards 2025, organized by The Green Organization.



- 19** Presidential Environment Awards 2025 – Gouravilla Tea Factory received the Merit Award in the Up-Country Tea Factory category, organized by the Central Environment Authority.
- 20** National Cleaner Production Awards 2025 – Large Category Silver Award awarded to Gouravilla Estate in the Tea Industry Sector.
- 21** National Cleaner Production Awards 2025 – Medium Category Bronze Award awarded to Fairlawn Estate in the Tea Industry Sector.
- 22** National Cleaner Production Awards 2025 – Medium Category Bronze Award awarded to Neuchatel Estate in the Rubber Industry Sector.
- 23** National Cleaner Production Awards 2025 – Medium Category Merit Award awarded to Stockholm Estate in the Tea Industry Sector.
- 24** First Runner-Up – Best Integrated Report (Plantations Sector) at the CMA Excellence in Integrated Reporting Awards 2025.
- 25** Horana Plantations PLC received the Merit Award at the CMA Excellence in Integrated Reporting Awards 2025.
- 26** CIPM Great HR Awards 2025 – Horana Plantations PLC awarded the Merit Award – Large Category.
- 27** South Asian Business Excellence Awards 2025 – Horana Plantations PLC received the Outstanding Excellence in Social Impact Project of the Year Award.
- 28** South Asian Business Excellence Awards 2025 – Horana Plantations PLC received the Outstanding Excellence in Environmental Sustainability Award.
- 29** Gold Award at the National Green Productivity Awards 2024 awarded to Horana Plantations PLC.
- 30** Certificate of Recognition in Sustainability Reporting at the TAGS Awards 2025.
- 31** Certificate of Recognition in Integrated Reporting at the TAGS Awards 2025.
- 32** Certificate of Recognition in Digitally Transformative Reporting at the TAGS Awards 2025.
- 33** NCE Export Awards 2025 organized by the National Chamber of Exports – Horana Plantations PLC awarded the NCE Challenge Trophy for the Best Ethically Trading Exporter – Extra Large Category.
- 34** Winner – Diversity, Equity & Inclusion (DEI) at the CPM Best Management Practices Company Awards 2026.
- 35** Recognized among the Forty Outstanding Companies at the CPM Best Management Practices Company Awards 2026.
- 36** CPM Best Management Practices Excellence Awards 2026.
- 37** Leadership Excellence Award at the Best Management Practices Company Awards 2026.



CHAIRMAN'S MESSAGE



Mohan Pandithage
Chairman - Executive Director

We recognise that long term value creation in plantations depends on the careful alignment of many moving parts; land, labour, capital, climate resilience, market access, community wellbeing and regulatory stability. In many ways, this reflects the logic of a Rubik's Cube, where each move affects the position and balance of the whole.

Sustainability remains central to HPL’s long term strategy. As a plantation company, our future depends on the health of the land we manage, the people who sustain our operations and the communities that form part of our estate ecosystem.

GRI 2-22

Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present the Integrated Annual Report and the Audited Financial Statements of Horana Plantations PLC for the financial year ended 31st March 2026.

The year under review unfolded within a complex and rapidly changing operating environment. Global conflicts, geopolitical disputes, climate events, shifting trade dynamics, domestic economic recovery and sector specific cost pressures continued to influence business outcomes in direct and interconnected ways.

For a plantation company, these developments are not distant external events. They affect energy costs, input prices, shipping and logistics, export demand, exchange rates, labour availability, crop patterns and market access. They are felt across our estates, factories, supply chains, communities and financial performance.

Against this backdrop, Horana Plantations PLC delivered a resilient performance, recording a 7% growth in revenue to Rs. 3.95 Bn, while Profit Before Tax maintained at Rs. 216 Mn and Profit After Tax amounted to Rs. 137 Mn. This performance reflects the Company’s continued focus on productivity, cost discipline, diversification, sustainability and prudent governance in a challenging year.

As a Board, we recognise that long term value creation in plantations depends on the careful alignment of many moving parts; land, labour, capital, climate resilience, market access, community wellbeing and regulatory stability. In many ways, this reflects the logic of a Rubik’s Cube, where each move affects the position and balance

of the whole. Our role is to ensure that these interconnected elements are managed with discipline, foresight and responsibility, enabling the Company to strengthen resilience, competitiveness and sustainable value creation over time.

ECONOMIC AND SECTOR DYNAMICS
World

The global economy entered 2026 under renewed pressure from geopolitical instability, trade disruption and conflict related uncertainty. The escalation of tensions in the Middle East and wider geopolitical disputes continued to influence energy markets, shipping routes, commodity prices, investor confidence and global supply chains.

The global economy in 2025 was projected to grow by 3.4%. Prior to the war, performance exceeded expectations, supporting the prospect of upward revisions to forecasts. According to the IMF’s April 2026 World Economic Outlook, global growth is projected to slow to 3.1% in 2026, with downside risks dominating the outlook. The IMF further notes that conflict, geopolitical fragmentation, renewed trade tensions, public debt pressures and tighter financial conditions could weaken growth and destabilise markets.

For export oriented plantation companies, these global conditions have direct implications. Disruptions to shipping, currency volatility, regional instability in key tea buying markets, and pressure on consumer purchasing power all influence demand and price dynamics.

In this environment, resilience is no longer defined only by the ability to withstand short term shocks. It also depends on the ability to adapt, diversify, improve productivity and demonstrate credibility across the full value chain.

Sri Lanka

Sri Lanka continued its path towards recovery during the year, supported by stronger macroeconomic fundamentals and improving external indicators. Real GDP growth for 2025 was recorded at 5%, while other macroeconomic indicators further improved.

Positive macroeconomic developments contributed to greater stability and improved business confidence. Lower inflation, a more stable external sector and continued policy reforms provided a more supportive environment for planning and investment.

Plantation Sector

The plantation sector continued to face a demanding operating environment during the year. The agriculture sector recorded growth of 1.4%, while Sri Lanka’s tea industry showed marginal volume growth 0.54% to 264.1 Mn kg in 2025. Tea export income reached approximately USD 1.5 Bn, reflecting a 5% increase over the previous year. However, The National Sales Average

Revenue Growth

7%

Revenue improved to
Rs. 3.95 Bn

Equity Growth

9%

Equity increased to
Rs. 1 Bn

Total Assets Growth

7%

Total assets increased to
Rs. 5.5 Bn

CHAIRMAN'S MESSAGE

declined by approximately 5% to Rs. 1,167.72 per kg in 2025, reflecting changes in crop quality, increased availability of plainer teas, currency movements and global supply demand dynamics.

The sector was also affected by rising cost of production, with labour wage pressures being among the most significant contributors. During recent years, the plantation sector and HPL were impacted by two wage increases. With effect from 10th September 2024, the minimum daily wage increased from Rs. 1,000 to Rs. 1,350. A further wage increase became effective from 1st January 2026, amounting to Rs. 400 per day, of which Rs. 200 was borne by the Company as an increase in basic wage and Rs. 200 was payable by the Government of Sri Lanka as an incentive. The January 2026 wage increase alone had an estimated impact of Rs. 70 Mn on HPL for the financial year 2025/26.

Climate variability also continued to influence crop patterns and operational performance. Irregular rainfall, changing temperature patterns and extreme weather events, including Cyclone Ditwah, affected agricultural activity and reinforced the sector's exposure to climate related risk.

Sustainability Review

Sustainability remains central to HPL's long term strategy. As a plantation company, our future depends on the health of the land we manage, the people who sustain our operations and the communities that form part of our estate ecosystem.

During the year, we launched the Cloud Forest Restoration Programme, a significant initiative aimed at restoring 39 hectares of ecologically sensitive highland landscapes. This programme reflects our commitment to biodiversity conservation and the long term environmental sustainability of our estates.

Our sustainability efforts also extend to renewable energy, archiving 49% of our electricity requirements and circular resource use. HPL continues to increase its reliance on renewable energy and resource efficient practices, recognising that energy transition and circularity are critical to managing long term cost exposure,

reducing environmental impact and building operational resilience.

Equally important is our continued investment in human and social capital. Our work in education, healthcare, housing, women's empowerment, digital learning and livelihood development continues to strengthen human and social capital across our estates. Programmes such as E-BRIDGE and broader community initiatives support not only social progress, but also workforce stability, productivity and long term business resilience.

Performance

HPL recorded a resilient performance during the year, with revenue increasing by 7% to Rs. 3.95 billion. Tea segment remained the largest contributor, accounting for 76% of total revenue, with segment revenue increasing by 7% to Rs. 3 billion and Tea Gross Profit reaching Rs. 373 million, supported by a 4% increase in yield by 43kg/ha. The Rubber segment experienced challenging conditions due to adverse weather impacts, resulting in a 15% decline in revenue and Rubber Gross Profit reducing to Rs. 27 million. Meanwhile, the Oil Palm segment delivered a strong performance, with revenue increasing by 38% to Rs. 362 million and generating a Gross Profit of Rs. 213 million, driven by improved Oil Palm yields and favourable FFB market prices. Equity increased by 9% to Rs. 1,003 Mn, while total assets increased by 7% to Rs. 5.5 Bn, reflecting the continued strengthening of the Company's financial position.

Our performance for the year demonstrates the underlying resilience of HPL's operating model and the importance of maintaining a balanced approach to productivity, cost discipline, sustainability and diversification.

Value to Shareholders

The Board remains committed to delivering sustainable value to shareholders while preserving the financial strength required to invest in the future.

During the year, HPL paid a dividend of Rs. 2.10 per share for 2025/26. The market value per share improved by 6%, while net

assets per share increased by 9% to Rs. 40.13.

As we move forward, our approach to shareholder value will remain disciplined and long term in orientation. We will continue to focus on strengthening the Company's earnings base, managing risk prudently and investing in areas that improve resilience across business cycles.

Governance

Strong governance continued to support HPL's ability to execute strategy with discipline, transparency and accountability. During the year, the Board remained focused on ensuring that the Company's financial performance, operational priorities, sustainability commitments and risk management practices were managed within a sound governance framework.

A key governance development during the year was the appointment of Ms. K. A. D. S Perera as a Non Executive Director of the Company with effect from 1st October 2025. The Board also noted the resignation of Mr. S. M Liyanage, who served as a Non Executive Director, with effect from 30th September 2025. The Board places on record its appreciation for his contribution during his tenure.

These changes form part of HPL's continuing commitment to maintaining an effective and appropriately structured Board, capable of supporting the Company's evolving strategic priorities, policy framework, sustainability agenda and long term value creation objectives.

The Board recognises that governance is not merely a matter of compliance. It is a critical enabler of disciplined decision making, risk awareness, transparency and stakeholder trust. As expectations around sustainability disclosure, traceability, climate risk and responsible business conduct continue to evolve, HPL will continue to strengthen its governance practices accordingly.

Managing Key Risks

The Company continued to operate within a dynamic risk environment shaped by climate

variability, labour pressures, cost volatility, market uncertainty, regulatory developments and supply chain exposure.

Climate related risk remains one of the most material risks facing the business. Weather variability affects yields, crop quality, estate infrastructure, field operations and overall productivity. In response, HPL continues to strengthen climate smart agricultural practices, drainage systems, shade planting, soil conservation, water management and rain guarding where relevant.

Labour availability and wage related pressures also remain significant risks for the sector. The sector continues to face long term challenges relating to labour retention and productivity. The Company's ability to increase its workforce by 14% during the year is therefore a meaningful achievement, supported by welfare initiatives, employee engagement and community focused programmes.

Input cost volatility, particularly in relation to fertiliser, energy and other agricultural inputs, requires continued focus on procurement discipline, resource efficiency, renewable energy and circular economy practices. These areas are increasingly important to reducing cost exposure and improving operational resilience.

Regulatory and policy related risks also remain important. The existing ban on oil palm cultivation continues to affect the sector, while discussions with the relevant authorities remain ongoing. HPL remains optimistic of a favourable resolution, as the restriction is considered to be based on non scientific considerations. A lifting of the ban would be favourable for HPL, enabling us to unlock greater value from crop diversification and long term land use planning.

The extension of plantation leases also remains a key sector priority. Expediting lease extensions would support plantation companies in making long term investments in replanting crops with long maturation periods. Such policy clarity is essential for strengthening sector competitiveness, improving land productivity and supporting sustainable agricultural investment.

The Board continues to review these risks through HPL's governance and risk management frameworks, ensuring that mitigation measures are aligned with both immediate business continuity and long term resilience.

OUTLOOK

Global Demand

Looking ahead, global demand for plantation commodities will continue to be influenced by geopolitical developments, inflationary pressures, trade flows, currency movements, consumer preferences and sustainability expectations.

The global tea industry is moving towards greater value differentiation. While traditional black tea markets remain important, growing demand for wellness oriented products, premium teas, traceable supply chains and responsibly sourced products is reshaping the competitive landscape. Sri Lanka's key tea export markets continued to include Iraq, Russia, Turkey, Libya and the UAE, highlighting the importance of maintaining strong relationships with traditional buyers while also pursuing market diversification.

Requirements relating to sustainability, traceability, deforestation free supply chains, clean production, ethical labour, biodiversity protection and transparent sourcing are becoming increasingly important in premium markets. HPL's ongoing investments in responsible agriculture, environmental stewardship, precision agriculture and governance will support the Company's ability to respond to these expectations.

Country

Sri Lanka's improving macroeconomic stability provides a more constructive foundation for the year ahead. Continued growth, stronger external reserves, improved tourism earnings and higher worker remittances have contributed to a more stable operating environment.

However, the plantation sector will require continued policy support to address structural challenges. productivity base wages, Labour reform, productivity enhancement, access to affordable

inputs, climate resilient agriculture, crop diversification and long term lease certainty remain essential to strengthening the competitiveness of the sector.

Company

HPL will continue to pursue a balanced and future focused strategy built around productivity, diversification, sustainability and disciplined governance.

The Company will focus on strengthening its core tea and rubber operations while continuing to advance crop diversification. Diversification remains an important strategic priority, enabling the Company to reduce concentration risk, improve land productivity and build more resilient income streams.

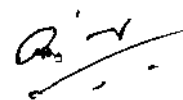
While uncertainty remains, the Board is confident that HPL's disciplined strategy, diversified asset base, sustainability focus and governance strength provide a solid foundation for the future.

Acknowledgements

On behalf of the Board, I extend my sincere appreciation to the management team and all employees of Horana Plantations PLC for their dedication, resilience and commitment during a demanding year.

I also thank our shareholders, customers, brokers, suppliers, business partners, regulators, government authorities and community stakeholders for their continued trust and support.

As we move forward, HPL remains committed to strengthening its position as a responsible and resilient plantation company; one that creates value through productivity, sustainability, diversification and the continued enrichment of the communities connected to our journey.



Mohan Pandithage
Chairman – Executive Director

11th May 2026

MANAGING DIRECTOR'S REVIEW



We continued to advance the integrated approach through operational improvements, sustainability led initiatives, digital systems, diversification and people focused programmes. These priorities are aligned with the Hayleys Plantations ESG Framework “Regenerate”

Roshan Rajadurai
Managing Director

People remain the foundation of HPL's operating model. More than 90% of our employees reside within plantation communities, making employee wellbeing and community development inseparable from business performance.

Dear Stakeholders,

Interconnected much like the facets of a Rubik's Cube, the alignment of strategic foresight with evolving macroeconomic conditions enabled Horana Plantations PLC to unlock strong performance across multiple dimensions. Guided by a strong commitment to Environmental, Social, and Governance (ESG) principles, the Company continued to integrate sustainability and responsible practices into its operational and strategic priorities. This synergy drove a 7% increase in topline growth, translating into an Operating Profit of Rs. 379 Mn and a Profit Before Tax of Rs. 216 Mn.

CONNECTING STRATEGY WITH EXECUTION

Revenue expansion was propelled by higher production volumes in Tea and Oil Palm, alongside improved market prices for Rubber and Oil Palm. In parallel, the value delivered to shareholders strengthened considerably, with Total Comprehensive Income rising by 39% to Rs. 138 Mn, ultimately elevating net assets to Rs. 1 billion. The interconnectedness reflects how we manage the business in practice. Our estates, factories, employees, communities, ecosystems, markets and financial performance remain closely interconnected, reinforcing the strong nexus between business strategy and sustainability outcomes. Decisions made at field level influence crop quality and long term productivity, investments in employee wellbeing support retention and operational performance, whilst stronger resource management practices help reduce cost exposure and enhance resilience. In parallel, continued focus on certification, traceability and responsible practices strengthens market access and customer confidence, supporting long term value creation across the business.

Our responsibility is to ensure that these connections work together to strengthen the business as a whole.

During the year, we continued to advance this integrated approach through operational improvements, sustainability led initiatives, digital systems, diversification and people focused programmes. These priorities are aligned with the Hayleys Plantations ESG Framework "Regenerate" which brings together human rights, environmental conservation, sustainable technologies and social welfare within one coherent operating model.

The year under review required Horana Plantations PLC to operate with discipline, agility and clear strategic focus. While the broader external environment brought its share of cost pressures, market volatility, wage revisions, climate variability and regulatory expectations, our priority as management was to convert strategy into measurable action across the business.

PERFORMANCE THROUGH OPERATIONAL DISCIPLINE

HPL delivered a resilient performance during the year, supported by a continued focus on productivity, cost control and operational efficiency.

Financial Performance

Horana Plantations PLC recorded an overall revenue of Rs. 3.95 billion, supported by improved pricing in the Rubber and Oil Palm segments and a Gross Profit of Rs. 652 million. As a result, the Company reported a Profit Before Tax of Rs. 216 million and a Profit After Tax (PAT) of Rs. 137 million.

Tea

Tea production remained stable at 2.4 million kilograms during the year, supported by an improvement in yield from 1,123 kg

to 1,166 kg per hectare. Cost of production increased by 5% in line with this growth. Despite a marginal decline in net sales average from Rs. 1,161 per kg to Rs. 1,155 per kg, the Tea segment achieved a 7% increase in revenue to Rs. 3 billion, generating a Gross Profit of Rs. 373 million.

Rubber

Rubber yields declined by 14% to 489 kg per hectare, primarily due to adverse weather conditions including heavy rainfall and flooding, which restricted tapper access. Consequently, total revenue from Rubber segment decreased by 15%. While the Net Sales Average improved by 6% to Rs. 889 per kg, production costs rose significantly by 11% to Rs. 974 per kg. The increase in costs outweighed the benefit of higher prices, leading to a sharp 71% decline in Gross Profit to Rs. 27 million.

Oil Palm

Oil Palm production increased by 14% to 3.5 million kilograms, with yields improving to 14,078 kg per hectare. A strong 22%

Tea Production

2.4 Mn.Kg

Supported by an improvement in yield

Oil Palm Production

3.5 Mn.Kg

*With yields improving to
14,078 kg per hectare*

Biochar Production

28 MT.

*Improve soil health and reduce
reliance on synthetic fertiliser*

MANAGING DIRECTOR'S REVIEW

increase in NSA to Rs. 103 per kg drove revenue growth of 38%, reaching Rs. 362 million. With cost of sales remaining relatively stable, this segment delivered a robust Gross Profit of Rs. 217 million.

These results were achieved despite cost pressures arising from escalation of cost of labour and climate related disruptions. Our response was to strengthen estate level discipline, improve input efficiency, manage working capital carefully and pursue productivity gains across the business.

Performance at HPL is not measured only through financial results. We also assess progress through land productivity, worker retention, environmental performance, certification readiness, community development, factory efficiency and the quality of our future crop pipeline.

STRENGTHENING PRODUCTIVITY IN THE FIELD

Improving productivity remained one of management's most important priorities during the year.

In tea, our focus was on improving field standards, strengthening plucking discipline, enhancing factory efficiency and preserving quality. We continued to invest in high density tea planting, including at Millakanda Estate, to support future machine assisted harvesting and higher productivity from limited land extent.

In rubber, we continued to manage productivity challenges through improved tapping practices, better field monitoring and land use optimisation. In oil palm, despite the continued restriction on new cultivation, we remained focused on maintaining existing productivity and preparing for future opportunities, should policy conditions change.

Across estates, we also adopted more targeted fertiliser and chemical use strategies in response to availability and cost pressures. These included placement based fertiliser application, improved planning of available fertiliser stocks, maximising organic liquid fertiliser production and buying back weeds to reduce dependence on agrochemicals.

DIVERSIFICATION FOR FUTURE EARNINGS RESILIENCE

Diversification remains central to HPL's long term strategy. Traditional plantation crops continue to be important, but the future of the sector requires broader land use thinking, stronger climate adaptability and multiple revenue streams. Diversification is not viewed solely as a financial strategy, but also as an important climate resilience, land productivity and long term risk management strategy that strengthens the sustainability and adaptability of the business.

HPL now has more than 398 hectares of immature coconut and 23 hectares of cinnamon cultivation, creating a meaningful pipeline for future growth and cash flows. Coffee planting in high altitude regions also supports our move towards premium and specialty crop segments.

We entered into a Memorandum of Understanding with Wayamba University for research and development on Tea, Coffee and Oil Palm, including work on optimising roasting conditions for Sri Lankan Coffee. This strengthens our ability to connect crop diversification with product quality, market relevance and future value addition.

SUSTAINABILITY AS AN OPERATING DISCIPLINE

For HPL, sustainability is integrated into how we manage land, water, energy, labour, communities and markets.

Our 2030 roadmap brings together environmental, social and financial targets, including renewable energy, greenhouse gas reduction, zero school dropouts, safe drinking water, return on equity and gearing objectives. This ensures that sustainability is linked directly to business performance and long term resilience.

HPL produced 28 MT of biochar during the year, helping improve soil health and reduce reliance on synthetic fertiliser. Carbon neutral certification was obtained for two estates, while the Company continued to strengthen its certification base through Rainforest Alliance, Fairtrade, FSC, EUDR compliance and Regenerative Agriculture. The Company is also the first plantation company in Sri Lanka to achieve EUDR compliance for rubber and oil palm.

The T Shade Initiative for carbon credits progressed successfully during the year, with the pilot project covering 100 hectares completed with planting of High and Low Shades and the overall project formally registered under the Verra pipeline marking an important step towards generating verified carbon credits and enhancing climate related value creation.

Sustainability credentials are becoming part of market access. Our ability to demonstrate responsible agriculture, traceability, ecosystem restoration and social commitment strengthens HPL's relevance to international buyers.

PEOPLE AT THE CENTRE OF PERFORMANCE

People remain the foundation of HPL's operating model. More than 90% of our employees reside within plantation communities, making employee wellbeing and community development inseparable from business performance.

We continued to strengthen employee and community support through housing, healthcare, education, women's wellbeing and digital learning. Around 29,070 people live on HPL estates, reinforcing the scale of our social responsibility. Through the Safe Haven initiative, implemented in collaboration with the Plantations Human Development Trust, 69 housing units were completed during the year, improving living conditions across our estate communities. Meanwhile, the E-BRIDGE Learning Centre continued to empower estate children by enhancing access to English language and computer literacy education.

HPL also strengthened healthcare access through the appointment of a dedicated in house estate Doctor, providing round the clock medical support; an important step in improving worker and community wellbeing.

A stable, healthy and motivated workforce directly supports productivity, quality and operational continuity. This is why our investment in people is not viewed as welfare alone, but as a core business investment.

BUILDING A CULTURE OF EXCELLENCE

Recognition and engagement are important to maintaining a high performing plantation workforce.

HPL's recognition as a Great Place to Work and its success at national and international awards reflect the quality of the culture being built across the Company. Awards such as the National Management Excellence Awards, Best Management Practices Excellence Awards, Management Leadership Excellence Awards, National Business Excellence Awards, South Asia CSR Award and Commonwealth Business Excellence Award reinforce our commitment to performance, people and responsible business.

Excellence in plantations is achieved through consistency. It is the result of daily discipline, field level commitment, factory precision, worker engagement and leadership accountability.

Responding to Market Shifts

The global tea market is changing. Consumers are increasingly looking for premium, specialty, organic, wellness oriented, ethically sourced and traceable products. Convenience formats such as packaged tea and tea bags are also gaining importance in several markets.

HPL is responding by improving quality, strengthening certifications, investing in processing technology and exploring higher value opportunities.

We are working to establish direct sales agreements with international buyers to strengthen market access and improve export value. This is important as the industry moves from commodity led volume to value led competitiveness.

PRIORITIES AHEAD

Our priorities are focused on strengthening resilience across short, medium and long term horizons.

In the short term, we will continue to focus on cost control, working capital

management, crop diversification, renewable energy, climate smart practices, organic farming, precision agriculture and factory automation.

In the medium term, we will advance high density tea planting for machine harvesting, expand coffee cultivation, intensify regenerative agriculture and progress towards carbon neutrality by 2030.

In the long term, we aim to build stronger value added and trademarked agro produce, pursue net zero carbon status, explore carbon credit trading, diversify into new agribusiness ventures and optimise land productivity with a skilled and motivated workforce.

These priorities are connected to our broader 2030 targets, which include revenue growth, profit growth, gearing management, return on equity, renewable energy and access to safe drinking water.

ON REFLECTION

What gives me confidence about HPL's future is the strength of the operating platform we are building.

We have a clearer diversification pipeline, stronger sustainability credentials, improving digital systems, a more engaged workforce and a disciplined management approach. Our first mover position in EUDR compliance, our progress in regenerative agriculture, our investment in precision agriculture and our continued focus on people position us well for the future.

At the same time, we remain realistic about the challenges ahead. Labour cost pressures, climate variability, global market volatility, input cost exposure, land lease uncertainty and the oil palm cultivation ban continue to affect long term planning and competitiveness.

As Managing Director, I believe HPL is well positioned to move forward as a more efficient, diversified, sustainable and globally relevant plantation company.

ACKNOWLEDGEMENTS

Our success is firmly rooted in the commitment and contribution of our internal stakeholders. I extend my sincere appreciation to the Chairman and the Board of Directors of HPL, as well as to our management teams and employees, for their dedication, passion, and tireless efforts.

My thanks further extend to the regulatory and supervisory authorities for their invaluable assistance.

Finally, I wish to acknowledge our shareholders, suppliers, and all other stakeholders for their ongoing trust and support. I look forward to their continued partnership in the year ahead.

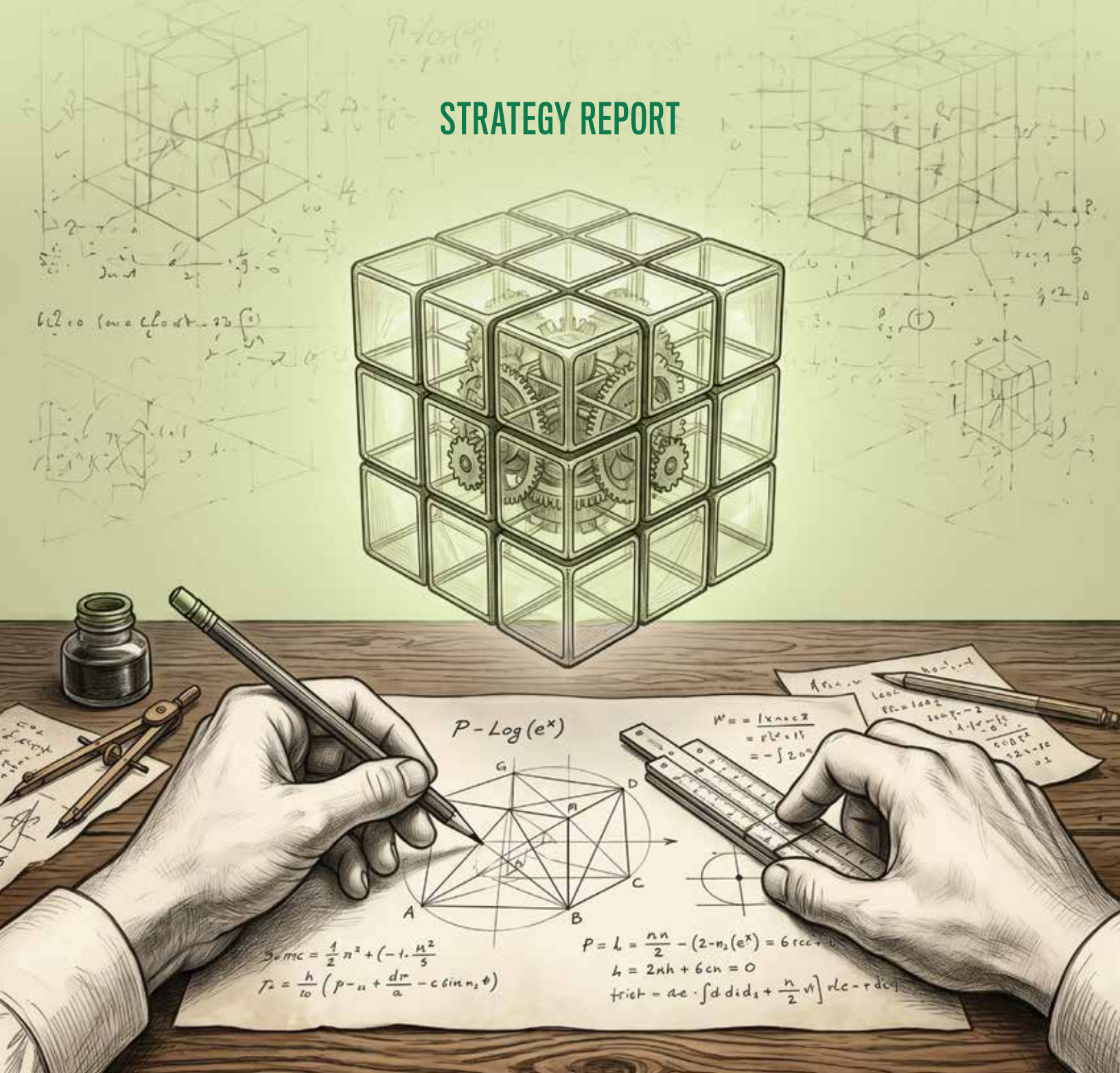


Roshan Rajadurai PhD, DSc.
Managing Director

11th May 2026



STRATEGY REPORT



In 1974, Ernő Rubik created what was initially a teaching tool to explain three-dimensional movement. What began as a simple concept soon revealed immense complexity — a system with over 43 quintillion possible combinations.

At HPL, this mirrors our strategic outlook. We operate in an increasingly complex environment where variables constantly shift. Like solving a Rubik's Cube, success demands clarity of vision, structured thinking, and step-by-step execution. Our strategy focuses on:

- Breaking down complexity into manageable actions
- Aligning every move with long-term objectives
- Turning challenges into strategic opportunities

➤ We believe that even the most intricate systems can be mastered through innovation, discipline, and foresight.

STAKEHOLDER ENGAGEMENT

GRI 2-29

At HPL, we believe our stakeholders are the lifeblood of our company. Our strategy, policies, and practices are guided by their needs, perspectives, and priorities, ensuring that every decision we make aligns with those who impact and are impacted by our business.

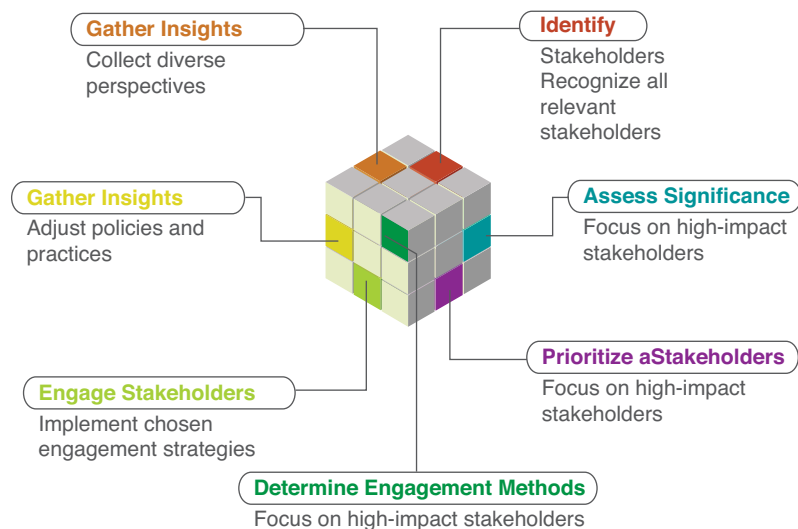
At HPL, we believe our stakeholders are the lifeblood of our company. Our strategy, policies, and practices are guided by their needs, perspectives, and priorities, ensuring that every decision we make aligns with those who impact and are impacted by our business.

In this spirit, we undertake a comprehensive stakeholder mapping exercise, assessing both their level of interest in HPL and their influence over the company. This allows us to categorise stakeholders into groups, helping us identify the most appropriate methods and frequency of engagement for each group.

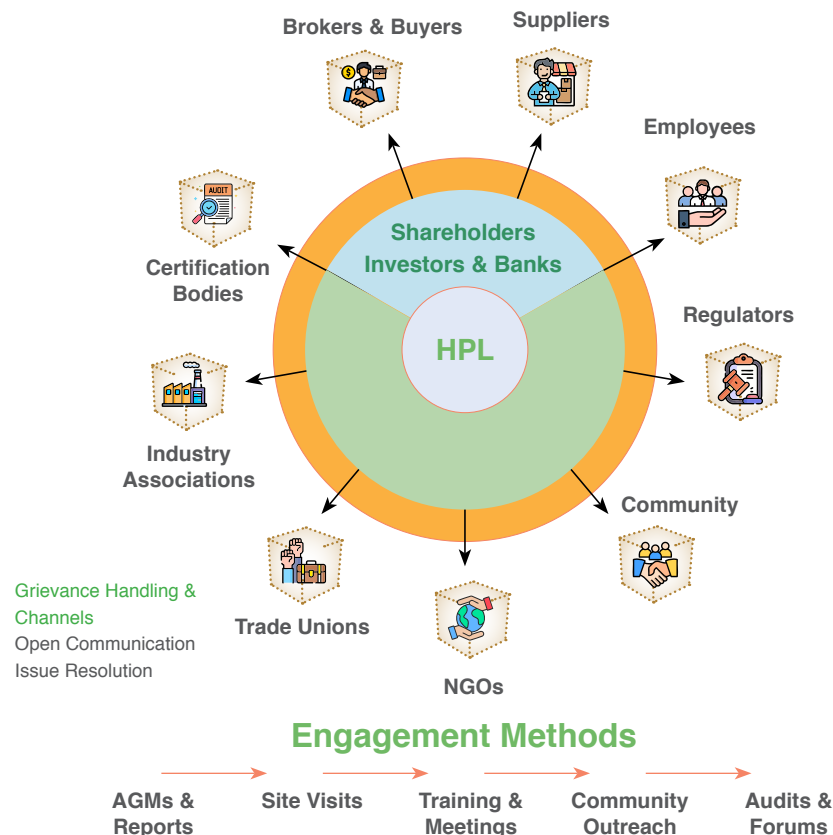
By creating this structured engagement framework, we establish a continuous feedback loop that enables us to understand stakeholder perspectives, inform strategic decision making, and refine our policies and practices over

time. Our interactions are therefore not only meaningful but also purposeful, ensuring that stakeholder insights are directly integrated into our strategy, strengthening alignment across all levels of the business, and driving sustainable value for both HPL and our stakeholders.

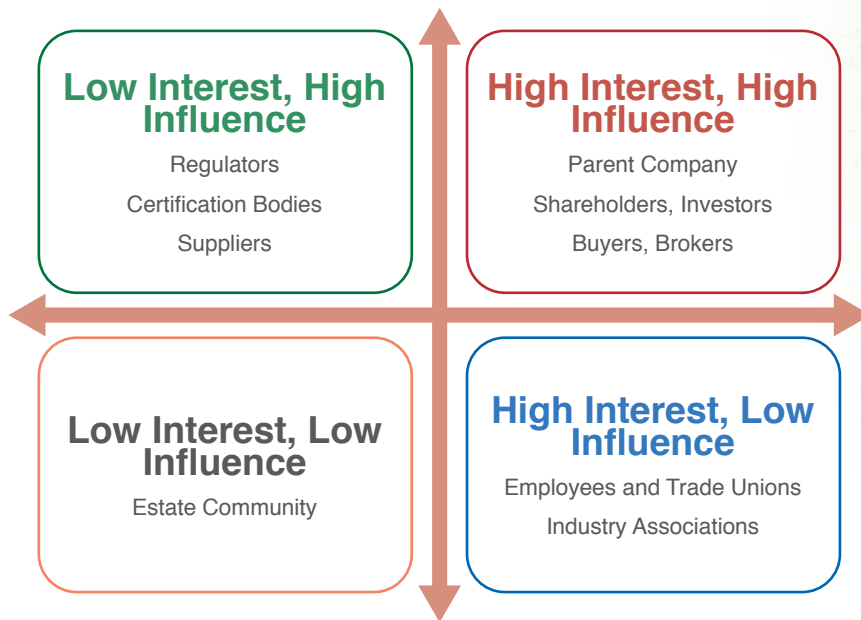
STAKEHOLDER ENGAGEMENT CYCLE



HPL'S STAKEHOLDERS AND THEIR RELATIONSHIP



STAKEHOLDER MAPPING



STAKEHOLDER		WHY ENGAGE	CHANNELS OF ENGAGEMENT	HOW OFTEN	STAKEHOLDER CONCERNS	GRIEVANCE HANDLING	OUR COMMITMENT
PARENT COMPANY	Hayleys Plantation Services (Pvt) Ltd Equity = Rs 1,003 Mn	Financial support; strategic guidance; governance; knowledge sharing; relationship management	Meetings with Hayleys Group Management Committee, Plantation Sector leadership, Group HR & Finance; verbal & written communications	Quarterly	Strategic alignment, operational issues, financial matters	Board level oversight and Group management review processes	Maintain transparent, responsive, and collaborative engagement
SHAREHOLDERS, INVESTORS	10,600 No. of shareholders	Maintain financial stability; build investor confidence; enable growth funding	AGMs; disclosures; investor meetings; CSE updates	Quarterly / Annually / as required	Returns; dividends; share price; risk; ESG performance	Board level engagement; investor relations channels	Ensure transparency, accountability, and sustainable returns
BUYERS, BROKERS	5 brokers at Ceylon Tea Auction 200+ local buyers 1 overseas buyer	Drive sales; strengthen market presence; gather market insights; enhance pricing potential	Visits; product consultations; accreditations; ongoing communication	Continuous	Quality; pricing; reliability; delivery; sustainability	Managed through direct engagement and account management	Deliver high quality, reliable, and customer focused solutions

STAKEHOLDER ENGAGEMENT

STAKEHOLDER		WHY ENGAGE	CHANNELS OF ENGAGEMENT	HOW OFTEN	STAKEHOLDER CONCERNS	GRIEVANCE HANDLING	OUR COMMITMENT
REGULATORS, GOVERNMENT, NGOs, CERTIFICATION BODIES		Ensure compliance; uphold industry standards; strengthen credibility; support sustainable practices	Regulatory filings; audits; consultations; industry forums; policy engagement	Annually	Compliance; reporting accuracy; adherence to standards; sustainability performance	Formal regulatory and audit processes	Maintain full compliance and continuously improve against regulatory and certification standards
SUPPLIERS	1779 local suppliers and service providers 5+ overseas service providers	Ensure reliable supply; build sustainable partnerships; improve efficiency and cost reduction	Onboarding; audits; performance reviews; meetings; technical support	Monthly	Fair pricing; timely payments; long term relationships	Managed through procurement and contract mechanisms	Foster ethical, transparent, and mutually beneficial partnerships
	3591 employees across 14 estates Rs 2,316 Mn total remuneration to employees in 2025/26	Build a safe, productive workforce; ensure fair labour practices; drive engagement	Internal communications; training; surveys; union meetings; HR systems	Continuous	Job security; remuneration; safety; wellbeing; career growth	Formal HR processes; union representation; open door policy	Provide a safe, inclusive, and growth oriented work environment.
INDUSTRY ASSOCIATIONS		Influence policy; share knowledge; drive industry growth	Industry forums; CEO engagement; advocacy initiatives	Continuous	Industry sustainability; policy support; market conditions	Industry representation and collective advocacy	Actively contribute to industry advancement and collaboration
ESTATE COMMUNITY	29,000+ No. of residents make up the community across 14 estates.	Support community wellbeing; strengthen relationships; enable social development; attract and retain labour	CLOs; CSR programmes; community meetings; estate initiatives	Continuous	Livelihoods; infrastructure; social support; environmental impact	Community liaison officers; structured feedback channels	Act as a responsible corporate citizen and support community development

DETERMINING MATERIAL TOPICS

Materiality in Focus

At Horana Plantations PLC (HPL), materiality is a cornerstone of our Integrated Reporting journey ensuring that our strategic priorities are firmly aligned with the issues that matter most to our stakeholders and our long term value creation.

In an operating landscape shaped by climate volatility, economic pressures, and evolving stakeholder expectations, our materiality framework enables us to bridge the gap between operational realities and strategic ambition, guiding how we deploy resources, manage risks, and sustain growth.

GRI 3-1

Our Approach to Materiality

Our materiality assessment is guided by globally recognised frameworks, including GRI Standards and SASB (Consumer Goods – Household & Personal Products). Each topic is evaluated using a dual-lens approach:

Materiality Matrix

Significance for Company	High significance	• Market Position and Competitiveness • Organisational Culture & Compliance • Data Security & Privacy	• Macroeconomic conditions and policy • Financial performance and Stability • Operational cost and efficiency • Talent Attraction & Retention • Product Responsibility & Quality • Customer Satisfaction & Trust • Training and Education • Regulatory Compliance and legal risk	• Energy Management • Water management and stress • Climate adaptation and resilience • Sustainable agriculture and GMO practices • Employee Health, Safety & Wellbeing • Labour Relations & Engagement • Community Engagement & Livelihoods • Risk Management (incl. Climate Risk)
	Mid significance	• Packaging lifecycle management	• Innovation and product development • Tax and economic contribution • Marketing & Labelling • Distribution & Market Access	• Indirect economic impact • Emissions and air quality • Biodiversity and ecological importance • Waste Management • Materials and resource management • Chemical management • Environmental Supply Chain Impacts • Natural Eco system Conversion • Supply Chain Social Management • Customer Health & Safety • Procurement Practices
	Low significance			
			Mid significance	High significance
Significance for stakeholders				

Stakeholders taken into consideration:

Employees

Regulators

Shareholders

Customers (Buyers and Brokers)

Communities

completeness, and alignment with best practice.

While over 30 detailed material topics were identified and assessed, we focus our narrative on the most critical priorities—those that sit at the intersection of high business impact and high external significance, and which directly shape our strategic direction.

OUR PRIORITY MATERIAL MATTERS
Climate Adaptation & Resilience
Safeguarding Natural Capital

A critical driver of long term sustainability, with a combined score of 20 (business) / 9 (external). This priority shapes our approach to climate risk management, biodiversity protection, and long term agricultural productivity.

DETERMINING MATERIAL TOPICS

Operational Cost & Efficiency

Driving Financial & Manufactured Capital

With the highest business impact score (20), efficiency remains central to competitiveness—driving investments in mechanisation, process optimisation, and crop diversification to manage cost pressures and market volatility.

Community Engagement & Livelihoods
Strengthening Social & Human Capital

With the highest external impact score (12), this reflects our responsibility to uplift estate communities, enhance livelihoods, and build long term stakeholder trust.

Linking Materiality to Strategy and the Six Capitals

Our material topics are not isolated—they directly inform how we manage and allocate resources across our six capitals to generate value.

Strategic Insight

Climate resilience and operational efficiency represent HPL’s most critical value drivers—balancing long term sustainability with immediate financial performance.

While certain topics such as operational efficiency may have a lower perceived external impact, their significance to business continuity necessitates proactive and sustained investment.

What sets us apart ...

HPL’s materiality profile reflects a distinct strategic positioning within the plantation sector. A stronger emphasis

is placed on operational efficiency and cost management, driven by our agri-diversification strategy across rubber, oil palm, and coconut. This is complemented by increased investment in mechanisation and productivity improvements, enabling us to mitigate commodity price volatility and enhance resilience.

Delivering Value Through Focus

By focusing on a clearly defined set of priority material matters—while maintaining oversight of all identified topics—HPL ensures a balanced and forward-looking approach to value creation.

This enables us to:

- Strengthen resilience against climate and economic risks
- Enhance operational efficiency and competitiveness
- Build trust and long term stakeholder relationships
- Deliver sustainable value across all capitals

Ultimately, this translates into tangible outcomes for both shareholders and the environment.

Capital	Material Linkage	Strategic Focus
 Financial	Operational Cost, Financial Performance	Optimising margins through mechanisation and lean management.
 Manufactured	Distribution & Access, Efficiency	Investing in modern processing centres and logistics infrastructure.
 Intellectual	Innovation, Risk Management	Leveraging agri-tech and sustainable farming techniques (e.g., beekeeping, bio-fertilizers).
 Human	Labour Relations, Health & Safety	Fostering a stable workforce through fair remuneration and empowerment.
 Social	Community Engagement, Human Rights	Strengthening the "Social License to Operate" through community infrastructure.
 Natural	Climate Adaptation, Energy, Biodiversity	Mitigating environmental risk through reforestation and regenerative agriculture.

GRI 3-2

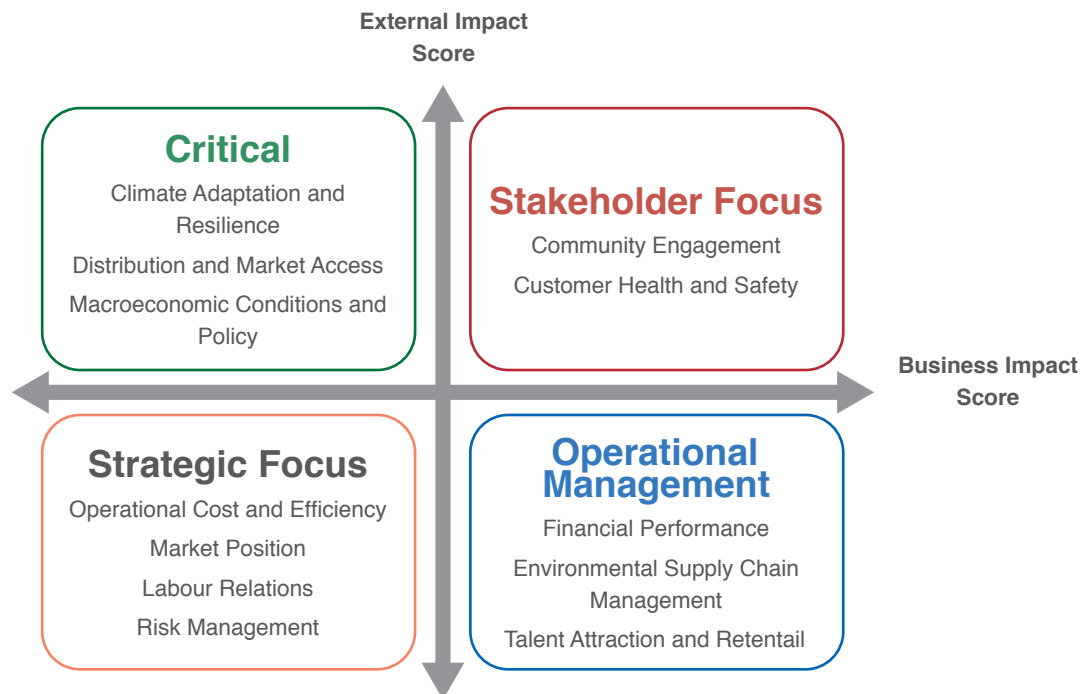
MATERIALITY TABLE

We linked our prioritised material topics with GRI standards, SASB standards and UN SDGs for greater clarity in reporting.

NO	Material Topic	GRI	SASB	UN SDGs		Page
1	Operational cost & efficiency	302	FB-AG-130a.1	SDG 8, 9, 12	  	189
2	Climate adaptation & resilience	201, 305	FB-AG-450a.1	SDG 13, 15	 	119 & 192
3	Market position & competitiveness	201	Not directly covered	SDG 8, 9	 	119
4	Labour relations & engagement	402, 401, 1320, 13.21	FB-AG-310a.1	SDG 8		154
5	Distribution & market access	413	Not directly covered	SDG 2, 8, 9	  	174
6	Risk management (incl. climate risk)	201	FB-AG-450a.1	SDG 13, 16	 	119
7	Macroeconomic conditions & policy	201, 203	Not directly covered	SDG 8, 9	 	119 & 145
8	Innovation & product development	203, 13.22	Not directly covered	SDG 9, 12	 	119 & 145
9	Emissions & air quality	305	FB-AG-110a.1	SDG 13		192
10	Biodiversity & ecological importance	101	FB-AG-160a.1	SDG 15		206
11	Chemical management	13.6	FB-AG-250a.1	SDG 3, 12	 	204
12	Financial performance & stability	201, 13.22	Not directly covered	SDG 8		119 & 145
13	Customer health & safety	416, 13.6, 13.10	FB-AG-250a.1	SDG 3		177, 204 & 141
14	Indirect economic impact	203	Not directly covered	SDG 8, 11	 	145
15	Energy management	302	FB-AG-130a.1	SDG 7, 13	 	189
16	Talent attraction & retention	401, 13.20, 13.21	Not directly covered	SDG 8		154
17	Marketing & labelling	417	Not directly covered	SDG 12		177

DETERMINING MATERIAL TOPICS

NO	Material Topic	GRI	SASB	UN SDGs		Page
18	Community engagement & livelihoods	203, 413, 13.9, 13.12	FB-AG-210a.1	SDG 1, 8, 11	  	145, 174 & 178
19	Waste management	306	FB-AG-150a.1	SDG 12		213
20	Materials & resource management	301, 13.5	FB-AG-410a.1	SDG 12		202
21	Employee health, safety & wellbeing	403	FB-AG-320a.1	SDG 3, 8	 	159
22	Supply chain social management	414	FB-AG-430a.1	SDG 8, 12	 	172
23	Product responsibility & quality	416, 417	FB-AG-250a.1	SDG 12		177
24	Training and Education	404	Not directly covered	SDG 4,5,8	  	163
25	Procurement practices	204, 13.23	FB-AG-430a.1	SDG 12		172 & 173
26	Packaging lifecycle management	301	FB-AG-410a.1	SDG 12		202
27	Natural Eco system Conversion		Not directly covered	SDG 15		212
28	Water management & stress	303	FB-AG-140a.1	SDG 6		198



STRATEGIES, POLICIES AND RESOURCE ALLOCATION

STRATEGIC CONTEXT

Structural Shifts Reshaping the Plantation Sector

The global plantation sector is undergoing a significant structural transformation as traditional commodity-driven business models give way to more sustainable, resilient, and value-focused operating systems. Increasingly, global buyers and consumers are placing greater emphasis not only on product quality and price competitiveness, but also on how products are cultivated, sourced, processed, and traced across the value chain.

This shift is driving growing demand for low-carbon supply chains, ethical labour practices, deforestation-free sourcing, and stronger environmental, social, and governance (ESG) compliance standards. At the same time, premiumisation trends across agricultural commodities are creating new opportunities for plantation companies capable of delivering differentiated, traceable, and sustainability-linked products.

Alongside evolving market expectations, the sector is also facing mounting operational pressures. Labour shortages, rising wage structures, climate variability, and increasing resource constraints are accelerating the adoption of mechanisation, precision agriculture, digital technologies, and more efficient operating models across plantation systems globally.

Within Sri Lanka, these challenges are further amplified by structural constraints specific to the local plantation industry. The sector continues to face an ageing plantation workforce, declining labour availability as younger generations migrate toward urban and overseas employment opportunities, rising production costs, and increasing climate-related disruptions including rainfall variability and extended wet periods. Long crop maturation cycles, coupled with regulatory limitations affecting land utilisation and crop expansion, also continue to influence long term investment

and operational planning across the industry.

Collectively, these developments are reshaping the economics of plantation agriculture and accelerating the transition away from traditional mono-crop plantation structures toward more diversified, climate-resilient, technology-enabled and sustainability-driven agribusiness models. For plantation companies, long term competitiveness increasingly depends on the ability to balance productivity, operational resilience, sustainability performance, market adaptability, and responsible resource management within an increasingly complex operating environment.

OUR STRATEGIC POSITIONING

Horana Plantations PLC ("HPL") has strategically positioned itself as a diversified, regenerative and sustainability-driven, technology-enabled plantation company, committed to advancing ecosystem regeneration, strengthening long term resilience, enhancing operational efficiency, creating sustainable stakeholder value, and ensuring responsible growth.

The Company continues to evolve beyond the traditional plantation model through the development of a more balanced and diversified agricultural portfolio comprising tea, rubber, oil palm, coconut, cinnamon, coffee, pepper and other diversified crops. This diversification strategy supports improved resilience against commodity price volatility, climate-related disruptions, and structural industry pressures while enabling the Company to unlock new revenue streams and improve long term land productivity.

At the same time, HPL continues to strengthen productivity and operational efficiency through estate modernisation, mechanisation, precision agriculture, renewable energy integration, digitalisation, and disciplined cost management initiatives. Sustainability is increasingly embedded within strategic

decision-making, supporting market access, regulatory alignment, climate resilience, and long term value creation.

Over the past several years, HPL's strategic direction has progressively evolved:

- from mono-crop dependence toward diversified agribusiness operations
- from commodity-focused production toward value-added and premium products
- from labour-intensive systems toward technology-enabled operations
- from compliance-led sustainability toward integrated ESG-driven strategy
- from traditional plantation management toward a more interconnected and future-ready operating model

This transformation reflects HPL's long term ambition of building a resilient, adaptive and sustainability-led agribusiness platform capable of generating enduring value across financial, environmental and social dimensions.

OUR INTERCONNECTED STRATEGY

HPL's strategy is designed as an interconnected system where each strategic priority reinforces and strengthens broader business outcomes. Productivity improvements support profitability and workforce sustainability. Diversification strengthens resilience against commodity and climate risks. Sustainability initiatives enhance market access, operational continuity, and long term natural capital protection. Technology integration improves efficiency, traceability, transparency, and data-driven decision-making across the value chain.

Rather than operating through isolated initiatives, HPL's strategic model integrates operational transformation, sustainability, people development, diversification, and technology adoption into a connected framework focused on creating sustainable long term value.

STRATEGIES, POLICIES AND RESOURCE ALLOCATION

This integrated approach enables the Company to balance short-term operational priorities with medium and long term strategic resilience while strengthening competitiveness within a rapidly evolving plantation landscape.

STRATEGIC PILLARS

Strategic Pillar	Strategic Priorities	Key KPIs	Short Term	Medium Term	Long Term	Related SDGs
Productivity & Operational Excellence	Improve agricultural productivity, operational efficiency and resource optimisation	Increase machine harvesting coverage • Improve yield per hectare • Reduce cost of production/kg • Improve labour productivity	Expand machine harvesting and digital field systems	Improve yield, labour productivity and operational integration	Develop highly efficient, technology-enabled plantation operations	8, 9, 12
Diversification & Value Addition	Strengthen revenue diversification and reduce dependency on traditional commodities	Up to 10% revenue contribution from diversified crops by 2030 • Up to 5% revenue contribution from value-added products by 2030 • Diversified crops currently generating Rs. 54 Mn	Expand diversified crop cultivation and downstream processing	Increase contribution from diversified crops and products	Build a balanced multi-revenue agribusiness platform	8, 9, 15
Sustainability & Climate Resilience	Embed sustainability into core business strategy and strengthen climate resilience	41% reduction in GHG emissions • 50% reduction in energy intensity • Generate 1,000 MWh renewable energy annually • Achieve 100% sustainable water sourcing • Increase conservation extent by 10% by 2030	Expand renewable energy and climate adaptation initiatives	Improve resource efficiency and conservation outcomes	Develop low-carbon and climate-resilient operations	6, 7, 12, 13, 15
Technology & Digital Integration	Improve decision-making, efficiency and traceability through digital transformation	Achieve 100% digitalisation of field operations by 2030 • Expand ERP integration • Increase automation and precision agriculture coverage	Strengthen digital integration across estates and factories	Expand precision agriculture and semi-automation	Achieve highly integrated digital plantation operations	8, 9, 12

Strategic Pillar	Strategic Priorities	Key KPIs	Short Term	Medium Term	Long Term	Related SDGs
People & Community Development	Strengthen workforce resilience, engagement and social wellbeing	Improve employee retention rates • Reduce employee turnover • Average 41 training hours per employee • Complete 69 housing units with a further 30 units under construction	Improve employee engagement and retention initiatives	Strengthen workforce productivity and capability development	Build resilient and sustainable plantation communities	1, 3, 4, 5, 8
Market Leadership & Premiumisation	Strengthen premium positioning and market competitiveness	Expand certified product portfolio • Increase premium tea sales • Strengthen direct export channels • Achieve EUDR compliance • Expand value-added product contribution	Expand premium and certified product offerings	Strengthen direct buyer relationships and market access	Position HPL as a recognised sustainability-led premium plantation company	8, 9, 12, 17

STRATEGIC EXECUTION FRAMEWORK

HPL's strategic execution framework integrates operational planning, capital allocation, sustainability priorities, people development, technology investments, governance oversight, and risk management into a connected decision-making structure focused on long term value creation.

The Company's strategic direction is guided by a commitment to responsible and sustainable plantation management, ensuring that financial performance, operational resilience, environmental stewardship, and stakeholder wellbeing remain closely interconnected across all areas of the business. Strategy execution is therefore supported not only through investment and operational planning, but also through clearly defined governance structures, policy commitments, sustainability frameworks, and continuous performance monitoring mechanisms.

Execution is supported through:

- disciplined capital allocation and operational planning processes
- estate-level implementation and monitoring structures
- sustainability integration across operational activities
- technology-enabled monitoring and reporting systems
- performance measurement through clearly defined KPIs and targets
- ongoing governance and management oversight
- workforce productivity and capability development initiatives
- stakeholder engagement and continuous improvement mechanisms

Strategy execution is further supported through integration with the Company's

enterprise risk management framework, enabling climate-related, operational, regulatory, social, and market risks to be continuously identified, monitored, assessed, and incorporated into strategic and operational decision-making processes.

The Company continues to prioritise investments across productivity enhancement, diversification, automation, renewable energy, climate resilience, workforce development, and sustainable land management to strengthen operational continuity and long term competitiveness.

GRI 2-23 & 24

POLICY COMMITMENTS FOR RESPONSIBLE BUSINESS CONDUCT

HPL's strategic and operational decision-making is guided by a robust policy framework that supports responsible

STRATEGIES, POLICIES AND RESOURCE ALLOCATION

business conduct, ethical governance, environmental stewardship, labour rights, and sustainable agricultural practices. These policy commitments help embed accountability, transparency, and responsible management principles across all levels of the organisation.

The Company's sustainability roadmap is aligned around six core pillars:

- Human Rights Due Diligence (HRDD)
- Labour Rights
- Environmental Conservation
- Anti-Corruption
- Sustainable Technologies
- Social Welfare

HPL's Human Rights Due Diligence (HRDD) approach is guided by the UN Guiding Principles on Business and Human Rights (UNGPs), reinforcing the Company's commitment to respecting human rights through structured risk identification, impact mitigation, performance monitoring, and transparent reporting across its operations and supply chain.

These focus areas guide the integration of sustainability considerations into operational planning, workforce management, environmental management, supply chain practices, and long term business strategy.

HPL also maintains a formal commitment to the principles of the United Nations Global Compact (UNGC) and continues to align its sustainability strategy and operational priorities with the United Nations Sustainable Development Goals (UNSDGs). Through these commitments, the Company seeks to strengthen responsible business conduct, ethical labour practices, environmental stewardship, human rights protection, anti-corruption measures, and inclusive long term value creation across its operations and stakeholder relationships.

HPL also continues to strengthen traceability and responsible sourcing systems in line with evolving international regulatory requirements including the European Union Deforestation Regulation (EUDR), supporting long term market access and sustainability-linked competitiveness.

In addition, HPL continues to align its operations with internationally recognised standards, certifications, and industry best practices relating to sustainability, traceability, responsible sourcing, environmental management, food safety, and ethical plantation management. These frameworks collectively support stronger governance, operational accountability, regulatory alignment, and sustainability performance across the business.

HPL expects employees, suppliers, contractors, and business partners to uphold the Company's principles relating to ethical business conduct, human rights, labour standards, environmental responsibility, and regulatory compliance across all operational activities and stakeholder engagements.

MEMBERSHIP IN SUSTAINABILITY FORUMS & INDUSTRY ALIGNMENT

As sustainability expectations continue to evolve globally, HPL remains committed to aligning with recognised sustainability frameworks, certifications, and industry platforms that support responsible plantation management, climate resilience, biodiversity conservation, ethical sourcing, and traceability.

The Company maintains certifications and affiliations that support compliance with evolving international buyer expectations and regulatory requirements, including frameworks relating to environmental protection, sustainable agriculture, food safety, labour standards, and responsible supply chain practices. These alignments strengthen HPL's ability to access premium markets, enhance stakeholder trust, and maintain long term competitiveness within

increasingly sustainability-driven global value chains.

HPL's participation in sustainability-driven industry initiatives and adoption of internationally recognised standards also support the application of global best practices across operational, environmental, and social management systems.

INTEGRATING SUSTAINABILITY ACROSS OPERATIONS

HPL continues to integrate sustainability considerations across core operational and strategic decision-making processes rather than managing sustainability as a standalone function. Sustainability priorities are embedded across estate operations, agricultural planning, resource management, supply chain practices, capital allocation decisions, workforce development initiatives, and long term investment planning.

This integrated approach supports stronger alignment between operational performance, climate resilience, environmental stewardship, workforce wellbeing, and long term business continuity. Sustainability considerations are therefore incorporated into areas such as:

- crop diversification
- renewable energy investments
- water stewardship initiatives
- biodiversity conservation
- climate adaptation measures
- precision agriculture
- sustainable land utilisation
- circular resource management
- workforce wellbeing and community development

A central sustainability team supports implementation, monitoring, reporting, and coordination across estates and operational units, ensuring consistent integration of sustainability objectives into day-to-day business activities.

Operational integration is further strengthened through:

- sustainability-linked governance and policy frameworks
- certification and traceability systems
- environmental and social performance measurements
- carbon footprint measurement and monitoring
- sustainability-focused training and awareness programmes
- stakeholder engagement and feedback mechanisms

HPL continues to strengthen sustainability integration across its supply chain through supplier engagement processes, environmental and social performance assessments, and enhanced supply chain oversight mechanisms aligned with evolving global expectations relating to traceability, ethical sourcing, and deforestation-free supply chains.

The Company works closely with suppliers and business partners to encourage alignment with HPL's environmental, social, ethical, and regulatory standards, while progressively incorporating supplier-related sustainability considerations into operational monitoring and responsible value chain management practices.

SUSTAINABILITY PERFORMANCE, MEASUREMENT & ASSURANCE

The Company continues to strengthen the measurement and monitoring of sustainability performance through clearly defined targets, operational KPIs, environmental monitoring systems, and certification frameworks. This includes ongoing monitoring of:

- greenhouse gas emissions
- renewable energy generation
- water management
- biodiversity conservation
- resource efficiency
- workforce wellbeing

Carbon footprint measurement and climate-related performance monitoring continue to support HPL's broader climate resilience and low-carbon transition strategy, while enabling greater transparency and alignment with emerging sustainability disclosure expectations.

Technology-enabled systems including digital monitoring tools, smart weather stations, precision agriculture systems, ERP integration, and operational reporting platforms further strengthen real-time monitoring, performance tracking, and data-driven decision-making across operations.

Sustainability performance data, operational KPIs, and climate-related metrics are subject to ongoing internal monitoring and external assurance processes to strengthen transparency, accountability, and reporting reliability.

HPL's sustainability approach is further supported through alignment with the Hayleys Lifecode framework and broader Hayleys Plantation sustainability governance structures.

HEALTH, SAFETY, GOVERNANCE & COMPLIANCE

HPL remains committed to maintaining high standards of governance, occupational health and safety, ethical business conduct, and regulatory compliance across all operational activities. Compliance with applicable laws, regulations, industry standards, certification requirements, and internal policies forms an integral part of the Company's governance and operational management approach.

The Company maintains processes, controls, and monitoring mechanisms designed to support compliance across areas including labour practices, workplace safety, environmental management, agricultural operations, ethical business conduct, and corporate governance. These systems are supported through ongoing

management oversight, internal review procedures, operational monitoring, and risk management processes aimed at strengthening accountability, operational integrity, and responsible business conduct.

HPL continued to maintain compliance with applicable legal, regulatory, certification, and governance requirements across its operations during the financial year, with no material instances of non-compliance reported in relation to environmental, labour, health and safety, or operational regulations.

HPL also maintains processes and operational controls designed to identify, assess, mitigate, and address potential negative environmental, social, operational, and stakeholder impacts arising from its activities. These processes are supported through governance oversight structures, operational monitoring systems, stakeholder engagement mechanisms, internal review procedures, and established channels for reporting concerns and grievances.

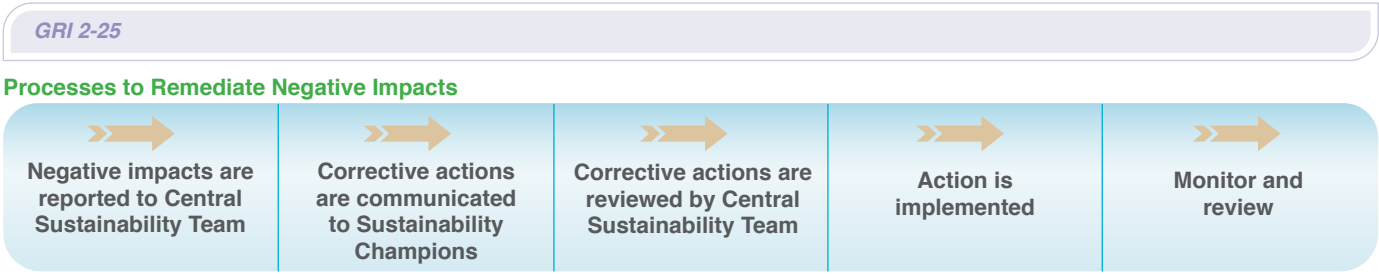
The Company also maintains mechanisms that enable employees, communities, suppliers, and other stakeholders to raise concerns relating to workplace practices, ethical conduct, environmental matters, operational impacts, and regulatory compliance, with issues reviewed and addressed through established management and governance processes.

Mechanisms are also in place to support:

- grievance reporting and resolution
- employee engagement and consultation
- stakeholder feedback

The application of recognised global best practices across operational and sustainability management systems further supports continuous improvement, operational resilience, regulatory alignment, and stakeholder confidence.

STRATEGIES, POLICIES AND RESOURCE ALLOCATION



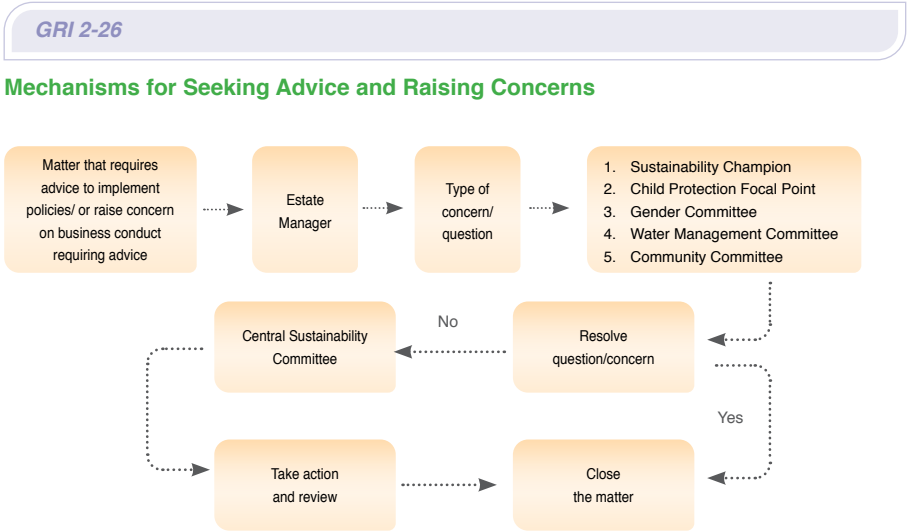
COMMUNITY & EMPLOYEE PARTICIPATION

HPL recognises that long term sustainability outcomes are strengthened through active participation and engagement across estate communities, employees, suppliers, and other stakeholders.

The Company therefore continues to encourage employee and community participation across a wide range of sustainability initiatives including environmental conservation programmes, resource management activities, health and wellbeing initiatives, community development projects, training and awareness programmes, and responsible agricultural practices. In addition, HPL promotes entrepreneurship through revenue-sharing models, enabling greater economic participation and shared value creation within estate communities.

HPL also supports flexible working arrangements, enhancing workforce inclusivity, improving work-life balance, and enabling broader participation across diverse employee groups. Furthermore, the Company continues to foster cultural transformation through modernisation and mechanisation, aimed at improving productivity while making plantation employment more attractive and accessible to current and future generations.

Through these collaborative approaches, HPL seeks to strengthen shared ownership, workforce engagement, community resilience, and long term sustainability outcomes across its operational landscape.



STRATEGIC PRIORITIES FOR FY2025/26

HPL’s strategic execution priorities for FY2025/26 include:

- Enhancing agricultural productivity, crop diversification, and regenerative agriculture
- Strengthening operational efficiency and cost optimisation through precision agriculture
- Expanding renewable energy integration
- Accelerating digitalisation and automation
- Improving market positioning through quality, certifications, and direct selling
- Strengthening workforce engagement through mechanisation and organisational capabilities in entrepreneurship

Collectively, these priorities support HPL’s broader objective of building a resilient, diversified, sustainability-led and future-ready agribusiness capable of generating sustainable long term stakeholder value.



CREATING SUSTAINABLE VALUE THROUGH THE UNSDGs

HPL's strategy and operations contribute to the United Nations Sustainable Development Goals (UNSDGs).

The table below highlights how our initiatives create value across the capitals.

SDG	Strategic Focus	HPL Contributions (with Key Metrics)	Related Capitals
 SDG 1 – No Poverty	Poverty Alleviation & Economic Inclusion	Supporting livelihoods and income enhancement through employment, home gardening, livelihood diversification, Fairtrade welfare programmes, financial inclusion and community development initiatives.	Human Capital, Social Capital, Natural Capital
 SDG 2 – Zero Hunger	Nutrition & Food Security	Nutrition programmes for children and workers, midday meals for toddlers, meal support during peak seasons, breastfeeding support and food security initiatives across estate communities.	Human Capital, Social Capital
 SDG 3 – Good Health and Well-Being	Health, Safety & Wellbeing	Strengthening healthcare access, workplace safety and wellbeing through medical facilities, ISO 45001-certified systems, first responder training, health awareness and wellbeing programmes.	Human Capital, Social Capital, Natural Capital
 SDG 4 – Quality Education	Education & Capacity Building	Providing quality education, skills development and learning opportunities through education centres, e-learning, scholarships, vocational training and early childhood development programmes.	Human Capital, Social Capital, Intellectual Capital
 SDG 5 – Gender Equality	Gender Equality & Women Empowerment	- Promoting gender equality, women's leadership and empowerment through DEI strategies and women-focused initiatives. 53% female workforce.	Human Capital, Social Capital
 SDG 6 – Clean Water and Sanitation	Water, Sanitation & Hygiene	Investing in clean water access, sanitation facilities, water quality monitoring and hygiene initiatives to improve living standards across estate communities.	Human Capital, Social Capital, Natural Capital
 SDG 7 – Affordable and Clean Energy	Renewable Energy & Energy Efficiency	Investing in renewable energy to reduce carbon emissions and enhance energy resilience. 20 on-grid solar systems 18 off-grid solar systems 2 hydropower projects	Manufactured Capital, Natural Capital, Financial Capital
 SDG 8 – Decent Work and Economic Growth	Decent Work & Economic Growth	Creating quality employment, ensuring fair labour practices, workplace safety and contributing to economic growth through responsible business. 3,591 employees across operations 3.21% employee turnover rate	Financial Capital, Human Capital, Social Capital
 SDG 9 – Industry, Innovation and Infrastructure	Innovation, R&D & Infrastructure	Investing in R&D, technology adoption, digital systems and modern infrastructure to drive innovation, productivity and long term competitiveness.	Manufactured Capital, Intellectual Capital, Financial Capital
 SDG 10 – Reduced Inequalities	Reduced Inequalities & Inclusive Communities	Promoting equality, inclusion and respect for human rights through non-discriminatory practices, community empowerment and inclusive development initiatives.	Human Capital, Social & Relationship Capital

STRATEGIES, POLICIES AND RESOURCE ALLOCATION

SDG	Strategic Focus	HPL Contributions (with Key Metrics)	Related Capitals
 SDG 11 – Sustainable Cities and Communities	Sustainable Communities	Improving living standards through housing, sanitation, community infrastructure, disaster preparedness and partnerships for sustainable community development.	Human Capital, Social & Relationship Capital, Natural Capital
 SDG 12 – Responsible Consumption and Production	Responsible Production & Consumption	Promoting sustainable agricultural practices, responsible sourcing, waste reduction, resource efficiency and traceability across the value chain.	Natural Capital, Manufactured Capital, Intellectual Capital
 SDG 13 – Climate Action	Climate Action & Resilience	15.5% reduction in Scope 1 emissions 6,000+ trees planted Strengthening climate resilience through low-carbon initiatives, renewable energy, conservation, emission reduction and climate risk management.	Natural Capital, Manufactured Capital, Financial Capital
 SDG 14 – Life Below Water	Life Below Water	Preventing pollution and protecting water resources through responsible waste management, reduced chemical use and sustainable land and water management.	Natural Capital, Manufactured Capital
 SDG 15 – Life on Land	Life on Land & Biodiversity	6,000+ trees planted during the year +10% increase in conservation extent Conserving biodiversity and ecosystems through responsible land management, reforestation, soil conservation and protection of natural habitats.	Natural Capital, Manufactured Capital
 SDG 16 – Peace, Justice and Strong Institutions	Good Governance, Ethics & Transparency	0 whistleblower cases 0 material non-compliance incidents Upholding ethical business conduct, anti-corruption, human rights, stakeholder engagement and strong governance frameworks.	Financial Capital, Human Capital, Social & Relationship Capital
 SDG 17 – Partnerships for the Goals	Partnerships for the Goals	Collaborating with government, communities, NGOs, industry partners and international organisations to drive collective impact and sustainable development.	Financial Capital, Manufactured Capital, Human Capital, Social & Relationship Capital, Natural Capital

KEY METRICS (TARGETS BY 2030)

1,000 MWh Renewable energy generated annually (target by 2030)	50% Reduction in energy intensity (target by 2030)	100% Sustainable water sourcing (target by 2030)	+10% Conservation extent (target by 2030)

Through these contributions, HPL creates long term value for our stakeholders while supporting a more equitable, inclusive and sustainable future.

WAY FORWARD

The plantation sector continues to undergo significant structural transformation driven by climate volatility, labour shortages, rising operating costs, changing buyer expectations, and increasing sustainability and traceability requirements across global agricultural supply chains. In response to these shifts, HPL is continuing to reposition itself from a traditional plantation model toward a more diversified, sustainability-driven, technology-enabled, and future-ready agribusiness platform focused on long term resilience, operational efficiency, and sustainable value creation.

HPL’s strategic direction increasingly focuses on balancing productivity enhancement, diversification, climate resilience, technology adoption, sustainability integration, and workforce transformation within a connected operating model designed to strengthen long term competitiveness across an evolving plantation landscape.



STRATEGIES, POLICIES AND RESOURCE ALLOCATION

GRI 13.2.1

CLIMATE IMPACT & OPERATIONAL RESILIENCE

Climate-related risks including rising temperatures, rainfall variability, pest and disease outbreaks continue to affect agricultural productivity, crop quality, operational continuity, and production costs across plantation operations. HPL recognises that these climate-related pressures are expected to intensify over the medium to long term, requiring more adaptive and resilient plantation management approaches.

In response, the Company continues to strengthen climate resilience through a combination of operational transformation initiatives, climate-smart agricultural practices, water management systems, renewable energy integration, and technology-enabled monitoring systems.

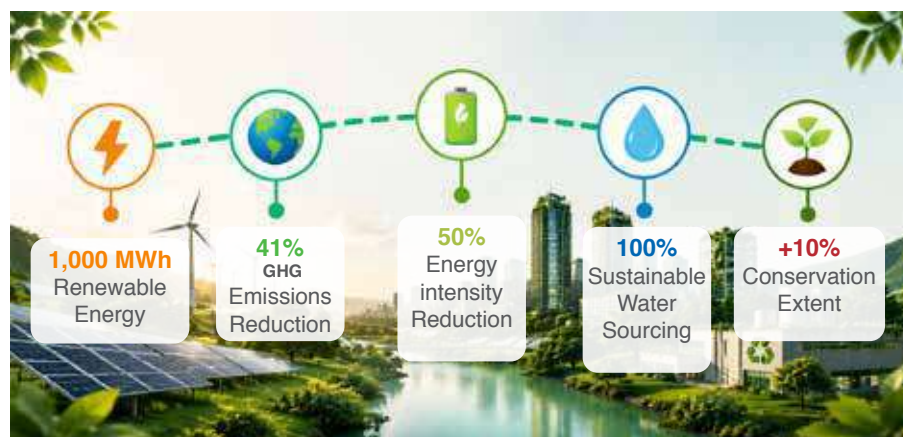
Operational adaptation measures increasingly include:

- high-density tea planting designed for machine harvesting
- regenerative agricultural practices
- crop diversification
- precision agriculture systems
- smart weather stations
- soil probes and IoT-based monitoring systems
- sprinkle irrigation and drip irrigation systems
- rainwater harvesting initiatives
- improved rain guard systems in rubber fields
- integrated pest management practices
- sustainable land management initiatives

These measures support improved productivity, reduced climate-related operational disruptions, enhanced

resource efficiency, and stronger long term operational resilience across plantation operations. HPL also intends to intensify regenerative agricultural practices aimed at improving soil carbon, biodiversity, water quality, and ecosystem resilience across plantation ecosystems while supporting its broader long term ambition of achieving carbon neutrality by 2030 and progressing toward Net Zero emissions by 2050.

2030 TARGETS



FOOD SECURITY & CLIMATE-SMART AGRICULTURE

HPL continues to strengthen climate-smart diversification initiatives across its plantation portfolio to optimise land utilisation, reduce dependency on traditional tea revenues, and establish more resilient and less labour-intensive revenue streams.

The Company is actively rebalancing from a near-mono-crop tea model toward a more diversified agribusiness portfolio comprising tea, rubber, oil palm, coconut, cinnamon, coffee, pepper, pineapple, and other diversified crops. Tea currently contributes approximately 76% of total revenue, while diversified crops collectively generated approximately Rs. 54 Mn during the year.

As part of this transition, unproductive or climate-impacted rubber lands are increasingly being converted into coconut, cinnamon, pepper, pineapple, and other diversified crops to improve land-use efficiency and strengthen climate resilience. In addition, intercropping models are being implemented within coconut plantations to maximise

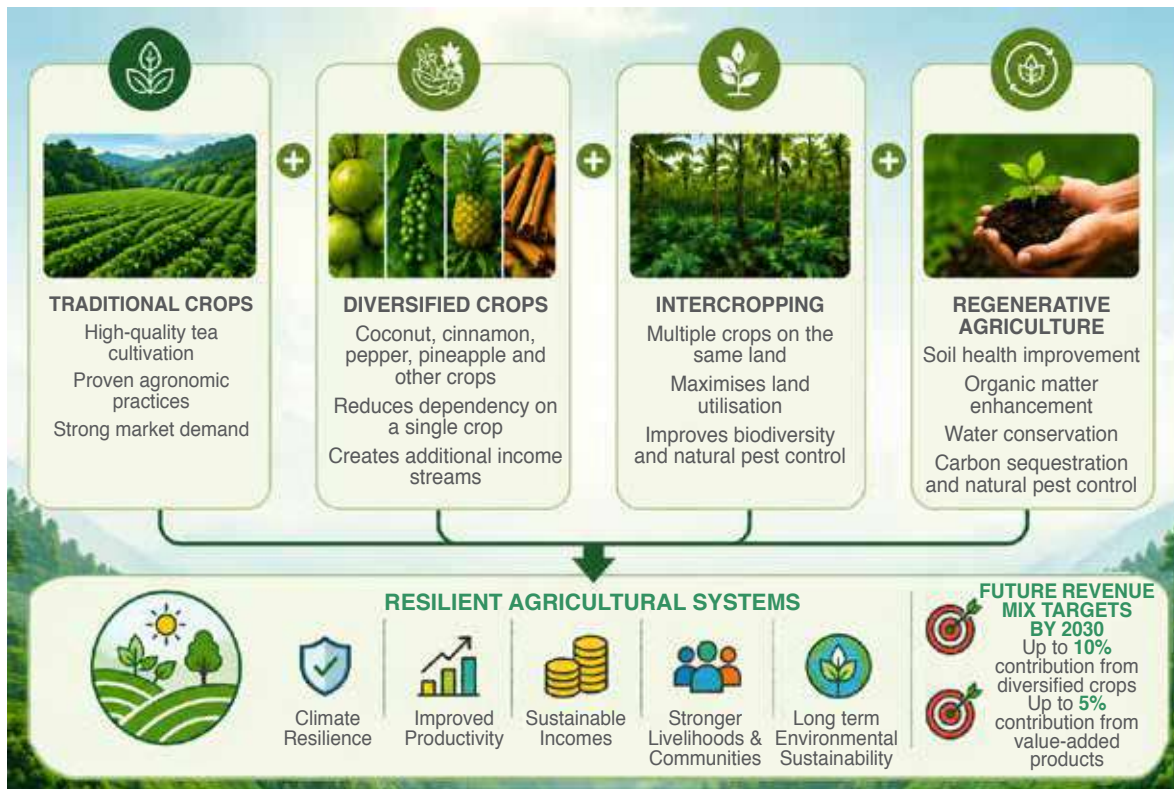
productivity without expanding plantation footprints.

Over the medium term, HPL's diversification strategy aims to increase revenue contribution from diversified crops to up to 10% by 2030, while value-added products are expected to contribute up to 5% of revenue over the longer term.

PROTECTING BIODIVERSITY & NATURAL ECOSYSTEMS

HPL's long term sustainability strategy increasingly recognises the interconnected relationship between biodiversity conservation, climate resilience, soil health, water stewardship, and long term agricultural productivity. As part of its Sustainability Roadmap to 2030, the Company continues to integrate environmental conservation and sustainable land management practices into operational planning and strategic decision-making processes.

The Company continues to strengthen regenerative agricultural practices, integrated pest management systems, responsible resource use, and sustainable land management initiatives designed



to support ecosystem resilience while improving long term plantation sustainability and productivity. Precision agriculture technologies, modern monitoring systems, and sustainability-linked operational practices further support improved environmental management across plantation landscapes.

In parallel, HPL's T-shade project has been registered under the Verra pipeline, creating potential future opportunities for carbon credit generation while supporting broader climate-friendly land management practices and long term natural capital protection.

MODERNISING THE PLANTATION MODEL

The plantation industry continues to face structural workforce challenges including ageing plantation demographics, labour shortages, rising wage pressures, and declining interest among younger generations in plantation-based employment. In response, HPL continues

transitioning from labour-intensive plantation systems toward more technology-enabled and productivity-driven operating models.

The Company's operational modernisation strategy focuses on:

- mechanisation and machine harvesting
- factory semi-automation
- colour sorter technology
- conveyor systems
- ERP integration
- digital weighing systems
- IoT-enabled monitoring systems
- precision agriculture
- smart operational reporting systems

These investments are intended to strengthen productivity, reduce labour dependency, improve operational efficiency, enhance traceability, and

support more data-driven decision-making across operations.

At the same time, HPL continues investing in workforce sustainability through employee recognition programmes, financial inclusion initiatives, housing programmes, training and capability development, and broader employee wellbeing initiatives aimed at supporting long term workforce resilience and retention

EXPANDING VALUE CREATION OPPORTUNITIES

Over the medium to long term, HPL intends to continue strengthening value-added agricultural products, direct export channels, premiumisation strategies, and sustainability-linked market positioning as part of its broader diversification strategy.

The Company continues to position sustainability as a core strategic differentiator rather than a compliance-driven initiative. Through certifications

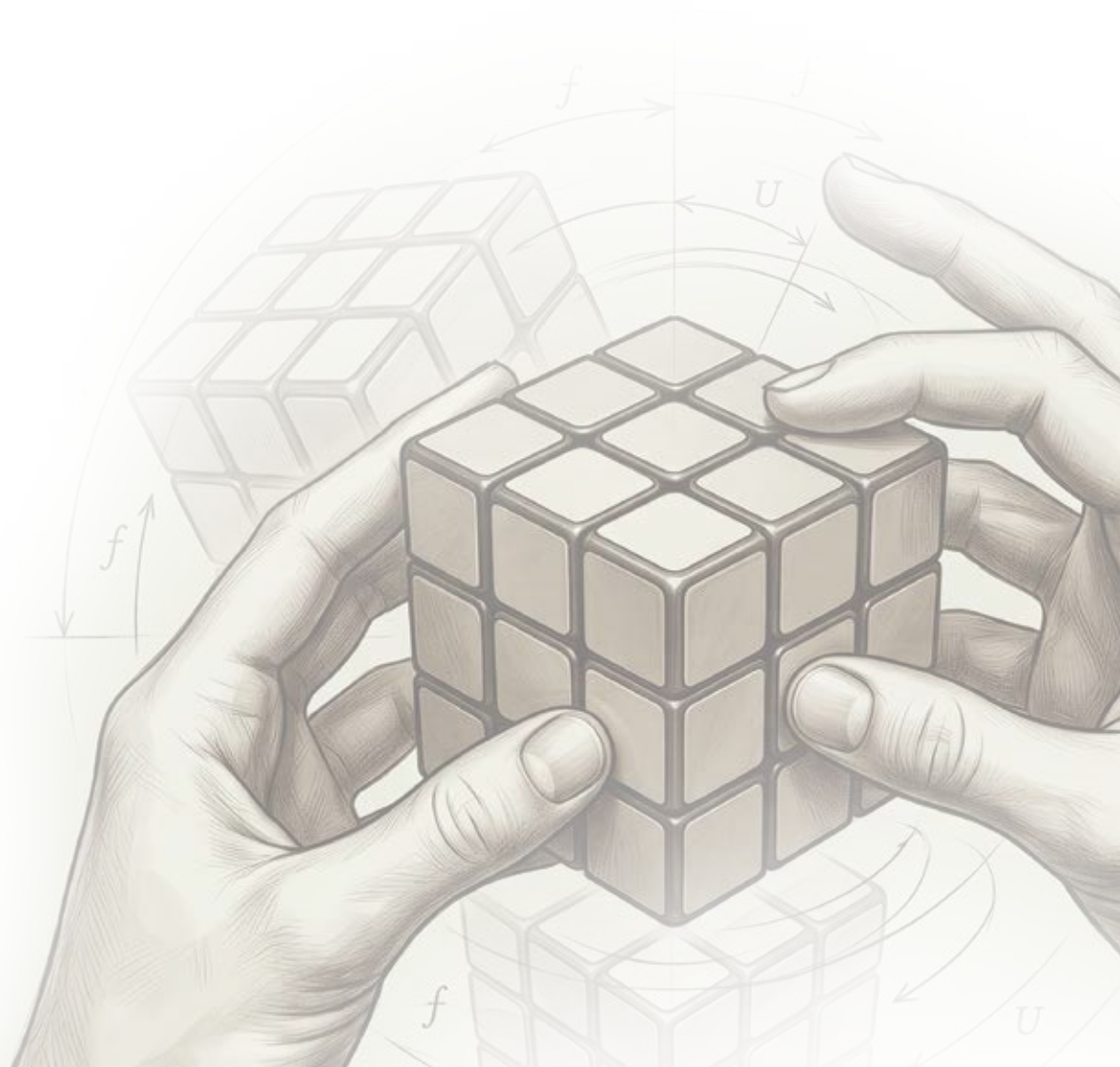
STRATEGIES, POLICIES AND RESOURCE ALLOCATION

including Rainforest Alliance, Fairtrade, ISO, HACCP, and broader ESG integration, HPL aims to strengthen access to premium export markets, improve long term customer relationships, and support future market competitiveness amid evolving international sustainability and traceability requirements including EUDR-related expectations.

Future growth opportunities are also expected to emerge through:

- coffee processing centres
- direct export sales
- premium and specialty tea products
- organic and artisanal teas
- plantation tourism initiatives linked to the PEKOE Trail and heritage bungalows
- carbon credit opportunities
- sustainability-linked value creation platforms

Over the longer term, HPL envisions evolving beyond the traditional plantation model toward a diversified, climate-resilient, sustainability-led agribusiness platform capable of generating enduring financial, environmental, and social value.



SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

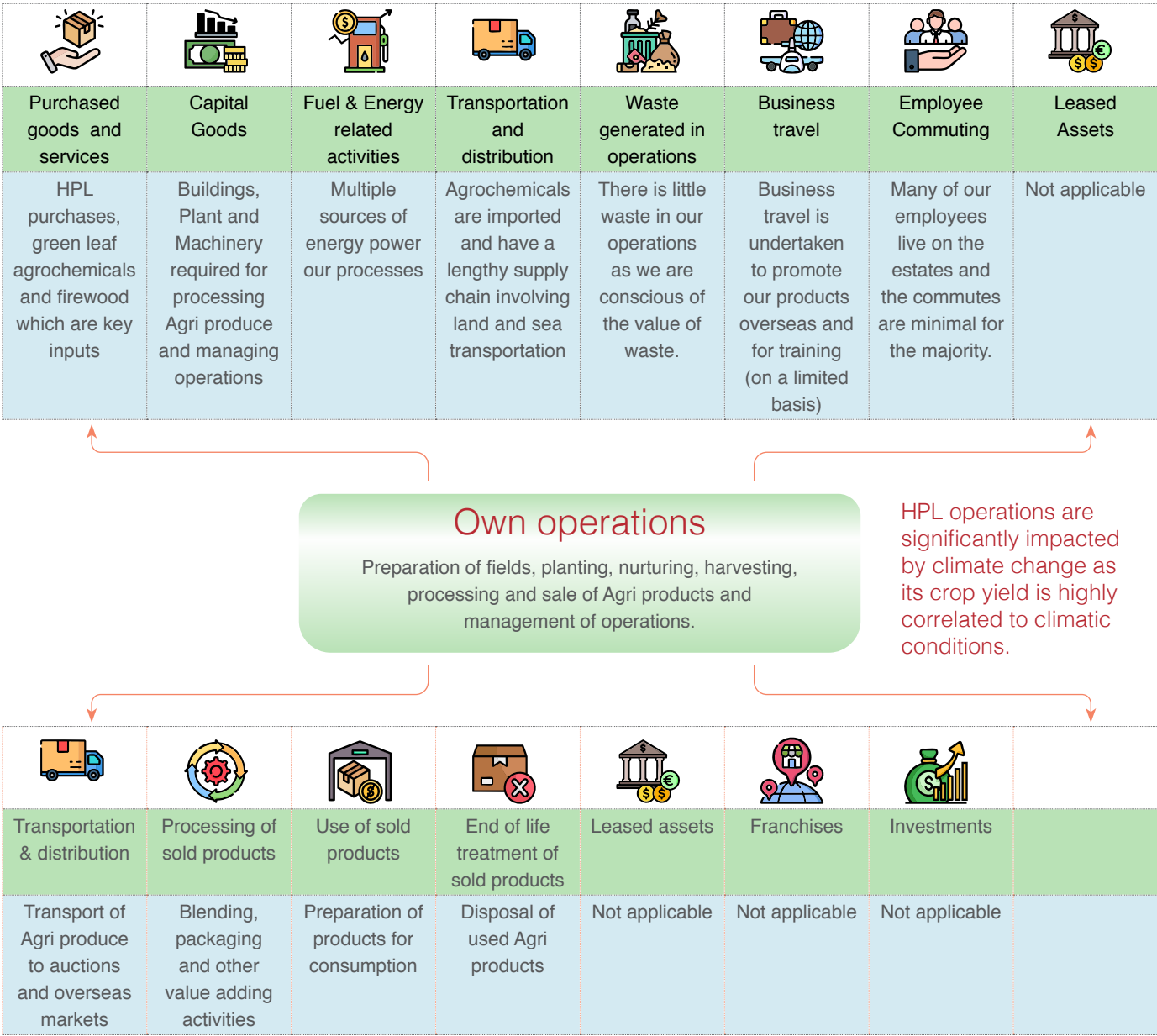
The disclosures required by SLFRS S1 and S2 are set out in this separate segment of the Annual Integrated Report facilitating easy reference. Horana Plantations PLC (HPL) has complied with the requirement to report on SLFRS S1 and S2 in the current year although it becomes mandatory for HPL in the financial year 2026/27.

As a subsidiary of Hayleys PLC, HPL has adopted the Hayleys Lifecode 2.0 which maps the Group’s sustainability priorities. As a Plantation company where social and environmental issues are inextricably interwoven, the scope of HPL’s sustainability material topics is necessarily wider as the materiality thresholds are lower and impacts are more severe

at entity level. Therefore, the material topics set out on page 55 of this Annual Integrated Report and reproduced below were considered in preparing this SLFRS S1 and S2 Supplement.

VALUE CHAIN

HPL’s value chain is graphically set out below.



SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

This supplement is categorized into separate sections as set out below:

Basis of preparation

Governance

Strategy

Risk Management

Targets & Metrics

BASIS OF PREPARATION

Reporting Entity

Horana Plantations PLC (hereafter mentioned as “the Company”), is a Public Limited Liability Company, incorporated and domiciled in Sri Lanka, under the Companies Act No.17 of 1982 (the Company re registered under the Companies Act No.07 of 2007), in terms of the Public Corporation of Government Owned Business Undertakings into Public Companies Act No.23 of 1987. The registered office of the Company is situated at No 400, Deans Road, Colombo 10, and the plantations are situated in the planting districts of Nuwara Eliya and Kalutara. The staff strength of the Company as of 31 March 2026 –3,591 (2025 – 3,149).

Basis of Materiality

HPL has disclosed only those Climate Related Risks and Opportunities (CRROs) that could reasonably be expected to materially affect its cash flow, access to finance or cost of capital over the short, medium or long term. The process to determine material matters is disclosed elsewhere in this report.

Energy consumption and Emissions and air quality rank high on the prioritized list of material impacts due to their impact on climate change. As business, HPL operations are significantly impacted by climate change as the quantity and quality of its crop and , to a lesser extent, labour productivity, is highly correlated to

climatic conditions. The quality and quantity of the crop affect revenue directly with labour productivity impacting the costs. These issues are reasonably expected to affect the Company’s prospects including cash flows, cost of capital and access to finance over the short, medium or long term.

Financial materiality for CRROs is based on the Company’s performance and the potential impact of CRROs on the Company’s prospects. Accordingly, the Company has established the quantitative thresholds for disclosing financial material information as follows.

Quantitative Thresholds for Materiality

A CRRO is deemed financially material if it meets one or more of the following thresholds resulting in an impact on Company’s prospects, either individually or cumulatively:

Financial Statement Area	Benchmark	Threshold
Profit & Loss	Average Profit Before Tax (3 years)	5%
Balance Sheet	Average Total Assets (3 years)	1%
Cash Flow	Average Net Operating Cash Flow (3 years)	5%

These materiality thresholds have been determined based on the Company’s financial statements, informed by an analysis of historical data over the past five years, as well as professional judgment and insights regarding the identified CRROs and their potential impact. A climate related matter may be considered material irrespective of its financial magnitude where its nature is significant. Examples of non-financial criteria include potential loss of life or physical impairment, loss of housing, or disruptions to supply of critical needs.

Functional Currency

The Financial Statements of the Company are presented in Sri Lankan Rupees (LKR), which is the currency in which the Company operates and maintains its financial records. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise.

Sources of Guidance

Non-financial disclosures have been prepared in reference to the following sources of guidance in identification and disclosure of CRROs;

- SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information
- SLFRS S2 – Climate related Financial Disclosure Standard
- Sustainability Accounting Standard Board (SASB) – Sustainability Accounting Standard for Agricultural Products
- Sri Lanka’s Nationally Determined Contributions (NDCs) 3.0 (2026-2035)
- IPCC climate science frameworks
- PCAF and GHG Protocol methodologies
- Sri Lanka National Disaster Management Plan 2023-2030

Reporting Period

The reporting period covers the financial year from 1st April 2025 to 31st March 2026.

Time Horizons

We assess material CRROs across short, medium and long term to support informed decision making and strategic planning. The current reporting year is identified as

financial year 2025/26. The table below sets out HPL's definition of time horizons referred to in this report.

Time horizon	Years	Definition
Short term	1-3	Consistent with revenue diversification, energy efficiency, labour dynamics, community outreach and certifications.
Medium term	3-5	Anticipate shifts in weather, regulation, wages and progress against targets.
Long term	> 5	Resilience against chronic physical risks and sustainability related risk

Connected Information

The following chapters of this report provide information relevant to the topics covered in this supplement.

SLFRS S1 and S2 section	Primary location of disclosures	Location of connected information
Governance	SLFRS S1 & S2 disclosures – pages 72 to 73	Corporate Governance Pages 218 to 257
Strategy	SLFRS S1 & S2 disclosures – pages 75 to 76	Our Strategy – pages 57 to 68
Risk Management	SLFRS S1 & S2 disclosures – pages 76 to 85	Risk Management Report – pages 87 to 92
Metrics & Targets	SLFRS S1 & S2 disclosures – pages 86	Natural Capital Report – pages 186 to 217

Transitional Reliefs

The Company has availed itself of the transitional reliefs permitted under SLFRS S1 and S2, as issued by CA Sri Lanka, in preparing this year's SLFRS sustainability related financial disclosures.

- SLFRS S1 - Disclosure of information only on CRROs
- SLFRS S2.C3 - Disclosure of comparative information
- SLFRS S2.22 - Disclosures on Climate resilience

Professional Judgements, Uncertainties and Proportionality

Reporting of climate related financial disclosures involve the exercise of professional judgment and estimation due to the future orientation and dynamic nature of relevant risks and opportunities. HPL applies reasonable and supportable information available at the reporting date to make informed decisions regarding the same. Further, HPL has sought inputs from people with relevant knowledge, skills and capabilities wherever possible to facilitate. Further, the Company has used the skills, capabilities and experience of its team members and other resources available to quantify the impact of identified CRROs. The

key areas involving professional judgment, measurement uncertainty and forward looking assumptions are listed below.

Key Areas of Professional Judgement and Uncertainties

The Company exercised professional judgement in areas of technical application due to the dependency of contextual interpretation. These judgments are critical to ensure that the disclosures are meaningful and aligned with the decision making needs of primary users.

Key areas include:

- Materiality Threshold
- Time Horizon Classification
- Identification of CRROs
- Quantifying the Financial Impact

Key Areas of Measurement Uncertainty

- GHG Emission Quantification
- GHG Emission Factors
- Physical Climate Risk Projection
- Regulatory and Policy Forecasts
- Results of the Output
- Likelihood of Occurrence of CRROs

Key Areas of Forward Looking Statements and Limitations

- Expected Benefits of the Climate related Opportunities
- Transforming the Existing Business Model

Commitment Going Forward

1. Improve systems for data collection.
2. Regular evaluation of the risks and opportunities based on the climate scenarios

Statement of Compliance

This report represents a complete set of sustainability related financial disclosures

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

for Horana Plantations PLC for the year ended 31st March 2026. The Company’s sustainability related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

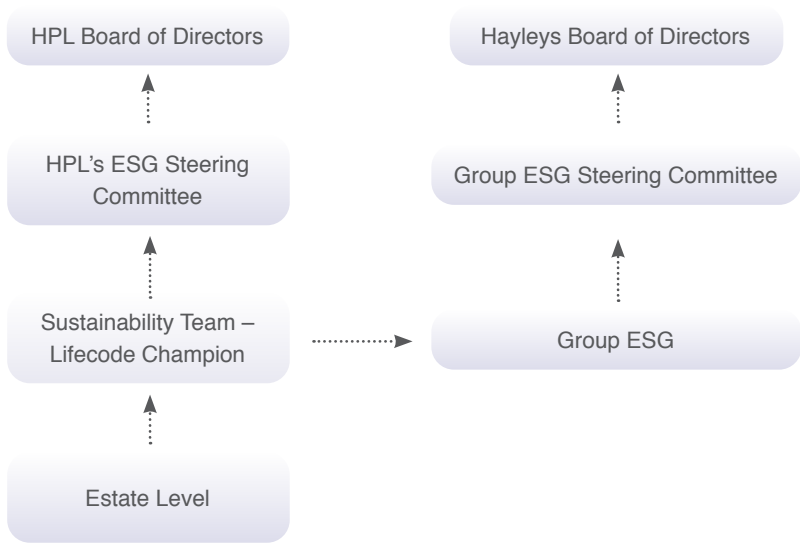
GOVERNANCE

HPL has established a robust governance framework to oversee sustainability related matters, ensuring alignment with its long term strategy. The HPL and Hayleys Sustainability framework enables effective oversight, accountability, and integration of sustainability into decision making processes, in line with SLFRS S1 and S2.

Board Oversight Role

The Board of Directors is responsible for oversight of sustainability related matters, including reporting on climate related risks and opportunities. The Board has established a dedicated ESG Steering Committee (ESC), which provides focused oversight, strategic guidance, and monitoring of sustainability related initiatives. The ESC plays a vital role in facilitating the integration of sustainability initiatives across HPL’s operations, supporting delivery of sustainable value to stakeholders value over the short, medium, and long term.

ESG GOVERNANCE STRUCTURE



Governance Oversight Structure

HPL’s sustainability governance is structured to ensure clear accountability and effective oversight over sustainability matters as set out alongside. This includes the identification, measurement, monitoring, management and reporting of material sustainability matters, cascading responsibilities to Estate level.

As part of the Hayleys Group, the Sustainability Division coordinates with the Hayleys Group Sustainability Division, ensuring timely reporting of Group sustainability information

and compliance with agreed Group targets.

Responsibilities

Clearly defined governance structures, terms of reference for committees and regular reporting the Board Audit Committee and the Board facilitated effective oversight the effective management of SRROs. The Board monitors the ESG strategy, including adaptation and mitigation strategies developed by management to achieve climate related targets.

The Board Audit Committee (BAC) plays a vital supportive role in oversight of sustainability matters by ensuring that the internal audit programme captures sustainability reporting processes within its activities and strengthens the internal controls over sustainability reporting.

- Responsibilities of the Board & BAC set out in the terms of reference are as follows;
- Reviewing and approving sustainability strategies, policies, and targets
 - Overseeing the identification and prioritisation of SRROs and CRROs
 - Ensuring integration of sustainability considerations into the Company’s business model, strategy, and risk management processes
 - Monitoring performance against sustainability related targets and metrics
 - Reviewing sustainability related financial disclosures, including compliance with SLFRS S1 and S2
 - Ensure that sustainability criteria are considered in major transactions

GRI 2-17

Skills and Competencies

The Board is acutely aware of sustainability matters related to HPLs

12 hours

Total number of training hours during the FY 2025/26

Topics Covered:

- Introduction to SLFRS Sustainability Disclosure Standards and Key Disclosure Requirements
- Role of Board of Directors?
- Board’s Role in Mandatory Sustainability Reporting



business as these are interwoven into the business strategy and through early adoption of sustainability principles into the business. In the Plantation sector, sustainability awareness is a relatively mature skill due to the high impact of nature and labour on the industry performance. As a sector, the Plantation sector has arguably the broadest material topics of industry sectors which has been guided by the GRI Plantation Sector Standard which has been implemented by HPL since 2024. Additionally, close collaborations with academia in driving innovation in the sector provides access to expertise on sustainability in the country.

Further, the Board of Directors are provided with expertise development programmes to address these areas and support the Board in making more informed and sustainable decisions. Additionally, the Company provided training on SLFRS with an resource for the Board of Directors and the ESG Steering Committee and the Sustainability Division to enhance their understanding of SLFRS S1 and S2 Standards, aligning understanding on key matters. This complements the ongoing initiatives on training on sustainability related matters across the organisation.

Inform and Address

The Company maintains a strong governance framework for sustainability and Climate Related Risks and Opportunities (CRROs), aligned with SLFRS S1 and S2. The ESC oversees implementation, while the BAC monitors risks and CRRO assessments. During the year, the Board approved key CRROs and related strategies, embedding sustainability into decision making. Ongoing Board and Sub Committee engagement ensures continued oversight and strategic integration. The Board is informed through structured channels, with sustainability and climate matters regularly discussed at Board and Sub Committee meetings to support ongoing oversight and strategic integration.

Monitor

The monitoring of climate related risks and opportunities at the Company is embedded within the Company’s integrated governance framework to ensure effective oversight, accountability, and compliance with SLFRS S1 and S2.

At Board level, oversight is structured as follows:

- The Board Audit Committee (BAC) monitors the implementation of SLFRS S1 and S2 requirements and

ensures that climate related risks and opportunities are effectively integrated into the Company’s Enterprise Risk Management (ERM) framework.

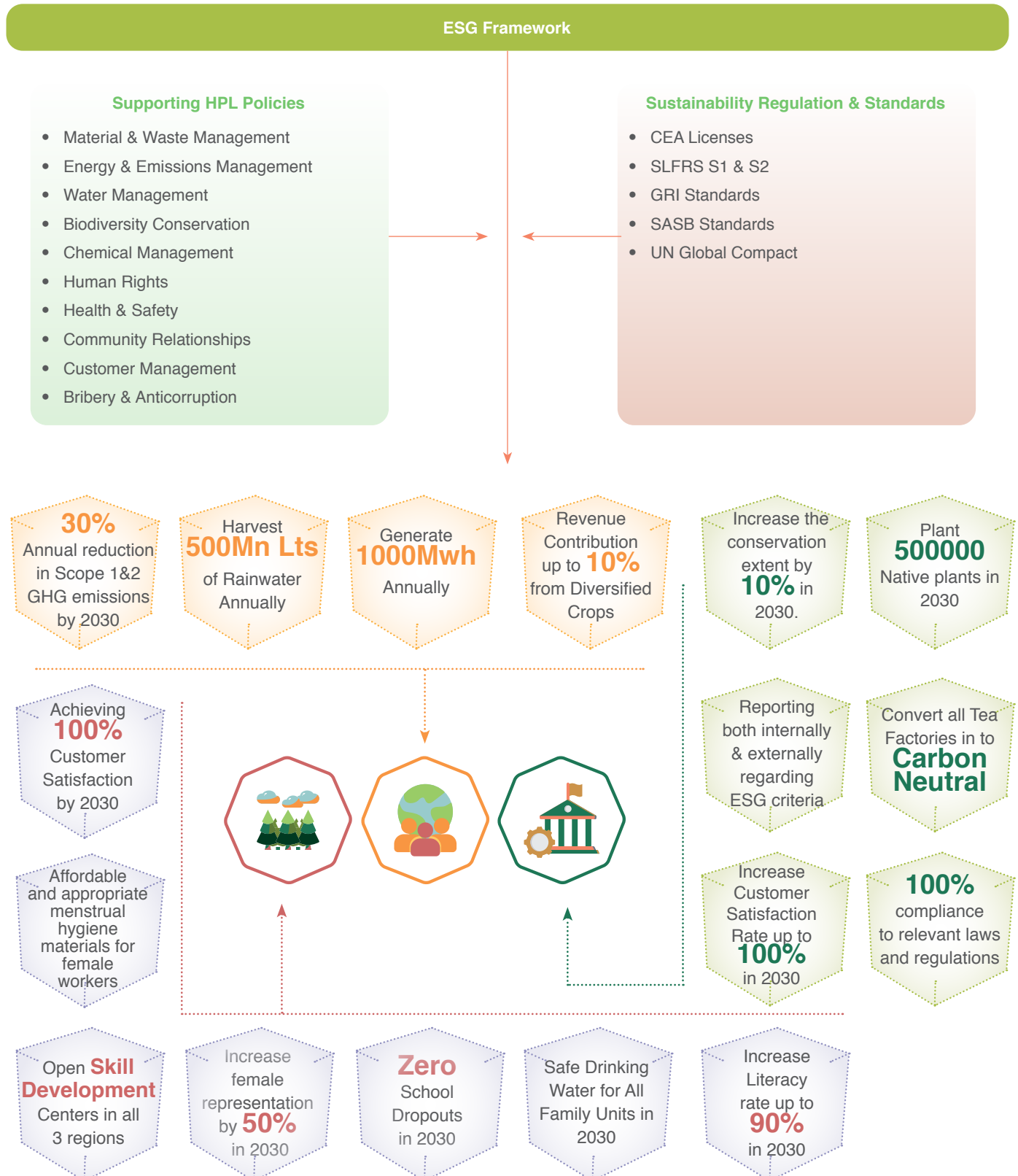
- The ESG Steering Committee (ESC) provides overall oversight on climate related matters, including CRRO performance, ESG strategy execution, and sustainability disclosures, with quarterly monitoring and review.

This monitoring framework is further operationalised through a suite of internal policies, procedures, and manuals that guide implementation, measurement, and reporting. These include:

- Hayleys LifeCode 2.0
- HPL Sustainability Strategy
- ESG Policy

Together, these frameworks enable the systematic identification, tracking, and management of climate related risks and opportunities across the organisation.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES



Remuneration Linkages

The Board, with the support of the ESC and the Board HR & Remuneration Committee, oversees the alignment of sustainability related performance with remuneration policies, where applicable. This includes the integration of sustainability related metrics and targets into performance evaluation frameworks, including Key Performance Indicators (KPIs), strengthening accountability for the effective management of Climate Related Risks and Opportunities (CRROs).

MANAGEMENT ROLE
ESG Steering Committee (ESC)

To operationalise ESG strategies and execute the action plans, a managerial level ESG Steering Committee was formally constituted in the financial year 2023/24. This committee facilitates the implementation of Board approved ESG strategies and manage the ESG risks while embracing the opportunities.

The ESG Committee acts as a liaison between the Board and operational teams. The ESG Steering Committee is responsible for following duties as outlined in the Terms of Reference.

- Develop the Company's ESG/ Sustainability Strategy and Policies
- Evaluate and decide on the necessary infrastructure and modifications to existing processes, procedures, and policies to facilitate the ESG/ Sustainability policy implementation
- Integration of ESG/Sustainability Matters into Company's business model, ERM value chain, culture and day to day operations
- Improvement of ESG/Sustainability Disclosures and Performance

The composition of the ESG Steering Committee is given below:

Committee Member	Role
Director/CEO	Board Representative
General Manager Finance	Finance Oversight
General Manager Corporate Affairs	Corporate Governance
Finance Department	Financial Management
Sustainability Department	Environmental Initiatives
Human Resource Department	Employee Management
IT Department	Technology Infrastructure
Procurement Department	Supply Chain
Marketing Department	Marketing Strategies

The ESG Steering Committee meets quarterly, with the option for additional meetings as needed. A designated officer acts as Secretary, recording detailed minutes. All meetings are documented and reported to the Board of Directors at their quarterly meetings. A schedule for the next year's meetings is provided to the Director/ CEO in advance, ensuring at least four meetings annually.

The ESG Steering Committee responsibilities related to disclosure of CRROs are as follows:

- Review the list of Sustainability matters
- Assess the materiality of these matters to ensure that Sustainability Related Risks and Opportunities and CRROs are integrated into the Company's overall strategy, risk management, policies and procedures
- Evaluate the resilience of the Company's approach to these risks and opportunities
- Oversee and ensure the effective implementation of SLFRS S1 and SLFRS S2 requirements

Sustainability Division

The Sustainability Division, made up of qualified professionals, plans, implements, and monitors climate initiatives in line with the Company's sustainability strategy

under the oversight of the ESG Steering Committee. It manages data collection, validation, and reporting for sustainability and climate disclosures, monitors regulatory developments, identifies capacity building needs, and supports integration into existing reporting systems. Working closely with the ESG Steering Committee, it also coordinates strategic business unit information to support compliant implementation of SLFRS S1 and S2 across the Company.

Internal Controls and Procedures

In line with its ongoing commitment to sustainability, the Company operates under key policies and related procedures. This helps guide daily financial activities in a way that minimises environmental impact and supports responsible business practices.

STRATEGY

This section outlines how HPL manages its CRROs and embeds to the decision making.

Global Context

The global risk landscape is increasingly shaped by climate related risks, with extreme weather events, ecosystem degradation, and resource scarcity emerging as critical threats to economic stability. Scientific consensus indicates that global temperatures have already

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

risen significantly due to human activity, intensifying the frequency and severity of climate related disruptions. These developments are accelerating the transition toward a low carbon economy, driven by international commitments such as the Paris Agreement.

Sri Lankan Context

Sri Lanka is highly vulnerable to climate change due to its geographic and economic profile. More frequent floods, droughts, landslides, and rainfall variability continue to disrupt key sectors, particularly agriculture. At the same time, the national policy and regulatory landscape is evolving rapidly. The country’s climate commitments are driving greater integration of climate risk into business strategy and planning. Regulatory developments, including the adoption of SLFRS S1 and S2, are also increasing the need for stronger climate related disclosures, governance, and

integration of transition risks into financial decision making.

HPL’s location and resources such as land, labour and capital together with expert knowledge of agriculture creates a plethora of opportunities which encompass options which include renewable energy generation, sustainable agriculture, crop diversification, carbon capture and carbon sinks, substitution of agrochemicals with organic products, etc.

Alignment to HPL’s Strategy and Decision Making

HPL integrates climate related risks and opportunities (CRROs) into strategic planning and decision making to support long term resilience and value creation. These considerations are embedded across governance, risk management, and operations. Climate factors are reflected in annual planning and budgeting to align sustainability objectives with strategic

priorities. They are also considered in investment and lending decisions, strengthening credit assessments and capital allocation. In addition, climate related risks are being integrated into the enterprise risk management framework to support consistent identification, assessment, and monitoring across the portfolio. Progress on climate related targets and strategic initiatives is reviewed regularly by the Board and relevant sub committees to maintain oversight and accountability.

GRI 201-2

Identified Climate Related Risks and Opportunities

HPL has identified the following key CRROs using significant inputs from our own experience and The World Bank Group Country Climate & Development Report published in June 2025.

Risk/Opportunity	Type of Risk	Description	Corroboration from The World Bank Group Country Climate & Development Report
 Extreme Weather Events	Acute Physical Risk	Increased frequency and severity of climate events such as floods, droughts, landslides and heat waves impact the lives and productivity of our employees as well as the quality and quantity of crop.	Climate change is estimated to intensify the frequency and severity of flooding, further endangering infrastructure.
 Long term climate change	Chronic Physical Risk	Global warming increases in-crease stress on employees impacting labour productivity while also reducing crop yields.	Climate change is expected to heighten heat stress and lower labor productivity while a hotter climate future threatens crop production and yields
 Legal, Regulatory and Policy Developments	Transition Risk	Evolving regulatory frameworks, including emissions management and climate disclosure require-ments and pre emptying changes to minimize the impact of sudden regulation	NA
 Increasing investment in sustainable business ventures	Opportunity	Increased investment in clean renewable energy including bio-char, ecosystem restoration, eco-tourism and access to carbon markets	Scaling up renewables in Sri Lanka’s energy mix can lower the cost of power, reduce economic and fiscal risks, and help address air pollution



DETAILED DESCRIPTION OF CRROS

Risk 1: Extreme Weather Events

CRRO 1	Extreme Weather Events	
CRROs impact on Prospects	Description	Frequent and intense rainfall events may impact number of workable field days disrupting tea harvesting operations, with occasional land rehabilitation requirements. In rubber plantations tapping activities are highly weather dependent and prolonged wet conditions leads to delayed or missed tapping cycles, resulting in lower latex collection and quality due to dilution, ultimately affecting revenue. The impact on the tea sector has been considered in the assessment but is excluded as the risk is manageable whereas the residual risk relating to the rubber sector is more material. Rubber faces disproportionately higher operational and financial risks.
	Nature of Risk	Acute Physical Risk
	Time Horizon	Short, Medium & Long term
Business Model and Value Chain	Current Effects on Business Model and Value Chain	In the tea sector, there are minor disruption to estate accessibility and supply chain continuity, and potential Income instability for workers and smallholders due to work stoppages. The Rubber sector is affected by reduced productivity per hectare and inconsistent output volumes impacting core rubber operations, and high operating costs margin pressures arising due to payment of fixed costs. Other cost pressures stem from drainage investments and land rehabilitation.
	Anticipated Effects on Business Model and Value Chain	Climate risk becomes a core financial planning variable with investment plans to strengthen climate resilient infrastructure. High OPEX budget allocation for landslide/flood recovery and infrastructure repair cost. Higher pest/disease control, and agrochemical expenses due to fertiliser runoff/leaching.
	Where is it Concentrated?	Risks in the value chain are concentrated largely within rubber estates of HPL.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate related Targets	Short Term - Targeted R&D such as rainfall guards for tapping. - Increased reliance on precision agriculture such as real time weather monitoring for predictive tapping schedules. Medium Term - More resilient logistics planning such as alternative routes and storage buffering. - LiDAR based drone detection for disease surveillance and nutrient deficiencies. Long Term - Crop diversification to shifting towards a diversified climate adaptive plantation portfolio and additional revenue streams.
	Capital and Resource Allocation Plans	- Pilot climate resilient cultivars and expand shade tree coverage - Improvements in soil moisture retention, carbon sequestration and biochar application - Worker heat stress management and safety protocols

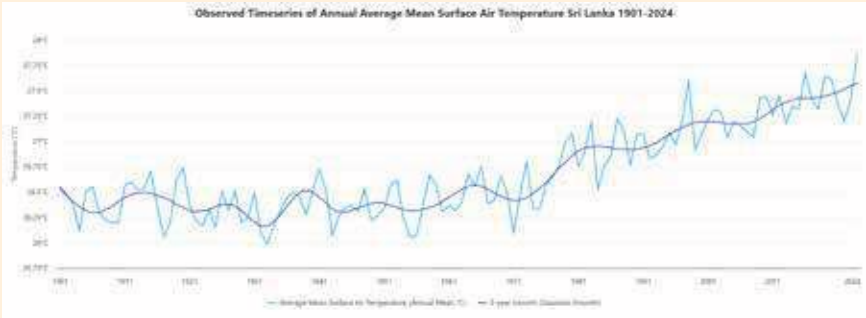
SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

CRRO 1	Extreme Weather Events	
Financial Effects	Current year financial effects to PL, BS and CF	Income statement impact • ↓ 148 Mn (revenue) Balance Sheet Impact • ↓ 3 Mn (total assets) • ↓ 105 Mn (equity) Cashflow • ↓ 96 Mn (operating) • Zero (investing) • ↓ 8.6 Mn
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	No significant risk identified in the immediate next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Income statement impact • Short-run ↓ 155 - 162 Mn (revenue) • Medium-run ↓ 171 - 179 Mn (revenue) • Long-run ↓ 181 - 190 (revenue) Balance Sheet Impact Capex - Intangibles • Short-run ↓ 3 Mn (total assests) • Medium-run ↓ 3 - 3.5 Mn (total assets) • Long-run ↓ 3 - 4 Mn (total assets) Finance Raised • Short-run ↓ 109 - 114 Mn (equity) • Medium-run ↓ 120 - 126 Mn (equity) • Long-run ↓ 128 - 134 Mn (equity) Cash Flow • Short-run ↓ 100 - 105 Mn (operating) • Medium-run ↓ 110 - 116 Mn (operating) • Long-run ↓ 118 - 123 Mn (operating) Investing • Short / medium / Long Minor (investing) Financing • Short-run ↓ 8.5 - 9.5 Mn (financing) • Medium-run ↓ 9.5 - 10.5 Mn (financing) • Long-run ↓ 10 - 11 Mn (financing)

CRRO 1	Extreme Weather Events	
Climate resilience	Resilience Assessment	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
Judgements and Uncertainties	Judgements	HPL has provided this information on the basis that extreme weather events will affect all of its estates whereas it is possible that extreme weather events may affect estates with different levels of intensity, elevating risks for some while reducing risks for others.
	Uncertainties	Uncertainty in frequency, severity, localized impacts of climate events



DETAILED DESCRIPTION OF CRROS
Risk 2: Long term climate change

CRRO 2	Long term climate change	
CRROs impact on Prospects	Description	Global warming increases stress on bud formation altering the growth cycles and flavour seasons of tea, reducing yields and quality. Studies have suggested a 1 degree increase in average temperature will cause a 4.6% reduction in green leaf production. Labour productivity will also decline with warming environments, and reduced plucking intervals which will impact the quality of tea.  Climate Change Knowledge Portal
	Nature of Risk	Chronic Physical Risk
	Time Horizon	Medium & Long term

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

CRRO 2	Long term climate change	
Business Model and Value Chain	Current Effects on Business Model and Value Chain	As a chronic risk, this is more insidious in nature as the impacts are visible only over the long term rather than in the short term as the effects are gradual and impact relatively small in the short term. It could however be reasonable to anticipate impact on revenue due to inconsistent crop yields and volatile Gross Sales Averages at auctions owed to shifting flavour seasons. High OPEX associated with increased frequency of replanting cycles, pest managements and shade tree expansion. Adjusted plucking rounds and harvesting schedules for enhanced worker safety/productivity.
	Anticipated Effects on Business Model and Value Chain	As a chronic risk, this is more insidious in nature as the impacts are visible only over the long term rather than in the short term as the effects are gradual and impact relatively small in the short term. It could however be reasonable to anticipate impact on revenue due to inconsistent crop yields and volatile Gross Sales Averages at auctions owed to shifting flavour seasons. High OPEX associated with increased frequency of replanting cycles, pest managements and shade tree expansion. Adjusted plucking rounds and harvesting schedules for enhanced worker safety/productivity.
	Where is it Concentrated?	Risks in the value chain are concentrated largely within HPL tea estates While the revenue impact on rubber is significantly less, it has been included in the assessment.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate related Targets	Short Term • Micro climate resilience strengthened through shade tree planting programs and agroforestry • Enhanced worker heat safety protocols Medium Term • Adjustments to operational practices such as revised plucking rounds and harvesting schedules Long Term • Transitioning to climate smart cultivars and restructured replanting cycles to manage long term climate stress • Frequent assessment/update of OPEX and CapEx allocation to support adaptation
		Capital and Resource Allocation Plans • Pilot climate resilient cultivars and expand shade tree coverage • Improvements in soil moisture retention, carbon sequestration and biochar application • Worker heat stress management and safety protocols

CRRO 2	Long term climate change			
Financial Effects	Current year financial effects to PL, BS and CF	Income statement impact		
		• ↓ 120 - 125 Mn (revenue)		
		Balance Sheet Impact		
		• ↓ 10 - 15 Mn (total assets)		
		• ↓ 75 - 80 Mn (equity)		
		Cashflow		
		• ↓ 65 - 70 Mn (operating)		
		• Minor (investing)		
		• ↓ 6 - 10 Mn		
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	No significant risk identified in the immediate next financial year.		
	Anticipated financial effect	Short Term	Medium Term	Long Term
	Income Statement	↓ 200 - 210 Mn (revenue)	↓ 300 - 310 Mn (revenue)	↓ 400 - 410 Mn (revenue)
	Total Assets	↓ 20 - 25 Mn	↓ 30 - 35 Mn	↓ 45 - 50 Mn
	Total Equity	↓ 120 - 130 Mn	↓ 180 - 190 Mn	↓ 240 - 250 Mn
	Operating CF	↓ 110 - 115 Mn	↓ 170 - 175 Mn	↓ 225 - 230 Mn
	Investing cf	Minor impact		
	Financing cf	↓ 10 - 15 Mn	↓ 15 - 20 Mn	↓ 20 - 25 Mn
Climate resilience	Resilience Assessment	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.		
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.		
Judgements and Uncertainties	Judgements	HPL has provided this information on the basis that extreme weather events will affect all of its estates whereas it is possible that extreme weather events may affect estates with different levels of intensity, elevating risks for some while reducing risks for others.		
	Uncertainties	Uncertainty in frequency, severity, localized impacts of climate events		

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES



DETAILED DESCRIPTION OF CRROS

Risk 3: Regulatory, Policy & Legal Transition

CRRO 3	Climate-related Transitional Risk	
CRROs impact on Prospects	Description	Transition to a low carbon economy preempting regulatory developments. Investment requirement/cost pressures to shift to a low carbon, climate resilient economy and evolving customer requirements.
	Nature of Risk	Transition Risk
	Time Horizon	Short, Medium & Long term
	Define time horizon	Refer 1.6.1 Basis of Defining the Time Horizon on page 71
Business Model and Value Chain	Current Effects on Business Model and Value Chain	Increased focus on climate disclosures and compliance readiness Initial investments in systems and reporting frameworks CapEx for renewable energy, precision agriculture and emission reducing initiatives
	Anticipated Effects on Business Model and Value Chain	Full integration of climate considerations into governance, lending, and reporting processes Increased compliance costs but improved stakeholder confidence and access to funding. Exposure to carbon taxes or emission pricing and potential revenue impacts stemming from shifting buyer requirements
	Where is it Concentrated?	This risk is fairly spread throughout the value chain given the growing volume of regulatory reporting requirements and soft trade barriers. However, as the primary producer, a significant concentration will be with HPL to create the primary data.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate related Targets	Short Term • Policy and regulatory screening to map evolving ESG requirements • Establish robust ESG data governance and reporting systems at field, estate and entity levels. Medium Term • Integrate climate considerations into credit risk and policy frameworks • Strengthen internal controls, compliance monitoring, and audit processes • Transition to low emission system and digital compliance traceability Long Term • Achieve fully embedded climate governance and reporting integration • Obtain external assurance of climate disclosures
	How the Company is Resourcing and Plan to Resource Activities	• Investment in data infrastructure, reporting systems, and governance frameworks • Upskilling teams across risk, finance, and sustainability • Alignment with HPL Advance – governance excellence and transparency

CRRO 3	Climate-related Transitional Risk
	Progress (qualitative and quantitative) • SLFRS readiness assessments completed • Disclosure frameworks under development • Progressive improvement in data quality and gap closure
Financial Effects	Current year financial effects to PL, BS and CF Income statement impact • ↑ 26 Mn (revenue impact) Balance Sheet Impact • ↑ 22 Mn (total assets) • ↑ 24 Mn (total assets) Cashflow • ↑ 26 Mn (operating) • ↓ 56 Mn (investing) • ↑ 8 Mn (financing)
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year No significant risk identified in the immediate next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
Climate resilience	Resilience Assessment As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.
Judgements and Uncertainties	Judgements The Company has determined that evolving climate related regulations, supervisory expectations, disclosure standards (including SLFRS S1/S2), carbon related policies, and green finance taxonomies may constitute a material transition risk with potential impacts on revenue.
	Uncertainties Uncertainty around timing and stringency of future regulations

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES



DETAILED DESCRIPTION OF CRROS

Opportunity 1: Increasing investment in sustainable business ventures

CRRO 4		Growth in Sustainable & Climate Resilient Finance
CRROs impact on Prospects	Description	Increased investment in clean renewable energy and other sustainable ventures such as ecotourism, precision agriculture, biochar production and access to carbon markets can strengthen HPL's energy resilience, revenue diversification and lower energy costs while significantly reducing HPL's carbon footprint.
	Risk/Opportunity	Opportunity
	Time Horizon	Short, Medium & Long term
	Define time horizon	Refer 1.6.1 Basis of Defining the Time Horizon on page 71
Business Model and Value Chain	Current Effects on Business Model and Value Chain	This is in line with HPL's plans for diversification into non agribusiness, strengthening the energy resilience of its operations while paving the way for cost savings and additional sources of revenue. It optimizes the use of land which is a critical resource for renewable energy.
	Anticipated Effects on Business Model and Value Chain	
	Where is it Concentrated?	The opportunity is concentrated in HPL's own operations and management of resources.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate related Targets	Short Term • Scale solar, mini hydro and Biochar Production • Design avenues for sustainability aligned revenue from alternatives crops and non crop income streams Medium Term • Invest economically, environmentally and socially viable assessments of pilot projects tracked against key financial and sustainability KPI's Long Term • Develop a diversified, resilient sustainable agribusiness model in response to climate and market pressures
	How the Company is Resourcing and Plan to Resource Activities	Expand intercropping and seek opportunities for circular economic initiatives across our value chain from procurement to harvesting/processing to product end life.

CRRO 4	Growth in Sustainable & Climate Resilient Finance			
Financial Effects	Current year financial effects to PL, BS and CF	Income statement impact • ↑ 248 Mn (revenue) Balance Sheet Impact • Minor (total assets) • ↑ 195 Mn (equity) Cashflow • ↑ 195 Mn (operating) • None (investing) • None (financing)		
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	None anticipated		
	Anticipated financial effect	Short Term	Medium Term	Long Term
	Income Statement	↑ 228 - 258 Mn	↑ 228 - 258 Mn	↑ 228 - 258 Mn
	Total Assets	None	None	None
	Total Equity	↑ 178 - 203 Mn	↑ 178 - 203 Mn	↑ 178 - 203 Mn
	Operating CF	↑ 178 - 203 Mn	↑ 178 - 203 Mn	↑ 178 - 203 Mn
	Investing cf	None	None	None
	Financing cf	None	None	None
Climate resilience	Resilience Assessment	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.		
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	As this section is subject to transitional relief, reference could be made to the transitional relief disclosed in the Basis of Preparation section.		
Judgements and Uncertainties	Judgements	The Company has determined that the expansion of renewable energy generation capabilities are a key strategic opportunity		
	Uncertainties	Uncertainty in policy incentives		

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

RELATED TARGETS & METRICS

HPL's targets and metrics related to CRROs identified in HPL's Sustainability Strategy are as set out below.

Risk 		Strategy - Climate action	
HPL Group Target	Baseline Metric (2024/25)	Annual KPIs	Achievements
Energy Intensity			
30% Annual reduction in Scope 1, 2 & 3 GHG emissions by 2030	Scope 1: 4148 tCO2e Scope 2: 1116 tCO2e Scope 3: 660 tCO2e	8 – 10 % reduction	Scope 1: reduction 7 % Scope 2: reduction 5 % Scope 3: reduction 73%
Conservation			
Increase the conservation extent by 10% in 2030.	245.25 Ha	0.5 – 1 % increase	3.8 %
Climate smart Agriculture			
Fully implement precision agriculture technologies across 75% of estates	Not Applicable	1-3 climate-smart initiatives	2 smart weather stations established in each growing region Fertigation systems introduced in a coffee block

Opportunity 		Strategy - Sustainable Financing & Diversification	
HPL Group Target	Baseline Metric (2024/25)	Annual KPIs	Achievements
Crop & Business Diversification			
20% revenue from non traditional crops	1 %	5 %	1.4 %
25% revenue from non traditional businesses	12 %	10 %	10 %
Energy			
95% reliance on renewable energy	88 %	90 – 95 %	89 %

RISK, RESILIENCE AND INTERCONNECTEDNESS

MANAGING RISK

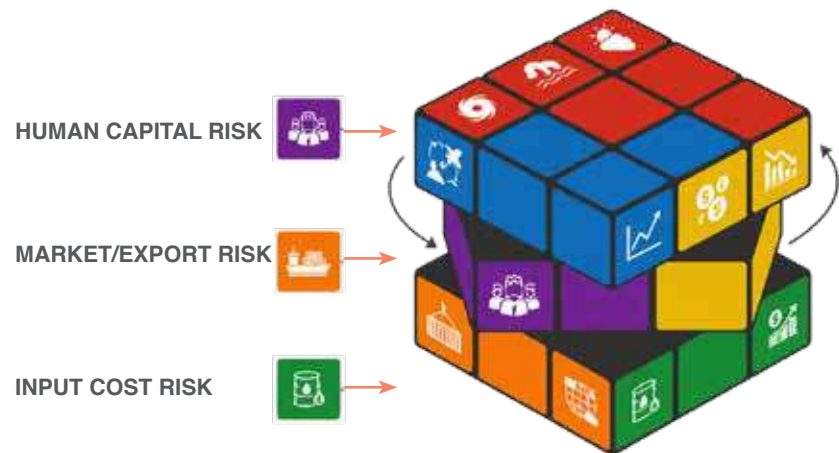
Managing risk and building resilience continues to gain prominence as the uncertainties impacting businesses grow in number, severity, probability, and interconnectedness. Increasingly, risks no longer emerge independently, but instead interact simultaneously across operational, environmental, financial, geopolitical, and social dimensions. In this evolving landscape, HPL recognises that effective risk management requires not only the identification of individual risks, but also an understanding of how interconnected risks may amplify one another across the business.

HPL therefore continues to strengthen an integrated and forward looking risk management approach that supports operational resilience, strategic adaptability, and long term value creation. This approach enables HPL to proactively identify emerging risks, evaluate potential impacts, implement mitigation measures, and strengthen organisational preparedness within an increasingly dynamic operating environment.

INTERCONNECTED RISK ENVIRONMENT

HPL operates within a highly interconnected ecosystem where geopolitical developments, climate related disruptions, labour market pressures, inflationary trends, supply chain instability, and market volatility collectively influence plantation operations. This interconnectedness resembles a “Rubik’s Cube” effect, where pressure applied to one dimension simultaneously influences several others across the business.

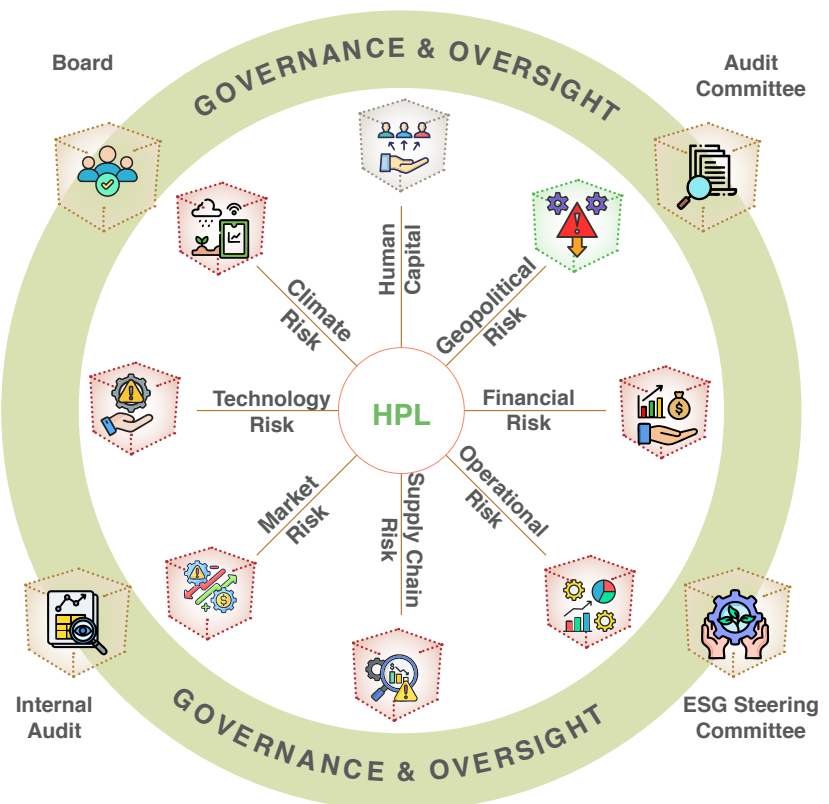
For example, geopolitical tensions in the Middle East region may contribute to higher global oil prices, which in turn increase fuel, logistics, electricity, and fertilizer costs. These developments may simultaneously intensify inflationary pressures, increase labour costs, disrupt supply chains, and influence operational



margins and export competitiveness. Similarly, climate related disruptions may affect agricultural yields, estate infrastructure, workforce availability, community wellbeing, and operational continuity simultaneously.

Sri Lanka’s continued recovery from recent climate related disruptions, including the

impacts of Cyclone Ditwah, has further reinforced the vulnerability of agricultural and rural ecosystems to external shocks. The lingering effects on infrastructure, transportation, agricultural productivity, and estate communities continue to influence the operating environment within which HPL functions.



RISK, RESILIENCE AND INTERCONNECTEDNESS

Fertilizer price volatility and supply uncertainty also remain material operational concerns. Elevated international urea prices and ongoing supply side pressures continue to influence agricultural input costs, soil management practices, crop productivity, and operational planning. At the same time, labour shortages, rising wage pressures, demographic shifts, and workforce migration continue to create operational challenges across the plantation sector. The labour intensive nature of plantation operations increases exposure to workforce related disruptions, particularly during periods of inflationary pressure, climate variability, and economic uncertainty.

Natural capital risks also continue to intensify. Climate variability, prolonged dry periods, biodiversity loss, soil degradation, changing rainfall patterns, and extreme weather events remain significant considerations for long term agricultural sustainability and operational resilience. As a plantation business fundamentally dependent on the health and resilience of natural ecosystems, HPL recognises that environmental stewardship and operational sustainability remain intrinsically linked.

Against this backdrop, HPL continues to view diversification as a critical strategic priority and resilience mechanism. Diversification across crops, revenue streams, operational activities, energy initiatives, and business models supports HPL's ability to reduce concentration risk while strengthening adaptability within an increasingly uncertain operating environment.

HPL'S RISK MANAGEMENT FRAMEWORK

HPL's risk management framework is designed to support the identification, assessment, mitigation, monitoring, and reporting of risks across all operational and strategic areas of the business. The framework integrates financial, operational, environmental, social, governance, and

sustainability related risks into a unified enterprise risk management approach.

The Company employs a Three Lines of Defense model to ensure effective and structured risk governance. This framework establishes clear responsibilities and accountability across operational management, oversight functions, and independent assurance processes.

First Line of Defense

Operational and estate management functions are responsible for the identification, ownership, monitoring, and mitigation of risks arising within their respective operational areas. This includes the implementation of internal controls, operational procedures, compliance protocols, and mitigation measures across estate and corporate operations.

Second Line of Defense

The second line of defense comprises oversight and governance functions including the Board of Directors, Board Audit Committee, Corporate Management Committee, ESG Steering Committee, and risk monitoring functions. These structures are responsible for reviewing identified risks, evaluating risk response strategies, monitoring implementation progress, and reinforcing adherence to established policies, procedures, and protocols.

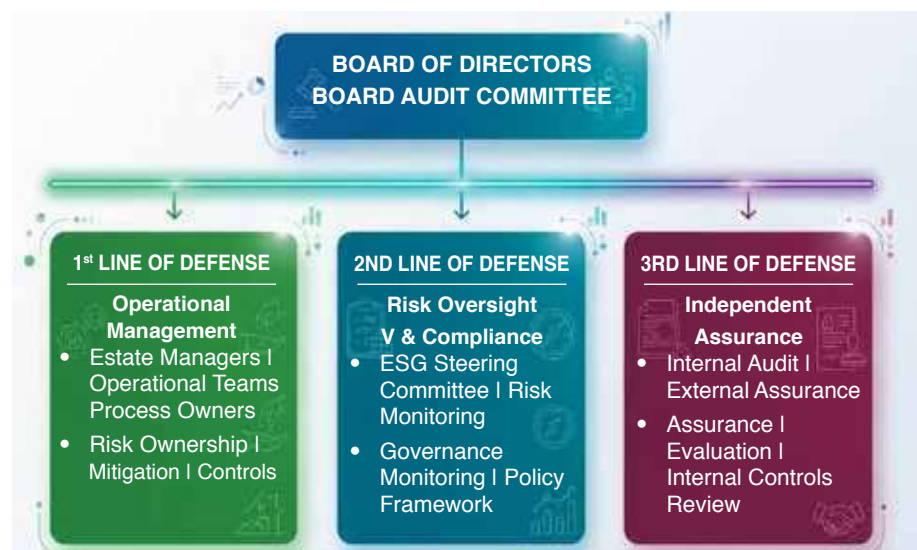
Third Line of Defense

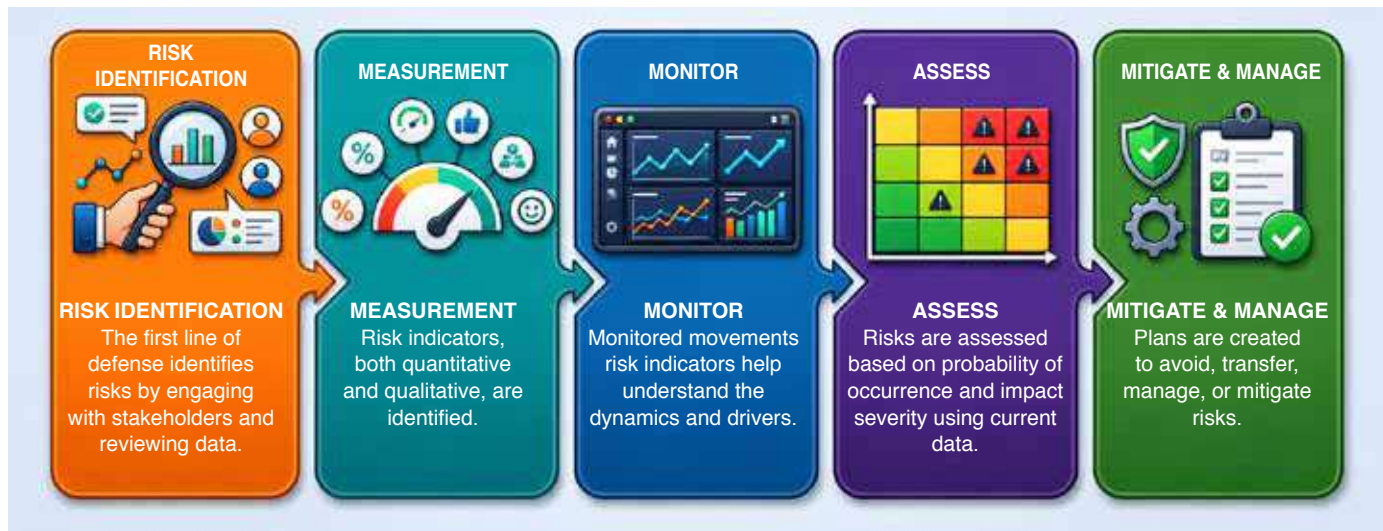
Independent assurance is provided through internal audit and external assurance mechanisms. Internal audit functions continue to evaluate the effectiveness of internal controls, governance processes, and the first and second lines of defense, while external auditors provide additional assurance relating to financial reporting, internal controls, and sustainability disclosures.

RISK IDENTIFICATION, EVALUATION AND PRIORITISATION

HPL continuously evaluates risks across operational, financial, environmental, health and safety, human capital, market, technology, compliance, and sustainability dimensions. Risks are assessed based on the potential impact to the business and the likelihood of occurrence, enabling HPL to priorities key risk exposures and implement appropriate mitigation strategies.

Risk monitoring and reporting is conducted through an ongoing bottom up process that begins at operational and estate level and escalates through management, governance, and Board structures. This enables emerging risks to be identified proactively while supporting timely decision making and responsive mitigation planning. Independent assurance





processes conducted by internal and external auditors further strengthen risk monitoring and governance oversight.

RISK RESPONSE AND RESILIENCE STRATEGIES

HPL continues to strengthen resilience through a combination of operational, financial, environmental, technological, and human capital initiatives aimed at enhancing adaptability within a rapidly changing operating environment. Risk response strategies are aligned with the Company's risk appetite and supported through established policies, procedures, controls, and monitoring mechanisms.

Mitigation measures implemented across the business include:

- diversification across crops and operational activities
- productivity enhancement initiatives and operational efficiency improvements
- sustainable agricultural and soil management practices
- climate adaptation and resource optimisation initiatives
- renewable energy and energy efficiency investments
- workforce engagement, welfare, and retention initiatives

- mechanisation and technology adoption across operations
- supply chain monitoring and procurement planning
- liquidity and cost management measures
- strengthened compliance, monitoring, and assurance processes

HPL also continues to strengthen adaptive planning capabilities through ongoing operational reviews, finance meetings, ESG performance reviews, technology assessments, estate monitoring processes, and engagement between operational management and governance committees. These processes support proactive identification of emerging risks while strengthening operational continuity and long term resilience.

GOVERNANCE AND OVERSIGHT

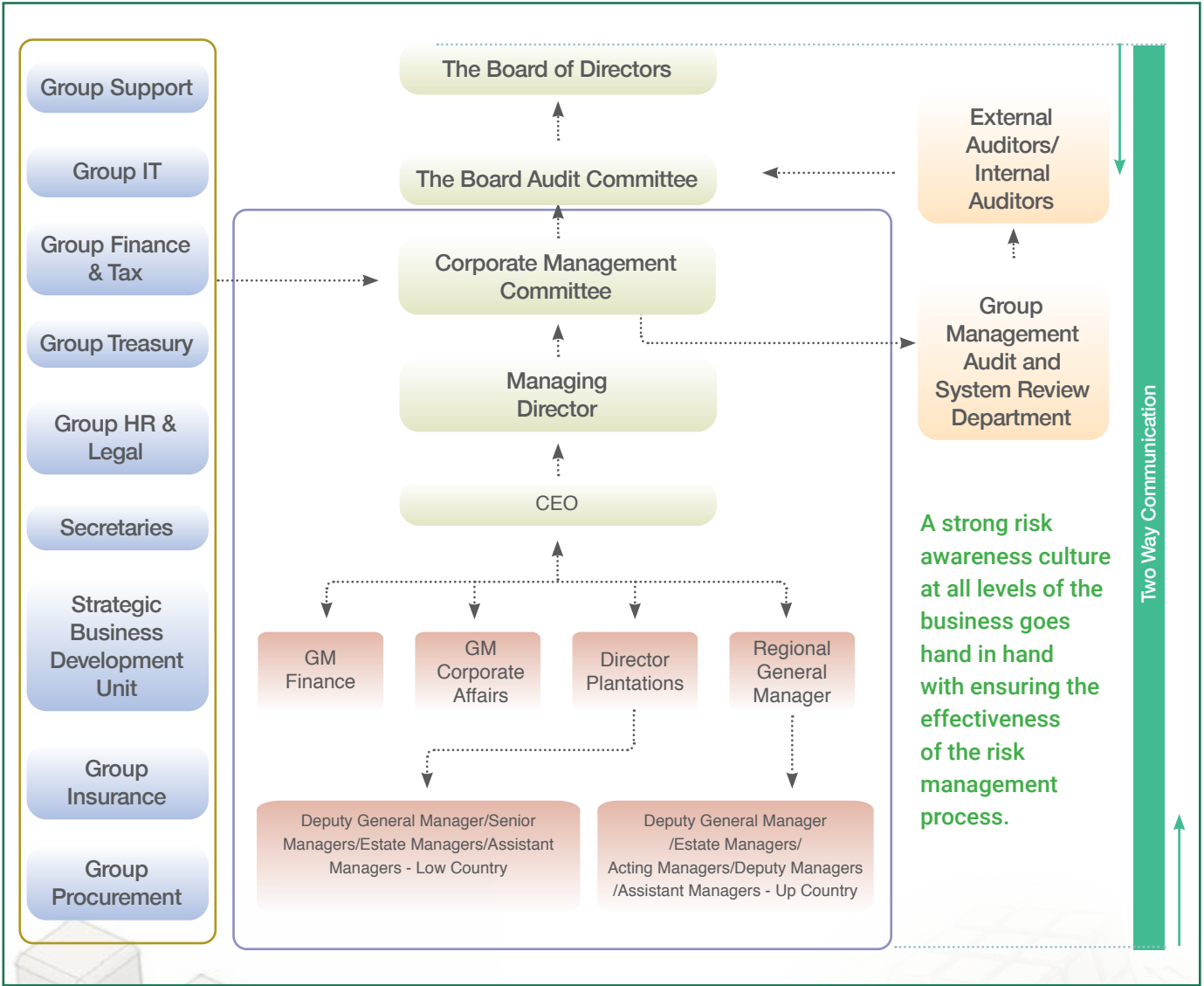
Strong governance oversight remains central to HPL's approach to risk management and resilience building. The Board of Directors and Board Audit Committee continue to oversee the Company's risk management framework, including risk appetite, risk response strategies, governance protocols, and internal control mechanisms.

The Corporate Management Committee and ESG Steering Committee continue to support integrated risk governance through ongoing engagement with estate and operational management teams, proactive risk analysis, monitoring of mitigation measures, and reinforcement of risk awareness across the organisation.

As risks become increasingly interconnected, HPL continues to strengthen integrated risk governance frameworks that enable emerging geopolitical, climate related, operational, human capital, market, and sustainability related risks to be assessed collectively rather than in isolation. This integrated approach supports more responsive decision making, improved resilience, and stronger long term value creation.

While uncertainty across global and domestic markets is expected to remain elevated, HPL believes that strengthening diversification, integrated thinking, operational adaptability, and resilience focused governance will remain critical to sustaining long term operational stability and sustainable value creation.

RISK, RESILIENCE AND INTERCONNECTEDNESS



HPL'S PRINCIPAL RISKS GOING FORWARD

Risk Category	Key Risk	Final Risk Score*	Mitigation & Response Strategies	Outlook
Strategic	Global demand and market volatility impacting tea and rubber prices	High	Crop diversification, product mix optimisation, value added products, export market diversification, quality focused positioning	Volatility expected to remain elevated due to geopolitical and macroeconomic uncertainty
Strategic	High dependency on agricultural revenues	High	Diversification into renewable energy and non traditional crops, strengthening multiple revenue streams	Diversification expected to gradually reduce concentration exposure
Financial	Commodity price volatility including fertilizer and fuel costs	High	Procurement planning, targeted fertilizer application, efficiency improvements, cost optimisation initiatives	Continued volatility expected amid supply chain and geopolitical pressures
Financial	Foreign exchange volatility	High	Product mix optimisation, export market focus, pricing discipline, liquidity management	Elevated volatility expected due to global economic uncertainty
Financial	Liquidity and cash flow pressure	Moderate	Structured borrowings, working capital management, financial monitoring and cost discipline	Expected to remain manageable within risk appetite
Operational	Fertilizer availability and agricultural input costs	High	Soil mapping, customised fertilizer application, procurement strategies, gradual transition toward sustainable alternatives	Supply side uncertainty expected to continue
Operational	Supply chain and logistics disruption	High	Diversified suppliers, operational planning, inventory management, adaptive procurement strategies	Geopolitical disruptions may continue to impact logistics
Human Capital	Labour shortages, migration and rising labour costs	High	Workforce engagement, mechanisation, productivity initiatives, community support programmes	Structural labour constraints expected to persist
Human Capital	Employee health and safety	Moderate	Estate medical support, PPE provision, safety monitoring, awareness programmes	Continued focus on workforce wellbeing required
Environmental	Extreme weather and climate related disruption	High	Climate adaptation initiatives, weather resistant crops, soil conservation, disaster preparedness	Climate variability expected to intensify over the medium term

RISK, RESILIENCE AND INTERCONNECTEDNESS

Risk Category	Key Risk	Final Risk Score*	Mitigation & Response Strategies	Outlook
Environmental	Soil health and agricultural sustainability	High	Organic fertiliser usage, sustainable agricultural practices, biodiversity and land management initiatives	Long term strategic priority
Governance & Compliance	Regulatory and certification compliance	Moderate – High	Internal audits, certification reviews, compliance monitoring, Board oversight	Compliance expectations expected to increase
Technology	Cybersecurity and technology disruption	Moderate – High	Firewall protection, secured backups, Hayleys Group IT security protocols, technology monitoring	Increasing digital dependency may elevate exposure
Operational	Fire and estate infrastructure risk	Moderate	Fire drills, disaster recovery protocols, insurance coverage, estate monitoring	Risk may increase during prolonged dry periods

EMERGING RISK TRENDS

Key Risk	Trend
Climate risk	↑
Labour migration	↑
Cybersecurity	↑
Liquidity	↔

As the operating environment becomes increasingly interconnected and dynamic, HPL continues to strengthen its focus on emerging and evolving risks that may influence long term operational resilience,

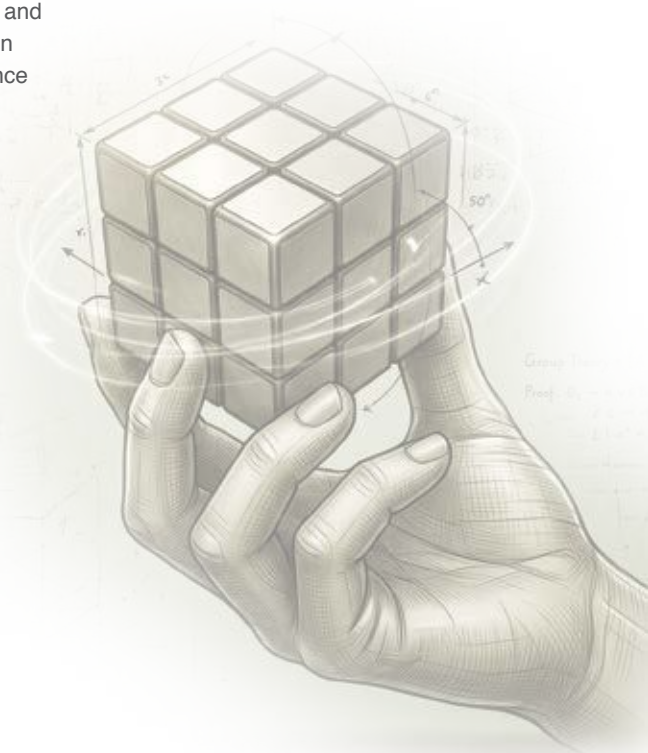
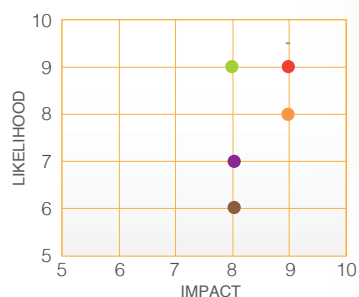
sustainability, and value creation.

The movement in key risks during the year reflects the combined impact of geopolitical uncertainty, climate variability, labour market pressures, technological dependence, and broader macroeconomic conditions.

These trends continue to inform HPL's integrated risk management approach and support the ongoing alignment between enterprise risk management, governance oversight, and sustainability related decision making.

RISK HEAT MAP

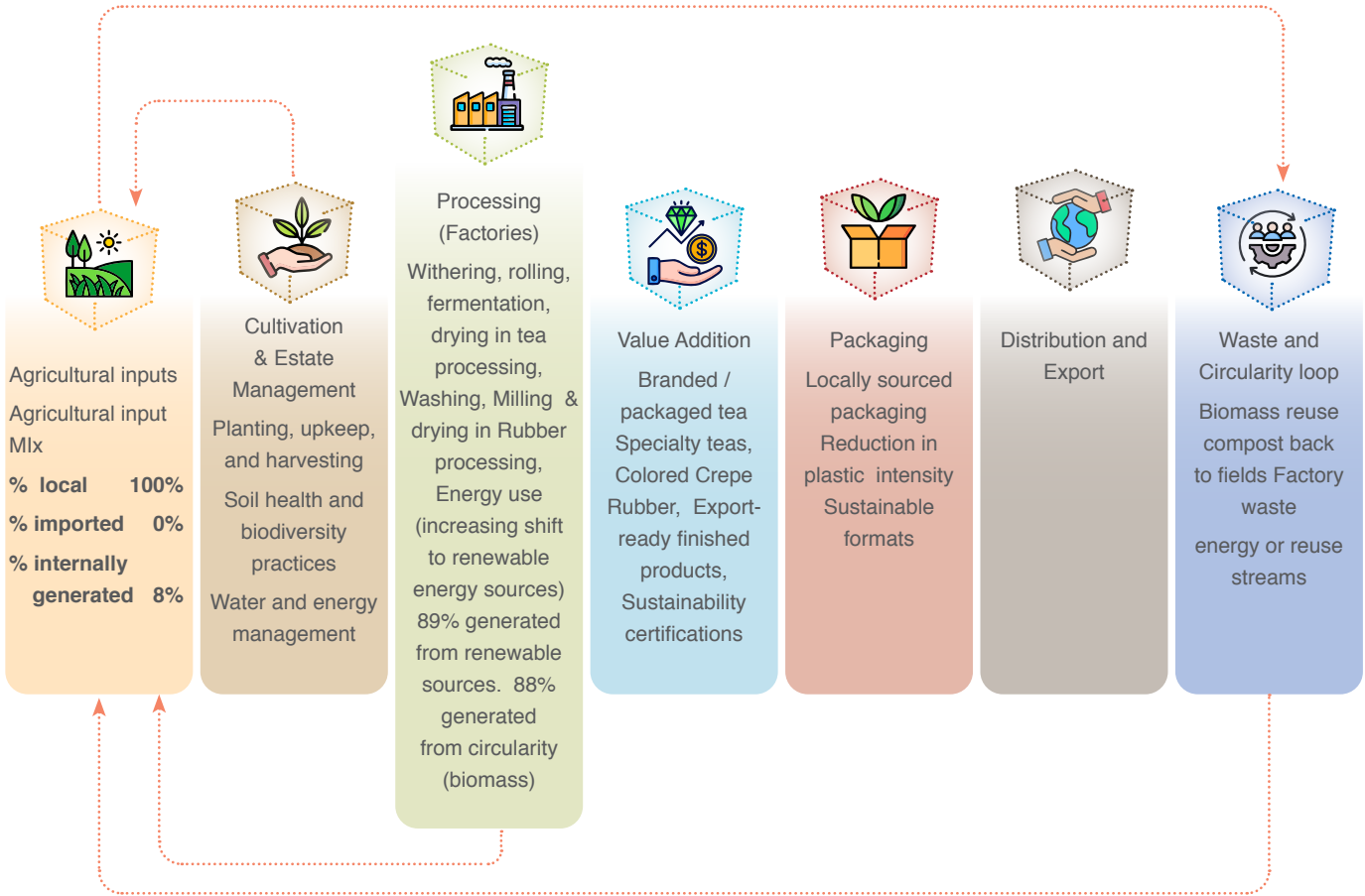
- Global demand and market volatility
- High dependency on agricultural revenues
- Commodity price volatility
- Foreign exchange volatility
- Liquidity and cash flow pressure
- Fertilizer availability and agricultural input costs
- Supply chain and logistics disruption
- Labour shortages, migration and rising labour costs
- Employee health and safety
- Extreme weather and climate related disruption
- Soil health and agricultural sustainability
- Regulatory and certification compliance
- Cybersecurity and technology disruption
- Fire and estate infrastructure risk



DRIVING SUSTAINABILITY ACROSS OUR VALUE CHAIN

Our value chain reflects a shift from a traditional plantation model to a more integrated, diversified, and value driven ecosystem, where we actively manage inputs, enhance in-house capabilities, and expand into value added and adjacent product segments.

Given the relatively short nature of our supply chain, we adopt a value chain approach to better capture how value is created, retained, and distributed while increasing localisation, supporting diversification into complementary crops, and embedding circular practices.



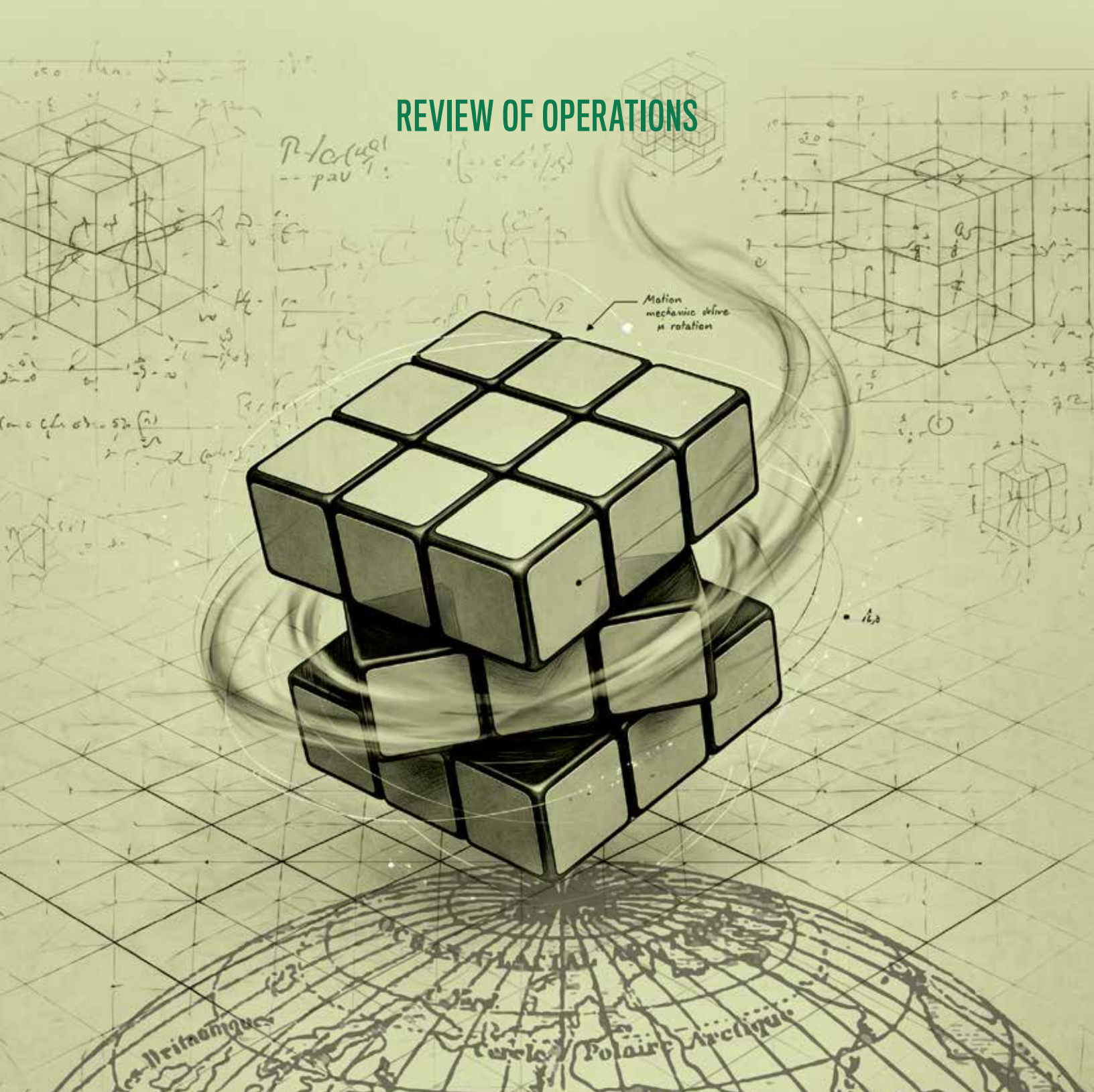
Increasing value retention within Sri Lanka in a sustainable way

Our value chain is designed to maximise value at every stage from input sourcing to final export while reducing dependence on imported inputs and strengthening local linkages.

We are progressively increasing the share of locally sourced and internally generated inputs, supported by circular practices such as composting and biomass reuse. At the same time, our expansion into value-added products and complementary segments such as coffee, alongside more sustainable packaging solutions, enables us to capture greater value within Sri Lanka while responding to evolving consumer preferences.



REVIEW OF OPERATIONS



When the Rubik's Cube entered global markets in 1980, it quickly became a worldwide phenomenon. Millions engaged with the puzzle, each move influencing the next outcome.

Similarly, HPL's operations are interconnected and dynamic. Every decision impacts performance across the organization. Our operational approach is built on:

- ✓ Precision in execution
- ✓ Collaboration across functions
- ✓ Continuous improvement and adaptability

Like solving the cube layer by layer, we progress systematically — ensuring every component is aligned to deliver consistent and reliable outcomes.

OPERATING ENVIRONMENT

“NAVIGATING A WORLD IN MOTION”

Every shift in the global economy, climate patterns, market dynamics and regulatory conditions influenced the balance of the plantation sector.

Global geopolitical tensions, commodity price volatility, changing trade relationships and evolving consumer preferences continued to reshape international agricultural markets. While, Sri Lanka’s improving macroeconomic stability supported stronger business confidence, policy continuity and planning visibility, even as higher input costs, wage pressures and utility tariffs continued to challenge operational margins.

OVERVIEW OF THE OPERATING LANDSCAPE

The year under review unfolded within a more stable, yet increasingly complex operating environment for Sri Lanka’s plantation sector. Domestic macroeconomic recovery improved business confidence and planning visibility, while global conditions remained shaped by geopolitical conflict, trade uncertainty, commodity price volatility and changing consumer demand.

For export-oriented agricultural sectors such as tea and rubber, these developments were closely connected. Global growth trends influenced demand,

geopolitical tensions affected freight and market access, domestic reforms shaped cost structures, and climate variability continued to affect crop volumes, field activity and productivity. As a result, the operating environment reflected both recovery and pressure: greater macroeconomic stability on one hand, and persistent sector-specific challenges on the other.

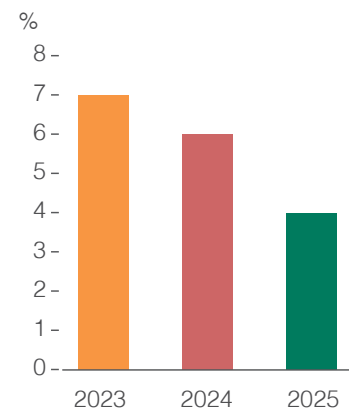
GLOBAL ECONOMIC AND TRADE CONTEXT

The global economy remained resilient but uneven during the period, with growth continuing to be affected by geopolitical tensions, trade policy changes and

commodity market volatility. The IMF’s World Economic Outlook projected world output growth of 3.4% in 2025, moderating to 3.1% in 2026 before improving slightly to 3.2% in 2027. This points to a global environment that remains active, but exposed to downside risks.

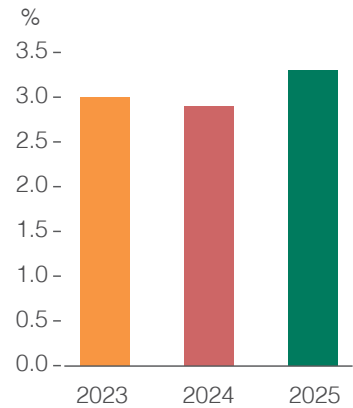
The escalation of conflict in the Middle East added a significant layer of uncertainty. The IMF noted that the war presents a headwind to the global economy, particularly for energy-importing and lower-income countries, through higher commodity prices, inflation expectations and tighter financial conditions. In adverse scenarios, the IMF also highlights the potential for sharp increases in oil and gas prices, with wider implications for inflation, financial conditions and emerging market spreads.

GLOBAL INFLATION RATE



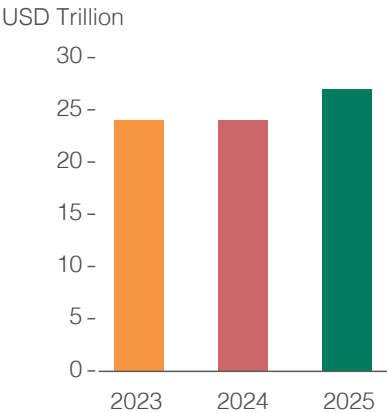
These developments are particularly relevant to Sri Lanka’s plantation sector. The industry depends on imported inputs such as fuel, fertiliser and other agricultural materials, while tea exports remain exposed to freight costs, shipping routes, insurance costs, currency conditions and demand in key markets. Geopolitical tension in key Ceylon Tea markets such as the Middle East and CIS can disrupt trade routes, delay deliveries and increase freight and insurance costs.

GLOBAL ECONOMIC GROWTH



Global trade also continued to adjust to changing tariff regimes and shifting trade relationships. These conditions reinforced the importance of market diversification, supply chain resilience and stronger value differentiation for export-led industries.

WORLD MERCHANDISE TRADE VALUE

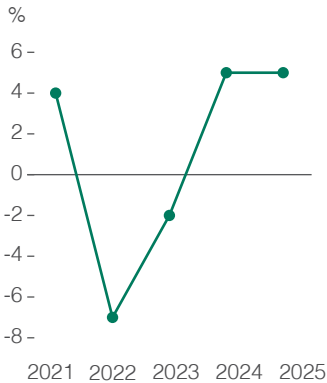


SRI LANKA'S MACROECONOMIC RECOVERY

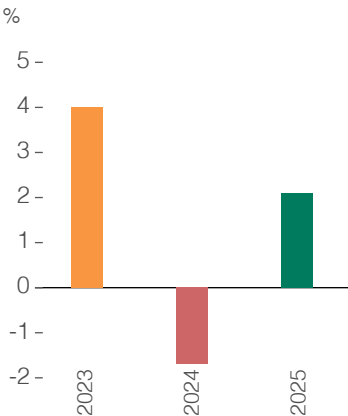
Sri Lanka continued its recovery from the severe economic crisis experienced in 2022. The Forbes & Walker Tea Review notes that the economy demonstrated a robust recovery in 2025, supported by GDP growth, lower inflation, declining unemployment, a manageable fiscal deficit, a significant current account surplus, improved external inflows, and

reforms under the IMF's Extended Fund Facility and debt restructuring agreements.

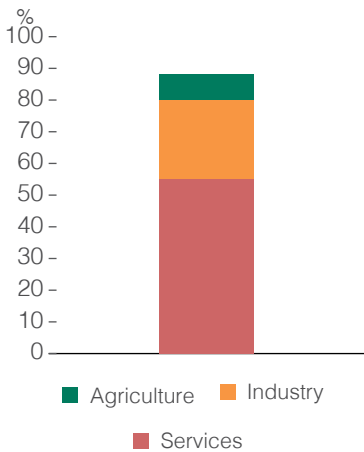
SRI LANKA GDP GROWTH



SRI LANKA INFLATION



SHARE OF GDP



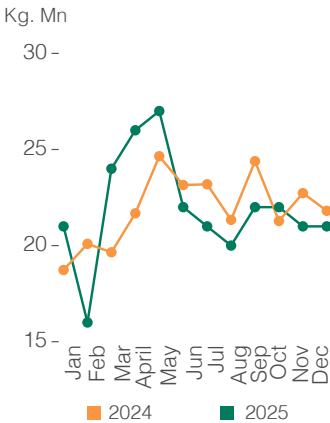
This recovery improved the operating backdrop for businesses by supporting greater exchange rate stability, better external liquidity and improved policy continuity. Sri Lanka's recovery was further supported by 5% economic growth in 2025, stronger foreign reserves, improved tourism and remittance inflows, a more stable rupee, and the improvement in the country's sovereign rating following the progress made on debt restructuring.

However, macroeconomic stabilisation did not remove pressure from the plantation sector. Fiscal reforms, higher taxation, elevated utility tariffs, wage revisions and structurally higher input costs continued to affect operating margins. For agriculture and plantations, the recovery therefore created a more predictable environment, but not necessarily a low-cost one.

TEA INDUSTRY PERFORMANCE

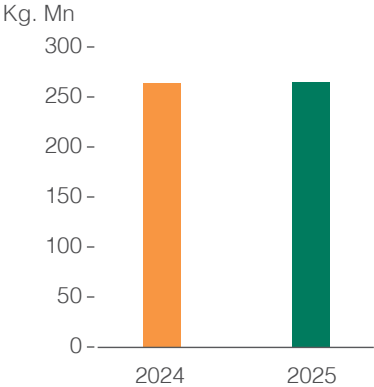
Sri Lanka's tea industry recorded a modest recovery in 2025. National production reached approximately 264.1 Mn Kgs, compared with around 262.7 Mn Kgs in 2024. While this represented a marginal year-on-year increase, production remained well below the industry's longer-term ambitions, reflecting continued challenges from climate variability, labour availability, cost pressures and productivity constraints.

TOTAL TEA PRODUCTION



OPERATING ENVIRONMENT

SRI LANKA TEA PRODUCTION



Export performance was stronger than production growth. Tea export volumes increased to 257.44 Mn Kgs in 2025, compared with 245.78 Mn Kgs in 2024, while export earnings surpassed USD 1.5 Bn. This demonstrates the continued resilience of Ceylon Tea in international markets.

However, auction prices remained under pressure. The overall Colombo auction average declined from SLR 1,225.17 / USD 4.06 per kg in 2024 to SLR 1,167.72 / USD 3.88 per kg in 2025. This indicates that while export earnings improved, producers continued to face pressure at the auction level, making productivity, cost discipline and quality consistency increasingly important.

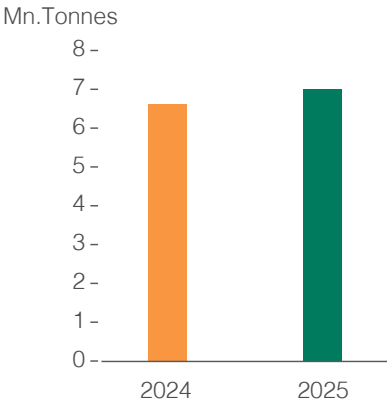
The industry also faced a margin squeeze from labour costs, fertiliser and fuel prices, and higher energy and utility overheads. Labour and wage pressures, input cost volatility and energy costs are key factors that compressed profitability across both Regional Plantation Companies and smallholders.

GLOBAL BEVERAGE MARKET CONTEXT

The global beverage market continued to evolve, with tea and coffee remaining deeply established consumption categories across different regions. Tea continued to hold a strong position across Asia, the Middle East and parts of Africa, while coffee retained stronger consumption

patterns across Europe, North America and other Western markets.

VOLUME GROWTH IN GLOBAL TEA PRODUCTION



Within tea, growth is increasingly shifting from volume-led demand to value-led demand. The John Keells Tea Review describes the global tea market as moving towards a split model, with commodity tea facing price stagnation and margin pressure, while premium speciality segments, wellness teas, green teas, organic-certified products, single-origin teas and functional blends continue to support value growth.

This is important for Sri Lanka because Ceylon Tea is positioned as a premium orthodox tea. As consumers increasingly seek provenance, ethical sourcing, sustainability, traceability and “farm-to-cup” transparency, producing origins that can demonstrate quality and responsible production are better placed to capture value. The Tea Review also highlights the growing importance of traceability, deforestation-free compliance, tighter pesticide residue limits and sustainable packaging in premium markets.

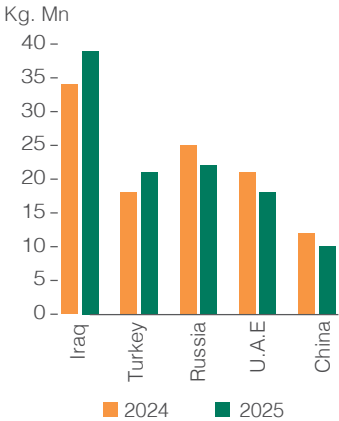
These trends present opportunities for Sri Lanka, but also raise the bar for producers. Quality alone is no longer sufficient; buyers and consumers increasingly expect quality to be supported by sustainability, clean production, traceability and credible environmental and social practices.

EXPORT MARKETS AND VALUE-ADDED TRENDS

Sri Lankan tea exports remained concentrated in traditional markets, with Iraq, Russia, Türkiye, Libya and the UAE among the leading buyers in 2025. Iraq remained the largest importer, while Türkiye recorded strong recovery and Libya emerged as a notable growth market. Chile also recorded significant growth, suggesting potential for broader geographic diversification beyond traditional destinations.

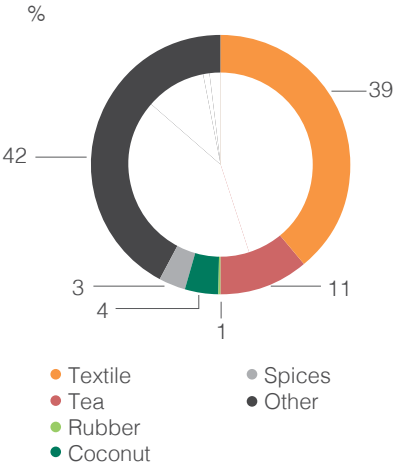
This export profile presents both strength and vulnerability. Long-standing demand from the Middle East, North Africa, Russia and Türkiye continues to support the industry, but reliance on these markets increases exposure to geopolitical risk, currency volatility, sanctions, payment challenges and shifts in regional demand.

LEADING TEA BUYERS

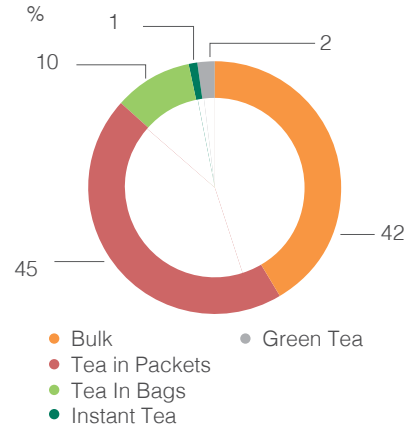


The 2025 export mix also showed a stronger shift towards value-added products. Packaged black tea exports increased by 14.2% to 116.25 Mn Kgs, tea bag exports rose by 3.4% to 26.44 Mn Kgs, and green tea exports increased by 4.9% to 4.92 Mn Kgs. Bulk tea exports declined by 3.8% to 106.80 Mn Kgs, signalling a movement towards branded, packaged and convenience-led formats.

SRI LANKA EXPORT MARKET CONTRIBUTION BY PRODUCT



CATEGORIES OF TEA PRODUCTION



This shift is positive for the industry because value-added exports support better margin opportunities and reduce reliance on commodity bulk tea. It also aligns with global beverage trends around convenience, wellness, premiumisation and differentiated product formats.

EXPORT MARKET SHIFT

Trend	What it shows
Higher packaged tea exports	Stronger movement towards branded and value-added formats
Growth in tea bags	Demand for convenience-led consumption
Growth in green tea	Alignment with wellness-oriented demand
Lower bulk exports	Gradual shift away from lower-margin commodity exposure
Growth in Libya and Chile	Potential for market diversification

CLIMATE, WATER AND ENVIRONMENTAL CONDITIONS

Climate variability remained one of the most significant external factors affecting plantation agriculture. The John Keells Tea Review notes that unfavourable weather affected production during 2025, with prolonged rainfall disrupting plucking activity and natural crop growth. Cyclone Ditwah caused further damage to plantations and interrupted harvesting operations towards the latter part of the year.

For tea and rubber, climate impacts are closely linked to crop volumes, field access, harvesting continuity, soil stability, pest and disease patterns, and factory throughput. Excess rainfall can disrupt plucking and tapping, while dry spells can affect soil moisture, plant health and crop recovery.

Water availability, drainage and soil moisture retention remained important climate-related considerations for the plantation sector. Periods of uneven rainfall, high-intensity rainfall and dry spells can affect crop health, soil stability and field activity. In this context, climate adaptation across the industry increasingly depends on stronger soil conservation, improved drainage, catchment protection, shade management and water-efficient agricultural practices.

INPUTS, LABOUR AND COST ENVIRONMENT

The plantation sector continued to operate under significant input and cost pressures. Wage revisions, fertiliser costs, fuel price volatility, energy tariffs, transport costs and labour availability all affected the cost of production. The Company identifies labour wage pressures, input cost volatility and energy and utility overheads as key factors behind the industry’s margin squeeze.

Labour remained a central issue across the sector. Tea remains labour-intensive, and the availability of skilled pluckers directly affects crop intake, plucking rounds, field standards and quality. The Tea Review also notes that the industry must accelerate technological integration and mechanisation to mitigate chronic labour shortages and reduce dependence on manual labour.

Fertiliser, fuel and energy costs also remained material. Global commodity volatility, exchange rate movements and domestic utility pricing continued to affect estate-level costs. For factories, energy costs are particularly relevant because tea manufacture depends on consistent power for withering, drying and processing.

OPERATING ENVIRONMENT

Plantation companies continued to operate within a framework shaped by wage regulation, worker welfare obligations, environmental expectations and fiscal reforms. These factors increased the importance of productivity improvement, resource efficiency, energy transition and cost discipline across the sector.

KEY INPUT PRESSURES

Input / cost area	Sector impact
Labour and wages	Higher cost of production; pressure on plucking and field operations
Fertiliser	Cost volatility; impact on field productivity and crop recovery
Fuel and transport	Higher logistics and estate operating costs
Energy and utilities	Higher factory processing costs
Regulatory costs	Compliance and welfare obligations
Climate-related disruption	Higher field maintenance, drainage and recovery costs

Overall, the operating environment reflected a combination of macroeconomic recovery and continued sector pressure. Sri Lanka's economic stabilisation improved confidence and planning visibility, while tea export earnings remained resilient. However, the plantation sector continued to face lower auction averages, rising labour and input costs, climate-related disruptions, and exposure to geopolitical developments in key export markets.

At the same time, the global shift towards value-added, premium, wellness-oriented and traceable teas created opportunities for producers aligned with quality, sustainability and responsible production. These conditions underline the need for productivity, climate adaptation, market diversification, resource efficiency and stronger value addition across Sri Lanka's plantation industry.



BUSINESS LINE REVIEW

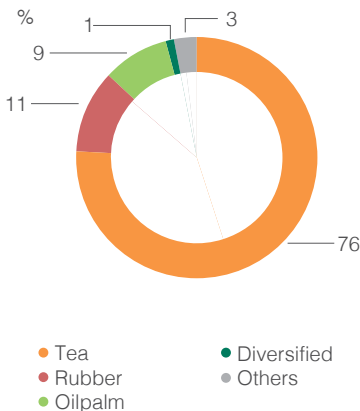
“Every Move Shapes the Outcome”

In response, HPL continued to strategically “rotate” its portfolio through premiumisation, operational efficiency, value addition and diversified land use. Tea strengthened its premium market positioning through quality differentiation and productivity enhancement. Rubber evolved towards a more specialised, technology-enabled and value-added operating model. Diversified crops meanwhile expanded their role in strengthening land productivity, climate resilience and long-term earnings diversification.

The operating environment during the year continued to influence performance across HPL’s plantation portfolio, with climate variability, labour availability, rising cost structures and changing market dynamics affecting business lines in different ways. While tea continued to benefit from resilient demand for premium Ceylon Tea, rubber operations remained exposed to weather-related disruptions and elevated production costs. Diversified crops meanwhile continued to support land productivity, operational flexibility and portfolio resilience across selected estates.

Against this backdrop, HPL’s business lines demonstrated varying operational and financial outcomes during FY2025/26, shaped by differences in crop performance, pricing movements, productivity levels and cost dynamics across each segment.

REVENUE COMPOSITION IN 2025/26



TEA – THE FLAGSHIP CROP

Tea continued to remain HPL’s largest business segment and principal revenue contributor during FY2025/26, accounting for approximately 76% of Group revenue during the year. Despite a marginal decline in production volumes, the segment recorded improved revenue performance supported by stronger value realisation across premium high-grown tea categories and continued quality-driven positioning within the Colombo Tea Auction system.

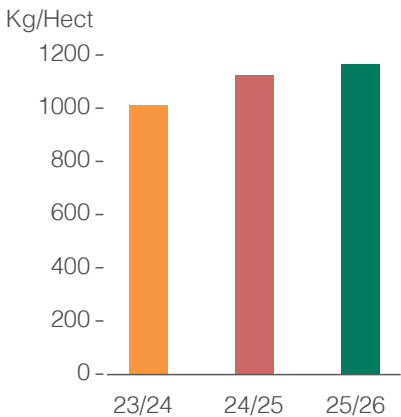
Tea production was maintained at 2.4 million kilograms during the year, driven by improved yield performance. Tea revenue increased by 7.3% to Rs. 2.82 Bn, indicating stronger revenue per kilogram despite softer national auction conditions.

HPL’s tea portfolio continued to remain heavily weighted towards high-grown teas, which accounted for approximately 95% of total production during the year. This continued to support stronger value realisation through premium orthodox tea categories, western high-grown marks and specialty tea segments.

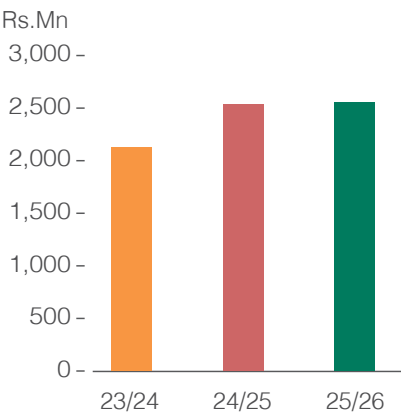
Yield per hectare improved further to 1,165.8 kg/ha (FY2024/25: 1,123 kg/ha), reflecting ongoing improvements in field productivity, agronomic practices and estate-level operational management. Estate leaf production increased during the year while reliance on bought leaf reduced significantly, further strengthening operational control and quality consistency across tea operations.

BUSINESS LINE REVIEW

YIELD PER HECTARE



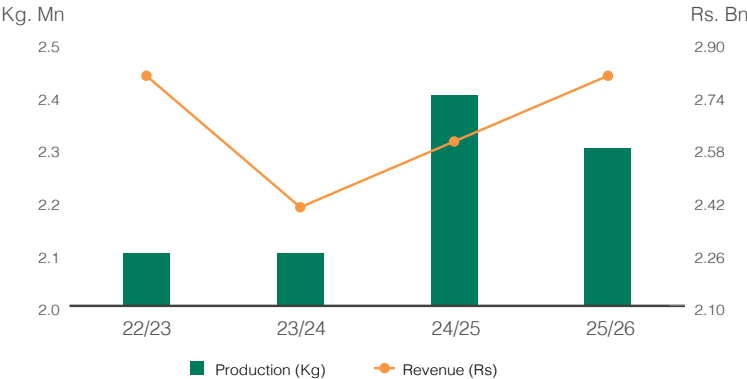
COST OF PRODUCTION



However, profitability remained under pressure during the year due to rising labour and input costs across the plantation sector. The increase in daily wages contributed to higher production costs per kilogram, while higher sales volumes and lower closing inventory levels resulted in a significant increase in cost of sales during the year. Consequently, segment profit declined to Rs. 187.4 Mn compared to Rs. 320.3 Mn in the previous year.

DRIVERS OF THE TEA BUSINESS

PRODUCTION VS REVENUE PERFORMANCE



Although tea production volumes moderated during the year, improved revenue performance demonstrates the resilience of HPL’s premium tea portfolio and the Company’s ability to sustain stronger value realisation within a challenging pricing environment.

OPERATIONAL & COMMERCIAL DRIVERS

Balancing Premiumisation and Productivity

HPL’s diversified altitude profile supports a balanced tea operating model across both premium quality and productivity-focused segments. The Up Country Cluster primarily supports high-grown orthodox and specialty teas which continue to command stronger auction premiums and support value realisation, while the Low Country Cluster provides opportunities for productivity enhancement through High-Density Tea Planting (HDTP), machine harvesting and operational scalability.

Up Country Cluster	Low Country Cluster
Elevation: 4,200–5,550 ft	Elevation: 100–825 ft
High-grown orthodox teas	HDTP & machine harvesting
Premium quality positioning	Productivity & efficiency focus
Specialty & Western Tea	Scalable production
Strong auction premiums	Lower operating intensity

QUALITY & MARKET POSITIONING

HPL continued to compete primarily through quality differentiation rather than volume expansion. The Company produces High Grown Orthodox Semi Leafy Grade Teas, Orthodox Rotorvane Small Grade Teas, Single Garden Teas and Value-Added Tea categories which continued to support stronger value realisation during the year.

The Company’s continued focus on premium tea categories was further supported through investments in colour sorter technology to improve quality consistency and remove substandard leaf during processing. Collaboration with Wayamba University also continued to support research into tea aroma profiles and chemical composition, strengthening the scientific basis for quality differentiation and specialty tea positioning.

SUSTAINABILITY, SPECIALTY TEAS & COMPETITIVE ADVANTAGE

Competitive Differentiators

Differentiator	Commercial Relevance
High-grown orthodox tea portfolio	Premium pricing potential
Single Garden Teas	Brand differentiation
EUDR compliance	Enhanced EU market access
Carbon Neutral garden marks	Sustainability-led premium positioning
Fairtrade & RA certifications	Buyer confidence and market access
Specialty tea development	Margin enhancement
Direct export capability	Revenue diversification
HDTP implementation	Labour productivity and efficiency

SUSTAINABILITY & MARKET ACCESS

HPL continued to strengthen market access and buyer confidence through internationally recognised certifications including Rainforest Alliance, Fairtrade, ISO 22000, HACCP and EUDR compliance. During the year, HPL became the first plantation company in Sri Lanka to implement a fully compliant European Union Deforestation Regulation (EUDR) management system verified by Preferred by Nature, strengthening traceability credentials and supporting access to premium European markets.

Two garden marks Alton and Gouravilla also continued to maintain Carbon Neutral certification, supporting differentiation within increasingly sustainability-focused export markets.

SPECIALTY TEA & INNOVATION

HPL continued to expand initiatives relating to specialty and artisanal teas during the year as part of efforts to strengthen premium market positioning and reduce reliance on traditional bulk tea models. Specialty tea development initiatives

included artisanal tea projects at Alton and Eildon Hall Estates, alongside ongoing work relating to organic, wild and direct-export tea opportunities.

Rubber

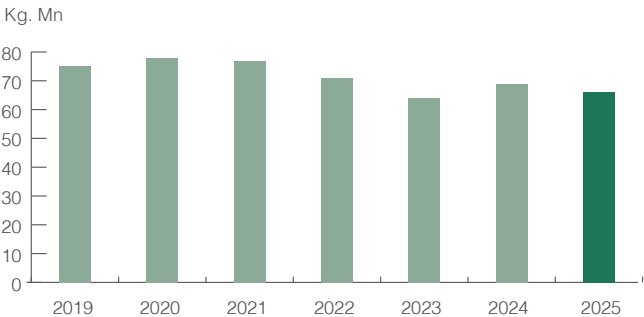
The Rubber segment continued to operate within a difficult industry environment during FY2025/26, shaped by prolonged wet weather conditions, labour shortages, rising production costs and broader structural pressures affecting the Sri Lankan rubber sector. Reduced tapping days resulting from excessive rainfall continued to affect field productivity across several estates during the year, while labour migration and wage escalation further increased operational pressure within the segment.

High-Density Tea Planting (HDTP) initiatives implemented at Millakanda Estate also continued to support productivity improvement, machine harvesting capability and long term operational efficiency across low-country tea operations.

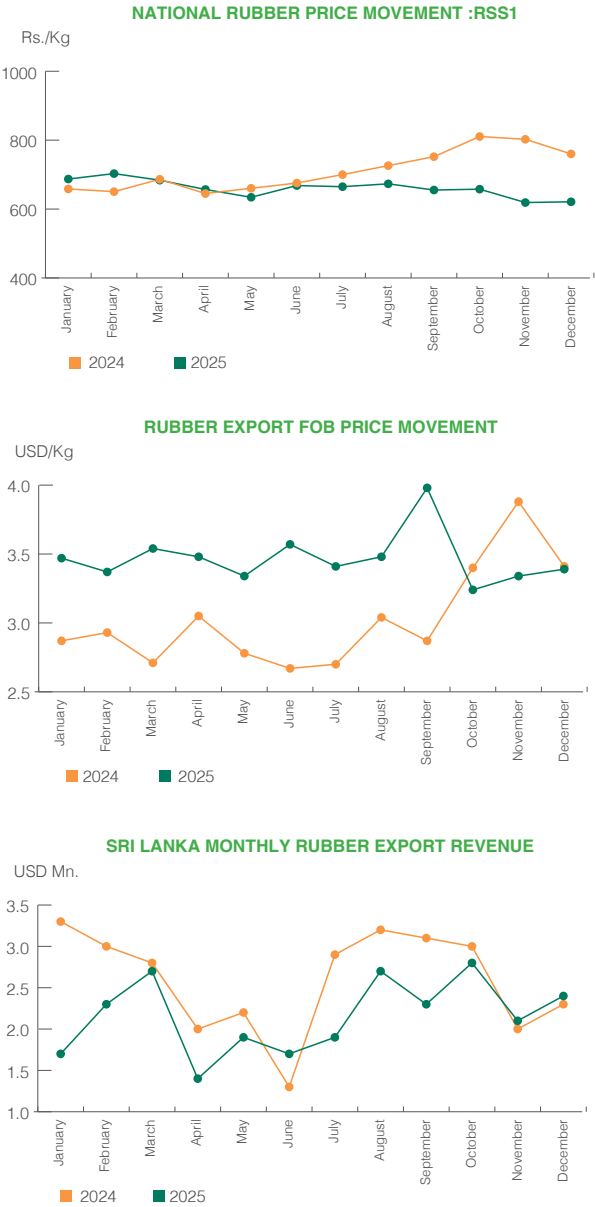
The Next Moves

HPL will continue to focus on improving field productivity, strengthening specialty tea capabilities and expanding High-Density Tea Planting initiatives across selected estates over the medium term. Continued investment in operational efficiency, quality differentiation, sustainability-linked competitiveness and value-added tea categories is expected to support long term resilience within an increasingly competitive and regulated global tea market.

NATIONAL RUBBER PRODUCTION



BUSINESS LINE REVIEW



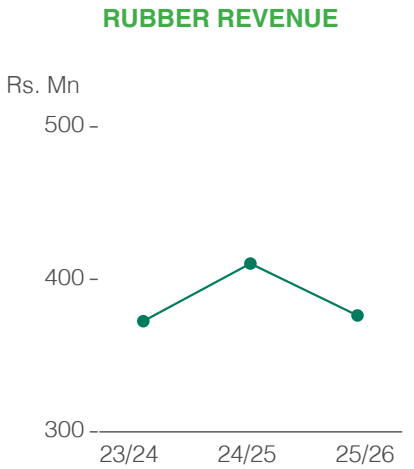
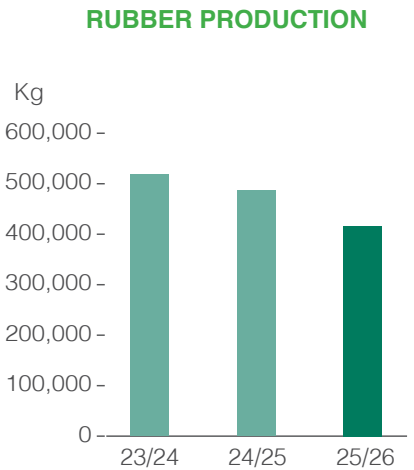
Against this backdrop, HPL’s strategic approach to Rubber increasingly focused on maintaining operational continuity, strengthening value-added production and selectively optimising land use rather than expanding traditional commodity rubber cultivation. The segment therefore continued to evolve towards a more specialised and efficiency-driven operating model centred on premium rubber grades, technology adoption and climate-responsive operational practices

Despite these challenges, HPL continued to focus on sustaining value realisation through higher-value and specialty rubber categories, particularly crepe rubber products manufactured for export-oriented applications. Operational improvements and process efficiency initiatives also continued across selected estates and factory operations during the year.

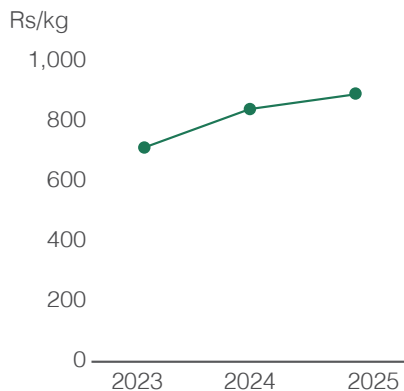
Technology adoption remained an important operational focus within the

segment, with IoT-enabled monitoring systems, digital weighing platforms and weather-based operational planning tools supporting improved process visibility, operational control and quality consistency across rubber manufacturing operations.

However, profitability within the segment remained under pressure during the year due to lower production volumes, rising labour costs and elevated operating expenses across plantation operations. Consequently, Rubber’s contribution to Group gross profit reduced from 13% in FY2024/25 to 4% in FY2025/26.



RUBBER NET SALE AVERAGE



The segment also continued to reflect HPL's broader land optimisation strategy, with selected lower-productivity rubber lands progressively transitioned towards coconut and diversified crop cultivation to support long term land productivity, operational resilience and portfolio diversification across the plantation business.

PERFORMANCE & OPERATIONAL ENVIRONMENT

The segment remained exposed to several industry-wide pressures during the year including weather instability, rising labour costs, labour shortages, disease outbreaks and elevated input costs across the Sri Lankan rubber sector. HPL also continued to face estate-specific terrain and climate constraints alongside ageing rubber stands requiring gradual replanting and land optimisation initiatives.

Although national rubber prices remained relatively stable during the year, operational profitability continued to remain under pressure due to rising cost structures and lower production efficiency resulting from adverse weather conditions.

STRATEGIC REPOSITIONING

HPL's current strategic intent for the Rubber segment is best characterised as maintaining operational continuity while

progressively pivoting towards value-added and specialty rubber categories. Rather than pursuing expansion of commodity rubber cultivation, the Company continued to focus on higher-value crepe rubber grades including specialty crepe rubber for premium shoe sole manufacturing, Coloured Sole Crepe and other niche export-oriented products capable of achieving stronger net sales averages relative to standard commodity grades.

This value-addition strategy also helped reduce exposure to commodity price volatility and strengthen access to more specialised international market segments.

CLIMATE ADAPTATION & OPERATIONAL RESILIENCE

Climate adaptation remained a major operational priority within the segment during the year. Rain guard systems were further enhanced across tapping fields to reduce rainfall-related tapping disruptions and maintain latex quality during wet conditions. Late-tapping strategies were also implemented where possible to recover lost tapping days following adverse weather events.

The segment also continued to respond proactively to Pestalotiopsis Leaf Fall Disease (PLFD), which affected low-country rubber plantations during the year. HPL collaborated closely with the Rubber Research Institute of Sri Lanka (RRISL) to implement mitigation measures and restore plantation health across affected areas.

TECHNOLOGY & PRODUCTIVITY IMPROVEMENT

Technology adoption continued to play an increasingly important role across rubber operations during FY2025/26. IoT-enabled monitoring systems were implemented across rubber factory operations to improve drying-process control, reduce energy waste and improve product quality

consistency. Digital weighing systems and automated latex collection technologies also continued to strengthen operational transparency, compensation accuracy and process efficiency across field operations.

The Company also continued to pilot machine-assisted tapping feasibility studies and high-density rubber planting initiatives aimed at improving long term productivity and reducing dependence on skilled manual tapping labour.

ESG, TRACEABILITY & MARKET ACCESS

HPL continued to maintain FSC certification across all Rubber Estates during the year, supporting access to premium responsible-sourcing markets. The Company also became the first plantation company in Sri Lanka to have its Rubber and Oil Palm sectors verified compliant under the European Union Deforestation Regulation (EUDR) by Preferred by Nature, strengthening traceability credentials and supporting long term export market competitiveness.

LAND OPTIMISATION & DIVERSIFICATION

Rubber also continued to play an important role within HPL's broader land optimisation strategy. Lower-productivity rubber lands affected by excessive wet days and declining harvesting viability continued to be progressively transitioned towards coconut cultivation and diversified crop initiatives including Cinnamon, Pepper and Pineapple intercropping systems.

This gradual transition reflects HPL's long term approach towards improving land productivity, strengthening climate resilience and enhancing portfolio diversification across estate operations.

BUSINESS LINE REVIEW

Traditional Rubber Model	Emerging Rubber Strategy
Commodity-focused	Value-added rubber
Labour-intensive tapping	Technology-enabled operations
Volume-driven	Margin-focused
Static land use	Land optimisation
Conventional operations	Climate-smart practices

THE NEXT MOVES

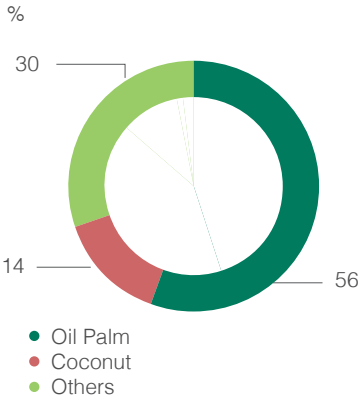
HPL will continue to focus on strengthening value-added rubber production, improving operational efficiency and accelerating climate-smart agricultural practices across rubber operations over the medium term. Machine-assisted tapping feasibility studies, high-density rubber planting pilots and enhanced weather-responsive tapping strategies are also expected to support long term productivity improvement initiatives within the segment.

At the same time, the Company will continue to optimise land utilisation across lower-productivity rubber areas through progressive diversification into coconut and other higher-value crops, while maintaining responsible sourcing standards and traceability-focused export competitiveness through FSC and EUDR-aligned operations.

DIVERSIFIED CROPS AND PORTFOLIO RESILIENCE

Diversified crops continued to play an increasingly important role within HPL’s plantation portfolio during FY2025/26, supporting land productivity, portfolio resilience and long term agricultural diversification across selected estates. While tea remained the Group’s principal revenue contributor, the growing contribution from Oil Palm and diversified agricultural activities continued to strengthen earnings diversification and operational flexibility across the plantation business.

LAND USE DISTRIBUTION ACROSS



Oil Palm in particular continued to emerge as a strategically important crop within the portfolio during the year, supported by improved production performance and stronger profitability contribution relative to several traditional plantation segments.

OIL PALM

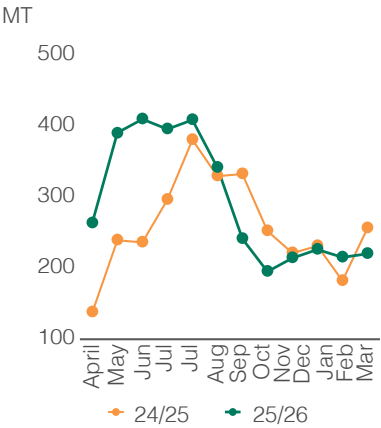
Oil Palm continued to record improved operational performance during FY2025/26, with production volumes increasing by approximately 14% compared to the previous year. The segment also significantly increased its contribution to Group gross profit during the year, reflecting stronger operational performance and growing strategic importance within HPL’s diversified plantation portfolio.

The segment continued to support portfolio diversification and earnings resilience within an operating environment where traditional plantation crops remained exposed to climate variability, labour pressures and rising production costs. Oil Palm also continued to provide comparatively stronger land productivity and operational efficiency relative to several traditional plantation crop categories.

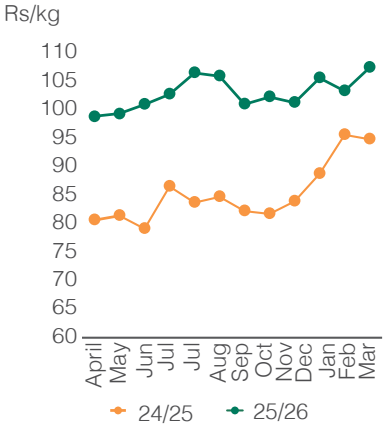
However, the long term expansion potential of the segment continued to remain influenced by regulatory restrictions relating to Oil Palm cultivation within Sri Lanka. Despite these limitations, HPL continued to maintain existing plantations under sustainable management practices while preparing for future expansion opportunities subject to changes in national policy and regulatory approvals.

In anticipation of potential policy relaxation, HPL plans to progressively convert approximately 400 hectares of rubber extent into Oil Palm cultivation over the medium term as part of broader land optimisation and long term productivity enhancement initiatives.

OIL PALM PRODUCTION



FFB PRICE MOVEMENT



OTHER DIVERSIFIED CROPS

HPL continued to strengthen its diversified agricultural portfolio during FY2025/26 through the expansion of coconut, cinnamon, pepper and coffee cultivation across selected estates. These activities increasingly support land productivity, portfolio resilience and long term earnings diversification while enhancing operational flexibility across the plantation business.

The Company continues to position diversified crops as a growing strategic component of its plantation portfolio, with a long term objective of increasing the contribution of diversified agricultural activities to approximately 1% of Group revenue, excluding Oil Palm operations.

During the year, coconut production increased by approximately 23%, while cinnamon cultivation recorded significant growth supported by expanding cultivation extent and improving crop maturity profiles. Diversified agricultural activities also continued to strengthen intercropping systems, improve soil fertility and water retention, and support more efficient utilisation of estate land.

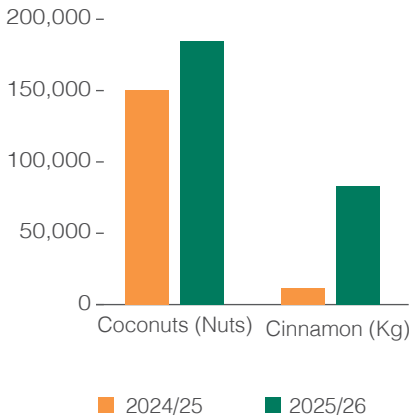
HPL further progressed its value-addition strategy through plans to establish dedicated Coffee Processing Centres and expand coconut oil extraction capabilities, supporting the development of higher-

value commercial opportunities across diversified agricultural operations.

Beyond their commercial contribution, diversified crops also continued to strengthen broader environmental and social outcomes across estate landscapes. Initiatives such as the introduction of Agarwood as native shade trees supported biodiversity enhancement and carbon sequestration, while intercropping and circular agricultural practices contributed towards improved ecosystem resilience and resource efficiency.

Cultivation practices across diversified crops remained aligned with Good Agricultural Practices (GAP) and evolving international sustainability expectations, including traceability and compliance requirements linked to the European Union Deforestation Regulation (EUDR). Diversified agricultural activities also continued to support supplementary livelihood opportunities for surrounding communities through HPL's Village Integration Model, which promotes intercropping partnerships and smallholder participation across selected cultivation areas.

DIVERSIFIED CROP VALUES



No significant market disruptions or demand-side pressures materially affected diversified crop operations during the year under review.

Beyond their commercial contribution, diversified crops also continued to strengthen biodiversity, ecosystem resilience and circular resource use across estate landscapes. The introduction of Agarwood as native shade trees supported biodiversity enhancement and carbon sequestration potential, while intercropping systems involving Coconut, Cinnamon, Pepper and Pineapple contributed towards improved habitat diversity, soil fertility and moisture retention across cultivated areas.

HPL also continued to integrate circular agricultural practices into diversified crop operations through the utilisation of agricultural waste materials including rubber wood, bamboo and cinnamon sticks for biochar production. These initiatives supported improved soil health, enhanced water retention and carbon capture while reducing agricultural waste across estate operations.

Pollination initiatives through agriculture within Oil Palm plantations further supported ecosystem balance and crop productivity, while broader diversification efforts helped reduce single-crop dependency and strengthen climate resilience across the plantation portfolio. Together, these interconnected agricultural systems continued to support more sustainable land use, resource efficiency and long term environmental resilience across HPL's estate landscapes.

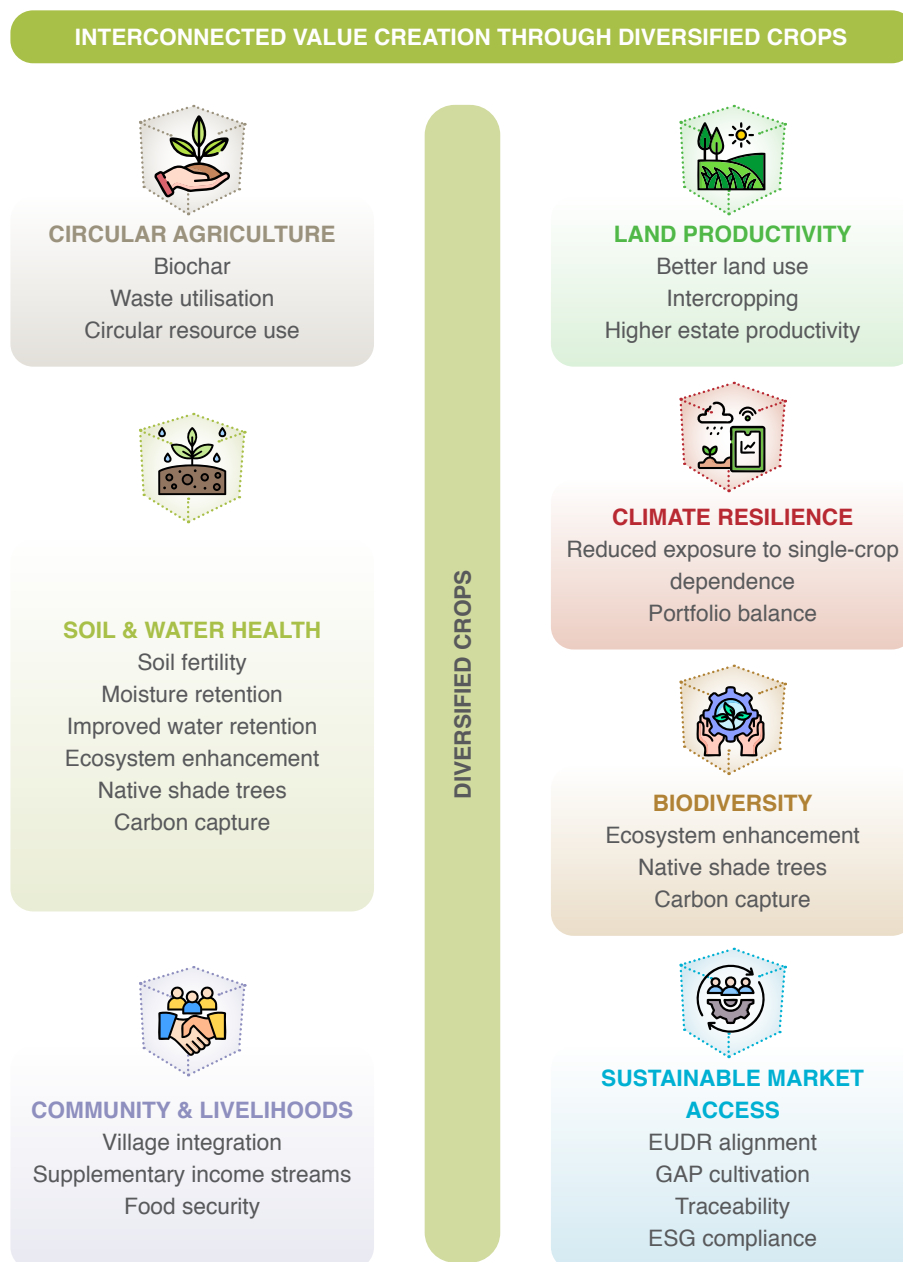
HPL will continue to strengthen its diversified agricultural portfolio over the medium term as part of broader efforts to enhance land productivity, portfolio resilience and long term earnings diversification across the plantation business. The Company remains focused on progressively increasing the contribution of diversified crops towards its long term revenue mix through a combination of value addition, operational optimisation and sustainable land-use practices.

BUSINESS LINE REVIEW

Oil Palm is expected to remain an important component of HPL's long term plantation strategy, supported by its comparatively stronger land productivity and profitability contribution within the portfolio. Subject to future regulatory developments and the relaxation of current cultivation restrictions, the Company plans to progressively convert approximately 400 hectares of rubber extent into Oil Palm cultivation as part of its long term land optimisation strategy.

HPL also intends to strengthen value-added opportunities across diversified agricultural activities through initiatives such as the establishment of dedicated Coffee Processing Centres and the expansion of coconut oil extraction capabilities. Continued focus will also remain on intercropping, circular agriculture, biodiversity enhancement and climate-resilient cultivation practices to support long term sustainability and operational resilience across estate landscapes.

As climate variability, market dynamics and sustainability expectations continue to reshape the plantation sector, diversified crops are expected to play an increasingly important role in supporting HPL's adaptability, resource efficiency and long term competitiveness



PESTEL ANALYSIS

The plantation sector operated within a complex and evolving external environment during FY2025/26. Geopolitical developments, economic conditions, climate related pressures, technological transformation, regulatory expectations and changing social dynamics influenced operational priorities, cost structures, market conditions and long term strategic planning across the industry. The following PESTEL analysis outlines the key external factors influencing HPL's operating landscape, together with the related risks, opportunities and strategic responses.

PESTEL Factor	Operating Context & Impact	Risks & Challenges	Opportunities	HPL Strategic Response
Political	Global geopolitical tensions, shifting trade relationships, increased tariffs and regional conflicts continued to influence fuel prices, shipping routes, export demand and global commodity markets during FY2025/26. Sri Lanka also continued IMF supported economic reforms and fiscal restructuring measures, improving macroeconomic stability while increasing regulatory and taxation pressures across the business environment.	- Fuel and logistics cost escalation - Export market disruption - Freight and shipping volatility - Policy and taxation changes - Supply chain instability	- Expansion into diversified export markets - Stronger positioning in premium tea segments - Improved long term macroeconomic stability - Sustainability focused product positioning and value added initiatives also continued to support export competitiveness	Diversification across crops, revenue streams and markets remained central to HPL's approach to managing geopolitical and supply chain uncertainty. Sustainability positioning and value added opportunities also continued to support export competitiveness. In response to fertilizer price volatility and supply uncertainty, HPL also increased focus on circular resource management and organic input generation to strengthen long term agricultural sustainability and reduce reliance on external inputs.
Economic	Sri Lanka's economy continued to recover during FY2025/26, supported by easing inflation, improved GDP growth, stronger reserves and greater exchange rate stability. However, elevated labour, utility, fertiliser and imported input costs continued to place pressure on plantation sector profitability and operating margins. Global commodity price volatility and currency movements also continued to influence export competitiveness and operational planning.	- Margin pressure - Rising wage costs - Commodity price volatility - Inflationary operating environment - Currency fluctuations - Higher energy and utility costs	- Improved economic stability and planning visibility - Potential recovery in export demand - Greater focus on higher margin crops and products - Opportunity for productivity enhancement through mechanisation and precision agriculture	Operational efficiency, renewable energy adoption and diversification initiatives supported resilience against rising cost pressures during the year. Diversification and value added product initiatives also supported earnings stability and long term resilience.

PESTEL ANALYSIS

PESTEL Factor	Operating Context & Impact	Risks & Challenges	Opportunities	HPL Strategic Response
Social	The plantation sector continued to experience labour shortages, workforce migration and changing demographic patterns during the year. Stakeholder expectations relating to employee well-being, housing, diversity, worker safety and community development also continued to increase, particularly within sustainability focused global supply chains. Export markets, particularly in Europe, place greater emphasis on responsible sourcing, labour standards, traceability and broader ESG compliance across agricultural value chains.	• Labour shortages • Workforce retention challenges • Rising wage expectations • Productivity pressures • Skills and demographic gaps • Increasing scrutiny relating to labour standards and ESG compliance within export supply chains	• Improved workforce retention • Stronger employer branding • Productivity gains through mechanisation • Enhanced stakeholder trust and social licence to operate • Improved positioning within sustainability focused export markets • Stronger buyer confidence through responsible sourcing practices	Worker welfare, training, housing and retention initiatives remained important priorities during the year. Investments in mechanisation and workforce productivity initiatives also supported operational continuity within a constrained labour environment. The Company also continued to enhance responsible employment practices and broader social sustainability initiatives to support stakeholder trust and evolving export market expectations relating to labour standards and ESG compliance.
Technological	Technological transformation across the plantation sector continued to accelerate, driven by increasing adoption of precision agriculture, mechanisation, digitalisation and operational analytics. ERP systems, weather monitoring, drone mapping and smart agricultural technologies increasingly support productivity and sustainability management across plantation operations.	• Technology integration costs • Cybersecurity exposure • Operational disruption during implementation • Skills and capability gaps	• Improved operational efficiency • Better resource management • Enhanced productivity and climate resilience • Data driven operational decision making • Greater operational resilience through mechanisation and automation • Reduced exposure to labour shortages and workforce constraints	Technology integration accelerated during the year through OLAX implementation, smart fertigation systems, weather stations and precision agriculture initiatives. These investments support operational visibility, productivity optimisation and long term competitiveness, while also reducing dependency on labour intensive processes within a constrained labour environment.

PESTEL Factor	Operating Context & Impact	Risks & Challenges	Opportunities	HPL Strategic Response
Environmental	Climate related risks continued to intensify during FY2025/26, with plantation operations increasingly exposed to climate variability, prolonged rainfall, dry periods, biodiversity degradation and extreme weather events including Cyclone Dit-wah. Global sustainability expectations also continued to evolve, with greater focus on emissions reduction, water stewardship, biodiversity conservation and sustainable land management.	• Climate variability • Yield fluctuations • Soil degradation • Water stress • Biodiversity loss • Infrastructure damage from extreme weather	• Renewable energy expansion • Carbon neutral tea positioning • Sustainability led market differentiation • Improved ecosystem resilience • Access to sustainability focused buyers	Environmental stewardship remained a strategic priority, supported through investments in renewable energy, biodiversity conservation and climate adaptation initiatives. HPL also expanded circular resource management and sustainable agricultural practices across plantation operations. Together, these initiatives support ecosystem resilience, improve resource efficiency and strengthen long term operational sustainability.
Legal & Regulatory	Global agricultural markets continued to experience increasing regulatory scrutiny relating to sustainability, traceability, de-forestation, food safety and responsible sourcing practices. Regulations such as the EU De-forestation Regulation (EUDR) continued to reshape compliance expectations for export oriented plantation businesses.	• Increasing compliance costs • Regulatory complexity • ESG disclosure obligations • Reputational exposure • Market access requirements	• Enhanced access to premium export markets • Stronger stakeholder confidence • Sustainability led competitive advantage • Improved governance and traceability positioning	Greater focus was placed on strengthening traceability, ESG governance and compliance systems in response to evolving regulatory expectations, including the implementation of EUDR compliant operational processes and internationally recognised certification programmes. This, inevitably also supports regulatory readiness and long term competitiveness.



FINANCIAL CAPITAL

“Creating Momentum”

Each adjustment in the system creates value.

Through diversification, market expansion, and value added products, we are strengthening our financial resilience and unlocking new opportunities for growth.

This dimension ensures that our model remains sustainable, competitive, and adaptable in a changing global market.



STRATEGIC COMPONENTS OF FINANCIAL CAPITAL



Planning

Plan resources strategically



Financial Strategy

Optimal mix of debt and equity to balance risk and return



Budgeting

Allocate funds efficiently



Reporting and Monitoring

Track performance transparently

CAPITAL IN CONTEXT - Every Move Matters

Financial performance during the year reflected the increasingly Rubik's Cube like interdependence of plantation operations, where movements in commodity prices, wage costs, climate variability, energy prices, liquidity conditions and supply chain dynamics influenced operational and financial outcomes simultaneously. Revenue growth

Rs. 379 Mn

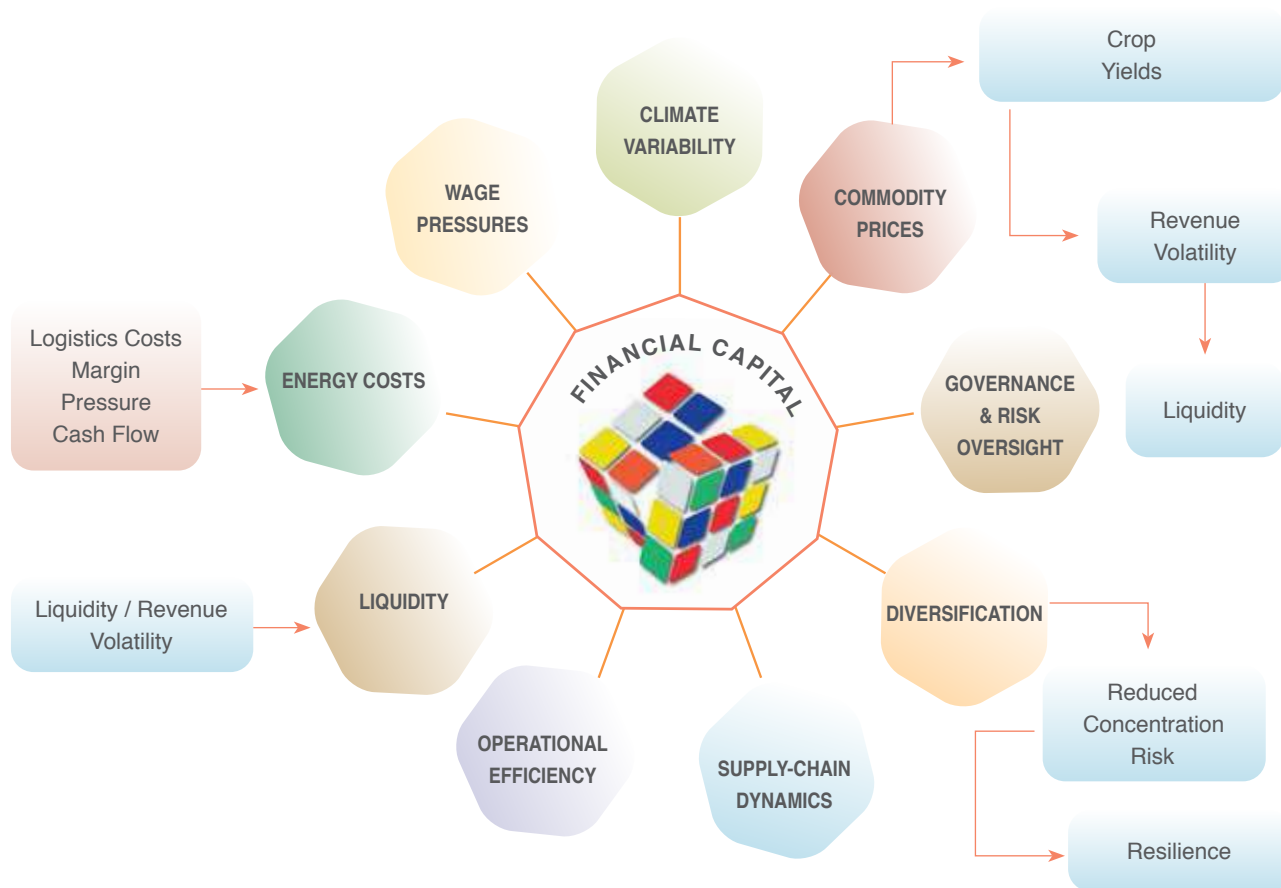
Profit from Operation

Rs. 1,003 Mn ↑

Net Assets

remained resilient despite a challenging operating environment. However, rising cost pressures, tighter operating margins, and increased finance related pressures highlighted the importance of disciplined capital allocation, operational efficiency, diversification, and adaptive planning.

Against this backdrop, HPL continued to strengthen financial resilience through prudent liquidity management, selective investments, productivity enhancement initiatives, renewable energy expansion, and diversification across crops and operational activities. These measures supported long term value creation while reinforcing the Company's ability to navigate an increasingly uncertain and interconnected operating environment.



SDG ALIGNMENT

Focus Area	SDG	Relevant SDG Targets	Value Created
Renewable energy investments	SDG 7 – Affordable & Clean Energy	7.2 Increase substantially the share of renewable energy in the global energy mix 7.3 Double the global rate of improvement in energy efficiency	Lower long term energy costs, improved energy resilience, and reduced exposure to fuel volatility
Productivity & workforce initiatives	SDG 8 – Decent Work & Economic Growth	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation 8.5 Achieve productive employment and decent work for all	Improved operational continuity, workforce sustainability, and productivity enhancement

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Focus Area	SDG	Relevant SDG Targets	Value Created
Resource optimisation & operational efficiency	SDG 12 – Responsible Consumption & Production	12.2 Achieve sustainable management and efficient use of natural resources 12.6 Encourage companies to adopt sustainable practices	Improved efficiency, reduced wastage, and more disciplined resource utilisation
Climate adaptation & resilience initiatives	SDG 13 – Climate Action	13.1 Strengthen resilience and adaptive capacity to climate related hazards 13.2 Integrate climate measures into planning and strategies	Stronger agricultural resilience and improved adaptive capacity against climate related disruption
Sustainable land and agricultural management	SDG 15 – Life on Land	15.1 Ensure conservation and sustainable use of terrestrial ecosystems 15.3 Combat land degradation and restore degraded land	Long term ecosystem sustainability and improved agricultural resilience
Governance, oversight & risk management	SDG 16 – Peace, Justice & Strong Institutions	16.6 Develop effective, accountable and transparent institutions 16.7 Ensure responsive and inclusive decision making	Strengthened governance oversight, accountability, and integrated risk management

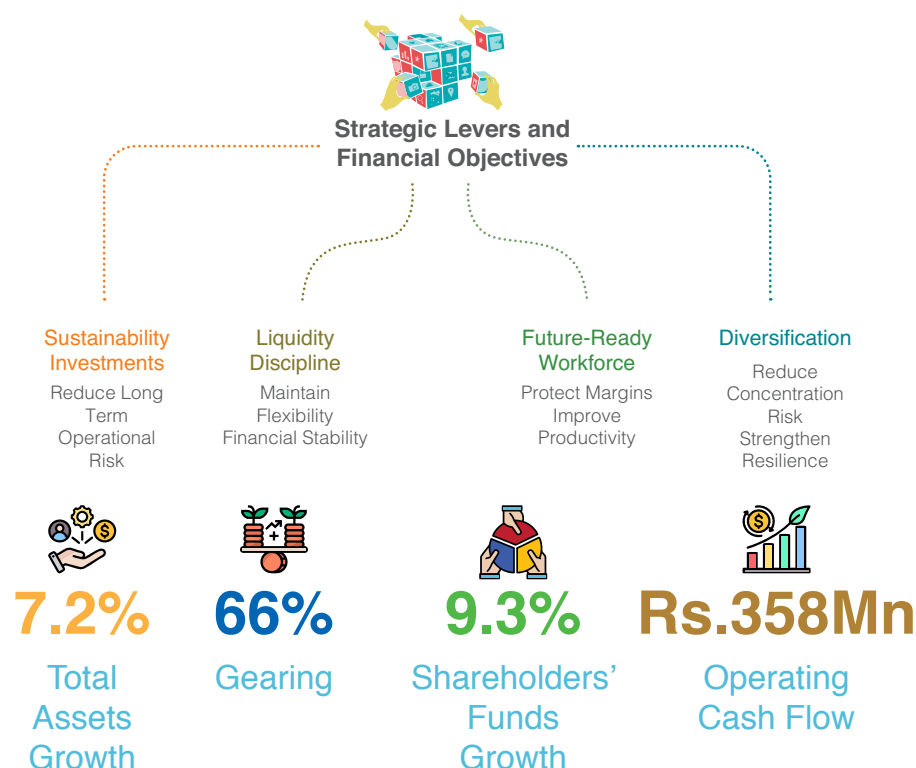
OUR STRATEGIC FOCUS

HPL's financial strategy during the year centred on balancing operational resilience, liquidity preservation, long term sustainability, and shareholder value creation within a volatile operating environment. Management prioritised disciplined capital allocation across plantation development, operational continuity, productivity enhancement initiatives, renewable energy investments, and working capital management while maintaining prudent leverage levels and financial flexibility.

Financial decision making increasingly reflected the interconnected nature of operational and external risks. Rising wage costs, climate related uncertainty, input cost volatility, and supply chain pressures reinforced the importance of adaptive planning, cost discipline, procurement optimisation, and diversification across revenue streams and operational activities.

These priorities supported both short term operational stability and long term strategic resilience.

Financial oversight was supported through regular management reviews, Audit Committee oversight and Board level governance, strengthening the link between operational realities, financial monitoring and capital allocation decisions.



FINANCIAL STRATEGY & CAPITAL ALLOCATION

Strengthening Financial Resilience

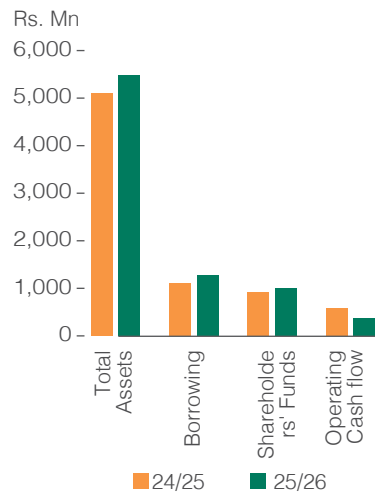
Plantation businesses operate within a highly interconnected operating environment where climate variability, global commodity prices, labour availability, fuel costs, geopolitical developments, and liquidity conditions influence financial outcomes simultaneously rather than independently.

During the year, geopolitical tensions and continued volatility across global commodity and energy markets contributed to higher operational uncertainty and cost pressures across the plantation sector. Fuel related logistics costs, agricultural input price volatility, inflationary wage adjustments, and climate related disruptions collectively influenced margins, working capital requirements, and operational cash flows.

Despite these pressures, HPL maintained a resilient financial position during the year. Total assets increased by 7.2% to Rs.5.47 Bn while shareholders' funds grew by 9.3% to Rs.1.0 Bn, reflecting continued investment in long term operational sustainability and resilience. Borrowings increased moderately to Rs.1.96 Bn as the Company balanced liquidity requirements, operational continuity, and strategic investment priorities within a more challenging operating environment.

Operating cash flows moderated to Rs.358 Mn as tighter margins and working capital pressures impacted liquidity generation during the year. However, gearing remained relatively stable at 66%, supporting financial flexibility despite increased profitability pressures and a softer interest cover ratio of 2.33 times.

FINANCIAL RESILIENCE



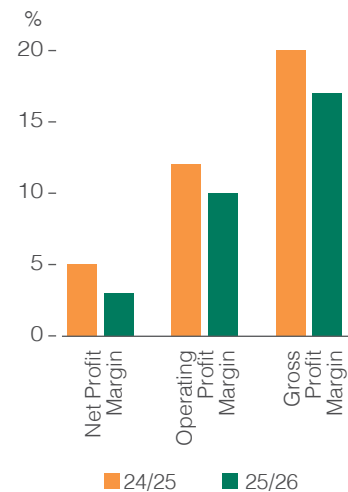
In response, HPL strengthened its focus on resilience oriented financial management through disciplined liquidity management, tighter cost oversight, adaptive planning, and continued investment in operational efficiency and long term sustainability initiatives.

Driving Operational Efficiency

Management intensified efforts to improve operational discipline and cost efficiency as inflationary pressures, labour related cost increases, agricultural input price volatility, and broader operational pressures impacted profitability during the year.

Revenue increased by 6.8% to Rs.3.95 Bn during the year. However, rising operating costs and margin pressures reduced gross profit by 10.9% to Rs.652 Mn while operating profit declined 17.6% to Rs.379 Mn. Gross profit margin reduced from 19.8% to 16.5% while operating profit margin declined from 12.4% to 9.6%, reflecting the cumulative impact of rising labour costs, input cost volatility, and broader operational pressures across the plantation sector.

MARGIN MOVEMENT

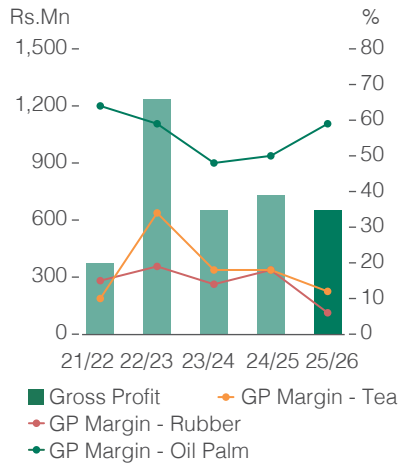


Gross profit performance reflected the mixed impact of crop level market conditions, production dynamics and cost pressures during the year. Tea remained the largest contributor to gross profit, generating Rs.373 Mn, while oil palm contributed a further Rs.213 Mn, supporting overall profitability despite wider margin pressure across the business.

Rubber contributed Rs.27 Mn to gross profit, reflecting a positive contribution in a segment that remains more exposed to weather related disruptions, labour intensity and production variability. The trend in crop level margins highlights the importance of maintaining a diversified crop portfolio, as performance across tea, rubber and oil palm can vary depending on commodity prices, weather conditions, cost structures and operational productivity.

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GROSS PROFIT



The plantation industry also continued to face structural labour shortages, rising wage pressures, fertilizer price volatility, and operational disruptions linked to changing weather patterns and prolonged rainfall conditions. These developments increased pressure on productivity, field operations, and cost management across several operational areas.

In response, HPL strengthened procurement planning, productivity enhancement programmes, operational monitoring, resource optimisation initiatives, and mechanisation focused interventions aimed at minimising wastage and improving operational responsiveness within an increasingly volatile operating environment.

The Company also continued to strengthen monitoring and review mechanisms across operational and financial functions to support more adaptive decision making and improve responsiveness to changing operational conditions.

Diversifying for Stability

Continued volatility in tea, rubber, fuel, fertilizer, and export markets reinforced the importance of diversification as a key resilience mechanism during the year.

Resilience Through Diversification

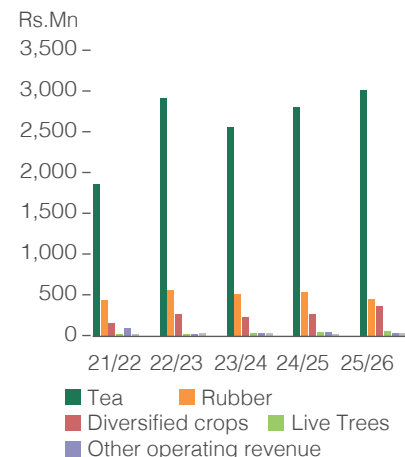


HPL therefore continued to strengthen diversification across crops, operational activities, renewable energy initiatives, and sustainability focused investments to reduce concentration risk and improve long term operational stability. Diversification also supported greater flexibility in responding to changing commodity cycles, climate related disruptions, and evolving operational pressures while strengthening the Company's ability to sustain earnings resilience across varying market conditions.

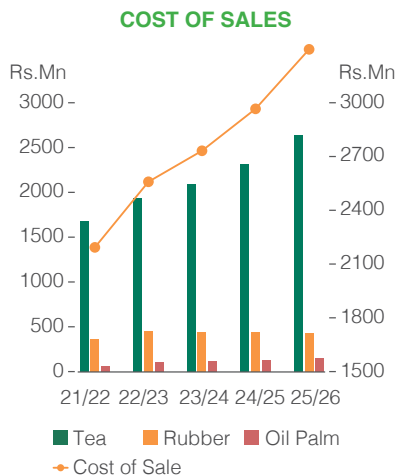
Management also continued to strengthen resilience through operational efficiency improvements, adaptive planning mechanisms, and renewable energy initiatives aimed at reducing exposure to energy related cost volatility and improving long term operational sustainability.

This approach supported a more balanced operational model while reinforcing the Company's ability to navigate changing market, environmental, and operational conditions.

SEGMENTAL REVENUE CONTRIBUTION



Cost of sales increased by 11% to Rs.3.3 Bn during the year, reflecting higher production and operating costs across the plantation portfolio. Cost of sales per kilogram increased by 6% for tea and 12% for rubber, while oil palm recorded a 2% reduction. This movement broadly reflected the increase in cost of production, which rose by 5% for tea and 11% for rubber, while oil palm decreased by 2%. The increase was driven mainly by the Government mandated wage increase, with the impact felt more strongly in tea and rubber due to their higher labour intensity. In response, HPL continued to strengthen cost discipline through procurement planning, operational monitoring, productivity enhancement and initiatives aimed at reducing wastage and improving efficiency.

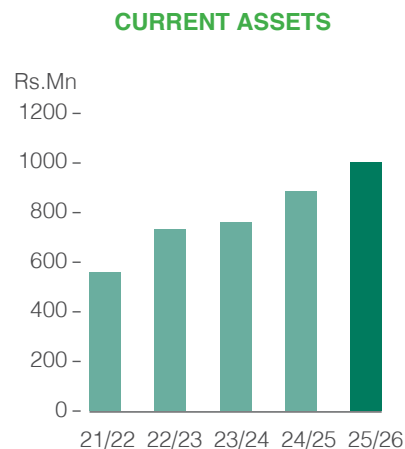
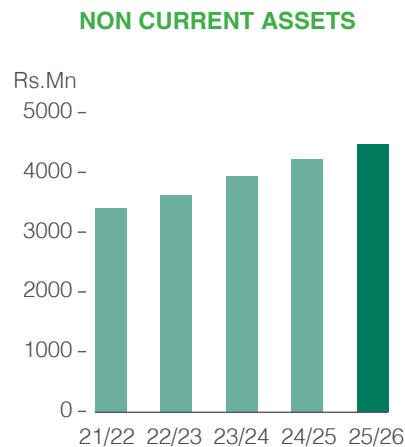


Investing for Long Term Sustainability

Sri Lanka's continued recovery from climate related disruptions, including the lingering impacts of Cyclone Ditwah on agricultural ecosystems and rural infrastructure, reinforced the importance of long term resilience focused investment during the year.

Sustainability focused investments in plantation development, renewable energy, soil management, and operational efficiency continued to support long term productive capacity, agricultural resilience, and future earnings sustainability.

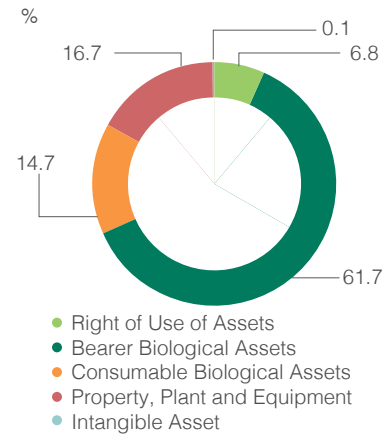
Total assets and shareholders' funds both recorded meaningful growth during the year, reflecting continued investment in strengthening long term operational stability and resilience.



Asset Base Supporting Long Term Resilience

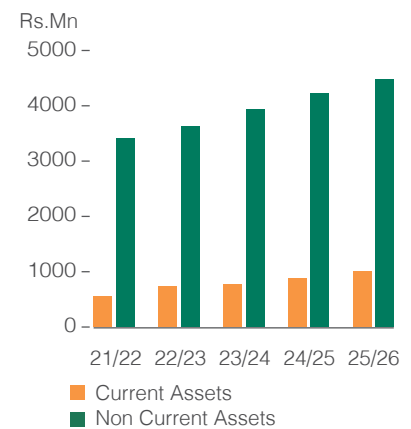
HPL's asset base continued to reflect the long term nature of plantation investment, with non current assets remaining the dominant component of total assets. This is consistent with HPL's focus on plantation development, bearer biological assets, renewable energy initiatives and other productive investments that support future earnings resilience.

NON CURRENT ASSETS SEGMENT



Current assets also increased during the year, mainly reflecting movements in inventories, trade receivables and other working capital balances. This highlights the need for continued liquidity discipline as HPL balances operational continuity, crop cycles, input cost pressures and market related cash flow timing.

COMPOSITION OF TOTAL ASSETS



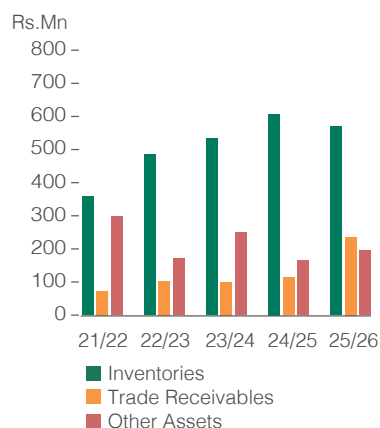
Together, the movement in non current and current assets reinforces the interconnected nature of Financial Capital, long term investment supports future productivity, while disciplined working capital management protects liquidity and financial flexibility.

Continued investment in bearer biological assets across tea, rubber, and diversified

FINANCIAL CAPITAL

crops also strengthened the Company's long term productive asset base while supporting future agricultural resilience and earnings sustainability.

COMPOSITION OF CURRENT ASSETS



Despite lower profitability during the year, management continued to prioritize investments that support operational continuity, productivity enhancement, adaptive planning, and long term agricultural sustainability within an increasingly volatile operating environment.

PROGRESS IN MOTION

Financial Performance & Profitability

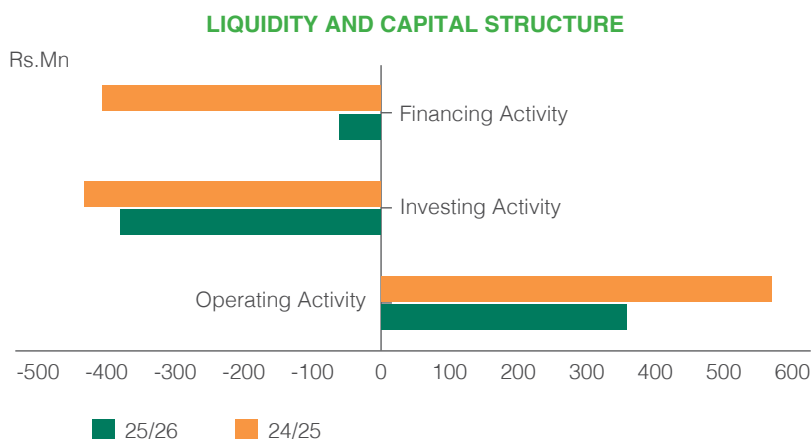
Topline growth during the year was supported by improved market conditions across key commodity segments, operational continuity, and diversification initiatives. However, the benefits of revenue growth were largely absorbed by rising labour costs, agricultural input price volatility, fuel related pressures, and broader cost escalation resulting in a contraction in both gross profit and operating profit margins during the year.

Profit after tax declined 23.9% to Rs.137 Mn reflecting the cumulative impact of softer operating profitability, margin compression, and continued operational cost pressures linked to wage increases, input cost volatility, and changing operating conditions across the plantation sector.

Liquidity & Capital Structure

Operating cash flows moderated to Rs.358 Mn during the year as tighter operating margins, working capital pressures, and softer profitability affected liquidity generation. Despite these pressures, HPL maintained a relatively stable capital structure while continuing to support operational continuity, strategic investments, and long term resilience priorities.

Borrowings increased moderately to Rs.1.96 Bn as the Company balanced liquidity requirements, operational flexibility, and ongoing investment priorities within a more challenging operating environment. Gearing remained relatively stable at 66%, supporting continued financial flexibility despite softer profitability and reduced interest cover during the year.



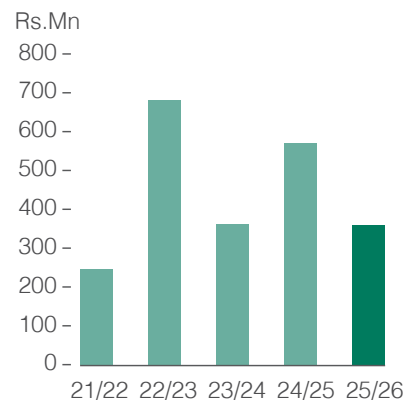
2.33 Times
Interest Cover



66%
Gearing

Operating cash flows moderated to Rs.358 Mn in 2025/26, compared to Rs.570 Mn in the previous year, reflecting the impact of tighter margins, higher operating costs and working capital pressures during the year. While cash generation remained positive, the decline highlights the pressure placed on liquidity by wage increases, input cost volatility and softer operating profitability. This reinforced the need for disciplined working capital management, tighter cost oversight and careful prioritisation of capital allocation.

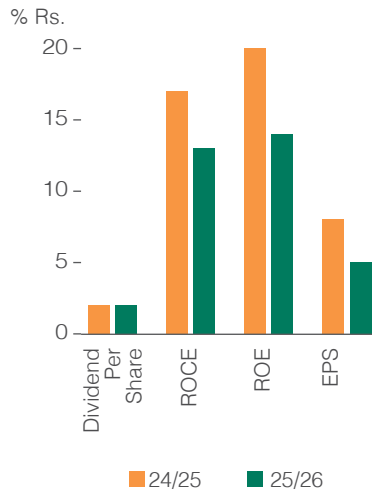
NET CASH INFLOW FROM OPERATING ACTIVITIES



Shareholder Returns

Softer profitability during the year moderated shareholder returns across several key indicators. Earnings per share declined from Rs.7.23 to Rs.5.50 while Return on Equity reduced from 19.7% to 13.7% reflecting lower earnings generation during the year.

SHAREHOLDERS' RETURN



Return on Capital Employed also declined from 16.7% to 12.8% as operating profitability softened amid rising operational cost pressures and margin compression. Dividend per share reduced to Rs.2.10 reflecting the more challenging earnings environment and the continued importance of maintaining financial flexibility and liquidity discipline.

Despite weaker short term returns, HPL continued to prioritise investments aimed at strengthening long term productive capacity, operational resilience, sustainability, and future earnings stability.

REPORTING EXCELLENCE & GOVERNANCE DISCIPLINE

HPL continued to strengthen financial transparency and reporting discipline through quarterly financial reporting, Audit Committee review and Board level approval processes. This supported accountability, timely decision making and disciplined financial governance during the year.

The Company's commitment to transparent, integrated and sustainability linked reporting was recognised across multiple platforms during the year, reinforcing the quality and credibility of its financial and non financial disclosures.

Recognition	Awarding Body
Gold Award – Plantation Companies	TAGS Awards 2025, CA Sri Lanka
Certificate of Recognition – Digitally Transformative Reporting	TAGS Awards 2025, CA Sri Lanka
Certificate of Recognition – Integrated Reporting	TAGS Awards 2025, CA Sri Lanka
Certificate of Recognition – Sustainability Reporting	TAGS Awards 2025, CA Sri Lanka
Best Integrated Report – Plantations Sector, First Runner up	CMA Excellence in Integrated Reporting Awards 2025
Merit Award	CMA Excellence in Integrated Reporting Awards 2025

OUTCOMES & IMPACT

While profitability moderated during the year, HPL continued to strengthen operational resilience, financial discipline, and long term adaptability within a challenging operating environment shaped by climate variability, commodity market volatility, labour related pressures, and broader macroeconomic uncertainty.

The Company's continued focus on diversification, operational efficiency, sustainability linked investments, and disciplined capital allocation supported operational continuity and strengthened resilience against increasingly interconnected operational and financial pressures.

Continued investment in operational sustainability, renewable energy, adaptive planning, and productive plantation assets strengthened HPL's ability to respond to climate related disruptions, input cost volatility, and changing operating conditions while supporting longer term earnings resilience and operational continuity.

Management further strengthened governance oversight, financial monitoring, and integrated risk management processes during the year, supporting improved responsiveness and stronger alignment between operational realities, financial priorities, and long term strategic decision making.

Although returns softened during the year, HPL believes that investments in resilience, sustainability, operational adaptability, and long term productive capacity remain critical to strengthening future earnings resilience and sustainable long term value creation.

GRI 3-3 & 13.22.1

Horana Plantations PLC supports the economic inclusion of farmers through land provision for crop cultivation, free seed distribution, livestock subsidies via NGO partnerships, and fair pricing for green leaf purchases. These efforts have improved farmer incomes and product quality, reflected in HPL's top three national tea sales ranking. The company tracks effectiveness through regular audits and stakeholder engagement, while managing environmental and social impacts through sustainable practices and compliance monitoring.

GRI 201-1

Direct Economic Value Generated and Distributed

The main beneficiaries of the economic value created through our business activities during the year under review were employees, who benefited in the form of Salaries and Other Benefits, accounting for 78% of total value creation, compared to 77% in the previous financial year. Our

FINANCIAL CAPITAL

contribution to government was 4% and 4% was paid to providers of funds. Our contribution to shareholders was 2%. We invested 12% towards Company expansion and growth.

GRI 201-4

During the reporting period, there were no tax reliefs or tax credits granted during the year in terms of subsidies, the organisation received tea replanting subsidies amounting to Rs. 7.7 million.

Direct economic value generated and distributed (EVG&D) on an accrual basis.

Value Added Statement

For the year ended 31st March	2025/2026		2024/2025	
	Rs'000	%	Rs'000	%
Revenue	3,950,039		3,697,217	
Other Income	89,746		77,185	
	4,039,785		3,774,402	
Cost of Materials and Services obtained	(1,061,244)		(1,049,972)	
Value Addition	2,978,541		2,724,430	
Distribution of Value Addition:-				
To Employees				
Salaries and Other Benefits	2,316,972	78	2,096,551	77
To Providers of Funds				
Interest Cost	115,077	4	114,076	4
To Government				
Income Tax	79,015		89,752	
Lease Interest	47,395		40,023	
	126,410	4	129,776	5
To Shareholders				
Dividends to Shareholders	52,500	2	61,250	2
To Expansion and Growth				
Profit Earned	137,655		98,868	
Depreciation	229,927		223,910	
	367,581	12	322,777	12
	2,978,541	100	2,724,430	100

RISKS & TRADE OFFS

Financial performance during the year reflected the cumulative impact of several interconnected operational and external pressures.

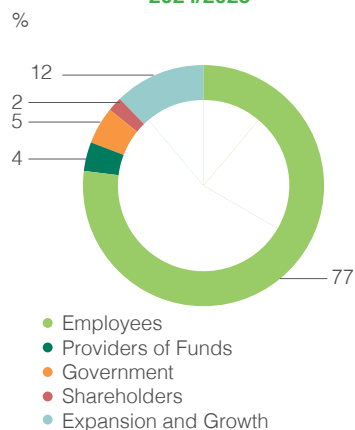
The Company continued to face labour shortages, rising wage pressures, and operational challenges linked to changing weather patterns and prolonged rainfall conditions. These developments increased pressure on productivity, field operations, and cost management across several operational areas.

Against this backdrop, management continued to balance several strategic trade offs during the year, including investment requirements versus short term profitability, sustainability priorities versus immediate cost pressures, and operational continuity versus liquidity preservation.

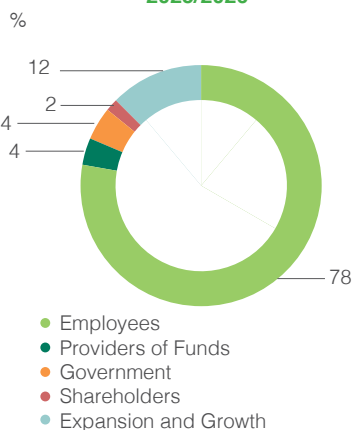
Despite tighter margins and softer returns during the year, management continued to prioritise resilience focused investments aimed at strengthening long term agricultural sustainability, operational continuity, and future earnings stability. This included ongoing investment in renewable energy initiatives, plantation development, operational efficiency improvements, and adaptive planning mechanisms aimed at strengthening resilience against increasingly interconnected climate, operational, and market related pressures.

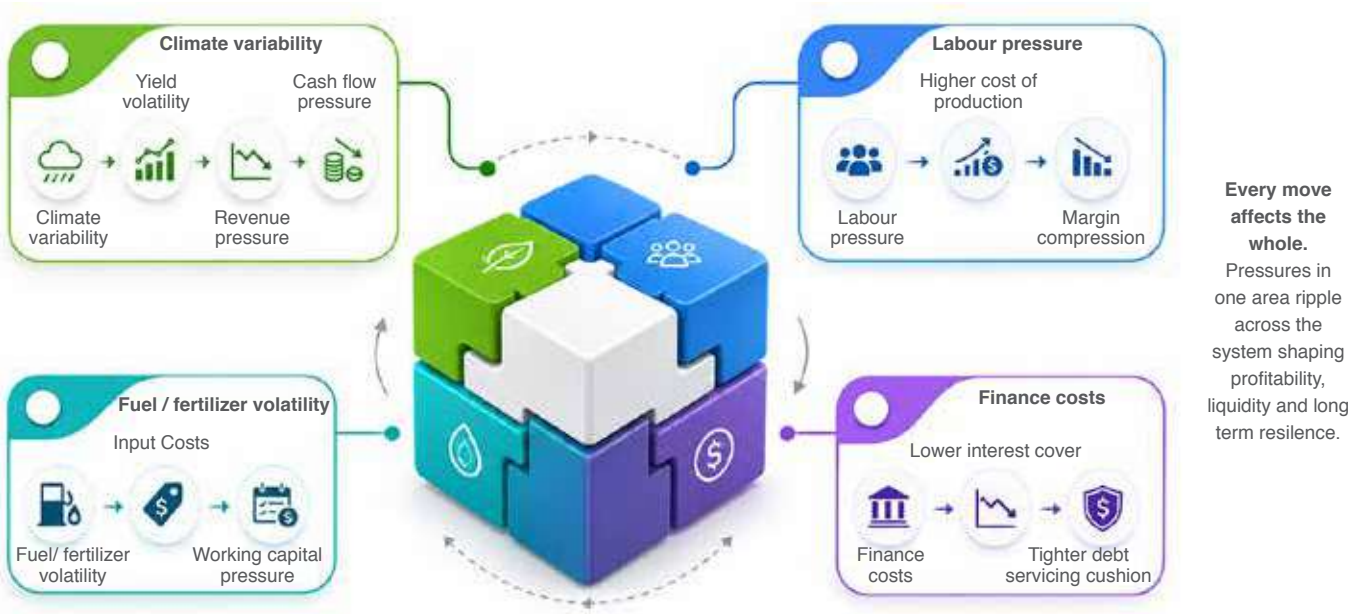
Management expects these interconnected operational and financial risks to remain elevated as climate variability, labour market pressures, geopolitical uncertainty, energy market volatility, and commodity price fluctuations continue to influence the operating environment.

DISTRIBUTION OF VALUE ADDITION 2024/2025



DISTRIBUTION OF VALUE ADDITION 2025/2026





THE NEXT MOVES

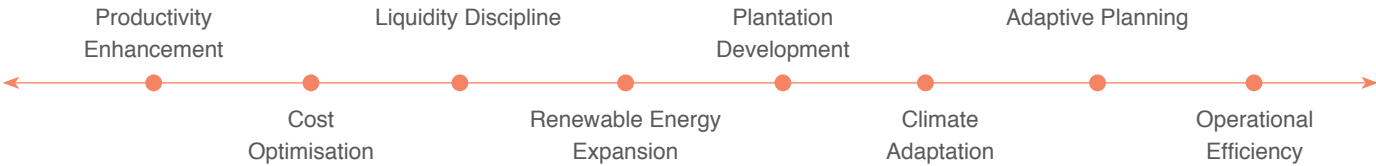
HPL will continue to prioritise financial resilience, operational efficiency, liquidity discipline, diversification, and sustainability linked investments as operating conditions remain increasingly dynamic and interconnected.

Key priorities for the year ahead include strengthening productivity, improving margins, optimising working capital, enhancing adaptive planning capabilities, and continuing investments that improve long term sustainability and operational resilience.

Management also expects diversification, integrated risk management, stronger operational adaptability to remain increasingly important in navigating evolving market, climate, and operational pressures while supporting sustainable long term value creation.

The Company will also continue to strengthen plantation productivity, resource optimisation, and resilience focused investment across productive plantation assets, renewable energy initiatives, and operational efficiency programmes aimed at improving long term agricultural sustainability and earnings resilience.

Next Moves Roadmap: Strategic Implementation Path



CAPITAL IN ACTION CROP DIVERSIFICATION AS FINANCIAL RESILIENCE

HPL’s crop diversification strategy strengthened Financial Capital by reducing reliance on a narrow revenue base and improving resilience against commodity price cycles, climate variability and input cost pressures.

By continuing to invest across tea, rubber, oil palm, coffee, coconut and other diversified crops, HPL supported a broader productive asset base and created additional pathways for future earnings. This approach also helped improve land use efficiency and reduced exposure to volatility in any single crop or market segment.

During a year marked by margin pressure and tighter cash flows, diversification remained an important financial resilience lever, supporting long term revenue stability, productive capacity and sustainable value creation.



MANUFACTURED CAPITAL

“Building the System”

Structure is what holds complexity together.

Our estates, factories, and infrastructure form the operational backbone of Horana Plantations. Through modernization, efficiency improvements and sustainable energy integration, we ensure that our systems remain strong, reliable, and future-ready.

This is the face that keeps the entire cube functioning in harmony.



STRATEGIC COMPONENTS OF MANUFACTURED CAPITAL



09 Tea Estates



08 Tea Factories



05 Rubber Estates



03 Rubber Factories



6,519 Ha Total Land

CAPITAL IN CONTEXT - Every Move Matters

Manufactured Capital at Horana Plantations PLC represents the physical and productive backbone of our business connecting estates, factories, machinery, vehicles, renewable energy systems, worker infrastructure, roads, nurseries and biological assets into one integrated operating system.

Rs. 243 Mn

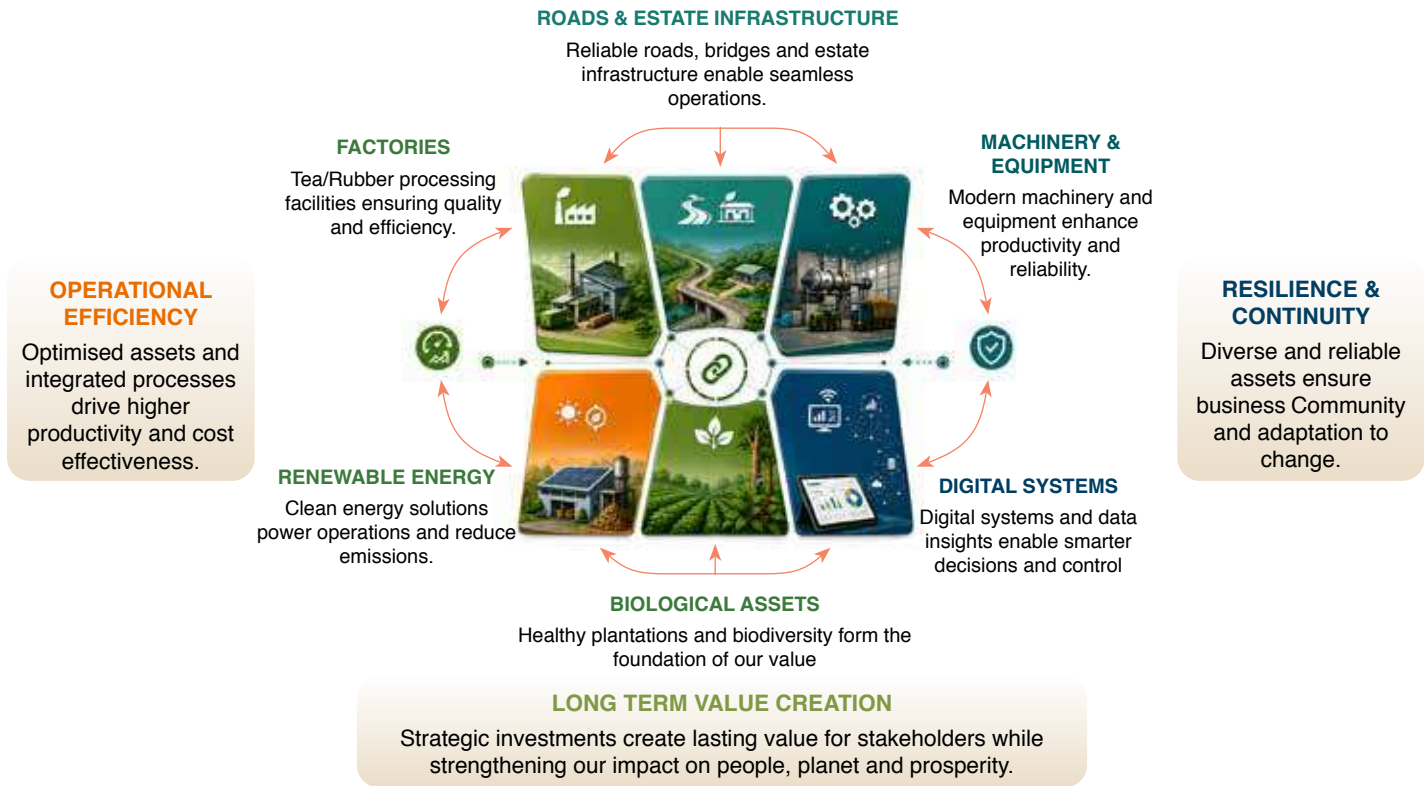
Investment on Biological Asset

Rs. 150 Mn

Fixed Assets Investment

MANUFACTURED CAPITAL INTERCONNECTED SYSTEM

Our manufactured capital drives stronger operations and sustainable growth



Integrated investments in physical, biological and technological assets strengthen productivity, resilience and sustainability across HPL’s operations.

In a plantation business, every element is connected: the condition of roads affects leaf transport, machinery efficiency affects energy use and product quality, and the health of biological assets determines future yield resilience. Like the interdependent dimensions of a Rubik’s Cube, each investment decision

in Manufactured Capital influences productivity, cost efficiency, environmental performance and long term value creation across the organisation.

HPL’s Manufactured Capital comprises both physical assets and biological assets, including land, buildings, plant

and machinery, motor vehicles, furniture and equipment, tea bushes, rubber, coconut, cinnamon, coffee, shade trees, nurseries, soil systems and other crop assets. Biological assets account for the largest share of the capital base, reflecting the long term nature of plantation value creation.



Up Country Tea Field



Frocester Manager Bungalow



Oil Palm Field

MANUFACTURED CAPITAL

OUR STRATEGIC FOCUS

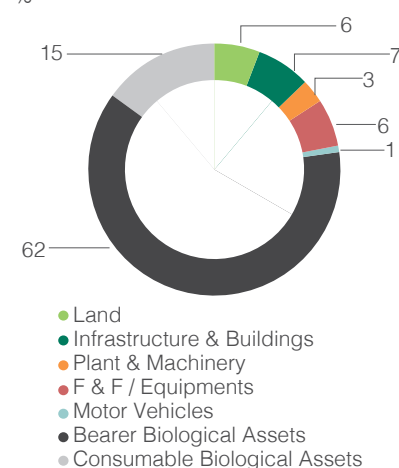
HPL's approach to Manufactured Capital is guided by the Company's long term strategy of improving productivity, strengthening climate resilience, diversifying crop income and investing in efficient, sustainable infrastructure. In line with the Company's broader strategic directions, investments are focused on automation, renewable energy, factory and estate infrastructure, regenerative agriculture, crop diversification and disciplined asset maintenance.

During the year, the Company prioritised investments that support operational continuity, improve processing efficiency, reduce environmental impact, protect biological assets and enhance the resilience of estate level operations.

MANUFACTURED CAPITAL AT A GLANCE

Asset Class	Value Rs. Mn	% of Manufactured Capital
Land	268	6%
Infrastructure & Buildings	335	7%
Plant & Machinery	112	3%
Furniture, Fixtures & Equipment	286	6%
Motor Vehicles	38	1%
Bearer Biological Assets	2,760	62%
Consumable Biological Assets	658	15%
Total	4,457	100%

VALUE COMPOSITION OF OUR MANUFACTURED CAPITAL



Biological assets account for the largest share – 77% of HPL's Manufactured Capital, reflecting the long term nature of plantation value creation. These assets represent the Company's future productive capacity, including mature crop assets as well as new immature additions across tea, coconut, coffee and cinnamon, which will support future yield, diversification and long term revenue resilience.

SDG ALIGNMENT

SDG	Relevant Targets	HPL Manufactured Capital Linkage
SDG 2: Zero Hunger	2.3 Double agricultural productivity and incomes of small-scale food producers 2.4 Ensure sustainable food production systems and resilient agricultural practices	Investments in biological asset renewal, immature crop additions across tea, coconut, coffee and cinnamon, crop diversification, drone-based crop monitoring, shade planting, compost and biochar application support long term crop productivity and resilience.
SDG 6: Clean Water and Sanitation	6.3 Improve water quality and reduce untreated wastewater 6.4 Increase water-use efficiency 6.6 Protect and restore water-related ecosystems	The rainwater collection project at Mahanilu Estate, water and energy monitoring in factories, drainage systems, soil conservation and estate level water efficiency practices support improved water stewardship.
SDG 7: Affordable and Clean Energy	7.2 Increase share of renewable energy 7.3 Improve energy efficiency	Rooftop solar power systems were installed at Frocester and Neuchatel Rubber Factories, Gouravilla Assistant Manager Bungalow, Stockholm Assistant and Manager Bungalow, Mahanilu Deputy Manager Bungalow and Mahanilu Director Plantation office. HPL also uses biomass boilers, waste heat recovery systems, firewood moisture checks and daily energy monitoring to improve efficiency and reduce fossil fuel dependence

SDG	Relevant Targets	HPL Manufactured Capital Linkage
 SDG 8: Decent Work and Economic Growth	8.2 Achieve higher productivity through innovation and technology 8.4 Improve resource efficiency 8.8 Protect labour rights and promote safe working environments	Factory repairs, machinery maintenance, labour resting rooms, washroom renovations, digital field scale systems and ERP implementation improve productivity, workplace infrastructure, safety and operational efficiency.
 SDG 9: Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure 9.4 Upgrade infrastructure for sustainability 9.5 Enhance technological capabilities	HPL invested in infrastructure and buildings, machinery, equipment, motor vehicles and solar power equipment. The Company also introduced digital field scale measurement systems and implemented OLAX ERP across nine estates.
 SDG 12: Responsible Consumption and Production	12.2 Sustainable management and efficient use of natural resources 12.5 Reduce waste through prevention, reduction, recycling and reuse 12.6 Adopt sustainable practices and reporting	HPL's resource efficiency initiatives include biomass boilers, waste heat recovery, compost and biochar production, soil enrichment, efficient energy use practices and sustainable infrastructure investments.
 SDG 13: Climate Action	13.1 Strengthen resilience and adaptive capacity 13.2 Integrate climate measures into strategy and planning	Climate resilience is supported through shade planting, compost and biochar for soil moisture retention, proper drainage, rain guarding for rubber, solar energy, biomass use, ecosystem restoration and recovery actions following the Ditwah Cyclone.
 SDG 15: Life on Land	15.1 Conserve terrestrial ecosystems 15.2 Promote sustainable management of forests 15.3 Restore degraded land and soil 15.5 Reduce degradation of natural habitats	Soil conservation, shade planting, biochar, compost, regenerative agriculture certification and partnerships with WNPS, UNDP and DPL support ecosystem restoration and biodiversity protection across estates.
 SDG 17: Partnerships for the Goals	17.16 Enhance multi-stakeholder partnerships 17.17 Encourage effective public, private and civil society partnerships	HPL's collaboration with WNPS, UNDP and DPL on ecosystem restoration links Manufactured Capital with Natural Capital and strengthens estate level resilience through science based partnerships.



Neuchatel Rubber Processing Center Rooftop Solar System

MANUFACTURED CAPITAL

MANUFACTURED CAPITAL SDG ALIGNMENT

How infrastructure, efficiency, resilience and biological assets support sustainable value creation



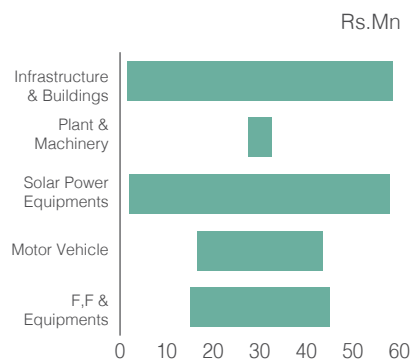
HOW WE CREATE VALUE

Strengthening the Productive Asset Base

HPL continued to invest in the renewal, maintenance and enhancement of its physical and biological assets to support long term productivity. Fixed asset additions during the year included investments in infrastructure and buildings, plant and machinery, furniture, fixtures and equipment, motor vehicles and solar power equipment. Key additions included Rs. 57 Mn in infrastructure and buildings, Rs. 30 Mn in furniture, fixtures and equipment, Rs. 27 Mn in motor vehicles, Rs. 56 Mn in solar power equipment and 5 Mn in Plant & machinery.

These investments support the Company's ability to maintain reliable estate operations, strengthen factory and field productivity, and improve the quality and timeliness of agricultural processing.

Investment in Fixed Assets 2025/26



Manufactured Capital Value Pathway

How investment in productive assets translates into long term value

1. Capital Investment
2. Factory & Estate Efficiency
3. Better Processing Reliability
4. Improved Quality / Reduced Downtime
5. Stronger Productivity and Cost Resilience
6. Long Term Value Creation

Major Property, Plant and Equipment (PPE) Addition During the period

Investment Description	Location	Investment	Purpose
Motor Vehicle	Head office	Rs.23.0 Mn	Process Efficiency
Purchase of Lorry for Labour Transport & day to day operation	Frocester Estate	Rs.5.0 Mn	Process Efficiency
Power generation machines	Mahanilu Estate	Rs.0.2 Mn	Process Efficiency
	Gouravilla Estate	Rs.0.4 Mn	
Purchase of Rotorvane Barrel machine	Gouravilla Estate	Rs.2.6 Mn	Process Efficiency Safety and efficiency
Factory Renovation	Alton Estate	Rs.16.0 Mn	Process Efficiency
Factory Roof Modification	Millakanda Estate	Rs.16.0 Mn	Process Efficiency Safety and efficiency
	Fairlawn Estate	Rs. 5.5 Mn	
Factory Solar Rooftop	Frocester Estate	Rs. 29 Mn	Energy efficiency
	Neuchatel Estate	Rs. 23 Mn	
Digital Scales	Alton Estate	Rs. 1.6 Mn	Accuracy in field Crop measurement
	Fairlawn Estate	Rs. 1.9 Mn	
	Gouravilla Estate	Rs. 1.7 Mn	
	Mahanilu Estate	Rs. 1.2 Mn	
	Stockholm Estate	Rs. 2.0 Mn	
Purchase of Computers	Head office	Rs. 2.3 Mn	Office digitalization

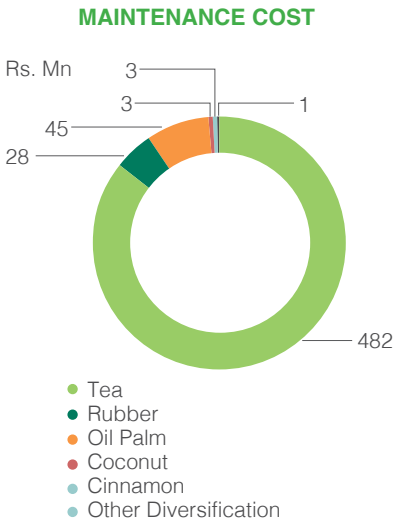


Alton Tea Processing Center

Maintaining Factory, Machinery and Estate Infrastructure

Factory and machinery maintenance remained a key operational priority. HPL conducts daily reviews of machinery performance to ensure smooth operations, with immediate maintenance action taken where breakdowns occur. Specialist assessments are also carried out periodically to improve machine

performance and maintain operational reliability. The Procurement Department works closely with estate teams to coordinate required maintenance activities, while the budgeting process places continued emphasis on cost control and efficiency.



MANUFACTURED CAPITAL

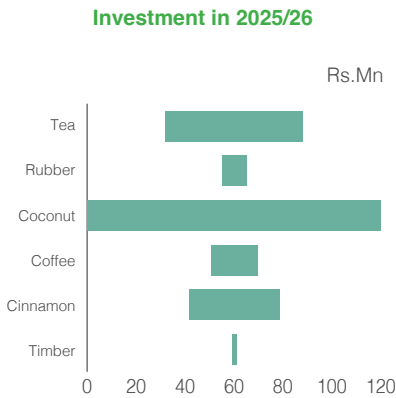
Major repairs and overhauls during the year included:

Estate / Asset	Nature of Repair	Investment
Stockholm Estate	Factory machinery repairs	Rs. 3.7 Mn
Bambrakelly Estate	Generator repair	Rs. 1.2 Mn
Alton Estate	Factory repair	Rs. 3.8 Mn
Frocester Estate	Manager’s motor vehicle repair	Rs. 1.6 Mn

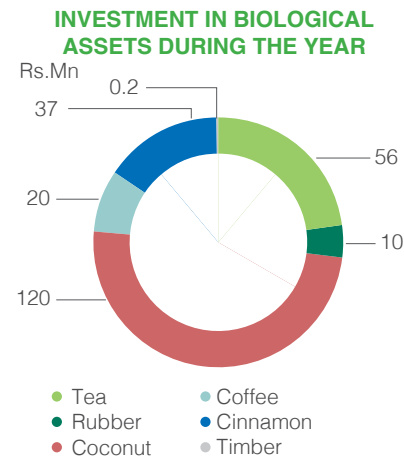
These interventions helped preserve asset life, reduce operational downtime and support processing continuity across key estates.

Investing in Biological Asset Renewal and Crop Diversification

HPL continued to invest in biological asset development across tea, coconut, coffee, cinnamon, rubber and timber. During the year, crop-related investments included Rs. 56 Mn in tea, Rs. 120 Mn in coconut, Rs. 37 Mn in cinnamon, Rs. 20 Mn in coffee, Rs. 10 Mn in rubber and Rs. 0.2 Mn in timber.



Immature crop additions were also made across selected estates: Those were the New planting from 1st April 2025 to 31st March 2026



Inter-Cropping Coconut with pineapple

These additions support HPL’s long term crop diversification strategy by strengthening future revenue streams and reducing overdependence on traditional crops. The expansion of coconut, coffee and cinnamon also supports the Company’s wider strategy of optimising land use and exploring crops with lower labour intensity.

Advancing Climate-Smart Coffee Cultivation

Aligned with HPL’s strategic focus on crop diversification and value added agricultural opportunities, the Company established a

5-hectare “Pure Coffee” block at Stockholm Estate during the year, representing an investment of approximately Rs. 25 Mn.

The project integrates several climate-smart and productivity focused infrastructure components, including a modern coffee dry house, a rainwater harvesting pond, and the largest drip irrigation system currently implemented within a coffee cultivation block across the Company. The initiative is further supported by advanced smart fertigation technology and a smart weather station to strengthen precision agriculture practices and climate responsive estate management.

The coffee block currently cultivates five distinct coffee varieties to support crop resilience, improve quality profiles and enhance long term yield potential. This initiative reflects HPL’s broader focus on combining sustainable infrastructure, smart agriculture and crop diversification to strengthen future revenue streams and long term plantation resilience.



Stockholm Estate Coffee Processing Centre

Strengthening Value Addition and Direct Market Access

HPL continued to strengthen its value added product portfolio and direct market access capabilities as part of its broader strategy to improve margin enhancement, revenue diversification and long term commercial resilience. During the year, the Group exported 54,060 kg of tea to a buyer in the United Kingdom, generating export revenue of approximately LKR 83 million, which accounted for approximately 2% of total Group revenue.

The Company also continued expanding its portfolio of value-added and specialty products across multiple agricultural categories, supporting greater downstream integration and improved commercial opportunities beyond primary commodity sales.

Value Added Product Portfolio

- Value Added Tea
- Value Added Coffee
- White Coconut Oil
- Cinnamon Oil
- Cinnamon Powder
- Bottled Bee Honey
- Bee Honey Jar
- Value Added Cinnamon and Pepper Products
- Greenhouse Products including Scotch Bonnet Peppers, Bell Peppers and Tomatoes

These initiatives support HPL's longer-term focus on increasing direct sales channels, strengthening branded and premium product offerings, improving export market access and enhancing profitability through higher value realisation across its agricultural value chain.

Building Operational Efficiency Through Digitalisation and Automation

HPL continued to strengthen estate-level operational efficiency through the expansion of digitalisation, automation and integrated management systems across plantation operations. During the year, HPL introduced digital field scale measurement systems operations, improving measurement accuracy, reducing manual errors and supporting more timely and data driven field-level decision making across estates.

The Company also implemented the OLAX ERP system streamlining inventory management, payroll administration and accounting processes, while improving operational coordination and reporting efficiency across estate operations. Training and awareness programmes were conducted for field officers and staff to support effective adoption of these systems and strengthen understanding of the operational benefits of automation and digital workflows.

In parallel, HPL also implemented the Oracle Fusion ERP system for Human Resource Management, supporting performance evaluation processes and enhancing day to day human resource administration and workforce management capabilities across the Company.

These initiatives build on the digitalisation direction outlined in the previous year, where automation, digital monitoring systems and factory modernisation were identified as important enablers of productivity, operational efficiency, process standardisation and long term business resilience.

Enhancing Sustainable Infrastructure

Sustainability-led infrastructure continued to be a central focus. Rooftop solar power systems were installed at Frocester and Neuchatel Rubber Factories, with

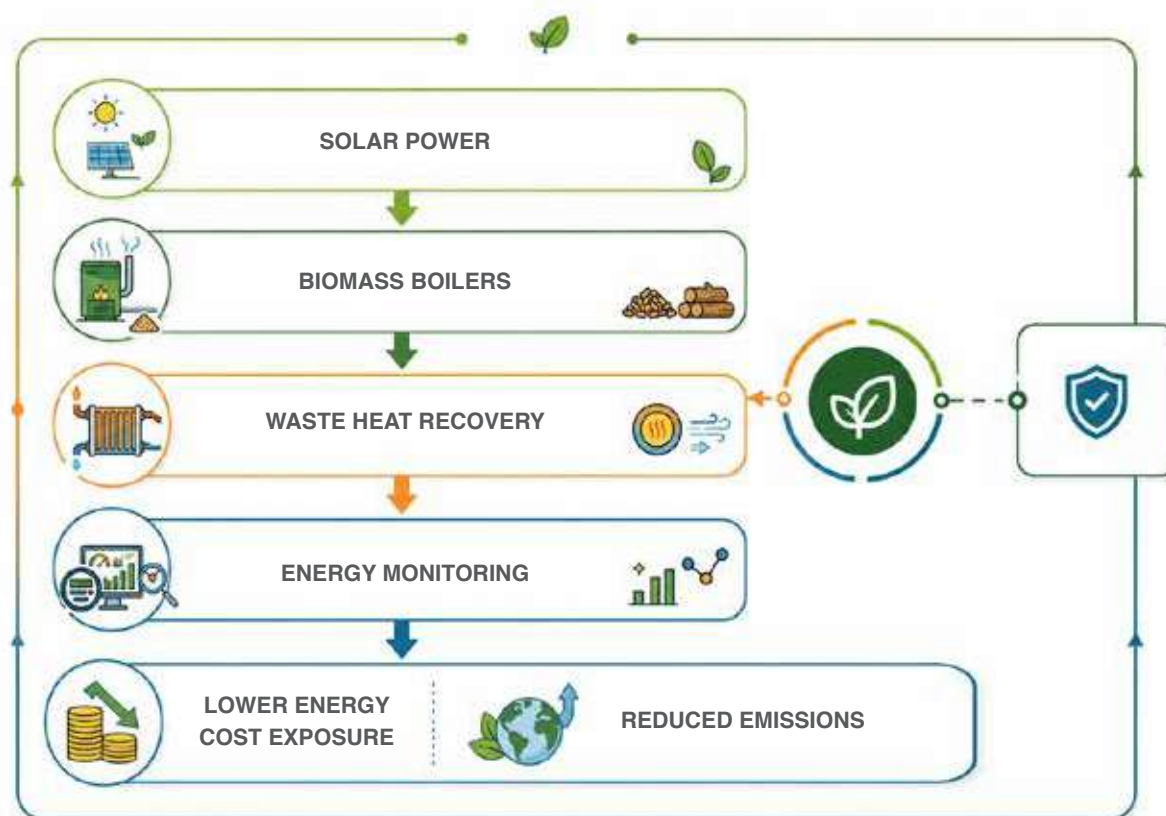
investments of Rs. 29 Mn and Rs. 23 Mn respectively. HPL also completed a rainwater collection project at Mahanilu Estate, supporting more efficient water use and strengthening estate level resource resilience.

Energy and water consumption in factories and processing units are monitored through daily meter readings, running charts and monthly electricity bill reviews. Consumption is managed through targets, process optimisation, equipment maintenance and energy efficient operating practices.



MANUFACTURED CAPITAL

ENERGY EFFICIENCY & SUSTAINABILITY PROCESS



Key Highlights

Area	Highlight
Asset base	Manufactured and biological assets valued at approximately Rs. 4,457Mn
Biological assets	Bearer and consumable biological assets represent 77% of the total asset base
Fixed asset additions	Rs. 175 Mn invested across infrastructure, machinery, equipment, motor vehicles and solar power equipment
Crop investments	Investments made across tea, coconut, coffee, cinnamon, rubber and timber
Renewable energy	Rooftop solar installed at Frocester and Neuchatel Rubber Factories, Estate Bungalows at Gouravilla, Stockholm and Mahanilu
Factory infrastructure	Major refurbishment and repairs undertaken at Alton, Stockholm and Bambrakelly
Estate facilities	Labour resting rooms completed; labour and visitor washrooms renovated
Logistics and efficiency	Digital field scale measurement systems introduced for tea and rubber
ERP implementation	OLAX ERP & Oracle Fusion for Human Resource Management
Water resilience	Rainwater collection project completed at Mahanilu Estate
Regenerative agriculture	Biochar, compost, shade planting and soil enrichment practices continued
Climate response	Recovery action undertaken following the Ditwah Cyclone impact on up country estates



Millakanda Estate Rain Water Collection Pond



Froester Rubber Processing Center Workers Rest Room

Progress in Motion

Targets	Progress to Date	Way Forward
Process Automation and Digitalization of all Tea factories by 2030	Six tea factories currently operate with semi-automated systems, supporting improved process efficiency, production consistency and operational monitoring across factory operations.	Finalise the automation of the Fairlawn Tea Factory and continue implementing the phased automation plan across the remaining tea factories during the coming years.
Increase production volume of other crops to up their Revenue Contribution to 10% of total revenue by 2030.	Continued replanting and expansion programmes for diversified crops, including coffee in the up country region and coconut in the low country region. Approximately 13.75 hectares of coffee were replanted during the financial year.	Expand the cultivation extent of the existing diversified crop portfolio while introducing additional high-value crops to strengthen revenue diversification and long term land productivity.
Establish a Specialty Tea Production facility	Introduced a green leaf manufacturing project at Tillicoultry Estate, with total production reaching 291,526 kg during the year.	Continue strengthening specialty tea manufacturing capabilities, improve product quality and explore value added and premium market opportunities.
Establish a coffee processing unit	Continued the coffee planting programme to strengthen the long term supply of agricultural inputs required for commercial processing operations. The Company also implemented a Coffee Dry House project during the year.	Continue expanding coffee cultivation to ensure a consistent supply base, while designing and constructing a modern coffee processing facility supported by advanced processing technology and dedicated brand-building initiatives.

MANUFACTURED CAPITAL

Renewable Energy and Resource-Efficient Factories

During the year, HPL strengthened the link between manufactured infrastructure and environmental performance through rooftop solar installations at Frocester and Neuchatel Rubber Factories. These investments form part of a broader effort to reduce reliance on grid electricity and improve the long term cost and emissions profile of factory operations. HPL also continued to improve manufacturing efficiency through biomass boilers, waste heat recovery systems, firewood moisture checks at purchasing stage and daily monitoring of energy usage.

By connecting factory infrastructure, renewable energy, operational discipline and cost management, HPL is using Manufactured Capital not only to support production, but also to improve resilience in the face of energy price volatility and climate-related pressures.

GRI 203-1

Infrastructure and Logistics

Estate infrastructure plays a critical role in enabling the movement of green leaf, latex and other produce from field to factory. During the year, HPL undertook several infrastructure improvements, including the construction of labour resting rooms, renovations to labour and visitor washrooms, major refurbishment work at Alton Factory and roof renovation work at Millakanda Estate Factory.

These investments support worker welfare, factory continuity, occupational safety and operational efficiency. They also reduce the risk of production disruptions caused by deteriorating infrastructure, particularly in a context of rising weather related shocks and fluctuating input costs.

Biological Asset Management and Climate Resilience

HPL's biological assets are managed through a combination of replanting, crop diversification, pest and disease

monitoring, soil health improvement and ecosystem restoration. Drone technology is used to identify pests and diseases affecting crops, while estate teams continue to engage with industry specialists to access updated technical guidance on crop health and productivity.

During the year, there were no major pest or disease issues reported. However, the Ditwah Cyclone affected HPL's up country tea estates, damaging several roads and creating risks to worker housing. The Company responded by coordinating with estate management and employees to support recovery and reduce climate related damage. Relief support, including clothing, dry food, daily essentials and educational supplies, was also provided to affected school-going children.

Sustainability and Environmental Management

HPL continued to link Manufactured Capital investments with environmental

stewardship. The Company uses compost and biochar to improve soil quality, while good agricultural practices such as drainage, terracing and shade planting support soil conservation. Ecosystem restoration projects with organisations such as WNPS, UNDP and DPL further strengthen biodiversity and ecological resilience across estates.

Organic and regenerative farming practices include the application of biochar, shade planting and biochar enriched with poultry manure. HPL has also obtained Regenerative Agriculture Certification from preferred by nature, demonstrating its commitment to climate-resilient and sustainable farming systems.

These initiatives connect Manufactured Capital with Natural Capital by ensuring that physical infrastructure, crop assets and environmental systems are managed together rather than in isolation.

OUTCOMES AND IMPACT

Outcome Area	Impact
Reliable operations	Stronger factory, machinery and estate infrastructure supported continuity of production and processing.
Improved efficiency	Digital systems, ERP implementation and equipment maintenance improved accuracy, productivity monitoring and process control.
Cost resilience	Renewable energy and resource-efficiency initiatives reduced exposure to utility and fuel cost volatility.
Future yield resilience	Biological asset additions and crop diversification strengthened HPL's future productive capacity.
Climate resilience	Soil health, water management, shade planting and cyclone recovery measures improved adaptive capacity.
Stakeholder value	Worker facilities and estate infrastructure investments supported safety, dignity and community wellbeing.

Risks and Trade-offs

HPL recognises that investments in Manufactured Capital require a careful balance between productivity, cost efficiency, operational resilience and

environmental stewardship. Climate related disruptions remain one of the most significant risks to estate infrastructure, particularly as cyclones and extreme weather events can damage roads, worker housing and other critical estate

facilities. During the year, the impact of the Ditwah Cyclone reinforced the importance of estate level monitoring, recovery coordination, drainage improvements and resilience focused infrastructure investments.

Rising fuel and input costs also continue to place pressure on operating margins, transport costs and maintenance budgets. HPL manages this through disciplined budgeting, cost control, energy efficiency initiatives, rooftop solar investments, biomass boilers and process optimisation. At the same time, the Company recognises that deferring maintenance may protect short term cash flow but can increase the risk of machinery breakdowns and production interruptions over the long term. This trade-off is managed through daily machinery reviews, specialist assessments, planned repairs and close coordination between procurement and estate teams.

The shift towards digitalisation and mechanisation offers clear efficiency benefits, but also requires employee training and operational acceptance. HPL has addressed this by conducting training for field officers and staff to support the adoption of new systems such as digital field scale measurement and ERP enabled processes. Similarly, crop diversification strengthens long term revenue resilience, but new crop investments require time before reaching full productivity. HPL is therefore taking a measured approach, with focused investments in coconut, coffee and cinnamon to build future income streams while maintaining the productivity of existing core crops.

HPL also recognises the need to balance agricultural productivity with ecosystem protection. Intensification and asset development must be managed without compromising soil health, biodiversity or long term land productivity. The Company

continues to address this through regenerative practices such as shade planting, biochar application, composting, soil conservation and ecosystem restoration partnerships, ensuring that Manufactured Capital growth supports both operational performance and environmental resilience.

THE NEXT MOVES

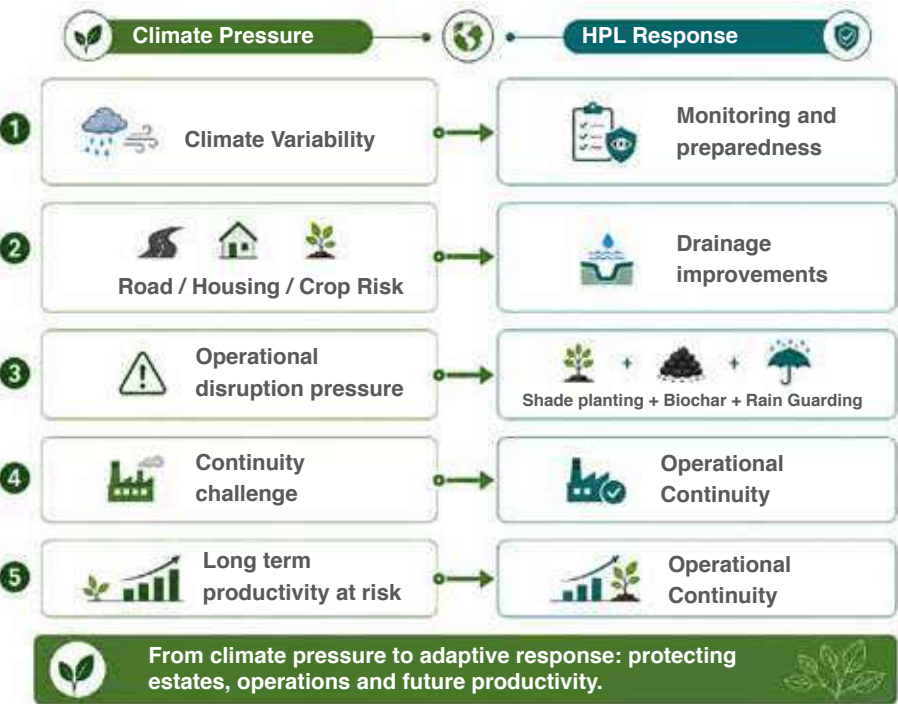
HPL will continue to strengthen its Manufactured Capital through integrated investments that improve productivity, climate resilience, resource efficiency and long term earnings stability. Recognising that each part of the plantation system influences the next from field practices and crop health to factory efficiency, energy use, labour productivity and market readiness the Company will prioritise asset decisions that create value across multiple areas of the business.

Future priorities include high-density tea planting to support efficient machine harvesting, increasing plucking rounds to improve yield, strengthening independent leaf supplier arrangements and expanding precision agriculture practices. These initiatives are designed to work together, improving field productivity while supporting better resource management, operational efficiency and supply continuity.

In rubber, HPL will focus on improving latex yield through rain guarding techniques to reduce weather-related losses. In oil palm, the Company will continue monitoring regulatory developments and consider replanting subject to policy approval. Across the portfolio, HPL will also explore diversified crops that require lower labour input, support cost efficiency and strengthen future revenue resilience. Together, these priorities reflect HPL's interconnected approach to Manufactured Capital aligning physical assets, biological assets, technology and climate-adaptive practices to build a more resilient and productive operating platform.

CLIMATE RESILIENCE RISK-TO-RESPONSE MAP

How HPL responds to climate-related pressures to protect operations and future yield





INTELLECTUAL CAPITAL

“Solving with Intelligence”

Complexity requires intelligence.

Through digital transformation, research, and innovation, we are improving the precision and efficiency of every aspect of our operations.

Data, technology, and knowledge allow us to continuously refine our system—ensuring better decisions and stronger outcomes.



STRATEGIC COMPONENTS OF INTELLECTUAL CAPITAL



Agronomic Expertise

Estate-level knowledge and terroir



Technology & Digital

Precision agriculture and automation.



Capacity Building

Skills, training, and tacit knowledge.



Brand & Certifications

Estate marks and global standards.

CAPITAL IN CONTEXT - Every move matters

Like a Rubik's Cube, where every move influences the entire structure, Horana Plantations PLC's intellectual capital operates as an interconnected system of knowledge, innovation, expertise, and collaboration.

Across our plantations, factories, laboratories, and operational networks, every insight, capability, and strategic decision connects with another—aligning people, processes, technology, and sustainability into one integrated value creation model.

In an operating environment shaped by climate volatility, evolving consumer expectations, labour challenges, and increasing sustainability requirements, intellectual capital enables HPL to respond with precision, adaptability, and resilience. From agronomic expertise and estate level

knowledge to digital systems, scientific research, certifications, and innovation platforms, each element strengthens the performance of the whole.

Much like solving a Rubik's Cube requires coordination across multiple dimensions, HPL continuously integrates science,

technology, operational expertise, and sustainability practices to optimise productivity, improve quality, strengthen market differentiation, and create long term value.

Our intellectual capital therefore extends beyond knowledge alone. It represents the connected intelligence that enables our estates to evolve into adaptive, future ready plantation ecosystems where every move matters.

SDG ALIGNMENT

HPL's intellectual capital initiatives contribute directly to selected United Nations Sustainable Development Goals and their underlying targets

SDG	Focus Area	Relevant SDG Targets	How HPL Contributes	Key Initiatives / Examples
 SDG 4: Quality Education	Workforce capability & knowledge transfer	4.4 Increase skills for employment 4.7 Education for sustainable development	Building a skilled, future ready workforce through structured learning platforms and knowledge sharing systems	Capability development framework; MD-level knowledge forums; BSL & UNGC training
 SDG 8: Decent Work & Economic Growth	Productivity, innovation & inclusive growth	8.2 Diversification through technology 8.4 Resource efficiency in production 8.6 Reduce youth not in employment or training	Driving productivity and economic performance through intellectual capital, digitalisation, and workforce investment while supporting livelihoods across estates	ERP integration; 100% digital field weighing; mechanised harvesting; R&D in coffee & oil palm
 SDG 9: Industry, Innovation & Infrastructure	Technology adoption & research led innovation	9.4 Upgrade infrastructure for sustainability 9.5 Enhance research and development 9.b Support domestic technology development	Embedding digital infrastructure, precision agriculture, and applied research to improve operational efficiency and innovation across all estates	Drone crop monitoring; smart weather stations; digital hygrometers; fertigation systems; Wayamba University R&D
 SDG 12: Responsible Consumption & Production	Sustainable certification & resource efficiency	12.2 Sustainable resource use 12.5 Reduce waste generation 12.6 Adopt sustainable practices and reporting	Embedding sustainability credentials into products and operations through certification frameworks, regenerative practices, and circular approaches	ISO, Rainforest Alliance, Fairtrade, FSC, Eco Label & Regenerative Agriculture certifications; biochar & vermicompost; EUDR alignment
 SDG 13: Climate Action	Climate resilience & carbon neutrality	13.1 Strengthen resilience to climate risks 13.2 Integrate climate action into strategy 13.3 Climate change education and capacity building	Using precision agriculture, digital tools, research partnerships, and climate resilient practices to reduce vulnerability and embed climate action across operations	Carbon neutral tea (Alton & Gouravilla); climate resilient cultivation; SBTi engagement; regenerative agriculture & soil health

INTELLECTUAL CAPITAL

SDG	Focus Area	Relevant SDG Targets	How HPL Contributes	Key Initiatives / Examples
 SDG 15: Life on Land	Biodiversity research & ecosystem intelligence	15.1 Ecosystem conservation 15.5 Reduce biodiversity loss 15.9 Integrate ecosystem values into planning	Applying knowledge based approaches to protect biodiversity, restore ecosystems, and embed conservation intelligence across plantation landscapes	Ecosystem Restoration Verification; leopard corridor management; 100 ha regenerating forest (Halwathura); biodiversity assessments
 SDG 17: Partnerships for the Goals	Strategic knowledge networks & partnerships	17.6 Knowledge sharing and technology cooperation 17.16 Multi stakeholder partnerships 17.17 Encourage effective partnerships	Leveraging a multi stakeholder partnership network to co-develop knowledge, adopt innovations, and align with global sustainability frameworks	Wayamba University R&D; UNGC & UNDP engagement; Tea & Rubber Research Institutes; Arthur C. Clarke Institute for precision agriculture

OUR STRATEGIC FOCUS

Our intellectual capital strategy is anchored in strengthening data driven precision agriculture, regenerative agricultural practices, and workforce capability development.

This directly supports our broader business model by enabling:

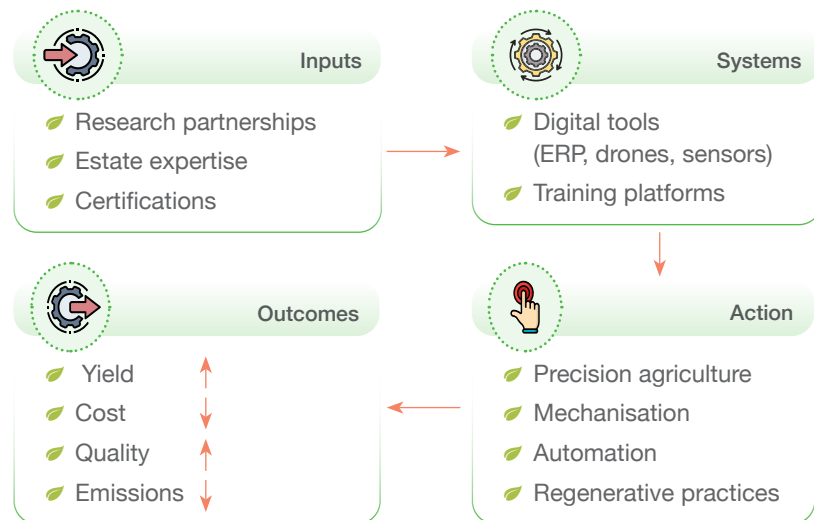
- Consistent quality differentiation through terroir intelligence and estate marks
- Operational efficiency and cost optimisation through digitalisation
- Sustainable value creation aligned with global certification and ESG expectations

HOW WE CREATE VALUE

Our intellectual capital creates value through coordinated actions across multiple dimensions of the business.

Scientific research, estate expertise, digital technologies, operational knowledge, sustainability frameworks, and workforce capabilities work together as an integrated system where each improvement strengthens overall performance.

By connecting insights with action, HPL transforms knowledge into measurable outcomes: improving productivity, enhancing quality, optimising resources, strengthening climate resilience, and supporting sustainable growth across our plantations.



Precision in Practise

We integrate research partnerships and field level innovation to improve crop performance and yield stability. Collaborations with Wayamba University and other institutions have enabled the application of climate resilient cultivation techniques, pollination enhancement, and soil health interventions such as biochar.

Precision agriculture initiatives including drone mapping, weather stations, soil probes, fertigation systems, and high density planting ensure optimal input utilization and improved crop cycles.



Driving Efficiency through Digitalisation and Automation

Advanced technologies such as drone mapping, smart weather stations, automated temperature controls, and digital hygrometers enable predictive decision making and reduce variability in production.



Smart weather station installed at Stockholm Estate.



Digital hygrometer system installed at Gouravilla Tea Processing Center.

Strengthening Quality and Market Differentiation

Our estate marks and certifications represent a critical layer of intellectual capital, embedding knowledge of terroir, processing excellence, and sustainability credentials into our products. Each estate contributes to a differentiated and premium portfolio through its unique capabilities and sustainability practices.

Our certification ecosystem includes ISO standards, Rainforest Alliance, Fairtrade, FSC, EUDR, Regenerative Agriculture, and Eco Label certifications reinforces market trust and enables access to high value global markets.

Tea: Terroir, Quality and Certified Excellence

Our tea portfolio is anchored in the unique characteristics of Sri Lanka's high grown and low grown regions, enabling the production of distinctive flavour profiles sought after in premium global markets.

With multiple ISO 22000:2018 certified processing centres, we ensure consistent quality and food safety across operations. Our teas are further differentiated through internationally recognised certifications, including Rainforest Alliance, Fairtrade, Regenerative Agriculture, and Eco Labelling, positioning our products within high value, sustainability conscious segments.



Regular tea tastings, along with broker visits, are conducted to ensure the quality of the tea.

INTELLECTUAL CAPITAL

Scaling digital infrastructure across operations

Our digital transformation journey has delivered measurable operational control and efficiency through:

- ✓ 100% digitalisation of field level weighing systems
- ✓ Full integration of ERP platforms across all business functions
- ✓ Real time monitoring across tea manufacturing processes

In parallel, innovations in cultivation and processing supported by estate level expertise and digital monitoring systems enhance consistency, traceability, and product quality, strengthening our premium positioning.



Rubber: Niche Capability and Sustainable Production

In rubber, Horana Plantations focuses on specialised, value added production, catering to niche markets such as coloured sole crepe for quality focused manufacturers.

Our processing centres operate under ISO 9001:2015 quality standards, supported by certifications such as Forest Stewardship Council (FSC), EUDR and Fair Rubber, ensuring responsible sourcing and production practices.

A key milestone during the year was the achievement of Sri Lanka's first Eco Label certification for rubber and rubber based products, reinforcing our leadership in sustainable manufacturing and strengthening our global market credibility.



Sustainability as a Core Differentiator

Sustainability is embedded within our operating model, shaping how value is created across both tea and rubber segments.

Our portfolio of certifications, combined with industry recognition, reflects a consistent focus on responsible production, reduced environmental impact, and ecosystem restoration. These capabilities enable us to meet evolving global expectations in traceability, ethical sourcing, and regulatory compliance, including emerging frameworks such as EUDR.



Ecolabel Certificate: Rubber & Rubber based products



EUDR Certificate for Rubber & Oil palm

Integrated Value Proposition

Together, these capabilities position Horana Plantations as a producer of high quality, sustainably certified tea and rubber, capable of delivering differentiated products to increasingly discerning global markets.

Our intellectual capital spanning agronomic expertise, processing knowledge, certifications, and innovation remains a key driver of this competitive advantage.

Certifications and Estate Marks as Differentiators

This differentiated positioning is reinforced by a strong portfolio of internationally recognised certifications and distinctive estate marks, which collectively serve as markers of quality, sustainability, and traceability.

ESTATE MARKS: A PORTFOLIO OF DISTINCT IDENTITIES

Each estate contributes a unique identity shaped by terroir, elevation, biodiversity, and sustainability practices, forming a diversified and differentiated product portfolio.



Estate		Overview & Distinctive Features
ALTON	MF 0769	Located in the Maskeliya Up-Country region, Alton Estate spans approximately 350 hectares at elevations of 4,700-5,550 ft. Renowned for producing carbon neutral tea, the estate combines premium quality with measurable climate responsibility. It also drives community empowerment through initiatives such as She-Essentia and E-Bridge.
STOCKHOLM	MF 0159	Situated in the Central Western High Range near Adam’s Peak, Stockholm Estate covers around 305 hectares at 4,800 ft elevation. While tea remains the principal crop, the estate has diversified into coffee cultivation supported by modern fertigation systems. It lies within the Peak Ridge leopard corridor, enhancing its ecological significance.
GOURAVILLA	MF 0066	A high grown estate in the Maskeliya region, Gouravilla spans 381 hectares at elevations of 3,600-5,300 ft. It produces premium quality teas with strong cup character, recognised both locally and internationally. The estate is a leader in sustainability, producing carbon neutral tea and receiving national environmental and cleaner production awards.
MAHANILU		Located in Maskeliya and covering approximately 236 hectares, Mahanilu Estate operates at elevations of 4,500-5,000 ft. The estate is characterised by its steep terrain and proximity to the Maskeliya Oya. It supports biodiversity within the Peak Ridge leopard corridor and promotes regenerative agriculture through vermicompost and vermiwash production.
FAIRLAWN	MF 0584	Situated in Upcot, Fairlawn Estate comprises multiple divisions and spans 448 hectares at elevations of 4,500-4,870 ft. Bordering the Peak Wilderness Sanctuary, it supports rich biodiversity and scenic landscapes. The estate generates over 50% of its energy from renewable sources, including hydropower and solar.

INTELLECTUAL CAPITAL

Estate		Overview & Distinctive Features
EILDON HALL	MF 0829	Located in Lindula, Eildon Hall is a compact estate of approximately 162 hectares at 4,430 ft elevation. Despite its size, it is known for producing distinctive, high quality Ceylon tea priced for its unique flavour profile.
TILlicouLTRY (MOUSA ELLA)	MF N0715	Located near Lindula, Tillicoultry Estate spans 377 hectares at elevations of 4,200-5,000 ft. It operates a reclaimed tea processing centre, enhancing resource efficiency, and adopts large scale mechanised harvesting to improve productivity and labour efficiency.
BAMBARAKELLY	MF 0568	One of the largest estates at 591 hectares, Bambarakelly operates at elevations of 4,200-6,000 ft. It is a leader in renewable energy, hosting the company’s largest solar installation (220 kW) alongside hydropower. The estate lies within the Elbadda leopard corridor and includes vital watershed ecosystems & cloud forest.
NEUCHATEL		Located in Neboda, Neuchatel spans 902 hectares and specialises in rubber and oil palm. Its modern factory produces high quality crepe rubber, supported by advanced processing systems. The estate also integrates beekeeping for pollination, enhancing productivity and ecological resilience, and has been recognised for cleaner production practices.
FROCESTER		Situated in the Kalutara District, Frocester Estate cultivates rubber and cinnamon. It operates a facility producing specialised sole crepe rubber and is certified under the FSC scheme, reflecting strong environmental stewardship. The estate adopts continuous improvement practices such as 5S and Kaizen.
MILLAKANDA	MF 1280	Located in Bulathsinhala at low elevation, Millakanda Estate spans 387 hectares and focuses on tea cultivation. It has adopted precision agriculture techniques, leveraging data driven approaches to optimise inputs, enhance yields, and improve resource efficiency.
MIRISHENA		A 504-hectare rubber estate in the Kalutara District, Mirishena operates a crepe rubber factory and has diversified into biochar production and cinnamon oil extraction, supporting value addition and resource efficiency.
HALWATHURA		Located in Ingiriya, Halwathura Estate spans 612 hectares and primarily cultivates rubber. It includes a 100 hectare regenerating forest, contributing to biodiversity conservation, carbon sequestration, and watershed protection.
HILLSTREAM		A mixed crop estate in Bulathsinhala, Hillstream cultivates rubber and coconut across 400 hectares. It hosts the company’s largest rainwater harvesting pond, demonstrating leadership in water conservation and sustainable resource management.

INDUSTRY POSITIONING

Our RPC rankings reflect the strength of our intellectual capital, underpinned by agronomic expertise, data driven decision making, and estate level operational excellence. In light of the 2025 rankings, which indicate a marginal decline in

both High Grown and overall positions while maintaining stability in the Low Grown segment, Horana Plantations remains committed to reinforcing its performance through targeted investments in knowledge, innovation, and workforce capability. These focused efforts are aimed

at regaining competitive momentum and progressively improving its standing across both segments..

	2025	2024	2023
High Grown	5	4	3
Low Grown	5	5	3
Overall	5	4	3

Note: RPC rankings provide an industry benchmark of plantation performance, reflecting how effectively a company translates its resources, expertise, and operational practices into measurable outcomes.

GRI 13.10.4

CERTIFICATIONS PORTFOLIO

Our certifications provide a structured framework for maintaining high standards across operations while enhancing access to premium global markets.

Category	Certifications	Strategic Relevance
QUALITY & FOOD SAFETY	ISO 22000:2018, ISO 9001:2015	Ensures product quality, consistency, and 100 % of production volume certified
SUSTAINABILITY & ETHICAL SOURCING	Rainforest Alliance, Fairtrade, FSC, Fair Rubber, Carbon Neutral	Strengthens ethical sourcing and environmental responsibility
ADVANCED SUSTAINABILITY LEADERSHIP	Regenerative Agriculture, Eco Label Certification, Ecosystem Restoration Verification, EUDR Alignment	Position HPL as a leader in sustainable and future ready plantation practices

These certifications enable Horana Plantations to meet the expectations of sustainability conscious buyers and international markets, while reinforcing trust and credibility across its value chain.



INTELLECTUAL CAPITAL

INVESTING IN CAPACITY BUILDING AND KNOWLEDGE SYSTEMS

Our intellectual capital is fundamentally anchored in the strength, experience, and continuity of our people. With an average executive tenure of approximately seven years, Horana Plantations benefits from deep institutional knowledge, enabling consistent decision making, operational stability, and the preservation of estate level expertise.

This continuity is particularly critical in plantation agriculture, where tacit knowledge built over time through experience, observation, and practice directly influences productivity, quality, and sustainability outcomes.



BSL and UNGC forums held during FY 2025/26

BUILDING WORKFORCE CAPABILITY FOR THE FUTURE

Strengthening workforce capability is a key priority. We equip our employees with the skills they need to adapt to a changing environment shaped by climate change, technological advances, and growing sustainability expectations.

Our approach goes beyond one off initiatives. We build capability across key areas to support long term value creation.

Capability Development Framework

Capability Area	Focus
AGRICULTURAL INNOVATION	Climate resilient cultivation, regenerative practices, crop diversification
SUSTAINABILITY & CLIMATE	Biodiversity conservation, water stewardship, resource efficiency
DIGITAL & AUTOMATION	ERP systems, precision agriculture, data driven decision making
LEADERSHIP & GOVERNANCE	Management capability, compliance, inclusive leadership
OPERATIONAL EXCELLENCE & SAFETY	Process efficiency, quality control, workplace safety

KNOWLEDGE RETENTION, TRANSFER AND WORKFORCE CONTINUITY

Given the importance of experience led decision making in plantation management, Horana Plantations places strong emphasis on retaining, transferring, and scaling institutional knowledge across its estates.

With an average executive tenure of approximately seven years, HPL benefits from deep rooted expertise and continuity, enabling consistent application of best practices and informed decision making across diverse operating environments.

Knowledge flows are actively facilitated through:

- Management and MD-level forums, enabling cross estate learning and alignment
- Structured capability platforms, supporting continuous development and knowledge sharing
- Social dialogue mechanisms, fostering engagement across all levels of the workforce

Together, these systems ensure that knowledge is not siloed but is systematically captured, shared, and embedded across operations, strengthening both consistency and performance.

Workforce stability, supported by sustained tenure and ongoing capability development, remains a key enabler of our intellectual capital ensuring that critical knowledge is retained while building a resilient and future ready organisation.

STRATEGIC PARTNERSHIPS AND KNOWLEDGE NETWORKS

Horana Plantations strengthens its intellectual capital through a well connected network of partnerships. These partnerships link research, technology, sustainability frameworks, and field operations. They turn knowledge into practical results that improve productivity, build resilience, and support long term value.



Biochar Production Workshop conducted by Wayamba University



At the centre of this network, HPL builds partnerships that connect research with real world use. It works with Wayamba University of Sri Lanka to advance science based plantation management. Together, they carry out research on tea, rubber, coffee, and oil palm, while sharing insights with estate teams. HPL applies this knowledge through capacity building programs such as biochar production and soil improvement, which improve crop yields and support sustainable practices.



HPL also engages with global sustainability platforms and international partners to stay aligned with emerging standards and best practices. It works with UN Global Compact, United Nations Development Programme, Science Based Targets initiative, and Earth Systems Australia to strengthen its approach to climate resilience, ecosystem restoration, and responsible business. It also partners with Ahmad Tea and Centre for Child Rights and Business to strengthen value chains and support social impact.



At the national level, HPL works closely with key industry and regulatory bodies. These include the Tea Research Institute, Rubber Research Institute, Coconut Research Institute, and the Sri Lanka Tea Board. These partnerships help HPL keep pace with sector trends, research developments, and regulatory requirements. It also engages with the Ministry of Plantations and the Plantation

INTELLECTUAL CAPITAL

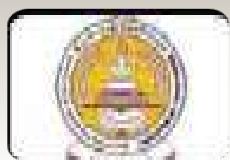
Human Development Trust to support compliance and drive industry progress.

HPL strengthens this network through local and technical partnerships that drive innovation and sustainability. It works with Biodiversity Sri Lanka and Wildlife and Nature Protection Society to support biodiversity conservation and restoration. It partners with Advantis and Dipped Products PLC to improve operations.

It also collaborates with the Arthur C. Clarke Institute for Modern Technologies and Permia Sensing Lanka to adopt data driven tools such as weather monitoring and precision agriculture. In addition, it works with Sri Lanka Association for the Advancement of Quality & Productivity and Alcohol and Drug Information Centre to improve quality and support social well being across estates.

Together, this network helps Horana Plantations adopt new ideas, strengthen environmental performance, and build technical and management skills. It extends HPL's intellectual capital and helps it stay adaptable, competitive, and ready for the future.

Key Partnerships



Advancing Research-Driven Plantation Practices

Joint research and knowledge sharing initiatives support the application of science based solutions such as biochar production, soil health improvement, and crop optimisation, enhancing productivity and sustainability outcomes.



Scaling Ecosystem Restoration Initiatives

A strategic partnership focused on rehabilitating degraded landscapes, contributing to biodiversity enhancement, carbon sequestration, and long term environmental sustainability.



Driving Ecosystem Restoration and Climate Resilience

Collaboration on ecosystem restoration and Payment for Ecosystem Services (PES) initiatives strengthens environmental stewardship while supporting long term natural capital value creation



Enabling Data Driven Plantation Management

Integration of weather monitoring systems and early warning tools enhances decision making, operational efficiency, and climate resilience across estates.

R&D IN PROGRESS

Our R&D programme continues to prioritise applied research that strengthens agronomic practices, enhances product quality, and supports sustainable growth.

- Oil Palm Sector Insights

Stakeholder perception analysis of oil palm (*Elaeis guineensis*) cultivation across key growing regions in Sri Lanka to inform sustainable expansion strategies.

- Coffee Value Optimisation

Evaluation of roasting parameters (time and temperature) on chemical composition, quality attributes, and sensory performance of Arabica (*Coffea arabica*) and Robusta (*Coffea canephora*).

- Pollination Efficiency Enhancement

Assessment of the biological effectiveness and short term economic viability of hatchery based augmentation of *Elaeidobius kamerunicus* in oil palm plantations.

- Ecosystem Behavioural Research

Study of pollinator weevil behaviour to improve pollination efficiency and yield outcomes in oil palm ecosystems.

Knowledge Recognition & Dissemination

Research conducted in collaboration with Wayamba University of Sri Lanka presented at the 12th International Conference on Agriculture (AGRICO 2025), Bangkok, reinforcing external validation of our research capabilities.

INTELLECTUAL CAPITAL

Intellectual Property Targets 2030	Progress to Date	Future plans
Replace 25% inorganic foliar by vermi- compost and vermi wash.	- Vermi Compost - 3000Kg - Vermi wash - 220 L A new vermicompost facility has been established at Mahanilu Estate.	Organic Fertilizer Production Increased by 10% each year
Increase machine plucking to 30% and tapping to 20%	Green leaf - 291.526 Kg	Introduce high-tech machines for tea harvesting
100% Foliar application by drones	Crop health, nutrient deficiencies were identified using drone technology in Low country – Oil palm and Coconut	Introduce the facility to other crops as well
Automate all our factories	- A temperature control system was installed for the Rotorvane at Gouravilla Factory - Digital hygrometer systems have been installed at the Gouravilla factory	Introduce AI and IoT technologies to enhance factory operations and enable real-time monitoring

These outcomes are reflected in the strengthening of our brand equity and global competitiveness, supported by growing recognition, certifications, and access to sustainability-conscious markets.

Collectively, these advancements demonstrate how intellectual capital is being effectively leveraged to deliver sustained value across economic, environmental, and social dimensions.

RISKS AND TRADE-OFFS

As Horana Plantations advances its focus on technology, sustainability, and operational improvement, it continues to manage key sector challenges and trade-offs.

Labour shortages remain a core issue, driven by an ageing workforce and shifting expectations. Mechanisation has improved productivity, including higher yields, but HPL manages this shift carefully to protect livelihoods and support community stability.

At the same time, the rise of digital tools, automation, and precision agriculture is increasing demand for specialised skills. HPL continues to invest in training to build these capabilities and ensure full value from technology adoption.

HPL also balances productivity with environmental responsibility. It improves efficiency while protecting biodiversity, soil health, and ecosystem integrity, especially as it expands regenerative practices.



Machine Harvesting

Stricter regulations and certification standards are raising expectations on traceability and sustainability. While these improve market access and credibility, they also require ongoing investment and adaptation.



Machine Tapping

Horana Plantations addresses these challenges through a balanced approach, ensuring that growth remains efficient, sustainable, and inclusive over the long term.

THE NEXT MOVES

As Horana Plantations continues to strengthen its intellectual capital, the focus remains on building a more connected, adaptive, and intelligent plantation ecosystem.

HPL will continue aligning technology, research, operational expertise, and sustainability practices to respond to an increasingly complex operating environment.

Future priorities will centre on expanding precision agriculture, accelerating digital integration, and advancing regenerative practices across estates. These initiatives will enhance real-time decision-making, strengthen climate resilience, improve resource efficiency, and support long term productivity.

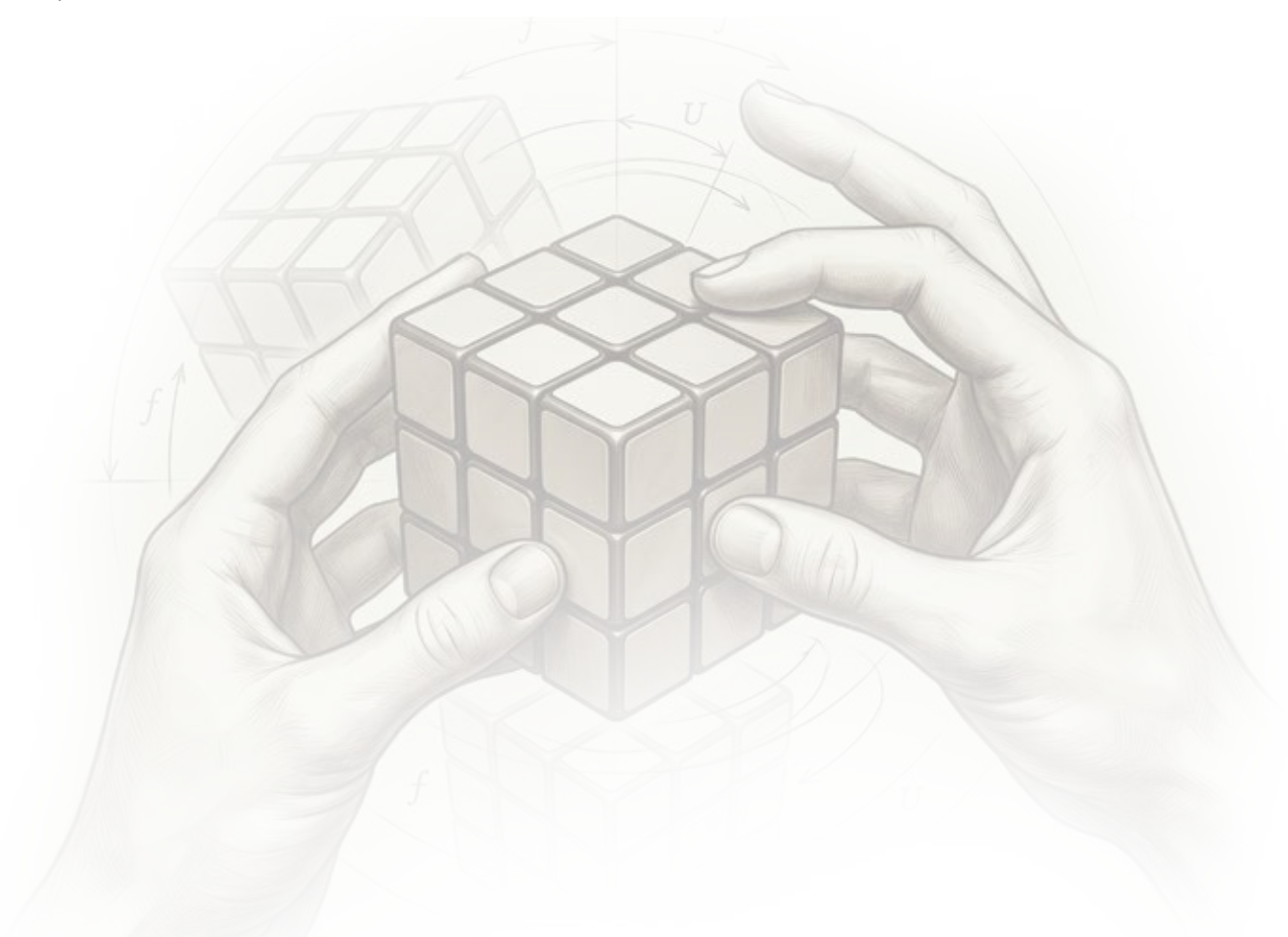
At the same time, HPL recognises that people remain central to every successful move. Continued investment in workforce capability development, leadership succession, and knowledge transfer will ensure that institutional expertise is preserved while building the next generation of technical and operational leadership.

Innovation and collaboration will remain critical enablers of progress. Through strategic partnerships, applied research, and technology adoption, HPL will continue unlocking new insights and capabilities that strengthen competitiveness and sustainability performance.

By continuously connecting knowledge, innovation, and action, Horana Plantations aims to reinforce intellectual capital as a key driver of integrated value creation ensuring that every move contributes toward a more resilient, sustainable, and future-ready organisation.

INTELLECTUAL CAPITAL IN ACTION	
Mechanisation Driving Productivity Gains Improved yield, quality consistency, and labour productivity through mechanisation and upskilling.	Biochar Supporting Regenerative Agriculture Enhanced soil health, moisture retention, and carbon sequestration through biochar adoption.
Precision Agriculture Enhancing Efficiency Through drone technology, enhanced resource use and weather monitoring systems are integrated to improve efficiency.	Partnerships Advancing Ecosystem Restoration Biodiversity enhancement and climate resilience through strategic restoration initiatives.

Together, these interconnected initiatives demonstrate how every move within HPL’s intellectual capital system contributes to creating sustainable value across our operations.





HUMAN CAPITAL

“Every Turn is People-Led”

No system can be solved without people.

Our employees drive operational excellence, productivity, and sustainable growth across every aspect of the business. We remain committed to building a stable, skilled, safe, and engaged workforce through continuous investment in employee well-being, capability development, recognition, inclusion, and workforce modernization.

HPL continues to create sustainable value for employees, communities, and the organization.



STRATEGIC COMPONENTS OF HUMAN CAPITAL



Thriving Wage & Employee Welfare

Supporting employees through fair compensation, welfare initiatives, and improved quality of life.



Employee Awareness & Training

Conducting awareness programs on ethics, fraud prevention, and responsible conduct.



Reporting & Grievance Mechanisms

Providing confidential channels to report unethical practices and misconduct.



DEIB (Diversity, Equity, Inclusion & Belonging)

Promoting a diverse and inclusive workplace where every employee feels respected, valued, and empowered.

CAPITAL IN CONTEXT - Every Move Matters

HPL's permanent workforce increased by 14.04% during FY 2025/26, while overall employee retention improved to 90.42% and attrition reduced significantly to 5.61%, demonstrating a notable strengthening of workforce stability compared to the previous year.

3,591

Total Number of Employees

Rs. 6.19 Mn

Investment on Training & Development

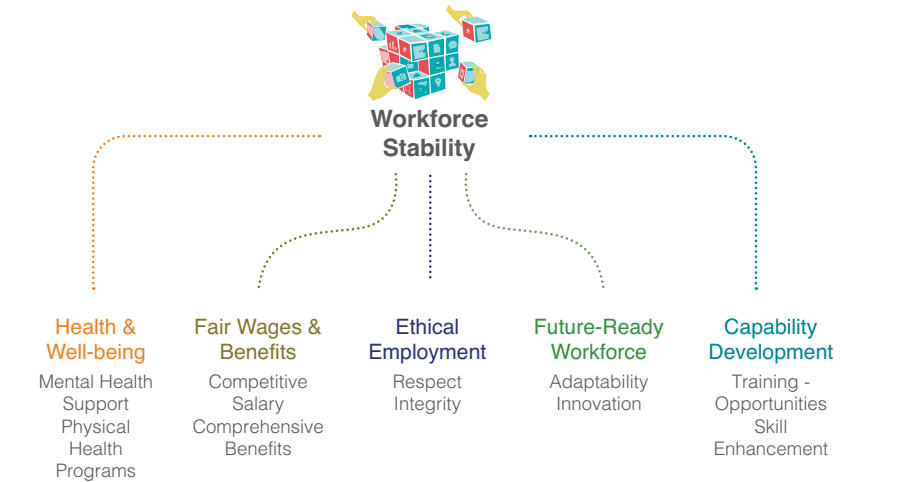
Significantly, HPL recruited 111 Gen Z youth into its workforce, marking a breakthrough in the plantation sector, where many young individuals have traditionally moved away in search of employment opportunities in urban areas.



Enhancing productivity through innovative machine plucking techniques

In the context of ongoing labour shortages and workforce mobility challenges within Sri Lanka’s plantation sector, these improvements reflect the effectiveness of HPL’s people-centric HR strategies, which focus on fair wages, employee engagement, healthcare, well-being, grievance handling, capability development, recognition, and inclusive workplace practices. Together, these initiatives strengthened employee trust, retention, and labour availability across operations while supporting operational continuity and long term workforce resilience.

During the year, HPL continued to reinforce workforce stability through direct employment practices, productivity-linked compensation structures, ethical labour management, and targeted capability building initiatives. The introduction of mechanized plucking systems, enhanced training interventions, leadership development programmes, and digital integration initiatives further supported the transition toward a more technology enabled and resilient workforce model.



The company’s people-first culture and commitment to progressive human capital management were recognised through several prestigious accolades during the year.

Key Recognitions During the Year

- CIPM Great HR Awards 2025 – Merit Award (Large Category) Recognising HPL’s commitment to progressive human capital management, employee engagement, inclusive workplace practices, and workforce empowerment.



CIPM Great HR Awards 2025

- Commonwealth Business Excellence Awards 2025 – Best HR Team of the Year awarded in recognition of the HR team’s contribution toward employee well being, organisational culture, capability development, and sustainable people practices



Best HR Team of the Year (Commonwealth Business Excellence Awards)

HUMAN CAPITAL

- Great Place to Work Certification 2026
Reflecting HPL's continued efforts in creating a positive, inclusive, and people focused workplace culture.



Great Place to Work 2025

These recognitions reaffirm the effectiveness of HPL's human capital strategy in fostering a high performance organizational culture aligned with sustainable business growth and long term value creation.

STRATEGIC FOCUS

HPL's human capital strategy reflects the interconnected nature of its plantation operating model, where workforce stability, productivity, labour availability, employee well-being, and capability development collectively influence financial performance, operational resilience, and long term sustainability.

To that end, HPL's human capital strategy focuses on keeping a stable, skilled, safe, and engaged workforce while modernizing plantation work through technology, mechanization, training, and inclusive people practices.



Modernizing Plantation Work Through People and Technology

This strategy connects people's decisions directly to business outcomes: labour stability supports operational continuity; training strengthens quality and productivity; health and safety protects attendance and morale; fair wages and benefits strengthen trust; and digital and mechanised tools help HPL respond to long term labour constraints.



Promoting Workforce Health with Herbal Coriander Refreshment



Promoting a Safer Workplace Through First Aid Training

Strategic Priority	Focus Area	Business Relevance	Expected Outcome
Workforce Stability	Employee retention and engagement	Supports operational continuity	Stable productivity
Mechanization	Technology-enabled workforce	Addresses labour shortages	Improved efficiency
Capability Building	Training and leadership development	Strengthens workforce adaptability	Improved execution
Employee Well-being	Safety, healthcare, and welfare	Reduces absenteeism	Workforce resilience
DEIB	Inclusive workplace culture	Strengthens employee engagement	Long term talent sustainability

SDG ALIGNMENT

SDG	Relevant Targets	Relevance to HPL Human Capital	HPL Contribution
 SDG 1: No Poverty	1.1 Eradicate extreme poverty for all people 1.2 Reduce poverty by at least half 1.3 Implement social protection systems and measures	Fair wages, in-kind benefits, social protection, and community welfare support directly address poverty and income vulnerability within plantation communities where many workers and their families reside.	Provides a basic daily wage of Rs. 1,550 (exceeding the national minimum), free housing, healthcare, nutrition support, childcare, education assistance, emergency loans, EPF/ETF contributions, and community welfare programmes to support the financial resilience of plantation workforce families.
 SDG 3: Good Health and Well-being	3.8 Access to healthcare services 3.9 Reduce illness from hazardous conditions	Employee health and safety shape attendance, morale, productivity, and estate-level continuity.	Conducted 22 medical camps, provides Personal Protective Equipment (PPE), carries out OHS training, maintains estate-level health and safety practices, and provides access to an MBBS-qualified doctor in the Upcot region.
 SDG 4: Quality Education	4.4 Increase relevant skills for employment 4.7 Promote sustainable development education	Training builds the technical, leadership, digital, and safety skills needed for a future-ready plantation workforce.	Delivered 19296 total training hours during FY 2025/26, including 14200 hours for staff and workers and 5,096 hours for executives.
 SDG 5: Gender Equality	5.1 End discrimination 5.5 Ensure women's participation and leadership 5.6 Strengthen gender equality policies	Inclusive practices improve participation, leadership pathways, and employee trust.	Maintains equal wage practices, supports ETP–WIL programmes, promotes DEIB, and records women as 53.49% of the permanent workforce.
 SDG 8: Decent Work and Economic Growth	8.5 Full and productive employment and equal pay 8.7 Eradicate forced labour and child labour 8.8 Protect labour rights and safe working environments	Decent work, fair wages, safe workplaces, and labour rights directly affect productivity, workforce stability, and long term business continuity.	Maintains formal employment practices, supports freedom of association, applies a zero child labour and forced labour position, provides a basic of Rs. 1,550, and extends fair wage expectations across suppliers.
 SDG 10: Reduced Inequalities	10.2 Promote social and economic inclusion 10.3 Ensure equal opportunity and reduce discrimination	Equal opportunity and non-discrimination strengthen social mobility and workforce inclusion across estate communities	Uses direct recruitment, multilingual contracts, grievance channels, no recruitment fees, no withholding of identity documents, and community-based welfare support.

HUMAN CAPITAL



HOW WE CREATE VALUE

HPL attributes the strengthening of workforce retention and the ability to expand its labour force during a period of industry-wide labour constraints to its people-centric initiatives focused on employee well-being, fair wages, engagement, healthcare, grievance handling, and workforce support.

People Initiatives Driving Workforce Stability

Strengthening Employee Voice Through the Grievance Hotline

One of the most significant human capital initiatives introduced during FY 2025/26 was the establishment of HPL’s dedicated employee grievance hotline (0771150119), reinforcing the Company’s commitment to transparency, accessibility, employee well-being, and responsive people management.

The hotline was introduced to provide employees with a direct, confidential, and easily accessible channel to raise both work-related and non-work-related concerns. The initiative strengthens employee voice across estates while encouraging early issue resolution, open communication, and greater trust between employees and management.

To ensure broad accessibility, hotline details were prominently displayed across estate offices, muster sheds, child development centers, factories, and other highly visible operational locations throughout the estates.

Employees are able to directly contact the Human Resources Department regarding workplace concerns, welfare issues, grievances, harassment concerns, or personal difficulties, with matters escalated to senior management where required. The mechanism complements existing grievance handling systems, trade union engagement, and social dialogue processes already in place across the organisation.

The introduction of the hotline reflects HPL’s broader people-first approach, recognising that workforce well-being, engagement, and operational stability are closely interconnected. By strengthening communication channels and improving access to support, the company aims to foster a more inclusive, responsive, and supportive working environment across its plantation communities.



Dedicated grievance hotline ensuring transparency, trust, and employee support

HPL strengthened workforce stability during FY 2025/26 through direct employment, employee engagement, structured grievance handling, and social dialogue. The Company increased its permanent workforce by 442 employees, from 3,149 in FY 2024/25 to 3,591 in FY 2025/26, reflecting a 14.04% increase.

Workforce Profile – FY 2025/26

Indicator	FY 2025/26
Permanent employees	3,591
Male permanent employees	1,670
Female permanent employees	1,921
Total workforce captured	3,704
Permanent workforce increase	442
Permanent workforce growth	14.04%
Female representation – permanent workforce	53.49%



Building a Diverse and Inclusive Workforce Through Equal Participation



3,591

Permanent Employee



1,921

Female Workforce



+14.03%

Workforce
Growth

GRI 2-7

Permanent Employees by Region and Category – FY 2025/26

Region	Male	Female	Total
Head Office	49	10	59
Upcot	808	959	1767
Lindula	368	384	752
Low Country	445	568	1013
Total	1,670	1,921	3,591

The workforce remains strongly estate-based and gender-balanced. Women represented 53.49% of the permanent workforce in FY 2025/26. There are 113 contract employees.

The Upcot Region consists of 43 male contract employees and 9 female contract employees, while Lindula has 5 male contract employees and 4 female contract employees. The Low Country Region records 16 male contract employees and 36 female contract employees, bringing the total number of contract employees to 64 males and 49 females.

GRI 2-30

Collective bargaining agreements

HPL recognizes Freedom of Association and Collective Bargaining for staff category as for the Collective Bargaining Agreement.

GRI 401-1

New Employees Hires & Turnover

Employee retention and turnover directly impact HPL's profitability by influencing productivity, continuity, and cost efficiency

across its labour-intensive operations. In FY 2025/26, the overall turnover rate improved significantly from 15.72% to 5.61%, while total exits reduced from 495 to 223, indicating stronger workforce stability and lower replacement, recruitment, onboarding, and training costs. The sharp improvement in worker retention, from 84.28% to 90.42%, is particularly positive for estate and factory productivity, as experienced workers support consistent output, quality standards, and operational continuity. While staff and executive turnover require continued focus, the overall improvement in retention strengthens institutional knowledge, reduces disruption, supports margin protection, and contributes positively to long term financial resilience.

Recruitment

Region	Male			Female		
	Under 30 Years	30-50 Years	Over 50 Years	Under 30 Years	30-50 Years	Over 50 Years
Upcot	48	125	29	29	100	53
Lindula	2	75	3	6	25	1
Low Country	6	23	24	4	48	62
Head Office	0	0	1	1	0	0
Total	54	220	57	40	173	116

Recruitment reflected a balanced gender representation, with 50.53% male and 49.47% female recruits. The highest recruitment was reported from the Upcot Region (57.74%), followed by the Low Country Region (25.11%) and Lindula Region (16.84%).

Resignations

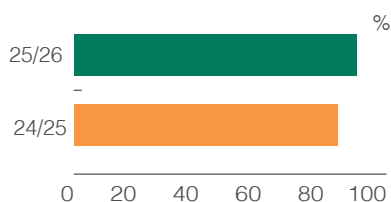
Region	Male			Female		
	Under 30 Years	30-50 Years	Over 50 Years	Under 30 Years	30-50 Years	Over 50 Years
Upcot	4	66	15	0	9	23
Lindula	2	17	13	0	37	13
Low Country	0	8	4	0	6	2
Head Office	1	1	0	0	0	0
Total	7	92	32	0	52	38

HUMAN CAPITAL

Employee turnover was higher among male employees (59.64%) compared to female employees (40.36%). The Upcot Region recorded the highest turnover (52.91%), followed by Lindula (36.77%) and the Low Country Region (9.42%).

Indicator	FY 2024/25	FY 2025/26
Worker turnover rate	16.33%	4.74%
Staff turnover rate	7.14%	20.8%
Executive turnover rate	23.21%	25.00%
Total exits	495	223
Overall turnover rate	15.72%	5.61%
Worker retention rate	83.67%	95.25%
Staff retention rate	92.86%	78.95%
Executive retention rate	76.79%	75.00%
Overall retention rate	84.28%	90.42%

OVERALL RETENTION RATE



Overall employee retention improved from 84.28% in 2024/25 to 90.42% in 2025/26, reflecting stronger workforce stability, employee engagement, and the effectiveness of HPL's people-centric HR initiatives.

GRI 13.20.1

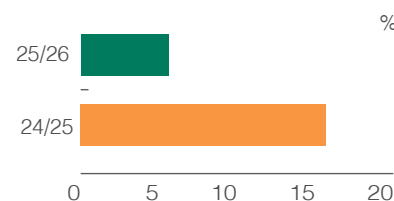
Employment type disclosure

Area	HPL Practice
Recruitment model	Direct recruitment through estate administration and the head office
Employment agencies	Not used for recruitment
Minimum age	Only adults above 18 years
Recruitment fees	Zero recruitment fees
Identity documents	No withholding or confiscation of original documents
Equal opportunity	Recruitment without discrimination based on race, religion, gender, civil status, sexual orientation, or similar grounds
Freedom of association	Workers may form and join trade unions
Child labour	Zero tolerance
Forced labour	Zero tolerance
Non-compliance review	External audits, certification body reviews, monitoring, and corrective action



Promoting ethical recruitment and worker empowerment through ETP (WIL) recognition initiatives

OVERALL TURNOVER RATE



Employee attrition reduced significantly from 15.72% in 2024/25 to 5.61% in 2025/26, reflecting the positive impact of HPL's employee engagement, welfare, recognition, and workforce retention initiatives.

GRI 3-3

Employment Offers and Contracts

Once HPL selects a candidate, it issues a formal employment offer setting out the job title, salary, benefits, and start date. The employment contract then defines job responsibilities, working hours, probation period, leave entitlements, and termination conditions.

HPL issues employment contracts in Sinhala, Tamil, and English so employees can understand their terms. The Company gives one signed copy to the employee and keeps one copy in the employee's personal file.

GRI 2-8**Employment Type Disclosure**

Employment Type	FY 2025/26 Disclosure
Permanent employees	3,591
Full-time employees	Same as permanent employees
Contract employees	113
Part-time employees	None reported
Non-guaranteed hours employees	None reported
Workers who are not employees	None reported

GRI 13.21.2 & 3**Fair Wages, Worker Compensation, and Benefits**

HPL follows a structured remuneration framework aligned with national labour laws, the Wages Board Ordinance, collective industry arrangements, industry practice, and Hayleys Group remuneration principles. The Company continues to strengthen a productivity-linked compensation model that supports employee well-being while encouraging higher productivity and long term workforce sustainability.

The manual grade wage follows the Wages Board mechanism, with a current basic daily wage of Rs. 1,550, equivalent to approximately Rs. 40,300 per month based on 26 working days. This exceeds the questionnaire's stated national minimum wage benchmark of approximately Rs. 30,000 per month for FY 2025/26.

Reinforcing its Thriving Wage approach, HPL combines direct remuneration with productivity incentives, attendance-based rewards, statutory bonuses, welfare support, and broader employee benefits aimed at improving quality of life across estate communities. Workers who exceed productivity targets receive additional incentive payments, while annual statutory payments, including holiday and festival

bonuses, further support employee financial well-being.

The Company maintains equal wage practices across genders and structures remuneration based on employee roles, qualifications, experience, performance, and applicable industry frameworks. Executive and management remuneration is guided by Hayleys Group remuneration principles and overseen through structured governance mechanisms.

In addition to direct monetary compensation, HPL provides a range of in-kind and welfare-related benefits, including housing, healthcare, nutrition support, childcare facilities, sanitation support, insurance coverage, and employee welfare assistance. These initiatives strengthen workforce resilience and contribute to

broader social well-being within plantation communities.

HPL also maintains strict safeguards against unfair labour practices. The company does not charge recruitment fees, does not apply unauthorised wage deductions as punishment, and does not withhold employee wages or identity documents. Only authorised deductions permitted under employment agreements and applicable regulations are applied, including EPF, advances, loans, union dues, and other employee-approved deductions.

Extending its responsible employment philosophy beyond direct operations, HPL also promotes fair wages and labour compliance expectations across its supply chain through supplier onboarding, monitoring, and corrective action processes.

GRI 13.21.1**HPL's Thriving Wage Approach**

HPL frames its wage philosophy as a Thriving Wage approach. This extends beyond basic income adequacy and considers the wider conditions that support quality of life, including education, healthcare, financial security, savings, family well-being, and community support.



Recognizing Excellence through ETP Women in Leadership (WIL)

HUMAN CAPITAL

Component	HPL Approach
Base wage	Rs. 1,550 basic daily wage
Monthly wage equivalent	Approx. Rs. 40,300 based on 26 working days
Statutory wage benchmark	Approx. Rs. 30,000 per month in questionnaire basis
Work availability	Over 300 days of work offered per year
Household income support	Over 2.2 income earners per household noted in Thriving Wage model
Paid holidays	20 paid holidays per year
Statutory payments	EPF and ETF paid on time
Incentives	Productivity incentives for output above minimum norms
Recognition	Best tea harvester / best plucker recognition at division, estate, company, and sector levels
Additional support	Foodstuffs and pay advances, free tea issues, emergency assistance loans, housing, healthcare, nutrition, education, and welfare support



Monthly Recognition for Outstanding Harvesters and Tappers



Together in supporting health, nutrition, an employee wellbeing.

Emergency Assistance for Workforce Welfare

GRI 201-3 / 401-2

Defined Benefit Plans and Retirement Benefits

Area	HPL Practice
EPF contribution – employee	8% of gross salary
EPF contribution – employer	12% of gross salary
ETF contribution – employer	3% of gross salary
Gratuity	Fully company-funded statutory gratuity for employees with five or more years of continuous service; Total Number of Employees who received gratuity during the year 2025/2026 -277 Employees
Gratuity formula	Last drawn monthly salary × years of service × 0.5
Worker compensation	Coverage under the Workmen's Compensation Act
Injury and disability support	Compensation for workplace injuries and permanent or temporary disability
Death benefit	Death payment support available

Additional Benefits

Benefit Area	Examples
Medical and health benefits	Estate worker and family health insurance, dependent coverage, free dental clinics, eye clinics, maternity benefits, nutrition programmes, hygiene awareness
Executive insurance	Personal accident insurance, surgical insurance, hospitalisation insurance
Worker insurance	Janashakthi Insurance facility and Workmen's Compensation Act coverage
Housing and basic services	Free housing, electricity, water, sanitation support, roads and paths, maintenance support
Women's health	Sanitary napkins under the She-Essentia project, breastfeeding facilities, maternal care
Childcare and education	Child Development Centres across estates, scholarships, university grants, child nutrition, education support. E-BRIDGE E-Learning Centre Continued supporting free English and ICT learning facilities for estate youth at Alton Estate Strengthens digital literacy, future employability, and long term workforce capability
Employee assistance	Counselling for mental health and workplace stress through assigned plantation doctor
Community support	Elderly support, death relief, disaster relief, official documentation support, religious and cultural support

HUMAN CAPITAL

GRI 407-1

Extending Responsible Employment Practices Across the Supply Chain

HPL extends its responsible employment and fair labour principles across its supply chain through supplier onboarding requirements, contractual obligations, monitoring mechanisms, and corrective action processes aligned with national labour laws and internationally accepted labour standards.

The company requires suppliers to maintain legally compliant employment practices, including the provision of statutory employee benefits, fair wages, formal employment arrangements, and safe working conditions. Compliance expectations are communicated during supplier onboarding and reinforced through contractual agreements, periodic audits, field visits, and ongoing supplier engagement.

HPL also promotes ethical labour practices across its supply chain by discouraging disguised employment relationships, ensuring workers are supported by legally recognised employer–employee arrangements, and requiring formal written contracts that clearly define employment terms, wages, and responsibilities.

Where gaps or non-compliance are identified relating to labour protection, working conditions, employee welfare, or legal employment practices, HPL engages directly with suppliers to implement corrective action plans and continuous improvement measures. Continued non-compliance may result in suspension or termination of supplier relationships. Also, Operations and suppliers, they have right to freedom of association and collective bargaining in their operations.

Through these measures, HPL seeks to strengthen responsible employment practices, fair labour conditions, and long term workforce sustainability across its broader value chain.

GRI 401-3

Parental Leave

HPL supports employees in balancing work and family responsibilities. The Company provides maternity leave for eligible women employees and parental leave options for both men and women in line with Sri Lankan labour law and gender equity principles.

Category	Female	Male
Employees entitled to parental leave	1921	1670
Employees who took parental leave	19	0
Returned to work after leave	16	0
Retained 12 months after return	16	0

GRI 202-1

Gender Pay Equity

HPL maintains equal pay practices across genders and does not differentiate remuneration based on gender across comparable employment categories. Compensation structures are determined based on employee roles, qualifications, experience, performance, and applicable industry frameworks.

The local minimum monthly wage is LKR 30,000, while the Company’s average entry level monthly wage is approximately

LKR 40,300, representing a ratio of 1.34:1 compared to the local minimum wage..

HPL is committed to fostering a diverse, equitable, and inclusive workplace that promotes equal opportunity, employee well-being, and a sense of belonging across plantation communities

Gender Equity Indicator	FY 2025/26
Female representation – permanent workforce	53.49%
Equal entry-level wage ratio	1:1
Women in leadership initiatives	ETP–WIL Programme
Equal opportunity recruitment	Yes

GRI 402-1

Employee-Management Relations and Operational Change

HPL uses collective bargaining, social dialogue, grievance channels, estate-level meetings, and worker representative engagement to maintain constructive employee-management relations.

The Company has set four weeks as the minimum notice period for significant operational changes, including restructuring, outsourcing, closures, expansions, new openings, takeovers, or sale of all or part of the organisation.



Building an Inclusive and Collaborative Workplace Culture

Engagement and Grievance Mechanisms

Mechanism	Purpose
Collective bargaining	Protects labour rights and supports structured dialogue
Trade union engagement	Supports employee voice and workplace negotiation
Grievance hotline	Provides direct, free, confidential access to HR and senior escalation
Weekly grievance handling	Estate managers conduct worker grievance handling sessions
Social dialogue training	Strengthens mutual understanding and problem solving
Grievance committees	Improves transparency and timely issue resolution
Staff Symposium 2025	Recognises staff contribution and strengthens engagement



Celebrating Employee Excellence at Staff Symposium 2025

The Great Place to Work survey for the Hayleys Plantations sector recorded 4,845 employee responses and 7,906 comments, with 98% in the overall GPTW statement and 97% across key dimensions. HPL uses these insights to guide engagement, leadership development, welfare, and culture-building initiatives.



GRI 403.8

Employee Engagement Indicators – FY 2025/26

KPI	FY 2025/26
Employee satisfaction rate	97%
Great Place to Work overall score	98%
Trust Index	97%
Pride Score	98%
Camaraderie Score	97%

Workers covered by an Occupational Health and Safety Management System (OHS)

HPL covers 100% of its workforce 3,591 employees and workers whose work and workplaces are controlled by the organisation under its occupational health and safety management system. This system is internally audited for all covered workers. Additionally, 35% of these workers have been audited or certified by



Building a Safer Workplace Culture Through PPE Initiatives

an external party. There are no exclusions from this disclosure. The system is based on the ISO 45001:2018 standard, which guides the methodologies and assumptions used in the management and auditing processes

GRI 403-1 / 403-2 / 403-3 / 403-8/ 13.19.1

Health, Safety and Employee Well-being

HPL maintains an occupational health and safety system designed to prevent accidents, reduce occupational illness, and protect employees across estates, factories, and field operations.

The Company provides PPE to workers exposed to higher-risk activities, including chemical sprayers, factory workers, and other employees exposed to health hazards. HPL reinforces safety practices through muster meetings, safety training, inspections, audits, incident reporting, and hazard identification.

HPL's OHS approach aligns with Sri Lankan labour regulations, the Factory Ordinance, the Workmen Compensation Act, OHS Policy requirements, CEA directives, MSDS requirements for agrochemicals, and ISO 45001:2018 guidance

“SHADE & SUSTAIN” Workforce Well-being Initiative

HPL introduced the “SHADE & SUSTAIN” customised hands-free umbrella and rain jacket initiative at Stockholm Estate to improve employee comfort, reduce weather-related disruptions, and strengthen workforce well-being in field

HUMAN CAPITAL

operations.

The initiative contributed to a reported 30% reduction in weather-related absenteeism while improving employee comfort, morale, workplace dignity, workforce consistency, and field productivity. The programme also strengthened workforce engagement through participatory innovation and supported women's empowerment by improving working conditions for field-based employees.

By addressing both occupational comfort and operational continuity, the initiative reflects HPL's broader people-first approach, where employee well-being, productivity, safety, and workforce resilience remain closely interconnected.



Improving Workforce Comfort Through SHADE & SUSTAIN Innovation

GRI 403-1 /403-7

OHS Management Practices

Area	HPL Practice
Safety system	OHS management system across estates and factories
PPE	Provided for chemical sprayers, factory workers, and vulnerable worker groups
SHADE & SUSTAIN Initiative	Introduced customised hands-free umbrellas and rain jackets at Stockholm Estate, contributing to a 30% reduction in weather-related absenteeism while improving employee comfort, morale, and field productivity
Safety training	Regular training and awareness through estate and operational channels
Worker participation	Worker representatives, unions, grievance channels, and safety committees support consultation
Hazard identification	Incident reports, illness records, safety audits, inspections, employee feedback, and near-miss reporting
Incident response	Corrective actions and continuous improvement through audits and reporting
Unsafe work	Employees may remove themselves from unsafe work situations without reprisals
Contractors and service providers	HPL communicates applicable safety practices to third parties entering estates and facilities
Reporting	Monthly health and safety data reporting to the ESG team and Hayleys Cube reporting requirements

GRI 403-9

Health & Safety Indicator	FY 2025/26
Fatalities	0
Major injuries	0
Lost-time injuries	5
Medical camps conducted	22
Employees covered by medical programmes	100%
OHS training sessions	8
Employees trained in OHS	150
PPE coverage	100%

No fatalities resulting from work-related injuries.

GRI 403-6

Employee Health and Wellness

During the year, HPL conducted a comprehensive medical camp covering executives, staff, and workers across all estates. The programme provided general medical consultations, health screenings, preventive care, awareness, referrals, and early detection support.



Promoting Workforce Health Through Medical Camps

HPL also has an MBBS-qualified medical practitioner serving the Upcot region, supporting continuous access to professional medical care. In addition, HPL organised International Nutrition Week 2025/26 programmes across all estates in collaboration with MOH and NGO partners, covering awareness sessions, health clinics, child growth monitoring, maternal and child nutrition, balanced diet education, and community participation.

Employee Wellness Ecosystem



Extending ADIC Well-being Initiatives to the Lindula Region

GRI 403-4 /403-6

Health and Well-being Programmes

Programme	Focus
Annual medical camps	Screening, consultations, referrals, preventive healthcare
MBBS doctor support	Professional medical support in the Upcot region
International Nutrition Week 2025/26	Nutrition awareness, clinics, child growth monitoring, maternal and child health
Welfare nutrition	Nutri-drinks, field nutrition, iron tablets, maternal care support
Eye and dental clinics	Preventive and corrective healthcare support
Mental health support	Counselling through assigned plantation doctor
Child Development Centres	Childcare, nutrition monitoring, immunisation, hygiene, pre-school support
Maternal care	Pre- and post-natal care, clinic support, maternal nutrition, breastfeeding facilities



Enhancing Employee Healthcare Through MBBS Doctor



Nutrition Week – Building Healthier and Stronger Communities



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Promoting Health and Nutrition Across CDCs and Field Operations



GRI 403-5

Capability Development and OHS Training

HPL invested in training to build technical skills, leadership capability, digital readiness, OHS awareness, gender equity, grievance handling, and operational excellence.



Strengthening emergency response capabilities through first aid training



PPE Training – Promoting workplace safety through proper protective practices



Awareness session conducted by the MOH midwife to promote health and wellbeing.



Health and Safety Awareness Session conducted by an MBBS doctor.



Fire Fighting Awareness Training conducted to enhance workplace safety

GRI 404-1

Training Summary – FY 2025/26

Average Training Hrs Per Employee 41.4 Hrs

Category Health & Safety Indicator	Gender	
	Male	Female
Staff & Worker	7.64	13.15
Executives	17.26	3.71
Total	24.9	16.86

Rs. 6.2 Mn

Training Investment

Rs. 6,687

Training Investment per employee



Enhancing Workforce Skills Through Field Training Programmes



Empowering PHDT Participants Through International Exposure

HPL provided 19,296 total training hours in FY 2025/26. This includes 14,200 hours for staff and workers and 5,096 hours for executives.

HPL also invested Rs Rs.5,569,775.00 in overseas training, focusing on Innovations for AgriBusiness/Productivity Enhancement/ Oil Palm Agronomy & Techniques



Enhancing Agribusiness Innovation Through International Exposure



International Exposure in Digital Transformation and Business Innovation

HUMAN CAPITAL

GRI 404-2

Training Themes Covered

Training Area	Examples
Occupational health and safety	OHS training, fire and rescue training, first aid, PPE use, safety practices
Leadership and DEIB	Ethical Tea Partnership - Women in Leadership (ETP-WIL), gender equality, women in leadership, inclusion, Gender-Based Violence awareness, grievance handling
Technical and field productivity	Agriculture training for harvesters, tea bush management, harvesting quality, and productivity improvement
Digital and IT	Email classification, information security, OLAX system, digital transformation, AI and data-driven productivity
Sustainability and compliance	Regenerative agriculture, biodiversity, Fairtrade, Rainforest Alliance, living wage discussions
Career development	Coffee cultivation and processing, language proficiency, tea tasting, tax, integrated reporting and sustainability
Employee relations	Industrial relations, labour law, disciplinary procedure, social dialogue
Psychosocial support	Psychological first aid and employee well-being support



Social Dialogue initiative to strengthen employee relations



Training programme on labour law and workplace compliance



Capacity building through the ETP-WIL programme



Knowledge-sharing at the 3rd International Conference on Resource Efficiency & Cleaner Production



People Leadership Training Program for Estate Management Strengthening leadership and management excellence.



NIPM language training programme to enhance communication skills



Training programme to strengthen leadership and professional skills



OLAX ERP system training to enhance digital competencies

Key Training Actions During FY 2025/26

Initiative	Action Completed	Human Capital Value
ETP–WIL Programme	Trained executives, staff, and workers on gender equity, grievance handling, agriculture, inclusion, and leadership	Strengthens inclusive leadership and employee voice
Social Dialogue Training	Covered staff, workers, and executives across estates	Improves management-worker communication
Psychological First Aid	Delivered selected staff and worker training with certified partners	Supports mental health and crisis response
Weather Stations and Weather App	Linked early warning systems with workforce safety and deployment	Improves OHS and productivity planning
Drone Mapping Technology	Built technical and digital competencies linked to modern plantation work	Supports workforce modernisation
Staff Symposium 2025	Recognised employees across office, factory, field, welfare, and support roles	Builds recognition and retention
E-BRIDGE Learning Centre	Developed English and digital skills among estate youth	Strengthens future talent pipeline
Psychosocial support	Psychological first aid and employee well-being support	Strengthens future talent pipeline

GRI 404-3

Performance Evaluation, Rewards, and Recognition

HPL links performance management to productivity, recognition, promotions, increments, training, and leadership development. The Company uses a mix of formal performance reviews, productivity-linked incentives, category-based recognition, and development pathways. 100% of employees receive regular performance and career development reviews

HUMAN CAPITAL

Performance and Reward Framework

Employee Category	Performance and Reward Mechanisms
Workers	Productivity incentives for output above norms, best plucker / best trapper awards, food packs, certificates, recognition competitions, estate and division level appreciation
Staff	Staff Symposium, promotions, increments, bonuses, technical training, supervisory development
Executives	Promotions, increments, incentives, annual gathering, professional development, overseas exposure, leadership programmes

Staff Symposium 2025 – Employee Recognition & Engagement

In 2025, Horana Plantations PLC (HPL) conducted a Staff Symposium to recognize and appreciate the contributions of employees across all functional categories, including office staff, factory staff, field staff, welfare staff, and supportive staff.

The symposium served as a platform to celebrate employee achievements, strengthen teamwork, and reinforce a culture of appreciation and inclusivity across the organization. By recognizing employees from diverse operational areas, the initiative enhanced employee morale, motivation, and engagement while supporting a performance-driven workplace culture.



Celebrating learning, leadership, and collaboration at Staff Symposium 2025

HPL continued strengthening employee engagement and workplace culture through estate-level celebrations, community events, and employee recognition initiatives involving employees and Child Development Centres (CDCs), fostering inclusivity, cultural connection, employee morale, and stronger community relationships across plantation operations.



Independence Day 2025 – Strengthening unity and patriotism across all teams.



Recognizing birthdays and appreciating the people behind our success.



Together in celebration of Children's Day 2025 with love and happiness.



Women's Day 2025 – Celebrating strength, dedication, and achievement.



New Year Celebration – Welcoming the year with unity, hope, and enthusiasm.



Father's Day Celebrations 2025 – Honouring the love, strength, and dedication of fathers.



Celebrating Christmas 2025 with warmth, happiness, and togetherness.

KEY HIGHLIGHTS – FY 2025/26

KPI	FY 2025/26
Permanent employees	3,591
Contract employees	113
Total workforce captured in Excel	3,704
Male permanent employees	1,670
Female permanent employees	1,921
Female representation – permanent workforce	53.49%
Workforce increase	442 employees
Workforce growth	14.04%
Recruitment during the year	663
Resignations during the year	223
Overall turnover rate	5.61%
Overall retention rate	90.42%
Basic daily wage	Rs. 1,550
Monthly wage equivalent	Approx. Rs. 40,300
Staff and worker training hours	14,200
Executive training hours	5,096
Total training hours	19,296
Training participants	926
Employee satisfaction rate	97%
GPTW overall score	98%
Trust Index	97%
Pride Score	98%
Camaraderie Score	97%

PROGRESS IN MOTION

Human resource targets	Progress to date	Way forward
Implementation of HRIS – ORACLE IT Solution & DMS HRIS Solution	Implemented	Training/ Implementation
Training on GMRs and GAPs	Conducted several trainings, including practical sessions	Feedback from Executives/ Staff Monitoring
Capacity building of the worker community	Refer to the table in the training section for a detailed list	Regular awareness sessions
Appointment of women supervisory staff	Planning to recruit	Training and Development
Safe and Affordable Housing	69 New Housing Units	Build New Houses on requirement with the assistance of Donor Agencies
Zero anemia among workers	Conducted several Health Camps	More awareness of the workforce

HUMAN CAPITAL

OUTCOMES AND IMPACT

HPL's people strategy delivered stronger workforce stability during FY 2025/26. The Company grew its permanent workforce by 14.04%, reduced overall turnover to 3.21%, and improved overall retention to 89.20%.

The expansion of the Alcohol and Drug Information Centre programme from Upcot to the Lindula region further strengthened workforce and community well-being through behavioral awareness and alcohol prevention initiatives. During the year, the programme supported 15 families through alcohol reduction interventions, with behavioural improvements reported across 12 families, contributing toward healthier family environments, improved social stability, and stronger community resilience.

The Company's investment in fair wages, benefits, healthcare, grievance mechanisms, recognition, and training strengthened employee trust and engagement. The Great Place to Work results show strong employee confidence, with 98% in the overall statement and 97% in satisfaction and trust.

Training and technology adoption helped HPL move toward a more modern plantation workforce. Weather monitoring, drone mapping, digital tools, mechanisation, and skill development reduced dependence on traditional work practices while improving safety, workforce planning, and productivity.

HPL's thriving wage model, supply chain wage expectations, and ethical recruitment practices strengthened responsible employment across the value chain. These improvements indicate the positive impact of HPL's integrated human capital approach in strengthening labour availability, employee trust, and workforce resilience resulting in increased employee retention and the ability to attract labour.

RISKS AND TRADE-OFFS

Risk / Trade-off	HPL Response
Labour availability pressure	Expand workforce engagement, youth attraction, mechanisation, and community-based talent development
Rising employee expectations	Strengthen benefits, recognition, grievance channels, training, and welfare support
Wage cost pressure	Link compensation to productivity while maintaining fair wage principles
Technology adoption gaps	Provide training in digital, mechanised, and data-driven work practices
Health and safety exposure	Strengthen OHS systems, PPE, training, audits, and medical support
Supplier labour compliance risk	Use procurement policy, supplier onboarding, audits, corrective action, and possible supplier suspension

THE NEXT MOVES

As HPL continues transforming its workforce model, the Company remains focused on building a more stable, skilled, safe, inclusive, and technology-enabled workforce capable of responding to evolving operational, social, and economic realities.

Within HPL's plantation operating model, human capital does not operate in isolation. Workforce stability, employee well-being, productivity, capability development, ethical employment, and operational resilience are closely interconnected with progress in one area strengthening outcomes across the broader business.

Much like the interconnected components of a Rubik's Cube, each dimension of human capital influences and reinforces the others. Stronger employee engagement supports retention. Improved well-being enhances productivity. Capability development strengthens adaptability. Ethical employment practices reinforce trust and organisational culture. Together, these interconnected elements contribute toward long term value creation and sustainable business performance.

Human Capital Contributions

Social Capital

Human Capital fosters Social Capital by improving labour relations, creating a more cohesive work environment.



Natural Capital

Human Capital contributes to Natural Capital by ensuring effective field execution, vital for sustainable practices.

Financial Capital

Human Capital influences Financial Capital through costs and productivity, enhancing economic performance.

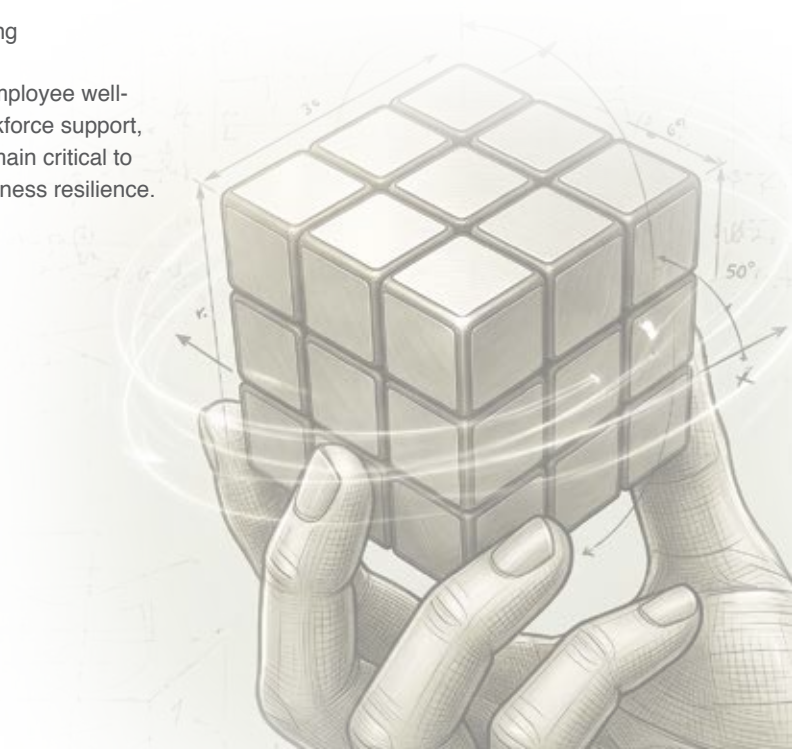


Smiles that reflect dedication, unity, and empowerment.

Accordingly, HPL will continue prioritising:

- Strengthening workforce retention and employee engagement
- Expanding mechanisation and digital workforce tools
- Improving leadership, technical, OHS, and digital training
- Advancing DEIB through WIL and gender strategy initiatives
- Enhancing grievance handling and social dialogue
- Expanding preventive healthcare, nutrition, and wellness programmes
- Strengthening fair wage practices across the supply chain
- Improving data completeness for GRI-aligned human capital reporting

HPL will continue strengthening people-centric initiatives focused on employee well-being, engagement, capability development, fair employment, and workforce support, recognising that stronger employee retention and labour availability remain critical to sustaining workforce stability, operational continuity, and long term business resilience.





SOCIAL & RELATIONSHIP CAPITAL

“Every Connection Creates Alignment”

No system can be solved without strong relationships.

Our communities, customers, suppliers, and stakeholders are the connections that bring every dimension of our business together. Like a Rubik’s Cube, every partnership and interaction plays a role in creating balance and long term progress.

Through trust, collaboration, and shared value, we strengthen the relationships that keep every turn of progress aligned and meaningful.



STRATEGIC COMPONENTS OF SOCIAL & RELATIONSHIP CAPITAL



Human Rights

Upholding fundamental rights & freedoms



Supplier Engagement

Building sustainable supply chains



Community Development

Supporting local growth & infrastructure



Food Security

Enhancing food security at a local & national level

CAPITAL IN CONTEXT - Every move matters

At Horana Plantations PLC, Social and Relationship Capital is built through a network of interconnected relationships that collectively strengthen the resilience and long term sustainability of our business. Much like the interdependent dimensions of a Rubik’s Cube, every stakeholder relationship influences the broader system where communities, employees, suppliers, customers,

69

New Houses

40

Child Development Centres

regulators, industry partners, and investors each play a vital role in shaping shared outcomes.

Operating within an increasingly complex social, environmental, and economic landscape, HPL recognises that sustainable value creation depends not only on operational performance, but also on trust, collaboration, and alignment

across the value chain. Our approach focuses on fostering inclusive partnerships, strengthening community engagement, enabling responsible supply chains, and building long term stakeholder confidence.

These interconnected relationships support business continuity, enhance social resilience, strengthen market credibility, and create opportunities for collective

progress ensuring that value is created not in isolation, but through collaboration across the ecosystems in which we operate.

This philosophy aligns closely with the United Nations Sustainable Development Goals, particularly SDG 2, 3, 4, 5, 6, and 8, reinforcing our commitment to responsible growth that balances economic performance with meaningful social impact.

SDG ALIGNMENT

HPL's Social and Relationship Capital initiatives contribute directly to selected United Nations Sustainable Development Goals and their underlying targets, ensuring that our stakeholder engagement translates into measurable social and economic outcomes.

SDG	Focus Area	Relevant SDG Targets	How HPL Contributes	Key Initiatives / Examples
 SDG 2: Zero Hunger	Food security & nutrition	2.1 End hunger and ensure access to food 2.3 Increase agricultural productivity 2.4 Sustainable food production systems	Enhancing access to food and improving nutrition across estate communities	Home gardening, apiculture, mid-day meals, food pack distribution during Ditwah Cyclone
 SDG 3: Good Health & Well-being	Community health & safety	3.8 Access to healthcare services 3.2 Reduce child mortality 3.4 Promote mental and physical health	Improving access to healthcare and promoting preventative health practices	Estate primary medical care unit with inhouse MBBS doctor(152+ medicines), mobile healthcare, nutrition programmes, maternal care
 SDG 4: Quality Education	Education & skills development	4.1 Quality primary education 4.4 Skills for employment 4.5 Equal access to education	Expanding access to education and digital literacy	E-BRIDGE learning centre, Child Development Centres, school support programmes
 SDG 5: Gender Equality	Women empowerment & inclusion	5.1 End discrimination 5.5 Women's participation in leadership 5.6 Access to health & wellbeing	Promoting women's participation and economic independence	She-Essentia programme, female workforce growth, women-led production initiatives
 SDG 6: Clean Water & Sanitation	Water access & hygiene	6.1 Safe drinking water 6.2 Sanitation and hygiene	Ensuring access to clean water and sanitation facilities	ADRA & World Vision water projects, sanitation infrastructure
 SDG 8: Decent Work & Economic Growth	Livelihoods & economic inclusion	8.5 Full and productive employment 8.6 Youth employment 8.8 Safe working environments	Supporting employment, skills development, and local economic growth	100% local procurement, skill development initiatives, youth engagement, ADIC programs with youth & children

SOCIAL & RELATIONSHIP CAPITAL

GRI 3-3

OUR STRATEGIC FOCUS

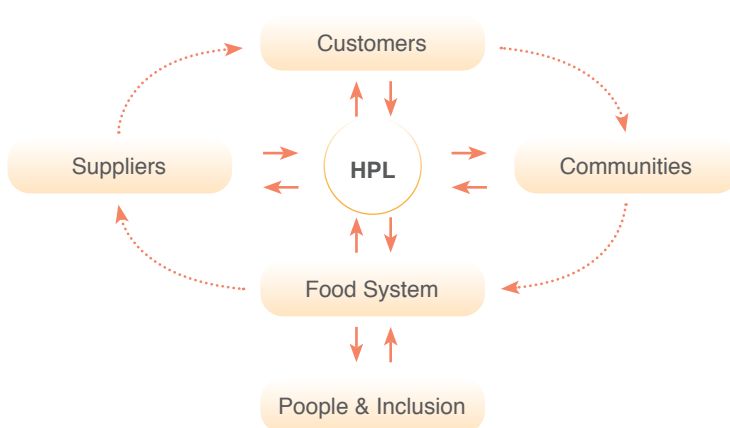
Our approach to Social and Relationship Capital is anchored in three priorities that reflect our commitment to building enduring, trust-based relationships rooted in shared progress:

- **Empowering communities and improving quality of life** through sustained investments in education, healthcare, infrastructure, and social protection

- **Building resilient and ethical supply chains** by strengthening local partnerships, responsible sourcing practices, and collaborative innovation
- **Strengthening customer trust** through consistent quality, transparency, and adherence to globally recognised standards

Together, these priorities enable HPL to create shared value where business performance is closely linked to stronger stakeholder relationships, improved livelihoods, and long term resilience.

How We Create Value Through Relationships



GRI 204-1, 414-1, 414-2

Our Relationship with Suppliers

HPL builds long term, trust-based partnerships with suppliers, recognising them as critical partners in ensuring operational continuity, ethical sourcing, and value creation. Suppliers are not treated as transactional vendors, but as collaborators in driving quality, innovation, and sustainability across the value chain.

Actions in 2025/26

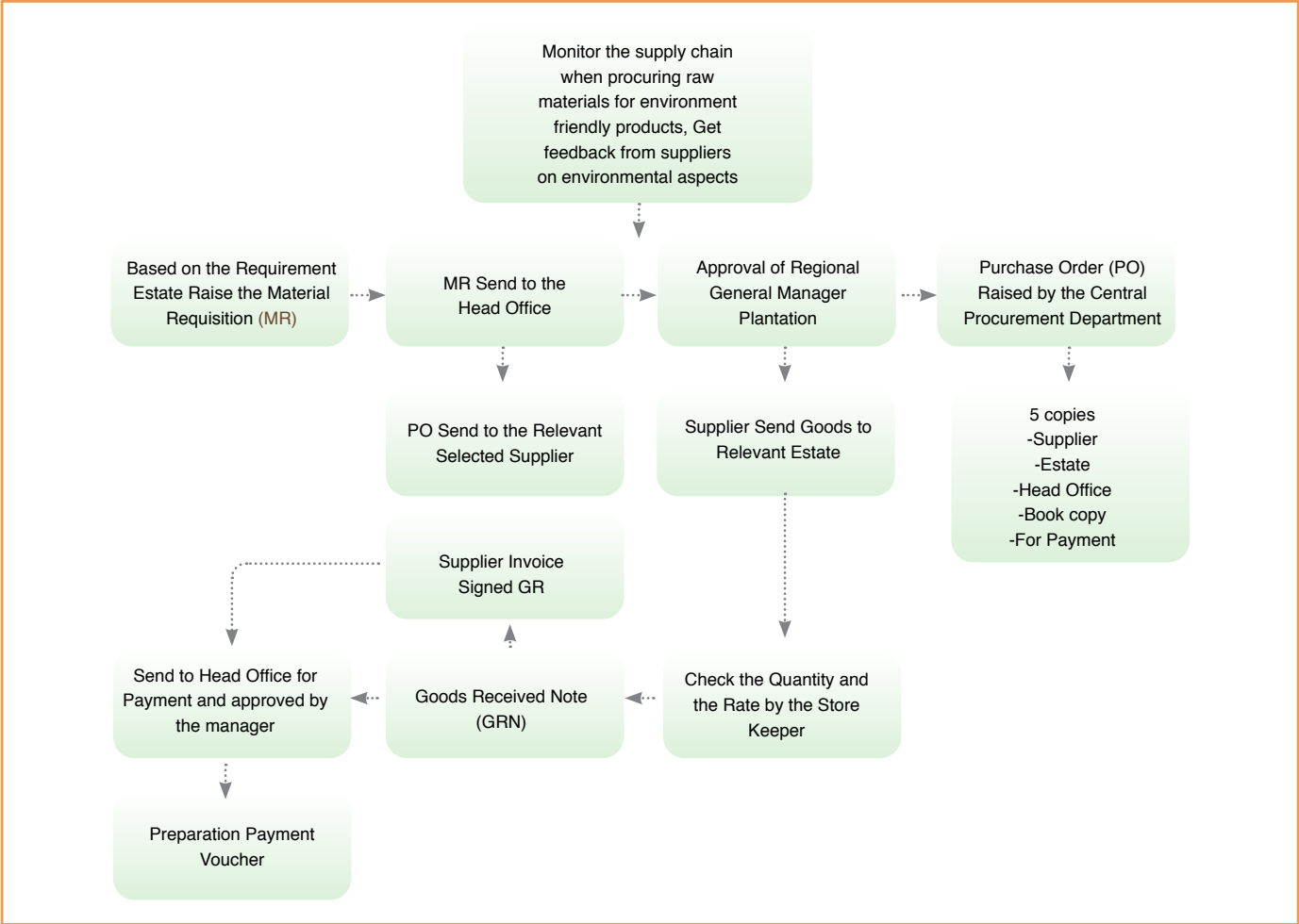
- 100% of procurement was sourced locally, reinforcing domestic supply chains, supporting SMEs, and ensuring economic value remains within local communities. Additionally, 50% of suppliers were assessed for social impacts.
- Supplier onboarding processes include screening against labour practices, human rights, environmental standards, and corporate integrity, with a zero-tolerance approach to child labour, forced labour, and unsafe working conditions. All new suppliers are screened against social and ethical criteria, with no significant negative social impacts identified in the supply chain during the reporting period.



Participation in the Industry Expo Exhibition showcasing HPL products

- Awareness programmes conducted for suppliers, particularly bought-leaf suppliers, focusing on responsible chemical use, quality improvement, and compliance standards
- Strengthening long term supplier relationships through fixed term partnerships with key input suppliers, including providers of fertilisers, agrochemicals, and other essential materials, ensuring supply stability and cost efficiency
- Leveraging strategic collaborations to improve efficiency and resilience:
 1. Partnership with Wayamba University to enhance productivity, innovation, and decision making
 2. Collaboration with the Arthur C. Clarke Foundation to deploy soil probes and weather monitoring systems, enabling precision agriculture and climate risk mitigation.
 3. Strategic Partnership for Circular Economy Transition with Expertise France

INTEGRATED SUSTAINABLE PROCUREMENT PRACTICES & RISK MITIGATION LIFECYCLE



GRI 13.23

Supply chain traceability

The organization ensures strong supply chain traceability by maintaining robust systems to track products from their origin through to final delivery. Traceability is supported through internationally recognized certifications, with valid

Chain of Custody (CoC) and European Union Deforestation Regulation (EUDR) certificates maintained to demonstrate responsible sourcing and transparency. In addition, the company actively implements initiatives to support and enhance supplier traceability, encouraging and assisting suppliers in obtaining relevant certifications and strengthening overall accountability across the supply chain.

SOCIAL & RELATIONSHIP CAPITAL

Impact

By strengthening local procurement and supplier partnerships, HPL contributes to regional economic development, improves operational efficiency, and enhances supply chain resilience in the face of external shocks.

GRI 3-3, 413-1

Our Relationship with Estate Communities

HPL engages estate communities through structured dialogue platforms and participatory decision making processes, ensuring that development initiatives are aligned with local needs and priorities. Community members are actively involved in shaping projects through committees, forums, and Fairtrade mechanisms, reinforcing a model of inclusive and responsive development.

Actions in 2025/26

HPL implemented a comprehensive range of initiatives to improve living standards and strengthen community wellbeing:

Community engagement and voice

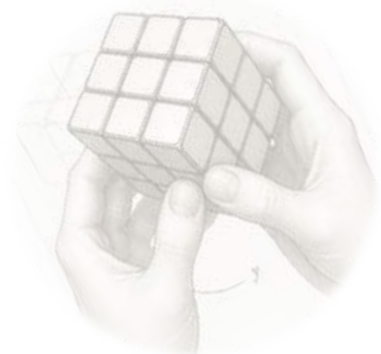
HPL maintains a structured and multi layered approach to community engagement, ensuring that estate communities actively participate in decision making and development planning.

- Regular forums and meetings are conducted across estates to understand local needs, covering areas such as health, education, housing, employment, and welfare. These include gender committees, OHS committees, grievance committees, mothers' groups, youth groups, voluntary groups, and children's groups, creating multiple channels for inclusive participation
- Social dialogue forums are conducted in collaboration with the Labour Department, providing a formal platform for community members to raise concerns, share suggestions, and engage in constructive dialogue with management
- Active participation in the Community Symposium 2025, organised by ADIC (refer call out box for more detail) under the theme "From Insight to Impact", where youth led initiatives including surveys, awareness programmes, sports, and exhibitions contributed to reduced alcohol consumption, improved family wellbeing, and stronger economic outcomes across communities. Estate level case studies were also presented by welfare officers, highlighting grassroots impact
- Encouraging community driven development through Fairtrade Premium Committees, where members propose and prioritise projects based on ground level needs. During the year, initiatives such as the rain jacket distribution for tea harvesters at Gouravilla Estate were successfully implemented following community input

Capital in Action:

Managing Disruptions through Partnerships

During the Ditwah Cyclone, extreme weather conditions disrupted harvesting and logistics. Through established partner networks, emergency response plans, and climate monitoring systems, HPL ensured continuity of operations while minimising losses and supporting affected communities.



Housing and infrastructure development

- Construction of new housing under the **Safe Haven initiative** in collaboration with PHDT – 69 New Houses
- Launch of 30 new housing units at Stockholm Estate under the Indian grant housing project
- Expansion of water supply systems, including a fully established system at Tillicoultry in partnership with World Vision
- Continued investment in sanitation facilities to improve hygiene and living conditions – 11 new sanitation infrastructure units



Healthcare access and outcomes

- Operation of a fully equipped **Primary Medical Care Centre** at Gouravilla Estate, staffed by an **MBBS doctor**
- Access to **152+ essential medicines**, alongside doorstep healthcare services, emergency care, and preventive health programmes
- Delivery of awareness sessions on nutrition, maternal care, first aid, and disease prevention
- No of Medical Camps – 22, No of Nutritional programs - 322



Education and early childhood development

- Establishment of the **E-BRIDGE Learning Centre** at Alton Estate, providing digital learning and English language training for estate children
- Operation of **40 Child Development Centres**, supporting early Childhood Development enabling working mothers to participate in the workforce
- Provision of structured early learning environments delivered by qualified Child Development officers



Women's empowerment and livelihoods

- Implementation of the **She-Essentia initiative**, addressing period poverty and supporting over 3,800 women through menstrual health awareness and access to reusable sanitary products
- Development of a women led production unit producing sanitary products, uniforms, and other goods, creating employment and entrepreneurship opportunities
- Skills development supported through partnerships such as the Women's Development Centre – Kandy



SOCIAL & RELATIONSHIP CAPITAL

Worker safety and innovation

- Installation of **Wasp Protective Sheds** at Bambrakelly, constructed using recycled materials collected through community led environmental campaigns, improving worker safety and reducing hazards
- Introduction of the **Her-Shield protective umbrella**, designed to protect field workers from sun and rain, improving comfort, safety, and productivity during daily operations Introduce rain jackets for tea harvesters to protect them



GRI 413-2

Impact

These initiatives have contributed to measurable improvements in community wellbeing, including enhanced living conditions, improved access to essential services, strengthened health outcomes, increased educational opportunities, and greater economic participation particularly among women.

HPL continues to strengthen its role as a socio economic anchor, supporting employee wellbeing, retention, and productivity across estate communities.

No significant adverse impacts on local communities were identified during the reporting period.



CAPITAL IN ACTION: TRANSFORMING COMMUNITIES THROUGH THE ADIC PROGRAMME

The ADIC programme at HPL has evolved into a dynamic, community driven intervention focused on fostering long term behavioural and social transformation across estate communities.



During 2025/26, the programme expanded from the Upcot region to Lindula, enabling cross regional learning and the replication of successful alcohol prevention and community wellbeing strategies. Moving beyond general awareness campaigns, the initiative adopted targeted interventions focused on youth, mothers, children, and vulnerable families through structured action plans, home visits, peer support networks, and community engagement activities.

- No of ADIC Programs conducted during 2025/2026 - 10
- Families Impacted – 15
- Behavioural Changes – 12
- Children Engaged for the Development programme – 50

These efforts have contributed to challenging the normalisation of alcohol misuse while strengthening family wellbeing, social cohesion, and community resilience across estates.

The programme is further reinforced through integration with HPL's wider social development initiatives, including the She-Essentia women's empowerment programme and the E-BRIDGE e-learning centres, creating a more holistic ecosystem for awareness, empowerment, education, and long term social progress.

Through these interconnected initiatives, HPL continues to strengthen an inclusive and sustainable model for community transformation across its estate operations.

Community Development and A Thriving Plantation Community

HEALTHCARE ACCESS

Accessible Healthcare for All

- 24/7 MBBS doctor available
- 152+ essential medicines
- 22 medical camps conducted
- Her Shield protective umbrella introduced
- 4 Wasp Protective Sheds installed
- Built using recycled materials
- Reduced workplace hazards

COMMUNITY INFRASTRUCTURE & SANITATION

Safe Haven & Infrastructure Development

- 69 new housing units constructed (PHDT collaboration)
- 30 new houses initiated at Stockholm Estate
- Water system established at Tillicoultry (World Vision partnership)
- No of sanitation Infrastructure units: 11

WOMEN'S EMPOWERMENT

She-Essentia in Action

- 3,800+ sanitary napkin packs distributed
- 6 women employed in production unit
- Skills development + income generation
- International recognition (Hong Kong order)

HPL COMMUNITY DEVELOPMENT HUB

EDUCATION & CHILD DEVELOPMENT

Investing in Future Generations

- E-BRIDGE centre (20 students per session)
- 40 Child Development Centres
- Digital learning + English literacy
- Safe childcare support for working mothers

GRI 3-3, 416-1,2 & 417-1,2,3

Our Relationship with Customers – Delivering Trust and Quality

We build trust through consistent quality, transparency, and adherence to global standards across the value chain, supported by strong engagement with customers and continuous improvement in product safety and traceability. A total of 100% of products undergo assessment for health and safety impacts within HPL.

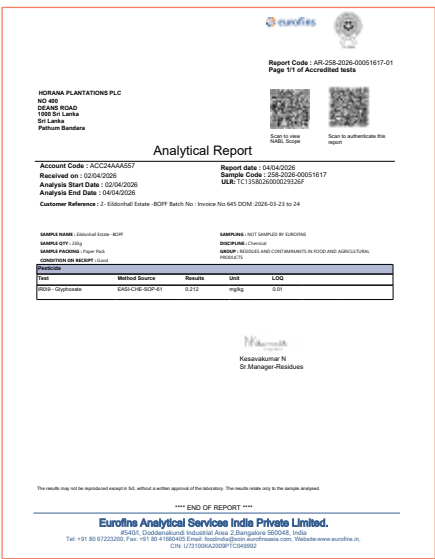
Actions in 2025/26

- Working closely with suppliers to ensure alignment with HPL's procurement policy and responsible sourcing guidelines, reinforcing quality across the supply chain
- Adoption of safe and sustainable packing and distribution practices, ensuring product integrity is maintained through to the final point of sale.
- Full compliance with packing and labelling regulations set by the Sri Lanka Tea Board, Colombo Tea Traders

Association, and Colombo Rubber Traders Association, with packaging including clear product information such as grade, selling mark, weight, and certification details.

- Regular MRL testing conducted through accredited local & overseas laboratories, ensuring compliance with international food safety standards
- Ongoing collaboration with internationally recognised certification bodies, reinforcing product quality, safety, and traceability
- Active customer engagement through daily broker briefings, weekly tea tastings, and monthly performance reviews, enabling continuous alignment with market expectations

- Strengthening global market presence through buyer engagement initiatives, including marketing campaigns, social media interactions, buyer familiarisation tours, and participation in international conferences and exhibitions



SOCIAL & RELATIONSHIP CAPITAL

Commitment to Global Standards

HPL operates under a rigorous framework of internationally recognized certifications, ensuring excellence across four key pillars:

1. Quality & Food Safety
2. Sustainability & Environmental Stewardship
3. Social Responsibility & Ethics
4. Occupational Health & Safety

Managing Quality and Customer Claims

HPL maintains structured processes to manage customer complaints and product quality issues in a transparent and accountable manner. While quality defects are infrequent due to stringent quality control systems, all justified claims are addressed promptly and equitably.

When a defect is confirmed following investigation, HPL accepts responsibility and provides customers with two structured resolution options:

- Monetary Settlement – Financial reimbursement covering the value of defective goods, ensuring no economic loss to the customer
- Replacement – Provision of goods that meet agreed quality specifications, maintaining supply continuity and contractual obligations

This process is supported by a robust product traceability system, enabling precise identification of production batches, dispatch records, and quality inspection data. This facilitates efficient root cause analysis and corrective action to prevent recurrence.

During FY 2025/26, HPL received 13 quality related claims, all of which were resolved promptly through appropriate compensation mechanisms, with no economic loss incurred by customers.

There were no incidents of product recalls, regulatory fines, or non-compliance related

to product and service information and labeling, Marketing communication, or customer health and safety impacts of products during the reporting period.

Impact

These practices reinforce customer confidence and strengthen HPL's reputation as a reliable and responsible supplier in both local and international markets.

Certifications and compliance play a critical role in enabling market access and building credibility. During the year, Fairtrade certification supported new direct export opportunities, including engagement with Overseas Buyers. Compliance with emerging standards such as EUDR further strengthens traceability and environmental assurance for export markets.

Capital in Action: Certification Driving Market Access

Fairtrade certified estate enabled new export opportunities to the UK

Recognition through awards such as the NCE Export Award 2025 – Best Ethically Trading Exporter (Extra-Large Category) provides independent validation of HPL's quality, sustainability, and ethical practices, enhancing trust and reducing buyer uncertainty in competitive global markets.



NCE Export Award 2025 – Best Ethically Trading Exporter (Extra-Large Category)

GRI 13.9.1

Food Security & Community Resilience

HPL actively supports food security and community resilience through a combination of diversified agricultural practices, nutrition focused interventions, and community based initiatives that strengthen both availability and access to food across estate communities.

Our approach is centred on strengthening local food systems by enhancing productivity, promoting self sufficiency, and building resilience against economic and climate related disruptions. This includes integrating agricultural diversification, community cultivation, and nutrition programmes into estate operations.

Actions in 2025/26

- Promotion of crop diversification, intercropping, and mixed cropping systems, improving land productivity, soil fertility, and access to diverse and nutritious food sources
- Support for home gardening and community cultivation, with dedicated land allocation and knowledge sharing on good agricultural practices, enhancing household level food availability and self sufficiency
- Introduction of apiculture (beekeeping) initiatives, improving pollination, increasing crop yields, and providing additional income streams through honey production
- implementation of nutrition awareness programmes in collaboration with the Ministry of Health, including Nutrition Week activities, food fairs, and community education initiatives
- Provision of mid-day meals for children at Child Development Centres, ensuring consistent access to nutritious food and supporting early childhood development
- Targeted nutritional support initiatives, including:
 - Distribution of nutritious beverages (e.g., herbal drinks) to workers
 - Monthly food packs for high performing workers, supporting household nutrition
 - Distribution of 2kg flour packs for children aged 1–5, addressing early childhood nutrition needs
- Emergency response interventions during climate related disruptions, including distribution of essential food packs to 47 families affected by the Ditwah Cyclone, supported through partnerships with organisations such as the Centre for Child Rights & Business and the Ethical Tea Partnership



GRI 13.9.2

FOOD LOSS REDUCTION AND CIRCULAR RESOURCE USE

HPL integrates food security with operational efficiency by actively minimising food loss and promoting circular resource use across its value chain.

Actions in 2025/26

- Total food loss across operations was maintained at approximately 0.1%, supported by efficient harvesting,

processing, and storage practices approx 5MT.

- Refuse tea generated during the primary manufacturing process is reprocessed and reused, while residual organic material is converted into compost and applied as fertiliser within estate cultivations, supporting circular resource use.
- Continuous improvements in green leaf handling and transport, supported by regular monitoring and staff

training, have reduced reject rates and minimised quality losses

- Implementation of zero waste processing initiatives, including the production of white coconut oil using small or unsellable coconuts, with by products sold to the market to ensure full resource utilisation.
- Optimisation of estate grown produce utilisation, where fruits, vegetables, and greens from home gardening initiatives are supplied to local markets
- Distribution of surplus produce through weekly vegetable sales at Head Office, as well as free or concessionary distribution of fruits such as avocado, rambutan, mangosteen, guava, and lemon to staff, reducing post harvest losses

SOCIAL & RELATIONSHIP CAPITAL



Advancing Circular Economy Partnerships

HPL entered into a Memorandum of Understanding (MoU) with Expertise France under the “Circular Economy in the Food Sector (CIRCULAR)” initiative, funded by the European Union and partly co-funded by the German Federal Ministry for Economic Cooperation and Development (BMZ). The programme is jointly implemented by Expertise France, the Food and Agriculture Organization of the United Nations and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

The initiative supports the transition towards a circular economy within Sri Lanka’s food sector by reducing food loss and waste, minimising Single-Use Plastics (SUP), and strengthening resilience to climate and food related challenges.

Through this partnership, HPL receives one-on-one technical mentoring to assess waste generation across the value chain and identify financially viable and scalable circular economy business models with revenue generating potential.

Support provided under the programme includes:

- Business level diagnostics and value chain assessments
- Financial analysis and investment requirement assessments
- Development of a Circular Transition and Investment-Ready Plan
- Inter departmental circular economy training and capacity building

Impact

These initiatives collectively address the key dimensions of food security availability, access, utilisation, and stability while strengthening household resilience and reducing vulnerability to economic and environmental shocks.

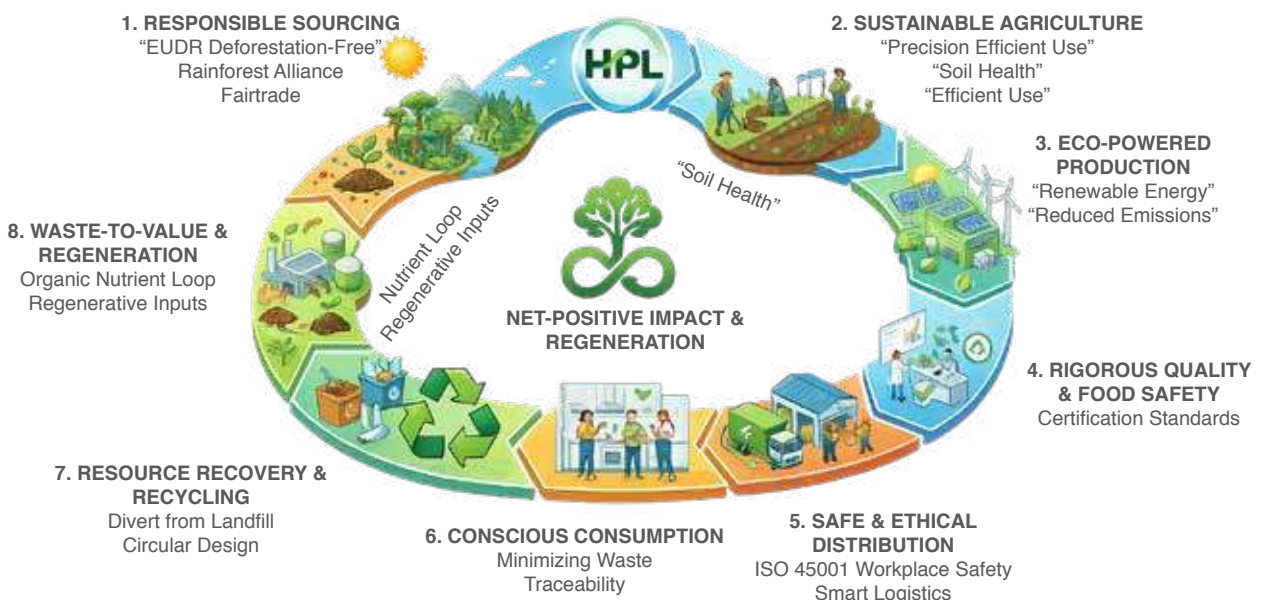
By enhancing nutrition, supporting livelihoods, and promoting sustainable agricultural practices, HPL contributes to improved community wellbeing, workforce productivity, and long term resilience across estate communities.

Human Rights, Inclusion & Social Protection

HPL integrates human rights, inclusion, and social protection into its core operations, recognising that safeguarding dignity, equity, and wellbeing is fundamental to sustainable business performance and long term stakeholder trust.

Our approach is guided by internationally recognised frameworks, including the UN Global Compact and the Universal Declaration of Human Rights, and is

HPL FOOD SYSTEM LOOP: OUR CIRCULAR ECONOMY



Capital in Action: From Estate to Table

HPL promotes self-sufficiency within estate communities through home gardening and community cultivation initiatives. By allocating land and providing training on good agricultural practices, families can grow vegetables for their own consumption while supplying surplus produce to local markets enhancing both food availability and household income.

embedded through policies, operational practices, and governance mechanisms across all estates.

HPL adopts a multi layered approach that combines policy commitments, worker welfare initiatives, and inclusive participation mechanisms to ensure that all stakeholders particularly vulnerable groups such as women and children are protected

and empowered.

Actions in 2025/26

Policy framework and governance

- Implementation of comprehensive policies including Child Labour, Anti Forced Labour, Gender Equality, Anti Discrimination, Sexual Harassment, and Freedom of Association policies



- Alignment with global certifications such as Fairtrade, FSC, and Rainforest Alliance, reinforcing compliance with international social and ethical standards
- Strengthening governance through training, whistleblowing mechanisms, and ESG oversight structures

Worker welfare and protection

- Provision of safe working environments, including protective equipment and training
- Introduction of practical innovations such as the Her Shield protective umbrella and Wasp Protective Sheds, improving worker safety and reducing occupational risks



- Ongoing welfare initiatives including housing (Safe Haven), healthcare access, medical camps, and awareness programmes on maternal care, nutrition, OHS, and substance abuse prevention

Protection of vulnerable groups

- Implementation of a Child Protection Policy in collaboration with Save the Children, ensuring a safe and supportive environment for children across estates



- Focus on maternal and child health, nutrition, sanitation, and access to education
- Recognition through the Mother and Child-Friendly Seal for Responsible Business awarded by the Centre for Child Rights and Business

Inclusive participation and empowerment

- Operation of Fairtrade committees, ensuring community driven decision making ("by the people, for the people")
- Active participation through gender committees, youth groups, mothers' groups, children's clubs, and grievance committees, ADIC interventions

SOCIAL & RELATIONSHIP CAPITAL



- Targeted support for women and marginalised groups through initiatives such as She-Essentia, skills development programmes, and income-generating opportunities
- Programmes supporting youth engagement, including exposure to mechanised harvesting and emerging technologies such as drone operations

GRI 3-3, 406-1

Non-Discrimination

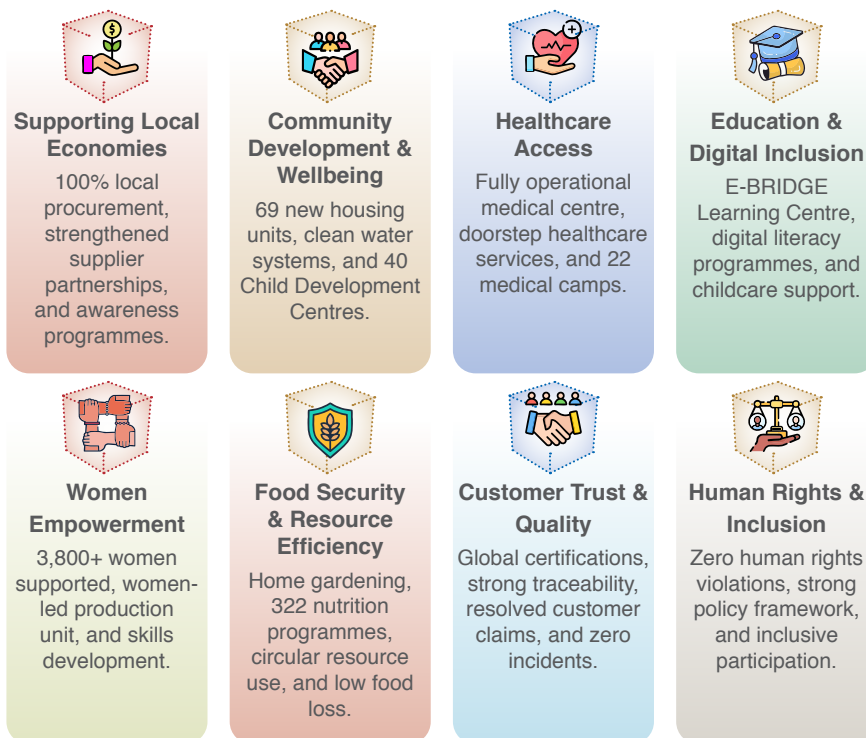
HPL's integrated approach has strengthened inclusion, participation, and wellbeing across estate communities, while enhancing employee confidence, productivity, and long term engagement.

These efforts contribute to a safe, equitable, and supportive environment for all stakeholders, reinforcing HPL's social licence to operate and reducing reputational and operational risks.

No human rights violations were reported during the reporting period. During FY 2025/26, there were no recorded incidents of discrimination.

KEY HIGHLIGHTS 2025/26

These highlights reflect the tangible outcomes of our efforts to strengthen relationships across our value chain. From supporting local economies and safeguarding human rights to enhancing community wellbeing and food security, they demonstrate how HPL continues to create shared value for all stakeholders.



Progress in Motion

Social Targets In 2030	Progress to date	Future Plans
Safe drinking water facilities for all family units	Tillicoultry water project Completed	Continuing Implementations and Monitor Water projects
Open e-learning centers and Skill Development Centers in all Regions	Completed E-BRIDGE e-learning center at Alton	The Mincinglane Factory premises will be converted into a Study Excellence Centre and a Disaster Relief Centre, funded by Fairtrade.
Literacy rate of 90%	79%	Conduct English language classes and enhance preschool facilities to support early childhood education.
Zero school drop outs	School attendance was reinitiated for 03 children from Bambrakelly and 06 children from Tillicoultry through ADIC interventions.	Expand the ADIC Programme to the Lindula Region.
Increase female representation by 50% in administration	2025/2026 = 39% 2024/2025 = 36% 2023/ 2024 = 32%	Established gender balanced hiring practices

GRI 203-2

IMPACTS AND OUTCOMES

Through targeted interventions and sustained stakeholder engagement, HPL continues to generate measurable outcomes that enhance community wellbeing, strengthen relationships, and contribute to long term sustainable value creation.

Linking operational outcomes to long term value creation

Outcomes	Impact
Improved access to housing, clean water, sanitation, and healthcare services across estates	Enhanced quality of life and wellbeing across estate communities
Expanded digital learning, education access, and early childhood development through E-BRIDGE and 40 Child Development Centres	Stronger future workforce readiness and improved long term socio-economic mobility
Strengthened community participation through structured engagement platforms, committees, and Fairtrade mechanisms	Increased trust, inclusion, and stronger stakeholder relationships
Increased livelihood opportunities and economic participation, particularly among women through initiatives such as She-Essentia	Greater financial independence, gender inclusion, and community resilience
Improved food availability and nutrition through home gardening, agricultural diversification, and nutrition programmes	Strengthened food security and improved health outcomes
Reduced food loss and improved resource efficiency through circular practices and waste minimisation initiatives	Enhanced environmental sustainability and efficient resource utilisation
Strengthened supplier capability and local economic contribution through 100% local procurement and supplier engagement	More resilient local economies and stable supply chains
Enhanced customer confidence through strong quality assurance, traceability systems, and global certifications	Improved market access, brand credibility, and long term customer trust



A new water project was implemented in Tillicoultry Estate'

SOCIAL & RELATIONSHIP CAPITAL

KEY RISKS, TRADE-OFFS AND MITIGATION

HPL recognises that sustaining strong social and stakeholder relationships requires the proactive identification and management of emerging risks across its operations and value chain.

In doing so, the Company also navigates inherent trade-offs between cost efficiency, sustainability, and stakeholder expectations, adopting a balanced approach that prioritises long term value creation.

HPL Strategic Risk & Mitigation Matrix

Risk Category	Key Risks	The Strategic Trade-off	Mitigation Strategy
Community & Social	Dissatisfaction or conflict; uneven estate participation.	Balancing high-impact community investment against operational cost efficiency.	Engagement: Committees, forums, and Fairtrade participatory decision making.
Supply Chain	Supplier non-compliance; climate or market volatility.	Prioritizing ethical/local sourcing premiums over lower cost alternatives.	Partnership: Supplier screening, fixed term contracts, and climate R&D.
Food Security	Crop/yield losses; post harvest inefficiencies.	Choosing circular/low chemical practices over short term yield maximization.	Resilience: Diversified agriculture, apiculture, green leaf handling.
Customer & Product	Quality issues; safety non compliance; brand damage.	Sacrificing short term margins for the long term value of stringent compliance.	Integrity: Field-to-end product, systems, rigorous certifications, and full traceability.
Human Rights	Labor violations; discrimination; unsafe conditions.	Investing in deep tier welfare programs vs. baseline resource allocation.	Protection: Strong policy frameworks, Innovative concepts for worker protection and active grievance monitoring.

THE NEXT MOVES

As Horana Plantations continues to strengthen its Social and Relationship Capital, the focus will remain on deepening the interconnected relationships that support long term resilience, sustainability, and shared value creation across the business ecosystem.

HPL will continue to strengthen collaboration across communities, supply chains, customers, industry institutions, sustainability platforms, and strategic partners recognising that each relationship contributes to the strength and stability of the wider network. In an increasingly interconnected operating environment, the Company aims to create stronger alignment between stakeholder

expectations, operational priorities, and sustainability commitments.

Greater emphasis will be placed on fostering inclusive partnerships, strengthening responsible and transparent supply chains, and enhancing collaboration across the value chain to address evolving environmental, social, and market challenges collectively. HPL will also continue to invest in stakeholder engagement and community partnerships that support shared progress and long term social resilience.

By strengthening these interconnected networks and creating greater cohesion across its stakeholder ecosystem, Horana

Plantations aims to build a more adaptive, trusted, and future ready organisation where sustainable value is created collectively through enduring relationships and shared purpose







NATURAL CAPITAL

“Where Alignment Begins”

Every solution begins with a foundation.

The natural environment is the base layer of our entire system—providing the soil, water, biodiversity, and climate conditions that make plantation life possible.

Through conservation, regenerative practices, and sustainable land management, we ensure this critical dimension remains stable and resilient.



STRATEGIC COMPONENTS OF NATURAL CAPITAL



Soil Health & Fertility

Nutritious soil supports better harvests



Energy & Emission Management

Efficient energy & controlled emissions protect our climate



Biodiversity Conservation

Healthy habitat sustain rich biodiversity



Water Stewardship

Protect water, preserve our future

CAPITAL IN CONTEXT - Every move matters

Natural Capital at HPL functions as an interconnected system in which land, water, soil, biodiversity, climate, and energy are closely linked to operational performance, long term productivity, and community wellbeing. Changes in one area can directly influence outcomes across the broader plantation ecosystem, reinforcing the need for integrated management approaches across estates.

28t

Biochar production

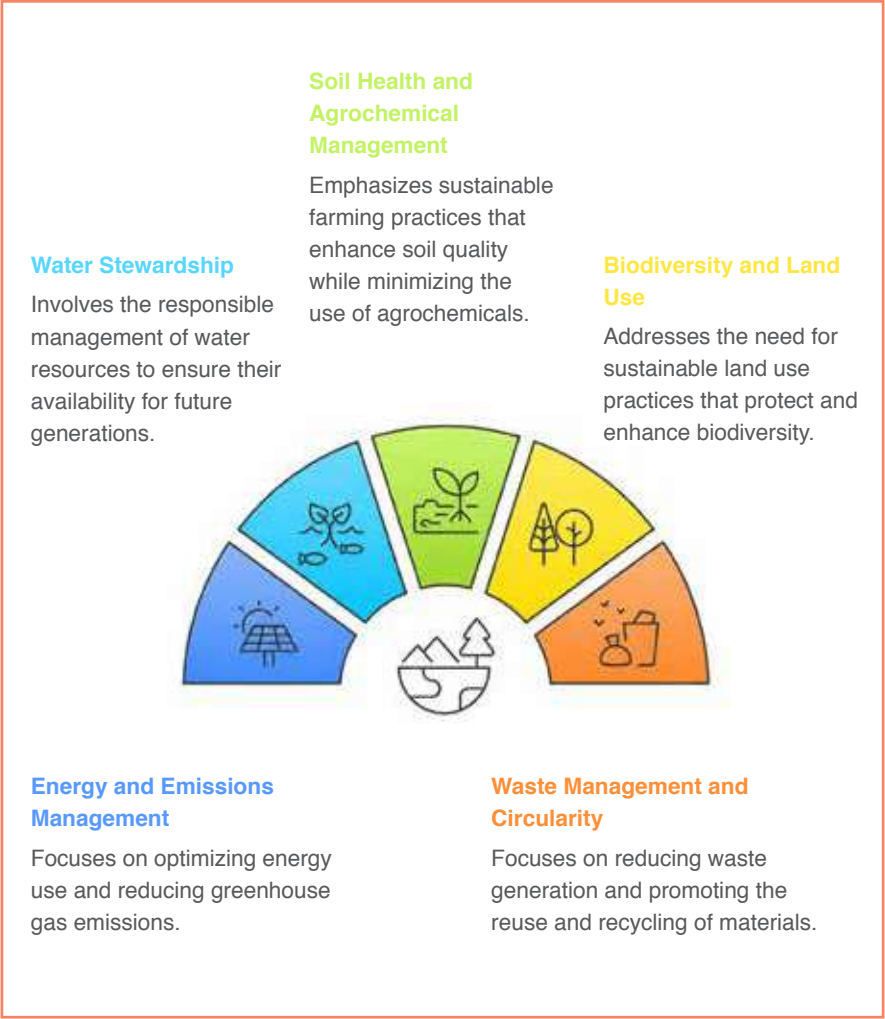
1,243 MWh

Renewable Energy Generation

Plantation agriculture is highly dependent on stable natural systems. Variability in rainfall, rising temperatures, soil degradation, biodiversity loss, and pressure on water resources can affect yields, increase input requirements, and disrupt operational continuity. At the same time, these interconnected challenges create opportunities to improve resilience, strengthen resource efficiency, accelerate renewable energy adoption, and restore ecosystem health across plantation landscapes.

HPL therefore manages Natural Capital through an integrated and long term approach that recognises the interdependence between environmental resources, operational resilience, and stakeholder wellbeing. Water stewardship, soil health, biodiversity conservation, climate action, and circular resource use are managed as connected priorities that collectively support sustainable plantation management and long term value creation.

Through this approach, HPL aims to strengthen ecosystem resilience while improving productivity, reducing environmental impacts, and supporting the long term sustainability of the natural systems that underpin the business.



SDG ALIGNMENT – NATURAL CAPITAL

HPL’s Natural Capital initiatives contribute to key United Nations Sustainable Development Goals by addressing climate resilience, resource efficiency, ecosystem protection, and sustainable agricultural practices. These efforts ensure that environmental stewardship is integrated into operational performance and long term value creation.

SDG	Focus Area	Relevant SDG Targets	How HPL Contributes	Key Initiatives / Examples
 SDG 6: Clean Water & Sanitation	Water stewardship & efficiency	6.3 Improve water quality 6.4 Increase water use efficiency 6.6 Protect water	Managing water as a shared resource while improving efficiency and quality	Rainwater harvesting ponds (24), fertigation & sprinkler systems, effluent treatment plants, buffer zones
 SDG 7: Affordable & Clean Energy	Renewable energy transition	7.2 Increase renewable energy 7.3 Improve energy efficiency	Increasing renewable energy use and reducing reliance on fossil fuels	Solar PV (on grid & off grid), mini hydro, biomass boilers, LED conversion, energy audits

NATURAL CAPITAL

SDG	Focus Area	Relevant SDG Targets	How HPL Contributes	Key Initiatives / Examples
 SDG 12: Responsible Consumption & Production	Resource efficiency & circularity	12.2 Sustainable resource use 12.5 Reduce waste generation	Improving material efficiency and reducing waste through circular practices	Composting, using vermi technology, biochar production, waste segregation, reusing plastics, reuse of biomass
 SDG 13: Climate Action	Climate mitigation & resilience	13.1 Climate resilience 13.2 Climate integration into strategy	Reducing emissions and strengthening climate resilience across estates	GHG inventory (Scope 1, 2, 3), renewable energy expansion, carbon neutral tea, climate resilient practices
 SDG 14: Life Below Water	Water quality & aquatic ecosystem protection	14.1 Reduce marine pollution 14.2 Protect aquatic ecosystems	Reducing water pollution and protecting freshwater ecosystems connected to plantation landscapes	Wastewater treatment systems, riparian buffer zones, watershed conservation, erosion control measures, runoff management, Kumbuk tree planting, water quality monitoring
 SDG 15: Life on Land	Biodiversity & land management	15.1 Ecosystem conservation 15.3 Land degradation neutrality 15.5 Biodiversity protection	Protecting ecosystems and improving land use practices	Conservation areas, agroforestry, invasive species removal, ecosystem restoration, Biodiversity assessments

OUR STRATEGIC FOCUS

HPL's approach to Natural Capital is embedded within its broader sustainability and operational strategy, reflecting the critical role that environmental stewardship plays in sustaining plantation productivity and long term value creation.

As a plantation business, our performance depends directly on the stability and quality of natural systems. In response, HPL integrates sustainability considerations into core decision-making, with a focus on managing climate related risks, improving resource efficiency, and strengthening ecosystem resilience across all estates. These priorities guide capital allocation, operational practices, and long term sustainability investments across HPL.

Our strategic focus is centred on three key priorities:

Building Climate Resilient and Low Carbon Operations

We continue to reduce exposure to climate and energy related risks by transitioning towards renewable energy and improving energy efficiency.

This includes expanding solar and mini hydro capacity across estates, supported by a growing base of on-grid and off-grid installations, alongside the continued use of sustainably sourced biomass for factory operations. Emissions are actively monitored through verified GHG inventories covering Scope 1, 2, and 3 emissions.

These efforts support our long term ambition of achieving net-zero emissions while reducing operational costs and energy dependence, supported by a high share of renewable energy across operations.

HPL STRATEGIC FOCUS: NATURAL CAPITAL INTEGRATION & RESILIENCE LOOP



Strengthening Resource Efficiency Across Water and Soil Systems

Efficient use of natural resources remains central to maintaining productivity and cost control.

HPL focuses on improving water security through rainwater harvesting, efficient irrigation systems, and watershed protection initiatives implemented across estates. At the same time, regenerative soil management practices including increased use of organic inputs, precision agriculture, and erosion control support long term soil health while reducing reliance on chemical inputs.

Together, these approaches improve input efficiency, enhance resilience to climate variability, and support stable yields across estates.

Protecting and Regenerating Ecosystems

We continue to strengthen biodiversity conservation and sustainable land use practices across our plantation footprint.

This includes expanding conservation areas, adopting agroforestry and shade grown systems, and implementing ecosystem restoration initiatives, including ongoing reforestation and shade based programmes that contribute to long term carbon and biodiversity outcomes.

In parallel, HPL promotes circular resource use through waste minimisation, composting, vermi techniques, biochar production and the reuse of biomass and other materials across operations.

GRI 3-3

ENERGY APPROACH

HPL recognises energy management as a key component of operational efficiency, climate resilience, and long term sustainability. Energy consumption across tea and rubber processing operations contributes to greenhouse gas (GHG) emissions and climate change, while

dependence on fossil fuels exposes the business to energy price volatility and transition risks. Climate related impacts associated with emissions may also affect vulnerable communities and worker livelihoods. In addition, the transition towards renewable energy systems requires significant upfront capital investment.



Factory rooftop solar installed at Kobowela

At the same time, the expansion of renewable energy systems and energy efficiency initiatives creates long term environmental, economic, and social benefits. Increased renewable energy use reduces operational energy costs, improves air quality within factories, and contributes to lower national GHG emissions. Cleaner energy systems also support healthier and safer working environments by reducing exposure to harmful emissions, while training and awareness programmes continue to strengthen employee knowledge and capacity in sustainable energy management.

Renewable energy continues to play a significant role across operations, accounting for:

- 89% of total energy consumption in 2025/26
- 88% in 2024/25

HPL also achieved a cumulative reduction of 41 tCO₂e through energy efficiency improvements and renewable energy adoption initiatives.

Negative impacts arise both from internal operations and business relationships. Operational impacts are primarily linked to energy consumption within tea and rubber processing activities, while indirect impacts arise through transportation, logistics, and associated fuel consumption across the value chain.

Improving Energy Efficiency and Expanding Renewable Energy

During the year, HPL continued to implement measures to improve energy efficiency, reduce operational emissions, and accelerate the transition towards renewable energy across estates and factories.

Energy efficiency improvements included the renovation of Alton Factory, which involved upgraded electrical wiring

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systems, full LED lighting conversion, and integration of natural lighting concepts to reduce electricity demand. Digital hygrometers were installed at Gouravilla to optimise withering processes and minimise unnecessary energy use, while rooftop solar installations continued to expand across operations in line with green building concepts. Moisture meters were also introduced to monitor biomass fuel efficiency, supported by machinery upgrades and regular maintenance programmes aimed at improving operational performance. Technology driven systems were also introduced to strengthen energy optimisation and operational efficiency, including IoT based monitoring systems and Variable Frequency Drive (VFD) controllers across selected operations.

HPL also strengthened stakeholder awareness and technical capacity through energy management and sustainable agriculture training programmes. HPL engaged with the Sri Lanka Sustainable Energy Authority (SLSEA) and GIZ under the PEEB Cool Programme on energy benchmarking within the tea sector and participated in the 3rd International Conference on Resource Efficiency, Energy Management, and Circular Economy organised by the National Cleaner Production Centre (NCPC).

HPL continued to address operational emissions through ongoing energy efficiency improvements and increased adoption of renewable energy sources across estates and factories.

Renewable Energy, Biomass and Smart Systems

HPL continued to expand renewable energy infrastructure during the year, increasing on site renewable energy generation capacity and reducing dependence on conventional energy sources.

As at March 2026:

- Total installed solar capacity reached 1,474 kW
- A total of 38 solar systems had been installed across operations
- HPL continues to progress towards its target of installing 58 solar PV systems by 2030
- Installation of the Eildonhall factory rooftop solar system was ongoing during the year

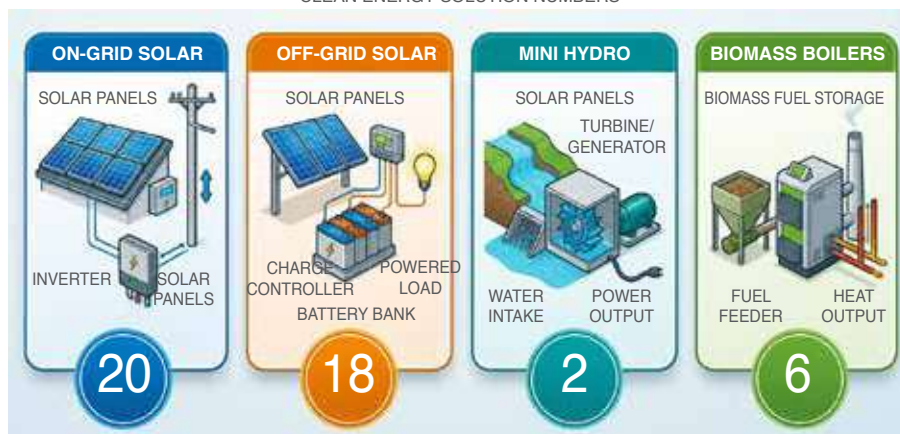
HPL also strengthened energy efficiency through technology driven systems, including the installation of IoT based real time temperature monitoring systems in rubber factories to optimise drying

HPL aligns its energy management approach with global standards, national frameworks, and climate commitments, including:

- United Nations Global Compact (UNGC)
- SDG 7: Affordable and Clean Energy
- ISO 50001:2018 Energy Management Systems (under implementation)
- Science Based Targets for emissions reduction
- ISO 14064-1:2018 aligned GHG inventory verification covering Scope 1, 2, and 3 emissions
- Carbon Neutral Certification under the Sri Lanka Certified Emission Reductions Plus (SCER+) Scheme and Sri Lanka Carbon Crediting Scheme (SLCCS)
- Sri Lanka Sustainable Energy Authority's Sooriyabala Sangaramaya ("Battle for Solar Energy") programme
- Ministry of Environment's Carbon Net Zero 2050 Roadmap and Strategic Plan
- 2015 Paris Agreement and HPL's commitment to achieving net zero emissions by 2050
- The Environmental Act of Sri Lanka

RENEWABLE ENERGY SYSTEMS

CLEAN ENERGY SOLUTION NUMBERS



tower temperatures and reduce fuelwood consumption.

Variable Frequency Drive (VFD) controllers were also adopted to improve energy management and operational efficiency.

HPL completed the transition of furnace boilers to biomass fired systems and continued to strengthen sustainable biomass sourcing practices. This included

the establishment of bamboo plantations to support long term biomass supply, increased use of internally sourced fuelwood within rubber factories, and utilisation of FSC certified rubberwood as a sustainable biomass source at Frocester Estate.

In addition, two mini hydropower plants with a combined generation capacity of 120 kW continued to operate across estates, supporting renewable energy generation and reducing reliance on fossil fuel based electricity.

HPL's renewable energy mix supports lower carbon operations while strengthening energy security, operational resilience, and long term resource efficiency across estates.

GRI 302-1,2,3,4 & 5

Energy Consumption and Efficiency Performance

HPL continued to strengthen energy efficiency and renewable energy integration across operations during 2025/26, while monitoring energy performance in line with ISO 14064-1:2018 standards and IPCC AR6 (2023) conversion methodologies. Energy performance data is derived from direct operational measurements and monitored through structured reporting systems across estates and factories.

Total energy consumption during the year amounted to 144,651 GJ, compared with 142,504 GJ in 2024/25. Renewable energy continued to represent the majority of energy consumption across operations, accounting for 128,422 GJ in 2025/26 compared with 124,908 GJ in the previous year. Renewable energy sources included biomass, hydropower, and solar energy systems implemented across estates and During FY 2025/26, there was no reduction in total energy consumption; instead, it increased by 1.5%.

Non-renewable fuel consumption during 2025/26 amounted to 7,100 GJ, compared with 7,710 GJ in 2024/25, reflecting continued efforts to reduce dependence on fossil fuels through energy efficiency improvements and increased adoption of renewable energy systems.

Electricity and operational energy consumption totalled 10,019 GJ during the year, compared with 10,860 GJ in 2024/25. In addition, 643 GJ of renewable energy generated across operations during 2025/26.

HPL achieved a net reduction of 610 GJ in non-renewable energy consumption compared with the 2024/25 baseline year. These reductions were achieved directly through operational conservation and efficiency initiatives, including renewable energy adoption, process optimisation, energy management systems, and energy efficiency improvements across estates and factories. Reported reductions exclude impacts associated with reduced production capacity or outsourcing activities.

Energy intensity during the year was recorded at 22.99 GJ per tonne of production, reflecting continued focus on improving operational efficiency and resource optimisation across plantation operations.

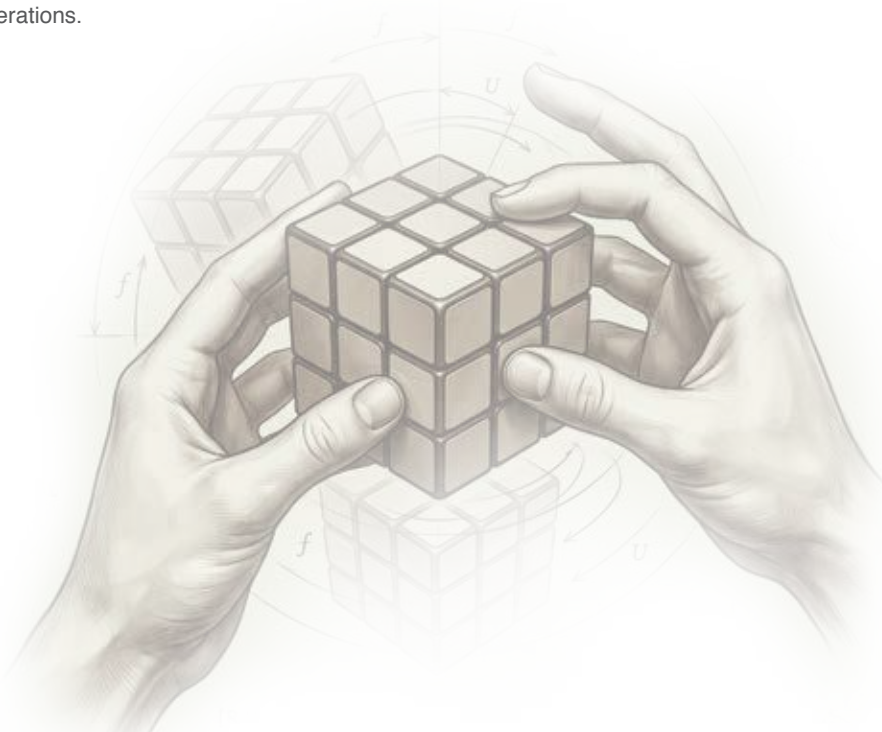
HPL continues to reduce energy requirements across its operations through process optimisation and the adoption of energy efficient technologies. Improvements such as upgraded machinery, efficient drying systems, and better energy management practices have contributed to lowering energy consumption by 8% per unit of production. These initiatives not only enhance operational efficiency but also reduce environmental impact by minimising overall energy demand.

The total energy consumption outside the organisation is approximately 633.44 GJ, based on available data and estimation methods.

Energy performance calculations and emissions related methodologies continue to align with:

- ISO 14064-1:2018
- IPCC AR6 (2023) conversion factors and methodologies

Performance monitoring is supported through direct measurements and operational reporting systems across estates and processing facilities.

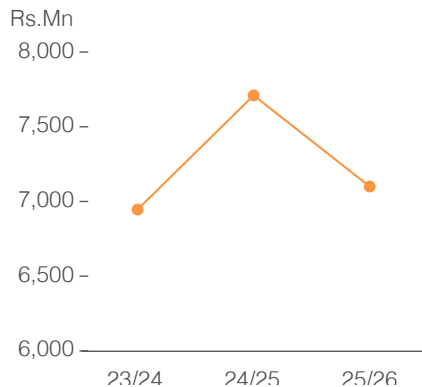


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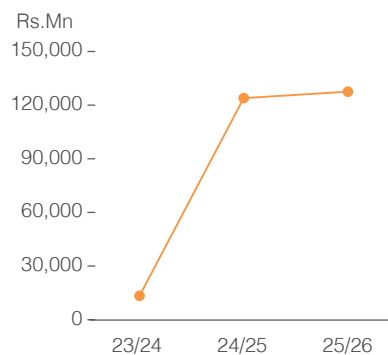


Factory rooftop solar installed at Frocester

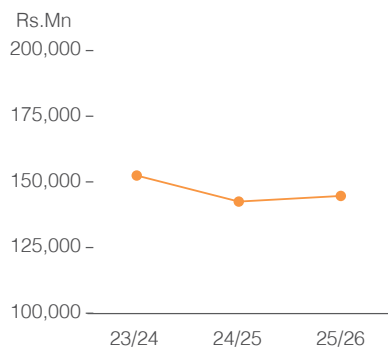
NON RENEWABLE ENERGY CONSUMPTION



RENEWABLE ENERGY CONSUMED



TOTAL ENERGY CONSUMPTION



GRI 3-3

EMISSIONS MANAGEMENT AND CLIMATE ACTION

HPL manages greenhouse gas (GHG) emissions through an integrated climate management approach focused on improving operational efficiency, expanding renewable energy use, strengthening climate resilience, and reducing emissions across operations and the value chain. Emissions arise primarily from fuel consumption, purchased electricity,

transportation, agricultural inputs, and wastewater generation across estates and factories.

The HPL continues to reduce emissions through renewable energy expansion, energy efficiency improvements, climate smart agriculture, circular resource use, and carbon sequestration initiatives. During 2025/26, HPL continued to expand solar and mini hydro systems, strengthen biomass based energy generation, improve fertiliser efficiency through precision agriculture practices, and increase the use of compost, biochar, vermicompost, and vermiwash across operations.

Carbon sequestration initiatives also continued through the HPL REGROW and T-SHADE projects, under which:

- 6,013 trees were planted through the REGROW Project
- 6,293 shade trees were planted through the T-SHADE Carbon Project
- TSHADE Project is now listed on Verra's Verified Carbon Standard (VCS) Pipeline.



Additional climate initiatives included rainwater harvesting pond development, bamboo pot initiatives, sustainable biomass sourcing, and the continued implementation of circular waste management practices aimed at reducing emissions while improving soil health and resource efficiency.

HPL's GHG inventory is prepared annually in accordance with ISO 14064-1:2018 standards and covers Scope 1, Scope 2, and Scope 3 emissions. Emissions performance is monitored through the Hayleys CUBE Sustainability Data Management System and independently verified by the Sri Lanka Climate Fund, supported by accredited third party laboratories and external technical expertise.



Shade trees geo-tagged under the T Shade Programme using GIS mapping to monitor tree numbers and locations

HPL also continues to engage with industry platforms, regulators, and external partners including the National Cleaner Production Centre (NCPC), Sri Lanka Climate Fund, UNGC Climate Emergency Task Force, and Science Based Targets initiative (SBTi) to strengthen climate related actions and long term decarbonisation efforts.

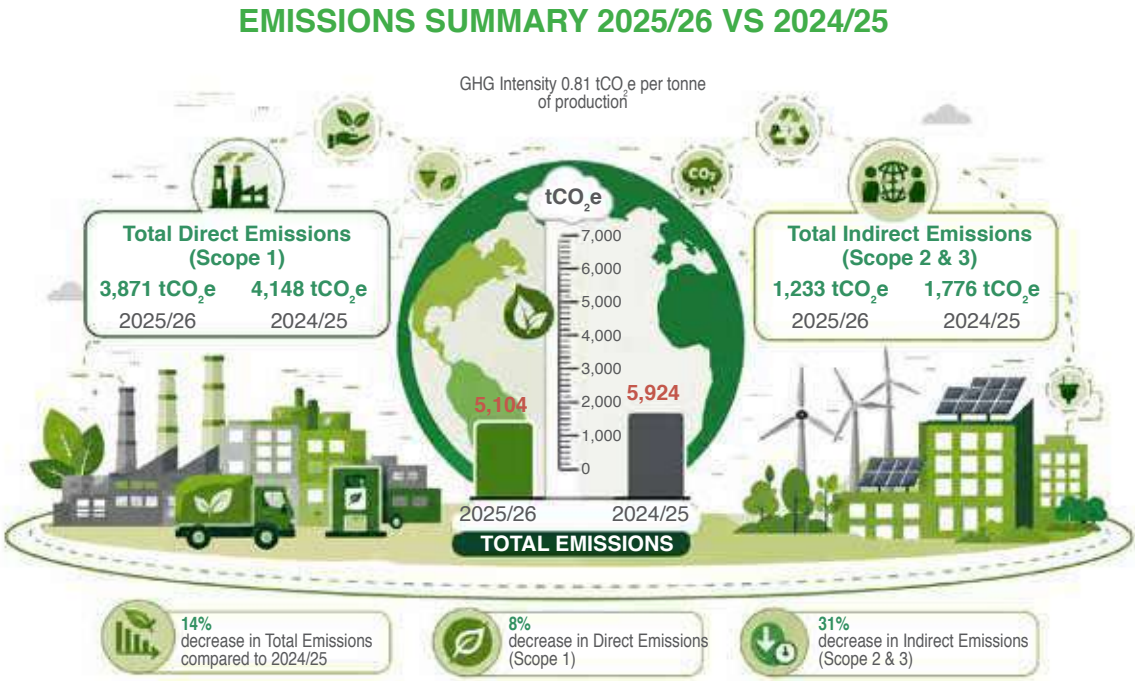
Progress against Climate and Energy targets

Strategic Priority	Target	Progress as at March 2026
Renewable energy transition	Install solar panels across all factory rooftops by 2030	10 factory rooftop solar systems completed
Renewable energy integration	Expand rooftop solar systems across factories and estate bungalows	Ongoing expansion across estates and operational buildings
Sustainable biomass sourcing	Achieve 100% sustainable biomass sourcing	Ongoing – Rubber processing units utilise internally sourced biomass, including FSC-certified rubberwood from Frocester Estate
Reduce energy related emissions	30% reduction in Scope 1 & 2 energy related emissions by 2030	On track – 29 tCO ₂ e reduction achieved
Reduce absolute emissions	30% reduction in absolute Scope 1 & 2 emissions by 2030	On track – 334 tCO ₂ e reduction achieved
Reduce Scope 3 emissions	10% reduction in Scope 3 emissions by 2030	Initiated – 486 tCO ₂ e reduction achieved
Long term decarbonisation	Reduce carbon emissions by 50% by 2030	820 tCO ₂ e reduced to date
Carbon neutral products	Achieve carbon neutral products by 2030	Two tea garden marks (Alton and Gouravilla) certified carbon neutral
Energy efficiency	Achieve 100% LED lighting conversion	Achieved
Climate smart agriculture	Reduce chemical fertiliser use by 50% by 2030	8% achieved through increased organic inputs
Operational energy optimisation	Install VFD systems by 2027	7% completed
Climate resilience and water security	Construct rainwater harvesting ponds across all divisions by 2026	24 of 51 divisions completed

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Emissions Source	2025/26 (tCO ₂ e)	2024/25 (tCO ₂ e)
Total Direct Emissions (Scope 1)	3,871	4,148
Total Indirect Emissions (Scope 2 & 3)	1,233	1,776
Total Emissions	5,104	5,924

GRI 305-4 ,5 & 13.1.8



HPL’s GHG inventory includes emissions associated with stationary combustion, mobile fuel use, purchased electricity, transportation, agricultural inputs, wastewater generation, and transmission and distribution losses. Emissions calculations are based on:

- ISO 14064-1:2018
- IPCC AR6 methodologies
- The Greenhouse Gas Protocol (WRI/WBCSD)
- Sri Lanka Sustainable Energy Authority (SLSEA) National Energy Balance
- Ceylon Electricity Board (CEB) Statistical Digest



Biochar Production Supporting Emission Reduction Through the Mitigation of Methane Emissions from Organic Waste”



Green belts, conservation areas enhancing carbon sequestration

GHG Emissions Data

GRI 305-1 & 13.1.5

Direct (Scope 1) GHG emissions

a. Gross direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent include land use change emissions if land is converted from one land use category to another, including natural ecosystem conversion.	2025/26 3871 (tCO ₂ e)
b. Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all.	CO ₂ , CH ₄ , N ₂ O
c. Biogenic CO ₂ emissions in metric tons of CO ₂ c. equivalent	Biogenic CO ₂ emissions are excluded from our GHG Inventory calculations
d. Base year for the calculation, if applicable 2024/25 NATURAL CAPITAL Empowering Growth, Enriching Communities(i) emissions in the base year; (ii) the context for any significant changes in emissions that triggered recalculations of base year emissions	2024/2025 4,148 (tCO ₂ e)
e. Source of the emission factors and the global warming potential (GWP) rates used, or reference to the GWP source.	The greenhouse gas protocol: A corporate accounting and reporting standard, WRI/ WBCSD Sri Lanka Sustainable Energy Authority (SLSEA), National Energy Balance (2022)
f. Consolidation approach for emissions; whether equity share, financial control, or operational control.	Operational control
g. Standards, methodologies, assumptions, and/or calculation tools used.	The GHG emissions inventory has been prepared in accordance with ISO 14064-1:2018 standards. The assessment encompasses a comprehensive range of direct (Scope 1) emission sources, including: • Combustion of firewood • Operation of on-site diesel generators • Fuel use from company owned diesel and petrol vehicles (including off-road and agricultural machinery) • Liquefied Petroleum Gas (LPG) consumption • Emissions from wastewater treatment • Use of CO₂ fire extinguishers • CO₂ emissions from urea and dolomite application • Nitrous oxide (N₂O) emissions from nitrogen based fertilizers This detailed inventory allows HPL to accurately measure and manage its carbon footprint in line with international best practices.

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GRI 305-2 & 13.1.6

Indirect (Scope 2) GHG emissions

a. Gross location based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ Equivalent	1059 tCO ₂ e
b. If applicable, gross market based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent.	NA
c. If available, the gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all.	-
d. Base year for the calculation, if applicable	2024/25
i. the rationale for choosing it	We have commenced the GHG inventory and carbon footprint calculations for all 14 estates, identified new emission sources for inclusion, and completed the calculations for the first time based on the financial year
ii. emissions in the base year	
iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.	
	1116
	None
e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source	The greenhouse gas protocol: A corporate accounting and reporting standard, WRI/ WBCSD Sri Lanka Sustainable Energy Authority (SLSEA), National Energy Balance (2022) Ceylon Electricity Board (CEB), Statistical digest (2024)
f. Consolidation approach for emissions; whether equity share, financial control, or operational control	Operational control
g. Standards, methodologies, assumptions, and/or calculation tools used.	ISO 14064-1: 2018 standard Each month each estate conducts a stock verification and confirms that all the used values are accurate. Manager/ Asst. Manager of each estate is responsible for this verification and for all the invoice bills. By using this accurate data, GHG emissions were calculated according to the IPCC guidelines based on annual fuel usage

GRI 305-3 & 13.1.7

Other indirect (Scope 3)

a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO ₂ equivalent (13.1.4) include land use change emissions	174 (tCO ₂ e)
b. If available, the gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all	N ₂ O, CH ₄ , CO ₂
c. Biogenic CO ₂ emissions in metric tons of CO ₂ equivalent	Biogenic CO ₂ emissions are excluded from our GHG Inventory calculations
d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation	Loss of grid energy in transmission & distribution for supplying purchased grid electricity, Upstream and downstream transport,

Other indirect (Scope 3)

e. Base year for the calculation, if applicable, including	2024/25
i. the rationale for choosing it	We have commenced the GHG inventory and carbon footprint calculations for all 14 estates, identified new emission sources for inclusion, and completed the calculations for the first time based on the financial year
ii. emissions in the base year	660 (tCO2e)
iii. the context for any significant changes in emissions that triggered recalculations of base year emissions that triggered recalculations of base year emissions	None
f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source	The greenhouse gas protocol: A corporate accounting and reporting standard, WRI/ WBCSD Sri Lanka Sustainable Energy Authority (SLSEA), National Energy Balance (2022) Ceylon Electricity Board (CEB), Statistical digest (2024)
g. Standards, methodologies, assumptions, and/or calculation tools used	ISO 14064-1: 2018 standard Assessment was done based on Indirect emission from other sources – loss of grid energy in transmission & distribution for supplying purchased grid electricity

GOVERNANCE, MONITORING AND STAKEHOLDER ENGAGEMENT

HPL continues to monitor energy generation, consumption, and emissions performance through a combination of digital monitoring systems and structured reporting processes. Solar energy generation is tracked through the SUNNY PORTAL and SolaXCloud platforms, while hydropower generation is monitored and recorded daily. Monthly solar performance is assessed through generation reports, and drying tower temperatures are monitored in real time through mobile based applications. Monthly energy performance data is also uploaded to the Hayleys CUBE Sustainability Data Management System for centralised monitoring and analysis.



SUNNY PORTAL - Solar Generation Monitoring Platform

HPL’s carbon footprint is measured annually in accordance with ISO 14064-1:2018 standards, covering:

- Scope 1: Direct emissions
- Scope 2: Purchased electricity
- Scope 3: Supply chain emissions

Energy and emissions performance is monitored through the Hayleys CUBE Sustainability Data Management System, supported by monthly operational tracking across estates and factories.

HPL’s GHG inventory is prepared annually in accordance with ISO 14064-1:2018 standards and independently verified by the Sri Lanka Climate Fund, while emissions and air quality testing continue to be conducted through accredited third party laboratories.

HPL continues to engage employees, regulators, technical experts, and external verification bodies to strengthen energy performance and emissions management across operations. Daily solar generation data is shared internally through the HPL Solar WhatsApp group to improve

operational awareness and monitoring, while monthly energy performance data is reported through the Hayleys CUBE platform.

HPL’s annual GHG inventory is independently verified by the Sri Lanka Climate Fund and disclosed to stakeholders, supporting transparency, accountability, and continuous improvement in energy and emissions management.

Key partnerships include collaboration with:

- National Cleaner Production Centre (NCPC)
- Sri Lanka Climate Fund
- UNGC Climate Emergency Task Force
- Sri Lanka Sustainable Energy Authority (SLSEA)

These engagements support continuous improvement in emissions management, renewable energy optimisation, climate resilience, and long term decarbonisation planning across operations.

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GRI 3-3 & 13.7.1

WATER STEWARDSHIP

Water is a critical shared resource that supports plantation productivity, ecosystem health, and community wellbeing across HPL's operations. Increasing climate variability, irregular rainfall patterns, prolonged dry periods, and declining water quality continue to heighten water related risks across estates, with the potential to affect crop productivity, operational continuity, ecosystem stability, and public health within estate communities.

HPL manages water through an integrated stewardship approach focused on improving water efficiency, safeguarding water quality, strengthening long term water security, and protecting surrounding ecosystems. Water stewardship initiatives are aligned with Environmental Protection Licence (EPL) requirements under the National Environment Act, the United Nations Global Compact (UNGC), the UNGC CEO Water Mandate, and the Hayleys Lifecode framework.

During the reporting period, no significant actual negative impacts relating to water management were identified through HPL's operations or business relationships.

GRI 303-1 & 13.7.2

Managing Water as a Shared Resource

Water is used across estates for irrigation, processing operations, and domestic consumption within estate communities. To strengthen resilience and reduce reliance on external water sources, HPL continues to combine surface water use with a network of 24 rainwater harvesting ponds with a combined storage capacity of 23 acre-feet.

Water efficient irrigation practices continued to be strengthened across estates through:

- Sprinkler systems in nurseries and tea fields



Sprinkler Irrigation System Implemented as a Water-Efficient Irrigation Practice

- Drip irrigation systems in coffee plantations
- Fertigation systems at selected estates
- Soil moisture monitoring, mulching, and ground cover management practices

These initiatives improve irrigation efficiency, reduce water wastage, strengthen water retention, and support long term operational resilience.

HPL also recognises water as a shared community resource. Rainwater harvesting systems contribute to groundwater recharge and ecosystem stability, while community water infrastructure initiatives continue to improve access to safe water and sanitation. During the year, HPL continued to support community water

Snapshot of Water Resource Management 25/26

24 Rainwater harvesting ponds

23 ac-ft

Combined pond storage capacity



Tillicoultry Estate community water project supporting sustainable access to clean water.



Rainwater Harvesting Pond

access through projects including the Tillicoultry water supply initiative.

Protecting Water Sources and Ecosystems

HPL actively protects watersheds, catchment areas, and surrounding ecosystems through conservation and sustainable land management practices. Measures implemented across estates include:

- Maintenance of riparian buffer zones and chemical free zones around water bodies
- Erosion prevention and drainage management systems
- Vegetative barriers and nature based filtration systems, including Kumbuk tree planting
- Watershed conservation and ecosystem restoration initiatives



HPL also continued to strengthen watershed restoration efforts through collaboration with the United Nations Development Programme (UNDP) under a Payment for Ecosystem Services initiative focused on rehabilitating critical watersheds and associated stream networks within plantation landscapes. This initiative is recognised as one of only three pilot projects of its kind in Sri Lanka.



Agreement signed between HPL and UNDP for the PES project.

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Project REGROW also contributes to improving water quality at a key source of the Kelani River, supporting ecosystem protection and water security for downstream communities.

Water Risk	How We Manage It
Water Scarcity & Seasonal Variability	Strengthened water security through 24 rainwater harvesting ponds, supported by efficient irrigation systems such as fertigation and sprinklers. Soil moisture monitoring and mulching practices are used to optimise irrigation and reduce demand during dry periods.
Climate Variability (Irregular Rainfall & Drought)	Improved resilience through water storage systems, irrigation efficiency, and adaptive water management planning, ensuring continuity of operations during periods of water stress.
Water Pollution	Prevented contamination through safe agrochemical handling, buffer zones, and proper drainage systems. Regular water quality testing (pH, BOD, COD, TSS) is conducted, supported by awareness programmes and nature based solutions such as riparian planting and Kumbuk trees to improve water quality.
Runoff & Soil Contamination	Introduced drainage and sediment control systems to reduce fertiliser and soil runoff. Ongoing feasibility studies explore physical barriers to capture solid waste from waterways.
High Water Consumption	Reduced consumption through rainwater harvesting, targeted irrigation (fertigation, sprinklers), soil moisture monitoring, and mulching practices, ensuring efficient water use across plantations.
Community Water Access & Health Risks	Supported access to safe water through community water systems and awareness programmes, while ensuring safe discharge through effective wastewater treatment systems.

GRI 303-2 & 13.7.3

MANAGING WATER QUALITY AND DISCHARGE

HPL manages wastewater and water discharge through structured treatment, monitoring, and compliance systems designed to minimise environmental impacts and protect surrounding water bodies.

Wastewater generated through plantation operations is treated through sedimentation tanks, filtration systems, and effluent treatment plants prior to discharge or reuse. Treated wastewater is reused for irrigation and operational purposes where feasible, supporting circular water use and reducing freshwater withdrawal requirements.



Wastewater treatment plant at Frocester Estate rubber processing unit

Water quality and discharge performance are monitored regularly through accredited laboratories using parameters including:

- pH
- Biological Oxygen Demand (BOD)
- Chemical Oxygen Demand (COD)

- Total Suspended Solids (TSS)
- Turbidity
- Faecal coliform

HPL maintains full compliance with Central Environmental Authority (CEA) regulations and all operational locations continue

to operate under valid Environmental Protection Licences (EPL). Water discharge practices are aligned with:

- National Environmental (Protection and Quality) Regulations No. 1 of 2008 (as amended)
- National Environmental (Noise Control) Regulations No. 1 of 1996

The sensitivity and profile of receiving water bodies are also assessed in line with CEA guidelines to minimise impacts on surrounding ecosystems. During the reporting period, no incidents of non compliance relating to water quantity or quality permits, standards, or regulations were recorded.

GRI 303-3, 4, 5 & 13.7.4, 5, 6

WATER PERFORMANCE AND MONITORING

Water withdrawal, consumption, discharge, and quality are monitored through the Hayleys CUBE Sustainability Data Management System, supported by regular laboratory testing and independent certification assessments.

During 2025/26:

Total water withdrawn amounted to

16.829 ML

Total water discharge amounted to

16.829 ML

Total water consumed amounted to

16.829 ML

Water intensity was

40.45 M³ per tonne of production

Water withdrawal was supported through surface water sources and rainwater harvesting infrastructure across estates. HPL also continued to assess operational exposure to water stress. Operations in Kalutara were located within low water stress regions, while operations in Nuwara Eliya were situated within areas classified as moderate-to-high baseline water stress. These assessments continue to inform water conservation and long term resilience planning across operations.

Water stewardship performance also continues to be supported through independent audits and certification assessments under:

- ISO 14001:2015
- Forest Stewardship Council (FSC)
- Rainforest Alliance
- Ecolabel certifications



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Progress Against Water Priorities

Priority	Progress as at March 2026
Strengthen rainwater harvesting capacity	24 rainwater harvesting ponds maintained (23 acre-feet capacity)
Improve irrigation efficiency	Fertigation, sprinkler systems, drip irrigation, and soil moisture monitoring expanded
Improve community access to water	Tillicoultry water supply initiative continued
Strengthen watershed conservation	UNDP watershed restoration partnership ongoing
Maintain water quality compliance	Zero incidents of non compliance recorded
Expand water reuse initiatives	Treated wastewater reuse continued across operations

Governance, Partnerships and Stakeholder Engagement

HPL continues to engage regulators, development agencies, certification bodies, estate communities, technical experts, and local authorities to strengthen long term water stewardship initiatives and improve water resilience across plantation landscapes.

Key stakeholder collaborations include:

- Central Environmental Authority (CEA)
- United Nations Development Programme (UNDP)
- Rainforest Alliance
- ADRA and World Vision
- Plantation Human Development Trust (PHDT)
- UNGC Water & Ocean Stewardship Working Group
- Accredited laboratories and technical experts

These partnerships support watershed conservation, water infrastructure development, regulatory compliance, water quality testing, community engagement, and continuous improvement of water stewardship practices across operations.

SOIL HEALTH AND AGROCHEMICAL MANAGEMENT

Managing Soil as a Strategic Asset

HPL manages soil as a critical natural asset that directly supports plantation productivity, resource efficiency, climate resilience, and long term operational sustainability. Soil degradation, nutrient depletion, erosion, declining organic matter, and excessive agrochemical dependence remain key risks across

plantation landscapes, with direct implications for yield stability, ecosystem health, and input costs.

In response, HPL adopts an integrated soil management approach that combines regenerative agriculture, precision farming, responsible agrochemical management, and circular resource use to maintain long term soil fertility while reducing dependence on externally sourced inputs and synthetic fertilisers.

Snapshot of Soil Health 25/26

11768 L

USAGE OF Herbicides

8 %

OF total fertilizer = organic

123,000kg

USAGE OF ORGANIC FERTILISER

28,000kg

BIOCHAR PRODUCTION

Table Soil Risk vs Response

Risk	Response
Erosion	Contour planting, terracing, Cover crops
Nutrient loss	Organic inputs
Moisture loss	Mulching, irrigation
Chemical risk	IPM

GRI 3-3 & 301-1,2 & 3

Advancing Sustainable Material Use

HPL continued to strengthen circular material use across operations by increasing the reuse, recovery, and substitution of materials within plantation and factory processes. During 2025/26,

approximately 80% of organic waste generated across operations was converted into value added products including compost, vermicompost, vermiwash, and biochar, supporting circular resource flows while reducing dependence on externally sourced agricultural inputs. Green leaf, latex, and oil palm our core raw materials account for over 86% of total inputs, while non renewable inputs such as fertilisers, agrochemicals, and dolomite constitute the remaining 14%.

- 11029 tonnes of green leaf
- 609 tonnes of Latex
- 3516 tonnes of Oil palm
- 11768 L of Agrochemicals
- 1759 tonnes of Fertilizer
- 546 tonnes of Dolomite

Organic agricultural waste streams, including weeds, pruning residues, refused tea, boiler ash, and other biodegradable materials, continue to be recovered and reused within estates. Food grade product requirements and the nature of export markets limit the feasibility of using recycled packaging materials and reclaiming packaging. Nevertheless, HPL remains committed to minimising environmental impact by utilising recyclable paper sacks and prioritising suppliers that provide sustainable, low-footprint packaging solutions, thereby



Vermi wash production unit at Mahanilu Estate supporting sustainable agriculture practices



Mini-scale biochar production unit at Mahanilu Estate promoting sustainable soil enhancement

supporting responsible resource use across its value chain.

GRI 13.5.1

Strengthening Soil Health and Fertility

HPL continued to improve soil quality and nutrient management through the increased use of organic inputs produced from plantation waste streams. Compost, vermicompost, vermiwash, biochar, pruning residues, weeds, and other biodegradable materials continued to be recovered and reused within estates, supporting circular resource use while

improving soil organic matter and nutrient retention. The company maintains a soil management plan that is publicly available as part of the HPL Agricultural Policy. This plan outlines key practices to ensure sustainable soil use and long term land productivity. It also identifies major threats to soil health, including soil erosion, nutrient depletion, and improper land management, and establishes measures to mitigate these risks effectively.

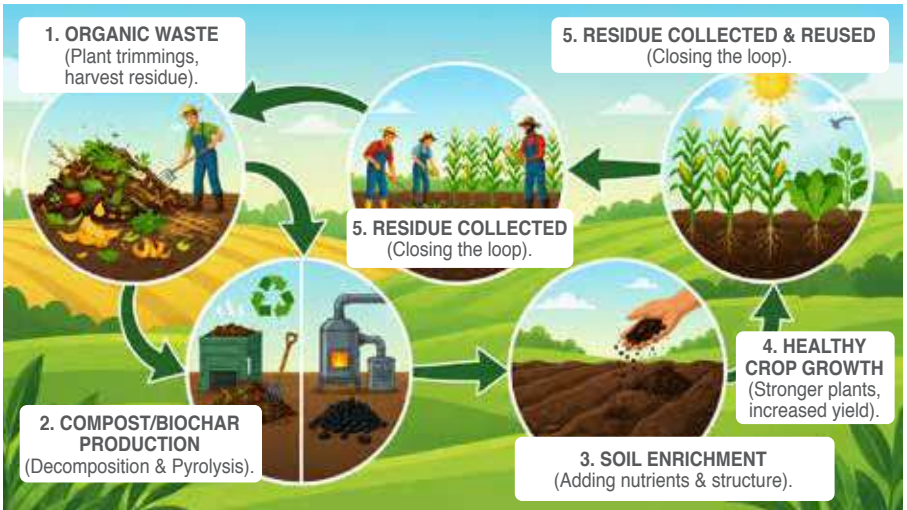
During 2025/26:

- 166 tonnes of compost
- 3 tonnes of vermicompost
- 28 tonnes of biochar



Biochar application in oil palm cultivation enhancing soil health and carbon sequestration.

CIRCULAR AGRICULTURAL ECONOMY: ORGANIC WASTE RECYCLING LOOP



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CIRCULAR AGRICULTURAL ECONOMY: ORGANIC WASTE RECYCLING LOOP



were produced across estates to strengthen soil fertility and improve long term soil structure.

These initiatives were further supported through weed buy back systems, mulching, ground cover management, improved irrigation practices, shade planting, and drainage management systems aimed at improving moisture retention, stabilising soil structure, and reducing nutrient loss. Soil condition assessments, including nutrient testing, pH analysis, and soil health monitoring, continued to inform soil conditioning and nutrient management practices across estates.

Organic input application also contributed to reducing dependence on chemical fertilisers, with approximately 8% of total nutrient requirements met through organic sources during the year.

Preventing Soil Degradation and Erosion

Given the sloped terrain across many plantation areas, soil conservation remains

a key operational priority. HPL continued to implement contour planting, terracing, cover cropping, vegetative barriers, green manuring, and buffer strips to reduce runoff, minimise soil erosion, and improve nutrient retention across estates.



Drainage and sediment control system introduced at Millakande Estate enhancing environmental protection and soil conservation.



Vegetative barriers introduced to reduce soil erosion and protect land stability.

Drainage and sediment control systems were also maintained to reduce the movement of fertilisers and sediments into surrounding ecosystems and waterways. During the year, approximately 271 hectares remained under contour planting, terracing, and cover cropping practices aimed at strengthening soil stability and reducing long term land degradation risks.

GRI 13.6.1 & 2

Optimising Agrochemical Use

HPL manages agrochemical use through a structured Integrated Pest Management (IPM) approach that prioritises biological, cultural, and mechanical control methods ahead of chemical intervention. Agrochemical applications are guided by Tea Research Institute (TRI) recommendations, Rainforest Alliance requirements, FSC certification standards, and internal operational controls designed to minimise environmental and health related risks. The use of pesticides is carefully justified and limited to situations where pest populations exceed economic

thresholds, posing a significant risk to crop yield and quality, and when alternative control measures are insufficient to effectively manage the threat.

HPL avoids the use of Highly Hazardous Pesticides (HHPs) and prioritises lower risk alternatives wherever feasible. Where chemical intervention is necessary, targeted application methods such as spot spraying are used to minimise environmental impacts and reduce unnecessary chemical use.

Operational controls include:

- Restricted entry intervals
- Pre harvest controls
- Worker safety procedures
- Mandatory use of personal protective equipment (PPE)
- Continuous worker training programmes



Chemical application carried out using appropriate PPE to ensure safety and responsible handling.

These measures support safer agrochemical handling practices while improving input efficiency and reducing long term environmental risks.

Hazardous Agrochemical Usage Profile

Hazard Category	Usage
Extremely hazardous	0
Highly hazardous	0
Other approved categories	11,768

HPL avoids the use of Highly Hazardous Pesticides (HHPs) and prioritises lower risk alternatives, applying chemicals only when pest levels exceed economic thresholds.

Operations remained aligned with internal agrochemical management protocols and applicable certification requirements during the reporting period.

Precision Agriculture and Regenerative Soil Management

HPL continued to strengthen precision agriculture and regenerative land management practices aimed at improving resource efficiency, reducing input losses, and enhancing long term climate resilience across estates.

Remote sensing technologies, real time field monitoring systems, and precision input application practices continued to support more targeted fertiliser and irrigation management across operations. Fertigation systems, soil moisture monitoring, and adaptive field management practices also contributed to improved input efficiency and reduced resource wastage.



A drip irrigation system has been introduced in the Stockholm Estate coffee block to improve water efficiency and support sustainable cultivation practices. This system delivers water directly to the plant roots, minimizing wastage and ensuring optimal soil moisture for better crop growth and productivity.

Soil management initiatives continued to support HPL’s broader climate strategy through increased soil carbon storage, improved moisture retention, and enhanced vegetation cover. Composting, biochar application, reforestation, and shade management initiatives under programmes such as REGROW and T-SHADE continued to contribute towards strengthening carbon sequestration and ecosystem resilience across plantation landscapes.

These integrated soil management practices collectively support operational efficiency, resource optimisation, and long term sustainability across estates.

These practices are supported by continuous training and performance monitoring, enabling adaptive management based on field conditions and crop response.

Enhancing Carbon Sequestration

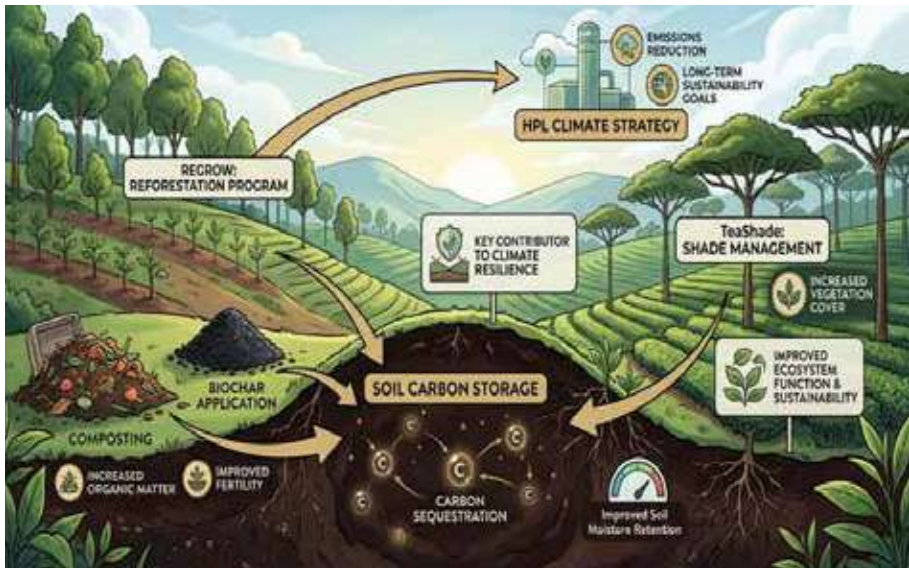
Soil management is closely linked to HPL’s climate strategy. By increasing organic matter through composting and biochar application, HPL enhances soil carbon storage while improving fertility. These efforts are complemented by broader initiatives such as reforestation and shade management under programmes like REGROW and T-SHADE.

Improved soil moisture retention and vegetation cover further support carbon sequestration, positioning soil as a key contributor to climate resilience and long term sustainability.

These efforts contribute to HPL’s broader climate strategy, linking soil management with emissions reduction and long term sustainability goals.

NATURAL CAPITAL

HPL GROUP : ENHANCING CARBON SEQUESTRATION



CAPITAL IN ACTION:
REGENERATIVE AGRICULTURE IN PRACTICE

HPL continues to advance regenerative agriculture by integrating organic inputs, precision monitoring, and responsible agrochemical management across estates. Compost and biochar produced from plantation waste improve soil structure and nutrient retention while supporting carbon sequestration.

These practices, combined with soil conservation and adaptive management, have enabled HPL to achieve externally verified regenerative agriculture certification by Preferred by Nature, reinforcing its commitment to sustainable land management and long term productivity.

GRI 3-3, 101-1 & 8

Biodiversity and Ecosystem Stewardship
Managing Biodiversity as a Strategic Natural Asset

HPL recognises biodiversity and healthy ecosystems as critical to long term plantation resilience, climate stability, water security, and sustainable agricultural productivity. Plantation landscapes are closely interconnected with surrounding forests, riparian ecosystems, wildlife habitats, and watershed systems, making biodiversity conservation an integral component of responsible land stewardship across operations.

Potential biodiversity related risks include habitat degradation, ecosystem fragmentation, invasive species spread, impacts on aquatic ecosystems, soil erosion, and the loss of ecosystem services that support both agricultural productivity and surrounding communities. Plantation activities such as land preparation, agrochemical use, and habitat modification may also affect species diversity, pollinator populations, wildlife movement, and ecological stability if not carefully managed.

BIODIVERSITY AND ECOSYSTEM SNAPSHOT
25/26

245.25

Hectares under conservation

6,013

Native trees planted

67

endangered species on acreage

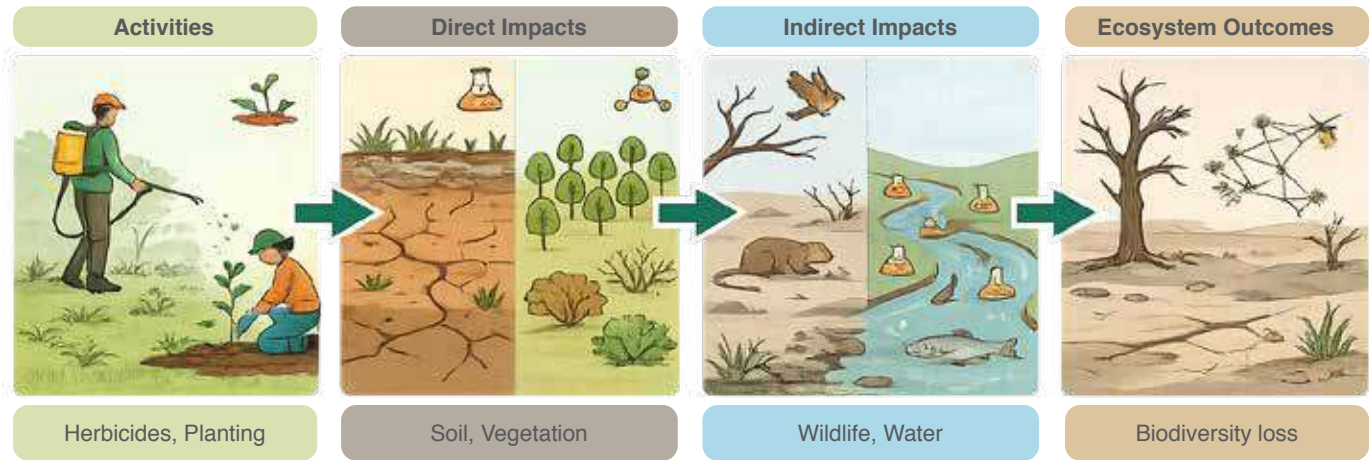
In response, HPL adopts an integrated landscape level approach focused on conservation, restoration, ecosystem connectivity, climate resilience, and sustainable land management practices that balance plantation productivity with long term ecosystem HPL has biodiversity policies and commitments; however, these are not informed by the 2050 Goals and 2030 Targets in the Global Biodiversity Framework, and integration may be considered in future reviews.

GRI 101-4

Understanding Operational Impacts on Biodiversity

Plantation activities such as agrochemical application and land preparation can have both direct and indirect impacts on biodiversity. Herbicide use may affect soil microbiomes by reducing decomposer diversity and altering nutrient cycling, while residual effects can impact root systems and contribute to downstream aquatic impacts, including disruptions to food webs.

“CAUSE EFFECT” → STRIP : ENVIRONMENTAL IMPACT SEQUENCE



These effects may also influence above ground biodiversity, including reductions in native plant diversity, decline in pollinators, and the loss of prey species that support broader ecological systems.

Land preparation and planting activities can further alter habitat structure through the removal of canopy cover, leaf litter, and microhabitats, reducing vertical habitat complexity and limiting natural regeneration of native species. These changes may restrict wildlife movement, fragment habitats, and increase human–wildlife interactions, particularly for larger and migratory species.

HPL recognises these impact pathways and integrates mitigation measures through controlled agrochemical use, soil management, habitat conservation, and landscape level restoration initiatives.

Protecting and Restoring Ecosystems

HPL continued to strengthen ecosystem protection and restoration initiatives across estates through conservation area management, riparian restoration, reforestation, habitat rehabilitation, and wildlife corridor protection programmes.

As at March 2026, over **245.25** hectares

of land remained under conservation and restoration management across estates, including riparian ecosystems, conservation blocks, forest restoration zones, and wildlife corridors. Key restoration and conservation areas included:

- Conservation areas at Halwathura and Bambarakelly
- Riparian restoration initiatives across the Upcot Region
- Ecosystem restoration programmes at Frocester Estate
- Conservation blocks established across multiple estates
- The Peak Ridge Leopard Corridor

During the year:

- 3,276 bamboo trees were planted across restoration zones
- Restoration initiatives continued under programmes including REGROW and T-SHADE
- Habitat connectivity initiatives were strengthened through restoration of forest and riparian corridors across plantation landscapes

These initiatives contribute towards improving habitat quality, reducing



An area dominated by invasive plant species has been identified at Bambarakelly Estate, with efforts underway to restore ecosystem balance and protect native biodiversity. The initiative focuses on controlling invasive species, promoting the regeneration of native vegetation, and strengthening overall environmental sustainability.

NATURAL CAPITAL



A conservation block integrated with tea and timber plantations supports biodiversity while maintaining sustainable land use. This approach helps protect natural habitats, enhance ecosystem stability, and promote responsible estate management practices.

ecosystem fragmentation, strengthening watershed protection, stabilising slopes, improving water quality, and supporting long term ecosystem resilience.

HPL also maintains chemical free buffer zones, protected restoration areas, and operational restrictions within sensitive ecosystems. Activities such as land clearing, heavy machinery operations, waste disposal, and chemical application are prohibited within designated restoration zones to minimise ecological disturbance and protect biodiversity rich habitats.

Reforestation and restoration initiatives are also estimated to contribute approximately 600 tonnes of CO₂ sequestration annually across operational landscapes.

These initiatives also contribute towards improving environmental quality and ecosystem services that support surrounding estate communities, affecting 29,000+ people who live on the estate.

Operational Sites in or Adjacent to Protected Areas

The Fairlawn Estate, operated by HPL, is located adjacent to the Peak Wilderness Nature Reserve, a designated UNESCO World Heritage Site. The estate covers

an area of approximately 8.91 km² and lies within a region characterised by a terrestrial ecosystem of significant biodiversity value. As an operational site situated in close proximity to a legally protected and internationally recognised conservation area, HPL acknowledges the ecological sensitivity of this landscape.

GRI 101-2 & 5

Habitats Protected and Restored

HPL continues to protect and restore critical habitats across its estates, including conservation areas, riparian ecosystems, and wildlife corridors, supporting biodiversity conservation and ecosystem resilience.

Habitats Protected

Location	Area (Ha)	Description
Halwathura – Kahagala & Lower Division	100	Conservation Area
Peak Ridge Leopard Corridor	~5	Wildlife Corridor

Habitats Restored

Location	Area (Ha)	Description
Upcot Region (Alton, Stockholm, Fairlawn, Gouravilla & Mahanilu)	55	Riparian ecosystem reha-bilitation
Alton – Upper Division	2	Conservation Block
Halwathura – Kahagala & Lower Division	100	Conservation Area
Frocester Estate	15.25	Ecosystem Restoration
Bambarakelly – 9TC-1	8	Conservation Block
Bambarakelly – Dell Division	39	Conservation Area
Frocester – Bodhikanda	2	Conservation Block
Frocester – Govinna	6	Conservation Block
Mirishena – Wathurana	2.84	Conservation Block
Millakanda – New	2	Conservation Block
Hillstream – Wathurana	1	Conservation Block

GRI 101-7

Conserving Species and Enhancing Habitat Connectivity

Biodiversity assessments conducted across the Upcot, Lindula, and Horana regions continued to identify a significant presence of endemic, threatened, and ecologically important species across plantation landscapes. These findings reinforce the ecological significance of estate ecosystems and the importance of maintaining interconnected habitats

through forest corridors, riparian restoration, and landscape level conservation initiatives that support wildlife movement, ecosystem resilience, and long term biodiversity protection.



A biodiversity assessment was conducted in the Lindula area to evaluate ecosystem health and identify key species. This initiative supports conservation planning, enhances habitat protection, and promotes sustainable environmental management practices.

Species Diversity and Conservation Status

Taxonomic Group	Total Species	Endemic Species	Threatened Species
Amphibians	34	22	22
Reptiles	30	15	12
Birds	129	18	6
Mammals	31	4	9
Freshwater Fish	14	8	5
Butterflies	56	0	5

Biodiversity assessments conducted across estates highlighted the ecological significance of HPL’s plantation landscapes, with high levels of endemic and threatened amphibian species recorded across operational regions. Assessments also confirmed the presence of endangered mammals, including the Sri Lankan leopard, alongside significant aquatic and riparian biodiversity within estate ecosystems. Several species were

identified outside previously recorded geographic ranges, reinforcing the conservation value of these landscapes, while over 70 plant species across 38 botanical families were documented during field assessments.

To strengthen long term species conservation and ecosystem resilience, HPL continued to enhance habitat connectivity through initiatives such as the



Please scan the QR code to view reports

Peak Ridge Leopard Corridor, restoration of forest corridors along the Maskeliya Oya, riparian rehabilitation programmes, and landscape level conservation partnerships. These initiatives support wildlife movement, reduce habitat fragmentation, improve habitat quality, and help minimise human–wildlife conflict across plantation landscapes.

NATURAL CAPITAL



Source : WNPS Biodiversity Survey Report

GRI 101-6

Sustainable Land Management and Zero-Conversion Commitment

HPL maintains a strict zero conversion approach to land management, ensuring that plantation operations do not result in deforestation, ecosystem degradation, or conversion of natural habitats for plantation expansion or development.

HPL has committed to increasing conservation extent by 10% by 2030 while maintaining a strict zero conversion policy across all lands under management since the 2020 cut-off date as it represents the baseline year when the company

formalized its zero-conversion commitment and strengthened its land monitoring and reporting systems. No natural ecosystems were converted for plantation development during the reporting period.

Biodiversity considerations are integrated into land use planning, estate management, restoration activities, and operational decision making processes across all estates. Supplier agreements and procurement processes also incorporate environmental and land use compliance requirements aligned with HPL’s conservation commitments and responsible sourcing principles.

HPL’s operations continue to align with:

- Forest Stewardship Council (FSC) requirements
- ISO 14001:2015 Environmental Management Systems
- Ecosystem Restoration Verification standards
- European Union Deforestation Regulation (EUDR) requirements
- Internal Biodiversity Conservation and Ecosystem Restoration policies

HPL’s biodiversity strategy also aligns with broader commitments under the United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDGs).



An initial discussion was held between HPL, WNPS, and Advantis regarding the ecosystem restoration programme at Frocester Estate, focusing on collaborative strategies to enhance biodiversity and promote sustainable land management practices.

HPL also ensures that conservation and restoration initiatives respect community rights and do not result in displacement or restricted access to natural resources.

Partnerships, Monitoring and Governance

HPL's biodiversity strategy is strengthened through a network of partnerships with local and international organisations, enabling scientific research, ecosystem restoration, and landscape level conservation initiatives.

Wildlife and Nature Protection Society (WNPS)

HPL collaborates with the Wildlife and Nature Protection Society on biodiversity conservation and habitat restoration initiatives, including forest corridor development and baseline biodiversity assessments. This partnership supports scientific identification of species, conservation planning, and long term monitoring of ecosystems.

Dipped Products PLC (DPL)

Through its partnership with DPL, HPL undertakes biodiversity assessments, cloud forest reforestation programme, and invasive species management.

This collaboration enhances ecosystem restoration efforts while improving habitat quality across plantation landscapes.

Earth Systems (Australia)

HPL works with Earth Systems to support shade planting initiatives, using geo-tagging and spatial planning tools to identify suitable locations for native tree planting. This partnership strengthens ecosystem restoration while improving carbon sequestration and microclimatic conditions within estates.

Advantis Limited

In collaboration with Advantis, HPL implements native tree planting programmes, particularly at estates such as Frocester. These initiatives contribute to habitat restoration, biodiversity enhancement, and long term ecosystem resilience.

United Nations Development Programme (UNDP)

HPL partners with UNDP and signed an MoU on watershed conservation projects under Payment for Ecosystem Services (PES), including initiatives at Bambarakelly. These efforts protect critical water catchments, support biodiversity,

and strengthen climate resilience through integrated ecosystem management.

Peak Ridge Leopard Corridor Collaboration

HPL is part of a multi stakeholder initiative involving organisations such as the Wilderness & Wildlife Conservation Trust (WWCT), Biodiversity Sri Lanka, and Dilmah Conservation. This collaboration focuses on restoring and maintaining ecological corridors that connect fragmented habitats, supporting endangered species such as the Sri Lankan leopard.

Biodiversity Sri Lanka (Membership)

As an active member of Biodiversity Sri Lanka, HPL contributes to national biodiversity conservation efforts, participating in policy dialogue, research initiatives, and collaborative environmental programmes.

GRI 101-3

These partnerships support biodiversity assessments, watershed conservation, reforestation, habitat restoration, geo-tagging and GIS-based monitoring, invasive species management, shade tree planting, and wildlife corridor restoration initiatives across plantation landscapes.

Biodiversity performance is monitored through periodic field assessments, GIS mapping, geo-tagging systems, camera trap monitoring, ecosystem restoration verification programmes, and estate level monitoring systems integrated into the Hayleys CUBE Sustainability Data Management System. Camera traps also continued to support monitoring of wildlife movement and leopard conservation initiatives across plantation landscapes. Smart weather stations installed at selected estates also support ecosystem monitoring and early response to climate related environmental risks.

NATURAL CAPITAL

Periodic biodiversity and High Conservation Value (HCV) assessments also continued across estates to strengthen conservation planning and restoration priorities.

Independent audits and certification assessments also continue to be conducted under:

- FSC
- Rainforest Alliance
- Fairtrade
- ISO 14001:2015
- Ecolabel certifications
- Ecosystem restoration verification programmes

Lessons from biodiversity assessments, restoration programmes, and ecosystem monitoring activities continue to inform conservation planning, restoration priorities, climate resilience initiatives, and long term ecosystem management strategies across operations.

During the reporting period, no significant negative impacts on biodiversity arising from HPL's operations or business relationships were identified within protected or conservation sensitive areas.

Grievance mechanisms are also maintained to enable estate communities and stakeholders to report concerns relating to land use, environmental impacts, or ecosystem protection.

HPL also participates in ecosystem restoration verification programmes conducted by Preferred by Nature to strengthen transparency and scientific validation of restoration outcomes.

HPL has not undertaken any actions during the reporting period to advance access and benefit sharing.

Capital in Action: Reconnecting Landscapes

HPL's REGROW initiative, including the restoration of the Maskeliya Oya forest corridor and cloud forest restoration within the Dell mountain range, reflects the HPL's commitment to strengthening habitat connectivity and long term ecosystem resilience across plantation landscapes.

These restoration initiatives support wildlife movement, enhance watershed protection, improve carbon sequestration potential, and contribute to the conservation of endangered and endemic species within ecologically sensitive regions.

Restoration efforts focused on the planting of native and ecologically suitable species, including Galweralu, Weralu, Kenda, Lunu Ankenda, Thel Keena, Sapu, Kudu Dawula, Naa, Kithul, and Athamba under the REGROW initiative, alongside cloud forest species such as Thel Keena, Ginihota, and Mathambi within the Dell mountain restoration programme.

GRI 13.4.1, 2 & 3

Sustainable Land Management and Natural Ecosystem Conversion

HPL adopts a zero conversion approach to land management, ensuring that plantation operations do not result in the clearing or degradation of natural ecosystems. Biodiversity considerations are embedded into land use planning and operational decision making, with a focus on conservation, restoration, and responsible landscape stewardship across all estates.

HPL has committed to increasing conservation areas by 10% of total land extent by 2030, while maintaining a strict zero conversion policy for all lands under its management since the 2020 cut-off date. This ensures that no natural ecosystems have been cleared or significantly altered for plantation development or expansion.

Governance, Policies and Commitments

HPL's approach to sustainable land management is underpinned by strong governance systems, regulatory compliance, and alignment with global sustainability frameworks. HPL ensures full compliance with all environmental regulations relating to forests, wildlife, green cover, and water bodies, integrating biodiversity considerations into its broader ESG framework.

Biodiversity risks and impacts are systematically mapped across estates, enabling the development of customised conservation strategies aligned with HPL's Sustainable Business Framework. Clear roles and responsibilities are assigned at both functional and estate levels, supported by systems that ensure accountability, timely reporting, and continuous monitoring of biodiversity related performance.

This approach is reinforced through a range of internal and external commitments, including compliance with ISO 14001 standards, Forest Stewardship Council (FSC) certification, Ecosystem Restoration Verification standards, and alignment with the European Union Deforestation Regulation (EUDR), with verification supported by Preferred by Nature. Internal policies, including the Biodiversity Conservation Policy and Ecosystem Restoration Policy, further guide implementation across operations.

Partnerships and Landscape-Level Collaboration

HPL's land management approach is strengthened through strategic partnerships that support restoration, conservation, and landscape connectivity. These include collaborations with the Wildlife and Nature Protection Society, Dipped Products PLC, Earth Systems, Advantis, and the United Nations Development Programme.

Through these partnerships, HPL undertakes reforestation, invasive species removal, biodiversity assessments, shade tree planting, and watershed conservation initiatives. At a broader landscape level, HPL actively contributes to the Peak Ridge Leopard Corridor in collaboration with multiple stakeholders, and has supported the REGROW restoration of a 9 km forest corridor along the Maskeliya Oya with WNPS and the PLANT initiative. These efforts play a critical role in reducing habitat fragmentation and supporting ecosystem resilience across plantation landscapes.

HPL is also an active member of Biodiversity Sri Lanka, contributing to national conservation efforts, policy dialogue, and collaborative ecosystem restoration programmes.

Responsible Sourcing and Zero-Conversion Assurance

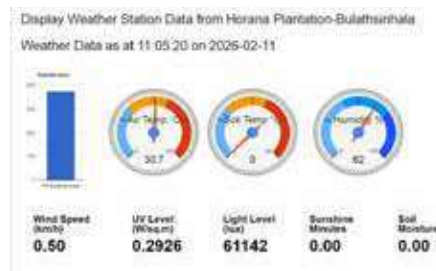
HPL embeds its zero conversion commitment into sourcing and operational practices. All supplier agreements and procurement processes incorporate requirements related to environmental compliance, land use regulations, and conservation commitments, including a strict prohibition on natural ecosystem conversion after defined cut-off dates.

At the same time, HPL's business model does not involve sourcing raw materials for aggregation, processing, or trade. As a result, risks associated with ecosystem conversion in external supply chains are not applicable.

Across its own operations, 100% of production volume is derived from land that is verified as deforestation and conversion free, reinforcing HPL's commitment to responsible land stewardship.

Monitoring, Verification and Control Systems

HPL employs a combination of digital tools, field based monitoring, and verification systems to track land use and prevent



ecosystem conversion. These include GIS mapping and spatial analysis of estates and conservation areas, as well as geo-tagging of planting initiatives in collaboration with Earth Systems to ensure traceability and accountability.

Regular field inspections are conducted to identify any signs of land degradation or unauthorised clearing, supported by biodiversity assessments that track species diversity and ecosystem health over time. Smart weather stations installed at key estates provide real time environmental data, supporting early response to climate related risks that may affect ecosystems.

Grievance mechanisms are also in place, enabling estate communities and stakeholders to report concerns related to land use, environmental impacts, or potential ecosystem conversion. These systems are complemented by structured monitoring and reporting processes, ensuring transparency and continuous improvement.

In addition, HPL participates in ecosystem restoration verification programmes, which provide scientific validation that restored areas contribute meaningfully to biodiversity recovery and ecosystem function.

GRI 3-3 & 13.8.1

WASTE MANAGEMENT AND CIRCULAR RESOURCE USE

Managing Waste as a Strategic Asset

HPL manages waste as a key operational and environmental priority, recognising that ineffective waste management can

contribute to pollution, greenhouse gas emissions, ecosystem degradation, resource loss, and health and safety risks across plantation landscapes. Waste generated through agricultural activities, factory operations, domestic use, and industrial processes has the potential to impact soil health, water quality, biodiversity, and community wellbeing if not effectively managed.

In response, HPL adopts a structured waste management approach based on Reduce, Reuse, and Recycle (3R) principles, supported by operational controls, circular economy initiatives, regulatory compliance systems, and continuous monitoring across estates and factories. This approach enables the HPL to reduce waste generation, recover value from operational by products, strengthen resource efficiency, and reduce reliance on externally sourced inputs.

During the reporting period, no significant negative impacts relating to waste management were identified through HPL's operations or business relationships.

GRI 306-1 & 13.8.2

Managing Waste Streams and Operational Impacts

HPL manages a range of organic, industrial, hazardous, and recyclable waste streams generated across plantation and factory operations. Key waste streams include agricultural residues, refused tea, biomass waste, industrial wastewater, plastics, machinery components, factory ash, chemical containers, and electronic waste.

Organic waste streams such as pruning residues, weeds, leaf litter, refused tea, and biodegradable materials are prioritised for recovery and reuse through composting, vermicomposting, biochar production, mulching, and biomass energy generation. Industrial wastewater is treated prior to discharge or reuse, while hazardous waste including e-waste,

NATURAL CAPITAL

Waste management and
Circularity Snapshot
25/26

80%

of organic waste
converted

88%

of energy from biomass and
other waste

100%

of waste diverted from
landfill



HPL Buy-Back Weed System has been introduced, where collected weeds are purchased and converted into compost. This initiative supports waste reduction while promoting sustainable organic farming practices

used oil, fluorescent bulbs, and chemical containers is segregated, securely stored, and disposed through authorised waste handlers approved by the Central Environmental Authority (CEA).

Waste segregation at source continues across estates and factories to improve material recovery, recycling rates, and responsible disposal practices. Operational controls are also maintained to minimise pollution risks associated with wastewater discharge, air emissions, hazardous waste handling, and landfill disposal.

GRI 306-2 & 13.8.3	
Waste Stream	Circular / Management Approach
Organic agricultural waste	Composting, vermicomposting, biochar, mulch
Industrial wastewater	Treatment and reuse for irrigation/cleaning
Biomass waste	Renewable energy generation
Factory ash	Soil amendment and pH stabilisation
Plastic and polythene	Segregation, reuse, bamboo alternatives
Machinery and metal waste	Reuse and recycling
E-waste and hazardous waste	Disposal through authorised handlers

Circular Resource Use and Waste Recovery

HPL continued to strengthen circular resource use across operations through waste-to-resource initiatives that recover value from plantation and factory waste streams while supporting soil health, renewable energy generation, and operational efficiency.

Organic waste streams including refused tea, pruning residues, weeds, boiler ash, and other biodegradable materials continued to be converted into compost, vermicompost, vermiwash, biochar, and mulch for reuse across estates.

During 2025/26, HPL produced:

- 166,700 kg of compost
- 3,000 kg of vermicompost
- 220 litres of vermiwash
- 28 tonnes of biochar

Approximately 80% of organic waste generated across operations was

converted into value-added products through circular recovery initiatives during the year.

Biomass waste continued to be utilised as a renewable energy source in factory boilers, contributing towards approximately 88% renewable energy consumption across operations. Boiler ash generated through biomass combustion was also reused as a soil amendment and pH stabiliser, supporting nutrient recovery and reducing disposal volumes.

HPL also continued initiatives aimed at reducing non-biodegradable material use across operations. These included:

- Introduction of reusable bamboo pots to replace plastic nursery bags
- Reuse of machinery components and operational materials
- Reduction of paper use through digitisation and internal reuse practices
- Increased use of reusable sanitary products across estates

Reuse and recycling rates of approximately 90–100% continued to be achieved across key agricultural and plastic waste streams during the reporting period.

Implementing the 3R Approach

HPL continued to embed Reduce, Reuse, and Recycle principles across operations to strengthen circularity and reduce environmental impacts.

Reduce

HPL reduced grid electricity consumption through increased use of solar, hydropower, and energy management systems, with renewable energy accounting for approximately 88% of total energy consumption during 2025/26. Agricultural waste generation was further reduced through composting, vermi technologies, and biochar production, while non degradable materials such as plastic nursery bags, sanitary products, and packaging materials continued to be replaced with more sustainable alternatives.

Reuse

Operational reuse initiatives included the reuse of machinery parts, the introduction of reusable bamboo pots in nurseries, the promotion of reusable sanitary products, and the reuse of pruning residues and leaf litter as much as possible within plantation operations.

Recycle

Organic waste streams, including refused tea, weeds, boiler ash, and other biodegradable materials, continued to be recovered and recycled into value added products. During 2025/26, HPL produced 166,700 kg of compost, 3,000 kg of vermicompost, 220 litres of vermiwash, and 28 tonnes of biochar through circular resource recovery initiatives. In addition, reuse and recycling rates of 90–100% were achieved across key agricultural and plastic waste streams during the year.



PET bottles are used as building material to promote recycling and reduce plastic waste, supporting sustainable and eco-friendly construction practices using the no of bottles 2620.

Treated wastewater was also reused for irrigation and operational cleaning purposes where feasible, supporting circular water management and reducing dependence on freshwater resources.

Hazardous and Industrial Waste Management

Hazardous and industrial waste streams are managed through structured handling, storage, treatment, and disposal procedures designed to minimise environmental and health related risks.



Sustainable Waste Bins in Bambrakelley Estate Promoting Effective Waste Segregation Practices

Industrial wastewater generated through factory operations is treated through wastewater treatment systems prior to reuse or discharge in compliance with Environmental Protection Licence (EPL) requirements and Central Environmental Authority (CEA) regulations.

Hazardous waste including used oil, chemical containers, fluorescent bulbs, and electronic waste is separately segregated and transferred to licensed service providers and authorised collectors for safe treatment and disposal.

Domestic and sanitary waste generated across estates is managed through structured collection and disposal systems supported by waste minimisation and awareness initiatives.

During the reporting period, no incidents of non compliance relating to waste management regulations or environmental discharge requirements were recorded.

Governance, Monitoring and Compliance

HPL monitors waste management performance through structured inspections, environmental monitoring systems, laboratory testing, internal audits, and third party verification processes. Environmental and operational data are tracked through the Hayleys CUBE Sustainability Data Management System, while wastewater, soil, and emissions testing are conducted through accredited laboratories.

Waste management practices remain aligned with:

- ISO 14001:2015 Environmental Management Systems
- Environmental Protection Licence (EPL) requirements
- Central Environmental Authority (CEA) regulations
- Rainforest Alliance and FSC certification requirements

HPL also continues to engage employees, estate communities, regulators, certification bodies, technical experts, and the National Cleaner Production Centre (NCPC) to strengthen circular economy practices, waste reduction initiatives, and responsible waste handling across operations.

NATURAL CAPITAL

Environmental audits, internal inspections, and periodic waste assessments also continued to support ongoing compliance monitoring and corrective action processes across operations.

Lessons from implementation continue to inform efforts aimed at strengthening waste-to-resource systems, reducing material losses, and progressing towards lower impact plantation operations.

Employee and community awareness programmes continued to support responsible waste handling, waste segregation, and circular resource use practices across estates.

Progress in Motion

Progress across HPL’s Natural Capital priorities during 2025/26 reflects the interconnected nature of climate resilience, resource efficiency, ecosystem restoration, circular resource use, and sustainable plantation management across operations.

Priority / Goal	Progress as at March 2026	Key Indicator
Expand renewable energy generation	Solar and hydropower capacity expanded across estates	20 on-grid and 18 off-grid solar systems installed
Generate 1,000 MWh renewable energy annually	Annual renewable generation exceeded target trajectory	1,243 MWh generated in 2025/26
Increase organic fertiliser application	Organic inputs expanded across estates	8% of nutrient requirement met through organic inputs
Advance precision agriculture practices	Precision irrigation and monitoring systems implemented across estates	Smart weather stations and fertigation systems operational
Increase circular resource recovery	High recovery and reuse rates maintained across key waste streams	90–100% recovery across agricultural and plastic waste
Expand conservation landscapes	Conservation and restoration initiatives maintained across estates	245.25 Ha under conservation management

The Next Moves

Building on the progress achieved, HPL will continue to strengthen its Natural Capital strategy by accelerating the transition to low carbon operations, expanding conservation landscapes, and embedding circular resource use across all estates.

The next phase of this journey will focus not only on scaling individual initiatives, but also on strengthening the relationships between the different dimensions of Natural Capital across plantation landscapes. HPL recognises that water security, soil health, biodiversity, climate resilience, renewable energy, sustainable land management, and circular resource use operate as interconnected systems, where progress in one area can strengthen resilience, efficiency, and long term value creation across others.

For example, healthier soils improve water retention, reduce erosion, enhance carbon storage, and strengthen climate resilience, while biodiversity conservation and habitat

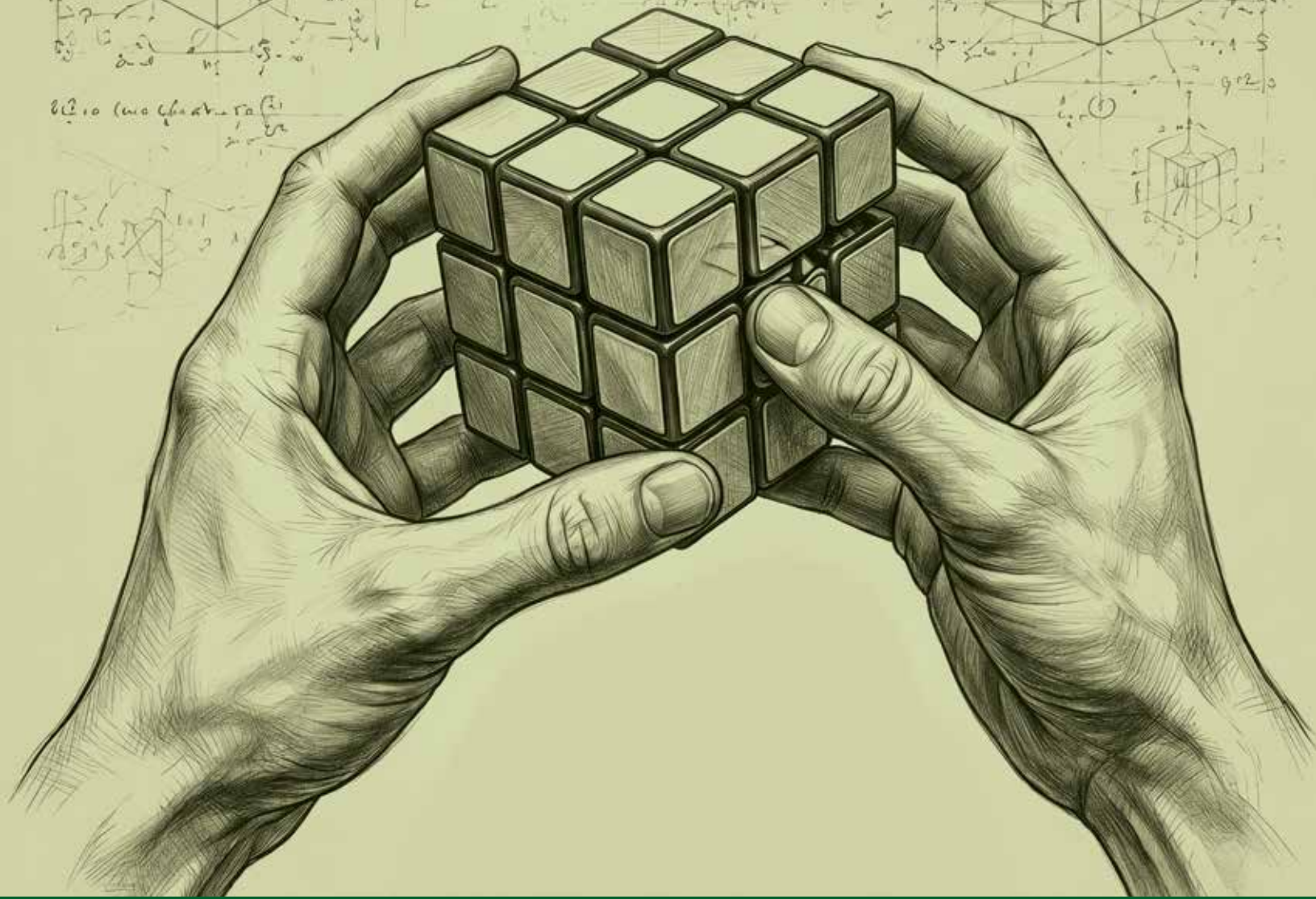
restoration support watershed protection, pollination, ecosystem stability, and long term agricultural productivity. Similarly, renewable energy adoption and circular waste management initiatives contribute to lower emissions, improved resource efficiency, healthier ecosystems, and reduced pressure on natural resources. Together, these interconnected systems support plantation resilience, operational continuity, and community wellbeing.

Progress towards net zero emissions by 2050 will continue through the expansion of renewable energy infrastructure, including solar PV installations across factory rooftops, alongside initiatives aimed at improving energy efficiency and reducing operational emissions. At the same time, HPL will continue to strengthen its role as a steward of biodiversity by increasing conservation extent by 10% by 2030, while enhancing habitat connectivity, watershed protection, and ecosystem restoration across estates.

Climate smart agriculture and precision farming practices will continue to be integrated with water stewardship, soil conservation, and ecosystem restoration initiatives to improve resource efficiency, optimise input use, and strengthen resilience to climate variability. Circular economy initiatives including composting, biochar production, waste recovery, wastewater reuse, and regenerative agricultural practices will further support soil fertility, reduce environmental impacts, and strengthen long term ecosystem health.

Through this integrated approach, HPL aims to create resilient plantation ecosystems where environmental stewardship, operational performance, and community wellbeing continuously reinforce one another, supporting sustainable value creation over the long term.

GOVERNANCE



The Rubik's Cube teaches an important lesson: random moves rarely lead to a solution. Success requires structure, rules, and disciplined methods.

At HPL, governance provides this foundation. Our frameworks ensure:

- ✓ Transparency in decision-making
- ✓ Accountability at every level
- ✓ Ethical and responsible business practices

Strong governance enables us to navigate complexity with confidence, ensuring that each action contributes to a well-aligned and sustainable outcome.

CORPORATE GOVERNANCE

GRI 2-9

As a listed entity and part of the Hayleys Group, Horana Plantations PLC (‘HPL/ the Company’) maintains a governance framework that extends beyond regulatory compliance to encompass ethical leadership, responsible business conduct, sustainability integration and long term stakeholder value creation. The Company’s governance framework supports accountability, transparency, effective risk oversight and disciplined decision-making across both financial and non-financial aspects of the business.

HPL complies with the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange (‘Listing Rules’), and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Company also aligns with a range of voluntary sustainability and governance frameworks that support responsible business practices and integrated reporting. As part of the Hayleys Group, HPL benefits from additional governance oversight through the Hayleys Group Management Committee and the Hayleys PLC Board, complementing HPL’s own Board oversight, governance systems and internal control mechanisms. The Company also continues to strengthen governance integration through ESG oversight structures, sustainability governance mechanisms and enterprise risk management practices.

GOVERNANCE FRAMEWORK

HPL’s governance framework is built around four interconnected pillars:



CORPORATE GOVERNANCE IMPROVEMENTS

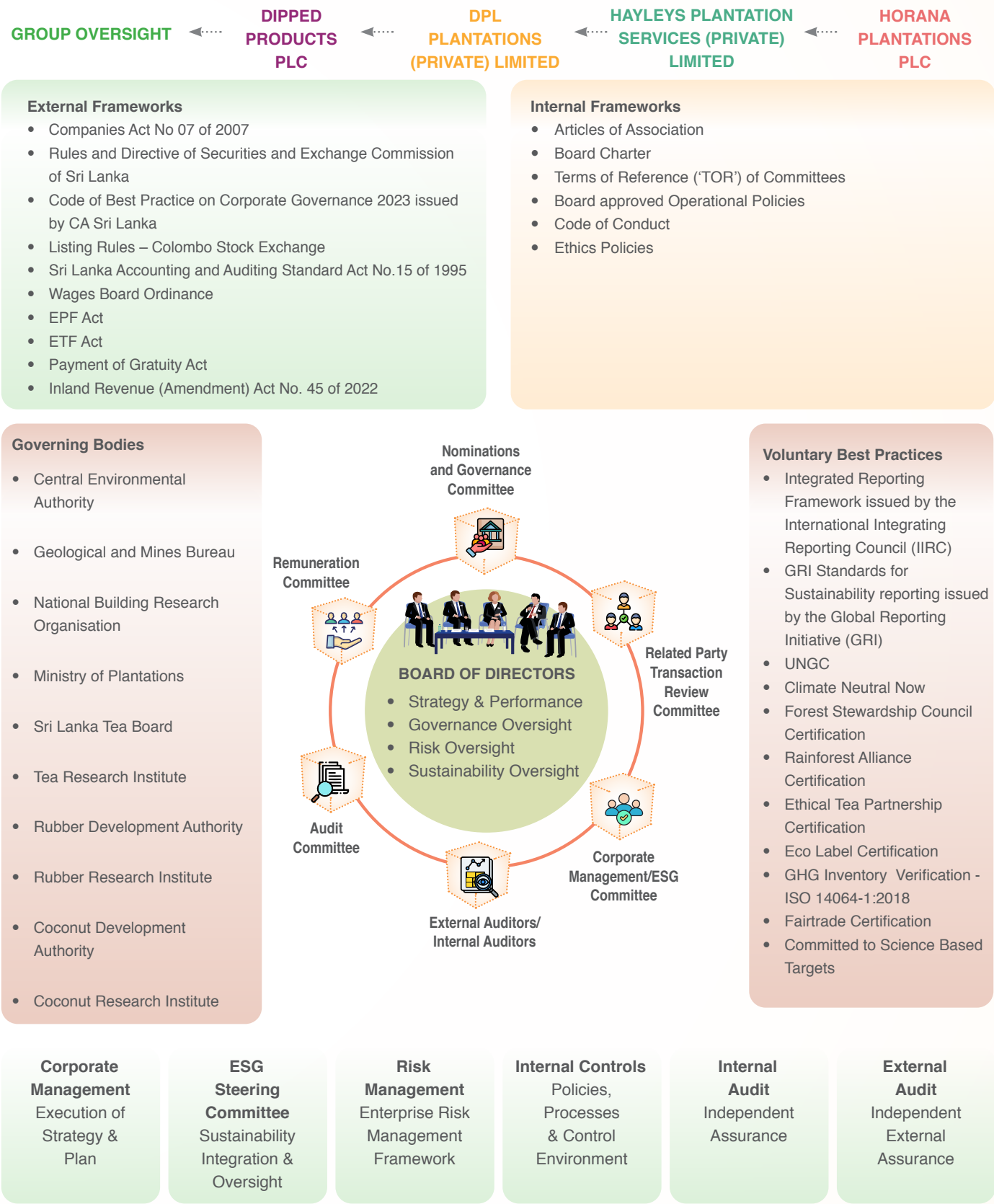
Policy Frameworks

Shareholder and Investor Communications Policy

‘Hayleys Way’ - Ethical roadmap for all employees

‘Hayleys Lifecode’ – ESG related Policy

The Company reviewed the 13 corporate policies and changes were updated in the website of the Company in compliance with the Listing Rules.



CORPORATE GOVERNANCE

BOARD OF DIRECTORS

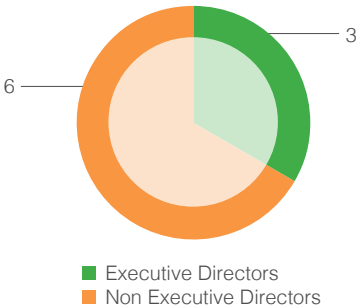
The Board of Directors, appointed by shareholders, serves as the Company’s highest governing body, providing strategic oversight to safeguard and advance long term shareholder interests.

GRI 2-9

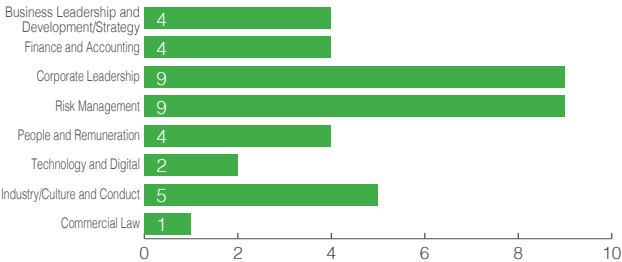
Composition of the Board

HPL’s Board comprises the correct balance of individuals whose capabilities are appropriate for the scale, complexity and strategic positioning of the business. To ensure no one individual or group of individuals is able to dominate the decision-taking process, the Current HPL Board is well balanced with 03 Executive Directors, 03 Non-Executive Directors, 03 Independent Non – Executive Directors including the Senior Independent Director. Collectively they bring a strong and in-depth mix of business skills and experience and considerable knowledge to assist with Board decisions. Complete Board Profiles are available on page 22 to 25.

BOARD COMPOSITION



DIVERSITY OF EXPERTISE



Independence of Non-Executive Directors

The independence of Directors is assessed by the Board based on annual declarations submitted by Non-Executive Directors, in compliance with the Listing Rules. In making this determination, the Board ensures that such Directors are free from any business or other relationships that could materially interfere with the exercise of their independent judgement, noting in particular that they are not involved in the day-to-day management of the Company.

In terms of Rule 9.6.3. of the Listing Rules, the Company has appointed Mr. T.A.B Speldewinde as the Senior Independent Director with effect from 01st November 2023 since the Chairman is an Executive Director.

The Company has appointed Ms. K.A.D.S. Perera as a Non-Executive Director with effect from 01st October 2025 and Mr. S.M. Liyanage resigned from the Company with effect from 30th September 2025.

In line with Rule 9.8.5(a) of the Listing

Rules, all Independent Directors have submitted duly signed and dated declarations in the prescribed format set out in Appendix 9A of Section 9 of the Listing Rules.

The Board, with the support of the Company Secretaries, seeks independent professional advice whenever deemed necessary in the discharge of its duties.

ANNUAL ASSESSMENT OF BOARD COMPOSITION AND RE-ELECTION

The Board undertakes an annual self-assessment to evaluate the adequacy of its composition, ensuring an appropriate balance of skills, experience, independence, and diversity necessary for the effective discharge of its responsibilities.

In accordance with the Company’s Articles of Association, one-third (1/3) of the Directors, excluding the Managing Director, retire by rotation and are eligible for re-election by shareholders at the Annual General Meeting (AGM). Sufficient information, including detailed profiles of the Directors, is made available to shareholders to facilitate informed decision-making.

All appointments to, and resignations from, the Board are promptly disclosed to shareholders by the Company Secretaries through announcements to the Colombo Stock Exchange (‘CSE’). In the case of new appointments, a brief profile of the appointee is included in the disclosure. All

Gender Diversity

Male - 7

Female - 2

Age Diversity

Average Age 60

Below 50 years 2 Director

Tenure of Service

10 years < 2

5-10 years - 3

Below 5 years - 4

newly appointed Directors are subject to election by shareholders at the next AGM following their appointment.

GRI 2-10

NOMINATION AND SELECTION OF THE BOARD AND SUB-COMMITTEES

The Board of Directors is appointed by the shareholders and serves as the principal governing body of the Company, responsible for overseeing HPL's overall affairs and safeguarding the long term interests of shareholders. In line with Rule 9.11 of the Listing Rules, the Company has an established Nominations and Governance Committee to formalise and strengthen the processes relating to Board composition, appointments, and governance practices.

GRI 2-10

ROLE OF THE BOARD

As the apex decision-making authority of the Company, the Board is responsible for setting HPL's vision, mission, values, and strategic direction, while providing effective oversight to ensure that Management operates in alignment with the approved strategy and corporate objectives.

MATTERS RESERVED FOR BOARD APPROVAL

The Board retains authority over key matters, including:

1. Reviewing and approving the Company's strategic plan, including medium-term and short-term plans.
2. Reviewing and approving the Company's annual budgets.
3. Reviewing the Company's performance vis-à-vis its strategy, objectives, business plans, and budgets, and assessing HPL's viability and ability to continue as a going concern.
4. Approval of capital expenditure,

including the annual capital expenditure budget and any material changes to the capital expenditure policy.

5. Review and approval of the Company's risk appetite.
6. Approval of acquisitions, disposals, and other transactions outside delegated limits.
7. Appointment and removal of Directors.
8. Dividend policy, including the annual review of the dividend policy, declaration of interim dividends, and recommendation of final dividends.
9. Approval of shareholder documentation, including resolutions and related documentation to be presented to shareholders, as well as all press releases relating to matters decided by the Board.
10. Approval of all regulatory filings.
11. Review and approval of the TOR and membership of Sub-Committees.
12. Reviewing and updating the Corporate Governance framework, including business and operational policies.

BOARD RESPONSIBILITIES

Compliance

The Board is responsible for ensuring compliance with applicable laws, regulations, and governance standards, while promoting ethical conduct and accountability across the organisation.

Risk Management

It provides oversight of risk by defining the Company's risk appetite and ensuring that appropriate risk management systems are in place and aligned with strategy.

Financial Reporting and Audit

The Board also ensures the integrity of financial reporting, supported by robust internal controls and independent oversight by the Board Audit Committee.

All financial disclosures are reviewed and recommended by the Audit Committee prior to Board approval and public release.

Stakeholder Engagement

The Company ensures timely and transparent communication with stakeholders through the publication of quarterly financial statements via the CSE and the Annual Report, which includes both financial and non-financial information, including sustainability performance, on the Company's website.

Annual General Meeting

The Board engages shareholders at the AGM, providing a platform for dialogue and accountability.

Safeguarding Assets and Human Resources

In addition, the Board is responsible for safeguarding the Company's assets, including data and information systems, and ensuring the availability of a competent and capable workforce to deliver on strategic objectives. It also sets the tone at the top in fostering a culture of integrity, strong governance, and sustainable value creation.

Board's Role on ESG

- Reviewing and approving the Company's sustainable development strategies and plans, including long term, medium-term, and short-term initiatives.
- Reviewing and approving the Company's annual sustainability-related budgets.
- Monitoring and reviewing the Company's progress against sustainability and environmental objectives.
- Approval of capital expenditure, including the annual capital expenditure budget and any material changes to the capital expenditure policy.

CORPORATE GOVERNANCE

- Review and approval of the Company's risk appetite.
- Approval of acquisitions, disposals, and other transactions outside delegated limits.

GRI 2-18

APPRAISAL OF BOARD PERFORMANCE

The Board annually appraises its own performance, as well as that of its Sub-Committees, to ensure that their responsibilities are effectively discharged. A "Board Performance Evaluation Checklist" is utilised to conduct a structured self-assessment of the Chairman, Non-Executive Directors, and Executive Directors, including the Managing Director.

Each Director undertakes an individual evaluation, and the consolidated outcomes are submitted to the Nominations and Governance Committee. The Committee reviews the results and makes recommendations, where necessary, to enhance the balance of skills, experience, industry knowledge, and ongoing training and development of Directors.

GRI 2-11

CHAIR OF THE BOARD

The Chairman of the Board is an Executive Director.

In terms of Rule 9.6.3. of the Listing Rules, the Company has appointed Mr. T.A.B. Speldewinde as the Senior Independent Director with effect from 01st November 2023 since the Chairman is an Executive Director.

Due to the diversity of operations in the Group, the Board was of the opinion that having an Executive Chairman is the most appropriate arrangement for HPL as in the other companies within the Hayleys Group.

Division of Responsibilities between the Chairman and the Managing Director / CEO

The roles of the Chairman of the Board and HPL's Managing Director are distinct, with a clearly defined division of responsibilities. The Chairman leads the Board, while the Managing Director operates under the authority delegated by the Board.

Role	Key Responsibilities
Chairman	- Approves the agenda for each Board meeting, prepared in consultation with the Managing Director and Company Secretary, considering strategy, performance, resource allocation, risk management, and compliance. Ensures Directors receive sufficiently detailed information on agenda items in a timely manner. Ensures all Directors are aware of their duties and responsibilities. Encourages Directors to contribute effectively for the benefit of the Company. Supports Directors in seeking information and requesting inclusion of matters of corporate concern on the agenda. Maintains a balance of power between Executive and Non-Executive Directors. Ascertains the views of Directors on matters under consideration. Ensures the Board maintains full control of the Company's affairs and remains alert to its obligations to all shareholders and stakeholders.
Managing Director / CEO	- Implements Board-approved strategy. Accountable to the Board for the Company's performance. Provides leadership to the Executive Committee. Oversees day-to-day management of the Company's operations. Implements Board-approved policies to ensure the Company fulfills its commitments. Identifies, measures, monitors, manages, and reports relevant risks. Escalates critical operational concerns to the Board in a timely manner.
Senior Independent Director	- Sets corporate values to balance key stakeholder interests. Upholds high standards of ethics, integrity, and probity. Supports executive leadership while monitoring their conduct. Promotes high standards of corporate governance and compliance. Meets Non-Executive Directors and Independent Non-Executive Directors at least once a year to discuss governance matters, reporting outcomes to the Chairman. Available to shareholders with concerns that cannot, or should not, be addressed by the Chairman or Executive Directors. Acts on the results of any performance evaluation of the Chairman. Maintains sufficient contact with major, significant, and minority shareholders to assist the Board in understanding their issues.

Responsibility of Individual Directors

Role	Key Responsibilities
Duty to the Company	All Directors are required to act at all times in the best interest of the Company, exercising their powers with due care and in good faith, avoiding any conflict between personal interests and those of the Company.
Disclosure of Interests	Non-Executive Directors, including Independent Non-Executive Directors, must submit a signed declaration disclosing any related-party interests that could materially affect their independent judgment.
Recusal in Case of Conflict	Directors with a potential conflict of interest are expected to recuse themselves from discussions and decisions relating to the matter in question.

INDUCTION AND TRAINING FOR DIRECTORS

At the time of appointment, each Director receives a formal letter of appointment and is briefed on their roles, duties, and responsibilities in accordance with the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange, the Securities and Exchange Commission of Sri Lanka, and other applicable regulations.

To facilitate a smooth transition, newly appointed Directors are provided with key documents and reports to familiarise themselves with the Company's operations, performance, and governance practices.

Throughout their tenure, Directors are encouraged to participate in continuous training and development programs, including workshops, seminars, and professional courses, to enhance their understanding of corporate governance, regulatory requirements, industry developments, and emerging business risks. The Company also provides access to internal briefings and relevant reports to ensure Directors remain well-informed and able to contribute effectively to the strategic oversight of HPL.

BOARD MEETINGS

HPL's Board of Directors meets quarterly to review the Company's financial and operational performance, discuss business strategies, and decide on key policies.

Board meetings are scheduled in line with an annual meeting calendar, prepared by the Company Secretary in consultation with the Chairman, and communicated to all Directors at the start of the calendar year. The Chairman, with advice from the Company Secretary, sets the agenda for each meeting. Prior to each meeting, the

Company Secretary circulates the relevant board papers, including the agenda and supporting documentation, to all Directors at least seven days in advance.

Attendance and active participation in Board meetings is mandatory for all Directors. Directors unable to attend in person may participate via audio-visual communication. Directors may also submit written requests to the Chairman to include additional matters in the agenda. Directors are expected to prepare adequately for each meeting and are entitled to obtain information or clarifications from the Company's Corporate Management. They also have the right to seek independent professional advice where necessary. Members of Corporate Management may be invited to attend meetings to address specific agenda items.

Directors unable to attend a meeting are required to inform the Chairman in writing, stating the reasons for their absence. Minutes of each meeting are maintained by the Company Secretary and circulated to all Directors and relevant members of Corporate Management who attended the meeting, serving as the official record of deliberations and decisions.

ATTENDANCE AT BOARD MEETINGS

Director	Classification	No of meeting attended
Mr. A.M. Pandithage	Chairman - Executive Director	4/4
Mr. W.G.R. Rajadurai	Managing Director - Executive Director	4/4
Mr. J.A. Rodrigo	CEO - Executive Director	4/4
Mr. S.C. Ganegoda	Non-Executive Director	4/4
Mr. K.D.G. Gunaratne	Non-Executive Director	4/4
Mr. T.A.B. Speldewinde	Senior Independent Director	4/4
Mr. S.M. Liyanage (Resigned w.e.f 30.09.2025)	Non-Executive Director	1/1
Mr. M.C.B. Talwatte	Independent Non-Executive Director	4/4
Ms. A.I Wanigasekera	Independent Non-Executive Director	3/4
Ms. K.A.D.S. Perera (appointed on 01.10.2025)	Non-Executive Director	3/3

CORPORATE GOVERNANCE

Meetings with Executive and Non-Executive Directors by the Senior Independent Director

The Senior Independent Director convenes meetings with the Independent Directors in the absence of other Directors to discuss matters and concerns relating to the Company and the functioning of the Board.

Additionally, the Senior Independent Director holds separate meetings with the Non-Executive Directors, without the presence of the Chairman, to review and appraise the performance of the Chairman.

BOARD SUB-COMMITTEES

To support the execution of its governance and oversight responsibilities, the Board has established several committees.

Each committee comprises solely Non-Executive Directors, selected based on their qualifications and expertise to carry out the duties outlined in the TOR of the respective committee. The Board Committees serve as a link between the Board and Corporate Management, overseeing specific operational areas of the business and ensuring effective monitoring and decision-making.

The Committees report to the Board on their activities, deliberations, and recommendations. Minutes of Committee meetings are maintained by the Company Secretaries and circulated to Committee members and the Board, providing a formal record of discussions and decisions.

AUDIT COMMITTEE COMPOSITION

Mr. T.A.B. Speldewinde - Chairman, Senior Independent Director

Mr. M.C.B. Talwatte - Independent Non-Executive Director

Ms. A.I. Wanigasekera - Independent Non-Executive Director

Mr. S.C. Ganegoda - Non Executive Director

Mr. K.D.G. Gunaratne - Non Executive Director

REMUNERATION COMMITTEE COMPOSITION

Mr. T.A.B. Speldewinde - Chairman, Senior Independent Director

Mr. M.C.B. Talwatte - Independent Non-Executive Director

Ms. A.I. Wanigasekera - Independent Non-Executive Director

Mr. S.C. Ganegoda - Non Executive Director

Mr. K.D.G. Gunaratne - Non Executive Director

NOMINATIONS & GOVERNANCE COMMITTEE COMPOSITION

Mr. T.A.B. Speldewinde - Chairman, Senior Independent Director

Mr. M.C.B. Talwatte - Independent Non-Executive Director

Ms. A.I. Wanigasekera - Independent Non-Executive Director

Mr. S.C. Ganegoda - Non Executive Director

Mr. K.D.G. Gunaratne - Non Executive Director

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE COMPOSITION

Mr. T.A.B. Speldewinde - Chairman, Senior Independent Director

Mr. M.C.B. Talwatte - Independent Non-Executive Director

Ms. A.I. Wanigasekera - Independent Non-Executive Director

Mr. S.C. Ganegoda - Non Executive Director

Mr. K.D.G. Gunaratne - Non Executive Director



POLICIES

The Company has adopted the following policies with effect from 01st October 2024 and has uploaded them to the Company's website. These policies were reviewed and updated in the year under review.

1. Policy on the matters relating to the Board of Directors
2. Policy on Corporate Disclosures
3. Policy on ESG Framework - Social Policies
4. Policy on Anti-Bribery and Corruption
5. Policy on Control and Management of Company Assets and Shareholder
6. Policy on Corporate Governance, Nominations and Re-election
7. Policy on Environmental, Social and Governance Sustainability
8. Policy on Internal Code of Business Conduct
9. Policy on Relations with Shareholders and Investors
10. Policy on Remuneration
11. Policy on Risk management and Internal controls
12. Policy on Whistleblowing
13. Policy on Board Committees

'The Hayleys Way' serves as the Internal Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees. The 'Hayleys Lifecode' includes a suite of environmental, social and governance related policies which are applicable across the Company.

Constructive Use of the AGM and Other General Meetings

The AGM and other general meetings provide a formal platform for shareholders to engage with the Board, exercise their

voting rights, and seek clarifications on the Company's performance and governance.

The Board utilises the AGM to communicate with shareholders. Notices, proxy forms, and related documents are sent to shareholders at least 15 working days in advance.

Each resolution on the agenda is voted on separately, including the adoption of the Annual Report and the Statement of Accounts. Proxy votes are properly recorded and counted, and the number of proxies lodged on each resolution is communicated to the Chairman.

The Chairman of the Audit Committee is made available at the AGM to address shareholder queries, ensuring effective engagement and transparency.

Communication with Shareholders

HPL engages with shareholders through a range of statutory and public communications, including the Annual Report, Quarterly Financial Statements, AGM and disclosures to the Colombo Stock Exchange.

Shareholders may forward inquiries via email, telephone, or in writing to the Company Secretary. All significant shareholder matters are brought to the attention of the Board. The Chairman and Directors address shareholder queries at the AGM and other General Meetings, ensuring transparent and effective communication.

IT Governance

Information Technology and Cyber Security

HPL's Information Technology (IT) Policy has been formulated in accordance with best practices and is tailored to the Company's operating and business environment. The IT function and the IT Policy are subject to an annual external

audit, with independent reports on the findings submitted to the Audit Committee and the Board of Directors.

Cyber Security Risk Management

Continuous risk assessment programs enable the IT Management Committee to identify cyber risks and implement mitigating measures. Proposed measures are reviewed and approved by Corporate Management on a monthly basis prior to implementation. Identified risks and the mitigating actions applied across the Company's operations are communicated to the Board of Directors by the Chief Executive Officer on a quarterly basis. The Board reviews developments in cyber security threats at each meeting, with particular focus on adherence to the ongoing guidance and recommendations of Group IT to mitigate potential risks.

Corporate Management

The Managing Director (MD) leads the Corporate Management team, which includes Chief Executive Officer (CEO), the Director Plantation – Up Country, the Director Plantation – Low Country, the General Manager – Finance, the General Manager – Corporate Affairs and General Manager- Marketing. Collectively, they form HPL's Management Committee.

The MD, the CEO, and the Management Committee are responsible for establishing and monitoring financial controls over operations. They also review the annual budgets, monthly operational reports, capital expenditure proposals, and quarterly performance appraisals prior to submission for Board approval.

The Management Committee meetings are held monthly to ensure the effective implementation of the Company's strategies and operational plans in line with the Board's directives.

CORPORATE GOVERNANCE

Description and Frequency	Participants
Monthly Finance Review	HPL's GM Finance
Monthly IT Review	HPL's GM Finance and Manager IT
Weekly Sales/Production Review	HPL's CEO/Director Plantations/RGM/GM-CA
Monthly reviews with MD	HPL's CEO and Corporate Management
Monthly Reviews with CEO	HPL's Corporate Management/ESG Steering Committee
Hayleys Group Plantation Sector Review	HPL's Managing Director / CEO
Hayleys Group Monthly Management Committee	HPL's Managing Director
Hayleys CFO Cluster Meetings headed by the Group CFO	HPL's GM Finance
Hayleys Group Monthly HR Meeting	HPL's GM Corporate Affairs
Hayleys Group Monthly IT Meeting	HPL's Manager IT
Annual Estate Audits and Head Office Functions	Group Internal Auditor (MA&SRD) – Hayleys PLC

GRI 2-12

Role of the Highest Governance Body in Overseeing the Management of Impacts

HPL's Board of Directors plays an active role in overseeing sustainability-related matters, including the development, approval and periodic review of the Company's sustainability strategies, policies, goals and governance frameworks. The Board provides strategic direction on sustainability integration and responsible business practices, while Corporate Management supports the Board through the provision of operational, regulatory and sustainability-related information.

The Company aligns with the Hayleys Group ESG framework, including Group sustainability policies and governance guidelines, to strengthen sustainability integration and governance consistency across operations.

The Board also oversees processes relating to the identification, management and monitoring of Environmental, Social and Governance (ESG) impacts. Progress relating to sustainability initiatives, environmental compliance, ESG performance and sustainability accreditations is regularly reported to the Board. Several of the Company's sustainability certifications and accreditations are independently verified annually, while Greenhouse Gas (GHG) emissions are independently verified and reported to the Sri Lanka Climate Fund.

Board meetings are conducted quarterly, during which updates relating to sustainability performance, environmental compliance, statutory compliance and ESG-related matters are reviewed to assess the effectiveness of governance, risk management and sustainability oversight processes.

GRI 2-13

Delegation of Responsibility for Managing Impacts

Responsibility for managing sustainability-related impacts has been delegated through a structured governance framework. HPL has a dedicated Sustainability Manager who leads the Sustainability Team and reports directly to the Managing Director and Chief Executive Officer. This structure supports effective implementation, monitoring and escalation of sustainability-related matters across the organisation.

GRI 2-14

Role of the Highest Governance Body in Sustainability Reporting

The Board maintains oversight of HPL's sustainability reporting processes through the direct involvement of the Managing Director and the Chief Executive Officer, both of whom serve on the Board. The Chairman also provides leadership and oversight through the Chairman's Statement, which outlines the Company's sustainability direction, governance priorities and long term strategic focus.

GRI 2-15

Conflicts of Interest

HPL maintains governance mechanisms to identify, review and manage potential conflicts of interest. The Company has maintained a Related Party Transactions Review Committee since 2016, which reviews and approves related party transactions in compliance with the Code of Best Practice on Related Party

Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC).

In addition, all Non-Executive Directors submit annual declarations in accordance with the Listing Rules of the Colombo Stock Exchange to confirm their independence and disclose any relationships or interests that may potentially impair independent judgement.

GRI 2-16

Communication of Critical Concerns

HPL maintains clear reporting and escalation mechanisms to ensure that significant environmental, social, governance and operational concerns are communicated promptly to the Board and senior management.

The Sustainability Manager has direct access to the Managing Director and the Chief Executive Officer, both of whom are members of the Board, enabling timely escalation of critical sustainability-related matters. Key Management Personnel also maintains direct access to the Chairman where necessary.

Additionally, the Hayleys PLC Group Management Committee, of which the Managing Director is a member, meets regularly to review key operational, governance and sustainability matters across the Group.

No critical sustainability-related concerns were reported to the Board during the year under review.

Collective Knowledge of the Highest Governance Body

HPL encourages Directors to continuously enhance their knowledge and competencies through ongoing professional development, training programmes, industry forums and governance-related learning opportunities. This supports effective oversight of emerging business risks, governance

developments, sustainability matters and industry trends.

Detailed Board profiles, including qualifications, experience and competencies, are provided on pages 22 to 25.

GRI 2-18

Evaluation of the Performance of the Board

The Board undertakes annual self-assessments to evaluate the effectiveness of the Board and its Committees in discharging their responsibilities. Structured performance evaluations are facilitated through assessment frameworks provided by Hayleys Group Services (Private) Limited, the Company Secretaries, to support continuous governance improvement and Board effectiveness.

GRI 2-19

Remuneration Policies

The remuneration of Executive Directors and Key Management Personnel is guided by Hayleys Group remuneration policies and governance practices. HPL also maintains a Board Remuneration Committee responsible for reviewing and the policy on remuneration packages of Executive Directors and Key Management Personnel.

The remuneration framework is designed to support the attraction, retention and motivation of individuals with the experience and capabilities required to support the Company's long term strategic objectives.

GRI 2-20

Process to Determine Remuneration

The remuneration of Board members is determined in alignment with remuneration practices adopted across the Hayleys Group and comparable Group Boards.

For Key Management Personnel, including General Managers and above, remuneration is linked to individual and organisational performance considerations, supporting accountability, performance alignment and long term value creation.

Company Secretary

Hayleys Group Services (Private) Limited, the Company Secretaries, plays a pivotal role in assisting the Board to discharge its duties and responsibilities. The Company Secretaries keep the Board updated on all legislation and regulations relevant to the Group and provide guidance to promote best practices in corporate governance.

Key responsibilities of the Company Secretary include:

- Ensuring that Board, Sub-Committee and General Meetings are conducted in accordance with the Articles of Association and applicable legislation.
- Maintaining statutory registers and minutes of Board and Board Sub-Committee meetings.
- Facilitating prompt communication with regulators and shareholders.
- Filing statutory returns and coordinating access to legal advice in consultation with the Board, as required.
- Maintaining the Register of Directors & Secretaries, including particulars such as names, former names (if any), residential addresses, occupations, dates of appointment, and dates of resignation.

All Directors have access to the advice and services of the Company Secretaries. The appointment and removal of the Company Secretary is a decision reserved for the Board.

CORPORATE GOVERNANCE

DISCLOSURE OF INFORMATION AND COMPLIANCE

The Financial Statements of the Company are prepared in accordance with the Sri Lanka Accounting Standards and in accordance with the requirements of the Colombo Stock Exchange.

Levels of compliance with the CSE's Listing Rules - Section 7.6 are given in the following table:-

CSE Rule Reference	Applicable Requirement	Compliance Status	Reference (within the Report)	Page Reference
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Complied	Annual Report of Board of Directors	page 239 to 243
7.6 (iii), (iv)	Twenty largest Shareholders, float adjusted market capitalisation, public holding percentage, no. of public shareholders and minimum required public shareholding	Complied	Shareholder Information	page 332 to 334
7.6 (v)	Directors' and CEO's(MD's) holding in shares	Complied	Annual Report of Board of Directors	page 239 to 243
7.6.(vi)	Material foreseeable risk factors of the entity	Complied	Risks Management	page 87 to 92
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Human Capital	page 148 to 169
7.6 (viii)	Extents, locations, valuations, number of buildings	Complied	Note 14 to the Financial Statements	page 296
7.6 (ix)	Number of shares representing the Entity's stated capital	Complied	Annual Report of Board of Directors	page 239 to 243
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Complied	Shareholder Information	page 332 to 334
7.6 (xi)	Ratios and Market Price Information	Complied	Ten Year Summary	page 326 to 327
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Complied	Note 14 to the Financial Statements	page 295 to 296
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	N/A	N/A	
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A		
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Complied	Corporate Governance Report	page 218 to 238
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower	Complied	Note 30.5 to the Financial Statements	page 315

Levels of compliance with the CSE's Listing Rules - Section 9 on Corporate Governance are given in the following table:-

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Reference (within the Report)	Page Reference
9.2.1	Policies	Complied	Annual Report of the Board of Directors	page 239 to 243
9.3	Board Committees	Complied	Corporate Governance Report – Board Committees Committee Reports	pages 224 to 225
9.4.1	Meeting Procedures	Complied	Corporate Governance Report – Board Meetings	page 223
9.4.2	Communication and Relations with shareholders	Complied	Corporate Governance Report – Policies	page 225
9.5	Policy on matters relating to the Board of Directors	Complied	Corporate Governance Report – Policies	page 225
9.6	Chairperson and CEO	Complied	Corporate Governance Report – Chair of the Board	page 222
9.6.3	Senior Independent Director (SID)	Complied	Corporate Governance Report - Chair of the Board	page 222
9.6.3. (b)	Independent Directors meetings with SID	Complied	Corporate Governance Report – Statement of SID	page 222
9.6.3. (c)	Non-Executive Directors meetings with SID	Complied	Corporate Governance Report – Statement of SID	page 222
9.6.3. (e)	Disclosure by SID	Complied	Statement of SID	page 255
9.7.1	Fitness of Directors and CEO	Complied	Annual Report of the Board of Directors- Fitness of Directors and CEO Nominations and Governance Committee Report	page 239 page 245
9.7.4	Declaration by Directors and CEO confirming that they satisfy the Fit and Proper Assessment Criteria	Complied	Annual Report of the Board of Directors- Fitness of Directors and CEO Nominations and Governance Committee Report	page 239 page 245
9.7.5	Disclosure in the Annual Report	Complied	Annual Report of the Board of Directors	page 239 to 243
9.8.1	Minimum number of Directors	Complied	Corporate Governance Report – Board Composition	page 220
9.8.2	Independent Directors	Complied	Corporate Governance Report – Independence of NED	page 220
9.8.3	Criteria for determining independence	Complied	Corporate Governance Report – Independence of NED	page 220
9.8.5	Disclosure relating to Criteria for determining independence	Complied	Corporate Governance Report – Independence of NED	page 220

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Reference (within the Report)	Page Reference
9.9	Alternate Directors	Not Applicable	The Company does not have Alternate Directors. The Articles of Association of the Company was amended in June 2025, including the provisions for Alternate Director in compliance with Rule 9.9 of the Listing Rules.	Not Applicable
9.10.2	Disclosure relating to Directors Appointments	Complied	Disclosed the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity Directors Profiles	page 22 to 25
9.10.3	Disclosure relating to changes to Board Committees	Complied	All changes to Board Committees were immediately informed to the Colombo Stock Exchange.	page 225
9.10.4	Disclosure relating to Directors	Complied	Directors Profiles	page 22 to 25
9.11.1-3	Nominations and Governance Committee	Complied	Nominations and Governance Committee Report and Annual Report of the Board of Directors	page 245
9.11.4	Composition of the Nominations and Governance Committee	Complied	Nominations and Governance Committee Report	page 245
9.11.5	Functions of the Nominations and Governance Committee	Complied	Nominations and Governance Committee Report	page 245
9.12.1-5	Remuneration Committee, policy on Executive Directors' remuneration, policy on NED's remuneration and written Terms of Reference of the Committee	Complied	Remuneration Committee Report	page 248
9.12.6	Composition of Remuneration Committee	Complied	Remuneration Committee Report	page 248
9.12.7	Functions of Remuneration Committee	Complied	Remuneration Committee Report	page 248
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Complied	Remuneration Committee Report Note 30.4 to the Financial Statements	page 248 page 315
9.13.1	Audit and Risk Functions	Complied	Audit Committee Report	page 252 to 254
9.13.2	Terms of Reference for Audit Committee	Complied	Audit Committee Report	page 252 to 254
9.13.3	Composition of Audit Committee	Complied	Audit Committee Report	page 252 to 254
9.13.4	Audit Committee Functions	Complied	Audit Committee Report	page 252 to 254
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Complied	Audit Committee Report	page 252 to 254

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Reference (within the Report)	Page Reference
9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Complied	Related Party Transactions Review Committee Report	page 250 to 251
9.14.3	Functions of RPTRC	Complied	Related Party Transactions Review Committee Report	page 250 to 251
9.14.4	General requirements of RPTRC	Complied	Related Party Transactions Review Committee Report	page 250 to 251
9.14.7	Immediate Disclosures	Complied	Note 30.5 to the Financial Statements	page 315
9.14.8 (1) & (2)	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Complied	Note 30.5 to the Financial Statements	page 315
9.14.8 (3)	Report by the RPTRC	Complied	Related Party Transactions Review Committee Report	page 250 to 251
9.14.8 (4)	An affirmative declaration by the Board of Directors	Complied	Annual Report of Board of Directors	page 239 to 243
9.17	Additional Disclosures	Complied	Annual Report of Board of Directors	page 239 to 243

Levels of compliance with the Companies Act No. 7 of 2007 are given in the following table:-

Rule	Requirement	Complied	Reference (within the Report)	Page Reference
168 (1) (a)	The nature of the business together with any change thereof during the accounting period	Complied	About Horana Plantations	page 8
168 (1) (b)	Signed financial statements of the company	Complied	Financial Statements	page 259 to 324
168 (1) (c)	Auditors' Report on financial statements	Complied	Independent Auditor's Report	page 261 to 264
168 (1) (d)	Accounting policies and any changes therein	Complied	Note 1 to 3.10 to the Financial Statements	page 271 to 282
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Complied	Annual Report of the Board of Directors	page 239
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied	Note 30.4 to the Financial Statements	page 315
168 (1) (g)	Corporate donations made by the Company during the accounting period	Complied	Annual Report of the Board of Directors	page 240
168 (1) (h)	Information on the Directorate of the Company during and at the end of the accounting period	Complied	Board of Directors	page 22 to 25
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Complied	Note 9 to the Financial Statements	page 285
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Complied	Annual Report of the Board of Directors	page 242
168 (1) (k)	Acknowledgment of the contents of this Report and Signatures on behalf of the Board	Complied	Annual Report of the Board of Directors	page 239 to 243

CORPORATE GOVERNANCE

Levels of compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023 are given in the following table:-

Code Ref	Requirement	Complied	Reference within the Report	Page
A.	Directors			
A.1	An effective Board should direct, lead and control the Company			
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Complied	Board Meetings	page 223
A.1.2	Role and Responsibilities of the Board	Complied	Board Responsibilities	page 221
A.1.3	Act in accordance with laws of the Country Independent professional advice	Complied	Corporate Governance	page 218
A.1.4	Access to advise and services of the Company Secretary	Complied	Company Secretary	page 228
A.1.5	Independent judgement	Complied	Board Meetings	page 223
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Complied	All Directors of the Company dedicate adequate time and effort to fulfilling their duties as Directors of the Company (both before and after the Board Meetings), in order to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.	page 223 to 224
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Complied	Board Meetings	page 223
A.1.8	Board induction and Training	Complied	Induction and training for Directors	page 223
A.2	Chairman and CEO	Complied	Division of Responsibilities Between the Chairman and The Managing Director / CEO The Chairman and the Managing Director of the Company are two different persons with clearly defined and separated power and authority.	page 222
A.3	Chairman's role in preserving good corporate governance	Complied	Division of Responsibilities Between the Chairman and The Managing Director / CEO	page 222
A.4	Availability of financial acumen	Complied	Board Composition	page 220
A.5	Board Balance	Complied	Board Composition	page 220
A.5.1	The Board should include sufficient number of NEDs	Complied	Board Composition	page 220
A.5.3	Independence of Directors	Complied	Independence of NED	page 220
A.5.4	Annual declaration of independence by Directors	Complied	Independence of NED	page 220
A.5.5	Annual determination of independence of NEDs	Complied	Independence of NED	page 220
A.5.6	Alternate Directors	Not Applicable	There were no appointments of Alternate Directors during the year	-
A.5.7	Senior Independent Director (SID)	Complied	Board Composition	page 220
A.5.8	Report from SID	Complied	Statement by Senior Independent Director	page 255

Code Ref	Requirement	Complied	Reference within the Report	Page
A.5.9	Chairman's meetings with NEDs	Complied	The Chairman meets with the Non-Executive Directors without the presence of Executive Directors, whenever necessary.	page 222
A.5.10	Recording of dissent in minutes	Complied	Meetings and minutes	page 228
A.6	Supply of Information	Complied	Corporate Governance	page 228
A.6.1	Timely and appropriate information to the Board			
A.6.2	Information provided in advance to the Board meetings.	Complied	Corporate Governance	page 218
A.7	Appointments to the Board: Nomination Committee	Complied	Nominations and Governance Committee Report	page 245 to 247
A.7.1	Composition of Nominations and Governance Committee	Complied	Nominations and Governance Committee Report	page 245 to 247
A.7.2	Annual assessment of Board composition	Complied	Corporate Governance	page 220 to 221
			Nominations and Governance Committee Report	page 245 to 247
A.7.3	Succession plan for the CEO and all Key Management Personnel and determine the training and development requirement for those identified succession	Complied	Nominations and Governance Committee Report	page 245 to 247
A.7.4	Disclosure on appointment of a new Director	Complied	Directors Profile and Annual Report of Board of Directors	page 25 & 241
A.7.5 & A.7.6	Composition of Nomination Committee and TOR	Complied	Nominations and Governance Committee Report	page 245 to 247
A.8 A.8.1 & A.8.2	Directors to submit themselves for re-election	Complied	Re-election	page 220 & 241
A.8.3	Resignation of a Director	Complied	Corporate Governance	page 218 to 238
A.9	Appraisal of Board and Board Sub-Committee Performances	Complied	Corporate Governance	page 227
A.10	Annual Report to disclose specified information regarding Directors	Complied	Corporate Governance	page 237 to 238
			Annual Report of Board of Directors	page 239 to 243
A.11	Appraisal of the CEO	Complied	Corporate Governance	page 222
B.	Directors Remuneration			
B.1	Establish process for developing policy on executive and director remuneration.	Complied	Corporate Governance	page 218 to 238
			Remuneration Committee Report	page 248

CORPORATE GOVERNANCE

Code Ref	Requirement	Complied	Reference within the Report	Page
B.2	Level and Make Up of Remuneration	Complied	Remuneration Committee Report	page 248
B.3	Disclosures related to remuneration in Annual Report - Remuneration Policy Statement - Aggregate Board Remuneration paid	Complied	Note 30.4 to Financial Statements Remuneration Committee Report	page 315 page 248
C.	Relations with Shareholders			
C.1.	Constructive use of the AGM & Other General Meetings	Complied	Constructive use of the AGM & Other General Meetings Notice of the Meeting	page 225 page 356
C.2	Communication with Shareholders	Complied	Corporate Governance - Policies	page 225
C.3	Disclosure of major and material transactions	Complied	There were no major or material transactions during the year, which materially affected the net asset base of Company.	-
D	Accountability & Audit			
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance, and prospects	Complied	Financial Statements	page 259 to 324
D.1.1	Balanced Annual Report	Complied	Financial Statements	page 259 to 324
D.1.2	Balanced and understandable communication	Complied	Financial Statements. When preparing quarterly and annual financial statements, the Company complied with the requirements of the Companies Act and prepared and presented them in accordance with Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standards. The Company complied with the reporting requirements prescribed by the CSE.	page 259 to 324
D.1.3	CEO/CFO declaration	Complied	Chief Executive Officer's and General Manager Finance's Responsibility Statement	page 257
D.1.4	Declarations by the Directors	Complied	Annual report of the Board of Directors on the Affairs of the Company	page 239 to 243
D.1.5	Statement by the Board on their responsibilities for the preparation and presentation of financial statements, statement by the Auditors about their responsibilities and Report on Risk Management and Internal Control	Complied	Directors' Responsibility for Financial Reporting Directors' Statement on Internal Controls Risk Management Auditors' Report	page 244 page 256 Page 87 to 92 page 261 to 264

Code Ref	Requirement	Complied	Reference within the Report	Page
D1.6	Management Discussion & Analysis	Complied	• Business Model • Industry structure and developments • Opportunities and threats • Risk management • Internal Control systems • Corporate & enterprise governance • Stakeholder relationships • Social and environmental governance activities • Financial Performance • Investment in Intellectual Capital • Human Resource Management • Prospects for the future	page 4 to 185
D.1.7	Net Assets < 50%	Complied	In the event of the net assets of the Company falling below 50% of Shareholders Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken. Reason for such an AGM has not arisen yet.	page 266
D.1.8	Related Party Transactions	Complied	Directors Interests, Related Party Transactions & Conflicts of interest	page 312 to 315
D.2.	Process of Risk Management and a sound system of internal control to safeguard shareholders' investments and the Company's assets	Complied	Risk Management and Internal control Report of the Audit Committee Directors' Statement of Internal Control Risk Review	page 252 to 254 page 256
D.3.	Audit Committee	Complied	Audit Committee Report	page 252 to 254
D.4	Risk Committee	Complied	Audit Committee TOR has been widened to include risk responsibilities. Therefore, Audit Committee oversee the risk management of the company. Audit Committee Report	page 252 to 254
D.5	Related Party Transactions Review Committee	Complied	Related Party Transactions Review Committee report	page 250 to 251
D.6	Code of Business Conduct and Ethics	Complied	The 'Hayleys Way' serves as the Internal Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees.	page 225

CORPORATE GOVERNANCE

Code Ref	Requirement	Complied	Reference within the Report	Page
D.7	Corporate Governance Disclosures	Complied	Corporate Governance Report	page 218 to 238
E	Institutional Investors	Complied	Communication with Shareholders	page 225
F	Other Investors	Complied	Communication with Shareholders	page 225
G.	Internet of Things & Cyber security	Complied	Corporate Governance Risk Management	page 226
H	Sustainability: ESG Risk and Opportunities	Complied	ESG Risk and Opportunities Risk Management	page 87 to 92
H.1	Provide the impact of ESG Risks & Opportunities for the Board			
H.1.1				
H.2	Method of recognising significant stakeholders & material matters relating to significant stakeholders	Complied	Stakeholder Engagement	page 50 to 52
H.2.1				
H.3	Environmental and Social Governance Framework and Structure	Complied	SLFRS Disclosures	page 69 to 88
H.3.1				
H.4	Governance structure to support sustainability/ ESG factors	Complied	SLFRS Disclosures	page 69 to 88
H.4.1, H.4.2 & H.4.3				
H.5	How ESG risk & opportunities Recognised, managed, measured and reported	Complied	SLFRS Disclosures	page 69 to 88
H.5.1, H.5.2, H.5.3 & H.5.4				
I.1	Establishment and Maintenance of Policies	Complied	Corporate Governance - Policies Available on the Company website - www.horanaplantations.com	page 225
I.2	Policy on matters relating to the Board of Directors	Complied	Corporate Governance - Policies Annual Report of the Board of Directors	page 225 page 239

Number and Names of Directorships held in Sri Lanka

Name of Director	Directorship Status in Horana Plantations PLC	No. of Board Seats in Listed Companies		No. of Board Seats in Non-Listed Companies	
		Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mr. Mohan Pandithage Listed Companies; Executive - 12 and Non-Executive - 01 Unlisted Companies; Executive - 132 and Non-Executive - 11 Total - 156	Chairman - Executive Director	Horana Plantations PLC Hayleys PLC Haycarb PLC Singer (Sri Lanka) PLC Hayleys Fabric PLC Hayleys Fibre PLC Alumex PLC The Kingsbury PLC Hayleys Leisure PLC Talawakelle Tea Estates PLC Kelani Valley Plantations PLC Dipped Products PLC	Diesel & Motor Engineering PLC	Hayleys Group - 132 Companies	Beata Power (Pvt) Ltd Joule Power (Pvt) Ltd Delmege Forsyth & Co. Exports (Pvt) Ltd Delmege Coir (Pvt) Ltd Delmege Forsyth & Co. (Shipping) Ltd Delmege Freight Services (Pvt) Ltd Lewis Shipping (Pvt) Ltd Lewis Brown Air Services (Pvt) Ltd Ocean Network Express Lanka (Private) Limited Sojitz Kelanitissa (Pvt) Ltd The Beach Resorts Ltd
Mr. Roshan Rajadurai Listed Companies; Executive - 03 and Non-Executive - Nil Unlisted Companies; Executive - 09 and Non-Executive - 01 Total - 13	Managing Director - Executive Director	Horana Plantations PLC Talawakelle Tea Estates PLC Kelani Valley Plantations PLC	-	Hayleys Group - 9 Companies	World Vision Lanka (Guarantee) Limited
Mr. Johann Rodrigo Listed Companies; Executive - 01 and Non-Executive - Nil Unlisted Companies; Executive - Nil and Non-Executive - 02 Total - 03	Chief Executive Officer - Executive Director	Horana Plantations PLC	-	-	Ceylon Tea Museum Plantation Human Development Trust
Mr. Sarath Ganegoda Listed Companies; Executive - 02 and Non-Executive - 09 Unlisted Companies; Executive - Nil and Non-Executive - 57 Total - 68	Non-Executive Director	Hayleys PLC Alumex PLC	Horana Plantations PLC Haycarb PLC Singer (Sri Lanka) PLC Hayleys Fabric PLC Hayleys Fibre PLC Hayleys Leisure PLC The Kingsbury PLC Kelani Valley Plantations PLC Dipped Products PLC	-	Hayleys Group - 57 Companies
Mr. Timothy Speldewinde Listed Companies; Executive - Nil and Non-Executive - 09 Unlisted Companies; Executive - 01 and Non-Executive - Nil Total - 10	Independent Non-Executive Director Senior Independent Director	-	Horana Plantations PLC Hayleys PLC Haycarb PLC Hayleys Fabric PLC The Kingsbury PLC Dipped Products PLC Ceylon Grain Elevators PLC Three Acre Farms PLC WealthTrust Securities PLC	Contemporary Ceylon (Pvt) Ltd	

CORPORATE GOVERNANCE

Name of Director	Directorship Status in Horana Plantations PLC	No. of Board Seats in Listed Companies		No. of Board Seats in Non-Listed Companies	
		Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mr. Gamini Gunaratne Listed Companies; Executive - Nil and Non-Executive - 06 Unlisted Companies; Executive - 01 and Non-Executive - 02 Total - 09	Non-Executive Director	-	Horana Plantations PLC Hayleys PLC East West Properties PLC Dipped Products PLC Swisstek Ceylon PLC Vallibel Power Erathna PLC	Lanka Hotels and Residencies (Pvt) Ltd	Hiru Rice Products (Private) Limited Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT)
Mr. Malaka Talwatte Listed Companies; Executive - Nil and Non-Executive - 03 Unlisted Companies; Executive - 15 and Non-Executive - Nil Total - 18	Independent Non-Executive Director	-	Horana Plantations PLC Talawakelle Tea Estates PLC Kelani Valley Plantations PLC	Saffron Capital (Pvt) Ltd Saffron Solutions (Pvt) Ltd Saffron Leisure (Pvt) Ltd Saffron Telecom (Pvt) Ltd Saffron Investments (Pvt) Ltd Commercial Equipment Supplier (Pvt) Ltd Turtle Beach Properties (Pvt) Ltd Jesselton (Pvt) Ltd Gammanpila Investments (Pvt) Ltd Sandvillage (Pvt) Ltd Faris Developers (Pvt) Ltd Slice Foods (Pvt) Ltd The Ceylon Tea Collection (Pvt) Ltd Leisure Beach (Pvt) Ltd Island Hospitality (Pvt) Ltd	-
Mrs. Anomi Wanigasekera Listed Companies; Executive - Nil and Non-Executive - 03 Unlisted Companies; Executive - 04 and Non-Executive - Nil Total - 07	Independent Non-Executive Director	-	Horana Plantations PLC Haycarb PLC Dipped Products PLC	Jacey & Company Limited Jacey Advisory Services (Private) Limited Jacey Trust Services (Private) Limited Jacey & Lanka (Private) Limited	-
Ms. Samara Perera Listed Companies; Executive - Nil and Non-Executive - 02 Unlisted Companies; Executive - Nil and Non-Executive - 01 Total - 03	Non-Executive Director	-	Horana Plantations PLC The Kingsbury PLC	-	Manatee Clothing (Private) Limited

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

GENERAL

The Board of Directors of Horana Plantations PLC ('the Company') has pleasure in presenting their Annual Report of the Board of Directors on the affairs of the Company together with the Audited Financial Statements of the Company for the year ended 31st March 2026.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 ('the Companies Act'), the Listing Rules of the Colombo Stock Exchange (CSE), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and are guided by recommended best accounting practices.

The Financial Statements were reviewed and approved by the Board of Directors on 11th May 2026.

PRINCIPAL ACTIVITIES OF THE COMPANY AND REVIEW OF PERFORMANCE DURING THE YEAR

The principal activity of the Company is cultivation and processing of Tea and Rubber. There were no material changes in the nature of business of the Company during the year.

A review of the business of the Company and its performance during the year with comments on financial results and future strategies and prospects is in the Chairman's Message and the Managing Director's Review (pages 40 to 47). Those also provide an overall assessment of the state of affairs of the Company with details of important events that took place during the period.

In addition, the Capitals chapters of this report describe how the assets of the Company were utilised during the year and sustainability initiatives of the Company.

These reports, together with the Financial Statements, reflect the state of affairs of the Company.

There has been no non-compliance with laws or regulations and the Directors to the best of their knowledge and belief, confirm that the Company has not engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company by the Government or any regulatory authority.

FINANCIAL STATEMENTS

The complete Financial Statements of the Company duly signed by two Directors on behalf of the Board and the Auditors are given on pages 259 to 324.

SUMMARISED FINANCIAL RESULTS

	31st March 2026 Rs. '000	31st March 2025 Rs. '000
Revenue	3,950,039	3,697,217
Total Comprehensive Income for the year	137,655	98,868
Retained Earnings	753,169	668,014

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements of the Company is given on page 261.

ACCOUNTING POLICIES

The Financial Statements of the Company have been prepared in accordance with the Sri Lanka Financial Reporting Standards / Sri Lanka Accounting Standards (SLFRS/LKAS) and the policies adopted thereof are given on pages 271 to 282.

The Financial Statements and Notes thereto give a true and fair view of the Company's financial position as of 31st March 2026 and of their performance for the year-ended on that date.

There were no material changes in the Accounting Policies adopted with those of the last year other than disclosed in Note 3 to the financial statements.

INTERESTS REGISTER

The Company, in compliance with the Companies Act No. 07 of 2007, maintains an Interests Register.

Particulars of the entires in the Interests Register are as follows:

Hayleys Plantation Services (Private) Limited in which Mr. A M Pandithage, Mr. W G R Rajadurai and Mr. S C Ganegoda are Directors holds 12,750,000 ordinary shares (51%) in Horana Plantations PLC.

The relevant interests of Directors in the shares of the Company as at 31st March 2026 as recorded in the Interests Register are given in this Report under Directors' shareholding.

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

DIRECTORS' INTERESTS IN TRANSACTIONS

The Directors of the Company and its subsidiaries have made the general disclosures provided for in Section 192(2) of the Companies Act. Note 30.2 and 30.3 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions. In instances where a Director had an interest in contracts or a relevant interest as per Section 200 of the Companies Act. involving the Company, such Director refrained from voting and refrained from being a part of the discussion or decision.

DIRECTORS' INTEREST IN SHARES

Directors of the Company who have relevant interests in the shares of the Company have disclosed their shareholding and any acquisitions/disposals to their Boards, in compliance with Section 200 of the Companies Act.

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company are as follows;

Name of Directors	31 March 2026		01 April 2025	
	No. of Shares	%	No. of Shares	%
Mr. A M Pandithage	-	-	-	-
Mr. W G R Rajadurai	2,000	0.01	1,000	0.00
Mr. J A Rodrigo	-	-	-	-
Mr. S C Ganegoda	139,350	0.56	139,350	0.56
Mr. K D G Gunaratne	-	-	-	-
Ms. K D S Perera	-	-	-	-
Mr. T A B Speldewinde	-	-	-	-
Mr. M C B Talwatte	-	-	-	-
Ms. A I Wanigasekera	-	-	-	-

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed under Key Management Personnel compensation in Note 30.4 to the Financial Statements on page 315. Executive Directors' remuneration is determined within an established framework and Non- Executive Directors' remuneration is determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the Company.

DIRECTORS' INDEMNITY AND INSURANCE

The ultimate parent Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Company.

DONATIONS

The Company has not made any donations to approved charities during the year under review. (2024/25 – Nil) No donations were made for political purposes.

FUTURE DEVELOPMENTS

Information on future developments are contained in the Chairman's Report and Managing Director's Report on page 40 to 47 of this Report.

RESERVES

The reserves of the Company with the movements during the year are given on page 268.

DIVIDEND

First Interim Dividend of Rs. 0/69 per share for 2025/26 was paid to the shareholders on 23rd October 2025.

Second Interim Dividend of Rs. 0/63 per share for 2025/26 was paid to the shareholders on 23rd January 2026.

Third Interim Dividend of Rs. 0/78 per share for 2025/26 was paid to the shareholders on 27th April 2026.

The Directors have confirmed that the Company satisfied the solvency test requirement under Section 56 of the Companies Act for the interim dividend paid and for the final dividend proposed. Solvency certificates were obtained from the Auditors as required.

PROPERTY, PLANT & EQUIPMENT

Details and movements of property, plant and equipment are given under Notes 14 to the Financial Statements on page 295.

LAND HOLDINGS

The Company does not own any freehold property.

STATED CAPITAL

The Stated Capital of the Company is Rs.250,000,010/-. divided into Twenty Five Million (25,000,000) Ordinary Shares and One (01) Golden Share as at 31st March 2026. There was no change to the stated capital during the year. The Golden share of Rs. 10/- held by the Secretary to the Treasury, enjoys the following special rights:

- The concurrence of the Golden Shareholder should be obtained to sub-lease estate lands and amend the Articles of Association of the Company

in which the Golden Shareholders' rights are given.

- The Golden Shareholder or his nominee has the right to examine the books and accounts of the Company.
- The Company is required to submit a detailed quarterly report to the Golden Shareholder.
- The Golden Shareholder can request the Board of Directors of the Company for a meeting.

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the distribution of shareholding, analysis of shareholders, public holding, twenty largest shareholders of the Company and percentage of shares as per the Listing Rules of the Colombo Stock Exchange are given on page 332 to 333 under Share Information. Market values per share, earnings, dividends and net assets per share are given on page 327.

It is the Company's policy to endeavor to ensure equitable treatment to its shareholders.

The Company has an established Policy on Relations with Shareholders and Investors and it is published on the Company's website www.horanaplantations.com.

DIRECTORATE

The names of the Directors who served during the year are given below and their brief profiles appear on pages 22 to 25 of this Report.

EXECUTIVE DIRECTORS

Mr. A M Pandithage - Executive Chairman
Mr. W.G.R. Rajadurai - Managing Director
Mr. J A Rodrigo - Executive Director / CEO

NON - EXECUTIVE DIRECTORS

K.A.D.S. Perera - Appointed w.e.f. 01st October 2025

Mr. S C Ganegoda

Mr. K D G Gunaratne

Mr. S.M. Liyanage - Resigned w.e.f 30th September 2025.

INDEPENDENT NON - EXECUTIVE DIRECTORS

Mr. T A B Speldewinde - Senior Independent Director

Mr. M C B Talwatte

Ms. A I Wanigasekera

With a view to improving the collective effectiveness and performance of the Board, Board Sub-Committees evaluations were carried out during the year, including an assessment of the systems and processes which are in place.

In terms of Article 92 of the Articles of Association of the Company, Mr. S.C. Ganegoda and Mr. T.A.B. Speldewinde retire by rotation and being eligible offer themselves for re-election and the shareholders will be requested to re-elect them at the forthcoming Annual General Meeting.

Ms. K.A.D.S. Perera who was appointed to the Board on 01st October 2025, retires under Article 98 of the Articles of Association and is recommended by the Directors for re-election.

Notice has been given of the intention to propose an ordinary resolution in terms of Section 211 of the Companies Act for the re-appointment of Mr. A.M. Pandithage who is over Seventy years of age, resolving that the age limit of Seventy years stipulated in Section 210 of the Companies Act shall not apply to the aforesaid director.

The Directors have provided declarations in terms of the Listing Rules on the fitness of Directors and the Board is satisfied that the Directors have continuously satisfied the 'fit and proper' criteria.

None of the Directors or their close family members have any material business relationship with the Company or other directors of the Company, except for Ms. K.A.D.S. Perera, a Non-Executive Director, who has a close family relationship with the major shareholder holding 51% of the parent company.

DIRECTORS' MEETING

The number of Directors' meetings comprises Board meetings, Sub-Committee meetings and the attendance of Directors at these meetings are given on page 223 to 224. Furthermore, the Directors contributed towards policy advocacy and direction by participating in the deliberations of the Board-appointed Sub-committees on strategic review, procurement and disposal of assets.

BOARD SUB-COMMITTEES

The Board, while assuming the overall responsibility and accountability for the affairs in the management of the Company, has appointed an Audit Committee, Remuneration Committee, Nominations and Governance Committee and Related Party Transactions Review Committee with specific terms of reference.

The Committee Reports are given on pages 245 to 254 of this report.

RELATED PARTY TRANSACTIONS

The related party transactions of the Company during the year have been reviewed by the Related Party Transactions Review Committee and are in compliance with Section 9 of the Listing Rules. Please refer the Related Party Transactions Review Committee Report on page 250

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

The Board of Directors hereby declare that the Company has complied with the Listing Rules pertaining to related party transactions.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, The Companies Act and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is included on page 244 which forms an integral part of the Annual Report of the Board of Directors.

AUDITORS

The Financial Statements for the period under review were audited by Messrs. KPMG, Chartered Accountants.

Messrs. KPMG, Chartered Accountants have expressed their willingness to continue in office and in accordance with the Companies Act, a resolution proposing the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the Financial Year 2026/27 and to authorize the directors to determine their remuneration is being proposed at the Annual General Meeting.

The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditors. Details on the work of the Audit Committee are set out in the Audit Committee Report.

The audit and non-audit fees paid to the Auditors by the Company is disclosed in Note 9 on page 285 in this Annual Report.

As far as the Directors are aware, the Auditors do not have any relationship or

interest in the Company or its subsidiaries. The Auditors have confirmed that they do not have any relationship (other than that of Auditors) with or interest in the Company other than those disclosed above.

EMPLOYMENT

The Company has a structure and a culture that recognises the aspirations, competencies and commitment of its employees. Career growth and advancement within the Company is promoted. The number of persons employed by the Company at the year-end, details of the Company's human resource practices and employee and industrial relationships are given under the Human Capital of the Review of Operations.

The Company's employment policy is totally non-discriminatory which respects individuals and provides career opportunities irrespective of the gender, race or religion.

EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Except for the matters disclosed in Note 29 to the Financial Statements on page 312 there are no material events as at the date of the Auditor's report which require adjustment to, or disclosure in the Financial Statements.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all statutory payments such as taxes, duties and levies payable by the Company, in respect of employees the Government and other regulatory institutions all other known statutory dues as were due and payable by the Company as at the Statement of Financial Position date have been made promptly and are up to date.

The declaration relating to statutory payments is made in the Statement of Directors Responsibilities on page 244.

ESG RISK AND OPPORTUNITIES

The Company's efforts to conserve scarce and non-renewable resources, as well as its environmental objectives and key initiatives, are described in the page 69 to 86.

CORPORATE SOCIAL RESPONSIBILITY

The Company continued its Corporate Social Responsibility Programme, details of which are set out on pages 170 to 184 of this Report.

POLICIES

The Company has adopted the following policies with effect from 01st October 2024 and has published the same in the Company's website:

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

'The Hayleys Way' serves as the Internal Code of Business conduct and Ethics for all Directors, KMP and other employees. The 'Hayleys Lifecode' includes a suite of environmental, social and governance related policies which are applicable across the Company.

The Policy on Matters relating to the Board of Directors was reviewed and amended during the Financial Year 2025/26.

INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Company's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records, reliability of financial information generated and cyber security.

All internal controls which include financial controls, operational and compliance controls and risk management, have been reviewed by the Board of Directors and they have obtained reasonable assurance of the effectiveness of the existing controls.

The successful adherence to existing controls has been ascertained and improvements have been carried out where necessary. The Board is satisfied with the Company's adherence to and the effectiveness of these controls.

CORPORATE GOVERNANCE

The Board of Directors confirm that the Company is compliant with Corporate Governance rules laid down in Section 9 of the Listing Rules of the Colombo Stock Exchange and the recommendations provided in the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka.

The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent

internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and employees.

The Corporate Governance Report on pages from 218 to 238 discusses this further.

Mr. T.A.B. Speldewinde was appointed as the Senior Independent Director on 01st November 2023, in accordance with the Corporate Governance requirements. The Board is of the opinion that Mr. A.M. Pandithage should remain as the Executive Chairman of the Company due to his extensive experience, deep insights and domain knowledge evidenced through the leadership provided to the Company. Please refer the Senior Independent Director's Report on page 255.

The Directors satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules. There were no non-compliances by any Director during the financial year.

The Directors have declared all material interests in contracts involving the Company and they refrain from voting on matters in which they have a material interest.

The Board has updated themselves with the applicable laws, rules and regulations and are aware of the changes to the Listing Rules of the Colombo Stock Exchange and other regulatory requirements.

RATIOS AND MARKET PRICE INFORMATION

Ratios relating to equity and debt and market price information are given on pages 327 and 333.

EXPOSURE TO RISK

The Company has a structured risk management process in place to support its operations. The Audit Committee plays a major role in this process. The Risk Management section referred in pages 87

to 92 elaborates these practices and the risk factors.

GOING CONCERN

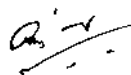
The Directors, after making necessary inquiries and reviews including reviews of the Company's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

ANNUAL GENERAL MEETING

Thirty Third Annual General Meeting will be held on, Thursday, 25th June 2026 at 3.00 a.m. at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10. The Notice of the Thirty Third (33rd) Annual General Meeting appears on page 356.

This Annual Report is signed for and on behalf of the Board of Directors by



A M Pandithage
Chairman- Executive Director



Roshan Rajadurai PhD, DSc.
Managing Director



Hayleys Group Services (Private) Limited
Secretaries

Colombo
11th May 2026.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible, under Sections 150 (1), 151, 152 (1), 153 (1) & 153 (2) of the Companies Act No. 07 of 2007, ('the Companies Act') to ensure compliance with the requirements set out therein 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 profit & loss of the Company for the financial year. The Directors are also responsible, under Section 148 for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Financial Reporting Standards/ Sri Lanka Accounting Standards (SLFRS/ LKAS). The Financial Statements provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken reasonable measures to safeguard the assets of the Company, and in that context, have instituted appropriate systems of internal control with a view to preventing and detecting frauds and other irregularities.

The Directors are also required to ensure that the Company have adequate resources to continue in operations to justify applying the going concern basis in preparing these financial statements.

The External Auditors, Messrs. KPMG, Chartered Accountants who were re-appointed in terms of the Companies Act were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on pages 261 to 264 sets out their responsibilities in relation to the Financial Statements.

Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company as at the Balance Sheet date have been paid or where relevant, provided for.

By Order of the Board,



Hayleys Group Services (Private) Limited.

Company Secretaries for Horana Plantations PLC

Colombo
11th May 2026

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The Board has an established Nominations and Governance Committee ('the Committee') which complies with Section 9.11 of the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka. The Committee comprises three Independent Non-Executive Directors and two Non- Executive Directors.

The Members who served on the Committee during Financial Year 2025/26 are as follows:

Mr. T.A.B. Speldewinde - Chairman, Senior Independent Director

Mr. M.C.B. Talwatte - Independent Non-Executive Director

Ms. A.I. Wanigasekera - Independent Non-Executive Director

Mr. S.C. Ganegoda - Non-Executive Director

Mr. K.D.G. Gunaratne - Non-Executive Director

MEETING ATTENDANCE

The Committee met twice during the Financial Year 2025/26.

Name of the Member	Date of Appointment to the Committee	No. of Meetings Attended
Mr. T.A.B. Speldewinde	13th May 2024	2/2
Mr. M.C.B. Talwatte	31st December 2024	2/2
Ms. A.I. Wanigasekera	31st December 2024	1/2
Mr. S.C. Ganegoda	13th May 2024	2/2
Ms. K.D.G. Gunaratne	13th May 2024	2/2

Brief profiles of each Member is given on page 22 to 25 of this Annual Report.

The Chairman of the Board, Managing Director, Executive Directors and the General Manager - Finance of the Company attend the meetings of the Committee by invitation.

The Board has approved well-defined Terms of Reference outlining the Committee's purpose, composition, quorum, authority, responsibilities, and meeting related matters. The Terms of Reference of the Committee were last reviewed and approved by the Committee during the year under review.

Hayleys Group Services (Private) Limited, the Secretary of the Company serves as the Secretary of the Committee

DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

- To approve a formal and transparent procedure to evaluate and recommend the appointment of Directors of the Company considering the required skills, experience and qualifications necessary.
- To maintain a set of criteria for selection of Directors such as academic/professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.

- To consider and recommend (or not recommend) the re-election of current directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- To approve a suitable process for the periodic evaluation of the performance of the Board Directors and the Managing Director of the Company to ensure their responsibilities are satisfactorily discharged.
- To review the succession plans for Board of Directors and Key Management Personnel and evaluate training and development for those identified for succession.
- To review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices.
- To review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.
- To periodically review the insurance cover "Directors and Officers Liability Cover" for Directors and Key Management Personnel.
- To receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the Securities and Exchange Commission Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

- Ensure that induction takes place for the new directors

ACTIVITIES DURING THE YEAR

The Committee reviewed the structure and composition of the Board and Board Committees. Board performance evaluation was carried out and discussed at Board meetings. This entails the evaluation of performance of the Board, its Committees and the performance of the Managing Director.

The Policies of the Company were reviewed during the year and necessary amendments were incorporated. The Committee ensured that the updated Policies were published in the Company website. Sub Committee Terms of Reference were reviewed and amended where necessary.

The policies and processes relating to the nomination of new Members to the Board are governed by the Policy on Corporate Governance. Independent Directors are kept informed by the Chairman and Managing Director in the event any major issues arise.

THE POLICIES OF THE COMPANY

The Company has adopted the following policies, with effect from 1st October 2024, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange:

1. Policy on the matters relating to the Board of Directors
2. Policy on Corporate Disclosures
3. Policy on ESG Framework – Social Policies
4. Policy on Anti-Bribery and Corruption
5. Policy on Control and Management of Company Assets and Shareholder Investments

6. Policy on Corporate Governance, Nominations and Re-election
7. Policy on Environmental, Social and Governance Sustainability
8. Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Company's listed securities
9. Policy on Relations with Shareholders and Investors
10. Policy on Remuneration
11. Policy on Risk management and Internal controls
12. Policy on Whistleblowing
13. Policy on Board Committees

The Committee also checked the Independence of the Directors against the criteria for independence as set out in the Listing Rules. The Committee ensured that the declaration of independence is carried out by the Independent Directors and concluded that all Independent Directors of the Company meet the criteria for determining independence. The Committee also evaluated all the Directors against the Fit and Proper assessment criteria.

The Committee ensured that Corporate Governance rules stipulated by the Colombo Stock Exchange are adhered to by the Board and the Company throughout the year. It has further established Board diversity by bringing a wide range of experience and skills, age and gender diversity to the Board to make certain that the Board effectively performs its duties.

Newly appointed Directors were inducted to the Board by giving adequate information on the Company and its manufacturing facilities, factories and estates. They were also updated on the Listing Rules on corporate governance and securities market regulations.

RE-APPOINTMENTS / RE- ELECTIONS

One Third (1/3) of all the directors, except the Managing Director and those who have been appointed to the Board since the last Annual General Meeting, retire at least once in 3 years' after retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the Annual General Meeting.

Accordingly, the Committee has recommended to re-elect Mr. S.C. Ganegoda and Mr. T.A.B. Speldewinde to the Board at the Annual General Meeting to be held on, 25th June 2026 based on their performance and the contribution made to achieve the objectives of the Board.

Mr. S.C. Ganegoda, a Non-Executive Director was appointed to the Board on 01st September 2017 and was last re-appointed in June 2024. His directorships and other principal commitments are given in the profile on page 23 of this Report. He serves on the Audit, Remuneration, Nominations and Governance and Related Party Transactions Review Committees of the Company.

Mr. T.A.B. Speldewinde, the Senior Independent Director, was appointed to the Board on 11th August 2023 and has not been re-appointed. His directorships and other principal commitments are given in the profile on page 24 of this Report. He serves as the Senior Independent Director and the Chairman of Audit, Remuneration, Nominations and Governance and Related Party Transactions Review Committees of the Company.

Ms. K.A.D.S. Perera who was appointed to the Board on 01st October 2025 will come up for re-election by the shareholders at the Annual General Meeting. The profile in pages 25 set out her other principal commitments and directorships. She does not serve in the Board Sub-Committees.

The Directors who are being proposed for re-election or their family members, have no relationship with the Directors of the Company or shareholders holding more than 10% of the shares of the Company except Ms. K.A.D.S. Perera who has a family relationship with the main shareholder who holds 51% in the parent company.

Due to the invaluable contribution made to the Board as a result of his many years of experience, industry knowledge and business acumen, the Committee has recommended to reappoint Mr. Abeyakumar Mohan Pandithage who is over seventy years of age and who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given in page 218 to 238.



T A B Speldewinde

Chairman - Nominations and Governance
Committee

Colombo
11th May 2026

REMUNERATION COMMITTEE REPORT

The Board has an established Remuneration Committee ('the Committee') which complies with Section 9.12 of the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka. The Committee comprises three Independent Non-Executive Directors and two Non- Executive Directors.

COMPOSITION

The Committee appointed by and is responsible to the Board of Directors. The Members who served on the Committee during the Financial Year 2025/2026 are as follows:

Mr. T.A.B. Speldewinde - Chairman, Senior Independent Director

Mr. M.C.B. Talwatte - Independent Non-Executive Director

Ms. A.I. Wanigasekera - Independent Non-Executive Director

Mr. S.C. Ganegoda - Non-Executive Director

Mr. K.D.G. Gunaratne - Non-Executive Director

ATTENDANCE AT COMMITTEE MEETINGS

The Committee met twice during the year under review:

Name of the Member	No. of Meetings Attended
Mr. T.A.B. Speldewinde	2/2
Mr. M.C.B. Talwatte	2/2
Ms. A.I. Wanigasekera	1/2
Mr. S.C. Ganegoda	2/2
Mr. K.D.G. Gunaratne	2/2

Brief profiles of each Member are given on pages 22 to 25 of this Annual Report.

The Chairman of the Board, Managing Director and Head of Human Resources of the Company attend the meetings of the Committee by invitation.

Hayleys Group Services (Private) Limited, the Secretaries of the Company, acts as the Secretary to the Committee.

The Committee has well defined Terms of Reference outlining the Committee's, composition, quorum, authority, responsibilities and meeting related matters. The Members' are free from business, operational, personal or other relationships which may interfere with their independent, unbiased judgement.

The Terms of Reference of the Committee were reviewed and approved during the year under review.

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The Committee is responsible to the Board to determine the policy of the remuneration package of the Directors and Key Management Personnel (KMP).

The Committee evaluates, assesses and recommends to the Board of Directors on matters that may affect Human Resources Management of the Company and specifically include;

- Review and approve the Remuneration Policy of the Company and its specific application to the Directors and KMP.
- Review the process of determination of the compensation of the Executive Directors and KMP.
- Review and approve guidelines, policies and parameters for the compensation structures KMP.
- Evaluate the performance of the KMP against the predetermined targets and goals.
- Review information related to Executive Directors' and KMP pay from time to time to ensure same is in par with the market/industry rates.
- Approve the guidelines and parameters for annual salary increments and bonuses.

REMUNERATION POLICY

The remuneration policy of the Company is to attract, motivate and retain a highly qualified and experienced executive team, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Company and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

The remuneration packages which are linked to individual performances are aligned with the Company's short term and long term strategy.

All Non-Executive Directors (other than Directors who are employed by Hayleys PLC) receive a fee for serving on the Board and serving on sub committees.

They do not receive any performance related incentive payments.

The policy ensures that Non-Executive Directors fee is based on principles of non-discriminatory pay practices among them so that their independence is not impaired.

ACTIVITIES IN 2025/2026

During the year the Committee reviewed the performance of the Managing Director, the Chief Executive Director and KMP based on the targets set in the previous year. The Committee also reviewed the Executive Directors and Key Management Personnel compensation packages and implemented market corrections to total compensation packages in line with the market median.

The aggregate remuneration of the Executive and Non-Executive Directors for the financial year amounted to Rs 28 Mn.



T A B Speldewinde

Chairman – Remuneration Committee

Colombo
11th May 2026

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Company has an established Related Party Transactions Review Committee ('the Committee') which complies with Section 9.14 of the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions issued by CA Sri Lanka. The Committee comprises three Independent Non-Executive Directors and two Non- Executive Directors.

The Members who served on the Related Party Transactions Review Committee of the Company during the Financial Year 2025/26 are as follows:

Mr. T.A.B. Speldewinde - Chairman, Senior Independent Director

Mr. M.C.B. Talwatte - Independent Non Executive Director

Ms. A.I. Wanigasekera - Independent Non Executive Director

Mr. S.C. Ganegoda - Non Executive Director

Mr. K.D.G. Gunaratne - Non Executive Director

ATTENDANCE AT COMMITTEE MEETINGS

The Committee met on a quarterly basis during the year under review.

Name of the Member	No. of Meetings Attended
Mr. T.A.B. Speldewinde	4/4
Mr. M.C.B. Talwatte	4/4
Ms. A.I. Wanigasekera	3/4
Mr. S.C. Ganegoda	4/4
Mr. K.D.G. Gunaratne	4/4

Profiles of the Committee Members are given in Pages 22 to 25

Hayleys Group Services (Private) Limited, the Secretary of the Company, serves as the Secretary to the Committee. Minutes of the Committee meetings are tabled at the Board meetings thereby providing the Directors access to the deliberations of the Committee.

The Chairman of the Board, Managing Director, Director/ Chief Executive Officer of Horana Plantations PLC and General Manager-Finance attend the meeting of the Committee by invitation.

THE DUTIES OF THE COMMITTEE

- Subject to the exemptions given in the Rule 9.14.10 of the Listing Rules, review in advance all proposed transactions of the Company either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from the Management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.

- To recommend where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the Company are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the Management. Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/ non-recurrent-related party transactions.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining "competent independent advice" from independent professional experts with regard to the value of the substantial asset of the related party transaction.
- To ensure that there is an adequate and effective process in place to capture information which is relevant to its review function.

TASK OF THE COMMITTEE

The Committee reviewed the related party transactions of the Company and their compliances and communicated the same to the Board.

The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the Management in compliance with Listing Rules.

POLICY AND TERMS OF REFERENCE

The Committee has established a clear Policy and Terms of Reference approved by the Board, setting forth the procedure to identify the related parties and the process of reporting the transactions with related parties to the Committee on a quarterly basis. The Policy outlines the composition of the Committee, meeting procedures and the responsibilities of the Committee. It also specifies the approval processes and disclosure requirements, including market announcements and Annual Report disclosures. The Policy guides the Committee and makes them responsible for ensuring that no director or major shareholder takes advantage of their position to the detriment of the interest of minority shareholders. The Terms of Reference of the Committee were last reviewed and approved by the Committee during the year under review.

DISCLOSURES

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclosed under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in Note 30 to the financial statements given in page 312 to 315 this report.

DECLARATION

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on pages 250 to 251 of this Report.



T A B Speldewinde

Chairman - Related Party Transactions
Review Committee

Colombo
11th May 2026

AUDIT COMMITTEE REPORT

The Audit Committee ('the Committee') is appointed by and is responsible to the Board of Directors of the Company in fulfilling its oversight responsibilities on financial reporting. It reviews the financial reporting process, the integrity of the financial statements, the systems of internal control, the audit process and the Company's process for monitoring compliance with laws and regulations.

COMPOSITION

The Committee comprises three Independent Non-Executive Directors and two Non- Executive Directors. The members who served on the Committee during the Financial Year 2025/2026 are as follows:

Mr. T.A.B. Speldewinde - Chairman, Senior Independent Director

Mr. M.C.B. Talwatte - Independent Non Executive Director

Ms. A.I. Wanigasekera - Independent Non Executive Director

Mr. S.C. Ganegoda - Non Executive Director

Mr. K.D.G. Gunaratne - Non Executive Director

The Chairman of the Committee is a senior Chartered Accountant. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants, UK. The other Members possess relevant knowledge, qualifications and experiences in financial reporting, control, legal and regulatory requirements.

Brief profiles of each Member are provided on pages 22 to 25 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are

brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

Hayleys Group Services (Private) Limited, the Secretary of the Company, acts as the Secretary to the Committee.

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee Charter is periodically reviewed and revised with the concurrence of the Board of Directors to make sure that new developments relating to the functions of the Committee are updated.

The Terms of Reference of the Committee are clearly defined in the Audit Committee Charter. The Terms of Reference of the Committee were last reviewed and approved by the Committee during the year under review to include oversight responsibilities on sustainability and ESG related reporting.

The 'Rules on Corporate Governance' under the Listing Rules of the Colombo Stock Exchange and the 'Code of Best Practice on Corporate Governance' issued by the Institute of Chartered Accountants of Sri Lanka in 2023, further regulate the composition, roles and functions of the Committee.

MEETINGS OF THE AUDIT COMMITTEE

The Committee meets as often as may be deemed necessary. It met 4 times to discuss the quarterly and annual Financial Statements for the financial year under review.

The attendance of the Members at these meetings is as follows:

Directors	No. of Meetings Attended
Mr. T.A.B. Speldewinde	4/4
Mr. M.C.B. Talwatte	4/4
Ms. A.I. Wanigasekera	3/4
Mr. S.C. Ganegoda	4/4
Mr. K.D.G. Gunaratne	4/4

The Chairman of the Board, Managing Director, Executive Directors and General Manager Finance of Horana Plantations PLC, Hayleys Group Chief Financial Officer and Head of Group Management Audit and System Review Department (MA&SRD) attend the meetings of the Committee by invitation. The External Auditors are also invited to be present where relevant.

The proceedings of the Committee are reported quarterly to the Board of Directors by tabling the minutes of the Committee Meetings and updates by the Chairman of the Committee on matters that require the attention of the Board.

Audit Committee meeting papers, including the agenda, minutes and related reports and documents, are circulated to the Committee Members in advance.

THE AUTHORITY OF THE AUDIT COMMITTEE

- Recommend the appointment, reappointment, dismissal, service period and fees of the External Auditor.
- Establish and maintain a direct communication channel with the External Auditor.
- Resolve any issues regarding financial reporting between the Management and the External Auditor.
- Pre-approve all audit and non-audit services performed by the External Auditor and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the Management, External Auditor and Internal Auditor as necessary to carry out the assigned duties.

ACTIVITIES IN 2025/26

The Committee, inter alia, engaged in the following activities during the financial year under review:

FINANCIAL REPORTING SYSTEM

The Committee reviewed the quality and integrity of the financial reporting system adopted by the Company in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from the Managing Director and the General Manager Finance of the Company. The Committee recommended the Financial Statements to the Board for its deliberations and approval. The Committee, in its evaluation of the financial reporting system, also recognized the adequacy of the content and quality of routine management information reports

forwarded to the management, regulatory authorities and shareholders.

Further, the Committee reviewed the procedures established by the Management to comply with regulatory requirements and is satisfied that financial reporting requirements under the Listing Rules of the Colombo Stock Exchange, Companies Act No. 07 of 2007, Securities and Exchange Commission Act and other relevant financial reporting related regulations and requirements are met.

INTERNAL CONTROL SYSTEMS

The Committee reviewed the process to assess the adequacy and effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that the Company's assets are safeguarded, and the financial reporting system can be relied upon in the preparation and presentation of Financial Statements.

The Hayleys Group MA&SRD (Internal Audits) regularly reports on key control elements and procedures in the Company that are selected according to Annual Internal Audit Plan. Internal Audits are outsourced wherever necessary to leading audit firms in line with the Annual Audit Plan. The Committee obtained significant findings and recommendations together with the Management's responses on the review of the internal controls carried out by the internal auditors and provided recommendations for improvement. Follow-up reviews were scheduled to ascertain that audit recommendations are being acted upon.

The Committee also evaluated the Internal Audit Function covering key areas such as scope, quality of internal audits, independence and resources. The Committee appraised the independence of the Hayleys Group MA&SRD, in the conduct of their assignments.

The Annual Internal Audit Plan is approved by the Audit Committee and its progress

is reviewed on a quarterly basis in order to reflect the changing business needs and to ensure new and emerging risks are considered. During the financial year 2025/26, internal audits of ten Estates were performed.

RISK MANAGEMENT

The Committee obtained and reviewed a statement from the Company identifying the major business risks, and mitigation action taken or contemplated for the management of these risks. The COSO Enterprise Risk Reporting Process is presently being implemented within the Company.

The Committee conducted ESG risk assessments during the year, thereby identifying, prioritising and monitoring sustainability-related risks and opportunities.

EXTERNAL AUDIT

During the year under review, the Committee held meetings with the External Auditor to review the nature, approach, scope of the audit, Audit Plan and the Audit Management Letters of the Company. Actions taken by the Management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the Management. Remedial action was recommended wherever necessary.

The Committee has reviewed the other services provided by the External Auditor to the Company to ensure that their objectivity and independence as External Auditor has not been impaired. The Committee provides the opportunity for the External Auditor to meet the Audit Committee Members independently, if necessary.

The Committee annually reviews the appointment of the External Auditor and makes recommendations to the Board accordingly. During the year under review, the Committee assessed the independence and effectiveness of the

AUDIT COMMITTEE REPORT

External Audit function and is satisfied that the independence of the External Auditor had not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the External Auditor and the level of audit and non-audit fees received by the Auditor, in order to ensure that it did not compromise their independence.

The Committee obtained written assurance from the External Auditors that they are and have been independent throughout the conduct of the audit engagement in terms of all relevant professional and regulatory requirements and has made a determination of the independence of auditors based on the same.

The current External Auditor, Messrs. KPMG, Chartered Accountants was initially appointed as External Auditor in 2019 and continues to hold that position at present. A partner rotation of the Auditors takes place periodically. A rotation of the Audit Partner took place in 2019/20 Financial Year.

APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee has recommended to the Board of Directors that Messrs. KPMG, Chartered Accountants, continue as External Auditors for the financial year ending 31st March 2027 after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken during the financial year 2025/26.

COMPLIANCE

The Committee obtained written assurances from the Managing Director and the CEO regarding the entity's operations and finances. The Committee also received representations on the adequacy of provisions made for possible liabilities and reviewed reports tabled by the Company certifying their compliance with relevant statutory requirements.

Further, the Committee obtained regular updates from the CEO regarding compliance matters.

ETHICS AND GOOD GOVERNANCE

The Committee continuously emphasized on upholding ethical values of the staff members. In this regard, the Internal Code of Business Conduct and Ethics, the policies on Whistleblowing and Anti-Bribery and Corruption were put in place. The Policies were followed by educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistleblowing or identified through other means. The Whistleblower Policy guarantees strict confidentiality of the identity of the Whistleblowers.

SRI LANKA ACCOUNTING STANDARDS

The Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Company and made recommendation to the Board of Directors. The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals. The Committee has pursued the assistance of Messrs. KPMG to assess and review the existing SLFRS policies and procedures adopted by the Company and continuously monitors the progress of implementation of SLFRS as per the requirements of Sri Lanka Accounting Standards.

SUPPORT TO THE COMMITTEE

The Committee received information and support from the Management during the year to enable it to carry out its duties and responsibilities effectively.

EVALUATION OF THE COMMITTEE

An independent evaluation of the effectiveness of the Committee was carried out by the other members of the Board during the year and considering the overall conduct of the Committee and its contribution on the overall performance of the Company, the Committee has been rated as highly effective.



T A B Speldewinde
Chairman - Audit Committee

Colombo
11th May 2026

STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

Profile of Mr. T.A.B. Speldewinde is given on page 24 of this Report.

The Board of Directors designated me as the Senior Independent Director (SID) of the Company in 2023, in compliance with the regulatory requirements of the Colombo Stock Exchange, given that the Chairman of the Board serves as an Executive Director. I continue to hold this position and provide guidance to the Chairman on matters pertaining to corporate governance.

In my capacity as SID, I ensure that transparency in governance-related matters is consistently upheld. I also initiate an annual review of the effectiveness of the Board. Additionally, I remain available to Directors and employees for confidential discussions on any concerns relating to the affairs of the Company, should the need arise.

ACTIVITIES DURING THE YEAR

In line with regulatory requirements, I presided over the following meetings and exercised my voting rights where necessary:

- A meeting of the Non-Executive Directors was held without the presence of the Executive Directors. At this meeting, the performance of the Chairman and the Executive Directors was formally evaluated.
- A separate meeting was convened exclusively among Independent Directors, during which matters relating to the Company and the functioning of the Board were discussed.

The outcome of these meetings, along with the relevant recommendations, were duly communicated to the Chairman and the Board.

The Company maintains a policy of strict compliance with all mandatory requirements while also embracing voluntary best practices. This approach is aimed at enhancing stakeholder confidence and contributing positively to long-term value creation.

I am of the view that I have fulfilled the responsibilities entrusted to me as the Senior Independent Director in accordance with the applicable Corporate Governance guidelines.



T A B Speldewinde
Senior Independent Director

Colombo
11th May 2026

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The following statement fulfils the requirement to publish the Directors' Statement on internal control as per the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and

REGULATORY REQUIREMENTS.

The Board has implemented the following to obtain reasonable assurance that proper systems of internal controls are in place:

- Instituted various committees to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies and annual budget.
- The Group Management Audit and System Review Department (MA &SRD) to review and report on the internal control environment in the Company. Audits are carried out in accordance with the annual audit plan approved by the Audit Committee. Findings are submitted to the audit committees for review at the periodic meetings.

- The Audit Committee reviews internal control issues identified by MA & SRD and Management and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits.
- Estate audits are outsourced to leading audit firms in the Country based on agreed audit scope and their audit observations on internal controls together with management rectification actions are reviewed by Audit Committee on every audit committee meeting.
- The adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS, Processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. During the year, the required processes were put in place to adopt the SLFRS S1 and S2 Sustainability Disclosure Standards. Continuous monitoring is in progress to ensure effective implementation of the required processes.
- The comments made by External Auditors in connection with the internal control system during the financial year 2024/25 were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

CONCLUSION

The Board having implemented the above is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatements of loss.

The Board of Directors confirm that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Company's Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.



Roshan Rajadurai PhD, DSc.
Managing Director



J A Rodrigo
Director/Chief Executive Officer

Colombo.
11th May 2026

MANAGING DIRECTOR'S, CHIEF EXECUTIVE OFFICER'S & GENERAL MANAGER - FINANCE'S RESPONSIBILITY STATEMENT

The Financial Statements of Horana Plantations PLC as at 31st March 2026 are prepared and presented in compliance with the requirements of the following:

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka;
- Companies Act No 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No 15 of 1995;
- Listing rules of the Colombo Stock Exchange;
- Code of Best Practice on Corporate Governance 2023 issued by the institute of Chartered Accountants of Sri Lanka; and

We confirm that the significant accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied, as described in the Notes to the Financial Statements. The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our External Auditors.

We have also taken proper and sufficient care in installing systems of internal control and accounting records to safeguard assets and to prevent and detect frauds as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by the internal auditors. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits and to discuss auditing, internal control and financial reporting issues. The Independent Auditors and the Internal Auditors have full and free access to the Audit Committee to discuss any matter of substance.

The Financial Statements were audited by independent external auditors, Messrs.' KPMG, Chartered Accountants. Their report is presented on pages 261 to 264 of this Report.

The Audit Committee approves the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services do not impair their independence.

We confirm that,

- the Company has complied with all applicable laws, regulations and prudential requirements;
- there are no material non-compliances; and
- there are no material litigations that are pending against the Company other than those disclosed in the Note 27 to the Financial Statements in this Annual Report.



Roshan Rajadurai PhD, DSc.
Managing Director



J A Rodrigo
Director/Chief Executive Officer

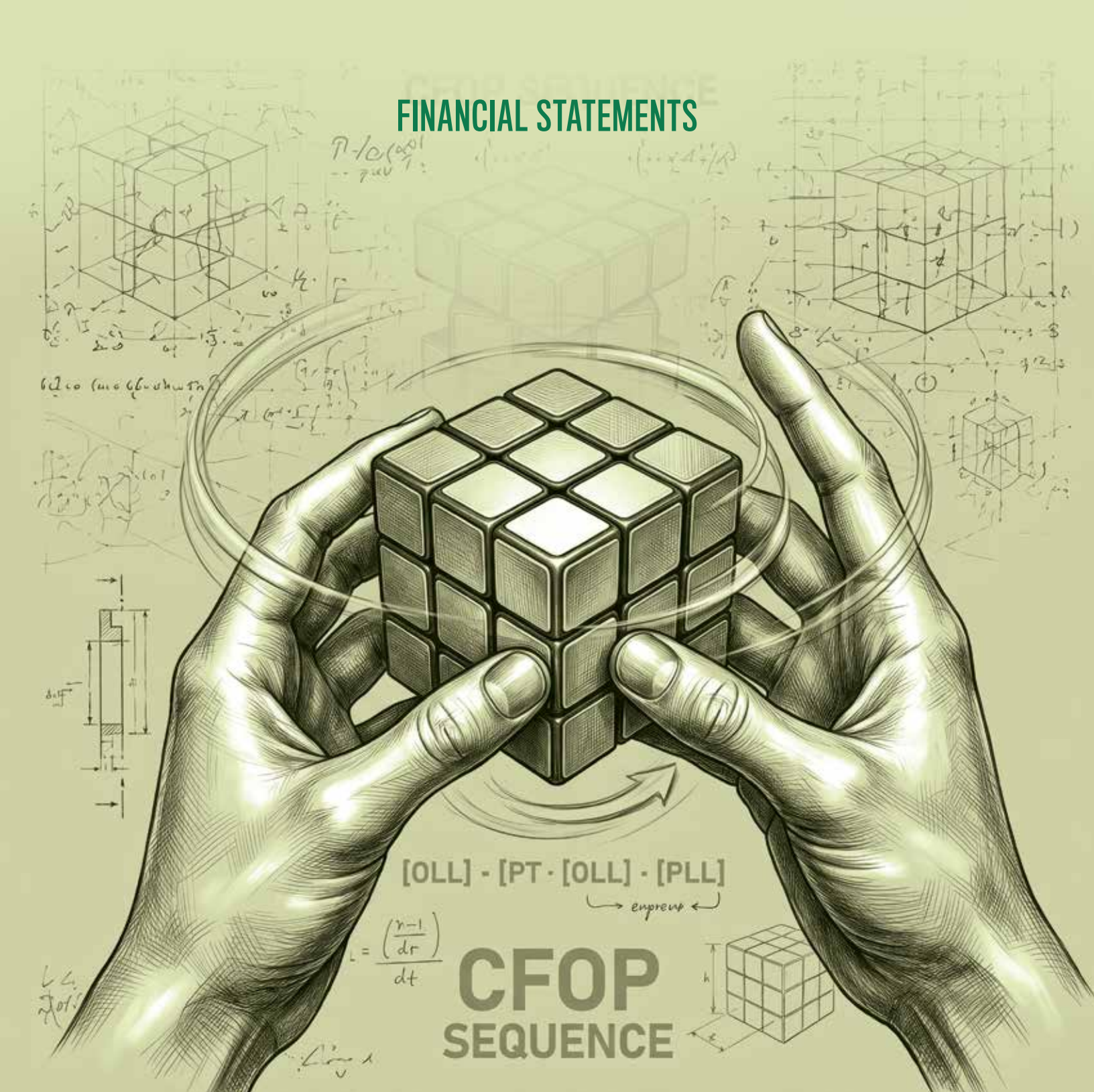


N A A K Nissanka
General Manager - Finance

Colombo.
11th May 2026



FINANCIAL STATEMENTS



Behind the simplicity of the Rubik's Cube lies immense mathematical complexity. Yet, with the right approach, order emerges from disorder.

Our financial performance reflects this principle. Through disciplined management and strategic focus, we transform complexity into clarity:

- ✓ Optimizing resource allocation
- ✓ Maintaining financial resilience
- ✓ Delivering measurable and sustainable value

Our results demonstrate that structured decisions and consistent execution lead to strong financial outcomes.

FINANCIAL CALENDAR

	2025/26	2024/25
Interim Financial Statements:		
Three months ended 30th June	31-Jul-25	30-Jul-24
Six months ended 30th September	03-Nov-25	28-Oct-24
Nine months ended 31st December	11-Feb-26	30-Jan-25
Twelve months ended 31st March	11-May-26	29-Apr-25
Annual Report	03-Jun-26	29-May-25
Annual General Meeting :		
33rd Annual General Meeting	25-Jun-26	
32nd Annual General Meeting		23-Jun-25
	2025/26	2024/25
Dividend		
First Interim Dividend for 2025/26	23-Oct-25	22-Oct-24
Second Interim Dividend for 2025/26	23-Jan-26	22-Jan-25
Third Interim Dividend for 2025/26	27-Apr-26	22-Apr-25

INDEPENDENT AUDITORS' REPORT



KPMG
(Chartered Accountants)
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TO THE SHAREHOLDERS OF HORANA PLANTATIONS PLC Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Horana Plantations PLC ("the Company"), which comprise the statement of financial position as at 31st March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31st March 2026, and of its financial performance and its 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's financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

T. J. S. Rajakarier FCA
W. K. D. C. Abeyratne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D. Corea Dhamaratne

W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

INDEPENDENT AUDITORS' REPORT



Measurement of Biological Assets

(Refer to Note 3.2.3 material accounting policies and explanatory Note 13 to the Financial Statements).

Risk Description	Our Response
The Company has reported bearer biological assets amounting to Rs. 2,760 Million and consumable biological assets amounting to Rs. 658 Million as at 31st March 2026. The Biological assets represent 62% of the total assets as at 31st March 2026. Bearer biological assets mainly include mature and immature tea, rubber and other trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported losses as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations fields to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depends on the soil condition, weather patterns and plant breed. The Consumer Biological assets are carried at fair value less cost to sell whereas the bearer biological assets are carried at the cost less accumulated depreciation and impairment loss. The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Changes in the key assumptions used such as discount rate, value per cubic meter and available timber content of live trees could have a material impact on the fair value gain or loss for the year and the carrying value of consumable biological assets as of the reporting date. The Management has used an external valuation expert to assist in determining the fair value of the consumable biological assets at the reporting date. We considered the measurement of biological assets as a key audit matter due to the magnitude of the amounts involved and significant management judgment involved in determining the point at which a plant is deemed ready for commercial harvesting. Further, valuation of consumable biological assets involved significant judgment exercised by the management and external valuation expert and were subjected to significant level of estimation uncertainty and management bias. Further, immature to mature transfer of bearer biological asset require management to exercise their judgment in determining the point at which a plant is deemed ready for commercial harvesting.	Our audit procedures included among others. Bearer Biological Assets - Assessing the processes in place to ensure; proper capitalization of the expenses incurred relating to immature plantations, timely transfer of matured plants to respective matured plantation categories and triggers of impairment (if any) are on a timely basis. - Obtaining schedules of costs incurred and capitalized under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying the reconciling items and obtaining explanations from management for any significant variances identified. - Testing immature to mature cost transfer worksheet for selected estates to check whether the amounts transferred during the year was consistent with the Company accounting policy and industry norms. - Reviewed the reasonability of depreciation provided on the matured plantations by performing independent computation. - Assessing the adequacy of the related disclosures in the financial statements including the description and appropriateness of the inherent degree of subjectivity and the key assumptions. Consumable Biological Assets - Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average market price and yield per hectare and evaluating the appropriateness of those assumptions. - Assessing the objectivity and independence of the external valuation expert and the competence and qualification of the external expert engaged by the Company. - Comparing the average market price to historical data and market available data. - Verifying the mathematical accuracy of the consumable biological asset valuation. - Assessing the adequacy of the related disclosures in the financial statements including the description and appropriateness of the inherent degree of subjectivity and the key assumptions.



Valuation of Retirement Benefit Obligations

(Refer to Note 3.3.1.1 material accounting policies and explanatory Note 22 to the financial statements).

Risk Description	Our Response
The retirement benefit obligation of the Company as at 31st March 2026 amounting to Rs. 738 Million. The valuation of the Company's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Small changes in those assumptions could have a significant effect on the financial performance and financial position of the Company. Further, uncertainty of judgments and estimates has increased due to the rapidly changing economic factors of the Country. The Management has used an independent actuary to assist them in the computation of retirement benefit obligation at the reporting date. We considered the computation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved in determining the liability.	Our audit procedures included among others. - Assessing the competency, objectivity and capabilities of the independent actuary engaged by the Company. - Testing the samples of the employees' details used in the computation to the human resource records. - Evaluating the reasonableness of the total annual salaries used in the computation by comparing to the historical data. - Challenging the key assumptions used in the valuation, in particular the discount rate, mortality rates and future salary increases. - Comparing the discount rate, mortality rate and future salary increases to market available data. - Involving internal valuation specialist to verify the accuracy of the retirement benefit obligation. - Assessing the adequacy of the related disclosures made in the financial statements including sensitivity analysis.

Carrying Value of Inventories

(Refer to Note 3.2.7 material accounting policies and explanatory Note 16 to the financial statements).

Risk Description	Our Response
The Company has reported inventory amounting to Rs. 555 Million as at 31st March 2026. Inventory mainly include harvested crops, value added products, consumables and spares, and nurseries and compost. Inventory represents 10% of the total assets as at 31st March 2026. The Company has exercised judgment with regard to categorization of inventory as slow moving and obsolete inventories to be considered for provision. Estimates are then involved in arriving at provisions in respect of slow moving and obsolete inventories to arrive the carrying value based on lower of cost and net realizable value. We considered the estimation of provision for slow moving and obsolete inventories to be a key audit matter due to calculating the provision for slow-moving and obsolete inventory involve significant judgments and assumptions exercised by the management. 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 will not express any form of assurance conclusion thereon.	Our audit procedures included among others. - Obtaining an understanding and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to recognition and measurement of inventory and inventory provisioning. - Observing a sample of physical inventory counts and reconciling the count results with the accounting records of the Company. - Assessing the reasonableness of judgement applied in the identification and recording of the provision for obsolete and slow moving inventories based on the condition of inventory. - Assessing the adequacy of the Company's disclosures in respect of the judgment and estimation made in respect of inventory provisioning in accordance with Sri Lanka Accounting Standards. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to

INDEPENDENT AUDITORS' REPORT



those charged with governance and 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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.

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 3544.

Chartered Accountants

Colombo, Sri Lanka

11th May 2026

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the Year ended 31st March

	Note	2026 Rs'000	2025 Rs'000
Revenue	4	3,950,039	3,697,217
Cost of Sales		(3,297,660)	(2,965,396)
Gross Profit	5	652,379	731,821
Other Income	6	7,803	7,803
Change in Fair Value of Biological Assets	7	81,942	69,382
Administrative Expenses		(363,342)	(349,484)
Profit from Operations		378,782	459,522
Finance Income	8.1	4,513	2,741
Finance Expenses	8.2	(166,985)	(156,840)
Profit before Tax	9	216,310	305,423
Tax Expense	10.1	(78,907)	(124,793)
Profit for the year		137,403	180,630
Other Comprehensive Income:			
Items that will not be reclassified to Profit or Loss			
Actuarial Gain/(Loss) on Retirement Benefit Obligations	22.3	360	(116,803)
Tax effect on Other Comprehensive (Expense)/Income	10.4.1	(108)	35,041
Other Comprehensive Income/(Expense) for the year, net of tax		252	(81,762)
Total Comprehensive Income for the year		137,655	98,868
Basic Earnings per Share (Rs. Cts)	11.1	5.50	7.23
Diluted Earnings per Share (Rs.Cts)	11.2	5.50	7.23
Dividends per Share (Rs.Cts)	11.3	2.10	2.45

The accounting policies and explanatory notes set out on pages 271 to 324 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March		2026	2025
	Note	Rs'000	Rs'000
ASSETS			
Non-Current Assets			
Right of Use Assets	12	303,593	271,174
Bearer Biological Assets	13.1	2,760,329	2,646,693
Consumable Biological Assets	13.2	657,920	619,451
Property, Plant & Equipment	14	744,653	676,366
Intangible Assets	15	4,066	4,625
Total Non-Current Assets		4,470,561	4,218,309
Current Assets			
Non-harvested Produce on Bearer Biological Assets	13.5	15,095	14,466
Inventories	16	554,658	592,228
Trade and Other Receivables	17	379,266	225,142
Related Companies Receivables	30.1.1	659	5,732
Cash and Cash Equivalents	18.1	51,332	46,582
Total Current Assets		1,001,010	884,150
Total Assets		5,471,571	5,102,459
EQUITY & LIABILITIES			
Equity			
Stated Capital	19	250,000	250,000
Retained Earnings		753,169	668,014
Total Equity		1,003,169	918,014
Non-Current Liabilities			
Interest bearing Loans and Borrowings	20.1	777,933	777,562
Lease Liabilities	21	334,730	297,344
Retirement Benefit Obligations	22	737,826	700,445
Deferred Income	23	91,760	91,869
Deferred Tax Liability	24	836,137	757,122
Total Non-Current Liabilities		2,778,386	2,624,342

As at 31st March	Note	2026 Rs'000	2025 Rs'000
Current Liabilities			
Trade and Other Payables	25	422,455	396,845
Related Companies Payables	30.1.2	74,390	99,041
Interest bearing Loans and Borrowings	20.1	501,549	319,954
Lease Liabilities	21	12,026	3,547
Short Term Borrowings	26	679,596	740,716
Total Current Liabilities		1,690,016	1,560,103
Total Liabilities		4,468,402	4,184,445
Total Equity and Liabilities		5,471,571	5,102,459

The accounting policies and explanatory notes set out on pages 271 to 324 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

These Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act No.7 of 2007.



N.A.A.K. Nissanka
General Manager - Finance

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

Approved and Signed for and on behalf of the Board of Directors of Horana Plantations PLC.



A.M. Pandithage
Chairman/Executive Director



Roshan Rajadurai PhD, DSc.
Managing Director

Colombo,
11th May 2026

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st March	Note	Stated Capital	Retained Earnings	Total
		Rs'000	Rs'000	Rs'000
Balance as at 1st April 2024		250,000	630,396	880,396
Comprehensive Income for the Year				
Profit for the year		-	180,630	180,630
Other Comprehensive Expenses		-	(81,762)	(81,762)
Total Comprehensive Income for the Year		-	98,868	98,868
Transactions with Owners of the Company				
Dividends	11.3	-	(61,250)	(61,250)
Balance as at 31st March 2025		250,000	668,014	918,014
Balance as at 1st April 2025		250,000	668,014	918,014
Comprehensive Income for the Year				
Profit for the Year		-	137,403	137,403
Other Comprehensive Income		-	252	252
Total Comprehensive Income for the Year		-	137,655	137,655
Transactions with Owners of the Company				
Dividends	11.3	-	(52,500)	(52,500)
Balance as at 31st March 2026		250,000	753,169	1,003,169

The accounting policies and explanatory notes set out on pages 271 to 324 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the Year ended 31st March

	Note	2026 Rs'000	2025 Rs'000
Cash Flows from Operating Activities			
Profit before Tax		216,310	305,423
Adjustments for non-cash items :			
Change in Fair Value of Biological Assets	13.2.2 & 13.5	(53,364)	(37,638)
Depreciation and Amortization	9	229,927	223,910
Provision for Retirement Benefit Obligations	22.3	127,735	115,501
Provision for Obsolete Inventories	16.1	5,384	20,253
Provision for Impairment of Trade and Other Receivables	17.1	(596)	316
Finance Expenses	8.2	119,591	116,040
Finance Income	8.1	(4,513)	(2,740)
Lease Interest	21.3	47,395	40,794
Amortization of Capital Grants	6	(7,803)	(7,803)
Field Development/Other Capital Expenditure Written-off	13.1, 13.2 & 14	4,916	2,788
Operating Profit before Working Capital Changes		684,982	776,844
Changes in Working Capital			
Decrease/(Increase) Increase in Inventories		46,652	(78,393)
Increase in Trade and Other Receivables		(153,001)	(47,054)
Decrease/(Increase) in Related Companies Receivables		5,073	(4,014)
(Decrease)/Increase in Related Companies Payables		(29,311)	74,664
Increase in Trade and Other Payables		15,081	68,447
Cash Generated from Operations		569,476	790,494
Interest paid		(117,894)	(116,904)
Payments made for Retirement Benefit Obligations	22	(93,215)	(102,748)
Payment of Taxes		(528)	(348)
Net Cash Inflow from Operating Activities		357,839	570,494

STATEMENT OF CASH FLOWS

For the Year ended 31st March		2026	2025
	Note	Rs'000	Rs'000
Cash Flows from Investing Activities			
Purchase/Construction of Property, Plant and Equipment/Intangible Assets	14 & 15	(149,543)	(177,657)
Expenditure incurred on Biological Assets	13.1.1 & 13.2.1	(243,138)	(257,297)
Capital Grants and Subsidies received	23	7,695	500
Finance Income	8.1	4,513	2,734
Net Cash Outflow from Investing Activities		(380,473)	(431,720)
Cash Flows from Financing Activities			
Receipt of Project Loans	20	-	90,000
Repayment of Project Loans	20	(302,488)	(466,772)
Receipts of Term Loans	20	500,000	-
Repayment of Term Loans	20	(15,546)	(71,650)
Receipts of Short Term Loans	26.2.1	350,000	150,000
Repayment of Short Term Loans	26.2.1	(500,000)	-
Payment of Lease Rentals	21.3	(57,674)	(56,000)
Payment of Dividends		(35,789)	(52,063)
Net Cash Inflow from Financing Activities		(61,497)	(406,485)
Net Decrease in Cash and Cash Equivalents during the Year		(84,131)	(267,711)
Cash and Cash Equivalents at the beginning of the Year		(544,133)	(276,422)
Cash and Cash Equivalents at the end of the Year	18	(628,264)	(544,133)

The accounting policies and explanatory notes set out on pages 271 to 324 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Domicile and Legal form

Horana Plantations PLC (hereafter mentioned as “the Company”), is a Public Limited Liability Company, incorporated and domiciled in Sri Lanka, under the Companies Act No.17 of 1982 (the Company re-registered under the Companies Act No.07 of 2007), in terms of the Public Corporation of Government Owned Business Undertakings into Public Companies Act No.23 of 1987. The registered office of the Company is situated at No 400, Deans Road, Colombo 10, and the plantations are situated in the planting districts of Nuwara-Eliya and Kalutara.

1.2. Principal Activities and Nature of Operations

During the year, the principle activities of the Company were the cultivation, manufacturing and sale of tea, rubber and other agricultural produce.

1.3. Immediate and Ultimate Parent Enterprise

The Company's immediate parent undertaking is Hayleys Plantation Services (Private) Limited, which is incorporated in Sri Lanka. The Company's ultimate parent undertaking is Hayleys PLC, which is incorporated in Sri Lanka.

1.4. Authorization for Issue

The Financial Statements were authorised for issue by the Board of Directors on 11th May 2026.

1.5. Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Consolidated 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”)
- 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.

2.2. Basis of Measurement

These Financial Statements have been prepared in accordance with the historical cost convention basis except for the following material items in the Statement of Financial Position.

- Consumable Mature Biological Assets are measured at fair value less cost to sell as per LKAS 41 - Agriculture.
- Liability for Retirement Benefit Obligation is recognized at the present value of the Retirement Benefit Obligation based on actuarial valuation as per LKAS 19 - Employee Benefits.
- Non-harvested Produce on Bearer Biological Assets is measured at fair value as per LKAS 41 – Agriculture.

2.3. Functional and Presentation Currency

These Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Company's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest thousand, unless stated otherwise.

2.4. Presentation of Financial Statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.5. Comparative Information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements.

2.6. Rounding

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs'000), except when otherwise indicated.

2.7. Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

2.8. Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading. (LKASs and SLFRSs).

2.9. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1- Presentation of Financial Statements.

Financial Assets and Financial Liabilities are offset, and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on net basis, or to realize the assets and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

2.10. Use of Estimates and Judgments

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standards (LKASs and SLFRSs) requires the management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates and judgmental decisions.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

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

Information about critical estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements is included in the following notes:-

Critical Accounting Estimate / Judgment	Disclosure Reference	
	Note	Page
Biological Assets	13	292
Inventories	16	297
Income Tax Expense	10	286
Deferred Tax Assets / Liabilities	24	310
Retirement Benefit Obligations	22	308

2.11. Fair Value Measurement

'Fair Value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

When measuring fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices included within 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 are inputs that are not based on observable market data (unobservable inputs).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Fair value of non-financial assets

The fair value used by the Company in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market that is accessible by the Company for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure

fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

3.1. Foreign Currency

3.1.1. Foreign Currency Transactions

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

At each reporting date, monetary items denominated in foreign currencies are translated into local currencies at the rates of exchange prevailing at the reporting, while non-monetary items are reported at the rates prevailing at the date of the transactions were affected.

The exchange difference arising on the translations are recognized in the Statement of Profit or Loss.

3.2. Assets and Bases of their Valuation

Assets classified as Current Assets in the Statement of Financial Position are Cash and Bank balances and those which are expected to be realized in cash during, the normal operating cycle of the Company's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

3.2.1. Leases

At inception of a contract, the Company 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 consideration. To assess whether a contract conveys the right

to control the use of an identified asset, the Company assesses 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 Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

3.2.1.1. Right of Use Assets

The Company recognizes a right-of-use assets and a lease liability at the lease commencement date. The right-of-use assets 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.

Right of use assets are subsequently amortized using a 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, Plant and Equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

If ownership of the leased asset transferred to the Company at the end of the lease period or the cost reflect the exercise of a purchase option, amortization is calculated using the estimated useful life of the asset.

Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liability measured at the present value of lease payment to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the incremental borrowing rate. After the commencement date, amount of lease

NOTES TO THE FINANCIAL STATEMENTS

liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease

term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short term leases

The Company has elected not to recognize right of use assets and lease liabilities for short term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight – line basis over the lease term.

3.2.2. Property, Plant and Equipment

3.2.2.1. Recognition and Measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of Property, Plant and Equipment is the cost of acquisition or construction together with any incidental expenditure incurred in bringing the asset to its working condition for its intended use. Capital work in progress is transferred to the respective asset accounts, when the assets are available for use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.2.2.2. Subsequent Expenditure

The Cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day-to-day servicing of Property, Plant and Equipment are recognized in Statement of Profit or Loss as incurred.

3.2.2.3. Capital Work in Progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon. Capital work in progress transferred to the respective asset accounts at the time of first utilization or at the time of the asset is commissioned.

3.2.2.4. De-recognition

The carrying amount of an item of Property, Plant and Equipment is de-recognized on disposal; or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized in Statement of Profit or Loss.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in Statement of Profit or Loss.

3.2.2.5. Permanent Land Development Costs

Permanent land development costs are cost incurred in making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalized and depreciated over the earlier of the end of the useful life of the asset or remaining lease period. Permanent impairments to land development costs are charged to the Statement of Profit or Loss in full and reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.2.3. Biological Assets

Biological assets are classified as Bearer Biological Assets and Consumable Biological Assets. Bearer Biological Assets include tea, rubber, oil palm and other diversify crops those that are not intended to be sold or harvested but are however used to grow for harvesting agricultural produce from such Biological Assets. Consumable Biological Assets include managed live trees those that are to be sold as Biological Assets.

Biological assets are further classified in to Mature Biological Assets and Immature Biological Assets. Mature Biological Assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications.

3.2.3.1. Recognition and Measurement

The Company recognizes the Biological assets when, and only when, the entity controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The expenditure incurred on bearer biological asset fields, which are bearing during the year, has been transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of reporting date.

The Bearer Biological assets are measured at cost less accumulated amortization and accumulated impairment losses, if any, in terms of LKAS 16 - Property, Plant and Equipment as per the option provided by the ruling issued by the Institute of Chartered Accountants of Sri Lanka.

The managed live trees are measured on initial recognition and at the end of each reporting period at fair value less cost to sell in terms of LKAS 41 - Agriculture. The cost is treated as approximation to fair value of young plants (age below 5 years) as the impact on biological transformation of such plants to price during this period is immaterial.

3.2.3.2. Bearer Biological Assets

The cost of land preparation, rehabilitation, new planting, re-planting, crop diversifying, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These

immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long term loans used for financing immature plantations.

Permanent impairments to Bearer Biological Assets are charged to the Statement of Profit or Loss and Other Comprehensive Income in full and reduce the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.2.3.3. Infilling cost on Bearer Biological Assets

The land development costs incurred in the form of infilling are capitalized when infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance and infilling costs so capitalized are amortized over the newly assessed remaining useful economic life of the relevant mature plantation or unexpired lease period, whichever is lower.

Infilling costs that are not capitalized are charged to the Statement of Profit or Loss in the year in which they are incurred.

3.2.3.4. Growing Crop Nurseries

Nursery cost includes the cost of direct materials, direct labor and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

3.2.3.5. Consumable Biological Assets

The managed live trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41 - Agriculture. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of live trees is measured using Discounted Cash Flow (DCF) method taking into consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer.

The main variables in DCF model concerns

Variable	Comment
Currency	Sri Lankan Rupees
Volume at Rotation	Estimate based on physical verification of girth, height and considering the growth of each species. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company.
Economic Useful Life/ Optimum Rotation	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.
Selling Price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition.
Discount Rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.

3.2.3.6. Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with LKAS 23 - "Borrowing Costs".

Borrowing costs incurred in respect of specific loans that are utilized for field development activities have been capitalized as a part of the cost of the relevant immature plantation. The capitalization will cease when the crops are ready for commercial harvest.

3.2.4. Depreciation and Amortization

a) Amortization of Assets on JEDB / SLSPC Lease

The leasehold rights to the assets of JEDB/SLSPC are amortized in equal amounts over the following years since 1992 (Lower of lease period and economic useful life).

Asset Category	No. of Years	Rate
Bare Land	53	1.9%
Mature Plantations	30	3.3%
Permanent Land Development Cost	30	3.3%
Buildings	25	4.0%
Plant and Machinery	15	6.7%

NOTES TO THE FINANCIAL STATEMENTS

b) Amortization of Other Mature Plantations (Re-planting and New Planting)

Asset Category	No. of Years	Rate
Mature Plantations (Tea)	33	3.00%
Mature Plantations (Rubber)	20	5.00%
Mature Plantations (Oil Palm)	20	5.00%
Mature Plantations (Coconut)	50	2.00%
Mature Plantations (Cinnamon)	15	6.67%
Mature Plantations (Coffee)	15	6,67 %
Mature Plantations (Pepper)	4	25.00%

Amortization of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognized.

Amortization methods, useful lives and residual values are re-assessed at the reporting date. Mature plantations are amortized over their useful lives or unexpired lease period, whichever is lower.

c) Depreciation

Depreciation is charged on a straight-line basis over the estimated useful economic life of such assets based on the cost or re-valued amount of all Property, Plant and Equipment. Assets are depreciated over the shorter of the lease term or their useful lives.

Description	No. of Years	Rate
Buildings	40	2.50%
Permanent Land Development Costs	40	2.50%
Plant and Machinery	13	7.50%
Equipment	10, 8, 5	10%, 12.5%, 20%
Furniture and Fittings	10	10.00%
Motor Vehicles	5, 4	20.00%, 25.00%
Computer Hardware	8, 4	12.50%

The remaining lease period as at Statement of Financial Position date is 19 Years.

3.2.5. Intangible assets

An Intangible Assets is recognized if it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably. Such items with finite useful life are carried at cost less accumulated amortization and accumulated impairment losses.

a) Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of Intangible Assets.

b) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in Statement of Profit or Loss as incurred.

c) Amortization

Amortization is recognized in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life is as follows:

	No. of Years	Rate
Computer	4	25.00%
Software		

3.2.6. Non-harvested Produce on Bearer Biological Assets

The Company recognizes its agricultural produce prior to harvest separately from its bearer plant. Such agricultural produce prior to harvest continues to be in the scope of LKAS 41-Agriculture and measured at fair value less costs to sell. Changes in the fair value of such agricultural produce is recognized in Statement of Profit or Loss at the end of each reporting period.

When deriving the estimated quantity, the Company limits it to one harvesting cycle and the quantity is ascertained based on the last day of the harvest in the immediately preceding cycle. In order to ascertain the fair value of produce growing on trees, 50% of the estimated crop in that harvesting cycle is considered.

3.2.7. Inventories

Agricultural Produce harvested from Biological Assets

Agricultural produce harvested from Biological Assets are measured at their fair value less cost to sell at the point of harvest.

The finished and semi-finished inventories from agricultural produce are valued by adding the cost of conversion to the fair value of agricultural produce.

Agricultural Produce after further processing

Further processed output of Agricultural Produce are valued at the lower of cost and estimated net realizable value, after making do allowance for obsolete and slow-moving items. Net realizable value is the price at which stocks can be sold in the normal course of business after allowing for estimated costs of conversion and the estimated costs necessary to bring them to a saleable condition.

The cost incurred in bringing the inventories to its present location and conditions are accounted using the following cost formulas:-

Input Material

At actual cost on first-in-first-out basis.

Spares and Consumables

At actual cost on first-in-first-out basis.

Produced Stocks

Valued at lower of cost or Net Realizable Value (NRV).

3.2.8. Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realize inclusive of provisions for bad and doubtful debts. Other receivables and dues from related parties are recognized at amortized cost less provision for bad and doubtful receivables.

3.2.9. Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the Statement of Cash Flows.

3.3. Liabilities and Provisions

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

All known liabilities have been accounted for in preparing these Financial Statements. Provision and liabilities are recognized when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.3.1. Employee Benefits

3.3.1.1. Defined Benefit Plan

The retirement benefit plan adopted is as required under the Payment of Gratuity Act No.12 of 1983 and the Indian Repatriate Act No.34 of 1978 to eligible employees. This item is grouped under Retirement Benefit Obligations in the Statement of Financial Position. Provision for Gratuity on the Employees of the Company is based on an actuarial valuation, using the Projected Unit Credit (PUC) method as recommended by LKAS 19 "Employee Benefits". Key assumptions used in determining the defined retirement benefit obligations are given in Note 22. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. Actuarial gains or losses are recognized in full in the Other Comprehensive Income.

The actuarial valuation was carried out by a professionally qualified firm of actuaries, Messrs Actuarial and Management Consultants (Private) Limited as at 31st March 2026. The liability is not externally funded. The settlement of the liability is based on legal liability method.

3.3.1.2. Defined Contribution Plans - Provident Funds and Trust Fund

The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS)/ Estate Staff's Provident Society (ESPS)/ Employees' Provident Fund (EPF).

All the employees of the Company are members of the Employees' Trust Fund, to which the Company contributes 3% on the consolidated salary of such employees.

3.3.2. Contingent Liabilities

Contingent Liabilities are possible obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control.

3.3.3. Trade and Other Payables

Trade and other payables are stated at their amortized costs.

3.3.4. Deferred Income

Grants and Subsidies

Government grants are recognized where there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related assets. When the grants relate to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that are intended to compensate.

Government Grants related to Property, Plant and Equipment, other than grants received for consumer biological assets are initially deferred and allocated to income on a systematic basis over the useful or unexpired lease period life of the related Property, Plant and Equipment, more fully mentioned in Note 23 to the Financial Statements.

Grants related to revenue expenditure are recognized in the Statement of Profit or Loss in the year which it is receivable.

3.3.5. Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12-Income Taxes.

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3.4. Financial Instruments

3.4.1. Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company 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 an 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.

3.4.2. Classification and Subsequent Measurement

3.4.2.1. Financial Assets

On initial recognition, a financial asset is classified as measured at; amortized cost.

Financial assets are not reclassified subsequently to their recognition unless the Company 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 amortized 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 to hold assets to collect contractual cash flows; 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.

a) Business model assessment:

The Company makes an assessment of the objectives of the business model in which a financial asset is held as 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 realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- 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 reason for such sale and expectation about future sales activity.

b) Assessment whether Contractual Cash Flows are Solely Payment of Principal and Interest

For the purpose 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 cost), as well as a profit margin.

In assessing whether the contractual cash flows are solely payment of principal

and interest, the Company 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. In making this assessment, the Company considers;

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable rate features
- Prepayment and extension features; and
- Terms that limits the Company's claim to cash flows from specific assets (e.g. non-recourse features)

The prepayment feature is consistent with the solely payment of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable addition compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

c) Subsequent Measurement and Gains and Losses:

Financial assets at amortised cost. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income and impairment are recognized in Statement of Profit or Loss. Any gain or loss on derecognition is recognized in Statement of Profit or Loss.

3.4.2.2. Financial liabilities

3.4.2.2.1. Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortized cost or FVTPL. Other financial liabilities are subsequently measured at amortized cost using effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of Profit or Loss. Any gain or loss on derecognition is also recognized in Statement of Profit or Loss.

3.4.3. Derecognition

3.4.3.1. Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers 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 are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

3.4.3.2. Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized 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) is recognized in Statement of Profit or Loss.

3.4.4. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.4.5. Impairment – Financial Assets

Non-derivative Financial Assets

3.4.5.1. Financial Instruments

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and the financial year end, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

3.4.5.2. Measurement of Expected Credit Losses (ECLs)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and

the cash flows that the Company expects to receive).

3.4.5.3. Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset occurred.

Evidence that a financial asset is credit-impaired includes the following observable data;

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.4.5.4. Write-off

The gross carrying amount of financial assets is written-off when the Company has known reasonable expectation of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher

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of an asset's value in use and its fair value less cost to sale and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the assets is considered impaired and is written down to its' recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

Impairment loss of continuing operations are recognized in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. If that is the case, carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 'exceed' the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit or Loss.

Statement of Profit or Loss and Other Comprehensive Income

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive income the Directors are of the opinion that function of expenses method presents fairly the elements of the Company is performance, and hence such presentation method is adopted in line with the provisions of LKAS 1 in Presentation of Financial Statements.

3.4.6. Revenue and Income Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control to a customer.

The Company generates revenue primarily from the sale of tea, rubber and other agricultural produce. The revenue is recorded at invoice value net of brokerage, sale expenses and other levies related to revenue. The Company recognizes revenue when it transfers control over good to a customer. The Company considers sale of tea, rubber and other agricultural produce as one performance obligation and recognizes revenue when it transfers control to the customer. In contracts that permit the buyer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Disaggregation of Revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

3.4.6.1. Gain and Losses on Disposal

Gains and losses on disposal of an item of Property, Plant & Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant & Equipment and are recognized within 'other operating income' in the Statement of Profit or Loss.

3.4.6.2. Interest Income

Interest Income is recognized as the interest accrued (taking into account the effective yield on the asset) unless collectability is in doubt.

3.4.6.3. Other Income

Other income is recognized on an accrual basis.

3.4.6.4. Deferred Income

Grants related to assets are recognized as income in the Statement of Profit or Loss over the related assets' useful life so as to match them with the related costs which they are intended to compensate. Other grants are set-off against related expenses and the net amount is reflected in the Statement of Profit or Loss. Grants relating to assets, including non-monetary grants at fair value, are presented in the Statement of Financial Position by setting up the grant as deferred income.

3.4.7. Expenditure Recognition

All expenses incurred in running the business and in maintaining the Property, Plant and Equipment in a state of efficiency is charged to the Statement of Profit or Loss.

3.4.8. Finance Income / Finance Expense

Interest income is recognized as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings and borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset. These are recognized in Statement of Profit or Loss using the effective interest method.

3.4.9. Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in Statement of Profit or Loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income.

The Company 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 Asset.

3.4.9.1. Current Tax

Current tax expenses for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act. No. 45 of 2022 as amended by subsequent legislation enacted or substantively enacted by the reporting date. Relevant details are disclosed in Note 10 to the Financial Statements.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date.

3.4.9.2. Deferred Taxation

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts and tax bases used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

The principal temporary differences arise from depreciation on Property, Plant & Equipment, tax losses carried forward and provisions for defined benefit obligations.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and deferred tax liabilities are offset, if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

3.5. Segmental Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Managing Director the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.6. Related Party Transactions

Disclosure has been made in respect of the transaction in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged.

A detailed Related Party Transaction analysis is presented in Note 30 to the Financial Statements.

3.7. Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method". Interest paid is classified as operating cash flows, interest and dividends received and government grants received are classified as investing cash flows while dividends paid is classified as financing cash flows for the purpose of presenting the Statement of Cash Flows.

3.8. Events Occurring After the Reporting Period

Events after the reporting period are those events, favorable and unfavorable, occurring between the end of the reporting period and the date when the Financial Statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments or disclosures are made in the Financial Statements, where necessary.

3.9. Contingencies and Commitments

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, which are beyond the company's control. Contingent Liabilities are disclosed in Note 27 to the Financial Statements. Commitments are disclosed in Note 28 to the Financial Statements.

3.10. New Accounting Standards issued but not Effective as at the Reporting Date

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued several new accounting standards and amendments/improvements to existing standards. These new standards are set to become effective in the coming years. Early application of these standards are allowed, but the Company has not early adopted any of the new or amended standards in the preparation of these financial statements.

3.10.1 SLFRS 18 Presentation and Disclosure in Financial Statement

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

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations, and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net 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 the Company information in the financial statements.

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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.

3.10.2 Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the financial statements.

- Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7)

3.10.3 General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclosures (SLFRS S2)

In June 2023, the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. These standards will become effective for the Company from 1st January 2026. No financial impact is expected on the Company except for additional disclosures.

For the Year ended 31st March		2026	2025
		Rs'000	Rs'000
4.	REVENUE		
	Segmental Analysis of Revenue:		
	Tea	3,011,078	2,803,252
	Rubber	453,471	532,356
	Oil Palm	361,790	261,392
	Diversified Crops	54,026	37,163
	Sale of Live Trees	33,709	41,012
	Other Operating Revenue	35,965	22,042
		3,950,039	3,697,217
4.1.	Timing of Revenue Recognition		
	Goods transferred at point in time	3,950,039	3,697,217
	Total Revenue	3,950,039	3,697,217
4.2.	Contract Balances		
	Receivables, which are included in "trade and other receivables"	236,469	113,316
For the Year ended 31st March		2026	2025
		Rs'000	Rs'000
5.	GROSS PROFIT		
	Segmental Analysis of Gross Profit:		
	Tea	373,147	491,957
	Rubber	27,487	96,354
	Oil Palm	213,394	129,394
	Diversified Crops	13,605	(3,616)
	Sale of Live Trees	4,267	8,527
	Other Operating Revenue	20,479	9,205
		652,379	731,821

Segmental Revenue, Expenses, Assets and Liabilities are more fully described in Note 33 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st March		2026	2025
		Rs'000	Rs'000
6.	OTHER INCOME		
	Amortization of Capital Grants (Refer Note No.23.1.1)	7,803	7,803
		7,803	7,803
For the Year ended 31st March		2026	2025
		Rs'000	Rs'000
7.	CHANGE IN FAIR VALUE OF BIOLOGICAL ASSETS		
	Change in Fair Value of Consumable Biological Assets (Refer Note No.13.2.2)	66,847	54,916
	Gain on Fair Value of Bearer Biological Assets (Non-harvested Crop) (Refer Note No.13.5)	15,095	14,466
		81,942	69,382
For the Year ended 31st March		2026	2025
		Rs'000	Rs'000
8.	NET FINANCE EXPENSES		
8.1	Finance Income :		
	Interest Income	2,579	2,727
	Foreign Exchange Gain	1,934	14
	Total Finance Income	4,513	2,741
8.2	Finance Expenses		
	Project Loan Interest	82,563	119,911
	Term Loan Interest	48,689	13,901
	Bank Overdraft Interest	32,333	40,892
	Interest on Government Lease and Other Finance Leases	47,395	40,794
	Other Finance Charges	142	656
	Foreign Exchange Loss	386	5
	Sub-Total	211,508	216,160
	Capitalization of Borrowing Costs on Immature Plantations	(44,523)	(59,320)
	Total Finance Expense	166,985	156,840
8.3	Net Finance Expenses	162,472	154,099

For the Year ended 31st March		2026	2025
		Rs'000	Rs'000
9.	PROFIT BEFORE TAX IS STATED AFTER CHARGING ALL EXPENSES INCLUDING THE FOLLOWING :		
	Directors Emoluments	28,253	22,918
	Auditors Remuneration and Expenses -Statutory Audit	5,637	5,529
	Auditors Remuneration and Expenses -Other Audit Related Services	706	680
	Secretarial Fees and Expenses	4,565	3,069
	Legal Fees and Expenses	22,076	29,708
	Depreciation and Amortization:-		
	Right of Use Assets	23,726	25,187
	Bearer Biological Assets	124,386	122,214
	Property, Plant & Equipment	80,456	75,628
	Intangible Assets	1,359	880
	Total - Depreciation and Amortization:	229,927	223,910
	Personnel Costs include:-		
	Provision for Retirement Benefit Obligations :-		
	- Current Service Cost	50,686	48,011
	- Interest Cost	77,049	67,490
	Defined Contribution Plan Costs (Provident Funds and ETF)	249,589	209,735
	Other Staff Costs	1,914,979	1,635,793
For the Year ended 31st March		2026	2025
		Rs'000	Rs'000
10.	TAX EXPENSE		
10.1.	Current Taxes on Continuing Operations:		
	Current Income Tax Expense (Refer Note No.10.2)	-	-
	Deferred Tax Charge (Refer Note No.10.4.1)	78,907	124,793
	Provision for Advanced Company Tax (Refer Note No.17.2)	-	-
	Tax Expense on Statement of Profit or Loss	78,907	124,793

NOTES TO THE FINANCIAL STATEMENTS

10. TAX EXPENSE (Contd.)

For the Year ended 31st March		2026	2025
		Rs'000	Rs'000
10.2.	Reconciliation between Profit before Tax and Current Tax Expense:		
	Profit before Tax	216,310	305,423
	Add: Disallowable expenses	458,003	427,599
	Less: Allowable expenses	(643,993)	(636,267)
	Profit from Agriculture, Trade or Business	30,320	96,756
	Other Sources of Income/Interest Income	6,729	7,244
	Total Statutory Income	37,049	104,000
	Total Statutory Income for the year is Categorized under following Sectors:-		
	Taxable Profit from Business	30,320	96,756
	Taxable Profit from Investment Income/Other Sources of Income	6,729	7,244
		37,049	104,000
	Tax Loss set off during the year	(37,049)	(104,000)
	Total Taxable Income for the Year	-	-
	Income Tax Expense	-	-
	Tax Rates Applicable	30%	30%

As per Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto, the Company has calculated its profit from business and Investment Income for the year ended 31st March 2026, applying the standard tax rate of 30%.

For the Year ended 31st March		2026	2025
		Rs'000	Rs'000
10.3	Accumulated Tax Losses:		
	Tax Losses Brought Forward	204,601	1,756,775
	Write off Tax Loss due to the end of stipulated time period end	(119,611)	(1,479,482)
	Under Provision of Income Tax for the Previous Year	33,158	31,308
	Taxable Income set off during the year	(30,320)	(96,756)
	Investment Income/Other Sources of Income set off	(6,729)	(7,244)
	Tax Loss Carried Forward	81,099	204,601

For the Year ended 31st March		2026	2026	2025	2025
		Temporary	Tax	Temporary	Tax
		Differences	Effect	Differences	Effect
		Rs'000	Rs'000	Rs'000	Rs'000
10.4.	Deferred Tax				
	On Property, Plant & Equipment	385,945	115,783	345,885	103,766
	On Bearer Biological Assets	2,760,329	828,099	2,646,693	794,008
	On Consumable Biological Assets	657,921	197,376	619,451	185,835
	On Right of Use Assets	303,593	91,078	271,174	81,352
	On Lease Liabilities	(346,756)	(104,027)	(300,891)	(90,267)
	On Retirement Benefit Obligations	(765,324)	(229,597)	(731,164)	(219,349)
	On Provision for Slow Moving Stocks/Bad Debts	(35,724)	(10,717)	(30,936)	(9,281)
	On Deferred Income	(91,760)	(27,528)	(91,869)	(27,561)
	On Tax Loss Carried Forward	(81,099)	(24,330)	(204,602)	(61,381)
		2,787,125	836,137	2,523,742	757,122
	Tax Rates Applicable		30%		30%
	Provision of Deferred Tax (Refer Note 24)		79,015		89,752
For the Year ended 31st March				2026	2025
				Rs'000	Rs'000
10.4.1.	Recognized through				
	Statement of Profit or Loss			78,907	124,793
	Statement of Other Comprehensive Income			108	(35,041)
				79,015	89,752
10.4.2.	Charge during the year				
	Arising on during the year movement			79,015	89,752
				79,015	89,752
10.4.3.	Deferred Tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax (asset)/liability has been computed taking into consideration the effective tax rate, which is 30% (2024/25- 30%) for the Company.				

NOTES TO THE FINANCIAL STATEMENTS

11. EARNINGS PER SHARE & DIVIDENDS PER SHARE

11.1. Basic Earnings Per Share

"Basic Earning per Share has been calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the year.

For the Year ended 31st March	2026	2025
Profit for the year -Rs'000	137,403	180,630
Weighted Average Number of Ordinary Shares in issue during the year - Numbers (in Thousands)	25,000	25,000
Basic Earnings Per Share -Rs. Cts.	5.50	7.23

11.2. Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year/previous year.

11.3. Dividends Per Share

For the Year ended 31st March	2026	2025
Dividend Paid -Rs.0.69 per share (2024/25- Rs 2.10 per share) - Rs'000	17,250	52,500
Dividend Paid -Rs.0.63 per share (2024/25- Rs 0.35 per share) - Rs'000	15,750	8,750
Dividend Payable -Rs.0.78 per share - Rs'000	19,500	-
	52,500	61,250
Total Dividend per share - Rs.Cts	2.10	2.45

As at 31st March	2026	2025
	Rs'000	Rs'000

12. RIGHT OF USE ASSETS

Right of Use Land (Refer Note 12.1)	268,024	270,118
Right of Use Immovable Estate Assets (Refer Note 12.2)	-	1,056
Right of Use Building (Refer Note 12.3)	35,569	-
	303,593	271,174

As at 31st March		2026	2025
		Rs'000	Rs'000
12.1. Right of Use Land			
Capitalized Value : As at 22nd June 1992		204,931	204,931
Net book value carried forward as at 1st April		270,118	236,440
Remeasurement of leasehold right as at 1st July		11,683	46,464
		281,801	282,904
Amortization			
Charge for the year		13,777	12,786
Amortization as at 31st March		13,777	12,786
Carrying Value as at 31st March		268,024	270,118

The Right of Use Asset of Lands consist of the lease rights on estates of Janatha Estates Development Board and Sri Lanka State Plantations Corporation .This right to use asset is amortized over the remaining lease period of 20 years from 1st April 2025.

	Bearer Biological Assets (Mature)	Permanent Land Development Costs	Buildings	Plant & Machinery	Total as at 31.03.2026	Total as at 31.03.2025
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
12.2. Right of Use Immovable Estate Assets						
Capitalized Value :						
At the beginning of the year	190,422	3,432	45,920	5,852	245,626	246,022
Disposal During the Year	-	-	-	-	-	(396)
At the end of the year	190,422	3,432	45,920	5,852	245,626	245,626
Amortization :						
At the beginning of the year	189,366	3,432	45,920	5,852	244,570	241,703
Charge for the year	1,056	-	-	-	1,056	3,263
Disposal During the Year	-	-	-	-	-	(396)
At the end of the year	190,422	3,432	45,920	5,852	245,626	244,570
Carrying Amount :						
As at 31.03.2026	-	-	-	-	-	-
As at 31.03.2025	1,056	-	-	-	-	1,056

NOTES TO THE FINANCIAL STATEMENTS

12. RIGHT OF USE ASSETS (CONTD.)

As at 31st March		2026	2025
		Rs'000	Rs'000
12.3. Right of Use Building			
Net book value carried forward as at 1st April		-	8,124
Recognition/Remeasurement of leasehold right		44,461	1,014
As at 31st March		44,461	9,138
Amorisation:			
Charge for the year		8,892	9,138
As at 31st March		8,892	9,138
Carrying Value as at 31 March		35,569	-

Horana Plantations PLC (Head Office) as a tenant, occupying a building which belongs to Hayleys PLC (Ultimate Parent). The effect to the Statement of Financial Position and amortization of building to 31st March 2026 are given above.

13. BIOLOGICAL ASSETS

13.1. Bearer Biological Assets

	Tea	Rubber	Oil Palm	Diversi- fication	Total as at 31.03.2026	Total as at 31.03.2025
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
13.1.1. Immature Plantations						
Cost :						
At the beginning of the year	112,275	48,969	-	725,386	886,630	753,723
Additions	55,799	10,423	-	176,716	242,938	255,762
Transfers to Mature	(66,893)	-	-	(55,073)	(121,966)	(122,855)
At the end of the year	101,181	59,392	-	847,029	1,007,602	886,630
13.1.2. Mature Plantations						
Cost :						
At the beginning of the year	1,028,213	1,371,256	278,546	209,497	2,887,512	2,804,017
Transfers from Immature	66,893	-	-	55,073	121,966	122,855
Disposal during the year	-	(31,641)	(112)	-	(31,753)	(27,919)
Write off during the year	-	-	-	-	-	(11,441)
At the end of the year	1,095,106	1,339,615	278,434	264,570	2,977,725	2,887,512
Amortization :						
At the beginning of the year	340,607	656,382	68,888	61,572	1,127,449	1,041,807
Charge for the year	37,112	60,830	13,923	12,521	124,386	122,214
Disposal During the Year	-	(26,787)	(50)	-	(26,837)	(25,131)
Write off during the year	-	-	-	-	-	(11,441)
At the end of the year	377,719	690,425	82,761	74,093	1,224,998	1,127,449
Carrying Amount	717,387	649,190	195,673	190,477	1,752,727	1,760,063
13.1.3. Total Bearer Biological Assets	818,568	708,582	195,673	1,037,506	2,760,329	2,646,693

These are investments in immature/mature plantations since the formation of the Company. The assets (including plantations) taken over by way of estate leases are set out in Note 12.2. Further investments in the immature plantations taken over by way of these leases are also shown in the above. When such plantations become mature, the additional investments since take over to bring them to maturity have been moved from immature to mature under this category as and when fields become mature.

NOTES TO THE FINANCIAL STATEMENTS

13. BIOLOGICAL ASSETS (CONTD.)

13.2. Consumable Biological Assets

As at 31st March		2026	2025
		Rs'000	Rs'000
13.2.1.	Immature Plantations		
	Cost:		
	At the beginning of the year	11,373	10,410
	Additions during the year	200	1,535
	Transfers to Mature Plantation	(2,847)	(572)
	At the end of the year	8,726	11,373
13.2.2.	Mature Plantations		
	Fair Value :		
	At the beginning of the year	608,078	584,335
	Decrease due to Harvest	(28,578)	(31,745)
	Increase due to new plantations	2,847	572
	Change in Fair Value less costs to sell	66,847	54,916
	At the end of the year	649,194	608,078
13.2.3.	Total Consumable Biological Assets	657,920	619,451

13.2.4. Basis of Valuation

Under LKAS 41-Agriculture the company has valued its managed plantations at fair value less cost to sell. Managed timber plantations as at 31st March 2026 comprised approximately 330 hectares.

Managed trees which are less than five years old are considered to be immature consumable biological assets, amounting Rs.8.7 Million as at 31st March 2026. The cost of immature trees is treated as approximate fair value, particularly on the ground that little biological transformation has taken place and the impact of the biological transformation on price is not material. When such plantation become mature , the additional investments since taken over to bring them to maturity are transferred from immature to mature.

The mature consumable biological assets were valued by Chartered Valuer Mr.A.A.M.Fathihu- Proprietor of FM Valuers for 2025/26 using Discounted Cash Flow (DCF) method . In ascertaining the fair value of timber, physical verification was carried covering all the estates.

Key assumptions used in valuation are;

13.2.4.1. The prices adopted are net of expenditure

13.2.4.2. Discounted rates used by the Valuer are within the range of 12.5%-14.5%.

The valuation, as presented in the external valuation model based on the net present value, takes into accounts the long-term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realization value. The Board of Directors retains their view that commodity markets are inherently volatile and their long-term price projection are highly unpredictable. Hence, the sensitivity analysis regarding the selling price and discount rate variation as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the valuation against his own assumptions.

The biological assets of the Company are mainly cultivated in leased lands. When measuring the fair value of the biological assets it was assumed that these concession can and will be renewed at normal circumstances. Timber content expects to be realized in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

13.2.5. The Company is exposed to the following risks relating to its live tree plantation:-

13.2.5.1. Regulatory and Environmental Risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

13.2.5.2. Supply and Demand Risks

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

13.2.5.3. Climate and Other Risks

The Company's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

NOTES TO THE FINANCIAL STATEMENTS

13. BIOLOGICAL ASSETS (CONTD.)

13.3. Sensitivity Analysis

13.3.1. Sensitivity Variation on Sales Price

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the average sales price applied. Simulations made for timber show that an increase or decrease by 5% of the estimated future selling price has the following effect on the Net Present Value of the Biological assets.

		-5.0%	+5.0%
31 March 2026	Rs'000	(32,460)	32,460
31 March 2025	Rs'000	(30,404)	30,404

13.3.2. Sensitivity Variation on Discount Rate

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the discount rate applied. Simulations made for timber show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the Net Present Value of the Biological assets.

		-1%	+1%
31 March 2026	Rs'000	36,369	(32,228)
31 March 2025	Rs'000	31,366	(27,775)

13.4. Capitalization of Borrowing Costs

Borrowing costs amounting to Rs.44.523 Million (Rs.59.320 Million in 2024/25) directly relating to investment in Biological Assets (Immature Plantations) have been capitalized during the period, at an average borrowing rate of 12.24% per annum (10.38% per annum in 2024/25).

As at 31st March	2026 Rs'000	2025 Rs'000
13.5. Non-harvested Produce on Bearer Biological Assets		
At the beginning of the year	14,466	9,651
Gain on Fair Value of Non-harvested Produce	15,095	14,466
Charged to Statement of Profit or Loss	(14,466)	(9,651)
At the end of the year	15,095	14,466

The volume of produce growing on bearer plants are measured considering the estimated crop of the last harvesting cycle of the year as follows :-

Tea -three days crop (50% of 6 days cycle), Oil Palm -five days crop (50% of 10 days cycle), Rubber -one day crop (50% of 2 days cycle) and Coconut -one month crop (50% of 2 months cycle).

Produce that grows on mature bearer plantations are measured at fair value less cost of harvesting and transport. The fair value of the unharvested green leaves is measured using the bought leaf formula recommended by the Sri Lanka Tea Board, the fair value of the unharvested fresh fruit bunches(FFB) of Oil Palm is measured using the Bought Mill Price and the Rubber crop is fair valued using 95% of RSS 1 Price. Coconut is fair valued using the Farm Gate Price.

14. PROPERTY, PLANT & EQUIPMENT

	Infrastructure and Buildings	Plant & Machinery	F & F / Equipment	Motor Vehicles	Capital Work in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost :						
As at 1st April 2024	404,280	430,806	243,758	216,668	3,872	1,299,384
Additions	10,977	26,742	101,674	-	33,664	173,057
As at 31st March 2025	415,257	457,548	345,432	216,668	37,536	1,472,442
Depreciation :						
As at 1st April 2024	145,355	318,612	68,401	188,079	-	720,448
Charge for the year	13,867	16,179	38,115	7,468	-	75,628
As at 31st March 2025	159,222	334,791	106,516	195,547	-	796,076
Cost :						
As at 1st April 2025	415,257	457,548	345,432	216,668	37,536	1,472,442
Additions	57,232	5,027	86,436	27,327	(27,279)	148,743
As at 31st March 2026	472,489	462,575	431,869	243,995	10,257	1,621,185
Depreciation :						
As at 1st April 2025	159,222	334,791	106,516	195,547	-	796,076
Charge for the year	14,637	15,970	39,507	10,342	-	80,456
As at 31st March 2026	173,859	350,761	146,023	205,889	-	876,532
Carrying Amount :						
As at 31st March 2026	298,630	111,814	285,846	38,106	10,257	744,653
As at 31st March 2025	256,035	122,757	238,916	21,121	37,536	676,366

- (a) These Property, Plant and Equipment are those movable assets vested in the Company by Gazette Notification on the date of formation of the company (i.e. 22nd June 1992), and all investment in tangible assets (both movables and immovables) by the Company since its formation, other than plantation improvements.
- (b) The cost of fully depreciated Property, Plant & Equipment of the Company which are still in use as at the year end is Rs. 505.52 Mn (2024/25-Rs. 469.97 Mn).
- (c) Details of assets pledged as mortgage are more fully described under Note 20 "Interest Bearing Loans & Borrowings".
- (d) Capital Work in Progress as at 31st March 2026 mainly includes ongoing building projects and Rs. 27 Mn was capitalized during the Year.

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT & EQUIPMENT (CONTD.)

14.1. Extents, Locations, Valuations and Number of Buildings of the Company's Land Holdings as at 31st March 2026

Location	Planting District	Leasehold Lands		Buildings			
		Extents	Valuation*	Numbers	Leasehold Valuation*	Freehold Cost	Total
		Hectares.	Rs'000		Rs'000	Rs'000	Rs'000
Up-Country							
Upcot/Maskeliya Region							
Alton	Nuwara Eliya	350	12,914	270	4,368	26,443	30,812
Fairlawn	Nuwara Eliya	448	17,132	229	3,754	29,095	32,849
Gouravilla	Nuwara Eliya	381	13,912	770	7,700	35,159	42,859
Mahanilu	Nuwara Eliya	236	9,058	146	4,923	11,814	16,737
Stockholm	Nuwara Eliya	305	11,393	522	5,034	56,378	61,412
Regional Total		1,720	64,409	1,937	25,778	158,890	184,668
Lindula Region							
Bambrakelly	Nuwara Eliya	591	19,728	357	4,347	26,400	30,746
Eildon Hall	Nuwara Eliya	162	6,301	303	2,941	19,834	22,775
Tillicoultry	Nuwara Eliya	377	13,807	691	3,608	12,249	15,857
Regional Total		1,130	39,836	1,351	10,895	58,482	69,378
Up-Country Total		2,850	104,245	3,288	36,673	217,373	254,046
Low Country							
Millakande	Kalutara	387	14,822	177	1,680	20,039	21,719
Halwatura	Kalutara	612	16,110	80	1,198	13,513	14,712
Hillstream	Kalutara	400	12,317	26	561	4,563	5,124
Neuchatel	Kalutara	902	20,172	105	1,361	28,214	29,575
Mirishena	Kalutara	487	12,908	152	1,376	10,232	11,608
Frocester/Kobowella	Kalutara	881	24,358	142	3,069	39,535	42,604
Low-Country Total		3,669	100,686	682	9,246	116,096	125,342
Total		6,519	204,931	3,970	45,920	333,469	379,389

* Capitalized Values of the Lands and Buildings at 22nd June 1992.

15. INTANGIBLE ASSETS

	ERP System	Other Software	2026 Total Rs'000	2025 Total Rs'000
	Rs'000	Rs'000	Rs'000	Rs'000
Cost				
As at 1st April	14,064	5,744	19,808	15,208
Acquisition during the year	-	800	800	4,600
As at 31st March	14,064	6,544	20,608	19,808
Accumulated Amortisation				
As at 1st April	10,132	5,051	15,183	14,303
Amortisation charge for the year	1,156	203	1,359	880
As at 31st March	11,288	5,254	16,542	15,183
Carrying Amount :				
As at 31st March	2,776	1,290	4,066	4,625

16. INVENTORIES

As at 31st March	2026 Rs'000	2025 Rs'000
Harvested Crops	429,817	522,944
Value Added Products	3,328	3,543
Consumables and Spares	147,261	86,116
Nurseries and Compost	9,217	9,206
	589,623	621,809
Provision for Obsolete/Slow Moving Inventories (Refer Note 16.1)	(34,965)	(29,581)
	554,658	592,228
16.1. Provision for Obsolete Inventories		
At the beginning of the year	29,581	9,328
Charge for the Year	5,539	20,253
Written off during the year	(155)	-
At the end of the year	34,965	29,581

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March		2026	2025
		Rs'000	Rs'000
17.	TRADE RECEIVABLES		
	Trade Receivables	236,469	113,316
	Staff Debtors	45,788	36,046
	Tax Recoverable	1,526	998
	Receivable from EDL	4,954	1,723
	Receivable from MPCl *	9,750	-
	Other Receivables	10,075	1,721
	Deposits, Advances and Prepayments	71,463	72,693
		380,025	226,497
	Provision for Impairment of Other Receivables (Refer Note 17.1)	(759)	(1,355)
		379,266	225,142

* Daily attendance allowance is paid by the Ministry of Plantation & Community Infrastructure (MPCI) to the relevant Regional Plantation Company (RPC), at the rate of Sri Lanka Rupees Two Hundred (Rs. 200/-) per day, based on the employee's attendance, with effect from 01 January to December 2026 in accordance with the Memorandum of Understanding on the Daily Attendance Allowance for Manual Grade Workers in the Plantation Sector signed by MPCI & RPCs.

As at 31st March		2026	2025
		Rs'000	Rs'000
17.1	Provision for Impairment of Other Receivables		
	At the beginning of the year	1,355	6,706
	Reversal for the Year	(565)	(5,351)
	Written off during the year	(31)	-
	At the end of the year	759	1,355
17.2	Advance Company Tax (ACT) Recoverable		
	Advance Company Tax	27,285	27,285
	Provision for Advance Company Tax (ACT)		
	At the beginning of the year	27,285	27,285
	Provisions made during the Year	-	-
	At the end of the year	27,285	27,285
	Carrying Value as at 31 st March	-	-

As at 31st March		2026	2025
		Rs'000	Rs'000
18.	CASH & CASH EQUIVALENTS		
18.1.	Favorable Balances		
	Short Term Monetary Investments	29,664	27,838
	Cash at Bank and in Hand	15,139	17,150
	Cash in Transit	6,529	1,594
	Cash and Cash Equivalents shown in the Statement of Financial Position	51,332	46,582
18.2.	Unfavourable Balances		
	Bank Overdrafts (Refer Note No.26.1)	(679,596)	(590,716)
18.3	Cash and Cash Equivalents shown in the Statement of Cash Flows	(628,264)	(544,133)

As at 31st March		2026	2025
		Rs.	Rs.
19.	STATED CAPITAL		
	Issued and Fully Paid :-		
	25,000,000 Ordinary Shares	250,000,000	250,000,000
	1 Golden Share held by Secretary to the Treasury (Refer Note 19.1)	10	10
		250,000,010	250,000,010

19.1. Rights of the Golden Shareholder :

The concurrence of the Golden Shareholder will be required for the Company to sub-lease any of the estate lands/to be leased to the company by the Janatha Estate Development Board/Sri Lanka State Plantations Corporation.

The concurrence of the Golden Shareholder will be required to amend any clause in the Articles of Association of the Company which grant specific rights to the Golden Shareholder.

The Golden Shareholder or his nominee, will have the right to examine the books and accounts of the company at any time with two weeks written notice.

The Company will be required to submit a detailed quarterly report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of each fiscal year.

The Golden Shareholder can request the Board of Directors of the Company to meet with him/his nominee, once every quarter to discuss issues of interests to the Government relating to the Company's operations.

The Golden Share must be owned either directly by the Government or by a 100% Government owned public company.

NOTES TO THE FINANCIAL STATEMENTS

20. INTEREST BEARING LOANS & BORROWINGS

As at 31st March	2026 Rs'000	2025 Rs'000
At the beginning of the year	1,097,516	1,545,939
Loans obtained during the year	500,000	90,000
Repayments during the year	(318,034)	(538,423)
At the end of the year	1,279,482	1,097,516

20.1. Payable as follows:-

Amount repayable within one year	501,549	319,954
Amount repayable more than one year	777,933	777,562
Total Payable	1,279,482	1,097,516

20.2. Project Loans repayable in forty eight (48 months), after a twenty four (24) months grace period / * forty eight (48) months, after a twelve (12) months grace period:

Purpose	Date of Receipt	Hatton National Bank PLC		2026	2025
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Main & Minor Crops**	05-May-22	275,000	AWPLR + 0.85%	80,180	148,940
Replanting of Main & Minor Crops*	21-Sep-23	228,000	AWPLR + 1.00%	142,500	199,500
Replanting of Main & Minor Crops*	21-Sep-23	172,000	AWPLR + 1.00%	107,560	150,520
		1,375,000		330,240	498,960

Security Offered :

Primary Floating Mortgage for Rs.550 Million, over leasehold rights of Frocester Estate.

Primary Floating Mortgage for Rs.400 Million, over leasehold rights of Bambrakelly Estate.

**Primary Floating Mortgage for Rs.275 Million, over leasehold rights of Mirishena Estate.

20.3. Project Loans repayable in forty eight (48) monthly installments, after a twenty four (24) months grace period:

Purpose	Date of Receipt	Sampath Bank PLC		2026	2025
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Oil Palm	31-Jul-19	200,000	Monthly AWPLR + 0.50%	-	15,200
		200,000		-	15,200

Security Offered :

Primary Mortgage for Rs.150 Million, over the leasehold rights of land and buildings of Gouravilla Estate.

Primary Mortgage for Rs.150 Million, over the leasehold rights of land and buildings of Alton Estate.

20.4. Project Loans repayable in sixty (60) monthly installments :

Purpose	Date of Receipt	Commercial Bank of Ceylon PLC		2026	2025
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Tea, Rubber, Coconut and Other Crops	26-Mar-21	350,000	Fixed Rate 8.50%	-	69,968
		350,000		-	69,968

Security Offered :

Primary Mortgage Bond over receivables of Tea sales routed through Forbes & Workers Tea Brokers (Pvt) Ltd and John Keells PLC.

20.5. Project Loans repayable in seventy two (72) monthly installments :

Purpose	Date of Receipt	People's Bank		2026	2025
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Installation of Rooftop Solar Panels and Related Equipment	31-Dec-24	90,000	1-5 years Monthly AWPLR -1% and 6th year AWPLR +1%	71,250	86,250
		90,000		71,250	86,250

Security Offered :

Monthly buildup margin of Rs.250,000 per month and negative pledge over solar panels and other accessories related to the project.

NOTES TO THE FINANCIAL STATEMENTS

20. INTEREST BEARING LOANS & BORROWINGS (CONTD.)

20.6. Project Term Loan repayable in forty eight (48) monthly installments, after a twenty four (24) months grace period:

Purpose	Date of Receipt	Sampath Bank PLC		2026	2025
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Main and Minor Crops	13-Dec-23	400,000	Monthly AWPLR + 0.25%	366,400	400,000
		400,000			

Security Offered :

Existing Primary Mortgage of Rs. 150 Million and additional Mortgage for Rs.158.75 Million, over the leasehold rights of land and buildings of Gouravilla Estate.

Existing Primary Mortgage of Rs. 150 Million and additional Mortgage for Rs.118.45 Million, over the leasehold rights of land and buildings of Alton Estate.

Lien over funds lying to the Fixed Deposit.

20.7. Term Loan, repayable in thirty six (36) monthly installments:

Purpose	Date of Receipt	Hatton National Bank PLC		2026	2025
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Working Capital Management	5-May-22	125,000	AWPLR + 0.75%	-	6,850
		125,000		-	6,850

Security Offered :

Primary Floating Mortgage for Rs.125 Million, over leasehold rights of Mirishena Estate.

20.8. Term Loan, repayable in sixty (60) monthly installments, after a six (06) months grace period:

Purpose	Date of Receipt	Commercial Bank of Ceylon PLC		2026	2025
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Installation of Rooftop Solar Panels and related equipment (Alton, Fairlawn and Stockholm Estates)	31-Jan-22	43,477	Fixed Rate of 7.75%	11,592	20,288
		43,477		11,592	20,288

Security Offered :

Primary mortgage bond over Solar Panels and related equipment of Alton, Fairlawn, Stockholm Estates.

20.9. Term Loan, repayable in twenty four (24) monthly installments, after a twelve (12) months grace period:

Purpose	Date of Receipt	Amana Bank PLC		2026	2025
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
To Finance the working capital requirement by investing in the property situated at Tillicoultry Estate, Udagama, as described in the schedule of Indenture of Lease No. 172, made and attested by Mr. D. C. Peiris (N.P)	31-May-25	500,000	AWPLR + 0.85% (Floor 9% Cap 11.75%)	500,000	-
		500,000		500,000	-
Total Payable				1,279,482	1,097,516

20.10. Maturity Analysis :

Financial Institution	Within Year-1	Within Year-2	Between Year-3 to Year-5	More than 5 Years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Hatton National Bank PLC (Refer Note 20.2)	68,760	11,420	-	-	80,180
	57,000	57,000	28,500	-	142,500
	42,960	42,960	21,640	-	107,560
People's Bank (Refer Note 20.6)	15,000	15,000	41,250	-	71,250
Sampath Bank PLC (Refer Note 20.7)	100,800	100,800	164,800	-	366,400
Commercial Bank of Ceylon PLC (Refer Note 20.8)	8,696	2,896	-	-	11,592
Amana Bank PLC (Refer Note 20.9)	208,333	250,000	41,667	-	500,000
Total	501,549	480,076	297,857	-	1,279,482

21. LEASE LIABILITIES

As at 31st March	2026			2025		
	Payable Within One Year	Payable After One Year	Total	Payable Within One Year	Payable After One Year	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Lease Liabilities - Land (Refer Note 21.1)	4,266	304,899	309,165	3,547	297,344	300,891
Lease Liabilities - Building (Refer Note 21.2)	7,760	29,831	37,591	-	-	-
	12,026	334,730	346,756	3,547	297,344	300,891

NOTES TO THE FINANCIAL STATEMENTS

21. LEASE LIABILITIES (CONTD.)

21.1 Lease Liabilities - Lands

As at 31st March	2026			2025		
	Gross Liability	Future Finance Cost	Net Liability	Gross Liability	Future Finance Cost	Net Liability
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
21.1.1. Movement :						
At the beginning of the year	884,822	(583,931)	300,891	791,052	(532,576)	258,475
Remeasurement of right-of-use asset as at 1st July	33,495	(21,812)	11,683	137,843	(91,379)	46,464
	918,317	(605,743)	312,574	928,894	(623,955)	304,939
Repayments during the year	(45,747)	-	(45,747)	(44,072)	-	(44,072)
Interest Expense for the year	-	42,338	42,338	-	40,023	40,023
At the end of the year	872,570	(563,405)	309,165	884,822	(583,931)	300,891
21.1.2 Payable as follows :						
Payable within One Year						
Payable by due dates	46,417	(42,151)	4,266	44,743	(41,196)	3,547
	46,417	(42,151)	4,266	44,743	(41,196)	3,547
Payable after One Year :-						
Payable within Two to Five Years	183,551	(162,497)	21,054	176,852	(159,000)	17,852
Payable after Five Years	642,602	(358,757)	283,845	663,229	(383,736)	279,492
	826,153	(521,254)	304,899	840,081	(542,737)	297,344
Total Payable	872,570	(563,405)	309,165	884,824	(583,932)	300,891

The weighted average incremental borrowing rate applied to the lease liabilities was 14.44% (01 April 2025).

The rental payable under the JEDB/SLSPC lease is Rs. 11.436 Million per quarter until 21st July 2045 and this amount to be inflated annually by Gross Domestic Production (GDP) Deflator. The future liability will be remeasured annually based on the inflated annual lease rental.

21.2. Lease Liabilities - Building

As at 31st March	2026			2025		
	Gross Liability	Future Finance Cost	Net Liability	Gross Liability	Future Finance Cost	Net Liability
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
21.2.1. Movement						
At the beginning of the year	-	-	-	10,843	(700)	10,143
Recognition/Remeasurement of leasehold right	59,638	(15,177)	44,461	1,084	(70)	1,014
Accretion of Interest	-	5,057	5,057	-	770	770
Repayments during the year	(11,927)	-	(11,927)	(11,928)	-	(11,928)
At the end of the year	47,711	(10,120)	37,591	-	-	-
21.2.2. Payable as follows						
Payable within One Year	11,928	(4,168)	7,760	-	-	-
Payable after One Year	35,782	(5,951)	29,831	-	-	-
Total Lease Liability as at 31 March	47,710	(10,119)	37,591	-	-	-

The weighted average incremental borrowing rate applied to the lease liabilities was 12.22% (01 April 2025).

21.3. Following are the amounts recognized in Statement of Profit or Loss and Statement of Cash Flows related to all the leases of the Company as of the reporting date:-

As at 31st March	2026	2025
	Rs'000	Rs'000
Amounts recognized in Statement of Profit or Loss		
- Interest on Lease Liabilities	47,395	40,794
- Amortization of ROU Assets	23,726	25,187
Amounts recognized in Statement of Cash Flows		
- Total Cash outflows for Leases	57,674	56,000

NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	2026 Rs'000	2025 Rs'000
At the beginning of the year	731,164	601,608
Provision made during the Year	127,375	232,304
Payments made during the Year	(93,215)	(102,748)
At the end of the year	765,324	731,164
Payable for Retired Employees included under Current Liabilities	(27,498)	(30,719)
Present Value of Obligation as at 31st March	737,826	700,445

An Actuarial Valuation of the retirement benefit obligation was carried out as at 31st March 2026 by Mr. K. Arumugam, Actuarial & Management Consultants (Pvt) Ltd.

The valuation method used by the actuaries to value the benefit is the "Project Unit Credit (PUC) Method", the method recommended by the Sri Lanka Accounting Standards (LKAS) No.19 "Employee Benefits".

According to the actuarial valuation report as at 31 March 2026, the actuarial present value of promised retirement benefits amounted to Rs.737.826 Million. If the Company had provided for gratuity on the basis of 14 days wages and half months salary for each completed year of service, the liability would have been Rs. 826.931 Million (2024/25 - Rs. 750.874 Million).

22.1. The amount recognized in the Statement of Financial Position is as follows:-

As at 31st March	2026 Rs'000	2025 Rs'000
Present Value of Unfunded Obligation	737,826	700,445
Present Value of Funded Obligation	-	-
Total Present Value of Obligation	737,826	700,445
Fair Value of Plan Assets	-	-
Present Value of Net Obligation	737,826	700,445
Unrecognized Actuarial (Gain)/Losses	-	-
Recognized liability for Retirement Benefit Obligations	737,826	700,445

22.2. Movement in the Present Value of Retirement Benefit Obligations:-

As at 31st March	2026 Rs'000	2025 Rs'000
Liability for Retirement Benefit Obligations as at 1st April	700,445	562,419
Actuarial (Gain)/Loss- due to experience adjustments	(5,463)	97,969
Actuarial Loss - due to changes in financial and demographic assumptions	5,103	18,834
Benefit payable by the Plan	(89,994)	(94,278)
Current Service Cost	50,686	48,011
Interest Cost	77,049	67,490
Liability for Retirement Benefit Obligations as at 31st March	737,826	700,445

22.3. Expenses recognized in Statement of Profit or Loss and Other Comprehensive Income:-

As at 31st March	2026 Rs'000	2025 Rs'000
Current Service Cost	50,686	48,011
Interest Cost	77,049	67,490
Actuarial (Gain)/Loss during the year	(360)	116,803
	127,375	232,304

22.4. The Key Assumptions used by the actuary include the following:-

As at 31st March	2026	2025
22.4.1. Rate of Interest	-10% per annum	-11% per annum
22.4.2. Rate of Salary Increase		
- Workers	-8.00% per annum	-9.00% per annum
- Estate Staff	-9.00% per annum	-10.00% per annum
- Head Office Staff	-9.00% per annum	-10.00% per annum
22.4.3. Retirement Age		
- Workers	-60 years	-60 years
- Estate Staff	-60 years	-60 years
- Head Office Staff	-60 years	-60 years
22.4.4. Staff Turnover	-Range of 0.08 to 0.00	-Range of 0.09 to 0.00

22.4.5. The Company will continue as a going concern.

22.4.6. The weighted average duration of the Retirement Benefit Obligation at the end of the reporting period is 6.8 years and 6.9 years for staff and workers respectively.

22.4.7. A Long-term treasury bond rate 10% p.a. (2025 - 11% p.a.) was used to discount future liabilities taking into consideration remaining working life of employees.

22.4.8. With effect from January 2026, the Company shall pay Manual Grade Workers a daily consolidated wage of Rupees One Thousand Five Hundred and Fifty (Rs. 1,550/-), on which the Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF) contributions shall be calculated in accordance with the prevailing statutory provisions.

22.5. Sensitivity Analysis:-

The following sensitivity analysis shows the significance of the change in liability of Present Value of the Retirement Benefit Obligation due to change in salary/wage escalation rate and discount rate assumed in this valuation, for all employees as at 31st March 2026 :-

Discount Rate	Salary Escalation Rate	Impact to Present Value of the Retirement Benefit Obligations Rs '000
Increase of 1%	As per Note No.22.4.2	693,775
Decrease of 1%	As per Note No.22.4.2	787,235
As per Note No.22.4.1	Increase of 1%	786,055
As per Note No.22.4.1	Decrease of 1%	694,079

NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

22.6. Maturity Profile of the Retirement Benefit Obligation :-

Future Working Life Time	Present Value of the Retirement Benefit Obligations Rs'000
Within the next 12 months	100,123
Between 2 - 5 years	248,281
Between 6 -10 years	191,960
Beyond 10 years	197,462
Total	737,826

23. DEFERRED INCOME

As at 31st March	2026 Rs'000	2025 Rs'000
23.1. Deferred Capital Grants and Subsidies		
23.1.1. Movement :		
Grant and Subsidies Received :		
At the beginning of the year	211,139	210,639
Received during the year	7,695	500
At the end of the year	218,834	211,139
Accumulated Amortization :		
At the beginning of the year	119,271	111,468
Amortisation for the year	7,803	7,803
At the end of the year	127,074	119,271
Net Grants and Subsidies	91,760	91,869

The amounts spent are included under the relevant category of Property, Plant & Equipment and Biological Assets and the grant/ subsidies received for such is reflected under Deferred Income. When the Company complies with the conditions attached to the grants/ subsidies, the grants/subsidies will be credited to the Statement of Profit or Loss over the useful life of the respective assets.

23.1.2. Category wise details on Deferred Capital Grants and Subsidies

Granted By	Purpose of the Grant	Amount Received (to-date) Rs'000	Basis of Amortization	Balance as at 01-Apr-25 Rs'000	Received during the Year Rs'000	Amortized during the Year Rs'000	Balance as at 31-Mar-26 Rs'000
Sri Lanka Tea Board	Tea Factory Modernization	1,602	Rate of Depreciation applicable to Plant & Machinery (7.50% p.a.)	771	-	96	675
	Tea Replanting Subsidy	16,531	Will be amortised at rate applicable to Tea Mature Plantations, after become mature (3.00% p.a.)	7,482	7,695	310	14,867
	Farm Waste Shedder	300	Rate of Depreciation applicable to Equipment (20.00% p.a.)	187	-	38	149
Plantation Development Project (PDP) -Asian Development Bank (ADB)	Improvement of workers living environment	31,588	Rate of Depreciation applicable to Buildings (2.50% p.a.)	9,802	-	1,128	8,674
Plantation Human Development Trust (PHDT)	Improvement of workers living environment	45,143	Rate of Depreciation applicable to Buildings and Furniture & Fittings (2.50% and 10.00% p.a.)	17,535	-	1,600	15,935
Estate Infrastructure Development Project (EIDP)	Improvement of workers living environment	489	Rate of Depreciation applicable to Buildings (2.50% p.a.)	166	-	17	149
Plantation Development Project (PDP) -ADB/JBIC	Improvement of workers living environment	20,051	Rate of Depreciation applicable to Buildings (2.50% p.a.)	9,601	-	716	8,885
	Internal Road Development and Boundary Posts	4,622	Rate of Depreciation applicable to Permanent Land Development Cost (2.50% p.a.)	2,309	-	165	2,144
	Minor Factory Development	10,099	Rate of Depreciation applicable to Buildings (2.50% p.a.)	5,126	-	361	4,765
Rubber Development Department (RDD)	Rubber Replanting Subsidy	51,311	Will be amortised at rate applicable to Rubber Mature Plantations, after become mature (5.00% p.a.)	38,807	-	3,364	35,443
Export Agriculture Department (EAD)	Cinnamon Replanting Subsidy	130	Will be amortised at rate applicable to Cinnamon Mature Plantations, after become mature (6.67% p.a.)	84	-	9	75
		181,865		91,869	7,695	7,803	91,760

NOTES TO THE FINANCIAL STATEMENTS

24. DEFERRED TAX LIABILITY

As at 31st March	2026 Rs'000	2025 Rs'000
At the beginning of the year	757,122	667,370
Charged during the period (Refer Note 10.4.1)	79,015	89,752
At the end of the year	836,137	757,122

25. TRADE & OTHER PAYABLES

As at 31st March	2026 Rs'000	2025 Rs'000
Trade and Service Creditors	80,483	93,434
Retiring Benefit Obligations - Current Payable (Refer Note 22)	27,498	30,719
Bank Interest Payable	5,987	4,289
Other Payables and Accrued Charges (Refer Note 25.1)	308,487	268,403
	422,455	396,845

25.1. Other Payables and Accrued Charges :

Staff Creditors	110,828	101,751
Government Departments and Statutory Bodies	77,567	40,484
Others including Provisions and Accrued Charges	120,091	126,168
	308,487	268,403

26. SHORT TERM BORROWINGS

26.1. Bank Overdrafts (Secured) :

The following facilities were granted to the Company:-

Financial Institution	Type of Securities	Rate of Interest (per annum)	Facility Available Rs'000	2026 Rs'000	2025 Rs'000
Commercial Bank of Ceylon PLC Foreign Branch Colombo 1	Mortgage over leasehold rights of Stockholm Estate and Fairlawn Estate, including buildings, fixed and floating assets.	Weekly AWPLR + 0.5%	200,000	200,432	183,527
Hatton National Bank PLC Dehiwala	Mortgage over leasehold rights of Eildon Hall Estate and Frocester Estate, including buildings, fixed and floating assets.	Weekly AWPLR + 0.5%	150,000	135,042	134,002
Sampath Bank PLC Headquarters Branch Colombo 2	Primary Mortgage Bond over leasehold rights of Gouravilla Estate.	Monthly AWPLR + 0.5%	100,000	98,917	96,358
People's Bank Corporate Banking Division, Colombo 2	Not Applicable	Weekly AWPLR	150,000	146,583	79,536

Financial Institution	Type of Securities	Rate of Interest (per annum)	Facility Available	2026	2025
			Rs'000	Rs'000	Rs'000
Amana Bank PLC Head Office Branch Colombo 3	Not Applicable	Monthly AWPLR	100,000	98,622	97,287
National Development Bank Head Office Branch Colombo 2	Not Applicable	-	-	-	6
				679,596	590,716

26.2 Other Short Term Loans (Secured) :

Financial Institution	Type of Securities	Rate of Interest (per annum)	Facility	2026	2025
			Rs'000	Rs'000	Rs'000
Amana Bank PLC	Not Applicable	Agreement Rate 8.42%	200,000	-	70,000
				-	80,000
Total Other Short Term Loans (Refer Note 26.2.1)				-	150,000
Total Short Term Borrowings				679,596	740,716

26.2.1 Other Short Term Loans

As at 31st March	2026	2025
	Rs'000	Rs'000
Movement		
At the beginning of the year	150,000	-
Loans obtained during the year	350,000	150,000
Repayments during the year	(500,000)	-
At the end of the year	-	150,000

27. CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at the year end except for the following:

27.1. Legal Proceedings on Labour Disputes:-

Several legal cases and disputes are pending against the company in Labour Tribunal and Courts. All these cases are being vigorously contested /prosecuted and our lawyers have advised that an evaluation of the likelihood of an unfavorable outcome and the amount or range of potential loss cannot be quantified or commented upon at this stage.

NOTES TO THE FINANCIAL STATEMENTS

28. COMMITMENTS

28.1. Financial Commitments:-

There are no material Financial Commitments other than the JEDB/SLSPC. Lease Rentals Payable to the Secretary to the Treasury as explained in Note 21.1. 'Lease Liabilities - Lands'.

28.2. Capital Commitments:-

There were no capital commitments outstanding as at the year end.

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No material event has occurred subsequent to the Reporting Period, which require adjustments or disclosures in the Financial Statements.

30. RELATED PARTY TRANSACTIONS & BALANCES

As at 31st March	2026 Rs'000	2025 Rs'000

30.1. The following balances were outstanding as at the year end :-

30.1.1. Related Companies Receivables:

Kelani Valley Plantations PLC	Affiliate	-	8
North South Line (Pvt) Ltd	Affiliate	-	5
Hayles Fentons Limited	Affiliate	-	5,386
Royal Ceramics Lanka PLC	Other Related Company	256	269
Rocell Barthware Ltd	Other Related Company	-	2
Uni-Dil Pakaging Limited	Other Related Company	189	-
Lanka Walltile PLC	Other Related Company	97	11
Lanka Tiles PLC	Other Related Company	117	51
		659	5,732

30.1.2. Related Companies Payables

Hayleys PLC	Ultimate Parent	11,379	13,189
Hayleys Plantation Services (Pvt) Limited	Immediate Parent	8,453	3,793
Hayleys Agriculture Holdings Limited	Affiliate	868	1,967
Hayleys Agro Fertilizer (Private) Limited	Affiliate	32,248	3,489
Hayleys Business Solutions International (Private) Limited	Affiliate	546	134
Kelani Valley Plantations PLC	Affiliate	7,810	2,147
Talawakelle Tea Estates PLC	Affiliate	903	3,894
Logiwiz Limited	Affiliate	5	4
Hayleys Aventura (Private) Limited	Affiliate	-	330
Hayles Fentons Limited	Affiliate	544	68,868
Hayles Electronics Limited	Affiliate	133	-
Mabroc Teas (Pvt) Ltd	Affiliate	692	-
Hayleys Engineering (Pvt) Ltd	Affiliate	94	-
Singer (Sri Lanka) PLC	Affiliate	2,548	326
Lanka Tiles PLC	Other Related Company	-	21
Royal Ceramics Lanka PLC	Other Related Company	-	224
Uni-Dil Pakaging Limited	Other Related Company	384	233
Uni-Dil Pakaging Solutions Limited	Other Related Company	2,718	393
Diesel & Motor Engineering PLC	Other Related Company	5,062	29
		74,390	99,041

30.2. Transactions with Related Companies:

The transactions carried out in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standard - LKAS 24 "Related Party Disclosure". The details of which are reported below :-

Name of Company	Name of Director	Nature of Interest	Details of Transactions	2026	2025
				Rs'000	Rs'000
Hayleys PLC <i>Ultimate Parent</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda Mr.K.D.Gunarathne Mr.T.A.B.Speldewinde	Executive Chairman Executive Director Non Executive Director Independent Non Executive Director	Office Premises Rentals & Related Services	116,700	119,838
			Settlements	(118,510)	(108,642)
			Sale of Goods	17	-
			Settlements	(17)	-
Hayleys Plantation Services (Pvt) Ltd <i>Immediate Parent</i>	Mr. A.M.Pandithage Mr. Roshan Rajadurai Mr. S. C. Ganegoda	Executive Chairman Managing Director Director	Dividend Payable (Net of Tax)	22,759	26,552
			Dividend Paid (Net of Tax)	(18,099)	(27,094)
Hayleys Fentons Limited <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Purchase of Solar Power System & Electronic Equipment	36,795	99,892
			Settlements	(105,119)	(31,024)
			Advance Payment	(5,386)	4,886
Hayleys Business Solutions International (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Salary Processing Fee	281	248
			Other Services	522	115
			Settlements	(391)	(434)
Hayleys Aventura (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Plant & Equipment Maintenance Services	4,826	2,834
			Settlement	(5,156)	(2,503)
Logiwiz Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Document Storage Rental	57	60
			Settlement	(56)	(60)
Hayleys Agriculture Holdings Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Purchase of Agri Equipment	14,512	10,917
			Settlements	(15,611)	(9,598)
Hayleys Agro Fertilizer (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Purchase of Fertilizer	81,378	72,314
			Settlements	(52,619)	(83,840)
Hayleys Travels (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Purchase of Air Tickets	716	381
			Settlements	(716)	(381)
Sun Tan Beach Resort (Pvt) Ltd <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Office Premises Related Services	4,919	-
			Settlements	(4,919)	-
The Kingsbury PLC <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S.C.Ganegoda Mr.T.A.B.Speldewinde	Executive Chairman Non-Executive Director Independent Non Executive Director	Providing Services for AGM and other official functions	613	725
			Settlements	(613)	(725)
			Sale of Goods	-	46
			Settlements	-	(46)

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTY TRANSACTIONS & BALANCES (CONTD.)

Name of Company	Name of Director	Nature of Interest	Details of Transactions	2026	2025
				Rs'000	Rs'000
Singer (Sri Lanka) PLC <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Non-Executive Director	Purchase of Equipment	6,519	12,209
			Settlements	(4,296)	(11,884)
Kelani Valley Plantations PLC <i>Affiliate</i>	Mr. A.M.Pandithage Dr. Roshan Rajadurai Mr. S. C. Ganegoda Mr.M.C.B.Talwatte	Executive Chairman Managing Director Non- Executive Director Non- Executive Independent Director	Reimbursement of Management Expenses	18,395	13,096
			Settlements	(12,732)	(12,069)
Talawakelle Tea Estates PLC <i>Affiliate</i>	Mr. A.M.Pandithage Dr. Roshan Rajadurai Mr.M.C.B.Talwatte	Executive Chairman Non- Executive Independent Director	Reimbursement of Management Expenses	9,810	10,540
			Settlements	(12,801)	(7,529)
Hayleys Consumer Products Ltd <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Sale of Value Added Products	-	184
			Settlements	-	(253)
Hayleys Engineering (Pvt) Ltd <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Purchase of Agri Equipment & Enginerring Projects	477	-
			Settlements	(383)	-
Hayleys Electronics (Pvt) Ltd <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Purchase of Electronic Equipments	425	-
			Settlements	(292)	-
Mabroc Teas (Pvt) Ltd <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Export Handling Fee	692	-
			Settlements	-	-
Energynet (Pvt) Ltd <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Power Solution Service	78	-
			Settlements	(78)	-
Innovative Solutions Lanka (Pvt) Ltd <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Purchase of Agriculture Equipments	425	-
			Settlements	(425)	-
Hayleylines Limited <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Reimbursement of Expenses	56	-
			Settlements	(56)	-
Advantis Freight (Pvt) Ltd <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Cargo Handling Fee	416	-
			Settlements	(416)	-
Hayleys Aviation Limited <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Reimbursement of Expenses	30	-
			Settlements	(30)	-
North South Line (Pvt) Ltd <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Reimbursement of Expenses	-	-
			Settlements	(5)	-

30.3. Transactions with Other Related Companies:

Name of Company	Name of Director	Nature of Interest/ Relationship	Details of Transactions	2026 Rs'000	2025 Rs'000
Diesel & Motor Engineering PLC <i>Other Related Company</i>	Mr. A.M.Pandithage	Non Executive Director	Purchase of Fertilizer Settlements	73,091 (68,058)	2,334 (2,305)
Uni-Dil Packaging Limited <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Sale of Tea Settlements Purchase of Packing Materials Settlements	1,046 (858) 1,117 (965)	1,483 (1,633) 364 (131)
Uni-Dil Packaging Solutions Limited <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Purchase of Packing Materials Settlement	13,381 (11,056)	9,576 (9,183)
Lanka Walltiles PLC <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Purchase of Tiles Settlements Sale of Tea Settlements	- - 230 (143)	388 (388) 34 (110)
Royal Ceramics Lanka PLC <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Purchase of Tiles Settlements Sale of Tea Settlements	2,309 (2,532) 922 (936)	949 (900) 712 (568)
Rocell Bathware Ltd <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Purchase of Sanitaryware Settlements Sale of Tea Settlements	- - 386 (388)	50 (50) 81 (161)
Lanka Tiles PLC <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Purchase of Sanitaryware Settlements Sale of Tea Settlements	92 (113) 479 (414)	2,701 (2,680) 482 (583)

30.4 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard - LKAS 24, "Related Party Disclosure", Key Management Personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly members of the Board of Directors (including Executive and Non-Executive Directors) has been classified as Key Management Personnel of the Company.

For the year ended 31st March	2026 Rs'000	2025 Rs'000
Directors Emoluments	28,253	22,918
Post Employment benefits paid to Key Management Personnel	Nil	Nil

30.5. Related Party Transactions

There are no Non-recurrent Related Party Transactions where aggregate value exceeds 10% of the Equity or 5% of the Total Assets and Recurrent Related Party Transactions where aggregate value exceeds 10% Gross Revenue/Income.

30.6. Transactions with related parties are carried out in the ordinary course of business on a arms length basis with normal Commercial terms.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT

31.1. Overview :

The Company has exposure to the following risks from its use of financial instruments:-

- * Credit risk
- * Liquidity risk
- * Market risks (Including currency risk and interest rate risk)

This note present qualitative and quantitative information about the Company's exposure to each of the above risks, the Company's objectives, policies and procedures for measuring and managing those risks.

31.1.1 Risk Management Framework

The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and system are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The Company 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.

31.2 Credit Risk :

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet it's contractual obligation, and arises principally from the Company's receivables from customer, investment securities etc.

The Company is exposed to credit risk from its operating activities (primarily trade receivables), other advances including loans and advances to staff/workers, and from its financing activities, including deposits with banks and other financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. The following figures show maximum risk positions.

As at 31st March	2026 Rs'000	2025 Rs'000
Trade and Other Receivables	348,836	226,497
Related Companies Receivables	659	5,732
	349,495	232,229

31.2.1 Management of Credit Risk

Trade Receivables

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. The company's credit policy is monitored at the Board level. The new customers are analyzed individually for credit worthiness before company's standard payment and delivery terms and conditions are offered. Company review includes external ratings when available and in some cases, bank references, purchase limit etc., which also subject to under review on quarterly basis. The past experience of the management is considered when revisions are made to terms and conditions.

The Company has a minimal credit risk of its trade receivables from Produce Brokers, as the repayment is guaranteed within seven days by the Tea and Rubber Auction systems.

Credit Quality of Financial Assets

An analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at 31st March 2026 is as follows:

As at 31st March	Carrying value	
	2026 Rs'000	2025 Rs'000
Below 30 days	236,469	113,316
30 - 45 days	-	-
46 - 60 days	-	-
61 - Over	-	-
	236,469	113,316

The movement in the provision for impairment in respect of other receivables during the year was as follows.

As at 31st March	Impairment	
	2026 Rs'000	2025 Rs'000
At the beginning of the year	1,355	6,706
Provision for Impairment	(565)	(5,351)
Written off during the year	(31)	-
At the end of the year	759	1,355

Impairment Loss Recognized

The Company believes that the unimpaired amounts that are past due by more than 30 days are still to be collected in full. Based on the Company's monitoring of customer credit risk, the Company believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

Amounts due from Related Companies

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each related Company.

The Company does not require a provision for impairment in respect of Related Companies Receivables.

31.2.2. Cash and Cash Equivalents

The Company held cash and cash equivalents of Rs. 51.332 Mn at 31 March 2026 (2025: Rs.46.582 Mn.), the following table shows the credit ratings of the main banks with whom the Company has invested.

Bank	Credit rating
Peoples Bank	AA-
Sampath Bank	AA-
Commercial Bank of Ceylon PLC	AA-

NOTES TO THE FINANCIAL STATEMENTS

31.3. Liquidity Risk :

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, without incurring unacceptable losses or damage to the company's reputation.

The Company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the company has available funds to meet its short-and medium-term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Company holds cash and undrawn committed facilities to enable the Company to manage its liquidity risk.

The Company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected capital cash flows from operations.

31.3.1. Liquidity Risk Management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

The mixed approach combines elements of the cash-flow-matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against a combination of contractual cash inflows, plus other inflows that can be generated through the sale of assets or other secured borrowings.

The table below summarizes the maturity profile of the financial liabilities based on contractual undiscounted payments.

As at 31 March 2026	Current		Non Current			Total
	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Above 5 years	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Bank Overdrafts	679,596	-	-	-	-	679,596
Interest Bearing Loans & Borrowings	-	501,549	480,076	297,857	-	1,279,482
Lease Liabilities	-	58,345	57,815	161,518	642,601	920,280
Trade Payables	-	80,483	-	-	-	80,483
Related Companies Payables	-	74,390	-	-	-	74,390
Total	679,596	714,767	537,891	459,375	642,601	3,034,231

As at 31 March 2025	Current		Non Current			Total
	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Above 5 years	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Bank Overdrafts	590,716	-	-	-	-	590,716
Interest Bearing Loans & Borrowings	-	469,954	227,936	257,776	291,850	1,247,516
Lease Liabilities	-	44,743	44,743	132,109	663,229	884,824
Trade Payables	-	93,434	-	-	-	93,434
Related Companies Payables	-	99,041	-	-	-	99,041
Total	590,716	707,172	272,679	389,885	955,079	2,915,531

31.4. Market Risk :

Market risk is the risk that changes in market prices, such as foreign exchange rates, Interest rates and etc.; will affect the Company's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

31.4.1. Interest Rate Risk :

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments fluctuate because of changes in market interest rates. The Company has borrowings with AWPLR interest rate which would affect the Company's cash flow/profit as the amount of interest paid would be changed depending on market interest rate.

At the end of the reporting period the interest rate profile of the company's interest bearing financial instruments as reported to the management of the company was as follows :-

As at 31 March	Nominal Amount	
	2026	2025
	Rs'000	Rs'000
Variable Rate Instruments		
Financial Assets		
Short Term Investments	29,664	27,838
Financial Liabilities		
Interest bearing Loans & Borrowings	1,279,482	1,097,516
Short Term Loans & Borrowings	-	150,000
Bank Overdrafts	679,596	590,716
Total	1,959,078	1,838,232

A reasonable change of 100 basis points in interest rate at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant.

As at 31 March	Nominal Amount	
	2026	2027
	Rs'000	Rs'000
Variable Rate Instruments		
100 bp increase	(13,875)	(11,891)
100 bp decrease	13,875	11,891

The above table demonstrates the sensitivity to a reasonable change in interest rates on loans where floating rates are applicable with all other variables held constant.

Constant monitoring of market interest rates is carried out to ensure appropriate steps are taken to maximize the return on financial management and to minimize the cost of borrowings. The Company very strongly negotiates with banks and obtains best possible interest rates for the Company's borrowings. Listed below are steps adopted by the Company to minimize the effect of interest rate risks;

- Entering into loans with interest rate caps.
- Renegotiating with banks on interest rates whenever there are favorable fluctuation in the market rates.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT (CONTD.)

31.4.2. Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital, which the company defines as result from operating activities divided by total shareholders' equity. The Company also monitors the level of dividends to ordinary shareholders.

The Company's liabilities to adjusted capital ratio at the end of the reporting period was as follows.

As at 31st March	Nominal Amount	
	2026	2025
	Rs'000	Rs'000
Total Liabilities	4,468,402	4,184,445
Less: Cash and Cash Equivalents	(51,332)	(46,582)
Net Debt	4,417,070	4,137,863
Total Equity	1,003,169	918,014
Net Debt Equity Ratio	4.40	4.51

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

32. FINANCIAL INSTRUMENTS

32.1. Fair Value Hierarchy for Financial Assets Carried at Fair Value

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level I: Quoted market price (unadjusted) in an active market for an identical instrument.

Level II: Valuation techniques based on observable inputs, either directly – i.e. as prices-or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates. The objective of the valuation technique is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by the market participants acting at arm's length.

32.2 Analysis of Financial Instruments by Measurement Basis

The fair values of financial assets and liabilities, together with carrying amounts shown in the Statement of Financial Position, are as follows.

As as 31st March 2026	Note	Mandatory at FVTPL - Others	FVOCI - Equity Instruments	Financial Assets at Amortized Cost	FVOCI - Debt Instruments	Other Financial Assets & Liabilities	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets							
Trade and Other Receivables	17	-	-	379,266	-	-	379,266
Related Companies Receivables	30.1.1	-	-	659	-	-	659
Cash and Cash Equivalents	18.1	-	-	51,332	-	-	51,332
Total		-	-	431,257	-	-	431,257
Financial Liabilities							
Interest bearing Borrowings	20.1	-	-	-	-	1,279,482	1,279,482
Lease Liabilities	21	-	-	-	-	346,756	346,756
Trade and Other Payables	25	-	-	-	-	274,866	274,866
Related Companies Payables	30.1.2	-	-	-	-	74,390	74,390
Bank Overdrafts	26	-	-	-	-	679,596	679,596
Total		-	-	-	-	2,655,090	2,655,090

As as 31st March 2025	Note	Mandatory at FVTPL - Others	FVOCI - Equity Instruments	Financial Assets at Amortized Cost	FVOCI - Debt Instruments	Other Financial Assets & Liabilities	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets							
Trade and Other Receivables	17	-	-	152,082	-	-	152,082
Related Companies Receivables	30.1.1	-	-	5,732	-	-	5,732
Cash and Cash Equivalents	18.1	-	-	46,582	-	-	46,582
Total		-	-	204,396	-	-	204,396
Financial Liabilities							
Interest bearing borrowings	20.1	-	-	-	-	1,097,516	1,097,516
Lease liabilities	21	-	-	-	-	300,891	300,891
Trade and Other Payables	25	-	-	-	-	239,957	239,957
Related Companies Payables	30.1.2	-	-	-	-	99,041	99,041
Bank Overdrafts/Short Term Loans	26	-	-	-	-	740,716	740,716
Total		-	-	-	-	2,478,122	2,478,122

The company does not anticipate the fair value of the above to be significantly different to their carrying values and considers the impact as not material for the disclosure.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTD.)

32.3 Fair Value Hierarchy for Assets Carried at Fair Value

	Note	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
As at 31st March 2026					
Consumable Biological Assets	13.2.2	-	-	649,194	649,194
Non-Harvested Produce on Bearer Biological Assets	13.5			15,095	15,095
As at 31st March 2025					
Consumable Biological Assets	13.2.2	-	-	608,078	608,078
Non-Harvested Produce on Bearer Biological Assets	13.5			14,466	14,466

Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation techniques used in measuring the fair value of consumable biological assets, as well as the significant unobservable inputs used.

Non Financial Asset	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs		Relationship of Unobservable Inputs to Fair Value
			2026	2025	
Consumable Managed Biological Assets	Discounted Cash Flows	Discounting Rate	12.5% - 14.5%	13% - 15%	The fair value decreases/increases when discount rate is increased/decreased.
		Optimum rotation (Maturity)	25-35 Years	25-35 Years	The fair value decreases/increases when rotation period is increased/decreased.
		Volume at rotation	15-65 cu.mt	15-65 cu.mt	The fair value increased/decreases when volume at rotation is increased/decreased.
		Price per cu.mt.	Rs.10,950/- to Rs.53,120/-	Rs.10,230/- to Rs.53,120/-	The fair value increased/decreases when price is increased/decreased.

33. INFORMATION ON BUSINESS SEGMENTS

For the year ended 31st March	Tea		Rubber		Oil Palm		Unallocated		Total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segmental Revenue										
Main Sectors	3,011,078	2,803,252	453,471	532,356	361,790	261,392	-	-	3,826,339	3,597,000
Diversified Crops	-	-	-	-	-	-	54,026	37,163	54,026	37,163
Sale of Live Trees	-	-	-	-	-	-	33,709	41,012	33,709	41,012
Other Operating Revenue	-	-	-	-	-	-	35,965	22,042	35,965	22,042
	3,011,078	2,803,252	453,471	532,356	361,790	261,392	123,700	100,217	3,950,039	3,697,217
Segmental Gross Profit	373,147	491,957	27,487	96,354	213,394	129,394	38,351	14,116	652,379	731,821
Other Income							7,803	7,803	7,803	7,803
Change in Fair Value of Biological Assets							81,942	69,382	81,942	69,382
Administrative Expenses							(363,342)	(349,484)	(363,342)	(349,484)
Profit from Operations									378,782	459,522
Finance Income							4,513	2,741	4,513	2,741
Finance Expenses							(166,985)	(156,840)	(166,985)	(156,840)
Profit before Tax									216,310	305,423
Tax Expense							(78,907)	(124,793)	(78,907)	(124,793)
Profit for the year									137,403	180,630
Other Comprehensive Income:										
Actuarial Loss on Retirement Benefit Obligations							360	(116,803)	360	(116,803)
Tax effect on Other Comprehensive Income							(108)	35,041	(108)	35,041
Other Comprehensive Expenses for the year, net of tax									252	(81,762)
Total Comprehensive Income for the year									137,655	98,868
OTHER INFORMATION										
Segmental Assets										
Non-current Assets	2,014,328	1,967,342	950,040	1,008,363	195,673	214,619	1,310,520	1,027,985	4,470,560	4,218,309
Current Assets	806,713	658,487	68,828	73,878	29,312	27,847	96,157	123,938	1,001,011	884,150
Total Assets	2,821,041	2,625,829	1,018,868	1,082,241	224,985	242,466	1,406,677	1,151,923	5,471,571	5,102,459
Segmental Liabilities										
Non-current Liabilities	828,794	798,400	220,455	291,175	56,610	53,780	1,672,527	1,480,986	2,778,386	2,624,342
Current Liabilities	282,553	475,495	64,857	125,055	2,650	2,519	1,339,956	957,036	1,690,016	1,560,104
Total Liabilities	1,111,347	1,273,895	285,312	416,230	59,260	56,299	3,012,483	2,438,022	4,468,402	4,184,445
Capital Expenditure	110,704	180,086	74,484	47,882	-	831	207,493	206,088	392,681	434,954
Amortization and Depreciation	102,228	107,835	79,722	77,739	13,923	13,928	34,055	24,408	229,927	223,910
Non-Cash Expenditure other than Amortization and Depreciation	158,579	129,248	59,060	36,347	9,343	14,988	11,761	66,932	238,743	247,511

NOTES TO THE FINANCIAL STATEMENTS

33. INFORMATION ON BUSINESS SEGMENTS (CONTD.)

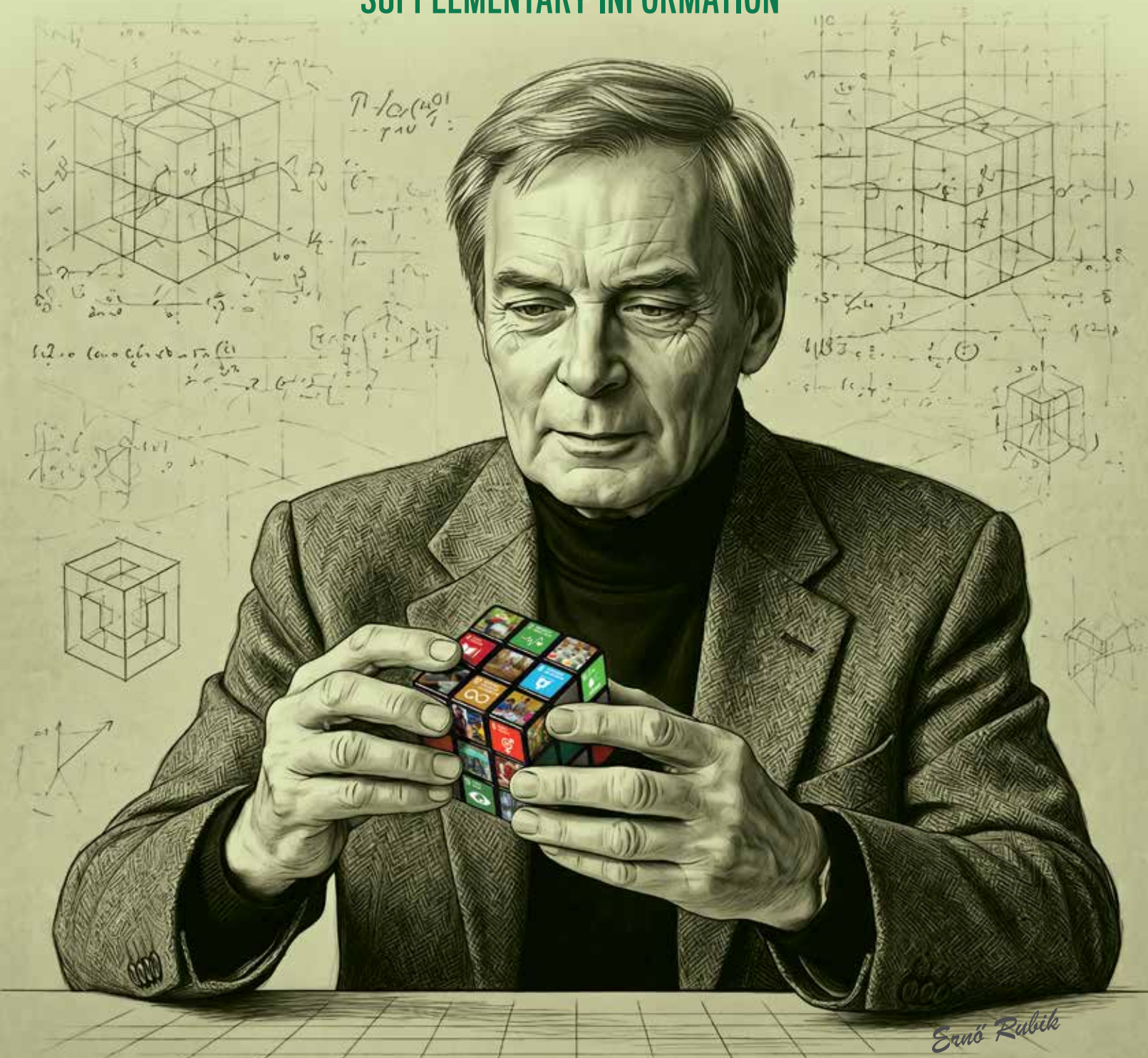
33.1 Basis for segmentation

The Company has the following three strategic divisions, which are its reportable segments. These sectors offer different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations of each reportable segment.

Reportable Segments	Operations
Tea	Cultivation, processing and sale of made tea
Rubber	Cultivation, processing and sale of rubber
Oil Palm	Cultivation and sale of oil palm.

There are varying levels of integration between each segment.

SUPPLEMENTARY INFORMATION



Over the decades, the Rubik's Cube has evolved into a global icon of intelligence, persistence, and creativity. From casual solvers to world-class speedcubers, it continues to inspire problem-solving excellence.

At HPL, this philosophy extends beyond operations:

- We embrace continuous learning
- We encourage innovation at all levels
- We foster a culture of curiosity and resilience

TEN YEAR SUMMARY

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Operating Results										
Revenue	1,947,278	2,248,463	2,020,360	1,762,154	2,125,306	2,563,636	3,794,035	3,385,735	3,697,216	3,950,039
Gross Profit/(Loss)	102,743	265,515	196,608	(217,542)	200,455	371,010	1,234,689	653,255	731,821	652,379
Profit/(Loss) from Operations	45,774	191,589	136,970	(324,002)	60,830	208,685	986,510	461,103	459,522	378,782
Net Finance Expenses	(88,656)	(86,915)	(129,622)	(146,373)	(136,960)	(140,363)	(329,418)	(234,620)	(154,099)	(162,472)
Profit/(Loss) before Tax	(42,882)	104,674	7,348	(470,375)	(76,130)	68,322	657,092	226,483	305,423	216,310
Tax (Expense)/Reversals	1,160	(20,330)	(2,546)	(24,494)	(1,742)	(25,868)	(487,030)	(121,978)	(124,793)	(78,907)
Profit/(Loss) for the year	(41,722)	84,344	4,802	(494,868)	(77,872)	42,454	170,062	104,505	180,630	137,403
Other Comprehensive Income/ (Expenses)	27,095	(35,196)	(75,184)	(18,155)	10,833	5,860	(36,232)	(87,812)	(81,762)	(252)
Total Comprehensive Income/ (Expenses)	(14,627)	49,148	(70,382)	(513,023)	(67,039)	48,314	133,830	16,693	98,868	137,655
Net Assets Employed										
Non-Current Assets	3,151,998	3,285,020	3,324,470	3,384,566	3,362,949	3,406,041	3,624,615	3,939,405	4,218,309	4,470,561
Current Assets	400,281	408,986	471,655	336,828	426,587	558,164	730,556	760,984	884,150	1,001,010
Total Assets	3,552,279	3,694,006	3,796,125	3,721,394	3,789,536	3,964,205	4,355,171	4,700,389	5,102,459	5,471,571
Current Liabilities (excluding Borrowings)	(272,611)	(332,632)	(286,181)	(266,067)	(289,924)	(357,757)	(405,074)	(365,681)	(499,433)	(508,871)
Non-Current Liabilities (excluding Borrowings)	(744,576)	(783,239)	(831,931)	(949,170)	(964,941)	(907,736)	(1,332,326)	(1,584,829)	(1,846,780)	(2,000,453)
Total Net Assets (excluding Borrowings)	2,535,092	2,578,135	2,678,013	2,506,157	2,534,671	2,698,712	2,617,771	2,749,880	2,756,246	2,962,247
Capital Employed										
Stated Capital	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Capital Reserves	70,000	70,000	70,000	70,000	-	-	-	-	-	-
Revenue Reserves	1,051,652	1,100,799	1,017,916	491,578	497,810	546,124	679,954	630,396	668,014	753,169
Shareholders' Equity	1,371,652	1,420,799	1,337,916	811,578	747,810	796,124	929,954	880,396	918,014	1,003,169
Borrowings	1,163,440	1,157,336	1,340,097	1,694,579	1,786,861	1,902,588	1,687,817	1,869,483	1,838,232	1,959,078
	2,535,092	2,578,135	2,678,013	2,506,157	2,534,671	2,698,712	2,617,771	2,749,880	2,756,246	2,962,247

		2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash Flows											
Net Cash Inflow/(Outflow) from Operating Activities		48,366	284,016	14,218	(152,283)	113,363	245,805	681,563	362,914	570,494	357,839
Net Cash Outflow from Investing Activities		(202,572)	(252,141)	(170,736)	(160,955)	(173,706)	(300,989)	(430,107)	(430,235)	(431,720)	(380,473)
Net Cash Inflow/(Outflow) from Financing Activities		109,132	(38,353)	64,598	99,219	375,350	(159,097)	(227,186)	250,523	(406,485)	(61,497)
Net Increase/(Decrease) in Cash and Cash Equivalents		(45,074)	(6,478)	(91,920)	(214,019)	315,007	(214,281)	24,270	183,202	(267,711)	(84,131)
Cash and Cash Equivalents at the beginning		(227,129)	(272,203)	(278,681)	(370,600)	(584,619)	(269,613)	(483,894)	(459,624)	(276,422)	(544,133)
Cash and Cash Equivalents at the end		(272,203)	(278,681)	(370,600)	(584,619)	(269,613)	(483,894)	(459,624)	(276,422)	(544,133)	(628,264)
Key Indicators											
Earnings/(Loss) per Share	Rs. Cts.	(1.67)	3.37	0.19	(19.79)	(3.11)	1.70	6.80	4.18	7.23	5.50
Market Value per Share	Rs. Cts.	16.50	22.00	17.00	17.00	23.20	21.90	52.50	39.50	44.40	46.90
Dividend per Share	Rs. Cts.	-	-	0.50	-	-	-	-	2.65	2.45	2.10
Net Assets per Share	Rs. Cts.	54.87	56.83	53.52	32.46	29.91	31.84	37.20	35.22	36.72	40.13
Price Earnings Ratio	Times	(9.89)	6.52	88.51	(0.86)	(7.45)	12.88	7.72	9.45	6.14	8.53
Earning Yield	%	(10.11)	15.34	1.13	(116.44)	(13.43)	7.76	12.96	10.58	16.28	11.72
Interest Cover	Times	0.52	2.20	1.06	(2.21)	0.44	1.49	2.99	1.97	2.98	2.33
Dividend Cover	Times	-	-	0.38	-	-	-	-	1.58	2.95	2.62
Dividend Payout	%	-	-	260.33	-	-	-	-	63.40	33.91	38.21
Effective Dividend Rate	%	-	-	5.00	-	-	-	-	26.50	24.50	21.00
Dividend Yield	%	-	-	2.94	-	-	-	-	6.71	5.52	4.48
Current Ratio	Times	0.57	0.52	0.49	0.27	0.43	0.38	0.54	0.67	0.57	0.59
Revenue to Capital Employed	Times	0.77	0.87	0.75	0.70	0.84	0.95	1.45	1.23	1.34	1.33
Property, Plant & Equipment to Shareholders' Equity	Times	1.94	1.93	2.05	0.43	0.48	0.56	0.59	0.66	0.74	0.74
Equity to Total Assets	%	38.61	38.45	35.24	21.81	19.73	20.08	21.35	18.73	17.99	18.33
Return on Equity	%	(3.04)	5.94	0.36	(60.98)	(10.41)	5.33	18.29	11.87	19.68	13.70
Return on Capital Employed	%	1.81	7.43	5.11	(12.93)	2.40	7.98	37.69	16.77	16.67	12.79
Return on Total Assets	%	(1.17)	2.28	0.13	(13.30)	(2.05)	1.07	3.90	2.22	3.54	2.51
Gearing	%	45.89	44.89	50.04	67.62	70.50	70.50	64.48	67.98	66.69	66.13

STATEMENT OF FINANCIAL POSITION - HORIZONTAL ANALYSIS

As at 31st March	2026		2025		2024		2023		2022	
	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
ASSETS										
Non-Current Assets										
Right of Use Assets	303,593	12	271,174	9	248,883	35	184,742	(5)	194,693	(9)
Bearer Biological Assets	2,760,329	4	2,646,693	5	2,515,934	10	2,296,046	6	2,172,955	1
Consumable Biological Assets	657,920	6	619,451	4	594,745	1	591,546	(1)	595,643	(6)
Property, Plant & Equipment	744,653	10	676,366	17	578,938	5	552,281	25	442,750	22
Intangible Assets	4,066	(12)	4,625	411	905	-	-	-	-	-
Total Non-Current Assets	4,470,561	6	4,218,309	7	3,939,405	9	3,624,615	6	3,406,041	1
Current Assets										
Non-harvested Produce on Bearer Biological Assets	15,095	4	14,466	50	9,651	(2)	9,847	21	8,129	2
Inventories	554,658	(6)	592,228	13	524,435	10	476,386	36	350,398	37
Advance Company Tax (ACT) Recoverable	-	-	-	-	-	-	-	(100)	17,586	(8)
Trade and Other Receivables	379,266	68	225,142	26	178,057	(10)	197,560	44	137,620	7
Related Companies Receivables	659	(89)	5,732	234	1,719	(82)	9,384	52	6,170	726
Cash and Cash Equivalents	51,332	10	46,582	(1)	47,122	26	37,379	(2)	38,261	178
Total Current Assets	1,001,010	13	884,150	16	760,984	4	730,556	31	558,164	31
Total Assets	5,471,571	7	5,102,459	9	4,700,389	8	4,355,171	10	3,964,205	5
EQUITY & LIABILITIES										
Equity										
Stated Capital	250,000	-	250,000	-	250,000	-	250,000	-	250,000	-
Retained Earnings	753,169	13	668,014	6	630,396	(7)	679,954	25	546,124	10
Total Equity	1,003,169	9	918,014	4	880,396	(5)	929,954	17	796,124	6
Non-Current Liabilities										
Interest bearing Loans & Borrowings	777,933	0.05	777,562	(29)	1,098,862	47	745,939	(6)	796,364	(26)
Lease Liabilities	334,730	13	297,344	16	255,867	39	183,991	1	181,691	(3)
Retirement Benefit Obligations	737,826	5	700,445	25	562,419	23	458,833	(5)	483,611	(12)
Deferred Income	91,760	(0.1)	91,869	(7)	99,172	(7)	106,475	(6)	113,324	(5)
Deferred Tax Liability	836,137	10	757,122	13	667,370	14	583,027	352	129,110	17
Total Non-Current Liabilities	2,778,386	6	2,624,342	(2)	2,683,691	29	2,078,265	22	1,704,100	(17)
Current Liabilities										
Trade and Other Payables	422,455	6	396,845	21	328,552	(9)	361,677	24	291,547	12
Related Companies Payables	74,390	(25)	99,041	306	24,377	(26)	32,930	(41)	55,897	162
Interest bearing Loans & Borrowings	501,549	57	319,954	(28)	447,077	0.5	444,875	10	404,069	6
Lease Liabilities	12,026	239	3,547	(72)	12,752	22	10,467	1	10,314	11
Short Term Borrowings	679,596	(8)	740,716	129	323,544	(35)	497,003	(29)	702,154	117
Total Current Liabilities	1,690,016	8	1,560,103	37	1,136,302	(16)	1,346,952	(8)	1,463,981	47
Total Liabilities	4,468,402	7	4,184,445	10	3,819,993	12	3,425,217	8	3,168,081	4
Total Equity and Liabilities	5,471,571	7	5,102,459	9	4,700,389	8	4,355,171	10	3,964,205	5

STATEMENT OF FINANCIAL POSITION - VERTICAL ANALYSIS

As at 31st March	2026		2025		2024		2023		2022	
	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
ASSETS										
Non-Current Assets										
Right of Use Assets	303,593	6	271,174	5	248,883	5	184,742	4	194,693	5
Bearer Biological Assets	2,760,329	50	2,646,693	52	2,515,934	54	2,296,046	53	2,172,955	55
Consumable Biological Assets	657,920	12	619,451	12	594,745	13	591,546	14	595,643	15
Property, Plant & Equipment	744,653	14	676,366	13	578,938	12	552,281	13	442,750	11
Intangible Assets	4,066	0.1	4,625	0.1	905	-	-	-	-	-
Total Non-Current Assets	4,470,561	82	4,218,309	83	3,939,405	84	3,624,615	83	3,406,041	86
Current Assets										
Non-harvested Produce on Bearer Biological Assets	15,095	0.3	14,466	0.3	9,651	0.2	9,847	0.2	8,129	0.2
Inventories	554,658	10	592,228	12	524,435	11	476,386	11	350,398	9
Advance Company Tax (ACT) Recoverable	-	-	-	-	-	-	-	-	17,586	0.4
Trade and Other Receivables	379,266	7	225,142	4	178,057	4	197,560	5	137,620	3
Related Companies Receivables	659	0.01	5,732	0.1	1,719	0.04	9,384	0.2	6,170	0.2
Cash and Cash Equivalents	51,332	1	46,582	1	47,122	1	37,379	1	38,261	1
Total Current Assets	1,001,010	18	884,150	17	760,984	16	730,556	17	558,164	14
Total Assets	5,471,571	100	5,102,459	100	4,700,389	100	4,355,171	100	3,964,205	100
EQUITY & LIABILITIES										
Equity										
Stated Capital	250,000	5	250,000	5	250,000	5	250,000	6	250,000	6
Retained Earnings	753,169	14	668,014	13	630,396	13	679,954	16	546,124	14
Total Equity	1,003,169	18	918,014	18	880,396	19	929,954	21	796,124	20
Non-Current Liabilities										
Interest bearing Loans & Borrowings	777,933	14	777,562	15	1,098,862	23	745,939	17	796,364	20
Lease Liabilities	334,730	6	297,344	6	255,867	5	183,991	4	181,691	5
Retirement Benefit Obligations	737,826	13	700,445	14	562,419	12	458,833	11	483,611	12
Deferred Income	91,760	2	91,869	2	99,172	2	106,475	2	113,324	3
Deferred Tax Liability	836,137	15	757,122	15	667,370	14	583,027	13	129,110	3
Total Non-Current Liabilities	2,778,386	51	2,624,342	51	2,683,690	57	2,078,265	48	1,704,100	43
Current Liabilities										
Trade and Other Payables	422,455	8	396,845	8	328,552	7	361,677	8	291,547	7
Related Companies Payables	74,390	1	99,041	2	24,377	1	32,930	1	55,897	1
Interest bearing Loans & Borrowings	501,549	9	319,954	6	447,077	10	444,875	10	404,069	10
Lease Liabilities	12,026	0.2	3,547	0.1	12,752	0.3	10,467	0.2	10,314	0.3
Short Term Borrowings	679,596	12	740,716	15	323,544	7	497,003	11	702,154	18
Total Current Liabilities	1,690,016	31	1,560,103	31	1,136,303	24	1,346,952	31	1,463,981	37
Total Liabilities	4,468,402	82	4,184,445	82	3,819,993	81	3,425,217	79	3,168,081	80
Total Equity and Liabilities	5,471,571	100	5,102,459	100	4,700,389	100	4,355,171	100	3,964,205	100

STATEMENT OF PROFIT OR LOSS

HORIZONTAL ANALYSIS

For the Year Ended 31st March	2026		2025		2024		2023		2022	
	Rs.000	%	Rs.000	%	Rs.000	%	Rs.000	%	Rs.000	%
Revenue	3,950,039	7	3,697,217	9	3,385,735	(11)	3,794,035	48	2,563,636	21
Cost of Sales	(3,297,660)	(11)	(2,965,396)	(9)	(2,732,480)	(7)	(2,559,346)	(17)	(2,192,626)	(14)
Gross Profit	652,379	(11)	731,821	12	653,255	(47)	1,234,689	233	371,010	85
Other Income	7,803	-	7,803	(1)	7,903	2	7,782	3	7,564	2
Change in Fair Value of Biological Assets	81,942	18	69,382	(102)	34,320	884	(4,377)	(114)	31,464	(22)
Administrative Expenses	(363,342)	(4)	(349,484)	(49)	(234,375)	0.1	(234,621)	(27)	(185,153)	(6)
Management Fees	-	-	-	-	-	100	(16,963)	(5)	(16,200)	(33)
Profit from operations	378,782	(18)	459,522	(0.3)	461,103	(53)	986,510	373	208,685	243
Net Finance Expenses	(162,472)	(5)	(154,099)	34	(234,620)	29	(329,418)	(135)	(140,363)	(2)
Profit before tax	216,310	(29)	305,423	35	226,483	(66)	657,092	862	68,322	190
Tax expenses	(78,907)	37	(124,793)	(2)	(121,978)	75	(487,030)	(1,783)	(25,868)	(1,385)
Profit for the year	137,403	(24)	180,630	73	104,505	(39)	170,062	301	42,454	155

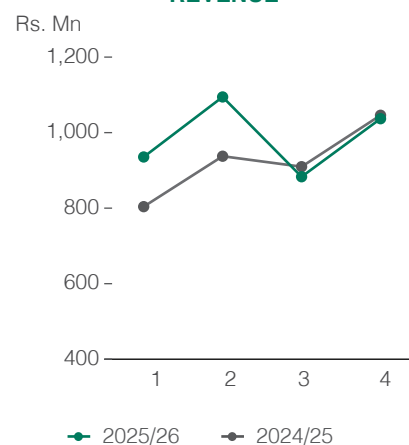
VERTICAL ANALYSIS

For the Year Ended 31st March	2026		2025		2024		2023		2022	
	Rs.000	%	Rs.000	%	Rs.000	%	Rs.000	%	Rs.000	%
Revenue	3,950,039	100	3,697,217	100	3,385,735	100	3,794,035	100	2,563,636	100
Cost of Sales	(3,297,660)	(83)	(2,965,396)	(80)	(2,732,480)	(81)	(2,559,346)	(67)	(2,192,626)	(86)
Gross Profit	652,379	17	731,821	20	653,255	19	1,234,689	33	371,010	14
Other Income	7,803	0.2	7,803	0.2	7,903	0.2	7,782	0.2	7,564	0.3
Change in Fair Value of Biological Assets	81,942	2	69,382	2	34,320	1	(4,377)	(0.1)	31,464	1
Administrative Expenses	(363,342)	(9)	(349,484)	(9)	(234,375)	(7)	(234,621)	(6)	(185,153)	(7)
Management Fees	-	-	-	-	-	-	(16,963)	(0.4)	(16,200)	(1)
Profit from operations	378,782	10	459,522	12	461,103	14	986,510	26	208,685	8
Net Finance Expenses	(162,472)	(4)	(154,099)	(4)	(234,620)	(7)	(329,418)	(9)	(140,363)	(5)
Profit before tax	216,310	5	305,423	8	226,483	7	657,092	17	68,322	3
Tax expenses	(78,907)	(2)	(124,793)	(3)	(121,978)	(4)	(487,030)	(13)	(25,868)	(1)
Profit for the year	137,403	3	180,630	5	104,505	3	170,062	4	42,454	2

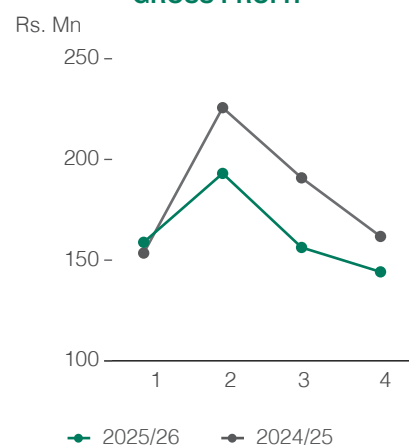
QUARTERLY RESULTS

As at 31st March	2025/26 Rs'000	2024/25 Rs'000	Change %
Revenue			
1st Quarter	935,515	803,966	16%
2nd Quarter	1,094,459	937,524	17%
3rd Quarter	883,188	909,779	-3%
4th Quarter	1,036,877	1,045,948	-1%
Year	3,950,039	3,697,217	7%
Gross Profit			
1st Quarter	158,858	153,504	3%
2nd Quarter	193,056	225,696	-14%
3rd Quarter	156,293	190,855	-18%
4th Quarter	144,172	161,766	-11%
Year	652,379	731,821	-11%
Profit for the period :			
1st Quarter	34,129	36,367	-6%
2nd Quarter	39,065	72,185	-46%
3rd Quarter	12,214	37,270	-67%
4th Quarter	51,995	34,808	49%
Year	137,403	180,630	-24%
Other Comprehensive Income/(Expenses)			
1st Quarter	-	-	0%
2nd Quarter	-	(121,332)	<100
3rd Quarter	-	-	0%
4th Quarter	252	39,570	-99%
Year	252	(81,762)	100%
Total Comprehensive Income/(Expense)			
1st Quarter	34,129	36,366	-6%
2nd Quarter	39,065	(49,148)	<100
3rd Quarter	12,214	37,270	-67%
4th Quarter	52,247	74,380	-30%
Year	137,655	98,868	39%

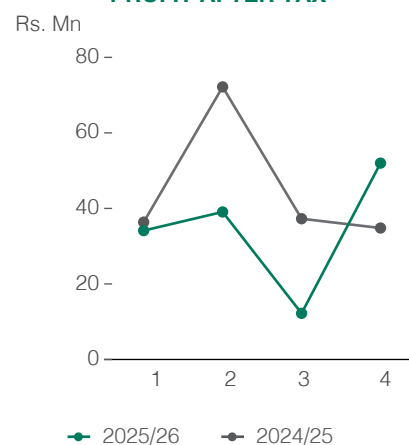
REVENUE



GROSS PROFIT



PROFIT AFTER TAX



SHAREHOLDER & INVESTOR INFORMATION

STATED CAPITAL

The Stated Capital of the Company is Rs. 250,000,010/- divided into Twenty Five Million (25,000,000) Ordinary Shares & One (01) Golden Share.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the year ended 31st March 2026

TWENTY (20) MAJOR SHAREHOLDERS OF THE COMPANY

Names	31st March 2026		31st March 2025	
	No. of Shares	%	No. of Shares	%
1 Hayleys Plantation Services (Private) Limited	12,750,000	51.00	12,750,000	51.00
2 Sri Lanka Insurance Corporation Ltd-Life Fund	1,506,224	6.02	1,565,124	6.26
3 Sri Lanka Insurance Corporation Ltd-General Fund	1,302,654	5.21	1,385,434	5.54
4 Seylan Bank PLC/Mohamed Mushtaq Fuad	639,549	2.56	460,992	1.84
5 Deutsche Bank AG-National Equity Fund	633,120	2.53	-	-
6 Mr.Dinal Gitanjan Wijemanna	348,923	1.40	-	-
7 Thread Capital (Private) Limited	327,558	1.31	312,558	1.25
8 Mr.George Mohan Weerakoon	286,394	1.15	-	-
9 Dr.Dilesh Jayanntha	280,000	1.12	280,000	1.12
10 Hatton National Bank PLC/Mushtaq Mohamed Fuad	181,884	0.73	164,184	0.66
11 Sezeka Limited	165,053	0.66	170,053	0.68
12 Mr.Allan Jagath Monesh Jinadasa	160,000	0.64	151,000	0.60
13 Mr.Mohamed Subair Fouzal Haqqe & Mrs.S.I. Haqqe	159,893	0.64	40,000	0.16
14 Senkadagala Finance PLC/M.M.Fuad	142,523	0.57	88,568	0.35
15 Mr.Sarath Clement Ganegoda	139,350	0.56	139,350	0.56
16 People's Leasing & Finance PLC / Hi Line Towers (Pvt) Ltd	131,979	0.53	131,979	0.53
17 Mr.Hashim Ahmed Alsayid Hashim Algharabally	131,500	0.53	131,500	0.53
18 People's Leasing & Finance PLC/S.Gobinath	125,000	0.50	-	-
19 Mr.Oshan Senanayake, Mr.D.R.Pieris & Mr.S.P. Perera	107,059	0.43	-	-
20 Commercial Bank of Ceylon PLC/K.D.S.R. Kulatunga	104,277	0.42	-	-
Sub Total	19,622,940	78.49	17,770,742	71.08
Others	5,377,061	21.51	7,229,259	28.92
Total Issued Shares	25,000,001	100.00	25,000,001	100.00

SHAREHOLDERS AS AT 31ST MARCH 2026

Number of Shareholders as at 31st March 2026 is 10,600 (as at 31st March 2025 -10,630).

From	To	RESIDENTS			NON RESIDENTS			TOTAL		
		No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1	1,000	10,205	1,970,064	7.88	6	3,242	0.01	10,211	1,973,306	7.89
1,001	10,000	296	1,055,481	4.22	2	5,500	0.02	298	1,060,981	4.24
10,001	100,000	67	2,000,834	8.00	1	33,847	0.14	68	2,034,681	8.14
100,001	1,000,000	18	4,075,602	16.30	2	296,553	1.19	20	4,372,155	17.49
Over 1,000,000		3	15,558,878	62.24	-	-	-	3	15,558,878	62.24
		10,589	24,660,859	98.64	11	339,142	1.36	10,600	25,000,001	100.00

CATEGORY

Individuals	10,470	5,334,411	21.34	10	174,089	0.70	10,480	5,508,500	22.04
Institutions	119	19,326,448	77.30	1	165,053	0.66	120	19,491,501	77.96
	10,589	24,660,859	98.64	11	339,142	1.36	10,600	25,000,001	100.00

QUARTERLY ANALYSIS

	Quarter 1 30.06.2025	Quarter 2 30.09.2025	Quarter 3 31.12.2025	Quarter 4 31.03.2026
Market Value of Ordinary Shares				
Basic/Diluted Earnings per Share for the three month ending (Rs. Cts.)	1.37	1.56	0.49	2.08
Last traded price (Rs. Cts.)	47.50	68.00	52.50	46.90
Highest price recorded for the three months ending (Rs. Cts.)	50.70	70.00	69.50	55.70
Lowest price recorded for the three months ending (Rs. Cts.)	41.10	47.30	50.00	41.00
Float-Adjusted Market Capitalization (Rs.)	592,161,934	823,456,268	638,178,608	567,895,732
Share Trading Information				
Number of transactions	919	2,879	1,582	1,066
Number of shares traded	913,350	3,777,744	1,205,309	649,391
Value of shares traded (Rs.)	43,344,298	230,298,179	69,647,672	32,587,169

There were no non -voting shares as at 31st March 2026.

SHARE TRADING INFORMATION

For the Year Ended		31st March 2026		31st March 2025	
Highest Price	Rs.	70.00	30.09.2025	54.90	21.01.2025
Lowest Price	Rs.	41.00	04.03.2026	36.00	05.04.2024 & 09.09.2024
Closing Price	Rs.	46.90	31.03.2026	44.60	28.03.2025
No. of Transactions		6,430		7,204	
No. of shares traded		6,531,432		12,067,869	
Value of shares traded	Rs.	375,019,902		533,141,131	

PUBLIC HOLDING

Percentage of public holdings as at 31st March 2026	48.43%
Total Number of Shareholders representing the public holding	10,597
Float-adjusted market capitalization	Rs. 567,895,732

The Company complies with option 5 of the Listing Rules 7.13.1 (i) (a) - Less than Rs. 2.5 Bn. Float Adjusted Market Capitalization which requires 20% minimum public holding.

DIVIDENDS

During the financial year 2025/26 following dividends were paid

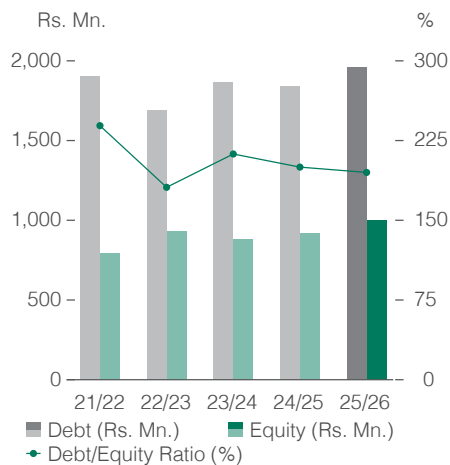
*First Interim Dividend of Rs. 0.69 per share for 2025/26 paid on 23rd October 2025

*Second Interim Dividend of Rs. 0.63 per share for 2025/26 paid on 23rd January 2026

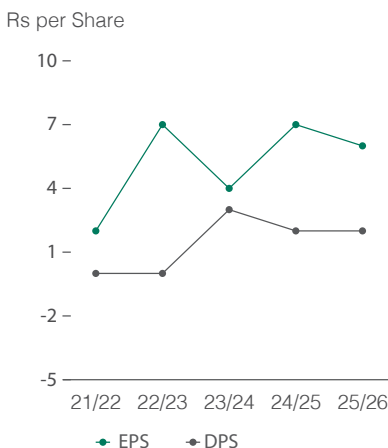
*Third Interim Dividend of Rs. 0.78 per share for 2025/26 paid on 27th April 2026

SHAREHOLDER & INVESTOR INFORMATION

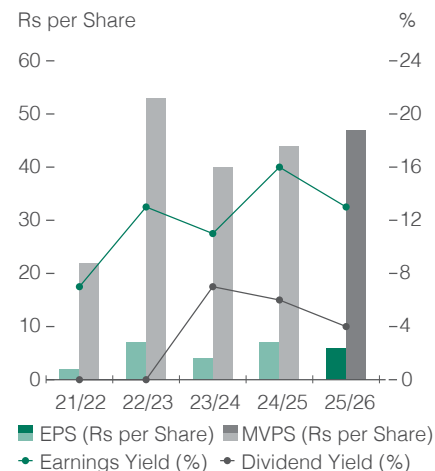
DEBT/EQUITY RATIO (%)



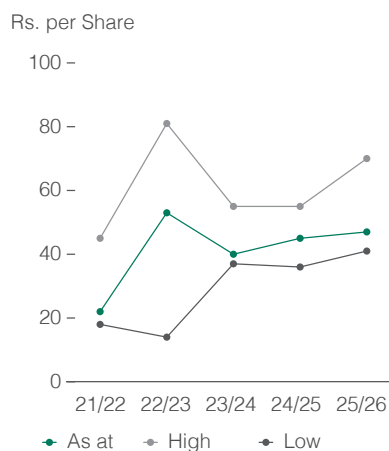
EARNINGS PER SHARE (EPS) VS DIVIDEND PER SHARE (DPS)



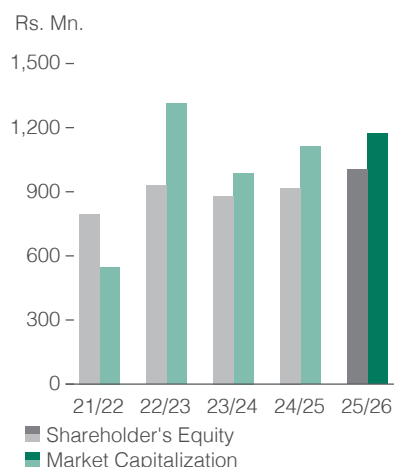
EARNINGS & DIVIDEND YIELD (%)



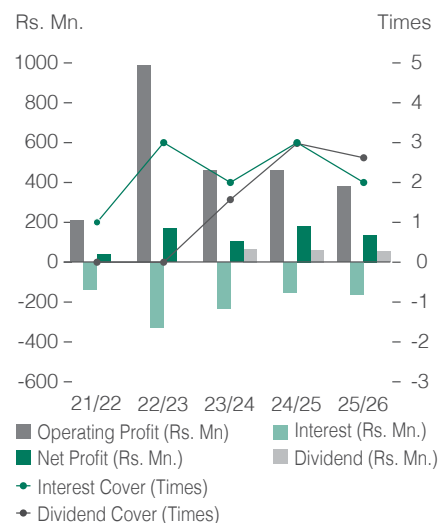
HIGH-LOW MARKET PRICES



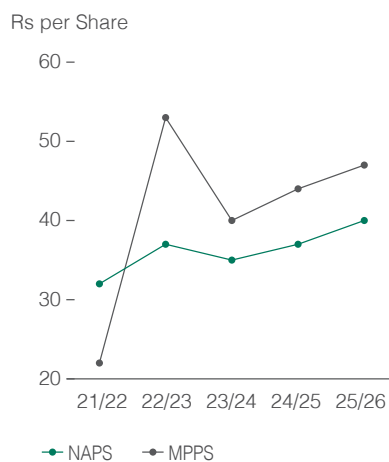
MARKET CAPITALIZATION VS. SHAREHOLDERS' EQUITY



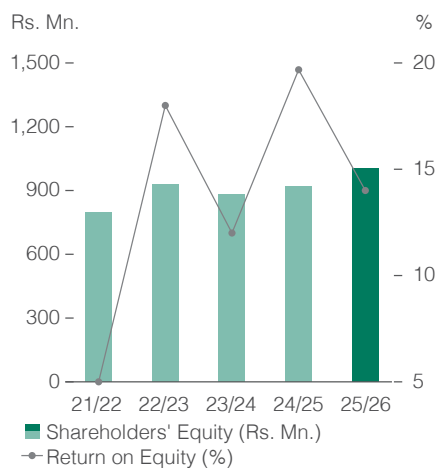
INTEREST & DIVIDEND COVER (TIMES)



NET ASSETS PER SHARE VS. MARKET PRICE PER SHARE



RETURN ON EQUITY (%)



INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY REPORTING



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Independent practitioner's assurance report to the Board of Directors of Horana Plantations PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2025/26

SCOPE

We have been engaged by Horana Plantations PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Horana Plantations PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Horana Plantations PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY HORANA PLANTATIONS PLC

In preparing the Subject Matter, Horana Plantations PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

HORANA PLANTATIONS PLC'S RESPONSIBILITIES

Horana Plantations PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Horana Plantations PLC on 05 May 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms Y A De Silva FCA, Ms. G G Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms L K H L Fonseka FCA, Ms. P V K N Sajeevani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) – MIS Msc – IT, V Shaktivel B.Com (Sp)

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INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY REPORTING

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

OUR PROCEDURES INCLUDED:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

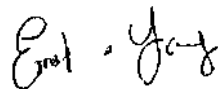
EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Horana Plantations PLC for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.



29th May 2026

Colombo

INDEPENDENT ASSURANCE REPORT ON INTERGRATED REPORTING



Ernst & Young
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Independent practitioner's assurance report to the Board of Directors of Horana Plantations PLC on the Integrated Annual Report 2025/26

SCOPE

We have been engaged by Horana Plantations PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Horana Plantations PLC's Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in the Horana Plantations PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY HORANA PLANTATIONS PLC

In preparing the Subject Matter, Horana Plantations PLC applied the Integrated

Reporting Framework (<IR> Framework) initially developed by the International Integrated Reporting Council (IIRC) and currently maintained by the Integrated Reporting and Connectivity Council (IRCC) of the IFRS Foundation. (the "Criteria"),

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

HORANA PLANTATIONS PLC'S RESPONSIBILITIES

Horana Plantations PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a

conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Horana Plantations PLC on 5 May 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms Y A De Silva FCA, Ms. G G Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms L K H L Fonseka FCA, Ms. P V K N Sajeevani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

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A member firm of Ernst & Young Global Limited

INDEPENDENT ASSURANCE REPORT ON INTERGRATED REPORTING

Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons

responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

OUR PROCEDURES INCLUDED:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.

- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

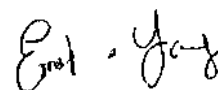
EMPHASIS OF MATTER

Economic, Environment, Social and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Horana Plantations PLC for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.



29th May 2026

Colombo

NOTES TO THE ESG PERFORMANCE

SECTION 01 – BASIS OF PREPARATION

This ESG statement has been prepared for Horana Plantations PLC (HPL). The indicators reported are material to HPL and aligned with the following frameworks:

1. GRI Standards 2021: Issued by the Global Reporting Initiative (GRI)
2. International Integrated Reporting Framework (IIRF) 2021
3. Greenhouse Gas (GHG) Emissions Reporting:
4. ISO 14064-1:2018
 - Organization Quantification and Reporting of Greenhouse Gases
 - Corporate Standard of the Greenhouse Gas Protocol by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD)
5. Governance: Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
6. United Nations Sustainable Development Goals (UN SDGs)
7. United Nations Global Compact

HPL adheres to reporting principles outlined in the GRI Standards and the <IR> Framework to guarantee the quality of the information presented. Key principles include:

Materiality

HPL determines the disclosures included in its consolidated ESG statement based on their materiality to the assessment of the company's value creation ability by financial capital providers over the short, medium, and long term. This evaluation considers ongoing stakeholder engagement, the company's operating context, and trend analysis. Key issues identified through this process are addressed through management programs and action plans with clear and measurable targets.

The disclosures presented in the Integrated Annual Report are considered

material to the company's Environmental, Social, and Governance (ESG) performance and its future business prospects. This comprehensive reporting approach assists stakeholders in making informed decisions.

Accuracy, Completeness, and Verifiability of Data

Data accuracy, completeness, and verifiability are guaranteed through certified management systems audited by independent certification bodies, ensuring the integrity of the information. These systems include:

- ISO 22000:2018, HACCP
- Fair Trade
- Rain Forest Alliance (RA)
- Forest Stewardship Council (FSC)
- ISO 14064-1:2018
- ISO 45001: 2018 - Occupational Health and Safety Management System
- ISO 9001:2015
- Eco Labelling – Tea
- ISO 14001:2015
- Eco system restoration Verification (ERV)

Comparability

The consolidated ESG statement is created by consistently applying comparable indicators across all included years unless otherwise specified

SECTION 02 – ENVIRONMENTAL PERFORMANCE

2.1 Renewable and Non-Renewable Energy Consumption

Measurement Basis:

Energy consumption comprises the usage of power, heat, and fuel for HPL's manufacturing activities. Apart from internally generated renewable energy like solar and hydropower, all other energy sources are non-renewable, such as petrol, diesel, and LP gas. The measurement is derived from meter readings, stock details, invoices, and other primary sources of data.

2.2 Renewable Energy Generation

Measurement Basis:

Renewable energy is generated through on-grid solar power plants installed on the rooftops of the Gouravilla, Alton, Mahanilu, Stockholm, Fairlawn, and Kobowela Processing Centres. Hydropower is produced by plants located at the Fairlawn and Bambrakelly estates. Off-grid solar plants are also installed at all managers' bungalows. Energy generation is assessed through meter readings from the systems set up for solar and hydropower production.

2.3 Waste Water Generation form Operation

Measurement Basis:

The primary water source for HPL is surface water drawn from within our estates at the field level. This water is mainly used for cleaning purposes in the factory during tea manufacturing and is not involved in the actual manufacturing process. Water usage in the tea fields depends entirely on rainfall. In contrast, rubber manufacturing requires a substantial amount of water and results in the discharge of significant volumes of treated wastewater. Water consumption is measured based on records maintained at the factories.

2.4 Emissions

Basis for Measurement

Emissions are confined to CO₂, CH₄, and N₂O emissions from emission sources, excluding other greenhouse gases. The methodology for measuring emissions adheres to ISO 14064-1:2018 and the WBCSD/WRI Greenhouse Gas Protocol's Corporate Standard (Revised Edition). Reporting primarily covers Scopes 1 and 2, with certain aspects of optional Scope 3 included based on data availability. Consumption is gauged using invoices and meter readings. Assumptions are employed as necessary to estimate consumption quantities when precise figures are unavailable.

NOTES TO THE ESG PERFORMANCE

SECTION 03 – SOCIAL PERFORMANCE

3.1 Total Employees and Employee Turnover

Basis for Measurement:

Employee diversity is gauged by the proportion of female employees relative to the total workforce. Senior management encompasses employees holding positions higher than senior manager roles, while middle management includes those above Executive and Assistant Manager position

3.2 Employee Trust Index

Basis of Measurement:

The Employee Trust Index is assessed using the GPTW Employee Trust Index, which evaluates credibility, respect, fairness, pride, and camaraderie. Results are classified into categories such as highly positive perception, positive perception, mixed perception, and low perception. In the 2025/26 period, it indicated a score of 99%.

3.3 Average Training Hours per Employee

Basis for Measurement

The calculation of training hours per employee relies on the total hours allocated to training for each individual. Employee training hours are meticulously recorded and documented as evidence, adhering to the guidelines specified by each management system.

3.4 Training Investment

Basis for Measurement

Expenditures linked to investments in employee training are disclosed in the financial statements of each estate. These reported expenditures undergo verification and consolidation with the company-level financial statements to ensure accuracy.

3.5 Gender in Leadership Positions

Basis for Measurement

Assessing gender diversity involves analysing the percentage distribution of genders in leadership roles, encompassing employees in positions that entail leading teams. Additionally, diversity on the Board

of Directors is evaluated by examining the gender split among all board members.

3.6 Total Number of Injuries

Basis for Measurement

An injury is described as either a non-fatal or fatal occurrence resulting from or occurring during work. The injury rate is computed by assessing the frequency of injuries in relation to the total time worked by all employees during the reporting period.

An occupational disease is defined as an illness stemming from a work situation, activity, or a work-related. Lost working days refer to the number of days that cannot be worked (and are therefore 'lost') because a worker or workers are unable to perform their usual tasks due to an occupational disease or accident.

Injuries and occupational diseases are documented based on the logs maintained by the medical officer at respective locations.

3.7 Total Employee Benefits Distribute

Basis of Measurement:

The measurement basis involves assessing the financial value generated and distributed by the Group, illustrating how this value is allocated among various stakeholders to promote economic and social advancement. Financial transactions documented in the accounting system form the foundation for this calculation.

Community

3.8 Community and Environmental Investment

Basis of Measurement:

Every estate diligently documents its investments in community development and environmental initiatives, concentrating on four sub-pillars. These investments are financed through company accounts and augmented by contributions and collaborative support from government agencies and non-governmental organizations.

Value Chain

3.9 Customer Satisfaction Index

Basis of Measurement:

In the fiscal year 2025/26, customer satisfaction notably increased, reaching 87%. Additionally, customer complaints and rejections were recorded at 10.

SECTION 04 – GOVERNANCE PERFORMANCE

4.1 Board Position

Basis of Measurement:

Board positions, which include the ratio of independent to non-independent members, are reported as follows: The gender and position ratios of the Board of Directors are determined by the ratio of men to women and the total number of board members, taking into account their respective roles and responsibilities.

4.2 Number of whistle-blower Cases reported and solved

No cases reported

4.3 Management Systems

Number of total audits conducted on Management Systems

Basis of Measurement:

No any Non-compliance identified during Audits

4.4 ESG Steering Committee Meetings.

Basis of Measurement:

As per the ESG steering committee charter, the committee must convene quarterly to deliberate on strategic-level ESG affairs and ensure that minutes are documented for each meeting.

GRI INDEX

GRI CONTENT INDEX

Statement of use	Horana Plantations PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
General Disclosures						
GRI 2: General Disclosures 2021	2-1	Organizational details	About Horana Plantations Page No 8			
	2-2	Entities included in the organization's sustainability reporting	About this Report Page No 6			
	2-3	Reporting period, frequency and contact point	About this Report Page No 6			
	2-4	Restatements of information	About this report Page No 6			
	2-5	External assurance	About this Report Page No 6			
	2-6	Activities, value chain and other business relationships	Our Story Page No 16			
	2-7	Employees	Human Capital Page No 154			
	2-8	Workers who are not employees	Human Capital Page No 155			
	2-9	Governance structure and composition	Corporate Governance Page No 218			
	2-10	Nomination and selection of the highest governance body	Corporate Governance Page No 221			
	2-11	Chair of the highest governance body	Corporate Governance Page No 222			
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Page No 226			
	2-13	Delegation of responsibility for managing impacts	Corporate Governance Page No 227			
	2-14	Role of the highest governance body in sustainability reporting	Corporate Governance Page No 227			
	2-15	Conflicts of interest	Corporate Governance Page No 227			
	2-16	Communication of critical concerns	Corporate Governance Page No 227			
	2-17	Collective knowledge of the highest governance body	SLFRS Disclosures Page No 73			
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance Page No 222 & 227			
	2-19	Remuneration policies	Corporate Governance Page No 227			

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
	2-20 Process to determine remuneration	Corporate Governance Page No 227				
	2-21 Annual total compensation ratio	-	2-21	Confidentiality constraints	The organization has determined that disclosing this ratio could reveal sensitive compensation structures and individual pay levels in a way that risks breaching confidentiality agreements or competitive positioning.	
	2-22 Statement on sustainable development strategy	Chairman's Message Page No 41				
	2-23 Policy commitments	Strategy, Policies and Practices Page No 59				
	2-24 Embedding policy commitments	Strategy, Policies and Practices Page No 60				
	2-25 Processes to remediate negative impacts	Strategy, Policies and Practices Page No 62				
	2-26 Mechanisms for seeking advice and raising concerns	Strategy, Policies and Practices Page No 62				
	2-27 Compliance with laws and regulations	Strategy, Policies and Practices Page No 62				
	2-28 Membership associations	About Horana Plantations Page No 15				
	2-29 Approach to stakeholder engagement	Stakeholder Engagement Page No 50				
	2-30 Collective bargaining agreements	Human Capital Page No 153				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Determining Material topics Page No 53				
	3-2 List of material topics	Determining Material topics Page No 55				
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital Page No 206				13.3.1
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	Natural Capital Page No 206				13.3.2
	101-2 Management of biodiversity impacts	Natural Capital Page No 208				13.3.3
	101-3 Access and benefit sharing	Natural Capital Page No 211				13.3.4

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
	101-4 Identification of biodiversity impacts	Natural Capital Page No 206				13.3.5
	101-5 Locations with biodiversity impacts	Natural Capital Page No 208				13.3.6
	101-6 Direct drivers for biodiversity loss	Natural Capital Page No 210				13.3.7
	101-7 Changes to the state of biodiversity	Natural Capital Page No 208				13.3.8
	101-8 Ecosystem services	Natural Capital Page No 206				13.3.9
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Financial Capital Page No 119				13.2.1/13.22.1
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Capital Page No 119				13.22.2
	201-2 Financial implications and other risks and opportunities due to climate change	SLFRS Disclosures Page No 76				13.2.2
	201-3 Defined benefit plan obligations and other retirement plans	Human Capital Page No 157				
	201-4 Financial assistance received from government	Financial Capital Page No 120				
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Capital Page No 174				13.22.1
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Intellectual Capital Page No 145 Manufacturing Capital page No 132				13.22.3
	203-2 Significant indirect economic impacts	Social Capital Page No 183				13.22.4
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Capital Page No 172				13.23.1
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Social Capital Page No 172				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital Page No 202				
	301-1 Materials used by weight or volume	Natural Capital Page No 202				
	301-2 Recycled input materials used	Natural Capital Page No 202				
	301-3 Reclaimed products and their packaging materials	Natural Capital Page No 202				

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital Page No 189				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Natural Capital Page No 189				
	302-2 Energy consumption outside of the organization	Natural Capital Page No 189				
	302-3 Energy intensity	Natural Capital Page No 189				
	302-4 Reduction of energy consumption	Natural Capital Page No 189				
	302-5 Reductions in energy requirements of products and services	Natural Capital Page No 189				
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital Page No 198				13.7.1
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Natural capital Page No 198				13.7.2
	303-2 Management of water discharge-related impacts	Natural Capital Page No 200				13.7.3
	303-3 Water withdrawal	Natural Capital Page No 201				13.7.4
	303-4 Water discharge	Natural Capital Page No 201				13.7.5
	303-5 Water consumption	Natural Capital Page No 201				13.7.6
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital Page No 192				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Natural Capital Page No 195				13.1.5
	305-2 Energy indirect (Scope 2) GHG emissions	Natural Capital Page No 196				13.1.6
	305-3 Other indirect (Scope 3) GHG emissions	Natural Capital Page No 196				13.1.7
	305-4 GHG emissions intensity	Natural Capital Page No 194				13.1.8
	305-5 Reduction of GHG emissions	Natural Capital Page No 194				13.1.9
	305-6 Emissions of ozone-depleting substances (ODS)	-	305-6	Information unavailable/incomplete	No significant impact from ozone-depleting substances (ODS)	13.1.11

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	305-7	Information unavailable/incomplete	No significant impact from Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	13.1.12
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital Page No 213				13.8.1
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Natural Capital Page No 213				13.8.2
	306-2 Management of significant waste-related impacts	Natural Capital Page No 214				13.8.3
	306-3 Waste generated	-	306-3	Information unavailable/incomplete	Currently, we are not gathering information on Waste generated	13.8.4
	306-4 Waste diverted from disposal	-	306-4	Information unavailable/incomplete	Currently, we are not gathering information on Waste diverted from disposal	13.8.5
	306-5 Waste directed to disposal	-	306-5	Information unavailable/incomplete	Currently, we are not gathering information on Waste directed to disposal	13.8.6
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital Page No 154				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital Page No 153				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital Page No. 157				
	401-3 Parental leave	Human Capital Page No 158				
Labour Management Relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital Page No 154				
GRI 402: Labour/Management Relations	402-1 Minimum notice periods regarding operational changes	Human Capital Page No 158				

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital Page No 154				13.19.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital Page No 159				13.19.2
	403-2 Hazard identification, risk assessment, and incident investigation	Human Capital Page No 159				13.19.3
	403-3 Occupational health services	Human Capital Page No 159				13.19.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	Human Capital Page No 161				13.19.5
	403-5 Worker training on occupational health and safety	Human Capital Page No 162				13.19.6
	403-6 Promotion of worker health	Human Capital Page No 160				13.19.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital Page No 159				13.19.8
	403-8 Workers covered by an occupational health and safety management system	Human Capital Page No 159				13.19.9
	403-9 Work-related injuries	Human Capital Page No 160				13.19.10
	403-10 Work-related ill health	-	403-10	Information unavailable/incomplete	Currently, we are not gathering information on Work-related ill health	13.19.11
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital Page No 154				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital Page No 163				
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital Page No 164				
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital Page No 165				
Diversity and equal opportunity						
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Capital Page No 183				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Social Capital Page No 182				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital Page No 154				
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	Human Capital Page No 158				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Capital Page No 174				13.12.1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social Capital Page No 174				13.12.2
	413-2 Operations with significant actual and potential negative impacts on local communities	Social Capital Page No 176				13.12.3
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Capital Page No 172				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Social Capital Page No 172				
	414-2 Negative social impacts in the supply chain and actions taken	Social Capital Page No 172				
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Capital Page No 177				13.10.1
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Social Capital Page No 177				13.10.2
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Social Capital Page No 177				13.10.3
Marketing and labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Capital Page No 177				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Social Capital Page No 177				
	417-2 Incidents of non-compliance concerning product and service information and labeling	Social Capital Page No 177				
	417-3 Incidents of non-compliance concerning marketing communications	Social Capital Page No 177				
Topic 13.4: Natural ecosystem conversion	3-3 Management of material topics	Natural Capital Page No 212				13.4.1/ 13.4.2

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Topic 13.5 Soil health	3-3	Management of material topics	Natural Capital Page No 203			13.5.1
Topic 13.6 Pesticides use	3-3	Management of material topics	Natural Capital Page No 204			13.6.1/ 13.6.2
Topic 13.9 Food security	3-3	Management of material topics	Social Capital Page No 178			13.9.1
Topic 13.20 Employment practices	3-3	Management of material topics	Human Capital Page No 154			13.20.1
Topic 13.21 Living income and living wage	3-3	Management of material topics	Human Capital Page No 155			13.21.1
Topic 13.23 Supply chain traceability	3-3	Management of material topics	Social Capital Page No 173			13.23.1

Topics in the applicable GRI Sector Standards determined as not material

TOPIC	EXPLANATION
GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022	
13.11 Animal health and welfare	HPL does not engage in any form of animal farming within its operations.
13.13 Land and resource rights	HPL does not have any involvement or engagement in land and resource rights related issues.
13.14 Rights of Indigenous Peoples	HPL does not engage or have any involvement in matters concerning the rights of indigenous peoples.
13.15 Non-discrimination and equal opportunity	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
13.16 Forced or Compulsory labour	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
13.17 Child Labour	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
13.24 Public policy	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
13.25 Anti-competitive behavior	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
13.26 Anti-corruption	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.

GLOSSARY

A

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

Accrual Basis

Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

Actuarial Gains and Losses

Is the effects of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions

ADIC

Alcohol and Drug Information Centre

ADRA

Adventist Development and Relief Agency

Agricultural Activity

Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets.

Agricultural Produce

Agricultural produce is the harvested produce of the entity's biological assets.

AGM

Annual General Meeting.

Amortization

The systematic allocation of the depreciable amount of right of use/intangible asset over its useful life.

ARABIS

Agri Research Advisory Biotech Services.

AWPLR

Average Weighted Prime Lending Rate.

APAA

Asian Patent Attorneys Association

B

Basic Earnings per Share (EPS)

Profit after tax divided by the weighted average number of ordinary shares outstanding during the period.

BOD

Biochemical oxygen demand

Bearer Biological Assets

Bearer biological assets are living plants used to grow agricultural produce, but not intended to be sold as living plants themselves.

Biological Assets

Is a living animal or plant.

Biological Transformation

It comprises the process of growth, degeneration, production, and procreation that cause qualitative or quantitative change in biological assets.

Borrowing Costs

Borrowing Costs are interest and other costs incurred by an enterprise in connection with borrowing of funds.

C

Cash Equivalents

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

ICASL or CA Sri Lanka

The Institute of Chartered Accountants of Sri Lanka.

Capital Employed

Total equity and interest bearing borrowings.

Capital Reserves

Part of earnings reserved without distributing in current year, for future specified purpose or future business commitment or distributions.

CARP

Council for Agriculture Research and Policy

CASA

Ceylon Association of Shipping Agents

CDC

Child Development Centres

CDO's

Child Development Officer

CEA

Central Environment Authority

CPFP

Child Protection Focal Points

CGU

Cash Generating Units.

CNN

Climate Neutral Now

COD

Chemical Oxygen Demand

Consumable Biological Assets

Consumable biological assets are living plants that are grown to be harvested or sold as the final product.

Contingent Liabilities

Conditions or situations at the reporting date, the financial effect of which are to be determined by future events which may or may not occur.

Cost of production (COP)

Cost of producing a kilo/unit of tea/rubber/coconut/oil palm at estate level.

COC

Chain of Custody

CPPS

Ceylon Planters' Provident Society

CRI

Coconut Research Institute of Sri Lanka

CRRO

Climate Related Risks and Opportunities

GLOSSARY

CRTA

Colombo Rubber Traders Association

CSE

Colombo Stock Exchange.

CSR

Corporate Social Responsibility.

CTTA

Colombo Tea Traders Association

Current ratio

Current assets divided by Current liabilities.

D

DCF

Discounted Cash Flow

Debt Equity Ratio

Total liabilities divided by its shareholders' equity.

Debt Ratio

Total borrowings divided by Total assets

Deferred taxation

The tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date.

Derivative

Is a financial instrument or other contract whose prices is dependent upon or derived from one or another underline asset.

Diluted Earnings per Share

Diluted Earnings per Share calculated by net income minus Preferred Dividends divided by Weighted Average Shares Outstanding plus Conversion of Dilutive Securities.

Dividends

Distribution of profits to holders of equity investments.

Dividend Pay out

Dividend per share as a percentage of the earning per share

Dividend Yield

Dividend per share as a percentage of the Market prices measure of return on investment.

DPS

Dividend per Share

Dividend cover

Profits after tax divided by dividends.

Dividend Payout

The Percentage of Earnings paid to shareholders in dividends.

Dividend Yield

Annual dividend divided by current stock market price.

Discount Rate

The discount rate refers to the interest rate used in discounted cash flow analysis to determine the present value of future cash flows.

DPL

Dipped Products PLC

E

Earnings Yield

The earnings per share for the most recent 12 months period divided by the current market price per share.

EBIT

Earnings before Interest and Tax

EBITDA

Earnings before Interest, Tax, Depreciation, and Amortization.

EDL

Electricity Distribution Lanka (Pvt) Ltd
(Successor to electricity distribution arm of Ceylon Electricity Board)

EFC

Employers' Federation of Ceylon

Effective Tax Rate

Income tax expenses divided by profit from ordinary activities before tax

EIR

Effective Interest Rate

EPF

Employees' Provident Fund

EMS

Eco Management system

EMS

Environmental Management System

EPS

Profit attributable to ordinary shareholders divided by the number of ordinary shares in ranking for dividend.

EPI's

Environment Protection license

ESG

Environment Social and Governance

Equity

The value of an ownership interest in property, including shareholders' equity, in a business. Equity or shareholders' equity is part of the total capital of a business.

Equity / Assets ratio

Shareholders' funds divided by Non current assets plus current assets.

Equity Instruments

Any contract that evidences a residual interest in the assets of a entity after deducting all of its liabilities.

ERM

Enterprise Risk Management

ERP

Enterprise Resource Planning

ESPS

Estate Staff's Provident Society

ESIA

Environmental and Social Impact Assessment

ESGSC

ESG Steering Committee

ETF

Employees Trust Fund

ETP

Effluent Treatment Plants

EU

European Union

EUDR

European Union Deforestation Regulation

EY

Ernst & Young

F**Fair value**

Fair value is the amount for which an asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in arm's length transaction.

Fair Value Through Profit and Loss (FVTPL)

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or a derivative (except for a derivative that is a financial guarantee contract).

FFB

Fresh Fruit Bunch

Field

A unit extent of land. Estates are divided into fields in order to facilitate management

Financial Asset

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial liability

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Float Adjusted Market Capitalization

Float Adjusted Market Capitalization is calculated by multiplying the Public Holding Percentage of the company by the Market Capitalization.

FSC

Forest Stewardship Council

FSMS

Food Safety Management System

FTE

Full Time Equivalent

FVOCI

Fair Value through Other Comprehensive Income

FY

Financial Year

G**GAP**

Good agricultural Practices

GDP

Gross Domestic Production.

Gearing ratio

Total interest bearing loans & borrowings as a percentage of total Shareholders' funds plus total interest bearing loans & borrowings.

GHG

Green House Gas

GPTW

Great Place To Work

Goodwill

Goodwill in accounting is an intangible asset that arises when a buyer acquires an existing business.

GPS

Global Positioning System

GRI

Global Reporting Initiatives

GRN

Goods Received Note

Gross dividends

Portion of profits inclusive of tax withheld, distributed to shareholders during the year.

GMC

Group Management Committee

GMO

Genetically Modified Organism

GSA

Gross Sale Average. Average sale price obtained (over a period of time, for a kilo of produce) before any deductions such as Brokerage, etc.

H**HACCP**

Hazard Analysis Critical Control Point system. Internationally accepted foods safety standard.

GLOSSARY

Ha

Hectare.

HOPL.N0000 Share

CSE stock code for the company.

HPL

Horana Plantations PLC

HR

Human Resource

HRIS

Human Resources Information System

I

IFRS

International Financial Reporting Standards.

IIRC

International Integrated Reporting Council

ILO

International Labour organization

IMF

International Monetary Fund

IoT

Internet of Things

Immature plantation

The extent of plantation that is underdevelopment and is not being harvested.

Infilling

A method of field development where by planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

Interest cover ratio

Profit before tax and interest divided by interest charge.

IPM

Integrated Pest Management

IPNS

Integrated plant nutrient system

IPCC

Intergovernmental Panel on Climate Change

IR

Integrated reporting

ISO

International Standards Organization.

INTA

International Trademark Association

J

JEDB

Janatha Estate Development Board.

K

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

KPI

Key Performance indicators.

L

Liquidity

An asset or security can be quickly bought or sold in the market without affecting the asset's price.

LMD

Lanka Monthly Digest

LKR

Sri Lanka Rupee

M

Mature plantation

The area of land developed with a perennial crop, which has been brought into bearing ready for commercial harvesting. A perennial crop is a crop with a useful economic life which extends over more than one accounting period.

Market capitalization

Number of shares in issue multiplied by the market value of each share at the reporting date.

MOU

Memorandum of Understanding

MPCI

Ministry of Plantation & Community Infrastructure

MVPS (Market value per share)

Total Market Value of the business, Divided by the total number of shares outstanding.

MRL

Maximum Residue Level

N

NAITA

National Apprentice and Industrial Training Authority

NCPC

National Cleaner Production Centre

Net assets

Total assets less Current liabilities and non-current liabilities.

Net assets per share

Net assets at the end of period divided by the number of Ordinary Shares issued.

NGSA

National Gross Sales Average

NCPC

National Cleaner Product Centre

NGO

Non-Governmental Organizations

Net sale average (NSA)

This is the average sale price obtained (Over a period of time) after deducting brokerage fees and cost of gratis from Gross Sale Average (GSA).

NIPM

National Institute of Plantation Management.

NRV

Net Realizable Value

NVQ

National Vocational Qualification

O**OCI**

Other Comprehensive Income
Items of income and expenses that are not recognized in profit or loss as required or permitted by other SLFRS's.

OHS

Occupational Health & Safety

P**PAT**

Profit After Tax

PERC

Public Expenditure Review Committee

PFWO's

Plantation family welfare officers.

PHDT

Plantation Human Development Trust.

PO

Purchase Order

Price earnings

Market price of a share divided by Earnings per Share.

PRCs

Regional Plantation Companies.

PUC

Projected Unit Credit

PBT

Profit before Tax

PES

Payment for Ecosystem Services

PPE

Property Plant and Equipment

R**RA**

Rain-Forest Alliance

R&D

Research and Development

RTR

Receivables Turnover Ratio

Total Revenue divided by Average accounts receivable

Related parties

One party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

Replanting

A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing trees/bushes and replanting with new trees/bushes.

Retirement Benefits

Present value of a defined benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

- Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.
- Current service cost is the increase in the present value of the defined benefit obligation resulting from em

Return on total assets

Profit before tax plus net interest cost divided by total assets

Return on capital employed

Profit before interest and tax as a percentage of total Capital Employed.(Shareholders' funds plus total Interest bearing borrowings).

Return on equity

Profit after tax as a percentage of shareholder's funds.

Revenue Reserves

Reserves considered as being available for distributions and investments.

Revenue to capital employed

Dividend net operating profit or earring before interest and tax (EBIT), by capital employed.

ROI

Return on Investment.

ROE

Return on Equity

ROCE

Return on Capital Employed

RPTs

Related Party Transactions

RRI

Rubber Research Institute of Sri Lanka

RSS - 1

Ribbed Smoked Sheet - Grade 1.

RSM

Revenue Share Model

RTE

Rare Tridents Engagement

GLOSSARY

S

SASB

Sustainability Accounting Standards Board

SBTI

Science Based Target Initiatives

SCER+

Sri Lankan Certified Emission Reductions plus

SDG's

Sustainable Development Goals

SEC

Security Exchange Commission of Sri Lanka

Segments

Constituent business units grouped in terms of similarity of operations and location.

Shareholders' funds

Funds attributable to Shareholders and comprising of share capital, reserves and retained profit.

SLFRS/LKAS

Sri Lanka Accounting standards corresponding to international Financial Reporting Standards.

SLAuSs

Sri Lanka Auditing Standards

SLCCS

Sri Lanka Carbon Crediting Scheme

SLSPC

Sri Lanka State Plantations Corporation.

SIA

Social Impact Assessment

SRRO

Sustainability Related Risk and Opportunity

T

TCFD

Task Force on Climate-Related Financial Disclosures

TVEC

Tertiary and Vocational Education Commission

TRI

Tea Research Institute of Sri Lanka

TSS

Total suspended solids

U

UNFCCC

United Nation Framework Convention on Climate Change

UN

United Nation

UNDP

United Nation Development Programme

UNGC

United Nation Global Compact

UNSDG

United Nation Sustainable Development Goals

USA

United States of America

V

Value addition

The quantum of wealth generated by the activities of the Company and its application.

VFD

Variable Frequency Drivers

W

WACC

Weighted average cost of capital.

WHO

World Health Organization

WIP

Work in progress

WNPS

Wildlife and Nature Protection Society

Working capital

Capital required financing the day to day operations computed as the excess of current assets over current liabilities.

WTO

World Trade Organization

Y

Yield (YPH)

Average Periodical output of produce from hectare of plantation.

YOY

Year on Year

CORPORATE INFORMATION

DOMICILE & LEGAL FORM

Horana Plantations PLC is a Quoted Public Company with limited liability, Incorporated and domiciled in Sri Lanka, under the Companies Act No.17 of 1982 in terms of the provisions of the Conversion of Public Corporations of Government Owned Business Undertakings into Public Companies Act No.23 of 1987 and re-registered under the Companies Act No.7 of 2007.

DATE OF INCORPORATION

22nd June 1992

REGISTRATION NUMBER

PQ 126

DIRECTORS

A. M. Pandithage – Executive Chairman

Roshan Rajadurai –Managing Director

Johann A Rodrigo – Director/Chief Executive Officer

S C Ganegoda

K D G Gunaratne

T A B Speldewinde

M C B Talwatte

Ms. A I Wanigasekera

Ms. K.A.D.S. Perera
(Appointed on 01.10.2025)

S M Liyanage
(Resigned w.e.f. 30.09.2025)

AUDIT COMMITTEE

T A B Speldewinde - Chairman
(Senior Independent Director)

S C Ganegoda

K D G Gunaratne

M C B Talwatte

Ms. A I Wanigasekera

REMUNERATION COMMITTEE

T A B Speldewinde - Chairman
(Senior Independent Director)

S C Ganegoda

K D G Gunaratne

M C B Talwatte

Ms. A I Wanigasekera

RELATED PARTY TRANSACTION REVIEW COMMITTEE

T A B Speldewinde - Chairman
(Senior Independent Director)

S C Ganegoda

K D G Gunaratne

M C B Talwatte

Ms. A I Wanigasekera

NOMINATIONS & GOVERNANCE COMMITTEE

T A B Speldewinde - Chairman
(Senior Independent Director)

S C Ganegoda

K D G Gunaratne

M C B Talwatte

Ms. A I Wanigasekera

REGISTERED OFFICE ADDRESS

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Telephone 011 2627000,
011 2627301-7322

Facsimile 011 2627323

E Mail: horanap@hplnet.com

Web: www.horanaplantations.com

PARENT COMPANY

Hayleys Plantation Services (Private) Limited

No.400 Deans Road,
Colombo 10.

ULTIMATE PARENT COMPANY OF THE GROUP

Hayleys PLC

No.400 Deans Road,
Colombo 10.

COMPANY SECRETARIES & REGISTRARS

Hayleys Group Services (Private) Limited

No.400 Deans Road,
Colombo 10.

INDEPENDENT AUDITORS

KPMG

Chartered Accountants

No.32A, Sir Mohamed Macan Markar
Mawatha,
Colombo 3.

LEGAL ADVISORS

Nithi Murugesu & Associates

Attorneys-at-Law & Notaries Public

No.28 (Level 2) W.A.D. Ramanayake
Mawatha,
Colombo 2.

TAX ADVISORS

KPMG

Chartered Accountants

No.32A, Sir Mohamed Macan Markar
Mawatha, Colombo 3.

BANKERS

Amana Bank PLC

Commercial Bank of Ceylon PLC

Hatton National Bank PLC

People's Bank

Sampath Bank PLC

Seylan Bank PLC

NOTICE OF ANNUAL GENERAL MEETING

HORANA PLANTATIONS PLC

(COMPANY REGISTRATION NO. PQ 126)

NOTICE IS HEREBY GIVEN THAT THE THIRTY THIRD ANNUAL GENERAL MEETING OF HORANA PLANTATIONS PLC, will be held on **Thursday, 25th June, 2026 at 3:00 p.m.** at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10 for the following purposes:

- 1) To consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March, 2026, with the Report of the Auditors thereon.
- 2) To re-elect as a Director Ms. K.A.D.S. Perera who has been appointed to the Board since the last Annual General Meeting, in terms of Article 98 of the Articles of Association of the Company.
- 3) To re-elect as a Director Mr. S.C. Ganegoda, who retires by rotation at the Annual General Meeting in terms of Article 92 of the Articles of Association of the Company.
- 4) To re-elect as a Director Mr. T.A.B. Speldewinde, who retires by rotation at the Annual General Meeting in terms of Article 92 of the Articles of Association of the Company.
- 5) To propose the following resolution for the re-appointment of Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No.07 of 2007.

Ordinary Resolution

"That Mr. Abeyakumar Mohan Pandithage, who is over the age of seventy years be and is hereby re-appointed as a Director until the next Annual General Meeting and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to him."

- 6) To authorise the Directors to determine donations and contributions to charities for the ensuing year.
- 7) To re-appoint Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the year 2026/27 and to authorise the Directors to determine their remuneration.
- 8) To consider and if thought fit, to pass the following Special Resolution to amend the existing Article 134 in the Articles of Association of the Company and;

Special Resolution (1)

IT IS HEREBY RESOLVED THAT Article 134 of the Articles of Association of the Company be amended by the inclusion of the following paragraph at the end of Article 134;

'The Company may serve any notice or document by electronic mail to an electronic mail account notified by a shareholder in writing or by any other acceptable means to the Company or to the Central Depository System (Pvt) Ltd. Where electronic mail is used, the notice or document shall be deemed to have been received by the shareholder upon the dispatch of same by the Company or by the Central Depository System (Pvt) Ltd, through electronic mail.'

- 9) To consider any other business of which due notice has been given.

By Order of the Board

HORANA PLANTATIONS PLC



Amali Munasinghe Peiris
Director
Hayleys Group Services (Private) Limited
Secretaries

Colombo
01st June 2026

Notes to shareholders:

1. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/her and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.
2. The Annual Report of the Company for 2025/26 is available on the corporate website www.horanaplantations.com and on the Colombo Stock Exchange website - www.cse.lk. If you wish to have a printed copy of the Annual Report, please forward the duly completed 'Request Form - Annexure A' to the office of the Secretaries. A printed copy of the Annual Report will be forwarded within 8 market days from the date of receiving the Request Form.
3. You may contact the undernoted person for any requests and queries.

Contact Person : Ms. Chameera Gunawardena
Contact Number : +94 112627653
Email Address : Chameera.Gunawardena@secretarial.hayleys.com
Mailing Address : Hayleys Group Services (Private) Limited,
Secretaries for Horana Plantations PLC,
No. 400, Deans Road,
Colombo 10.

This image shows a full page of a document template designed for writing. It features approximately 30 evenly spaced, thin horizontal grey lines across the entire width of the page. The lines are uniform in thickness and spacing, providing a guide for handwriting or typing. There are no margins, headers, footers, or other markings present on the page.

FORM OF PROXY

HORANA PLANTATIONS PLC - Company Number: PQ 126

I/We
(full name of Shareholder) NIC No./Reg. No. of Shareholder
of
being a shareholder/shareholders of HORANA PLANTATIONS PLC hereby appoint,
(1)
(full name of Proxyholder) NIC No. of Proxyholder
of
or failing him/her,
(2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our proxy to attend and vote as indicated hereunder for me/us and on my/our behalf at the Thirty Third Annual General Meeting of the Company to be held on Thursday, 25th June, 2026 at 3:00 p.m. and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March, 2026 with the Report of the Auditors thereon.		
2. To re-elect as a Director Ms. K.A.D.S. Perera, as set out in the Notice.		
3. To re-elect as a Director Mr. S.C. Ganegoda, as set out in the Notice.		
4. To re-elect as a Director Mr. T.A.B. Speldewinde, as set out in the Notice.		
5. To re-appoint Mr. A.M. Pandithage in terms of Section 211 of the Companies Act No.07 of 2007.		
6. To authorize the Directors to determine donations and contributions to charities for the ensuing year		
7. To re-appoint Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the year 2026/27 and to authorise the Directors to determine their remuneration.		
8. To pass the Special Resolution to amend Article 134 of the Articles of Association of the Company as set out in the Notice.		

Signed on this day of 2026.

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Signature of Shareholder/s

(Instructions are given overleaf)

Instructions:

1. The completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the start of the meeting. **Delayed Proxy Forms shall not be accepted.**
2. A Shareholder entitled to attend and vote at the Annual 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.
3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Proxy Form will be rejected if these details are not completed.
4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
5. The duly completed Proxy Form must be dated and signed by the Shareholder.
6. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy can vote as he/she thinks fit.
7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.
8. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
9. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.



Horana
Plantations

Horana Plantations PLC