Kapruka Holdings PLC
PB 00247881

30th December 2025

Ms. Nilupa Perera,
Chief Regulatory Officer
Colombo Stock Exchange
No. 4-1, West Block, World Trade Centre
Echelon Square
Colombo 01

Dear Madam,

KAPRUKA HOLDINGS PLC - Disclosure as per the Prospectus dated 14th December 2021
Variation in the Application of IPO Funds – Kapruka Partner Central Project

We write further to the commitments made in the Prospectus dated 14 December 2021 and in compliance with the Colombo Stock Exchange Listing Rules, to provide an updated disclosure on the utilisation of Initial Public Offering (IPO) proceeds relating to the Kapruka Partner Central Project.

1. Objective as Stated in the Prospectus – Launching Kapruka Partner Central

As disclosed in the Prospectus dated 14 December 2021, one of the principal objectives of the IPO was the launch of the Kapruka Partner Central platform, a digital marketplace designed to support established brick-and-mortar merchants in Sri Lanka.

The platform was intended to connect buyers and sellers through a unified marketplace, offer multiple fulfilment options including Fulfilment by Kapruka aligned with the Amazon "FBA" model, and provide an integrated end-to-end solution covering storage, pick-and-pack operations, island-wide delivery, returns, exchanges, and customer service.

The Prospectus specified that a sum of Rs. 200 million would be allocated from IPO proceeds for recruitment of technical staff, account managers and marketing teams, design and development of the web application software, and awareness campaigns and seller-acquisition initiatives. It was further disclosed that the project would be executed through Kapruka E-Commerce (Pvt) Ltd, a wholly owned subsidiary of the Company, without related-party involvement, and that development was scheduled from the second quarter of 2022 to the second quarter of 2024.

2. Risks Disclosed in the Prospectus

The Prospectus identified risks associated with the project, including rapid technological changes, evolving consumer buying behaviour, potential returns arising from low-quality third-party products, commission pressures from sellers, and import restrictions affecting product availability. It was also disclosed that delays in investing the allocated funds could impact revenue generation from new customer acquisitions, although such risks were

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considered manageable given the Company's experience in implementing technology-driven platforms.

3. Project Completion Status and Final Cost

We are pleased to inform you that the Kapruka Partner Central Project has now been successfully completed at a total cost of Rs. 89,289,486, which is significantly below the originally budgeted amount of Rs. 200,000,000.

This outcome was achieved primarily through complete in-house development of the Partner Central System, internal execution of software development work, and optimised staffing and marketing strategies utilising existing internal resources.

The principal cost components incurred in relation to the project are summarised below:

Partner Central System Development – Rs. 8,400,000
Partner Central System Enhancements – Rs. 7,500,000
Installation of Warehouse Rack System – Rs. 8,189,481
Partner Central Launch Ceremony – Rs. 13,200,005
Rebranding Initiative – Partner Central – Rs. 22,000,000
Vehicle Purchase for Partner Central Operations – Rs. 30,000,000

Accordingly, the unutilised balance from the funds originally allocated to this objective amounts to Rs. 110,710,514.

4. Review of Objectives and Activities Completed

Upon review of the original objectives disclosed in the Prospectus, the Board notes that the Partner Central platform was fully developed in-house by Kapruka Techroot personnel at a cost of approximately LKR 15.9 million, eliminating the need for additional external recruitment funded by IPO proceeds. A Project Manager was recruited to oversee the initiative; however, IPO funds were not utilised for this purpose, and marketing activities were carried out entirely by existing in-house teams.

The platform launch was supported through newspaper articles, website content, and social media channels, all executed using internal resources. Rebranding initiatives were undertaken to support the marketplace model, and any promotional discounts were managed under the rebranding programme without specific utilisation of IPO funds. Ongoing promotional activities continue to be funded through the Company's general marketing budgets.

The Board is of the view that the unutilised balance does not arise from over-budgeting at the planning stage, but rather from operational efficiencies, effective utilisation of internal resources, strategic cost management, and optimisation of existing staff and budgets.

5. Proposed Variation in the Application of IPO Funds

In view of the above, the Board of Directors proposes that the unutilised IPO balance of Rs. 110,710,514 be reallocated towards the working capital requirements of the Company. This proposed reallocation is expected to strengthen the Company's balance sheet, support ongoing financial stability, and facilitate operational continuity and future growth initiatives.

Any utilisation of these funds will be subject to prior approval of the Board of Directors.

In compliance with the Colombo Stock Exchange Listing Rules and the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, the Company will seek Shareholder approval for this proposed variation in the application of IPO proceeds at the forthcoming Extraordinary General Meeting of the Company.

By Order of the Board

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Mr. H.P.D.V. Herath
Chairman
Kapruka Holdings PLC

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Mr. Sittampalam Rajanathan
Director
Kreston Corporate Services (Pvt) Ltd
Secretaries of the Company

KRESTON CORPORATE SERVICES (PVT) LTD * PV127178